

# Northumbria Research Link

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**HOW MIGHT PARTNER SELECTION  
BE IMPROVED BY CORPORATES TO  
ADDRESS MATERIAL  
SUSTAINABILITY ISSUES? A CASE  
STUDY OF NORTHUMBRIAN WATER  
LTD.**

L EL MOUALLEM

PhD

2017



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ADDRESS MATERIAL  
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STUDY OF NORTHUMBRIAN WATER  
LTD.**

LARA EL MOUALLEM

A thesis submitted in partial fulfilment  
of the requirements of  
the University of Northumbria at Newcastle  
for the degree of Doctor of Philosophy

Research undertaken in  
Newcastle Business School,  
Faculty of Business and Law and in  
collaboration with Northumbrian Water Ltd.

November 2017

## **Abstract**

This research explores how Northumbrian Water Ltd. (NWL), a UK private sector organization providing water supply and sewerage services, selects nonprofit organization (NPO) partners who contribute to addressing its material sustainability issues. The aim of this research is to provide a framework of partner selection for NWL and other businesses in the water industry who seek to address material sustainability issues through cross-sector (NPO-business) partnerships. There is limited research on how businesses should select NPO partners from an impact or value creation perspective. Moreover, systematic models of materiality analysis are rarely found in the literature. The GRI is providing guidance on materiality analysis through practice-based standards, but systematic research into organizational practices is limited.

NWL engages in a variety of strategic key partnerships which make it a suitable choice of case study for investigating the partner selection process. The study particularly examines how partnerships can generate impact on material sustainability issues, and how this prospective impact can be evaluated. Template analysis is used to interpret transcripts of semi-structured interviews and a focus group involving key informants from NWL and its NPO partners. The contribution to knowledge is established around the need for having both flexible/reactive/project-based and systematic/proactive/strategic approaches to partner selection while ensuring shared value co-creation. The study further highlights how materiality with respect to sustainability issues can be assessed both reactively and proactively from NWL's perspective, and how this assessment can better inform the partner selection process. Future research avenues can involve investigating the applicability of the partner selection framework resulting from this study to other businesses in the water industry.

## List of Contents

<b>Abstract</b> .....	<b>i</b>
<b>List of Contents</b> .....	<b>ii</b>
<b>List of Figures</b> .....	<b>ix</b>
<b>List of Tables</b> .....	<b>x</b>
<b>Acknowledgements</b> .....	<b>xi</b>
<b>Declaration</b> .....	<b>xii</b>
<b>1. Introduction</b> .....	<b>1</b>
1.1 Introduction.....	1
1.2 Research Rationale, Background and Context.....	1
1.2.1 Research Rationale.....	1
1.2.2 NWL Vision, Business Plan and Strategy .....	2
1.2.3 NWL Partnership Strategy.....	3
1.3 Research Questions, Aim and Objectives.....	6
1.4 Research Design.....	6
1.5 Research Contribution .....	7
1.6 Thesis Structure .....	8
1.6.1 Chapter 2. Literature Review .....	9
1.6.2 Chapter 3. Research Methodology.....	9
1.6.3 Chapter 4. Findings.....	9
1.6.4 Chapter 5. Discussion .....	9
1.6.5 Chapter 6. Conclusions and Implications .....	10
1.7 Summary .....	10
<b>2. Literature Review</b> .....	<b>11</b>
2.1 Introduction.....	11
2.2 Corporate Social Responsibility (CSR) and Sustainability .....	12

2.3	Stakeholder Theory .....	14
2.3.1	Stakeholder Analysis .....	19
2.3.2	Stakeholder Management and Engagement.....	24
2.3.2.1	Guidelines and Standards .....	27
2.3.3	Value Creation Perspective.....	29
2.3.4	Materiality Analysis.....	32
2.3.4.1	Practical Applications.....	35
2.3.5	Summary .....	37
2.4	Collaboration and Partnerships .....	38
2.4.1	Theoretical Foundation .....	38
2.4.2	Partnership Motivations, Stages and Characteristics .....	40
2.4.2.1	Collaborative value creation .....	44
2.4.2.1.1	Examples of Partnership Value Creation from Practice.....	50
2.4.3	Partnership Process Stages/Phases.....	51
2.4.4	Factors, Challenges and Drivers for Effective Performance.....	53
2.4.5	Cross-Sector Partnerships .....	55
2.4.5.1	NGO-Business Partnerships .....	57
2.4.5.1.1	Case Studies and Practical Developments .....	59
2.4.6	Partner Choice and Selection .....	59
2.4.6.1	Criteria for Funding NPOs .....	61
2.4.6.2	Partner Selection Process.....	61
2.4.6.2.1	Metrics used for selection .....	61
2.4.6.2.2	Partnership Formation and Selection Phases: Subprocesses.....	63
2.4.7	Summary .....	70
2.5	Partnership Impact Evaluation .....	71
2.5.1	Definition of Impact.....	72
2.5.2	Approaches and Challenges to Partnership Impact Measurement.....	73
2.5.3	Sustainability Performance Assessment .....	79

2.5.3.1	Sustainability Issues and Performance Indicators .....	79
2.5.3.2	Sustainability Accounting.....	82
2.5.4	Impact Measurement Frameworks.....	83
2.5.4.1	Economic, Social and Environmental Impacts.....	85
2.5.4.2	Social Performance Measurement .....	87
2.5.4.2.1	Overview of Methods.....	87
2.5.4.2.2	Recommendations and Developments .....	88
2.5.4.3	Practical Models and Applications .....	89
2.5.5	Cross-Sector Partnership Impacts: Case Studies .....	96
2.5.6	Summary .....	98
2.6	Conclusions.....	99
<b>3.</b>	<b>Research Methodology .....</b>	<b>102</b>
3.1	Introduction.....	102
3.2	Research Strategy.....	102
3.3	Pragmatism .....	105
3.4	Research Methodology: Case Study .....	109
3.5	Research Methods for Data Collection .....	114
3.5.1	Pilot Study.....	115
3.5.2	Primary Data .....	117
3.5.2.1	Semi-Structured Interviews .....	117
3.5.2.2	Focus Groups.....	122
3.5.3	Secondary Data .....	127
3.5.3.1	Documentary Review .....	127
3.6	Data Analysis .....	128
3.6.1	Thematic Analysis .....	130
3.6.2	Template Analysis Approach.....	132
3.6.2.1	Overview of Procedures and Application to Study .....	134
3.6.2.1.1	Familiarization with the data.....	134

3.6.2.1.1.1	Application to study.....	134
3.6.2.1.2	Preliminary Coding.....	134
3.6.2.1.2.1	Application to study.....	135
3.6.2.1.3	Clustering.....	136
3.6.2.1.3.1	Application to study.....	136
3.6.2.1.4	Producing an Initial Template.....	136
3.6.2.1.4.1	Application to study.....	137
3.6.2.1.5	Developing the Template.....	142
3.6.2.1.5.1	Application to study.....	142
3.6.2.1.6	Applying the Final Template.....	149
3.6.2.1.6.1	Application to study.....	149
3.6.2.1.6.1.1	Introduction to CAQDAS: Use of NVivo.....	151
3.6.2.1.7	Writing Up of Findings.....	153
3.6.2.1.7.1	Presentation of Findings.....	153
3.6.2.1.7.2	Analytical Strategies and Techniques.....	154
3.7	Reliability and Validity.....	156
3.8	Reflexivity.....	159
3.9	Ethics.....	160
3.10	Limitations.....	161
3.11	Summary.....	162
<b>4.</b>	<b>Findings.....</b>	<b>164</b>
4.1	Introduction.....	164
4.2	Findings from Template Analysis.....	164
4.2.1	Prioritization process of sustainability issues at NWL.....	164
4.2.2	Assessment of current partnership work.....	168
4.2.2.1	Partnership support.....	168
4.2.2.2	Partnership financial value.....	169
4.2.2.3	Partnership approach/strategy.....	170
4.2.2.4	Partnership success.....	173
4.2.3	Future recommended partnership work.....	174

4.2.3.1	Recommended NWL partnership approach.....	174
4.2.3.2	Recommended NPO partnership approach.....	177
4.2.4	Partner selection.....	178
4.2.4.1	Partner selection criteria (NWL and NPO).....	178
4.2.4.2	Partner selection procedures used (NWL and NPO) .....	180
4.2.4.3	Recommended future partner selection procedures by NWL.....	181
4.2.5	Partnership impact evaluation.....	184
4.2.5.1	Issues/challenges in impact evaluation (NWL and NPO) .....	185
4.2.5.2	Approaches used in impact assessment (NWL and NPO) .....	185
4.2.5.3	Recommended approaches to impact assessment (NWL and NPO)...	186
4.2.5.4	Involvement of partners in assessment (NWL and NPO) .....	188
4.2.6	Participant agreement interaction in focus group .....	189
4.3	Summary .....	189
<b>5.</b>	<b>Discussion.....</b>	<b>191</b>
5.1	Introduction.....	191
5.2	Partner selection: How can corporates such as NWL select NPO partners who contribute to addressing their material sustainability issues? .....	192
5.2.1	Materiality Assessment: Link to Value Creation.....	192
5.2.2	Value Creation in Cross-Sector Partnerships.....	197
5.2.3	Nature of Collaborative Relationships and Value Creation.....	200
5.2.4	Recommended Partnership Strategy .....	205
5.2.4.1	NWL .....	205
5.2.4.2	NPO .....	207
5.2.5	Partner Selection Process .....	207
5.2.5.1	Partnership Success Factors.....	209
5.2.5.2	Criteria and Procedures .....	210
5.2.5.2.1	Selection of Multiple Partners.....	216
5.2.5.3	Recommended Procedures by NWL .....	217

5.3	Partnership Impact Evaluation: How can corporates such as NWL evaluate the impact of the prospective NPO partnerships on their material sustainability issues? ..	221
5.3.1	Challenges to impact evaluation .....	221
5.3.2	Approaches used by NWL and NPOs.....	223
5.3.3	Recommended approaches by NWL and NPOs .....	225
5.4	Framework of Partner Selection .....	230
5.5	Summary .....	233
<b>6.</b>	<b>Conclusions and Implications .....</b>	<b>235</b>
6.1	Introduction.....	235
6.2	Contribution to knowledge and practice .....	235
6.2.1	Review of research aim and objectives.....	235
6.2.2	Review of research questions.....	236
6.2.2.1	Materiality Analysis .....	237
6.2.2.2	Partner selection .....	239
6.2.2.3	Partnership impact evaluation .....	245
6.3	Recommendations and practical implications of the study.....	247
6.4	Limitations and future research .....	249
	<b>Appendices .....</b>	<b>253</b>
	Appendix 1: Interview Index .....	253
	Appendix 2: Introductory Email .....	254
	Appendix 3: Interview Guides .....	255
	Appendix 4: Informed Consent Forms .....	261
	Appendix 5: Templates produced from Template Analysis .....	268
	Template based on a priori themes from interview guide.....	268
	Initial Template .....	269
	Developed Template – version 1 .....	273
	Developed Template – version 2 .....	290
	Final Template – version 3 .....	303

Appendix 6: Examples of projects undertaken in partnerships at NWL .....	320
Appendix 7: Sample of coded transcript (imported from NVivo software) .....	328
Appendix 8: Example of final template .....	338
Appendix 9: Example of invitation to tender (by NPO) .....	340
<b>Glossary (including abbreviations) .....</b>	<b>343</b>
<b>References .....</b>	<b>346</b>

## List of Figures

Figure 2.1: Stakeholder Typology (Source: Derived from Mitchell et al., 1997, p. 874)...	16
Figure 2.2: Different Types of Stakeholder Theory (Source: Derived from Hörisch et al., 2014, p. 330) .....	18
Figure 2.3: Rationale, Typology, and Methods for Stakeholder Analysis (Source: Derived from Reed et al., 2009, p. 1936) .....	21
Figure 2.4: An Example of a Stakeholder Management Web for Scottish Natural Heritage: Focal Stakeholder represented as Scottish Office Accounting Officer (Source: Derived from Ackermann & Eden, 2011, p. 189) .....	26
Figure 2.5: Stakeholder Map of China’s Energy Conservation Campaign (Source: Derived from Fu et al., 2011, p. 4997) .....	31
Figure 2.6: Collaboration Continuum (Source: Derived from Austin, 2000a, p. 72; Austin, 2000b, p. 35; Austin & Seitanidi, 2012a, p. 736) .....	42
Figure 2.7: Collaborative value creation spectrum (Source: Derived from Austin & Seitanidi, 2012a, p. 745) .....	49
Figure 2.8: Partnership Formation: Organizational Fit (Source: Derived from Austin & Seitanidi, 2012b, p. 934) .....	66
Figure 2.9: Partnership Formation Phase (Source: Derived from Austin & Seitanidi, 2014, p. 131) .....	67
Figure 2.10: Partnership Selection Phase (Source: Derived from Austin & Seitanidi, 2014, p. 142) .....	69
Figure 3.1: First phase of initial template construction based on pre-defined codes from semi-structured interview guide.....	138
Figure 3.2: Initial Template (based on three NWL transcripts, showing up to third-order codes) .....	140
Figure 3.3: Developed Template (version 1 - based on full set of transcripts).....	144
Figure 3.4: Developed Template (version 2) .....	147
Figure 3.5: Final Template.....	150
Figure 5.1: Framework of Partner Selection (Source: Author’s conceptualization – Based on Austin & Seitanidi, 2014; Van Tulder et al., 2016) .....	232

## List of Tables

Table 2.1: Methods Identified in Typology for Stakeholder Analysis (Source: Derived from Reed et al., 2009, p. 1937) .....	22
Table 2.2: Stakeholder interest-influence table with example data for one stakeholder (Source: Derived from Reed et al., 2009, p. 1945) .....	23
Table 2.3: Summary of Main Approaches to Stakeholder Analysis.....	24
Table 2.4: Summary of Stakeholder Engagement Standards and Guidelines .....	28
Table 2.5: Summary of Major Stakeholder Engagement and Materiality Assessment Standards or Tools .....	37
Table 2.6: Partnership Formation: Transformative Potential Indicators (Source: Adapted from Seitanidi et al., 2010) .....	64
Table 2.7: Summary of Sustainability Performance Assessment Tools/Models .....	82
Table 2.8: Summary of Tools/Guidelines for Impact Measurement .....	94
Table 3.1: Overview of the Research Design Approach.....	114
Table 3.2: Overview of Data Collection Methods .....	115
Table 3.3: Activities Applied for Addressing Lincoln and Guba's (1985) Trustworthiness Criteria .....	158
Table 4.1: Partner Selection Criteria.....	179
Table 5.1: Examples of Types of Value Reported by Key Informants.....	199
Table 5.2: Partner Selection Criteria.....	211

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Finally, my deepest appreciation goes to my husband Roland Owaida and my parents Robert and Jumana for their support, patience and understanding.

## **Declaration**

I declare that the work contained in this thesis has not been submitted for any other award and that it is all my own work. I also confirm that this work fully acknowledges opinions, ideas and contributions from the work of others. The work was done in collaboration with Northumbrian Water Ltd.

Any ethical clearance for the research presented in this thesis has been approved. Approval has been sought and granted by the Faculty Ethics Committee on May 6, 2015.

**I declare that the word count of this thesis is 84,816 words.**

Name: Lara El Mouallem

Signature:

Date: 27/11/2017

# **1. Introduction**

## **1.1 Introduction**

The research project of this thesis is a case study of Northumbrian Water Limited (hereafter NWL), a UK private sector organization providing water supply and sewerage services, which aims to select nonprofit (hereafter NPO) partners who help to address its material sustainability issues. This first chapter introduces the rationale behind the research, the study's background and context, as well the research questions, aim and objectives. This is then followed by a discussion on the adopted research design, an overview of the research contribution, and finally the thesis structure.

## **1.2 Research Rationale, Background and Context**

This section presents the rationale, background information and context of this research. Within the background and context of this case study, NWL's vision, business plan and strategy, as well as its partnership strategy are discussed.

### ***1.2.1 Research Rationale***

In recent years, research has been focusing on value creation in stakeholder relationships (Frow & Payne, 2011; Garriga, 2014; Myllykangas, Kujala, & Lehtimäki, 2010; Laszlo, 2008), as establishing the link between stakeholder theory and value creation is crucial with the recent global changes taking place (Freeman, 2004). Research in this field is still relatively limited (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010), particularly with regard to understanding what constitutes value for the different stakeholders and how this value can be created (Garriga, 2014). In that respect, it is recommended to conduct stakeholder relationship analysis from the value creation perspective (Myllykangas et al., 2010), whereby relevant stakeholder value propositions can be identified and mapped through a value mapping tool (Bocken, Short, Rana, & Evans, 2013). In associating value creation with material sustainability issues, materiality assessment/analysis comes into play. The process of materiality analysis helps identify the issues or aspects that “reflect the organization's significant economic, environmental, and social impacts; or substantively influence the assessments and decisions of stakeholders” (GRI, 2013a, p. 7). Materiality analysis is still considered a challenge for many organizations (Hsu, Lee, & Chao, 2013), although the Global Reporting Initiative (hereafter GRI) provides guidance on materiality

analysis through practice-based standards. With respect to the existing literature, there is still a lack of detailed systematic procedures for applying the process (Whitehead, 2017). Considering that an organization's stakeholders can be potential partners who contribute to creating social and economic value on specific issues (Halal, 2001), partners who can address material sustainability issues need to be selected from the value creation perspective. Although not sufficiently explored in the literature, research has shown that cross-sector partnerships have the potential for social value creation (Le Ber & Branzei, 2010a). Taking into consideration that partner selection processes have not been much investigated in the literature (Holmberg & Cummings, 2009), and that potential cross-sector partners are expected to co-create value (Le Ber & Branzei, 2010a), this study aims to address the research gap in partner selection by examining how corporates, such as NWL, can select their NPO partners based on the prospective value or impact of their partnerships on material sustainability issues. NWL is considered a suitable choice of case study for investigating the partner selection process, as it is known for engaging in a variety of strategic key partnerships with various NPOs.

The following sections present an overview of the case study organization, with emphasis on NWL's vision, business plan and strategy, as well as its partnership strategy. The partnership developed between NWL and Newcastle Business School (hereafter NBS) for carrying out this research is also discussed and reflected upon.

### ***1.2.2 NWL Vision, Business Plan and Strategy***

As mentioned above, this research is a single case study of NWL, a UK private sector organization working in the water industry. Northumbrian Water Group Limited (hereafter NWGL) is the holding company for various companies including NWL. NWL operates in the North East of England as Northumbrian Water (hereafter NW) where it provides water and sewerage services to 2.7 million people, and in the South East of England as Essex & Suffolk Water (hereafter ESW) where it provides water services to 1.8 million people (NWL, 2013; NWL, 2016).

NWL is considered to be leading in responsible business practice in the UK, and has scored 96% in the Business in the Community's Corporate Responsibility Index (CR Index) which corresponds to four out of five stars (NWL, 2017a). The vision of NWL is to be the national leader in providing sustainable water and waste water services that can meet the needs of current and future generations, while complying with legal and regulatory standards (NWG, 2014a). Corporate objectives focus on delivering 'the best customer service, the best quality drinking water, the best value for money, and being best prepared for the future' (NWG,

2014a, p. 5). The strategic themes of NWL are highlighted in the ‘Our Vision, Our Values, Our Way’ document, which are basically the major areas that NWL focuses on to deliver the best services possible to its customers, stakeholders, employees and shareholders. The five strategic themes are the ‘customer, competitiveness, people, environment, and communities’ (NWG, 2014a, p. 6). Nineteen outcome statements, which are presented under each of the five themes, are identified according to customer and stakeholder requirements as part of the research that was undertaken to create the business plan for years 2015-20. Some of the key outcomes include providing reliable and sufficient water supply, supplying clean and clear drinking water, protecting and enhancing the environment impacted by NWL’s service delivery, and contributing to the welfare of communities (NWG, 2014a, p. 8-12). Success measures for these outcomes are also indicated, whereby the most significant of these measures are shown on the balanced scorecard. Under each outcome, medium term goals are highlighted, which are described as corporate targets that support the organization in enhancing its performance. Examples of medium term goals include achieving an industry leading water quality, minimizing internal flooding, having excellent internal communications, reducing leakage, reducing the carbon footprint, increasing the use of energy from renewable sources, enhancing biodiversity, investing in communities, and being recognized as a leading ethical company (NWG, 2014a, p. 8-12). ‘Material sustainability issues’ as a term or the identification of key issues that reflect the company’s economic, social and environmental impacts are not explicitly reported by NWL. A report on sustainability trends in 2013 highlights sustainability issues within NWL’s five strategic themes, which are embedded in their medium term goals (NWL, 2013). Based on corporate documents, there is no separate sustainability strategy developed for the organization, and NWL’s business outcome statements (NWG, 2014a) are recognized to indirectly convey key sustainability issues that the company seeks to address in its business plan.

### ***1.2.3 NWL Partnership Strategy***

NWL engages in a variety of strategic flagship and key partnerships (refer to appendix 6 for examples). The business is already in contact with more than 800 NPOs, of which NWL is involved in 40 active formal partnerships. According to NWL’s ‘Our Partnerships Strategy 2014-17’ document, some of its current partnerships are no longer aligned with its business outcomes and objectives, have limited influence, or are not achieving the needed or desired impacts (NWG, 2014b). Moreover, NWL is facing challenges with respect to measuring the impacts resulting from these partnerships, particularly because the organization lacks a consistent and robust measurement system.

In their partnership strategy for years 2014-17, NWL seeks to develop high-profile strategic partnerships with NPOs that are aligned with its customer priorities, and to effectively assess and report its partnership impacts for consequent positive influence on the various stakeholders' perceptions of NWL. Within its partnerships vision, NWL highlights the aims, objectives, outcomes, and risks of its NPO partnerships. For becoming the national leader, NWL's partnership strategy mainly aims to build effective trustworthy partnerships with NPOs, promote its brand and business priorities, enhance its reputation, and to develop a framework for implementing ethical partnerships that have positive measurable social and environmental impacts (NWG, 2014b, p. 5). Some of the key objectives of the strategy include guaranteeing a high level of awareness of the brand values amongst the NPO partners, and being able to convey effective messages and campaigns through the partnerships. By delivering the strategy's aims and objectives, some of the outcomes that can be achieved are the recognition that NWL receives as the leading water and wastewater company in the UK, and the positive impact generated on the communities and environment from developing leading partnerships that are highly visible. The risks that are alleviated from adopting the partnership strategy include NWL's lack of awareness of the key environmental, social and economic issues that have an impact on the business, not being able to promote NWL effectively through suitable opportunities, and the negative reputation that can result from lack of support and approval by NPOs.

In its strategy, NWL highlights the future direction of partnerships and the areas that need improvement which include establishing appropriate criteria for selecting partners and providing a more robust and consistent partnership measurement system. For achieving these improvements, five themes within the proposed strategy are recommended which are 'shouting about it, focus and targeting, grassroots community support, engaging and developing our people, measurement and reporting' (NWG, 2014b, p. 9). The 'Shouting about it' theme constitutes of targets which involve developing eight strategic flagship partnerships that align with NWL's key messages and creating a proactive NPO stakeholder communications plan that helps identify NPOs' interests (NWG, 2014b, p. 10). One of the major targets within the 'Focus and targeting' theme consists of the alignment of the partnership with NWL's brand strategy and key messages. Accordingly, the partnership criteria set out by NWL are based on the corporate objectives mentioned in section 1.2.2. This means that for working in partnership, partners selected need to contribute to providing best value for money, best customer service, best water quality, and to enabling NWL to become better prepared for the future (NWG, 2014b, p. 16). Within the 'grassroots community support' theme, NWL aims to enhance the number of applications to the

community foundation funds that it has established, and to increase schools' awareness of the educational resources that it has (refer to appendix 6 for examples). NWL is also ambitious in more effectively engaging its people with key NPOs, through provision of their knowledge and expertise for example. Regarding the 'measurement and reporting' theme, NWL indicates a 'measurement gap' that needs to be addressed (NWG, 2014b, p. 27), and is seeking to create a new model which helps identify, implement, and measure the social and environmental impact of partnerships (NWG, 2014b, p. 10). This is because NWL realizes that a measurement system is crucial for determining the effectiveness of partnerships and for adequate reporting on partnership value and impact. It also helps enhance partnership performance by identifying areas for improvement, and helps inform better decision-making (NWG, 2014b, p. 27). In seeking to assess its activities' impacts on the wider economy, environment, and society, NWL has recently worked with PricewaterhouseCoopers (hereafter PwC) to inform its impact assessment, by applying the Total Impact Measurement and Management (hereafter TIMM) framework (NWL, 2017b) (refer to the link provided in appendix 6 for NWL's 'Our Contribution' report). Impact is assessed based on five capitals identified by NWL, which include the financial, manufactured, natural, human and intellectual, and social capitals (NWL, 2017b).

In recognizing the need to improve the processes of partner selection and partnership impact measurement or assessment at NWL, the company has engaged in a partnership with NBS for conducting research to address these gaps. As such, this PhD project is co-funded by NWL and NBS, and its scope, objectives and outcomes have been discussed and agreed upon by both partners. In line with the common use of stakeholder engagement by corporates to legitimize the organization to their respective stakeholders (Deegan, 2002), NWL's partnership strategy and respective objectives (discussed above) focus to a great extent on promoting its brand and legitimacy, and enhancing its reputation. However, this study reflects NWL's awareness of the need to address its material sustainability issues through its partnerships. It also shows that NWL is aiming to prioritize addressing its material sustainability issues rather than enhancing its corporate reputation and legitimacy through its future partnerships. Based on its progressive work and approach to partnerships, and on being considered one of the most responsible businesses in the country, NWL can be considered a suitable case study for investigating the partner selection process. In this case study, NWL's partner selection process is examined and enhanced for the purpose of addressing its material sustainability issues. The study's research questions, aim and objectives have been identified throughout the research process in coordination and agreement with NWL, and are presented in the following section.

### **1.3 Research Questions, Aim and Objectives**

As this research project is informed by the under-investigated area of partner selection, the overall aim of this study is to investigate how corporates in the water industry, such as NWL, can select NPO partners who contribute to addressing their material sustainability issues. Accordingly, the main research question and its sub-question are as follows:

- 1- How can corporates such as NWL select NPO partners who contribute to addressing their material sustainability issues?
  - 1.1- How can corporates such as NWL evaluate the impact of the prospective NPO partnerships on their material sustainability issues?

The objectives of this study are:

- 1- Reviewing the relevant literature on stakeholder engagement and collaboration
- 2- Reviewing the relevant literature on materiality assessment, partner selection, sustainability performance and partnership impact evaluation
- 3- Examining the role of NPO-business partnerships in addressing material sustainability issues
- 4- Assessing the extent to which NWL's existing NPO partnerships contribute to addressing the relevant material sustainability issues
- 5- Assessing the corresponding future requirements or recommended partnership approach at NWL and its NPO partners
- 6- Developing a framework for NPO partner selection with respect to prospective partnership impact on material sustainability issues
- 7- Identifying the practical implications of the study for businesses in the water industry that address material sustainability issues through cross-sector (NPO-business) partnerships

### **1.4 Research Design**

To answer the research questions and address the research aim and objectives that are presented above, this thesis adopts a pragmatic research philosophy. The emphasis of pragmatism is “on ‘what works’ as the truth” (Tashakkori & Teddlie, 2003, p. 713), as truth and knowledge can be attained and understood from the experience of individuals (Ruwhiu & Cone, 2010). Based on individual experience, the truth-value of any concept is determined by its degree of usefulness with respect to the user or individual (Baker & Schaltegger, 2015). The pragmatic approach adopted for this study explores partnership impact

evaluation and partner selection processes from both NWL's and its NPO partners' perspectives. It helps examine how individuals within NWL and its NPO partners make sense of their material sustainability issues, and how they perceive the impact of the current and prospective future partnerships on these issues.

The research adopts a single instrumental case study of NWL, where the main purpose is to investigate qualitatively a particular phenomenon or process (partner selection process) in depth within its organizational context. This research is considered to be both exploratory and explanatory, and does not emphasize generalization as it aims to understand a specific organizational process. The multiple data collection methods that are employed, including documentary review, semi-structured interviews, and a focus group, support the triangulation of the data and the reliability and validity of this study. In line with examining perspectives on partner selection from NWL and its NPO partners, semi-structured interviews were conducted with NWL's and its current and prospective NPO partners' key informants. To analyse the collected data, template analysis as a particular form of thematic analysis is adopted for this study. Based on the final template generated from template analysis, there are six thematic clusters (Prioritization process of sustainability issues at NWL, Assessment of current partnership work, Future recommended partnership work, Partner Selection, Partnership impact evaluation, Participant agreement interaction in focus group) which reflect six broad higher-level themes, according to which the research findings are produced and interpreted. NVivo software is used in this study for the purpose of facilitating the tasks associated with manual coding and retrieving of data involved in data analysis. Overall, the research design helped contribute to knowledge and practice in the field of partner selection, as discussed in the following section.

## **1.5 Research Contribution**

By examining collaborative relationships between businesses and NPOs based on stakeholder theory, this study helps understand the interrelationships between the different stakeholders involved in a partnership and the resulting impacts, which according to Harangozó and Zilahy (2015), and Starik and Kanashiro (2013) have been overlooked in stakeholder theory. Stakeholder theory's inadequate attention to the social context and the levels of analysis within the system (Key, 1999) are also addressed in this study by appreciating the benefits that can be generated from NPO-business partnerships at multiple levels of analysis. As this study involves an in-depth investigation of how corporates in the water industry, such as NWL, can select NPO partners who contribute to addressing their

material sustainability issues, the research contributions to knowledge are in the fields of partner selection and materiality analysis.

In contrast to practice, materiality analysis has received limited attention in the literature (Hsu et al., 2013; Whitehead, 2017). As systematic research into organizational practices is limited in assessing materiality (lack of detailed methodology and systematic evaluation frameworks for determining material issues in the literature) (Hsu et al., 2013; Whitehead, 2017), and as practical guidelines (e.g. GRI) are only available for use by organizations, the reactive and proactive approaches reported by NWL key informants contribute to knowledge and practice with respect to how organizations can prioritize their sustainability issues for selecting partners who can help address them. By effectively identifying their material sustainability issues, businesses such as NWL can better inform their partner selection processes.

Within the emerging field of collaboration research (Crane & Seitanidi, 2014) which still lacks a comprehensive theory that can adequately explain it (Gray & Stites, 2013; Gray & Wood, 1991), the review of the existing literature on partner selection shows that it has not been much explored, particularly with regard to how businesses can select NPO partners from an impact or value creation perspective. This is confirmed by Holmberg and Cummings (2009) who indicate various gaps in the literature including its lack of consideration to providing “an overall strategic alliance partner selection process” (p. 165). The existing literature also highlights a more systematic/proactive approach to partner selection. This study contributes to knowledge and helps extend the existing literature on partnerships by developing a framework of partner selection which includes both flexible/reactive/project-based and systematic/proactive/strategic approaches to selection while ensuring shared value co-creation. The developed framework of partner selection also contributes to practice by providing practical insights to other businesses in the water industry who seek to select NPO partners to help address their material sustainability issues.

## **1.6 Thesis Structure**

The thesis is divided into six chapters. After this introductory chapter, the literature review is presented in Chapter 2 which is then followed by the Research Methodology in Chapter 3 which discusses the research design and data analysis process of this study. Chapter 4 presents the findings resulting from the data analysis. Chapter 5 discusses and interprets the research findings, and is followed by the conclusions in Chapter 6 which highlight the

practical and theoretical contributions of the research, in addition to the limitations which may help inform future research.

In the next sections, a summary of each chapter of the thesis is presented.

### ***1.6.1 Chapter 2. Literature Review***

This chapter reviews the literature pertaining to four major parts or sections, which are Corporate Social Responsibility (hereafter CSR) and Sustainability, Stakeholder Theory, Collaboration and Partnerships, and Partnership Impact Evaluation. The literature review helps show the linkages between CSR, stakeholder theory and partnerships, and highlights the research gaps identified within the partnership and impact evaluation fields.

### ***1.6.2 Chapter 3. Research Methodology***

This chapter presents the research methodology adopted in this thesis. It explains how the researcher came to identify her research epistemology and approach. The chapter begins with presenting the research strategy adopted and highlights pragmatism as the philosophical underpinning of the research. In the following sections, the case study methodology carried out for this research is justified with respect to the research strategy and philosophy. The research methods for data collection are then discussed, after which the data analysis approach and process undertaken for the research are described. The template analysis approach which is adopted for thematically analysing the data is discussed in detail. The chapter concludes with a discussion of research reliability and validity, reflexivity, ethics, and study limitations.

### ***1.6.3 Chapter 4. Findings***

In this chapter, the findings resulting from the data analysis are presented. Case study analytical strategies and techniques that apply to the study are also discussed, and the use of NVivo software for this project is elaborated.

### ***1.6.4 Chapter 5. Discussion***

This chapter discusses the findings presented in the Findings chapter, which are interpreted in the context of the existing literature. For answering the study's research questions, the chapter consists of two major sections that aim to answer the main research question and its sub-question regarding partner selection and prospective partnership impact evaluation. A framework of partner selection is also developed and presented at the end of the chapter.

### ***1.6.5 Chapter 6. Conclusions and Implications***

This chapter demonstrates the significance of this study and its findings by revisiting the research questions, aim, and objectives. It establishes the contribution of this research to knowledge and practice, and presents recommendations for corporates such as NWL based on the findings. It also discusses the implications of this study for other businesses in the water industry, and finally concludes with the study's limitations and proposals for future research.

## **1.7 Summary**

This chapter introduces the research project of this thesis, which aims to improve the process of NPO partner selection by corporates who seek to address material sustainability issues. An in-depth qualitative case study of NWL is carried out for exploring the partner selection and partnership impact evaluation processes, which are examined from both NWL and its NPO partner perspectives. Furthermore, the prioritization process of sustainability issues (materiality analysis/assessment) is also investigated for understanding how corporates, such as NWL, identify their material sustainability issues that are intended to be addressed through partnerships. The research contributes to knowledge in the research fields of partner selection and materiality analysis that are relatively limited in the literature. The framework of partner selection proposed in this study helps contribute to practice by providing practical insights to other businesses in the water industry who seek to address their material sustainability issues through cross-sector (NPO-business) partnerships.

The following chapter presents the existing literature review that is relevant for this study.

## **2. Literature Review**

### **2.1 Introduction**

This chapter outlines the literature relevant to this study into three major sections, which are Stakeholder Theory, Collaboration and Partnerships, and Partnership Impact Evaluation. A brief overview of Corporate Social Responsibility (CSR) and Sustainability is initially presented in section 2.2 and followed by Stakeholder Theory in section 2.3. The Stakeholder Theory section explores the existing literature on the stakeholder mapping process, stakeholder analysis involving prioritization and negotiation of stakeholder demands, as well as stakeholder management and engagement which comprise of methods for managing the various stakeholder relationships and the strategies used for this purpose. Stakeholder analysis is also examined from the value creation perspective in section 2.3.3. This is significant for addressing the research questions and objectives (refer to section 1.3), as the study aims to contribute to knowledge in understanding how businesses in the water industry, such as NWL, identify and select their NPO partners (from various NPO stakeholders) with respect to the prospective partnership value and impact created on their material sustainability issues. The stakeholder theory literature review is further justified for this study as it relates to materiality assessment and analysis of sustainability issues. Materiality analysis is investigated in section 2.3.4, as it is essential to recognize the material sustainability issues relevant to the key stakeholders who are identified in the stakeholder analysis process. Identifying the material sustainability issues helps in assessing the partnership's impact on these issues, which can in turn better inform the partner selection process. Based on the research questions and objectives, this study reflects the partnership approach and selection process NWL is seeking in its aim to prioritize addressing its material sustainability issues instead of enhancing its corporate reputation and legitimacy through its partnerships.

The Collaboration and Partnerships section that follows (section 2.4) discusses the significance of implementing partnerships for value co-creation, the partnership process stages and motivations, the factors affecting partnership performance, the challenges and drivers for effective performance, and the collaborative value proposition perspective for selecting potential stakeholder partners. Furthermore, it presents the different metrics/criteria and processes used for selecting partners with emphasis on a few case studies from the literature. For the purpose of selecting NPO partners who can contribute to addressing NWL's material sustainability issues, it is imperative to understand how NWL

can evaluate the prospective impact of these partnerships (refer to research questions and objectives in section 1.3). Based on the need for impact evaluation in the partner selection process, the third section on Partnership Impact Evaluation (section 2.5) provides an overview of the literature and practice on sustainability performance assessment, sustainability accounting as well as social, economic, and environmental impact measurement frameworks with emphasis on cross-sector (NPO-business) partnerships. In addition to reviewing the existing literature and outlining the best practices in the fields of partnerships and impact measurement research, various gaps in the literature are highlighted and calls for future research are identified throughout the three main sections of the literature review chapter. These are summarized in the Conclusions (section 2.6).

## **2.2 Corporate Social Responsibility (CSR) and Sustainability**

As CSR has gained much attention in recent years (Mallin, 2013), organizations have shown greater commitment to CSR in responding to various stakeholder demands (McWilliams & Siegel, 2001). McWilliams and Siegel (2001) define CSR as “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (p. 117). Carroll (1991) defines CSR from a multi-layered perspective, to consist of philanthropic, legal, economic, and ethical responsibilities or functions of a business, which are centred on society’s requirements and expectations from the organization. In other words, CSR reflects the organization’s determination to generate long-term sustainable value that could contribute to preserving both business and community welfare. The social context clearly plays a significant role in implementing CSR, which according to Athanasopoulou and Selsky (2015) may be analysed from the individual, organizational, and external social context levels (multilevel analysis).

CSR is interchangeably termed in various literatures as sustainability (Brown, 2012), although this is not very accurate; Van Velsor (2009) for example refers to sustainability as “strategic social responsibility” (p. 3). Sustainability is defined as “the long-term maintenance of systems according to environmental, economic, and social considerations” (Crane & Matten, 2010, p. 34). Elkington (1997) emphasizes the need for “developing the concept of the triple bottom line of sustainable development” (p. 73) in developing corporate sustainability. Based on stakeholder theory (Hubbard, 2009) (refer to section 2.3), the triple bottom line (hereafter TBL) is an accounting framework comprising of economic, social and environmental dimensions which serve sustainability objectives (Elkington, 1997). Elkington (1997) argues that it is important for organizations to realize that societal

wellbeing is dependent upon the economy, and that economic welfare in turn is reliant on the health of the environment and global ecosystem which is the ultimate bottom line. These three bottom lines are unstable as they are subject to constant changes and external pressures which make sustainable development a very challenging process (Elkington, 1997). Other frameworks that help provide a basis for understanding sustainable development include the Five Capitals Framework developed by Porritt (2005), which is based on the concept of wealth creation or capital. Similar to the TBL, this framework helps extend the meaning or understanding of sustainability beyond the financial dimension to include the social and environmental dimensions that are all considered to be interdependent (Porritt, 2007). As such, the five capitals or assets that can be valued by organizations include manufactured capital, human capital, social capital, natural capital, and financial capital (Porritt, 2007). There are various other frameworks available in the literature, which organizations are struggling with as there is no consensus on a common framework that can be adopted for measuring organizational performance and for assessing as well as reporting on sustainability (Hubbard, 2009). Furthermore, some of the reported criticisms to frameworks such as the TBL include the complexity of measurement and the lack of integration across the three dimensions (Sridhar & Jones, 2013).

Referring back to the origin of 'sustainable development' as a concept, global sustainability issues and concerns contributed to generate the Brundtland Report, which was published in 1987 by the World Commission on Environment and Development (WCED) created by the UN general assembly (United Nations World Commission on Environment and Development (UNWCED), 1987). The report, which proposed recommendations and strategies that help address environmental and sustainable development issues (UNWCED, 1987), coined and defined the term sustainable development (Holden, Linnerud, & Banister, 2014) as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (UNWCED, 1987, p. 8). According to the Renewed EU Strategy 2011-2014 for Corporate Social Responsibility (European Commission, 2011), organizations are recommended to integrate CSR into their corporate strategies for promoting sustainable growth and development, and for considering ethical as well as human rights issues in business operations, in cooperation with the concerned stakeholders. For this purpose, organizations are required to identify the sustainability issues that are most relevant to the business and to their key stakeholders. Material sustainability issues, which companies report on in their sustainability reports, are referred to by the GRI as 'material aspects', and are defined as the aspects that "reflect the organization's significant economic, environmental, and social impacts; or substantively influence the

assessments and decisions of stakeholders” (GRI, 2013a, p. 7). Materiality analysis of sustainability issues/aspects requires an assessment of priority level (prioritization) that is based on principles of materiality and stakeholder inclusiveness, with the latter involving stakeholder analysis and engagement (refer to sections 2.3.1 and 2.3.2) (GRI, 2013b).

For developing sustainability and addressing its material issues, Bebbington, Unerman, and O'Dwyer (2014) suggest that businesses need to consider in their operations the impact of sustainability issues on society and environment in the long-term. In this respect, the major corporate objective would be to enhance economic growth in an environmentally and socially sustainable way (Bebbington et al., 2014). As suggested above, sustainable development and resilience to change can be enhanced by incorporating sustainability into a firm's strategy (Eccles, Ioannou, & Serafeim, 2014; McPhee, 2014) which may also stimulate innovation and improve competitive advantage (McPhee, 2014). For integrating social and environmental issues into a company's strategy, effective stakeholder engagement practices (refer to section 2.3.2) and a long-term time horizon approach to the business's decision-making and planning are recommended (Eccles et al., 2014).

In contrast to practice which is reflecting a major focus on sustainability and its material issues, Starik and Kanashiro (2013) claim that most existing management theories do not concentrate on sustainability, and consequently they do not address sustainability issues. Moreover, research on materiality analysis, a concept originally derived from financial reporting in the accounting field (Hsu et al., 2013), is considered to be lagging with respect to practice. This is because there is “no clear universal definition of materiality” (Van Tulder & Lucht, 2016, p. 51) and “little attention has been given to the growing prominence of materiality analysis by academic literature” (Whitehead, 2017, p. 402). As such, this study aims to contribute to the academic literature in this field, by linking materiality analysis to the partnerships field of research to examine how organizations can prioritize their sustainability issues for selecting partners who can help address them.

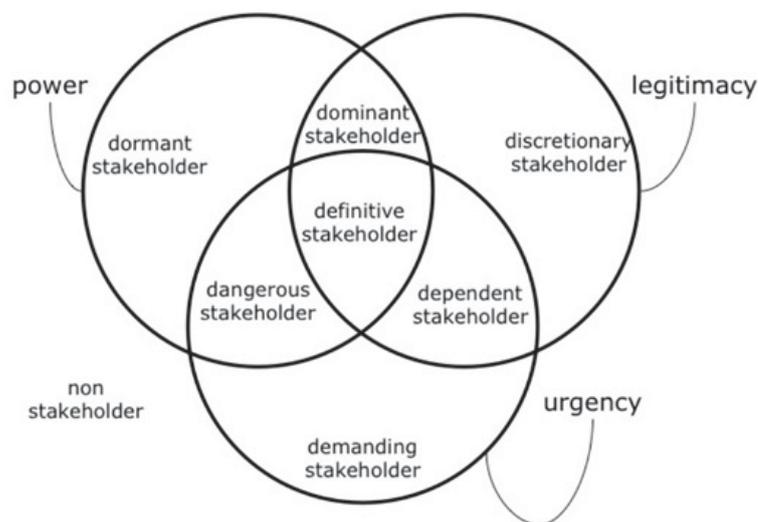
### **2.3 Stakeholder Theory**

Stakeholder theory, originating in the field of strategic management, aims at recognizing the individuals or organizations that can influence or are influenced by an organization's objectives and actions (Freeman, 1984). Based on Evan and Freeman's (1993) two principles of corporate rights and corporate effect, Crane and Matten (2010) define a stakeholder as “an individual or group which either: is harmed by, or benefits from, the corporation; or whose rights can be violated, or have to be respected, by the corporation” (p. 62). Donaldson

and Preston (1995) examine and distinguish between three aspects of stakeholder theory proposed by Freeman (1984). The theory is descriptive when it identifies what the corporation is, its characteristics, behaviour, and its different types of stakeholders, and is instrumental in explaining how stakeholder management can affect the organization's performance and goals (Donaldson & Preston, 1995). It is also normative by examining the organization's function and operations through identifying and understanding stakeholders and their legitimate interests (Donaldson & Preston, 1995). Donaldson and Preston (1995) further indicate that stakeholder theory helps in informing and providing managers with the necessary guidelines for effectively managing stakeholders.

Although it is widely believed that stakeholder management can contribute to enhancing economic performance based on the instrumental approach to stakeholder theory, this approach is not sufficient to justify stakeholder theory (Donaldson & Preston, 1995). This is because it is important to consider the moral values and rights of individuals in stakeholder management, which constitute the normative supporting argument of the theory (Donaldson & Preston, 1995). Hence, Donaldson and Preston (1995) contend that the normative foundation of the theory is its fundamental core that ultimately justifies the theory in all of its forms. In adhering to moral requirements and social expectations, "the ultimate managerial implication of the stakeholder theory is that managers should acknowledge the validity of diverse stakeholder interests and should attempt to respond to them within a mutually supportive framework, because that is a moral requirement for the legitimacy of the management function" (Donaldson & Preston, 1995, p. 87). Legitimacy theory suggests that an organization's existence is maintained and its actions are justified as long as it adheres to specific values and standards within a system deemed to be acceptable and appropriate to society (Friedman & Miles, 2006). Along the same normative approach, the Clarkson Center for Business Ethics (1999) proposed some principles for implementing stakeholder management from an ethical or moral perspective. These principles basically recommend that managers monitor the concerns of legitimate stakeholders, cooperate, listen, and communicate with these stakeholders about their concerns, and avoid risky activities considered to be objectionable to stakeholders (Clarkson Center for Business Ethics, 1999). Furthermore, it is proposed that managers acknowledge that there could be potential biases or conflicts between organizational obligations, and seek to identify their ethical and legal accountabilities towards their stakeholder interests (Clarkson Center for Business Ethics, 1999).

Building upon Freeman’s (1984) stakeholder theory, Mitchell, Agle, and Wood (1997) further elaborate the stakeholder identification process from the three aspects of the theory. The normative and instrumental aspects help explain why managers are required to consider and identify specific entities as stakeholders, and the descriptive aspect helps explain the conditions and factors used for stakeholder identification and prioritization (Mitchell et al., 1997). With regard to the instrumental aspect of stakeholder identification, Mitchell et al. (1997) indicate that managers usually prioritize specific types or classes of stakeholders in order to achieve certain corporate objectives. Based on the three aspects of stakeholder theory, stakeholder salience can be assessed, and is defined as “the degree to which managers give priority to competing stakeholder claims” (Mitchell et al., 1997, p. 869). The assessment of stakeholder salience takes into consideration “the stakeholder's power to influence the firm, the legitimacy of the stakeholder's relationship with the firm, and the urgency of the stakeholder's claim on the firm” (Mitchell et al., 1997, p. 854). In the typology proposed by Mitchell et al. (1997) in Figure 2.1 below, the authors contend that definitive stakeholders who are powerful, have a legitimate claim, and require urgent consideration and attention, should be given the highest priority by the organization (Sminia, 2014).



**Figure 2.1: Stakeholder Typology (Source: Derived from Mitchell et al., 1997, p. 874)**

Phillips (2003) further highlights the significance of legitimacy in stakeholder theory for prioritizing stakeholder demands, by differentiating between stakeholders with normative legitimacy and the ones with derivative legitimacy. Normative stakeholders have claims which the organization is morally obligated to (Phillips, 2003) based on the principle of

fairness (Phillips, 1997) and to whose benefit an organization is usually managed (Freeman, 1984). As for derivative stakeholders, they have secondary claims which could potentially have a positive or negative impact on the organization and its normative stakeholders (Phillips, 2003).

Although there is general consensus on its usefulness, stakeholder theory has been widely criticized in the literature. There are doubts regarding the theory's scientific rigor and some of its ideological assumptions (Antonacopoulou & Méric, 2005). This is because it has reflected "internal contradictions between, on the one hand, the ideology of social good, and on the other hand, the ideology of control", which necessitate acknowledging the complex, multifaceted and dynamic aspects of stakeholder interactions/relationships that exhibit "the political and value-laden nature of the concept" (Antonacopoulou & Méric, 2005, p. 22). Other criticisms of Freeman's stakeholder theory include those highlighted by Key (1999), who indicates the theory's "inadequate explanation of process, incomplete linkage of internal and external variables, insufficient attention to the system within which business operates and the levels of analysis within the system, and inadequate environmental assessment" (p. 321). Moreover, the interconnections between the different stakeholders and their subsequent impacts on business decisions have been disregarded in stakeholder theory (Harangozó & Zilahy, 2015; Starik & Kanashiro, 2013).

By linking stakeholder theory to materiality and sustainability, and by examining the collaborative relationship between businesses and NPOs based on stakeholder theory, some of the above mentioned criticisms can be addressed. Stakeholder theory is useful/applicable to this study which aims to tackle material sustainability issues and demands relevant to key stakeholders through partnerships. Hörisch, Freeman, and Schaltegger (2014) and Harangozó and Zilahy (2015) argue that stakeholder theory can be applied in sustainability management through stakeholder relationship management for the purpose of developing sustainability. This can involve generating mutual interests for both the company and its stakeholders which serve sustainable development objectives (Hörisch et al., 2014). According to Donaldson and Preston (1995), the approach adopted for managing stakeholder relationships differs in practice for various applications of the stakeholder theory, and the type of stakeholder analysis undertaken depends on whether a descriptive, instrumental or normative understanding is being employed. The scope of application of these distinctions has been challenged. Hörisch et al. (2014) argue that linking sustainability to stakeholder theory can result in the integrative type of stakeholder theory, since it can entail the descriptive, instrumental and normative aspects of the theory. Integrating all three aspects

of the theory is in line with Jones' and Wicks' (1999) earlier proposition to move beyond the instrumental/normative distinction through a 'convergent stakeholder theory' that enhances better integration of morally sound approaches to the theory. The different types of stakeholder theory and their relevant exemplary literature are summarized in the figure below by Hörisch et al. (2014), which are based on and extend Donaldson and Preston's (1995) proposed aspects of stakeholder theory.

	Focus	Exemplary literature
Descriptive/empirical stakeholder theory	Description of how companies are managed; identification of relevant stakeholders	Agle, Mitchell, and Sonnenfeld (1999); Jawahar and McLaughlin (2001); Sangle and Ram Babu (2007); Wallis (2006)
Instrumental stakeholder theory	Effects of stakeholder management on the achievement of corporate objectives	Berman, Wicks, Kotha, and Jones (1999); Johnson and Greening (1999); Jones (1995); Mathur, Price, and Austin (2008)
Normative stakeholder theory	Discussion of the purpose of business; moral justifications of stakeholder theory	Argandoña (1998); Freeman and Gilbert (1988); Goodpaster (1991); Reed (1999)
Integrative stakeholder theory	Considers the descriptive, instrumental and normative aspects of stakeholder theory to be inextricably linked	Freeman (1999); Freeman, Harrison, Wicks, Parmar, and Colle (2010); Jones and Wicks (1999); Schaltegger, Burritt, and Petersen (2003)

**Figure 2.2: Different Types of Stakeholder Theory (Source: Derived from Hörisch et al., 2014, p. 330)**

In this study, linking 'materiality' and 'sustainability' concepts to stakeholder theory helps in understanding and illustrating the integrative type of stakeholder theory (discussed above), as stakeholder value creation on material sustainability issues can be both normative and instrumental (refer to section 2.3.3). Similar to having "multiple and competing values of different participants" in stakeholder theory (Antonacopoulou & Méric, 2005, p. 30), perceptions of value creation can be different for different stakeholders in a partnership (Austin & Seitanidi, 2014). By examining NPO-business partnerships based on stakeholder theory, this study helps appreciate the interconnections between the different stakeholders involved in a partnership and the respective impacts generated from these interactions, which have been overlooked in stakeholder theory as mentioned above. Moreover, recognizing that NPO-business partnerships can be used for implementing CSR (Seitanidi & Crane, 2009) and that they can generate benefits at multiple levels (Austin & Seitanidi, 2012b; Selsky & Parker, 2010) (refer to section 2.4.2) can help address stakeholder theory's inadequate attention to the social context and its respective multilevel analysis.

Stakeholder value creation and its association with stakeholder theory are discussed in more detail in section 2.3.3. Furthermore, as it is considered essential to prioritize and manage

stakeholder relationships which address material sustainability issues in this study, the following sections also focus on stakeholder analysis, stakeholder management and engagement, and materiality analysis of sustainability issues.

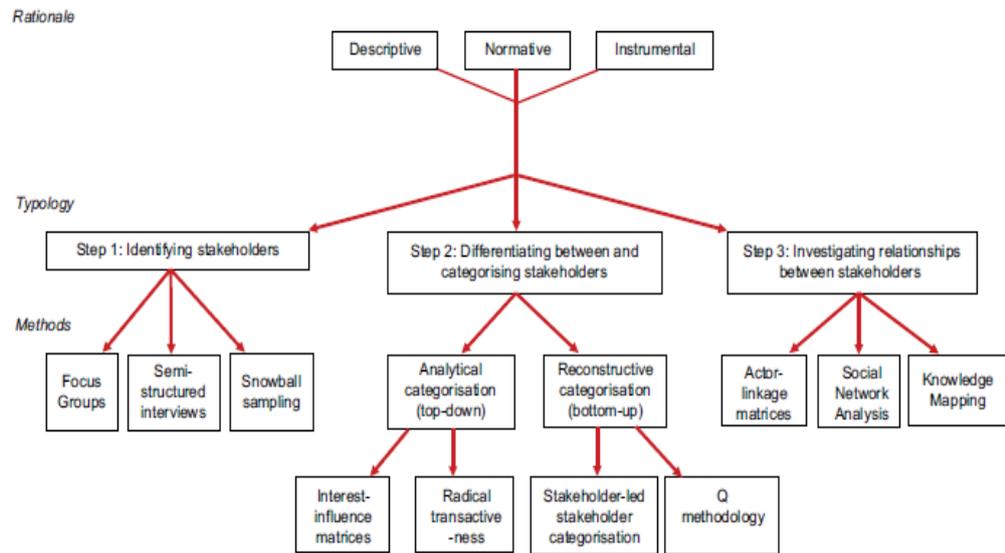
### ***2.3.1 Stakeholder Analysis***

Failure to consider the concerns and interests of stakeholders has shown to lead very often to failed strategic decisions and poor performance (Bryson, 2004). This is why stakeholder analysis, recommended by Freeman (1984) for understanding the impact of corporate actions on the various stakeholders, is considered important from an instrumental perspective. According to Bryson (2004), stakeholder analysis can help organizations contribute to meeting their objectives and creating public value by enhancing their corporate strategic management activities and functions. A complete analysis of stakeholders, which requires examining both perspectives of the organization/stakeholder relationship (Friedman & Miles, 2004), can be used for understanding and balancing the potentially conflicting stakeholder demands and interests in an effective way (Friedman & Miles, 2006). This is often difficult to achieve in practice especially when boundaries between stakeholder groups are not evident (Friedman & Miles, 2006). The process can also create conflict and lack transparency due to hidden agendas or personal interests, which necessitates a more methodical and critical framework for implementation (Reed et al., 2009). In agreement with the stakeholder typology proposed by Mitchell et al. (1997), Sminia (2014) argues that an organization cannot meet all stakeholder expectations and interests. An organization needs to prioritize and negotiate with key stakeholders who have a major impact on its performance and sustainability (Sminia, 2014). This is clearly the instrumental use and approach to stakeholder theory suggested in section 2.3 by Donaldson and Preston (1995). After recognizing who the stakeholders are, how legitimate and urgent their claims are, and the extent to which the organization is dependent on them (Mitchell et al., 1997), the organization is recommended to re-prioritize the various stakeholders by identifying new interests and re-prioritizing existing interests (Sminia, 2014). According to Sminia (2014), it is essential that constant re-negotiation of legitimate claims be implemented.

As the previously mentioned sources of literature, including Freeman (1984) and Mitchell et al. (1997), focus more on analysing and identifying who the stakeholders are from the organization's perspective, Friedman and Miles (2002, 2004) consider the stakeholder theory from a more balanced stakeholder/organization relations perspective (whole system

level) that supports the integrative aspect of it. The organization/stakeholder relationship is explored by Friedman and Miles (2002) in terms of compatible/incompatible interests and necessary/contingent connections. Accordingly, a stakeholder configuration is proposed which is based on aspects that not only emphasize stakeholder attributes and interests but rather focus on the dynamics of the relationship (Friedman & Miles, 2002). Other stakeholder analysis techniques emphasize a specific issue an organization wants to address. One example is the stakeholder-issue interrelationship diagram, which identifies the stakeholders who have an interest in specific issues, and how the various stakeholders are connected to one another through their relationships/linkages with these issues (Bryson, 2004). These diagrams also help to clarify the potential for cooperation or conflict among the stakeholders (Bryson, 2004).

Building upon Friedman and Miles' (2002) criticism of the relatively static approach to stakeholder analysis in the management literature, Reed et al. (2009) advocate the concept that stakeholders, organizations, and issues are constantly changing and evolving with time, which implies an on-going stakeholder involvement strategy at every stage of the project. A stakeholder analysis typology proposed by Reed et al. (2009) in the field of natural resource management consists of three basic steps which are the identification of stakeholders, the differentiation and the categorization of stakeholders, and the investigation of the relationships amongst the various stakeholders. The suggested typology shown in the following Figure 2.3 helps identify potential alliances that could arise between stakeholders to support or oppose a certain outcome for example (Reed et al., 2009). Reed et al. (2009) highlight that the normative justification of stakeholder analysis, which argues that stakeholders need to be involved in an organization's decision-making practices, can lead to instrumental objectives if the different stakeholders are able to understand and work together in spite of their conflicting demands and interests. This comprises an example of the integrative type of stakeholder theory previously elaborated by Hörisch et al. (2014) in section 2.3.



**Figure 2.3: Rationale, Typology, and Methods for Stakeholder Analysis (Source: Derived from Reed et al., 2009, p. 1936)**

Reed et al. (2009) indicate that it is imperative that the context and focus (e.g. specific issue) of the stakeholder analysis be determined initially. Various methods can be used for implementing stakeholder analysis as shown in the following Table 2.1. The choice of method depends on the purpose of the stakeholder analysis, as well as the resources and competencies of the team executing the analysis (Reed et al., 2009).

**Table 2.1: Methods Identified in Typology for Stakeholder Analysis (Source: Derived from Reed et al., 2009, p. 1937)**

Method	Description	Resources	Strengths	Weaknesses
Focus groups	A small group brainstorm stakeholders, their interests, influence and other attributes, and categorise them	High quality facilitation; room hire; food and drink; facilitation materials e.g. flip-chart paper and post-its	Rapid and hence cost-effective; adaptable; possible to reach group consensus over stakeholder categories; particularly useful for generating data on complex issues that require discussion to develop understanding.	Less structured than some alternatives so requires effective facilitation for good results
Semi-structured interviews	Interviews with a cross-section of stakeholders to check/ supplement focus group data	Interview time; transport between interviews; voice recorder	Useful for in-depth insights to stakeholder relationships and to triangulate data collected in focus groups	Time-consuming and hence costly; difficult to reach consensus over stakeholder categories
Snow-ball sampling	Individuals from initial stakeholder categories are interviewed, identifying new stakeholder categories and contacts	As above: successive respondents in each stakeholder category are identified during interviews	Easy to secure interviews without data protection issues; fewer interviews declined	Sample may be biased by the social networks of the first individual in the snow-ball sample
Interest-Influence matrices	Stakeholders are placed on a matrix according to their relative interest and influence	Can be done within focus group setting (see above), or individually by stakeholder during interviews (see above) or by researcher / practitioner	Possible to prioritise stakeholders for inclusion; makes power dynamics explicit	Prioritisation may marginalise certain groups; assumes stakeholder categories based on interest-influence are relevant
Stakeholder-led stakeholder categorisation	Stakeholders themselves categorise stakeholders into categories which they have created	Same as semi-structured interviews	Stakeholder categories are based on perceptions of stakeholders	Different stakeholders may be placed in the same categories by different respondents, making categories meaningless
Q methodology	Stakeholders sort statements drawn from a discourse according to how much they agree with them, analysis allows social discourses to be identified	Materials for statement sorting; interview time; transport between interviews	Different social discourses surrounding an issue can be identified and individuals can be categorised according to their 'fit' within these discourses	Does not identify all possible discourses, only the ones exhibited by the interviewed stakeholders
Actor-linkage matrices	Stakeholders are tabulated in a two-dimensional matrix and their relationships described using codes	Can be done within focus group setting (see above), or individually by stakeholders during interviews (see above) or by researcher/ practitioner	Relatively easy, requiring few resources	Can become confusing and difficult to use if many linkages are described
Social Network Analysis	Used to identify the network of stakeholders and measuring relational ties between stakeholders through use of structured interview/ questionnaire.	Interviewer, questionnaire, training in the approach and analyses, time, software	Gain insight into the boundary of stakeholder network; the structure of the network; identifies influential stakeholders and peripheral stakeholders	Time-consuming; questionnaire is a bit tedious for respondents; need specialist in the method.
Knowledge mapping	Used in conjunction with SNA; involves semi-structured interviews to identify interactions and knowledges	Same as semi-structured interviews	Identifies stakeholders that would work well together as well as those with power balances	Knowledge needs may still not be met due to differences in the types of knowledge held and needed by different stakeholders.
Radical transactiveness	Snow-ball sampling to identify fringe stakeholders; development of strategies to address their concerns	Training in the approach, time	Identifies stakeholders and issues that might otherwise be missed and minimizes risks to future of project	Time-consuming and hence costly

Based on case studies conducted in the field of natural resource management, Reed et al. (2009) suggest that the methods for stakeholder analysis can be used with or without the active participation of the stakeholders involved. Active participation is required only when the organization does not have the appropriate knowledge of the stakeholders who have an interest in the issue or phenomenon involved, and when it is not clear which issues are most

significant to the investigation or analysis (Reed et al., 2009). By using an interest-influence table/matrix shown in Table 2.2 below, which requires active stakeholder participation, Reed et al. (2009) were able to identify the stakeholders and their stakes, how these stakeholders related to one another, and consequently gained an insight on the effective measures for attaining the support of these stakeholders and involving them.

**Table 2.2: Stakeholder interest-influence table with example data for one stakeholder (Source: Derived from Reed et al., 2009, p. 1945)**

Stakeholder	Interest/Stake	Influence over land use	Likely perception of project and way to approach	Key relationships with other stakeholders	Initial/Key contact names
Organisation X	Highly interested in upland conservation, water and agriculture	"The key" - have a statutory say in any management decision on Sites of Special Scientific Interest (SSSIs)	Likely to be positive - contact via email with project information in first instance and arrange meeting with team leader	Work closely with DEFRA and other government organisations but sometimes come into conflict with land managers over management of SSSIs	Name 1 (Team leader); Name 2; Name 3; email addresses

Stakeholder analysis has become widespread and common with a wide range of organizations and in different fields and sectors (Friedman & Miles, 2006). It is being used by businesses, regulators, policy-makers, governmental organizations and non-governmental organizations (hereafter NGOs), as well as the media (Friedman & Miles, 2006). It can involve different approaches for different organizations and people, and several methods have been developed in various fields for different objectives (Reed et al., 2009). It is important to realize which techniques are used for which purposes, when, where, how and why, because each technique can serve a specific objective, which can lead to revealing certain results while not shedding light on others (Bryson, 2004). Not much research has been done to provide information on which techniques work best, under which circumstances, and the reasons for that (Bryson, 2004). Furthermore, there is not much evidence showing that they always generate desirable or appropriate results (Bryson, 2004). The following table provides a summary of the main approaches to stakeholder analysis, including the key concepts and features, that are discussed in sections 2.3 and 2.3.1.

**Table 2.3: Summary of Main Approaches to Stakeholder Analysis**

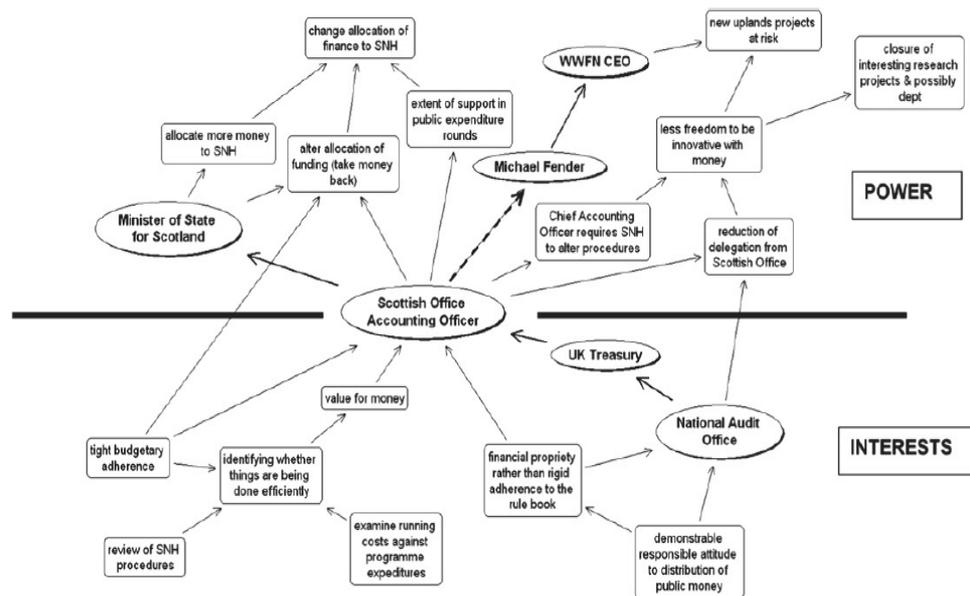
<b>Author (s)</b>	<b>Main Approach to Stakeholder Analysis</b>	<b>Key Concepts and Features</b>	<b>Type of Stakeholder Theory</b>
Freeman (1984), Bryson (2004)	Understanding the impact of corporate actions on the various stakeholders	Contributes to meeting corporate objectives and creating public value by enhancing strategic management activities and functions	Instrumental and normative
Mitchell et al. (1997)	Stakeholder identification and prioritization	Assesses stakeholder salience based on stakeholder power, urgency, and legitimacy	Integrative
Friedman and Miles (2002)	Analysis of stakeholders from a more balanced stakeholder/organization relations perspective to understand how and why these relationships change over time	The organization/stakeholder relationship is explored in terms of compatible/incompatible interests and necessary/contingent connections	Integrative
Sminia (2014) based on Mitchell et al. (1997)	Prioritizing and negotiating with key stakeholders who have a major impact on corporate performance and sustainability	Recognizes who the stakeholders are, how legitimate and urgent their claims are, and the extent to which the organization is dependent on them	More focus on instrumental; normative
Reed et al. (2009)	Identifying potential alliances that could arise between stakeholders to support or oppose a certain outcome	The identification of stakeholders, the differentiation and the categorization of stakeholders, and the investigation of the relationships amongst the various stakeholders	Integrative

### ***2.3.2 Stakeholder Management and Engagement***

As organizations are becoming more involved in developing CSR and sustainability, the number of stakeholders are consequently increasing, which necessitates organizations to manage and engage with their stakeholders strategically (Ackermann & Eden, 2011). Organizations usually need to respond to demands and influences of multiple stakeholders simultaneously, which could involve managing complex interorganizational relationships

(Rowley, 1997). Stakeholder management in practice faces various complications and issues, such as cultural differences, corporate management bias, and as mentioned previously the need for effectively balancing stakeholder interests (Friedman & Miles, 2006). According to Friedman and Miles (2006), stakeholder management is not sufficiently explored in the literature, and requires a more formal approach to it. The need for a more formal approach is reflected in this study by understanding and establishing how stakeholder management and engagement support the materiality analysis of sustainability issues (refer to section 2.3.4).

Usually after undertaking stakeholder analysis, future recommendations for stakeholder engagement and management can be proposed (Reed et al., 2009). According to Ackermann and Eden (2011), strategic stakeholder management requires the implementation of three schemes. Based on the instrumental perspective of stakeholder theory, the first two schemes include the power-interest grid for identifying major stakeholders, and the stakeholder-influence network for understanding the influence and power of the identified key stakeholders (the 'Players') (Ackermann & Eden, 2011). The latter scheme is based on the multiple interactions and both formal and informal relationships that link key stakeholders to other stakeholders (Ackermann & Eden, 2011). The third scheme is the stakeholder management web (shown in the following Figure 2.4) which helps figure out the complex interactions and influence relationships of each selected stakeholder based on power and interests, and eventually contributes to the development of effective management techniques and actions (Ackermann & Eden, 2011). The stakeholder management web is shown to be an instrumental approach to stakeholder theory as it supports organizations in achieving their corporate objectives. Ackermann and Eden (2011) suggest that it can reveal significant information about key stakeholders' actions, objectives, and motivations which in turn help reveal their bases of power and interest. This can provide managers with insights on how their stakeholders are likely to respond to certain organizational strategies or actions, and consequently helps managers evaluate their priorities and formulate appropriate engagement strategies (Ackermann & Eden, 2011). Some of the strategies that are typically used for managing specific types of stakeholders include the accommodative or defensive strategy for regulatory stakeholders, the proactive strategy for the community and organizational stakeholders, and the defensive strategy usually applied for the media (Lim, Ahn, & Lee, 2005).



**Figure 2.4: An Example of a Stakeholder Management Web for Scottish Natural Heritage: Focal Stakeholder represented as Scottish Office Accounting Officer (Source: Derived from Ackermann & Eden, 2011, p. 189)**

A “mutually beneficial scheme of cooperation” requires organizations to realize specific stakeholder obligations (Phillips, 1997, p. 51); this is referred to as stakeholder engagement which is essentially the approach or process organizations adopt for involving stakeholders in their activities (Greenwood, 2007). Greenwood (2007) suggests that Freeman’s (1984) stakeholder approach to strategic management implies that stakeholder engagement takes the form of strategic management in an organization’s management response to stakeholder interests. It also takes the form of legitimization (Greenwood, 2007) when it helps legitimize the organization to its respective stakeholders (Deegan, 2002), as discussed in section 2.3. Stakeholder engagement is considered to be the major facilitator and driver for promoting and generating organizational outcomes of CSR and shared value based on internal (e.g. leadership, culture) and external (e.g. social and political environment) factors that are recommended to be properly aligned with each other (Rhodes, Bergstrom, Lok, & Cheng, 2014). The focus on stakeholders and their relative interests/claims resulted in the development of various engagement strategies that have evolved to become more interactive (Burchell & Cook, 2006). Crane and Matten (2010) argue that stakeholder relationships can take different forms which could include challenge (reciprocated conflict), sparring partners, one-way support (such as philanthropy or sponsorship), mutual support (such as strategic philanthropy), endorsement, project dialogue, strategy dialogue, task force, and joint venture

or alliance which is based on a formal partnership. In this study, stakeholder relationship or engagement strategy takes the form of a partnership that seeks to address material sustainability issues. As the major aim of this study is the selection of NPO partners who can contribute to generating value or impact on NWL's material sustainability issues, stakeholder engagement is shown in the following sections to be an integral part of materiality analysis and partner selection.

### **2.3.2.1 Guidelines and Standards**

Stakeholder engagement is acknowledged by Gray (2001) to be a central element in the social and ethical accounting, auditing, and reporting (SEAAR) process. Along the same perspective, Freeman et al. (2010) argue that stakeholder theory has evidently contributed to the development of sustainability accounting and reporting principles and guidelines. This is because the literature has reflected the influence stakeholders have on social reporting, whereby various interconnected stakeholder influences come into play (Freeman et al., 2010). As such, stakeholder engagement has been highlighted in various practice-based sustainability reporting guidelines and standards, some of which are discussed below.

International standards such as the GRI, developed by individual companies, NGOs, business associations, think tanks, and accountancies amongst others (Brown, de Jong, & Levy, 2009), encourage and help organizations report the methodology adopted for engaging with stakeholders (GRI, 2013a). The GRI (2013a) guidelines<sup>1</sup> further recommend that organizations report their impact on major sustainability issues relevant to key internal and external stakeholders, and the respective organization's responses/actions. The major parts of the GRI (2013a) guidelines are the reporting principles and standard disclosures that organizations use for formulating their sustainability reports. There is also the implementation manual that supports organizations in understanding the key concepts and disclosing the required information, by explaining how to implement the reporting principles (GRI, 2013b). With thousands of reporting organizations adopting the GRI guidelines in over 90 countries, these guidelines are considered to be the most widely used standards for sustainability reporting, and they apply to multinational organizations, NGOs, public agencies, industry groups and others (GRI, n.d.). Other standards similar to the GRI include the AA1000 AccountAbility Principles Standard (2008) which also, like the GRI, guides organizations in structuring and producing Corporate Responsibility (hereafter CR) reports

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<sup>1</sup> G4 Guidelines, superseded by the GRI Sustainability Reporting Standards (GRI Standards), will be available until July 1, 2018, after which the GRI Standards will be required for all reports published on or after this date.

that disclose information on organizational strategy, goals and performance. However, the major focus in the AA1000 is the communication of accountability through these reports (AccountAbility, 2008). Additionally, the AA1000 principles standard (2008) also supports organizations in establishing and evaluating their accountability. Companies are provided with guidance to design and facilitate stakeholder convenings, to develop strategy in response to their stakeholder concerns, and to establish goals for managing their performance (AccountAbility, 2008). The AA1000 AccountAbility Stakeholder Engagement Standard (2008) focuses on the stakeholder engagement procedure. This procedure involves mapping of stakeholders and their material sustainability issues (materiality assessment), determination of engagement levels (such as consultation, negotiation, collaboration, empowerment, and involvement) and engagement methods (such as meetings, focus groups, surveys, partnerships, online feedback schemes, and multi-stakeholder forums), as well as the identification of disclosure limitations and engagement targets (AccountAbility, 2008). Reporting guidelines and standards such as the GRI and AA1000 show from a practical perspective how stakeholder engagement can better inform stakeholder analysis and materiality analysis (refer to section 2.3.4). These in turn can better inform the selection of partners who can contribute to value creation (refer to following section 2.3.3) on material sustainability issues, which is the major aim of this study (refer to section 1.3). A summary of the stakeholder engagement standards and guidelines discussed above is provided in the table below.

**Table 2.4: Summary of Stakeholder Engagement Standards and Guidelines**

Guideline/Standard	Main Features
GRI	reporting principles and standard disclosures for formulating sustainability reports; implementation manual that helps explain how to implement the reporting principles
AA1000 AccountAbility	AA1000 AccountAbility Principles Standard which guides organizations in structuring and producing Corporate Responsibility (CR) reports and in evaluating and communicating their accountability; AA1000 AccountAbility Stakeholder Engagement Standard involves mapping of stakeholders and their material sustainability issues (materiality assessment), determination of engagement levels, engagement methods, and the identification of disclosure limitations and engagement targets

### ***2.3.3 Value Creation Perspective***

Going back to stakeholder theory and its association with value creation, Freeman (2004) emphasizes that due to recent global changes involving globalization and ethical scandals, the stakeholder theory should be focused on creating value for all concerned stakeholders. Research on value creation in stakeholder relationships is considered to be relatively limited (Freeman et al., 2010). This is specifically true when considering the stakeholder perspective, with regard to understanding the meaning of value for different stakeholders and the process by which organizations can create these various types of value (Garriga, 2014).

Referring back to stakeholder analysis in section 2.3.1, Myllykangas et al. (2010) emphasize the importance of conducting stakeholder relationship analysis from the value creation perspective while analysing stakeholder salience to respond to competing stakeholder claims. Frow and Payne (2011) argue that key stakeholder value propositions can support managers in implementing effective stakeholder relationship management strategies across an organization's value chain network, as well as providing value co-creation prospects. Some of the key characteristics of stakeholder-stakeholder relationships, identified by Myllykangas et al. (2010), that have an impact on value creation, include the history of the relationship, objectives of the stakeholders, interaction in the relationship, information sharing, trust, and the potential for learning. The in-depth case study conducted by Garriga (2014) of The Grobo Group Company in Argentina highlighted specific capabilities which facilitate the engagement process for the purpose of value creation. These capabilities include qualities of employability, innovation, empathy, autonomy, cooperation and receptiveness (Garriga, 2014). Garriga (2014) suggests that the strategic and ethical aspects of these capabilities link back to stakeholder theory's initial establishment within strategic management theory by Freeman (1984). The study clearly extends the work of Freeman et al. (2010) who emphasize the importance of understanding the real stakeholder behaviours and their complexities for value creation (Garriga, 2014).

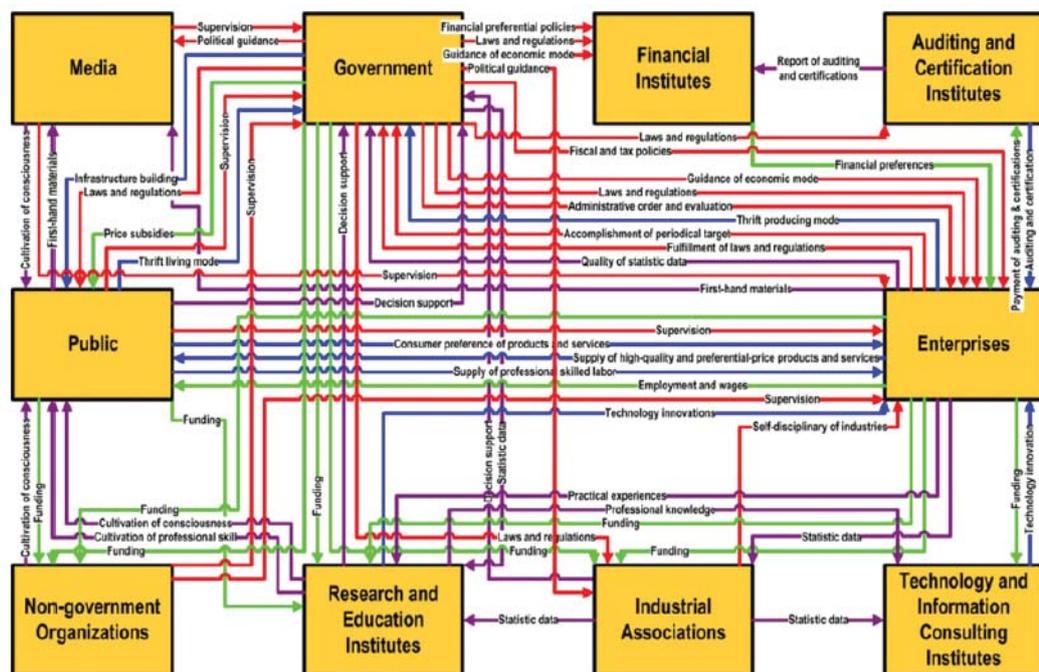
The need for considering stakeholder value, whether positive or negative, has increased significantly in recent times (Laszlo, 2008). This is largely due to the considerable impact that intangibles, such as corporate reputation, stakeholder relationships management and addressing of stakeholder issues, can have on a company's stock price and market capitalization (Laszlo, 2008). According to Laszlo (2008), businesses are directed towards accounting for stakeholder value as a business value which can lead to a business's competitive advantage, rather than considering it to be only a moral incentive that is

triggered by corporate activities' social and environmental aspects. This argument of Laszlo (2008) highlights the instrumental aspect of stakeholder theory previously distinguished by Donaldson and Preston (1995) in section 2.3. However, Laszlo (2008) also supports the normative argument of stakeholder theory proposed by Donaldson and Preston (1995), by suggesting that stakeholder value creation occurs when a business contributes to the respective stakeholders' welfare and prosperity, and this value is destroyed when the business does the opposite. Combining the normative and instrumental aspects of stakeholder theory shows the significance and implications of adopting an integrative approach to corporate decision-making where it is applicable. Laszlo (2008) further suggests that stakeholder value is best measured through the involved stakeholders' perceptions of the value created.

In agreement with Freeman's (2004) emphasis on value creation for all concerned stakeholders, Laszlo (2008) recommends that managers think from the stakeholders' perspectives, which could support their choice of stakeholder engagement strategies that better address key stakeholder issues, risks and societal expectations. Consequently, this could help managers identify possibilities for generating sustainable value (Laszlo, 2008). Sustainable value, which necessitates organizations to be aware and focused on the impacts their actions have on key stakeholders along the value chain, can be attained when businesses create positive value for shareholders and other key stakeholders (Laszlo, 2008). Laszlo (2008) argues that sustainable value can provide a source of competitive advantage that can be generated through innovation, enhanced reputation, new market entry, cost reduction and savings, and reduced employee turnover amongst others. Laszlo's (2008) argument supports the perspectives introduced by Hörisch et al. (2014) who combine both concepts of sustainability management and stakeholder theory (the integrative type) to elaborate that value creation for stakeholders should be sustainability-based.

By adopting the concept of stakeholder value, Fu, Feng, Li, Crawley, and Ni (2011) propose a Stakeholder Value Network (SVN) approach for conducting stakeholder analysis of China's energy conservation campaign. The SVN is described as a multi-relation network that consists of the focal organization, its stakeholders, and the value exchanges/flows that occur between the focal organization and its stakeholders, as well as between the stakeholders (Fu et al., 2011). The basic steps in the network-based method include mapping of stakeholders and their objectives/needs using document surveys and stakeholder interviews, and quantifying stakeholder value through stakeholder questionnaires and value flow scoring (Fu et al., 2011). This is followed by searching the value paths between any

two stakeholders, and analysing the significant flows and paths by implementing network statistics construction (Fu et al., 2011). The SVN approach, based on hierarchical modeling, value quantification, and sensitivity analysis, has been used to improve the government's policy making process by taking into consideration the relevant stakeholder interests (Fu et al., 2011). The following figure provides an illustration of the stakeholder map of China's energy conservation campaign, where the green lines indicate the financial flows, the red lines represent the regulatory flows, the blue lines denote the goods and service flows, and the purple lines signify the information flows (Fu et al., 2011).



**Figure 2.5: Stakeholder Map of China's Energy Conservation Campaign (Source: Derived from Fu et al., 2011, p. 4997)**

The creation of a value hierarchy can be used to map stakeholder perceptions of value in key performance areas (KPA), as was done by the Australian Red Cross Blood Service (ARCBS) for example (Fletcher, Guthrie, & Steane, 2003). By understanding the external stakeholders' value dimensions, ARCBS became more equipped to manage organizational performance, strategy, and communication with its stakeholders (Fletcher et al., 2003). Value flow mapping is indicated by Cameron, Crawleyb, Loureiroc, and Rebentisch (2008) to be quite useful in large government programs such as space exploration. Identified stakeholder needs are translated into input-output models for each stakeholder, hence producing benefit further along the value chain (Cameron et al., 2008).

The approach of mapping stakeholder value perceptions (value flow mapping) in conducting stakeholder analysis takes into consideration the identification of key stakeholders and their legitimate interests. This reflects Donaldson and Preston's (1995) normative foundation of stakeholder theory in its purpose or what it proposes to achieve. Along the same normative approach to stakeholder theory, Bocken et al. (2013) argue that organizations which adopt a multiple stakeholder network perspective rather than the firm centric one can identify sustainable value propositions in their business modelling for all concerned stakeholders including the customer, environment and community. This is achieved through the use of a value mapping tool (Bocken et al., 2013). This tool helps recognize values destroyed or wasted, and can contribute to creating and achieving new opportunities/values (Bocken et al., 2013). This consequently helps organizations understand the stakeholders who are involved in creating a specific value and also supports firms in identifying opportunities for reducing negative outcomes for society and environment (Bocken et al., 2013).

#### ***2.3.4 Materiality Analysis***

Some companies which are involved in stakeholder engagement seek to indicate their social responsibility attitude and commitment through their materiality analysis/assessment and sustainability reporting (Hsu et al., 2013). Identifying material sustainability issues and prioritizing them in accordance with stakeholder demands and interests is still considered a challenge for many organizations (Hsu et al., 2013). This may be due to the lack of detailed methodology in the literature for implementing materiality analysis (Whitehead, 2017) and for effectively engaging stakeholders throughout the process (Bellantuono, Pontrandolfo, & Scozzi, 2016; Boesso & Kumar, 2009).

The Materiality Report produced by AccountAbility in association with BT Group Plc and LRQA (AccountAbility, BT, & LRQA, 2006) highlights that existing tools and processes including continuous stakeholder engagement, AccountAbility's five-part materiality test, and standards such as the GRI guidelines and peer benchmarking are useful in identifying issues. The GRI guidelines include both the non-financial and the financial accounting reporting for a variety of stakeholders (Brown et al., 2009). These guidelines emphasize that, for the purpose of sustainability reporting, material sustainability issues should be identified and prioritized based on the relevant economic, environmental and social impacts of the organization's activities, and based on the influence of these issues on stakeholder decisions (GRI, 2013a). These issues can be further validated against scope, boundaries and time, and finally reviewed (GRI, 2013a). For the purpose of developing industry specific key

performance indicators, Lydenberg, Rogers, and Wood (2010) use the concept of materiality to evaluate five categories of impact with respect to a broad range of sustainability issues and opportunities. In their proposed materiality test, the impact categories evaluated at the sector or sub-sector level include financial impacts/risks, legal/regulatory/policy drivers, peer-based norms, stakeholder concerns and societal trends, and the opportunity for innovation (Lydenberg et al., 2010). In general, businesses, investors and other stakeholders use the concept of materiality in the context of sustainability issues to help inform them on making decisions that can impact the long-term business performance (AccountAbility, BT, & LRQA, 2006).

Materiality analysis models help identify the significant sustainability issues that are relevant to stakeholder needs, both internal and external ones (Hsu et al., 2013). According to Hsu et al. (2013), the literature shows “the lack of a systematic evaluation framework or model to determine material issues” (p. 150). Therefore, a more effective and systematic evaluation framework is needed to determine the strategic significance of different issues (Hsu et al., 2013). By supporting the use of decision science methodologies for materiality analysis purposes, Hsu et al. (2013) utilize failure modes and effects analysis (FMEA) to establish the evaluation criteria and construct a model of materiality analysis of risk priority numbers (RPNs). The FMEA criteria/indices identified using a case study at Lite-On Technology Corporation include the percentage of concerned stakeholders, the level of concern among stakeholders, and the impact of issues on strategic engagement objectives such as communication (severity index) (Hsu et al., 2013). Hsu et al. (2013) propose that this approach can help organizations implement an effective materiality analysis in their sustainability reporting by considering the criterion of impact of issues on sustainable operation as the severity index (Hsu et al., 2013). Other models which are based on GRI guidelines adopt a structured quantitative approach to materiality analysis for enhancing credibility, accountability (Calabrese, Costa, Leviardi, & Menichini, 2016), simplicity, and reliability (Bellantuono et al., 2016). Examples of these approaches include a fuzzy analytic hierarchy process which helps address issues of subjectivity and completeness in sustainability reporting (Calabrese et al., 2016). Multi-attribute group decision-making techniques are also used for supporting more effective stakeholder engagement throughout the materiality analysis process that takes into account all the relevant stakeholders’ perspectives (Bellantuono et al., 2016). In another model for CSR assessment and materiality analysis, material CSR issues are identified according to the stakeholder (customer) feedback (perceptions and expectations) on the company’s CSR commitment and the company’s CSR disclosure (Calabrese, Costa, & Rosati, 2015). The model provides

a classification of customer CSR feedback which allows identifying the key stakeholders who need to be engaged (Calabrese et al., 2015). This further promotes more effective and strategic CSR decision-making and response to stakeholder demands, and enhances systematic stakeholder engagement practices (Calabrese et al., 2015). With respect to the stakeholders involved, materiality assessment can support stakeholders in evaluating the respective organization's short-term and long-term environmental and social performance (Calabrese et al., 2015). In his study that applies materiality analysis to prioritize sustainability indicators for the New Zealand wine industry, Whitehead (2017) proposes a driver-focused prioritization framework which identifies and locates material issues on a continuum of progression based on issue saliency and risk. The significance of the framework lies in combining both strategic/proactive (Neugebauer, Figge, & Hahn, 2016) and emergent perspectives (Papagiannakis, Voudouris, & Lioukas, 2014) to addressing sustainability issues. By incorporating highly salient issues that drive strategy planning/making into the business strategy (proactive approach), the less salient issues can be supported and later incorporated as well in an emergent manner (emergent approach) as the business's sustainability strategy progresses over time (Whitehead, 2017). Whitehead (2017) further contends that less salient issues having socio-economic implications may be better addressed through regulatory policy responses.

