

Corporate-NGO Partnership: Learning from Case Studies

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There was an air of excitement in the room as some 80 corporate managers and leaders from civil society organizations gathered in Tokyo on June 7–8, 1999. These individuals, primarily from countries in Asia Pacific, had come together to discuss the outcome of case studies undertaken by the Japan Center for International Exchange (JCIE) on partnership in Asia Pacific between corporations and nongovernmental organizations (NGOs). The venue of the conference was Keidanren (Japan Federation of Economic Organizations), a building that was once a favorite target of NGO demonstrations, picketed by those criticizing corporate practices that caused environmental degradation and other serious social problems. To have a discussion on corporate-NGO partnership in this citadel of Japan's corporate world was in itself a cause for considerable excitement.

As the discussion unfolded at the conference, it became evident that corporations in many countries in Asia Pacific are seriously seeking a new pattern for their philanthropic activities and have begun to increase their engagement in communities by working in close cooperation with NGOs. The case studies indicated that a growing number of NGOs in Asia are actively pursuing partnerships with corporations as they attempt to meet heightened expectations for the nonprofit sector to play a larger role, particularly in the wake of the recent financial crisis that has devastated the lives of people in the region.

The enthusiasm generated at the Tokyo conference as the participants discussed the cases of successful partnership arrangements seemed to reflect the hopes and aspirations of leaders in both the corporate community and civil society that these partnerships can further enhance the emergence of civil society in the region, and at the same time provide added impetus for corporate philanthropic activities to evolve toward new and effective patterns of community involvement.

BACKGROUND OF THE CORPORATE-NGO PARTNERSHIP PROJECT

Emergence of and Challenges to Civil Society in Asia Pacific

A general picture of the impressive growth of civil society in the region has been drawn by several recent studies, including a volume edited by this author, titled *Emerging Civil Society in the Asia Pacific Community*, which was published in 1995 on the basis of a survey project covering 15 countries in Asia Pacific.¹ One of the most notable trends in the development of civil society in the region has been the distinct growth of indigenous NGOs. In addition to an expansion in the size of the sector, there has clearly been an evolution in the scope and nature of NGO activities. NGOs have begun to transform themselves from traditional organizations that provide charitable contributions and services to the poor into organizations that directly involve themselves in addressing issues in developing countries, such as rural development, poverty alleviation, nutrition and health, reproductive biology, and education, and global issues such as environmental preservation, human rights, refugees, and the population crisis. Moreover, these NGOs in Asian countries have begun to establish networks among themselves, which is another new phenomenon in the region.

On the other hand, studies of newly developing Asian countries, as well as of advanced countries such as Japan, draw particular attention to the considerable constraints faced by NGOs. Specifically, many country reports indicate the dire need for most indigenous NGOs to secure a more stable funding base to enable them to function professionally and effectively. In addition, the challenges facing NGOs in Asia in securing autonomy from their respective governments makes heavy reliance on government funding undesirable. Overall, these recent studies and debates over civil society development in Asia clearly indicate a mismatch between the demand side and the supply side of civil society—namely, between NGOs and their funding sources.

Evolution of Corporate Philanthropy in Asia Pacific

Several projects in recent years have attempted to address this issue of supply and demand.² These projects have been premised upon the understanding that the recent rapid economic development in many Asian countries, which is often characterized as “corporate-driven,” has

given rise to greater indigenous corporate community involvement and support for NGOs. The increasing number of companies from North America, Europe, and Japan entering the Asian market has also resulted in a significant growth in philanthropic involvement on the part of these corporations in their host countries. Consequently, these studies found that corporate philanthropy, though still limited in scale and scope, is rapidly growing and clearly has the potential to provide a significant financial base for the emerging civil society in the Asia Pacific region.

Indeed, corporations appear to have started adding a new dimension to their philanthropic activities by developing partnerships with emerging Asian NGOs rather than merely continuing the traditional pattern of charitable giving. This seems to be a reflection of the growing recognition in Asian societies of NGOs as effective actors in dealing with diverse development issues, as well as a reflection of corporate strategies that are emphasizing closer community involvement through work with NGOs. There also seems to be a growing recognition by corporations that partnership with NGOs is instrumental in gaining broad public participation in, and support for, philanthropic activities.

This new direction in corporate philanthropy in Asia Pacific, however, requires a more sophisticated approach on the part of corporations in defining priority areas, identifying NGO partners, and using the expertise of intermediary organizations. At the same time, the emerging pattern of partnership with corporations presents NGOs with new challenges as well. They need to motivate and sustain corporate partners while demonstrating their own expertise, and need to maintain their basic characteristic as autonomous and innovative actors in society without becoming corporate subsidiaries.

Case Studies as a Process of Regional Corporate-NGO Partnership

The Corporate-NGO Partnership Project comprised a series of case studies and meetings that aimed at examining the diverse patterns of corporate-NGO partnership in Asia Pacific. While there has been an increasing amount of literature that deals with general topics of corporate social responsibility and corporate community involvement in Asia Pacific, there has been little in-depth analysis of the evolving pattern of corporate-NGO partnership in the region. It was

therefore hoped that this case study project would further stimulate exploration by corporate and NGO leaders to strengthen their cooperative relationships.

In fact, the process of implementing the case studies proved to be a joint effort between individuals representing the business and nonprofit sectors from many countries in Asia Pacific, and thus the project itself represents a corporate-NGO partnership on a broad regional basis. The intensity of the process, as well as the active interaction among participants from diverse professional backgrounds at the Tokyo conference, reinforced an underlying assumption of this project that corporate and NGO leaders are aggressively seeking the means to implement effective corporate-NGO partnership.

