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Bridging the Divide: Principles for Healthy Corporate Social Responsibility Partnerships

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In its infancy, corporate social responsibility (CSR) focused on environmental issues rather than the provision of a wider array of support to local communities. Today, CSR includes strong partnerships between multinational corporations and nongovernmental organizations (NGOs). Previous research has demonstrated that corporations that partner with NGOs are more visible to their key stakeholders. Through a longitudinal, in-depth study of Merck Thailand and the Raks Thai Foundation in Bangkok, Thailand, this case study identified best practices for a multinational company interested in partnering with a local NGO. From those practices, the research identified the key principles that sustain the partnership: leadership, communication, collaboration and innovation, competencies and culture, and sustainability. Leadership includes taking risks and being a visionary in order to build and sustain CSR partnerships. Communication includes external communication that occurs between the CSR partners and internal communications within each organization involved in the partnership. Competencies and culture involve identifying the skill levels necessary to sustain a successful CSR partnership and to identify cultural barriers between the partner organizations. Sustainability includes developing a long-term CSR partnership built on trust and mutual respect. These principles are useful to corporate and NGO executives who are interested in building sustainable relationships that can help their organizations meet the needs of their stakeholders.

Key Words: corporate social responsibility, CSR, corporate responsibility, social responsibility, corporate and nonprofit collaboration, corporate and nongovernmental collaboration, cross-sector collaboration, corporate ethics, social marketing, cause-related marketing, corporate philanthropy, socially responsible business practices, and ethical social responsibility

Introduction

In 2004, the Asian tsunami devastated the lives of natives and tourists in 10 countries with waves that reached the entire globe. In Thailand, the tsunami disaster was an opportunity to meet the human suffering with human compassion. Within hours of the waves' devastation of Thailand's southern coast and islands, Merck Thailand (2004) donated emergency aid to their corporate social responsibility (CSR) partner, the Raks Thai Foundation (RTF, 2004), for

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immediate disaster relief. Their partnership, which had been forged over time, was built on principles that created a healthy cross-sector partnership. This case study investigated their partnership over time, a process that allowed the researchers to create a template for the principles of good CSR partnerships.

CSR is a business concept that allows corporations and nongovernmental organizations (NGOs) to develop policies and practices that provide all stakeholders with the benefits of investing in a corporation that holds itself accountable to ethical and social issues. Kotler and Lee (2005) stated, “[CSR] is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources” (p. 3). CSR is a strategy for demonstrating good faith, social legitimacy, and a commitment that goes beyond the financial bottom line. CSR policies go far beyond philanthropic giving to include organization-wide policies and practices that consider the needs of many constituents. For companies that reach mature states of citizenship, CSR is a useful business organizing strategy and fundamental approach to meeting the needs of multiple stakeholders. In essence, it is the full embrace of the stakeholder theory (Gordon, 2006; Sharp Paine, 2003).

Business practices for corporations and the measurement of CSR successes are closely linked. Both the practices and evaluation include the way in which corporations engage in cause promotion, cause-related marketing, social marketing, philanthropy, community volunteering, and socially responsible business practices. Businesses are able to track scholarly findings through the social issues in management (SIM) system, which is a system of scholarly research focusing on business ethics and CSR. Studies have ranged from philosophy to detailed and documented empirical studies of some element of social responsibility.

This study reviewed scholarly research on CSR practices and various definitions of good CSR practices to determine what drives successful practices. The researchers conducted a case study on a current and long-standing CSR partnership between Merck Thailand, not to be confused with U.S.-based Merck (2004), and the RTF (2004), both based in the capital city of Bangkok. The findings of this study included five foundational principles that drive the best practices of CSR partnerships.

Methodology

This study was a follow up to previous research conducted by Gordon in 2005. This research focused on aspects of the relationship that Merck Thailand established with an NGO in 2001, including the development of the Merck Thailand CSR growth over a 10-year period. The article was based on observations and interviews over a 1-year period with Heinz Landau, chair and managing director of Merck Thailand; Christie Ulman, CSR officer; and Promboon Panitchpakdi, executive director of the RTF, the local affiliate of CARE International. In an effort to facilitate their partnership, Merck hired Ulman to manage their collaboration. Ulman's unique responsibilities proved to be an opportunity to learn how these two distinctly different organizations were able to forge a lasting relationship.

Established in 1991 as a joint venture between Merck-Germany and B. Grimm Thailand, Merck Thailand has become a leading supplier of chemicals to hospitals, institutions, and industry in Thailand. The RTF provides community development support and services through CARE RTF and Care International, and HIV/AIDS Education. In addition, RTF supports disaster relief, such as the 2004 Tsunami relief efforts. Merck Thailand and RTF forged a partnership approximately 10 years ago. The results of the partnership include the Merck Young Leadership Development Program and the Merck Relief and Rehabilitation Program for Tsunami Victims (For additional information, visit www.raksthai.org).

The researchers used data gathered from the literature review, interviews, and an evaluation policy to understand best practices for CSR relationships between multinational corporations and NGOs. From the data, the researchers extracted the best practices to identify the principles that drive them. The researchers prioritized the principles and were able to identify five key principles that create the foundation that drives many of the best practices in CSR partnerships.