According to KPMG (2014), some 80 percent of the world's largest 250 companies already identify material sustainability issues in their reporting. In recent policy developments, the European Parliament and the council of the European Union (2014) adopted a new directive 2014/95/EU in 2014 (effective from 2018 onwards) which requires public companies with more than 500 employees (approximately 6000 companies in the EU) to provide non-financial disclosure to the markets. As stated in the directive, companies need to report on environmental, social and employee-related issues, as well as human rights, anti-corruption and bribery matters including a description of the outcomes of their policies, relevant non-financial key performance indicators and main risks related to these matters. According to The European Parliament and the Council of the European Union (2014), the reporting techniques that are encouraged to be used include recognized frameworks such as GRI's Sustainability Reporting Guidelines (GRI, 2013a), the United Nations Global Compact (UNGC, n.d.), the UN Guiding Principles on Business and Human Rights (United Nations, 2011), OECD Guidelines (OECD, 2011), International Organization for Standardization ISO 26000:2010 Guidance on Social Responsibility (ISO, 2010) and the International Labour Organization (ILO) Tripartite Declaration of Principles Concerning Multinational

Enterprises and Social Policy (ILO, 2006). In the UK, the new EU Directive's majority of disclosure requirements are already included in the Strategic Report, which is part of an organization's annual report (Financial Reporting Council, 2014). The Strategic Report is a legal requirement enforced in 2013 for large and medium-sized companies (Companies Act 2006 Regulations, 2013). It comprises a description of the organization's business model and strategy, its principal risks and an analysis of its past performance using key performance indicators of the relevant environmental, employee, social, community and human rights matters, as well as information on its policies including board diversity (Financial Reporting Council, 2014). The main modification introduced by the new EU Directive involves disclosure of anti-corruption and bribery issues (Financial Reporting Council, 2014).

#### **2.3.4.1 Practical Applications**

This section provides examples to illustrate the range of approaches to materiality assessment, aligned or based on GRI guidelines and other international frameworks, which are currently being used by large international and UK based businesses. KPMG (2014) launched a new guide to materiality assessment for sustainability reporting in accordance with the GRI guidelines. The 7 phase materiality assessment process requires organizations to define scope and purpose of the assessment, identify and categorize potential topics, gather the required information on significance/impact of these topics, prioritize them, engage management in the process, and finally initiate and obtain stakeholder feedback (KPMG, 2014). Other organizations such as Daimler (2014) implement materiality analyses based on the corporate strategy and GRI guidelines. Sustainability issues are identified and prioritized through the use of benchmarking, research groups, reader surveys, customer and employee surveys, sustainability dialogues and discussions with individual stakeholder groups (Daimler, 2014). This is followed by filtering and assessment of the significant issues from both the company and key stakeholder perspectives to finally result in a materiality matrix (Daimler, 2014). The materiality matrix helps clarify and show the material sustainability issues for both the business and the key stakeholders, with respect to the impact/significance of these issues on the business and stakeholders (Daimler, 2014). Referring to GRI guidelines and AA1000 AccountAbility Principles Standards, Thames Water (2013/14) also identifies the issues to report on using a materiality assessment table which helps evaluate the relative significance of the sustainability issues to the stakeholders, the business, and the outside world. The prioritized issues which are reported usually have

the highest significance/impact with respect to both the business and stakeholders (Thames Water, 2013/14).

One of the recent initiatives for assessing materiality involves the SASB Materiality Map produced by the Sustainability Accounting Standards Board (SASB) (2015). The SASB (2015) is a U.S. based nonprofit organization concerned with generating industry-based sustainability standards that support organizations traded on US exchanges to disclose their material sustainability impacts. The SASB Materiality Map helps identify and compare the materiality of different sustainability issues and their impacts within various industries and sectors (SASB, 2015). Sustainability issues are distributed within five areas including the Environment, Social Capital, Human Capital, Business Model & Innovation, and Leadership & Governance (SASB, 2015). Materiality is assessed according to evidence of investor interest and financial impact (SASB, 2015). Accounting metrics are also identified on the materiality map for each disclosure topic within an industry (SASB, 2015). The SASB materiality assessment criteria differentiate the SASB Materiality Map from the GRI guidelines or the AA1000 standard in that sustainability issues are prioritized for the purpose of ensuring reasonable and responsible investment (SASB, 2015).

In agreement with having industry-based sustainability reporting on key issues that is proposed by Lydenberg et al. (2010), the SASB materiality and sustainability reporting standards can help enhance public as well as investor access to comparable and more complete data on material sustainability issues within the same industry. This can be quite valuable for delivering needed social and environmental impacts from NWL and other businesses in the water industry who are seeking value creation on material sustainability issues. This is because, as Eccles, Krzus, Rogers, and Serafeim (2012) explain, “with comparable sustainability data in the public eye, companies will begin to compete on the dimensions of sustainability that matter for long-term value creation” (p. 71). This in turn can support the selection of partners on the basis of their potential contribution to long-term value creation, as long as this is the intended aim of the partnership.

A summary of the main features of the previously discussed standards and guidelines used for stakeholder engagement and materiality assessment are presented in the following table.

**Table 2.5: Summary of Major Stakeholder Engagement and Materiality Assessment Standards or Tools**

<b>Major Standards/Guidelines or Tools</b>	<b>Main Features</b>	<b>Includes guidelines for</b>	<b>Used by (examples)</b>
GRI	reporting principles and standard disclosures; implementation manual	stakeholder engagement and materiality analysis	KPMG, Daimler, Thames Water
AA1000 AccountAbility	establishing, evaluating, and communicating accountability	stakeholder engagement and materiality analysis	Thames Water
SASB	SASB Materiality Map: materiality identification of sustainability impacts on an industry-by-industry basis	materiality assessment for responsible investment	Organizations traded on US exchanges

### **2.3.5 Summary**

In section 2.3, the existing literature on stakeholder theory is discussed, with emphasis on stakeholder analysis from the value creation perspective, stakeholder management and engagement strategies, and materiality analysis which recognizes strategic/proactive and emergent perspectives to addressing sustainability issues. The literature review indicates that the research gaps involve the conditions and reasons behind the effectiveness of stakeholder analysis techniques and their resulting outcomes. Moreover, although the GRI provides guidance on materiality assessment and stakeholder engagement through practice-based standards, not much academic research has been done to provide materiality analysis models that can systematically assess, prioritize, and determine the material sustainability issues. This further highlights the existing gap between research and practice in this field. As the study aims to support NWL (and other businesses in the water industry) in selecting partners who contribute to addressing material sustainability issues, it is necessary to establish a link between materiality analysis and partner selection. This link is established and highlighted in the next section, which considers the literature on collaboration and partnerships.

## **2.4 Collaboration and Partnerships**

The previous section (2.3) which discussed stakeholder theory highlighted the need for conducting stakeholder analysis from the value creation perspective for effectively engaging with an organization's key stakeholders (section 2.3.3). This section on collaboration and partnerships complements this argument by discussing the significance of implementing partnerships for value co-creation. This is because the study aims to contribute to knowledge in understanding how businesses, such as NWL, identify and select their NPO partners, from various NPO stakeholders, based on the prospective partnership value and impact that can be created. This section starts with a discussion on the theoretical background of collaboration, followed by an examination of partnership characteristics, motivations, and collaborative relationship stages. The paragraphs below also highlight the sources and different types of value created in partnerships, and discuss the different partnership process stages/phases, challenges, drivers and factors influencing partnership effectiveness and outcomes, where the emphasis is on cross-sector partnerships involving NPOs and businesses. The process of selecting partners is also investigated, whereby criteria for funding NPOs and metrics for partner selection are further elaborated.

### ***2.4.1 Theoretical Foundation***

There is still a certain ambiguity regarding the definition of partnership, as the literature refers to various terms including alliances, collaboration, cooperation, and joint working amongst others (Huxham, 2000). The absence of an agreed upon understanding or analytical framework of partnerships creates a certain difficulty with regard to comparing different partnerships as well as assessing their costs and benefits (Glendinning, 2002), which consequently requires a more focused theoretical definition to be established (Van Tulder, Seitanidi, Crane, & Brammer, 2016).

Inter-organizational collaboration, which often is the result of complex issues that organizations cannot face on their own, is defined as “a co-operative relationship among organizations that relies on neither market nor hierarchical mechanisms of control” (Phillips, Lawrence, & Hardy, 2000, p. 24). Institutional fields described by DiMaggio and Powell (1983) to comprise of “those organizations that, in the aggregate, constitute a recognized area of institutional life” (p. 148), play a significant role as the basis for providing sets of resources and cultural rules (institutions) for collaboration (Phillips et al., 2000). When organizations interact with each other, these organizations tend to develop a shared understanding of processes which help to shape norms and resources of an institutional field

(DiMaggio & Powell, 1983). Phillips et al. (2000) argue that these institutionalized resources and rules have an impact on the collaborative process, specifically with regard to the issue that is being addressed. The resources and rules influence the activities and practices adopted to address the issue, as well as the participants involved in the collaboration where the dominant members are the ones characterized with having more discursive legitimacy, power and access to resources (Phillips et al., 2000). According to Hoffman (1999), institutional theory deals with “how social choices are shaped, mediated, and channeled by the institutional environment” (p. 351), where institutions and organizational fields are important concepts within the theory (Higgins & Larrinaga, 2014). Deegan (2014) suggests that institutional theory complements both stakeholder and legitimacy theory, since it helps inform organizations on how to recognize and manage or react to the institutional and social pressures exerted on them. These theories, in addition to strategic management, resource dependence, microeconomics, and institutional economics, play a role in examining and understanding collaboration (Gray & Wood, 1991). As such, there are diverse multi-disciplinary theoretical backgrounds (Gray & Stites, 2013; Van Tulder et al., 2016) and methodological approaches that characterize cross-sector partnership research (Branzei & Le Ber, 2014). Although there are many theories for explaining collaboration, there is not a comprehensive theory which takes into consideration all of these different theoretical perspectives, and upon which collaborative alliances’ prerequisites, procedures and outcomes can be adequately explained (Gray & Wood, 1991). With regard to NGO-business partnerships specifically, Ditlev-Simonsen (2017) contends that “no clear-cut business-NGO partnership theory exists” (p. 3). In line with these perspectives, Crane and Seitanidi (2014) indicate a fragmentation issue within this emerging field of research that is still not considered a “well-defined or unified field”, and which lacks “a shared set of core ideas, concepts or foundational works” (p. 6). As a sign of this field of research being emerging, Van Tulder et al. (2016) indicate that “researchers have largely tried to complement each other, rather than entering into a productive conversation regarding significant points of theoretical or methodological disagreements” (p. 2).

Collaboration can involve different approaches which are characterized with their own set of processes and objectives, hence making collaborative relationships somewhat unstructured (Phillips et al., 2000). Strategic alliances, referred to as ‘collaborative marriages’ between organizations and stakeholders by Friedman and Miles (2006, p. 174), are known to facilitate provision of collaborative advantage, which is supported and acquired through access to resources, shared risk, efficiency, coordination, learning, and moral drivers (Huxham & Vangen, 2005). Although collaboration is becoming widely used

for realizing policy objectives in somewhat complex environments (Kelly, 2012), by tackling specific regulatory and institutional gaps (Fransen & Kolk, 2007), the empirical evidence on showing whether collaboration is more effective than other approaches in executing policy and addressing its related issues is lacking (Kelly, 2012). This is in line with the need for partnership research to focus more on outcome and impact evaluation of partnerships on social issues “to inform and support the legitimacy and credibility of partnerships as an effective and efficient approach to solving complex social and environmental issues” (Van Tulder et al., 2016, p. 2). In addition to the outcomes of interaction, the process of interaction in a partnership needs to be appreciated as a source of change and benefits resulting from a partnership (Seitanidi & Ryan, 2007). The partnership process, including its stages, characteristics and influencing factors, are discussed in the sections below.

#### ***2.4.2 Partnership Motivations, Stages and Characteristics***

In an attempt to differentiate between collaboration and partnership, Friedman and Miles (2006) indicate that forms of collaboration include corporate sponsorships, product endorsements and formal or licensing agreements such as product development. As for partnerships, they include joint ventures or joint committees that organizations engage in with certain stakeholders (Friedman & Miles, 2006), and which cannot be otherwise achieved by one partner (Elkington, 1997). The basic distinction is the degree of involvement, with partnerships pertaining to more significant joint activities and joint processes which result in joint outcomes, hence accommodating greater risk; whereas for collaboration, the main concentration and concern are the joint outcomes (Friedman & Miles, 2006). Moreover, partners are considered to be equal in partnerships that are defined as non-hierarchical forms of collaboration (Glasbergen, 2007), whereby partners are able to share the risks and decision-making, as well as mutual levels of accountability and transparency (Brinkerhoff, 2002; Van Tulder et al., 2016). Equality is not always realized in partnerships, whereby power, resource, information and benefit imbalances amongst the partners can be recognized and partner expectations from the partnership (with respect to partner roles, short-term versus long-term benefits, program structure, and reporting requirements amongst others) can be quite different (Kindred & Petrescu, 2015; Morrow & Robinson, 2013).

Establishing partnerships with key stakeholders is considered by Hartman, Hofman, and Stafford (1999) to be an effective stakeholder engagement method for the purpose of developing sustainability. While some organizations like NGOs target sustainability development as a motivation for forming partnerships, Laszlo (2008) argues that the major reasons for businesses to engage in partnerships is the increase in power of certain stakeholders, such as local communities and NGOs, who cannot be ignored anymore due to pressing societal issues. Other causes for businesses to engage in partnerships include the pressure exerted by society regarding their expectations of businesses' environmental and social impacts, and the increase in specific stakeholders' access to information (Laszlo, 2008). This information can be used for influencing an organization's reputation/image (Laszlo, 2008). Laszlo's (2008) argument here is consistent with Mitchell et al. (1997) who posit that organizational decision-makers are prioritizing and engaging with specific types of stakeholders for fundamentally instrumental reasons.

Engagement levels vary for different partnerships depending on the stage of the collaborative relationship, which can be philanthropic, transactional, integrative, or transformational (Austin, 2000a; Austin & Seitanidi, 2012a). In line with having varying engagement levels for different collaboration stages, Bowen, Newenham-Kahindi, and Herremans (2010) propose three community engagement strategies. These include the transactional, transitional, and transformational engagement, which are usually applied by organizations collaborating with community partners to address social issues (Bowen et al., 2010). Each level or type of engagement strategy can be associated with its corresponding stage of collaboration. Deeper and more effective stakeholder engagement strategies that are crucial for achieving CSR objectives (Lim & Greenwood, 2017) and social value creation can be considered transformational (Bowen et al., 2010).

The nature of the collaborative relationship between NPOs and businesses, as well as value creation or contribution, can vary across the four stages of collaboration mentioned above, as illustrated in the collaboration continuum (hereafter CC) (Austin, 2000a; Austin & Seitanidi, 2012a) in the following Figure 2.6.

	<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>	<b>Stage IV</b>
<b>NATURE OF RELATIONSHIP</b>	<i>Philanthropic &gt; Transactional &gt; Integrative &gt; Transformational</i>			
• <b>Level of Engagement</b>	<i>Low ←-----→ High</i>			
• <b>Importance to Mission</b>	<i>Peripheral ←-----→ Central</i>			
• <b>Magnitude of Resources</b>	<i>Small ←-----→ Big</i>			
• <b>Type of resources</b>	<i>Money ←-----→ Core Competencies</i>			
• <b>Scope of Activities</b>	<i>Narrow ←-----→ Broad</i>			
• <b>Interaction Level</b>	<i>Infrequent ←-----→ Intensive</i>			
• <b>Trust</b>	<i>Modest ←-----→ Deep</i>			
• <b>Internal change</b>	<i>Minimal ←-----→ Great</i>			
• <b>Managerial Complexity</b>	<i>Simple ←-----→ Complex</i>			
• <b>Strategic Value</b>	<i>Minor ←-----→ Major</i>			
• <b>Co-creation of value</b>	<i>Sole -----→ Conjoined</i>			
• <b>Synergistic value</b>	<i>Occasional ←-----→ Predominant</i>			
• <b>Innovation</b>	<i>Seldom ←-----→ Frequent</i>			
• <b>External system change</b>	<i>Rare ←-----→ Common</i>			

**Figure 2.6: Collaboration Continuum (Source: Derived from Austin, 2000a, p. 72; Austin, 2000b, p. 35; Austin & Seitanidi, 2012a, p. 736)**

The CC, originally developed by Austin (2000a; 2000b) and further enhanced by Austin and Seitanidi (2012a), helps in understanding the dynamic and multifaceted nature of partnerships, whereby characteristics of a particular partnership may be recognized within two different collaboration stages. Moreover, a partnership may begin at a specific collaboration stage without passing through the previous stage or stages on the CC, or it may shift from one stage to the other according to decisions and actions carried out by partners (Austin & Seitanidi, 2012a).

Integrative collaborations are characterized with more evident organizational fit with regard to conformity between the different partners' missions, values, and strategies (Austin & Seitanidi, 2012a), whereby value frame fit is achieved by reconciling the divergent value creation logics (Le Ber & Branzei, 2010a). Establishing partner agreement on the particular social issue that needs to be addressed for social value co-creation is crucial (Le Ber & Branzei, 2010a; Waddock, 1989). Partnerships that are not directly located in the integrative stage from the start of the collaborative relationship may progress gradually to reach this stage through efforts for relationship development by the partners (Austin & Seitanidi, 2012a). Progressing from the integrative to the transformational stage of the collaborative relationship requires an agreement on the societal (macro level) value that is intended from

the partnership to be delivered through social innovation (Austin & Seitanidi, 2012a). The high level of stakeholder engagement that is characteristic of the integrative and transformational stages of the CC (Austin & Seitanidi, 2012a) may entail end beneficiaries (Le Ber & Branzei, 2010b) and other multiple stakeholders to play a significant role in the value co-creation process (Cornelius & Wallace, 2010). The integrative and transformational stages of collaboration, which are usually long-term (Austin, 2000b), can bestow the maximum allowable mutual benefits for both partners involved (Austin & Seitanidi, 2012a; Pedersen & Pedersen, 2013). In line with having a long-term collaborative relationship that is characteristic of integrative (Austin, 2000b) and transformational stages (Austin & Seitanidi, 2012b), Pangarkar (2003) suggests that longer-duration partnerships provide more opportunities for generating benefits than shorter-duration ones. Partnership “longevity time frame is a function of purpose and performance”, whereby partnerships with a specified purpose and endpoint or timeline would have relatively shorter durations (Austin, 2000a, p. 92).

In line with the CC, Rondinelli and London (2003) identify three types of corporate-NPO relationships based on content analysis of environmental performance reports from fifty multinational corporations. These include the low intensity arm’s-length relationships (e.g. employee volunteering, corporate contributions to NPOs), moderately intensive interactive collaborations (e.g. corporate support for specific NPO projects, collaboration for environmental awareness and education), and highly intensive formal environmental management alliances that usually tackle particular environmental issues of concern to both the business and NPO (Rondinelli & London, 2003). Another study by Murphy and Arenas (2010) highlights four categories of cross-sector collaboration that include conflict resolving orientation, philanthropic orientation, business case orientation (motivations of strategic positioning, process improvement and risk control), and integrative orientation (collective action). Similar to the CC, Gray and Stites (2013) developed the sustainability continuum for understanding the types of partnerships aiming to address or develop sustainability. Instead of using the philanthropic stage indicated in the CC, the sustainability continuum includes the reactive stage of sustainability that can involve philanthropy, sponsorship, or short-term dyadic problem solving that is often triggered by specific issues or threats (Gray & Stites, 2013). The progress and evolution of partnerships from the reactive stage (passing through the transactional and integrative stages) towards the more advanced transformative stage of the continuum can be explained (Gray & Stites, 2013) through a “ ‘reactive-turned-proactive’ strategy, where pressures from NGO activists lead the company to go from

resistance and mere compliance to strategic actions” (Perez-Aleman & Sandilands, 2008, p. 30).

According to Seitanidi (2010), forms of associations such as ‘partnerships’ (located within the integrative and transformational stages of the CC) and ‘sponsorships’ (located within the transactional stage of the CC) need to be distinguished from approaches of interaction such as the ‘partnership approach’ and the ‘transactional approach’. Partnership relationships which “address issues that extend beyond organizational boundaries and traditional goals and lie within the traditional realm of public policy – that is, in the social arena” take the ‘social’ partnership (Waddock, 1988, p. 18) form of association (Seitanidi, 2010). In social partnerships, societal outcomes are delivered whereas in the partnership approach social outcomes are delivered (Seitanidi, 2010). Social outcomes are defined as benefits resulting from the work of the NPO which has a social mission, and are differentiated from societal outcomes in that the latter are “unique benefits that accrue for society through the partnership relationship” (Seitanidi, 2010, p. 48). Focusing on the societal level in social partnerships (also referred to as social alliances and cross-sector social interactions or CSSIs) requires an understanding of how these partnerships “contribute to societal governance” (Crane, 2010, p. 17). Although social partnerships are often referred to as strategic partnerships (Seitanidi, 2010), social and strategic partnerships are not the same (Berger, Cunningham, & Drumwright, 2004; Seitanidi, 2010). In social partnerships, social good/welfare (Berger et al., 2004; Seitanidi & Crane, 2014) or societal outcomes are prioritized, whereas in strategic partnerships the focus is on fulfilling organizational needs (Seitanidi, 2010). Berger et al. (2004) further distinguish social partnerships from strategic partnerships in that “they involve at least one nonprofit partner” (p. 59). According to Seitanidi (2010), strategic partnerships can be identified as the ‘partnership approach’ of interaction rather than the ‘partnership’ form of association due to the prioritization of organizational needs within the partnership relationship. Strategic aspects/objectives can still be considered in social partnerships, as these partnerships are recognized by businesses to involve a combination of social responsibility and corporate strategy (Berger et al., 2004), whereby strategic business interests can be aligned with societal expectations (Austin, 2000b).

#### **2.4.2.1 Collaborative value creation**

Value creation is considered to be the major motivation and justification for collaboration, and an indicator of its effectiveness (Austin, 2010). Austin (2010) contends that value creation can generate and sustain impacts resulting from effective partnerships. According

to Barroso-Méndez, Galera-Casquet, and Valero-Amaro (2014), collaborative value creation (as an objective dimension) and partners' satisfaction with the value created (as a subjective dimension) can explain the success of a cross-sector partnership. Collaborative value is defined as “the transitory and enduring benefits relative to the costs that are generated due to the interaction of the collaborators and that accrue to organizations, individuals, and society” (Austin & Seitanidi, 2012a, p. 728).

There are growing societal challenges and needs (e.g. reduced economic status of communities, natural resource depletion, customers' wellbeing) that organizations cannot overlook because these can have an impact on the businesses' long-term success and livelihood (Porter & Kramer, 2011). For addressing sustainability issues, stakeholders can be engaged by businesses in innovative ways that help link social and company progress by creating shared value (hereafter CSV) (Rhodes et al., 2014). CSV encompasses both economic and societal values, hence delivering mutual benefits for both the organization and the community while accounting for the costs incurred (Porter & Kramer, 2011). This is because economic value can be generated from creating social value (Porter & Kramer, 2011). Porter and Kramer (2011) emphasize that CSV surpasses CSR in the sense that CSR concentrates more on the reputation aspect of the company and relatively disregards the business, while CSV tends to incorporate the organization's profitability in its sustainability strategy.

Even though “the rhetoric suggests that corporations aim to prioritize the interests of their stakeholders” including the community (Seitanidi & Ryan, 2007, p. 258), societal issues are still considered peripheral elements in most companies' social responsibility initiatives (Porter & Kramer, 2011). In one case study involving Coca Cola's community involvement program, a major gap was realized “between rhetoric of community involvement and practices of mobilizing the community to further the company's ends” (Barkay, 2013, p. 277). In another case study of a partnership between British American Tobacco (BAT) and Earthwatch Europe (EE), this specific NGO-business partnership was described as ‘hidden’ (McDaniel & Malone, 2012, p. 22). This is because EE helped enhance BAT's reputation to other NGOs and indirectly allowed BAT to negatively influence policy-makers with respect to tobacco control policies (McDaniel & Malone, 2012).

Although organizations are pursuing CSR objectives and CSV in their collaborative ventures, many of the partnerships reported are regarded as symbolic and instrumental rather than integrative (Jamali & Keshishian, 2009). As such, much of the recent literature focuses on the instrumental orientation of partnerships (Selsky & Parker, 2005). In a recent study on cross-sector humanitarian-business partnerships that help manage humanitarian logistics,

Nurmala, de Vries, and de Leeuw (2018) indicate that companies are mostly interested in providing financial support (donations) rather than providing other means of support such as services. Moreover, most of these partnerships are reactive/responsive to emergent/unforeseen issues such as natural disasters that are characteristic of complex and turbulent environments (Nurmala et al., 2018), and hence can be identified within the reactive stage of the sustainability continuum proposed by Gray and Stites (2013). In contrast, partnerships that are more focused on preparedness and reconstruction (Nurmala et al., 2018) can involve a more proactive approach or strategy to partnership work.

Partnerships have often been criticized for not effectively delivering systemic impacts and changes, which can be due to various aspects such as inadequate partnership configurations (Van Tulder & Keen, 2018), limited goals, and inappropriate issue-partner fits (Van Tulder & Pfisterer, 2014). In a corporate-NGO collaboration between Unilever and Friendship (NGO) in Bangladesh, the Lifebuoy Friendship hospital project (providing healthcare services through a floating hospital) that was implemented through the partnership did not deliver significant long-term social impacts (Sharmin, Khan, & Belal, 2018). Furthermore, there was no significant participation of the stakeholders involved, and Unilever's main involvement was the provision of financial resources (Sharmin et al., 2018). Similarly, partnership projects between businesses and NGOs in Indonesia, which aimed at enhancing a more sustainable agricultural production of cocoa, did not demonstrate institutionalization of long-term changes and impacts (Wijaya, Glasbergen, Leroy, & Darmastuti, 2018).

Based on the above, there is a need to consider the normative approach to partnerships (Waddock & Post, 1995). This approach requires internal and external stakeholders to be engaged early on (Waddock & Post, 1995) including the beneficiaries (Le Ber & Branzei, 2010b). The purpose is to generate societal or systemic benefits at all levels of analysis (micro, meso, and macro) (Selsky & Parker, 2010) either directly or indirectly through the 'virtuous value creation circle' (Austin & Seitanidi, 2012b, p. 954). Understanding the different stakeholders influencing or impacted by the partnership is therefore essential. For example, with regard to partnerships addressing environmental issues and aiming for environmental change/improvements, Stadtler and Lin (2017) highlight the need for configuring environmental partnerships based on the target stakeholder group (organization, industry, supply chain, and society) and the suitable partnership mechanism (such as process, products, and policy).

According to Hartman and Dhanda (2018), many multinational corporations and NPOs in recent years are realizing that cross-sector partnerships aimed at generating social impact can provide a better source of value creation to all relevant stakeholders than the more

passive corporate philanthropy. As the need for wider collaboration across various sectors is recognized for addressing complex environmental and social issues (Yan, Lin, & Clarke, 2018), a better understanding of the nature of collaborative cross-sector business models for sustainability is required (McDermott, Kurucz, & Colbert, 2018). Involving a broad range of stakeholders (state, market, and civil society) (Bocken et al., 2013), these models can help provide a basis for identification of opportunities, active stakeholder participation, and resource mobilization that can positively impact sustainability challenges through cross-sector collaboration (McDermott et al., 2018). In linking materiality to sustainability challenges and issues, Van Tulder and Lucht (2016) highlight the need to broaden the materiality approach for sustainable value creation through its application to the Sustainable Development Goals (hereafter SDGs). By doing so, companies move from the more common reactive approach to issue prioritization and strategic planning towards a more proactive opportunity-oriented approach, which can provide suitable conditions for engaging in partnerships that help address the SDGs (Van Tulder & Lucht, 2016). Furthermore, Van Tulder and Lucht (2016) contend that “the common framework of action and language that the SDGs constitute provides a unified sense of priorities and purpose which facilitates communication with stakeholders” (p. 56). However, Van Tulder (2017) warns that partnerships should not be considered the solution to all sustainable development issues, as other multi-stakeholder approaches need to be considered as well for addressing these issues.

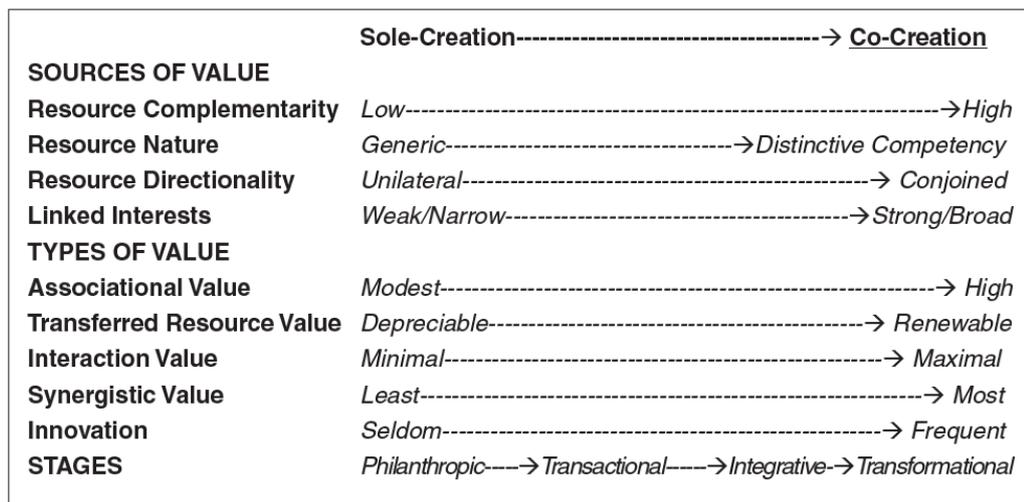
For engaging in social partnerships that aim to advance the social good at multiple levels (micro, meso, and macro), concepts of CSR and shared value may have to be disconnected from these partnerships in order to move beyond the ‘instrumentalization of the social good’ which gives priority to economic profit (Seitanidi & Crane, 2014, p. 404). Social good needs to be prioritized in theory and in practice, whereby the focus on organizational actors shifts to a focus on the interaction between the partners as the unit of analysis (Seitanidi & Crane, 2014, p. 405). Rather than aligning partnerships to CSR and responsible business (social partnerships as responsible business SPRB), the partnership phenomenon may have to be reframed under the social good theme to prioritize social good and achieve fundamental social impact (social partnerships for responsible business SP4RB) (Seitanidi & Crane, 2014, p. 399).

According to Austin and Seitanidi (2012a), “there is a lack of a common language and definitional precision about what value is and about the dynamics of how different underlying collaboration processes contribute differently to value creation” (p. 728).

Moreover, there is some vagueness regarding the different types, levels and constituents of value in the partnership literature that often does not link partnership success indicators with value creation (Austin & Seitanidi, 2012a). There is also limited appreciation of the differences in value creation across the different stages or types of collaborative relationships (Austin & Seitanidi, 2012a). To address these limitations, Austin and Seitanidi (2012a) developed the collaborative value creation (hereafter CVC) analytical framework which elaborates in a more systematic and robust approach how nonprofit-business partnerships can create economic, social, and environmental value for organizations and society (the CVC framework is discussed often in this section and in section 2.5.5 as its respective reference indicated above has been cited sixty eight times according to web of science core collection citation index). It consists of four components which are the value creation spectrum and collaboration outcomes (discussed below), as well as the collaboration stages (refer to section 2.4.2 above), and partnering processes (refer to section 2.4.3 below) (Austin & Seitanidi, 2012a).

According to Austin and Seitanidi (2012a), value co-creation is dependent on four sources of value. These include resource complementarity and partner compatibility (organizational fit), resource nature which can be generic (e.g. money) or organization-specific (e.g. distinctive competencies), resource directionality and use (unilateral or bilateral and reciprocal), and linked interests of partners with respect to value created for all partners involved and for the community at large (Austin & Seitanidi, 2012a). For example, the nature of resources which NGOs can bring to their business partnership can include legitimacy, awareness of social forces, distinct networks, and specialized technical expertise (Yaziji, 2004). The benefits/values contributed by NGOs may include shaping legislation, setting industry standards, estimating changes in demand, accelerating innovation (Yaziji, 2004), enhancing brand reputation (Yaziji & Doh, 2009), as well as product and process innovation and learning (Austin, 2000b; Seitanidi, 2010; Yaziji & Doh, 2009). Value can be classified into four types which include the associational value (benefits resulting from collaborative relationship such as credibility and higher visibility), transferred resource (or asset) value (benefits from transferred resources/assets such as financial support), interaction value (intangibles resulting from collaborative work processes such as trust, reputation, knowledge, transparency, access to networks and technical expertise), and synergistic value (economic, social and environmental value created from joint efforts of both partners which can lead to systemic impacts at the micro, meso, and macro levels) (Austin & Seitanidi, 2012a; Austin & Seitanidi, 2012b). These different types of value can be created within the

partnership (internal value creation at the micro and meso levels) or external to it (external value creation at the micro, meso and macro levels) (Austin & Seitanidi, 2012b). Synergistic value is considered to be the most significant as it can involve benefits relating to innovation, positive organizational change, welfare-enhancing changes to institutional policies, and improved advocacy for the environment amongst others (Austin & Seitanidi, 2012b). The co-creation of value, in particular synergistic value, is considered to be predominantly greater for transformational partnerships, in contrast to philanthropic relationships that are characterized with occasional synergistic value creation (Austin & Seitanidi, 2012a; Austin & Seitanidi, 2012b). Also, the impacts (economic, social, and environmental) resulting from the partners' interdependent and collective actions in transformational partnerships are generated at the micro, meso and macro levels (Austin & Seitanidi, 2012a). The following figure illustrates the collaborative value creation spectrum of the CVC.



**Figure 2.7: Collaborative value creation spectrum (Source: Derived from Austin & Seitanidi, 2012a, p. 745)**

Collaborative value creation in cross-sector partnerships can be planned (outcome orientation approach) or emergent (process orientation approach) (Austin & Seitanidi, 2014). The planned approach requires having a specific strategy that guides the partnership process, whereas the emergent approach requires an emergent strategy that allows for flexibility in adapting and adjusting the design of processes as the partnership develops (Austin & Seitanidi, 2014). Austin and Seitanidi (2014) propose that both of these approaches be used throughout the partnership for maximizing the value potential.

The NPO-business partnership value creation dynamics developed within the CVC provide significant insights for assessing partnership outcomes holistically, through the determination of various benefits including the associational, transferred resource/asset, interaction and synergistic values discussed above (Austin & Seitanidi, 2012b). The CVC also helps determine the partnership costs which can involve decrease in credibility and trust across sectors, accountability issues, development of new markets, as well as increased management costs amongst others (Austin & Seitanidi, 2012b). Both benefits and costs in the CVC can be evaluated at different levels of analysis (Austin & Seitanidi, 2012b). It is imperative to note that “the partnership literature is in the early stages of addressing issues of mapping the value creation road on different levels of analysis” (Austin & Seitanidi, 2012b, p. 957). The CVC is considered to be a starting point in the partnership literature, which still requires longitudinal studies to capture long-term macro level impacts (Austin & Seitanidi, 2012b).

#### ***2.4.2.1.1 Examples of Partnership Value Creation from Practice***

In an attempt to create transformational change with regard to increasing the systemic positive social impact, Unilever (2015) has been forming partnerships with various organizations across the entire value chain. The impact is targeted towards sustainability issues including access to water, hygiene and sanitation, climate change, and women’s empowerment amongst others. The Unilever Foundation’s major global partners since 2012 include Oxfam, Population Services International (PSI), Save the Children, UNICEF and the World Food Programme (WFP). In its partnership with Oxfam in Cambodia for example, Unilever addresses sustainability issues involving access to clean water and sanitation, by supporting Oxfam in providing clean water systems, water filters, toilets, and hygiene awareness throughout seventy villages (Unilever, 2015).

In another partnership case study between Starbucks and Conservation International, the partnership aimed at supporting coffee growers in Southern Mexico to improve their quality of coffee and enhance environmentally sustainable coffee production (Austin & Reavis, 2002). According to the CVC framework, Austin and Seitanidi (2012b) identify the different types of value generated from this partnership. Associational and transferred values were created for both partners, which consisted of positive visibility and transfer of distinctive assets respectively (Austin & Seitanidi, 2012b). The interaction value created was in the form of intangibles which included learning, trust, and teamwork skills amongst others (Austin & Seitanidi, 2012b). The innovation and technical expertise provided for sustainable

coffee production contributed to producing synergistic value, whereby environmental and social benefits generated economic value (higher value coffee and increased farmer prices) (Austin & Seitanidi, 2012b). The resulting benefits were identified at the micro level (e.g. farmer income increase of 40%), meso level (e.g. Starbucks distinctive advantage in product quality, financial gain, enhanced customer satisfaction), and macro level (e.g. natural habitat conservation, social improvement of communities) (Austin & Seitanidi, 2012b).

### ***2.4.3 Partnership Process Stages/Phases***

Since it is important to understand how partnerships can be effective in creating value and sustaining impact, it is necessary to appreciate the stages within a partnership process and the various factors that can have an influence on its effectiveness and success. Based on a literature review of cross-sector partnerships that address social issues, Selsky and Parker (2005) identify three stages of cross-sector partnerships which are the formation, implementation, and outcomes stages. In line with this, Jamali and Keshishian (2009) suggest three core phases of partnerships which are the initiation (including criteria for partner choice, motives, goals, mission alignment), execution (including scope of work, engagement level, resource level), and evaluation phases (including learning, future expectations). Similarly, Seitanidi, Koufopoulos, and Palmer (2010) indicate that the partnership process involves three distinct stages; the formation stage is the initial stage, followed by the implementation stage which involves an exit or continuance strategy, after which the third stage constitutes the partnership outcomes.

In the partnership formation stage, the main focus is to determine the potential of partners in value co-creation; hence, this stage provides significant initial support to the partner selection process (Austin & Seitanidi, 2012b) (refer to section 2.4.6). As for the implementation stage, Seitanidi and Crane (2009) highlight the different phases of implementing a nonprofit-business partnership based on two case studies between Earthwatch-Rio Tinto and Prince's Trust-Royal Bank of Scotland, whereby the processes within each phase play a major role in influencing the partnership outcomes. The first phase in the implementation stage is the selection process that is discussed in more detail in section 2.4.6, followed by partnership design and institutionalization phases (Seitanidi, 2010; Seitanidi & Crane, 2009; Seitanidi et al., 2010). The partnership design phase involves partnership experimentation by agreeing on the objectives and setting up the memorandum of understanding for value co-creation (Austin & Seitanidi, 2012b). Within the design phase, partnership experimentation is followed by partnership adaptation or review of the

objectives, processes and structures for implementing modifications if necessary, after which partnership operationalization follows (Austin & Seitanidi, 2012b). Partnership operationalization is the gradual maintenance and stability of the partnership processes and structures (Austin & Seitanidi, 2012b). The third phase of the implementation stage, which is partnership institutionalization, is the extent to which the partnership, its activities and value co-creation processes become embedded in the partner organizations involved (Seitanidi & Crane, 2009). This can be observed through the behaviour of the partners in the partnership relationship (e.g. managing conflicts, accommodating differences) (Seitanidi & Crane, 2009). One significant aspect of the institutionalization phase is value frame fusion or alignment/fit which aims to reconcile the potentially divergent value creation logics or approaches of partners for the purpose of co-creating social value (Le Ber & Branzei, 2010a; Rodríguez, Giménez, & Arenas, 2016). According to Kaplan (2008), “frames are the means by which managers make sense of ambiguous information from their environments” (p. 729). In their endeavors to reach value frame alignment (Le Ber & Branzei, 2010a; Rodríguez et al., 2016), which is likely to occur in the integrative or transformational stages (Austin & Seitanidi, 2012b), partners attempt to perceive or make sense of the other partners’ strategic decisions and actions (Kaplan, 2008). Other aspects to consider in this phase is the level of collaboration embedment in organizational strategy, mission, structures and values, external stakeholder engagement, and the development of personal familiarization and understanding between the members of each partner organization (Austin & Seitanidi, 2012b; Seitanidi & Crane, 2009). The partnership outcomes stage, which is the third and final stage in the partnership process, involves the assessment of value creation at the meso, micro, and macro levels of analysis to identify who benefits from the partnership and how (Austin & Seitanidi, 2012b; Austin & Seitanidi, 2014). The different types of value created from partnerships have been discussed previously in section 2.4.2.1.

It is imperative to note here that it was later suggested by Austin and Seitanidi (2012b) that the selection phase is located in a grey area that links the formation and the implementation stages. Accordingly, in their more recent publication on value creation in NPO-business collaborations, Austin and Seitanidi (2014) propose four phases of partnership development instead of the three stages that are described above. These phases include the formation, selection, implementation, and institutionalization phases, whereby value accrues with each phase (Austin & Seitanidi, 2014).

#### ***2.4.4 Factors, Challenges and Drivers for Effective Performance***

Understanding which factors influence or contribute to the success or failure of a partnership can better inform how partnerships can be effective in creating value and sustaining impact. According to Eid and Sabella (2014), there are various political, ethical and social factors that can impact the design, structure, and outcomes of NGO-business partnerships. In line with this perspective, the effectiveness of partnerships is considered to be highly context depended and subject to change (Van Tulder, 2017).

Some of the factors which can influence collaboration processes and outcomes include the selection of appropriate partners (Huxham & Vangen, 2005; Waddock, 2014), agreement on partnership aims, information sharing, resource competition, corporate status, poor communication strategies, cultural differences, risk management, power disparity management, and deficient application of shared leadership and decision-making (Huxham & Vangen, 2005). Gray and Stites (2013) propose a model which depicts the factors which can impact partnership outcomes; these include “external drivers, partner motivations, partner and partnership characteristics, in addition to process issues” (p. 29). External drivers include social perceptions, innovation and technology developments, compliance with the regulatory environment, and globalization concerns amongst others, while motivations include acquisition of corporate legitimacy and competencies, access to resources, as well as addressing societal issues in addition to others (Gray & Stites, 2013; Yarahmadi & Higgins, 2012). Partner and partnership characteristics are essential for selecting a stakeholder partner (Gray & Stites, 2013). These characteristics include the partnership structure and process design, partner’s resource profile, organization type, past partnership experiences, partner representation and reputation, extent of influence and power, cultural fit, and outcome time expectancy (Gray & Stites, 2013). Process issues are fundamental for ensuring the best possible sustainability performance and outcomes (Gray & Stites, 2013). These issues involve requirements for the creation of a shared vision, agreement on standards and rules of engagement, examination of differences, management of conflict, building legitimacy, as well as trust and consensus building (Gray & Stites, 2013). Other issues include commitment, effective leadership structuring, provision of accountability criteria for progress evaluation based on joint objectives, and distribution of power and voice amongst the partners (Bryson, Crosby, & Middleton, 2006; Gray & Stites, 2013; SustainAbility, 2003). The various stakeholders affected by the partnership are also known to play a critical role in influencing the development, level and outcome of the partnership, depending on the issues involved (Van Huijstee & Glasbergen, 2010). Therefore, it is

recommended that they are taken into consideration in formulating partnership management strategies and processes, and in evaluating the partnership opportunities and threats (Van Huijstee & Glasbergen, 2010).

Although partnerships are typically established for addressing social issues, individual organizational goals in most cases play a significant role in directing the partnership and its objectives, which can create conflict between the partners (Eid & Sabella, 2014). Most challenges that arise from working with a broad range of stakeholders involve mistrust, power mismatches or imbalances (Berger et al., 2004; Pedersen & Pedersen, 2013), as well as issues in leadership, commitment (Pedersen & Pedersen, 2013), and resistance (Selsky & Parker, 2005). Power imbalances for example can lead to inequality in resource exchange and decision-making, inadequate partner representation, hierarchical instead of reciprocal accountability, and co-optation (Brinkerhoff, 2002). However, some studies indicate that power imbalance may not necessarily be an obstacle to partnership creation (Morrow & Robinson, 2013), and the NPO's weak positioning may still benefit the NPO (Schiller & Almog-Bar, 2013). Other difficulties encountered in developing partnerships include misunderstandings, misallocation of costs and benefits, disagreement on timelines and milestones, and lack of complementary and compatible resources and skills (Berger et al., 2004).

Based on content review of more than 275 academic journal articles, both theoretical and empirical between 2000 and 2012, and some practice-oriented reports on partnership development for sustainability, Gray and Stites (2013) identify specific value drivers for effective partnership performance. These drivers include trust and commitment (Barroso-Méndez, Galera-Casquet, Seitani, & Valero-Amaro, 2016; Gray & Stites, 2013; Tsarenko & Simpson, 2017), transparency (Gray & Stites, 2013; Le Ber & Branzei, 2010c), effective open communication and shared leadership, as well as informed participation and empowerment to the weaker stakeholders which can be applicable in areas of policy making involving private and public partners/stakeholders (Ansell & Gash, 2008; Gray & Stites, 2013). Other drivers involve alignment of objectives, availability of resources and capabilities (Holmberg & Cummings, 2009), agreement on definition of common issue (Waddock, 2014), distribution of power (sharing power or managing power balance) (Bryson et al., 2006; Gray & Stites, 2013; Winchester, 2014), cultural sensitivity, shared decision-making, adequate representation and voice, and capability to negotiate and mediate for realizing common strategies and benefits (Gray & Stites, 2013).

### ***2.4.5 Cross-Sector Partnerships***

At the 2002 Johannesburg World Summit on Sustainable Development (WSSD), there was a major focus on the significance of adopting multi-stakeholder partnerships as a way to move forward in reaching the Millennium Development Goals (hereafter MDGs - replaced in 2016 by the SDGs), by linking the government, business, and civil society interests for maximizing impact from their sustainability initiatives (Wertz, Odekova, & Seaman, 2011). In maximizing a partnership's impact that can be generated from its sustainability activities or strategies, it is important to first identify the sustainability issue that this impact is intended on (based on level of issue significance or urgency) with respect to relevant stakeholders. Accordingly, materiality analysis or assessment is fundamental to the development of multi-stakeholder partnerships.

Cross-sector partnerships, which involve different stakeholders from different sectors (private, public, civil society), are known to have become quite common recently (Van Tulder et al., 2016). A cross-sector partnership can be defined "as a multi-organizational arrangement for solving problems and achieving goals that cannot be achieved—or is difficult to achieve—by one sector alone" (Schmid & Almog-Bar, 2016, p. 189). There are four major forms or arenas of cross-sector partnerships that address social issues (also referred to as cross-sector social-oriented partnerships or CSSPs), which include business-nonprofit, business-government, government-nonprofit, and tri-sector (Selsky & Parker, 2005). This study involves the business-nonprofit arena of cross-sector partnerships as it aims to investigate how corporates in the water industry, such as NWL, can select NPO partners who contribute to addressing their material sustainability issues.

Civil society organizations (hereafter CSOs), NGOs and NPOs (refer to glossary for definitions of terms) have become quite involved in this type of partnership, specifically with governments and businesses, for the purpose of addressing social issues more effectively (Crane & Seitanidi, 2014; Van Huijstee & Glasbergen, 2010). Austin (2010) indicates that cross-sector partnerships can produce both organizational and societal values. Similarly, Van Tulder et al. (2016) propose that these partnerships have the potential of leading organizations to sustainable competitive advantage by attempting to solve social, environmental, and economic issues through collaboration. Addressing these issues is enhanced through collaboration, as the process involves the co-creation of resources and capabilities for reaching specific sustainability objectives (Dentoni, Bitzer, & Pascucci, 2015). However, it is still not clear whether partnerships are the most effective tool for tackling social issues (Kolk, 2014). Kolk (2014) indicates that future research should be

focused on determining the conditions that best suit the choice of implementing partnerships for solving social issues, and under which circumstances other tools would be more appropriate and effective.

The initial conditions for cross-sector partnership formation can include sector failure in addressing a certain issue (Bryson et al., 2006) or capacity limitations of each sector working on its own in solving complex social and development problems (Stadtler, 2011). These limitations can involve budgetary issues, as well as lack of required resources, legitimacy, expertise, operational efficiency and competencies amongst others (Stadtler, 2011). Motivations or drivers for organizations to engage in cross-sector partnerships can include external pressure from civil society and governments in addressing social and environmental issues, enhancing reputation, market position and organizational legitimacy, as well as improving stakeholder relationships (Stadtler, 2011). Stadtler (2011) argues that although economic and social interests/motivations are indirectly linked to each other, these interests can still interact and be realized simultaneously. This requires proper planning, active management, effective partner selection and communication, and adequate design and control of partnerships through the formation of partnership evaluation standards and indicators for achieving partnership goals (Stadtler, 2011). In agreement with these requirements, Austin (2010) contends that the value generating capacity of cross-sector partnerships is largely dependent upon the processes and strategies adopted for managing the relationship between the partners.

Cross-sector partnerships involve various obstacles that organizations need to overcome, which are partially due to sectoral differences, and can include differences in motives, objectives, missions, strategies, values, cultures, resources and governance structures amongst others (Austin, 2010). Cross-sector partners in particular are known to exhibit contradictory aspirations for partnership value creation (Le Ber & Branzei, 2010a), which can create a challenge to designing the partnership. Hence, reaching a fair agreement between the partners is crucial (Austin, 2010). Austin (2010) further highlights a major concern in implementing cross-sector partnerships to be the extent to which the partnership contributes to creating social value. For the purpose of value creation, Dentoni et al. (2015) recommend that cross-sector partnerships which address large complex issues, that are often referred to as 'wicked' problems, implement a continuous stakeholder identification and engagement process throughout the partnership. Organizations can effectively interact with

and learn from their stakeholders, and consequently implement the necessary changes along the way (Dentoni et al., 2015).

The effectiveness and legitimacy of cross-sector partnerships in delivering their intended goals has become a major concern for involved partners and stakeholders, as there are no systematic frameworks for evaluating their effectiveness and impacts on society (Van Tulder et al., 2016). Furthermore, there is limited theoretical development and empirical data on whether cross-sector partnerships can actually contribute to filling regulatory gaps (Van Tulder et al., 2016) and to addressing millennium development goals (Utting & Zammit, 2009). Similarly, Gray and Stites (2013) argue that most of the literature on the evidence of cross-sector partnership effectiveness is prescriptive and anecdotal, and therefore may not be sufficient. Research in cross-sector partnerships is known to involve various theoretical backgrounds (Gray & Stites, 2013), as well as many different methodological approaches, specifically with regard to partnership effectiveness evaluation (Kelly, 2012), which creates a deficiency in the structure, direction, and organization of methods (Van Tulder et al., 2016).

In response to the lack of partnership effectiveness evaluation frameworks in the literature, Kelly (2012) suggests that the realistic evaluation approach, which is a theory-based pluralist retrospective approach for conducting evaluations, can offer benefits in understanding the influence of the variable components, such as context, on partnership process, performance, and outcomes. The major advantage of this approach is that it takes into consideration the changes occurring over time (Kelly, 2012). Kelly (2012) emphasizes the need to realize that the components or determinants of partnership effectiveness, including context, process, and outcomes, change over time, and consequently result in changing levels of partnership effectiveness, which should be accounted for in partnership evaluation.

The following section highlights cross-sector partnerships involving NGOs, as a specific type of NPO, and businesses.

#### **2.4.5.1 NGO-Business Partnerships**

NGOs are known to have been actively involved in CSR and sustainability programs (SustainAbility, 2003). According to Elkington and Fennell (1998), NGOs came to the awareness that business cooperation and involvement in pursuing sustainable development solutions and goals is crucial. Post the Rio+20 United Nations Conference on Sustainable Development (UNCSD) held in 2012, sustainability experts started strongly advocating businesses to collaborate with multiple partners, including NGOs, to develop and advance sustainability more effectively (GlobeScan/SustainAbility Survey, 2012). Epstein and

Buhovac (2014) indicate that nonprofits such as NGOs can contribute effectively to the partnerships they engage in, as they are generally characterized with having trust, adequate knowledge of social issues, and reliable communication channels which are key drivers for effective partnership performance (refer to section 2.4.4).

Due to the growing awareness amongst NGOs and businesses that shareholder and social value are fundamentally linked (Loza, 2004), and because of the growing impact of NGOs in society, private sector organizations have been compelled to acknowledge NGOs' influence and power over the community and other stakeholder perceptions (Pedersen & Pedersen, 2013). Businesses have consequently started showing a great interest in working and engaging with NGOs (Pedersen & Pedersen, 2013). NGO motivations to enter partnerships usually differ from those of businesses in that they target partnerships as a way for accessing the business partner's resources and for sharing knowledge/expertise in addressing a specific issue (Pedersen & Pedersen, 2013). As for businesses, they typically aim at enhancing their reputation, brand equity and legitimacy, expanding their markets and innovation opportunities, and avoiding or reducing risks by addressing social issues (Pedersen & Pedersen, 2013). These typical instrumental motives are not mainly those that have motivated NWL to engage in partnership with NPOs, as confirmed in this study which aims to highlight specific criteria for partner selection with respect to addressing NWL's material sustainability issues.

According to Kourula and Halme (2008), NGO-business engagement can take several forms, such as sponsorship, consultation, research cooperation, dialogue, joint programs/projects, and strategic partnerships amongst others. Joint programs and strategic partnerships were found to generate more positive and long-term outcomes for the business and society, which surpass the mere reputation/brand enhancement impact provided by philanthropy (Kourula & Halme, 2008). NGO-business partnerships, although susceptible to liabilities, are considered to be highly valued (Elkington & Fennell, 1998), and are very much recommended currently as a form of cross-sector partnerships (Pedersen & Pedersen, 2013). This is because, according to Pedersen and Pedersen (2013), they can contribute to creating social, economic, and environmental value, through the effective exploitation of the combined resources of both types of organizations. Although cross-sector partnerships are recognized to contribute to value creation in the existing literature, additional empirical research (qualitative and quantitative, case study and survey) is still required for better corroborating this contribution (Austin & Seitanidi, 2012a).

The following section presents few case studies and practical developments on cross-sector partnerships.

#### ***2.4.5.1.1 Case Studies and Practical Developments***

A single case study of a NGO-business partnership between Marks and Spencer (M&S) and World Wildlife Fund (WWF) in the UK, which relied on in-depth semi-structured interviews with key representatives from both partners and corporate documents for data collection, highlighted three types of engagement within the partnership (Adderley & Mellor, 2014). These engagement types included sponsorship, which was basically financial support from M&S to WWF for wildlife conservation and fishing projects, and consultation in the form of technical support and guidance from WWF to M&S in food and marine areas (Adderley & Mellor, 2014). The third engagement type involved communication cooperation between the two partners, which focused on influencing the internal and external stakeholders of both partners and providing adequate reporting (Adderley & Mellor, 2014).

Due to increase in organizational investment in NGO-business partnerships, initiatives for supporting organizations in making relevant informed decisions and investments include the C&E Corporate-NGO Partnerships Barometer developed in 2010 by C&E Advisory (C&E Advisory, 2010). The C&E Advisory is an international cross-sector consultancy based in the UK that helps organizations, including NPOs and NGOs, to improve their sustainability performance and contribute to creating sustainable businesses as well as generating social and environmental value (C&E Advisory, 2010). The barometer provides information through surveys on practitioners' expectations, drivers, challenges and barriers, enablers of success, and various practices in cross-sector partnerships (C&E Advisory, 2010). The companies surveyed are chosen mainly with respect to their ranking in the Business in the Community (BITC) corporate responsibility (CR) indices, in addition to being leading companies in the FTSE 100 and leading UK charities based on brand and revenue aspects (C&E Advisory, 2010).

#### ***2.4.6 Partner Choice and Selection***

In spite of the fact that many partnerships fail because of the inadequate choice of partners and management of the partnership (Holmberg & Cummings, 2009), the review of the current literature confirms that research on partner selection is limited, as was previously indicated by Geringer (1991). According to Holmberg and Cummings (2009), much of the partner selection literature “neglects to link partner selection to broader strategic

management issues; fails to consider an overall strategic alliance partner selection process; focuses on general rather than specific motivations behind selection; tends to be conceptual, rather than offering operationalized analytical tools; pays insufficient attention to dynamic considerations and changes over time; and neglects the needs for weighting and rating the many specific elements embedded in an alliance partner selection analysis” (p. 165). Implementing a systematic approach to partner selection is usually recommended since it helps avoid choosing an inappropriate partner (Austin & Seitanidi, 2014; Holmberg & Cummings, 2009). As cross-sector partnerships have recently gained much appreciation as a potential tool for social value creation, and as there is limited research on how social value is co-created (Le Ber & Branzei, 2010a), it makes sense to consider the selection of partners from the value creation perspective with respect to the material sustainability issues. This is further justified as “previous research has not explored how to detect the potential for positive social change at an early stage, prior to the partnership implementation” (Seitanidi et al., 2010, p. 140). Considering value creation in the selection process is crucial because partner selection can have a major impact on a partnership’s value creation potential (Austin & Seitanidi, 2012b). Also, “accurate value assessment potential is a predictor of partnership longevity” (Austin & Seitanidi, 2012b, p. 935).

However, identifying which partners can maximize the potential for creating synergistic value is difficult and time consuming (Austin & Seitanidi, 2012b). As a starting point, the model proposed by Bocken et al. (2013), which is discussed previously in section 2.3.3, can provide support to identifying the potential stakeholders who the organization can partner with. This model may be used in partner selection because it is based on recognizing stakeholder value propositions for sustainable business modelling, which in turn helps understand which stakeholders can contribute to creating a specific value, whether environmental, social, or economic (Bocken et al., 2013). These stakeholders who are identified in the process can be considered potential partners of the organization who seeks to address material sustainability issues through partnerships. In line with this suggestion, Halal (2001) contends that stakeholders can be regarded as partners who contribute to creating social and economic value by tackling issues through collaboration. In this context, stakeholder analysis clearly plays a role in the selection process.

In cases where there is increasing complexity of the social issue that needs to be addressed, multiple partners from various sectors may have to be involved (Austin & Seitanidi, 2012a). From within the same sector as well, NPOs, who are known to have similar interests and objectives, can broaden their extent of reach and contribution to social impact by

collaborating with each other (Seitanidi, 2010). In other cases, motives for engaging with multiple partners may involve the need to access specific resources, which can be triggered by decrease in government funding for example (Babiak & Thibault, 2009). Difficulties may arise in the management and coordination of multiple cross-sector partnerships, which can involve self-interest and competition issues, in addition to lack of clarity in identifying performance measures and in assessing objectives (Babiak & Thibault, 2009).

In the following sections, the literature review on partner selection identifies specific criteria businesses can use in their evaluation of which NPOs to fund (section 2.4.6.1). Other metrics for partner selection, revealed mostly from case studies involving NPO-business partnerships, are also discussed below in section 2.4.6.2.

#### **2.4.6.1 Criteria for Funding NPOs**

A study that used data from 14 in-depth interviews with representatives of Greek foundations and businesses (banks and phone companies), which funded flagship environmental NGOs between 2008 and 2010, helped examine how these businesses and foundations select which NGOs to fund (Botetzagias & Koutiva, 2014). Businesses and foundations can rely on legitimacy judgments for their choice of NGOs, which include the NGO's formal structure, professional character, and past records (Botetzagias & Koutiva, 2014). Other criteria that can be employed by businesses/funders for selecting appropriate grantees include the NPO's effectiveness (Liket & Maas, 2015). Determinants of NPO effectiveness were identified according to an initial extensive literature review, after which they were compared with those identified by NPO practitioners for testing or checking the extent of these determinants' alignment (Liket & Maas, 2015). According to Liket and Maas (2015), NPO effectiveness can be evaluated through specific determinants including transparency in reporting and accessibility, organizational strategy, focus, board of directors, as well as program design, activities and evaluation of impacts being carried out on the community and environment.

#### **2.4.6.2 Partner Selection Process**

##### ***2.4.6.2.1 Metrics used for selection***

In an in-depth case study on a partnership between a social enterprise (fair trade organization) and a large corporate retailer, organizational legitimacy was found to play a major role in the different stages of the partnership, including the choice of the partners and the framing of the partnership (Huybrechts & Nicholls, 2013). Based on key informant

interviews, the fair trade social enterprise was found to rely on both pragmatic and moral legitimacy for selecting the cross-sector partner (Huybrechts & Nicholls, 2013). Pragmatic legitimacy is based on the exchanges/interactions that occur between an organization and its stakeholders, which naturally have an impact on the concerned stakeholders and their respective behaviours/responses (Sminia, 2014). As for moral legitimacy, it relates to how an organization's stakeholders judge or perceive its activities with respect to normative values and standards (Sminia, 2014). It is important to note that perceived changes in an organization's legitimacy could be difficult to measure, specifically when an organization is subjected to adverse social and environmental events (Deegan, 2014).

Regarding NGO-business partnerships, the choice of NGO partners in the academic and practitioner literature seems to be minimal (Peterson, 2011). Peterson (2011) identifies specific areas/methods involving resource dependency principles and transaction cost analysis for supporting businesses in their NGO selection procedures for funding or partnering purposes. According to Pfeffer and Salancik (2003), resource dependence theory suggests that organizations are dependent, in part, upon external resources, the relationships built with other constituencies, and actions of other organizations. These interdependencies can influence the behaviour of an organization (Pfeffer & Salancik, 2003). While NGOs are dependent upon resources of money, organizational legitimacy, and information that can be provided by potential partners, funding organizations are also resource dependent on NGO partners for enhancing their sustainability strategies, with benefits including improved legitimacy, stakeholder satisfaction, managerial development, and market development amongst others (Peterson, 2011). Some aspects to consider in the choice of NGO partners include the impact of resource dependency on power, coalition building and trust in the relationship which can also influence competitive advantage and reputation (Peterson, 2011). As the prospective NGO partnership can involve generating NGO services that require various resources, the transaction cost perspective hence plays a significant role for businesses in the selection process (Peterson, 2011). The transaction costs to consider include cost of information provided to NGOs, cost of transaction assets, cost of asset deployment, and cost of redeployment of transaction assets to new NGO partners in case the initial NGO performance did not meet the minimum required standards (Peterson, 2011). As for the costs borne by NPOs in their partnerships with businesses, these are often indicated to be higher than those of the business (Seitanidi, 2010). For example, these costs may involve increased use of the NPO's resources and skills based on the business partner's increasing demand (Seitanidi, 2010), as well as reputational costs that may incur from associating with a business that has a negative reputation (Millar, Choi, & Chen, 2004).

#### ***2.4.6.2.2 Partnership Formation and Selection Phases: Subprocesses***

Based on an extensive review of professional and academic (strategic management and strategic alliance) literature on alliances in the travel/tourism industry (focus on firm strategies, partner selection issues, and industry issues amongst others), an analytical tool was developed for selecting partners in a dynamic, structured and strategy-focused process (Holmberg & Cummings, 2009). This tool, which was tested with executives and managers from Executive MBA classes, indicated four major steps in the partner selection process which are “(1) aligning corporate and strategic alliance objectives; (2) developing appropriate sets of critical success factors (hereafter CSF) against which to evaluate potential alliance activities; (3) mapping potential partner industries, industry-segments and firms; and (4) using a dynamic partner selection analysis tool to evaluate the potential of various targets” (Holmberg & Cummings, 2009, p. 171). In contrast to other models or processes in the literature which are more conceptual, this tool can be useful in offering a more dynamic perspective to the selection process which involves applying a decision matrix (Holmberg & Cummings, 2009). This decision matrix includes assigning relative importance weights to each CSF, rating potential collaborators on each CSF, and computing weighted average scores for assessing congruence of partners (Holmberg & Cummings, 2009). Hence, this tool can support managers in identifying potential new partners by evaluating “the congruence or fit of each entity’s resources, capabilities, plans and prospects with those of the focal firm” (Holmberg & Cummings, 2009, p. 180). Through this tool, focal organizations can systematically assess whether potential partners can contribute to addressing their strategic objectives (Holmberg & Cummings, 2009). The organizational fit between the business and NPO clearly supports the choice of partner, and can include mission fit (or alignment), resource combination fit, management fit, cultural fit, strategy fit, and evaluation fit (shared perception of success) amongst others (Berger et al., 2004; Rodríguez et al., 2016).

In agreement with the need to assess the congruence or fit of potential partners in partner selection, a case study between Earthwatch-Rio Tinto (developed between July 2002 and January 2004) highlights the indicators of partners’ transformative potential that can aid businesses or nonprofits in assessing their choice of partners for addressing social issues and inducing social change (Seitanidi et al., 2010). These indicators or features include organizational characteristics such as mission, size, reputation, scope of activities, and interaction strategy amongst others, partnership motivations whether intrinsic (access to expertise, educating people), instrumental (enhancing reputation and financial security) or

idealistic (influencing other organizations), and the history of previous partner collaborations. The indicators or metrics of partner selection of the Earthwatch-Rio Tinto case study are illustrated in more detail in the following table.

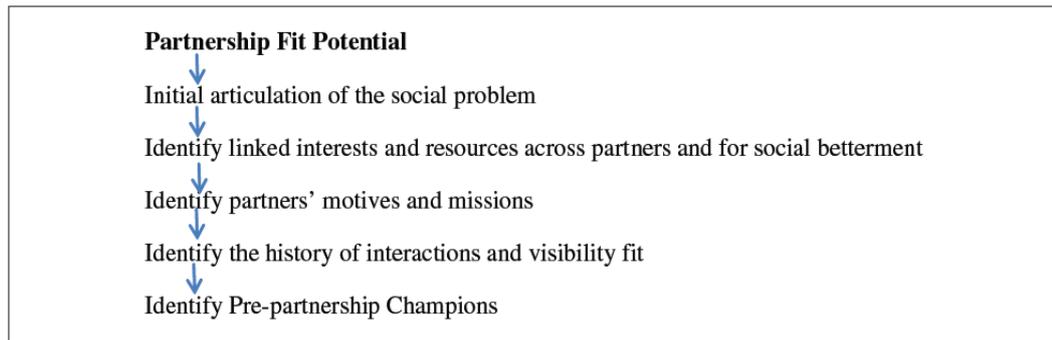
**Table 2.6: Partnership Formation: Transformative Potential Indicators (Source: Adapted from Seitanidi et al., 2010)**

Transformative Potential Indicators	Organization Name	
	Earthwatch	Rio Tinto
<i>Structural Attributes</i>		
Founding year	1991	1997
Societal sector	nonprofit	profit
Industry sector	environmental	mining
Mode of operation	grant making to researchers; engagement and education of public	business to business
Number of staff	37	36,141
Revenue (2003)	£ 16,274,241	\$ 1.4 billion
Size	small, entrepreneurial	big, multinational
Mission	promote education, understanding, and action for sustainable environment	create long-term shareholder value responsibly
Locus of control	autonomous	-
Scope of activities	international	international
Headquarters	London (and Melbourne for Earthwatch Australia)	London and Melbourne, Australia
Interaction strategy	collaborative	collaborative (with non-confrontational NGOs)
<i>Non-Structural Attributes</i>		
Ideology	non-confrontational, non-political	-
Reputation (at formation stage)	medium	high negative
Organizational confidence	Low	high

**Table 2.6 (Continued): Partnership Formation: Transformative Potential Indicators**  
(Source: Adapted from Seitanidi et al., 2010)

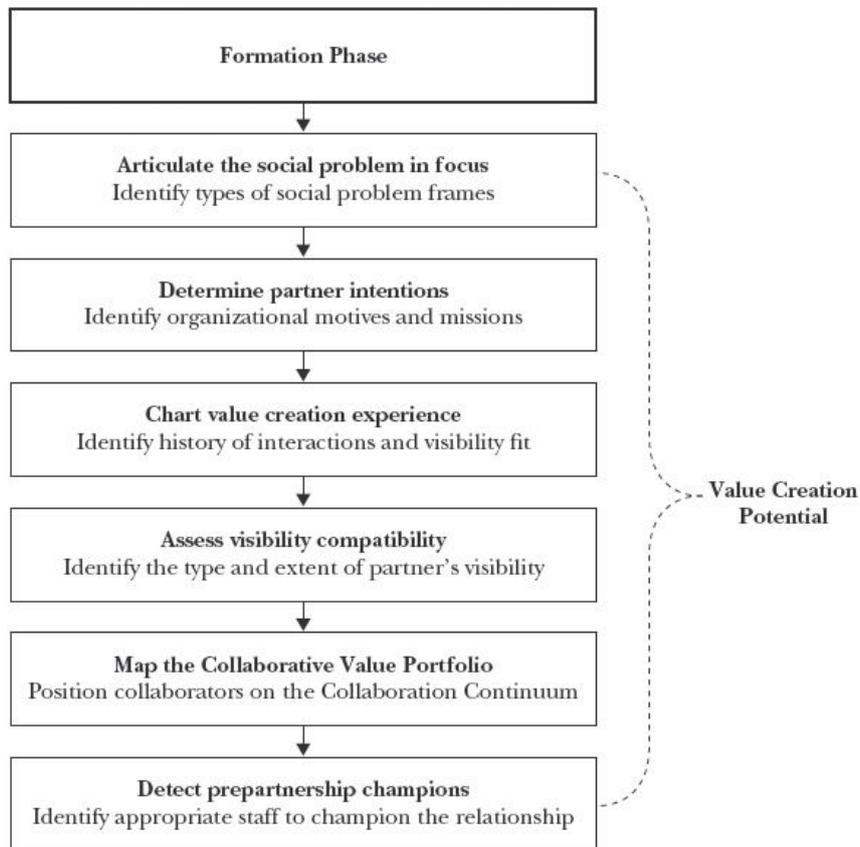
<b>Transformative Potential Indicators</b>	<b>Organization Name</b>	
<b>Partnership Motives</b>	<b>Earthwatch</b>	<b>Rio Tinto</b>
<i>Intrinsic</i>		
Mission-led (static)	educate and engage people; increase volunteers and members	gain access to NGO expertise
Organization-led (dynamic)	alignment of principles and values with companies	develop a biodiversity policy and strategy
<i>Instrumental</i>		
Mission-led (static)	safeguard financial security; ensure public support	improve reputation
Organization-led (dynamic)	engage with any business with environmental impacts; build reputation; make organization larger	improve operations performance; demonstrate importance of corporate environmental priorities to internal and external stakeholders
<i>Idealistic</i>		
Mission-led (static)	make a difference within business community	N/A
Organization-led (dynamic)	Influence and drive change within companies through policy advising	N/A
<b>History of Partner Interactions</b>	<b>Earthwatch</b>	<b>Rio Tinto</b>
<i>Previous Experience and Events</i>	Previous partnership experience; lack of previous transformative experience in partnership interactions; first Earthwatch-Rio Tinto partnership in Australia (1996)	Campaigns against the company and pressures from radical groups led to active involvement with NPOs and development of integrative relationships; previous partnership experience; lack of previous transformative experience in partnership interactions; first Earthwatch-Rio Tinto partnership in Australia (1996)

These indicators are further elaborated by Austin and Seitanidi (2012b), who indicate the importance of determining the organizational fit potential of a prospective partner in the formation phase, which paves the way for the partner selection phase, through the following steps in Figure 2.8.



**Figure 2.8: Partnership Formation: Organizational Fit (Source: Derived from Austin & Seitanidi, 2012b, p. 934)**

The formation phase could also be considered the initial phase of the selection process, since it helps assess the value co-creation and transformational potentials of partners (Austin & Seitanidi, 2012b). According to Austin and Seitanidi (2014), the formation phase, which can be formal or informal, consists of six subprocesses which are articulating the social problem, determining the partner's intentions, charting the value creation experience, assessing compatibility on the question of visibility, mapping the potential collaborative value portfolio, and detecting pre-partnership champions. These subprocesses are illustrated in more detail in the following Figure 2.9.



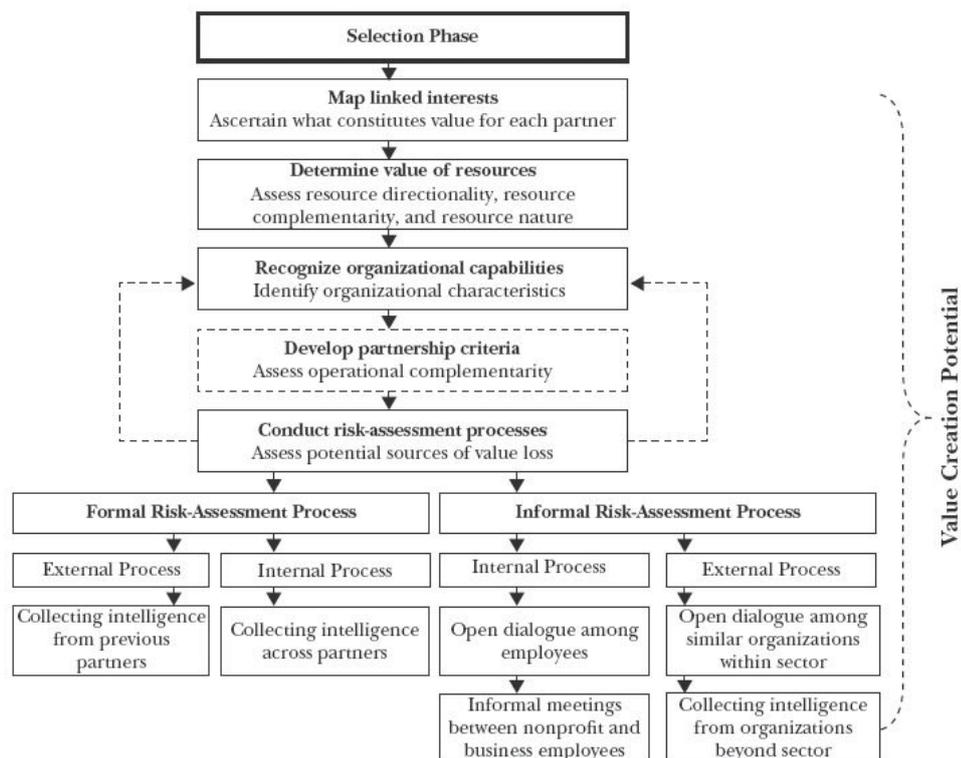
**Figure 2.9: Partnership Formation Phase (Source: Derived from Austin & Seitanidi, 2014, p. 131)**

Based on in-depth case studies involving two nonprofit (NPO)-business (BUS) partnerships between Earthwatch-Rio Tinto discussed above (16 interviews) and Prince’s Trust-Royal Bank of Scotland (24 interviews), Seitanidi and Crane (2009) identify the partner selection factors and criteria for both nonprofit organizations and businesses which turn out to be quite similar (this reference is discussed repeatedly in this section as it has been cited more than a hundred times according to web of science core collection citation index). These criteria include the organization’s “previous experience working across different economic sectors, covering of similar geographical areas, cost-effective relationship (money/time investment versus expected outcomes), ‘safe’ profiling platform (with other), similar time scales of operation, similar affiliations, mutual interests, and personal chemistry among the core people across the two organizations” (Seitanidi & Crane, 2009, p. 418). An organization may intend to collaborate with another organization that it already shares previous relationships with (Seitanidi & Crane, 2009), which can affect the time spent in selecting potential partners (Austin & Seitanidi, 2014). This may also provide support to determining

whether the pre-existing relationship can shift towards the integrative or transformational collaboration stage (Seitanidi et al., 2010).

Also, an informal risk assessment process both internally and externally is recommended for estimating the possible partnership risks (Seitanidi & Crane, 2009). The informal process can involve open dialogue and meetings between employees within one or both partner organizations, and can involve communication and data collection from similar organizations within the same sector or outside the sector (Austin & Seitanidi, 2012b). Seitanidi and Crane (2009) further suggest that a more formal risk assessment process, which is dependent upon having the required internal corporate structures, can potentially involve all concerned stakeholders in evaluating partnership risks. Accordingly, this can make the partner choice more representative of its key stakeholders and the organization more accountable to them (Seitanidi & Crane, 2009). The formal risk assessment process can involve collection of relevant information from previous partners and across partners (Austin & Seitanidi, 2012b).

The partner selection phase, which is fundamental to partnership success, requires a systematic process to selection that can be formal/informal and internal/external (Austin & Seitanidi, 2014). The selection phase encompasses five subprocesses which are mapping linked interests, determining the value of resources, recognizing organizational capabilities, developing partnership-specific criteria, and assessing risks (Austin & Seitanidi, 2014). These subprocesses are illustrated with more detailed descriptions in the following Figure 2.10.



**Figure 2.10: Partnership Selection Phase (Source: Derived from Austin & Seitanidi, 2014, p. 142)**

Feedback loops suggested by Clarke and Fuller (2010) are shown in the above figure to highlight their use in informing the risk assessment subprocesses, which would in turn better inform the final choices of potential partners (Austin & Seitanidi, 2014).

It can be realized that ‘articulating the social problem’ subprocess in the formation phase and ‘mapping linked interests’ subprocess in the selection phase can be associated with the materiality analysis/assessment process that is needed for identifying material sustainability issues. This is because these two subprocesses would require early identification and agreement by potential partners on the particular material sustainability issue that needs to be addressed through the prospective partnership. According to Austin and Seitanidi (2012a), it is imperative “first, to understand clearly how partners view value; second, to reconcile any divergent value creation frames; and, third, to perceive the value exchange as fair” (p. 730). As such, determining the sources and types of value (refer to Figure 2.10 ‘determine value of resources’ subprocess of selection phase) that can be generated with respect to the particular material sustainability issue, and reaching a common partner understanding of those, help in the selection of the appropriate partner. This is because the

appropriate partner is expected to help address the particular material sustainability issue and contribute to its respective value creation.

### ***2.4.7 Summary***

In section 2.4, the existing literature on collaboration and partnerships is discussed, with emphasis on cross-sector partnership value creation, relationship stages, motivations, challenges, drivers, process phases and influencing factors. Section 2.4.6 examines the literature on partner selection, whereby criteria for funding NPOs, metrics used in selection, and formation/selection process models for NPO-business partnerships are presented. With regard to the major research gaps identified, there are no systematic frameworks for evaluating partnership effectiveness and impacts on society, and there is limited evidence in the literature of cross-sector partnership effectiveness. Furthermore, the selection of partners has not been much investigated in the literature, particularly from the value creation perspective as potential value creation or positive social change was mostly explored within the partnership implementation phase. This study aims to address this research gap in partner selection by examining how corporates, such as NWL, can select their NPO partners based on the prospective impact of the partnership on material sustainability issues. As such, the assessment of the partnership's potential value creation needs to be linked to materiality assessment. For this purpose, it is important to understand how corporates such as NWL can evaluate the prospective impact of their partnerships on material sustainability issues. Accordingly, the next section considers the literature on partnership impact evaluation.

## **2.5 Partnership Impact Evaluation**

As the previous section (2.4) of collaboration and partnerships highlighted the significance of partner selection from the value creation perspective in addressing material sustainability issues, this section on partnership impact evaluation complements this argument by presenting frameworks for impact measurement and discussing how to assess partnership value creation. In line with the overall aim and objectives of this study (refer to section 1.3), assessing the prospective impact of cross-sector partnerships at the outset can better inform the partner selection process.

There is an urgent need to evaluate partnership performance and value as many organizations are becoming concerned with determining whether the partnerships they engage in are successful or not (Pedersen & Pedersen, 2013). Partnership impact evaluation specifically has proven to be a somewhat complex task (Pedersen & Pedersen, 2013). An initial issue in implementing impact measurement is the absence of partnership outcome or impact measurement frameworks in the literature that organizations can rely on, specifically with regard to the impacts affecting the communities and the environment (Gray & Stites, 2013). Causes behind the difficulty in measurement include the fact that some impacts are long-term and cannot be measured directly (Pedersen & Pedersen, 2013). In some cases it is difficult to differentiate whether observed impacts are due to the partnership or other external factors (Pedersen & Pedersen, 2013). Other reasons include measurement issues whereby partners do not agree early on in the partnership on the targets to be achieved, or the measures decided upon are not appropriately based on the partnership's objectives and strategy (Pedersen & Pedersen, 2013). These issues in addition to others are discussed further in this section, which begins with defining impact as there is ambiguity and lack of consensus on its definition. This is followed by a discussion of the approaches and challenges to partnership impact measurement. This section also provides a brief overview of sustainability performance measurement indicators or indices that are currently being used in practice, as well as a discussion on sustainability accounting of social and environmental impacts that are concerned with the relevant sustainability issues. The major part of this section involves the social, environmental, and economic impact measurement and assessment tools that are commonly adopted, with an emphasis on social performance measurement. The various assessment approaches and tools discussed in this section provide insights on how to evaluate the prospective impact of partnerships, which can in turn support the partner selection process. Cross-sector partnership impact assessment case studies from the existing literature are also presented in this section, in addition to practical models and

applications currently being used in sustainability impact measurement. Going through the various methods, models, and techniques of impact assessment, one thing to bear in mind is that the main objective of implementing partnership outcome/impact assessment is to gain knowledge on how to improve the value co-creation process for the purpose of augmenting the impacts generated (Austin & Seitanidi, 2014). Realizing these different approaches from the start of the partnership can enhance cost-effective decision-making (Peloza, 2009) which would provide support to selecting suitable partners. (It is important to note that the journal article by Van Tulder et al. (2016) is referred to quite frequently in this section, as it provides significant insights on existing research in partnership impact assessment, identifies the gaps in research and practice, and develops a framework that can be used to enhance the impact evaluation of cross-sector partnerships).

### ***2.5.1 Definition of Impact***

In the field of impact assessment, the literature, although not fully developed, attempts to distinguish between output, outcome, and impact of a project or action (Van Tulder et al., 2016). Output is concerned with the immediate effects influencing the organization that initiated certain actions, while outcome involves the direct intermediate effects influencing the stakeholders including the community (Van Tulder et al., 2016). Impact alternatively refers to the long-term in particular, as well as the short-term, direct and indirect, intended and unintended, positive and negative effects that organizations have on specific issues (Van Tulder et al., 2016). In partnerships specifically, impact can be evaluated at different levels including the partners, the stakeholders, and the system (Van Tulder et al., 2016). Accordingly, while outputs concern the organizations implementing the specific actions or interventions, outcomes and impacts generated from partnerships concern the beneficiaries (Kolodinsky, Stewart, & Bullard, 2006) and other stakeholders (Van Tulder et al., 2016). Ebrahim and Rangan (2014) further elaborate a major difference between outcomes and impacts in the field of social performance measurement, whereby outcomes are defined as “lasting changes in the lives of individuals” whereas impacts are referred to as “lasting results achieved at a community or societal level” (p. 120). This suggests that outcomes do not necessarily involve the community, which contradicts the definition specified by Van Tulder et al. (2016). Outcomes usually “encompass new practices and behaviours”, whereas impacts “capture improvements in sustainability (e.g. reduced air pollution) or in material well-being (e.g. reduction in infant mortality rates)” (Gray & Stites, 2013, p. 51). Although there is a lack of consensus on the definition of impact (Maas & Liket, 2011a), one of the

most notable definitions of impact is based upon the impact value chain introduced by Clark, Rosenzweig, Long, and Olsen (2004), which distinguishes between inputs, activities, outputs, outcomes, and impacts. Impact is defined by Clark et al. (2004) as “the portion of the total outcome that happened as a result of the activity of the venture, above and beyond what would have happened anyway” (p. 7). The significance of impact is emphasized by Grieco, Michelini, and Iasevoli (2014) who argue that social value as an organizational goal can only be identified and attained by focusing on the outcomes and impacts of organizational activities rather than outputs.

### ***2.5.2 Approaches and Challenges to Partnership Impact Measurement***

Impact assessment is a formal retrospective process that aims to confirm that changes have taken place after program completion (Lim, 2010). Partnership research has recently been linked to impact assessment research (Van Tulder et al., 2016), with some of the most recent research including studies by Kolk, Vock, and van Dolen (2015), Dentoni et al. (2015), Gutiérrez, Márquez, and Reficco (2015), and Stadtler (2015). Van Tulder et al. (2016) indicate that in most studies conducted on public private partnerships (PPPs), the main focus revolves around the evaluation of outputs rather than impacts. The authors also acknowledge that there is limited research on partnership impact evaluation, and many of the measures used for impact assessment in the literature “are still based on ‘perceived impact’ rather than objectively defined impacts” (Van Tulder et al., 2016, p. 6). Quite often, partnership outcome assessment is in the form of anecdotal feedback (Gray & Stites, 2013; Seitanidi, 2010). A different perspective by Morrow and Robinson (2013) on the need for partnership impact evaluation indicates that the perceived impacts or perception of the benefits generated may be sufficient for the partners and hence may disregard the need for measuring the value contribution.

According to Austin and Seitanidi (2012b), “there is a notable lack of systematic in-depth analysis of outcomes beyond the descriptive level; in effect, the full appreciation of the benefits and costs remains relatively unexplored” (p. 948). Partnership impact evaluation has proven to be quite a difficult task, due to the dynamic and complex nature of cross-sector partnerships specifically and because of the complicated methodologies and analytical techniques that are required for impact evaluation which involve long-term effects (Van Tulder et al., 2016). This complexity of cross-sector partnership evaluation can be due to the interaction of multiple partners coming from different sectors, and the various organizational forms and demands/interests that are involved in partnerships to co-create impact, as

compared to defining and evaluating the impact of a single organization (Provan & Milward, 2001). Another major difficulty is the lack of empirical evidence on attributing particular impacts to partnerships (Van Tulder et al., 2016). The attribution problem identified by Brinkerhoff (2002), is concerned with designating specific impacts to a specific cross-sector partnership while isolating other impacts that are not a consequence of the implemented partnership. In particular, “the isolation and attribution of socioeconomic benefit is rather complex” (Austin & Seitanidi, 2012b, p. 953). Van Tulder et al. (2016) recognize that the higher the complexity of the issue that the partnership is addressing, the more complex the attribution issue becomes, and therefore it is important to determine the “counterfactual – the question of what would have happened anyway without the intervention of the partnership” (p. 5).