The first phase of the project was the selection of the cases to be studied, which was done through a literature survey and through informal consultations with key members of the Asia Pacific Philanthropy Consortium and field staff of such international foundations as the Ford Foundation and the Asia Foundation. Cases were selected to ensure a diverse range of corporations in terms of national origin, business sector, and NGO partners. It was believed that such a selection would provide a basis for cross-analysis of the various partnership arrangements of external and indigenous corporations and NGOs in various fields. Attention was given to the functions and specific activities of intermediary organizations that facilitated partnership arrangements.

The second phase of the project was the recruitment of researchers and writers for the selected cases, followed by initial consultations, most of which took place through face-to-face meetings. The project director and JCIE staff were assigned to cases involving American and Japanese corporations, and indigenous writers were asked to cover cases in China, Indonesia, the Philippines, and Thailand. The two cases in Vietnam were genuine collaborative efforts by a team of Japanese and Vietnamese researchers.

The third phase of the project entailed the actual research activities, including field visits. The project director visited the headquarters of the American and British corporations included in the case studies, traveling to New York, San Francisco, and London for personal interviews. The director and JCIE staff also visited the researchers in Asia for intense consultations. A workshop, hosted by the Japan Foundation Bangkok office, was held in August 1998, bringing

together several researchers and JCIE research staff to compare notes on the progress of the research. Another workshop was held in November 1998, in Washington, D.C., with the participation of officers from the Hitachi Foundation, JCIE staff, one case writer from the Philippines, and several resource persons, to compare notes on the preliminary findings of the project. In the fourth phase of the project, the research papers were summarized by Kim Gould Ashizawa, coeditor of the project, for the final conference and for this publication.

The Tokyo Conference on Corporate-NGO Partnership in Asia Pacific was the final phase of the project, bringing together representatives of the corporations and NGOs that were taken up in the case studies. In addition, representatives from a number of other corporations offered their perspectives based on their own experiences with corporate-NGO partnerships. These corporations included Yuhan-Kimberly of Korea, PT Rio Tinto of Indonesia, Royal and Sun Alliance Insurance Group of the United Kingdom, Sony Corporation, Nissan Motors, Asahi Brewery, and Fuji-Xerox. Although corporate-NGO partnership still has a relatively brief history in the region, there was a clear manifestation of willingness among these corporate and NGO leaders to share their experiences with others in order to foster more productive working relationships.

The case studies and the subsequent discussions in Tokyo elicited a number of fresh insights into this relatively new subject, and have pointed to issues that will have to be addressed in the coming years. This volume is designed to share with interested individuals in business, civil society, government, politics, media, and other sectors the major findings on and future agenda of corporate-NGO partnership.

THE EVOLVING CONTEXT FOR CORPORATE-NGO PARTNERSHIP

Impact on Civil Society

When the Corporate-NGO Partnership Project was first conceived, most nations in Asia were still enjoying the consequences of the phenomenal economic growth often referred to as the “East Asian miracle.” It is clear that the remarkable economic development of the past decade or two contributed greatly, and in diverse ways, to the growth of civil society in Asia. In one sense,

the emergence of a middle class in these countries was critical to the development of private nonprofit organizations. Many public-spirited development NGOs in Asian countries, established during the latter part of the 1980s and the early part of the 1990s, were organizations formed primarily by individuals from the middle class. These individuals were able to reflect on and articulate a growing concern for the environment, human rights, and democratization that was emerging most visibly within that social stratum. It can also be argued, however, that the negative consequences of rapid economic development in the region have equally contributed to the rise of civil society in Asia. NGOs claim that Asian governments have not been able to bring about equitable economic development, and that it is therefore the responsibility of the nongovernmental sector to come up with alternative policies that can offer a more equitable distribution of the benefits of economic growth.

The technological advances made during the past decades have also affected civil society. Many NGOs consider their role to be that of reflecting concerns about the social and material condition of economically and socially disadvantaged people and bringing those concerns to the national agenda. Their activities have been substantially enhanced and empowered by the availability of highly advanced communications technology, which has enabled them to share information among themselves instantaneously and to forge joint strategies in promoting their causes.

The era of rapid economic growth in Asia came to an abrupt end in July 1997. The financial crisis that has beset many Asian countries since that time has had a major impact on NGOs in Asia, presenting them with greater challenges than ever before. The expectations placed upon civil society have grown as economic conditions have worsened. The human impact of the crisis has become evident in many areas: falling real incomes and a rising incidence of poverty; increasing levels of unemployment; growing migration flows; emerging food shortages and malnutrition; declining public health; falling rates of participation in education; and an increasing incidence of crime. In the face of this crisis, many Asian governments have been pressed to downsize drastically and, concomitantly, to reduce their budget allocation for dealing with the human and social impact of the crisis. Under such circumstances, civil society is expected to play a greater role in the creation of adequate social safety nets to protect the unemployed, the poor,

and the marginalized in society. In particular, one of the most important contributions that civil society is making in the wake of the crisis is to redirect the development strategies of many governments away from a fixation on growth rates and toward a more holistic conception of human development.

Moreover, the financial crisis has broadened the debate over the role of civil society organizations in these Asian countries. There has been growing public acceptance of the idea that civil society organizations are forces of sociopolitical and economic reform that can contribute to improvements in the governance of society. The deficiency of governance in many of these countries has come to the fore as the crisis, to a great extent, has been attributed to the absence of transparency and accountability in Asian governments. It was reported at the Tokyo conference, for example, that among all the nonprofit organizations in South Korea, citizen advocacy groups in particular have gained visibility and momentum since the financial crisis because the economic debacle has been associated with the systemic failure of the old system of governance.