This case study was based on the following research question: What are the common foundational principles that drive the best practices for CSR partnerships? Many studies have been conducted on socially responsible behaviors of corporations and corporate citizenship, but few studies have focused on identifying the principles that drive strong CSR partnerships. Many studies, nevertheless, have identified common best practices in the implementation of strong partnerships. The research team chose the five principles because they resonated consistently in the literature review and in the interviews that were conducted by the team. This research contributes clarity of basic principles that are necessary to CSR partnerships that can be used in

the planning and development phases necessary to establishing and sustaining strong, long-term partnerships between multinational corporations and NGOs. These principles can be used globally between any corporation and any NGO.

The research included a review of financial reports and policy reports, and interviews with the key partners engaged in a CSR partnership. The interviews were conducted by the research team in person, via e-mail, and over the telephone. The interviewees were the executive director for the RTF; the CEO for Merck Thailand, sister corporation of Merck KGaA of Germany); and the CSR liaison who worked with the two organizations. Each participant was asked the same questions, all of which centered on the identification of key principles that strengthened the partnership, lessons learned, concerns and barriers that needed to be addressed, and recommendations for other organization executives who want to establish a corporate-NGO partnership. The responses from the interviewees were similar and could be supported by other research.

Five Principles of CSR Partnerships

The five principles identified in the research were leadership, communication, collaboration and innovation, competencies and culture, and sustainability. Leadership includes taking risk and being a visionary in order to build and sustain CSR partnerships. Communication includes the external communication that occurs between the CSR partners and internal communications within each organization involved in the partnership. Competencies and culture involve identifying the skill levels necessary to sustain a successful CSR partnership and to identify cultural barriers between the partner organizations. Sustainability includes developing a long-term CSR partnership.

What Is Corporate Social Responsibility?

CSR is a complex concept in the business and nonprofit sectors. It is an ideal that is grounded in the facets of ethics, partnerships, government, and developing countries. Ethics is one of many core principles and beliefs behind CSR. “[CSR] is part and parcel of the management strategy of a company, and thus social responsibility encompasses good business ethics” (Hopkins, 2003, p. 24). This leads to trust. What does it take for a corporation to earn trust in the community? “Steadfast ethics are not a peripheral consideration, but a foundation for a modern breed of business” (Arena, 2004, p. 337).

Cross-sector partnerships such as the corporation to NGO partnership are critical to the success of meeting the complex social needs in the community. Earlier partnerships of the 1970s and 1980s addressed such social issues as education, cultural, and environmental issues and opportunities (Sagawa & Segal, 2000). Businesses that have begun to engage in partnerships with NGOs and governmental organizations have found great recognition in their communities. “Cross-sector partnerships become more common, and the press began to cover them, bringing the trend to the attention of other companies” (Sagawa & Segal, 2000, p. 11).

According to many business law sources, a partnership usually is defined as a mutual agreement between two or more parties that creates benefit to all of the parties involved. It is a similar definition between corporations and NGOs. “Nonprofit organizations sometimes use partnership as a synonym for the traditional relationship between the organization and its corporate and foundation funders” (Sagawa & Segal, 2000, p. 12). In cases when the partnership is between a multinational corporation and an NGO, the purpose of the partnership often is to improve public relations and understanding of local and cultural issues (Hopkins, 2003).

Many CSR partnerships are developed to provide a win-win solution to community social issues. It goes further than the win-win benefit to the community. “It must have a mutually beneficial, strong relationship as its core, shared values as its foundation, and a shred of vision for its future” (Swartz, as cited in Arena, 2004, p. 93). The partnership must be more than the NGO receiving money and in-kind contributions, and it must be more than the corporation increasing its bottom line and improving its self-image.

Research regarding the role of the government in establishing CSR practices is limited to the expectations that governments and businesses have created over time. The history of governmental involvement in CSR practices involves the ideals and values that are determined by political leaders to right the social wrongs in the communities. Some government policies include antitrust laws, environmental protection laws, food and safety laws, consumer protection, and equal employment laws (Sharp Paine, 2003). During the 1970s, critics argued that governments were imposing regulations that were too costly and too strict. “Cases in which government regulation was introduced because companies were acting responsibly are the exception rather than the rule, if they exist at all” (Sharp Paine, 2003, p. 161).

National government policies are found mostly under the United Nations law rather than the United States or other countries. The United States has implemented policies that are

considered socially responsible to reduce corporate fraud and require more accountability from organizations. If trends move forward, there will be more legislation by individual countries and more expectations from the United Nations.

The greatest growth of CSR policies can be found in developing countries where multinational corporations partner with NGOs. Many multinational corporations do not always promote CSR without considering the self-interests of the corporations. However, some multinationals do treat CSR partnerships as a means to ease global social issues. “These more effective organizations create change by treating the world’s problems less like a charity and more like a business” (Arena, 2004, p. 167).

