



Making it Collaborative

CASE # 12.3

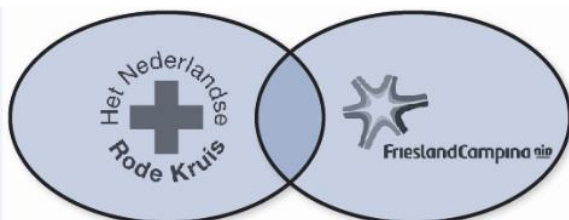
UPGRADING SPONSORING RELATIONS – WHY IS IT SO DIFFICULT?

[Relating to Section 12.2.2 of the book – see footnote 3]

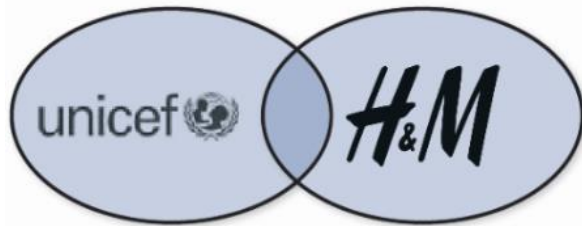
THE CASE

A considerable number of relationships between companies and well-known multilateral organizations such as UNICEF, UNHCR, World Food Programme (WFP) or FAO represent a sponsoring relationship. Companies often link up with these kinds of global organizations as part of their cause-related marketing strategies. The relationship is then portrayed – and increasingly also intended – as a full-fledged mutual ‘partnership’ with a common goal. Still, a *partnership fit* not seldom proves difficult to attain from both sides in these relationships, partly due to limited strategic alignment (see section 12.4.1 in the book). Supporting a common goal through funding and facilitating not necessarily implies ‘jointly formulated objectives’ or ‘a joint plan of action’. Many organizations not even define what they consider to be a partnership. In practice, the bilateral relationship oftentimes remains philanthropic or transactional, based on ad-hoc opportunities and considerations. As a result, the impact of the relationship does not surpass level-1 or level-2 ambitions for the company, thereby preventing the multilateral organization from actually using the partnership for more transformational aims.

See, for instance, in the table below how the company–multilateral organization ‘partnerships’ have been described from the viewpoint of the multilateral organization. These collaborations were, in fact, predominantly ‘sponsoring’ relationships.



The Dutch Red Cross and the Dutch dairy multinational FrieslandCampina signed a five-year partnership contract in 2012. “The completion of our collaboration was so natural and quick, we jumped into it.” Emergency assistance, food security, and nutrition are among their shared topics (Source: Dutch Red Cross, Annual Report 2012).



UNICEF and fashion giant H&M developed the 'All For Children' (AFC) label. The organizations unite against child labour and support child education programs. A quarter of the selling price of AFC-labelled clothes sold in H&M stores was directly donated to UNICEF (Source: UNICEF, Annual Report 2012).

Both collaborations emphasize different dimensions of the relationship and its ambitions. In the case of FrieslandCampina – one of the world's largest dairy cooperatives – many of the donations to the Red Cross' emergency assistance and food aid activities in conflict zones and disaster areas were in-kind, yet related to the company's core activities and with the involvement of FrieslandCampina's member dairy farmers and employees. In the case of H&M, the relationship with UNICEF has primarily been a sponsoring one, managed by the H&M Foundation – a non-profit foundation privately funded by the Stefan Persson family (the founders and main owners of the H&M Group). The H&M Foundation has a longstanding and still continuing sponsoring relationship with UNICEF. Since 2014, for instance, H&M and UNICEF are working together in a project aimed at early childhood development to help the most vulnerable and excluded children – in particular young children with disabilities – to get the best start in life. The H&M Foundation has been supporting UNICEF in this project with 53.5 million Swedish crowns for the period 2017–2025.¹ From its side, UNICEF engages in an quite extensive 'corporate and philanthropic' partnership portfolio, with hundreds of corporate 'partners' – although mostly aimed at gaining philanthropic funding from corporations.