From another perspective, the challenges faced by civil society organizations in Asia have been exacerbated as they have faced growing demands to help alleviate social problems, including increased government reliance on them to help deal with the dire social problems facing the region. There is concern among NGO leaders that such sudden expectations from governments, when accompanied by funding, can undermine the autonomous nature of NGOs. For example, the Japanese government recently proposed to provide a large amount of funding to increase employment opportunities in nonprofit organizations as a way of addressing the country's current unemployment situation. This idea has been challenged by many NGO leaders in Japan (some of whom participated in the Tokyo conference), who view the proposal as being based on an assumption that NGOs are government subsidiaries that can be called upon conveniently to alleviate serious social problems and then be deserted once the immediate problem has been solved. An Indonesian participant reported that this sudden rise in expectations regarding the role that NGOs can play is straining the absorptive capacity of these fragile organizations, and may also undermine the steady progress that was being made toward institution building. In addition, as the influence of civil society and expectations for its

contributions have grown, questions have arisen about the legitimacy and accountability of NGOs, and about their tendency to focus on single issues rather than the broader public interest.

Impact on Corporate Philanthropy

When Asian countries were going through periods of phenomenal economic gains, a growing number of corporations, both indigenous and foreign, were increasing their support for efforts to address social needs. As the summary report of a 1995 Hong Kong conference on “Corporate Citizenship in Asia Pacific” indicated, “As corporations endeavor to grow and sustain new markets around the world, they are frequently confronted with social, legal and economic conditions that affect the production and sale of their products and services.” The result, the report concludes, is often “an appreciation for the relationship between corporate self-interest and the health of communities.”³

As corporations expanded their role as engines of economic growth in Asia Pacific countries, their impact on society became stronger. A growing trend emerged whereby corporations began to depart from traditional patterns of charitable giving for the poor and the needy to actively engage themselves in dealing with social problems. In doing so, corporations started to regard NGOs as useful partners in effectively responding to the needs of their stakeholders.

A new generation of managers and owners has also played a role in transforming the way that corporations interact with the broader society. Younger executives hold different views from their predecessors on the roles and responsibilities of their companies. Accordingly, many companies have come to consider corporate responsibility to be an essential component of their overall business strategy and not simply a public relations activity. Corporations operating in Asia have come to recognize that their long-term success is closely related to the health and stability of the societies in which they operate.

Despite these positive trends, the Asian financial crisis has dealt a devastating blow to many indigenous and global corporations operating in the region, resulting in the curtailment of some philanthropic activities, as witnessed in several cases covered in this project. At the same time, however, these corporations have also come under pressure to support NGOs that have been mobilized to provide relief to those hit hard by the crisis.

Corporations have also found themselves under fire recently for their arcane pattern of corporate governance, such as the absence of transparency and accountability, which is considered to have been one of the causes of the economic debacle in the region. Accordingly, corporations—both indigenous and foreign—are increasingly expected to contribute to the development of viable communities and sustainable markets and to the achievement of a more effective system of governance in cooperation with the public and nongovernmental sectors. Also, as corporations are more deeply involved than ever before in domestic and international politics, they are more likely to be held accountable by governments and the public for the economic consequences of their activities. Thus, they have come under pressure to participate more actively in addressing social agendas. In discharging such new responsibilities, many corporations have found that partnerships with civil society organizations, which often represent certain values and concerns of the community, are an effective approach.

Growing Importance of Cross-Sectoral Partnerships in Asia

Most countries in Asia that achieved the “East Asian miracle” in the 1980s and early 1990s had a system of governance well suited to pursue the single purpose of rapid economic growth. Governments were considered to be the sole arbiter of public goods during that period, and both corporations and nonprofit organizations were put under their control or were subject to their guidance. These traditional systems of governance, which worked well for many years in countries such as Japan and South Korea, have been shaken not only by the financial crisis but by broader forces of globalization that have created complex social issues and have required fundamental domestic adjustments. As a result, it has become quite obvious that many of the region’s governments can no longer cope with the rapidly growing social needs, and that has created a widening space for new actors from the NGO and corporate sectors.

In the case of Japan, it took a tragic earthquake to serve as a galvanizing event, bringing the role of civil society to the attention of leaders in government, politics, and business, and attracting the focus of the mass media. Civil society had already begun to deal with the country’s pluralistic needs over the past decade or so, but the impressive on-site relief work of more than 1.3 million volunteers and NGOs following the Great Hanshin-Awaji Earthquake of 1995

touched off a movement—joined by NGO leaders, business leaders, national legislators, and the media—that led to the passage of landmark legislation in March 1998 which will facilitate the establishment of civil society organizations and give them greater autonomy from the government bureaucracy.

In many Asian countries, governments have started to reach out to NGOs, viewing them as valuable partners that can offer unique expertise, perspectives, and resources. The case study of the Panmai Group, for example, points out that Thailand's Eighth National Economic and Social Development Plan (1997–2001) emphasizes the concept of multiparty participation in development efforts, which incorporates the public sector, the private business sector, NGOs, the mass media, academic institutions, and private citizens. In the case of the Cebu Hillyland Development Program in the Philippines, a local government official actually served as the initiator and intermediary in the creation of a partnership. It was the mayor of Cebu City who approached the Philippine Business for Social Progress for its assistance in tapping the resources of the business community to work with farmers, and who also convinced the farmers of the sincerity of the companies in their willingness to build a partnership.

The evolving environment in Asia is particularly conducive to cross-sectoral partnerships in that the problems facing society are increasingly complex and interconnected. Finding solutions will require multiple sources of talent, resources, and expertise, drawing on attributes found within all sectors of society. When based on the respective strengths of those involved, these partnerships can extend the benefits of each partner's resources, dignify and empower all parties involved, and amplify the impact of their efforts.⁴ Business, in particular, is regarded as a valuable partner, offering unique contributions to the resolution of social problems, including research and development expertise, distribution services, outreach, and marketing support, as well as traditional giving and community involvement assistance.