There are other various factors which can induce methodological issues for impact measurement, such as context (Epstein & Klerman, 2013) and the changing conditions of a partnership which can influence the partners involved (Vellema, Ton, de Roo, & van Wijk, 2013). According to Rein and Scott (2009), contextual factors are many and include “regional, national and local environments; economic, political, cultural and social conditions; linkage with international bodies and with networks promoting partnerships; the presence or absence of intermediary organizations and/or key individuals capable of bringing different institutions together; and specific ‘drivers’ (i.e. factors arising out of wider contexts) that exert directionality and impetus towards partnership solutions” (p. 81). Partnerships that work in one context might not work in a different context (Rein & Scott, 2009). A study conducted by Kolk and Lenfant (2012) on NGO-business partnerships in a conflict setting in the Democratic Republic of Congo reinforces this argument by showing that the insights emerging from a context characterized with conflicts and institutional gaps were different from most research studies that have been based on more stable contexts. These various contextual factors necessitate the consideration of different levels of analysis (e.g. global value chain) in evaluating partnership impact, which help explain some of the causes behind the methodological complexities (Van Tulder et al., 2016). Levels of analysis can include the network, organization, the individuals involved within the partner organizations, and the community (Babiak, 2009; Kolk, 2014).

Experimental methods, such as randomized control trials, which involve random assignment to treatment and control groups, have been used quite predominantly in the impact assessment literature (Duflo, Glennerster, & Kremer, 2006; Lim, 2010), specifically within the international development field (Liket, 2014). These methods are considered some of the

most common methods for assessing social performance (Ebrahim & Rangan, 2014) and are known to provide robustness to the impact evaluation process of partnerships that do not cover a wide range of issues (Van Tulder et al., 2016). However, the limitations in implementing these techniques to cross-sector partnerships are many specifically with respect to defining the control groups which is often very difficult to achieve (Van Tulder et al., 2016). Therefore, Vellema et al. (2013) argue that more qualitative as well as quasi-experimental methods can be used, which take into account the contextual factors involving for example the sector, supply chain, and global value chain. These contextual factors can be analysed at the local (country), regional, or global level (Van Tulder et al., 2016). As it was previously indicated that outcomes and impacts concern beneficiaries and other stakeholders (refer to section 2.5.1), the various stakeholder perceptions on outcomes and impacts need to be considered in the partnership assessment rather than only considering perceptions of the focal partner organizations (Le Ber & Branzei, 2010b). Because different stakeholders may value outcomes differently (Austin & Seitanidi, 2014), a degree of subjectivity (Mulgan, 2010) can be associated with these perceptions (Austin & Seitanidi, 2014). In line with having different evaluation methods that may help overcome specific methodological limitations, and as subjectivity is inherent, Khandker, Koolwal, and Samad (2010) indicate that qualitative and quantitative methods (mixed-methods approach) in data collection and analysis can be useful to conducting effective comprehensive program impact evaluations. Qualitative approaches are realized to be more concerned with the potential rather than actual impacts generated from programs or interventions, and can help understand the type and scope of benefits received by beneficiaries (Khandker et al., 2010). Qualitative methods can also provide insights into the process by which interventions (e.g. partnerships) generate impact (Khandker et al., 2010).

According to Ebrahim and Rangan (2014), logic models are widely adopted by social sector organizations for identifying social performance metrics and impacts, as they help designate and link the inputs, activities, outputs, outcomes and impacts of an intervention. Methods used to measure the social value of investments include the expected return and cost effectiveness method which employs cost-benefit analyses (Ebrahim & Rangan, 2014). Initial data sources for social performance assessment can include systematic reviews, participatory and relationship-based approaches such as story-based evaluations, and constituency feedback and perception reports (Ebrahim & Rangan, 2014). Integrative approaches to social performance measurement involve strategic learning, planning and evaluation, collective impact, community change, and complex systems (Ebrahim &

Rangan, 2014). Methods used in these integrative approaches include strategy maps, balanced scorecards, formative and developmental evaluations amongst others (Ebrahim & Rangan, 2014).

Another assessment approach alternative, suggested by the Organization for Economic Cooperation and Development (OECD) (2008), involves a theory-based evaluation approach called the Theory of Change (hereafter ToC). ToC helps explain and specify the targeted potential partnership impacts from the start of the partnership by describing and examining the causal relationships and assumptions between activities and their effects on the goals to be achieved (OECD, 2008). Put simply it aims to predict the causes behind a specific change that is being carried out through the partnership (Vogel, 2012). The Donor Committee for Enterprise Development (DCED) (2015) defines theory of change, known to be most commonly represented as a results chain, as “an approach to the design, monitoring, and evaluation of social programmes” (p. 6). Successful implementation requires a continuous testing of the undertaken assumptions to make it well evidenced and consequently robust (DCED, 2015). Kelly (2012) further highlights that this prospective approach is more appropriately applied to large scale strategic evaluations that focus on the outcomes and tend to explain the change occurring throughout the process. In spite of its potential useful insights, this approach is still relatively new in the partnership research field (Vogel, 2012), whereby it is tending to focus more on the possible effects generated rather than impacts (Van Tulder et al., 2016). Some objections to this approach concern its dependence on scientific evidence for ensuring robustness, which can be limiting in its representation of partnerships that occur in somewhat complex environments (Valters, 2014). To address this limitation, Valters (2014) suggests that the ToC should be based more on ethical or logical grounds.

For assessing NPO-business partnership outcomes, Austin and Seitanidi (2014) propose the multilevel outcomes assessment mapping framework that can be used to identify the beneficiaries, the types of value intended or that may be generated (associational, transferred asset, interaction, and synergistic), the level of analysis (micro, meso, and macro), and whether the potential benefits are internal or external to the partnership (refer to section 2.4.2.1). This framework may provide support to better enhancing and developing the impact evaluation process because, according to Lim (2010), intermediate outcome assessment may provide support to assessing the impact-achievement potential of the NPO. In other cases, the ultimate impact can be estimated or projected based on impact estimates or models from existing studies (Lim, 2010). In line with having a results chain or ToC as discussed above,

a framework which identifies the impact value chain in a partnership and the different 'orders of impact' is needed, as there are various degrees or levels of impact in an impact value chain (Ebrahim & Rangan, 2010; White, 2009). The impact value chain constitutes of the social issue addressed by the partnership, the mission that acts as a link between issue and input, the inputs including resources and competencies, the throughput which is referred to as the activities or the partnership execution process, the outputs, outcomes, and finally the impacts (Austin & Seitanidi, 2014; Ebrahim & Rangan, 2010; Van Tulder & Maas, 2012; Van Tulder et al., 2016). All these elements of the impact value chain are featured in the partnership's effectiveness model proposed by the Partnerships Resource Center (PrC) (n.d.). The model attempts to analyse the context in which the partnership is operating, in addition to the efficiency, effectiveness and impact of the partnership measured at different levels (PrC, n.d.). Efficiency, regarded as the internal value added, can be evaluated using cost-benefit analysis (PrC, n.d.). As for effectiveness, referred to as the added value of the partnership as compared to value/impact realized without partnership intervention (counterfactual), it can be assessed based on the mission-related performance (PrC, n.d.). This assessment takes into account the contextual and time factors, and the issue-related performance which involves determining whether the partnership helped in solving the defined issue (PrC, n.d.).

One of the most recent frameworks on partnership impact discussed in the literature is the impact order framework proposed by Van Tulder et al. (2016), which defines four impact loops that help provide some guidance for future research in assessing partnership impact. The framework can support researchers in classifying the impact level of the partnership, and consequently provides insights on selecting and adopting methodologies that best suit the partnership (Van Tulder et al., 2016). First order impact loops are concerned with the impact of partnerships occurring at the individual level within the partner organization (Van Tulder et al., 2016). The success of the partnership relates to the operational efficiency determined from changed inputs and activities such as employee engagement, and the control group in this impact order includes non-involved employees (Van Tulder et al., 2016). In second order impact loop partnerships, the project performance is tactical as it promotes legitimacy based on changed outputs and outcomes at the organization/partner level, and the counterfactual is determined from projects that do not involve partnerships (within the same partner organization) (Van Tulder et al., 2016). As for third order impact loops, the changed outcomes of partnerships such as shared value creation, are determined in the specific context and time frame with respect to the defined mission (Van Tulder et al.,

2016). The control group in this impact order could include various other similar partnerships that are internal or external to the organization/partner (Van Tulder et al., 2016). Fourth order impact loops, considered to be the most complex as they can involve different analysis levels, designate the overall added value of the partnership, from the input to impact stages, with respect to the defined issue (Van Tulder et al., 2016). Partnership success in fourth order impact loops is assessed according to longer-term systemic and societal changes (Van Tulder et al., 2016). The control groups could include indirectly involved stakeholders within a similar context, or a longitudinal study which compares the partnership before and after it was implemented (Van Tulder et al., 2016).

It is clear from the above literature review regarding the challenges of assessing partnership value/impact that there is no socially agreed scheme or framework for partnership evaluation. This is confirmed through the lack of a common analytical framework for partnership impact assessment that can be applied to any partnership (Atkinson, 2005; Babiak, 2009; Van Tulder et al., 2016). Moreover, according to Van Marrewijk and Werre (2003), the different contexts and value systems that are available in society can help explain the different forms and multiple levels of corporate sustainability that are adopted by different organizations. As such, consensus on a common value system may never be reached with respect to how value can be assessed, especially that subjectivity is inherent in assessment which leads to having different stakeholder perceptions on how outcomes or impacts can be valued. In line with this perspective, Berger et al. (2004) contend that “success very often lies in the eye of the beholder and the spreadsheet of the evaluator” (p. 75). If the purpose of impact evaluation is learning to improve (Ditlev-Simonsen, 2017) and enhance partnership performance in value co-creation (Austin & Seitanidi, 2014), it may not even be necessary to develop a shared partnership evaluation scheme. Furthermore, Gray and Stites (2013) contend that “while no final evaluation is possible of the long-term impacts of multi-sector partnerships on the environment, the resounding conclusion of the majority of studies we reviewed was that partnerships provide the best chance of bringing the necessary resources, technology and commitment to ensuring a sustainable future for the planet” (p. 54). Hence, “the intention to do something ‘good’ ” through collaborative environmental and societal activities (Ditlev-Simonsen, 2017, p. 9) may be sufficient to realize and acknowledge that ‘doing the right thing’ of safeguarding the sustainability of this planet can be better pursued and implemented through cross-sector or multi-sector partnerships.

### ***2.5.3 Sustainability Performance Assessment***

For evaluating the impact of prospective NPO-business partnerships on material sustainability issues, it is important to understand how sustainability performance can be evaluated. Assessing corporate sustainability performance requires an evaluation of an organization's sustainability initiatives and progress with respect to its main environmental, social and economic objectives (Searcy, 2012). This is an evolving and dynamic process that depends on the changing internal and external conditions including the environment (Searcy, 2012). As such, environmental and social performance can be difficult to assess or quantify as they "are almost certainly unique to each organization, or at least each industry" (Hubbard, 2009, p. 180). Searcy (2012) highlights the importance of continuous monitoring, assessment and review of the performance metrics and indicators to check their effectiveness and applicability, which guarantees that the performance measurement system in an organization is constantly being improved and validated.

Monitoring the performance level of sustainable development involves a difficult process which requires information to be systematic (Kurul, Zhou, & Keivani, 2013). It is acknowledged that there are more than 500 indicators which aim to measure sustainable development within well-structured systematic frameworks, for different purposes including environmental management, policy making, addressing of regulatory gaps, and decision-making amongst others (Babcicky, 2013). However, sustainability indicators, and in particular composite ones, are characterized with having various methodological weaknesses and with being inconsistent (Babcicky, 2013). Another major criticism of current indicators/indices and initiatives (e.g. GRI, the Dow Jones Sustainability Index (DJSI), Environmental Sustainability Index (ESI), the TBL Index, the Dashboard of Sustainability, the Barometer of Sustainability) which are being used for measuring sustainability performance, is that they should be more focused on sustainability results and impacts while ensuring a wide participation of concerned stakeholders in action plan targets (Delai & Takahashi, 2011). Delai and Takahashi (2011) also indicate that there is no general agreement in the literature on the procedures for measurement and what specifically should be measured, and that no single indicator is known to address all sustainability issues.

#### **2.5.3.1 Sustainability Issues and Performance Indicators**

As this study aims to improve the selection of NPO partners by corporates like NWL who seek to address their material sustainability issues, it is important to recognize the various sustainability issues that can be addressed and their performance indicators. The sustainability performance indicators are presented within three main categories of the GRI

(2013a) guidelines which include the economic (aspects include economic performance, market presence, indirect economic impacts, and procurement practices) environmental (examples of aspects include materials, energy, biodiversity, and water amongst others), and social (consisting of labor practices and decent work, human rights, society, and product responsibility sub-categories) categories or dimensions of sustainability. These indicators are adopted by many organizations for measuring and reporting their sustainability performance and for assessing the ethical standpoint of the organizations' CSR/sustainability initiatives (Wilburn & Wilburn, 2013). Ethical issues, which are related to social performance indicators, are concerned with an organization's compliance with codes of ethics and its ethical performance with regard to both internal and external business aspects and stakeholders; examples include legal violations, bribery, corruption, and monopoly practices amongst others (Crane & Matten, 2010; GRI, 2013a). Environmental issues are assessed based on the impact an organization's activities and policies have on the natural environment, including the ecosystem, land, air, water, energy and biodiversity (GRI, 2013a). As for social issues, which could also include the environmental ones, they are considered to cover a wider range of issues and stakeholders, such as labour practices, customer relationship management, corporate citizenship, suppliers, and the public sector amongst others (Crane & Matten, 2010; Delai & Takahashi, 2011; GRI, 2013a). The economic issues are related to these impacts that organizations' activities can have on their stakeholders' economic stability and status, whether on a local, national, or global level; impact can involve profit and value, corporate governance, risk and crisis management in addition to others (Delai & Takahashi, 2011; GRI, 2013a). Within the product responsibility performance indicators, some of the issues to consider include the impact of the product on the customer's health and safety, and the provision of the necessary product information amongst others (GRI, 2013a). It is important to note here that the GRI does not provide guidance on how to systematically and effectively measure the economic, social, and environmental impact of an organization's unique programs or initiatives.

In other comprehensive approaches for assessing sustainability performance, Svensson and Wagner (2015) propose measurement foundations of business sustainability according to the TBL concept. In this approach, the economic constituents, considered to be the driving force for sustainability initiatives, are facilitated through social constituents that produce an impact on the environmental constituents (Svensson & Wagner, 2015). The major sustainability constituents include profitability, competitiveness, brand value as well as others within the economic category of the TBL (Svensson & Wagner, 2015). Corporate

reputation, organizational support, consistency, commitment, reporting and corporate culture are included within the social category, and climate change, global warming, e-footprint, and efficiency programs amongst others are included within the environmental category (Svensson & Wagner, 2015). Another approach by Epstein and Buhovac (2014) attempts to identify sustainability performance metrics/measures for the elements of sustainability (inputs, processes, outputs, and outcomes) within the corporate sustainability model, which helps understand the causal relationships linking these different elements. The performance measures identified for the inputs can include human and financial resources, business and internal context, and external environment amongst others, whereas measures for processes involve aspects of corporate leadership, sustainability structure, sustainability strategy, sustainability systems and programs (Epstein & Buhovac, 2014). Sustainability performance measures for outputs can comprise of stakeholder reactions and improved sustainability performance such as reduced emissions, while outcome measures relate to the long-term success of the company (Epstein & Buhovac, 2014). Epstein and Buhovac (2014) propose that these elements can be quantified in monetary terms to be presented as three major groups of sustainability performance impacts. These are the direct financial costs and benefits group generated from corporate actions, the social, environmental, and economic (sustainability) impacts created from these actions as another group, and the long-term financial impacts group derived from sustainability performance (Epstein & Buhovac, 2014).

One of the tools currently present in the market for assessing the sustainability performance of various projects, including the design and master planning of infrastructure and buildings, is SPeAR (Sustainable Project Appraisal Routine) which is developed by Arup, a British multinational engineering consultancy firm. SPeAR is a holistic qualitative and quantitative appraisal tool that is based on 23 major sustainability indicators, adapted from different international references including the GRI (Arup, 2012). The tool helps monitor and evaluate project performance throughout a project's life cycle, and contributes to identifying risks and opportunities, engaging key stakeholders, and making informed decisions (Arup, 2012). The above mentioned models and tools, which are based on appraising the economic, environmental and social performance of organizations or their sustainability initiatives, are summarized in the following Table 2.7.

**Table 2.7: Summary of Sustainability Performance Assessment Tools/Models**

<b>Sustainability Performance Assessment Tools/Models</b>	<b>Proposed by</b>	<b>Dimensions/Elements of Sustainability</b>	<b>Performance Measures (examples)</b>
TBL	Svensson and Wagner (2015)	economic, environmental, and social constituents	profitability, competitiveness, brand value, corporate reputation, organizational support, consistency, commitment, reporting, corporate culture, climate change, global warming, e-footprint
Corporate Sustainability Model	Epstein and Buhovac (2014)	inputs, processes, outputs, outcomes, and impacts of model	human and financial resources, business and internal context, external environment, corporate leadership, sustainability structure, sustainability strategy, sustainability systems and programs, stakeholder reactions, reduced emissions, direct financial costs, the social, environmental, and economic impacts, long-term financial impacts
SPeAR	Arup (2012)	23 major sustainability indicators within soil and land, facilities management, stakeholder engagement	Air quality, climate change, water use, energy, governance and reporting, risk, equality, community facilities, health and well-being, transport

### 2.5.3.2 Sustainability Accounting

As discussed in section 2.3.4 regarding the recent policy developments and regulatory requirements on sustainability reporting, sustainability accounting and accountability tools are being used by various organizations for reporting on economic, social and environmental impacts of their activities (Bebbington et al., 2014). Unlike conventional or financial accounting which is focused more on financial data and shareholders, social accounting is “concerned with assessing and communicating organizational activities and impacts on social, ethical, and environmental issues relevant to stakeholders” (Crane & Matten, 2010, p. 212). The social and environmental accounting and reporting literature most commonly relies on stakeholder theory and legitimacy theory as theoretical foundations (Deegan & Blomquist, 2006). According to Gray (2001), stakeholder theory “can be used to help define the social account” (p. 9) through the process of stakeholder identification and categorization. As such, the normative type of stakeholder theory proposed by Donaldson and Preston (1995) applies in this context. Dillard (2014) argues that an ethic of accountability is considered to be the basis for moral legitimacy of the social accounting project. Accountability to the public is the main concern and target here, as outcomes are

evaluated relative to criteria that adhere to society standards, expectations and values (Dillard, 2014). Legitimacy theory in the environmental and social accounting field can be applied to explain possible reasons behind specific managerial actions including, for example, the type of social or environmental performance information organizations choose to reveal in their sustainability reports (Deegan, 2014).

Organizations usually undertake social accounting due to external and internal pressures imposed on them (Solomon & Lewis, 2002), as well as for the purposes of recognizing risks (Crane & Matten, 2010), developing and enhancing their stakeholder management strategies (Zadek, 1998), and for promoting transparency and accountability (Cooper & Owen, 2007; Zadek, 1998). Crane and Matten (2010) acknowledge that different organizations could adopt different social accounting processes, as there are no formal and definite procedures to determine which issues should be highlighted and selected, and how to measure the organizational impact on these issues, as well as which impacts to assess. This is in agreement with the argument that there is lack of materiality analysis models which systematically determine material issues in the literature (refer to section 2.3.4). Also, most of the data reported in social accounting is found to be qualitative in nature (Crane & Matten, 2010).

Other similar concepts to social accounting is natural capital accounting which basically involves the evaluation of natural capital or asset flows in a given ecosystem using physical or monetary terms (Wackernagel & Rees, 1997). Natural capital accounting can be used to identify issues of natural capital depletion, which can help direct potential investment to address particular fundamental issues and consequently reduce the risk of incurring potential losses (Wackernagel & Rees, 1997). According to Monfreda, Wackernagel, and Deumling (2004), monetary valuation methods may not be suitable for measuring the long-term sustainability of ecosystems. Alternatively, biophysical measures can be better suited for evaluating the natural assets and their sustainable flows based on the concept of ecological footprint (Wackernagel & Rees, 1997).

#### ***2.5.4 Impact Measurement Frameworks***

There are various corporate motives for impact measurement. Maas and Liket (2011b) argue that institutional and legitimacy theories help explain why organizations measure the impact of their strategic philanthropic activities on the business, society, as well as on corporate reputation and stakeholder satisfaction. Drivers/pressures for measurement can include regulations and corporate activities or interests (Maas & Liket, 2011b). Because of the

pressures induced by organizations and researchers in the partnerships field, cross-sector partnership impact assessments that are evidence-based are becoming very high in demand (Van Tulder et al., 2016). Different purposes for evidence-based assessment include sustainability reporting, and as a way for organizations, both businesses and NPOs, to prove their legitimacy in their societal initiatives and activities (Van Tulder et al., 2016). NPOs are known to be more involved in social impact assessment as they are usually more concerned with addressing social issues (Van Tulder et al., 2016). According to Epstein and Buhovac (2014), measuring and monetizing sustainability impacts, which involve analyses of costs and benefits, can help organizations in making informed management decisions for both the welfare of the stakeholders and the organization's economic long-term benefits. Ebrahim and Rangan (2014) recommend that social sector organizations estimate and measure the impact during both the planning and program implementation phases, as this can enhance social performance and can provide scope for monitoring, improvement and learning.

Measurement of an organization's impact upon society, which involves the economic, environmental, and social dimensions, is considered to be a complex process that has yet to be developed (Lim, 2010; Maas & Liket, 2011a) (refer to section 2.5.2). The current performance measurement practices have relied on financial accounting principles for measuring economic impact, while disregarding the other two dimensions which might require different methodological approaches for impact measurement from fields such as sociology (Maas & Liket, 2011a). It is often challenging to evaluate and quantify social impact "because of the qualitative nature of social impact, which makes it hard to attach an objective value to the impact and to sum the various qualitative expressions of impact" (Maas & Liket, 2011a, p. 177). There are also difficulties associated with adding the impacts generated on society (which can be positive or negative) along the three dimensions (Maas & Liket, 2011a). Other issues include attribution and causality difficulties and the need for a counterfactual as mentioned previously in section 2.5.2, lack of agreement on the definition of social impact, as well as the absence of a classification system of social impact measurement methods (Maas & Liket, 2011a). Along the same perspective, Grieco et al. (2014) argue that, although there are various social impact assessment (hereafter SIA) guidelines and standards that are well developed by various organizations, such as the Guidelines and Principles for Social Impact Assessment, the United Nations Global Compact, UN principles for Responsible Investment, and OECD guidelines amongst others, there is still a lack of consensus on the process of identifying and measuring impact. With respect to partnership impact assessment specifically, challenges as discussed previously

include multi-causality issues, difficulties in quantifying partnership value, factor of time in partnerships (Austin, Stevenson, & Wei-Skillern, 2006), and the lack of appropriate evidence-based methods (Austin & Seitanidi, 2014). It is imperative to note that the literature includes various impact assessment models for both the private and nonprofit sectors; however, more comprehensive and systematic impact assessment frameworks that combine both sectors are still relatively limited in the literature (Van Tulder et al., 2016).

#### **2.5.4.1 Economic, Social and Environmental Impacts**

With respect to measuring economic, social, and environmental impacts resulting from sustainability initiatives and decisions, Epstein and Buhovac (2014) acknowledge that there is a solid academic foundation for this purpose, whereby economic, social science, and financial analysis techniques are commonly adopted to provide acceptable impact estimates. Companies including nonprofit organizations are currently very much relying on stakeholder surveys in their impact assessments to produce measurable impacts (Epstein & Buhovac, 2014). Although there are various techniques being used, there is not much guidance on the process of measuring sustainability impacts, and the challenges are many specifically with regard to measuring the organizational impact on society (Epstein & Buhovac, 2014; Maas & Liket, 2011a). This is because not all impacts can be expressed in quantitative or monetary terms (Epstein & Buhovac, 2014), and not all sustainability benefits are tangible (Epstein & Buhovac, 2014; Maas & Liket, 2011a). Epstein and Buhovac (2014) indicate that methods used for impact evaluation (discussed in detail below) have disadvantages which include either lack of precision or difficulty in measurement (refer to section 2.5.2). Furthermore, organizations need to consider and understand the demands, issues and objectives of the key stakeholders that the organizational activities might have an impact on (Epstein & Buhovac, 2014). This requires organizations to identify the social, environmental, and economic issues for their key stakeholders, and manage their multiple stakeholder relationships appropriately (Epstein & Buhovac, 2014). This is also a challenging task as discussed previously in section 2.3.2.

Impacts can be market (increased sales, increased prices, cost reductions, increased productivity amongst others) or nonmarket impacts (increased recreational benefits, increase in quality of life, improved biodiversity), which are evaluated based on how stakeholders perceive the value of social, environmental and economic products, services, or assets (Epstein & Buhovac, 2014). Total value is a combination of use value, which includes consumptive and nonconsumptive value, and nonuse value which includes option and

existence values (Epstein & Buhovac, 2014). Option value is defined as the value of having the opportunity to use a resource in the future, while existence value is the value to preserve or conserve a resource for future generations (Epstein & Buhovac, 2014). These values can be expressed in terms of individuals' willingness to pay (hereafter WTP) for products or services, willingness to accept (hereafter WTA) a specific reparation for a resource use, and consumer surplus (Epstein & Buhovac, 2014). Consumer surplus measures consumer benefits, and is calculated as the difference between what a consumer is willing to pay and what he/she is supposed to pay for a product or service (Epstein & Buhovac, 2014). Once these values or externalities are monetized, managers are able to understand the extent to which the products or services affect the company stakeholders, and consequently the sustainability impacts the organization generates (Epstein & Buhovac, 2014).

For collecting data on WTP and WTA, there are two major methodologies that are commonly used, which are the revealed preference and the stated preference methodologies (Epstein & Buhovac, 2014). The revealed preference methodology estimates the actual value of impact that people assign to the products or services, with methods including cost of control and shadow pricing, damage costing, market price and appraisal, travel cost and hedonic pricing methods (Epstein & Buhovac, 2014). As for the stated preference methodology, it depends on hypothetical perceptions or preferences of the stakeholders, with the principal method being contingent valuation; contingent valuation is mostly based on questionnaires that help estimate passive use values through hypothetical markets (Epstein & Buhovac, 2014). Following the identification of metrics/indicators of sustainability performance, the impacts to be valued and the respective affected stakeholders can also be identified, after which the methodology for data collection can be selected (Epstein & Buhovac, 2014). The selected methodology can employ multiple methods, which could require secondary data sources as is the case with most of the revealed preference methods, and primary data sources collected through surveys for travel cost and contingent valuation methods (Epstein & Buhovac, 2014). Epstein and Buhovac (2014) also indicate that companies can even measure the reputation value through the use of a reputation quotient that helps evaluate stakeholder perceptions around specific attributes. These attributes can involve vision and leadership, social and environmental responsibility, products and services amongst others (Epstein & Buhovac, 2014). Other methods include the assessment of an organization's reputational capital which is calculated as the excess market value of its shares (Epstein & Buhovac, 2014). The corporate personality scale is another approach that helps estimate brand image internally and externally by implementing surveys of employees and customers around aspects of competence, enterprise, and agreeableness in addition to

others (Epstein & Buhovac, 2014). It is clear from the above that stakeholder perceptions (on material sustainability issues in this study) play a significant role in impact evaluation, which justifies and confirms the need for stakeholder and materiality analyses at an early stage of partnership development.

#### **2.5.4.2 Social Performance Measurement**

According to Ebrahim and Rangan (2014), the academic literature of social performance measurement is still very limited in its provision of a theoretical and conceptual framework, whereby it is considered to be lagging with respect to practice. This is because businesses, funding organizations, and government agencies are providing far more useful insights to this field (Ebrahim & Rangan, 2014).

There are various qualitative as well as quantitative metrics in the field of social entrepreneurship that are being used for measuring social impact in order to attract funding (Ormiston & Seymour, 2011). These metrics can provide support to donors in their funding choices (Ormiston & Seymour, 2011) and to impact investors in selecting social ventures to fund (Chmelik, Musteen, & Ahsan, 2015). The most common qualitative social metrics include the TBL and the balanced scorecard (BSC) for not-for-profit organizations (Ormiston & Seymour, 2011) that are usually more concerned with their stakeholder environment and in measuring social venture outcome rather than output (Chmelik et al., 2015). These qualitative metrics are considered to be limited in providing the information needed for donors in their funding selection processes (Nicholls, 2006). As for quantitative measures, including social return on investment (hereafter SROI) and blended value accounting which are considered to be more rigorous, they are also criticized for not being sufficient in effectively capturing the impact of complex social ventures (Ormiston & Seymour, 2011). However, social impact assessment provides added value and various strategic opportunities to social enterprises (Nicholls, 2009), as it can enhance an organization's legitimacy and performance by best allocating its resources to maximize its social impacts (Grieco et al., 2014). Accordingly, the choice of performance measures depends to a great extent on how these measures can help improve an organization's performance and access to resources; other factors to consider in performance measure selection include the organization's size, business model, scale of operations, and level of involvement in a specific social issue (Chmelik et al., 2015).

##### **2.5.4.2.1 Overview of Methods**

Based on a study of thirty quantitative methods that are being used for social impact measurement, which are considered to provide more tangible results for decision-making

objectives than qualitative approaches, Maas and Liket (2011a) argue that not any one of these methods can measure the total impact along the environmental, social and economic dimensions or can be applied to all types of organizations. This necessitates a classification of the various methods for different types or industrial sectors of organizations, in accordance with the organizations' projects, objectives and desired impacts (Maas & Liket, 2011a). The study by Maas and Liket (2011a), which relied on categorization frameworks of environmental accounting by Schaltegger, Hahn, and Burritt (2000), and measurement methods by Clark et al. (2004), helps classify social impact measurement methods. Classification is done according to purpose (screening, monitoring, reporting, evaluation), time frame (prospective, ongoing, retrospective), orientation (input, output), length of time frame (short-term, long-term), perspective (micro, meso, macro), and approach (process methods, impact methods, monetarization) for supporting organizations in their method selection (Maas & Liket, 2011a). The results of the study showed that only eight of the thirty methods effectively measure social impact with a macro societal perspective that is not necessarily long-term (Maas & Liket, 2011a). The major methods identified include Bottom of the Pyramid (BoP) Impact Assessment Framework, Measuring Impact Framework (MIF), Participatory Impact Assessment (PIA), and Robin Hood Foundation Benefit-Cost Ratio amongst others (Maas & Liket, 2011a). In another attempt to classify SIA models and consequently help organizations understand the main models' features in order to facilitate the choice of model, Grieco et al. (2014) implement in their study hierarchical cluster analysis that helps identify four major clusters of SIA models according to different criteria. The criteria include data typology (qualitative, quantitative), impact typology (society, environment, economic, holistic), purpose (measurement, reporting, certification, management), model complexity (basic, simple, complex), sector (general, specific), and time frame (ongoing, retrospective) (Grieco et al., 2014). Although the study provides some useful insights in social impact assessment, one of its major limitations is that it does not include the complete set of SIA models found in the literature (Grieco et al., 2014).

#### ***2.5.4.2.2 Recommendations and Developments***

In the field of social performance measurement, Ebrahim and Rangan (2014) recommend that social sector organizations, such as nonprofits and NGOs, clarify their operational mission, the scope (activities) and scale (size of problem) of their program or intervention in order to specify the impact to be measured. When it is not feasible, operating organizations are only required to measure outputs and outcomes rather than impacts, whereby impacts could be more effectively measured by funders including foundations, government agencies

and impact investors (Ebrahim & Rangan, 2014). This is because they are better equipped and resourced to measure systemic social impact of their funded programs (Ebrahim & Rangan, 2014). Therefore, Ebrahim and Rangan (2014) suggest that funders provide the required resources for human and capacity building to the operating organizations such as nonprofits, NGOs and social enterprises, in order to be able to produce measurable long-term results that contribute to program success. This capacity building initiative is currently being implemented by a small number of funders including Acumen Fund, Robin Hood Foundation, and Millennium Challenge Corporation (MCC), which develop the output and outcome measurement metrics in cooperation with the operating organizations (Ebrahim & Rangan, 2014). This can make the measurement process more effective.

As impact investment is gaining more momentum, a major recent initiative, for supporting impact investors in effectively measuring impact and for formally placing impact measurement within institutional portfolios, involves the development of the Social Impact Investment Taskforce report on the topic in September 2014 (Impact Measurement Working Group (IMWG), 2014). This report was established under the UK's presidency of the G8 Social Impact Investment Forum in June 2013, and provides significant insights, best practice case studies, spectrum of available measurement approaches, and important guidelines for building a reliable impact measurement framework (IMWG, 2014). The guidelines include support and recommendations on making informed investment management decisions, goal setting, framework development and metric selection, as well as data collection and storage, data validation, data analysis, and data reporting (IMWG, 2014). The report also addresses the challenges and difficulties in measuring the financial value of social and environmental impacts which is currently gaining pace (IMWG, 2014). It is indicated that, in spite of the measurement difficulties, financial indicators and robust financial quantification can and should be implemented across the impact value chain in order to achieve robust financial values for outcomes and impacts (IMWG, 2014).

#### **2.5.4.3 Practical Models and Applications**

This section provides an overview of few models and frameworks that have been used by prominent international organizations for impact measurement. These organizations include Deutsche Bank, PUMA, PwC, Standard Chartered Bank, McKinsey&Company, Unilever, Lloyds TSB Foundation for Northern Ireland, World Business Council for Sustainable Development, and the United Nations Global Compact.

As an initiative to assess the impact of its regional and global flagship projects, Deutsche Bank (DB) (2012) presented the Global Impact Tracking (GIT) model in its Corporate

Responsibility Report, which supports the organization in evaluating whether its corporate citizenship investments serve the strategic objectives of building social capital in DB's targeted areas. These targeted areas include education, social investments, as well as music and art (Deutsche Bank, 2012). The GIT model identifies the inputs such as cash, knowledge, time, and the outputs including the number of beneficiaries, number of partner organizations and project partners, and number of corporate volunteers (Deutsche Bank, 2012). It also recognizes the impacts of specific projects/actions on the beneficiaries (satisfaction with the project, knowledge shift), as well as on the project partners (achievement of objectives, satisfaction), society (relevance of issue, level of information), the company (benchmarking, project relevance), and the employees (project relevance, brand-building potential) (Deutsche Bank, 2012).

Another corporate initiative for impact measurement includes PUMA's (2011) Environmental Profit and Loss (E P&L), which assesses the costs of its environmental impacts that result from its entire supply chain, on sustainability issues including water use/consumption, greenhouse gas (GHG) emissions, air pollution, land use, energy consumption and waste generation. For example, the impact on climate change, which influences human welfare, is monetized by estimating the social cost of carbon through the valuation of the damages incurred on infrastructure or crop yields in euros per ton of CO<sub>2</sub> released (PUMA, 2011). In its annual report more recently, PUMA (2013) identifies four impact areas in its sustainability strategy, which are derived based on materiality analysis, E P&L, consumer research and critical stakeholders' input. These impact areas include the environmental impacts and social impacts that are assessed based on living standards, security and stability, and community cohesion amongst others (PUMA, 2013). Other areas include industrial impacts that are evaluated with respect to degree of sustainable value creation, and consumer impacts which can involve directing consumers towards a more sustainable attitude/behaviour and way of life (PUMA, 2013).

Another holistic measurement system developed recently by PwC (2013) for measuring impact, which takes into consideration the post 2015 MDGs set by the UN (replaced in 2016 by the SDGs), is the TIMM framework. The TIMM helps businesses identify, quantify and monetize twenty impacts across various areas including tax, economics, society and the environment for the purpose of comparing investment choices and consequently making informed strategic decisions for all relevant stakeholders (PwC, 2013). Examples of organizations attempting to measure impact include Standard Chartered Bank (2014), which

implemented economic and social impact assessments in selected countries of operation (Ghana, Bangladesh and Indonesia) which are considered to be emerging markets. The assessment involved both quantitative analysis, using Social Accounting Matrix (SAM) to quantify the impacts of the bank's direct operations, and qualitative analysis which helped evaluate the bank's trade services, financial innovation and expertise development (Standard Chartered Bank, 2014). The impacts in Bangladesh for example involved the bank's direct and indirect contribution to 1.5% of the country's GDP and around 655,000 jobs, and also its support for more than 13% of Bangladesh's global trade (Standard Chartered Bank, 2014). The stated purpose of these impact studies is to help the bank enhance its sustainable business development and understand how it can effectively contribute to the economies and societies of the countries it operates in (Standard Chartered Bank, 2014).

McKinsey&Company Social Sector Office (2014) developed the Learning Driven Assessment approach that can be used by social investors, foundation program officers and others, for assessing the effectiveness and impacts of social-sector programs from the conception stage. Designing a Learning Driven Assessment involves initially the clarification of objectives, followed by customization of learning questions and metrics development, and finally appraisal of the different options pertaining to data collection, data analysis and assessment design for completing the assessment plan (McKinsey&Company Social Sector Office, 2014). The Foundation Center, an accessible knowledge bank on philanthropy, developed Tools and Resources for Assessing Social Impact (TRASI) in collaboration with McKinsey. TRASI is an expert-reviewed database which includes more than 150 approaches, some of which are mentioned throughout section 2.5, for measuring the impact of social programs and investments. It is considered very useful in helping to find ready to use tools for program evaluation, and in learning from real examples and case studies how nonprofits and social enterprises measure their impact (Foundation Center & McKinsey&Company, 2016).

In order to measure its sustainability impact against its major goals, Unilever (2016a) developed the Unilever Sustainable Living Plan (USLP) which aims to reduce negative environmental impact and enhance health, well-being, and livelihoods. In its environmental footprint assessment, impact is calculated on an absolute and a 'per consumer use' basis, with metrics covering greenhouse gas (GHG) emissions, water use, and waste generation (Unilever, 2016a). To measure the livelihood impact, Unilever (2016b) developed the Livelihoods Assessment Impact Tool, which comes in the form of a survey, to help Unilever

understand the impact it has on the livelihoods of smallholder farmers through its agricultural training and funding.

In its efforts to measure community impact of its Creating Change Programme, Lloyds TSB Foundation for Northern Ireland (2011), which helped fund nineteen organizations from the voluntary and community sector, utilized the SROI method for this purpose. By consulting directly with each of their stakeholders through the use of focus groups and questionnaires, the Foundation reported the amount of change observed by using impact indicators and financial proxies that led to financial representation of the economic, social, and environmental impacts (specified as value of change). This resulted in an Impact Map, also indicated to be a theory of change or logic model, which shows the linkages between inputs, outputs, and outcomes (Lloyds TSB Foundation for Northern Ireland, 2011). Based on the funding provided to project-based activities that help disadvantaged people contribute better to their local communities, examples of the project outcomes reported according to a three year analysis include increased confidence and competence in IT skills, and increased employability (Lloyds TSB Foundation for Northern Ireland, 2011). The respective indicators of these outcomes include hourly attendance of required courses and number of respondents reporting increased activity in pursuing employment, and the relevant financial proxies include hourly cost of required course and potential earning increase based on qualification received from course (Lloyds TSB Foundation for Northern Ireland, 2011).

One of the new initiatives for measuring social impact involves the World Business Council for Sustainable Development (WBCSD) (2017) which has been working to develop a social capital protocol, in collaboration with other partner organizations including fifty WBCSD member companies, an advisory group of 20 expert partners, and four WBCSD Global Network partners (e.g. the Global Impact Investing Network, the Social Return on Investment Network). The social capital protocol aims at providing a consistent measurement system for valuating environmental and social impacts, which makes it easier for each organization to select the most appropriate approach to follow (WBCSD, 2015). The first version of the protocol, considered to be a starting point, highlights four key stages which are framing, scoping, measurement and valuation of the social capital, and finally application and integration of valuation results into business processes and decisions (WBCSD, 2017). In line with materiality analysis and impact order frameworks previously discussed (refer to section 2.3.4 and 2.5.2 respectively), the social capital protocol indicates within its steps the need to prioritize social capital (human and societal) issues and to define

the impact pathway (WBCSD, 2017). Examples of social impacts include job creation, women's empowerment, enterprise development and entrepreneurship amongst others (WBCSD, 2017). For businesses to better address their social issues and embed them into their business strategies (WBCSD, 2017), 17 sustainable development goals (SDGs) and 169 targets (based on MDGs) have been identified by the UN member states to provide a framework for global sustainable development that is focused on people, planet, peace, prosperity, and partnership (United Nations General Assembly, 2015). Other initiatives include the principles set out by the United Nations Global Compact (2015) for sustainable and responsible businesses. These principles stress out the importance of effective measurement of non-financial capital and sustainability impacts for facilitating the provision of corporate competitive advantage and for enhancing transparency in sustainability performance (UNGC, 2015).

The following table provides a summary of the above mentioned tools and guidelines for impact measurement.

**Table 2.8: Summary of Tools/Guidelines for Impact Measurement**

<b>Tools/Guidelines for Impact Measurement</b>	<b>Purpose</b>	<b>Main Features</b>	<b>Used by</b>
Global Impact Tracking (GIT)	Evaluates whether corporate citizenship investments serve the strategic objectives of building social capital	Identifies the inputs, the outputs, and the impacts of their projects/actions on beneficiaries, project partners, society, company, and the employees	Deutsche Bank
Environmental Profit and Loss (E P&L)	Assesses the costs of its environmental impacts that result from its entire supply chain on sustainability issues	Identifies four impact areas: environmental, social, industrial, and consumer impacts	PUMA
Total Impact Measurement and Management framework (TIMM)	Holistic measurement system that takes into consideration the post 2015 MDGs (replaced by the SDGs in 2016) set by the UN for measuring impact	Helps businesses identify, quantify and monetize twenty impacts across four major areas including tax, economics, society and the environment	PwC
Social Accounting Matrix (SAM)	Assesses economic and social impact in selected countries of operation which are considered to be emerging markets	Quantitative analysis using SAM to quantify the impacts of the bank's direct operations, and qualitative analysis which helped evaluate the bank's trade services, financial innovation and expertise development	Standard Chartered Bank

**Table 2.8 (Continued): Summary of Tools/Guidelines for Impact Measurement**

Tools/Guidelines for Impact Measurement	Purpose	Main Features	Used by
Unilever Sustainable Living Plan (USLP)	Aims to measure progress and impact with respect to major goals involving environmental footprint, health and hygiene, nutrition, sustainable sourcing, and livelihood enhancement	Environmental impact assessment: Greenhouse gas (GHG) emissions - CO <sub>2</sub> equivalents across the product lifecycle (grams); Water use - the water (litres) added to the product (ingredients phase) plus the water (litres) used by consumers (consumer use phase); Waste - packaging and product leftovers that have not been reused, recycled or recovered (grams); Sustainable Sourcing - raw or packaging material sourced from verifiable sustainable renewable sources or made from recycled materials (% by weight) Livelihood impact assessment: Livelihoods Assessment Impact Tool	Unilever
SROI and Impact Map	Aims to measure community impact of its Creating Change Programme	Reporting the amount of change observed through the use of impact indicators and financial proxies that lead to financial representation of the economic, social, and environmental impacts, and eventually producing an Impact Map	Lloyds TSB Foundation for Northern Ireland
Social Capital Protocol	Aims to integrate social measurement, management and valuation (to be developed by World Business Council for Sustainable Development (WBCSD) in collaboration with other organizations)	Consistent measurement system for valuating environmental and social impacts, as a single broadly accepted approach that organizations can follow	N/A (still in progress)

**Table 2.8 (Continued): Summary of Tools/Guidelines for Impact Measurement**

Tools/Guidelines for Impact Measurement	Purpose	Main Features	Used by
Ten Principles of the United Nations Global Compact	Provide guidelines for sustainable and responsible businesses	Highlight the need for effective measurement of non-financial capitals and impacts for sustainability to provide corporate competitive advantage and to enhance transparency in sustainability performance	Worldwide international organizations including Standard Chartered Bank, Arup Group, and Rio Tinto plc. amongst others
SDGs	Provide a framework for global sustainable development that is focused on people, planet, peace, prosperity, and partnership (2030 agenda)	17 SDGs and 169 targets (e.g. no poverty, climate action, clean water and sanitation, and gender equality)	Governments and businesses

**2.5.5 Cross-Sector Partnership Impacts: Case Studies**

Few models in the literature examine how organizations can measure their cross-sector partnership impacts (Pedersen & Pedersen, 2013). In a case study on a multinational chemical and pharmaceutical company (Merck Corporation) in Thailand, data collection using semi-structured interviews, corporate documents, and action research was used to explore how business and community benefits resulting from the business’s partnership with a NGO can be measured (Hansen & Spitzbeck, 2011). In this study, Hansen and Spitzbeck (2011) argue that NGOs are integral to implementing socio-economic assessments in corporate performance measurement systems when partnering with businesses for achieving corporate community involvement (hereafter CCI) program objectives. This is because NGOs are more aware of the community benefits and issues, and hence can be more effective in their measurement process (Hansen & Spitzbeck, 2011). In this study, key performance indicators (hereafter KPIs) are developed for the partnership inputs, outputs, and impacts, for measuring both community and business benefits (Hansen & Spitzbeck, 2011). For the Tsunami relief program, examples of KPIs used for assessing CCI program impacts generated from the NGO-business partnership include “% of households with increased income, % of households with increased resilience to livelihood shocks, employee satisfaction, customer satisfaction, and customer loyalty” (Hansen & Spitzbeck, 2011, p.

420). Based on this study, it is realized that long-term metrics are essential for measuring community impacts that may require a long period of time to be achieved, in contrast to business impacts which usually rely on short-term metrics (Hansen & Spitzeck, 2011). One of the major challenges indicated in this NGO-business partnership case study involved the different viewpoints and frameworks adopted by NGOs and businesses in their measurements and impact level metrics development (Hansen & Spitzeck, 2011). Hence, it may be better to involve all partners in impact assessment in a joint approach, as Rondinelli and London (2003) suggest that NPO and business managers need to identify rigorous results and outcomes that can be verified, monitored, and reported on jointly by both (or all) partners. A different perspective on who should be involved in assessing partnership outcomes/impacts indicates the need for engaging independent evaluators with adequate impact assessment expertise who can provide unbiased knowledge and credibility to the evaluation process (Lim, 2010). As such, early planning and budgeting are needed for allocating an independent external evaluator (Lim, 2010).

Instead of only considering perceptions of the focal partner organizations, beneficiaries' perspectives, which are not sufficiently investigated in the literature, need to be considered in assessing partnership benefits (Austin & Seitanidi, 2012b; Le Ber & Branzei, 2010b; Samuel, Roza, & Meijs, 2016). A qualitative study which involved five focus groups consisting of a total of 22 beneficiaries addresses this gap by exploring cross-sector partnerships between human service organizations (hereafter HSOs) and businesses (Samuel et al., 2016). The study, which focused on corporate volunteering as the specific form of collaboration, highlighted the benefits and challenges perceived by the HSOs' beneficiaries, as well as the factors influencing their perceptions (Samuel et al., 2016).

In a recent study on evaluation of PPPs for development purposes, Stadtler (2015) argues that a stakeholder-oriented approach with a temporal dimension is required for a more systematic and comprehensive evaluation of PPP processes and their generated direct and indirect outcomes. Stadtler (2015) relies in her study on adopting the CVC framework proposed by Austin and Seitanidi (2012b) to examine the costs and benefits (both goal-related and process-related) of the partnership, including those which are short-term, mid-term, and long-term, for all involved stakeholders (refer to section 2.4.2.1). The CVC is implemented at different levels of analysis including micro (individuals), meso (partner organizations), and macro (target group and environment) (Stadtler, 2015), with the underlying assumption that environmental, economic, and social value co-creation are all equally significant (Austin & Seitanidi, 2012b). Costs and benefits are determined

conceptually and practically based on a previously published case study of a PPP (Stadtler, 2015). The PPP involved a company, a NGO, Jordan's Ministry of Education, and key stakeholders who collaborated for the purpose of enhancing the education system within a public school in Jordan (Stadtler, 2015). For example, at the macro level, long-term indirect benefits include creation of an enabling education/learning environment (for the target group), and establishing new norms and institutions for addressing development problems (for the environment or community). Stadtler (2015) indicates that the temporal and indirect outcome dimensions are crucial in PPP assessment, since they can help in performing partnership comparisons at different points in time and in realizing the various linkages and effects PPPs have on the community and environment. However, the interconnectedness between the various stakeholder groups and amongst the benefits and outcomes realized at different dimensions and different individual, organizational, and community levels makes the evaluation process of PPPs, even with the use of the CVC, somewhat complicated and difficult to standardize (Stadtler, 2015).

In another study that applies the CVC framework, semi-structured interviews were conducted with six interviewees (with prominent leadership positions) from six environmental NPOs in the USA to examine their perceptions on sustainability value creation from their partnerships with renewable energy businesses (Lyakhov & Gliedt, 2017). The partnerships that were studied focused on addressing energy and climate change issues (Lyakhov & Gliedt, 2017). The research helped understand how collaborative value is created by exploring the partnership process, the sources and types of value generated, the outcomes, as well as the potential benefits environmental NPOs usually seek from these partnerships (Lyakhov & Gliedt, 2017). Although the CVC provides a means for understanding and establishing causal chains of value creation (e.g. theories of change) in NPO-business partnerships, it does not solve or address the various assessment complications identified in the partnership literature (Austin & Seitanidi, 2012b) (refer to section 2.5.2).

### ***2.5.6 Summary***

The literature review in section 2.5 on partnership impact evaluation discusses approaches and challenges to partnership impact evaluation, sustainability performance assessment, economic, social, and environmental impact measurement with emphasis on social performance measurement, in addition to few case studies on cross-sector partnerships. The

research gaps are many, as partnership impact measurement frameworks are almost absent from the literature. This is basically due to attribution difficulties, as well as the complicated methodologies and analytical techniques that are required for partnership impact evaluation which can involve long-term effects. Moreover, a gap between research and practice is indicated in the field of social performance measurement, which is providing more useful insights from practice. The literature in this section mainly covers the actual impact resulting from an intervention or partnership (post-partnership impact), which is outside of the scope of this study that instead focuses on prospective impact evaluation. Nonetheless, it can still provide useful recommendations and perspectives into how corporates, such as NWL, can evaluate the impact of the prospective NPO partnerships on their material sustainability issues. The conclusions of the literature review chapter are presented in the following section, which provides a summary of the three major sections.

## **2.6 Conclusions**

By revisiting the three major sections of the literature review, various gaps are highlighted and calls for future research are identified. The Stakeholder Theory section (2.3) presents literature pertaining to stakeholder analysis, stakeholder management and engagement strategies, the value creation concept in stakeholder theory (indicating the relevance of integrative stakeholder theory to this study), as well as materiality analysis. It is realized that not much research has been done to provide information on which techniques of stakeholder analysis are most effective, under which circumstances, and the reasons for that, and consequently whether they always produce favorable results. Hence, there is no compelling evidence on why certain models in stakeholder analysis are more useful than other models in the literature. Concerning the prioritization and assessment of material sustainability issues, it is acknowledged that materiality analysis models which systematically determine material issues are rarely found in the literature. International guidelines like the GRI provide guidance on materiality assessment through practice-based standards, but systematic research into organizational practices is limited. The GRI guidelines further emphasize the importance of organizations' capabilities to understand and communicate their impacts on material sustainability issues in their sustainability reports by providing guidance on reporting formats, areas of disclosure and key performance indicators. However, the GRI indicators do not provide a way to accurately or comprehensively measure the economic, social, and environmental impact of an organization's unique programs or initiatives.

The Collaboration and Partnerships section (2.4) presents an overview of the theory and approaches to collaboration, an examination of partnership characteristics, motivations and collaborative relationship stages. The section also highlights the perspective of value co-creation in partnerships, along with a discussion of the different partnership process stages/phases, drivers, challenges, and factors influencing partnership effectiveness and outcomes, as well as investigation of the partner selection process. In this section, it is recognized from the academic and practitioner literature that limited research has been done on the criteria or metrics for selecting partners, as the literature gives some guidance on what factors and metrics to look out for.

The third major section involving the literature reviewed on Partnership Impact Evaluation (section 2.5) provides a brief overview of sustainability performance measurement indicators currently being used in practice, and a discussion on sustainability accounting of social and environmental impacts. The section focuses on the social, environmental, and economic impact measurement tools that are usually adopted in practice, in particular the methods used for social performance measurement. It is indicated that the academic literature on social performance measurement is still very limited in its provision of a theoretical and conceptual framework, which creates a gap between research and practice that is relatively more advanced in this field. Practical models and applications currently being used in sustainability impact measurement are also presented, along with a few case studies on cross-sector partnership impact assessment. It is realized that the research gaps in this section are many, involving both the unique fields of partnerships and impact measurement research. Partnership impact measurement frameworks are almost non-existent in the literature, in particular with regard to the impacts affecting the communities and the environment. The major relevant issues in partnership impact assessment (post-partnership impact) include the attribution difficulties concerning the designation of specific impacts to the respective partnership, in addition to the complicated methodologies and analytical techniques that are required for evaluation, specifically the evaluation of partnership impacts which involve long-term effects at the macro level. Although the literature in this section provides useful insights on prospective partnership impact evaluation, it is imperative to note that its focus is on the evaluation of actual impact generated from an intervention or partnership (post-partnership impact), which is outside of the scope of this study.

Although various research gaps are identified in this chapter, the main research gaps addressed in this study concern materiality assessment and partner selection from the value

creation perspective. These research gaps are in line with the main research question (1) of this study which aims to understand how corporates such as NWL can select NPO partners who contribute to addressing their material sustainability issues. A link between materiality assessment of sustainability issues and partner selection is established in this chapter. This is because it is necessary to identify at an early stage and subsequently reach an agreement by potential partners on the particular material sustainability issue that needs to be addressed through the prospective partnership. In selecting partners from the value creation perspective with respect to the identified material sustainability issues, a link is recognized between materiality assessment and partnership impact assessment (on these material sustainability issues). This link is addressed in the research sub-question (1.1), which aims to understand how corporates such as NWL can assess the prospective impact of their NPO partnerships on material sustainability issues, for the purpose of selecting partners.

For investigating the process of selecting partners who contribute to addressing material sustainability issues, the following chapter of 'Research Methodology' (Chapter 3) discusses in detail the research methodology, methods and analytical approach that are used to help answer the research questions and address the study's aim and objectives.

## **3. Research Methodology**

### **3.1 Introduction**

This chapter fulfils the research purpose of providing a research methodology for this study. As indicated in the previous chapter, the literature on partner selection is still quite limited, specifically with regard to prospective impact and value creation intended from cross-sector partnerships. In this chapter, the research approach undertaken to address this gap in the literature is developed. The chapter begins with discussing the research strategy adopted to answer the research questions and meet the research objectives set out in section 1.3. This is then followed by a discussion on the philosophical underpinnings of the research and the case study research design. In addition, the chapter presents an overview of the research methods adopted for data collection and the pilot study. The data analysis approach undertaken for this study is described, whereby template analysis as a particular form of thematic analysis is adopted for analysing the research qualitative data. The process and techniques used for analysing the data are developed and discussed in detail. The template analysis section begins with presenting a brief introduction to the template analysis approach, which is then followed by a more detailed discussion of the particular set of procedures used. In addition, the section presents the case study analytical strategies and techniques that are implemented for this research, and an overview on the use of NVivo software. This is followed by accounts of research reliability and validity, reflexivity, ethical considerations and research limitations.

### **3.2 Research Strategy**

Research strategy, defined by Bryman and Bell (2011) to be the general approach adopted for conducting business research, can be either qualitative or quantitative. The distinction between qualitative and quantitative research can be useful for differentiating and classifying the various research methods that can be employed (Bryman & Bell, 2011). Moreover, the difference between these two groups of research strategy can entail different epistemological and ontological considerations (Bryman & Bell, 2011). Maxwell (2005) indicates that the choice of data collection and research methods, which involve qualitative or quantitative research strategies, is contingent upon the research questions, the research context and issues studied, as well as the actual circumstances within the study. Therefore,

in adhering to these arguments, it makes sense to understand these differences and justify the use of a specific research strategy for this particular study.

Qualitative research focuses on understanding the social world by exploring how its participants interpret it; hence it is usually characterized with an interpretivist epistemological position (Bryman & Bell, 2011; Denzin & Lincoln, 2011). As such, Bryman and Bell (2011) indicate that qualitative research “embodies a view of social reality as a constantly shifting emergent property of individuals’ creation” (p. 27). This is in line with Creswell’s (2014) suggestion that the qualitative approach attempts to examine participant meanings and the participants’ context or setting. In addition to understanding the context of the social life and behaviour, there is also an emphasis on the process of events (Bryman & Bell, 2011), which Pettigrew (1997) describes as “a sequence of individual and collective events, actions, and activities unfolding over time in context” (p. 338). Some distinct features of qualitative research include its flexibility and “loosely structured approach” with regard to data collection, as the researcher tends not to ask very specific questions in the research initial stage (Bryman & Bell, 2015, p. 408). Qualitative research helps explore participants’ interpretations and respective relationships through various methods such as action research, case study, ethnography, and grounded theory (Bryman & Bell, 2011; Saunders, Lewis, & Thornhill, 2016). In understanding and interpreting meanings, there is some sort of bias and subjectivity inherent in resulting conclusions (Saunders et al., 2016). This necessitates that reliability and validity issues of qualitative research be addressed (refer to section 3.7).

Given the characteristics of qualitative research described above and in attempting to substantiate the appropriate research strategy for this study, the history of CSR and sustainability research is examined. Based on a study of CSR research published between 1992 and 2002 in management journals, most of the empirical research was found to be of quantitative nature, and the theoretical research was mostly governed by non-normative perspectives (Lockett, Moon, & Visser, 2006). According to Gond and Matten (2007), the CSR literature has been dominated by a functionalist perspective, whereby a positivist methodology has been commonly adopted to explore the correlation between organizations’ social and financial performance. Scherer and Palazzo (2007) agree with this observation, and further emphasize the more common instrumental view of CSR in the literature, although it originates from normative considerations. In a more recent study on CSR communication, Crane and Glozer (2016) review thirty journals and ten books featuring relevant research with respect to impact factor ( $> 1$ ) and content focus that were published between 1998 and 2013. The review of CSR (also referred to as corporate sustainability, stakeholder management, amongst others) and communication (also referred to as reporting,

disclosure, stakeholder engagement, amongst others) literature in this study focuses on five areas which include CSR, organization studies, corporate communications, social accounting, and marketing (Crane & Glozer, 2016). The results of the study show a dominance of the functionalist view of CSR communication, with normative approaches having a minor role (Crane & Glozer, 2016). However, the study reveals that interpretive and critical studies characterized with constructionist epistemologies are increasingly spreading across the five areas of literature mentioned above (Crane & Glozer, 2016). In another study on CSR research published between 1970 and 2011, Aguinis and Glavas (2012) indicate that quantitative methods were predominantly used. The authors claim that the use of more qualitative studies can significantly inform the field of CSR. However, Aguinis and Glavas (2012) explain that qualitative methods for data collection are more specifically applicable at lower levels of analysis such as teams and individuals, whereas quantitative approaches are more suitable for organizational and institutional levels of analysis. Based on content analysis of CSR research published between 1958 and 2015 within the Academy of Management Journal, Wang, Tong, Takeuchi, and George (2016) notice an increasing number of studies (beginning in year 2000) on the process of CSR and its activities, as research is slowly shifting away from CSR antecedents and outcomes. According to Wang et al. (2016), this growing interest in process-based CSR research shows a need for more in-depth understanding of its underlying mechanisms and corporate applications. The authors further claim that qualitative methods of inquiry can be valuable in their application to process studies that examine organizational activities used for CSR engagement, as they enhance an in-depth understanding of context (Wang et al., 2016). In attempting to recognize what insights the history of CSR and sustainability research can provide for this research, it is imperative to understand the major aim of this study. This study aims to examine and understand the process of selecting partners who contribute to addressing material sustainability issues. As such, the partner selection process is based on assessing the prospective impact generated from partnerships on material sustainability issues. This research is considered to be both exploratory and explanatory in its attempt to investigate and explain a specific organizational process within its context (Hartley, 2004), which is the partner selection process. Especially in the case of exploratory research, Saunders et al. (2016) highlight that the research process is usually flexible and the study becomes more focused with time as new data and results emerge. Although this research considers the CSR outcomes of partnerships, the main focus of this study is on process-based CSR that examines organizational activities used for engaging with potential partners. In line with the argument presented by Wang et al. (2016) above, the qualitative research

strategy can be appreciated in its application to this study with respect to research purpose and context. Within the impact evaluation field, Khandker et al. (2010) argue that qualitative approaches in this research field, as compared with quantitative approaches, are more concerned with the potential (rather than actual) impacts that can be generated from programs or interventions. Moreover, qualitative approaches help understand the type and scope of benefits that are received by the beneficiaries through the use of interviews (in-depth and group-based) (Khandker et al., 2010). Specifically, these qualitative methods provide support to exploring the process by which these interventions generate impact (Khandker et al., 2010), which is one of the major objectives of this research. Based on these arguments, the qualitative research strategy for this study can be justified. Furthermore, as discussed previously in Chapter 2 (section 2.5.2), qualitative methods can be useful in addressing contextual factors in partnership impact assessment (Vellema et al., 2013). However, a qualitative approach alone cannot evaluate counterfactual outcomes or outcomes that might occur without the intervention (Khandker et al., 2010).

As the research does not involve the testing of a specified theory or hypothesis, the study is considered to be inductive (Bryman & Bell, 2011). In summary, this study adopts an inductive qualitative research approach, and it is both exploratory and explanatory in examining the partner selection process within an organizational context. The following section explores the pragmatic philosophical presuppositions that have informed these choices.

### **3.3 Pragmatism**

The major debate concerning the different research philosophies involves issues about the nature and meaning of truth (Easterby-Smith, Thorpe, & Jackson, 2015). John Dewey (2012), who was one of the prominent twentieth-century American philosophers and educationalists, stated that, “Genuine intellectual integrity is found in experimental knowing. Until this lesson is fully learned, it is not safe to dissociate knowledge from experiment, nor experiment from experience” (p. 46). The major point to consider in this statement is that there is no absolute knowledge or ultimate truth; rather truth and knowledge can be acquired and understood from experience of individuals (Ruwhiu & Cone, 2010). Another leading American philosopher of the late nineteenth century James (1920) summarizes that “The knower is an actor and the coefficient of truth” (p. 67).

According to Ruwhiu and Cone (2010), “pragmatism judges the meaning and truth of statements on what the statements accomplish in the world when acted upon” (p. 115). Put

simply, pragmatism focuses “on ‘what works’ as the truth regarding the research questions under investigation” (Tashakkori & Teddlie, 2003, p. 713), whereby knowledge is derived from the interactions that occur amongst groups of individuals and their environment. According to pragmatists, the truth-value of any concept, like accounting for example, is determined by its degree of usefulness, which in turn is determined by the user or individual who engages with it and gives it meaning (Baker & Schaltegger, 2015). Pragmatists acknowledge that practical considerations and their respective impacts come into play (Powell, 2002; Wicks & Freeman, 1998).

In an attempt to understand pragmatism with respect to researchers’ engagement with the research context, Easterby-Smith et al. (2015) contend that “when studying social systems like complex organizations, there is positive value in getting closer to the things they are studying” (p. 57). With respect to epistemology, pragmatism is considered to be more closely linked to constructionism than positivism (Easterby-Smith et al., 2015). Wicks and Freeman (1998) argue that pragmatism can help the researcher move past the positivism - antipositivism debate in organization studies, and consider an alternative perspective that could be more research relevant. Ontologically, pragmatism is often regarded as “a compromise position between internal realism and relativism: it does not accept that there are predetermined theories or frameworks that shape knowledge and truth; nor does it accept that people can construct their own truths out of nothing” (Easterby-Smith et al., 2015, p. 61). The focus in pragmatism is more on the problems and their solutions in order to inform future practice and generate “practical meaning of knowledge in specific contexts” (Saunders et al., 2016, p. 137). Easterby-Smith et al. (2015) further highlight its relevance to studies of knowledge and learning in business and management research.

Ruwhiu and Cone (2010) argue that, in the study of organizations, pragmatism can provide a more interpretive approach, as it takes into account people’s senses and the situational context. Through *sensemaking*, which is basically a process that people undergo to make sense or understand events around them, Weick (1995) suggests that managers are able to interpret significant events in order to mediate change and influence organizational outcomes or strategic decisions. This is in line with Baker and Schaltegger’s (2015) suggestion that these interpretations or meanings that are created have an impact on the context where people operate and their respective actions. According to Fendt, Kaminska-Labbé, and Sachs (2008), applying pragmatism’s principles to management research can help reduce the gap between research and management practice, as the former is often

lagging behind the latter. Moreover, Wicks and Freeman (1998) argue that pragmatism can support the development of more practically relevant research that focuses both on organizational as well as community needs, hence taking into consideration critical ethical issues. In line with this argument, Barnes (2008) contends that knowledge in pragmatism needs to support humans in achieving their purposes; therefore, it has a social characteristic associated with it as knowledge can be socially useful and relevant.

Going back to the concept of *sensemaking*, it has been used in the CSR literature to help explore and understand how managers engage with their stakeholders (Baker & Schaltegger, 2015) and address sustainability issues (environmental and social) through their decision-making (Cramer, Van Der Heijden, & Jonker, 2006; Morsing & Schultz, 2006; Nijhof & Jeurissen, 2006). From activities of stakeholder engagement to tackling of organizational issues, interpretations of events and problems can lead managers to construct a specific reality from their shared sensemaking (Morsing & Schultz, 2006; Nijhof & Jeurissen, 2006). The process of shared sensemaking between organizations and their stakeholders was investigated by Bebbington, Brown, Frame, and Thomson (2007), through the application of the sustainability assessment model (SAM) in the oil and gas sector in the UK. The SAM showed how accounting helped stakeholders influence managers in developing strategies to address sustainability issues, by discussing and taking into consideration stakeholders' perceptions on the sustainability measurement process (Bebbington et al., 2007).

In the field of social and environmental accountability (hereafter SEA) research involving areas of stakeholder engagement and social and environmental reporting (hereafter SER), Baker and Schaltegger (2015) argue that pragmatism may help extend the SER research field. Accounting plays a role in exploring how managers and stakeholders understand and interpret sustainability, whereby managers can have an impact on stakeholders' sensemaking through the sustainability reports they produce (Baker & Schaltegger, 2015). Also, for enhancing organizational accountability, stakeholders need to be able to influence managers and mediate some sort of organizational change (Morsing & Schultz, 2006). Empirical studies in SEA research have shown that social and environmental accounting have limited impact in helping embed stakeholders' concerns and issues in organizational decision-making (Baker & Schaltegger, 2015). However, few studies adopting the pragmatic philosophy have shown that stakeholders can bring about change within organizations through accounting (Baker & Schaltegger, 2015).

According to Baker and Schaltegger (2015), the methodology following the philosophy of pragmatism in the field of accounting may be focused on exploring how organizational agents or research participants derive meaning and make use of organizational activities involving social and environmental accounting. This is clearly an exploration of individuals' subjective experiences in a given context. Baker and Schaltegger (2015) explain that as environmental and social practices are usually dependent upon how individuals perceive and understand environmental and social issues, a qualitative research approach would accordingly be appropriate for understanding accounting in practice. In this approach, interview questions can be used to identify how and what aspects of accounting do individuals use in their respective organizations or contexts (Weick, 1995).

The research methods employed in pragmatic research are usually dependent upon the research problem and research questions, which pragmatists realize that they can answer using various methods rather than one specific type of method (Saunders et al., 2016). This is in line with Creswell (2014) who argues that pragmatist researchers have freedom and flexibility in their choice of techniques and methods that best suit their research objectives and the anticipated results they aim to achieve. Hence, pragmatism is very often associated with different forms of data collection and analysis (Creswell, 2014), and a range of methods including mixed, multiple, quantitative and qualitative methods (Saunders et al., 2016).

The researcher adopting pragmatism as a research philosophy typically has his/her values driving the reflexive process, as he/she aims to address a specific issue in its respective context and eventually resolve it practically (Saunders et al., 2016). As a previous project manager in the water industry, pragmatism relates to my background in my attempt to develop through this study practical solutions and recommendations that can be useful to businesses (in addition to the theoretical contribution). In understanding how individuals make sense of an organizational activity or process, reflexivity plays a role with respect to both the participants and the researcher (Weick, 2002). Through reflexivity, participants realize that the perceptions and meanings they apply in their activities can inform or produce an organizational change (Baker & Schaltegger, 2015). The reflexive process for this study is addressed in section 3.8.

The pragmatic approach adopted for this study seeks to examine how individuals within NWL and its NPO partners make sense of their material sustainability issues (which include the economic, social and environmental issues), and how they perceive the impact that current and prospective future partnerships are required to have on these issues. The research

explores partnership impact evaluation and partner selection processes from both NWL's and its NPO partners' key informant perspectives. Accordingly, these processes are dependent on individuals' perceptions and understanding of environmental and social issues. This is in line with Baker and Schaltegger's (2015) argument above in applying the philosophy of pragmatism to explore organizational agents' perceptions of environmental and social issues in the field of accounting.

By understanding how organizational agents perceive the potential partnership impacts that can better serve an organization's strategic and societal objectives, the study aims to investigate how organizations similar to NWL can select NPO partners who contribute to addressing their material sustainability issues. As indicated in the previous section, qualitative methods of inquiry can be useful in their application to process studies and can help provide an in-depth understanding of context. The qualitative research strategy for this study is justified in its attempt to examine individuals' perceptions on these specific corporate processes, their understanding of material sustainability issues, and how they address them. The qualitative strategy appropriately fits with the pragmatist approach adopted for this study. This is because the research questions and objectives (refer to section 1.3) focus on exploring the partnership selection and impact evaluation processes within an organizational context through practical considerations and understanding of individuals' experiences. Moreover, one of the main study objectives (objective 7 in section 1.3) is to identify the practical implications of the partner selection process for businesses in the water industry that address material sustainability issues through cross-sector partnerships. Hence, pragmatism can be valuable here in helping to inform future practice (Saunders et al., 2016). After discussing the qualitative research strategy and pragmatic philosophy of this study, the following section examines the choice of a single case study as an appropriate research methodology for this project.

### **3.4 Research Methodology: Case Study**

Case studies, which are very common in the field of partnership research, are being used as a foundation for informing organizations in their partnership initiatives (Pedersen & Pedersen, 2013). Hartley (2004) identifies case studies as research strategies rather than methods. According to Yin (2009), "a case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context" (p. 18). Hence, it is considered to be an approach with a contextual nature (Meyer, 2001) that is concerned with the empirical investigation of a particular phenomenon. The choice of using a case study

depends to a great extent on the research questions, with the approach being particularly suitable for answering questions in the form of *how* and *why* (Leonard-Barton, 1990), in order to understand a social phenomenon in depth while accounting for its contextual conditions (Yin, 2009). This is in line with Hartley's (2004) suggestion that case studies are specifically suitable for research questions that aim to understand social or organizational processes in detail. By analysing the context as well as the organizational processes, theoretical issues that are being studied can be highlighted and understood (Hartley, 2004). From a technical perspective, a case study "relies on multiple sources of evidence, with data needing to converge in a triangulating fashion" and "benefits from the prior development of theoretical propositions to guide data collection and analysis" (Yin, 2009, p. 18). Multiple sources of evidence in a case study are usually collected to strengthen construct validity and develop "converging lines of inquiry" (Yin, 2014, p. 120). Triangulation helps decrease the possibility of misinterpretation by corroborating the same interpretations (Stake, 1995) or the same facts resulting from the case study, hence leading to convergence of evidence (Yin, 2009). As opposed to other qualitative research designs such as grounded theory (Glaser & Strauss, 1967), case study research design is considered to be flexible (Robson, 2002) in that theoretical frameworks can be developed and examined throughout the research process to inform data collection and analysis (Hartley, 2004). Hence theory could be both planned and emergent (Hartley, 2004).

The case study approach can be used in both qualitative and quantitative research designs (Saunders et al., 2016). Regarding philosophical positions, case studies can be designed for positivist, constructionist and pragmatic epistemologies (Easterby-Smith et al., 2015). According to Yin (2009), case studies can be used for exploratory, explanatory or descriptive purposes. This research project is exploratory and explanatory in attempting to identify, understand and explain an organizational process (Hartley, 2004) or a specific phenomenon in context (Yin, 2014), which is here mainly the partner selection process at NWL. This study also investigates the process of partnership impact evaluation, particularly with respect to selecting potential partners based on prospective impact required from the partnership. Both exploratory and explanatory studies can involve research questions that start with or include *how* (Saunders et al., 2016). Exploratory studies aim at understanding a specific issue or phenomenon while explanatory studies tend to explain relationships within this issue or phenomenon (Saunders et al., 2016). In case study research, Hartley (2004) emphasizes that contextual factors can play a key role in explaining a particular organizational behaviour or process. This links back to the research strategy and philosophy, as it was established in the previous sections that qualitative methods following the philosophy of pragmatism can

be useful in understanding and addressing contextual factors. The single case study for this research can be regarded as revelatory (Yin, 2009), which according to Bryman and Bell (2011) is not exclusively restricted to phenomena which have not been previously studied, but rather applies to most qualitative case studies applying an inductive approach to theory. Based on the above, it is established that the case study is an appropriate methodology for this research.

There are various uses for doing case study research; three significant uses were reported by Siggelkow (2007) to be “motivation, inspiration, and illustration” (p. 21). As there are different purposes for conducting case study research, Stake (1995) identifies three types of case study which include the intrinsic, instrumental, and the collective. An intrinsic case study is adopted when a specific case is of particular interest to the researcher, whereby the objective is not to generalize from it or contribute to theory building, although this could be realized (Stake, 1995). Instead, the researcher aims to understand in depth this specific case, which is usually specified or selected in advance and which might not be typical of other cases (Stake, 1995). As for the instrumental case study, the issue or phenomenon being addressed is of primary interest rather than the case itself, and the case is usually selected because it helps highlight the issue being studied (Stake, 1995). Moreover, the case does not necessarily have to represent other cases (Stake, 1995). Although the case has a supporting role, its details and its context are still examined in depth (Stake, 1995). Regarding the collective case study, it is considered to be an instrumental case study that involves a number of cases that do not necessarily have to be similar (Stake, 1995). The researcher in a collective case study is interested in investigating a particular phenomenon that is better understood through a variety of cases, for the purpose of generalizing and potential theory building (Stake, 1995).

The type of case study for this research is considered to be instrumental. This is because the primary interest of the study is the issue or phenomenon (partner selection process), and the case of NWL has a supporting role in highlighting this phenomenon that is investigated in depth within its organizational context. The case study focuses on exploring, understanding and explaining this particular phenomenon, and might not be entirely typical or representative of other cases. The phenomenon being studied is the process of selecting partners who can address material sustainability issues based on the potential impact these partnerships could generate. According to Yin (2009), there could be “more than one unit of analysis” for a single case study (p. 50). The units of analysis for this study are identified to be the employees of NWL (from various departments), the corporate strategies adopted for

embedding sustainability, and the external NPO partners who include the current and the prospective partners. NWL employees are selected as units of analysis because they are involved in sustainability strategies and are presumably aware of the organization's material sustainability issues. As it is also important to account for the external stakeholder perspectives on the impact required from the partnerships, NPO partners, both existing and potential ones, are considered as units of analysis for this study. The purpose of the case study would be to investigate and better inform the partner selection process.

Two of the most significant criteria for assessing the quality of business and management research are reliability and validity (Bryman & Bell, 2015). For case study research, issues of generalizability, validity, and reliability are usually addressed (Eisenhardt, 1989; Hartley, 2004; Meyer, 2001). Reliability and validity are understood and judged differently with respect to the different research philosophies or traditions adopted by researchers (Easterby-Smith et al., 2015). Generalizability, which is associated with external validity (Bryman & Bell, 2015), is considered to be a major concern for single cases (Eisenhardt, 1989). This is in line with Bryman and Bell (2011) who highlight the difficulty in identifying a single case that is representative of other cases whereby its findings are applicable to other cases. Although the primary objective of many case study researchers is understanding new processes (Hartley, 2004) or specific details of a single case, a certain level of theoretical generalizability can sometimes be reached (Bryman & Bell, 2011). Yin (2009) highlights the need to understand the difference between statistical and analytical generalization, with the latter being more relevant for case studies. Statistical generalization is concerned with drawing samples for generalizing the results to a specific population (Hartley, 2004), which is very common for surveys (Yin, 2009). As for the analytical generalizability of case studies, Hartley (2004) explains it by emphasizing the distinction between the two types of generalizability and claiming that: "The detailed knowledge of the organization and especially the knowledge about the *processes* underlying the behaviour and its *context* can help to specify the conditions under which the behaviour can be expected to occur. In other words, the generalization is about theoretical propositions not about populations. Thus the basis of the generalization is not primarily about the typicality of the organization (cases may have been chosen deliberately to be untypical in order to bring to the surface processes hidden in more usual settings). Rather, the argument is about the existence of particular processes, which may influence behaviours and actions in the organization" (p. 331). Stake (1995) warns case study researchers about getting too focused on generalizing and building theory, to the extent of not understanding the case itself. Moreover, Feagin, Orum, and

Sjoberg (1991) argue that not all research should emphasize generalization. Flyvbjerg (2006) further reinforces this argument by stating that “formal generalization is overvalued as a source of scientific development, whereas ‘*the force of example*’ is underestimated” (p. 228), hence highlighting the *force* of an in-depth investigation of a single case study.

Reliability and validity of this case study are addressed in detail in section 3.7. Table 3.1 below shows an overview of the research design approach, including an outline of the methods used for data collection. The data collection methods begin with the documentary review of relevant corporate documents that highlight or discuss NWL’s material sustainability issues, strategic themes and intended goals and outcomes, in addition to the partnerships’ strategy and performance assessment. Along with the literature review, documentary review helps to better inform the data collection process and justifies focusing the case study on investigating the partner selection and partnership impact evaluation processes. Preliminary review of documents and the pilot study are then used as a basis for doing semi-structured interviews with key informants from NWL and its external NPO partners, to develop a framework which identifies and clarifies their priorities for partnership selection and impact evaluation. The preliminary thematic analysis of these interviews (identification of salient points and themes) and the documentary review are then used as the basis of a focus group discussion with NWL employees.

**Table 3.1: Overview of the Research Design Approach**

<b>Topic</b>	How might partner selection be improved by corporates to address material sustainability issues? A case study of Northumbrian Water Ltd.
<b>Methodology</b>	Single case study approach, employing qualitative, multiple data collection methods
<b>Data Collection Methods</b>	Documentary Review + Pilot Study ↓ Internal semi-structured interviews + External (Current and Prospective NPO Partners) semi-structured interviews + Documentary Review ↓ Focus Group (internal)
<b>Data Analysis Approach</b>	Template Analysis (thematic)
<b>Intended Outcome</b>	To investigate and better inform the partner selection process with respect to criteria concerning the prospective impact of the partnership on material sustainability issues. The research findings would help answer the following major research question and its sub-question: 1- How can corporates such as NWL select NPO partners who contribute to addressing their material sustainability issues? and 1.1- How can corporates such as NWL evaluate the impact of the prospective NPO partnerships on their material sustainability issues?

Following the discussion of the adopted research methodology for this study, the next section presents the research methods used for data collection.

### **3.5 Research Methods for Data Collection**

The research for this study relies on multiple methods of data collection, comprising of both primary and secondary sources of data to answer the research questions presented in section 1.3. A total of thirteen semi-structured interviews have been completed for this study (between June and October 2016), seven of which were conducted with NWL employees and another six interviews with NWL’s current (five different NPOs) and prospective (one)

NPO partners. This was followed by a focus group (in November 2016) which involved some of the NWL employees who previously took part in the semi-structured interviews. Table 3.2 below summarizes the data collection methods that were used for this study.

**Table 3.2: Overview of Data Collection Methods**

Type of Data	Description	Number
Corporate documentation	<ol style="list-style-type: none"> <li>1. 'Our Vision, Our Values, Our Way' report;</li> <li>2. Our Partnerships Strategy 2014-17;</li> <li>3. NWG Partnership Report 2015;</li> <li>4. Sustainability Trends 2013;</li> <li>5. Northumbrian Water Limited Financial Statements and Annual Performance Report (2015-16);</li> <li>6. Review of Customer Engagement to Inform Northumbrian Water's Business Plan 2015-2020: Water Forum Report;</li> <li>7. The Abberton Scheme: Environmental Statement – Non-Technical Summary (2007);</li> <li>8. Abberton Reservoir Enhancement: Annual Summary Ecology Report 2015;</li> <li>9. Conservation and Land Management Team Site Related Activity Report (2016);</li> <li>10. Our Contribution: Northumbrian Water Group's Environment, Social and Economic Impact Report (2017)</li> </ol>	10 reports
Corporate employees' interviews	Semi-structured interviews with employees	7 interviews
Corporate employees' group interviews	Focus group with NWL employees	1 focus group
Current (5) and prospective (1) NPO partner interviews	Semi-structured interviews with NPO partners	6 interviews

The following sections begin with discussing the pilot study, after which the role of primary and secondary data collection for this research is examined.

### **3.5.1 Pilot Study**

According to Yin (2009), a pilot study is considered to be quite useful prior to the data collection phase, as it helps the researcher in informing and improving the data collection plan, with respect to the questions being asked during an interview for example. Also, it can help clarify certain ambiguities within the data collection methods and research design (Yin, 2009).

For the pilot study, three semi-structured interviews were conducted in May 2016, one of which was with a NWL manager who is managing current partnerships and the other two interviews involved managers from two existing NPO partner organizations (refer to appendix 1 for interview index). The interviews helped in testing and finalizing the content of two separate interview guides for NWL employees and its NPO partners. Although distinct, the interview guides consist of similar questions for both categories of research participants. Some questions used with NWL employees were omitted for the NPO partners as they did not specifically apply, and few additional questions were added to the NPO interview guide. The results of the pilot study led to adjusting the questions within the interview guides after it was realized that there was a certain pattern with respect to asking specific probing questions. These probing questions were shown to provide significant insights and hence were added to the interview guide. Also, in order to investigate strategic themes within the business and to use appropriate terminology that NWL research participants can identify with, NWL corporate documents were reviewed. These documents consisted of ‘Our Vision, Our Values, Our Way’ report which highlighted NWL’s vision, purpose, strategic themes and outcomes, in addition to other corporate reports including the partnership strategy and partnership performance reports. The partnership strategy report (Our Partnerships Strategy 2014-17) helped clarify NWL’s partnerships vision, criteria for engaging in partnerships, and its key strategic themes and targets. The partnership performance report (NWG Partnership Report 2015) helped provide an overview on how NWL assesses the performance and outcomes of its NPO partnerships, and whether its partnership activities involve flagship partners, key partners, or grassroots support (NWG, 2015a). ‘Material sustainability issues’ as a term was not specifically mentioned in the reports; however NWL’s strategic themes emphasized some key sustainability issues or areas that the company focuses on to deliver medium term goals and outcomes to their customers, stakeholders, employees and shareholders. Prior to asking questions to research participants during the pilot study, it was found useful to provide background information on NPO-business partnership research context. Participants were also asked if they were aware or familiar with the term ‘material sustainability issues’, and it was found out that they were not familiar with it. ‘Material sustainability issues’ was therefore defined to the research participants as the major environmental, economic, and social issues that have an impact on the business and its key stakeholders. Moreover, when asking about NWL’s material sustainability issues, the NWL participant was shown the corporate document containing strategic themes and their respective goals and outcomes to enhance the definition of the term and provide examples of NWL’s sustainability issues. In one of the

interviews, the NPO partner participant referred only to short-term and direct outcomes when asked about the goals and outcomes reached through existing partnerships. This consequently made me probe further by inquiring about the long-term and indirect outcomes of partnerships. As a result, the short-term, long-term, direct and indirect type of outcomes were added to the interview guide to make sure participants refer to the 'impact' achieved and intended from existing and prospective partnerships respectively.

In the following section, primary data collection for this study is discussed.

### **3.5.2 Primary Data**

Sources of primary data for this study consist of semi-structured interviews and a focus group. In the next section, the use of these methods for data collection is justified for this study.

#### **3.5.2.1 Semi-Structured Interviews**

According to King (2004a), interviews are considered to be the most common method employed for data collection in qualitative research. The type of interview adopted depends on the research purpose (research questions) and the research strategy (Saunders et al., 2016). Qualitative interviews are characterized with a low level of structure (King, 2004a) and usually employ open-ended questions that help understand the participants' views and perceptions on the research topic (Creswell, 2014), and the '*how and why*' which led to these perspectives (King, 2004a, p. 11). The interview usually focuses on the specific rather than the abstract or general (Kvale, 1983).

Semi-structured and in-depth (unstructured) interviews, characterized with being non-standardized, are quite common in qualitative research (Saunders et al., 2016). They are considered to be useful for exploratory studies whereby it is important to understand the study background and context (Saunders et al., 2016). Moreover, they are beneficial when personal contact with the interviewees can help provide relevant information based on their perceptions and reflections in contrast to questionnaires which participants may be hesitant to complete (Saunders et al., 2016). Where unstructured interviews are considered informal with the purpose of investigating in depth a general idea or research topic, semi-structured interviews emphasize pre-specified themes and address some key questions which are noted within the interview schedule (Saunders et al., 2016). Semi-structured interviews are flexible in their use of questions, which can be modified, omitted, and added within the course of the interview; also, the order of questions could change (Saunders et al., 2016). This flexibility depends on the flow of conversation between the researcher and interviewee, and the extent

to which the interview is helping to better explore and answer the research questions and objectives (Saunders et al., 2016).

In line with the above, the purpose of the interview is to concentrate on particular research themes or topics, in order to obtain data based on key informants' perspectives and interpretations. This being an exploratory and explanatory study, semi-structured interviews can appropriately be carried out with NWL employees in order to understand, assess and explain why specific impacts are perceived to be required from their partnerships for addressing material sustainability issues. As the study aims to understand the partners' perspectives on the partnerships' intended goals and impacts, semi-structured interviews are also conducted with current and potential future partners of NWL. The evaluation of the current and prospective impacts of the partnerships with respect to both NWL employees and their NPO partners would consequently better inform the partner selection process being implemented by NWL.