THE ALIGNMENT CHALLENGE

The longer-term effectiveness of these partnerships has been disputed from two angles:

- [1] Sponsoring is a relatively unstable source of finance. Being reliant on donations and private funding implies that the 'business model' of the multilateral organization involved is vulnerable to the 'whims' of its external sponsors. High transaction costs are involved to sustain a broad and steady enough portfolio of loyal sponsors.
- [2] An aligned strategy in which both organizations are able to link the partnering relationship to their core activities, may actually foster level-3 or level-4 approaches to the systemic problems that multilateral organizations seek to address. For example, FrieslandCampina – which aims at 'nourishing a better planet' – could probably have a more beneficial impact on health (SDG3), food security and resilient food chains (SDG2) if it aligned its efforts more strategically with the Red Cross. Likewise, H&M could probably contribute more to children's rights, child labour prevention and the SDGs if it would embed the goals it shares with UNICEF more strategically into its corporate activities (e.g. responsible cotton growing, the functioning of fashion supply chains, industrial relations). (See below figure on partnering intent. Philanthropic partnerships

¹ <https://hmfoundation.com/project/supporting-children-with-disabilities/>

usually classify as relatively ad-hoc; transformational partnerships are inevitably strategic).

	Ad-hoc	Philanthropic Are involved in providing welfare to society through charitable giving, such as the sponsoring of sport clubs and donating to charity organisations. Resources often flow in one direction: from the business to the CSO. The transferred resource mainly helps the CSO in pursuing its mission and goals, but it involves a low degree of commitment and links with the core activities of the organisation.
		Transactional The rationale for transactional partnerships is improving profitability of market share from a business perspective. Examples are bottom of the pyramid-initiatives. Other examples are marketing campaigns whereby consumers buy a product of which a certain percentage of the profit goes to charities.
		Integrative Focus is on balancing interests of the organisations involved by actively using their core competences. For instance, a partnership between an advocacy organisation and businesses that focuses on certification programmes in order to sustain their commodity chains
	Strategic	Transformational Interact with all relevant stakeholders in order to equally respond to all partners' needs and resources. Aimed at systems change, which can lead to disruptive social innovation and new organisational forms.

Source: based on Austin and Seitanidi, 2012

Companies that fail to take the partnering relationship out of their CSR/philanthropy department have shown to face difficulties in reaping the full potential of their partnership with multilateral organizations. But also multilateral organizations themselves often create the problem of limited alignment and effective 'issue-partnering fit'. Organizations such as UNICEF (children), UNHCR (refugees), and IOM (migration) struggle to upgrade their, often extensive, portfolio of sponsoring relationships with major companies to more strategic partnerships with potentially higher impact. One important reason is internal: it has proven difficult to overcome internal resistance to more strategic and thus closer partnerships with companies due to a general sentiment of distrust in the 'societal ambitions' (levels 3 and 4) of private sector partners. Public organizations fear reputation damage when they align with private organizations – which, on average, face a lower degree of trust than multilateral organizations. Consequently, creating sufficient 'goal alignment' between the international organization and the private party proves burdensome – which in turn explains the challenges in addressing many of the SDGs in effective partnerships. Many of these 'private sector engagement' efforts remain philanthropic, relatively ad-hoc, and, therefore, limited in their effectiveness, scope and real-life impact.

CASE QUESTIONS

- Can sponsoring relations ever be effective in achieving more transformational goals?
- Apply the partnering continuum (Table 12.1 in the book) to assess the level of alignment that sponsoring relations can entail.
- How can civil-society organizations (CSOs) create an effective portfolio of partnerships with companies that does not make them overly dependent upon external funding (and related criteria) of private actors?

- One of the challenges of CSO–company relationships is the danger of ‘reputation damage’. In the formation phase of the partnership (see sections 12.2, 12.3), this is considered an important ‘risk factor’; how can this be managed?
- To what extent is the ‘spark’ between two organizations from different societal origins relevant, and what should that spark comprise to make the relationship effective for the societal ambitions of both parties?

FURTHER READING

Partnerships Resource Centre (2011). *State of the Partnerships Report 2011. Dutch Development NGOs Facing the Partnering Challenge*. <https://repub.eur.nl/pub/77684/>.

Partnerships Resource Centre (2015). *State of the Partnerships Report 2015. Civil Society Organisations (CSOs) Under Siege – can partnerships provide new venues?* https://repub.eur.nl/pub/80010/24682_Rapport_CSOScan_3_WEB.pdf

Case 12.6 ‘TNT-World Food Programme – ‘Moving The World’ Partnership’, under Principles of Sustainable Business /Home /Cases / Partnering Cases.

- **TOOL:** The Collaboration Quick Scan (CQS). Developed by the Partnerships Resource Centre: https://www.rsm.nl/fileadmin/Faculty-Research/Centres/PRC/PRC_CQS_The_collaboration_Quick_scan_def.pdf.