Many multinational corporations are developing sound plans and are disseminating information on their social initiatives. “What is completely lacking, however, is a comprehensive overall system to fill the gap between ‘corporate rhetoric’ and identifiable contributions to human development” (Hopkins, 2003, p. 193). Hopkins listed three keys to the development of successful CSR partnerships:

1. Identify the key points and areas upon which there is growing agreement within the current debate on international business ethics, about global standards of CSR.
2. Develop a tentative list of indicators to measure levels of social responsibility of multinational corporations operating in less developed countries.
3. Test the proposed list of indicators so as to verify their applicability with existing data. (pp. 193-194)

Partnerships between multinational corporations and NGOs in less developed countries are treated as business partnerships with one common goal. That goal is based on a mutually beneficial social issue that fits within the missions and the visions of the multinational corporations and the NGOs. Developing socially responsible policies must include consideration of all stakeholders. CSR policies go far beyond philanthropic giving. The policies include human resources services, volunteerism, and social issues within the community. Researchers have developed a theory around the constituencies involved with CSR policies called the stakeholder theory. Sharp Paine (2003) asserted:

Stakeholder theory, which focuses on company's relations with their various constituencies, has gained a wide following. Talk of the corporate soul has re-emerged, with at least a dozen recent book titles making reference to the phrase. Trust, reputation,

loyalty, and other such moral and quasi-moral topics have become subjects of business writing and research. (p. 102)

The discussion between owners and investors are limited when drafting CSR policies. The limits are bigger issues, such as ethics and the responsibilities required of the owners and investors. Owners and investors are not only concerned with the bottom line. Today, with the growing interest in CSR, owners and investors are looking at accountability rather than profit. This group expects companies to identify their values publicly, and it will hold them accountable. Hopkins (2003) contended, “It is the managers—especially the chief executive officer (CEO)—and the board of directors—especially the chairman—who drive any company and are the key force behind whether it is socially responsible or not” (pp. 50-51). This comes from receiving an education at reputable business schools that requires students to complete courses not only on ethics and entrepreneurship but also on not-for-profit management and leadership. European schools also believe that CSR an essential tool for the future of business. CSR is a crucial topic for all potential MBA students. CSR topics are not “simply an add-on to business school’s agenda but should be an embedded part of corporate strategy” (Hopkins, 2003, p. 51).

Business has always operated closely with government. Common examples are health and safety regulations as well as environmental regulations. However, businesses relate to the community in other ways besides government regulations and relationships. This is a growing trend among all corporations globally and many college business programs. At the same time, the corporations that choose to participate in the growing CSR trend also must look at their bottom line to ensure their own survival; otherwise, there is no community survival.

“Social needs seem endless and the options to provide support overwhelming” (Kotler & Lee, 2005, p. 238). There are six current practices for choosing which social issues to support. First, corporations should only choose a few social issues to support. Choosing a few social issues increases the chances that corporations can make a social impact on the community they serve. “Targeting resources in a few areas increase chances that the corporation will be connected to the cause and will therefore leverage potential brand positioning and other desired marketing benefits” (Kotler & Lee, 2005, p. 28).

Second, corporations should choose issues that are concerns in the community where they do business. “Focusing on issues of concern in these communities and for those living in

them increases chances that effort will be noticed and valued among key publics” (Kotler & Lee, 2005, p. 239). Following this practice will add to the credibility of the corporations to their standards.

Third, corporations should choose causes that have synergy with their missions and values. “When corporations contribute to causes that make sense, we find consumers are less suspicious, investors are less likely to judge the effort as peripheral, and employees are more likely to have the needed expertise and passion to volunteer” (Kotler & Lee, 2005, p. 239). Comparable missions and values between corporations and NGOs often lead to believability by all stakeholders.

Fourth, corporations should choose causes that match the corporate goals. The philosophy supporting this practice is to encourage the simultaneous support of the goals of NGOs and corporations. Experts consider this true corporate philanthropy.

Fifth, corporations should choose issues that are concerns to their constituency, namely, their employees, consumers, investors, and corporate leaders. “Support for social initiatives will be leveraged when the cause is also one near and dear to our key publics, both internal and external” (Kotler & Lee, 2005, p. 240). Successes in resolving social issues are related to the connection of the key constituents to the social issue. “Such connections should therefore be factored into decisions on what causes to support” (Kotler & Lee, 2005, p. 240).

Finally, corporations should choose causes that they can support for the long term. “Achieving maximum benefits for the company (and the cause) often depend on long-term commitments, frequently considered three or more years” (Kotler & Lee, 2005, p. 241). Long-term commitments are more economical and more effective than short-term commitments. Most social issues take more than 3 years before positive social impact is realized.

Further research has identified the processes involved when selecting social initiatives as well as creating and implementing CSR programs. While creating a CSR program, corporations and NGOs must develop strategic communication plans, the process in determining target audiences and key messages; the selection process of key media outlets to promote educational messages to the social issue; and the development of a plan to cut down on costly reworks of promotional materials. Both parties in a CSR partnership must develop measurable goals and objectives, as well as assist in developing the goals and outcomes of the social issue being addressed in the partnership.

The most important component in developing a strong CSR partnership is to have senior management and director buy-in. Most managers who have the desire to develop socially responsible business practices do report that senior executives share the same desire. “The challenge is in getting approval for what will be supported and for how much” (Kotler & Lee, 2005, p. 251). This is why it is critical to include senior executives in the strategic planning process. “Agreement is especially important prior to finalizing program objectives and goals, budgets, and resource allocation” (Kotler & Lee, 2005, p. 251).

