

# **COMMON VALUE and CORPORATE STRATEGY**

**——STRATEGIC PHILANTHROPY IN CHINA  
Part I THEORY GUIDE**

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# **Common Value and Corporate Philanthropy**

- Corporate Philanthropy in China**
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# Common Value and Corporate Philanthropy

## □ *Corporate Philanthropy in China*

- *Corporate Philanthropy Analysis in China*

- *Corporate strategic philanthropy*

## □ Strategic Philanthropy Theory Guideline

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# Corporate Philanthropy Analysis in China

## *The dynamics of corporate philanthropy in China<sup>[1]</sup>*

- Contribution to society and communities
- Heeding government donation callings
- Pressure from general public

## *The expecting return of corporate philanthropy in china*

- Improving public relation
- Mitigate harm from value chain activities
- Good corporate image and advertisement

### BOX 1 The growing of philanthropy in China

The report<sup>[2]</sup> named Corporate Social Responsibility of Chinese large State-owned Enterprise was issued by Nanfang Weekly in December, 2007. It points that from 2003 to 2007, PetroChina's donation sums up to 720 million RMB, the number of the State-Grid is 410 million RMB and the Chinalife's is 15 million and meanwhile gives 50million to set up a philanthropy foundations.

At the end of 2007, Hurun<sup>[3]</sup> released the 4th China philanthropy list and it shows that about 9.5 billion RMB has been given by top 100 charitarians in China from 2003 and 2007.

## *The trends of corporate philanthropy in China*

### ➤ Emergence of corporate foundations

Though corporate foundations have been existed for years and an important role in the West, several corporate foundations were being set up recent in last 3 years. Corporate philanthropy foundations can manage beneficent activities and resource effectively.

### ➤ Combination of philanthropy and corporate social responsibility (CSR)

In China more and more companies begin to joint corporate philanthropy to their CSR activities, though there is no clear conclusion that corporate philanthropy is one part of CSR in the West.

### ➤ Diversification of donation ways

Non-profit organizations have become new grantees as their fast development in China. More and more projects operated by non-profit with the support of companies' donations.

# Corporate Philanthropy Analysis in China

## *Dilemma of corporate philanthropy in China*

### ➤ External

- **Traditional misunderstanding to business**

The philanthropic activities of companies are regarded as expiation as business men are often described as disgusting figures and business section are often relate to scandal and environmental pollution in China.

- **Suspicion from public**

There is much skeptical voice on the relation of donation and corporate responsibility from public, especially when the large-scale companies launch philanthropic activities.

### ➤ Internal

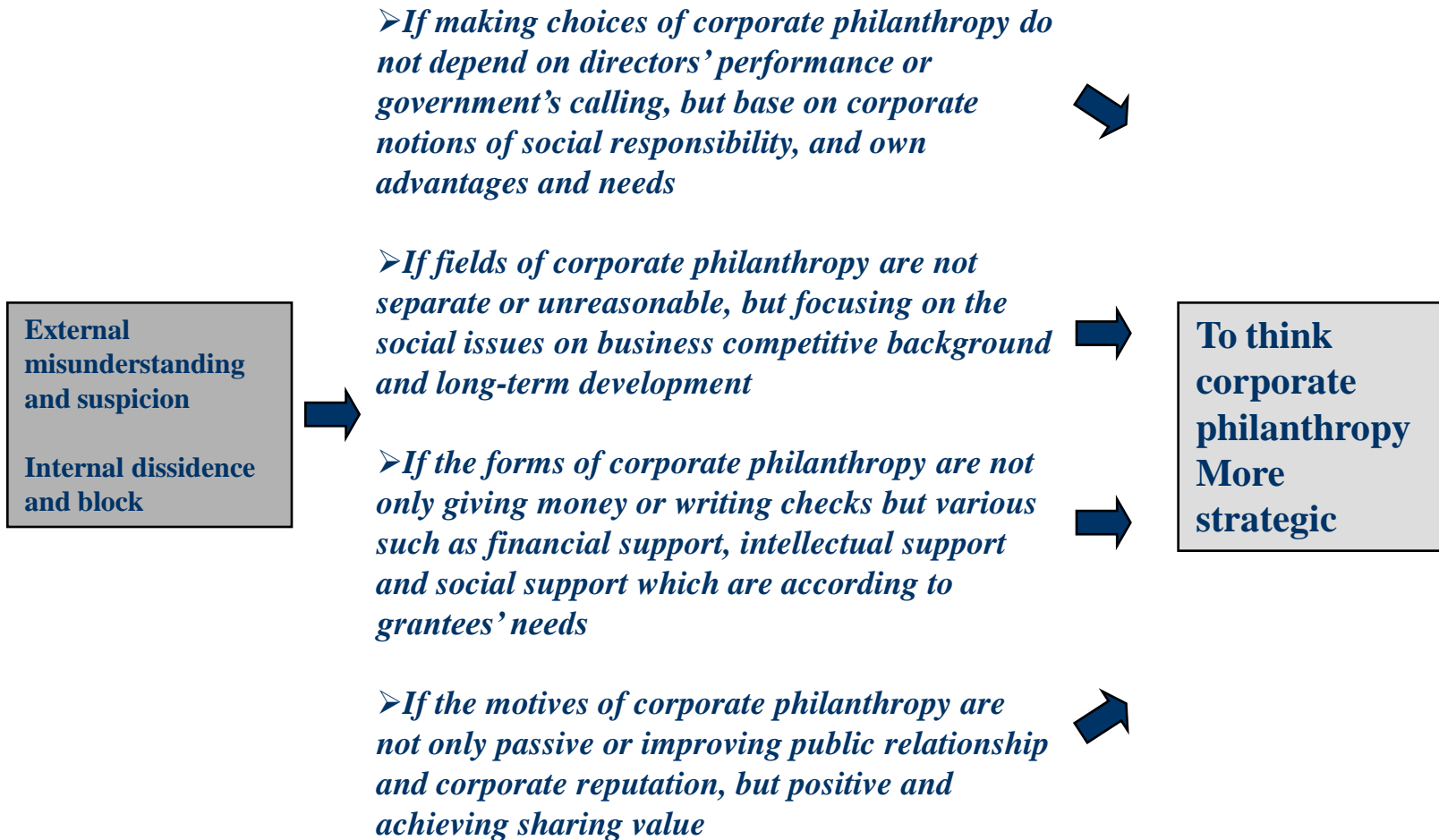
- **Different understanding to corporate philanthropy**