As mentioned previously, a total of thirteen semi-structured interviews were completed, with seven interviews involving NWL employees and the other six interviews involving some of NWL's current and prospective NPO partners. The research key informants were selected in coordination with Sarah Pinkerton who is the External Affairs Manager at NWL. Key informants from NWL were chosen based on their involvement in current working partnerships and their awareness of the organization's various material sustainability issues, with issues including climate change, water efficiency, and sustainable sewerage. These various issues are being addressed by teams from different departments or divisions within NWL. NPO current partners were selected from a variety of strategic flagship and key partners with the aim of covering different sectors and issues involving the environment, communities, health, economic wellbeing, skills enhancement and global development. NPO prospective partners of NWL were identified in coordination with Sarah Pinkerton. Only two prospective partner organizations were willing to participate in the study, whereby one of them provided access to its volunteers only as potential research participants rather than its organizational agents and therefore had to be discarded. Selected interviewees from NWL and its NPO partners hold positions at various decision-making levels (e.g. managers, chief executives, directors) (refer to appendix 1 for interview index). An introductory email (refer to appendix 2) was sent by Sarah Pinkerton to the various potential key informants explaining the research topic and purpose of the interview, in addition to requesting them to take part in the research provided they had no objections. I followed up on this email with another email explaining further the research scope and main objective, and asking participants to specify a suitable date and time for the interview.

The interviews used an interview guide, but allowed for additional probing and follow-up questions, examples of which are provided below. The interviews covered the interviewee's organizational position and key tasks, and areas of focus including prioritization and financing of material sustainability issues, partnership budget allocation, current partnership potential to address material sustainability issues, future partnership requirements, in addition to partnership selection and impact evaluation (refer to appendix 3 for the interview guides). The interview guide was prepared with reference to the literature review and the research questions, as recommended by Bryman and Bell (2015), who furthermore advise that the researcher take into consideration the perspectives of the interviewees in the topic areas that she/he needs to cover in the interview guide.

The interview guide begins with questions around identifying material sustainability issues within the organization in order to understand interviewees' perceptions of the term and how they prioritize these issues. This is linked to the materiality analysis section 2.3.4 within the literature review, which elaborates how organizations engage with their stakeholders through their materiality analysis and sustainability reporting. As the literature review shows that prospective costs incurred within a partnership can play a role in the judgement and selection of partners (section 2.4.6.2), budget priorities and budget distribution on the various material sustainability issues, as well as a partnership's financial value and budget allocation, are also investigated. The following topic area covered in the interview guide aims to understand interviewees' perspectives on how current partnerships with NPOs help address material sustainability issues. This area relates to the major research question (1) on the process of selecting partners who contribute to addressing material sustainability issues. Moreover, the literature review highlights that limited research has been done on partner selection, specifically with respect to impact and value created from partnerships. Additional questions within this topic area emphasize the material sustainability issues that are being tackled through current partnerships, the goals and outcomes reached from them, and the reasons behind achieving or not achieving these goals and outcomes. This area helps in exploring the partnership process motivations, influencing factors, drivers, and challenges for effective performance, which link back to the literature review covered in sections 2.4.2, 2.4.3, and 2.4.4. The next topic area developed within the guide involves future partnership requirements with respect to material sustainability issues that need to be addressed in future partnerships and their corresponding goals and outcomes. This area relates to the major research question (1) on the process of selecting partners who contribute to addressing material sustainability issues. Also, it helps identify if there is a discrepancy or a gap in the organization's appreciation and tackling of material sustainability issues that are not

currently being considered. The final topic area covers the partner selection criteria considered to be significant from interviewees' perspectives, which is linked to partner choice and selection (section 2.4.6) in the literature review. The option of having multiple partners for the same project or for tackling the same material sustainability issue, and the reasons behind it, is also investigated. This is because the literature review highlights in certain sections that businesses who seek to identify sustainable value propositions are recommended to engage with multiple stakeholders including the customers, the environment, and the community (section 2.3.3), or to similarly collaborate with multiple partners to advance sustainability more effectively (section 2.4.5.1). The last question examines the approaches or tools that are being used for assessing joint outcomes from partnerships, and the parties responsible for this task. This relates to the research sub-question (1.1) on the process of evaluating the impact of prospective NPO partnerships, and also links back to the literature review on partnership impact evaluation that is covered in section 2.5. Some of the case studies discussed within section 2.5.5 have argued in favor of NPO effectiveness in evaluating impacts from cross-sector partnerships, which makes sense to inquire who needs to be involved in the partnership assessment process and the reasons for that.

Although consisting of similar questions, two separate interview guides were drafted for NWL employees and the business's NPO partners whereby 'prioritization and financing of material sustainability issues' section was basically omitted (as it did not apply for the partners) and 'partnership budget allocation' was added to the NPO partners' interview guide. Interviews were digitally recorded and the recordings ranged from 35 minutes to 63 minutes with an average duration of 48 minutes. My role as an interviewer was to get participants to feel at ease and hence be able to talk openly. For this purpose, confidentiality and anonymity issues were explained to the interviewees before the start of the interview. Interviewees were also given the option of not having the interviews recorded and the researcher taking notes instead (refer to appendix 4 for informed consent form). Moreover, their right of refusing to answer specific questions which may not be in their area of expertise (or for any other reason) was explained before each interview. The scope and background of the study were also elaborated at the beginning of the interview to give participants a general overview of the research and its objectives. The term 'material sustainability issues' was also defined to the interviewees in order to make sure they understood what it meant before proceeding with the questions. For NWL participants, the term was clarified even further by indicating and referring to NWL's strategic themes and respective goals and outcomes in the 'Our Vision, Our Values, Our Way' corporate report (as most participants

were not aware of the term). To limit/avoid interviewee confusion, simple and clear open-ended questions were adopted for the semi-structured interviews, and ample time was provided for interviewees to respond and elaborate without interruption. Instead of using the term ‘impact’, ‘goals and outcomes’ as more comprehensible terms were used frequently in the interview, whereby during the interview it was indicated that partnership outcomes could be short-term, long-term, direct and indirect. During some of the interviews, certain replies from interviewees prompted me to introduce follow-up and probing questions (not mentioned in the interview guide) as they had the potential of providing significant insights. Examples of probing and follow-up questions used are illustrated in the following extract taken from an interview transcript of an interviewee from a partner organization of NWL.

*Interviewer: What criteria do you consider for selecting potential partners?*

*Interviewee: Well, again it's what they do is all that matters, you know we do prioritize partnerships.*

*Interviewer: How do you do that?*

*Interviewee: Well, I mean there are partners and partners out there and we have loads, but if we categorize them, the key ones that we put our most effort and time into are those who can deliver resources, and add value to what we want to do.*

*Interviewer: How do you know that they would add value?*

It is imperative to note that the term ‘NGO’ was initially used to denote the type of partner organizations instead of the term ‘NPO’. As such, ‘NGO’ was used in the questions of NWL’s and its partners’ semi-structured interview guides. After conducting the interviews, ‘NGO’ was replaced with ‘NPO’, which required updating the research questions, aim and objectives. This is because throughout the partner interviews, three of the partner organization key informants identified their organizations as charities, and another one of them indicated that his organization is not defined as an NGO. By checking the latter organization’s website, it is recognized as a national representative body with a legal status designated to be ‘not-for-profit’ organization. By examining the partner organizations’ websites of the other two key informants who did not comment on the adequacy of using the NGO term or indicate the type of organization during the interview discussion, it is shown that these organizations are identified as charities, one of which ‘nonprofit’ public charity is specified. Reflecting on the term that would better identify the type of partner organizations used for this study and that NWL is currently collaborating with, the term NPO was realized to be more appropriate than the term NGO. NGO as a more specific not-for-profit

organization can fall under the more broad NPO classification (refer to glossary for definitions of terms). Hence the term NPO instead of NGO is used for this study.

The thirteen semi-structured interviews discussed above constituted the first phase of the primary data collection. In order to develop converging lines of inquiry and minimize bias, data collected from interviews were triangulated with data obtained from the focus group.

### **3.5.2.2 Focus Groups**

A focus group is a group interview that aims to investigate a particular issue or topic through informal participant discussion and interaction (Krueger & Casey, 2009). Interactive discussions help generate participant perceptions, opinions (Krueger & Casey, 2009) and perspectives on a specific topic for subsequent analysis and sense making (Saunders et al., 2016). Focus groups have been quite often used in opinion surveys, marketing research (Steyaert & Bouwen, 2004) and in program evaluation (Greenbaum, 1998). Steyaert and Bouwen (2004) indicate that focus groups can be particularly useful for exploratory research purposes, as is the case for this research. Other common uses of focus groups involve clinical and phenomenological research studies (Aaker, Kumar, Leone, & Day, 2012). According to Stewart and Shamdasani (2015), focus group research is concerned with humanistic research that emphasizes a focused or particular topic during the group interaction/interview for collecting in-depth data.

One important characteristic of the focus group method is its flexibility, as it can be used on its own as a qualitative method or combined with other qualitative/quantitative methods (Wilkinson, 2004). Moreover, it can involve a single group for a one-time event, or various groups in single or recurrent meetings (Wilkinson, 2004), with a group typically comprising six to eight interviewees (Creswell, 2014). When compared to interviews, focus groups are considered to be more naturalistic as participants are often given the opportunity to elaborate and contribute to other people's arguments/responses through group interaction (Wilkinson, 2004), hence promoting spontaneity (Butler, 1996). Also the environment in a focus group is considered to be less threatening (Krueger & Casey, 2009) where participants feel safe to discuss and share their ideas (Vaughn, Schumm, & Sinagub, 1996). Other benefits include the fact that focus groups are economical, efficient and relatively quick in collecting data from various participants (Krueger & Casey, 2009). The purpose of a focus group could be to generate perceptions and ideas about a specific topic or issue, and in particular cases to make sense and construct meaning of a topic through the interactive participant discussions (Bryman & Bell, 2015; Saunders et al., 2016). In a study on public private partnerships (PPP), McCann, Aranda-Mena, and Edwards (2013) used the focus group method after

conducting semi-structured interviews with PPP experts for the purpose of refining a conceptual model previously developed.

The focus group research method in this study is a complimentary method to semi-structured interviews, as it could help provide potential new insights on the discussed topic not covered in the interviews (Blaxter, Hughes, & Tight, 2006). It could also help further explore and potentially explain specific concepts through participant evaluation of ideas/themes generated from the interviews (Saunders et al., 2016) or through confirmation of findings/themes produced from (content) analysis of the initially conducted semi-structured interviews (McCann et al., 2013). Furthermore, the method can also help clarify previous misunderstandings and tackle issues or areas not sufficiently investigated (Berg, 2007).

One focus group was planned with six out of the seven NWL employees already interviewed previously, as the employee who could not participate cited time and availability issues with respect to the focus group date. On the day of the focus group in November 2016, two out of the six key informants who previously confirmed their attendance did not attend, and the focus group was conducted with only four participants (refer to appendix 1 for focus group index). As mentioned previously, the participants were selected from different departments within NWL and they do not typically work together, hence they do not form a natural group (Bryman & Bell, 2015). Some of the advantages of not using natural groups include the ability to express obvious assumptions or common points of view that natural group participants would not consider necessary to raise (Morgan, 1998), and to reduce the impact of pre-existing interaction methods on the discussion (Bryman & Bell, 2015). In this case study, the purpose of the focus group is to clarify and extend some of the preliminary salient points and respective themes generated from the semi-structured interviews (Silverman, 2014). Accordingly, the focus group topic agenda was developed based on themes or aspects that apply to the salient points identified from the interview transcripts (Miles & Huberman, 1994). At the beginning of the focus group, the research aim and scope, as well as the purpose and format of the focus group were explained to the participants. Conventions of focus group participation were also presented, which included confidentiality issues, signing of ethical consent forms (refer to appendix 4), recording of session and participant speaking arrangements. Following that, specific significant terms used within the discussion topics were defined and participants were asked to introduce themselves briefly. The focus group was conducted according to ten specific discussion topics within the topic agenda (refer to appendix 3), but allowed for very few additional probing and follow-up questions on issues raised by participants and perceived to be of significance to answering the research questions (an example is provided below). My involvement as a moderator was minimal as it was

realized throughout the focus group that the interaction between the participants was flowing freely. Moreover, the discussion was wide enough to cover the various perspectives, and the participants commented on each other's arguments which provided more richness to the discussion. Each of the focus group members participated in answering/discussing each of the agenda topics, whereby the moderator had to intervene only once to stimulate participation from one of the members. As there were only four participants taking part in the focus group, an almost equal share of participation was crucial. The focus group was digitally recorded and it lasted 76 minutes, which was less than the time expected as fewer people participated than was originally planned.

The opening questions/discussion topics were generally straightforward topics that did not require a lot of elaboration and thinking with the aim of getting participants to feel at ease and to move them towards informal discussion (Bryman & Bell, 2015). With each following topic/question, more fundamental issues/themes were being covered (Bryman & Bell, 2015). Although the topic agenda was somewhat structured, discussion around ideas that differed from the agenda was allowed as it could reveal potential new insights (Bryman & Bell, 2015) that were not covered in the interviews. The topic agenda begins with a statement around the current prioritization process of sustainability issues that is being implemented at NWL, which is based on salient points identified from the interviews. The purpose of the statement presented is for the participants to agree or disagree with it, and accordingly to evaluate/confirm it and discuss their perspectives on the topic. This topic area is linked to the materiality analysis section 2.3.4 within the literature review, which elaborates how material sustainability issues are identified and prioritized, and how organizations engage with their stakeholders through their materiality analysis. The following question aims to understand whether participants perceive a systematic process for partner selection is required at NWL or whether it could be a flexible one based on emerging partnership opportunities. The question was based on the partner selection theme that applied to a salient point identified in one of the semi-structured interviews, and which required further exploration. This area relates to the major research question (1) on the process of selecting partners who contribute to addressing material sustainability issues, and to the literature review section 2.4.6 on partner choice and selection. The third question investigates how transaction costs play a role in partner selection at NWL, whereby the objective here is to tackle an aspect of partner selection not sufficiently explored in the semi-structured interviews. This topic is linked to the major research question (1) on the partner selection process and to the literature review section 2.4.6.2 on metrics for selection of partners. The fourth question helps explore how impact or value intended from partnerships that address

material sustainability issues plays a role in partner selection, which relates to both the major research question (1) and its sub-question (1.1) on how to evaluate impact from prospective partnerships. This topic area is covered in the literature review section 2.4.2.1 on creating shared value, section 2.4.6 on partner choice and selection, and section 2.5 on partnership impact evaluation. The following topic area presents the criteria for partner selection that were generated from the interviews, with the purpose of confirming these themes by the participants, and stimulating further evaluation/discussion. This topic is linked to the major research question (1) on the partner selection process and to the literature review section 2.4.6 on partner choice and selection. The sixth question in the topic agenda helps investigate whether stakeholder analysis is being used at NWL for selecting partners. The aim of the question is to clarify the context and objective of applying stakeholder analysis at NWL, as these aspects were not quite understood and not sufficiently elaborated in one of the previous interviews. Moreover, the term stakeholder analysis was only mentioned by one interviewee which necessitated further investigation on its application at NWL. This topic relates to the major research question (1) on the process of partner selection and to the literature review section 2.3.1 on stakeholder analysis. The seventh question aims to understand if there are long-term impacts being targeted at NWL through their NPO partnerships, as this could provide new insights not covered in the interviews on NWL's partnership strategy, selection approach, and the intended benefits. This question links back to the literature review section 2.4.2.1 on creating shared value in partnerships. The following topic area presents a statement which suggests that NPO partnership work at NWL is more focused on delivering projects tackling immediate needs or issues rather than partnerships targeting strategic value. The major purpose of this discussion topic is to understand whether participants agree, and accordingly to evaluate/confirm the preliminary theme/finding identified from the interviews. This is followed-up by another question asking whether participants perceive that partnerships at NWL need to be more strategic, the reason for their perspectives, and how they think strategic partnerships can be developed at NWL. The discussion topic highlights and further elaborates the partnership strategy currently adopted at NWL and respective future aspirations, and helps explain the nature of the collaborative relationships they have. The topic area relates indirectly to the major research question (1) and its sub-question (1.1), and links back to the literature review section 2.4.2 on partnership characteristics, motivations, and engagement levels, as well as section 2.4.2.1 on creating shared value. The next topic area also involves a statement suggesting that ideally all partners need to be involved in partnership impact assessment which includes both qualitative and quantitative data collection for measurement. Participants were requested to

state whether they agree or disagree, whereby the purpose was to evaluate/confirm the preliminary theme/finding identified from the interviews. This topic relates to the research sub-question (1.1), and is linked to the literature review section 2.5 on partnership impact evaluation. The final topic area around the need for visibility of partnership impacts at NWL is based on a preliminary theme directly referred to by two NWL interviewees, but the significance of which required further exploration, explanation, and evaluation. The theme can be considered an emerging theme that does not directly relate to the literature review. Participants were asked to agree or disagree, and to provide the reasons for their perspectives. The focus group then ended with a summary of the major points discussed, and the participants were asked whether the summary was suitable, if something was not captured in the summary, and consequently whether they would like to add something.

An example of a probing/follow-up question used in the focus group is illustrated in the following extract taken from the focus group transcript.

*Interviewer: How do transaction costs of partnership (budget allocated for time, resources, information, asset deployment) play a role in partner selection at NWL?*

*Interviewee: To answer your question, my direct answer to the question is that I don't know, I don't know how transaction costs actually played out,....., but I think I'd agree that generally what should we be doing is looking for value wherever that value is and how you define it, to which it can mean that you're looking at low cost, it can mean that you're looking at the best partner, even if that best partner might be a more expensive one than an alternative.*

*Interviewer: So it's not only about low cost?*

*Interviewee: I don't think it's only low cost, I think we should be seeking to get value, however we want to define value.*

In summary, the total duration of interview and focus group recordings is approximately 700 minutes (or 12 hours), and the total number of words generated based on primary data transcripts is 95,449. The collection of primary data is combined with documents including mission statements, strategic reports, and different types of CSR and sustainability reports. Document secondary data, considered to be particularly useful in research projects involving a case study of a particular organization, can help triangulate findings obtained from primary data (Saunders et al., 2016), as discussed in the section below.

### **3.5.3 Secondary Data**

#### **3.5.3.1 Documentary Review**

Documentary evidence could consist of various documents including agendas, minutes of meetings, letters, email correspondence, proposals, issue logs, annual reports, mission statements, and press releases (Bryman & Bell, 2011; Yin, 2009). The significance of using documents as a source of data lies in the ability to confirm and improve evidence gathered from other sources for case study research (Yin, 2009). According to Bowen (2009), documents can provide important contextual and background information that support researchers in their understanding of the study and in providing additional research questions that could better inform their interviews. Moreover, researchers can recognize specific developmental changes in corporate reports or strategies for example, by comparing documents (draft, periodic and final) over a period of time (Bowen, 2009). Yin (2009) indicates that inferences can be made from documents; however, they should not be regarded as conclusive findings but rather as leads that require further investigation.

There are various advantages of using documents as a source of data or evidence in case studies. Stability is considered to be one of the strengths, as documents can be continually reviewed (Yin, 2009). Other advantages include its wide coverage of various events and settings, as well as the particular details and references it can contain (Yin, 2009). Documentary analysis helps researchers evaluate documents for the purpose of interpreting and generating meanings from the data (Bowen, 2009). The process of documentary analysis usually involves the selection, appraisal, and synthesis of data (Bowen, 2009). Documentary evidence can involve certain issues such as researcher bias in document selection (incomplete data collection) and in reporting (reflecting a specific point of view), and in some cases there are difficulties concerning document access (Yin, 2009). In this case study, access issues were not encountered as NWL was collaborating on this research project. For this study, the documentary evidence that was collected consisted of organizational documents including 'Our Vision, Our Values, Our Way' report, Our Partnerships Strategy 2014-17, NWG Partnership Report 2015, Sustainability Trends 2013, Northumbrian Water Limited Financial Statements and Annual Performance Report 2015-16, Review of Customer Engagement to Inform Northumbrian Water's Business Plan 2015-2020: Water Forum Report, The Abberton Scheme: Environmental Statement – Non-Technical Summary (2007), Abberton Reservoir Enhancement: Annual Summary Ecology Report 2015, Conservation and Land Management Team Site Related Activity Report (2016), and Our

Contribution: Northumbrian Water Group's Environment, Social and Economic Impact Report (2017).

Following this discussion of the research methods used for data collection, the next section discusses the data analysis approach adopted for this study.

### **3.6 Data Analysis**

As discussed previously, this inductive qualitative research study adopts a case study methodology with a pragmatic approach or philosophy. With respect to data analysis, the purpose of the qualitative study or inquiry helps in guiding and determining the qualitative analysis approach to be undertaken (Krueger & Casey, 2009; Patton, 2002). Patton (2002) argues that the uniqueness of each qualitative study entails a unique analysis approach that is dependent upon the insights, skills, and intellect of the analyst. In line with this argument, Tashakkori and Teddlie (2003) contend that for studies that adopt pragmatism as a research philosophy, the values of the pragmatist researcher play a significant role in the analysis and interpretation of data.

In qualitative data analysis, straight-forward rules and procedures about how the analysis should be implemented have not been developed; however, there are comprehensive guidelines and strategy suggestions for analysing qualitative data (Bryman & Bell, 2015; Patton, 2002). Analytic induction is one general strategy of analysis and for guiding data collection (Bryman & Bell, 2015). Analytic induction is considered to be an iterative process that begins with roughly defining the research question and then hypothetically explaining it (Bryman & Bell, 2015). This is followed by data collection to examine whether the cases are consistent with the hypothesis, whereby inconsistent cases lead to either redefining the hypothesis or reformulating the hypothesis which consequently requires further data collection (Bryman & Bell, 2015). For examination of cases in qualitative studies, coding and theme identification are considered to be main characteristics of most of the qualitative data analysis strategies used (Bryman & Bell, 2015). A theme is identified by some researchers to be the same as a code, whereas for other researchers it is recognized as a group of codes (Bryman & Bell, 2015). The search and recognition of themes in data, referred to as thematic analysis, is a common approach to analysis that is not clearly outlined, but its techniques can be recognized in most qualitative data analysis approaches including critical discourse analysis, content analysis, and narrative analysis (Bryman & Bell, 2015, p. 599). Narrative and critical discourse analyses are approaches to analysis that are mainly concerned with the examination of language that is used to create meaning within social

interactions and situations (Bryman & Bell, 2015). As language is not an object of interest with respect to the purpose of this study and its research questions, these approaches do not apply for this case study. With regard to content analysis, it is considered to be the most widespread approach to analysing qualitative documents, which basically entails searching for themes within the documentary material that is being analysed (Bryman & Bell, 2015). Similarly for primary data analysis, the analytic procedure of content analysis entails the coding of data as a first step, followed by pattern identification, labelling of themes, and development of category systems (Patton, 2002). After developing categories, content analysis, which is more commonly used in quantitative research, involves counting the number of theme or code occurrences within a text (Silverman, 2014). Altheide (1996) highlights the major difference between quantitative content analysis and ethnographic (qualitative) content analysis (hereafter ECA) to be the flexibility in constant revision and refinement of categories, and the potential for creating new categories within ECA. ECA however does not avoid quantification (Krippendorff, 2004). As for quantitative content analysis, it is considered to be more rigid in its use of categories that are defined prior to data analysis (Bryman & Bell, 2015; Silverman, 2014). According to Silverman (2014), applying content analysis to qualitative research can impose certain risks that are manifested through categorization of single words. These risks include lack of consideration for the context and sequence of these words within the text that they are used, which can have a negative impact on the quality of the research findings and conclusions (Silverman, 2014). Smith and Taffler (2000) highlight two approaches to content analysis that are “ ‘form orientated’ (objective) analysis, which involves routine counting of words or concrete references, and ‘meaning orientated’ (subjective) analysis, which focuses on analysis of the underlying themes in the texts under investigation” (p. 627). The ‘meaning orientated’ analysis still involves quantification, whereby ratio variables of each theme within a narrative are calculated to indicate the significance of that specific theme with respect to the narrative (Smith & Taffler, 2000). Easterby-Smith et al. (2015) define content analysis to be a qualitative interpretive method that can potentially include some form of quantification due to its underlying positivist framework. Although it has been commonly applied in qualitative research, Silverman (2014) argues that “the theoretical basis of qualitative content analysis is at best unclear” (p. 118). As such, and because counting the frequency of words do not help answer the research questions, this thesis considers the thematic analysis of data collected in this study.

### ***3.6.1 Thematic Analysis***

A theme can be defined as a category recognized in the collected data through its connection to the research aim and questions; it is usually based on the codes that are identified in documents such as transcripts, and helps the researcher in interpreting the data for making a theoretical contribution to the research field of the study (Bryman & Bell, 2015, p. 600). According to Ryan and Bernard (2003), a theme can be identified through various ways, such as examining repeated ideas or topics in the data, metaphors and analogies, similarities and differences, and theory-related data that is based on concepts taken from the literature. Thematic analysis typically involves pattern recognition (Patton, 2002). A pattern within the data can be established as a theme through the most commonly used approach of recognizing recurring ideas or topics within and across data sources that help answer the research questions (Bryman & Bell, 2015, p. 601). Even if an idea or topic is not repeated within the data, it can still be considered a theme as long as it helps address the research aim and questions (Bryman & Bell, 2015, p. 601).

Themes can be either theory driven (a priori) or data driven (a posteriori) (Braun & Clarke, 2006; Saunders et al., 2016). This means that a priori themes are derived from existing theories found in the literature, whereas a posteriori themes are derived from empirical data (Ryan & Bernard, 2003; Saunders et al., 2016). Braun and Clarke (2006) provide a guide for conducting thematic analysis through six phases, which are considered to be similar to other analysis techniques or stages being used in qualitative research. This flexible ongoing analysis process begins with a deep familiarization with the data through reading and re-reading, which is followed by generation of initial codes derived from aspects of the data that are of potential interest or significance to the research focus or objectives (Braun & Clarke, 2006). Following these two phases, themes are then tentatively established by assembling the various codes into potential themes, after which themes are reviewed, defined and named (Braun & Clarke, 2006). Braun and Clarke (2006) indicate that sources of codes for generating themes can be theory driven or data driven, depending on the most suitable approach required for answering the research questions of a particular study. The final phase involves the examination and interpretation of these identified patterns/themes, while linking this back to the research questions and the literature/theory (Braun & Clarke, 2006). In line with this process, Ryan and Bernard (2003) highlight the need for examining the most relevant themes with respect to the research focus, after which groups and hierarchies of themes are established for later analysis and interpretation. Some examples of generic forms of thematic analysis that are not associated with a specific methodology (such

as grounded theory), include the methods proposed by Miles and Huberman (1994), and Miles, Huberman, and Saldaña (2014).

The major methodology references of qualitative data analysis strategies used for this study consist of case study research sources including those of Yin (2014) and Stake (1995). The more detailed guidelines/procedures of thematic analysis that follow the case study analytic strategies are based on the methods sourcebook by Miles et al. (2014). For the analysis of case studies, Yin (2014) suggests general strategies for linking the collected data to conceptual frameworks. Amongst those strategies which apply for this case study is the “Relying on theoretical propositions” strategy, as the objectives, research questions, and case study design are based on these theoretical propositions derived from the literature review (p. 136). Within these general strategies, Yin (2014) also proposes analytic techniques that help develop internal validity (establishing causal relationships for explanatory case studies) and external validity. The particular techniques that apply to this case study are pattern matching and explanation building (Yin, 2014). Pattern matching entails comparing a pattern derived from the findings of a case study with a predicted pattern, and is considered very useful for case study analysis. Explanation building applies mainly for explanatory case studies that tend to explain how or why something occurred through casual links that provide significant insights into a process or theory (Yin, 2014). The strategies and techniques used for analysis of case studies are discussed in more detail in Chapter 4. In line with these general strategies and techniques, Stake (1995) highlights strategic methods for analysing qualitative data, which involve categorical aggregation, direct interpretation, and pattern searching for achieving consistency within specific case conditions (referred to as correspondence). With regard to guidelines used for analysing qualitative data, Miles and Huberman (1994) identify the components of qualitative data analysis to be “consisting of three concurrent flows of activity: data reduction, data display, and conclusion drawing/verification” (p. 10). Although not specifically identified by the authors as content analysis, Easterby-Smith et al. (2015) refer to the procedures of qualitative data analysis described by Miles and Huberman (1994) in their methods sourcebook to be procedures for conducting content analysis. Miles et al. (2014) offer qualitative analysis strategies for generating meanings (in the updated edition of the methods sourcebook), which can be applied to this study. These include noting patterns and themes, clustering of patterns/themes into categories and classes, making comparisons across activities or persons to test conclusions, building a logical chain of evidence, and making conceptual/theoretical coherence (Miles et al., 2014). Other techniques for confirming findings include checking for rival explanations and looking for negative evidence (Miles et al., 2014).

For analysing focus group data, Kitzinger (1995) emphasizes the need to consider the group dynamics and interactions between the participants. In line with this recommendation, Barbour (2008) explains that the analysis of interactions and communications between participants in focus groups can help with understanding and explaining the social phenomena that are being studied. According to Silverman (2014), three major methods have been used to analyse focus group data, which include quantitative content analysis, qualitative thematic analysis, and constructionist methods such as discourse analysis and conversation analysis. Qualitative thematic analysis aims at basing the interpretation of the focus group data around situation/context particularities of the study and participants' perspectives (Silverman, 2014). One of the key issues that need to be considered by researchers conducting qualitative thematic analysis of focus group data involves the process of giving due consideration to the particular context within which the data was generated (Silverman, 2014). This is in agreement with the need to take into account and analyse the contextual conditions of a case study for understanding social or organizational phenomena in depth (Hartley, 2004; Yin, 2014).

Considered to be a set of techniques rather than a specific methodology for thematically analysing qualitative data (King, 2004b), template analysis is identified as a generic approach within the broader field of thematic analysis (King & Brooks, 2017). Template analysis as a particular form of thematic analysis is adopted for this study, and is discussed in detail in the following section. For the purpose of facilitating the tasks associated with manual coding and retrieving of data involved in qualitative data analysis of this case study, NVivo software is used.

### ***3.6.2 Template Analysis Approach***

Template analysis has been predominantly associated with research applied in real-world settings (King & Brooks, 2017). The template form or style initially suggested by Crabtree and Miller (1992) for the purpose of thematically analysing qualitative data, was later developed by Nigel King into the template analysis technique (King & Brooks, 2017). Identified as a specific style or type of thematic analysis (King & Brooks, 2017; Saunders et al., 2016), template analysis differs from thematic analysis in that it has a higher level of structure during the early analysis stages (initial template development stage – refer to section 3.6.2.1.4 below) (Saunders et al., 2016, p. 589). It also allows part of the data to be coded for developing the initial codes and themes, whereas in thematic analysis, the full data set needs to be coded before starting to identify and develop themes (Saunders et al., 2016,

p. 587). Template analysis is characterized by balancing both flexibility (Poppleton, Briner, & Kiefer, 2008) and structure in managing data (King & Brooks, 2017, p. 3). When compared to grounded theory for example that prescribes specific procedures that should be followed for collecting and analysing data, template analysis is considered to be more flexible (King, 2004b). This is because it has fewer specified procedures, but enough to provide a certain degree of structure to the technique, which may be modified to suit the particular requirements of each study (King, 2004b). Moreover, template analysis allows the use of both a priori (not obligatory) and a posteriori (in vivo) codes depending on the particular study (King & Brooks, 2017, p. 29; Saunders et al., 2016, p. 588). This is one aspect of the template analysis approach which is not allowed in other approaches including grounded theory where codes are only data driven or a posteriori (refer to section 3.6.1 for distinction between a priori and a posteriori), hence contributing to its flexibility. These characteristics can therefore be advantageous to the researcher throughout the research process (King, 2004b).

Referred to as a set of techniques rather than a distinct method or methodology, template analysis can be used within various epistemological positions (King, 2004b, p. 256) and with inductive or deductive research approaches (Saunders et al., 2016, p. 588). These positions involve the realist qualitative research that has a positivistic approach to it, and the contextual constructivist research that includes phenomenological, interactionist and some narrative approaches (King, 2004b). Although the range of epistemological positions it can be applied to is broad, template analysis is not appropriate for research that combines qualitative and quantitative analysis which employ content analysis, whereby the frequency of the code in a text is essential for identifying significant themes (King, 2004b). It is also not applicable to research that involves radical relativist positions such as studies employing discourse analysis that explore meaning through the language used (King, 2004b).

Based on the above discussion, template analysis can be applied to this case study which has an inductive research approach and adopts pragmatism as its research philosophy, because it involves research in real-world setting of NWL. The research focuses on providing practical solutions to problems that could help inform future practice in a specific context, by examining the partner selection process within the organizational context of NWL. The use of template analysis can further be justified for this study as general loosely defined a priori themes have been identified (Stratton, McGovern, Wetherell, & Farrington, 2006) based on the literature (Poppleton et al., 2008) and have been used for preparing the semi-structured interviews. These a priori themes denote potential aspects of the data relevant to the research questions, and can help accelerate the preliminary coding stage discussed in

section 3.6.2.1.2 below (King & Brooks, 2017). The following sections discuss the procedures used for template analysis, and how they are applied to this study. The use of NVivo software in developing the template is also discussed for this research.

### **3.6.2.1 Overview of Procedures and Application to Study**

Template analysis usually starts with defining the codes and creating the initial template, followed by revising/modifying the template iteratively as much as needed according to the identified emergent themes, and finally analysing the data (Kelliher & Anderson, 2010; Waring & Wainwright, 2008). A detailed procedure is provided by King and Brooks (2017), whereby the process of template analysis involves seven major steps or stages which include familiarization with the data, preliminary coding, clustering, producing an initial template, developing the template, applying the final template, and finally the writing up of findings (p. 3). Each of these seven steps is discussed in detail in the sections below, whereby a separate section within each step is included to illustrate how the specific process described is applied to this study.

#### ***3.6.2.1.1 Familiarization with the data***

The process of getting familiar with the data and reflecting on it can begin whilst transcribing the data, provided the researcher undertakes the transcription task instead of relying on external support (King & Brooks, 2017). The amount of time needed for researcher familiarization and engagement with the data depends on the nature and size of the study, and the time allocated for completing the research (King & Brooks, 2017). King and Brooks (2017) recommend that the data set be read at least once for a small study involving 10 or fewer interviews before progressing to the next step.

##### **3.6.2.1.1.1 Application to study**

In this study, data transcription undertaken by the researcher provided ample time for thoroughly understanding the data and reflecting on it. The full set of primary data which includes thirteen semi-structured interviews and one focus group was read twice after completing the transcription task.

#### ***3.6.2.1.2 Preliminary Coding***

After reading and becoming familiar with the data, the process of preliminary coding follows, which involves identifying the significant aspects or parts of the text that help in understanding the research topic, hence resulting in defining potential themes (King & Brooks, 2017). In this process, codes or labels are used to index themes that are identified

in transcripts or participants' accounts (Brooks & King, 2014). As discussed in section 3.6.1, a theme involves a certain degree of repetition that is recognized across various cases or participant accounts. A theme can also be identified when it recurs in a single case or account as it might also indicate some aspect of relevance to the research question which may require further exploration and understanding (King & Horrocks, 2010). Moreover, themes need to be relatively distinct entities where level of overlap between them is kept at a minimum for better later interpretation (King & Horrocks, 2010). As mentioned in section 3.6.2, a priori codes that are used to index or label a priori themes may be used during the preliminary coding stage, and these are usually identified at the beginning of the research project before any preliminary coding takes place (King & Brooks, 2017). The use of a priori themes can be advantageous in beginning the initial coding phase as their use can help in speeding up the process, particularly when specific aspects of the phenomenon under investigation are already established by the researcher (King & Brooks, 2017). However, Brooks and King (2014) warn about the danger that a priori themes can have in blinkering the analysis. This means that the researcher's focus on many a priori themes that he/she identified at the outset can potentially prevent him/her from considering new themes or data that are in conflict with these pre-defined ones (King, 2004b). Hence, King and Brooks (2017) recommend that a priori themes should be limited in number, clearly refer to significant concepts within the study, and their use should be tentative, which means that they may be discarded or redefined at a later stage as analysis progresses.

#### **3.6.2.1.2.1 Application to study**

As discussed in section 3.6.2 above, a priori themes were used for preparing the semi-structured interview guides for this study. These were informed by the literature review and the research questions, as indicated in section 3.5.2.1. According to King (2004b), the main questions within the interview guide can be used as potential higher-order codes and the sub-questions or probes can be used as potential lower-order codes in the preliminary coding stage of template analysis. This is particularly useful when the topic guide is somewhat structured and the questions correspond to significant concepts from the literature that cover most of the topics already defined by the researcher (King, 2004b). As the semi-structured interview guide questions for this study were based to a certain extent on theory driven or a priori themes, these questions were used for creating the preliminary codes of the initial template, as discussed in more detail in section 3.6.2.1.4 below (refer to appendix 3 for the interview guides).

Preliminary coding was implemented at an earlier stage for the thirteen semi-structured interview transcripts, whereby salient points were highlighted and preliminary aspects or

themes were identified accordingly. As discussed previously in section 3.5.2.2, these identified preliminary themes were used to inform the discussion topics that constituted the focus group agenda. These preliminary themes were revised again at this stage of template analysis to identify any potential codes that can be used for creating the initial template.

### ***3.6.2.1.3 Clustering***

Although identified as a separate step or stage within template analysis, clustering occurs throughout the process of producing the initial template and while developing the template, which are the stages that follow. This is because the different stages of template analysis have boundaries that may overlap throughout the analysis (King & Brooks, 2017). Clustering is the process by which identified themes, both a priori and a posteriori (emerging), are organized into meaningful groups while taking into account how themes within each cluster/group and across the clusters are linked to each other (King & Brooks, 2017). The process involves a lot of trial and error in the organization and movement of themes within and across clusters; this procedure continues until the themes are structured in a way that is found to be most suitable for understanding the research topic and answering the research questions (King & Brooks, 2017). Simply put, this iterative process involves integrating the initial themes that have been identified into wider themes iteratively until a final set of themes is produced. As discussed in section 3.6, some researchers identify a theme to be the same as a code. The main difference between theme and code lies in their use, whereby a code is the term used for labelling or indexing the identified themes throughout the process of coding the transcripts. In this study, themes are labelled as codes in the coding template for the purpose of coding text.

#### **3.6.2.1.3.1 Application to study**

The clustering of themes for this study is illustrated in the following section 3.6.2.1.4 which describes how the initial template is formulated.

### ***3.6.2.1.4 Producing an Initial Template***

As mentioned previously, constructing the initial template in template analysis can begin after undertaking preliminary coding on all or a subset of the data set (King & Brooks, 2017). The advantages of using a subset of data for early template formulation include the support this can provide the researcher in focusing on the relevant aspects of the research that can potentially help avoid redundant coding (King & Brooks, 2017). Considering a subset of the data in producing the initial template (Kelliher & Anderson, 2010) is typical of the template

analysis approach, whereby the diversity in participants' perspectives is an important factor in estimating the subset or number of transcripts used for this purpose (King & Brooks, 2017). The more diverse the perspectives are, the bigger the subset of data that potentially needs to be considered. King and Brooks (2017) emphasize the importance of keeping an open mind during the initial template formulation, so as not to neglect new data that do not suit the initially identified clusters of themes, and hence to be able to modify and develop the template further when needed. Hierarchical coding is a key element of template analysis (Kelliher & Anderson, 2010), which basically entails the grouping of similar codes that are clustered together for creating general higher-order codes (King & Brooks, 2017). There can be various levels of coding for labelling/indexing themes, whereby higher-level themes can be explored in greater detail through the use of sub-themes which serve to investigate areas that are most relevant to the research aims and questions (King & Brooks, 2017). According to King (2004b), the extent of depth in coding can indicate the depth of analysis as more central issues to the study are examined. King and Brooks (2017) recommend keeping in mind the major research aim and objectives while developing the top level themes (represented by higher-order codes in the template) and dividing them into sub-themes, in order to identify and focus in most depth on those insights that are most useful to the research topic for better later interpretation. Parallel coding can also be used in template analysis, whereby it involves coding the same text with more than one code (King & Brooks, 2017). In parallel coding, it is important to make sure that themes are distinct, so as to avoid having too many themes within the same segment of text that may potentially relate to each other and could subsequently be merged into one theme (King & Brooks, 2017).

#### **3.6.2.1.4.1 Application to study**

In this study, the semi-structured interview topic guide was used as a starting point for building the initial template (King, 2004b). As discussed above, pre-defined codes that index a priori themes can be established from the interview questions, whereby higher-order codes and lower-order codes are produced from the main questions and corresponding prompts or follow-up questions respectively. This was implemented for this research, and the identified codes (with their level or order of coding) are illustrated in the following Figure 3.1.

- 1. Material sustainability issues (higher-order code)**
  - 1.1 Identification of issues (second-order code)
  - 1.2 Prioritization process (second-order code)
  - 1.3 Actions for addressing issues (second-order code)
  - 1.4 Budget or financial value for addressing issues (second-order code)
- 2. Assessment of current partnerships (higher-order code)**
  - 2.1 Process of addressing material sustainability issues (second-order code)
  - 2.2 Identification of material sustainability issues being addressed (second-order code)
  - 2.3 Goals and outcomes reached (second-order code)
    - 2.3.1 short-term (third-order code)
    - 2.3.2 long-term (third-order code)
  - 2.4 Partnership Success (second-order code)
    - 2.4.1 Success rate (third-order code)
    - 2.4.2 Reasons for success (third-order code)
- 3. Future partnership requirements (higher-order code)**
  - 3.1 Material sustainability issues to be addressed in future (second-order code)
  - 3.2 Goals and outcomes anticipated for future (second-order code)
- 4. Partner selection (higher-order code)**
  - 4.1 Criteria for selection (second-order code)
  - 4.2 Multiple partners option (second-order code)
- 5. Partnership impact evaluation (higher-order code)**
  - 5.1 Approach or tools used (second-order code)
  - 5.2 Partners involved in process (second-order code)

**Figure 3.1: First phase of initial template construction based on pre-defined codes from semi-structured interview guide**

As indicated in Figure 3.1, the template consists of five higher-order codes which include ‘Material sustainability issues’, ‘Assessment of current partnerships’, ‘Future partnership requirements’, ‘Partner selection’, and ‘Partnership impact evaluation’. The group of codes under each higher-order code is referred to as a thematic cluster. Accordingly, there are five thematic clusters in the above figure. All of the five higher-order codes relate to the research questions of the study, with the last two codes of ‘Partner selection’ and ‘Partnership impact evaluation’ having more direct relevance to the research questions and the study’s objectives. The higher-order codes are sub-divided into one or two levels of lower-order codes, whereby the template shows second-order and third-order codes.

In line with King and Brooks’ (2017) suggestion to code a subset of the data for developing the initial codes and themes, part of the data which included three NWL transcripts was used for building the initial template of this study. The purpose of doing this was to make use of the flexibility provided by template analysis which allows an early focus on the relevant aspects of the research that can help to avoid redundant coding. Interview transcripts of

NWL key informants were chosen because the research questions of the study (refer to section 1.3) are focused around understanding the perspectives of NWL employees in their partner selection and impact evaluation processes. Moreover, the study aims to investigate how corporates, such as NWL, can select NPO partners who contribute to addressing their material sustainability issues (refer to section 1.3 for research aim and objectives). Accordingly, the choice is justified as it serves to address the research questions and aim. The three transcripts that were selected include varied participant perspectives with diverse salient points/aspects that were identified in the preliminary coding stage. It is imperative to note that NPO partner perspectives are not very different than those of NWL perspectives, and consequently it was not necessary to use any of the NPO transcripts for producing the initial template. The initial template generated from three NWL transcripts is shown in the following Figure 3.2. The template includes lower-order codes up to level three only (third-order codes). A more detailed initial template consisting of additional levels of coding is found in appendix 5.

- 1. Material sustainability issues**
  - 1.1 Identification of issues integrated into business strategy under strategic themes, outcomes and medium term goals
    - 1.1.1 Different issues for North and South
  - 1.2 Prioritization process
    - 1.2.1 Reactive
    - 1.2.2 Proactive
  - 1.3 Actions for addressing issues
    - 1.3.1 Investment and business plan decisions: both reactive and proactive
    - 1.3.2 Examples
  - 1.4 Budget or financial value for addressing issues
    - 1.4.1 No separate budget provision for issues at NWL
    - 1.4.2 Budget split between capital investment on asset needs/significant (prioritized) issues and operational expenditure at NWL (OPEX)
    - 1.4.3 Smaller investments on community and customer needs
- 2. Assessment of current partnerships in addressing issues**
  - 2.1 NPO partnership work support
    - 2.1.1 Awareness of issues
    - 2.1.2 Better reach of different stakeholders
    - 2.1.3 Effective engagement with different stakeholders or customers
    - 2.1.4 More trust
  - 2.2 General partnership work support
    - 2.2.1 Shared learning, expertise, knowledge, networks, access to resources
    - 2.2.2 Strategic value in: approach to addressing challenges or issues, creativity, innovation, identifying opportunities
    - 2.2.3 NWL employees becoming more holistically business focused rather than functionally focused with common purpose
  - 2.3 Approach to addressing material sustainability issues
    - 2.3.1 Short-term projects tackling specific issues
    - 2.3.2 Long-term strategic partnerships
  - 2.4 Identification of material sustainability issues being addressed
    - 2.4.1 biodiversity
    - 2.4.2 water supply demand balance
    - 2.4.3 customer affordability
    - 2.4.4 sewer flooding
  - 2.5 Goals and outcomes reached
    - 2.5.1 Short-term
    - 2.5.2 Long-term
  - 2.6 Partnership Success
    - 2.6.1 Success rate
    - 2.6.2 Reasons for success
    - 2.6.3 Reasons for lack of success

**Figure 3.2: Initial Template** (based on three NWL transcripts, showing up to third-order codes)

- 3. Future partnership requirements**
  - 3.1 Material sustainability issues to be addressed in future
    - 3.1.1 climate change
    - 3.1.2 ageing workforce
    - 3.1.3 extreme weather
  - 3.2 Goals and outcomes anticipated for future
    - 3.2.1 increased use of renewable energy
    - 3.2.2 time shifting of power usage
    - 3.2.3 energy efficiency
    - 3.2.4 workforce diversity
    - 3.2.5 stakeholder engagement with the environment
    - 3.2.6 workforce skill development
    - 3.2.7 weather monitoring and forecast
    - 3.2.8 extreme weather mitigation plans
    - 3.2.9 provision of apprenticeship opportunities
- 4. Partner selection**
  - 4.1 Criteria for selection
    - 4.1.1 alignment of values and objectives
    - 4.1.2 reputation
    - 4.1.3 resource availability and provision
    - 4.1.4 trust
    - 4.1.5 previous partnership experience and track record of outcome delivery
    - 4.1.6 historic relationship
    - 4.1.7 relationship development based on mutual understanding
    - 4.1.8 credibility
    - 4.1.9 expertise and skills in relevant field
  - 4.2 Multiple partners option
    - 4.2.1 Application reasons
- 5. Partnership impact evaluation**
  - 5.1 Issues
    - 5.1.1 Limited visibility of outcomes and impacts around the business
    - 5.1.2 Reporting on inputs and short-term outputs rather than impacts
  - 5.2 Approach/tools used
    - 5.2.1 Defining and agreeing on outcomes and measures of success
    - 5.2.2 Assign clear milestones for delivery of outcomes
    - 5.2.3 IRR
    - 5.2.4 Reporting on inputs and short-term outputs
    - 5.2.5 Service level agreement (SLA)
  - 5.3 Partners involved in process
    - 5.3.1 all partners
    - 5.3.2 external consultancies
    - 5.3.3 external relevant stakeholders

**Figure 3.2 (Continued): Initial Template** (based on three NWL transcripts, showing up to third-order codes)

### ***3.6.2.1.5 Developing the Template***

After creating the initial template, the template is developed further in a systematic way by applying it to the remaining set of data or transcripts (King, 2004b), which include in this study the rest of the interview transcripts and the focus group transcript. In template analysis, different templates can be developed for different types or forms of data, although it is more common to develop a single template for the whole data set (King & Brooks, 2017). In this study, a single template is developed for the whole data set. This is because a single template provides analysis integration across the different types of data (King & Brooks, 2017). Moreover, separate templates are usually used when the different data types serve to address different research aims and objectives (King & Brooks, 2017), which is not the case for this research.

Throughout this template development stage, segments of text that provide significant insights to the research topic or questions are denoted with the relevant existing codes from the initial template if applicable (King & Brooks, 2017). Where existing codes do not represent the new data, the template is further modified by incorporating new codes, changing the scope of codes (e.g. shifting the level or order of the codes from higher to lower level), redefining existing codes, merging codes, and deleting codes (King & Brooks, 2017). The template can be modified and reorganized after examining each participant account, or alternatively a new version can be created after examining a few selected accounts (King & Brooks, 2017). This process can be repeated as long as needed, whereby the duration of this stage in developing the template depends on the particular study, the data collected, and the available time and resources (King & Brooks, 2017). The final version of the template is considered to be completed after the identified themes denoted by the template codes are judged to be adequately relevant in contributing to the research aims, and after the comprehensive representation of all the data (King & Brooks, 2017). King (2004b) suggests that the data needs to be read and the coding should be examined/revised at least twice, where the usual practice takes at least three or four iterations.

#### **3.6.2.1.5.1 Application to study**

In this study, the initial template was further developed by continuing to apply it to the remaining NWL interview transcripts, and following that it was applied to the NPO partner interview transcripts. The template was modified and reorganized after examining each participant account or transcript. The template constructed from the NWL and NPO interview transcripts was finally applied to the NWL focus group transcript which resulted in the developed template (version 1) in Figure 3.3 below. Throughout the template development stage (first iteration), it was recognized that fewer new codes were inserted

into the template structure with each subsequent transcript. Example of new codes that were inserted into the template (version 1 – Figure 3.3) with reference to the initial template (Figure 3.2) include the higher-order codes ‘NPO financial value of partnership’ and ‘Agreement Interaction in Focus Group’.

To account for some of the different perspectives between NWL and NPO partner key informants that are judged to be worth highlighting, and for ease of group reference, specific codes denoting themes identified for each group of key informants were separated under the relevant code denoted as ‘NWL’ or ‘NPO’ (refer to appendix 5 for detailed version of the template). Template analysis is particularly suitable for research that aims to compare differences in perspectives between different groups in a specific context (King, 2004b, p. 257). Comparing the two groups of NWL and NPO key informants in this study can provide some insight into the differences and similarities in specific perspectives between them. However, this comparison is not one of the research objectives of this study, as the study mainly aims to investigate and understand how corporates such as NWL can select NPO partners who contribute to addressing their material sustainability issues.

In template analysis, the choice of using a single template or separate templates for comparing different groups depends on the particular study. This means that if there is a high level of similarity between the perspectives of the different groups, then a single template would be the appropriate choice (King & Brooks, 2017), as is the case for this study. For example, in their study which compares career experiences between white and black and minority ethnic (hereafter BME) leaders, Wyatt and Silvester (2015) developed two separate final templates, one for white managers and the other for BME managers (refer to appendix 8 for final template of BME managers). Various differences in second-order and third-order codes were realized between the two groups; these codes represent themes that were identified by the BME group of managers but were either not identified or were discussed differently by the group of white managers (Wyatt & Silvester, 2015). These differences justified the use of two different templates for this study, in addition to having one of the research questions asking about the similarities and differences in leadership experiences between senior BME and white managers.

In seeking to understand part of the nature of interaction among focus group members with regard to participants agreeing or disagreeing to the proposed statements in the topic guide and consequently with each other, codes that captured this specific interaction were developed. A new higher-order code was established for this purpose, which is ‘Agreement Interaction in Focus Group’ as shown in the following Figure 3.3. These interaction codes play a role in assisting to better understand and discuss the themes identified in the focus

group. Under this focus group thematic cluster, some of the codes designating themes identified from focus group participant accounts were also included. At this stage of template development, these focus group conceptual codes were not integrated within other higher-order codes in the template as it was perceived that their main purpose was to confirm or better inform the other thematic clusters within the template.

- |   |
|---|
| <p><b>1. Material sustainability issues at NWL</b></p> <ul style="list-style-type: none"> <li>1.1 Identification of issues integrated into business strategy under strategic themes, outcomes and medium term goals</li> <li>1.2 Different issues for North and South</li> <li>1.3 Prioritization process</li> <li>1.4 Actions for addressing issues</li> <li>1.5 Budget/financial value</li> </ul> <p><b>2. NPO financial value of partnership set on basis</b></p> <ul style="list-style-type: none"> <li>2.1 Delivery of tangible outcomes</li> <li>2.2 Fixed amount of funding or fundraising specified through formal contract or agreement to cover work fees and project/scheme grants (memorandum of understanding)</li> <li>2.3 Unspecified amount of fundraising or funding (donations)</li> <li>2.4 Difficulty in putting value on intangible outcomes</li> <li>2.5 Partner membership cost depending on nature of projects to be delivered within partnership</li> <li>2.6 Difficulty in assigning value or budget as there is potential overlap with other project budgets in delivery of partnership outcomes</li> <li>2.7 Aligning funding or grant money to priority issues identified in vital signs report through surveys of people living in specific Northeast areas</li> </ul> <p><b>3. Assessment of current partnerships in addressing issues</b></p> <ul style="list-style-type: none"> <li>3.1 NPO partnership work support to NWL</li> <li>3.2 General partnership work support to NWL, businesses and NPOs</li> <li>3.3 Business (private sector) partnership work support to NPOs</li> <li>3.4 Partnership approach to addressing material sustainability issues</li> <li>3.5 Identification of material sustainability issues being addressed</li> <li>3.6 Goals and outcomes reached</li> <li>3.7 Partnership Success</li> </ul> <p><b>4. Future partnership requirements</b></p> <ul style="list-style-type: none"> <li>4.1 Material sustainability issues to be addressed in future</li> <li>4.2 Recommended partnership work by NPO with NWL*</li> <li>4.3 Recommended partnership work by NPO with any partner*</li> <li>4.4 Recommended partnership work/approach by NWL with any partner*</li> </ul> |
|---|

**Figure 3.3: Developed Template** (version 1 - based on full set of transcripts)

(N.B. \*recommended in above figure refers to recommendations provided by research participants and not by researcher)

<p><b>5. Partner selection</b></p> <p>5.1 Criteria for selection</p> <p>5.2 Process aspects or procedures used</p> <p>5.3 Recommended future process aspects or procedures to be used*</p> <p>5.4 Multiple partners option</p> <p><b>6. Partnership impact evaluation</b></p> <p>6.1 Issues and challenges</p> <p>6.2 Approach or tools used</p> <p>6.3 Recommended approach or tools used*</p> <p>6.4 Partners involved in process</p> <p><b>7. Agreement Interaction in Focus Group</b></p> <p>7.1 Agrees with proposed statement</p> <p>7.2 Agrees with previous participant</p> <p>7.3 Disagrees with proposed statement in that</p> <p>7.4 Partially agrees/disagrees with proposed statement in that</p> <p>7.5 Partially agrees/disagrees with previous participant</p> <p>7.6 Disagrees with previous participant</p> <p>7.7 Builds on previous participant argument</p>
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**Figure 3.3 (Continued): Developed Template** (version 1 - based on full set of transcripts)

*(N.B. \*recommended in above figure refers to recommendations provided by research participants and not by researcher)*

Moving on to the second iteration of data coding where codes were re-examined and revised, various modifications to the developed template (version 1) were implemented. The level or order of the codes was changed within the coding structure as needed (changing the scope). Recognizing the modifications between version 1 (Figure 3.3) and version 2 (Figure 3.4) of the developed template, one example of changing the scope of a code would be the modification of ‘NPO financial value of partnership’ from a higher-order code in version 1 of the template to a third-order code (‘Financial value of partnership from NPO perspective’) in version 2. Some existing codes were redefined, others were merged. For example, ‘Material Sustainability Issues’ as a higher-order code was considered to be broadly defined in version 1 and hence was redefined in version 2 as the ‘Prioritization process of sustainability issues’ which is the process that leads to identifying the material issues. This also involved the merging of ‘Prioritization process’ which is a second-order code in version 1 with ‘Material Sustainability Issues’, which resulted in the first higher-order code ‘Prioritization process of sustainability issues’ of the template in Figure 3.4 below (version 2). At this point some codes were deleted as their contribution to addressing the research questions and aims in comparison with other codes was judged to be not sufficiently significant. Examples of these deletion cases include the identification and listing of the material sustainability issues at NWL (refer to 1<sup>st</sup> thematic cluster of version 1 in Figure

3.3), some of which are already discussed in NWL's corporate document 'Our Vision, Our Values, Our Way'. Other codes that were deleted include the material sustainability issues that are being addressed (e.g. climate change, water conservation, customer affordability) and those that need to be addressed in the future, as well as the respective goals/outcomes that are being reached and aimed to be achieved through current and future partnerships. These codes (refer to detailed template of version 1 in appendix 5) help identify the gap in sustainability issues that the current partnerships address, but they do not significantly contribute to answering the research questions around selecting partners who contribute to addressing the material sustainability issues or around the partnership impact evaluation approach. In other cases, codes were also deleted when there was overlap identified amongst codes, which is a potential deletion case described by King (2004b). The second-order code 'Actions for addressing issues' (in thematic cluster 1) in template version 1 was deleted from the template version 2 as the lower-order codes under it ('Dual approach: reactive and proactive' – refer to appendix 5) overlapped with the codes ('Reactive', 'Proactive') under the second-order code ('Prioritization process') of thematic cluster 1. Additionally, these codes were subsequently merged. An example of parallel coding in version 2 of the template is the use of two codes which are 'synergistic value' and 'systemic impact or change' for the same segment of text. Parallel coding was used because synergistic value (including social, environmental, and economic value) created from strategic partnerships may also involve a systemic impact.

Moreover, within the thematic cluster of the focus group agreement interaction, the codes designating themes identified from focus group participant accounts were indicated in the version 2 template with reference to the discussion topic number from the focus group agenda (refer to appendix 3 for the focus group topic agenda). These modifications generated a new version of the template (version 2) as shown in the following Figure 3.4.

- 1. Prioritization process of sustainability issues at NWL**
  - 1.1 Reactive
  - 1.2 Proactive
  - 1.3 Approach or tools used
  - 1.4 Budget for addressing material sustainability issues
  
- 2. Assessment of current partnership work**
  - 2.1 General partnership work support to NWL and other organizations
  - 2.2 NPO-Business partnership work
    - 2.2.1 NPO support to NWL
    - 2.2.2 General business support to NPO
    - 2.2.3 NWL support to NPO
    - 2.2.4 Financial value of partnership from NPO perspective based on
  - 2.3 Partnership approach to addressing material sustainability issues
    - 2.3.1 Project-based partnerships tackling specific issues (typically reactive and short-term)
    - 2.3.2 Partnerships based only on fundraising/funding
    - 2.3.3 Long-term strategic partnerships (collaborative integrated partnership, typically proactive)
  - 2.4 Partnership Success
    - 2.4.1 Success rate
    - 2.4.2 Reasons for success
    - 2.4.3 Reasons for lack of success
  
- 3. Future recommended partnership work**
  - 3.1 Recommended partnership work/approach by NWL with any partner
  - 3.2 Recommended partnership work by NPO
    - 3.2.1 With NWL
    - 3.2.2 With any partner
  
- 4. Partner Selection**
  - 4.1 Criteria for selection
  - 4.2 Process aspects or procedures used
    - 4.2.1 NWL
    - 4.2.2 NPO
  - 4.3 Recommended future process aspects or procedures to be used by NWL
  - 4.4 Multiple partners option
    - 4.4.1 Factors/criteria for considering option
    - 4.4.2 Purpose/motive
    - 4.4.3 Disadvantages

**Figure 3.4: Developed Template (version 2)**

<p><b>5. Partnership impact evaluation</b></p> <p>5.1 Issues and challenges</p> <p>5.2 Approach or tools used</p> <p>5.3 Recommended approach or tools</p> <p>5.4 Partners/others involved in process</p> <p>    5.4.1 Factors considered</p> <p>    5.4.2 all partners</p> <p>    5.4.3 external consultancies</p> <p>    5.4.4 relevant stakeholders including external ones</p> <p>    5.4.5 partners and external expert (formal group)</p> <p>    5.4.6 all partners or delivery partners and relevant external stakeholders</p> <p><b>6. Participant Agreement Interaction in Focus group</b></p> <p>6.1 Agrees with proposed statement (<i>reference to discussion topic number from focus group agenda</i>)</p> <p>    6.1.1 Discussion topic 2.5</p> <p>    6.1.2 Discussion topic 2.8</p> <p>    6.1.3 Discussion topic 2.9</p> <p>    6.1.4 Discussion topic 2.10</p> <p>6.2 Partially agrees/disagrees with proposed statement</p> <p>    6.2.1 Discussion topic 2.1</p> <p>    6.2.2 Discussion topic 2.5</p> <p>6.3 Disagrees with proposed statement</p> <p>    6.3.1 Discussion topic 2.1</p> <p>6.4 Agrees with previous participant</p> <p>6.5 Partially agrees/disagrees with previous participant</p> <p>6.6 Builds on previous participant argument</p>
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**Figure 3.4 (Continued): Developed Template (version 2)**

The developed template in Figure 3.4 shows six higher-order codes which form six thematic clusters. Not all lower-order codes are presented in the figure; only a selected few are shown. A more detailed template including all levels of coding is found in appendix 5.

After receiving supervisory feedback and following a discussion of the codes within the detailed version of the Developed Template version 2 (refer to appendix 5) with the supervisory team, it was recognized that some of the codes that label themes identified in the focus group discussion topics were redundant with respect to the other thematic clusters in the template. This is because they addressed the same research questions and objectives. Moreover, the thematic cluster ‘Participant Agreement Interaction in Focus Group’ should include coding for interaction only as indicated in the cluster name. Therefore, it was not appropriate to separate the focus group conceptual codes from the other codes in the template. Accordingly, during the third iteration of applying the Developed Template version 2 to the whole data set, the focus group codes were integrated within the other five thematic clusters of the template where suitable. Coding for interaction in the focus group was kept as a separate thematic cluster to highlight the extent of agreement between focus group participants on the discussed topics. Few new codes were added to the template, other

codes were merged when they conveyed the same concept or were found to be repetitive, and other codes were split into separate codes for clarity purposes or when they conveyed different ideas or concepts. Some codes were also deleted from the template as they were not used to code any text; this was mostly because they were redundant or overlapping with other codes, and these other codes were judged to be more adequate for particular segments of text. During this phase, relationships between the identified themes that are represented by the template codes were more clearly recognized and were noted down in the project journal for later exploration during template interpretation. After implementing these modifications to the Developed Template version 2, the resulting template (developed template version 3) was recognized to be the final template as discussed in the section below.

#### ***3.6.2.1.6 Applying the Final Template***

Once the development stage of the template is completed to a point that the researcher finds adequate in helping to answer the research question of the particular project, the final template can be established (King, 2004b). The final version of the template is then applied to the original whole data set for the purpose of later interpretation. The final template can support the researcher in structuring and writing up of the research findings which is the next and final stage of template analysis discussed in section 3.6.2.1.7 below (King & Brooks, 2017).

##### **3.6.2.1.6.1 Application to study**

After applying the developed template version 3 to the whole data set, no further modifications were realized, hence resulting in the final template that is shown in the following Figure 3.5 (refer to appendix 5 for a more detailed template). Accordingly, the total number of iterations implemented to reach the final version of the template is three.

<b>1. Prioritization process of sustainability issues at NWL</b>
1.1 Reactive ( <i>typically short-term</i> )
1.2 Proactive ( <i>more long-term</i> )
1.3 Approach or tools used
1.4 Recommended approach
1.5 Budget for addressing material sustainability issues
1.6 Issues
<b>2. Assessment of current partnership work</b>
2.1 General partnership work support to NWL and other organizations
2.2 NPO-Business partnership work
2.2.1 NPO support to NWL
2.2.2 General business support to NPO
2.2.3 NWL support to NPO
2.2.4 Financial value of partnership from NPO perspective
2.3 Partnership approach to addressing material sustainability issues
2.3.1 Project-based partnerships tackling specific issues ( <i>typically reactive and short-term</i> )
2.3.2 Partnerships based only on fundraising/funding
2.3.3 Long-term strategic partnerships ( <i>collaborative integrated partnership, typically proactive</i> )
2.4 Partnership Success
2.4.1 Success rate
2.4.2 Reasons for success
2.4.3 Reasons for lack of success
<b>3. Future recommended partnership work</b>
3.1 Recommended partnership work/approach by NWL (with any partner)
3.2 Recommended partnership work/approach by NPO
3.2.1 With NWL
3.2.2 With any partner
<b>4. Partner Selection</b>
4.1 Criteria for selection
4.1.1 NWL and NPO
4.1.2 NWL
4.1.3 NPO
4.1.4 Priority criteria to NWL
4.2 Process aspects or procedures used
4.2.1 NWL
4.2.2 NPO
4.3 Recommended future process aspects or procedures to be used by NWL
4.4 Multiple partners option
4.4.1 Factors/criteria for considering option
4.4.2 Purpose/motive
4.4.3 Difficulties/challenges

**Figure 3.5: Final Template**

<p><b>5. Partnership impact evaluation</b></p> <p>5.1 Issues and challenges</p> <p>5.2 Approach or tools used</p> <p>5.3 Recommended approach or tools</p> <p>5.4 Partners/others involved in process</p> <p>    5.4.1 Factors considered</p> <p>    5.4.2 all partners</p> <p>    5.4.3 external consultant or expert</p> <p>    5.4.4 partners and external expert (formal group)</p> <p>    5.4.5 all partners or delivery partners and relevant external stakeholders</p> <p><b>6. Participant Agreement Interaction in Focus Group</b></p> <p>6.1 Agrees with previous participant</p> <p>6.2 Partially agrees with previous participant</p> <p>6.3 Builds on previous participant argument</p>
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**Figure 3.5 (Continued): Final Template**

The following section discusses the use of computer-assisted qualitative data analysis software (CAQDAS), with a particular focus on NVivo software which is used for this study. The rationale for using computer assistance is provided, and the process of developing the template using NVivo is explained.

*3.6.2.1.6.1.1 Introduction to CAQDAS: Use of NVivo*

CAQDAS is considered to be a significant development in qualitative research that assists researchers in analysing qualitative data (Bryman & Bell, 2015). The basic assistance CAQDAS provides is eliminating manual tasks of coding data and then retrieving the coded data or text (Bryman & Bell, 2015). King (2004b) refers to the support CAQDAS delivers in the organization and examination of data. However, CAQDAS does not analyse the data with regard to decisions about the coding of text, and furthermore does not support the researcher in interpreting the findings (Weitzman & Miles, 1995). These are tasks that need to be undertaken by the researcher. King (2004b) suggests that template analysis can be appropriately supported by CAQDAS due to the template structure that is used in the analysis approach. Coding text segments to particular codes and quick complex search/retrieval tasks can be done more efficiently with CAQDAS (King, 2004b). Moreover, CAQDAS can be quite useful when applying the template to additional new data during template development, and also when many researchers are involved in the coding and analysis (King & Brooks, 2017). Some other advantages include the storage and secure backup of the analysis, the ability to share the analysis amongst various coders/researchers, the general capacity to do hierarchical coding (available within NVivo), and the visual

modelling features available in some of the software packages that provide support to implementing the template analysis approach (King & Brooks, 2017). Some of the disadvantages of CAQDAS include its cost, the period of time needed for learning how to use the software, and the drawback of working onscreen which can be limiting to the researcher in the analysis process specifically during the preliminary coding stage (King & Brooks, 2017).

NVivo is considered to be a popular and widespread CAQDAS package (Bryman & Bell, 2015). The support it provides the researcher in analysing qualitative data can involve managing the data, managing the concepts and theoretical knowledge generated from the data, implementing data queries, visualizing the data, and producing reports from the data (Bazeley & Jackson, 2013). Gibbs (2002) highlights the power of NVivo in supporting the researcher to explore potential relationships between themes and to investigate exceptions for the purpose of theory building. During the initial stages of template analysis which involved familiarization with the data and preliminary coding, NVivo was not used and the work was done manually on word. This approach is in agreement with King and Brooks (2017) who typically do not use the software during the early analysis stages, as they suggest it could be restrictive to the analysis process. Different font colours were used for different focus group participants within NVivo in order to index the account of each participant. This is particularly important for the purpose of attributing specific perspectives to specific participants, and more significantly for not falsely indicating that there is a consensus in the group on a particular theme (which can lead to more emphasis on it during interpretation), when in fact it is a theme generated from one or two participants (King & Brooks, 2017).

The use of NVivo for this study started with coding the three interview transcripts which resulted in producing the initial template. The coding of text using NVivo continued with developing the template iteratively until the final template was generated. The codes (or nodes) in NVivo can be organized into coding hierarchies with categories and sub-categories, which form a structured coding system (Bazeley & Jackson, 2013) that is similar to the template structure used in template analysis. This structured coding system provided support and clarity to the development of the template and organization of themes, and helped at a later stage in recognizing patterns of association between the themes. In addition to coding text, NVivo was used for implementing quick search and retrieval tasks that provide support to exploring and building relationships between themes, and hence interpreting the data.

### ***3.6.2.1.7 Writing Up of Findings***

#### **3.6.2.1.7.1 Presentation of Findings**

As mentioned previously, the final template can guide the researcher in the organization and the presentation of the analysis findings, which depend to a great extent on the research aims and philosophical position adopted (King & Brooks, 2017). The template layout used in template analysis for demonstrating themes is usually presented as a linear list or a diagrammatic mind map, whereby the linear style format used in this study is considered more common in published work and takes less space for display than the diagrammatic one (King & Brooks, 2017). King and Brooks (2017) recommend three specific approaches to present template analysis findings. The first approach focuses on presenting individual participant case studies alongside the similarities and differences between the cases, and it can involve some repetition in presenting case (participant) descriptions which can be confusing to follow and discern (King & Brooks, 2017). The second approach, considered to be most common in published work using template analysis, bases the interpretation of the data on the main themes that have been identified, and uses verbatim quotes or examples extracted from the primary data to illustrate these themes (King & Brooks, 2017). The limitations of the second approach can include over-generalization and lack of understanding of individual participant cases/accounts (King & Brooks, 2017). The third approach suggested by King and Brooks (2017), which is a combination of the first two approaches, may help overcome the limitations of both approaches, whereby findings are presented according to the key themes identified, while highlighting a small number of participant cases/accounts to illustrate the major themes. The critical aspect of this approach which requires careful consideration is to select participant cases/accounts that are based on the most suitable representation of themes within the full data set (King & Brooks, 2017).

In this thesis, the second approach of presenting template analysis findings (described above) is adopted, as the purpose of the analysis is to focus on the organization of NWL as a single case study rather than focus and present individual participant case studies. The central identified themes that help answer the research questions are emphasized, explained and elaborated in the following Chapter 4 through direct or verbatim quotes from key informants. With respect to over-generalization issues, this research project does not emphasize generalization; it is an in-depth investigation of specific organizational processes within a single case study (refer to section 3.4). Hence, over-generalization of the research findings is not possible. For concerns involving lack of understanding of individual

accounts, extracts from various participant accounts that help illustrate major themes can still enhance a certain level of understanding of the individual accounts. In addition to keeping an audit trail of the template analysis process for this study (King & Brooks, 2017), which contributes to researcher reflexivity and analysis process transparency (Stratton et al., 2006), the use of verbatim quotes can help increase the transparency of the research process (Yardley, 2000). This is because the reader is able to experience participants' accounts and judge the coherence of the interpretations (Yardley, 2000) that are presented in Chapter 5 (Discussion). Other quality check procedures that are applied for addressing trustworthiness criteria of the template analysis process include independent coding and getting respondent feedback (King & Brooks, 2017). Independent coding of two interview transcripts was implemented by a fellow doctoral researcher for the purpose of verifying the final coding template. The acquisition of respondent feedback on the data transcripts or the findings was not implemented for this study. However, the follow-up focus group helped clarify and extend the main themes generated from the interviews from NWL participants' perspectives (refer to section 3.5.2.2). Also, the final template and the study's findings were reviewed by Sarah Pinkerton (External Affairs Manager at NWL) who provided comments and feedback that were taken into consideration by the researcher (refer to section 3.7 for research reliability and validity).

The following section presents the analytical strategies and techniques that can be used for examining and interpreting the analysis findings introduced in Chapter 4, which are discussed in the context of the existing literature in Chapter 5.

#### **3.6.2.1.7.2 Analytical Strategies and Techniques**

In template analysis, King and Brooks (2017) suggest a few guidelines for exploring and interpreting the data, which include examining patterns of themes, prioritizing themes, and developing connections between themes. Examining patterns of themes can help in understanding the frequency (Miles et al., 2014) and distribution of themes within and across data, which might highlight areas that may require further examination rather than indicate/mean anything in particular about the data (King & Brooks, 2017). An example of this involves the identification of particular themes which are emphasized within one subset of transcripts and not in the other, which might reveal significant differences in perspectives between two different groups of research participants (King & Brooks, 2017). Miles et al. (2014) suggest keeping an open mind to realize disconfirming evidence or notice counterexamples when noting patterns, and examining whether identified patterns make conceptual sense. For prioritizing themes, King and Brooks (2017) propose identifying the

themes or the associations between themes that are more relevant to the research question, as well as themes which demonstrate significant differences between participant groups. Moreover, remaining open to identifying themes that are not linked to the research question can support the researcher in recognizing themes that challenge theoretical assumptions from the existing literature, or themes that help contextualize the study (King & Brooks, 2017). Finding and developing connections between themes or concepts within and across thematic clusters is important for contributing to theory (Charmaz, 2006). The connections within the data may provide the basis for developing a model of the phenomenon that is being studied, and in other cases they may help in evaluating and revising an existing theoretical model, as was demonstrated by Wainright and Shaw (2007) and McCluskey, Brooks, King, and Burton (2011).

For analysing case study evidence or data, Yin (2009) recommends general analytic strategies and more specific techniques that can guide the researcher in interpreting the data. These strategies and techniques, which can be used in combination, can also support the researcher in selecting and using analytic tools (e.g. creating data displays) more effectively (Yin, 2009). It is imperative to note that these strategies and techniques were considered and reflected upon before starting to collect the data, as suggested by Yin (2009), to make sure that the data collected could be analysed. Relying on theoretical propositions is the most recommended strategy, whereby the theories and concepts reviewed from the existing literature are used to develop and design the case study (Yin, 2009). This strategy is followed for this case study, as theoretical propositions helped guide the research questions and objectives, the research design of the case study, the data collection plan, and the case study analysis (Yin, 2009). Yin (2009) suggests that this strategy can be quite useful to the analysis of case studies involving ‘how’ and ‘why’ research questions, whereby alternative explanations can be identified and investigated. As discussed in section 3.4, the case study is both exploratory and explanatory (to a lesser extent), and seeks to address a ‘how’ research question. Some of the techniques that can be used for analysing case studies include pattern matching and explanation building (Yin, 2009, p. 126), which can be applied to this study. Pattern matching is one of the most preferred techniques, which aims at comparing the pattern derived from the collected data with a predicted pattern that is based on existing theoretical propositions (Yin, 2009). Pattern matching also involves examining whether a pattern identified in one participant case is replicated in other participant cases of the study (Miles et al., 2014). Explanation building, mainly applicable to explanatory case studies, is considered to be a special type of pattern matching, where the emphasis is to develop an explanation of the case (Yin, 2009). For the purpose of building suitable explanations, Miles

et al. (2014) highlight the need for relating the explanations given by research participants with the ones developed by the researcher. Explanation building is considered to be an iterative process that involves comparing the findings of an initial participant case/account against an initial theoretical proposition, and then revising the proposition against the other participant cases repeatedly as much as needed (Yin, 2009). According to Yin (2009), most case studies in the literature involve explanations taking the form of narratives which lack precision; they are recommended to reflect significant theoretical propositions.

The application of the techniques discussed above (examining patterns of themes, prioritizing themes, developing connections between themes, pattern matching and explanation building) to this study is further illustrated in the 'Discussion' chapter 5, which reflects how these techniques support the interpretation of the findings.

Following this description of the template analysis approach undertaken for this research, the next section discusses the reliability and validity of this study.

### **3.7 Reliability and Validity**

Research reliability and validity are considered to be major concerns that most researchers focus on in defending their research results (Easterby-Smith et al., 2015) and in judging the quality of research (Saunders et al., 2016). Easterby-Smith et al. (2015) indicate that these terms can mean different things for different research traditions or philosophical perspectives adopted by the researcher. This is in line with Kvale's (1995) suggestion that researchers sharing the same philosophical traditions and contexts share a similar understanding of the terms. Moreover, reliability and validity issues can take different forms for different qualitative methods (Peräkylä, 2004).

Validity, often referred to as credibility in qualitative research (Lincoln & Guba, 1985; Saunders et al., 2016), is concerned with the level of integrity reached with regard to research findings and the interpretations resulting from them (Bryman & Bell, 2015; Kirk & Miller, 1986). Kirk and Miller (1986) define validity as "the degree to which the finding is interpreted in a correct way" (p. 20). According to Saunders et al. (2016), research validity is dependent upon various factors involving the adequacy of research methods used for the research problem, the accuracy of analysing and interpreting the results, and the findings' generalizability.

Reliability, also referred to as dependability in qualitative research (Lincoln & Guba, 1985; Saunders et al., 2016), is defined by Kirk and Miller (1986) as "the degree to which the finding is independent of accidental circumstances of the research" (p. 20). Along the same

perspective, Bryman and Bell (2015) explain it to be associated with the issue of whether a study can generate repeatable research results. Hence, reliability basically involves research replication and consistency (Saunders et al., 2016). For the purpose of overcoming reliability and validity issues, Lincoln and Guba (1985) suggest that qualitative researchers meet four trustworthiness criteria which are credibility (truth-value of research findings), transferability (applicability of findings to other contexts or participants), dependability (consistency and replication of findings to same or similar contexts and research participants), and confirmability (maintaining researcher neutrality to keep findings from being influenced by researcher biases and perspectives). Based on the techniques proposed by Lincoln and Guba (1985) to address these criteria, the following table discusses the activities adopted for ensuring reliability and validity of this study.

**Table 3.3: Activities Applied for Addressing Lincoln and Guba's (1985) Trustworthiness Criteria**

Trustworthiness Criteria	Activities Used
Credibility	<ul style="list-style-type: none"> <li>- An introductory email explaining the major objective of the study was sent to the interviewees (refer to appendix 2 for introductory email)</li> <li>- Employees from NWL and its NPO partners were selected as research participants based on their involvement in partnerships and corporate sustainability strategies</li> <li>- Interviews were recorded</li> <li>- All aspects of the research and data collection processes were subject to ethical scrutiny and granted ethical approval by Northumbria University Faculty Ethics Committee</li> <li>- Triangulation of data</li> </ul>
Transferability	<ul style="list-style-type: none"> <li>- Interviews were conducted with different employees from various departments at NWL in order to capture various organizational perspectives and to cover the organization's different material sustainability issues</li> <li>- Interviewees from NPO partners were selected from a variety of strategic flagship and key partners of NWL with the aim of covering different sectors and material sustainability issues</li> <li>- Interview and focus group findings were compared with the literature</li> <li>- Participant responses from the various semi-structured interviews and the focus group were compared with each other</li> </ul>
Dependability	<ul style="list-style-type: none"> <li>- Interview guides were decided and coordinated upon by the researcher and the supervisory team</li> <li>- Interviews were recorded</li> <li>- Pilot study was implemented</li> <li>- Independent coding of two interview transcripts was implemented by a fellow doctoral researcher for verifying coding template</li> <li>- An audit trail was kept of template development throughout the analysis process (contributing to researcher reflexivity and transparency of analysis process)</li> <li>- The interpretations resulting from the data analysis were corroborated by the researcher and the supervisory team</li> </ul>

**Table 3.3 (Continued): Activities Applied for Addressing Lincoln and Guba’s (1985) Trustworthiness Criteria**

Trustworthiness Criteria	Activities Used
Confirmability	<ul style="list-style-type: none"> <li>- An introductory email highlighting the main purpose of the study was sent to the interviewees (refer to appendix 2 for introductory email)</li> <li>- Before conducting the interviews, researcher provided interviewees with information regarding their anonymity and the options they have for not answering questions they do not wish to answer (refer to appendix 4 for informed consent forms)</li> <li>- Participant responses from the various semi-structured interviews and focus group were compared with each other</li> <li>- Research findings were compared with the literature review</li> <li>- Independent coding of two interview transcripts was implemented by a fellow doctoral researcher for verifying coding template</li> <li>- An audit trail was kept of template development throughout the analysis process (contributing to researcher reflexivity and transparency of analysis process)</li> <li>- Interpretations resulting from the data analysis were corroborated by the researcher and the supervisory team</li> <li>- Interpretations resulting from the data analysis were critically examined by looking for negative evidence and checking for rival explanations/conclusions</li> <li>- Use of direct or verbatim quotes</li> <li>- Review and provision of feedback on final template and findings by Sarah Pinkerton (External Affairs Manager at NWL)</li> </ul>

Following this discussion of the approaches adopted to ensure the reliability and validity of this research, the next section highlights the significance of researcher reflexivity in qualitative research studies.

### **3.8 Reflexivity**

While undergoing qualitative research, researchers might face relative neutrality issues that can result from researcher biases and preconceptions (Miles & Huberman, 1994), and from being too involved with the organizations or research participants they study (Meyer, 2001). Although qualitative researchers are recommended to ensure neutrality in the research

process so that the research findings are not the result of their biases and past experiences (Meyer, 2001), King (2004a) emphasizes that it is rather impossible for qualitative researchers to completely detach themselves from their research participants. Moreover, the subjective aspects and the nature of the relationship between researcher/interviewer and participant/interviewee are considered to be integral to the research process (King, 2004a). Reflexivity is defined as the process by which researchers reflect critically (Guba & Lincoln, 2005) on how their personal experiences, background (such as cultural, social, and political), biases, values, assumptions and methods influence their research approach, findings and conclusions (Bryman & Bell, 2015). Based on this definition of reflexivity, researchers need to be aware and interpret/acknowledge the role that they play in the research process (Saunders et al., 2016). By asserting that reflexivity is supposed to take place during and after the research activity has been undertaken (Bryman & Bell, 2015), Riach (2009) argues that reflexivity “requires a fundamental questioning of what is knowable within a given context, and for this questioning to inform or shape current or subsequent practice” (p. 359). In order to overcome research biases and to better understand their role in the study, researchers are required to recognize their preconceptions with regard to their expectations, the research topic, and the research participants (Saunders et al., 2016). This helps researchers in their attempts to put aside these preconceived ideas in the data analysis stage (Gummesson, 2000), and to keep an open mind for new ideas (Saunders et al., 2016). Miles and Huberman (1994) further recommend that researchers question their findings and interpretations by considering negative evidence and reflecting on rival explanations or conclusions to the ones they reached.

In this study, I have adopted a systematic approach in keeping aware of my preconceptions and biases, by noting and updating my perceptions and experiences of the research process, participants, and issues I face. This awareness and continuous reflection helped in understanding my role in the research process, and also supported me in my efforts to set aside my preconceived ideas, particularly crucial for the data analysis stage.

In the following section, the ethical aspects and approach adopted for the study are discussed.

### **3.9 Ethics**

Research ethics “refer to the standards of behaviour that guide your conduct in relation to the rights of those who become the subject of your work, or are affected by it” (Saunders et al., 2016, p. 239). According to Bryman and Bell (2015), ethical issues that are encountered

at different stages of business and management research need to be addressed by researchers since they can affect the reliability and validity of the research and the methods used.

Ethical approval for this study has been sought and granted by the Faculty Ethics Committee on May 6, 2015. In line with Northumbria University's policy and guidance on research ethics and governance, organizational and individual informed consent forms were completed prior to data collection (refer to appendix 4 for informed consent forms). Formal ethical approval requirements, with respect to NWL and its NPO partners, were coordinated and fulfilled in cooperation with NWL and the supervisory team.

In the following section, the limitations of this research study are highlighted.

### **3.10 Limitations**

This study has various limitations which include personal, methodological, analytical, and validity limitations (refer also to section 6.4). Personal limitations that may involve researcher biases and preconceptions are discussed in more detail and addressed in section 3.8 above. As this is a single case study, generalizability is a major concern here (refer to section 3.4). However, the purpose of this case study is an in-depth understanding of the partner selection process in an organizational context. As such, the main contribution of this study is gaining in-depth insights into the partner selection process rather than achieving generalizability of its findings.

Moreover, there is a certain subjectivity associated with key informants' perceptions of sustainability issues, partnership outcomes/impacts and value creation which makes the findings dependent to a certain extent on the participants' personal interpretations of these concepts/terms (as well as the researcher's to a lesser degree). Not to mention that, although 'material sustainability issues' was defined to the key informants at the outset of the interviews, these issues may not have been identified appropriately by the participants who were mostly not familiar with the term. Similarly, instead of using the term 'impact' which might not be recognized or clearly understood by participants, 'goals and outcomes' were used while indicating that partnership outcomes can be short-term, long-term, direct and indirect (to include impact in the questions). This can impose certain limitations with respect to how participants understand and evaluate partnership impact, as outcome and impact were not highlighted and defined/differentiated in the interview questions. Moreover, the lack of willingness of other prospective NPO partners who were contacted to participate in the study (lack of access), as well as the degree of involvement of key informants in partner selection may have limited the insights gained on partner selection.

The small sample size of thirteen participants can also be considered a limitation. Yet, according to Malterud, Siersma, and Guassora (2016), sample size is dependent on the power of information relevant to the study that is provided in the sample, whereby more information power requires smaller number of participants. As such, studies, similar to this case study, that use established theory, and have a narrow aim, a highly specific combination of participants relative to the aim, a strong interview dialogue, as well as a case analysis involving in-depth exploration of narratives, would require the least amount of participants (Malterud et al., 2016).

Regarding validity limitations, judging the quality of research requires addressing reliability and validity concerns which are discussed in detail in section 3.7 above. For example, certain quality check procedures can be applied for addressing trustworthiness criteria of the template analysis process (refer to table 3.3). These include independent coding, keeping an audit trail, getting respondent feedback, and using participant quotes (King & Brooks, 2017) (refer also to section 3.6.2.1.7.1).

The following section includes a summary of the main points discussed within the research methodology chapter.

### **3.11 Summary**

This chapter provided an overview of the study's research strategy, underpinning philosophy, methodology and data collection methods used. As the main purpose of this study is to investigate and better inform the selection of partners who can contribute to addressing material sustainability issues, this inductive qualitative research approach adopts a pragmatic philosophy in its focus on providing practical solutions to problems that could help inform future practice in a specific context. A single instrumental case study is adopted where the primary interest is to investigate and understand a particular phenomenon (partner selection process) within an organizational context. Qualitative research methods used for this study were justified based on their suitability to answer the research questions presented in section 1.3, and their strengths and weaknesses were highlighted. The data analysis approach was also discussed, whereby template analysis adopted for this study was described and explained in detail. An overview on the use of NVivo software for this study was provided, and the analytical strategies and techniques that can be used to examine and interpret the findings were also discussed. For ensuring reliability and validity of the study and its findings, credibility, transferability, dependability, and confirmability issues were addressed in this chapter. The significance of reflexivity in qualitative research was

recognized, and I acknowledged certain techniques that I am adopting in order to be continuously aware of my preconceptions and biases. Finally, research ethical issues during the different stages of the research process were highlighted, and the limitations of the study were discussed.

