THE QUEST FOR STRATEGIC NGO PARTNERS

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I. INTRODUCTION

The notion that businesses’ only responsibility towards society is to generate profit, as Friedman would argue (Lantos, 2001) has long been overwritten. Stakeholder theory and the concept of corporate social responsibility (CSR) have been around for decades (Lee, 2008), evolving ever since. CSR can take many forms, ranging from ethical business conduct to responsible and sustainable business operations, or to going the extra mile and creating shared value (Porter and Kramer, 2011). CSR literature also increasingly suggests that besides improving the financial bottom line, responsible and sustainable business conduct has various other types of other advantages too.

The high variety of possible CSR initiatives entails that companies also need a variety of resources to achieve their targeted CSR goals. Some of these goals cannot be achieved by using only internal resources and external resources are required too that companies are not in the possession of. At the same time, the relationship of non-governmental organisations (NGOs) and businesses has evolved considerably in the past decades in terms of CSR, and has become much more advanced and complex than the earliest stage of simple philanthropic donations. The above two phenomena led to businesses and NGOs increasingly forging mutually beneficial strategic partnerships, whereby the involved organisations exchange or pool their resources and as a result, receive certain benefits.

Due to the increased commercialization of the NGO sector, and more and more companies realizing the potential in strategic partnerships, the competition between NGOs for the corporate sectors’ resources has increased, forcing NGOs to implement a more business-oriented mindset. The initial idea of this thesis research originates from the author’s professional experience. Working as a marketing consultant for a Hungarian NGO the author experienced the difficulties of convincing companies to enter into strategic partnerships, because the NGO failed to find common points and to convince companies to support them with any kind of resource. This realization led to the idea that the most basic principle of marketing – identifying customer needs and then creating value offerings that would satisfy those needs – can be applied to this problem as well. Applying the basic frameworks of marketing to the problem of NGOs seeking the support of companies could be understood as: companies (customers)
providing certain resources (paying) to NGOs, in exchange for certain benefits received (NGOs’ value offering).

Although literature on NGO marketing exists and is diversified, its main focus remains marketing themselves towards their key audience (their beneficiaries and the general public). Recommendations for applying marketing practices towards companies are focused mainly on the quest for (philanthropic) donations, taking into account only a limited range of companies’ received benefits, e.g. improved reputation. Strategic partnerships are different in the sense that both companies and NGOs can receive a more diverse range of benefits and values. Theoretically, businesses would seek to maximize these received benefits and would choose strategic NGO partners accordingly. Similar to a commercial marketing situation, this would mean selecting the most beneficial/favorable value offering. However, just like customer behavior in commercial marketing, companies’ decisions on selecting strategic NGO partners are assumed to be more complex than that.

The ultimate aim of this thesis is to provide some guidelines for NGOs that would assist them in creating value offerings that they could effectively “market” to companies with the aim of achieving beneficial strategic CSR partnerships. In order to do so, a research gap must be filled by answering the question:

*How do companies select which NGOs to form strategic partnerships with?*

First, related literature will be discussed to identify trends in CSR and NGO – business partnerships. Afterwards, existing research findings will be reviewed, synthetized and contrasted in order to identify preconceptions for the research and gaps in existing literature. The research of this thesis will consist of 7 in-depth, expert interviews with Hungarian corporate executives, responsible for CSR decisions. The interviews aim to uncover motivational factors and decision-making behavior patterns that influence companies’ decisions on selecting strategic NGO partners. Finally, the presented research findings will lay the ground for some recommendations and guidelines that aim to advise NGOs on the marketing practices they should apply to be able to satisfy their target audience’s identified needs.
II. LITERATURE REVIEW

1. STAKEHOLDER APPROACH

Sometime around the mid-1980s the corporate sector has started to pay closer attention to a wider range of actors that are affected by their operations and who ‘have a stake’ in how they perform. The so-called stakeholder approach to strategic management emerged as a response to increased pressure on managers to answer to environmental and social concerns, and as a possible tool to create new strategic directions and opportunities amidst the fast-paced market environment changes (Freeman and McVea, 2001).

Stakeholders, by definition, are those groups or individuals “who depend on the organisation to fulfill their own goals and on whom, in turn, the organisation depends” (Johnson et al., 2005, p179). Such a description entails that an organisation will have internal as well as external stakeholders, the latters commonly grouped into stakeholders from the ‘market’ environment, the social/political environment or the technological environment. Some of these groups are in a contractual relationship with the company, while others are community stakeholders, without any legal connection to the company. Conflicts of interest might occur not only between the company and each stakeholder group, but also between the stakeholder groups themselves. The management of all the groups’ expectations therefore requires a conscious and well-organized approach (Johnson et al., 2005).