Many managers consider that philanthropy is just one form of marketing, improving reputation and increasing the sale.

- **Conflict to profit maximization**

Profit maximization is the economic bottom line of enterprises, and it becomes the main reason of internal disagreement.

# Corporate Strategic Philanthropy



# Corporate Strategic Philanthropy

*Corporate Strategic Philanthropy is a kind of choices that:*

- integrates corporate philanthropy with developing strategies and CSR missions
- focuses corporate philanthropy on the social issues which improve competitive background and long-term development
- associates corporate philanthropy with company's own advantage on expertise and resources
- achieve common value of company and society

## *Characters of Corporate Strategic Philanthropy*<sup>[4]</sup>

- 1 Basing on company's long-term benefit and strategic development
- 2 describing philanthropic strategy definitely, which supported by top manager
- 3 basing on criteria which accepted widely
- 4 with measurable outcomes and effective evaluation system
- 5 focusing on projects and their process, not just on donations or a company self
- 6 treated as a part of business not morality and justice of a company

# Common Value and Corporate Philanthropy

## □ Corporate Philanthropy in China

## □ *Strategic Philanthropy Theory Guideline*

- *Main Forms of Strategic Philanthropy*

- *Designation and implement of strategic philanthropy*

- *Sustainability of strategic philanthropy*

## □ Practice of Enterprise Foundations

## □ Appendix



# Main Forms of Strategic Philanthropy

Primary Characteristic	Principal Form
Capital Contributions	Financial support Material support
Human resources Contributions	Volunteer support Intellectual support
Social resources contributions	Corporate Reputation Marketing and social Network

1 As the traditional corporate donation, the financial contributions and material supports are also the two essential ways in strategic philanthropy. However, different from the old way, strategic philanthropy is highlighted with the characters of directionality and customization. It effectively integrates the enterprise's strategy needs and the requirements of the different beneficiaries together.

2 In strategic philanthropy, the forms of human resource contributions depend on the developing status of the grantees. But the human resources contributions which mix the intellectual assists such as expertise on technique and skilled management, and voluntary time are the key to sufficient integration between business and the grantees. And meanwhile through this process, the enterprise can also raise internal consents and understanding to philanthropy, and thus promote the staff's confidence and employees' loyalty.

3 In strategic philanthropy, as choosing special issues which have close relations with self development and competitive context, enterprises can leverage more supports for the grantees with their social network, such as media, government relation, public relations, and the influence in the value chains. And also co-funds can be achieved with social resource arrangements which are advantageous to both of companies and the grantees.

Compared to the traditional donations, corporate strategic philanthropy have more contribution outlets beyond the financial and material giving, besides, the enterprise could also adopt the human resources contributions or make use its social relations to extend the causes relate to their strategy.