The forces of democratization that have taken root in many Asian countries, although still constrained by authoritarian regimes in some cases, have substantially reduced the ideological conflicts between government and business on the one hand, and NGOs on the other, that has made collaboration among these sectors difficult in the past. While government bureaucrats in Asian countries still tend to regard NGOs as their convenient subsidiaries, there seems to be a

growing recognition among them that NGOs are effective precisely because of their independence from the government. Conversely, increasing numbers of NGOs are becoming more self-confident and mature, and are allowing themselves to forge partnerships with government and business. Among leaders throughout these societies, the financial crisis in Asia has brought about much greater recognition than ever before of the need for productive partnerships among diverse sectors in order to meet new challenges, address multiple and deepening social needs, and undertake the formidable task of structural reforms to bring about a more effective and equitable system of governance.

WHY PARTNERSHIP? —CORPORATE PERSPECTIVES

NGOs as Facilitators of Corporate Community Involvement

All of the cases taken up in the Corporate-NGO Partnership Project demonstrate the increasing attention that corporations are giving to the health of the communities in which they operate. Many participants in the Tokyo conference underscored the fact that a growing number of corporations have changed the emphasis of their philanthropic activities from charitable giving to community involvement, thus creating a conducive environment for partnership with NGOs and other sectors working in the same communities.

The case study on China found this type of new trend emerging among corporations in that country, although it is still a relatively recent phenomenon. An increasing number of private enterprises are beginning to seek more than publicity from their community activities. Looking instead for ways to fulfill their social responsibility, they have begun contributing to such causes as the environment, poverty alleviation, education, and welfare. Bankers Trust is an example of a company that has shifted its emphasis to the community. Roughly a decade ago, Bankers Trust decided to maximize the benefits to both the community and the firm itself by tightening the focus of its corporate philanthropy programs. As a result, the company chose to concentrate on working with local NGOs in the belief that it should rely on and foster the development of capable NGOs as agents for change in the communities in which the bank operates. An officer in charge of social contribution activities for Nissan Motors reported at the Tokyo conference that it

was also about ten years ago that her company and many other Japanese companies began getting directly involved in addressing social issues, which they found necessitated that they work with NGOs.

A number of corporations have turned their attention to environmental issues as an area that concerns them both as an economic entity and on an individual basis. Obviously, the environment represents an area of common concern for many communities, as well as an area in which a large number of NGOs are active, and it is therefore a fertile field for partnerships. Indonesia's leading producer of bottled water, PT Aqua Golden Mississippi, is a case in point, as it responded to criticism from local NGOs by forming a partnership project for PET bottle recycling. The Cebu Hillyland partnership project in the Philippines is similarly a case where corporations understood that the preservation of upland watershed areas through community development and reforestation was in their own best interest, because the water supply was a critical resource for them, as well as in the interest of the local communities.

These and other illustrations found in the cases presented in this project clearly demonstrate that an increasing number of corporations are finding it essential to forge partnerships with NGOs that have access to community residents, can readily identify community needs, and are equipped with professional expertise to meet such needs. In their attempt to serve the communities more effectively, some corporate managers at the conference noted that they have found the "innovativeness" of NGOs in addressing social issues to be most useful.

Professional Expertise of NGOs Responds to Community Needs

One unique advantage that NGOs offer their corporate partners is professional expertise to respond to the needs of the communities in which corporations are or wish to be active. When British Petroleum decided to engage in community involvement activities in Vietnam, it connected with Save the Children to launch the Poverty Alleviation and Nutrition Program, relying fully on the competence and experience of this international NGO. British Petroleum also formed a partnership with Fauna and Flora International, another international NGO, to undertake the Cuc Phuong National Park Conservation Project. It should be noted that in both cases, the professional expertise of these NGOs included their capacity to work with community

organizations and villages. Philippine Business for Social Progress used its expertise in development and environmental protection to bring about an initial partnership between business and government; it then incorporated community organizations as well in the Cebu Hillyland Development Program.

NGOs' professional expertise has been called upon in several cases when corporations wished to localize their philanthropic and community involvement activities. Bankers Trust entered into a partnership with Philippine Business for Social Progress and the Ayala Foundation to carry out the Barangay Improvement Project in Manila, believing that working with local NGOs who are familiar with local needs, language, society, and culture is critical for the success of any international project in which Bankers Trust is involved. Levi Strauss & Co. started an innovative community involvement project in Japan in 1997, through a donor advised fund given to JCIE, which acts as an intermediary, distributing the funds to NGOs in Japan in accordance with general guidelines set by Levi Strauss & Co. This mechanism has enabled the company to leverage JCIE's in-country expertise and networks.

NGOs as a Means of Implementing Business Strategy

Barnett Baron, co-chair of the Asia Pacific Philanthropy Consortium and executive vice president of the Asia Foundation, pointed out in his opening remarks at the Tokyo conference that corporations tend not to see themselves as replacing philanthropic foundations or governments as sources of financial support for NGOs. He stated that "more and more corporations have come to view corporate citizenship in cooperation with NGOs as part of a business strategy that must respond to their core business interests and their multiple constituencies." The case studies and discussion at the Tokyo conference emphasized the fact that corporations are finding that working with local NGOs, which respond to the needs of stakeholders in the communities, is of benefit to themselves.

The practical benefits for corporations can be recognized at several different levels. One particular quality that corporations are able to make use of is the reputation and acceptance of certain NGOs in the communities. It was pointed out by some participants at the Tokyo conference that in the increasingly competitive worldwide business environment, having a

technological edge does not count as much as it used to. Image and reputation are therefore providing corporations with a decisive edge over their competitors. It was also pointed out that NGOs have been very critical of companies that engage in partnership arrangements simply for the sake of projecting an image, or for public relations purposes. Aurora “Rory” Tolentino, co-chair of the Asia Pacific Philanthropy Consortium and executive director of the Ayala Foundation, emphasized in the closing comments of the Tokyo conference that companies should recognize that “image building without any substance to it will show through, and people will know it.”