Hopkins (2003) cited the model developed by Wood to measure socially responsible performance that would focus on the outcomes of CSR practices and initiatives as actual indicators of corporate social performance. The corporate social performance model includes three levels: principles of social responsibility, processes of social responsibility, and outcomes or products. The principle and process levels of corporate social performance are more subjective than the outcomes level. The subjective application of principles and process can be identified in a code of ethics, a value statement, or a statement of goals from the corporation. Common indicators of the principles of social responsibility include a code of ethics, litigations involving corporate law breaking, fines resulting from illegal activities, contribution to innovation, job creation, and the conviction of managers engaged in illegal activities. The expectations of CSR principles are published in corporate publications, distributed to employees, and found in annual financial reports.

Common indicators of the processes of social responsibility include social audits, ethical accounting, and policies made on the basis of an analysis of social issues. The measures either already exist or are in the company’s regulations and policies. Common indicators of outcomes of social responsibility include a code of ethics, human resources, corporate philanthropy, litigation, public controversy, class-action suits, public policy, and improvements in legislation resulting from pressures from corporations. The measures are more complex because this level of evaluation, unlike the previous two levels, is more objective rather than subjective. These measures include performance against index, litigation, fines, share values, return on investments, number of product recalls, pollution performance measured against industry standards, and amount of giving programs as a percentage of earnings. No model has been developed to measure CSR partnerships between corporations and NGOs. The researchers were

able to analyze practices between Merck Thailand and RTF in order to identify five foundational principles of partnership between a multinational corporation and local NGO.

Findings

This study identified five foundational principles that were common in the research. Each principle is unique in concept but is interlocked with the others to form the core principles that lead to building strong and long-lasting CSR partnerships. Sustaining the partnership requires a combination of leadership, communication, a sense of ownership at all levels of each organization, an understanding of competencies and culture in each organization, and a vision. The following discussion further explains the uniqueness of each principle and the commonalities among them.

1. Leadership Principle: Leaders must be the visible drivers of an organization's CSR agenda

Leaders are the visible drivers of an organization's CSR agenda (Gordon, 2006). It is the ability to take a calculated risk and make a commitment to a long-term partnership with another organization. These long-term partnerships go beyond finding the nearest NGO and making a proposal to support its causes. Establishing a partnership is a process that begins with a relationship between two or more parties.

Selecting a CSR partnership is a process of evaluation between managers and the executive staff of a corporation and the NGO. These stakeholders must compare and evaluate the corporation's purpose (mission, vision, and values) and the NGO's purpose, and then align each with the goals and objectives of the CSR strategy. It is easy for corporations to spread themselves too thin by trying to solve all of the world's problems through their policies. This process of evaluation allows corporations to "get involved in CSR and link it to the business success of the company" (Landau, personal communication, November 2, 2005).

Establishing a CSR partnership goes beyond corporate self-interest. Therefore, it is important that organizational leaders identify the intent of all partners involved in the drafting of the CSR project. Panitchpakdi (personal communication, November 9, 2005) explained, "Intent is very important. The intent of the business was a huge concern for us when deciding to partner with Merck." The RTF was careful to maintain its independence from government and the private sector. Trust between the foundation and the local communities takes years to develop

and is the cornerstone of all initiatives and programs. Panitchpakdi commented that there were many factors to consider, including the workload of the already stretched employees, how the partnership will be viewed in the community, and the actual and perceived independence from outside influences. The corporation also must weigh the reflection the NGO will have on the business. To fully understand, Landau (personal communication, November 2, 2005) explained that “leaders must get out of the office to get a true sense of what’s going on with the other organization.” It is not enough to do studies and read reports. It takes on-the-ground, personal research to get a true sense of the other organization, its leaders, and its programs.

Corporate and NGO leaders must consider many factors when deciding to enter into a CSR partnership. First, corporate leadership must think in terms of long-term partnerships. Corporations and NGOs should choose causes that they can support for the long term because long-term commitments are necessary to maximize the benefits for both (Kotler & Lee, 2005). These commitments are more economical and more effective than short-term commitments. Most social issues take more than 3 years before positive social impact is realized. Second, corporate and NGO leaders must recognize their different organizational cultures and competencies. While developing CSR partnerships, corporate leaders need to engage the NGO that they intend to work with in to develop a strategy that supports the organizational structures, culture, and competencies. Third, corporate and NGO leaders need to remain flexible and patient. The last two principles teach that organizations must have some method of identifying each one’s capabilities (Sharp Paine, 2003).

Leaders should understand that CSR practices must be identified as such throughout the organization. It “needs to be shared with rank and file of the NGO” (Panitchpakdi, personal communication, November 9, 2005). Likewise, when corporate leaders demonstrate the importance of CSR in their rhetoric and action, the rank-and-file employees understand that CSR is not the marketing fad, but a fundamental shift in “the way we do business here.” The NGO board and staff executives must communicate that the partnership is not a simple philanthropic exchange, but a long-term relationship in which they are expected to look for opportunities for innovation. The leadership at Merck Thailand and RTF agreed that CSR practices need to be part of the business strategy and need to be shared throughout all partner organizational structures (Landau, personal communication, November 2, 2005; Panitchpakdi, personal communication, November 9, 2005).