The varieties of enterprise's contributions can dispel suspicion as "whether *GIVING MONEY* can equal to be responsibility for society". In strategic philanthropy, companies could not just simply donate money to the beneficiaries, but mobilize all the available resources to serve the sharing value of the two sections. In this process, the enterprises not only do good things but also do the right things which enterprise should hold as the member of the society.

# Main Forms of Strategic Philanthropy

## Financial support

➤ *In line with the scales and requirements of philanthropy programs, enterprises can decide the amount of giving money according to formulation of related guidelines and financial allocation criterion.*

- Exxon Mobil Corporation awarded \$1 million to the Society of Exploration Geophysicists Foundation in support of the organization's mission to prepare students from around the world for careers in geophysics, whose efforts are enormously important to oil industry.

## Material support

➤ *Material donations blaze a new trail at the constraint of traditional ways that simple respond to government's calls or urgent disasters, and besides the new ways make more focus on the competitive advantages and the extension of the new markets.*

- In year 2004 when SARS broke out, Jianzhisu Pharmacy Technology Inc. donated a lot of disinfectants and medical equipments to the SARS-related departments. These substantial donations successfully helped to open up the market of medical civil use in Beijing for firm's products, which win the enterprise the good business opportunities.

# Main Forms of Strategic Philanthropy

## Volunteer support

➤ *The employees' voluntary time is the preliminary form of the human resources contributions, which could be a nice start to make chances to achieve effective communication between two parts of the sponsorship. And fine and flexible policies for employee volunteer are useful to implement integration between the two sections.*

• Microsoft China Inc. provides employees three-day-long “salary-retaining vocation”, encouraging them to participate in the charitable activities which aims to help the weak people master the information technology, and narrow the digital gap, and help decrease the poverties.

## Intellectual support

➤ *More and more non-profit and community group have become new emerging grantees. But own to some reasons many of these organizations are suffering from management deficits and skill gulfs which must be fixed if expecting more social benefits realized by them. As abundance of intellectual advantages of business, a new kind of work panel is paid more attention which is the collaboration of corporate employees and the non-profits for special causes which contain the common values.*

• The Starbuck Inc. delivers its off-duty manager to international non-profit organization named CARE but with the salary remained. The manager has the full-time job in CARE, taking charge of organizing the marketing plans, and introduces the Starbuck program management system into CARE.

# Main Forms of Strategic Philanthropy

## Corporate Reputation

➤ *Every company, especially the leader company, plays an indispensable role in the value chains, and the influence imposed by the enterprise varies from individual to individual on the different extents. Enterprise could acquire more supports and conveniences for solving social problems through putting forward the announcement, launching initiatives or joining frameworks for some social issues. With all-above efforts, a company can influence supply chains related to its business and realize the shared interests in the cluster business*

• Wal-Mart impacts its suppliers worldwide directly on the issue of climate change by its announcement about carbon information disclosure, which is valuable to a series of social activities centering on the climate changes and the global warming. And meanwhile this initiative also helps Wal-Mart strengthen its competitiveness by integrating different parts of the whole value chains and enhancing itself innovation.

## Marketing and social Network

➤ *Companies should take advantage of their marketing and social network to leverage additional supports and services to the chosen causes and grantees, with which the maximized common value can be achieved. Firms could also release the information of the causes or seek more partnerships to share the cost and amplify the influences.*

• Cisco, through its existing social relations, acquires the sponsorships from local government, education department and other computer hardware or software companies who are in the same value chain with the Cisco to expand its networking academy aiming to improve network skills for youth around the world, and this networking academy has been creating far more social and economic value than the forms just contributed cash and equipment

# Designation and implement

## *Identify the philanthropic issues*

Basic  
principles

### ■ *Focusing on the fields which raise competitive advantages*

## 1 Identify the issues in term of competitive background

Totally social issues can be divided into three categories<sup>[5]</sup>,

- i Generic Social Issues, which are not significantly affected by a company's operation nor materially affect its long-term competitiveness
- ii Value Chain Social Impacts, which are significantly affected by a company's activities in the ordinary course of business
- iii Social Dimensions of competitive context, which are factors in the external environment that significantly affect the underlying drivers of competitiveness in those places where the company operates.

As different industry sectors, operating areas and competitive positioning, the context-focusing issues are distinct, which is the reason of diversity of strategic philanthropy. To auto section, for instance, Volvo's position is safety and Toyota's is Environmental-friendly technology, so their focusing issues are quite different.