On another level, corporations are finding that working with NGOs can enable them to have a better understanding of their market and of customer needs. NGOs can also facilitate a corporation’s approach to local markets. The Bankers Trust case, for example, reports that NGO partnerships have enabled Bankers Trust representatives to network with other leaders, government officials, and prospective clients outside of the usual business forums. Yasuda Fire and Marine Insurance Co. (Yasuda Kasai) encourages its local branch managers to become members of NGOs in the area, and this community-friendly approach has convinced many local sales agencies to become Yasuda Kasai agencies. And Toyota Motor Corporation, as part of its work with NGO partners, tries to mobilize its car dealers across Japan to effectively reach out to communities.

NGO Partnership for the Improvement of Corporate Governance

Though a pragmatic, bottom-line approach may be gaining strength among corporations that tend to regard partnership with NGOs as a part of business strategy, many corporate participants maintained that partnership with NGOs is an important element in establishing their own identity in society and improving their corporate governance. In his keynote speech at the Tokyo conference, Yotaro Kobayashi, chairman of Fuji-Xerox Corporation and chairman of the Japan Association of Corporate Executives (Keizai Doyukai), noted that profit making is the essential means by which his company tries to achieve its founding objectives, but it is by no means the ultimate objective. Corporations are under pressure from two sides: on the one hand, there is pressure to be more productive and profitable, while on the other hand, there is pressure from the

stakeholders to be more viable from a broader societal perspective. Kobayashi emphasized that the balancing of these requirements is part of the critical agenda that a new system of corporate governance should address, and that partnership with NGOs seems to be an appropriate means to strike this balance.

Several corporations analyzed in the case studies and in cases presented at the Tokyo conference underscored Kobayashi's view, having expressed their clear commitment to working with NGOs as part of their corporate philosophies. As one participant observed, the fact that a company chooses to form a partnership with an NGO entails a higher degree of commitment than unilateral forms of community involvement, and has a stronger impact on the corporation itself as well. Partnership with Dana Mitra Lingkungan, an environmental NGO in Indonesia, influenced PT Aqua Golden Mississippi, a producer of bottled water, to become a more environmentally concerned company. An increasing number of corporations are seconding their employees to NGO partners, which influences the company's and employees' attitudes toward communities and by extension influences the environment within the company. As Kobayashi pointed out, such programs have a profound influence on both corporate culture and corporate governance.

WHY PARTNERSHIP? —NGO PERSPECTIVES

The increasing attention being given by NGOs to partnership with corporations is based, in the first instance, on an interest in capital mobilization either in the form of cash or gifts-in-kind. None of the cases studied in the Corporate-NGO Partnership Project could have gotten off the ground without corporate funding. Such corporate support has become important for NGOs in part because of the dwindling availability of public funding that has resulted from the budget constraints facing many governments. It should be noted, however, that NGOs also seek corporate financial contributions for strategic reasons, since having multiple sources of funding helps them to avoid the government control that can result from exclusive reliance on public funding. One major problem for NGOs in seeking corporate funding, however, is that they normally do not have direct contact with potential corporate contributors. The problem is even

more daunting for small NGOs, and as will be discussed in greater detail subsequently, the use of intermediary organizations is essential for them in seeking corporate contributions.

Second, the business sector is regarded as a valuable partner from the NGO perspective because it can offer unique contributions to the resolution of social problems, including research and development expertise, distribution services, outreach, and marketing support. Marketing skills, for example, are important for NGOs since many of them provide services to citizens or earn income from their products and services. The case study on Indonesia describes NGOs becoming involved in the business of recycling PET bottles, while the case study on the women weavers of the Panmai Group Partnership tells how this group began to sell gasoline in addition to clothing as a way of earning funds for themselves and their community. An increasing number of NGOs are becoming business-like, and partnership with corporations is a powerful instrument for these NGOs to develop a self-sustaining pattern of activities.

NGOs badly need certain management skills, such as financial management, information technology, and strategic planning, which are essential to building a stronger institutional infrastructure. Strategic partnership with corporations provides NGOs with access to skills and training that they would otherwise not be able to afford. Such transfers of valuable human resources from corporations to NGOs has become even more effective through corporate volunteer activities and secondment of corporate staff—activities which have been increasing significantly in Asian countries in recent years. Bankers Trust's local staff in the Philippines helped villagers with business plans and provided technical assistance that allowed local NGOs to build new roads and other infrastructure on their own.

Third, corporations bring to the partnership a sense of accountability and a hard-nosed, result-oriented attitude that is often lacking in their NGO counterparts. Some NGO representatives at the Tokyo conference pointed out that NGOs have to develop harder measures of impact and outputs, and not concentrate only on the process. The corporate focus on cost efficiency, for example, is something that NGOs can learn through partnership with businesses.

Fourth, corporations can support their NGO partners by utilizing their political influence. The Cebu Hillyland Development partnership case illustrates strong support from corporate partners for their NGO counterparts in fighting a land development project that was considered

detrimental to water resources in Cebu. As was discussed at the conference, Keidanren also provided effective support for NGO leaders in Japan as they fought for the passage of NPO legislation that would facilitate the incorporation process of nonprofit organizations, and was particularly helpful in lobbying influential conservative politicians.⁵

REQUIREMENTS FOR EFFECTIVE CORPORATE-NGO PARTNERSHIP

Statement of Corporate Philosophy for Community Involvement

One distinct commonality among most of the cases studied in this project is the clear statement of an organizational philosophy and values that emphasize the importance of corporate philanthropy in general and community involvement in particular.