To be able to oversee the intertwined relationships and expectations between the different stakeholder groups, companies are often advised to create stakeholder maps. When not depicted as a complex network, stakeholder groups can also be classified into matrices determining the preferred action/reaction the company should take towards them. An example of such a matrix, based on stakeholder groups’ relevant power and their interest in impressing their expectations on the company can be seen in Figure 1.
Designing a successful stakeholder program, where the most expectations possible are taken into account, can be divided into 4 major steps (Pearce and Robinson, 2000):

1. Identifying all relevant stakeholder groups
2. Understanding each groups’ specific claim towards the company
3. Reconciling and prioritizing these expectations
4. Coordinating and aligning the above claims with the company’s mission and strategy

Having mutually beneficial relationship with one’s stakeholders is a constantly evolving and dynamically changing process, and as such, it can take different levels of engagement over time with the stakeholder groups. With less resource invested, it can be low and one-sided, where the used tools are not suitable for building dialogue (surveys, reports); or it can become a bi- or multilateral dialogue, where “company and stakeholder representatives exchange ideas, information and opinions” (Guibert and Roloff, 2017, p4).

2. CORPORATE SOCIAL RESPONSIBILITY

2.1. The evolution of CSR

Very broadly speaking, usually external stakeholders pose a claim towards internal stakeholders (board, managers, employees) to operate in a socially responsible manner. The concept of corporate social responsibility has undergone some major changes in the recent decades. Although at the beginning taking society’s expectations into account was inevitably treated as a tradeoff, more recent approaches acknowledge the
fact that profit generation shouldn’t be subordinated to societal benefits, and mutually beneficial *shared value* can be created.

The evolution of the concept in the first couple of decades was mostly characterized by the process of internalizing society’s needs into businesses’ operations instead of treating them as external threats. This process had many elements, from trying to link corporate social responsibility to corporate financial performance, exploring managerial tools for incorporating stakeholder needs to decision-making, and so on. These changes can be traced through the conceptual and academic shifts around CSR: the major trends, summarized by Lee (2008) are depicted in Figure 2.

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<th>50s &amp; 60s</th>
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<tr>
<td><strong>Level of Analysis</strong></td>
<td>Macro-social</td>
<td>Organizational</td>
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<td><strong>Theoretical</strong></td>
<td>Ethical/Obligation</td>
<td>Managerial</td>
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<td><strong>Orientation</strong></td>
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<tr>
<td><strong>Ethical Orientation</strong></td>
<td>Explicit</td>
<td>Implicit</td>
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<tr>
<td><strong>Relationship</strong></td>
<td>Exclusive/No discussion</td>
<td>Tight coupling</td>
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<td><strong>between CSR &amp; CFP</strong></td>
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Figure 2. Trends in CSR research. Source: Lee, 2008, p56

The deeper incorporation of society’s needs into corporate agenda-setting continued in the 21st century as well. According to Elkington, such a paradigm shift was necessary because there are broader paradigm shifts occurring as well, revolutionizing both sustainability, and the corporate sphere’s attitude towards sustainability. These changes include for example the opening up of markets, leading to fiercer competition than ever, and the emerging need for dynamically renewed competitive advantage; or the shift from ‘hard’ values to ‘soft’ values; or accelerated (international) transparency and the need thereof (Elkington, 2004). In order to foster the diffusion of managerial CSR practices, a new concept was introduced which deliberately resonated with executives’ attitudes: the Triple Bottom Line. The TBL agenda “focuses corporations not just on the economic value that they add, but also on the environmental and social value that they add – or destroy” (Elkington, 2004, p3).
Along with the dynamic evolution of the concept, exact definitions of CSR have also evolved over the past decades. Early definitions phrased CSR rather as an obligation than as an opportunity for development, e.g. by Howard R. Bowen:

“It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953, p6, cited in Rahman, 2011, p167)

Later definitions reflect the aforementioned inclusion and incorporation of societal and environmental concerns into business operations:

“CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (European Commission, p5, cited in Rahman, 2011, p172)

Nevertheless, the central topic of this thesis assumes a proactive attitude by businesses whereby they treat CSR as a means or opportunity for development, gaining corporate benefits and making strategic progress. Therefore, this thesis will rely on the following definition of CSR:

“Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.” (WBCSD, 1999, p.3)

2.2. A specific form of CSR: NGO – Business partnerships

Although the above definition takes a more positive approach by using the expression ‘improvement’, the root of the emergence of CSR is actually the often intertwined and endless range of social and environmental issues we face today. Due to globalization, the emergence of consumer society, technological improvements, and many further factors, the problems we are facing became large-scale and increasingly complex. As a consequence, literature suggests that dealing with them simply outsmarts single actors and inevitably requires intersectoral collaboration, calling for “shared efforts of actors throughout all sectors of society in the form of new configurations of state bodies,
market agents and civic parties, from the local to the global level” (Huijstee, 2010, p30).

An example of such new configurations is NGOs and businesses collaborating with a sustainable aim in mind. The number (and effectiveness) of these cross-sector partnerships has increased significantly in the past years and “is viewed by academics and practitioners as an inescapable and powerful vehicle for implementing corporate social responsibility (CSR) and for achieving social and economic missions” (Austin and Seitanidi, 2012, p728).