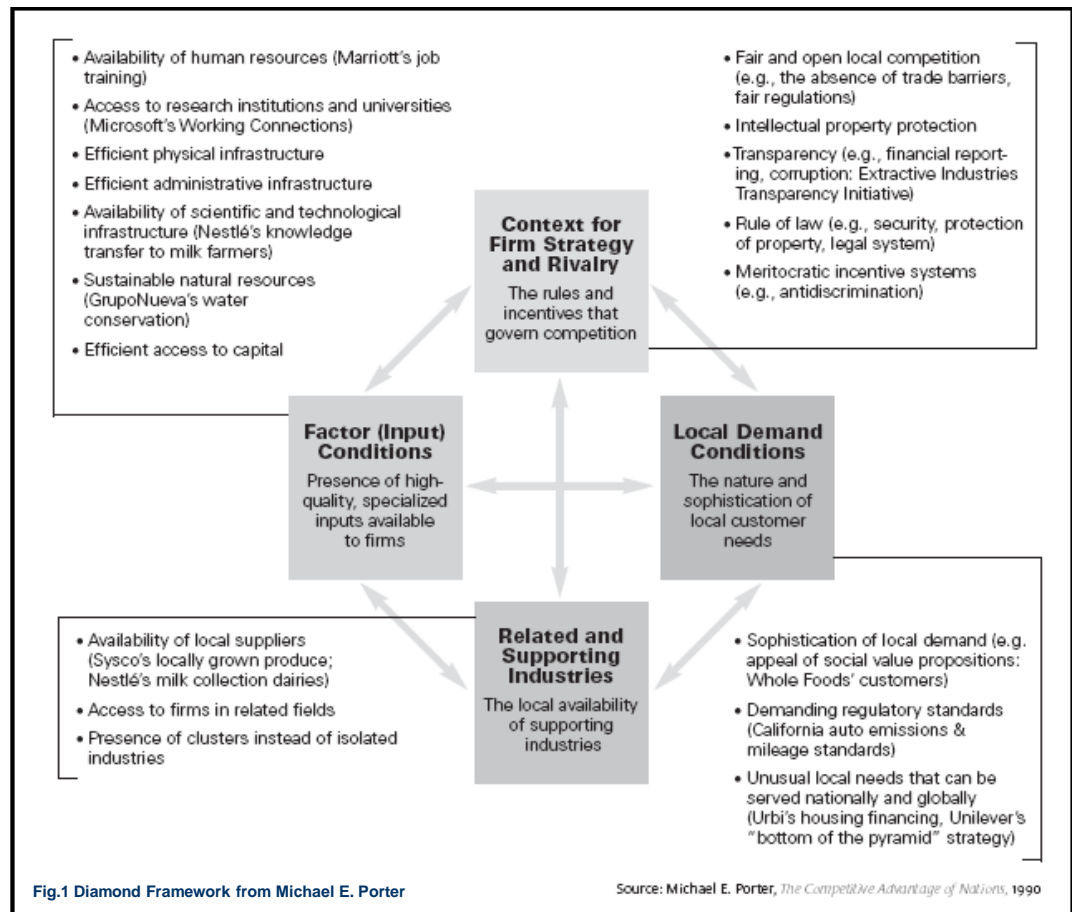
# Designation and implement

## *Identify the philanthropic issues*

### Basic principles

### ■ *Focusing on the fields which raise competitive advantages*

Fig.1<sup>[6]</sup> is the Diamond Framework from Michael E. Porter, which shows the factors related to competitive background and how these conditions at a company's locations (such as transportation infrastructure and honestly enforced regulatory policy) affect its ability to compete. It is helpful tool to identity context-focusing issues.



# Designation and implement

## *Identify the philanthropic issues*

Basic  
principles

■ *Focusing on the fields which raise competitive advantages*

## **2 Identify the issues which most relate to public benefit**

As regional difference exists, the issues paid attention to by local residents are different to other areas. It is quite important to the companies who run business in several places, especially the multinationals. Common communications with local stakeholders and public opinion collection are virtual ways, if a firm wants to understand these issues. The Lenovo Group, for example, selected donation proposals and comments from general public as soon as it initiated philanthropy venture investment plans in China at the end of 2007.

## **3 Ensure the issues of strategic philanthropy**

The issues of strategic philanthropy are based on both of the issues according to competitive background and the ones which are the most concerned to local persons. The intersection of these two categories can make sure the pertinence and uniqueness of corporate donations.