Levi Strauss & Co. adopted a mission and aspiration statement to reinforce the company's commitment to the community. It asserts, "We will conduct our business ethically and demonstrate leadership in satisfying our responsibilities to our communities and the society." Eschewing the "compliance-based approach" of rules and regulations, Levi Strauss & Co. has instead opted for a "values-oriented approach" that emphasizes six ethical principles: honesty, promise keeping, fairness, respect for others, compassion, and integrity.

British Petroleum published a booklet in 1998, titled "What we Stand For . . .," which outlines a set of corporate values that should be manifested in corporate behavior. It spells out the corporation's business policies, emphasizing that "our policy commitments are the foundation on which we will build and conduct our business." In particular, it states that "those commitments are to be carried out by understanding the needs and aspirations of individuals, customers, contractors, suppliers, partners, governments, and nongovernmental organizations" and "by fulfilling obligations as a member of the societies in which BP operates."

Bankers Trust's guiding philosophy of "public responsibility and concern" recognizes a responsibility to the company's shareholders, customers, and employees and, at the same time, to the communities around the world in which it does business.

Keidanren announced its Global Environmental Charter in 1991, which not only acknowledges that corporations are responsible for environmental degradation but also sets environmental standards for Japanese corporate activities both in Japan and abroad.

Yasuda Kasai established a “Fundamental Policy on Environmental Issues” in 1994, which was then adopted as the Yasuda Fire and Marine Global Environment Charter in July 1998. This Charter not only commits the company to supporting social contribution activities and environmental education but also calls upon employees to volunteer for environmental conservation and other efforts.

Toyota’s Vision Theme for 2005, adopted in 1996 as a vision for the next decade, focuses on “harmonious growth” and stresses harmony with the global environment, with the global economy, with the company’s various stakeholders, and with the local communities in which the company operates.

Commitment of Corporate Leaders

The above mission statements set forth by the corporations covered in this case studies project might easily have remained nothing more than noble goals or hollow rhetoric if it were not for the strong leadership provided by senior executives of these organizations. The case study reports indicate that these statements are indeed buttressed by the personal commitments of senior corporate officers to achieving these stated objectives.

One example of effective leadership was the case of Robert Haas, chief executive officer of Levi Strauss & Co. Along with senior managers, he joined employees in staffing booths and distributing literature on AIDS to other employees at a time when little was known about the disease, and when the stigma attached to it was still prevalent. Another example of the impact of leadership was seen when Gaishi Hiraiwa, upon becoming the chairman of Keidanren, introduced his philosophy of “*kyosei*,” or “symbiosis,” to the organization and its members, stressing the importance of coexistence between corporations and the surrounding natural environment. Hiraiwa personally lobbied members for the adoption of an Environmental Charter, which was translated into action in 1992 when the Keidanren Nature Conservation Fund was established to engage Keidanren member companies in nature conservation projects. At British

Petroleum, leadership came not just from one individual but from 350 of the company's top managers, who were involved in the drafting of the company's booklet, "What We Stand For. . . ."

Of course, while such individual leadership and involvement of upper management is undoubtedly essential, the written statements of corporate philosophy and values are equally important to ensuring continuity because, as an executive of Yasuda Kasai pointed out, "top management is bound to change at some point in the future."

Involving Employees for Close Cooperation with Communities

Several corporations in the case studies also emphasized the importance of disseminating or sharing such corporate philosophies with their employees. British Petroleum's booklet on its corporate values was intended to reinforce the potential benefit of community relationships to its employees, and a special effort was made to disseminate it to all of the company's employees around the world. In addition, a video was prepared to accompany the booklet, and a small group of experts visited company offices to discuss the booklet with employees.

By ensuring that corporate philosophies and values are conveyed to all employees, companies are able to promote greater employee involvement in their community activities. This is a critical point since, as analyzed in this project, strong employee involvement appears to be a common feature of successful community involvement activities by corporations. Participation by employees in such partnership activities enables corporations to address the needs in their communities as they are perceived by people from the communities themselves, and reinforces the corporations' commitment to community involvement. Employee participation also helps corporations project a community-friendly image. Moreover, the employees gain a sense of pride, particularly if they are from the communities where their corporations are promoting such activities.

Many of the companies studied here noted the educational benefits of employee involvement as well. Yasuda Kasai, for example, believes that encouraging employees to volunteer for environmental conservation activities not only is beneficial to the environment but also provides a learning opportunity for the employees. For its development project, Bankers Trust chose a

neighborhood close to Metro Manila rather than a more remote rural location, with the specific goal of allowing its local employees—from clerical staff to the head of the country office—to go on site visits. Bankers Trust finds that such visits enable its staff to broaden their skills. Similarly, British Petroleum uses site visits as a part of its staff training strategy to teach employees about community development.

There seem to be diverse patterns of employee involvement in corporate community involvement activities. Bankers Trust's local staff helped villagers with business plans and provided technical assistance that allowed local residents to build new roads and other infrastructure on their own. Through the Glorious Cause efforts to alleviate poverty in China, employees of Chinese corporations often become involved as project coordinators and technical advisors for local partner organizations. Yasuda Kasai employees are involved in the planning and logistics of the environmental lecture series that the company conducts in partnership with an NGO. In addition, employees are encouraged to participate in local community events, and local branch managers are encouraged to become members of NGOs in their area.

Organizational Mechanisms for Effective Community Involvement

Some companies, such as Levi Strauss & Co., have elaborate organizational mechanisms to encourage employees to be active in their communities. Levi Strauss's Community Involvement Teams (CITs) organize workers throughout the company into groups of volunteers, offering them start-up money and matching the group's own fund-raising efforts. CITs are free to carry out their activities as they see fit within the broad guidelines set out by the corporation. Yasuda Kasai has established a "volunteer leave" system that allows workers to apply for up to three years of paid leave to work for nonprofit organizations. Yasuda Kasai is also an example of a company that has worked to systematically incorporate its philosophy of environmental protection into its daily corporate activities. It has established an ECO Committee within the corporation that seeks to promote energy conservation within the company, community involvement in environmental activities outside the company, and environment-related insurance goods and services as a part of the company's business operations.