Many multinational corporations are developing sound plans and are disseminating information on their social initiatives. “What is completely lacking, however, is a comprehensive, overall system to fill the gap between ‘corporate rhetoric’ and identifiable contributions to human development” (Hopkins, 2003, p. 193). Three key methods can help to fill in the strategic planning gap between multinational corporations and NGOs. The first is to identify the key points of the partnership, the social issue, the beneficiaries, and participants. The second is to develop a tentative list of indicator measures (i.e., goals and objectives) to determine measures and strategies. The third is to test the indicators by outlining the definition of success and the criteria parameters that define the success rates. Once the business indicators have been established, the corporate and NGO leaders must establish social indicators using the same methods in determining the business indicators.

Corporations and NGOs that enter into a CSR partnership should never take the relationship lightly. It is a partnership that requires a long-term commitment. A short-term commitment is not cost effective, and it also does not provide enough time to make a social impact on any issues. CSR projects do cost money and other resources up front, but given the chance of a long-term partnership, the costs are greatly reduced over time, usually 3 or more years (Kotler & Lee, 2005). CSR partnerships should provide a clear and well-communicated strategic plan at the implementation of the CSR project while facilitating the growth of creative new projects from the partnership. For example, when a massive tsunami hit Thailand and parts of Southeast Asia December 26, 2004, Merck Thailand employees were immediately encouraged to donate blood to the American Red Cross. This was only the beginning. Merck Thailand also donated 1 million Baht to the RTF, a long-time CSR partner. Merck Thailand and the RTF then formed the Merck Relief and Rehabilitation Program for Tsunami Victims (Merck Thailand, 2004). This program enlisted stakeholders to utilize customer support through a matching campaign that raised more than 6 million Baht for the Tsunami victims.

In cases when the partnership is between a multinational corporation and an NGO, the purpose of the partnership often is to improve public relations and understanding of local and cultural issues (Hopkins, 2003). Many CSR partnerships are developed to provide a win-win solution to community social issues. It goes further than the win-win benefit to the community. Successful CSR partnerships require leaders in the relationship who believe that the joint effort is a win-win effort (Arena, 2004). The partnership must be more than the NGO receiving money

and in-kind contributions, and it must be more than the corporation increasing its bottom line and improving its self-image.

2. Communication Principle: Healthy partnerships are possible with frequent communication built on mutual trust and managed by an individual or a department.

Developing social initiative programs is critical. The key components for CSR program development are appropriate visibility, coordination with partners, staff involvement and administration, external expertise, expenses for promotions, plan for possible negative public feedback, and tracking of resource expenditures (Kotler & Lee, 2005). “Communication plans should identify traditional strategic components including communication objectives, key messages, and key media channels for each of the targeted audiences” (Kotler & Lee, 2005, p. 250).

Two kinds of communication plans must be developed: internal and external. Internal communication is critical when working on a CSR project. The employees and volunteers of multinationals and NGOs at all levels and locations must have a clear understanding of the CSR policies and projects within their organizations. This communication is critical to the fulfillment of a successful company-wide program. Although traditional company communication planning elements are appropriate in developing a CSR policy, the need to develop key messages that engage community support also are crucial to successful CSR policies. External communication plans are meant to disclose and promote a corporation’s community involvement through such venues as annual reports, media releases, and communication resources. The first step in developing a strong external communication plan is to determine the purpose of the message for the intended community (Kotler & Lee, 2005). While led from the top, the relationship must be managed by staff.

The communication principle includes several key factors. The first, and perhaps the most important, is trust. Trust does not begin and end with the corporation’s commitment to its stakeholders. There must be a significant level of trust between the corporate leaders and the NGO leaders. Regular and honest dialogue between the executive directors and the chief executive officers of the organizations must occur during the process of the CSR strategic planning, as well as during and after implementation (Panitchpakdi, personal communication, November 9, 2005). For example, a trust was established between Merck Thailand and RTF about the time and resources that could be devoted to CSR projects such as the rebuilding the

Thai communities affected by the December 2004 tsunami. Other training and resources can be provided to assist often overworked RTF staff in the completion of projects and community reports.

The second factor in establishing communication between the leaders is to develop a clear understanding of expectations. This can be done easily with a memorandum of understanding (MOU) between the two organizations. While developing the MOU, each organization will learn about one another's needs, pressures, and opportunities. The expectations of each party, as well as the required reporting and duties for each party, are spelled out within the MOU. The written MOU should form the foundation and procedures for expanding the partnership through new initiatives and an opportunity to formally review the success of the partnership. This requires regular and frequent meetings with the leadership.

