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The business school that thinks and lives in the future

Solving wicked problems through partnerships

Chris Murray talks with Rob van Tulder

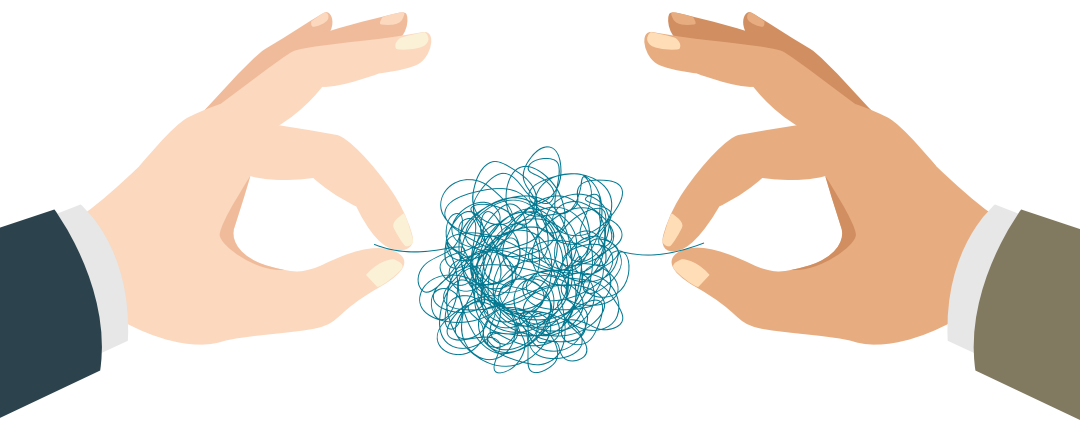
Cross-sector partnerships — partnerships that include organisations from the corporate, government and non-profit sectors — are growing in popularity. Thousands of cross-sector collaborations are currently active around the world as these partnerships help businesses to increase their competitive advantage, government to address regulatory and social issues, and non-profits to advance and fulfil their mission.

Four impact loops

Intuitively, multi-sector partnerships contributing different perspectives, resources and know-how should have greater success in approaching and addressing wicked problems. However, assessing the impact of cross-sector partnerships precisely is a significant challenge because of their inherent complexity and diversity. Nevertheless, evaluating the value-added of cross-sector partnerships is important for creating the legitimacy and credibility of these partnerships.

Working with colleagues in the Netherlands, the UK and Canada, Prof. van Tulder has developed a framework for monitoring and evaluating cross-sector partnerships built on the concept of an impact value chain. The impact value chain links inputs and activities to a series of *outputs*, *outcomes* and, ultimately, *societal impacts*. At the heart of the framework are four “impact loops” progressing from internal outputs to global impacts. (The basic framework was published in an April 2016 *Journal of Business Ethics* article, entitled *Enhancing the Impact of Cross-Sector Partnerships: Four Impact Loops for Channeling Partnership Studies*.)

The first impact loop in Prof. van Tulder’s assessment methodology looks at the impact at the level of operational efficiency within the partnership, focusing on individuals. For example, a for-profit organisation is involved with community partners in corporate social responsibility (CSR) initiatives. As a result of these CSR initiatives, employees in the for-profit sector ▶



There are ‘simple problems, complex problems, and wicked problems. Wicked problems move beyond complexity,’ explains Rob van Tulder, professor of international business-society management at RSM, and academic director of the Partnerships Resource Centre. Wicked problems are not only complex in the “spaghetti bowl” sense of involving a massive, entangled set of interactions, Prof. van Tulder says. They are also wicked because *ap-*

proaching these problems — and Prof. van Tulder is careful to note these are problems that are approached or addressed rather than completely resolved — requires the participation of different stakeholders from different sectors. ‘These problems are wicked because they are cross-sectoral, meaning governments, communities and companies are all part of the problem and they all need to be part of the solution,’ he says.

Solving wicked problems through partnerships *(continued)*

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are more engaged and motivated to work hard for their organisation.

The second impact loop relates to this organisation and its CSR activities focus on the external outcome of the activities. In this example, what impact do the activities of the partnership have on the community? Did the partnership achieve its goals? While the first impact loop measures project efficiency, the second impact loop measures project performance.

The third impact loop assesses the impact of a cross-sector partnership as it relates to the overall mission of the partnership. Ideal partnerships offer synergistic value to both (or all) partners as well as to indirectly involved communities.

The fourth impact loop concerns the overall global impact of the partnership's ideas and activities. A partnership involving profit and non-profit organisations and supported by governmental entities can make a contribution that even extends far beyond the mission statement of the partnership.