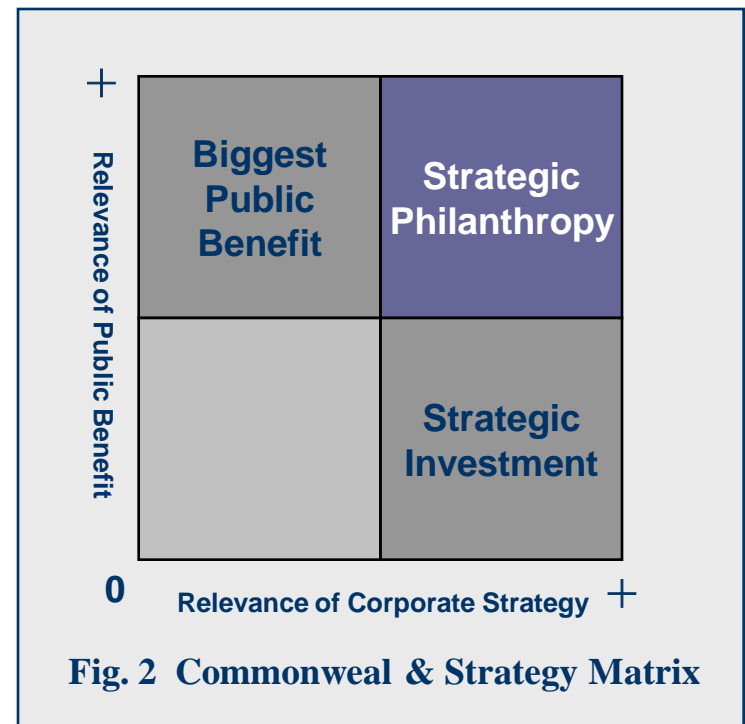
# Designation and implement

## *Identify the philanthropic issues*

Basic  
principles

■ *Focusing on the fields which raise competitive advantages*

Fig. 2 is the Commonweal & Strategy Matrix, which is a useful tool to realize share value oriented. Different social issues are quantified as correlation to social interests which are responsive to stakeholders and corporate benefits which. And the issues of strategic philanthropy are the ones with higher correlations of two classes. Less thought to social interests would harm public approval and on the other side, slight consideration to corporate profit would bring corporate philanthropy to simple status as only writing a check.





# Designation and implement

## *Identify the philanthropic issues*

### Basic principles

### ■ *Focusing on the fields which raise competitive advantages*

Fig.3<sup>[7]</sup> shows the dividing line of passive giving and strategic philanthropy with three kinds of social issues, which are Generic Social Issues, Value Chain Social Impacts and Social Dimensions of competitive context. It illuminates the most strategic philanthropy occurs when a company adds a social dimension to its unique value proposition, which usually is a set of needs the company can meet for its chosen customers that others cannot, making social impact integral to the overall strategy. It is through strategic philanthropy that the company can make the most significant social impact and reap the greatest business benefits.

And strategic philanthropy moves beyond good corporate reputation and mitigating harmful value chain impacts. Typically, the more closely tied a social issue is to the firm's business, the greater the opportunity to leverage the company's resources and capabilities, and benefit society.

Fig.3 Corporate Philanthropy & Social Issues		
Generic Social Issues	Value Chain Social Impacts	Social Dimensions of competitive context
Good Citizenship & Public Relationship	Mitigate Harm from Value Chain Activities	Improve competitive context
Passive Corporate Donation	Achieve Social Value through Value Chain	Positive Strategic Philanthropy

# Designation and implement

## *Integration of corporate resource with Philanthropic Activities*

### Basic principles

### ■ *The integration of companies' available resources and chosen causes effectively*

It has been known well that corporate philanthropy is not simply “writing check” but beyond financial and material contributions, and there are much more contribution outlets on capital, human resource and social resource ways. And as the same, the integration of enterprises and philanthropy activities is not the integration of the financial resources but the one of all the resources in the overall way.

1. The integration of corporate strategy and philanthropy. The main objective of strategic philanthropy is long-term development, promotion of firm's competitive advantage and achievement of sharing value. By focusing on specific social issues, some social conditions related to a company's competitive context can be improved or changed to the status benefiting both enterprise growing and social sustainability. And integration also represents the coherence of corporate mission, value and main products with social profit and special causes. Also in the problem-solving process, the enterprise could not only put itself as the sponsor, but also become the leader of the related issues. For example, GE has become one of the principal leaders that offer the assistance to improve the medical conditions in Africa. And BP is also playing an important role in reacting to the global climate changes.

# Designation and implement

## *Integration of corporate resource with Philanthropic Activities*

### Basic principles

### ■ *The integration of companies' available resources and chosen causes effectively*

2. The integration of financial resources and philanthropy. Financial donation is the basis for charitable activities as well as the primitive form for corporate philanthropy. More and more new forms of financial giving are adopted nowadays. For instance, Zhejiang University acquired total of 30 million US dollars financial support in 2007, 1/3 of which is the equal amount proportioning fund, that is to say, as long as another sum of money contributed to the Zhejiang University, no matter what it is used for, the same proportion of the contribution will be put out from the equal amount sponsorship and inputted into the Zhejiang University; the output of the funds per time could not exceed \$ 1 million with the periodics of 10 years<sup>[8]</sup>. The new forms could not only unite more cooperators, decrease the burden of the enterprise's charities, but also could fuel the enthusiasm of the sponsors, which could propel the sustainable development of the donate activities.