The following chapter presents the research findings of this study.

## **4. Findings**

### **4.1 Introduction**

This chapter fulfils the research purpose of presenting the research findings of this study. As indicated in the previous chapter, this inductive qualitative research study adopts a case study methodology with pragmatism as its research philosophy. Template analysis as a particular form of thematic analysis is used for analysing the collected data. This chapter introduces the findings that are produced from template analysis (refer to section 3.6.2), according to the six thematic clusters presented in the final template (refer to Figure 3.5).

### **4.2 Findings from Template Analysis**

Based on the final template shown in Figure 3.5 (refer to section 3.6.2.1.6), there are six thematic clusters which highlight six broad ‘higher-level themes’ as referred to by Wyatt and Silvester (2015) in their study. The findings within each of the six higher-level themes are presented below.

#### ***4.2.1 Prioritization process of sustainability issues at NWL***

As the overall aim of this study is to investigate how corporates, such as NWL, can select NPO partners who contribute to addressing their material sustainability issues, it is important to understand how businesses prioritize their sustainability issues or how they assess materiality. This materiality assessment process (which according to the literature considers key internal/business and external stakeholder perspectives in the assessment) is examined from NWL’s perspective only as the study focuses on how NWL selects its NPO partners with respect to the prospective impact generated from these partnerships on NWL’s material sustainability issues. Within this thematic cluster, the approach currently used at NWL for prioritization, the recommended prioritization approach, as well as the budget used for sustainability are presented. The budget allocated for addressing sustainability is linked to the cost factor that may play a role in selecting potential partners who can contribute to addressing material sustainability issues. The higher-level theme ‘Prioritization process of sustainability issues at NWL’ is indirectly linked to the main research question (1) and its sub-question (1.1) (refer to section 1.3 for research questions, aim and objectives):

1- How can corporates such as NWL select NPO partners who contribute to addressing their material sustainability issues?

1.1- How can corporates such as NWL evaluate the impact of the prospective NPO partnerships on their material sustainability issues?

According to key informants from NWL, the prioritization process of sustainability issues is considered to be both reactive and proactive, with the former being more prevalent at the organization. This is explained in the following interview extract:

*We are currently going down again a dual approach, one is reactive so if an issue occurs, what can we do to stop it occurring again, or to minimize the impact or likelihood of it occurring again, the other one is to try and do a proactive approach to stop it happening in the first place, we're going down both those paths, the balance is still significantly in the reactive camp, so we do a lot more reactive works than we do proactive works... (NWL4, 2)<sup>2</sup>*

Another interviewee highlights how an emergent sustainability issue (water leakage) that was initially addressed reactively through a particular project (reactive/emergent approach), gets gradually embedded into business operations (proactive approach):

*...one example in water was leakage, so going back a long time we had a big problem with leaks from our water pipes, and it's a problem for sustainable reasons as well,..., so several years ago we put a project in place to correct that situation which was a combination of investment, innovation, operating activity, management systems, and it took about a year and we got to a much better place and then those activities are now embedded in our normal way of operating, so leakage is a, remains a big question for us, but it's managed in a, it's not a campaign, it's not a project now, it's a routine... (NWL5, 3)*

The reactive approach, typically short-term, is usually adopted for unforeseen issues or circumstances that may occur. As for the proactive approach to prioritization, which is typically planned for longer-term than that of the reactive approach, it is implemented at NWL according to various aspects. These include legislations and regulations such as the Water Framework Directive, and the Water Forum. The Water Forum is formed of various organizations relevant to water and sewerage planning that help ensure to the economic regulator Ofwat (refer to glossary for definition) that business decisions and plans at NWL reflect customer and other stakeholder perspectives on important issues. There is also an

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<sup>2</sup> NWL refers to the interview with NWL key informant; 4 refers to the number indicated in the interview index in appendix 1 of the specific interviewee job position; 2 refers to the transcript page that the extract/quote is taken from.

extensive research program that consults with customers to identify customer priorities. In this respect, NWL commissions independent research that explores customers' willingness to pay (WTP) for various potential service improvements, their attitudes to introducing social tariffs, their views and priorities on issues concerning leakage, the environment, and rare events (Northumbrian Water and Essex & Suffolk Water Forums, 2013). Other examples of commissioned research by NWL include examining customers' perceptions of NWL's draft outcome statements, and investigating whether NWL's business plan is aligned with customers' expectations and the customer acceptability rate of the plan (Water Forums, 2013). Another significant aspect that NWL relies on for proactively prioritizing its sustainability issues is the five year asset management planning (hereafter AMP) cycle. The AMP cycle involves capital investment schemes that are consistent with NWL's business objectives and are submitted to Ofwat for approval. It is highlighted in two of the NWL key informant interviews that there is no separate sustainability strategy developed for the organization; sustainability issues are integrated into a single NWL business strategy. This is illustrated in the following interview extract:

*...how we would operate as a business is our sustainability issues are integrated into the business, so we have a single strategy, we don't have a separate sustainability strategy... (NWL7, 1)*

This is further confirmed in NWL's 'Our Vision, Our Values, Our Way' report. Moreover, it was indicated and agreed by participants in the NWL focus group that prioritization of investment programs rather than sustainability issues is implemented at NWL, whereby the focus is on the business outcomes intended from the five strategic themes that relate to sustainability issues (refer to section 1.2 for study background and context):

*I think we perhaps seek to prioritize sustainability issues but am not so sure we do it as a first priority, I think we start off with the outcomes and work backwards from that, and the outcomes, to us there are outcomes that relate to sustainability topics, I don't think they're the priorities within the business...(FG1, 1)<sup>3</sup>*

*...we have a prioritization process for our investment programs generally... (FG4, 1)*

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<sup>3</sup> FG refers to the NWL focus group; 1 refers to the number indicated in the interview index in appendix 1 of the specific participant job position; 1 refers to the transcript page that the extract/quote is taken from.

One of the reactive approaches applied by NWL for prioritizing their issues, which may not necessarily be linked to sustainability, involves a live process where issues have values and ratings that are assigned to them, and according to these ratings a prioritized list of integrated issues is generated. As one NWL interviewee illustrates:

*...and each of those have values assigned to them, and ratings, and then you turn a handle and you get a prioritized list of integrated issues... it's a live process, so as things change, it changes to react... (NWL4, 2)*

Other tools adopted by NWL for this purpose include the cost benefit analysis ranking that is implemented with respect to the impact of the particular issue on the business, as well as the balanced scorecard.

Prioritization of sustainability issues is considered to be a business challenge at NWL, as illustrated in the following interview extract:

*...we can't do everything, and that's the nub, that's the key question here and that's why prioritization is fundamental, and it's a business challenge that we've always had... (NWL5, 3)*

The need for prioritizing sustainability at NWL is recognized, as one focus group participant notes:

*...we don't explicitly prioritize sustainability in whatever terms we would use in that, so, and I would probably go a little bit further that we should... (FG4, 1)*

The participant further emphasizes the need for more long-term focus in addressing sustainability:

*...sustainability can be easily just about environmental sustainability, it's about long-term resilience and security of our networks or our assets, and I think your question answers it, it's 5 years and we tend to look very short-term where we should be looking longer-term... (FG4, 1)*

There is however a limited resource issue at NWL for adopting a long-term approach within the business plan that is aligned with the sustainability agenda, as indicated below:

*...future horizons ... has longer-term vision about almost what we think the future is going to look like, and then our business plan is the 5 year AMP<sup>4</sup> that fits into that ... I think the intention was absolutely to do that, I think the reality is probably not doing that because we haven't got the money that we expected to have... (FG4, 2)*

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<sup>4</sup> AMP refers to asset management planning cycle

*...there's not enough money to do all the things that we feel we need to do, so we have to compromise and, sometimes it is the right to compromise for a year, or 2 years... (NWL5, 3)*

According to NWL key informants, there is no separate budget allocated for addressing sustainability. The budget at NWL mainly covers capital investment schemes, operational expenditure activities, research and development investment, as well as investment in community support and charitable causes. Within these investment schemes and activities, the cost of addressing key sustainability issues is indirectly covered.

#### **4.2.2 Assessment of current partnership work**

Current partnership work of both NWL and some of its NPO partner organizations (five current partners and one potential partner) is assessed in this higher-level theme. With respect to NWL, this assessment can help in identifying some of the gaps that exist within their partnership work approach. This is linked to the research objectives 3 and 4 indicated in section 1.3, which involve examining the role of NPO-business partnerships in addressing material sustainability issues, and assessing the extent to which NWL's existing NPO partnerships contribute to addressing these issues. For better understanding how NPO-business partnerships can contribute to addressing material sustainability issues and hence create an impact on these issues, the partnership work approach of NPOs is also investigated and assessed here. The themes identified under this higher-level theme can better inform the partner selection process, and hence indirectly help to answer the research questions on how corporates such as NWL can select their NPO partners (1) and evaluate the respective potential impacts (1.1) (refer to research questions in section 1.3). The themes covered within this thematic cluster include the kind of support and value provided to both NWL and its NPO partners through the partnership work that is carried out, in addition to the partnership financial value (from NPO perspective), partnership approach, and the partnership success.

##### **4.2.2.1 Partnership support**

Many similarities in the identified themes are noticed between NWL and NPO partner key informants' viewpoints. With respect to NWL key informant perspectives, NPO partners can provide support to NWL by improving effective engagement with its stakeholders, enhancing NWL's awareness of local issues, and by contributing to an increase in the level of influence and the perception of trust and credibility amongst NWL's stakeholders. Some

of the other significant themes that are identified include cost and human resource savings at NWL, the ability to lead on, influence and shape policy work, access to NPO partner expertise, better access and reach of relevant stakeholders, the support provided in enhancing NWL's reputation, as well as promoting creativity and innovation in their work approach. More generally speaking, partnerships with NPOs or other types of organizations, are reported to support NWL employees in becoming more holistically business focused rather than functionally focused (refer to final template in appendix 5 for additional identified themes).

With respect to NPO key informant perspectives, NWL can support its NPO partners through the positive and powerful impact resulting from associating with a leading brand name like NWL, tackling sustainability issues, enhancing stakeholders' awareness of particular issues, the support and influence provided relative to the magnitude of resources and budgets managed by NWL, as well as the funding/fundraising support. Other significant identified themes include advocacy for influencing MPs, decision-makers and relevant stakeholders through collective voice, potential for affecting policy work, in addition to better access and provision of effective communication channels for reaching or influencing relevant stakeholders (refer to final template in appendix 5 for additional identified themes). NWL key informants also indicate some of the mutual benefits realized through partnerships for both partners, with one interviewee explaining that the benefits which NWL contributes to the partner do not exceed its organizational benefits:

*...so what we did is we started engaging with them in recognition of the benefits we would receive, we've made an offer to contribute to that project, so whilst it's not creating an asset that will be owned and managed by us, we are recognizing the benefit that we will receive, and our customers and communities will receive, in exchange for us making a contribution into that project to allow it to happen, but it doesn't exceed the benefit we would get. (NWL4, 5)*

#### **4.2.2.2 Partnership financial value**

As the cost factor can play a role in selecting potential NPO partners, it is important to understand how NPOs assess the financial value of a partnership and what issues or factors NPOs have to deal with or consider to cover their costs. From the NPO partners' perspectives, the financial value of a partnership is specified according to delivery of tangible outcomes, process of delivery, and required resources. For partnerships based on funding or fundraising, the amount of funding or fundraising may be specified to cover work fees through a formal contract or philanthropy agreement, and in some cases it may not be specified. The partner membership costs of the North East England Chamber of Commerce

(NECC) for example are dependent on the nature of projects to be delivered within the partnership and the corporate size of the business partner. For NPOs that allocate project grants, the grant money or funding provided by business partners may be aligned with priority issues identified through stakeholder surveys implemented by NPOs in operating areas. Certain difficulties are reported with regard to attributing particular costs to a specific partnership, and to assigning a specific value on intangible outcomes such as those involving policy work. There are certain factors that are more recently affecting the funding provided to NPOs for delivering project outcomes related to sustainability, such as a decrease in core funding from the government, and an increase in competition amongst NPOs whereby the tendering for work approach is being used. As one NPO key informant highlights on the topic:

*Probably for us our key sustainability issues are the major changes through the funding environment in which we work, so we used to have a huge amount of core funding from the central government and from local government and all that's gone, that's a big issue for us. (NPO3, 3)<sup>5</sup>*

In line with this statement, one NWL focus group participant further elaborates the impact that resource pressure has on maintaining a certain balance between a reactive and proactive approach to addressing sustainability issues. He also emphasizes the decrease in resource availability to address issues reactively by stating:

*...there's possibly also a recognition of the points of view from all partners or potential collaborators, then also typically under extreme resource pressures, it's equally difficult for them to lift their heads up and pay that balance between what needs doing today and what we need to do in the future, and it's a very very difficult equation at the moment because of the resource issues, and NWL aren't unique in having that challenge, the ordeal with the local authorities for example, they're handing back tens of millions of pounds, yet still being asked to think proactively, and they've got less and less resource to manage the here and now. (FG3, 11-12)*

#### **4.2.2.3 Partnership approach/strategy**

The partnership approach to addressing material sustainability issues for both NWL and its NPO partners has been shown to be either project-based partnerships, partnerships that are based on funding, and longer-term strategic partnerships (more ongoing). Project-based

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<sup>5</sup> NPO refers to the interview with NPO key informant; 3 refers to the number indicated in the interview index in appendix 1 of the specific interviewee job position; 3 refers to the transcript page that the extract/quote is taken from.

partnerships tackle specific issues, can be reactive and are usually short-term. This approach to partnerships is considered to be more prevalent at NWL, as indicated and agreed by all focus group participants:

*...we are much more comfortable in as a reactive, in a reactive manner... we tend to be a very, I think we value being able to do things quickly, effectively responding to the moment, we don't apply that same value to being able to think hard and come up with the right long-term objectives. (FG1, 10)*

*...probably still on balance just about more of it is in reaction to the project need. (FG4, 11)*

*...we are reactive, we do tend to look at the here and now first, we are brilliant at responding to events as they unfold... (FG2, 11)*

One of the reasons behind adopting a more reactive approach to partnerships is resource pressure which is affecting NWL and other organizations. This is highlighted by one focus group participant:

*...as you become under resource pressure, it's about prioritizing and what you tend to find is the problem today is a greater priority than the benefit tomorrow...And I don't think that's just unique to NWL either. (FG3, 10)*

Partnerships involving funding or fundraising can help in providing solutions to identified issues through the money granted for delivering projects, doing research, lobbying, receiving consultation services, and for influencing policies, amongst others. For long-term strategic partnerships that are typically proactive, some of the characteristics identified include high level of stakeholder engagement, analysis and management, as well as strategic value, synergistic value, shared value creation, and systemic impact or change. Strategic partnerships may also involve a broad scope of activities, high level of resource use, managerial complexity that requires robust program management and evaluation, and the provision of more sustainable solutions to issues that are being addressed. There is a broad consensus amongst NWL focus group participants that NWL has already initiated going into strategic alliances over the long-term:

*...I feel as though we've at least taken that first step towards proactive and longer-term strategic thinking... (FG3, 10)*

*...there are some good examples where we said we want a more strategic alliance, I am thinking of StepChange here, you know where we said it's not just for projects, it's not just for Christmas, it's something we really want to work with them on over the very long-term, so I think we're getting better, we're recognizing the need of those broader forward looking alliances and partnerships... (FG4, 10-11)*

Other than StepChange, another example of a strategic partnership reported by some of the NWL key informants is the Abberton Reservoir Enhancement Scheme partnership (refer to appendix 6 for Abberton Scheme partnership details) that involved various stakeholders and partners, as illustrated in the following interview extract:

*...Essex is the driest county, until 3 years ago we were in a deficit, so there was, in theory if we had a major drought that went over 3 years, we would run out of water, so going back 24 years, this was identified and we planned and promoted the biggest water resource scheme in the country, which we completed 2 years ago, but there was somewhere around 30 different stakeholders that we have worked with to deliver that [...]so again Wildlife Trusts were there to help us deliver it in a sustainable way with the right habitat around the reservoir, and there would be others like local authorities that needed reassurance that we were not going to damage all the roads when we had construction traffic, so there was a range of people involved [...]so we had 10 years of modelling to prove we could take more water and do it properly...that reservoir was, had lots of international designations for wildlife, so to make any change to it, we would have European Union or even international organizations say no, you're destroying something, so we spend 12,13 years designing a solution that would be better than what was there before [...]on the environment side we have as well RSPB, there would be the Wetland Trust, the Rivers Trust [...]a lot of the project was creating the habitat so the birds and wildlife can flourish... (NWL5, 5; 6; 13)*

Furthermore, one focus group participant recognizes that there is a current change within NWL and other businesses from adopting the transactional approach to partnerships to focusing more on having added value by aligning business objectives with those of their key stakeholders. He indicates that:

*...I think the way in which commercial businesses are changing and it certainly is changing and is continuing to change is that it's getting away from straight mercenary led relations, transactions that take place between suppliers and buyers of those goods and services, what tends to happen is that people are looking for added value in the relation...and it's just a shift in the business model, but that's come about by aligning its business with the business of the key stakeholders... (FG1, 17)*

In this change that has been initiated, NWL is targeting long-term impacts and benefits in its partnerships for the environment and communities involved, as well as the business:

*...in terms of the catchment management initiatives that we have...where we're working with a number of different people, from different organizations...to do things in the local catchment to try and stop the flows from getting to our watercourses in essence, so and some of them should have very long-term benefits... (FG4, 9)*

There is also the need to ensure that there is a balance in the benefits generated for the business and the communities:

*...NWL would be doing it simply because we get benefit out of it, by bringing in partners we can bring in their benefits as well, now that could be sufficient to make something actually happen, it's something we wouldn't do on our own right or in isolation, but bringing others in can make it happen, simply they go on and work with us because they get something out of it as well, but the balance there is that the communities also get something out of it, so it makes sense. (FG3, 16-17)*

#### **4.2.2.4 Partnership success**

Current partnerships at NWL and its NPO partners are also examined in this study with respect to the extent of success realized in partnerships, in addition to the reasons for success or lack of success. For successful partnerships, some of the reasons behind the success are reported to include alignment of objectives and resources, effective stakeholder and partner engagement, having the required expertise and skills amongst partners, trust, transparency, effective communication, and review and monitoring of progress in delivery of objectives, amongst others. The most reported reasons for not achieving success in partnerships by NWL and NPO key informants include not clearly agreeing or discussing objectives/outcomes, and subsequently having misaligned objectives. This is illustrated in the following NWL interview extract:

*...we kind of supported something 'cause it's felt like the right thing to do rather than actually sitting down and really understanding what the goals and objectives are. (NWL7, 7)*

Other factors for partnership failure involve the lack of the above mentioned reasons/factors for reaching success, in addition to the impact of power relations and lack of equality between partners in certain cases, issues around division of money, and lack of formal agreement. According to one NPO partner key informant, another factor includes the lack of work flexibility, time, and required human resources due to decrease in funding. In other cases, there may be limitations resulting from partners' different interpretations of definitions/scope of work of the partnership or of rules and regulations.

### **4.2.3 Future recommended partnership work**

The recommended future partnership work is presented in this higher-level theme according to perspectives provided by NWL and some of its NPO partner organizations. This is linked to research objective 5 indicated in section 1.3, which involves assessing the corresponding future requirements and approach to partnerships at NWL and its NPO partners. With respect to NWL, these recommendations provided by their key informants, can help in identifying some of the gaps that exist within their current partnership work approach. The recommended partnership work approach of NPOs is also assessed here because it helps understand how NPO-business partnerships can contribute more effectively to addressing material sustainability issues and hence create an impact on these issues. The themes identified under this higher-level theme can better inform the partner selection process and indirectly help to answer the research questions on how corporates such as NWL can select their NPO partners (1) and evaluate the respective potential impacts (1.1) (refer to research questions in section 1.3).

#### **4.2.3.1 Recommended NWL partnership approach**

According to all focus group key informants, there needs to be the right balance between the reactive (typically project-based, short-term) and the proactive approach (typically strategic and longer-term) to partnerships while ensuring that there is added value from both approaches. This is illustrated in the following extracts:

*...you need partnerships which are reactive and help you in the here and now, and you need partnerships that will help you in the strategic longer-term, I think it's you know there needs to be a balance, I think it needs to be partners that add value in whatever you're looking for them to add value in, whether that's a strategic or whether it's a project driven environment... (FG2, 11)*

*...I think it will take us quite a while to find the correct balance between reactive and proactive, I feel as though we've at least taken that first step towards proactive and longer-term strategic thinking [...] I think what I would make out of it is not to lose sight of that balance between reactive and proactive, strategic approaches tend to be more proactive longer-term, whereas a lot of the pressures are on the shorter-term... (FG3, 10; 16)*

It is further indicated by one NWL focus group participant that strategic partnerships can also involve a short-term reactive approach to issues, and the reactive approach to issues can involve doing the same thing over a long period of time. Two NWL key informants (one interviewee and another focus group participant) also highlight the need to avoid risk in

being restrictive in partnerships with respect to labelling partnerships, the scope of work, the type of partner organizations, and the benefits to be delivered. Moreover, collaborating with various partners unrestrictedly is recommended as there are limited resources available, and a great number of sustainability issues that need to be addressed, as highlighted by the focus group participant:

*...I don't think we should be trying to necessarily kind of pigeon hole partnerships as being one thing or another, I think they need to generally add value, and if that's a strategic value great, if it's a business as usual value great, if it's a you know when you try and kind of label what you're trying to, kind of the benefit that your partnership is delivering, you kind of run the risk of being restrictive in terms of how you view partner organizations I think, and I think we should be as unrestrictive as possible because...we've got a limited amount of resource and a lot to do, and actually if we can get a lot of that done by other people, then that is to the benefit of the business. (FG2, 11)*

With regard to unforeseen circumstances or issues that are usually addressed reactively at NWL, one interviewee recommends, when applicable and feasible, a proactive approach that may involve capital investment schemes. He notes:

*... I think a lot of focus needs to be given to how we work in partnership, to get the most accurate and robust information in and around forward weather forecasting, because one of our big challenges is there's very little you can do to mitigate the effects of extreme weather... so you can do some more long-term prediction of weather, you give yourself a better chance to try and introduce capital investment schemes or whatever they may be, to mitigate the effects of those... (NWL1, 8-9)*

NWL key informants realize the need for reshaping NWL's partnership strategy by identifying clear strategic long-term objectives that enhance value creation. This is illustrated in the following extracts:

*...I don't think we really set out clear objectives on what we want to achieve, and we certainly haven't identified effective partners to help us achieve that. (NWL7, 8)*

*...our business strategy should identify what we want to do ourselves and what we want to work with others on, and we're probably at that point in our organizational development where we need to take a step back for understanding that a little bit, you know there will probably be some reshaping going on...I think you know it's again it's worth just standing back and look at our strategy, what it will be forward. (FG4, 11)*

As there are extreme resource pressures affecting potential NPO partners and local authorities, it is imperative to effectively and efficiently direct the partnerships towards the right outcomes. For delivering the right outcomes from partnerships, more stakeholder engagement is required. One NWL interviewee notes:

*...I think you potentially get more benefit and more business benefit from getting people engaged in the whole idea of working in partnership, now that doesn't necessarily just mean external partners, that means internal partners, it means a whole range of stakeholders. (NWL1, 12)*

The need for more visibility of partnerships and their respective impacts at NWL is highlighted by various NWL key informants, whereby one interviewee notes:

*...I think there's a real opportunity with the work we're doing with partners to kind of accelerate that, and certainly it's an area where I think there needs to be some real visibility of what's going on, so people understand it and are bought into the concept. (NWL1, 12)*

With regard to the impacts/benefits assessed from partnerships and their visibility, one interviewee states:

*...I think part of it is just making it more visible yeah, so the reporting and the structure is in the business, it's just we don't raise it to the management team. (NWL5, 15)*

The visibility theme was further explored in the focus group, whereby there was an agreement/consensus amongst focus group participants around the various aims and advantages of providing partnership visibility at NWL. Visibility can drive better employee engagement and understanding of partnerships. People also become more empowered and aligned with the business vision, which can provide support to achieving the business vision and objectives. By enhancing employee engagement and understanding of partnerships, potentially more strategic impact or value can be derived from partnerships. One focus group key informant states:

*...if we're looking at deriving more strategic impact from partnerships, then you need to make the employee working for us understand why and who and when and the benefit of that. (FG2, 13)*

Other possible advantages to providing partnership visibility are reported to include improved delivery of outcomes through effective engagement of all relevant stakeholders, influencing/changing organizational behaviours positively, and opening up opportunities for shared learning which can lead to better work efficiency and outcome delivery.

#### 4.2.3.2 Recommended NPO partnership approach

According to NPO partners, some of the approaches recommended for future partnership work with NWL include a more tactical approach whereby more strategic value or impact is needed. The NPO key informant indicates:

*Well, I still believe now that there's room for probably better stronger partnerships between us than we've got at the moment [...] I think we should be getting together and talking more about strategic things we could do, that would have a much bigger impact [...] I just say that we should sit around tables and talk more about big tactical approaches, more than we've ever done because we need to... (NPO4, 8; 13)*

He further emphasizes that NWL can have a bigger and more key role to play in partnerships with NPOs, where more collaborative work can be done in the future with NWL:

*...they're only a small part of what could be a much bigger role I think, yeah, they've obviously, I think, got a key role into the future so I would like to see them, I would like to work with them more...( NPO4, 9)*

The interviewee from the prospective NPO partner highlights that partnering with NWL can provide support in reaching long-term behavioural change in how water company customers dispose of wet wipes. She notes:

*...so going back to the wet wipe campaign, and there's a lot of regions and specific activities that we talked to other water companies about, we want to see a long-term change in how people dispose of wet wipes...(NPO6, 6)*

Another NPO partner key informant identifies the need for more unrestricted funding provided by any partner the NPO collaborates with, in order to be able to tackle emergency issues that arise within the community (reactive approach to issues). She states:

*...the best sort of partnership we could have is where someone just gives us money and tells us we can do what we like with it, so it's unrestricted funding, and that's what we need more of, so that we can be reactive to issues immediately...(NPO1, 6)*

Other recommendations to partnership work include the need for more strategic value around influencing decision-makers and policy work through collective voice. One NPO interviewee indicates:

*...I think we can do more to build on influencing and using the collective voice of the water industry together... (NPO2, 8)*

More effective stakeholder engagement and grassroots work are reported to be needed from partnerships, as one key NPO informant states:

*...more grassroots work if you like, working with and through communities so that they actually realize themselves...I always feel that we underplay people engagement in everything we do, even though we put loads of effort into it, it's never quite enough... (NPO4, 7)*

There is also the need to reach broader audiences for spreading specific messages through effective communication channels; partnerships can provide support in doing that. This is noted by one NPO interviewee:

*...I think that's an interesting area to try and look at how we communicate as a charity as well, and thinking perhaps partnerships could help us reach that broader audience, there's a lot to do in here. (NPO6, 5)*

#### **4.2.4 Partner selection**

The partner selection approach, currently used and recommended for the future, by NWL and its NPO partners is covered in this higher-level theme. Identifying the criteria and the procedures used for partner selection at NWL helps in understanding the current process adopted by the organization. The recommended future procedures for partner selection by NWL key informants help clarify the gaps in the current approach and consequently better inform the process needed for selecting NPO partners. The case of selecting multiple partners for a single partnership is also examined from both NWL and NPO perspectives. Understanding NPO partner perspectives on their criteria and procedures used for selecting business and other partners provides relevant insights on what NPOs look for in their partnerships, which can in turn better inform the NPO partner selection process for NWL. The themes presented in the partner selection thematic cluster are directly linked to the main research question (1) on how to select NPO partners and indirectly linked to its sub-question (1.1) (refer to research questions in section 1.3). They are also linked to research objective 6 indicated in section 1.3 on developing a framework for NPO partner selection with respect to prospective partnership impact on material sustainability issues.

##### **4.2.4.1 Partner selection criteria (NWL and NPO)**

Most of the criteria (14 out of 22) reported for partner selection are common for NWL and its NPO partners, and are identified by at least one NWL and one NPO partner key

informants. These criteria are listed in the following Table 4.1. The criteria that are exclusively identified by NWL (1 criterion) and exclusively identified by NPO partners (7 criteria) are also shown in the table.

**Table 4.1: Partner Selection Criteria**

<u>NWL and NPO</u>
1) alignment of values, mission and objectives
2) reputation
3) level of resource
4) trust
5) previous partnership experience and track record of outcome delivery
6) historic relationship
7) credibility
8) expertise, knowledge and skills in relevant field
9) cost or financial value
10) capability to add value/deliver benefits/impacts with respect to identified issues and respective opportunities
11) ethics
12) geographic location when it is necessary to work in same location or site
13) level of commitment and involvement
14) type of sustainability issues being addressed and available opportunities
<u>NWL</u>
15) innovation and creativity in approach to work
<u>NPO</u>
16) corporate sustainability
17) corporate significance/responsibility and strategic nature
18) extent of influence over relevant stakeholders and collective voice
19) balanced representation from all sectors (for multiple partners in partnership)
20) leading in respective field
21) scope of work and activities
22) corporate strategy and policies

Some of the criteria mentioned in Table 4.1 that are highlighted by some NWL interviewees to be of highest priority to them include alignment of values and objectives, trust, level of resource, expertise, knowledge and skills, and track record of delivery. Trust as well as alignment of values and objectives were emphasized in the focus group.

With respect to engaging with multiple partners in the same partnership, key informants from NWL and the NPO partners identify some factors for considering this option. These include rules and regulations that may require having multiple partners, common partner aims or interests in the same issue, the complexity of the issues addressed, and the size/scope of project. The motives behind having multiple partners may include enhancing the delivery of various outcomes (that can be related to material sustainability issues), widening the

extent of impact and value aimed from the partnership (on material sustainability issues), and potentially widening the scope of reach to different stakeholders and regions (with regard to addressing material sustainability issues). Other motives may involve the need for resources, gaining access to specific partner power/authority and prospective new networking and funding opportunities, access to specific required expertise provided by various partners, as well as legal motives. Disadvantages or difficulties encountered from having multiple partners are reported to be increased complexity in outcome delivery with an increase in number of partners, and difficulty in managing the partnership.

#### **4.2.4.2 Partner selection procedures used (NWL and NPO)**

According to NWL key informants, some of the procedures used for selecting partners include project-based procurement procedures. This is indicated by one NWL interviewee who states:

*...we'd scope out the projects that we'd want to engage with our partner on, and that's really coming from our viewpoint about what we want to achieve in that project [...] really I guess our selection really has probably come from all the procurement procedures [...] making sure I mean part of our purchasing guidelines are if it's under, we expect it to be under a certain value, monetary value and we'd need to get three quotes, and then we're, as long as they're meeting the criteria we want then we'd obviously select the cheapest. (NWL6, 9)*

Least cost is emphasized as a major criterion in the above interview extract, which reflects the significant role that financial criteria can play in partner selection. Other processes used at NWL involve relationship development through discussions, meetings, and in some cases small-scale projects that help reach mutual understanding of each partner's perspectives. There is a doubt as to whether potential impact or value intended from partnerships plays a role in partner selection at NWL, as one focus group participant comments, and further notes that the process is very much reactive:

*...I would still struggle about the partner selection, the idea I've alluded to am not actually sure we have that partner selection process as such, it's pretty much reactive to individual need. (FG3, 5)*

According to NPO partners, some of the approaches that are being used for selecting partners include an invitation to tender (refer to an example in appendix 9) based on outcomes and delivery process for large partnerships, a questionnaire sent out to potential partners asking about their expertise, local knowledge, and finances, quick research and accounts checking if an organization is not well-known, and philanthropy service agreement outlining the

objectives and work to be done by potential partners. Other approaches used involve direct approach to organizations with previous working relationships, relationship development through discussions, workshops, and meetings, relationship and trust building by working on various projects, and targeting other NPOs with similar interests/objectives as potential partners. Ethical risk assessment is mentioned as one approach used by a key informant from the prospective NPO partner. This approach involves estimating likelihoods and potential consequences of partnerships which are assessed according to the potential partner's corporate strategy, its activities and policies with respect to specific NPO issues, its broader sustainability issues, and commitments to welfare. This process that is being used for selecting funding partners, is described as follows:

*So when it's a company that we might accept donations from, we have an ethical risk assessment where we look at the activities of the company based on some of the work that we undertake... we look at their policies around packaging goods and also any other issues concerned about maybe how they're planning to develop the company and also broader sustainability issues, perhaps any type of commitments they have to welfare or anything like that, so we look at a range of issues specific to do with marine conservation and marine environment, and there's some broad sustainability issues as well, if it's like flagged up as medium or high risk, then that goes over to our conservation team or our senior management team to have a multi-look at and perhaps open up a dialogue with the company in question... (NPO6, 6)*

#### **4.2.4.3 Recommended future partner selection procedures by NWL**

With respect to process aspects or procedures that can be used in the future for partner selection, NWL key informants identify some recommendations. Partner selection is recommended to be flexible around recognizing the right opportunities and benefits intended from the partnership, especially that a systematic process may not always help identify these opportunities. This is demonstrated in the following extracts:

*...I think flexibility fundamentally and a lot of the opportunity as you put here you know comes along and then you need to grab it... (FG4, 3)*

*...you're targeting what you should focus on is what the benefits are and how you can deliver them [...]partnership working doesn't follow strict process or procedure, so it's not always possible to say well this is how we do this or this is how we do that, you've got to be flexible and be able to recognize an opportunity, and welcome that when it comes along, process doesn't always identify those or support those, so there's gotta be a degree of flexibility [...] identifying opportunities when they come requires flexibility... (NWL4, 5; 10; 12)*

Moreover, to be reactive to unforeseen or out of control circumstances, the partner selection process requires a level of flexibility. Flexibility in the selection process entails a degree of

being open to surrounding events/changes and less rigidity with respect to the partnership approach and the type of partners selected. This is illustrated in the following extracts:

*...we try not to focus on government and non-government [...] it's who are the right people [...] partner selection is not a rigid process, it doesn't have to be a systematic process, it just needs to feel right. (NWL4, 6; 7; 12)*

*...I think it needs to be flexible otherwise you get yourself too mired in the fact that you're not sticking to your plan...and actually you know if you're too restrictive in how you view that then you're potentially cutting off access to really good partner organizations because you're trying to stick to a very rigid plan... (FG2, 3)*

Furthermore, it is indicated in the focus group by two participants that the criteria for partner selection such as track record and expertise of the potential partner can be limiting in selecting partners, because some organizations who lack these criteria can provide new and innovative approaches/ideas that can prove to be quite useful to the partnership. One focus group participant comments:

*I think some of them, so credibility, expertise, track record, they're great but actually we shouldn't be afraid to partner with organizations that potentially don't have that yet, because they're new and innovative and they're you know disruptive in how they work, and you can quite often if you create too your own of a certain framework in which to develop these then you can kind of limit yourself in terms of how you think about potential partner organizations. (FG2, 6)*

In addition to recommending flexibility in partner selection, key informants indicate the need for adopting a systematic process in partner selection when addressing strategic business objectives. There is broad consensus by all NWL focus group participants on that perspective, which is illustrated in the following two extracts:

*...you can set out to engage with certain organizations as a matter of principle, but you should also be open to the opportunistic stroke issues that come along that maybe you haven't planned for... (FG3, 2)*

*...I think the one area where I would suggest there might need to be a more systematic approach in that's, in part of our business strategy we're looking at a bigger picture aspect, and we might need to say who of the partners that we want to be working closely with as part of that, and that probably wouldn't come about just opportunistically [...] so I suppose my point of preference would be you know the opportunity one, but I think if we're looking for a strategic alliance, a strategic partner, we'd probably need a more active forward looking process. (FG4, 3)*

As highlighted in the second extract above from the focus group transcript, strategic partnerships may require a more systematic process for partner selection. One focus group

participant points out to the factor of time horizon in partnerships, whereby the longer the time horizon is of the prospective partnership, a more strategic and consequently a more systematic approach to partner selection may be needed. He states:

*...I think it to an extent depends on what your time horizon is, the longer your time horizon I feel is the longer you need to have a strategic viewpoint around that, so you may want to align with an organization that's going to be around for a long time, it's got a history and so on, if your time horizon is shorter then it lends itself more to being much more flexible and more agile in terms of the way in which you behave. (FG1, 3)*

There is broad agreement amongst all NWL focus group participants that partnership costs need to play a role in partner selection, as it is important to have a return on investment and to deliver value for money from partnerships. This further requires the ability to measure the tangible benefit or value delivered from partnerships. Accordingly, value is required to play a significant role in selecting partners. The potential value or impact from prospective partnerships needs to be defined from the outset, where shared value creation can be recognized. It is acknowledged that there is a certain difficulty in defining and quantifying the more subjective measures of value. One focus group participant recommends identifying the value chains of potential partners in the selection process, and assessing whether the partners' value chains are aligned with that of NWL. He comments:

*...I think that is what I would suggest might be the real approach that we might take where we identify the sort of the value chain if you like even if it's just in headline terms and to see that our value chain has some similarity with the value chain that potential partners might have. (FG1, 5)*

It is also indicated in the focus group by the same participant that there is a need for engaging in more discussions with potential partners in order to identify new opportunities and develop new partnerships.

For clarification purposes, there was a discussion in the focus group around the use of stakeholder analysis at NWL for partner selection. All participants agree that stakeholder analysis is not being used for partner selection, and is implemented at NWL at the project-level. When discussing the Abberton reservoir partnership (refer to appendix 6 for Abberton Reservoir Enhancement Scheme partnership details), one NWL focus group key informant clarifies and highlights how stakeholder analysis was used in that specific partnership:

*...the context that I would have raised it...isn't so much about selecting partners, it's more around you know because we had an objective in mind, we had to understand all of the people along the way that we needed to work with, so I suppose using the word partner loosely, so it's the stakeholder that we would need to do business with, and then yes we absolutely had to understand you know what their objectives were, where they may agree with us, so we can get some alignment, where they wouldn't agree with us so that we could work with them, so I think that's probably the context of that project, I suppose whether we call them partners or not is another matter, you know some we did absolutely but there were about 13 in all, and some were just associates or organizations that we had to work with to get to a solution. (FG4, 7)*

When probed further on the process carried out for analysing stakeholders, the same focus group participant explains:

*...we would understand previous reputation, you know previous experience with them, so if you knew an individual there that was helpful, normally how focused we would know whether they were going to be a support or not, and the likes, the big ones for us will be the Environment Agency and Natural England or English Nature as they were then, and I don't think they would want to be called partners really, but they were very clearly needing to be on side with us, so and there was a lot of from our perspective understanding who were the right people to talk to, so who should I speak to, who should the chief executive speak to, who would the you know the people that you want them doing to talk to. (FG4, 7)*

According to one focus group key informant, stakeholder analysis is not considered to be a procedure that is needed or useful for partner selection, except if something quite controversial or new/ground-breaking is being addressed through the partnership. Another focus group participant recommends it to be used in the future at NWL for the purpose of planning strategically from an outcome position at the non-project level.

#### **4.2.5 Partnership impact evaluation**

The assessment of partnership impact is presented in this higher-level theme according to perspectives provided by NWL and some of its NPO partner organizations. It presents the issues and challenges encountered in impact evaluation, the approach or tools used, the approach recommended by NWL and NPO key informants, and the involvement of partners in the process. These themes are directly linked to the research sub-question (1.1) on how to evaluate the impact of the prospective NPO partnerships on NWL's material sustainability issues (refer to research questions in section 1.3). They are also linked to research objective 6 indicated in section 1.3 on developing a framework for NPO partner selection with respect to prospective partnership impact on material sustainability issues. Understanding NPO partner perspectives on the approaches used for impact evaluation provides relevant insights

on how NPOs identify and evaluate their partnership impacts, which can in turn better inform the impact evaluation process required at NWL, and consequently inform the NPO partner selection process and framework development.

#### **4.2.5.1 Issues/challenges in impact evaluation (NWL and NPO)**

The issues and challenges encountered by NWL and NPOs in their partnership impact assessment include mainly difficulties in assessing long-term impacts, complexities in managing and recording progress information from multiple partners, and weaknesses in evaluation knowledge. Other issues include lack of resources (according to two NPO key informants) and time for effective assessment, as well as lack of a rigorous system in partnership assessment at NWL and limited visibility of NWL's partnership impacts/benefits around the organization. Inputs and outputs of partnerships are indicated to be more often measured than outcomes and impacts, which are either not being reported or are being assessed ineffectively. Additional issues involve the complexity arising from cause effect attribution, difficulty in accounting for indirect external factors (e.g. climate change), difficulty in quantifying benefits, as well as difficulty in identifying measures of success for aspects such as policy work/impact.

#### **4.2.5.2 Approaches used in impact assessment (NWL and NPO)**

With respect to the approaches used for impact assessment, key informants from NWL and NPO partners indicate that outcomes, budget, delivery milestones, and measures of success are typically identified and agreed upon at outset for post-project evaluation. A common approach that is being used by NWL and NPO partners for assessing partnership performance is the reporting of inputs and short-term quantifiable outputs. Evaluation tools that are reported include internal rate of return (hereafter IRR), SROI, and KPIs for reporting progress (inputs and outputs) against plan. One NWL interviewee indicates the use of service level agreement (hereafter SLA) that highlights what needs to be delivered or the outcomes intended from the partnership, and how these outcomes can be assessed. With respect to collecting the required data for impact assessment, data collection may consist of both qualitative and quantitative data. Anecdotal narrative accounts, surveys and questionnaires are reported to be quite common. Comparative data collected over the long-term may be needed for impacts involving conservation, which requires pre and post-partnership assessment.

Other approaches that are reported to be used by NWL and NPOs include a delivery board responsible for monitoring and providing progress/outcomes report, a project management system for recording evidence-based progress information, a quick internal evaluation of budget, timescale, and outcome delivery for small projects, a proxy indicators approach to assessment, and in some cases statistical analysis providing evidence-based data. Reports used in assessment include a monitoring report assessed and scored by the NPO according to agreed objectives and outcomes specified at the outset, which is fed back into the annual impact report submitted to NWL for example or the business/funder in that case. Reports used for partnership assessment may indicate the money spent and the deliverables, the return on investment and the financial tracking of inputs and outputs, and may involve financial and performance audits of programs. In other cases, more straightforward techniques are used such as ongoing evaluation of partnership performance and outcomes through regular meetings and discussions between partners, and regular project visits that monitor the progress. One NPO key informant indicates that in some cases where the partnership has a history of nearly 10 years and there is a strong level of mutual understanding, there may not be a need for hard and fast evaluation, in contrast to younger partnerships. He states:

*...in other cases the partner isn't really looking for that because we've probably as I said got a relationship where we understand each other better and they feel confident and comfortable that they don't necessarily need that, you know we've got some partners as I said who have been partners of ours for nearly 10 years, and you know we don't sit down every time that with news and go through a set of figures, they understand the relationship that they have with us, they understand how that is delivering for them and how they can you know, how we can work together to achieve what we want to achieve, and there isn't necessarily the need for that kind of hard and fast measurement, other partners and perhaps sometimes those who are where the partnership is younger are looking for something that's more specific like that. (NPO5, 12)*

#### **4.2.5.3 Recommended approaches to impact assessment (NWL and NPO)**

Some of the recommended approaches by NPOs for assessing project-based partnerships include a built-in assessment process, which may involve baseline assessment before the start of the project for effectively assessing the impact post-project. The significance of baseline assessment lies in enhancing future partnership performance by understanding how and why the intervention was successful or not successful. One NPO partner key informant suggests that project visits done by businesses or donors for reviewing and discussing progress with their grantees may be useful and insightful to the assessment process. It is also

recommended by NWL and NPO interviewees that monitoring and evaluation of partnerships need to be planned at the outset with sufficient time and budget allocated for these activities, and involving an effective stakeholder engagement process. One NWL interviewee identifies the need to assign values to environmental and social impacts that go beyond straight cash return. He states:

*...in business terms we would use internal rate of return, possibly like that, in some areas it's quite difficult to put values about things, and then there are different ways of trying to value that, there's a growing interest in environmental services [...] my understanding of that is that it's about understanding the broader impacts of the environment and so, and putting a value against that...therefore there is a benefit in terms of leisure, there may be a benefit in terms of health, and all of these can be, values can be assigned to these, or be notional values very often rather than cash values, but you can then put, you can then factor those in to the return that goes beyond the straight cash return which IRR represents. (NWL2, 10-11)*

In line with this recommendation, another NWL interviewee highlights the need for reflecting the value of natural resources or assets used by NWL through natural capital accounting, a concept that can support potential external investment especially that there are resource pressures (affecting mainly NPOs). He notes:

*...the latest kind of trend not just from us but from lots of businesses, is about natural capital accounting [...] So there's a recognition out there I suppose that we use natural resources but we're not properly reflecting the value of these resources and that's causing us problems ... as a company we're just kind of at various stages now where we're trying to sort of look at this concept, think about how could we apply it to our business, so you know we're taking water from the catchments and then to treatment, so how can we value these areas, so it could be the peatland areas, I can put a value on that... the North Pennines AONB are actually trying to produce a set of documents based on each sort of type of assets, so they're looking at peatlands, they're looking at forests, a bit of grasslands, and the idea is like a prospectus to potential investors and say well you know you can invest in this peatland because these are the benefits to you, 'cause what we're all recognizing is that funding out there is getting scarce...(NWL3, 8-9)*

A more rigorous system for assessing partnership benefits is recommended by one NWL interviewee, in relation to addressing the lack of visibility of the benefits generated at NWL, specifically to senior management. Moreover, there was a consensus among all focus group participants that both qualitative and quantitative methods for partnership impact assessment are needed, whereby quantification of business benefits is recommended when possible.

#### **4.2.5.4 Involvement of partners in assessment (NWL and NPO)**

There are factors that need to be taken into consideration for identifying who of the partners or other external parties should be assessing the partnership impacts. These factors are suggested by NWL and NPO key informants to include the time and budget allocated for assessment, the outcomes intended from the partnership as well as each partner's respective delivery involvement, nature/type of project, and availability of specific partner expertise in assessment. According to NWL key informants, it is indicated in the interviews that NPO partners prepare the data collection and outcomes report, after which NWL reviews this report for potential further discussion with the NPO partner during a meeting. With respect to who should be involved in partnership assessment (recommended approach), it was agreed by all NWL focus group participants that ideally all partners, including NWL, need to collect data, monitor and review progress regularly, and implement corrective actions when necessary.

According to one NPO key informant, a delivery board consisting of the delivery partners usually assess the outcomes of large complex partnerships. Another NPO interviewee indicates that the NPO and its delivery partners in the countries of operation prepare evaluation reports for sharing and updating the funder or business partner on the work progress. In other cases, one NPO interviewee reports that NPO receives and grades the monitoring report prepared by the funded group, which results in an impact report submitted to NWL or the funders/trustees for review. Alternatively, both the NPO and its business partner assess the partnership performance and outcomes during annual or quarterly meetings, as stated by two NPO interviewees. According to NWL and NPO key informants, the ideal option is suggested to involve all partners or delivery partners in assessment as well as the relevant external stakeholders that are impacted by the partnership.

An external expert or consultant is reported to be considered for assessing partnerships when significant projects with a broad scope are involved. Other factors that may support the use of an external expert include availability of funding (according to two NPO partner key informants), and the lack of time and human resources within partner organizations. There are various advantages to having an external assessment expert, which include provision of broader scrutiny, robust evaluation and result validation, independent and unbiased perspective, as well as access to expert advice and impact assessment expertise. The only potential drawback to having an external expert is identified to be cost. A formal group comprising of the partners and the external expert may be used for partnership impact assessment, as highlighted by one NWL interviewee when describing a large complex partnership.

#### ***4.2.6 Participant agreement interaction in focus group***

As discussed in section 3.6.2.1.5.1, the interaction codes under this higher-order code assist to better understand part of the nature of interaction among focus group members with regard to participants agreeing or disagreeing to proposed statements in the topic guide and consequently with each other. This also helps to better understand and discuss the themes identified in the focus group.

The participant interaction within the focus group showed mostly consensus amongst focus group participants on the perspectives generated from the proposed discussion topics. One participant (FG4) partially agreed with the other NWL participants in two instances only. For the first instance, this involved the discussion around the need for flexibility in partner selection and not following a systematic process too rigidly, to which the respective participant emphasized (rather than disagreed) that a more systematic process would be needed for selecting strategic partners. In the other instance, there was an agreement that NPO partnership work at NWL is more focused on delivering projects based on immediate needs/goals rather than partnerships targeting strategic value, to which the respective participant highlighted that NWL is recognizing the need for strategic partnerships, and has already initiated engagement in such partnerships (such as StepChange). Eventually the same participant comes to indicate that most partnerships at NWL are reactive to issues rather than being proactive or strategic. Although participants do not form a natural group (refer to section 3.5.2.2), spontaneity, transparency, and honesty amongst focus group participants was recognized as they were able to critically elaborate, build on, and contribute to other participants' arguments/responses through the group interactive discussions. This helped explain and confirm ideas/themes generated from the interviews through participant evaluation of these themes.

### **4.3 Summary**

This chapter introduced, explained and illustrated the findings from the analysis of thirteen semi-structured interviews involving NWL and NPO partner key informants as well as the focus group involving NWL key informants. Participant account extracts from the transcripts were used to illustrate and highlight the central identified themes, which contributed to demonstrating transparency in the analysis process. The findings were presented according to six higher-level themes indicated in the final template. As the overall aim of the study is to investigate how corporates, such as NWL, can select NPO partners who contribute to addressing their material sustainability issues, the first section of the

findings presents the prioritization process of sustainability issues at NWL. This helps understand how NWL assesses materiality with respect to its sustainability issues. Following that, current partnership work of both NWL and some of its NPO partner organizations is assessed to highlight the kind of support and value provided to both NWL and its NPO partners through the partnership, the partnership financial value (from NPO perspective), the partnership approach adopted, and partnership success factors. The assessment of current partnership work can provide important insights into the partner selection and partnership impact evaluation processes required at NWL. The recommended future partnership work (future requirements and approach) is presented in another section of the findings according to the perspectives provided by NWL and some of its NPO partner key informants. This section helps understand how NPO-business partnerships can contribute more effectively to addressing material sustainability issues, which can better inform the partner selection process.

In the next section, the criteria and the procedures used for partner selection by NWL and its NPO partner key informants help in understanding the current adopted processes. The recommended future procedures for partner selection by NWL key informants are also discussed, which help clarify the gaps in the current approach. This section on partner selection helps answer the main research question (1) on how corporates such as NWL can select NPO partners who can contribute to generating an impact on their material sustainability issues. The process of evaluating partnership impact is later presented according to perspectives provided by NWL and some of its NPO partner organizations. These perspectives highlight the issues and challenges encountered in impact evaluation, the approach or tools used, the approach recommended by NWL and NPO key informants, and the involvement of partners in the process. This section helps answer the research sub-question (1.1) on how to evaluate the impact of the prospective NPO partnerships on (NWL's) material sustainability issues, which consequently helps inform the partner selection process and framework development. In the final section of the findings, the participant agreement interaction within the focus group is presented to better understand and discuss the themes identified in the focus group.

The following 'Discussion' chapter 5 presents the interpretations of the analysis findings, which are discussed in the context of the existing literature.

## 5. Discussion

### 5.1 Introduction

After introducing the findings of this study in the previous chapter, this chapter fulfils the research purpose of discussing these findings relative to the research objectives of this study and the existing literature. Previous research on partner selection identifies specific criteria and metrics that organizations use in their funding choices (Botetzagias & Koutiva, 2014; Liket & Maas, 2015) and for selecting partners (Austin & Seitanidi, 2012b; Huybrechts & Nicholls, 2013; Peterson, 2011; Seitanidi & Crane, 2009; Seitanidi et al., 2010). The choice of partner in cross-sector partnerships is directly related to partnership success as partner selection can significantly influence the potential of value co-creation (Austin & Seitanidi, 2012b). The existing literature on partner selection is considered to be limited (Holmberg & Cummings, 2009), especially from the value creation perspective (Seitanidi et al., 2010). The findings of this study help address this research gap by answering the major research question (1) on how corporates such as NWL can select NPO partners who contribute to addressing their material sustainability issues. Accordingly, the assessment of the value or impact created from partnerships on material sustainability issues can better inform the partner selection process. The findings of this study further help provide a link between ‘materiality assessment’ of sustainability issues and ‘partnership impact assessment’ on these material issues, which are two fields of research that have not been sufficiently explored in the literature. This link is addressed in the research sub-question (1.1), which aims to understand how corporates such as NWL can assess the prospective impact of their cross-sector partnerships on their material sustainability issues, for the purpose of selecting NPO partners. The discussion of the findings in the context of the relevant literature helps answer the following main research question and its sub-question as discussed above:

1- How can corporates such as NWL select NPO partners who contribute to addressing their material sustainability issues?

1.1- How can corporates such as NWL evaluate the impact of the prospective NPO partnerships on their material sustainability issues?

This chapter consists of three major sections, whereby sections 5.2 and 5.3 address the two research questions indicated above, and section 5.4 illustrates the development of the partner selection framework. The first two sections presented below (5.2 and 5.3) summarize the literature pertaining to the specific research question, interpret and discuss the findings in the context of the literature, and consequently answer the research questions of this study. The framework of partner selection presented in section 5.4, which involves value creation

potential assessment and prospective impact evaluation, is developed according to the interpretations provided in the previous two sections for answering the main research question and its sub-question. The final section (5.5) of this chapter provides a summary of the interpretations of the findings that have been discussed.

## **5.2 Partner selection: How can corporates such as NWL select NPO partners who contribute to addressing their material sustainability issues?**

As stated in the introduction of this chapter (section 5.1), this question helps examine and understand how corporates, such as NWL, can select their NPO partners who contribute to addressing their material sustainability issues. It is imperative to highlight here that the partner selection process in this study is considered from NWL's perspective, who seeks to address its material sustainability issues through the partnerships it forms with NPOs. Even though the study focuses on perspectives of NWL key informants (as the research questions indicate), perspectives from NWL's NPO partner key informants are also included in this study. As discussed in the findings of the previous chapter (refer to section 4.2), exploring NPO partner perspectives on their criteria and procedures used for selecting business and other partners provides relevant insights on what NPOs look for in their partnerships, which can in turn better inform the NPO partner selection process for corporates such as NWL.

The following sections begin with discussing NWL's materiality assessment process and its link to value creation. This is followed by a discussion relative to NWL and NPO partners on value creation in cross-sector partnerships, the nature of collaborative relationships, recommended partnership strategies, and the partner selection process. The section on partner selection highlights partnership success factors, criteria and procedures used for partner selection, and the selection procedures recommended by NWL key informants.

### ***5.2.1 Materiality Assessment: Link to Value Creation***

To understand how NWL can contribute to addressing its material sustainability issues through partnerships, it is important to understand how it assesses the materiality of sustainability issues or simply put how it prioritizes these issues. For identifying material sustainability issues, an organization's sustainability issues need to be prioritized with respect to the key internal and external stakeholder demands and interests (Hsu et al., 2013). According to the GRI (2013a), these issues are defined as the aspects that most significantly

demonstrate an organization's social, economic, and environmental impacts of its activities, or that fundamentally affect its stakeholders' perceptions and decisions (refer to section 2.3.4 of the literature review chapter). The prioritization of the aspects or the identification of those aspects that are material (assessment of the priority level) is based on the principle of materiality and the principle of stakeholder inclusiveness (GRI, 2013b). These principles involve specific tests that are recommended to be used by the GRI (2013b) for assessing the priority level of each aspect, and hence for reporting on the material ones. This materiality assessment provided in sustainability reports can also support stakeholders in evaluating the respective organization's short-term and long-term environmental and social performance (Calabrese et al., 2015). In the model proposed by Calabrese et al. (2015) for CSR assessment and materiality analysis, material CSR issues are identified according to the stakeholder (customer) feedback (perceptions and expectations) on the company's CSR commitment and the company's CSR disclosure. As it is evident that stakeholders play a critical role in identifying an organization's material sustainability issues, the process of materiality analysis requires implementing stakeholder analysis for considering the interests and concerns of key stakeholders. Stakeholder analysis helps organizations understand the impact of their activities and operations on their stakeholders (Freeman, 1984) (refer to section 2.3.1). This in turn helps identify and prioritize those issues based on the relevant impacts organizations have on the environment, society, and economy. Examining and understanding perspectives of both the organization and its key stakeholders is required for conducting an effective and complete stakeholder analysis (Friedman & Miles, 2006). Moreover, in responding to the various stakeholder demands, it is important to implement stakeholder analysis from the value creation perspective (Myllykangas et al., 2010), which can involve identifying key stakeholder value propositions (Frow & Payne, 2011) (refer to section 2.3.3). Active participation and involvement of stakeholders in stakeholder analysis is required when the issues most significant to the analysis are not identified clearly, or when the organization does not know which stakeholders have an interest in a specific issue (Reed et al., 2009). In line with this argument, the materiality analysis model proposed by Calabrese et al. (2015) (mentioned above) further provides a classification of customer CSR feedback which allows identifying the key stakeholders who need to be engaged, promotes more effective and strategic CSR decision-making and response to stakeholder demands, and enhances systematic stakeholder engagement practices. Accordingly, stakeholder involvement and engagement is essential for carrying out materiality analysis (Bellantuono et al., 2016), particularly when it is not clear which sustainability issues are most significant to the organization and its key stakeholders. Stakeholder engagement is considered to be a

strategic management approach to addressing stakeholder concerns and interests (Greenwood, 2007), and can facilitate generating CSR outcomes and shared value (Rhodes et al., 2014) (refer to section 2.3.2).

Assessing the materiality of sustainability issues is illustrated above as a proactive approach that involves a systematic process. Based on the findings of this study, NWL key informants indicate that a prioritization process of sustainability issues is being implemented at NWL that is both reactive and proactive. The reactive approach is considered to be more predominant at the organization, whereby unforeseen issues can be addressed over the short-term. This is confirmed by Van Tulder and Lucht (2016), who indicate that materiality assessment or issue prioritization is quite often relatively reactive. The reactive approach to prioritizing issues at NWL involves a live process that prioritizes issues according to individual values and ratings assigned to these issues, and which may not be related to sustainability. Although not particularly identified as material sustainability issues by NWL key informants, various sustainability issues have been reported, some of which have been indicated to be addressed through partnerships (refer to the detailed developed template - version 1 in appendix 5 for examples of these sustainability issues).

The proactive approach to prioritization adopted by NWL is typically planned for longer-term, and does not specifically follow the systematic process of materiality assessment that is discussed above based on the literature. According to key informants, the proactive prioritization process at NWL is implemented according to legislations and regulations (e.g. Water Framework Directive), the Water Forum, an extensive research program that mainly consults with customers, and the five year asset management planning (AMP) cycle. The Water Forum and the extensive research program involve customer and other stakeholder engagement, that help identify customer priorities and ensure to Ofwat (refer to glossary) that NWL takes into account customer and other external stakeholder perspectives on significant issues in its business plans and decisions. In their assessment of the extent to which NWL's stakeholder engagement process takes into account external stakeholders other than its customers (review of customer engagement report), the Northumbrian Water and Essex & Suffolk Water Forums (2013) indicated the need for NWL to consider a broader range of stakeholder perspectives. The Water Forums (2013) report noted that environmental organizations, specifically NGOs, were not effectively engaged by the company, as they were channelled through the communications and public relations departments. The report also highlighted that NGOs wanted to be involved in the development of catchment management and other specific projects. Furthermore, the Water Forums (2013) recommended the use of more interactive approaches (e.g. workshops) rather than just using

a questionnaire to gain access and understand stakeholders' views and perceptions on aspects within their business plan. These suggestions and recommendations by the Water Forums are in line with the need for more effective stakeholder engagement in identifying key issues or assessing the materiality (level of importance) of these issues. However, stakeholder analysis is not conducted at NWL for the purpose of prioritizing sustainability issues. It is typically done at the project-level to understand key stakeholders' demands and objectives and whether they align with those of the organization for the purpose of better stakeholder management and engagement. Actually, what is being done at NWL is the prioritization of investment programs (within the 5 year AMP cycle) rather than sustainability issues. The business outcomes, which are centred on five strategic themes (customer, competitiveness, people, environment, and communities) are the main priority of NWL, and within those there are outcomes that relate to sustainability aspects or issues. The relative priority given to sustainability issues by NWL cannot be demonstrated even to the satisfaction of its own employees. Some tools that are being used at NWL as part of the proactive approach to prioritization consist of the cost benefit analysis ranking that is being applied according to the impact of specific issues on the business, as well as the balanced scorecard.

The prioritization of sustainability at NWL is still considered a business challenge. There is awareness and recognition at the organization of the need for prioritizing sustainability issues, and for adopting a long-term approach in addressing these issues. One of the main challenges in adopting a long-term approach is reported by NWL key informants to be limited resource which is becoming a significant issue in the UK recently for various organizations. It is reported that this resource issue may in turn lead to compromise in tackling certain sustainability issues. In line with this perspective, Whitehead (2017) highlights that businesses as well as government agencies have limited resources to address sustainability issues, and as such a large number of these issues, although significant, are not prioritized by stakeholders and hence may not be addressed by businesses.

Although sustainability is not explicitly prioritized at NWL, sustainability issues are still (indirectly) incorporated into NWL's single business strategy, whereby there is no separate sustainability strategy, as well as no separate budget allocated for addressing these issues. In line with adopting a single business strategy, McPhee (2014) and Eccles et al. (2014) highlight the added value resulting from incorporating sustainability into a firm's strategy. This value can include financial and reputational value, can enhance competitive advantage and stimulate innovation, and can involve resilience to changes that may occur in the future (McPhee, 2014). In a more proactive approach, Eccles et al. (2014) suggest that integrating

social and environmental issues into a company's strategy requires effective stakeholder engagement practices and a long-term time horizon approach to the business's decision-making and planning (refer to section 2.2). Similar to having both reactive and proactive approaches to prioritizing issues at NWL, Whitehead (2017) proposes a driver-focused prioritization framework that identifies and prioritizes the relevant sustainability issues and indicators, and takes into account both proactive (Neugebauer et al., 2016) and emergent perspectives/approaches (Papagiannakis et al., 2014) to how these issues may be addressed (refer to section 2.3.4). These approaches require integrating highly salient issues into the business strategy (proactive approach) and gradually integrating the less salient issues (emergent approach) as the business strategy progresses and aligns better with its sustainability strategy (Whitehead, 2017). This emergent approach ultimately leads to having the sustainability strategy better incorporated into the organization's business strategy (Whitehead, 2017). This perspective is similar to the approach taken by NWL, whereby one interviewee highlights how an emergent sustainability issue (water leakage) that was initially addressed reactively through a particular project (reactive/emergent approach), gets gradually embedded into business operations (proactive approach).

Taking into account stakeholder perspectives on value creation can support organizations in selecting appropriate stakeholder engagement strategies that can better address key stakeholder issues and societal expectations (Laszlo, 2008). This in turn helps in identifying opportunities for generating sustainable value which can be a source of competitive advantage (Laszlo, 2008). Mapping stakeholder value perceptions is an approach that can be used for identifying sustainable value propositions by recognizing new opportunities for creating positive value for society and environment (Bocken et al., 2013). It also helps understand who the key stakeholders are as well as their involvement or contribution to creating a specific value (Bocken et al., 2013) (refer to section 2.3.3). This perspective is in line with Halal's (2001) suggestion that stakeholders can be regarded as partners who contribute to creating social and economic value by tackling issues through collaboration (refer to section 2.4.6). The specific value intended from the partnership can be identified with respect to a specific material sustainability issue recognized by an organization. Identifying the material sustainability issue and its respective value (proactive approach) can in turn provide support to selecting the appropriate partner from a range of NPO stakeholders who are viewed as potential partners.

### ***5.2.2 Value Creation in Cross-Sector Partnerships***

Extending the discussion in the previous section on the need for engaging stakeholders and identifying their sustainable value propositions, stakeholder engagement can help in developing sustainability by establishing partnerships with the key stakeholders (Hartman et al., 1999), whereby value creation (in sustainability) is known to be the main motivation and justification for engaging in partnerships (Austin, 2010). As the major research aim of this study is the selection of partners who can contribute to addressing material sustainability issues, it is important to understand how partnerships can create the intended value on these issues for all partners involved. Moreover, understanding the sources and types of value that can be generated helps in the selection of the appropriate partners who can contribute to this value.

There are four types of value that can be generated (at varying levels) in NPO-business partnerships from four potential value sources (Austin & Seitanidi, 2012a). The value sources are resource complementarity and organizational fit, resource nature, resource directionality and use, and linked interests, and the types of value include the associational value, transferred resource value, interaction value, and synergistic value (refer to section 2.4.2.1) (Austin & Seitanidi, 2012a). According to Austin and Seitanidi (2012a), value creation is augmented at the micro, meso, and macro levels by enhancing the degree of value co-creation by the partners involved (conjoined processes and activities of the partners) rather than the sole creation of value independently by each of the partners (separate processes and activities).

For businesses, examples of the reported types of value that are delivered from their NPO partnerships include credibility (Austin, 2000a), brand reputation, and legitimacy as associational values (Yaziji, 2004; Yaziji & Doh, 2009), second-generation customers as transferred resource value (Seitanidi, 2010), specialized technical expertise, awareness of social forces (Yaziji, 2004), and access to networks as interaction values (Millar et al., 2004; Yaziji, 2004), shaping legislation, setting industry standards (Yaziji, 2004), as well as product and process innovation and learning as synergistic values (Austin, 2000b; Seitanidi, 2010; Yaziji, 2004; Yaziji & Doh, 2009). These value resources and types of values are confirmed by NWL key informants in this study with respect to their perceptions on the value contributed by NPOs to the partnership. The support or value provided to NWL by its current NPO partners is reported by NWL key informants to involve enhancing more effective engagement with NWL's stakeholders [can be interaction value and transferred

resource value if engagement skill is attained], increasing NWL's awareness of the local issues (including sustainability issues) affecting communities in areas of operation [interaction value], and promoting an increase in the level of influence as well as the perception of trust and credibility amongst NWL's stakeholders [associational value]. Other benefits attained by NWL for partnering with NPOs include better access and reach of relevant stakeholders [interaction value], cost and human resource savings [transferred resource value], access to NPO expertise [can be interaction value and transferred resource value if expertise/skill is attained], the ability to lead on, influence, and shape policy work (that can be related to material sustainability issues) [synergistic value], as well as enhancing NWL's reputation [associational value] and promoting creativity and innovation in NWL's approach to work and to identifying opportunities (that can help address material sustainability issues) [interaction value].

For NPOs, examples of the reported types of value that are delivered from their business partnerships include higher visibility (Austin, 2000a) and increased public awareness of the social issue as associational values (Waddock & Post, 1995), financial support as transferred resource value (Yaziji & Doh, 2009), increased ability for behavioural change as interaction value (Le Ber & Branzei, 2010c), increased long-term value potential (Austin, 2000a; Le Ber & Branzei, 2010b) and more political power as synergistic values (Seitanidi, 2010). With regard to NWL's support to its NPO partners in this study, NPO key informants report various benefits which include the positive impact/value derived from associating with a leading brand name like NWL [associational value], the support provided through the extensive resources and budgets that are managed by NWL [transferred resource value if assets are transferred], funding/fundraising support [transferred resource value], and helping to address sustainability issues that are relevant to the NPO [interaction value and can progress to potential synergistic value]. Other significant benefits generated from partnering with NWL involve the advocacy provided for influencing MPs, decision-makers, and other key stakeholders through collective voice, as well as the potential for influencing policy work (that can be related to material sustainability issues) [potential synergistic values]. Moreover, NWL supports its NPO partners through providing access to relevant stakeholders, enhancing stakeholders' awareness of particular issues (including material sustainability issues), and creating effective communication channels for reaching or influencing the relevant stakeholders (with regard to addressing specific material sustainability issues) [interaction values]. The following table summarizes the examples discussed above of the different types of value reported by NWL and NPO key informants (refer to final template in appendix 5 for additional reported benefits).

**Table 5.1: Examples of Types of Value Reported by Key Informants**

Examples of value reported by:	Type of Value			
	Associational	Transferred resource	Interaction	Synergistic
<b>NWL key informants</b>	promoting an increase in the level of influence as well as the perception of trust and credibility amongst NWL's stakeholders; enhancing NWL's reputation	enhancing more effective engagement with NWL's stakeholders (if engagement skill is attained); cost and human resource savings; access to NPO expertise (if expertise/skill is attained)	enhancing more effective engagement with NWL's stakeholders; increasing NWL's awareness of the local issues affecting communities in areas of operation; better access and reach of relevant stakeholders; access to NPO expertise; promoting creativity and innovation in NWL's approach to work and to identifying opportunities	the ability to lead on, influence, and shape policy work
<b>NPO key informants</b>	positive impact/value derived from associating with a leading brand name like NWL	support provided through the extensive resources and budgets that are managed by NWL (if assets are transferred); funding/fundraising support	helping to address sustainability issues that are relevant to the NPO; providing access to relevant stakeholders; enhancing stakeholders' awareness of particular issues; creating effective communication channels for reaching or influencing the relevant stakeholders	helping to address sustainability issues that are relevant to the NPO (potential); advocacy provided for influencing MPs, decision-makers, and other key stakeholders through collective voice (potential); influencing policy work (potential)

Through NPO-business partnerships, there are mutual benefits realized or shared value created for the partners involved. But the benefits that NWL contributes to the partnership and consequently to the relevant stakeholders involved/impacted by the partnership do not exceed its organizational benefits. This perspective is in agreement with the perceived fairness of the value exchange in NPO-business partnerships suggested by Austin and Seitanidi (2012a), whereby value needs to be co-created and shared equally.

### ***5.2.3 Nature of Collaborative Relationships and Value Creation***

Value creation from NPO-business partnerships can vary according to the different types of collaborative relationships (Austin & Seitanidi, 2012a). This is illustrated in the CVC framework proposed by Austin and Seitanidi (2012a) who highlight four stages of collaborative relationships (philanthropic, transactional, integrative, transformational) whereby characteristics of the relationship differ across these stages (refer to section 2.4.2.1). For example, the engagement level between the partners and with the relevant stakeholders can vary relative to the collaborative relationship stage (Austin, 2000a; Austin & Seitanidi, 2012a). In line with the CVC, Rondinelli and London (2003) identify three types of corporate-NPO relationships which include the low intensity arm's-length relationships, moderately intensive interactive collaborations, and highly intensive formal environmental management alliances.

There are three types of partnerships that are reported by NWL and its NPO partners; these are partnerships based on funding (philanthropic or low intensity arm's-length relationships), project-based partnerships (transactional or moderately intensive interactive collaborations), and longer-term strategic partnerships (integrative and potentially transformational or highly intensive formal environmental management alliances). Partnerships that are based on funding at NWL are reported to help provide solutions to identified issues by funding for example specific projects or events. These are considered to be philanthropic collaborations which according to Figure 2.6 provided in section 2.4.2.1 (Chapter 2), the level of engagement between the partners is low, the magnitude of resources is small and the type of resources is typically monetary whereby the resource flow is considered unilateral (Austin & Seitanidi, 2012a). Furthermore, philanthropic collaborations are characterized with narrow scope of activities, infrequent level of partner interaction, modest trust, minimal internal change, low level of managerial complexity, minor strategic value creation, sole creation of value, uncommon synergistic value creation, as well as rare

innovation and external system change or systemic impact (Austin & Seitanidi, 2012a). One example of these collaborations reported by NWL key informants is the 'Branch Out' fund, which aims to support various partners by funding projects (£80,000 given out in 2015) that benefit the natural environment and the local communities (NWG, 2015a) (refer to appendix 6 for examples of projects undertaken in partnerships). In total, NWL reports an amount of £878,991 direct financial contribution to partners for the year 2015 (NWG, 2015a).

Project-based partnerships (transactional stage of collaboration) that address particular issues are more prevalent at NWL, are usually short-term, and can be reactive. This is in agreement with the recent literature that focuses on the instrumental orientation of partnerships (Selsky & Parker, 2005), whereby many of the partnerships reported are considered to be symbolic and instrumental rather than integrative (Jamali & Keshishian, 2009). Moreover, many partnerships are described as being reactive/responsive to emergent/unforeseen issues (Nurmala et al., 2018), and can be identified within the reactive stage of the sustainability continuum (Gray & Stites, 2013). The tendency to adopt a more reactive approach to partnerships at NWL is justified by one focus group participant to be resource pressure which forces NWL and other organizations to respond to issues reactively. Project-based partnerships at NWL, which are reported to involve corporate volunteering, can be regarded as transactional collaborations based on interview accounts provided by NWL and NPO partner key informants around some of the projects they worked on in their partnerships (refer to appendix 6 for examples of these projects). The literature suggests that partnerships in the transactional stage usually include particular projects with clear objectives, specified timelines, highly established employee volunteering programs, and sponsoring of events or other activities (Austin & Seitanidi, 2012a). When compared to philanthropic collaborations, the level of engagement between the partners in transactional collaborations is higher, the magnitude of resources is bigger and the type of resources deployed is more distinctive assets whereby the resource flow is bilateral (Austin & Seitanidi, 2012a). Furthermore, transactional collaborations can have a broader scope of activities, more frequent level of partner interaction, more trust, more potential for internal change, higher level of managerial complexity, as well as more potential for strategic value creation, synergistic value creation, innovation and systemic impact (Austin & Seitanidi, 2012a). Although there is potential for greater value creation in transactional collaborations than in philanthropic collaborations, there are doubts as to whether impact or value at the macro (societal) level can be realized (Austin & Seitanidi, 2012a). The linked interests of the partners involved in this type of collaboration, which enhance their organizational fit,

ensure that value is more effectively co-created than in philanthropic collaborations and in general value is considered to be more quantifiable (Austin & Seitanidi, 2012a).

The characteristics of project-based partnerships described by NWL and its NPO partner key informants in this study can be recognized within some of the characteristics described in the existing literature on transactional collaborations (discussed above). In its partnership report for the year 2015, NWL indicates that 53% of its employees volunteered a total of 16,276 hours to support external organizations through 'Just an Hour' employee volunteering program (NWG, 2015a). Other examples of transactional collaborations by NWL include the 'Water Rangers' scheme (community partnership) which contributed 1426 patrols of rivers implemented by volunteers from the public to detect pollution issues (NWG, 2015a). The WaterAid partnership is also reported to help support 13,200 people in developing countries gain access to clean water through NWL's fundraising events and activities (NWG, 2015a) (refer to appendix 6 for more examples).

With respect to the few long-term strategic partnerships that have been reported by NWL and its NPO partners, these partnerships are indicated to be typically proactive and may involve a high level of stakeholder engagement, analysis and management, broad scope of activities, high level of resource use, managerial complexity that necessitates robust program management and evaluation, as well as the provision of more sustainable solutions to issues. With respect to the value generated from strategic partnerships, the shared or mutual value created is reported to be strategic, synergistic, and may involve a systemic impact or change (typically long-term). The increased potential for creating long-term impact or value is recognized for the strategic partnerships reported in this study. These identified characteristics are in agreement with those of integrative collaborations suggested in the existing literature (refer to the collaboration continuum CC in Figure 2.6, section 2.4.2.1). Integrative collaborations usually involve conjoined resource flow, more use of partner key assets and core competencies, and greater partner trust than the preceding two stages of collaboration (philanthropic and transactional), as well as deeper relationship development (Austin & Seitanidi, 2012a). There is potential for greater value being created for the society through innovative solutions which can enhance synergistic value co-creation (Austin & Seitanidi, 2012a). Organizations engaged in integrative collaborations are usually deeply committed, and have social value integrated into their business strategy or in other words have their CSR/sustainability strategies institutionalized (the focus is on co-creation) (Austin & Seitanidi, 2012a).

In line with key informants' perspectives discussed above, high level of stakeholder engagement is involved (Austin & Seitanidi, 2012a), whereby end beneficiaries (Le Ber & Branzei, 2010b) and other multiple stakeholders are expected to play a significant role in the value co-creation process of cross-sector partnerships (Cornelius & Wallace, 2010). Moreover, the impacts (economic, social, and environmental) resulting from the partners' interdependent and collective actions are generated at the micro, meso and macro levels (Austin & Seitanidi, 2012a; Selsky & Parker, 2010) (refer to sections 2.4.2 and 2.4.3). In addition to having partner agreement on the specific social issue that needs to be addressed (Le Ber & Branzei, 2010a; Waddock, 1989), shifting from the integrative stage to the transformational stage requires delivering societal (macro level) value that is intended from the partnership through social innovation (Austin & Seitanidi, 2012a). For example, the Abberton Reservoir Enhancement Scheme partnership that was reported by some of the NWL key informants reflected characteristics of integrative and potentially transformational collaborations that are discussed above (refer to appendix 6 for Abberton Scheme partnership details). The main objective of the scheme was to increase the water storage capacity of the reservoir (raising the top water level by 3.2 meters) due to insufficient water resources available in the Essex Supply Area (NW, 2007; NWG, 2015b). Various stakeholders and partners were involved in this partnership. The reservoir enhancement scheme aimed for long-term impacts in meeting the future water demand in Essex due to population increase (NW, 2007), and in enhancing the habitat creation for wildlife and animals (e.g. preserving grassland that contains waxcap fungi on the upper slopes of the main dam) (NWG, 2015b; NWL Conservation Team, 2016). To better situate and verify the stage of collaboration this partnership has reached on the CC, an in-depth case study of this specific partnership involving retrospective analysis of its impacts may be required. It is acknowledged that integrative and transformational partnerships have not been much explored in the literature, and therefore need further investigation with respect to the process of 'virtuous value circle' or how synergistic value is co-created, as well as the enabling factors that allow partnerships to reach these stages (Austin & Seitanidi, 2012a, p. 745). Although project-based partnerships and partnerships based on funding/fundraising are more common at NWL, the organization has already engaged in a few strategic alliances over the long-term (such as the Abberton Scheme partnership mentioned above). Long-term impacts and benefits are intended from strategic partnerships at NWL whereby value is created for the business, the environment, and the communities involved (e.g. catchment management as source of synergistic value). Progressing from the transactional approach to partnerships towards a more added value approach (integrative or transformational) is

elaborated by one focus group participant to involve a shift in the business model that requires aligning business objectives with those of its key stakeholders.

Seitanidi (2010) distinguishes between forms of association such as ‘partnerships’ (integrative stage of the CC), ‘sponsorships’ (transactional stage of the CC), and approaches of interaction such as the ‘partnership approach’ and the ‘transactional approach’. The term ‘partnership’ can be located more appropriately within the integrative stage of collaborative relationships (Seitanidi, 2010), and definitely within the more advanced transformational stage proposed by Austin and Seitanidi (2012a). The ‘social’ partnership form is differentiated from the partnership approach with respect to whether societal outcomes (social partnership) or social outcomes (partnership approach) are delivered (Seitanidi, 2010). To elaborate this further, the term ‘strategic partnership’ used by key informants of this study was previously termed in the literature as ‘social partnership’ (Seitanidi, 2010), which according to Waddock (1988) is not corporate philanthropy or volunteerism, addresses social issues that affect all partners involved and generates mutual benefit. The major difference though between social and strategic partnerships is that social good (Seitanidi & Crane, 2014) or societal outcomes are prioritized in social partnerships, whereas the main concern for strategic partnerships is fulfilling organizational needs which are prioritized in the partnership approach (Seitanidi, 2010).

Based on NWL’s corporate documents and key informant perspectives on their current partnerships, the partnership approach seems to be implemented. The partnership approach can still unintentionally result in societal outcomes (Seitanidi, 2010). Nevertheless, societal outcomes in a social partnership need to be prioritized clearly from the start of the collaborative relationship for the purpose of addressing a mutual social issue (Seitanidi, 2010) (refer to section 2.4.2). For example, the Abberton Reservoir strategic partnership started with the intent to increase the reservoir’s capacity to supply drinking water to NWL’s customers in Essex. This priority is directed towards the organizational need to address water shortage/availability issue to maintain NWL’s operations in Essex. Although social and societal outcomes resulted from this partnership according to participant accounts (refer to appendix 6 for details), this strategic partnership can be identified as a partnership approach rather than a social partnership. Another example would be the ‘StepChange’ partnership (refer to appendix 6) which started with the aim of providing support and advice to NWL customers (more than 2000 customers received advice in 2015) who are not able to pay their water bills (NWG, 2015a). This priority is directed towards the organizational need of ensuring customers provide the necessary payments to NWL. The partnership was

developed to provide customers with an action plan to manage all of their debts and enhance their financial situations. The partnership approach illustrated in this example resulted in social outcomes, and potentially societal outcomes by contributing to enhancing society/community welfare.

## ***5.2.4 Recommended Partnership Strategy***

### **5.2.4.1 NWL**

As discussed in the previous section, two approaches to engaging in partnerships have been identified, which are the reactive approach that is typically project-based and short-term, and the proactive approach that is typically strategic and longer-term. NWL focus group participants recognize the need for the right balance between the proactive and the reactive approach to partnerships as long as there is added value delivered from either approach. It is indicated by one NWL focus group participant that strategic partnerships need not necessarily be long-term; they can involve a short-term reactive approach to issues. Strategic partnerships here refer to the integrative or transformational collaborative relationships, which are usually long-term (Austin, 2000b) (refer to section 2.4.2). This long-term perspective is challenged in this study through the suggestion mentioned above of having strategic partnerships that are short-term. The same focus group participant further indicates that the reactive approach can also be long-term instead of short-term, whereby an issue can be addressed repeatedly. In line with having this balance between the proactive and reactive approaches that promotes some kind of flexibility, it is recommended by NWL key informants to avoid being restrictive in partnerships with regard to various aspects such as labelling partnerships, the type of partner organizations, the scope of work, and the benefits/impacts intended from the partnerships. This recommendation of collaborating with various partners in an unrestricted manner can be justified with respect to having various key sustainability issues that need to be addressed and the need for delivering more substantial impact on these issues. As there are unforeseen circumstances/issues reported by NWL key informants that are typically being addressed reactively, a proactive approach involving for example capital investment schemes may be the more suitable approach for addressing particular issues if it proves to be feasible, as recommended by one NWL interviewee.

The partnership strategy at NWL needs reshaping according to NWL key informants, who suggest identifying clear strategic long-term objectives that are based on value creation. It

is also reported that NWL is looking to engage in more integrative and transformational stages of partnerships. Progressing towards the more advanced transformative stage can be explained through a 'reactive-turned-proactive' strategy (Gray & Stites, 2013; Perez-Aleman & Sandilands, 2008). Accordingly, the intended value creation needs to be embedded into the business strategy which requires having NWL's CSR/sustainability strategies better identified and institutionalized (Austin & Seitanidi, 2012a).

The current extreme resource pressure that is affecting various organizations and local authorities is reported to have a significant impact on partnership work. The need for delivering partnership outcomes in a more efficient and effective way is recognized, which in turn requires more effective stakeholder engagement. Along the same perspective, Bowen et al. (2010) propose three community engagement strategies (transactional, transitional, and transformational) that are usually implemented by organizations who work in collaboration with community partners or groups to address social issues and contribute to social value creation (refer to section 2.4.2). Applying the appropriate engagement strategy within the corresponding collaboration stage may promote more effective stakeholder engagement.

The need for more visibility of partnerships and their benefits is also identified by various NWL key informants. There are various advantages identified by NWL focus group participants from having partnership visibility at NWL. Employees become more engaged, empowered and aligned with the business vision. This better understanding of partnerships at NWL can potentially derive more strategic value or impact from partnerships. Visibility of partnerships at NWL is also reported to potentially enhance outcome delivery by effectively engaging key stakeholders (internal and external). It may as well influence organizational behaviours positively and promote shared learning amongst NWL employees, which may in turn lead to improved work efficiency and realization of business vision and objectives. Although gaining external visibility (associational value) of the business is usually intended and generated from NPO-business partnerships (Austin & Seitanidi, 2012b), the visibility that NWL key informants are referring to here is internal, and concerns the partnership and its reported benefits. Similar to external visibility that may generate external value at the macro or societal level (Austin & Seitanidi, 2012b), internal visibility can potentially produce internal value at the micro (individual) and meso (organizational) levels as discussed above. For this internal value to be realized, the partnership strategy would need to be embedded in the business strategy (similar to having CSR/sustainability strategies institutionalized). Having the partnership's structures,

processes and programs embedded in the organization's strategy and values would require the institutionalization of the partnership (Austin & Seitanidi, 2014; Seitanidi & Crane, 2009) (refer to section 2.4.3 in Chapter 2 and section 5.2.5 below).

#### **5.2.4.2 NPO**

A more tactical approach to partnerships that involves more strategic value is recommended for partnership work with NWL by one of its current NPO partners. The need for more collaborative work with NWL is highlighted as well, whereby NWL can play a more key role, such as influencing long-term behavioural change amongst water company customers (synergistic value). Going back to the unforeseen/emergency issues that require a more reactive approach to addressing them, one NPO partner key informant highlights the need for unrestricted funding provided by its partners. This links back also to the resource/funding availability issue that is mainly affecting NPO organizations. However, this approach or recommendation is not aligned with the more strategic approach recommended by NWL key informants for their partnership strategy (refer to previous section 5.2.4.1). A proactive approach to partnership work is also recommended by other NPO partners for deriving more strategic value around influencing decision-makers and policy work through collective voice (synergistic value with potential systemic impact involving value creation internally and externally at the micro, meso, and macro levels). One aspect that is always needed in partnership work, whatever approach is adopted, is reported to be stakeholder engagement that is never considered sufficient as emphasized by one NPO key informant. According to NPO partners, effective stakeholder engagement can be better enhanced through more effective communication channels that aim to reach wider audiences for spreading specific important messages around sustainability issues (interaction value).

Based on the above, it is realized that NPO partners are aspiring to move from the transactional stage of collaboration with NWL towards the integrative or transformational stage of collaboration, for the purpose of delivering more strategic and synergistic value, and potentially more systemic impact at the societal level.

#### **5.2.5 *Partner Selection Process***

The partnership process involves four phases of partnership development which are the formation, selection, implementation, and institutionalization phases, whereby value accrues with each phase (Austin & Seitanidi, 2014) (refer to section 2.4.3). The formation phase provides support to the selection phase by assessing the organizational fit potential of the

prospective partner (Austin & Seitanidi, 2012b; Berger et al., 2004; Holmberg & Cummings, 2009; Rodríguez et al., 2016). Both the formation and the selection phases, which are closely interconnected, help identify the sources of value from prospective partners for consequently determining the maximum potential value creation that can be derived from the partners (Austin & Seitanidi, 2014). This in turn supports the choice of suitable partner (Austin & Seitanidi, 2014). Within the formation phase/process, there are six subprocesses (articulating the social problem, determining the partner's intentions, charting the value creation experience, assessing compatibility on the question of visibility, mapping the potential collaborative value portfolio, and detecting pre-partnership champions) which help assess the value creation potential (Austin & Seitanidi, 2014). The partner selection phase further develops and enhances the value creation potential of the partnership formation phase (Austin & Seitanidi, 2014). The process involves each of the partners as well as the various external stakeholders who may be engaged, whereby political dynamics can come into play with respect to aspects such as power distribution and power balance management (Austin & Seitanidi, 2014; Seitanidi, 2010). The selection process consists of five subprocesses (mapping linked interests, determining the value of resources, recognizing organizational capabilities, developing partnership-specific criteria, and assessing risks) that can be formal/informal and internal/external (Austin & Seitanidi, 2014) (refer to section 2.4.6.2.2).