The communication tools outlined between Merck Thailand and RTF included standard reporting procedures and schedules, personnel dedicated to the partnership, clear budgeting expectations, and budgeting transparency. At the time of this study, the main driver of the communication was Merck Thailand. According to Ulman (personal communication, November 22, 2005), Merck Thailand is not receiving information from RTF about the who, what, where, when, and how of the operations within the RTF. The barrier to this issue appears to be time standards. There is a "mai pen rai" ("don't worry") mindset within the organization. Merck Thailand has become more of a client for human interest stories and joint programs (personal communication, November 22, 2005). Many reasons have contributed to this communication hurdle, including staff and resource capability, and NGO staff who are overworked and underpaid; having less qualified staff means less proactive work and fewer resources (Ulman, personal communication, November 22, 2005). Often, the organizations select a point person to manage the day-to-day operations of the partnership. This has proven effective with Merck Thailand and RTF.

The solution to overcome the difficulty between Merck Thailand and RTF include outlining the strengths of each organization and the strengths of the partnership. From this point, opportunities will present themselves to build upon change. The two organizations have arranged standard times for communication and correspondence, and to make these meetings a priority (Ulman, personal communication, November 22, 2005). The underlying expectations must be outlined in the new partnership agreement, along with meetings designed to reevaluate the

original goals and objectives of the partnership. Trust, which is built over time, is the foundation of the partnership. A staff person or a department that is responsible for the daily maintenance of the collaboration is a necessary investment in the partnership. In time, they will begin to understand the two partner organizations from the top down.

3. Ownership and Innovation Principle: Genuine ownership in the CSR agenda requires joint planning and a structure that supports innovation throughout both organizations.

Opportunities for collaboration include all organizational assets, ranging from human resources and training, to marketing, sales and supply chain, and volunteerism. The key is to develop a structure that will engage the employees without having to persuade them: (a) Allow all executives, employees, and volunteers assist in the development of the CSR plan, and (b) look for ways to create meaningful bonds at all levels of the partnership. This promotes engaged citizenship throughout (Schwartz, 2004). Landau (personal communication, November 2, 2005) explained that from the corporation's perspective, leaders must create opportunities to help employees at all levels to understand the work of the NGO. This can be done through volunteer activities, company meetings, celebrations, visits by the NGO staff, internal communications, and other means of educating employees.

NGOs are good at bringing people together and organizing, or coalition building (Panitchpakdi, personal communication, November 9, 2005). It is important to look for each partner to leverage its core competencies. For example, after an initial computer support project with the RTF, a group of Merck Thailand employees took it upon themselves to continue their volunteer services without prompting from anyone at Merck Thailand. Ulman (personal communication, November 22, 2005) explained that this was a significant step in establishing a healthy CSR program. Innovation comes through identifying and understanding the purpose of each organization.

Cross-sector partnerships such as corporation-NGO partnerships are critical to the success of meeting the complex social needs in the community. Earlier partnerships of the 1970s and 1980s addressed such social issues as education, cultural, and environmental issues and opportunities (Sagawa & Segal, 2000). They commented:

As businesses began to engage more deeply with nonprofit and local government organizations, they found greater visibility and recognition. Interest in corporate social responsibility and studies demonstrating connections between good citizenship and the

bottom line encouraged more companies to look seriously at ties to the nonprofit sector as a way to improve their image. Cross-sector partnerships become more common, and the press began to cover them, bringing the trend to the attention of other companies. (p. 11)

“Nonprofit organizations sometimes use ‘partnership’ as a synonym for the traditional relationship between the organization and its corporate and foundation funders” (Sagawa & Segal, 2000, p. 12). In cases when the partnership is between a multinational corporation and an NGO, the purpose of the partnership often is to improve public relations and understanding of local and cultural issues (Hopkins, 2003).

Many CSR partnerships are developed to provide a win-win solution to community and social issues. It goes further than the win-win benefit to the community.

A successful partnership requires both the business and the nonprofit organization to believe the joint effort is a win-win. It must have a mutually beneficial, strong relationship at its core, shared values as its foundation, and a shared vision for its future. (Schwartz, as cited in Arena, 2004, p. 93)

The partnership must be more than the NGO receiving money and in-kind contributions, and it must be more than the corporation increasing its bottom line and improving its self-image.

The greatest growth of CSR policies can be found in developing countries where multinational corporations partner with NGOs. Many multinational corporations do not always promote CSR without considering the self-interest of the corporation. However, some multinationals do treat CSR partnerships as a means to ease global social issues. “The more effective organizations create change by treating the world’s problems less like a charity and more like a business” (Arena, 2004, p. 167). Partnerships between multinational corporations and NGOs in less developed countries are treated as business partnerships with a common goal that is based on a mutually beneficial social issue that fits within the missions and visions of the multinational corporation and the NGO.

The biggest threat to CSR collaboration is the inability of top managers to collaborate. Other threats include the evolving needs of the NGO and the multinational corporation, that is, as the organization grows, so do the needs. At some point, there may be a need to end the partnership because one organization may not be able to meet the needs of the other.