3 The integration of social resources and philanthropy. Companies could not only take advantage of available social capitals to leverage more supports which can promote long-term developing of the philanthropic activities and decrease the cost, but also gain new relations to other social parts which can promote long-term developing of companies themselves as well.

# Designation and implement

## *Integration of corporate resource with Philanthropic Activities*

### Basic principles

#### ■ *The integration of companies' available resources and chosen causes effectively*

4. The integration of companies' employees and philanthropy. Companies possess the advantages of the technical skills and management experiences, which are in lack by some grantees such as non-profits or community organizations. Companies could offer expertise and skill trainings to the grantees, or set up an intersectional working panel whose members are from different department, such as PR, marketing, etc. to work with the grantees for the chosen issues. With this kind of integration and actual management tools, companies can qualify the results of philanthropy effectively and also can conduct appropriate financial support according to the grantees' needs.

More and more Employee Volunteer Programs have focused on leveraging employee skills and talents for the benefit of nonprofits. A 2006 Deloitte / Points of Light Volunteer IMPACT study found that 77 percent of nonprofit leaders believe that skilled volunteers could significantly improve their organization's business practices, yet only 12 percent of nonprofits actually put volunteers to work on such assignments. Furthermore, this study found that 40 percent of volunteers actively look for opportunities to apply their professional skills<sup>[9]</sup>.

# Sustainability of strategic philanthropy

The sustainability is essential to achieve expectation of strategic philanthropy. It is sustainable philanthropy that could use all kinds of available supports sensibly and effectively, and become the right one which a company can support in long term. Another character is whether the philanthropic projects can be replicated in other places and exert more influence and make more alterations which are good for competitiveness.

And therefore how to ensure sustainability, which has been becoming the importance part of strategic philanthropy practice and also the one of the criteria for the successful strategic philanthropy, depends on positive and sufficient integration between companies and grantees and effective information communication among different social sections.

## BOX 2 Business–Environment NGO Partnership Matrix<sup>[10]</sup>

The part of the business operation that is affected:

- management processes;
- strategic projects;
- product performance.

The primary role played by participating NGOs:

- endorsement;
- development and implementation.

The number of environmental, ethical and social issues addressed:

- single issue;
- multiple issues;
- total quality analysis.

More content to see Appendix

# Sustainability of strategic philanthropy

## *Signaling information effectively*

### Basic principles

#### ■ *to deliver philanthropy information to more stakeholders*

To view corporate philanthropy as a kind of marketing method seriously restricts the cooperation between enterprises, and enterprise and other social parts. Companies could deliver related information through the social network. And through the information deliverance, the companies could:

- 1 To promote company's public images. Strategic philanthropy is not to deny public image promotion, but to put it as the final aim. And public image could be built not only necessarily by giving-money, but achieved by right understandings and active response to the social problems, which could bring the same or much better effect as the traditional charitable activities.
- 2 To bring more stakeholders into participation. The sponsorship and participation of local government and cluster companies could integrate more resource and create larger share value and at the same time, it could lower risks and share the cost of activities.
- 3 To avoid the free rider problem. The free rider means to share the benefits without any contribution made. There would be a puzzle that when corporate philanthropy improves social conditions, whether other cluster companies or competitors often share the benefits. But the Effective information communication can deal with it as the general public always send their praises to the leading companies of special causes and the initial companies will be best positioned to make substantial contributions and will in turn reap a major share of the benefits.

# Sustainability of strategic philanthropy

## *The positive integration between companies and grantees*

### Basic principles

- *Building interactional and equal partnership between companies and grantees*

- *Positive communication between companies and grantees*

### ➤ The coming age of partnership

The current main grantees include the non-profit organizations, government institution, colleges and research institute and etc. As different advantages and needs of different grantees, companies should adopt various ways to cooperate with these partners.

Among several partners, non-profit organizations, relatively, are more and more becoming sufficient ones achieving integration, and with this integration corporate philanthropy can be more strategic and much more sharing value can be realized.