Value creation in cross-sector partnerships can be either planned (outcome orientation approach) which would require a specific strategy, or it can be emergent (process orientation approach) which would require flexibility in adjusting the processes as the partnership develops (Austin & Seitanidi, 2014). For maximizing the value potential, it is proposed that both of these approaches be used throughout the partnership (Austin & Seitanidi, 2014) (refer to section 2.4.2.1). As the focus of this study is the selection of partners with respect to prospective value creation or impact on material sustainability issues, the outcome orientation approach applies for this purpose.

The wrong choice of partner is reported to quite often contribute to partnership failure (Holmberg & Cummings, 2009), as selecting the most suitable partner can considerably affect the potential for value creation intended from the partnership (Austin & Seitanidi, 2012b). As such, it is important to understand the factors contributing to partnership success or failure. This section presents the partnership success factors, followed by the partnership criteria and procedures used by NWL and its NPO partners, and the recommended procedures of partner selection that are suggested by NWL key informants.

### **5.2.5.1 Partnership Success Factors**

For selecting the appropriate partners who can contribute to the success of the partnership, it is important to understand the factors or reasons for success or the lack of it. There are various factors that can influence the success and effectiveness of the partnership; these need to be associated with value creation to corroborate this success (Austin & Seitanidi, 2012a), as value creation is considered to be an indicator of collaboration effectiveness (Austin, 2010). Furthermore, Seitanidi and Crane (2014) contend that in advancing social good in partnerships, the success of partnerships may have to be redefined to move beyond the ‘instrumentalization of the social good’ by not prioritizing economic profit anymore and instead prioritizing the social good (p. 404).

Understanding the key success factors across the different partnership process stages can help understand how partnerships can be effective in creating value and sustaining impact. Some of these factors or issues affecting partnership success include selecting the appropriate partner (Huxham & Vangen, 2005; Waddock, 2014), agreement on partnerships aims, communication (Huxham & Vangen, 2005), trust building and commitment (Barroso-Méndez et al., 2016; Gray & Stites, 2013; Tsarenko & Simpson, 2017), resources and capabilities, alignment of objectives (Holmberg & Cummings, 2009), creation of a shared vision, agreement on standards and rules of regulation, effective progress evaluation and review (Gray & Stites, 2013), agreement on definition of common issue (Waddock, 2014), transparency (Gray & Stites, 2013; Le Ber & Branzei, 2010c), distribution of power (managing power balance) (Bryson et al., 2006; Gray & Stites, 2013; Winchester, 2014) and stakeholder engagement (Van Huijstee, & Glasbergen, 2010) amongst others (refer to section 2.4.4). NWL and its NPO partners confirmed these factors, reporting that successful partnerships involve alignment of objectives and resources, effective stakeholder and partner engagement, having the appropriate expertise and skills, trust, transparency, effective communication, and review and monitoring of progress amongst other aspects. The factors that are reported to contribute to partnership failure include power relations which can lead to lack of equality amongst partners, lack of formal agreement, lack of work flexibility, time, and required human resources, materialistic (division of money) issues, and in some cases discrepancy in the interpretation of definitions or of rules and regulations between the partners. The difficulties in developing partnerships that are recognized in the literature reflect some of the factors which contribute to partnership failure that are identified above by participants. Some of these quite common difficulties include misunderstandings, misallocation of costs and benefits, power mismatches, mistrust, disagreement on timelines

and milestones, and lack of complementary and compatible resources and skills (Berger et al., 2004).

The most reported reasons for lack of success by NWL and its NPO partner key informants include not clearly agreeing or discussing objectives/outcomes and subsequently having misaligned objectives. Although not reported here as a partnership success factor, alignment of values has been identified in this study as a criterion for partner selection (refer to following section 5.2.5.2). Having misaligned objectives (reported above as a reason for partnership failure) can be linked to lack of shared values between the partners. Sharing values and beliefs with potential partners is important for partner selection and subsequent partnership success, as shared values can influence/enhance trust and commitment (Barroso-Méndez et al., 2016). The development of trust and commitment can also be improved by allocating more time and other needed resources for learning and cooperation (Barroso-Méndez et al., 2016), as the lack of time and human resources is reported by participants of this study (above) to contribute to partnership failure.

To further elaborate stakeholder engagement as a partnership success factor reported above by key informants, Waddock (1988) highlights the need for identifying and involving the key stakeholders who have an impact or are impacted by the issue that is being addressed. This is considered to be fundamental for selecting partners and ultimately for partnership success (Waddock, 1988). This perspective is in line with the principles of materiality and stakeholder inclusiveness discussed in section 5.2.1, which require identifying the material sustainability issues with respect to the key stakeholders and the business. This in turn requires implementing materiality analysis/assessment and stakeholder analysis and engagement for the purpose of selecting partners who can contribute to addressing material sustainability issues. By addressing material sustainability issues through partnerships, value or impact can be generated with respect to these issues, which accordingly can verify the partnership success once these impacts are delivered.

#### **5.2.5.2 Criteria and Procedures**

The partnership selection criteria identified by NWL and its NPO partners (five current partners and one potential partner) are presented again in the following table (refer also to Table 4.1 in section 4.2.4.1) for ease of reference.

**Table 5.2: Partner Selection Criteria**

<u>NWL and NPO</u>
1) alignment of values, mission and objectives
2) reputation
3) level of resource
4) trust
5) previous partnership experience and track record of outcome delivery
6) historic relationship
7) credibility
8) expertise, knowledge and skills in relevant field
9) cost or financial value
10) capability to add value/deliver benefits/impacts with respect to identified issues and respective opportunities
11) ethics
12) geographic location when it is necessary to work in same location or site
13) level of commitment and involvement
14) type of sustainability issues being addressed and available opportunities
<u>NWL</u>
15) innovation and creativity in approach to work
<u>NPO</u>
16) corporate sustainability
17) corporate significance/responsibility and strategic nature
18) extent of influence over relevant stakeholders and collective voice
19) balanced representation from all sectors (for multiple partners in partnership)
20) leading in respective field
21) scope of work and activities
22) corporate strategy and policies

From the above indicated criteria in Table 5.2, alignment of values and objectives, as well as trust have been identified as criteria of highest priority by NWL key informants. As discussed in section 5.2.5.1, alignment of values is important for partner selection and for enhancing trust (Barroso-Méndez et al., 2016). The literature also highlights that mission fit (or alignment), resource combination fit, strategy fit, and evaluation fit amongst others support the choice of partner (Berger et al., 2004; Holmberg & Cummings, 2009; Rodríguez et al., 2016).

The above mentioned criteria are corroborated in the existing literature, which includes partnership selection criteria (refer to subprocess 4 ‘developing partnership-specific criteria’ of selection phase) such as industry of interest (corresponding to number 19 in Table 5.2), scope of operations (14 and 21), cost-effectiveness (cost/investment relative to the benefits or value generated) (9 and 10), availability and type of resources (3 and 8) (Austin & Seitanidi, 2014; Holmberg & Cummings, 2009; Seitanidi, 2010; Seitanidi & Crane, 2009),

previous experience working across different economic sectors (5), covering of similar geographical areas (12), and mutual interests (1, 14) (Seitanidi & Crane, 2009). Some of the other criteria identified by this study's key informants can be located within the indicators of transformative potential in the partnership formation phase that are suggested by Seitanidi et al. (2010). These indicators include organizational characteristics such as strategy (17, 22), mission, ideology (values and norms) (1, 11) mode of operation, scope of activities, size and revenue (13, 15, 16, 17, 18, 20 and 21), organizational confidence (may involve 4 and 7), reputation (2), as well as history of partner interactions (5 and 6).

In addition to organizational characteristics and history of partner interactions, partnership motives are also considered partnership formation transformative potential indicators (Seitanidi et al., 2010). According to Austin and Seitanidi (2014), determining the partner's intentions (subprocess 2 of the formation phase – refer to section 5.2.5) involves assessing the partner's motivations and mission, and charting the value creation experience (subprocess 3 of the formation phase) involves assessing the history of interactions. Recognizing the organizational capabilities (subprocess 3 of the selection phase) involves identifying organizational characteristics such as size, revenue, reputation, ideology, and level of confidence (Austin & Seitanidi, 2014). These organizational characteristics, previously located in the formation phase (Seitanidi et al., 2010), have been moved to the selection phase in the more recent publication by Austin and Seitanidi (2014) (refer to section 2.4.6.2.2). This shift reflects the level of interrelatedness of the two phases, and the overlap that may occur.

It is realized from the selection criteria identified exclusively by NPOs (refer to Table 5.2) that NWL's NPO partners focus more on the organizational characteristics of the prospective business partner, such as scope of work and corporate strategy. This may be because costs borne by NPOs in their partnerships are often indicated to be higher than those of the business (Seitanidi, 2010), examples of which include reputational costs (Millar et al., 2004) and an increased resource demand (Seitanidi, 2010). Hence, their corporate scrutiny in the selection process may be more rigorous. With respect to NWL key informants who are looking to engage in more strategic or integrative partnerships in the future, considering innovation as a partner selection criterion makes sense as innovation becomes more frequent in integrative and transformational stages of collaboration.

The potential costs that are incurred from engaging in a partnership can play a role in the selection of partners, as indicated in the above selection criteria. NWL's assessment of these

costs can be facilitated by examining how NPOs assess the financial value of a partnership, and what issues they are faced with, as well as the factors they take into consideration for covering their expenses. Based on NPO partner key informant interviews, it can be realized that the nature of the collaborative relationship and the stage of collaboration between the partners may influence the assessment of these costs. In general, costs are assessed according to the tangible outcomes that are planned to be delivered (scope of work), the process of delivery, and the required resources for reaching these outcomes. For partnerships based on funding or fundraising (philanthropic stage of the collaboration continuum), it is reported that a formal contract or philanthropy agreement can be used to specify the amount of funding required to cover particular costs. In other cases, the amount of funding may not necessarily be specified. Project grants provided by business partners can be allocated by NPOs according to priority issues that are identified through stakeholder surveys in areas of operation. For partnerships based on membership to the NECC for example, the costs are dependent on the nature of projects that are intended to be delivered and the business partner's corporate size.

According to Peterson (2011), transaction costs need to be considered by businesses in the selection process of NGO partners (refer to section 2.4.6.2.1). Examples of such costs include cost of information, cost of transaction assets, cost of asset deployment and redeployment to new partners if necessary (Peterson, 2011). Determining the partnership (potential) costs involving for example management, economic, asset or resource deployment costs, and the resulting risks is essential for assessing partnership (potential) benefits. This is because the cost-effectiveness criterion (mentioned above) requires assessing potential value creation relative to cost/investment (Austin & Seitanidi, 2014).

According to NPO partner key informants, there are still challenges in assessing the financial value of a partnership, as it is considered difficult to attribute specific costs to a specific partnership and to allocate a particular value to intangible outcomes (e.g. policy work). These challenges are in line with the difficulties encountered in assessment of partnership outcomes (discussed in more detail in section 5.3 below) which involve issues of measuring intangible outcomes and attributing outcomes to a specific program (Austin & Seitanidi, 2014).

Understanding the impact of resource dependency on the collaborative relationship is an important consideration in the choice of NGO partners (Peterson, 2011). In this study, this aspect is indirectly examined through NPO partner accounts on resource availability (also a partner selection criterion indicated above) issues that are affecting their ability to address

sustainability issues. This is because there is a decrease in core funding from the government and a subsequent increase in competition amongst NPOs for project tendering. This is further emphasized by one NWL focus group participant who explains how the lack of resource availability is limiting organizations in addressing issues reactively, and how resource issues may influence the approach taken to address sustainability issues both reactively and proactively in a balanced way.

Resource availability and resource dependency can be linked to resource complementarity (source of value in partnership) which helps assess the organizational fit potential (Berger et al., 2004; Holmberg & Cummings, 2009; Rodríguez et al., 2016) in the partnership formation phase and accordingly determine the value creation potential (Austin & Seitanidi, 2012b). Specifically, determining which partner has the maximum potential contribution to synergistic value in the formation phase (Austin & Seitanidi, 2012b) is essential for evaluating whether a collaboration can progress towards an integrative or transformational collaborative relationship stage or whether it can start in one of these stages (Seitanidi et al., 2010). This evaluation may require resources of time and effort, and can be challenging to do (Austin & Seitanidi, 2012b; Austin & Seitanidi, 2014).

As the type of sustainability issue that is being addressed is identified as a criterion for selecting partners by NWL and its NPO partner key informants, it makes sense to identify early on the material sustainability issue that needs to be addressed through the prospective partnership. This criterion is in line with the need for ‘articulating the social problem’, which is the first subprocess proposed in the formation phase (Austin & Seitanidi, 2014). This subprocess would require implementing the materiality assessment process for identifying the particular material sustainability issue that needs to be addressed through the partnership. As part of a systematic process, project-based procurement procedures are indicated to be used at NWL for selecting partners, where least cost is emphasized as a major criterion. These project-based procurement procedures reflect the transactional stage collaborations that NWL engages in. Although cost plays a role in partner selection, assessing cost-effectiveness, which is one of the partnership-specific criteria developed in the selection phase (the fourth subprocess), is not being implemented at NWL due to lack of potential value creation assessment. Other processes for partner selection that are being used at NWL involve relationship development with potential partners through discussions, meetings, and small-scale projects to enhance mutual understanding of partner perspectives. These interactions can support the business in its selection process by having a pre-existing emergent relationship that may potentially evolve into a partnership (Seitanidi & Crane,

2009). The history of interactions or sharing previous relationships can be part of a more planned selection process (Seitanidi & Crane, 2009) which can affect the time needed for selecting partners (Austin & Seitanidi, 2014), and may help determine whether the pre-existing relationship can shift towards the integrative or transformational collaboration stages (Seitanidi et al., 2010). Enhancing mutual understanding between partners is considered to be crucial as the literature shows that having misunderstandings between partners is a common problem (Berger et al., 2004).

As mentioned previously, determining the value creation potential of prospective partners is not currently being implemented at NWL, as the partner selection process is quite often reactive to emergent needs or issues. Contrary to the reactive approach to partner selection that is often being implemented at NWL, having a systematic process in partner selection is proposed to help (Austin & Seitanidi, 2014) avoid choosing an inappropriate partner (Holmberg & Cummings, 2009) and losing significant resources as collaboration is resource-consuming, time-consuming and costly (Huxham, 1996).

For NPO partners, one of the selection procedures used involves an invitation to tender (refer to an example in appendix 9) according to outcomes and delivery process for large partnerships. In other cases, a questionnaire is sent out to potential partners (if they are not well-known) asking about their expertise, local knowledge, and finances, and there may be quick research and accounts checking of these potential partners. These approaches to selection can correspond to the subprocesses of 'mapping the potential collaborative value portfolio' in the formation phase and 'developing partnership-specific criteria' in the selection phase. These procedures can help address issues involving the lack of complementarity and compatibility in skills and resources, misallocation of costs and benefits, and lack of agreement on milestones and timelines (Berger et al., 2004). A philanthropy service agreement outlining the objectives and work to be done by potential partners is typically used as well by NPO partners. This would ensure alignment of objectives between the partners, and can correspond to 'articulating the social problem' in the formation phase and 'mapping linked interests' in the selection phase. Other approaches that are being implemented involve direct approach to organizations with previous working relationships. As discussed above, previous interactions can support organizations in their partner selection process (Seitanidi & Crane, 2009), which can correspond to 'charting the value creation experience' in the formation phase. Relationship development is also reported by NPO key informants as a procedure for partner selection, which involves discussions, workshops, and meetings, as well as relationship and trust building by working on various

projects. This approach can correspond to subprocesses of ‘mapping linked interests’ and ‘determining the value of resources’ in the selection phase. Establishing trust is quite critical in the selection process (Waddock, 1988), as mistrust is considered to be a typical challenge in developing partnerships (Berger et al., 2004). Moreover, according to three of the NPO key informants, NPOs are targeting other NPOs with similar interests/objectives as potential partners to deliver more substantial impact on specific issues. This approach corresponds to subprocesses of ‘determining the partner’s intentions’ in the formation phase, and ‘mapping linked interests’ in the selection phase. The perspective of having more NPO-NPO partnerships is encouraged by Seitanidi (2010) as a way to augment and broaden the extent of social impact, as similarly suggested by NPO key informants above. Ethical risk assessment is mentioned as one approach used by a key informant from the prospective NPO partner, which involves estimating likelihoods and potential consequences of partnerships. These are assessed with respect to the potential partner’s corporate strategy, its activities and policies with respect to particular NPO issues, its broader sustainability issues, and its commitments to welfare. The focus in this approach is on the ethical aspect of the potential business partner. Assessing risks is a subprocess of the selection phase proposed by Austin and Seitanidi (2014), which involves both internal/external and formal/informal subprocesses. Compatibility between the partners is assessed (Le Ber & Branzei, 2010a) with respect to the sustainability issues being addressed, the policies, strategies and mission. The ethical aspect in this particular risk assessment process (*‘flagged up as medium or high risk’* – refer to section 4.2.4.2) can be linked to the negative associational value that can be generated from a NPO-business partnership in terms of the visibility of the potential business partner (Le Ber & Branzei, 2010a).

#### ***5.2.5.2.1 Selection of Multiple Partners***

In the process of partner selection, it is indicated by this study’s participants that multiple partners for the same partnership may be considered in cases where rules and regulations demand that, when there are common partner objectives or interests in similar issues, and sometimes the complexity of the issue and the scope of the project require that. Austin and Seitanidi (2012a) confirm the need to involve more partners from various sectors with the increasing complexity of the social issue that is being addressed. Having multiple partners is also reported by participants to enhance outcome delivery and broaden the extent of impact/value, provide access to expertise, needed resources, and networks, as well as widening reach to various key stakeholders and regions. In line with this perspective, NPOs, who usually have similar interests and objectives, are recommended by Seitanidi (2010) to

collaborate more often within their own sector (multiple NPO partners) to be able to enhance and widen the extent of social impact, and to contribute their expertise for better decision-making. Participants' views of engaging with multiple partners for gaining access to resources is shared with Babiak and Thibault (2009) who explain that the decrease in funding from the federal government in Canada has forced sports organizations to partner with multiple organizations from various sectors. Similarly, in light of the recent funding changes in the UK which led to the reported decrease in government funding by NPO key informants of this study, the pressure and justification of partnering with multiple organizations can be better understood.

There are complexities arising from having multiple partners, which are indicated by participants of this study to involve management and outcome delivery issues. This also reflects Babiak and Thibault's (2009) perspective on the difficulties encountered in the management and coordination of multiple cross-sector partnerships, specifically with respect to self-interest and competition problems. Some of the other issues reported by Babiak and Thibault (2009) involve the nature of funding that may be fragmented, and the lack of clarity in identifying performance measures and in assessing objectives (refer to section 2.4.6).

### **5.2.5.3 Recommended Procedures by NWL**

Similar to having a planned approach as well as an emergent or flexible approach for maximizing value creation from partnerships (refer to section 5.2.5 above), NWL key informants indicate the need for both a systematic/planned (proactive) approach and a flexible/emergent (reactive) approach to partner selection. This can be related to the dynamic nature of partnerships (Austin & Seitanidi, 2012a), which according to Van Tulder (2017) are highly context dependent and prone to change.

According to NWL key informants, flexibility in the selection process may help identify opportunities and benefits (associated with '*opportunistic stroke issues*' – refer to section 4.2.4.3) that may not always be recognized through a systematic process. The partner selection criteria and procedures discussed in the previous section (5.2.5.2) do not identify much space for flexibility, as having a systematic process is recommended for avoiding potential failure that may result from the wrong choice of partners. Areas of flexibility identified in the literature involve the emergent approach taken to maximize value creation during the ongoing partnership development (refer to section 5.2.5). Moreover, the establishment of pre-existing emergent relationships with potential partners would provide

support to the partner selection process and possibly enhance a degree of flexibility (refer to section 5.2.5.2).

Considering the nature of collaborative relationships at NWL (refer to section 5.2.3), flexibility in the selection process can be linked to project-based partnerships (transactional collaboration stage) which are used to address particular issues, can be reactive and are typically short-term. Flexibility is further elaborated by NWL participants to be particularly applicable to unforeseen or out of control circumstances (emergent issues), which would require the ability to be reactive to these circumstances or issues. Accordingly, this would require keeping a level of openness, less rigidity in the partner selection approach, and flexibility around the type of partners selected, whereby it may provide the sense of the right thing to do with the right people. For example, focusing on selection criteria such as track record and expertise may be limiting the value creation potential of the partnership, as potential partners who may not exhibit or possess these criteria may still offer new and innovative approaches or ideas. These new and innovative approaches may be more rewarding in their contribution to value co-creation. The systematic approach to partner selection is suggested to complement the flexible approach, whereby both approaches are needed, as recommended by all focus group participants. Having a systematic approach to selecting partners is required when the aim is to engage in strategic partnerships, which refer here to the integrative or transformational stages of collaboration. The time horizon of partnerships is also elaborated by NWL key informants who indicate that long-term partnerships would require a more strategic and systematic approach to partner selection. This view is shared by Pangarkar (2003) who contends that longer-duration partnerships provide more opportunities for generating benefits than shorter-duration ones. This perspective would accordingly apply to the integrative or transformational stage collaborations which are characterized with the highest potential for value creation (Austin & Seitanidi, 2012a; Austin & Seitanidi, 2012b).

As it was recognized previously that cost-effectiveness assessment, which requires potential value creation assessment, is not being implemented at NWL (refer to section 5.2.5.2), NWL key informants have acknowledged this gap and the role that transaction costs (as part of the total costs) are supposed to play in partner selection. Moreover, they emphasize the need to have a return on investment and to deliver value for money from the partnership, and to further be able to assess the tangible benefits. Participants indicate that the assessment of the more subjective measures of value (intangible benefits) may be difficult to define and

quantify (refer to sections 2.5.2 and 2.5.4.1). The need to identify the potential value or impact created from the outset of the partnership is realized by NWL key informants, whereby shared value creation can be enhanced. This corresponds to fulfilling the fifth subprocess of ‘mapping the potential collaborative value portfolio’ in the formation phase. For the purpose of selecting potential partners by mapping the potential value, one focus group participant suggests assessing whether the value chains of potential partners are aligned with NWL’s value chain. This perspective is in agreement with achieving a value frame fit or alignment between the partners to co-create social value (refer to section 5.2.3) (Le Ber & Branzei, 2010a; Rodríguez et al., 2016), which is typically achieved in the integrative or transformational collaboration stages (Austin & Seitanidi, 2012b). The same focus group participant further indicates that engaging in more discussions with potential partners may be needed in the future, for identifying new opportunities and new partners.

The Abberton Reservoir partnership (previously assessed as an integrative collaboration in section 5.2.3) was indicated to involve high stakeholder engagement where stakeholder analysis was implemented. High stakeholder engagement is characteristic of integrative and transformational stage collaborations (Austin & Seitanidi, 2012a), whereby multiple stakeholders beyond the prioritized ones identified in stakeholder analysis may be engaged in the partnership, including those who directly or indirectly impact/are impacted by the partnership (Austin & Seitanidi, 2012b). After investigating the use of stakeholder analysis at NWL in the focus group, there was a consensus amongst the participants that it is being used at the project-level for understanding stakeholders’ objectives and concerns, and establishing better stakeholder objective alignment with the objectives of NWL. One focus group participant further doubts whether stakeholder analysis is needed for selecting partners, unless a controversial or new aspect/issue is being addressed. However, when probed on how the process of stakeholder analysis was carried out in the Abberton Reservoir partnership, another focus group participant indicates that it was used in this particular partnership for identifying and engaging with specific governmental or public bodies for gaining access to their support and expertise/advice when needed. According to the key informant, certain partner selection criteria such as reputation and previous experience were also used for conducting stakeholder analysis in this partnership. Another focus group participant recommends that stakeholder analysis be used in the future at NWL from an outcome perspective for strategic planning at the non-project level. This perspective can be useful for this study, which aims to understand how corporates, such as NWL, can select NPO partners who contribute to addressing their material sustainability issues. Material

sustainability issues need to be identified for this purpose (through materiality analysis or assessment), and materiality analysis requires implementing stakeholder analysis to identify issues relevant to both the business and its key stakeholders. Hence, in the context of this study, stakeholder analysis is recommended and needed from the value creation or outcome perspective in applying a more proactive approach to partner selection.

The main recommendation provided in this section involves considering both flexible/reactive/project-based and systematic/proactive/strategic approaches to partner selection, taking into account that more time may be required for selecting the appropriate partners systematically. Although they may be considered in conflict and may require different criteria or processes for selection, both approaches can be adopted within the business, depending on whether NWL is seeking to derive strategic value from its partnerships (more ongoing long-term strategic partnerships) or whether it is aiming to address a specific issue through a particular project (more flexible short-term project-based partnerships). It is imperative to note that there may be certain trade-offs or compromises that organizations may have to deal with in tackling certain key sustainability issues instead of other similarly relevant ones (refer to section 5.2.1), and also in their seeking to deliver short-term versus long-term benefits from their partnerships. These considerations can influence the approach taken for selecting partners. Moreover, trade-offs across types of values and beneficiaries of partnerships can be identified and weighed by potential partners (Austin & Seitanidi, 2012b), which can also affect the selection process. As NWL is looking to engage in more integrative and transformational stages of partnerships in the future, value creation potential needs to be initially assessed in the formation phase (subprocess 5: mapping the potential collaborative value portfolio) for selecting the most suitable partner with the maximum potential contribution to synergistic value co-creation. Following that, the selection phase subprocesses can be implemented.

### **5.3 Partnership Impact Evaluation: How can corporates such as NWL evaluate the impact of the prospective NPO partnerships on their material sustainability issues?**

This research question helps explore and understand how corporates, such as NWL, can assess the impact or value intended from their prospective NPO partnerships on their material sustainability issues. Although the research question focuses on perspectives of NWL key informants, examining NWL's NPO partner perspectives on the approaches used for impact evaluation provides relevant insights on how NPOs identify and evaluate their partnership impacts. These in turn can better inform the impact evaluation process required at NWL, and consequently inform NWL's NPO partner selection process.

The findings in the previous chapter on partnership impact evaluation (section 4.2.5) highlight how the post-partnership impact can be evaluated. These findings can provide relevant insights on how to evaluate prospective impacts. This is because to be able to assess the actual impact created from the partnership, it can be useful to explore the process by which partnerships create potential impacts, and to understand the scope and type of benefits that may be generated (Khandker et al., 2010). Moreover, as discussed in section 5.2.5, assessing the value creation potential is fundamental for selecting suitable partners; not to mention that this can help in more effectively monitoring and reviewing the progress of the partnership when this prospective impact is assessed and agreed from the start of the partnership (in the formation and selection phases, before the implementation phase of the partnership). Ultimately, to determine whether partnerships are successful or not, it is imperative to evaluate partnership performance and value (Pedersen & Pedersen, 2013).

The following section discusses the challenges identified by NWL and its NPO partner key informants to impact evaluation, some of the approaches currently used for evaluating partnership impacts, as well as recommended approaches.

#### ***5.3.1 Challenges to impact evaluation***

The main challenges encountered by NWL and NPO key informants include difficulties in assessing long-term impacts. As long-term impacts cannot be measured directly (Pedersen & Pedersen, 2013), relatively complicated methodologies and analytical techniques are needed for evaluating long-term impacts (as opposed to short-term impacts) (Van Tulder et al., 2016). There are complexities reported by participants with regard to managing and

recording progress information from multiple partners. This reflects the complexity in measurement arising from the interaction of multiple partners who may come from different sectors (Provan & Milward, 2001). Key informants also indicate weaknesses in evaluation knowledge. This may be due to the limited research available on partnership impact evaluation (Van Tulder et al., 2016) and the absence of impact measurement frameworks that organizations can rely on, particularly with regard to measuring social and environmental impacts (Gray & Stites, 2013). Moreover, many of the impact assessment measures used in the literature are based on perceived impacts (Van Tulder et al., 2016) and anecdotal feedback (Gray & Stites, 2013; Seitanidi, 2010).

The lack of resources (for NPO participants only) and time can be challenging for effective impact assessment. According to Austin and Seitanidi (2014), costs of impact evaluation may be too high and hence may not be feasible for the organization, as having sufficient and adequate resources is crucial for carrying out a rigorous evidence-based assessment. The lack of a rigorous system in partnership assessment and the limited visibility of partnership impacts/benefits around NWL are reported issues that may need to be addressed. In line with this perspective, having a rigorous assessment throughout the development of the partnership ensures that value is generated in the partnership (Austin & Seitanidi, 2014), whether it involves assessing the potential value creation before implementing the partnership (formation and selection phases) or after (implementation and institutionalization phases). A different perspective on this highlights that perceived impacts or perception of benefits may be adequate for the partners (Morrow & Robinson, 2013). Inputs and outputs of partnerships are indicated by key informants to be more often assessed than outcomes and impacts, which are either not being reported or are being assessed ineffectively. This is in line with the perspective that the assessment of outputs is more common than impact assessment (Van Tuder et al., 2016).

As discussed in section 2.5.2, there is no socially agreed scheme or framework for partnership impact/value evaluation, as the literature indicates the absence of a common analytical framework that can be applied to any partnership (Atkinson, 2005; Babiak, 2009; Van Tulder et al., 2016). Agreement on a common value system may never be reached with respect to how value can be assessed. This can be due to various aspects such as subjectivity which is intrinsic in stakeholder value perceptions (Austin & Seitanidi, 2014; Mulgan, 2010), and the different societal contexts and value systems that are available (Van Marrewijk & Were, 2003). As such, the lack of a shared partnership evaluation scheme can be associated with the difficulties reported in assessing the more subjective measures of

value (intangible benefits) mentioned in section 5.2.5.3, and the various challenges to partnership impact evaluation that are highlighted in section 2.5.2.

Another significant issue that is reported by participants involves the complexity arising from cause effect attribution, which would require isolating indirect external factors (e.g. climate change) that are also difficult to account for. This is referred to in the literature as the attribution problem (Brinkerhoff, 2002), whereby research lacks the needed empirical evidence (Van Tulder et al., 2016) (refer to section 2.5.2). Difficulties in quantifying benefits and identifying measures of success for aspects such as policy work/impact are also highlighted in this study. In line with these perspectives, Khandker et al. (2010) contend that accurate identification of policy impacts is quite challenging. Moreover, it is acknowledged in the literature that there are difficulties in quantifying partnership value (Austin et al., 2006), particularly in the case of social impact assessment (Maas & Liket, 2011a). This is because not all impacts can be quantified (Austin & Seitanidi, 2014; Epstein & Buhovac, 2014) as sustainability benefits or outcomes may be intangible (Epstein & Buhovac, 2014; Maas & Liket, 2011a) (refer to section 2.5.4).

### ***5.3.2 Approaches used by NWL and NPOs***

Key informants from NWL and its NPO partners indicate that outcomes, budgets, delivery milestones, and measures of success are usually identified and agreed upon at the outset for post-project evaluation. For example, service level agreement (SLA) was reported to be used by one NWL interviewee who indicated that the SLA covers what needs to be delivered or the outcomes intended from the partnership, and how these outcomes can be assessed. Establishing an agreement on the outcomes and measures of success at the outset of the partnership can help avoid measurement issues at a later stage (Pedersen & Pedersen, 2013). However, if the measures of success are not adequate and in line with the partnership's objectives and strategy, partners would still face measurement issues (Pedersen & Pedersen, 2013). The reporting of inputs and short-term quantifiable outputs is the common approach that is being used by NWL and NPOs for assessing partnership performance. This links back to the difficulties associated with measuring long-term impacts that are hindering their assessment by organizations (Pedersen & Pedersen, 2013; Van Tulder et al., 2016) (refer to previous section 5.3.1).

The evaluation tools that are reported to be used by participants include IRR, SROI, proxy indicators, and KPIs for reporting progress (inputs and outputs) against plan. For better socio-economic assessment of NGO-business partnerships, Hansen and Spitzeck (2011)

highlight the need for developing indicators that go beyond the input and output level, and hence include impact level metrics that assess community and business benefits. Although quantitative measures of social performance like the SROI can help improve an organization's performance (Chmelik et al., 2015), these measures are still considered insufficient in effectively assessing the impact of complex social ventures (Ormiston & Seymour, 2011). With respect to collecting the required data for impact assessment, data collection is reported by participants to consist of qualitative and quantitative data. For conducting better program impact evaluations, Khandker et al. (2010) recommend the use of both qualitative and quantitative approaches (mixed-methods approach) in data collection and analysis. Surveys, questionnaires, and anecdotal narrative accounts are reported to be quite frequently used by research participants. NWL and NPO partner key informants further highlight that comparative data collected over the long-term may be needed for impacts involving conservation, which requires pre and post-partnership assessment. This perspective is in line with Lim's (2010) recommendation to use comparable measures and demographics from external data that serve as benchmarks for assessing impact-achievement potential.

Some of the other approaches used by NWL and NPOs for assessing partnership performance include a delivery board responsible for monitoring and providing progress/outcomes report, a project management system for recording evidence-based progress information, a quick internal evaluation of budget, timescale, and outcome delivery for small projects, and in some cases statistical analysis providing evidence-based data. Detailed statistical analysis, which is based on meter reads and customer feedback, is being implemented at NWL in water efficiency projects for reporting on quantifiable water savings that contribute to the water industry's evidence base (NWL, 2017b). Although rigorous evidence-based evaluation is recommended, it may not always be feasible and needs to take into account the evaluation purpose, the respective costs and the degree of complexity involved (Austin & Seitanidi, 2014). Reports used for partnership assessment have also been discussed by key informants. These may include monitoring reports that are assessed and scored by the NPO according to agreed objectives and outcomes specified at the outset, and are then fed back into the annual impact report submitted to NWL or the business/funder. Other reports may indicate the money spent and the deliverables, the return on investment and the financial tracking of inputs and outputs, and may involve financial and performance audits of programs. More straightforward techniques for assessing partnership performance have also been reported, such as ongoing evaluation of outcomes through regular meetings and discussions between partners, and regular project visits that monitor the progress. In

other cases where the partnership has a history of nearly 10 years (as opposed to younger partnerships), there may be a strong degree of mutual understanding between the partners which may reduce or eliminate the need for hard and fast evaluation, as highlighted by one NPO key informant (refer to section 4.2.5.2).

Although it is generally recommended to implement rigorous evidence-based evaluation (Austin & Seitanidi, 2014; Lim, 2010; Rondinelli & London, 2003), rigorous evaluation may not always be needed for partnerships. In the case reported above, rigorous evaluation is not required for partnerships that have a long history, a high level of mutual agreement and understanding, and are already successfully delivering their intended outcomes (according to the partners involved). This reflects the subjective dimension of partnership success which may involve having only the perception of benefits generated (Morrow & Robinson, 2013) and partners' satisfaction with the value being created (Barroso-Méndez et al., 2014).

### ***5.3.3 Recommended approaches by NWL and NPOs***

One of the recommended approaches by NPO partners for assessing the impact of project-based partnerships is having a built-in assessment process involving baseline assessment that is carried out before the project is initiated. This approach is in line with having comparative data for conducting pre and post-partnership assessment (discussed in previous section 5.3.2). According to Lim (2010), the baseline data can be compared with the new data or the results generated to assess the changes in performance and for enhancing future performance. The significance of implementing baseline assessment in enhancing future performance is shared by two NPO key informants who explain the use of baseline assessment in understanding how and why an intervention succeeded or failed. Project visits by businesses or donors are reported by NPOs to be useful in reviewing progress and assessing performance.

Both NWL and NPO participants agree on the need for planning the evaluation of partnerships from the outset with adequate budget and time allocated, while effectively engaging with stakeholders. This is in line with the need to assess the value creation potential of the partnership in the formation and selection phases. This planning process is not always being implemented at NWL and its NPO partners for various reasons (e.g. lack of time or resources), which can create evaluation issues for the partners (refer to section 5.3.1). The need for effective stakeholder engagement in assessment that is reported by participants reflects Epstein and Buhovac's (2014) perspective on the significance of having organizations engage with their key stakeholders in their impact evaluation process. This

helps organizations understand their key stakeholders' objectives and identify the social, environmental, and economic issues that the organization has an impact on (Epstein & Buhovac, 2014). This confirms the need for conducting materiality assessment at the beginning of the partnership. Implementing materiality assessment and stakeholder analysis from the value creation perspective can provide support to planning the evaluation of partnerships. This is because identifying key stakeholder value propositions based on material sustainability issues can help in assessing the value creation potential of partnerships, and in later assessing the actual partnership impacts.

According to one NWL key informant, it is necessary to assign specific values to social and environmental impacts, which may be notional values that go beyond the straight cash return. In line with this perspective, Epstein and Buhovac (2014) highlight that although impact evaluation methods may be complex or may lack precision, impacts can be evaluated according to how stakeholders perceive the value of social, environmental and economic assets or services. As outcomes and impacts generated from partnerships concern the beneficiaries (Kolodinsky et al., 2006) and other stakeholders (Van Tulder et al., 2016), their perceptions on the outcomes and impacts are recommended to be considered in the assessment instead of just focusing on the more dominant partner organizational actors (Le Ber & Branzei, 2010b). Accordingly, there is a degree of subjectivity (Mulgan, 2010) associated with these perceptions, as different stakeholders would value outcomes differently (Austin & Seitanidi, 2014). Also, as there are difficulties in quantifying or monetizing social and environmental benefits (refer to section 5.3.1), cost-effectiveness indicators may be used for assessing the various forms of value rather than using financial proxies (Austin & Seitanidi, 2014).

Along the same perspective, another NWL key informant indicates that the value of natural resources or assets can be reflected through natural capital accounting. He further elaborates on the use of this concept in supporting external investors to make suitable investment decisions. As natural capital refers to the natural assets or resources that move/flow along a sustainable path, natural capital accounting involves the evaluation of these natural asset flows in a given ecosystem using physical or monetary terms (Wackernagel & Rees, 1997). Monfreda et al. (2004) argue that monetary valuation methods are not adequate for measuring the long-term sustainability of ecosystems that contribute to biodiversity for example. Instead, biophysical measures can be used to evaluate these assets (natural capital) and their sustainable flows based on the concept of ecological footprint (Wackernagel & Rees, 1997). This concept can help identify issues of natural capital depletion, whereby

investment can be directed to address these issues and hence compensate for any potential losses (Wackernagel & Rees, 1997). In line with the need for investing in natural capital, metrics used for assessing social impact are reported in the literature to be used for attracting funding as they support donors in their funding choices (Ormiston & Seymour, 2011) and help impact investors in their selection of which social ventures to fund (Chmelik et al., 2015) (refer to section 2.5.3). With respect to partnerships, Austin and Seitanidi (2014) indicate that one of the potential internal benefits of partnerships (associational value) is attracting funding and investment.

In certain cases, it may not be feasible to assess impacts, and so outputs and outcomes may only be measured (Ebrahim & Rangan, 2014). This view is shared by Lim (2010) who highlights that intermediate outcome assessment, as a potentially more feasible alternative to actual impact assessment, may provide support to estimating/projecting ultimate impact by relying on models from existing studies. By considering for example existing datasets as benchmarks for data comparison purposes and by engaging with the intended beneficiaries of a program, outcomes can be measured throughout an intervention/program (including before and after the program), which can help enhance the program's performance. This may further lead to assessing the impact-achievement potential of the grantee organization or NPO based on estimates or actual measures of impact derived from the grantee's measurement process (Lim, 2010). In contrast to outcome assessment, impact evaluation requires rigorous experimental design techniques (such as randomized control trials) (Duflo et al., 2006) involving causation and attribution development (refer to section 2.5.2), which are usually more time consuming, costly and complex (Lim, 2010).

For selecting the appropriate social performance measures, organizations are recommended to consider the business model and size, the degree of corporate involvement in a particular social issue, and how the choice of measures can enhance an organization's performance (Chmelik et al., 2015). As such, the impact to be measured needs to be clearly specified for the purpose of measure/metric selection, and so Ebrahim and Rangan (2014) confirm the need to clarify the organization's scope, mission, and scale of the issue that is being addressed through the program or intervention. As this study aims at assessing the prospective impact of the partnership for partner selection purposes, it is necessary to specify the potential partnership outcomes and impacts at the outset. As a starting point, the multilevel outcomes assessment mapping framework proposed by Austin and Seitanidi (2014) can be used to identify prospectively the beneficiaries, the types of value intended or

that may be generated (associational, transferred resource, interaction, and synergistic), the level of analysis (micro, meso, and macro), and whether the potential benefits are internal or external to the partnership (refer to section 2.5.2). This mapping of potential outcomes can be applied within the second subprocess of the selection phase which involves determining the value of resources. In implementing this framework, the different types of value would need to be linked to the respective material sustainability issues identified from materiality analysis, to be able to select partners who contribute to the required impact on these issues. As it was indicated previously that outcome assessment can provide support to ultimate impact assessment (Lim, 2010), and for the purpose of classifying the impact level (or the impact-achievement potential level) intended from the partnership (prospective approach to impact assessment), it may be useful to resort to the impact order framework proposed by Van Tulder et al. (2016). This framework is based on the impact value chain which shows how inputs and activities can lead to generating outputs, outcomes, and eventually impacts (Austin & Seitanidi, 2014; Ebrahim & Rangan, 2010; Van Tulder & Maas, 2012; Van Tulder et al., 2016) (refer to section 2.5.2). The framework can also help in selecting the appropriate impact assessment methodologies that would ultimately be used for assessing the actual impacts of a particular partnership (Van Tulder et al., 2016). Within the scope of this study which focuses on prospective impact evaluation for partner selection, Khandker et al. (2010) indicate that qualitative approaches, recognized to be more concerned with assessing the potential (rather than actual) impacts of programs, can help understand the type and scope of benefits that may be received by the beneficiaries. Moreover, qualitative methods can provide support to understanding the process by which programs/interventions or partnerships generate impact (Khandker et al., 2010).

The involvement of partners or external parties in the assessment process of partnerships is another aspect explored in this study. The factors reported by NWL and NPO partner key informants to be taken into consideration include time and budget allocated for assessment, the partnership outcomes, each partner's agreed upon delivery commitment, nature of project, as well as the assessment expertise available amongst partners. Although NWL focus group participants agree on the need for all partners to be involved in assessment directly, the accounts of NWL key informants suggest that this is not being implemented at the organization. Instead, NWL's NPO partners collect the data and report on the outcomes, after which NWL reviews the prepared report for potential future discussion if necessary. With respect to NPO partners, key informants indicate the use of a delivery board which consists of delivery partners who assess the outcomes of large complex partnerships. In most

of the cases reported, and in line with NWL's current involvement in partnership assessment, NPO partners confirm their involvement in preparing the assessment reports and NWL's (or the funder/business) involvement in reviewing these reports. In other cases reported by two NPO interviewees, the NPO and the business partner assess the partnership performance and outcomes through quarterly and annual meetings. Although NGOs are considered to be integral to implementing socio-economic assessments of corporate community initiatives (Hansen & Spitzack, 2011), funders or businesses are still required to provide support to NPOs or NGOs in their assessment efforts (Austin & Seitanidi, 2014). Along the same perspective, Ebrahim and Rangan (2014) recommend that funders provide the necessary resources to NPOs for measuring long-term results (investing in assessment). They go even further by suggesting that impacts can be more effectively evaluated by funders such as foundations, government agencies and impact investors, as they may have better capabilities and resources to measure systemic social impacts (Ebrahim & Rangan, 2014). The ideal option reported by NPO partners in this study is to involve all partners and the relevant external stakeholders in the assessment, which is a view shared by NWL key informants as well (mentioned previously). Another option more applicable to assessing large complex partnerships would be to establish a formal group consisting of all the partners in addition to an external expert. The need to involve all partners in assessment is a perspective shared by Rondinelli and London (2003) who recommend that NPO and business managers identify rigorous outcomes that can be verified, monitored, and reported on jointly by both (or all) partners.

An external expert is reported by key informants to be consulted in partnership assessment when projects are quite significant and involve a broad scope, as was the case for the Abberton Reservoir partnership at NWL (Professor of Ecology was consulted in this case). Other factors that may justify consulting an external expert are not having sufficient time and human resources at the partner organizations, and the availability of funding (according to two NPO key informants) for that particular purpose (assessment investment). Although the cost of hiring an expert is identified as a major discouraging factor, an external expert may contribute positively to the partnership assessment process by providing broader scrutiny and access to robust independent and unbiased evaluation expertise. This is in agreement with Lim's (2010) perspective on engaging independent evaluators with the adequate impact assessment expertise for providing unbiased knowledge and credibility to the evaluation process. In line with the cost aspect and the lack of expertise in assessing long-term impacts, formal impact evaluation requires early planning and budgeting for assigning an independent external evaluator (Lim, 2010) (refer to section 2.5.5).

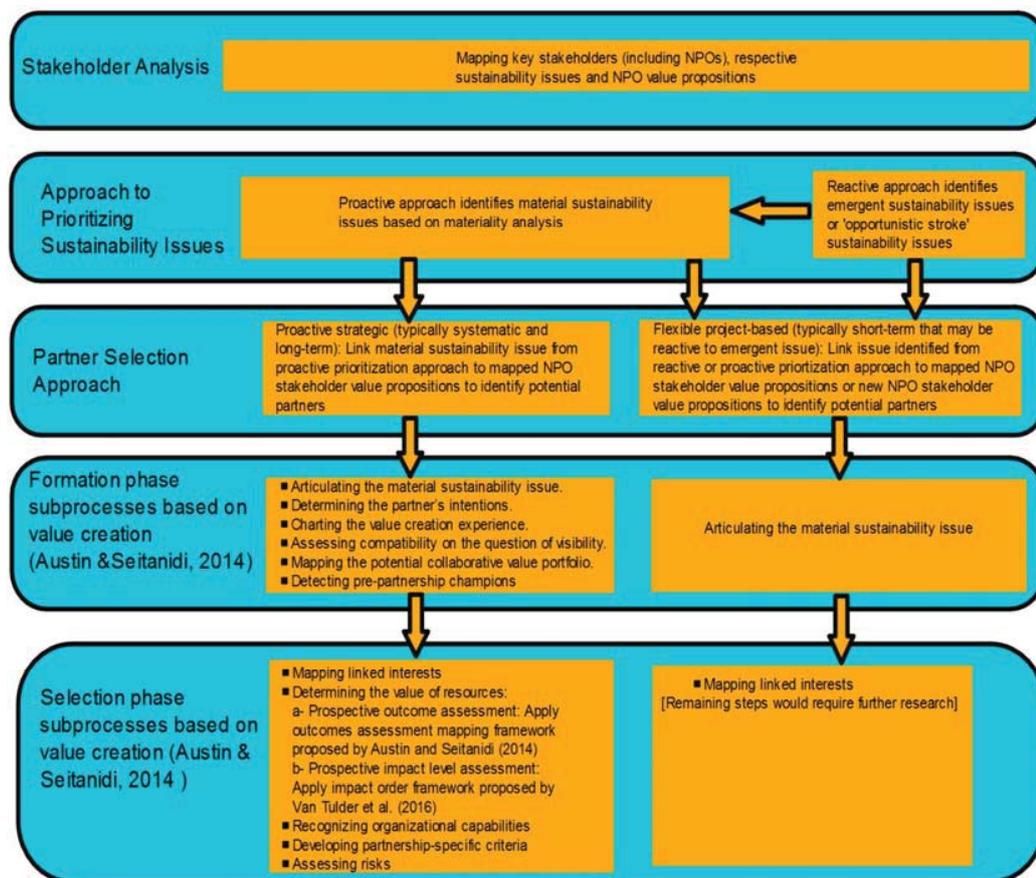
As NWL focus group participants agree on the need and the benefits gained from providing partnership visibility within the organization (refer to section 5.2.4.1), a more rigorous partnership assessment process is recommended by one NWL interviewee to potentially help address concerns regarding the lack of visibility of the partnership benefits, particularly to senior management. Although usually recommended, rigorous evidence-based assessment may not always be needed, specifically for partnerships with a long history and a high degree of mutual understanding (refer to section 5.3.2). Furthermore, it may not always be feasible (Austin & Seitanidi, 2014; Ebrahim & Rangan, 2014; Lim, 2010) or adequate (Ormiston & Seymour, 2011). Hence, there are alternative options to be considered by NWL or any other organization in their partnership evaluation decisions. Regarding the general approach to assessment, NWL focus group participants recognize the need for qualitative as well as quantitative methods of assessment, whereby quantification of benefits is advocated where feasible. It is important to keep in mind that outcome/impact assessment is a continuous learning process (Ditlev-Simonsen, 2017) (rather than a target to reach) that helps in enhancing partnership performance in value co-creation (Austin & Seitanidi, 2014) (refer to section 2.5.2) and in promoting cost-effective decision-making (Peloza, 2009).

#### **5.4 Framework of Partner Selection**

Based on the main findings of this study (refer to section 4.2) and the relative interpretations that are discussed in the context of the existing literature (refer to sections 5.2 and 5.3), a framework of partner selection can be developed. The first step in the partner selection process involves identifying the material sustainability issues. There are two approaches suggested for prioritizing sustainability issues, which are the reactive and the proactive approaches. Based on the literature, the proactive approach requires conducting materiality analysis for identifying NWL's material sustainability issues that need to be addressed through partnerships. The process of materiality analysis discussed in the literature is not specifically being followed at the company. According to NWL key informants, the reactive approach seeks to identify unforeseen/emergent issues (e.g. unexpected/urgent sewer flooding) that occur over the short-term, whereas the proactive approach is planned in a systematic manner for longer-term. The proactive approach is currently applied at NWL according to legislations and regulations, the Water Forum, an extensive research program that identifies customer priorities, and the five year asset management planning (AMP) cycle (refer to section 5.2.1).

Throughout the materiality analysis process, stakeholder analysis and engagement are fundamental. Stakeholder analysis and engagement can be usefully applied in both the reactive and proactive approaches to prioritizing sustainability issues at NWL. Mapping key stakeholders' value propositions or perceptions can support NWL in selecting the appropriate partner from a range of NPO stakeholders that are considered to be potential partners. Based on the potential NPO partners' value propositions that are mapped during stakeholder analysis, the different types of value proposed can be associated with the respective NWL material sustainability issues that may be addressed through partnerships. This helps identify which potential partner/stakeholder can contribute to a specific material sustainability issue. Accordingly, the link between materiality analysis and value creation for key stakeholders needs to be clearly established for the purpose of selecting partners.

As discussed previously in section 5.2.5.3, both flexible/reactive/project-based and systematic/proactive/strategic approaches to partner selection can be adopted and applied within the business. These approaches are illustrated in Figure 5.1 below. The choice of approach depends on whether corporates like NWL are seeking to derive strategic value from their partnerships (more ongoing long-term strategic partnerships) or whether they are aiming to address a specific issue through a particular project (more flexible short-term project-based partnerships).



**Figure 5.1: Framework of Partner Selection (Source: Author's conceptualization – Based on Austin & Seitanidi, 2014; Van Tulder et al., 2016)**

The proactive approach to partner selection encompasses the formation and the selection phases proposed by Austin and Seitanidi (2014). As value can be assessed according to stakeholder perceptions (Epstein & Buhovac, 2014), particularly those involving the intended beneficiaries (Kolodinsky et al., 2006), qualitative approaches can be used for assessing the potential impacts (Khandker et al., 2010) of partnerships for the purpose of selecting NPO partners. For assessing the value creation potential that is required in the formation and selection phases, the multilevel outcomes assessment mapping framework can be used to identify prospectively the beneficiaries, the types of value intended or that may be generated (associational, transferred resource, interaction, and synergistic), the level of analysis (micro, meso, and macro), and whether the potential benefits are internal or external to the partnership (Austin & Seitanidi, 2014). Based on this prospective outcome assessment, the impact-achievement potential (Lim, 2010) can be assessed. For determining the prospective impact level that is intended from the partnership, the impact order

framework proposed by Van Tulder et al. (2016) is recommended. Mapping the potential outcomes and assessing the prospective impact level of the partnership can be implemented within the second subprocess of the selection phase which involves determining the value of resources (as shown in Figure 5.1).

The flexible project-based approach to partner selection links the emergent/‘opportunistic stroke’ issue from the reactive prioritization approach or the identified material sustainability issue from the proactive prioritization approach (demonstrated in Figure 5.1 through two connections going towards the flexible project-based partner selection approach) to the proposed potential NPO partner value. The NPO partner can be new (taking into account particular issue and relevant NPO stakeholders) or previously identified from stakeholder analysis. Articulating the material sustainability issue and mapping linked interests with respect to the particular issue are crucial for both project-based and strategic approaches to partner selection, as shown in Figure 5.1. According to the framework, the reactive approach to selecting partners requires further research as it was not sufficiently examined in this study. This requirement for further research is highlighted in the figure above. The framework also shows a connection between the reactive approach and the proactive approach to prioritizing sustainability issues. This connection, which is initiated from the reactive approach towards the proactive approach, indicates how an emergent sustainability issue can gradually become a proactive issue. In both approaches to selection, trade-offs can be identified and weighed by potential partners with respect to the material sustainability issue that needs to be addressed, the benefits intended (short-term versus long-term and social/environmental versus economic), the duration of the partnership (short-term versus long-term), the types of values, and the beneficiaries amongst other aspects (Austin & Seitanidi, 2012b).

## **5.5 Summary**

This chapter presented the interpretations of the analysis findings, which were discussed in the context of the existing literature. According to these interpretations, a framework of partner selection was developed in section 5.4 for supporting corporates like NWL in selecting NPO partners who can contribute to addressing their material sustainability issues. Although there are various criteria that need to be considered for selecting partners, as the findings have shown (refer to section 4.2), the main focus of this study is partner selection from the value creation perspective with respect to material sustainability issues. Accordingly, the assessment of value creation is based on the prospective impact generated

from NPO-business partnerships on material sustainability issues. Within the context of stakeholder theory, concepts of materiality assessment, stakeholder engagement, and stakeholder analysis are fundamental to this study's overall aim and objectives.

Assessing the materiality of sustainability issues is required for identifying which issues need to be addressed in partnerships. A link between materiality assessment and value creation for key internal and external stakeholders is established. Findings have shown that NWL's approach to prioritizing its issues and respective business outcomes can be both reactive, which is typically short-term and emergent, as well as proactive which is typically longer-term and systematic. In line with aspiring to better prioritize and integrate its key sustainability issues into its business strategy, NWL is looking to engage in more integrative and transformational stages of collaboration. NPO partners share this perspective in seeking to progress from the transactional stage of collaboration with NWL towards the integrative or transformational stage of collaboration, for delivering more strategic and synergistic value, and potentially more systemic impact at the societal level. The need for having the right balance between a reactive/project-based and a proactive/strategic approach to partnership engagement is highlighted.

Both flexible/reactive/project-based and systematic/proactive/strategic approaches to partner selection are needed. The partner selection approach depends on whether businesses are aiming for strategic value (ongoing long-term strategic partnerships that address identified material sustainability issue from proactive prioritization approach), or whether they are tackling a particular issue through a specific project (flexible short-term project-based partnerships that can address emergent/'opportunistic stroke' issue from reactive prioritization approach or identified material sustainability issue from proactive prioritization approach). Accordingly, both approaches to partner selection are available for consideration, but may require different selection criteria or processes.

In assessing the prospective impact of partnerships for the purpose of selecting partners, the potential beneficiaries and the types of value generated at different levels of analysis can be identified (prospective outcome assessment). This helps in better determining the intended impact level of the partnership and in assessing its potential of achieving the required impacts.

The following chapter presents the conclusions and implications of this study.

## **6. Conclusions and Implications**

### **6.1 Introduction**

After discussing and interpreting the findings of this study in the previous chapter, this chapter fulfils the research purpose of demonstrating the significance of this study and its findings by revisiting the research questions, aim, and objectives. The contribution of this research to knowledge and practice is established, and the recommendations for NWL as well as the implications of this study for other businesses in the water industry are presented. This chapter and accordingly this thesis concludes with this study's limitations and proposals for future research.

### **6.2 Contribution to knowledge and practice**

#### ***6.2.1 Review of research aim and objectives***

As explained in the Introduction chapter (refer to section 1.3) and throughout this thesis, the overall aim of this study is to investigate how corporates in the water industry, such as NWL, can select NPO partners who contribute to addressing their material sustainability issues. This aim is reflected in the research objectives as well as the main research question and its sub-question which are discussed in more detail in section 6.2.2 below. Although businesses usually prioritize enhancing their reputation, brand equity and legitimacy through their partnerships (Deegan, 2002; Laszlo, 2008; Pedersen & Pedersen, 2013), this study confirms a different approach NWL is seeking to engaging in partnerships with NPOs, whereby the principal motive is addressing its material sustainability issues.

By conducting the literature review and answering the research questions based on the analysis of the findings and the resulting interpretations, the research objectives of this study are met. The objectives of this study are (refer also to section 1.3):

- 1- Reviewing the relevant literature on stakeholder engagement and collaboration
- 2- Reviewing the relevant literature on materiality assessment, partner selection, sustainability performance and partnership impact evaluation
- 3- Examining the role of NPO-business partnerships in addressing material sustainability issues
- 4- Assessing the extent to which NWL's existing NPO partnerships contribute to addressing the relevant material sustainability issues

- 5- Assessing the corresponding future requirements or recommended partnership work at NWL and its NPO partners
- 6- Developing a framework for NPO partner selection with respect to prospective partnership impact on material sustainability issues
- 7- Identifying the practical implications of the study for businesses in the water industry that address material sustainability issues through cross-sector (NPO-business) partnerships

The first two objectives (1 and 2) indicated above involve the review of the existing literature, which has been done in chapter 2, on stakeholder engagement and materiality assessment (refer to section 2.3), collaboration and partner selection (refer to section 2.4), in addition to sustainability performance and partnership impact evaluation (refer to section 2.5). The third objective (3) involves examining the relevant literature on the role of NPO-business partnerships in addressing material sustainability issues (refer to sections 2.4.2 and 2.4.5), as well as investigating that role within the context of NWL. Objectives 3, 4, and 5 are addressed in the answers provided to the research questions. Accordingly, how these objectives are met is discussed in the following section. Objective 6 is addressed in section 5.4 of the previous chapter, whereby a framework for NPO partner selection is developed with respect to prospective partnership impact on material sustainability issues. The final objective (7) of this research, which involves identifying the practical implications of the study for businesses in the water industry that address material sustainability issues through cross-sector (NPO-business) partnerships, is addressed in section 6.3 below.

### ***6.2.2 Review of research questions***

By revisiting and answering the main research question and its sub-question (refer to section 1.3), the contribution to knowledge as well as practice is demonstrated throughout this section which is divided into three main parts that are materiality assessment, partner selection, and partnership impact evaluation. Moreover, this section highlights how some of the research objectives (3, 4, and 5) indicated in the previous section are addressed and met for this study.

The main research question and its sub-question are:

- 1- How can corporates such as NWL select NPO partners who contribute to addressing their material sustainability issues?
  - 1.1- How can corporates such as NWL evaluate the impact of the prospective NPO partnerships on their material sustainability issues?

#### **6.2.2.1 Materiality Analysis**

For the purpose of addressing material sustainability issues through partnerships, these issues need to be identified first by assessing the materiality of sustainability issues (refer to research questions 1 and 1.1 above). According to the GRI (2013a), the aspects that most significantly demonstrate an organization's social, economic, and environmental impacts of its activities, or that fundamentally affect its stakeholders' perceptions and decisions, are defined as material aspects. After identifying the various aspects and topics that are of concern to an organization and hence considered in its sustainability reporting, the prioritization of these aspects and topics takes into account principles of materiality and stakeholder inclusiveness (GRI, 2013b). The prioritization process is referred to by various researchers as materiality assessment (Calabrese et al., 2016) or materiality analysis (Bellantuono et al., 2016; Calabrese et al., 2015; Hsu et al., 2013; Whitehead, 2017).

According to McPhee (2014) and Eccles et al. (2014), added value can be realized from integrating social and environmental issues into a company's strategy. Although sustainability is not explicitly prioritized at NWL according to key informants, sustainability issues are still (indirectly) incorporated into NWL's single business strategy. There is a prioritization process of investment programs at the company, which involve NWL's business outcomes that are based on its five strategic themes (customer, competitiveness, people, environment, and communities), and which relate to sustainability aspects or issues. The findings of this study show that NWL does not implement the materiality assessment/analysis process (based on the literature) for identifying its key sustainability issues. Instead, it applies various reactive and proactive approaches for prioritizing and addressing its various issues. The reactive approach that is more prevalent at NWL seeks to address unforeseen issues over the short-term through a live process that prioritizes issues according to the assigned values and ratings. Similar to NWL's prevalent reactive approach, companies are reported to predominantly adopt a reactive approach to issue prioritization (Van Tulder & Lucht, 2016). As for the proactive approach to prioritization, it is usually planned for longer-term (systematic) and is applied according to legislations and regulations,

the Water Forum, an extensive research program that mainly consults with customers, and the five year asset management planning (AMP) cycle. As systematic research into organizational practices is limited in assessing materiality in the literature (Hsu et al., 2013; Whitehead, 2017), and as practical guidelines (e.g. GRI) are only available for use by organizations, the reactive and proactive approaches reported by NWL key informants contribute to knowledge and practice with respect to how organizations can prioritize their sustainability issues. In line with these approaches, Whitehead (2017) proposes a prioritization framework that is based on materiality analysis, and which combines both proactive/strategic (Neugebauer et al., 2016) and emergent approaches (Papagiannakis et al., 2014) to addressing material sustainability issues. This framework intentionally incorporates highly salient issues into the business strategy (proactive approach), and allows less salient issues to be incorporated gradually in an emergent manner (emergent approach) as the business's sustainability strategy develops and progresses (Whitehead, 2017). Along a similar perspective, one NWL interviewee explains how an emergent sustainability issue (water leakage), which was initially addressed and solved through a particular project (reactive/emergent approach), gets gradually integrated into business operations (proactive approach). This indicates that a reactive material sustainability issue may gradually change to become a proactive issue.

Whether adopting the proactive or reactive approach to prioritization, and in assessing materiality with respect to the organization and its key stakeholders, stakeholder analysis and engagement come into play. According to Bellantuono et al. (2016), stakeholder engagement is fundamental to carrying out materiality analysis. In conducting materiality analysis (as a more proactive approach) that helps identify and prioritize issues based on the relevant impacts organizations have on the environment, society, and economy, Freeman (1984) indicates that stakeholder analysis provides support to organizations in understanding these impacts based on stakeholder perspectives and concerns/interests. Moreover, implementing stakeholder analysis from the value creation aspect (Myllykangas et al., 2010) can help organizations identify key stakeholder perspectives on value propositions (Frow & Payne, 2011). Identifying stakeholder value creation propositions can in turn help in selecting adequate stakeholder engagement strategies (Laszlo, 2008). These value propositions can involve environmental, social, and economic impacts of an organization on its material sustainability issues. Mapping stakeholder value propositions for the society and environment can help organizations understand their key stakeholders and their respective contributions to creating a specific value (Bocken et al., 2013). Stakeholders can therefore be regarded as potential partners who can contribute to value creation (Halal, 2001).

Identifying the specific material sustainability issue to be addressed and its respective intended value or impact can help in selecting the appropriate partner from a range of NPO stakeholders or potential partners. Accordingly, the link between materiality analysis, which encompasses stakeholder analysis and engagement, and value creation for key stakeholders needs to be clearly established for the purpose of selecting partners.

Through associating ‘materiality’ and ‘sustainability’ with stakeholder theory, this study helps understand and illustrate the integrative type of stakeholder theory (refer to section 2.3), as stakeholder value creation on material sustainability issues can be both normative and instrumental. By examining NPO-business partnerships based on stakeholder theory, this research helps understand the interconnections between the different stakeholders (involved in a partnership) and the resulting impacts on the business, which according to Harangozó and Zilahy (2015), and Starik and Kanashiro (2013) have been disregarded in stakeholder theory. Also, stakeholder theory’s insufficient attention to the social context and its levels of analysis (Key, 1999) can be addressed by highlighting the benefits that can be created from NPO-business partnerships at multiple levels of analysis. Based on the above, stakeholder theory in this study helps explore how the collaborative relationship between business and NPO stakeholders can contribute to addressing material sustainability issues, for the purpose of improving partner selection (discussed in section below).

#### **6.2.2.2 Partner selection**

To better inform the partner selection process at NWL (refer to main research question 1 above), the role of the current NPO-business partnerships in addressing NWL’s material sustainability issues is examined (research objective 3). Although not particularly identified as material sustainability issues by NWL key informants, various sustainability issues have been addressed through partnerships. Examples of these sustainability issues are provided in the detailed developed template (version 1) in appendix 5. Since NWL does not explicitly prioritize its sustainability issues or implement materiality analysis (refer to previous section 6.2.2.1), the extent to which NWL’s existing NPO partnerships contribute to addressing the relevant material sustainability issues (research objective 4) cannot be adequately assessed. However, certain insights from the study are provided with respect to the type of sustainability issues being addressed and the outcomes reached through current partnerships (refer to developed template version 1 in appendix 5), as well as the support/value provided to NWL and its NPO partners from their current partnerships (refer to final template in

appendix 5). This helps tackle one of the research avenues identified by Austin and Seitanidi (2012b) which involves investigating “how do partners view their own and each other’s benefits and costs from the collaboration?” (p. 958).

For identifying and mapping the gaps in their current partnerships with respect to material sustainability issues that are not being addressed, as well as the partnership approach/strategy that is needed, the corresponding future requirements and recommended partnership approach at NWL and its NPO partners are assessed (objective 5). Similar to objective 3 above, this objective can better inform the partner selection process. A list of key sustainability issues, identified by NWL key informants, which need to be addressed in the future through partnerships, as well as the anticipated outcomes are provided in the detailed developed template (version 1) in appendix 5. Although project-based partnerships (transactional stage of collaboration), that are usually short-term and reactive, are more prevalent at NWL, NWL is looking to engage in more integrative and transformational stages of collaboration in the future. Similar to this case study’s findings, the literature also demonstrates a dominance of symbolic and instrumental partnerships (Jamali & Keshishian, 2009; Selsky & Parker, 2005), many of which are described as transactional and reactive to emergent/unforeseen issues (Austin & Seitanidi, 2012a; Gray & Stites, 2013; Nurmala et al., 2018). The need for engaging in more integrative and transformational partnerships is a perspective shared by NWL’s NPO partners who aspire to progress from the transactional stage of collaboration with NWL towards the integrative or transformational stage of collaboration. The main purpose behind this progression involves delivering more strategic and synergistic value, and potentially more systemic impact at the societal level. The few long-term strategic partnerships that have been reported by NWL and its NPO partners are typically proactive and involve a high level of stakeholder engagement. The value created may be strategic, synergistic, and may involve a systemic impact or change (usually long-term). Although these characteristics are in agreement with those of integrative stage collaborations proposed by Austin and Seitanidi (2012a) (refer to the collaboration continuum CC in Figure 2.6, section 2.4.2.1), the strategic partnerships that are reported by NWL key informants do not take the (social) partnership form, but rather the partnership approach is implemented to deliver social outcomes. This is because organizational needs are prioritized in the partnership approach, in contrast to social partnerships which prioritize societal outcomes (Seitanidi, 2010) but still align strategic business interests with societal expectations (Austin, 2000b).

The need for having the right balance between the reactive approach to engaging in partnerships, that is typically project-based and short-term, and the proactive approach, that is typically strategic and longer-term, is proposed by NWL key informants. According to one NWL focus group participant, strategic partnerships need not necessarily be long-term and can involve a short-term reactive approach to issues. This perspective is contradictory to the general perspective provided on strategic partnerships in the literature. As for the reactive approach, the NWL key informant also contends that an issue can be addressed repeatedly over the long-term instead of the short-term. Other recommendations suggested by NWL key informants in their partnership approach involve providing more internal visibility of partnerships and their benefits, and avoiding certain restrictions with respect to labelling partnerships, the type of partner organizations, the scope of work, and the benefits/impacts intended from the partnerships. Also, NWL key informants indicate that the partnership strategy at NWL requires identifying clear strategic long-term objectives that are based on value creation.

The findings of this study reveal specific partner selection criteria (e.g. alignment of values, mission and objectives; trust; level of commitment and involvement; level of resource; cost; type of sustainability issue) from NWL and NPO partner perspectives. The various criteria (refer to section 5.2.5.2) are corroborated in the literature (Austin & Seitanidi, 2014; Berger et al., 2004; Holmberg & Cummings, 2009; Rodríguez et al., 2016; Seitanidi, 2010; Seitanidi & Crane, 2009; Seitanidi et al., 2010). According to Barroso-Méndez et al. (2016), alignment of values is important for partner selection and subsequent partnership success, because shared values can enhance trust and commitment between potential partners. Trust and commitment can in turn support the selection process. The level of resource plays an important role in selection, as issues regarding resource availability have been mainly highlighted by NPO partner key informants to involve a decrease in core funding from the government in the UK. This decrease in funding (austerity) is reported to limit organizations in their ability to address issues reactively and proactively in a balanced way. Partnership costs, indicated as one of the criteria for partner selection (refer to table 5.2), need to be determined for assessing the cost-effectiveness potential of the partnership (assessing potential value creation relative to cost) (Austin & Seitanidi, 2014). In line with implementing materiality analysis for identifying the material sustainability issue that needs to be addressed through partnerships, the ‘type of sustainability issue’ is identified as a criterion for partner selection by NWL and NPO key informants (refer to table 5.2). Accordingly, the organizational fit potential between the partners (Austin & Seitanidi,

2012b; Berger et al., 2004; Holmberg & Cummings, 2009; Rodríguez et al., 2016) with respect to the material sustainability issue needs to be assessed for partner selection. This can be part of the first subprocess of the formation phase which indicates the need for ‘articulating the social problem’ (Austin & Seitanidi, 2014).

Some of the procedures that are being used by NWL for partner selection include project-based procurement procedures that are based on least cost. These procedures do not involve an assessment of potential partnership benefits which is required for assessing cost-effectiveness. Another process being used by NWL involves relationship development with potential partners through discussions, meetings, and small-scale projects to enhance mutual understanding of partner perspectives. Sharing previous relationships can help in the selection process (Seitanidi & Crane, 2009) by potentially reducing the time needed for selecting partners (Austin & Seitanidi, 2014), and determining whether the pre-existing relationship can progress towards the integrative or transformational collaboration stages (Seitanidi et al., 2010). Other procedures used by NPO partners include invitation to tender, questionnaires, philanthropy service agreement, relationship development, and direct approach to organizations with previous working relationships. These procedures correspond to different subprocesses within the formation and selection phases that are proposed by Austin and Seitanidi (2014). NPOs also suggest the need for collaborating more with other NPO partners who have similar interests for enhancing the extent of impact delivered. This perspective is similarly proposed by Seitanidi (2010). Ethical risk assessment is another approach reported by one prospective NPO partner. Linking ethics to risk assessment can be justified with respect to the negative associational value that the visibility of the potential business partner may generate (Le Ber & Branzei, 2010a). Ethical risk assessment corresponds to the subprocess ‘assessing risks’ within the selection phase that is proposed by Austin and Seitanidi (2014).

Having multiple partners is another aspect to consider in the selection of partners. According to key informants, the complexity of the issue and the scope of the project may require engaging with multiple partners. This perspective is shared by Austin and Seitanidi (2012a) who indicate the need to involve more partners from various sectors with increasing complexity of the social issue. Other factors that play a role include the need for enhancing and widening the extent of impact, as well as providing access to expertise and needed resources. These factors are confirmed by Seitanidi (2010) who highlights the need for having multiple NPO partners for widening the extent of social impact and enhancing

expertise, and by Babiak and Thibault (2009) who indicate the use of multiple partners for gaining access to resources.

Similar to identifying and proposing the need for having the right balance between a flexible/reactive and a systematic/proactive approach or strategy to engaging in partnerships, both approaches to partner selection are recommended by NWL focus group participants. Within the field of partner selection that is considered to be limited with respect to how businesses can select NPO partners from an impact or value creation perspective, the existing literature highlights a more systematic/proactive approach to partner selection. Furthermore, in their study, Holmberg and Cummings (2009) indicate that further research is needed to investigate how “one or multiple turbulent or fast-changing environments” can affect the selection of partners by the focal firm and promote flexibility to the process (p. 188). Hence, adding or including a more flexible approach to partner selection that may be reactive to an emergent issue addresses this gap and contributes to knowledge and practice in that field. Flexibility in the selection process is required in cases where an unforeseen circumstance occurs (e.g. sewer flooding issue), and where opportunities (associated with ‘opportunistic stroke’ issues) arise and may not always be recognized through a systematic process. As such, a level of openness, less rigidity in the selection approach, and flexibility around the type of partners are needed. For example, less rigidity in applying selection criteria to potential partners (e.g. track record, expertise) can help in selecting new and innovative partners that may not exhibit these criteria but may still be able to contribute added value to the partnership. Recognizing that the collaboration field of research is still considered emerging (Crane & Seitanidi, 2014), the literature on partner selection also demonstrates more focus on general motivations rather than specific motivations, and shows a lack of adequate consideration to dynamic concerns and changes over time (Holmberg & Cummings, 2009). This study helps extend the existing literature on partner selection by developing a framework (refer to section 5.4) that helps corporates like NWL select NPO partners based on the specific motivation of addressing particular material sustainability issues and generating the intended partnership impacts on these issues. This also helps address the research gap on partner-issue fit, which according to Van Tulder (2017) is still characterized with a weak state of research. By having both proactive/systematic and reactive/flexible approaches to partner selection available for consideration within the framework (refer to Figure 5.1 in section 5.4), and owing to the dynamic and highly context dependent nature of partnerships (Austin & Seitanidi, 2012a; Van Tulder, 2017), dynamic

concerns and changes that may be more evident in the reactive approach can be accounted for.

Long-term partnerships are indicated to require a more strategic and systematic approach to partner selection, in contrast to short-term partnerships that entail a degree of flexibility. According to Pangarkar (2003), longer-duration partnerships can provide more opportunities for generating value than shorter-duration ones. In agreement with the selection criterion involving the cost-effectiveness assessment of the potential partnership, NWL key informants recognize the need to identify the potential value or impact created from the outset of the partnership. This corresponds to the subprocess of ‘mapping the potential collaborative value portfolio’ in the formation phase that is proposed by Austin and Seitanidi (2014). One focus group participant further suggests that assessing whether the value chains of potential partners are aligned with NWL’s value chain can help in selecting partners. This perspective is confirmed by Le Ber and Branzei (2010a) and Rodríguez et al. (2016) who recommend attaining value frame fit or alignment between the partners for better co-creation of social value.

Based on the above, the lack of a formal selection process at NWL may be explained with regard to various aspects. As one NWL key informant indicates, stakeholder analysis (as a more proactive approach to identifying material sustainability issues) is not considered to be a procedure applicable to partner selection except if a controversial or new/ground-breaking issue is being addressed through the partnership. Hence, the need for having a formal selection process at NWL may be triggered by a controversial or new/ground-breaking issue. Other aspects that may explain having an informal selection process at NWL include NWL’s more prevalent reactive approach to partnerships (most partnerships at NWL are reported by key informants to be reactive to issues rather than proactive or strategic), the lack of explicit prioritization of sustainability issues within the business, the prioritization of organizational needs rather than societal outcomes (based on NWL’s application of the partnership approach rather than the social partnership form), and not sufficiently engaging with a broader range of key stakeholders (NWL’s focus is on customer stakeholders). Other reasons may also include the lack of explicit integration of sustainability issues into the business strategy, the partnership strategy not being embedded in the business strategy (the need for identifying clear strategic long-term objectives that are based on value creation in the partnership strategy is highlighted by NWL key informants), and NWL’s focus on promoting its brand, reputation, and legitimacy in its current partnership strategy.

### **6.2.2.3 Partnership impact evaluation**

For selecting NPO partners from the value creation perspective with respect to the material sustainability issue that is being addressed, the prospective impact of the partnership on the particular issue needs to be evaluated (refer to research sub-question 1.1 above). The findings of this study focus more on how the post-partnership impact rather than the prospective impact can be evaluated. This can still provide relevant insights on how to evaluate prospective impacts of partnerships. As discussed in section 2.5.2 of the literature review chapter, reaching consensus on a common value system for partnership impact evaluation may never be achieved. This is because various factors and considerations come into play, such as the intrinsic subjectivity of stakeholder value perceptions (Austin & Seitanidi, 2014; Mulgan, 2010), as well as the different contexts, social norms and value systems that exist in society (Van Marrewijk & Were, 2003). As such, the perception of benefit may have to suffice in certain cases (Morrow & Robinson, 2013).

According to NWL and NPO partner key informants, outcomes, budgets, delivery milestones, and measures of success need to be agreed upon at the outset by potential partners. The need for forming an agreement on the outcomes and measures of success is confirmed by Pedersen and Pedersen (2013), who indicate the advantage it has in avoiding measurement issues of the actual post-partnership impact. Some of the evaluation tools that are reported include IRR, SROI, proxy indicators, and KPIs. Both qualitative and quantitative data may be needed for assessing impacts. According to NWL focus group participants, quantification of benefits is preferred when it is feasible. In line with having qualitative and quantitative data used for impact assessment, Khandker et al. (2010) recommend the use of a mixed-methods approach in data collection and analysis for evaluating program impacts. The use of comparative data involving pre and post-partnership assessment is highlighted by NWL and NPO partner key informants for assessing impacts involving conservation. This view is similar to Lim's (2010) view in recommending to use comparable measures and demographics from external data that serve as benchmarks for assessing impact-achievement potential. Other approaches reported by NWL and NPO key informants include a delivery board responsible for monitoring and reporting on progress/outcomes, a project management system for recording evidence-based progress information, and statistical analysis providing evidence-based data. In another case reported by one NPO key informant, a partnership that has a history of nearly 10 years may not require hard and fast evaluation, because there may be a strong degree of mutual understanding between the partners that eliminates the need for evaluation. This means that, although generally recommended (Austin & Seitanidi, 2014; Lim, 2010; Rondinelli & London, 2003),

rigorous evidence-based evaluation may not always be needed. Furthermore, it may not always be feasible with respect to the costs it may incur and the degree of complexity involved (Austin & Seitanidi, 2014). Other than providing progress reports, key informants in this study indicate that outcomes can be continuously evaluated through regular meetings and discussions between partners, and regular project visits.

Recommended approaches for assessment include a built-in assessment process involving baseline assessment that is implemented before the project is initiated. The use of baseline assessment is highlighted by NPO key informants to help understand how and why an intervention succeeded or failed, for the purpose of enhancing future performance. This perspective is shared by Lim (2010) who indicates the need for comparing baseline data with the newly generated data. According to NWL and NPO participants, an agreement needs to be reached at the outset regarding the plans for evaluation, which can involve budget, time allocated, methods used, and the stakeholder engagement strategy. This perspective confirms the need to assess the value creation potential of the partnership (at the beginning) in the formation and selection phases proposed by Austin and Seitanidi (2014). Moreover, engaging stakeholders in the assessment process is advocated by Epstein and Buhovac (2014).

In line with the suggestion provided by one NWL key informant of having specific values assigned to social and environmental impacts that go beyond the straight cash return, Epstein and Buhovac (2014) indicate that value can be assessed according to stakeholder perceptions. These stakeholders can be the beneficiaries that the outcomes and impacts are intended for (Kolodinsky et al., 2006). Instead of just focusing on the more dominant partner organizational actors, beneficiaries can also be involved (Le Ber & Branzei, 2010b) in the assessment. The use of natural capital accounting is proposed by another NWL key informant for the purpose of reflecting the value of natural resources or assets and supporting external investors to make suitable investment decisions. This view is shared by Wackernagel and Rees (1997) who highlight how this concept can be used to direct investment for addressing issues of natural capital depletion.

With respect to partner involvement in assessment, NWL focus group participants agree on the need for all partners to be involved in assessment. This perspective can be understood and justified with respect to having all partners assess the value creation potential of the partnership in the formation and selection phases proposed by Austin and Seitanidi (2014) for reaching an agreement. This in turn also entails initially establishing partner agreement on the material sustainability issue that needs to be addressed through the partnership, as the intended value creation concerns that particular issue. According to NWL and NPO key

informants, an external expert may be resorted to for providing broader scrutiny and access to robust independent and unbiased evaluation expertise. This view is confirmed by Lim (2010), who further indicates the need for early planning and budgeting in assigning an independent external evaluator.

For assessing the prospective impact of partnerships in the partner selection process, the potential beneficiaries and the types of value generated at different levels of analysis can be identified using the multilevel outcomes assessment mapping framework proposed by Austin and Seitanidi (2014) (prospective outcome assessment). This helps in better determining the intended impact level of the partnership (Van Tulder et al., 2016) and in assessing the potential of achieving the required impacts (impact-achievement potential) (Lim, 2010). The impact order framework proposed by Van Tulder et al. (2016) can be used for determining the prospective impact level that is intended from the partnership. Qualitative approaches, recognized for their use in assessing potential rather than actual impacts of programs, can provide support to identifying the type and scope of benefits that may be delivered for the intended beneficiaries (Khandker et al., 2010). Hence, in assessing the potential impacts of partnerships for the purpose of selecting NPO partners, qualitative approaches can be used.

### **6.3 Recommendations and practical implications of the study**

Based on the main findings of this study and the relative interpretations that are discussed in the context of the existing literature, various recommendations can be provided to NWL in its NPO partner selection process. In its current proactive approach to prioritizing issues, NWL's primary focus is on customer stakeholders. This focus needs to extend to other key stakeholders, as recommended by the Water Forums (2013) (refer to section 5.2.1), because materiality analysis requires prioritizing sustainability issues with respect to the key internal and external stakeholder demands. In considering the demands/interests and concerns of key stakeholders, stakeholder analysis needs to be implemented from the value creation perspective for identifying who the key stakeholders are and mapping their respective value propositions. Mapping key stakeholders' value propositions can provide significant support to the selection process. As sustainability issues are not explicitly prioritized within the business, material sustainability issues need to be better identified and (explicitly) incorporated into NWL's business strategy. Furthermore, the intended value creation needs to be embedded into the business strategy. Hence, NWL's CSR/sustainability strategies need to be better identified and institutionalized.

With respect to the approaches adopted by NWL in its collaborative relationships, project-based (philanthropic and transactional stages of collaboration) and strategic (integrative stage) approaches are identified. This study highlights the need for having the right balance between the flexible approach (which may be reactive to particular issues) to engaging in partnerships, that is typically project-based and short-term, and the proactive approach, that is typically strategic and longer-term (ongoing partnership). Within the proactive approach, it is revealed in this study that the partnership strategy at NWL needs to identify clear strategic long-term objectives that are based on value creation. Also, the partnership strategy would need to be embedded in the business strategy (meaning that the partnership's structures, processes and programs become embedded in the organization's strategy and values), which would require the institutionalization of the partnership.

As NWL is looking to engage in more integrative and transformational stages of collaboration in the future, this would require the company to adopt the (social) partnership form rather than the partnership approach that it seems to currently adopt in its collaborative relationships. This requires societal outcomes to be prioritized from the start of the collaborative relationship rather than organizational needs. Similar to having the right balance between flexible (which may be reactive) and proactive approaches to engaging in partnerships, both flexible/reactive and systematic/proactive approaches to partner selection, which can be contradictory, are needed for consideration. Although they may require different partner selection criteria or processes, both approaches to partner selection can be applied within an organization, depending on whether a business like NWL is aiming for strategic value (ongoing long-term strategic partnerships), or whether it is tackling a particular issue through a specific project (flexible short-term project-based partnerships). As such, the partner selection process recommended for NWL includes both approaches that are demonstrated in Figure 5.1 (refer to section 5.4) which depicts the partner selection framework.

The framework of partner selection proposed in section 5.4 contributes to practice by providing practical insights to other businesses in the water industry who seek to select NPO partners who can help address their material sustainability issues (research objective 7). Future research may involve applying this framework to other businesses in the water industry to investigate its practicality and usefulness. Other suggestions for further research are discussed in the following section, which also presents the limitations of this study.

## **6.4 Limitations and future research**

Limitations of this study are identified to include personal limitations, as well as methodological, analytical, and validity limitations (refer also to section 3.10 on limitations). Personal limitations can arise from researcher biases, preconceptions (Miles & Huberman, 1994), and unnecessary too much involvement with the organization or research participants that are being studied (Meyer, 2001). For example, there is the risk of being selective with the collected data, whereby particular emphasis may have been placed on a specific topic that is of personal interest or concern to the researcher. These limitations have been addressed in this study through the researcher's critical reflection on how personal experiences, background, biases, values, assumptions and methods have influenced the research approach, findings and conclusions (refer to section 3.8 on reflexivity). A systematic approach was adopted for acknowledging the role being played in the research process, by noting down researcher's perceptions/reflections and experiences of the research process and the issues faced.

As previously discussed in Chapter 3, this research adopts a single instrumental case study that aims to investigate and understand a particular phenomenon (partner selection process) within an organizational context. The case study approach entails issues involving generalizability, validity, and reliability (refer to section 3.4) that need to be addressed (Eisenhardt, 1989; Hartley, 2004; Meyer, 2001). Although generalizability is a major concern for single cases (Eisenhardt, 1989), the main purpose of case study research is to understand organizational processes in detail/depth (Hartley, 2004) rather than emphasize generalization (Feagin et al., 1991). Similar to this case study, a certain level of theoretical generalizability can be reached in single cases (Bryman & Bell, 2011), whereby generalization is about theoretical propositions that can help understand/explain processes, behaviours and actions occurring in a specific context (Hartley, 2004). This case study of NWL helped in understanding and explaining the more prevalent reactive approach to issue prioritization that is adopted by organizations (Van Tulder & Lucht, 2016), and the dominant focus of symbolic and instrumental partnerships in the literature and in practice to date (Jamali & Keshishian, 2009; Selsky & Parker, 2005). In agreement with this case study's findings, most partnerships in the literature are reported to be transactional, whereby many are described as being project-based and reactive to emergent issues (Austin & Seitanidi, 2012a; Gray & Stites, 2013; Nurmala et al., 2018), and more focused on promoting the business's brand, legitimacy, and reputation (Deegan, 2002; Laszlo, 2008; Pedersen & Pedersen, 2013). Recognizing the dynamic, highly context dependent and complex nature

of partnerships (Austin & Seitanidi, 2012a; Van Tulder, 2017) can help explain and understand the need for having both a systematic/planned (proactive) approach and a flexible/emergent (reactive) approach to partner selection.