Effective Communication between Corporate and NGO Partners

What was impressive about all the cases studied in this project was that there seem to have been concerted efforts on both sides of the partnership arrangements to communicate with each other in order to carry out joint tasks effectively. As was mentioned above, the involvement of corporate staff at the ground level of operations obviously facilitates effective sharing of objectives and mutual understanding of the means to achieve them. As Barnett Baron pointed out in the concluding session of the Tokyo conference, it is critically important from the beginning of the partnership arrangement to focus on the desired outcomes, including which stakeholders and constituencies the partners are aiming to serve, and how to measure the outcome of such activity.

Several speakers at the conference pointed out that NGO leaders can sometimes be self-centered and self-righteous, assuming that they alone represent moral values and that corporations are not legitimate social actors. Clearly, it is essential for corporations and NGOs to develop mutual respect and confidence. As Rory Tolentino reminded the audience, corporate and NGO partners do not necessarily go into partnership with shared values. As was the case with the partnership between PT Aqua Golden Mississippi and the NGO Dana Mitra Lingkungan—which resulted from the NGO’s criticism of the corporation for contributing to environmental pollution—some partnerships may actually find their point of departure in a clash of interests. Nevertheless, it is critical for both sides to establish an effective communications process through which they can develop a shared set of objectives and an understanding of the means to achieve them as they decide to forge a meaningful partnership. Such effective and continued communication between the partners also should make it possible for them to monitor and evaluate their joint work.

It should be pointed out, however, that as a result of the relative absence of professional expertise within NGOs in Asia, it is not always easy to develop effective communication in a short period of time. Intermediary organizations that have the confidence of both the corporate and NGO partners can play a critical role in developing such a communication process and, eventually, mutual trust.

Effective Use of Intermediaries

Several illustrations in the previous sections already point to the utility of NGOs as intermediaries in reaching out to a broader range of organizations and individuals in the communities, or as facilitators of community involvement activities. JCIE is one example of an NGO that plays this special role, often in close cooperation with its affiliate organization, the Asian Community Trust, and Philippine Business for Social Progress also has a specific mission as an intermediary. Many business associations also take on this intermediary role. The Keidanren Nature Conservation Fund serves as an intermediary organization between Japanese corporations interested in funding overseas environmental projects and environmental NGOs seeking corporate funding. The Federation of Korean Industries has started playing an active role in facilitating partnership with NGOs. The Glorious Cause in China has also played an intermediary role by helping more than 2,000 private entrepreneurs provide Rmb52 billion (US\$6.24 billion at Rmb1 = US\$0.12) in seed money and another Rmb400 million (US\$48 million) in donations for 3,000 projects since its establishment in 1997.

Corporations seeking to start community involvement activities may be well served by such intermediaries that have professional expertise and special missions to play such a role. A leader of Keidanren's Committee on Corporate Philanthropy noted that one major reason for Japanese corporations' relative absence of community involvement activities in Asian countries is lack of knowledge of NGOs. The concept of using intermediaries is thus appealing to Keidanren members, although they feel a need to better understand the possibilities before pursuing such a path. For example, they would like to study the types of intermediaries that exist, the potential roles that they can play, the possible division of labor between corporations and intermediaries, and so on.

Building Partnership with the Public Sector

One final and important prerequisite for effective corporate-NGO partnership at the community level is the development of a close working relationship with the local authorities. As corporations commit themselves to promoting the interests of communities, such relationships

are both useful and natural. To have the support of the government, be it active or tacit, is important for effective corporate-NGO partnership, because governments have the ultimate capability to create an enabling environment for nonprofit organizations. Governments have the authority to determine the incorporation and registration processes, fiscal and tax treatment, and other factors that can serve as incentives or disincentives for partnerships.

In the case of British Petroleum, for example, one of the basic principles of the corporation's community affairs program is the establishment of partnerships with government authorities. This is particularly true of their activities in Vietnam, where it is necessary for foreign corporations and foreign NGOs to receive government approval for their operations and programs. In China, with the recent shift toward greater decentralization, the government has become increasingly aware of, and more receptive to, the creation of new relationships between the corporate sector, the nongovernmental sector, and local communities. It has encouraged and facilitated the work of corporations involved in community development as part of the All-China Federation of Industry and Commerce's initiative, the Glorious Cause. As noted above, in the case of the Cebu Hillyland Development Program, the mayor of Cebu City actually served as initiator and intermediary in the creation of a partnership.

It is evident from these cases that corporate-NGO partnerships are often actually developing in the broader context of multisectoral partnership, involving government authorities, media, community organizations, and people in the community. The involvement of a wider range of actors is an important and necessary trend that can make corporate-NGO partnerships even more productive. This, however, creates a more complex and challenging process for corporate and NGO leaders.

CONCLUSION

Given the limited sampling included in these case studies, it is difficult to form any definitive conclusions about the present scope and future prospects of corporate-NGO partnership in Asia Pacific. Nonetheless, some very general conclusions may be drawn from the studies and the Tokyo conference discussion, which may provide those interested in the subject with some new

insights about the specific dynamics that present themselves in launching and implementing corporate-NGO partnerships.

One finding is that although the number of corporate-NGO partnerships may still be limited in Asia Pacific, there is a definite indication of their growing importance. The very productive interaction that took place at the Tokyo conference among business and NGO leaders is one clear sign of the increasing interest among corporations and NGOs in such arrangements. The changing context in the region favors further development of these partnerships. For one thing, there has been a dramatic emergence of civil society in Asian countries, and expectations for it to play an active role are rising in the wake of the financial crisis in the region. Corporations, on the other hand, are under pressure to contribute more positively to the overall interests of communities where they operate and also to improve corporate governance, the shortcomings of which have been regarded as one of the causes of the recent financial crisis.