Through more partnership of non-profits and firms adopted, has become the feature of corporate philanthropy in China, from traditional views, the relationship between enterprises and non-profits is much more antagonistic than of the cooperation. With economic boom, many social problems begin to emerge on, and companies, regarded as the arch-criminal, are criticized by non-profits who figure as representative of the public interests. The block between these two parts is broken by common understanding and more successful cases of inter-sectional partnership



# Sustainability of strategic philanthropy

## *The positive integration between companies and grantees*

### Basic principles

■ *Building interactional and equal partnership between companies and grantees*

■ *Positive communication between companies and grantees*

### ➤ The coming age of partnership

In 2007, a report named of “Business guide to partnering with NGOs and the United Nations” (Fig.4) pointed<sub>[1]</sub> that almost two thirds of respondent companies (61%) had engaged in partnerships with social sections over the past 3 years. An overwhelming 88% of companies without prior partnership experience voiced interest in doing so in the future. The 12% of inexperienced companies that did not express interest cited absence of common areas for partnership

It also posited that the vast majority of companies agree that partnerships will gain in importance in the future. 73% of all respondents concluded that corporate partnerships would be important or extremely important for their own company over the next 3 years, and about 61% of respondents indicated that corporate partnership would be “important” or “extremely important” for the market as a whole.

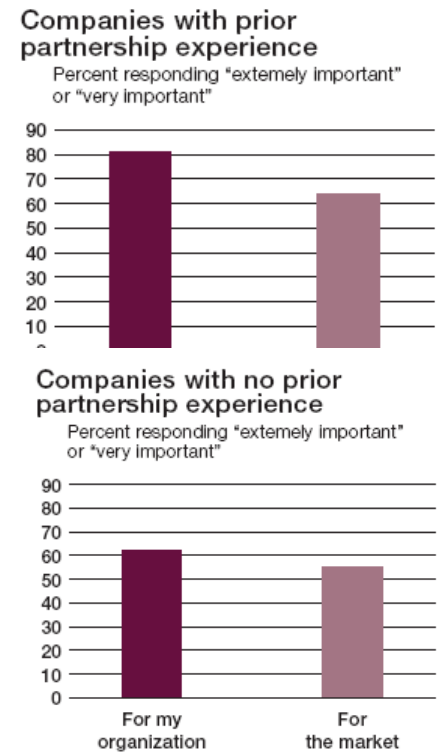


Fig.4 UN Percent responding "extremely important" or "very important"



# Sustainability of strategic philanthropy

## *The positive integration between companies and grantees*

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■ *Positive communication between companies and grantees*

### ➤ The guarantee of choosing partners

1 The similar focusing fields. Different non-profit has its individual focusing-on fields, which represents a certain social interest. Owing to the diversity and specialty of competitive background, each enterprise focuses on special issues as well. So integration of enterprises and non-profits should be built basing on similar attention to special social issues, which could improve the resonance between partners.

2 The symmetry of resources and capabilities<sub>[12]</sub>. Equal partnership is regarded as one of pivotal factors in strategic philanthropy, which depends on symmetry of resource and capabilities of contribution to special causes. In traditional donation, companies usually stand at advantage status for they are the main financial supporters and the grantees are the ones without contribution. The ignoring of the grantees' contribution, blocks integration badly and reduces the influence of activities. In strategic philanthropy, the grantees' contribution on social resources and experiences are highlighted. The accent of grantees' contribution can maintain equality of the partnership and facilitate communications and understanding between companies and their partners.

# Sustainability of strategic philanthropy

## *The positive integration between companies and grantees*

### Basic principles

■ *Building interactional and equal partnership between companies and grantees*

■ *Positive communication between companies and grantees*

### ➤ The guarantee of choosing partners

3 The open-minded and approachable attitude.

As much complicated reasons the misunderstanding and doubt exist between companies and non-profit organizations. And it could be enlarged during the process of integration if there is no communication carried out. The successful integration relies on whether one part could accept the other in an open-minded way and respect the difference between the two parts during the whole course of partnership.

#### BOX 3 Four types of functions of UN Partnerships<sup>[13]</sup>

(a) Advocacy The United Nations partners with business and civil society in order to advance a specific cause and/or draw attention to a particular issue. Advocacy partnerships leverage the reputation and networks of both the United Nations and stakeholders to promote vital political and development issues, including the MDGs and human rights.

(b) Developing norms and standards The United Nations engages with stakeholders for the purpose of developing codes of conduct, reporting guidelines, or other norms and standards that guide business conduct and help facilitate market transactions in the global economy. These codes and agreements serve as reference frames that define desirable and inappropriate behaviour.

(c) Sharing and coordinating resources and expertise The United Nations partners with business in order to benefit from complementary resources and to coordinate contributions to key development projects, including humanitarian relief efforts. The strategic allocation and sharing of knowledge and technology is of particular importance.

(d) Harnessing markets for development The United Nations partners with business for the purpose of supporting the development and expansion of sustainable markets at a local, regional and global level. Such partnerships either help provide access to markets (such as producer networks) or help to bridge or deepen markets (for example by providing incentives for business to invest).

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# Practice of Enterprise Foundations

The emergence of corporate philanthropy foundation is one of the trends of corporate philanthropy in China, and this emergence is regarded as the active attempt of professionalizing corporate philanthropy and making donate activities more strategic.