While the findings of this case study research provide insights into the partner selection and impact evaluation processes at NWL and some of its NPO partners, they might not be representative of other water companies in the UK. Possible reasons behind this may be 1- the incomplete prioritization/identification of material sustainability issues and their respective integration into NWL's business strategy, 2- the prevalence of the philanthropic and transactional stages of collaboration rather than the integrative and transformational collaboration stages at NWL, 3- NWL's adoption of the partnership approach rather than the partnership form, and 4- the monopolistic conditions under which NWL operates in the Northeast. Further to this, given the subjectivity associated with key informants' perceptions (and those of the researcher's to a lesser degree) of sustainability, partnership outcomes/impacts and value creation, findings might be dependent to a certain extent on the participants' personal interpretations. Additionally, findings might not be transferrable to other industries in the UK, or to organizations that are outside of the UK. Based on the above, and considering that various changing political, ethical and social factors (e.g. decrease in UK government funding reported at the time of conducting this research) can influence the NPO-business partnership process and its outcomes (Eid & Sabella, 2014), some of the findings may not apply in either national or international contexts.

As the research aimed to gain an in-depth understanding of the selection process, data has only been collected from participants who have a degree of involvement in partnerships. NWL key informants were purposefully selected based on their involvement in current working partnerships and their awareness of the organization's sustainability issues. Similarly, NPO current partners were selected from a variety of strategic flagship and key partners with the aim of covering different sectors and issues involving the environment, communities, health, economic wellbeing, skills enhancement and global development. This purposive sampling approach might be considered a limitation. Also, the small sample size of thirteen participants (6 participants from NPO partners and 7 participants from NWL) for this study could be seen as a limitation. Yet, according to Malterud et al. (2016), studies with small sample sizes such as this case study may still contribute to knowledge if they address an aspect that is significant to existing theory. Based on the above, the study relies on a limited data set that intentionally excludes other stakeholder voices within the partner

organizations and outside of them (e.g. beneficiaries) to meet the specific objectives of this study. Future research may thus involve these other stakeholder voices such as the partnership's beneficiaries, to which partnership outcomes and impacts are usually intended for.

Limitations of validity of this case study are addressed in detail in section 3.7, whereby reliability and validity concerns are addressed through activities used to meet four trustworthiness criteria proposed by Lincoln and Guba (1985), which are credibility, dependability, transferability and confirmability. One example of the approaches taken for confirming the findings of this study and addressing validity limitations is the critical examination of the findings and interpretations by considering negative evidence and checking for rival explanations (Miles et al., 2014). With respect to the template analysis process, certain quality check procedures were applied such as independent coding, keeping an audit trail, and use of participant quotes (King & Brooks, 2017) (refer to sections 3.7 and 3.10).

Drawing on the findings and limitations of this case study, opportunities for further research can be identified which may enhance existing knowledge. Based on the framework provided for partner selection in Figure 5.1, the flexible project-based (potentially reactive) approach to selecting partners requires further research for investigating the conditions and processes/subprocesses involved. This is in agreement with the further research area identified by Holmberg and Cummings (2009) (refer to section 6.2.2.2), who highlight the need to explore “how the emergent opportunism-based strategies that are part of an overall consistent stream of alliance strategy behaviour are impacted by and/or can be embedded in the partner selection tool” (p. 188). As mentioned previously, future empirical research may also involve applying this framework to other businesses in the water industry, particularly those who have greater experience in the integrative or transformational stage of collaboration (partnership form). This can help confirm the authenticity of the interpretations and transferability of arguments of this study, and can highlight any required changes or updates/additions to the framework. Furthermore, for better investigating the applicability and usefulness of the partner selection framework, it can be applied to businesses from other industries, as well as NPOs.

Considering that various changing political, ethical and social factors can influence the NPO-business partnership process and its outcomes, longitudinal research may be needed to enhance understanding of the extent of socio-political and economic influences. In line with this, Holmberg and Cummings (2009) indicate the need for longitudinal applications of the

partner selection process that may take into consideration external issues including for example political, social and cultural aspects. Along a similar perspective, the CVC framework still requires longitudinal studies to capture long-term macro level impacts (Austin & Seitanidi, 2012b), specifically for the integrative and transformational stages of collaboration that are more complicated and less common in the literature than the other philanthropic and transactional stages (Austin & Seitanidi, 2012a). In line with the research gaps identified in the Literature Review chapter, future research requires exploring processes/methods for assessing the long-term impacts of partnerships through retrospective analysis (assessing actual post-partnership rather than prospective pre-partnership impacts). This would entail assessment of the actual benefits delivered and the costs incurred from partnerships (Austin & Seitanidi, 2012b).

Instead of examining the selection of partners from the business partner's perspective (NWL in this study), future research can focus on exploring the partner selection process from the NPO partner's perspective. For the purpose of partner selection, further research can also involve investigating how to assess the prospective partnership benefits and costs in cooperation with the identified potential partners. Moreover, including stakeholder voices other than the partner organizational actors in the partner selection and impact evaluation processes can be another future research opportunity as mentioned above. This may involve assessing the partnership benefits and costs for all relevant stakeholders including the beneficiaries. This is in agreement with one of the future needed research avenues identified by Austin and Seitanidi (2012b) with respect to the CVC framework.

As the main findings of this study also included the motives and purposes of engaging with multiple partners, and as more than one material sustainability issue may need to be addressed through a partnership, the right combination of multiple partners within one partnership may have to be researched further. In line with this perspective, Seitanidi and Crane (2014) suggest that finding the right mix or combinations of partnerships may be needed in the future for delivering the intended synergistic value. In this regard, organizations may need to consider partnerships from the portfolio approach that involves careful consideration of the appropriate mix of partners and issues that need to be addressed (Seitanidi & Crane, 2014).

## Appendices

### Appendix 1: Interview Index

<b>Pilot Study</b>	
<b>Organization (NWL or NPO): Position</b>	<b>Date of Interview</b>
1-NPO: Trust Director	6-May-16
2-NPO: Senior Business Development Manager	12-May-16
3-NWL: Collections Manager	13-May-16

<b>NWL Interviews</b>	
<b>Position</b>	<b>Date of Interview</b>
1-Commercial Account Manager	9-Jun-16
2-Climate Change Manager	14-Jun-16
3-Conservation and Land Manager	15-Jun-16
4-Sustainable Sewerage Manager	17-Jun-16
5-Water Director	22-Jun-16
6-Water Efficiency Manager	20-Sep-16
7-Director of Corporate Affairs	30-Sep-16

<b>NPO Partner Interviews</b>	
<b>Position</b>	<b>Date of Interview</b>
1-Senior Philanthropy Advisor	2-Jun-16
2-Water Industry Partnerships Manager	3-Jun-16
3-Chief Executive	3-Jun-16
4-Chief Executive	6-Jun-16
5-Director of Policy and Partnerships Manager (within the same organization)	17-Jun-16
6-Corporate Development Manager (from prospective partner)	14-Oct-16

<b>NWL Focus group</b>	
<b>Position</b>	<b>Date of Interview</b>
1-Climate Change Manager	28-Nov-16
2-Commercial Account Manager	
3-Sustainable Sewerage Manager	
4-Water Director	

## **Appendix 2: Introductory Email**

Subject: PHD research on Partnerships....your help please

Date: Wed 5/25/2016 3:31 PM

Good afternoon [name of participant],

I hope you are very well.

We are working with Newcastle Business School on a PHD around the impact of NGO – Corporate Partnerships, which I hope you will agree is a really important area for us both.

Lara El Mouallem copied to this email has been working on this PHD for over a year now and we have now come to the exciting stage, where she is about to undertake interviews as part of her research.

This is where I'd like to request your help please. I'd really like you to be interviewed as part of this please.

The interview will be with you on a 1:1 basis and will last no more than 1 hour.

I hope that you will be happy to take part in this important piece of work for us. To cut out the middle man, I'd like Lara to be in contact with you directly to arrange a suitable date and time.

Please do let me know if you are not happy to be part of this or have any concerns or queries at all.

Many thanks in anticipation of your help.  
Sarah

**Sarah Pinkerton**  
External Affairs Manager

Ext: 32010  
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Email: [sarah.pinkerton@nwl.co.uk](mailto:sarah.pinkerton@nwl.co.uk)

Northumbrian Water Group, Sandon Valley House, Canon Barns Road, East Hanningfield, Essex, CM3 8BD

## **Appendix 3: Interview Guides**

### **NWL**

#### **Material sustainability issues – prioritization and financing**

(Before asking the following questions to research participants, researcher provides background information on business-NGO<sup>6</sup> partnership research context and defines the term ‘material sustainability issues’ to be the major environmental, economic, and social issues that have an impact on the business and its key stakeholders)

- 1- What do you think are NWL’s material sustainability issues? (researcher shows NWL report copy of strategic themes and their respective goals and outcomes to participants)
  - How do you prioritize these issues?
  - What actions are taken by NWL for addressing these issues?
- 2- Is there a specific budget to address these material sustainability issues?
  - If yes, how is it set and distributed on the various issues? Are there any budget priorities?

#### **Current partnership potential to address material sustainability issues**

- 3- How can/do partnerships with NGOs help NWL address these material sustainability issues both directly and indirectly?
- 4- Which material sustainability issues are currently being addressed by existing partners?
  - Can you provide examples of goals or outcomes reached, whether short-term, long-term, direct or indirect?
  - What else is NWL currently aiming to achieve?
- 5- In your experience, how many partnerships, previous or current, have achieved or are achieving their intended goals and outcomes? Give examples.
  - What do you think are the reasons for achieving or not achieving their intended goals or outcomes?

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<sup>6</sup> The term NGO is later changed to NPO based on research participants’ feedback

### **Future partnership requirements**

- 6- Which material sustainability issues are not being addressed through the existing partnerships?
  - And which of those do you think need to be addressed in future partnerships? Why?
- 7- Do you anticipate new goals or outcomes NWL would want to achieve in the future through partnerships?
  - If yes, what are they?

### **Partnership selection and impact evaluation**

- 8- What criteria do you consider for selecting potential partners?
- 9- During the selection process, are multiple partners for the same project or same material sustainability issue being considered?
  - If yes, in which case and why?
- 10- What approach or tools do you think can be used to assess the progress against agreed goals and joint outcomes in partnerships?
  - Who should be involved in the assessment process, is it one partner, both or multiple partners, external parties, others? Why?

**NPO Partners** (originally used the term ‘NGO’ instead of ‘NPO’)

### **Current partnership potential to address material sustainability issues**

(Before asking the following questions to research participants, researcher defines the term ‘material sustainability issues’ to be the major environmental, economic, and social issues that have an impact on the NGO and its key stakeholders)

- 1- How can/do partnerships with business partners (including NWL if applicable) help the NGO address material sustainability issues both directly and indirectly?
- 2- Which material sustainability issues are currently being addressed by existing partners (including NWL if applicable)?
  - Can you provide examples of goals or outcomes reached (short-term, long-term, direct and indirect)?
  - What else is the NGO currently aiming to achieve?
- 3- In your experience, how many partnerships (previous or current) have achieved or are achieving their intended goals and outcomes? Give examples.
  - What do you think are the reasons for achieving or not achieving their intended goals or outcomes?

### **Partnership budget allocation**

- 4- How do you set a budget or financial value for a partnership?

### **Future partnership requirements**

- 5- Which material sustainability issues are not being addressed through the existing partnerships?
  - And which of those do you think need to be addressed in future partnerships? Why?
- 6- Do you anticipate new goals or outcomes the NGO would want to achieve in the future through partnerships?
  - If yes, what are they?

7- Do you think a business like NWL can help achieve these goals/outcomes?

- If yes/no, why? How (if yes)?

### **Partnership selection and impact evaluation**

8- What criteria do you consider for selecting potential partners?

9- During the selection process, are multiple partners for the same project considered an option?

- If yes, in which case and why?

10- What approach or tools do you think can be used to assess the progress against agreed goals and joint outcomes in partnerships?

- Who should be involved in the assessment process (one partner, both or multiple partners, external parties, others)? Why?

## **Focus Group Topic Agenda** (Max time target of 2.5hrs)

### **1. Introduction (10min)**

- Introduce the research aim and scope
- Explain purpose and format of focus group
- Conventions: explain confidentiality/ethical issues and present participants with ethical consent forms for signing, speak one at a time clearly and slowly, recording of session, need to take into account everyone's perspectives, open debate, later sharing of findings
- Definitions: -Material sustainability issues are the major environmental, economic, and social issues that have an impact on the business and its key stakeholders
  - NPO<sup>7</sup> is nonprofit organization
  - Impact refers to the long-term in particular, as well as the short-term, direct and indirect, positive and negative effects, that organizations have on specific issues at a community or societal level
- Participants to briefly introduce themselves

### **2. Discussion Topics**

- 2.1 Prioritization of sustainability issues at NWL is being done according to the 5 year asset management planning cycles where each of these issues has values assigned to them and ratings, which results in a prioritized list of integrated issues, in addition to the Water Forum, and an extensive research program that goes out and checks in with customers. Do you agree? Discuss. **(10 min)**
- 2.2 Do you think a systematic process or procedure is needed at NWL for partner selection or it can be as simple as 'opportunity decides the partner' regardless of type of partner (more flexible process in partner selection)? **(15min)**
- 2.3 How do transaction costs of partnership (budget allocated for time, resources, information, asset deployment etc.) play a role in partner selection at NWL? **(10min)**
- 2.4 How can/does potential impact or value created from partnerships that address material sustainability issues play a role in partner selection at NWL? **(10min)**
- 2.5 Some of the criteria for partner selection include trust, experience or historic relationships, reputation, credibility, right level of resource, expertise, track record of delivery, alignment of values and objectives, agreement on outcomes

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<sup>7</sup> The term NPO for partner organizations was used here based on feedback from semi-structured interview key informants.

and milestones, required costs. Do you agree? Discuss (any missing criteria). **(10min)**

### ***COFFEE BREAK***

2.6 Do you carry out stakeholder analysis for selecting partners at NWL? If yes, how? **(10min)**

2.7 Are there any long-term impacts being targeted at NWL through NPO partnerships? If no, why? If yes, discuss. **(15min)**

2.8 NPO partnership work at NWL is more focused on delivering projects based on immediate needs/goals rather than partnerships targeting strategic value (long-term). Do you agree? Why? **(10min)**

Follow-up: Do you think partnerships at NWL need to be more strategic? If no, why? If yes, how? **(10min)**

2.9 All partners of a partnership need to be involved in impact assessment which includes qualitative and quantitative data collection for measuring success. Do you agree? Discuss/give examples. **(20min)**

2.10 More visibility of partnership impacts is needed at NWL across the whole business. Do you agree? Why? **(10min)**

### **3. Summing Up (10min)**

Researcher states brief overview of purpose of study and summary of major points.

Researcher asks if summary is suitable and if something wasn't captured or missing.

Researcher thanks participants for their time in taking part in focus group discussion.

## **Appendix 4: Informed Consent Forms**



## RESEARCH ORGANISATION INFORMED CONSENT FORM

Faculty of Business and Law  
University of Northumbria

Completion of this form is required whenever research is being undertaken by Business and Law staff or students within any organisation. This applies to research that is carried out on the premises, or is about an organisation, or members of that organisation or its customers, as specifically targeted as subjects of research.

The researcher must supply an explanation to inform the organisation of the purpose of the study, who is carrying out the study, and who will eventually have access to the results. In particular issues of anonymity and avenues of dissemination and publications of the findings should be brought to the organisations' attention.

Researcher's Name: Lara El  
Mouallem \_\_\_\_\_

Student ID No. (if applicable): w14036628 \_\_\_\_\_

### Researcher's Statement:

The study is being conducted by Lara El Mouallem, PhD student at Newcastle Business School of Northumbria University, in collaboration with Northumbrian Water Group (NWG), who has commissioned the research and therefore agreed to the research project being carried out. The collaborative research study will explore how NWG can select its partners and evaluate the impact of the prospective NGO partnerships on their material sustainability issues.

NWG will not be cited in any resulting academic papers/publications, unless NWG specifically requests this. Results will be shared with NWG in the form of a written report and presentation and all interviewees will be invited to participate.

Anonymity of interviewees will be protected. Individual consent forms will be signed by each interviewed individual. Interviews will be recorded unless participants specifically request otherwise in which case detailed notes will be taken as a record of the interview. Any recordings and transcriptions would be stored on personal drive with protected passwords. Electronic data will be deleted. Hard copies will be disposed of in confidential waste. Researcher is the only person to have direct access to the original transcripts. Data will be kept securely by the researcher for the duration of the project and thereafter to inform subsequent publication and use by NWG. Once these purposes have been exhausted data will be destroyed.

Any organisation manager or representative who is empowered to give consent may do so here:

Name: Sarah Pinkerton

Position/Title: Partnerships Manager

Organisation Name: Northumbrian Water Group

Location: Boldon House, Wheatlands Way, Pity Me, DH1 5FA

If the organisation is the Faculty of Business and Law please completed the following: N/A

Start/End Date of Research / Consultancy project:	Start: End:
Programme Year Sample to be used: seminar group, entire year etc.	
Has Programme Director/Leader, Module Tutor being consulted, informed.	

Anonymity must be offered to the organisation if it does not wish to be identified in the research report. Confidentiality is more complex and cannot extend to the markers of student work or the reviewers of staff work, but can apply to the published outcomes. If confidentiality is required, what form applies?

- No confidentiality required
- Masking of organisation name in research report
- No publication of the research results without specific organisational consent
- Other by agreement as specified by addendum

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

This form can be signed via email if the accompanying email is attached with the signer's personal email address included. The form cannot be completed by phone, rather should be handled via post.

**Faculty of Business and Law**  
**Informed Consent Form for research participants**

Title of Study:	Embedding Sustainability within Organizations
Person(s) conducting the research:	Lara El Mouallem
Programme of study:	PhD Business and Management PGR
Address of the researcher for correspondence:	Lara El Mouallem – Phd Student Newcastle Business School Northumbria University City Campus East 1 Newcastle Upon Tyne NE1 8ST United Kingdom
Telephone:	07905945949
E-mail:	<a href="mailto:lara.el.mouallem@northumbria.ac.uk">lara.el.mouallem@northumbria.ac.uk</a>
Description of the broad nature of the research:	The collaborative research study will investigate how partnerships between private sector organizations in the water industry and NGO stakeholders can contribute to addressing material sustainability issues; the research will explore how Northumbrian Water Group (NWG) can select its partners and evaluate the impact of the prospective NGO partnerships on their material sustainability issues.
Description of the involvement expected of participants including the broad nature of questions to be answered or events to be observed or activities to be undertaken, and the expected time commitment:	You will be interviewed about your experience of working on CSR related projects. The interview is expected to last for 45 minutes to 1 hour (semi-structured), for providing data on identifying and prioritizing material sustainability issues, current partnership potential to address material sustainability issues, future partnership requirements, financing involved, and partner selection and impact evaluation. Anonymity of interviewees will be protected. Interviews will be recorded unless participants specifically request otherwise in which case detailed notes will be taken as a record of the interview.
Description of how the data you provide will be securely stored and/or destroyed upon completion of the project.	Any recordings and transcriptions would be stored on personal drive with protected passwords. Electronic data will be deleted. Hard copies will be disposed of in confidential waste. Researcher is the only person to have direct access to the original transcripts. Data will be kept securely by the researcher for the duration of the project and thereafter to inform subsequent publication and use by NWG. Once these purposes have been exhausted data will be destroyed.

Information obtained in this study, including this consent form, will be kept strictly confidential (i.e. will not be passed to others) and anonymous (i.e. individuals and organisations will not be identified *unless this is expressly excluded in the details given above*).

Data obtained through this research may be reproduced and published in a variety of forms and for a variety of audiences related to the broad nature of the research detailed above. It will not be used for purposes other than those outlined above without your permission.

Participation is entirely voluntary and participants may withdraw at any time.

**By signing this consent form, you are indicating that you fully understand the above information and agree to participate in this study on the basis of the above information.**

**Participant's signature:**

**Date:**

**Student's signature:**

**Date:**

Please keep one copy of this form for your own records.

**Faculty of Business and Law**  
**Informed Consent Form for research participants**

Title of Study:	Embedding Sustainability within Organizations
Person(s) conducting the research:	Lara El Mouallem
Programme of study:	PhD Business and Management PGR
Address of the researcher for correspondence:	Lara El Mouallem Newcastle Business School Northumbria University City Campus East 1 Newcastle Upon Tyne NE1 8ST United Kingdom
Telephone:	07905945949
E-mail:	<a href="mailto:lara.el.mouallem@northumbria.ac.uk">lara.el.mouallem@northumbria.ac.uk</a>
Description of the broad nature of the research:	The collaborative research study will investigate how partnerships between private sector organizations in the water industry and NPO (non-profit) stakeholders/organizations can contribute to addressing material sustainability issues; the research will explore how Northumbrian Water Group (NWG) can select its partners and evaluate the impact of the prospective NPO partnerships on their material sustainability issues.
Description of the involvement expected of participants including the broad nature of questions to be answered or events to be observed or activities to be undertaken, and the expected time commitment:	You will be taking part in a focus group about your experience of working on CSR related projects. The focus group is expected to last for 2 to 2.5 hours, for providing data on prioritization of material sustainability issues, partner selection process and criteria, and partnership impact evaluation. Anonymity of research participants will be protected. The focus group will be recorded unless participants specifically request otherwise in which case detailed notes will be taken as a record of the focus group.
Description of how the data you provide will be securely stored and/or destroyed upon completion of the project.	Any recordings and transcriptions would be stored on personal drive with protected passwords. Electronic data will be deleted. Hard copies will be disposed of in confidential waste. Researcher is the only person to have direct access to the original transcripts. Data will be kept securely by the researcher for the duration of the project and thereafter to inform subsequent publication and use by NWG. Once these purposes have been exhausted data will be destroyed.

Information obtained in this study, including this consent form, will be kept strictly confidential (i.e. will not be passed to others) and anonymous (i.e. individuals and organisations will not be identified *unless this is expressly excluded in the details given above*).

Data obtained through this research may be reproduced and published in a variety of forms and for a variety of audiences related to the broad nature of the research detailed above. It will not be used for purposes other than those outlined above without your permission.

Participation is entirely voluntary and participants may withdraw at any time.

**By signing this consent form, you are indicating that you fully understand the above information and agree to participate in this study on the basis of the above information.**

**Participant's signature:**

**Date:**

**Student's signature:**

**Date:**

Please keep one copy of this form for your own records.

## **Appendix 5: Templates produced from Template Analysis**

### *Template based on a priori themes from interview guide*

- 1. Material sustainability issues**
  - 1.1 Identification of issues
  - 1.2 Prioritization process
  - 1.3 Actions for addressing issues
  - 1.4 Budget or financial value for addressing issues
- 2. Assessment of current partnerships**
  - 2.1 Process of addressing material sustainability issues
  - 2.2 Identification of material sustainability issues being addressed
  - 2.3 Goals and outcomes reached
    - 2.3.1 Short-term
    - 2.3.2 Long-term
  - 2.4 Partnership Success
    - 2.4.1 Success rate
    - 2.4.2 Reasons for success
- 3. Future partnership requirements**
  - 3.1 Material sustainability issues to be addressed in future
  - 3.2 Goals and outcomes anticipated for future
- 4. Partner selection**
  - 4.1 Criteria for selection
  - 4.2 Multiple partners option
- 5. Partnership impact evaluation**
  - 5.1 Approach or tools used
  - 5.2 Partners involved in process

## ***Initial Template***

### **1. Material sustainability issues**

- 1.1 Identification of issues integrated into business strategy under strategic themes, outcomes and medium term goals
  - 1.1.1 Different issues for North and South
    - 1.1.1.1 climate change
    - 1.1.1.2 flooding or sewer flooding caused by extreme weather
    - 1.1.1.3 water supply demand balance
    - 1.1.1.4 water wastewater balance in North
    - 1.1.1.5 water efficiency (more predominant in South)
    - 1.1.1.6 water scarcity (water resource availability) in South
    - 1.1.1.7 leakage
    - 1.1.1.8 pollution
    - 1.1.1.9 customer affordability and vulnerability
    - 1.1.1.10 local economy and supply chain issues
    - 1.1.1.11 employee diversity and skill development
    - 1.1.1.12 community issues
- 1.2 Prioritization process
  - 1.2.1 Reactive
  - 1.2.2 Proactive
    - 1.2.2.1 legislations and regulations
    - 1.2.2.2 Water Forum
    - 1.2.2.3 extensive research program that checks with customers (impact of issues on customers)
    - 1.2.2.4 5 year asset management planning (AMP) cycle
- 1.3 Actions for addressing issues
  - 1.3.1 Investment and business plan decisions: both reactive (flexible) and proactive
    - 1.3.1.1 capital investment on assets based on AMP cycle
    - 1.3.1.2 research programs
    - 1.3.1.3 employee time investment
    - 1.3.1.4 sponsorships to local communities
    - 1.3.1.5 functional business plans for daily operational issues
  - 1.3.2 Examples
    - 1.3.2.1 increased use of renewable energy for reducing emissions
    - 1.3.2.2 circular economy approach
    - 1.3.2.3 flood mitigation or alleviation measures
    - 1.3.2.4 catchment management
    - 1.3.2.5 network and leakage control strategies
    - 1.3.2.6 customer engagement
    - 1.3.2.7 cultural and behavioural change
- 1.4 Budget or financial value for addressing issues
  - 1.4.1 No separate budget provision for issues at NWL
  - 1.4.2 Budget split between capital investment on asset needs/significant (prioritized) issues and operational expenditure at NWL (OPEX)
  - 1.4.3 Smaller investments on community and customer needs

## **2. Assessment of current partnerships in addressing issues**

- 2.1 NPO partnership work support
  - 2.1.1 Awareness of issues
  - 2.1.2 Better reach of different stakeholders
  - 2.1.3 Effective engagement with different stakeholders or customers
  - 2.1.4 More trust
- 2.2 General partnership work support
  - 2.2.1 Shared learning, expertise, knowledge, networks, access to resources
  - 2.2.2 Strategic value in: approach to addressing challenges or issues, creativity, innovation, identifying opportunities
  - 2.2.3 NWL employees becoming more holistically business focused rather than functionally focused with common purpose
- 2.3 Approach to addressing material sustainability issues
  - 2.3.1 Short-term projects tackling specific issues
  - 2.3.2 Long-term strategic partnerships
- 2.4 Identification of material sustainability issues being addressed
  - 2.4.1 biodiversity
  - 2.4.2 water supply demand balance
  - 2.4.3 customer affordability
  - 2.4.4 sewer flooding
- 2.5 Goals and outcomes reached
  - 2.5.1 Short-term
    - 2.5.1.1 Enhancing water quality
    - 2.5.1.2 Enhancing customer affordability
    - 2.5.1.3 Customers' awareness of issues
  - 2.5.2 Long-term
    - 2.5.2.1 water supply security
    - 2.5.2.2 sewer flooding reduction
- 2.6 Partnership Success
  - 2.6.1 Success rate
    - 2.6.1.1 High
    - 2.6.1.2 50%
  - 2.6.2 Reasons for success
    - 2.6.2.1 Alignment of objectives
    - 2.6.2.2 Setting clear objectives at outset
    - 2.6.2.3 Securing stakeholder advocacy
    - 2.6.2.4 Stakeholder engagement
  - 2.6.3 Reasons for lack of success
    - 2.6.3.1 Not agreeing or discussing objectives
    - 2.6.3.2 Partner not delivering according to agreed objectives
    - 2.6.3.3 No follow-up or reporting of delivered outcomes

## **3. Future partnership requirements**

- 3.1 Material sustainability issues to be addressed in future
  - 3.1.2 climate change
  - 3.1.3 ageing workforce
  - 3.1.4 extreme weather

- 3.2 Goals and outcomes anticipated for future
  - 3.2.2 increased use of renewable energy
  - 3.2.3 time shifting of power usage
  - 3.2.4 energy efficiency
  - 3.2.5 workforce diversity
  - 3.2.6 stakeholder engagement with the environment
  - 3.2.7 workforce skill development
  - 3.2.8 weather monitoring and forecast
  - 3.2.9 extreme weather mitigation plans
  - 3.2.10 provision of apprenticeship opportunities

#### **4. Partner selection**

- 4.1 Criteria for selection
  - 4.1.1 alignment of values and objectives
  - 4.1.2 reputation
  - 4.1.3 resource availability and provision
  - 4.1.4 trust
  - 4.1.5 previous partnership experience and track record of outcome delivery
  - 4.1.6 historic relationship
  - 4.1.7 relationship development based on mutual understanding
  - 4.1.8 credibility
  - 4.1.9 expertise and skills in relevant field
- 4.2 Multiple partners option
  - 4.2.1 Application reasons
    - 4.2.1.1 common values or interests in same issue
    - 4.2.1.2 rules and regulations
    - 4.2.1.3 access specific expertise provided by specific partners
    - 4.2.1.4 widen scope of reach to various stakeholders or customers
    - 4.2.1.5 Complexity of issue
    - 4.2.1.6 Need for power
    - 4.2.1.7 Need for authority
    - 4.2.1.8 Need for resources

#### **5. Partnership impact evaluation**

- 5.1 Issues
  - 5.1.1 Limited visibility of outcomes and impacts around the business
  - 5.1.2 Reporting on inputs and short-term outputs rather than impacts
- 5.2 Approach/tools used
  - 5.2.1 Defining and agreeing on outcomes and measures of success
  - 5.2.2 Assign clear milestones for delivery of outcomes
  - 5.2.3 IRR
  - 5.2.4 Reporting on inputs and short-term outputs
  - 5.2.5 Service level agreement (SLA)
- 5.3 Partners involved in process
  - 5.3.1 all partners
    - 5.3.1.1 Role
      - 5.3.1.1.1 NPOs prepare data collection and outcomes report
      - 5.3.1.1.2 NWL reviews outcomes report

- 5.3.2 external consultancies
  - 5.3.2.1 Application reasons and advantages
    - 5.3.2.1.1 provision of broader scrutiny
    - 5.3.2.1.2 big and significant projects with broad scope
    - 5.3.2.1.3 robust evaluation and result verification
    - 5.3.2.1.4 impact assessment
    - 5.3.2.1.5 expert advice
  - 5.3.2.2 Disadvantages
    - 5.3.2.2.1 Cost
- 5.3.3 external relevant stakeholders

## ***Developed Template – version 1***

### **1. Material sustainability issues (NWL only)**

- 1.1 Identification of issues integrated into business strategy under strategic themes, outcomes and medium term goals
- 1.2 Different issues for North and South
  - 1.2.1 climate change
  - 1.2.2 flooding or sewer flooding caused by extreme weather
  - 1.2.3 water supply demand balance
  - 1.2.4 water wastewater balance in North
  - 1.2.5 water efficiency (more predominant in South)
  - 1.2.6 water scarcity (water resource availability) in South
  - 1.2.7 leakage
  - 1.2.8 pollution
  - 1.2.9 customer affordability and vulnerability
  - 1.2.10 local economy and supply chain issues
  - 1.2.11 employee diversity and skill development
  - 1.2.12 community issues and impacts
  - 1.2.13 raw water quality (including colored water)
  - 1.2.14 catchment management
  - 1.2.15 CSO discharge
  - 1.2.16 invasive species
  - 1.2.17 endangered species
  - 1.2.18 customer service
  - 1.2.19 water conservation
  - 1.2.20 reducing energy consumption
  - 1.2.21 environment protection (reducing negative impact)
  - 1.2.22 drainage and sewage system effectiveness
  - 1.2.23 receiving water quality
  - 1.2.24 asset maintenance and serviceability
- 1.3 Prioritization process
  - 1.3.1 Reactive to
    - 1.3.1.1 to unforeseen circumstances and issues (e.g. extreme weather, environmental protection issues)
    - 1.3.1.2 becoming more prevalent
  - 1.3.2 Proactive according to
    - 1.3.2.1 legislations and regulations (e.g. Water Framework Directive)
    - 1.3.2.2 Water Forum
    - 1.3.2.3 extensive research program that checks with customers (impact of issues on customers)
    - 1.3.2.4 5 year asset management planning (AMP) cycle (Ofwat)
  - 1.3.3 Approach or tools used
    - 1.3.3.1 Live process where issues have values and ratings assigned which determine prioritized list of integrated issues with respect to external social and environmental impacts
    - 1.3.3.2 Cost benefit ranking with respect to business impacts
    - 1.3.3.3 Balanced Scorecard (performance measurement against specific measures-strategic decisions consistent with objectives)

- 1.4 Actions for addressing issues
  - 1.4.1 Dual approach: reactive and proactive
    - 1.4.1.1 Investment and business plan decisions
      - 1.4.1.1.1 capital investment on assets based on AMP cycle
      - 1.4.1.1.2 research programs involving different stakeholder including customers
      - 1.4.1.1.3 employee time investment
      - 1.4.1.1.4 sponsorships to local communities
      - 1.4.1.1.5 functional business plans for daily operational issues
      - 1.4.1.1.6 partnerships
      - 1.4.1.1.7 supply chain: contractors, consultants
    - 1.4.1.2 More common approach: reactive
  - 1.4.2 Examples(Areas of focus)
    - 1.4.2.1 increased use of renewable energy for reducing emissions
    - 1.4.2.2 circular economy approach
    - 1.4.2.3 flood mitigation or alleviation measures
    - 1.4.2.4 catchment management
    - 1.4.2.5 network and leakage control strategies (for managing demand)
    - 1.4.2.6 customer engagement
    - 1.4.2.7 cultural and behavioural change
    - 1.4.2.8 protection of endangered species
    - 1.4.2.9 metering (for managing demand and water efficiency)
    - 1.4.2.10 building reservoirs for water resource availability issue
    - 1.4.2.11 water saving projects for water efficiency purpose (ex. Household retrofit)
- 1.5 Budget/financial value
  - 1.5.1 NWL budget for addressing issues
    - 1.5.1.1 No separate budget provision for issues at NWL
    - 1.5.1.2 Budget split between capital investment on asset needs/significant (prioritized) issues (based on AMP cycle) and operational expenditure at NWL (OPEX) (issue becomes handled in routine procedures or activities)
    - 1.5.1.3 Smaller investments on community and customer needs

## **2. NPO financial value of partnership set on basis**

- 2.1.1.1 delivery of tangible outcomes
  - 2.1.1.1.1 identifying what outcomes/goals can be delivered (scope of work)
  - 2.1.1.1.2 process of delivery
  - 2.1.1.1.3 Required resources and respective costs
  - 2.1.1.1.4 Amount of time (timescale) and time value
- 2.1.1.2 Fixed amount of funding or fundraising specified through formal contract or agreement to cover work fees and project/scheme grants (memorandum of understanding)
- 2.1.1.3 Unspecified amount of fundraising or funding (donations)

- 2.1.1.4 Difficulty in putting value on intangible outcomes
- 2.1.1.5 Partner membership cost depending on nature of projects to be delivered within partnership
- 2.1.1.6 Difficulty in assigning value or budget as there is potential overlap with other project budgets in delivery of partnership outcomes
- 2.1.1.7 Aligning funding or grant money to priority issues identified in vital signs report through surveys of people living in specific Northeast areas

### **3. Assessment of current partnerships in addressing issues**

- 3.1 NPO partnership work support to NWL
  - 3.1.1 Awareness of local issues
  - 3.1.2 Better access and reach of different and right (suitable for project purpose) stakeholders (e.g through networks provided by NECC)
  - 3.1.3 Effective engagement with different stakeholders or customers (building relationships with customers)
  - 3.1.4 More trust
  - 3.1.5 Access to volunteers
  - 3.1.6 Mutual value and benefit (direct)
  - 3.1.7 Delivery of specific project outcomes
  - 3.1.8 Local buy-in, knowledge, experience, expertise and people in operating areas
  - 3.1.9 Increase in level of influence on communities and customers in operating areas (indirect)
  - 3.1.10 Cost and human resource savings
  - 3.1.11 Ability to lead on, influence and shape policy work
  - 3.1.12 Enhancing reputation
- 3.2 General partnership work support to NWL, businesses and NPOs
  - 3.2.1 Shared value, learning, expertise, knowledge, networks, access to resources
  - 3.2.2 Strategic value in: approach to addressing challenges or issues, creativity, innovation, identifying opportunities
  - 3.2.3 NWL employees becoming more holistically business focused rather than functionally focused with common purpose
  - 3.2.4 Access of different partners for achieving various project objectives
  - 3.2.5 Delivery of program outcomes through delivery of different projects
  - 3.2.6 Regulatory role (permissions)
  - 3.2.7 Advocacy in influencing decision-makers and policy work
  - 3.2.8 increasing support base for addressing sustainability issue
  - 3.2.9 fundraising support
  - 3.2.10 Access to relevant stakeholders for engagement (for networking opportunities and building relationships)
  - 3.2.11 Getting their message or voice through to relevant stakeholders
- 3.3 Business (private sector) partnership work support to NPOs
  - 3.3.1 General
    - 3.3.1.1 Funding or fundraising support (corporate sponsors)

- 3.3.1.2 Volunteering time(access to volunteers)
- 3.3.1.3 Material donation
- 3.3.1.4 Access to business way of thinking
- 3.3.1.5 Access to various sectors
- 3.3.1.6 Corporate business membership
- 3.3.1.7 Access to skills, knowledge, expertise of businesses
- 3.3.1.8 Access to business stakeholders and customer base (including employee database)
- 3.3.1.9 Access to new ideas and opportunities to work differently (through critical partners)
- 3.3.1.10 Advocacy in influencing leaders and decision-makers with respect to addressing specific sustainability issues
- 3.3.1.11 Affecting policy work by identifying and understanding the key issues to be addressed through access to expertise and knowledge
- 3.3.1.12 Advocating the adoption of good policies and best practice (by different businesses) for addressing marine conservation issues
- 3.3.1.13 Involvement in initiatives or activities (e.g. beach cleaning) and behaviour change campaigns that address marine conservation issues
- 3.3.1.14 Raising awareness on conservation issues amongst stakeholders and customers
- 3.3.2 NWL
  - 3.3.2.1 Positive or strong impact from association with the only and leading water company in Northeast (one of the leading in UK, high profile)
  - 3.3.2.2 enhancing delivery of sustainability outcomes and impacts
  - 3.3.2.3 tackling of water, sewage, and flooding issues that link with other landscape and environmental issues
  - 3.3.2.4 members of trust or board membership prestigious impact (kudos)
  - 3.3.2.5 level of influence in terms of magnitude of resources (land) and budgets they manage
  - 3.3.2.6 funding or fundraising support for specific issues
  - 3.3.2.7 expert advice
  - 3.3.2.8 volunteering
  - 3.3.2.9 material donation
  - 3.3.2.10 access to skills, knowledge and expertise (that can also be used for third parties)
  - 3.3.2.11 access to the business stakeholder connections including customers (forming other potential partnerships and future relationships, garnering further support)
  - 3.3.2.12 Leveraging support from the various business stakeholders including partners
  - 3.3.2.13 Advocacy for influencing MPs and relevant stakeholders through collective voice
  - 3.3.2.14 Strengthening of credibility
  - 3.3.2.15 Affecting policy work by identifying and understanding the key issues to be addressed through access to NWL's expertise and knowledge

- 3.3.2.16 Effective communication channel to reach/influence relevant stakeholders and customers
- 3.3.2.17 Values and strategy that aligns with governmental regulations such as Water Framework Directive
- 3.4 Partnership approach to addressing material sustainability issues
  - 3.4.1 Short-term project-based partnerships tackling specific issues (reactive)
  - 3.4.2 Partnerships based only on fundraising/funding (for providing solutions to identified issues through projects/research (surveys), lobbying, consultation services, influencing policies and strategies, through memorandum of understanding or agreement)
  - 3.4.3 Long-term strategic partnerships (collaborative integrated partnership) (proactive)
    - 3.4.3.1 High level of stakeholder engagement and management, stakeholder analysis at project level for understanding different stakeholder objectives, who would agree, disagree, supporting or not, can provide solutions, working with and impacted by project
    - 3.4.3.2 strategic value
    - 3.4.3.3 synergistic value
    - 3.4.3.4 shared value creation
    - 3.4.3.5 Broad scope of activities (program=different projects)
    - 3.4.3.6 Managerial complexity requiring robust program management (management, issues)
    - 3.4.3.7 Systemic impact or change (long-term)
- 3.5 Identification of material sustainability issues being addressed
  - 3.5.1 biodiversity
  - 3.5.2 water supply demand balance
  - 3.5.3 customer affordability
  - 3.5.4 sewer flooding or flooding issues
  - 3.5.5 damaged assets (asset maintenance/repair)
  - 3.5.6 water efficiency
  - 3.5.7 water conservation
  - 3.5.8 CSO discharge (illegal dumping of sewage into sea by water companies)
  - 3.5.9 water resource availability
  - 3.5.10 water quality (including colored water)
  - 3.5.11 decrease in funding sources to NPOs
  - 3.5.12 employment and skills
  - 3.5.13 health and welfare issues
  - 3.5.14 energy efficiency and conservation
  - 3.5.15 pollution
  - 3.5.16 land conservation
  - 3.5.17 poor ecosystem management
  - 3.5.18 No access to clean water and sanitation in developing countries
  - 3.5.19 Community housing (financial ability)
  - 3.5.20 Education skills (policy influence)
  - 3.5.21 Transport and infrastructure issues affecting business needs in Northeast (policy influence)
  - 3.5.22 Marine conservation

- 3.5.23 Climate change
- 3.6 Goals and outcomes reached
  - 3.6.1 Short-term
    - 3.6.1.1 Enhancing water quality (including raw water color)
    - 3.6.1.2 Enhancing customer affordability
    - 3.6.1.3 Enhancing customers' awareness of issues
    - 3.6.1.4 Enhancing stakeholder appreciation and awareness of environmental issues
    - 3.6.1.5 Enhancement of nature reserves and corresponding assets
    - 3.6.1.6 Water conservation
    - 3.6.1.7 Water efficiency
    - 3.6.1.8 Higher stakeholder participation in projects targeting specific issues
    - 3.6.1.9 CSO discharge reduction
      - 3.6.1.10 Asset maintenance
      - 3.6.1.11 Funding for delivery of projects
      - 3.6.1.12 Enhancing employment and skills development
      - 3.6.1.13 Environmental improvements (open public spaces, including urban)
      - 3.6.1.14 Corporate governance through partner board membership
      - 3.6.1.15 Water reclamation and reuse
      - 3.6.1.16 New models of housing delivery
      - 3.6.1.17 Promoting tourism
      - 3.6.1.18 Enhancing implementation of infrastructure projects by government in Northeast (influencing policy work, decision-making)
    - 3.6.1.19 Identification and understanding of key issues to be addressed through policy work
    - 3.6.1.20 Providing opportunities for other businesses/SMEs to network and build relationships
    - 3.6.1.21 Supporting startups
    - 3.6.1.22 Ancient monument or old building restoration
    - 3.6.1.23 Enhancing community health and wellbeing through application that warns beach users of CSO discharges
  - 3.6.2 Long-term
    - 3.6.2.1 water resource and supply security
    - 3.6.2.2 sewer flooding reduction or flood alleviation
    - 3.6.2.3 catchment management schemes (e.g. surface water management)
    - 3.6.2.4 eradicating invasive species
    - 3.6.2.5 behavioural change on water consumption
    - 3.6.2.6 habitat creation and environmental improvements
    - 3.6.2.7 pollution reduction
    - 3.6.2.8 water consumption reduction
    - 3.6.2.9 improving community impacts (e.g. healthy lifestyle and wellbeing)
    - 3.6.2.10 enhancing reputation (indirect outcome)
    - 3.6.2.11 clean water (including removing color-Peatscapes project long-term)

- 3.6.2.12 economic business benefit for NWL in dosing less chemicals and producing less sludge though cleaning the water (colored) through Peatscapes project
- 3.6.2.13 sustainable source of energy (reduction in consumption)
- 3.6.2.14 habitat and species conservation
- 3.6.2.15 land conservation
- 3.6.2.16 access to water and sanitation in developing countries
- 3.6.2.17 hygiene education in developing countries
- 3.6.2.18 maintaining WASH program in EU Directives
- 3.6.2.19 holding governments in developing countries to account in committing to provide access to water and sanitation
- 3.6.2.20 Influencing housing policy work or decision-making (policy changes)
- 3.6.2.21 Enhancing credibility (indirect outcome)
- 3.6.2.22 Sustainable seafood
- 3.6.2.23 Marine and marine life protection
- 3.6.2.24 Enhancing biodiversity through re-introducing native species
- 3.6.2.25 Behavioural change on marine conservation
- 3.6.2.26 Increase in blue green infrastructure
- 3.6.2.27 Employee engagement strategy
- 3.6.3 environmental and social benefits don't exceed organizational benefits (for NWL)
- 3.7 Partnership Success
  - 3.7.1 Success rate
    - 2.4.1 High
    - 2.4.2 50%
  - 3.7.2 Reasons for success
    - 2.5.2.1 Alignment of objectives
    - 2.5.2.2 Setting and agreeing on clear objectives at outset
    - 2.5.2.3 Securing stakeholder advocacy
    - 2.5.2.4 Effective stakeholder and partner engagement
    - 2.5.2.5 Responsibility, commitment, understanding, and required capabilities (expertise, knowledge, account management skills) for delivery from both partners
    - 2.5.2.6 Alignment of resources
    - 2.5.2.7 Flexibility in rules and regulations
    - 2.5.2.8 Review and monitoring of progress in delivery of objectives (setting milestones, evaluation of impact)
    - 2.5.2.9 Trust
    - 2.5.2.10 Transparency
    - 2.5.2.11 Effective communication
    - 2.5.2.12 Effective relationship management
  - 3.7.3 Reasons for lack of success
    - 3.7.3.1 Not agreeing or clearly discussing objectives
    - 3.7.3.2 Partner not delivering according to agreed objectives
    - 3.7.3.3 No follow-up or reporting of delivered outcomes
    - 3.7.3.4 Rules and regulations, and people's interpretations of them
    - 3.7.3.5 People's different interpretations of definitions

- 3.7.3.6 Misaligned objectives
- 3.7.3.7 Distrust
- 3.7.3.8 Power relations and lack of equality (based on organization size, gender)
- 3.7.3.9 Division of money issues (human greediness)
- 3.7.3.10 Lack of formal agreement
- 3.7.3.11 Lack of clarity in communication
- 3.7.3.12 Lack of time and human resources (due to decrease in funding as one of the factors-SEPARATE)
- 3.7.3.13 Not ready to engage
- 3.7.3.14 Difference in knowledge around particular sustainability issues
- 3.7.3.15 Cultural and economic factors that can into play around difficult and sensitive issues

#### **4. Future partnership requirements**

- 4.1 Material sustainability issues to be addressed in future
  - 4.1.2 climate change
  - 4.1.3 ageing workforce
  - 4.1.4 extreme weather
  - 4.1.5 natural resource depletion
  - 4.1.6 water efficiency
  - 4.1.7 energy efficiency
  - 4.1.8 societal health and well-being
  - 4.1.9 asset maintenance and serviceability (NWL-not tackled with NGO partners)
  - 4.1.10 corporate sustainability
  - 4.1.11 Loss of local authority green spaces and parks
  - 4.1.12 Derelict sites
  - 4.1.13 habitat and species conservation
  - 4.1.14 marine freshwater zone interface issues (including pollution, fishing impacts)
  - 4.1.15 stakeholder engagement and awareness of environmental issues
  - 4.1.16 lack of access to water, sanitation, and hygiene in developing countries
  - 4.1.17 environmental sustainability
  - 4.1.18 emergency community issues
  - 4.1.19 Marine spatial planning
  - 4.1.20 Marine conservation
  - 4.1.21 pollution
  - 4.1.22 CSO discharge pollution (sewage into sea)
- 4.2 Goals and outcomes anticipated for future
  - 4.2.2 increased use of renewable energy
  - 4.2.3 time shifting of power usage
  - 4.2.4 energy sustainability and efficiency (renewable sources wind, solar, hydro)
  - 4.2.5 workforce diversity

- 4.2.6 enhancing stakeholder awareness and engagement with the environment (e.g. marine conservation)
- 4.2.7 workforce skill development
- 4.2.8 weather monitoring and forecast
- 4.2.9 extreme weather mitigation plans
- 4.2.10 provision of apprenticeship opportunities
- 4.2.11 natural capital accounting
- 4.2.12 provision of customer visibility to NWL ecosystem service impacts
- 4.2.13 increasing customer awareness around material sustainability issues
- 4.2.14 water efficiency linked with energy efficiency schemes
- 4.2.15 improving societal health and well-being
- 4.2.16 sustainable water management
- 4.2.17 community support and welfare
- 4.2.18 broaden scope of current partnership objectives
- 4.2.19 habitat and environmental improvements
- 4.2.20 enhancing corporate sustainability
- 4.2.21 ensuring management and maintenance of parks
- 4.2.22 living landscape schemes (catchment based approach, water management in catchments)
- 4.2.23 advocacy in influencing decision-making through collective voice for access to water and sanitation
- 4.2.24 providing access to water, sanitation and hygiene in developing countries
- 4.2.25 skill sharing and capacity building of water industries in developing countries
- 4.2.26 policy goals in line with business priorities in Northeast
- 4.2.27 advocacy work with government and MPs on marine conservation through collective voice
- 4.2.28 better access and reach to relevant stakeholders
- 4.2.29 enhancing marine conservation
- 4.2.30 pollution reduction
- 4.2.31 behavioural change in disposing of wet wipes
- 4.2.32 better quality water getting discharged into sea from CSO
- 4.2.33 clean beach or sea
- 4.3 Recommended partnership work by NPO with NWL
  - 4.3.1 more strategic value with bigger impact approach (tactical approach)
  - 4.3.2 bigger and more key role to play
  - 4.3.3 targeting long-term behavioural change in disposal of wet wipes with shared value creation
  - 4.3.4 Targeting cleaning of beaches and better quality water discharged into sea from CSO discharges
- 4.4 Recommended partnership work by NPO with any partner
  - 4.4.1 unrestricted funding partnership to tackle emergency issues
- 4.5 Recommended partnership work/approach by NWL with any partner
  - 4.5.1 Need for right balance between reactive here and now and proactive strategic longer term approach as long as there's value added from both approaches, whether strategic or other

- 4.5.2 Avoid risk of being restrictive in partnership work when labeling partnerships, the partner organizations and the benefits to be delivered, and necessary to work unrestrictedly with many partners due to limited resources and lots to do
- 4.5.3 Need for reshaping business strategy in partnerships at NWL identifying NWL objectives and partnership work goals
- 4.5.4 Right direction and right outcomes of partnership work is targeted as extreme resource pressure affecting potential partners and local authorities, and therefore need to be efficient and effective in sparing some of the scarce resources

## **5. Partner selection**

### 5.1 Criteria for selection

- 5.1.1 alignment of values, mission and objectives
- 5.1.2 good reputation (esp for NGOs who are more accepted in communities)
- 5.1.3 right level of resource (including finances)
- 5.1.4 trust (more predominant for small partnerships)
- 5.1.5 previous partnership experience and track record of outcome delivery
- 5.1.6 historic relationship (with partner)
- 5.1.7 credibility
- 5.1.8 expertise, knowledge and skills in relevant field (project management, reporting, communication with communities)
- 5.1.9 innovation
- 5.1.10 cost or financial value
- 5.1.11 capability to add value/deliver benefits (impacts) with respect to identified issues and respective opportunities
- 5.1.12 Ethics and diversity
- 5.1.13 geographic location when necessary to work in same location or site
- 5.1.14 corporate sustainability
- 5.1.15 high corporate significance (big area wide responsibility) and strategic impact (big players, strategic by nature, financial influence)
- 5.1.16 extent of influence over relevant stakeholders and collective voice
- 5.1.17 balanced representation from all sectors
- 5.1.18 leaders in respective fields
- 5.1.19 Level of commitment and involvement (in addressing sustainability issues and welfare)
- 5.1.20 Scope of work and activities
- 5.1.21 Corporate strategy and policies
- 5.1.22 Type of sustainability issues being addressed
- 5.1.23 Similar to criteria used for stakeholder analysis

## 5.2 Process aspects or procedures used

### 5.2.1 NWL

5.2.1.1 project-based procurement procedures (NWL-tender process, least cost, agreeing to deliver specified outcomes according to specified project scope)

5.2.1.2 relationship development based on mutual understanding through discussions, meetings, and in some cases small-scale projects

5.2.1.3 reactive to individual needs and issues

### 5.2.2 NPO

5.2.2.1 Invitation to tender based on outcomes to be delivered, process of delivery (large partnerships)

5.2.2.2 Questionnaire on expertise, local knowledge, finances (large partnerships)

5.2.2.3 Quick research and accounts checking if complete strangers (very rare)

5.2.2.4 Direct approach to organizations with previous working relationship

5.2.2.5 Developing relationships and understanding of targeted outcomes/impacts to be delivered through discussions, workshops, meetings (transparency)

5.2.2.6 Targeting similar NPOs (similar interests) as partners to deliver more impact on specific issues

5.2.2.7 Building trust and relationships through work on previous projects

5.2.2.8 Philanthropy service agreement outlining the work to be done, process and objectives

5.2.2.9 Ethical risk assessment for funding companies (potential partner activities and policies wrt specific NPO issues, development strategy, broader sustainability issues, commitments to welfare-involving likelihoods, potential consequences of partnership)

## 5.3 Recommended future process aspects or procedures to be used

### 5.3.1 NWL

5.3.1.1 flexibility in process for recognizing right opportunities and targeted benefits regardless of type of partner, ability to be reactive to unforeseen or out of control circumstances, more open (not rigid, doesn't have to be systematic, needs to feel right)

5.3.1.2 both systematic and flexible process

5.3.1.2.1 strategic partnership (serving business strategy) requires more systematic process in selection rather than opportunistically

5.3.1.2.2 time horizon longer requires strategic partner which needs systematic process, whereas shorter time span can involve more flexibility in partner selection

- 5.3.1.3 transaction costs
  - 5.3.1.3.1 getting value for money, return on investment
  - 5.3.1.3.2 need to measure tangible benefits being delivered
  - 5.3.1.3.3 greater (time and money) commitment and costs when taking the lead in partnership
- 5.3.1.4 impact or value driven
  - 5.3.1.4.1 wherever it is and however you define it, could be low cost
  - 5.3.1.4.2 could be best partner to deliver
  - 5.3.1.4.3 mutual benefits, shared value creation, added value (saving on resources like cost and HR for NWL, legal responsibility sorted out)
  - 5.3.1.4.4 need to define value needed from partnership from outset to deliver more value/impact (clear strategic objective to be achieved from partnership)
    - 5.3.1.4.4.1 difficult to define and quantify the more subjective measures of value
  - 5.3.1.4.5 identify value chain and check that it is aligned with value chain of potential partners
  - 5.3.1.4.6 potential value or impact delivered that can't be done in isolation (by one partner)
- 5.3.1.5 stakeholder analysis not needed as criteria for partner selection as it is too robust and no use in this context, (stakeholder analysis applicable at NWL at project level for understanding different stakeholder objectives, who would agree, disagree, supporting or not, have interests, can provide solutions, working with and impacted by project, influence, empowerment matrix, who has power, do they align), recommended for future to be done for planning strategically at NWL for non-project level from an outcome position
- 5.3.1.6 need for more conversations and engaging in more discussions with potential partners, break out of group think type of approach to develop new ideas and partnerships

#### 5.4 Multiple partners option

- 5.4.1 Factors considered in selection and purpose
  - 5.4.1.1 common aims, values or interests in same issue (alignment)
  - 5.4.1.2 rules and regulations
  - 5.4.1.3 access specific required expertise or skills provided by various partners
  - 5.4.1.4 widen scope of reach to various stakeholders or customers (or regions)
  - 5.4.1.5 Complexity of issue
  - 5.4.1.6 Need for power
  - 5.4.1.7 Need for authority
  - 5.4.1.8 Need for resources (e.g. funding)
  - 5.4.1.9 Considerable size and scale (scope) of project (multi-faceted)

- 5.4.1.10 Enhancing delivery of various required goals and outcomes
- 5.4.1.11 Access to different ways of doing things
- 5.4.1.12 Enhancing equality in partnerships from lead partner's perspective (dividing the cake)
- 5.4.1.13 Widen extent of impact and value (integrated approach)
- 5.4.1.14 More publicity
- 5.4.1.15 Access to potential new opportunities for networking and funding
- 5.4.2 Disadvantages
  - 5.4.2.1 Increased complexity in delivery with increase in partners
  - 5.4.2.2 Difficulty in managing partnership

## **6. Partnership impact evaluation**

### 6.1 Issues and challenges

- 6.1.1 Limited visibility of outcomes and impacts around the business
- 6.1.2 Reporting on inputs and outputs rather than outcomes and impacts
- 6.1.3 Difficulty in assessing long-term impacts
- 6.1.4 Lack of rigorous system in assessing partnerships and their benefits to the business
- 6.1.5 Complexity in managing and recording progress information from multiple partners
- 6.1.6 Weaknesses in evaluation knowledge
- 6.1.7 Lack of time
- 6.1.8 Lack of resources (money)
- 6.1.9 Complexity arising from cause effect attribution
- 6.1.10 Difficulty in accounting for indirect external factors (e.g. climate change)

### 6.2 Approach or tools used

- 6.2.1 Defining and agreeing on outcomes and measures of success at outset and later evaluation
- 6.2.2 Assign clear milestones of delivery of outcomes and later evaluation
- 6.2.3 Assigning budget and evaluating post-project cost
- 6.2.4 IRR
- 6.2.5 Social Return on Investment (SRI)
- 6.2.6 Reporting on inputs and short-term quantifiable outputs
- 6.2.7 Service level agreement (SLA)
- 6.2.8 Data collection methods
  - 6.2.8.1 Questionnaires and surveys (satisfaction, behavioural change impact, reputation)
  - 6.2.8.2 narrative accounts and visual methods (arts involvement, depiction, social media feedback)
  - 6.2.8.3 mixture of qualitative (soft measures-surveys-for proper perspective and understanding) and quantitative data (hard measures-biodiversity, number of visitors, scientific)
  - 6.2.8.4 comparative data (long-term, surveys involving count)

- 6.2.8.5 long-term data collection approach to evaluating conservation impacts
- 6.2.9 Delivery board responsible for monitoring and providing progress and outcome reports (more structure for large complex partnerships)
- 6.2.10 Effective management system for recording evidence-based impact information
- 6.2.11 Quick internal evaluation (budget, timescale, delivery of outcomes) for small projects
- 6.2.12 Executive board with strategic role identifying new ideas and opportunities
- 6.2.13 Proxy indicators approach to assessment (estimate due to external factors not taken into account like climate change)
- 6.2.14 Reliable data analysis
- 6.2.15 Report assessing money spent and deliverables
- 6.2.16 Financial and performance audit of programs
- 6.2.17 Ongoing evaluation of partnership performance and outcomes through regular meetings and discussions (e.g. ticking boxes)
- 6.2.18 In some cases no need for hard and fast evaluation when partnership has a history (10 years), is based on mutual understanding and confidence in delivery in contrast to younger partnerships
- 6.2.19 Monitoring report assessed and scored by NPO according to agreed objectives and outcomes specified at outset by funded group fed back into annual impact report submitted to NWL or funder
- 6.2.20 Project visits for monitoring
- 6.2.21 Reporting (quarterly) on progress against plan (inputs, outputs) to trustees using up to three KPIs
- 6.2.22 Return on investment and financial tracking (inputs, outputs)
- 6.2.23 KPIs
- 6.3 Recommended approach or tools used
  - 6.3.1 Built-in assessment process for project-based partnership
  - 6.3.2 Baseline assessment before start of project for effectively assessing impact post project
    - 6.3.2.1 Significance in understanding if intervention was successful for improving future performance and strategies (driving partnership work forward)
  - 6.3.3 project visits done by donors (funders) for learning purposes and for reviewing and discussing progress with funded groups (grantees)
  - 6.3.4 monitoring and evaluation of partnership should be planned at outset with sufficient time and budget allocated and involving effective stakeholder engagement process
- 6.4 Partners involved in process
  - 6.4.1 Who to involve depends on
    - 6.4.1.1 time allocated

- 6.4.1.2 budget allocated
- 6.4.2 all partners
  - 6.4.2.1 Role according to NWL
    - 6.4.2.1.1 NPO partners prepare data collection and outcomes report
    - 6.4.2.1.2 NWL reviews outcomes report (and discusses with partner in meeting)
  - 6.4.2.2 Role according to NPO
    - 6.4.2.2.1 Delivery partners in delivery board assess delivery of outcomes (for large complex partnerships)
    - 6.4.2.2.2 NPO team and its delivery partners in countries of operation prepare evaluation reports for sharing and review by business partner
    - 6.4.2.2.3 NPO receives and grades monitoring report from funded group, which results in impact report submitted to NWL or funder for review
    - 6.4.2.2.4 Progress report prepared by NPO and submitted for review by trustees
    - 6.4.2.2.5 Both business and NPO assess outcomes and partnership performance (milestone, budget etc.) during annual review through discussions and meetings
- 6.4.3 external consultancies
  - 6.4.3.1 Factors for consideration and advantages
    - 6.4.3.1.1 provision of broader scrutiny
    - 6.4.3.1.2 big and significant projects with broad scope
    - 6.4.3.1.3 robust evaluation and result verification/validation (audit, quality control, evidence base)
    - 6.4.3.1.4 impact assessment expertise
    - 6.4.3.1.5 access to expert advice and relevant expertise
    - 6.4.3.1.6 independent (unbiased) perspective
    - 6.4.3.1.7 lack of time and human resources
    - 6.4.3.1.8 increased impact on relevant stakeholders
    - 6.4.3.1.9 increased credibility
    - 6.4.3.1.10 Money or funding availability
  - 6.4.3.2 Disadvantages
    - 6.4.3.2.1 Cost
- 6.4.4 relevant stakeholders including external ones
- 6.4.5 partners and external expert (formal group)
- 6.4.6 all partners or delivery partners and relevant external stakeholders

## 7. Agreement Interaction in Focus group

### 7.1 Agrees with proposed statement

- 7.1.1 Highlights priority to alignment of values and objectives as partner selection criteria
- 7.1.2 Highlights trust as priority in selection criteria
- 7.1.3 Highlights need for right balance between reactive (project based, as lot of pressures are on shorter term) and proactive (usually longer term strategic) approach to partnership work
- 7.1.4 Highlights NWL's leaning towards more reactive approach (project based) in partnership work rather than spending enough time understanding strategic objectives and developing strategic level plans for strategic partnerships which is crucial and recommended as it could have avoided current issues
- 7.1.5 Highlights one of the reasons for reactive partnership work to be resource pressure that forces NWL (and other businesses currently) into prioritization "problem today is a greater priority than benefit tomorrow"
- 7.1.6 Highlights NWL has already initiated going into strategic alliances over the long-term like StepChange
- 7.1.7 Highlights both partners need to collect data and review progress, check regularly, and do corrective action when needed
- 7.1.8 Highlights need for quantification of impact when possible, otherwise has to be qualitatively assessed
- 7.1.9 strategic partnership can also be short-term, reactive can also be doing same thing in longer term, longer term can be about working differently and innovatively proactively
- 7.1.10 benefits for community and for business (balance), otherwise NWL wouldn't do it if no business benefit to it
- 7.1.11 current change from businesses adopting the transactional approach to partnership to more focus on having added value, by aligning business objectives with those of key stakeholders
- 7.1.12 Need for visibility at NWL of partners and benefits because
  - 7.1.12.1 Employees unified as business through common way and purpose
  - 7.1.12.2 drives better employee engagement and involvement
  - 7.1.12.3 understanding of employees of partnerships, who the partner organizations are, partnership benefits and outcomes, helps in driving of business vision, values, common goals
  - 7.1.12.4 help in deriving more strategic impact or value by making employees understand partnerships
  - 7.1.12.5 influencing or changing behaviours in business in positive way
  - 7.1.12.6 opens up opportunities for sharing lessons and learning leading to more efficiency and better outcomes
  - 7.1.12.7 support in better delivery of outcomes by engaging and communicating to employees and supply chain

- 7.1.12.8 model showing employees, supply chain (people in business), partners, work being done in business, and people who influence or have input on the work like CRM
- 7.1.12.9 application or other tool for disseminating information to all NWL employees/employee base showing partner organizations and benefits/impacts, to be updated continuously, ease of access to information to employees
- 7.1.12.10 influencing and maintaining long-term change in organizational behaviours
- 7.1.12.11 people are more empowered and more aligned to the business
- 7.1.12.12 need for simplistic tool to manage that doesn't divert too much resource, self-manage, not something new
- 7.2 Agrees with previous participant
- 7.3 Disagrees with proposed statement in that
  - 7.3.1 questions whether NWL prioritizes sustainability in the first place
  - 7.3.2 priority is the business outcomes which happen to relate to sustainability issues and not the sustainability issues
- 7.4 Partially agrees/disagrees with proposed statement in that
  - 7.4.1 prioritization process of investment programs rather than sustainability, where NWL's focus is short-term where it should be long-term
  - 7.4.2 future horizons document has longer term (20140) vision and more aligned with sustainability agenda, but lack of money is obstacle
  - 7.4.3 need to partner with organizations even if they don't have track record, expertise, as they could be new and innovative in their ways of doing things, to avoid limitations in work and thinking
  - 7.4.4 Highlights trust as priority in selection criteria, compares partnership to marriage relationship, and also supports notion of having new and different partners that might not have the track record, expertise but trust is basis
- 7.5 Partially agrees/disagrees with previous participant
- 7.6 Disagrees with previous participant
- 7.7 Builds on previous participant argument

## ***Developed Template – version 2***

### **1. Prioritization process of sustainability issues at NWL**

- 1.1 Reactive
  - 1.1.1 More prevalent
  - 1.1.2 Especially with respect to unforeseen circumstances and issues
- 1.2 Proactive according to
  - 1.2.1 legislations and regulations (e.g. Water Framework Directive)
  - 1.2.2 Water Forum
  - 1.2.3 extensive research program that checks with customers
  - 1.2.4 5 year asset management planning (AMP) cycle involving capital investment schemes submitted to Ofwat
- 1.3 Approach or tools used
  - 1.3.1 Live process where issues have values and ratings assigned which determine prioritized list of integrated issues with respect to external social and environmental impacts
  - 1.3.2 Cost benefit ranking with respect to impact of issue on business
  - 1.3.3 Balanced Scorecard
- 1.4 Budget for addressing material sustainability issues
  - 1.4.1 No separate budget provision for addressing sustainability issues
  - 1.4.2 Budget priority mainly split between
    - 1.4.2.1 capital investment on different asset needs/significant (prioritized or critical) issues (based on AMP cycle) through specific program delivery
    - 1.4.2.2 operational expenditure (OPEX) where issue becomes handled in routine procedures or activities
    - 1.4.2.3 research and development (R&D) investment

### **2. Assessment of current partnership work**

- 2.1 General partnership work support to NWL and other organizations
  - 2.1.1 Shared objectives and interests in addressing issues
  - 2.1.2 Shared benefits or value creation
  - 2.1.3 Shared learning, expertise, and knowledge
  - 2.1.4 Access and better reach to relevant stakeholders through networking opportunities
  - 2.1.5 access to different resources
  - 2.1.6 Strategic value in approach to addressing challenges or issues
  - 2.1.7 Enhancing creativity and innovation in ways of working and identifying opportunities
  - 2.1.8 Enhancing collective voice for addressing issues
  - 2.1.9 NWL employees becoming more holistically business focused with a common purpose rather than functionally focused

- 2.1.10 Access to different partners for delivering various program and project objectives
- 2.1.11 Providing permissions through regulatory role
- 2.1.12 Advocacy in influencing decision-makers and policy work
- 2.1.13 increasing support base for addressing sustainability issues
- 2.1.14 fundraising support
- 2.2 NPO-Business partnership work
  - 2.2.1 NPO support to NWL
    - 2.2.1.1 Enhancing awareness of local issues
    - 2.2.1.2 Better access and reach of the right stakeholders for a project
    - 2.2.1.3 Enhancing effective engagement with different stakeholders or customers
    - 2.2.1.4 Increased perception of trust
    - 2.2.1.5 Access to volunteers
    - 2.2.1.6 Added mutual value
    - 2.2.1.7 Getting message across to relevant stakeholders
    - 2.2.1.8 Delivery of specific project outcomes and wider societal benefits
    - 2.2.1.9 Enhancing local buy-in to project, local knowledge and experience in operating areas
    - 2.2.1.10 Increase in level of influence on communities and customers in operating areas
    - 2.2.1.11 Cost and human resource savings
    - 2.2.1.12 Ability to lead on, influence and shape policy work
    - 2.2.1.13 Enhancing reputation
  - 2.2.2 General business support to NPO
    - 2.2.2.1 Funding or fundraising support
    - 2.2.2.2 Access to volunteers
    - 2.2.2.3 Material donation
    - 2.2.2.4 Access to business work strategy/approach
    - 2.2.2.5 Access to various sectors
    - 2.2.2.6 Corporate business membership of trusts
    - 2.2.2.7 Access to skills, knowledge, expertise, and resources of businesses
    - 2.2.2.8 Access to business stakeholders and customer base for engaging/communicating specific messages
    - 2.2.2.9 Access to new ideas and opportunities to work differently
    - 2.2.2.10 Advocacy in influencing leaders and decision-makers through collective voice in addressing specific sustainability issues
    - 2.2.2.11 Affecting policy work by identifying and understanding the key issues to be addressed through access to expertise and knowledge
    - 2.2.2.12 Commitment and adoption of good policies and best practice for addressing sustainability issues
    - 2.2.2.13 Involvement in initiatives or activities and behaviour change campaigns that address sustainability issues

- 2.2.2.14 Raising awareness on sustainability issues amongst stakeholders and customers
- 2.2.3 NWL support to NPO
  - 2.2.3.1 Positive or strong impact from association with the only and leading water company in Northeast
  - 2.2.3.2 Tackling of sustainability issues and enhancing delivery of sustainability outcomes and impacts
  - 2.2.3.3 trust or board membership prestigious impact
  - 2.2.3.4 level of support and influence in terms of magnitude of resources and budgets they manage
  - 2.2.3.5 funding or fundraising support for specific issues
  - 2.2.3.6 volunteering
  - 2.2.3.7 material donation
  - 2.2.3.8 access to skills, knowledge and expertise
  - 2.2.3.9 access to the business stakeholder connections/relationships including customers
  - 2.2.3.10 Leveraging support from the various business stakeholders including its partners
  - 2.2.3.11 Advocacy for influencing MPs, decision-makers and relevant stakeholders through collective voice
  - 2.2.3.12 Strengthening of credibility
  - 2.2.3.13 Affecting policy work by identifying and understanding the key issues to be addressed through access to NWL's expertise and knowledge
  - 2.2.3.14 Effective communication channel to reach/influence relevant stakeholders and customers
  - 2.2.3.15 Values and strategy that aligns with governmental regulations such as Water Framework Directive that aligns with NPO strategy
  - 2.2.3.16 Provide environmental and social benefits/contribution that don't exceed organizational benefits for NWL
- 2.2.4 Financial value of partnership from NPO perspective based on
  - 2.2.4.1 delivery of tangible outcomes
    - 2.2.4.1.1 identifying what outcomes/goals can be delivered (scope of work)
    - 2.2.4.1.2 process of delivery
    - 2.2.4.1.3 Required resources and respective costs
    - 2.2.4.1.4 Amount of time (timescale) and time value
  - 2.2.4.2 Fixed amount of funding or fundraising specified through formal contract or agreement to cover work fees and project/scheme grants (memorandum of understanding)
  - 2.2.4.3 Unspecified amount of fundraising or funding (varied donations)
  - 2.2.4.4 Difficulty in putting value on intangible outcomes
  - 2.2.4.5 Partner membership cost depending on nature of projects to be delivered within partnership

- 2.2.4.6 Aligning funding or grant money to priority issues/areas identified through surveys of people living in specific Northeast areas
- 2.3 Partnership approach to addressing material sustainability issues
  - 2.3.1 Project-based partnerships tackling specific issues (typically reactive and short-term)
  - 2.3.2 Partnerships based only on fundraising/funding
  - 2.3.3 Long-term strategic partnerships (collaborative integrated partnership, typically proactive)
    - 2.3.3.1 High level of stakeholder engagement, analysis and management (stakeholder analysis done at project level at NWL for understanding different stakeholder objectives, who would agree, disagree, supporting or not, can provide solutions, working with and impacted by project)
    - 2.3.3.2 strategic value
    - 2.3.3.3 synergistic value including social, environmental and economic
    - 2.3.3.4 shared value creation
    - 2.3.3.5 Broad scope of activities
    - 2.3.3.6 Managerial complexity requiring robust program management
    - 2.3.3.7 Systemic impact or change (typically long-term)
- 2.4 Partnership Success
  - 2.4.1 Success rate
    - 2.4.1.1 High
    - 2.4.1.2 50%
  - 2.4.2 Reasons for success
    - 2.4.2.1 Alignment of objectives
    - 2.4.2.2 Setting and agreeing on clear objectives at outset
    - 2.4.2.3 Securing stakeholder advocacy
    - 2.4.2.4 Effective stakeholder and partner engagement
    - 2.4.2.5 Responsibility and commitment, for delivery from both partners
    - 2.4.2.6 Required capabilities/skills expertise, and knowledge for delivery from both partners
    - 2.4.2.7 Alignment of resources
    - 2.4.2.8 Flexibility in rules and regulations
    - 2.4.2.9 Review and monitoring of progress in delivery of objectives
    - 2.4.2.10 Trust
    - 2.4.2.11 Transparency
    - 2.4.2.12 Effective communication
    - 2.4.2.13 Effective relationship management
  - 2.4.3 Reasons for lack of success
    - 2.4.3.1 Not clearly agreeing or discussing objectives
    - 2.4.3.2 Partner not delivering according to agreed objectives
    - 2.4.3.3 No follow-up or reporting of delivered outcomes
    - 2.4.3.4 Limitations from rules and regulations, and people's different interpretations of them

- 2.4.3.5 Limitations from people's different interpretations of definitions/scope of work
- 2.4.3.6 Misaligned objectives
- 2.4.3.7 Distrust
- 2.4.3.8 Power relations and lack of equality (e.g. based on organization size, gender)
- 2.4.3.9 Division of money issues
- 2.4.3.10 Lack of formal agreement
- 2.4.3.11 Lack of clarity in communication
- 2.4.3.12 Lack of time and human resources
- 2.4.3.13 Not ready to engage
- 2.4.3.14 Difference in knowledge around particular issues
- 2.4.3.15 Cultural and economic factors that come into play especially around difficult and sensitive issues

### **3. Future recommended partnership work**

- 3.1 Recommended partnership work/approach by NWL with any partner
  - 3.1.1 Need for right balance between reactive (here and now) and proactive (strategic longer term) approach while ensuring there's value added from both approaches
  - 3.1.2 Avoid risk of being restrictive in partnership work when labeling partnerships, the partner organizations and the benefits to be delivered, and necessary to work unrestrictedly with many partners due to limited resources/funding and great number of sustainability issues to address
  - 3.1.3 Need for reshaping NWL business strategy in partnership work, which helps identify NWL objectives and partnership work goals
  - 3.1.4 Right direction and right outcomes of partnership work need to be targeted as extreme resource pressure affecting potential partners and local authorities, and therefore it's imperative to be efficient and effective in sparing some of the scarce resources
- 3.2 Recommended partnership work by NPO
  - 3.2.1 With NWL
    - 3.2.1.1 more strategic value needed with bigger impact (tactical approach)
    - 3.2.1.2 bigger and more key role to play by NWL
    - 3.2.1.3 targeting long-term behavioural change with shared value creation
  - 3.2.2 With any partner
    - 3.2.2.1 Provision of unrestricted funding in partnership to tackle emergency issues

### **4. Partner Selection**

- 4.1 Criteria for selection
  - 4.1.1 alignment of values, mission and objectives
  - 4.1.2 reputation
  - 4.1.3 right level of resource

- 4.1.4 trust (more predominant for small partnerships)
- 4.1.5 previous partnership experience and track record of outcome delivery
- 4.1.6 historic relationship
- 4.1.7 credibility
- 4.1.8 expertise, knowledge and skills in relevant field
- 4.1.9 innovation
- 4.1.10 cost or financial value
- 4.1.11 capability to add value/deliver benefits (impacts) with respect to identified issues and respective opportunities
- 4.1.12 Ethics
- 4.1.13 Diversity
- 4.1.14 geographic location when it's necessary to work in same location or site
- 4.1.15 corporate sustainability
- 4.1.16 corporate significance/responsibility and strategic nature
- 4.1.17 extent of influence over relevant stakeholders and collective voice
- 4.1.18 balanced representation from all sectors
- 4.1.19 leading in respective field
- 4.1.20 Level of commitment and involvement to addressing issues
- 4.1.21 Scope of work and activities
- 4.1.22 Corporate strategy and policies
- 4.1.23 Type of sustainability issues being addressed
- 4.2 Process aspects or procedures used
  - 4.2.1 NWL
    - 4.2.1.1 project-based procurement procedures (tender process based on least cost, agreeing to deliver specified outcomes according to specified project scope)
    - 4.2.1.2 relationship development based on mutual understanding through discussions, meetings, and in some cases small-scale projects
    - 4.2.1.3 reactive to individual needs and issues
  - 4.2.2 NPO
    - 4.2.2.1 Invitation to tender based on outcomes to be delivered and process of delivery (large partnerships)
    - 4.2.2.2 Questionnaire on expertise, local knowledge, finances (large partnerships)
    - 4.2.2.3 Quick research and accounts checking if complete strangers (very rare)
    - 4.2.2.4 Direct approach to organizations with previous working relationship
    - 4.2.2.5 Developing relationships and understanding of targeted outcomes/impacts to be delivered through discussions, workshops, meetings
    - 4.2.2.6 Targeting similar NPOs (similar interests/objectives) as partners to deliver substantial impact on specific issues
    - 4.2.2.7 Building trust and relationships through work on various projects

- 4.2.2.8 Philanthropy service agreement outlining the work to be done, process and objectives
- 4.2.2.9 Ethical risk assessment for funding companies (assess potential partner activities and policies with respect to specific NPO issues, development strategy, broader sustainability issues, commitments to welfare; process involves likelihoods and potential consequences of partnership)
- 4.3 Recommended future process aspects or procedures to be used by NWL
  - 4.3.1 flexibility in process for recognizing right opportunities and targeted benefits regardless of type of partner, ability to be reactive to unforeseen or out of control circumstances, more open
  - 4.3.2 both systematic and flexible process
    - 4.3.2.1 strategic partnership (serving business strategy) requires more systematic process in selection rather than opportunistic approach
    - 4.3.2.2 longer time horizon partnership involving strategic partner needs systematic process for selection, whereas shorter time span can involve more flexibility in partner selection
  - 4.3.3 transaction costs
    - 4.3.3.1 getting value for money, return on investment
    - 4.3.3.2 need to measure tangible benefits being delivered
    - 4.3.3.3 greater (time and resource) commitment and costs when taking the lead in partnership
  - 4.3.4 impact or value driven
    - 4.3.4.1 wherever it is and however you define it
    - 4.3.4.2 could be around low cost
    - 4.3.4.3 could be around best partner to deliver
    - 4.3.4.4 mutual benefits, shared value creation, added value
    - 4.3.4.5 need to define value needed from partnership from outset to deliver more value/impact (clear strategic objective to be achieved from partnership)
      - 4.3.4.5.1 difficult to define and quantify the more subjective measures of value
    - 4.3.4.6 identify value chain and check that it is aligned with value chain of potential partners
    - 4.3.4.7 identify potential value or impact to be delivered that can't be done in isolation
  - 4.3.5 stakeholder analysis is not used in process of partner selection at NWL as it is too robust and is not applicable in this context (it is recommended for the future to be done at NWL for planning strategically at non-project level from an outcome position)
  - 4.3.6 need for more conversations and engaging in more discussions with potential partners, to break out of group think type of approach to develop new ideas and new partnerships

- 4.4 Multiple partners option
  - 4.4.1 Factors/criteria for considering option
    - 4.4.1.1 common aims, values or interests in same issue
    - 4.4.1.2 rules and regulations
    - 4.4.1.3 Complexity of issue
    - 4.4.1.4 Considerable size and scale of project
  - 4.4.2 Purpose/motive
    - 4.4.2.1 Enhancing delivery of various required goals and outcomes
    - 4.4.2.2 Access to different ways/approaches to doing things
    - 4.4.2.3 Enhancing equality in partnerships from lead partner's perspective (dividing the cake)
    - 4.4.2.4 Widen extent of impact and value
    - 4.4.2.5 Enhancing more publicity
    - 4.4.2.6 Access to potential new opportunities for networking and funding
    - 4.4.2.7 access specific required expertise or skills provided by various partners
    - 4.4.2.8 widen scope of reach to various stakeholders/customers or regions
    - 4.4.2.9 Need for power
    - 4.4.2.10 Need for authority
    - 4.4.2.11 Need for resources (e.g. funding)
  - 4.4.3 Disadvantages
    - 4.4.3.1 Increased complexity in delivery with increase in partners
    - 4.4.3.2 Difficulty in managing partnership

## **5. Partnership impact evaluation**

- 5.1 Issues and challenges
  - 5.1.1 Limited visibility of outcomes and impacts around the business
  - 5.1.2 Reporting on inputs and outputs rather than outcomes and impacts
  - 5.1.3 Difficulty in assessing long-term impacts
  - 5.1.4 Lack of rigorous system in assessing partnerships and their benefits to the business
  - 5.1.5 Complexity in managing and recording progress information from multiple partners
  - 5.1.6 Weaknesses in evaluation knowledge
  - 5.1.7 Lack of time
  - 5.1.8 Lack of resources
  - 5.1.9 Complexity arising from cause effect attribution
  - 5.1.10 Difficulty in accounting for indirect external factors
- 5.2 Approach or tools used
  - 5.2.1 Defining and agreeing on outcomes, delivery milestones and measures of success at outset and later evaluation
  - 5.2.2 Assigning budget and evaluating post-project cost

- 5.2.3 IRR
- 5.2.4 Social Return on Investment (SRI)
- 5.2.5 Reporting on inputs and short-term quantifiable outputs
- 5.2.6 Service level agreement (SLA)
- 5.2.7 Data collection
  - 5.2.7.1 Questionnaires and surveys (satisfaction, behavioural change impact, reputation)
  - 5.2.7.2 narrative accounts and visual methods (arts involvement, depiction, social media feedback)
  - 5.2.7.3 mixture of qualitative and quantitative data
  - 5.2.7.4 long-term data collection approach to evaluating conservation impacts (comparative data)
- 5.2.8 Delivery board responsible for monitoring and providing progress and outcome reports (more structure for large complex partnerships)
- 5.2.9 Effective management system for recording evidence-based impact information
- 5.2.10 Quick internal evaluation (budget, timescale, delivery of outcomes) for small projects
- 5.2.11 Proxy indicators approach to assessment
- 5.2.12 Reliable data analysis in impact measurement
- 5.2.13 Statistical analysis
- 5.2.14 Report assessing money spent and deliverables
- 5.2.15 Financial and performance audit of programs
- 5.2.16 Ongoing evaluation of partnership performance and outcomes through regular meetings and discussions
- 5.2.17 In some cases no need for hard and fast evaluation when partnership has a history
- 5.2.18 Monitoring report assessed and scored by NPO according to agreed objectives and outcomes specified at outset by funded group fed back into annual impact report submitted to NWL or funder
- 5.2.19 Project visits for monitoring
- 5.2.20 Reporting (quarterly) on progress against plan (inputs, outputs) to trustees using KPIs
- 5.2.21 Return on investment and financial tracking (inputs, outputs)
- 5.3 Recommended approach or tools
  - 5.3.1 Built-in assessment process for project-based partnership
  - 5.3.2 Baseline assessment before start of project for effectively assessing impact post project
    - 5.3.2.1 Significance in understanding if intervention was successful for improving future performance and strategies
  - 5.3.3 project visits done by donors (funders) for learning purposes and for reviewing and discussing progress with funded groups (grantees)

- 5.3.4 monitoring and evaluation of partnership should be planned at outset with sufficient time and budget allocated, and involving effective stakeholder engagement process
- 5.4 Partners/others involved in process
  - 5.4.1 Factors considered
    - 5.4.1.1 time allocated
    - 5.4.1.2 budget allocated
  - 5.4.2 all partners
    - 5.4.2.1 Role according to NWL
      - 5.4.2.1.1 NPO partners prepare data collection and outcomes report
      - 5.4.2.1.2 NWL reviews outcomes report and may discuss with partner in meeting
    - 5.4.2.2 Role according to NPO
      - 5.4.2.2.1 Delivery partners in delivery board assess delivery of outcomes (for large complex partnerships)
      - 5.4.2.2.2 NPO team and its delivery partners in countries of operation prepare evaluation reports for sharing and review by business partner
      - 5.4.2.2.3 NPO receives and grades monitoring report from funded group, which results in impact report submitted to NWL or funder for review
      - 5.4.2.2.4 Progress report prepared by NPO and submitted to trustees for review
      - 5.4.2.2.5 Both business and NPO partners assess outcomes and partnership performance (milestones, budget etc.) during annual review through discussions and meetings
  - 5.4.3 external consultancies
    - 5.4.3.1 Factors for consideration
      - 5.4.3.1.1 big and significant projects with broad scope
      - 5.4.3.1.2 lack of time and human resources within partner organizations
      - 5.4.3.1.3 Money or funding availability
    - 5.4.3.2 Advantages
      - 5.4.3.2.1 provision of broader scrutiny
      - 5.4.3.2.2 robust evaluation and result verification/validation

- 5.4.3.2.3 impact assessment expertise
- 5.4.3.2.4 access to expert advice
- 5.4.3.2.5 independent (unbiased) perspective
- 5.4.3.2.6 increased influence on relevant stakeholders
- 5.4.3.2.7 increased credibility
- 5.4.3.3 Disadvantages
  - 5.4.3.3.1 Cost
- 5.4.4 relevant stakeholders including external ones
- 5.4.5 partners and external expert (formal group)
- 5.4.6 all partners or delivery partners and relevant external stakeholders

## **6 Participant Agreement Interaction in Focus group**

6.1 Agrees with proposed statement (reference to discussion topic number from the focus group agenda)

- 6.1.1 Discussion topic 2.5
  - 6.1.1.1 Highlights that alignment of values and objectives is priority in selecting partners
  - 6.1.1.2 Highlights trust as priority in partner selection criteria
- 6.1.2 Discussion topic 2.8
  - 6.1.2.1 Highlights need for right balance between reactive (project based, as lot of pressures are on shorter term) and proactive (usually longer term strategic) approach to partnership work
  - 6.1.2.2 Highlights NWL's leaning towards more reactive approach (project based) in partnership work rather than spending enough time understanding strategic objectives and developing strategic level plans for strategic partnerships (which is more crucial)
  - 6.1.2.3 Highlights one of the reasons for reactive partnership work to be resource pressure that forces NWL (and other businesses currently) into prioritization "problem today is a greater priority than benefit tomorrow"
  - 6.1.2.4 Highlights NWL has already initiated going into strategic alliances over the long-term like StepChange
  - 6.1.2.5 strategic partnership can also be short-term, reactive can also be doing same thing in longer term, longer term can be about working differently and innovatively in a proactive approach
  - 6.1.2.6 current change from businesses adopting the transactional approach to partnership to more