The key to CSR collaboration is to be creative while developing strategies to measure and report the benefits. For example, in 2004, Merck Ltd employed the Gallup Organization to

conduct an employee caring survey. The results were a compilation of business and societal benefits from the partnership between Merck Thailand and the RTF. The business benefits included the following:

1. Increased employee motivation and loyalty
 - a. The partnership offers employee volunteering opportunities.
 - b. Merck Ltd has more than just competitive salary and benefits to offer to potential employees: the “feel good” factor of working for a caring company makes Merck Ltd an attractive employer
2. Enhances corporate positioning as a “caring” company and strong emotional bond with customers.
3. Differentiation from competitors
4. Creating a better image of Merck Thailand to employees, customers and public in terms of their “contribution to society.”
 - a. Merck Ltd employs the “four stakeholders approach.”
5. Employee skill development.
 - a. Increased range of skills and experiences from volunteering opportunities (e.g., leadership skills, interpersonal skills, planning and budgeting skills).
6. Strong employer branding for attracting top talent.
 - a. In recent years, Merck Ltd. has attracted employees from top-rated Thai and American universities. (Ulman, personal communication, November 22, 2005)

The societal benefits of the partnership between Merck Thailand and RTF include the following:

1. The aid given to poor and disadvantaged communities in rural Thailand via the RTF.
 - a. Since 2002, Baht 10,996,537.50 has been donated on behalf of Merck Thailand and the Merck partners and customers to RTF.
 - b. Merck Ltd currently supports three programs with the RTF:
 - i. Merck Young Leadership Development Program: Develops interest in the field, leadership, interpersonal and organizational skills to create self-reliance and build greater confidence among students and young adults in the poorest areas of the country, Udonthani and Nongkai Provinces.

- ii. Merck Relief and Rehabilitation Program for Tsunami Victims (Southern Provinces)
 - iii. Merck Community Caring and Action Partnership: Strengthens the capacity of communities to solve problems relating to natural resources management and to develop sustainable livelihoods, Mae Chaem, Chiang mai Province.
2. Spreading and promoting the CSR message to other corporations and organizations in Thailand.
- a. Merck Ltd Thailand has been proactive in promoting the CSR business model in Thailand through the coordination of two business seminars on CSR directed toward Bangkok-based CEOs and other senior managers:
 - i. Top Management Council seminar for CEOs and other senior management entitled, “Doing Well by Doing Good: How Socially Responsible Leadership Generates Sustainable Long-Term Successes.”
 - ii. Data consult seminar for CEOs and other senior managers on the business aspects of CSR, where Mr. Heinz Landau gave a presentation on how CSR is integrated into Merck Ltd.’s business strategy.
 - iii. Collaborated with local universities in setting up CSR case studies and research studies.
 - iv. Served as a CSR in Thailand case study for an academic journal to be published in the United States.
 - v. Initiated CSR course at the College of Management at Mahidol University.
3. Hiring CSR interns to work on Merck Ltd and RTF partnerships.
- a. CSR interns work to:
 - i. Strengthen the partnership in terms of strategic planning, communication procedures, budgeting, and general coordination.
 - ii. Promote CSR in Thailand by working with academic institutions, various publications, other corporations, and NGOs. (Ulman, personal communication, November 22, 2005)

Establishing practices that promote collaboration such as major donor events as well as CSR forums and workshops for business leaders and university students will help to expand the concept and skills for collaboration.

4. Competencies and Culture Principle: Recognize inherently different organizational cultures, characteristics, and needs while leveraging core competencies.

Corporations should choose issues that are important to their constituencies and can capitalize on their organizational strengths, products, or services. These constituents include employees, consumers, investors, and community members. Kotler and Lee (2005) asserted that “support for social initiatives will be leveraged when the cause is also one near and dear to our key publics, both internal and external” (p. 240). Successes in resolving social issues are related to the connection of the key constituents to the social issue. “Such connections should therefore be factored into decisions on what causes to support” (Kotler & Lee, 2005, p. 240). These connections are what Landau referred to as emotional branding (personal communication, November 2, 2005).

Identifying core competencies and understanding the intricacies of organizational culture are necessary in the selection of partnerships between multinational corporations and NGOs. As with any partnership, a “good fit” is important. Several steps need to be completed by organizations seeking partnerships. Once a social issue is selected, corporations must then decide which social initiatives to support. Managers must evaluate initiatives for their potential of success based on the corporation’s goals and objectives (Kotler & Lee, 2005). Identifying core competencies and understanding culture is a principle necessary in the selection of partnerships between multinational corporations and NGOs.

Identifying potential partnerships includes a strong understanding of the different characteristics, values, and needs of each organization. Variables that need to be identified are staff, reputation of the NGO and the multinational corporation, financial soundness, and action planning. Staff abilities and qualifications also should be taken into account. For example, NGOs may operate with a staff primarily comprised of volunteers. Their skills might not be at the same level as a corporate executive or an administrative employee, but they may have skills and competencies that might complement the other organization. Reputation and financial soundness are important when establishing what needs to be done and how it will be done. Each must assess the other’s accomplishments, reputation, and ability to leverage their core competencies to realize the full potential of the collaboration.

There will always be cultural differences to some degree. For example, Merck Thailand is an international subsidiary of the German-based pharmaceutical and chemical company Merck Thailand. It runs like a typical corporation with strict deadlines and reporting to stakeholders the potential for profit. RTF is a local NGO providing services to its constituency through CARE International and other programs within the organization. The way in which goals are prioritized and measured is quite different. Similar to other Thai NGOs, there is a sense of “mai pen rai” (“don’t worry”). For example, deadlines are not as consistent and are not firm. This is not necessarily a liability when working with Thai communities; however, it can pose a substantial disconnect between organizational cultures.