Corporate foundations have developed for about one century and achieve many kinds of profits for their parent companies, such as legal tax exemption and reduction, public relation improvement and donate fund management, etc.

With the constant improvement of interrelated laws, more and more companies establish their own foundations. But meanwhile as some management scandals such as large amount of donate fund disappearance and reclaiming of embezzled money by a foreign donator, public doubts embarrass corporate foundations' development. So information disclosure of foundation management is needed imminently to rebuild public trust. Though many problems should be handled, these foundations must become mainstream managers and executants of corporate donation especially the strategic philanthropy.

## BOX 4 Development of Corporate Foundations in China

‘Management Regulation of foundation in China’ enacted by the State Council in June 2004

‘Guide to philanthropy development in China (2006-2010)’ launched in November 2005

Cosco Charity Foundation, the 1st corporate foundation of China set up in December 2005

Tencent Charity Foundation, the 1st internet corporate foundation of China set up in 2006

# Practice of Enterprise Foundations

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# Practice of Enterprise Foundations

COSCO Charity Foundation<sup>[14]</sup>, the 1st corporate foundation of China, plays an important role after set up at the end of 2005. In 2005 the donation sum is about 16.25 million RMB which is a bit more than the sum of 2003 and 2004(Fig.5).

Group's donations in recent years

Fig.5 COSCO Charity Sum

Year	Donating unit	Purpose of donation	Donation amount
2003	COSCO Group	Frontline medical staff for SARS epidemic	6 million yuan
2004	COSCO Group	Tsunami-hit areas in Southeast Asia	10 million yuan
2005	COSCO Charity Foundation	Poverty-stricken areas in Tibet and Hebei	16.25 million yuan
2006	COSCO Charity Foundation	Poverty-stricken areas in Tibet and Hebei	16.95 million yuan
2006	COSCO Charity Foundation	Joining the "Program of Tomorrow" initiated by Ministry of Civil Affairs, donating to help cure orphans suffering inborn heart disease	One million yuan
2006	COSCO Charity Foundation	Donation to Huayu Fund	Two million yuan
2006	COSCO Charity Foundation	Assisting poverty-stricken students in Peking University to complete study	300,000 yuan
Sum			52.5 million yuan

# Practice of Enterprise Foundations

In the practice of strategic philanthropy, corporate foundations should settle their missions with concerning about competitive background of parent companies and main stakeholders' requirements and focuses of foundations should conform to that of strategic philanthropy as well.

Corporate foundations can become the communication platforms connecting companies and external parts and covering more various stakeholders by inviting them as the members of foundation boards.

Corporate foundations can make the bridges between companies and the non-profit organizations. Different from their parent companies, as usually characterized as non-profit parts, foundations could easily acquire the reliance and approval of the non-profit organizations. This feature of corporate foundations could help to dispelling misunderstandings of two quite different sections and promoting intersectional integration.

The Bayer US Foundation<sup>[15]</sup>, for example, one of most successful corporate foundations, supports programs that enhance the quality of life, provide unique and enriching opportunities that connect diverse groups and ensure preparedness for tomorrow's leaders - thereby, resulting in sustainable partnerships that continually improve communities in which Bayer employees live and work..

In order to meet this mission, the foundation has developed a strategic grant making plan, focusing its giving on four areas: Arts and Culture; Education and Workforce Development; Environment and Sustainability; and Health and Human Services.

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# Appendix I : Explanation to Business–Environment NGO Partnership Matrix<sup>[10]</sup>

In order to illustrate the complex inter-play of issues involved in the partnerships described in this report, business–Environment NGO partnership matrix which is outlined in Box 2.

How a partnership affects core business practice is the first variable. Partnerships can deal with company management processes, strategic projects and specific products. Management processes could include environmental management systems or supply chain auditing. Strategic projects could include developing new mechanisms to assist the business concerned in moving towards sustainability. Product performance issues could involve partnerships to develop new products or environmental group endorsement for existing company products.

Accordingly the role of participating environment NGOs is also a key dimension to any partnership initiative and is the second variable. This divides the role of NGOs into the endorsement or development and implementation of the processes, projects or products concerned. In some cases, NGOs may begin by endorsing a project idea, for example, and then later collaborate with the business partner on project development and implementation. In others, the NGO involvement in the partner-ship may stop at the endorsement stage.

The significance of a partnership for participating businesses and environment NGOs, as well as wider society, is suggested by the number of issues addressed, our third variable. This means that partnerships can focus on a single issue such as fisheries management, a multiple number of issues related to deforestation, pollution prevention or eco-efficiency, for example; or perhaps on total quality issues of a particular business.

# Appendix II : Reference

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