- 6.1.4.1.10 application or other tool for disseminating information to all NWL employees/employee base showing partner organizations and benefits/impacts, to be updated continuously, with ease of access
- 6.1.4.1.11 need for simplistic tool to manage that doesn't divert too much resource, can self-manage
- 6.2 Partially agrees/disagrees with proposed statement in that
  - 6.2.1 Discussion topic 2.1
    - 6.2.1.1 prioritization process of investment programs rather than sustainability, whereby NWL's focus is short-term whereas it should be long-term
    - 6.2.1.2 future horizons document has longer term (2040) vision and is more aligned with sustainability agenda, but lack of money is obstacle
  - 6.2.2 Discussion topic 2.5
    - 6.2.2.1 need to partner with new/different organizations even if they don't have track record, expertise, as they could be new and innovative in their ways of doing things (to avoid limitations in work and thinking approach)
- 6.3 Disagrees with proposed statement in that
  - 6.3.1 Discussion topic 2.1
    - 6.3.1.1 Doubts/questions whether NWL prioritizes sustainability in the first place
    - 6.3.1.2 priority is given to the business outcomes (rather than sustainability issues) which happen to relate to sustainability issues
- 6.4 Agrees with previous participant
- 6.5 Partially agrees/disagrees with previous participant
- 6.6 Builds on previous participant argument

## *Final Template – version 3*

1. **Prioritization process of sustainability issues at NWL** (*different for North/South*)
  - 1.1 Reactive (*typically short-term*)
    - 1.1.1 More prevalent
    - 1.1.2 Especially with respect to unforeseen circumstances and issues
  - 1.2 Proactive (*more long-term*) according to
    - 1.2.1 legislations and regulations (*e.g. Water Framework Directive*)
    - 1.2.2 Water Forum (*includes NGOs, other NPOs*)
    - 1.2.3 Extensive research program that identifies customer priorities (*Note: The entire business plan is built upon what customers say they want – i.e. the outcomes and what customers are willing to pay for this*).
    - 1.2.4 5 year asset management planning (AMP) cycle (*involving capital investment schemes consistent with business objectives submitted to Ofwat*)
      - 1.2.4.1 Prioritization of investment programs rather than sustainability
      - 1.2.4.2 priority is given to the business outcomes which happen to relate to sustainability issues (*outcomes around strategic themes focused on vision/mission of being national leader rather than sustainability issues*)
      - 1.2.4.3 sustainability issues are integrated into single business strategy (*no separate sustainability strategy as issues are fundamental to business objectives*)
  - 1.3 Approach or tools used
    - 1.3.1 Live process where issues have values and ratings assigned which determine prioritized list of integrated issues with respect to external social and environmental impacts
    - 1.3.2 Cost benefit ranking with respect to impact of issue on business
    - 1.3.3 Balanced Scorecard
  - 1.4 Recommended approach
    - 1.4.1 Need for more long-term focus in addressing sustainability
    - 1.4.2 Need to prioritize issues that are aligned with sustainability agenda
  - 1.5 Budget for addressing material sustainability issues
    - 1.5.1 No separate budget provision for addressing sustainability issues
    - 1.5.2 Budget priority mainly split between
      - 1.5.2.1 capital investment (CAPEX) on different asset needs/significant issues through specific program delivery (*prioritized or critical issues based*)

*around impact on customers, investment is based on AMP cycle submitted to Ofwat for consideration and approval)*

1.5.2.2 operational expenditure (OPEX) where issue becomes handled in routine procedures or activities

1.5.2.3 research and development (R&D) investment

1.5.2.4 investment in community support and charitable causes (*e.g. volunteering in work time*)

## 1.6 Issues

1.6.1 lack of resources or money for long-term approach aligned with sustainability agenda

1.6.2 Prioritization is still considered a business challenge at NWL

1.6.3 Need for compromise in addressing issues as there is not enough money to tackle all issues perceived to be significant to NWL

## 2. Assessment of current partnership work

2.1 General partnership work support to NWL and other organizations (*according to NWL and NPO key informants*)

2.1.1 Shared benefits or value creation

2.1.2 Shared learning, expertise, and knowledge

2.1.3 Access and better reach to relevant stakeholders through networking opportunities

2.1.4 Access to different resources (*resource sharing, skills, knowledge, expertise, financial, legal, independent statistical analysis skills*)

2.1.5 Strategic value in approach to addressing challenges or issues

2.1.6 Enhancing creativity and innovation in ways of working and identifying opportunities (*skill sharing, capacity building*)

2.1.7 Enhancing collective voice for addressing issues

2.1.8 NWL employees becoming more holistically business focused with a common purpose rather than functionally focused

2.1.9 Access to different partners for delivering various program and project objectives

2.1.10 Providing permissions through regulatory role

2.1.11 Advocacy in influencing decision-makers and policy work

2.1.12 Increasing support base for addressing sustainability issues

2.1.13 Funding or fundraising support

2.1.14 Enhancing effectiveness in work delivery relative to working in isolation

2.1.15 Volunteering

2.1.16 Raising awareness on sustainability issues amongst stakeholders

2.2 NPO-Business partnership work

2.2.1 NPO support to NWL (*according to NWL key informants*)

2.2.1.1 Enhancing awareness of local issues

- 2.2.1.2 Better access and reach of the right (*suitable for project purpose*) stakeholders for a project (*e.g. through networks provided by NECC*)
  - 2.2.1.3 Enhancing effective engagement with different stakeholders or customers (*building relationships with customers*)
  - 2.2.1.4 Increased perception of trust and credibility
  - 2.2.1.5 Access to volunteers
  - 2.2.1.6 Added mutual value (*direct*)
  - 2.2.1.7 Getting message across to relevant stakeholders
  - 2.2.1.8 Delivery of specific project outcomes and wider societal benefits
  - 2.2.1.9 Enhancing local buy-in to project, local knowledge and experience in operating areas
  - 2.2.1.10 Increase in level of influence on communities and customers in operating areas (*indirect*)
  - 2.2.1.11 Cost and human resource savings
  - 2.2.1.12 Ability to lead on, influence and shape policy work
  - 2.2.1.13 Enhancing reputation
  - 2.2.1.14 Access to NPO expertise
  - 2.2.1.15 Enhancing creativity and innovation in ways of working and identifying opportunities
  - 2.2.1.16 Enhancing stakeholder participation in initiatives or activities and behaviour change campaigns that address sustainability issues (*water conservation, water efficiency*)
  - 2.2.1.17 Support in legal duties (*site management, habitat creation*)
- 2.2.2 General business support to NPO (*according to NPO key informants*)
- 2.2.2.1 Funding or fundraising support (*corporate sponsors*)
  - 2.2.2.2 Access to volunteers
  - 2.2.2.3 Material donation
  - 2.2.2.4 Access to business work strategy (*way of thinking*)
  - 2.2.2.5 Access to various sectors
  - 2.2.2.6 Corporate business membership of trusts or boards
  - 2.2.2.7 Access to skills, knowledge, expertise, and resources of businesses (*for skill sharing and capacity building*)
  - 2.2.2.8 Access to suitable or right business stakeholders and customer base for engaging/communicating specific messages (*including employee database*)
  - 2.2.2.9 Access to new ideas and opportunities to work differently (*through critical partners*)
  - 2.2.2.10 Advocacy in influencing leaders and decision-makers through collective voice in addressing specific sustainability issues
  - 2.2.2.11 Affecting policy work by identifying and understanding the key issues to be addressed through access to partner expertise and knowledge

- 2.2.2.12 Commitment and adoption of good policies and best practice by different businesses for addressing sustainability issues (*e.g. marine conservation*)
- 2.2.2.13 Involvement in initiatives or activities and behaviour change campaigns that address sustainability issues (*e.g. beach cleaning for marine conservation issue*)
- 2.2.2.14 Raising awareness on sustainability issues amongst stakeholders and customers (*e.g. marine conservation*)
- 2.2.3 NWL support to NPO (*according to NPO key informants*)
  - 2.2.3.1 Positive or strong impact from association with the only and leading water company in Northeast (*one of the leading in UK, high profile, key player*)
  - 2.2.3.2 Tackling of sustainability issues and enhancing delivery of sustainability outcomes and impacts
  - 2.2.3.3 trust or board membership prestigious impact (*kudos*)
  - 2.2.3.4 level of support and influence in terms of magnitude of resources and budgets they manage (*e.g. land resources*)
  - 2.2.3.5 funding or fundraising support for specific issues
  - 2.2.3.6 volunteering
  - 2.2.3.7 material donation
  - 2.2.3.8 access to skills, knowledge and expertise (*expert advice, that can also be used for third parties*)
  - 2.2.3.9 access to the business stakeholder connections/relationships including customers for support and influence (*for support, influence, forming other potential partnerships and future relationships, garnering further reach and support, spread message*)
  - 2.2.3.10 Leveraging support from the various business stakeholders including its partners
  - 2.2.3.11 Advocacy for influencing MPs, decision-makers and relevant stakeholders through collective voice
  - 2.2.3.12 Strengthening of credibility
  - 2.2.3.13 Affecting policy work by identifying and understanding the key issues to be addressed through access to NWL's expertise and knowledge
  - 2.2.3.14 Effective communication channel to reach/influence relevant stakeholders and customers
  - 2.2.3.15 Values and strategy that align with governmental regulations such as Water Framework Directive that aligns with NPO strategy
  - 2.2.3.16 Provide environmental and social benefits/contribution that don't exceed organizational benefits for NWL (*\*according to NWL key informants*)
  - 2.2.3.17 Shared benefits or value creation
  - 2.2.3.18 Enhancing awareness amongst stakeholders of particular issues

- 2.2.4 Financial value of partnership from NPO perspective
  - 2.2.4.1 Specified based on
    - 2.2.4.1.1 Delivery of tangible outcomes
      - 2.2.4.1.1.1 identifying what outcomes/goals can be delivered (*scope of work*)
      - 2.2.4.1.1.2 Process of delivery
      - 2.2.4.1.1.3 Required resources and respective costs (*including HR*)
      - 2.2.4.1.1.4 Amount of time and time value (*timescale*)
    - 2.2.4.1.2 Fixed amount of funding or fundraising specified through formal contract or partnership (philanthropy) agreement to cover work fees and project/scheme grants (*memorandum of understanding*)
    - 2.2.4.1.3 Unspecified amount of fundraising or funding (*varied donations*)
    - 2.2.4.1.4 Difficulty in putting value on intangible outcomes (*especially for policy work*)
    - 2.2.4.1.5 Difficulty in attributing particular costs to specific partnership (*especially for something needed to be done anyway so can't attribute*)
    - 2.2.4.1.6 Partner membership cost depending on nature of projects to be delivered within partnership and size of business (*membership or partnership agreement*)
    - 2.2.4.1.7 Aligning funding or grant money to priority issues/areas identified through surveys of people living in specific Northeast areas (*in vital signs report*)
  - 2.2.4.2 Factors affecting NPO budget or funding
    - 2.2.4.2.1 Decrease in core funding from government (public sector funding)
    - 2.2.4.2.2 More competition with tender for work approach
    - 2.2.4.2.3 Decrease in resource availability to address issues reactively (*"manage the here and now"* - *\*according to NWL focus group participant*)

### 2.3 Partnership approach to addressing material sustainability issues

- 2.3.1 Project-based partnerships tackling specific issues (*typically reactive and short-term*)
  - 2.3.1.1 More prevalent at NWL due to
    - 2.3.1.1.1 resource pressure that forces NWL and other businesses currently into reactive prioritization (*"problem today is a greater priority than benefit tomorrow"*)
- 2.3.2 Partnerships based only on fundraising/funding (*for providing solutions to identified issues through projects/research (surveys)*),

*lobbying, consultation services, influencing policies and strategies, through memorandum of understanding or agreement, providing specific services)*

2.3.3 Long-term strategic partnerships (*collaborative integrated partnership, typically proactive*)

2.3.3.1 Characteristics

2.3.3.1.1 High level of stakeholder engagement, analysis and management (*stakeholder analysis implemented at NWL at project level for understanding different stakeholder objectives, who would agree, disagree, supporting or not, have interests, can provide solutions, working with and impacted by project, influence, empowerment matrix, who has power, do they align-executive board with strategic role of suggesting new ideas and opportunities*)

2.3.3.1.2 strategic value

2.3.3.1.3 synergistic value including social, environmental and economic

2.3.3.1.4 shared value creation

2.3.3.1.5 Broad scope of activities (*program=different projects, impact assessment activity*)

2.3.3.1.6 Managerial complexity requiring robust program management and evaluation (*more structure needed, better management, more issues involved, evidence base for impact assessment could involve formal group including independent expert like in Abberton reservoir partnership, long-term evaluation*)

2.3.3.1.7 Systemic impact or change (*typically long-term*)

2.3.3.1.8 High level of resource use

2.3.3.1.9 Involves providing sustainable solutions to issues (*long-term*)

2.3.3.2 NWL status

2.3.3.2.1 Already initiated going into strategic alliances over the long-term (*like StepChange*)

2.3.3.2.2 current change within NWL and other businesses from adopting the transactional approach to partnership to focusing more on having added value, by aligning business objectives with those of key stakeholders

2.3.3.2.3 ensuring benefits for community and for business in partnerships, otherwise NWL wouldn't collaborate if there's no business benefit to it (*balance in benefits*)

2.3.3.2.4 targeting long-term impacts and benefits from partnerships (*involving initiatives such as*

*catchment management, repairing peatlands,  
habitat creation)*

## 2.4 Partnership Success

- 2.4.1 Success rate
  - 2.4.1.1 High
  - 2.4.1.2 50%
- 2.4.2 Reasons for success
  - 2.4.2.1 Alignment of objectives
  - 2.4.2.2 Setting and agreeing on clear objectives at outset
  - 2.4.2.3 Securing stakeholder advocacy
  - 2.4.2.4 Effective stakeholder and partner engagement
  - 2.4.2.5 Responsibility and commitment for delivery from both partners
  - 2.4.2.6 Required capabilities/skills, expertise, and knowledge for delivery from both partners (*e.g. account management skills*)
  - 2.4.2.7 Alignment of resources
  - 2.4.2.8 Flexibility in rules and regulations
  - 2.4.2.9 Review and monitoring of progress in delivery of objectives (*setting milestones, evaluation of impact*)
  - 2.4.2.10 Trust
  - 2.4.2.11 Transparency (*honesty, being open*)
  - 2.4.2.12 Effective communication
  - 2.4.2.13 Effective relationship management
- 2.4.3 Reasons for lack of success
  - 2.4.3.1 Not clearly agreeing or discussing objectives (*“felt like the right thing to do” rather than understanding objectives*)
  - 2.4.3.2 Partner not delivering according to agreed objectives
  - 2.4.3.3 No follow-up or reporting of delivered outcomes
  - 2.4.3.4 Limitations from rules and regulations, and people’s different interpretations of them
  - 2.4.3.5 Limitations from people’s different interpretations of definitions/scope of work
  - 2.4.3.6 Misaligned objectives
  - 2.4.3.7 Distrust
  - 2.4.3.8 Power relations and lack of equality (*e.g. based on organization size, gender*)
  - 2.4.3.9 Division of money issues (*human greediness*)
  - 2.4.3.10 Lack of formal agreement
  - 2.4.3.11 Lack of clarity in communication
  - 2.4.3.12 Lack of work flexibility, time, and human resources due to decrease in funding
  - 2.4.3.13 Not ready to engage
  - 2.4.3.14 Difference in knowledge around particular issues
  - 2.4.3.15 Cultural and economic factors that come into play especially around difficult and sensitive issues

### 3. Future recommended partnership work

#### 3.1 Recommended partnership work/approach by NWL (with any partner)

- 3.1.1 Need for right balance between reactive and proactive approach while ensuring there's value added from both approaches (*reactive: project-based, as lot of pressures are on shorter term, here and now; proactive: strategic partnerships are usually more proactive and longer term*)
  - 3.1.1.1 strategic partnership can also involve short-term reactive approach to issues (*specified period of time*)
  - 3.1.1.2 reactive approach to issues can also involve doing the same thing over a long-term period
  - 3.1.1.3 longer term strategic approach can be about working differently and innovatively in a proactive manner
  - 3.1.1.4 Need for more effective approach to addressing unforeseen circumstances or issues in a proactive manner (*better weather monitoring or forecasting, through capital investment schemes for example or other schemes, long-term planning approach*)
- 3.1.2 Avoid risk of being restrictive in partnership work with respect to labeling partnerships, scope of work, type of partner organizations and the benefits to be delivered (*need to broaden scope of work and necessary to work unrestrictedly with many partners due to limited resources/funding and great number of sustainability issues to address*)
- 3.1.3 Need for reshaping NWL business strategy in partnership work, which helps identify clear strategic long-term objectives and strategic approach to partnership work (*spending enough time understanding strategic objectives and developing clear strategic level plans for strategic partnerships, which is crucial and recommended as it could have avoided current issues, get more value from partnerships*)
- 3.1.4 Right direction and right outcomes of partnership work need to be targeted as extreme resource pressure affecting potential partners and local authorities (*therefore it's imperative to be efficient and effective in sparing some of the scarce resources*)
- 3.1.5 Need for more stakeholder engagement (*e.g. engaging communities in their environments, conversations and discussions with partners*)
- 3.1.6 Need for more visibility at NWL of partnerships and respective benefits for various aims (*for internal and external stakeholders*)
  - 3.1.6.1 employees potentially unified through common way and purpose
  - 3.1.6.2 drives better employee engagement, understanding and involvement
  - 3.1.6.3 people are more empowered and more aligned to the business
  - 3.1.6.4 support in driving business vision, values, and common goals by enhancing understanding of employees around

- partnerships, who the partner organizations are, and partnership benefits and outcomes
- 3.1.6.5 help in deriving more strategic impact or value from partnerships (*by enhancing employee understanding*)
- 3.1.6.6 influencing or changing behaviours or attitudes in business in positive way (*targeting potential long-term change*)
- 3.1.6.7 opens up opportunities for sharing lessons and learning leading to more efficiency and better outcomes
- 3.1.6.8 support in improved delivery of outcomes by engaging and communicating with employees, supply chain, and partners (*including NGOs*)
- 3.1.6.9 recommended model showing employees, supply chain (people in business), partners, work being done in business, and people who influence or have input on the work (*like CRM*)
- 3.1.6.10 application or other tool for disseminating information to all NWL employees/employee base showing partner organizations and benefits/impacts, to be updated continuously, with ease of access
- 3.1.6.11 need for simplistic tool to manage that doesn't divert too much resource, can self-manage (*not something new*)

### 3.2 Recommended partnership work/approach by NPO

#### 3.2.1 With NWL

- 3.2.1.1 more strategic value needed with bigger impact (*tactical approach*)
- 3.2.1.2 bigger and more key role to play by NWL
- 3.2.1.3 targeting long-term behavioural change with shared value creation (*e.g. in disposal of wet wipes, targeting cleaning of beaches and better quality water discharged into sea from CSO discharges*)

#### 3.2.2 With any partner

- 3.2.2.1 Provision of unrestricted funding in partnership to tackle emergency issues (*reactive approach*)
- 3.2.2.2 More strategic value needed around influencing decision-makers and policy work through collective voice
- 3.2.2.3 More effective stakeholder engagement in addressing sustainability issues (*more grassroots work, working with and through communities*)
- 3.2.2.4 More effective communication channels to reach broader audience

#### 4. Partner Selection

##### 4.1 Criteria for selection

###### 4.1.1 NWL and NPO

4.1.1.1 alignment of values, mission and objectives (*same ethos*)

4.1.1.2 reputation (*especially for NGOs who are more accepted in communities*)

4.1.1.3 level of resource (*including finances, resource availability, balance in resources, available money*)

4.1.1.4 trust (*more predominant for small partnerships*)

4.1.1.5 previous partnership experience and track record of outcome delivery (*research on*)

4.1.1.6 historic relationship (*with partner*)

4.1.1.7 credibility

4.1.1.8 expertise, knowledge and skills in relevant field (*project management, having reporting back skills, generate report at end, monitoring/review assessment skills, communication with communities*)

4.1.1.9 cost or financial value

4.1.1.10 capability to add value/deliver benefits (impacts) with respect to identified issues and respective opportunities

4.1.1.11 Ethics

4.1.1.12 geographic location when it's necessary to work in same location or site

4.1.1.13 Level of commitment and involvement (*to addressing sustainability issues and welfare, and to outcome delivery*)

4.1.1.14 Type of sustainability issues being addressed and available opportunities

###### 4.1.2 NWL

4.1.2.1 innovation and creativity in approach to work

###### 4.1.3 NPO

4.1.3.1 corporate sustainability

4.1.3.2 corporate significance/responsibility and strategic nature (*big area wide responsibility, big players, strategic by nature, financial influence*)

4.1.3.3 extent of influence over relevant stakeholders and collective voice

4.1.3.4 balanced representation from all sectors

4.1.3.5 leading in respective field

4.1.3.6 Scope of work and activities

4.1.3.7 Corporate strategy and policies

###### 4.1.4 Priority criteria to NWL

4.1.4.1 alignment of values and objectives

4.1.4.2 trust

4.1.4.3 level of resource (*money available*)

4.1.4.4 expertise, knowledge and skills in relevant field

4.1.4.5 track record of delivery

## 4.2 Process aspects or procedures used

### 4.2.1 NWL

4.2.1.1 project-based procurement procedures (*NWL tender process, least cost, agreeing to deliver specified outcomes according to specified project scope*)

4.2.1.2 relationship development for mutual understanding through discussions, meetings, conferences, workshops and in some cases small-scale projects

4.2.1.3 reactive to individual needs and issues

### 4.2.2 NPO

4.2.2.1 Invitation to tender based on outcomes to be delivered, process of delivery (*large partnerships*)

4.2.2.2 Questionnaire on expertise, local knowledge, finances (*large partnerships*)

4.2.2.3 Quick research and accounts checking if complete strangers (*very rare*)

4.2.2.4 Direct approach to organizations with previous working relationship

4.2.2.5 Developing relationships and understanding of targeted outcomes/impacts to be delivered through discussions, workshops, meetings (*transparency*)

4.2.2.6 Targeting similar NPOs as partners to deliver substantial impact on specific issues (*similar interests/objectives*)

4.2.2.7 Building trust and relationships through work on various projects (*previous*)

4.2.2.8 Philanthropy service agreement outlining the work to be done, process and objectives (*transparency*)

4.2.2.9 Ethical risk assessment for funding companies (*potential partner activities and policies with respect to specific NPO issues, development strategy, broader sustainability issues, commitments to welfare; process involves likelihoods and potential consequences of partnership*)

## 4.3 Recommended future process aspects or procedures to be used by NWL

### 4.3.1 Flexibility in process around

4.3.1.1 recognizing or focusing on right opportunities, targeted benefits and how you can deliver them

4.3.1.2 ability to be reactive to unforeseen or out of control circumstances or changes

4.3.1.3 being more open regardless of type of partner (*not rigid, doesn't have to be systematic, needs to feel right, doing the right thing*)

4.3.1.4 need to partner with new and different organizations even if they don't have track record, expertise, as they could be new and innovative in their ways of doing things (*to avoid limitations in selection and approach to partnerships*)

- 4.3.2 Both systematic and flexible process
  - 4.3.2.1 strategic partnership requires more systematic process in selection rather than opportunistic approach (*servicing business strategy*)
  - 4.3.2.2 longer time horizon partnership involving strategic partner needs systematic process for selection, whereas shorter time span can involve more flexibility in partner selection
- 4.3.3 role of transaction costs
  - 4.3.3.1 getting value for money, return on investment
  - 4.3.3.2 need to measure tangible benefits being delivered
  - 4.3.3.3 greater commitment and costs when willing to take the lead in partnership (*time and resource*)
- 4.3.4 impact or value driven selection
  - 4.3.4.1 wherever it is and however you define it (*could be around low cost or best partner to deliver even if costly*)
  - 4.3.4.2 mutual benefits, shared value creation, added value (*saving on resources like cost and HR for NWL, legal responsibility sorted out, access to land for NPO*)
  - 4.3.4.3 need to define value needed from partnership from outset to deliver more value/impact (*clear strategic objective to be achieved from partnership*)
    - 4.3.4.3.1 difficult to define and quantify the more subjective measures of value
  - 4.3.4.4 identify value chain and check that it is aligned with value chain of potential partners
  - 4.3.4.5 identify potential value or impact delivered that can't be done in isolation (*by one partner*)
- 4.3.5 stakeholder analysis is not used in process of partner selection at NWL as it is too robust and is not applicable in this context (*stakeholder analysis implemented at NWL at project level-it is recommended for the future to be done at NWL for planning strategically at non-project level from an outcome position*)
- 4.3.6 need for more conversations and engaging in more discussions with potential partners to develop new ideas and new partnerships (*break out of group think type of approach*)

#### 4.4 Multiple partners option

- 4.4.1 Factors/criteria for considering option
  - 4.4.1.1 common aims, values or interests in same issue (*alignment*)
  - 4.4.1.2 rules and regulations
  - 4.4.1.3 Complexity of issue
  - 4.4.1.4 Considerable size and scale (scope) of project (*multi-faceted*)

- 4.4.2 Purpose/motive
  - 4.4.2.1 Enhancing delivery of various required goals and outcomes
  - 4.4.2.2 Access to different ways/approaches to doing things
  - 4.4.2.3 Enhancing equality in partnerships from lead partner's perspective (*dividing the cake*)
  - 4.4.2.4 Widen extent of impact and value (*integrated approach, big area wide responsibility*)
  - 4.4.2.5 Enhancing more publicity from specific corporate reputation
  - 4.4.2.6 Access to potential new opportunities for networking and funding
  - 4.4.2.7 access specific required expertise or skills provided by various partners
  - 4.4.2.8 widen scope of reach to various stakeholders/customers and regions (*increasing participation of stakeholders/partners*)
  - 4.4.2.9 Need for specific partner power and authority
  - 4.4.2.10 Need for specific partner support
  - 4.4.2.11 Need for resources (*e.g. funding, finance*)
  - 4.4.2.12 Legal motives or aspects
- 4.4.3 Difficulties/challenges
  - 4.4.3.1 Increased complexity in delivery with increase in partners
  - 4.4.3.2 Difficulty in managing partnership

## 5. Partnership impact evaluation

### 5.1 Issues and challenges

- 5.1.1 Limited visibility of outcomes and impacts around the business
- 5.1.2 Reporting on inputs and outputs rather than outcomes and impacts
- 5.1.3 Difficulty in assessing long-term impacts (*especially if gradual change occurring, evolving over time*)
- 5.1.4 Lack of rigorous system in assessing partnerships and their benefits to the business
- 5.1.5 Complexity in managing and recording progress information from multiple partners
- 5.1.6 Weaknesses in evaluation knowledge
- 5.1.7 Lack of time
- 5.1.8 Lack of resources (*money*)
- 5.1.9 Complexity arising from cause effect attribution
- 5.1.10 Difficulty in accounting for indirect external factors (*e.g. climate change*)
- 5.1.11 Difficulty in identifying measures of success specifically for policy work (*NECC is influencer and not decision-maker*)
- 5.1.12 Difficulty in quantifying benefits

## 5.2 Approach or tools used

- 5.2.1 Defining and agreeing on outcomes, budget, delivery milestones or timescales and measures of success at outset for post-project evaluation (*cost, within time, etc.*)
- 5.2.2 Internal Rate of Return (IRR)
- 5.2.3 Social Return on Investment (SRI)
- 5.2.4 Reporting on inputs and short-term quantifiable outputs
- 5.2.5 Service level agreement (SLA)
- 5.2.6 Data collection
  - 5.2.6.1 Questionnaires and surveys (*satisfaction, behavioural change impact, reputation*)
  - 5.2.6.2 narrative accounts and visual methods (*anecdotal accounts, arts involvement, depiction, social media feedback*)
  - 5.2.6.3 mixture of qualitative and quantitative data (*soft measures-surveys-for proper perspective and understanding, reputation; hard measures-biodiversity, number of visitors, scientific approach, count, quantifiable water savings*)
  - 5.2.6.4 long-term data collection approach to evaluating for example conservation impacts which helps to improve and deliver better in future (*comparative data over time e.g. habitat creation, water efficiency or water conservation impacts pre-post partnership*)
- 5.2.7 Delivery board responsible for monitoring and providing progress and outcome reports (*quarterly reports, more structure for large complex partnerships*)
- 5.2.8 Project management system for recording evidence-based progress information (*not applicable to big programs*)
- 5.2.9 Quick internal evaluation for small projects (*budget, timescale, delivery of outcomes*)
- 5.2.10 Proxy indicators approach to assessment (*estimate due to external factors not taken into account like climate change*)
- 5.2.11 Reliable data analysis in impact measurement
- 5.2.12 Statistical analysis providing evidence-based data
- 5.2.13 Report assessing money spent and deliverables (*annual*)
- 5.2.14 Financial and performance audit of programs
- 5.2.15 Ongoing evaluation of partnership performance and outcomes through regular meetings and discussions (*e.g. ticking boxes*)
- 5.2.16 In some cases no need for hard and fast evaluation when partnership has a history (*10 years, is based on mutual understanding and confidence in delivery in contrast to younger partnerships*)
- 5.2.17 Monitoring report assessed and scored by NPO according to agreed objectives and outcomes (*specified at outset by*)

*funded group fed back into annual impact report submitted to NWL or funder)*

- 5.2.18 Project visits for monitoring
- 5.2.19 Reporting (quarterly) on progress against plan (inputs, outputs) to trustees using KPIs
- 5.2.20 Return on investment and financial tracking (*inputs, outputs*)

### 5.3 Recommended approach or tools

- 5.3.1 Built-in assessment process for project-based partnership
- 5.3.2 Baseline assessment before start of project for effectively assessing impact post project
  - 5.3.2.1 Significance in understanding if intervention was successful for improving future performance and strategies (*especially when developing new programs, pilot testing, driving partnership work forward*)
- 5.3.3 project visits done by donors (funders) for learning purposes and for reviewing and discussing progress with funded groups (grantees)
- 5.3.4 monitoring and evaluation of partnership should be planned at outset with sufficient time and budget allocated, and involving effective stakeholder engagement process
- 5.3.5 Need for both qualitative and quantitative assessment (*need for quantification of impact or business benefits when possible, otherwise has to be qualitatively assessed*)
- 5.3.6 Need to assign values to environmental and social impacts (like health, leisure) that go beyond straight cash return through environmental systems services
- 5.3.7 Need to reflect value of natural resources or assets used through natural capital accounting that can support potential external investment (*as funding is becoming scarce*)
- 5.3.8 Need for rigorous system in assessing partnerships at NWL which contributes to visibility of benefits/outcomes

### 5.4 Partners/others involved in process

- 5.4.1 Factors considered
  - 5.4.1.1 time allocated
  - 5.4.1.2 budget allocated
  - 5.4.1.3 goals or outcomes to be delivered and partners' respective involvement in delivery
  - 5.4.1.4 nature and type of project
  - 5.4.1.5 access to specific partner expertise in assessment
- 5.4.2 all partners
  - 5.4.2.1 Role according to NWL
    - 5.4.2.1.1 Current
      - 5.4.2.1.1.1 NPO partners prepare data collection and outcomes report

- 5.4.2.1.1.2 NWL reviews outcomes report and may discuss with partner in meeting for monitoring progress
- 5.4.2.1.2 Recommended by NWL
  - 5.4.2.1.2.1 both or all partners collect data and review progress, check regularly, and do corrective action when needed
- 5.4.2.2 Role according to NPO
  - 5.4.2.2.1 Delivery partners in delivery board assess delivery of outcomes (*for large complex partnerships*)
  - 5.4.2.2.2 NPO team and its delivery partners in countries of operation prepare evaluation reports for sharing and review by business partner
  - 5.4.2.2.3 NPO receives and grades monitoring report from funded group, which results in impact report submitted to NWL or funder for review
  - 5.4.2.2.4 Progress report prepared by NPO and submitted to trustees for review (*quarterly basis*)
  - 5.4.2.2.5 Both business and NPO partners assess outcomes and partnership performance (milestones, budget etc.) during annual or quarterly reviews through discussions and meetings
- 5.4.3 external consultant or expert
  - 5.4.3.1 Factors for consideration
    - 5.4.3.1.1 big and significant projects with important objectives and broad scope (*project scale and financial significance*)
    - 5.4.3.1.2 lack of time and human resources within partner organizations
    - 5.4.3.1.3 Money or funding availability
  - 5.4.3.2 Advantages
    - 5.4.3.2.1 provision of broader scrutiny

- 5.4.3.2.2 robust evaluation and result verification/validation (*audit, quality control, evidence base*)
- 5.4.3.2.3 impact assessment expertise
- 5.4.3.2.4 access to expert advice
- 5.4.3.2.5 independent (unbiased) perspective
- 5.4.3.2.6 increased credibility and influence on relevant stakeholders
- 5.4.3.3 Disadvantages
  - 5.4.3.3.1 Cost
- 5.4.4 partners and external expert (formal group)
- 5.4.5 all partners or delivery partners and relevant external stakeholders

## **6. Participant Agreement Interaction in Focus Group**

- 6.1 Agrees with previous participant
- 6.2 Partially agrees with previous participant
- 6.3 Builds on previous participant argument

## **Appendix 6: Examples of projects undertaken in partnerships at NWL**

Partnership work at NWL is established within three key areas, which include strategic flagship partnerships (in line with NWL's vision and values), key partnerships with organizations across a wide range of sectors (business, charitable, historical, cultural, educational, and environmental partners), and grassroots community support (e.g. involving charitable and environmental activities) (NWG, 2015a). Some examples of these partnerships are presented below, whereby interview extracts are provided for illustrating the specific partnership activity that is being carried out.

### **Flagship Partnerships**

#### **StepChange**

This organization is a debt charity that helps NWL customers who cannot pay their water bills, manage and repay their debts (NWG, 2015a):

*...so another one would be StepChange the debt charity, and that organization is a national organization that works with people who can't afford, having financial difficulties can't afford the bills usually, and they've worked very very closely with us, they've trained people in our customer team as they have hot keys in our contacts center so we can transfer people directly through to StepChange, so they get independent professional advice on financial matters from the charity directly, and what that means is when we have a customer who's struggling to pay their water bill, rather than working out a single plan that helps them pay their water bill, we can refer them to somebody who will look at holistically what their financial issues are, help them with financial education and get them on a sounder footing so they don't then fall back into this trap again, so they're not just helping them with the water bills, they're helping them with the financial situation, and part of that is that you know our customers tend to come to us and then stay with us for the rest of their lives, most people don't move out of site of reach, and so we, it's in our interests to make sure that they are financially educated, are able to manage their money and therefore are able to pay their water bills in the future, but also it provides a fantastic support to those people who are genuinely struggling and this helps them see a way through, so for us the outcomes are about making sure more people can pay their bills and therefore we don't end up with people on bad debt lists and all that side of things, but there's a clear outcome for customers there too. (NWL7, 6)*

#### **Water Rangers**

The Water Rangers scheme involves a team of volunteers from the community who help identify and respond to issues of pollution, as well as prevent potential pollution incidents (NWG, 2015a):

*...we've done some things with Water Rangers which needs to grow and develop which is about engaging people in their environments, so we probably need to do a lot more work around that [...] we've started to do some work there with engaging volunteers called Water Rangers to spot pollutions, but I do think that that program can grow considerably and we probably need to work with more partners so perhaps River Trusts or Groundworks are, am not sure who it would be to really develop that program, and make it more impactful, it's very small scale at the moment. (NWL7, 8)*

### WaterAid

WaterAid is an international charity that works with local partners in areas of operation to help communities gain access to clean water and sanitation (NWG, 2015a):

*...so WaterAid is a charity that was set up by the water industry, and its objective is to provide health and set water in health and sanitation to everyone everywhere, and a very simple statement very difficult to achieve as I'm sure you would be aware, and what we do for WaterAid is 2 things, we help with advocacy so we influence politicians and try and raise awareness of the issues of people not having access to water or sanitation, and we do that with our customers as well, and we also fundraise and the outcomes are really clear, it's very very much aligned to our objectives so it's 2 outcomes I guess from my perspective, there's clearly an outcome which is providing financial support which will deliver projects in places where they need water and sanitation, so that's one outcome, and ultimately the outcome there is about saving lives, and getting people into education and things that they aren't currently enabled to do because they don't have access to water and sanitation, but the other side of that from a I guess from a UK perspective is promoting that with our customers' help to highlight how fortunate we are in this country to have access to water and sanitation, we take it for granted, so for me working with WaterAid whilst raises money and awareness of the issues which clearly provide some valuable support to them and hopefully you know it does actually save lives, it's also providing a bit of a mirror to me to our customers to say this is the value that our company brings to you that you take for granted that others don't have. (NWL7, 5-6)*

### Key Partnerships

#### Abberton Reservoir Enhancement Scheme

Due to insufficient water resources available in the Essex Supply Area, and with the water demand predicted to increase due to increase in population, NWL had to resort to implementing the Abberton scheme to meet its statutory duty of supplying water to its customers. The main components of the scheme include the Abberton reservoir enhancement, increased water abstraction from the River Ely Ouse near Denver, and

enhanced transfer of water from Denver to Abberton Reservoir by constructing two new pipelines (NW, 2007):

*...Essex is the driest county, until 3 years ago we were in a deficit, so there was, in theory if we had a major drought that went over 3 years, we would run out of water, so going back 24 years, this was identified and we planned and promoted the biggest water resource scheme in the country, which we completed 2 years ago, but there was somewhere around 30 different stakeholders that we have worked with to deliver that [...] so there's a spectrum of people that we just need to manage and keep away, and those that we needed their support for, and we needed others to help us do it, so there's a whole range of people, so again Wildlife Trusts were there to help us deliver it in a sustainable way with the right habitat around the reservoir, and there would be others like local authorities that needed reassurance that we were not going to damage all the roads when we had construction traffic, so there was a range of people involved [...] in Essex as I say it's very dry, so nearly all the water has to be pumped and most of it from outside the county, so 140 km, so we had to first of all find that extra water that could be abstracted sustainably, so we can't just take water out of the river, and the river dry up and kill everything, so we had 10 years of modelling to prove we could take more water and do it properly, we then had to transfer it, so we had lots of studies as to how we can transfer it, one option would be to put it into small rivers and let the rivers take it, but in that area, I read some of those small rivers may be 5 meters wide, so if you put 10 times as much water that they normally carry, suddenly that river gets destroyed, and the land around it is destroyed, or as we ended up doing, putting it in pipelines, so we had to look at the most long-term sustainable solution to transfer it, and then we needed somewhere to put it, so we had a phrase, you know while it's the driest county, it does rain, so it's capturing the water in times of plenty, so when it's flooding, when there's a lot of water, capture it and then store it in times of need, so when it's really dry we've got a big big reservoir full of water to use that, so we had to make an old reservoir bigger, so and then it's the biggest story, probably I could spend a day on, that reservoir was, had lots of international designations for wildlife, so to make any change to it, we would have European Union or even international organizations say no, you're destroying something, so we spend 12,13 years designing a solution that would be better than what was there before, at months we were able to do that then all of those 30 stakeholders said yes we now support what you're doing, so I think that's a big example but it's probably the best example I can think of where we needed those stakeholders to work with us, in the old world many years ago, in the water industry as engineers and scientists we would think we know best, we don't need to talk to anyone else, in the current world you realize firstly we don't know best, but more importantly we need to work with others to get the right solutions [...] on the environment side we have as well RSPB, there would be the Wetland Trust, the Rivers Trust [...] they would have access to world renowned ecologists for example that they could, so we would probably pay them in that situation, so they would get a benefit for those ecologists who would study what was happening with birds or whatever, so we get direct benefit but we'd also get their understanding of what we're aiming to do, there were, there are other partnerships, not NGOs as such, but there's an organization called Natural England, the Environment Agency and others that, the regulators if you like, that we had to convince in us, there was other community groups, so that local councils, parish, are you familiar with parish councils, so this is where local community groups come together [...] so I mentioned about the reservoir of international importance, and we had to prove that whatever we changed would make it at least as good and probably better, so we had a lot of debate with several partners, and agreed what the objectives would be and how we would measure them, and we have a formal group, and this is part of the planning commission to actually do this work, we have a formal group that continues to meet and review what we*

*said we would do and what we've achieved, and this has got independent validation on it [...] so we're involved, Wildlife Trust, Natural England and so a number of, so you've got a regulator there, you've got the partners involved, you've got us there [...] so it's the partners but plus independent view as well sitting around the table [...] He is, in this particular example, Professor of ecology, so he is the expert, so he was part of the design, and he's also part of the evidence base that we've done, or that we're doing [...] Kim is doing a PhD, as part of the Abberton scheme, so her job is to gather the data, and then she reports into this group that validates that [...] so we have the Environment Agency which is a regulator of abstraction and making sure we don't take too much water, Natural England are the custodians of the natural environment, so they make sure we don't destroy things [...] we've completed the scheme and we're using it, but the part of the planning commission was for at least 5 years after completion, a lot of the project was creating the habitat so the birds and wildlife can flourish, and part of the planning commission was this group will continue to operate to make sure what we said we would do, we've done, and secondly that the expected outcomes were being delivered. (NWL5, 5; 6; 12; 13; 14)*

#### Kielder Water and Forest Park

This is a type of environmental partnership that aims for conservation of biodiversity, facilitation of public access, and development of conservation education (NWG, 2015a):

*...the ones I'm involved in at the moment is one up at Kielder, and it's called Living Wild, it's a Heritage Lottery funded project, and the Kielder partnership itself includes Northumberland Wildlife Trust, Forestry Commission, anyway there's a few partners, and the idea for that one is to build our assets and replace a bird hide, replace bits of assets around, and improve the interpretation...but this project has come along and it's gonna pick up a new bird hide replacement, so my bit of money that I'm putting in for bird hide will be sort of match funding if you like, so we'll get a better value for that, but the whole objective I suppose for this Living Wild is actually to give added value to people coming up to Kielder to visit, it's to give them a better appreciation of the environment, sort of bit of subtle education about environmental issues, we've got various things in the, sort of in planning which will include, sort of getting off the main footpath and exploring what the forests, getting kids to actually go out and do a bit of you know just looking at things on the ground...(NWL3, 6)*

#### North Pennines Area of Outstanding Natural Beauty's (AONB) Peatland Programme

NWL collaborates with various partners in its operating areas on initiatives that support the catchment based approach (NWL, 2017b). The North Pennines AONB partnership is a type of catchment partnership which aims at restoring the damaged peatlands, whereby unwanted peat sediment is being deposited into rivers and streams by damaged bogs. This requires extensive water treatment by adding specific chemicals to remove the peat and its color from water. In addition to helping reduce the amount of chemicals used for treatment and the respective costs incurred on customers, this restoration programme helps in decreasing the

likelihood of peat sediment being deposited into waterways, improves biodiversity and helps prevent downstream flooding (NWG, 2015a):

*...we're also involved in catchment management, so we're looking at working with different partners in the North Pennines AONB, in terms of, I don't know if you've come across grip blocking, peat grips [...] all of that sediment is finding its way down into our reservoirs, and we're having to deal with them in terms of discolored water and high sediment, and things in there, so what we've been doing is working with the North Pennines AONB have got projects which started off as Peatscapes [...] So it's the Area of Outstanding Natural Beauty, it's a landscape designation of the North Pennines, there's a partnership, they're based in Stanhope and the sort of the core team of people who work there, that they're a partnership, and hosted by them kind of council, that they work with lots of different organizations like ourselves, and things [...] and the thought behind that was that you know it restores the peat itself, and it also then reduces the production of color, color was a big issue, is a big issue for us and we have to add chemicals obviously to remove color, so if we are I suppose being sustainable, we could instead of just applying more chemicals in our treatment works just to try and deal with the problem, well actually we've looked beyond that to actually say well hang on what's going on here, what can we do to try and sort this one out...(NWL3, 2)*

#### Tweed Forum

This is also a type of catchment partnership that aims at alleviating floods, and is still ongoing for more than ten years:

*We've got a long-term partnership with the Tweed Forum, which is basically the, again it's a partnership based up in between England and Scotland, and it's the whole River Tweed includes the river to, sort of effective Tweed catchment, and then the catchment direct from NWL sits on the Tweed Forum, but that's got a quite good deliveries, it's been doing things like flood alleviation schemes, there has been particular hot spot issues on the Tweed where there's been sort of flooding issues, so we've been looking at doing some habitat work to try and minimize those issues [...] there's a town called Selkirk which actually over this winter had some flooding issues, and now effectively created a whole new sort of channel profile, and they created more sort of space for the when the river is in full flow to actually be able to sort of find the storage areas, and then actually looking at the catchment, upper catchment as well, trying to do some tree planting and things to increase infiltration in the ground, so yeah there's quite a few things going on, and actually the Tweed Forum itself has been running for over 10 years now, and that's been a really good umbrella for doing things like they've been doing invasive species work, so they've been trying to eradicate, starts off with the Giant Hogweed, these things do actually take a long time to actually be effective, you've got to start at the head of the catchment, where the issues are and then work your way down, so they've done that, they've been doing Japanese knotweed and Himalayan Balsam. (NWL3, 6; 7)*

### Business Memberships

For supporting customer engagement and influencing relevant policy work regionally and nationally, NCL collaborates with business and trade bodies such as the North East Chamber of Commerce, Essex Chamber of Commerce, and Business in the Community (NWG, 2015a):

*In my role I sit on the Tees committee of the Northeast Chamber of Commerce, and I'm also involved to a lesser degree with NEPIC, which is the Northeast Process Industry Cluster, Marjorie who works for me is on the NEPIC leadership team, and she also is a trustee of the Tees Valley community foundation, which is a Teesside based community charity, and I'm also involved with the Essex Chamber of Commerce, and Perry who works for me in the South is kind of almost a main point of contact in the South for the chamber on a kind of event basis, so he goes and attends a lot of events on our behalf, so in terms of partners, most of the business customers who we represent are either members of the NECC, or the members of NEPIC [...] so we pay for our patronage of both the Northeast Chamber and the Essex Chamber... (NCLI, 1; 7)*

### Grassroots Support

#### Community Foundations

Based on the advice of four community foundations, NWL supports community organizations by donating endowment funds which are used to support charitable activities and projects in areas of supply (NWG, 2015a).

#### Water for Health program

This program aims at collaborating with partners for engaging specific stakeholders and communicating to them particular messages on health issues, according to the following interview extract:

*...so partnerships and partnership working has worked very effectively for us, mainly to either reach out to a new group that we haven't yet got a relationship with but that partner does and therefore they can talk to that group on our behalf to benefit that group, you know give them messages, give them education, give them funding, whatever it might be, equally you know we've learned a lot from partners about engagement and how to engage with different customers because they have that relationship already and they have that trust, so I always give the example in this of our Water for Health program, so this is about engaging young people in drinking more water for their health, particularly when they're doing sports, really important message, really important health message, and clearly promoting our product so good for us...if I had you know a big basketball player who is you know a fantastic sportsman who really needs water for you know kind of rehydration and for his sport and put him in front of the class the kids are gonna be like ohhh wow, and he said we have to do*

*that and that's really important and it's really cool, you know there's just no way I'm gonna have that kind of impact and that for me is a really simple way of demonstrating how partners can bring something different and tell messages in a different way to the way that we can as a business... (NWL7, 5)*

#### Water Efficiency Programme – Promotion Events

The purpose of these partnerships is to promote water efficiency projects and activities, and communicate specific messages through events and marketing campaigns, according to the following interview extract:

*...we're working with Groundwork Essex to deliver all of our events that promote some of our projects every summer, so they've been, so we have I mentioned the wide range of different projects that we carry out, the last 3 years we've been doing that as a whole town approach, so we pick one town like Berwick last year's I was mentioning this year's has been Lowestoft in Suffolk, and we deliver all of our water efficiency activity in that town, all at the same time over a summer, the idea being if we have a marketing campaign around it, it will build up high participation, high water savings, it will get kind of local feel and local buy in...so they'll be running a range of different events to try and increase participation and talk to customers and put them in contact with the right parts of the project that they benefit from...(NWL6, 5)*

#### Branch Out

Branch Out aims to support various partners by funding projects that benefit the natural environment and the local communities (NWG, 2015a):

*...Branch Out is a fund that we as a company manage, and it's open to everyone basically in our two operating areas so it's in the Northeast and it's in Essex and Suffolk, and what we're asking people to do is to submit a project proposal and it could be anything, but we have a set of criteria that we're looking for on there, so basically they submit a project, that project will get scored by an internal team, so it includes people like Sarah, she'll sit on the scoring board, and we decide if we're gonna fund that project or not, and the measures of success I suppose on that is actually looking at you know say we give them 5000 pounds for a project, as part of that that actually that helps them to secure some big lottery fund or something as well, so they might get some 95,000 pounds from the lottery, and so our 5000 pounds would help them actually get the 100,000 pound projects, so for us it's a really good financial measurement and we actually we do use that quite a bit...(NWL3, 11)*

### Just an Hour

This is an employee volunteering program that aims to impact and add value to the environment and community, whereby each employee can volunteer a minimum of 15 working hours a year for supporting community projects and initiatives (NWG, 2015a):

*...and 55% of our people are out volunteering in work time, so that's a huge commitment in terms of investment in resources [...] if I think about our volunteering program, so I know what inputs we've put into that, we've had 55% of our people out volunteering, and they've supported you know 1500 organizations... (NWL7, 4; 11)*

For illustrating NWL's impact on the wider economy, environment, and society, the contribution report prepared by the organization, which is based on PwC's TIMM framework (NWL, 2017b), is available on the following link:

[https://www.nwl.co.uk/\\_assets/documents/NW\\_Our\\_Contribution\\_report\\_final.pdf](https://www.nwl.co.uk/_assets/documents/NW_Our_Contribution_report_final.pdf)

**Appendix 7: Sample of coded transcript (imported from NVivo software)**

Live process where issues have values and ratings assigned which determine prioritized list of integrated issues with respect to external social and environmental impacts

Funding or fundraising support

NPO partners prepare data collection and outcomes report

Added mutual value

both systematic and flexible process

Avoid risk of being restrictive in partnership work with respect to labeling partnerships, scope of work, type of partner organizations and the benefits to be delivered

Effective communication channel to reach or influence relevant stakeholders and customers

Cost benefit ranking with respect to impact of issue on business

All partners

recognizing or focusing on right opportunities, targeted benefits and how you can deliver them

5 year asset management planning (AMP) cycle

all partners or delivery partners and relevant external stakeholders

Provide environmental and social benefits or contribution that don't exceed organizational benefits for NWL

Increase in level of influence on communities and customers in operating areas

Strategic value in approach to addressing challenges or issues

Enhancing awareness of local issues

Enhancing effectiveness in work delivery relative to working in isolation

Need for more stakeholder engagement

Delivery of specific project outcomes and wider societal benefits

long term data collection approach to evaluating for example conservation impacts which helps to improve and deliver better in future

Proactive (more long term) according to

Getting message across to relevant stakeholders

Setting and agreeing on clear objectives at outset

Enhancing effective engagement with different stakeholders or customers

being more open regardless of type of partner

Shared benefits or value creation

Project-based partnerships tackling specific issues

Flexibility in process around

Shared benefits or value creation

Tackling of sustainability issues and enhancing delivery of sustainability outcomes and impacts

capital investment (CAPEX) on different asset needs or significant issues through specific program delivery

Coding Density

#### Interview NWL4

Interviewer: You're the Sustainable Sewerage Manager.

MK: That's correct.

Interviewer: Can you just give me a brief summary of what you do basically, your tasks.

MK: Brief summary it's promoting integrated collaborative working to address drainage issues, typical integrated issues would be more focused around surface water, interactions between the sewage system, the pluvial and the fluvial, so overland flows and the river flows.

Interviewer: Alright, anything else?

MK: Everything else that they ask you to do.

Interviewer: Are you aware of the term 'material sustainability issues'?

MK: Material sustainability, it's not an expression I hear.

Interviewer: Ok, so I will explain what it is, it's basically the major environmental, economic, and social issues

MK: So just standard sustainability.

Interviewer: That have an impact on the business and its key stakeholders.

MK: Ok.

Interviewer: What do you think are NWG's material sustainability issues? I am aware of this document you have at NWG, it's the 'our vision, our values, our way' where the strategic themes, and outcomes are indicated for NWG, and it shows that the focus is on the customers, people, environment, communities, and competitiveness, with outcomes including clean water, reliable water supply, medium term goals such as reducing carbon footprint and leakage and others.

MK: Yeah, if you were to backtrack a little bit, and forget the word sustainable issues, in the last business plan we moved from regulatory outputs, ah you deliver 7 widgets by, to what we call the outcome statements, which are more directional, so in terms of sustainable and sustainability, we have things like providing a system, or an effective drainage system dealing with sewage and heavy rainfall, we have things on affordability, so make sure customers can afford what we're offering, things about improving water quality and rivers and receiving waters, there was about 12 different outcome statements, I couldn't tell you all of them at the top of my head, but they're relative to the core themes, so there's ethical, competitive, one team, the values. Within there, there's an environmental component which is certainly around receiving water quality, be it river or be it sea, there's financial elements in terms of affordability, and the social elements in terms of accepting sustainable issues within, we're not gonna cause flooding, we're not gonna flood people's houses, we're not gonna impact upon their daily lives in an adverse way.

Interviewer: Receiving water, is it where you dispose of treated water?

Live process where issues have values and ratings assigned which determine priority:

Funding or fundraising support  
 NPO partners prepare data collection and outcomes report  
 Added mutual value  
 both systematic and flexible process  
 Avoid risk of being restrictive in partnership work with respect to labeling partnerships, scope of work, type of partner organizations and the benefits to be delivered  
 Effective communication channel to reach or influence relevant stakeholders and customers

Cost benefit ranking with respect to impact of issue on b

All partners  
 recognizing or focusing on right opportunities, targeted benefits and how you can deliver them

5 year asset management planning (AMP) cycle

all partners or delivery partners and relevant external stakeholders  
 Provide environmental and social benefits or contribution that don't exceed organizational benefits for NWL  
 Increase in level of influence on communities and customers in operating areas  
 Strategic value in approach to addressing challenges or issues  
 Enhancing awareness of local issues  
 Enhancing effectiveness in work delivery relative to working in isolation  
 Need for more stakeholder engagement  
 Delivery of specific project outcomes and wider societal benefits  
 long term data collection approach to evaluating for example conservation impacts which helps to improve and deliver better in future

Proactive (more long term) according to

Getting message across to relevant stakeholders  
 Setting and agreeing on clear objectives at outset  
 Enhancing effective engagement with different stakeholders or customers  
 being more open regardless of type of partner  
 Shared benefits or value creation  
 Project-based partnerships tackling specific issues  
 Flexibility in process around  
 Shared benefits or value creation  
 Tackling of sustainability issues and enhancing delivery of sustainability outcomes and impacts  
 capital investment (CAPEX) on different asset needs or significant issues through specific program delivery  
 Coding Density

MK: It's not just treated water, we have other connections to water bodies so we may have surface water outfalls direct to the sea or to a river, by surface water I'm talking to be rainwater, but it can also collect contaminants from highways, and other aspects, then we have things called combined sewer overflows, I don't know if you're familiar with them.

Interviewer: Yes I am.

MK: Combined sewer overflows during times of storm, where it will discharge into the environment, we also have situations whereby the system is not performing as we would expect it to, whether that's hydraulically or structurally or operational, and they can result in local escapes to the environment as well, so our ambitions are to minimize all of those as best we can so we're not having an impact on the social activities of the people, is that ok?

Interviewer: Yes, it's fine. How do you think you can prioritize these issues?

MK: We have a twin approach, dual approach, because the drainage system and the responsibilities around the drainage system, so that's overland flow, rivers, water courses and the sewers, the roles and ownership responsibilities are fragmented, so the local authority is responsible for the overland flow for example, the Environment Agency is responsible for the rivers, NWG is responsible for the sewers, they interact, it's not as easy as saying it's just that one or it's just that one, so there's quite a lot of interactions, so where they interact you will have different criteria, in terms of prioritization, so prioritization we use when working with external parties on our sewer capacity, flooding typically, ability to accommodate growth, so not impact upon growth, interactions with the rivers, surface water flooding, and water quality, so Water Framework Directive, and each of those have values assigned to them, and ratings, and then you turn a handle and you get a prioritized list of integrated issues.

Interviewer: So each year there will be different prioritized issues with different values?

MK: Yes, it's a live process, so as things change, it changes to react, now internally so just looking at the sewers as a different process, that's managed by our asset planning team, and what they do is they look at things like consequences to the business, to the business as opposed to the wider society and environment, so if we have a pollution event, what is that likely to cost NWG, now that will encompass things such as fines, so financial penalties, it will encompass things which is cleanup costs, and staff time, if we were to flood somewhere, again what would it cost to clean up, get the system back operating, all those count as costs, and then what they do is they apportion a benefit against that cost, and they come up with a cost benefit ranking, that's the internal approach. Does that make sense?

Interviewer: Yes, alright, what actions are taken by NWG for addressing these issues?

MK: We are currently going down again a dual approach, one is reactive so if an issue occurs, what can we do to stop it occurring again, or to minimize the impact or likelihood of it occurring again, the other one is to try and do a proactive approach to stop it happening in the first place, we're going down both those paths, the balance is still significantly in the reactive camp, so we

Live process where issues have values and ratings assigned which determine prioritized list of integrated issues with respect to external social and environmental impacts

Funding or fundraising support

NPO partners prepare data collection and outcomes report

Added mutual value

both systematic and flexible process

Avoid risk of being restrictive in partnership work with respect to labeling partnerships, scope of work, type of partner organizations and the benefits to be delivered

Effective communication channel to reach or influence relevant stakeholders and customers

Cost benefit ranking with respect to impact of issue on business

All partners

recognizing or focusing on right opportunities, targeted benefits and how you can deliver them

5 year asset management planning (AMP) cycle

all partners or delivery partners and relevant external stakeholders

Provide environmental and social benefits or contribution that don't exceed organizational benefits for NWL

Increase in level of influence on communities and customers in operating areas

Strategic value in approach to addressing challenges or issues

Enhancing awareness of local issues

Enhancing effectiveness in work delivery relative to working in isolation

Need for more stakeholder engagement

Delivery of specific project outcomes and wider societal benefits

long term data collection approach to evaluating for example conservation impacts which helps to improve and deliver better in future

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Coding Density

do a lot more reactive works than we do proactive works, you can understand why, you have just flooded, I'm sure you're gonna want your problem addressing before your neighbor who hasn't flooded, but has a risk of flooding, it's just a prioritization.

Interviewer: Yeah, is there a specific budget to address these material sustainability issues? And if yes, how is it set and distributed on the various issues?

MK: Ok, yes there are budgets, am not sure how familiar you are with our funding cycles, and our funding process.

Interviewer: Not really.

MK: We work on a five year funding cycle, that funding cycle is governed by our regulator who are Ofwat, within that regulation, every 5 years we need to submit a business plan, it's referred to as a periodic review and an asset management plan to Ofwat, they will review it in terms of suitability, that's in terms of again costs, it's what they feel is proportion of what the customers require, and the benefits received from it, basically to make sure we've been as effective and efficient as we can be with the funding that we're provided.

Interviewer: Funding from whom?

MK: As part of that business process, that allows us to set customer charges, so all of those activities amalgamated will come up with a sum of money that we need over the 5 year period to deliver the activities we've described, that is obviously split between the customers, and that will be so much per bill, Ofwat have a view in terms of assessing the affordability of that to the customers, and if they disagree with what we put forward, they put the {???} on us to reassess our business plan and possibly resubmit, alternatively you can amend, you just come to an agreement.

Interviewer: Ok, but it's not like anybody's funding NWG, it's just the amount of money you need for operating as a business, right?

MK: That's right, but Ofwat have the regulatory role in terms of agreeing what that value can be.

Interviewer: Are there any budget priorities for certain issues?

MK: What we put forward as part of our business plans we explain what the funding is to be used for, so if we know there is a flooding component, if there are activities of flood risk reduction measures that we wanted to take forward, we will put a sum of money against that

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 Funding or fundraising support  
 NPO partners prepare data collection and outcomes report

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Increase in level of influence on communities

Strategic value in approach to addressing challenges or issues  
 Enhancing awareness of local issues

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Need for more stakeholder engagement

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 Coding Density

activity, and make that submission to Ofwat for them to consider, it's the same for pollution, same for water supply and other aspects of the business, so whilst it's not ring-fenced as such, what we put forward are indicative sums of money necessary to deliver the activities that we believe are necessary to provide, extend, and maintain the service that we give to our customers.

Interviewer: So you would have to modify the bill if necessary?

MK: Yes.

Interviewer: And this is only done every 5 years?

MK: It's done every 5 years, once we have the 5 year budget agreed, our asset planning team then manage that with our asset delivery team, in terms of what the annual budget will be, and match off the profile of investment against activity, so we look for the most efficient way to deliver that investment through our procurement routes.

Interviewer: Ok, how do you think can partnerships with NGOs help NWG address these material sustainability issues, both directly and indirectly?

MK: Ok, directly as you look at issues and opportunities, unless we move towards a more sustainable approach, you're caught with different solutions, so one solution in the old days if we were looking at a flooding project, we typically pour in a big tank, we put a big concrete structure underground to store the flows and just keep them there, and what we're now looking to do is say can we do that in the sustainable drainage aspect as opposed to in sustainability, so mimicking nature in the management of the rainwater, that provides a much wider range of benefits, so that could be improved water quality, it could be health and wellbeing, it could be reduced transport disruption, what we look is to say well can we work with these other people to provide that better solution to the one we would typically have done, by working with them, it may attract a contribution kind for the benefits that they receive, it may attract nothing more than knowledge and experience and buy-in to the project you're trying to deliver, which can then help also indirectly influence the communities and the customers in which you're working, so by thinking more holistically around the activities we do, and the benefits they deliver, working with NGOs can help us actually get that message across, and deliver some of these benefits.

Interviewer: Which material sustainability issues are currently being addressed by existing partners?

Live process where issues have values and ratings assigned which determine prioritized list of integrated issues with respect to external social and environmental impacts	Funding or fundraising support
NPO partners prepare data collection and outcomes report	
Added mutual value	
both systematic and flexible process	
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MK: Right, we are working specifically with Environment Agency, local authorities in terms of they have laws in the drainage provision, we're working with the Regional Flood and Coastal Committee, we are working with the Catchment Partnership groups, so these are

Interviewer: These are NGOs?

MK: Yes, yes, they are bodies that are independent and provided they are there to get an independent view of governance and make sure things are being done in the manner in which they should be, so we're working with these people to try and get the best for all parties, it's that understanding that benefits from whichever aspect of sustainability they come from, and recognizing who are the beneficiaries of those, there are some interesting opportunities out there, it's difficult to differentiate between whether you target non-governmental or whether you target governmental, you're targeting what you should focus on is what the benefits are and how you can deliver them, regardless of which organization it is or where it sits, we're working with commerce, and industry appliance, in terms of, an example I'd give without naming them because the contract hasn't been signed yet, a manufacturing plant on Tyneside has suffered a flooding during heavy rainfall on a couple of occasions, it cost them half a million pounds each time to keep production up and running again, so what they're doing is they are proposing a surface water management scheme, with linear SUDS features, which will intercept the flows that used to flood the factory, manage them in a controlled way, and then slowly release them back into the drainage system, by them doing that and slowly releasing them back into the system, NWG get a benefit in that it reduces potential discharges to the environment downstream, and it reduces the likelihood of flood risks, now we could have sat back and said, thanks very much, go away deliver it procure it etc., but they actually couldn't afford it, it's a piece of money there that's necessary, so what we did is we started engaging with them in recognition of the benefits we would receive, we've made an offer to contribute to that project, so whilst it's not creating an asset that will be owned and managed by us, we are recognizing the benefit that we will receive, and our customers and communities will receive, in exchange for us making a contribution into that project to allow it to happen, but it doesn't exceed the benefit we would get.

Interviewer: Can you provide examples of goals or outcomes reached, they could be short-term, long-term, direct and indirect?

MK: I would say, without focusing on NGOs, it's the partnership approach in general, what our collaborative integrated partnership, whatever the terminology you choose to use, what it actually does it allows things to happen, we have a couple of examples one being Killingworth and Longbenton, one being

Live process where issues have values and ratings assigned which determine prioritized list of integrated issues with respect to external social and environmental impacts	
Funding or fundraising support	
NPO partners prepare data collection and outcomes report	
Added mutual value	
both systematic and flexible process	
Avoid risk of being restrictive in partnership work with respect to labeling partnerships, scope of work, type of partner organizations and the benefits to be delivered	
Effective communication channel to reach or influence relevant stakeholders and customers	
Cost benefit ranking with respect to impact of issue on business	
All partners	
5 year asset management planning (AMP) cycle	recognizing or focusing on right opportunities, targeted benefits and how you can deliver them
all partners or delivery partners and relevant external stakeholders	
Provide environmental and social benefits or contribution that don't exceed organizational benefits for NWL	
Strategic value in approach to addressing challenges or issues	Increase in level of influence on communities and customers in operation
Enhancing effectiveness in work delivery relative to working in isolation	Enhancing awareness of local issues
Need for more stakeholder engagement	
Delivery of specific project outcomes and wider societal benefits	
long term data collection approach to evaluating for example conservation impacts which helps to improve and deliver better in future	
Proactive (more long term) according to	
Setting and agreeing on clear objectives at outset	Getting message across to relevant stakeholders
Shared benefits or value creation	being more open regardless of type of partner
	Enhancing effective engagement with different stakeholders
	Project-based partnerships tackling specific issues
	Flexibility in process around
Shared benefits or value creation	
Tackling of sustainability issues and enhancing delivery of sustainability outcomes and impacts	
capital investment (CAPEX) on different asset needs or significant issues through specific program delivery	
Coding Density	

Interviewer: What's that?

MK: It's a town, sorry it's a location, Killingsworth and Longbenton in North Tyneside sorry, another one would be Brunton Park in Gosforth, you may have seen the Brunton Park project on the local news, it's where we've worked with governmental organizations in this case, to deliver a flood risk reduction to over a hundred properties, at the same time creating about half a hectare of new habitat, environmental improvements, if NWG had tried to do that on their own we couldn't afford it, we couldn't deliver it.

Interviewer: If you're doing it alone?

MK: Yes, the Environment Agency couldn't deliver it, the council couldn't deliver it, but by working together all of us, aligning resources, be that legal powers, be it financial, be it skills and knowledge, that has allowed the project to happen, it wouldn't have happened without the working together approach, and that's one example, there are others, we try not to focus on government and non-government, the benefits are the same whichever organizations are involved.

Interviewer: If you're aware of one partnership with an NGO, can you provide examples of goals or outcomes reached, or anything else you might think of that NWG is currently aiming to achieve through its partnerships?

MK: I will see if it's appropriate, we've been doing some work on a project called SUDS for schools and communities, and what that is a proactive educational approach to try and influence existing and future communities to think of the water cycle and understand the risks associated with the value of the water cycle, and to act accordingly within their education and within their own environments, so maybe it's the way they manage water within their own property, so that could be water consumption or it could be collecting rainwater to feed the garden, wash the cars, those sorts of things, and we worked with the Wildfowl and Wetlands Trust on that, so we've done work in that area, that has actually been successful locally and nationally in terms of innovative ways of working for groups that maybe wouldn't normally work together in that way.

Interviewer: What outcomes did you get from this partnership?

MK: The outcomes are in the first instance is the education, making people aware of what the water cycle is and the value of it, you then move on to the benefits that are within the schools, we then constructed sustainable drainage features, so for example one of the schools in Bishop

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Added mutual value

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Effective communication channel to reach or influence relevant stakeholders and customers

Cost benefit ranking with respect to impact of issue on business

All partners

recognizing or focusing on right opportunities, targeted benefits and how you can deliver them

5 year asset management planning (AMP) cycle

all partners or delivery partners and relevant external stakeholders

Provide environmental and social benefits or contribution that don't exceed organizational benefits for NWL

Increase in level of influence on communities and customers in operating areas

Strategic value in approach to addressing challenges or issues

Enhancing awareness of local issues

Enhancing effectiveness in work delivery relative to working in isolation

Need for more stakeholder engagement

Delivery of specific project outcomes and wider societal benefits

long term data collection approach to evaluating for example conservation impacts which helps to improve and deliver better in future

Proactive (more long term) according to

Getting message across to relevant stakeholders

Setting and agreeing on clear objectives at outset

Enhancing effective engagement with different stakeholders or customers

being more open regardless of type of partner

Shared benefits or value creation

Project-based partnerships tackling specific issues

Flexibility in process around

Shared benefits or value creation

Tackling of sustainability issues and enhancing delivery of sustainability outcomes and impacts

capital investment (CAPEX) on different asset needs or significant issues through specific program delivery

Coding Density

Auckland now has the hardstanding car park which used to go into the combined sewer system, is now being disconnected, we've put that into something called a swale, it's a grassy ditch, which then goes into a pond, that pond is a new habitat supporting the education curriculum, the benefit in our respect is flood risk reduction, immediate, and potential pollution reduction because those flows are now drawn overload the downstream system, so those are material benefits, but the aspirational one is we've engaged with the children, the teachers, the parents, the governors, they can now see how those applications could be transferred to their domestic life, so taking those back out into their own world and applying them, and again if they apply them, we will start getting those consumption benefits in the reduction of consumption, we start getting flood risk reduction benefits 'cause the flows no longer pass down the pipe, we work with Rivers Trusts, we work with Wildlife Trusts, lot of the same principles are there, the same benefits are there, it's just a matter of scale.

Interviewer: In your experience, how many partnerships, previous or current, have achieved or are achieving their intended goals and outcomes? Give examples of that.

MK: I would say the vast majority work, when you identify what the common goals are, so you define what it is you're trying to deliver, 'cause it's a collaboration, they feel when you're not clear in terms of what it is you're trying to do, if you all agree at the outset to what you are intending to deliver, then what I find is they work, they are very successful, if you don't agree, then how can you judge success, you've got different agendas, and that's not the right collaborative approach.

Interviewer: Any other reasons for achieving or not achieving the intended goals or outcomes?

MK: Ok, resources, and alignment of resources, so it may be one organization can secure their resource for 2018, it may be that the other partner can't secure their resource until 2020, how do you overcome that difference in terms of resource provision that will allow the project to happen, and that's quite an obstruction, you have to be able to overcome that to make it work, and that is a lot about flexibility in rules and regulations, other things that sometimes hinder delivery are rules and regulations themselves, people's interpretation of those regulations.

Interviewer: By whom?

MK: Any individual within the group, if someone interprets something one particular way, and someone interprets it in a different way, it can certainly hinder progress, and sometimes people can get a little bit too black and white in interpretation of definitions for example, that is sewer flooding that's yours, that's SUDS that's yours, well actually it's never as simple as that, so they would be examples of things that can hinder progression, but they are often, you can overcome

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them if you set out in the right footing in the first place, we do quite a lot of proctor partnership work with governmental organizations so local authorities, and after a lot of hard work and lot of meetings we've now got this little mantra going which is about doing the right thing from a drainage perspective in this instance, what's the right thing to do, it doesn't matter who's responsible, who's gonna pay for it, who's gonna do this, who's gonna do that, let's just start off with what's the right thing to do, because all too often we put all of those barriers in front of deciding what needs to be done, and you get nothing done, so just by switching them round you actually make progress.

Interviewer: Which material sustainability issues are not being addressed through the existing partnerships? And which of those do you think need to be addressed in future partnerships? And why?

MK: I think that what area we have the greatest opportunity would be around the social, and I would include within that social being health and well-being, the features we are trying to create, there's a lot of academic research now supports that they give a contribution to health and well-being, as well as compensating for climate change, part of obviously, but not the cure or do everything, but part of, it's an avenue that we could do with exploring more, you cannot say that will only be with NGOs, and I don't think any of it can be just with NGOs, it's who are the right people, I mean the obvious one there are Health Trusts, and if we can make that linkage with the research and health trusts, and other health bodies, then that can help us start addressing some of that social benefit, I mean we have supported a project quite recently called Blue Green Cities, national projects European funded, there's about 5 universities involved in it, and Newcastle was selected as a demonstration city for the thinking, not necessarily the delivery at this point, but the thinking, and coming out of that we have signed up to a Blue Green pledge, which is about managing the thought processes and supporting the initiatives to deliver the principles of a Blue Green infrastructure, so managing water in a sustainable way, delivering things that are to the good of the community rather than just to a particular part of the community, and that is quite new, that only happened earlier this year, but it's setting a clear ambition of ourselves and other organizations that we think collaborative approach to delivering these more sustainable benefits has to be the way forward.

Interviewer: The focus of the project is on the water, right?

MK: Yes, blue is representing, blue represents water on the surface, green represents some of the features that go alongside that, so you may have a detention basin or a rain garden to help manage that, they're classed as green infrastructure, whereas watercourses and the like would be blue infrastructure, ponds would be blue infrastructure.

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capital investment (CAPEX) on different asset needs or significant issues through specific program delivery	
Coding Density	

Interviewer: Do you anticipate new goals or outcomes NWG would want to achieve in the future through partnerships?

MK: You can always improve, we would certainly aspire to work more closely with other like-minded organizations, whether they be governmental or non-governmental, yeah we'd love to broaden the scope of what we're currently trying to do, and include more people within that, that would be brilliant.

Interviewer: What criteria do you consider for selecting potential partners?

MK: From my perspective, it's more around the opportunity decides the partner, as opposed to going out and saying we'd like to work with Natural England, we don't set out with saying we want to work with you, what we set out to do is understand the issues and opportunities and who can be associated with delivering those and getting the benefits of those, and then make the contacts on that basis, so if we were able to make progress on some of the health and well-being things, who are the health and well-being people we need to contact within a particular area once we understand it's an appropriate location, one project we did down on Middleborough was one which I found very promising, but it hasn't yet materialized.

Interviewer: Why?

MK: It was aligning with charitable organizations, it was a deprived community in terms of their financial, social health aspects, and we wanted to work with this charitable organization to encourage healthy eating, and as part of that there was I think one of the supermarkets in the area was also engaged, whereby we would encourage a smart use of water by installing water butts, and then those water from that would be used to encourage them towards healthy eating.

Interviewer: Water butts or bottles?

MK: Water butts, collect the rainwater off the roofs and store it for future reuse, with that we would then provide a planter, a box in which you could put soil and grow vegetables or flowers, whatever your preference was, the supermarkets would provide the seed, and on doing that these communities would then be able to say well actually we now understand the value of water, we can help ourselves, help others, by conserving the water, using the water we conserve to then water the vegetables, and then the vegetables will grow, you don't have to buy those, that supports a diet or a changing diet for that area that might not be eating so well, and it was a

## Appendix 8: Example of final template

In their study that investigates black and minority ethnic (BME) leaders' career experiences, Wyatt and Silvester (2015) use template analysis for analysing their data. The final template resulting from their study is shown below for illustration purposes.

1. Visibility
  1. Work content
    1. Discretion
    2. Profile of assignments
  2. Role type
    1. Role choice
    2. Value of diversity
  3. Recognition
    1. Scrutiny
    2. Extra work effort
    3. Receiving credit
  4. Rocking the boat
2. Networks
  1. Informal networks
    1. Temporary promotion
    2. Predetermined candidates
    3. Accessing networks
  2. Formal networks
    1. Peer support
    2. Self-help
    3. Backlash
3. Development
  1. Mainstream development
    1. Networking
    2. Prestige
  2. Mentoring
    1. Suitable mentors
    2. Mentoring support
  3. Positive action development
    1. Channelled
    2. Ghettoized
4. Line manager support
  1. Sponsorship
    1. Advocate
    2. Introduces networks
  2. Career interest
    1. Highlights opportunities
    2. Career guidance
  3. Career impeding behaviour
    1. Blocks training and development
    2. Blocks career moves
  4. Performance evaluation
    1. Quality of feedback
    2. Appraisal

Final template for BME managers (Source: Derived from Wyatt & Silvester, 2015, p. 1253)

Four major groups or clusters of themes are presented in the final template indicated above. According to their study, Wyatt and Silvester (2015) refer to 'Visibility' (1), 'Networks' (2), 'Development' (3), and 'Line Manager Support' (4) as broad 'higher-level themes' and as 'higher-order codes'. They also refer to the other codes as lower-order codes, where 'Work content' under 'Visibility' is identified as second-order code and 'Discretion' under 'Work content' is identified as a third-order code.

## Appendix 9: Example of invitation to tender (by NPO)

### Invitation to tender for communications project (Groundwork, 2017)

- Posted on 15 March 2017

**We are looking for a creative agency to work with us over the next two years to bring our communications strategy to life in a way that helps us meet our national income generation targets.**

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We have agreed that now is the time for Groundwork to adopt a much stronger, more coherent voice to articulate what it does and to become more visible to a range of audiences. We are looking for an agency to help us tell our story in a way that is compelling, coherent and cuts through and to help us build the networks and contacts we need to amplify our voice.

If you think you have creative solutions to this challenge then we'd love to hear from you. Our deadline is Friday 21 April.

#### **Tender specification**

**March 2017**

#### **1. Who we are**

Groundwork first came to public consciousness in July 1982 as 'Operation Groundwork', a high profile initiative on Merseyside, backed by national and local politicians and supported by prominent business leaders. It had a simple call to action – 'join us to help improve the environment where you live'.

Since those early beginnings Groundwork has grown – organically and enterprisingly – to become a national network and international movement of charities tackling a range of issues in communities – poor health, low skills, high unemployment, fuel poverty, a lack of places to go and things to do.

We deliver our work through a mixture of grant funds, service contracts and trading. In the UK this amounts to around £70m of activity per year delivered by 1,000 staff from more than 50 office locations.

In the UK Groundwork is constituted as a federation, meaning that each member charity is separate from the others with its own business plan and board of trustees. However, each operates under a common brand informed by a collective strategy with a governance structure that fosters communication and collaboration.

Each federal member (Groundwork Trusts in our terminology) delivers services and activities within a defined geographical area – some quite large, some quite small. Groundwork UK is a separate organization with a national remit that exists to promote and support the whole – acting as the national voice for our organization and building national relationships that support local delivery.

#### **2. What we're trying to do**

Groundwork is no stranger to change and, like many voluntary sector organizations, is continuing to evolve to adapt to a new policy and funding landscape. We have concluded that the need for what we do is just as great, if not greater than before, but that we need to consolidate our delivery model and diversify our income base.

In particular we have agreed that now is the time for Groundwork to adopt a much stronger, more coherent voice to articulate what it does and to become more visible to a range of audiences.

This presents us with practical and cultural challenges. As a dispersed delivery organisation with little ‘core funding’ and low levels of voluntary income our campaigns and communications resource is light and tends to be focused on serving the needs of our programmes and contracts. As a successful, business-like charity we also have a well-developed commercial ‘service culture’ which means our people aren’t naturally pre-disposed to shouting about their achievements or asking for support.

Groundwork UK has been spearheading this process of change by testing new ways of presenting what we think and what we do in order to support new forms of fundraising. We have developed a national income generation strategy which is underpinned by a national communications strategy.

This sets out the messages and audiences we think we need to prioritise to unlock the funds we need to do our valuable work.

### **3. What help we need**

We are looking for a creative agency to work with us over the next two years to bring this communications strategy to life in a way that helps us meet our income generation targets.

All of our internal discussions and the external advice we’ve received tell us that we should be positioning Groundwork as a ‘national community charity’, improving the surroundings and wellbeing of people living in more difficult neighbourhoods, and then leveraging increased visibility to generate funds.

We need support to do this in the following ways:

- We need to refine our message and the way we deliver it to make it current, consistent and cut through – championing and campaigning without preaching or prejudicing our hard won relationships with central and local government.
- We want to be seen as ‘expert doers’ by those who can support our work but we also want to take a direct message to communities aimed at inspiring more people take action on the issues that matter to them – whether we’re involved or not.
- We want a new strategy for presenting these messages using all the tools at our disposal – our programmes and partnerships, our online presence and social media followers, our PR and publications and our public affairs activity.
- We want to build a network of advocates able to amplify our voice and to add credibility to our brand – we are working to harness the power of our alumni, have recruited our first high profile ambassador and are making a special effort to reach out to young people.
- We specifically want to interest more businesses in working with us – we already have a number of high profile partnerships but can do much more in terms of volunteering, fundraising and commercial partnerships.

Our ultimate goal is to build our profile so that we have a better chance of generating more unrestricted funds through gifts and donations, fundraising events and campaigns and new and better ‘business to business’ relationships.

We’ve made a start on all of this and have a number of campaigns underway and ideas in development so you won’t be working with a blank sheet of paper. However, we’re in the early stages of this process and will adapt our strategy based on the support and advice we get.

### **4. What we’re looking for**

We’re looking for a creative partner – an organisation that can work alongside us to develop our thinking and to implement our plans. Our partner will be expected to understand us, to work within our structures and limitations but also to push us to do things in new ways.

We want to pay for your brains, contacts and creativity, not to do things that could be done cheaper elsewhere. We can write our own press releases, policy reports and blogs, we can run events and manage our social media feeds. What we need help with is deciding why and how we're saying what we're saying and how this noise is orchestrated so that more people sing to our tune.

This brief is primarily to support the national activities of Groundwork UK but our partner will be expected to engage with our wider constituency of federation members. Given the process of cultural change underway this may not always be a straightforward exercise.

For Groundwork this process will be led by the Chief Executive and Partnerships Director but will directly inform the activities of our communications and fundraising teams. This is a small resource with limited budgets so will require creative solutions.

We expect the arrangements we put in place to run initially for two years but we will review and renew at the end of the first year to ensure we all think the work is going to plan.

## 5. How we'll decide

We know we can't ask you to tell us now how you'll do all of this. What we do want to know, however, is that someone 'gets us', understands what we're trying to do, is excited by the prospect and has got the credentials and credibility to make a success of it.

We need you to write something down first. 12 pages should do it, covering the following ground at a minimum.

- **Your understanding of the brief and your ambition for the project** – Given where we're starting from, where do you think you can get us to in two years?

- **Your approach to the task** – Given what you know (or find out) about us, what do you think would work in achieving your ambitions for the project? We understand this won't be the finished article but we need to know something about the kind of things you have in mind and to understand why you think this approach will work.

- **Your preferred way of working** – How would you like to interact with us in order to ensure we're both getting what we need from the process?

- **Evidence that you've done this before** – How have you achieved similar results for similar organisations within a similar budget and timeframe?

- **Who will do the work** – We know this will work best if we have confidence in the people we're working with. This means finding the right combination of frequent contact and specialist expertise. We'd like to know who we'd be dealing with and what expertise and experience they bring.

- **What will it cost** - You'll have spotted that we have big ideas but limited budgets. Tell us how far you could get with £25k per year and then tell us how much further and faster we could go if we spent more. Remember, we have other budgets to pay for the things we normally do and have a team of people able to fundraise if we need to cover additional costs. We'll judge submissions based on how much they excite us but how firmly they're grounded in reality.

You might need to do some research to fully understand what you're getting in to. We'll send you more documents if you need them and make ourselves available for chats on the phone or face to face meetings if that would help before you submit.

We'll probably ask a small number of people to present their thoughts and ideas to us, and will use this as an opportunity to get to know the people we'll be dealing with and to test some of your thinking and assumptions.

## 6. What to do next

There's no set format for what you submit but bear in mind we'll need to email it and print it so clear and simple will always be best.

Please send your submission to -----

Our deadline is Friday 21 April (Groundwork, 2017).

## **Glossary (including abbreviations)**

**AMP:** Asset management planning

**BITC:** Business in the community

**BME:** Black and minority ethnic

**BoP:** Bottom of the Pyramid

**BSC:** Balanced scorecard

**CC:** Collaboration continuum

**CCI:** Corporate community involvement

**CR:** Corporate Responsibility

**CSF:** Critical success factor

**CSO:** Civil society organization – may refer to various networks and associations, community groups, political parties, and NGOs that are committed to democracy, human rights, and environmental protection while not aiming for profit or political power (Edwards & Gaventa, 2001, p. 2)

**CSR:** Corporate social responsibility

**CSSP:** Cross-sector social-oriented partnership

**CSV:** Creating shared value

**CVC:** Collaborative value creation framework

**DB:** Deutsche Bank

**DCED:** Donor Committee for Enterprise Development

**DJSI:** Dow Jones Sustainability Index

**ECA:** Ethnographic content analysis

**E P&L:** Environmental profit and loss

**ESI:** Environmental Sustainability Index

**ESW:** Essex & Suffolk Water

**GHG:** greenhouse gas

**GIT:** Global Impact Tracking

**GRI:** Global Reporting Initiative

**HSO:** Human service organization

**ILO:** International Labour Organization

**IMWG:** Impact Measurement Working Group

**IRR:** Internal rate of return

**KPI:** Key performance indicator

**KPMG:** Klynveld Peat Marwick Goerdeler professional service company that mainly works in auditing

**MCC:** Millennium Challenge Corporation

**MDGs:** Millennium Development Goals

**MIF:** Measuring Impact Framework

**NBS:** Newcastle Business School

**NECC:** North East England Chamber of Commerce

**NGO:** non-governmental organization - private not-for-profit organization that typically has work objectives directed towards development, education, research, and social welfare (Vakil, 1997).

**NPO:** nonprofit organization – generic term that refers to all different types of nonprofit organizations including the ‘voluntary sector’, ‘charitable sector’ and ‘independent sector’ (Seitanidi, 2010, p. 6).

**NW:** Northumbrian Water

**NWG:** Northumbrian Water Group

**NWGL:** Northumbrian Water Group Limited

**NWL:** Northumbrian Water Limited

**OECD:** Organization for Economic Cooperation and Development

**Ofwat:** the Water Services Regulation Authority which forms a non-ministerial government department and acts as economic regulator of the water sector in England and Wales (Ofwat, 2017).

**PIA:** Participatory Impact Assessment

**PPP:** Public private partnership

**PrC:** Partnerships Resource Centre

**PUMA:** German multinational company that designs and manufactures athletic and casual footwear, apparel and accessories.

**PwC:** PricewaterhouseCoopers professional service company that mainly works in auditing

**SAM:** Social Accounting Matrix

**SAM:** Sustainability assessment model

**SASB:** Sustainability Accounting Standards Board

**SDGs:** Sustainable development goals

**SEA:** Social and environmental accountability

**SER:** Social and environmental reporting

**SIA:** Social impact assessment

**SLA:** Service level agreement

**SPeAR:** Sustainable Project Appraisal Routine  
**SROI:** Social return on investment  
**TBL:** Triple bottom line  
**TIMM:** Total Impact Measurement and Management framework  
**ToC:** Theory of change  
**TRASI:** Tools and Resources for Assessing Social Impact  
**UN:** United Nations  
**UNCSD:** United Nations Conference on Sustainable Development  
**UNGC:** United Nations Global Compact  
**UNWCED:** United Nations World Council for Environment and Development  
**USLP:** Unilever Sustainable Living Plan  
**WBCSD:** World Business Council for Sustainable Development  
**WSSD:** World Summit on Sustainable Development  
**WTA:** Willingness to accept  
**WTP:** Willingness to pay

## References

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