Second, and related to the above point, the case studies indicate that the most significant aspect of these partnerships between corporations and NGOs is the synergy that is created as the partners bring their complementary talents and resources to the table. NGOs contribute to the partnerships a sense of values and an appreciation of the broader interests of the community (neither of which come easily to for-profit corporations), thus making corporations more conscious of the need to reorient themselves to meet the interests of their diverse stakeholders. Corporations bring not only financial resources and practical skills but also a sense of accountability and a focus on results, which are often lacking in their NGO counterparts.

A third general observation that can be made is that the changing dynamics surrounding NGOs and corporations reflect an environment in which much greater partnership among divergent sectors of society is needed to cope with fundamental shifts in society that have been brought about by the formidable forces of globalization. It can be said, on the basis of this case studies project, that corporate-NGO partnerships generally operate within broader multisectoral partnerships involving governments, intellectual and academic leaders, media, and members of the community. Although a great deal of attention has recently been paid to the role of intermediaries in partnership building, what is particularly striking is that, as partnerships evolve and incorporate actors from diverse sectors of society, all partners act in a sense as

intermediaries, bringing their respective resources, experiences, and networks to the table as they work toward a common goal.

Fourth is that corporate-NGO partnerships take diverse patterns, and thus there is no simple model for success. Even the motivations of corporations for forming partnerships with NGOs, for example, seem to be quite divergent, as was manifest in the active debate on the subject at the Tokyo conference. Some corporations regard community involvement and partnership with NGOs as a part of their core business strategy, while others clearly prefer to promote it in the context of their pursuit of improved corporate governance and a new corporate identity. Nevertheless, certain criteria, as enumerated in the previous section, should be taken into account in bringing about effective partnerships.

A fifth general observation to be made is that, despite the positive prospects for corporate-NGO partnership in Asia Pacific as discussed earlier, such arrangements will face several major challenges in the coming years. One is the relatively weak institutional base of NGOs in Asia, caused by the limitations in financial and human resources. Another is the urgent need to enhance the enabling environment for NGOs by improving the legal, fiscal, and administrative contexts for their incorporation and activities, which are still constrained in most countries of East Asia. At this stage of civil society's development, corporate partnerships with NGOs necessarily have to address these problems of NGO infrastructure.

Sixth, perhaps the most critical requirement for bringing about a greater number of effective corporate-NGO partnerships in Asia Pacific is to do away with the traditional "us against them" attitude that remains between corporations and NGOs. Efforts are needed to further dismantle the lingering lack of trust between the two sectors, although there are encouraging signs on both sides that these exclusionary attitudes are beginning to break down. As evidenced by the Tokyo conference participants, a new breed of corporate manager is emerging who has had some experience working with NGOs as a student or corporate volunteer, and, conversely, an increasing number of NGO leaders have corporate backgrounds.

Seventh, as many participants in the Tokyo conference pointed out, there is growing recognition that regular forums and mechanisms are needed for continuing discussion between corporate and NGO leaders in order to promote greater mutual understanding and mutual trust

between the two sectors. Corporations and NGOs naturally have different perspectives on diverse issues, and they speak “different languages.” The Asia Pacific Philanthropy Consortium, the Council on Foundations of the United States, CIVICUS, Synergos, the Prince of Wales Business Forum, and JCIE have been holding a number of conferences that bring together corporate and NGO representatives. Industrial associations such as Keidanren and the Federation of Korean Industries have also started playing a role in facilitating dialogue between businesses and NGOs within their own countries, and with overseas counterparts. American Express has played a unique role in promoting such contact and dialogue between business corporations and NGOs by holding a series of meetings in Indochina. These meetings can also play a useful role in providing initial contact between potential partners, as exemplified in some of the cases studied in this project.

Finally, the case studies project and the Tokyo conference discussion reinforced a strong belief among the multinational researchers who have worked together on the project that partnership of any kind depends in the final analysis on people who see the importance and joy of working together. The Tokyo conference offered an example of how corporate and NGO leaders throughout the region are increasingly coming together to explore ways of achieving partnership arrangements. Such joint efforts themselves will undoubtedly contribute to greater solidarity among people in different sectors who believe that civil society, working in concert with the corporate and public sectors, has an important role to play in dealing with the increasingly complex social issues within countries and the common issues facing the region and the world. It is the hope of those who have contributed to this project that its outcome will prove useful for organizations and individuals who are interested in forming future corporate-NGO partnerships.

Notes

¹ Tadashi Yamamoto, ed., *Emerging Civil Society in the Asia Pacific Community* (Singapore: Institute of Southeast Asian Studies and Japan Center for International Exchange), 1995.

² These projects have included a conference held in September 1995, in Hong Kong, on the theme of “Corporate Citizenship in Asia Pacific,” organized by the Council on Foundations

together with members of the Asia Pacific Philanthropy Consortium (APPC), which had been formed in 1994; a conference organized by APPC in Bangkok in January 1998, on the theme of “Supporting the Nonprofit Sector in Asia”; and a 1996 Keidanren mission to the United States to study corporate-NGO partnership experiences.

³ Lori A. Vacek, “Corporate Citizenship in Asia Pacific-A Conference Report,” prepared for the Conference on Corporate Citizenship in Asia Pacific (Hong Kong, September 19–22), 1995, p. 3.

⁴ Colin Campbell, “Forging Partnerships Among Diverse Interests,” *CAF Focus* (newsletter of the Charities Aid Foundation), Paper No. 1 (May 1998), p. 4.

⁵ Details regarding this episode are provided in Tadashi Yamamoto, ed., *Deciding the Public Good: Governance and Civil Society in Japan* (Tokyo: Japan Center for International Exchange), 1999.