To overcome cultural barriers, some multinational corporations such as Merck have hired a CSR liaison to serve as a conduit of information between the two partners. This person can help to ensure that the resources are in place for each organization that will help to meet critical deadlines, evaluate the goals and objectives, and report on the successes and shortfalls in terms that each can understand. This CSR liaison also is an important manager of the daily activities between the partners, enhancing consistency, culture, and innovation discussed earlier.

5. Sustainability Principle: It is important to mutually determine how success is measured and create new opportunities for long-term successes.

“Sustainable development is an important entry point for corporate citizenship; indeed for many people it is the only place to begin when discussing the interface of business and society” (McIntosh, 2003, p. 73). The unfortunate note to this concept is that many companies still believe that sustainability and social responsibility are only for those who are rich and can afford to participate in CSR relationships (Handy, 2003). Both parties of a partnership must determine key performance measures. They must decide on what resources and how many resources to use. In addition, they should determine in advance the methods and frequency of joint project reports. However, one must be cautious because reports do not communicate the entire story. For example, Landau was disappointed that a construction project after the devastating affects of the Asian tsunami was not completed in time for a big visit by his German counterparts (personal communication, November 2, 2005). However, upon inspection, he and the visiting company officials were able to see the hurdles that the construction team had to endure. It all became clear. As a result of these visits, he was able to communicate the life-saving work of the

foundation with personal conviction and passion. Progress reporting is an opportunity to share the trials and triumphs, so it is important to be creative during this process.

According to Panitchpakdi (personal communication, November 9, 2005), each party must weigh the cost and benefits of the partnership, and this must be done on a case-by-case basis. Every partnership, while having similarities, is different in the constituency served, the social issues addressed, and in the partnership agreement. Because the multinational corporation and NGO have different ways to measure success, it is important that this become a part of the CSR strategic planning process. “Just getting money from a company is completely missing the potential of CSR for the company and NGO” (Landau, personal communication, November 2, 2005). The key to CSR partnership sustainability is to think in terms of a long-term relationship. It takes commitment, planning, support, training, and innovation.

Recommendations

This study presented explanations of the five foundational principles that resonated in the responses from the representatives of the partnership between Merck Thailand and RTF. Their responses were supported by the literature review of previous research written in peer-reviewed journals and books. The research team identified the five principles based on the level of concern from each participant in the interview data-gathering process. The results of this study can be applied to CSR partnerships that need to be strengthened and stabilized, and for corporations and NGOs that wish to establish a sustainable partnership.

To be a social change practitioner, one must be able to take risks, envision the goal, and gain momentum by communicating the opportunity to create change. The research team provided five key principles for establishing a CSR partnership between corporations and NGOs. They identified the need to establish these principles at a time when the global economy demands more from the private sector. CSR practices continue to be an emerging trend, with new contributions from researchers on the need to establish CSR partnerships, the ways in which these partnerships enhance the corporations’ role in the community, and the ways that they enhance the ability of NGOs to sustain the social needs within the same community. This study contributed to the understanding that CSR partnerships are not to be entered into lightly. They are a contract among the corporation, the NGO, and the community.

Future studies that can be conducted from the research include the success rate of corporations and NGOs after implementing these five principles, the financial impact experienced by the corporations and their NGO partners, and the social impact of these partnerships in the community using these five principles. The implications of such studies may lead to more partnerships and a greater understanding of the ways in which corporations and NGOs can succeed by partnering to address social issues in their communities, whether it is supporting disaster relief or supporting housing, food, and education for populations that are poor and disadvantaged.

Conclusion

The greatest growth of CSR is in developing countries where multinational corporations collaborate with NGOs. In cases when the partnership is between a multinational corporation and an NGO, the purpose of the partnership often is to improve public relations and an understanding of local and cultural issues (Hopkins, 2003). However, successful CSR partnerships require a genuine belief that the joint effort is a win-win effort (Arena, 2004). The partnership must be more than the NGO receiving money and other contributions, and it must be more than the corporation increasing its bottom line and improving its self-image to be truly responsible citizenship.

There will always be a need for CSR partnerships between multinational corporations and NGOs as long as there are social needs in communities. It takes strong leadership in an organization to be willing to recognize the wishes of multiple constituents. The leadership principle also encourages leaders to be the visible drivers of an organization's CSR agenda. Communication is critical in all partnerships. It is especially critical when developing CSR agreements and programs. The most important factor in a strong CSR partnership is trust between the leaders of the organizations developing the CSR policies. Ownership and innovation in CSR policies allows all parties in both organizations to participate in the planning and implementation of CSR programs. This requires all parties from the top down to create an atmosphere of open and honest communication. It also requires stakeholder buy-in. Competencies and culture recognize the differences in organization cultures, characteristics, and needs while leveraging core competencies. Key performance measures and sustainability require that both parties in the CSR partnership mutually determine success measurements. Part of

defining success is creating new opportunities for other long-term successes. CSR policies and planning mean only positive results for the NGO and the multinational corporation.

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