Partnerships in action

To illustrate his four impact loops, Prof. van Tulder uses the example of

a partnership called the Roundtable on Sustainable Palm Oil (RSPO). Palm oil is used in a surprising variety of products, from chocolate to ice cream, soaps and cosmetics to fuel for cars and power plants. Unfortunately, palm oil production can also destroy rainforest ecosystems.

The Roundtable on Sustainable Palm Oil, according to Prof. van Tulder, is a giant and complex partnership of big food-producing companies such as Unilever and Nestlé, governments and NGOs, such as the World Wildlife Fund. 'It's quite a complex partnership with a clear issue, sustainable palm oil,' he says, 'but with a bigger aim even, covering rainforests, orang-utans and sustainable development in countries that are affected, in particular Malaysia and Indonesia.'

'Getting the right people together is the first impact loop; it's a necessary prerequisite to building an efficient partnership,' Prof. van Tulder observes. The next step is at the organisational level. The palm oil partnership is not a philanthropic effort. The goal is to review business models and supply chains — in other words, for the organisations involved in the partnership to change the way they are doing

business. This organisational-level impact is the second impact loop.

The third impact loop in this example, according to Prof. van Tulder, is at the palm oil industry level. The goal would be to create an industry that is built on sustainable practices. 'The problem at the moment is that the partnership is not completely solving the palm oil problem because there are other producers, for instance in China, who do not participate in the alliance.' Nevertheless, the outcomes that the RSPO partnership have been able to achieve are 'substantial, even if they could be improved,' he says.

The fourth level impact loop addresses the wider problems related to palm oil production. 'It's not about palm oil, it's about poverty and health and climate change,' he says. 'It's about the governance system in Indonesia, Malaysia, and the whole value chains. That is the ultimate and longer-term impact question.'

Coalitions

For leaders and companies wanting to become involved in cross-sector partnerships, one of the lessons of Prof. van Tulder's research is understanding the difference between so-called "coalitions of the needed" and "coalitions of the willing". A coalition of the needed represents an ideal situation in which the key partners that have a direct impact on the issue and through which a solution must travel are directly involved in the partnership. A close working partnership consisting of Palestinians and Israelis as full and equal partners, for example, would re-

"Getting the right people together is the first impact loop; it's a necessary prerequisite to building an efficient partnership." Prof. Rob van Tulder

solve the Middle East crisis instantly. 'But that is not going to happen,' Prof. van Tulder argues.

In the absence of a coalition of the needed, the next best thing is to gather a coalition of the willing — a wide variety of partners who have a stake or an interest in the issue and are willing to work in partnerships with others to help resolve major problems. The majority of cross-sector partnerships that have been organised at the moment are coalitions of the willing, and they come with their own challenges.

Coalitions of the willing are likely to be made up of partners very different from each other. They come from different sectors with different missions — the nonprofit or community organisations working with a multinational, for example. As a result, the partners not only have different perspectives, they even speak a different language.

Companies becoming partners within a coalition of the willing must be prepared to learn from each other. 'You really have to understand each other,' Prof. van Tulder says. 'We've seen in practice that many of these partnerships, even coalitions of the needed, had to invest time in understanding each other's language.'

Common challenge

Another common challenge related to these partnerships, is the issue of institutionalisation — that is, aligning the organisation to the partnership. 'We see in many of these partnerships that the organisation delegates people to the partnership, who collaborate at the individual level with other part-

ners,' Prof. van Tulder explains. 'Then these individuals come back to their organisations, and the organisations say, 'That's all very well but I don't care,' or 'I don't know how to work on that.'

In contrast, Prof. van Tulder cites the example of the partnership of AMREF Flying Doctors, a large health-care non-governmental organisation, and Dutch conglomerate Philips, which, he says, 'is now more into health than into light bulbs.' Both organisations have — after long negotiations — identified a business case for the partnership. 'Philips has a business case because they want to be in health,' he

More and more companies are becoming involved in vital cross-sector partnerships that give them opportunities to contribute to society in ways they could never achieve alone. Prof. van Tulder's research offers a tool for measuring the local and global impact of these partnerships, thus emphasising and confirming their value-added. The potential for contributors from all sectors to effect major change in the world has never been greater. ■

For more information on RSM's Partnerships Resource Centre, visit www.rsm.nl/prc

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Prof. Rob van Tulder

says. 'AMREF has a business case because they want to be in health prevention. The impact loop for Philips and for AMREF is not only the partnership itself; if they can link it to their business models or their organisational models, the impact would go way beyond the partnership itself.'

This kind of internal alignment with the partnership's goals — or 'institutionalisation' — is key to the wider success of the partnership. However, it requires a full commitment from the organisation that champions of the partnership are not always able to muster.