The increase in cross-sector partnerships between NGOs and businesses is also supported by the process of both sectors converging towards one another. Businesses have started to recognize that creating benefits for stakeholders isn’t necessarily a tradeoff and can result in various strategic benefits, including but not limited to: legitimacy and better reputation, improved employee relations, recruitment and retention, consumer loyalty and brand preference, market development and innovation (Austin and Seitanidi, 2012). At the same time, the nonprofit sector has also been evolving to match the expectations of those companies whose resources they need to further their agenda. A further elaboration of NGOs’ commercialization will follow in subsequent sections (see 3. Specialties of NGO marketing).

To be able to understand the most advanced type of NGO – business collaborations, the concept of shared value creation (SVC) must be introduced. The term was pioneered by Porter and Kramer (2011), and basically refers to (re)connecting business success with social progress. Despite the spread of CSR as a concept, companies continued to view value creation narrowly, with a short-term, profit oriented mindset.

“The concept of shared value, in contrast, recognizes that societal needs, not just conventional economic needs, define markets. It also recognizes that social harms or weaknesses frequently create internal costs for firms” (Porter and Kramer, 2011, p5).

The (sustainable) competitiveness of companies and the well-being of their communities are strongly intertwined, and social issues result in major (and long-term) internal costs: over-usage of water-supply leads to costly production, inadequate
education leads to higher employee training costs, etc. They key novelty points of the SVC concept, compared to classic CSR, are summarized in Figure 3.

![CSR to CSV Diagram]

Figure 3. From CSR to CSV. Source: Porter and Kramer, 2011, p16

A supplementary concept to shared value creation is the model of socially anchored competencies (SACs) (O’Brien, 2001). The key contribution of this model lies in reevaluating a company’s core competencies from the perspective of the social benefits they can bring. It also develops the traditional stakeholder approach further by suggesting that managers shouldn’t only explore how their business affects stakeholders and how to mitigate these harms, but makes core competencies a central element of stakeholder analysis. The key idea is to determine “how competencies can be leveraged in innovative ways that maximize social benefits as well as benefits to the company’s business” (O’Brien, 2001, p9). Furthermore, in connection to the central topic of this thesis, the SAC model builds strongly on the resource complementarity between sectors, too:

“It proposes that using alliances is important to acquiring critical new skills or abilities necessary for successful CSR initiatives and […] because many companies do not have the entire range of skills they need to make their CSR programs successful” (O’Brien, 2001, p10).
3. SPECIALTIES OF NGO MARKETING

NGOs comprise the third sector besides the public and private sector of the economy. These organisations are defined as “any non-profit, voluntary citizens’ group which is organized on a local, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of services and humanitarian functions” (United Nations, n.d.). NGOs also aim to satisfy society’s needs on an individual level (unlike the public sector) and are not financed by fellow members of the society instead of their beneficiaries, and are therefore not profit-oriented (unlike the private sector).

Although the goal of their expansion or viability is not profit maximization but to achieve their mission, NGOs also need (or can benefit from) marketing. If marketing is defined as the behavior influencing function, then NGOs’ success depends on marketing from more than one aspect: the behavior of beneficiaries, donors, policy makers, volunteers, the media, and many more stakeholders are needed for NGOs to achieve their goals. As the aim of this thesis’ research is to explore the influencing factors behind NGO – business collaborations, the following section will explore the characteristics of NGO marketing, concentrating mainly on the marketing practices that are relevant in relation to their corporate partners (donors). The section will introduce 9 characteristics, each explained in detail.

The first distinctive set of characteristics results from NGOs’ macro environment:

1. Growing commercialization and competition within the sector
2. Interdependence of the three sectors
3. Dependence on the political environment

The growing commercialization and increased competition within the sector is a result of the increased competition for corporate resources. Due to the highly resource competitive environment, and donors becoming increasingly selective (Batti, 2014), NGOs have started to implement more advanced managerial practices and “most of them have learned that nonprofits need management even more than business does, precisely because they lack the discipline of the bottom line” (Drucker,
1989, p2). Such practices can entail various benefits: reliable flow of resources, incentives for greater efficiency, ‘passing the market test’ of performance indicators, better targeting of services to client needs and increased legitimacy for charitable activities resulting from association with the assumed efficiency of the market (The Aspen Institute, 2001).

The interdependence with the private and public sector means that satisfying modern societies’ every need requires the harmonious collaboration of all sectors and striving for the optimal division of labor amongst them (Dinya et al., 2004). Explaining the need for inter-sectorial cooperation, it is argued that the triple bottom line of sustainable development now combines needs for which businesses, government and civil society used to be responsible separately (Huijtsen, 2010).

Depending on the political environment refers to governmental actions and policies enabling/hindering fundraising, supporting/hindering media presence, shaping public opinion, or even supporting/hindering NGOs’ existence with e.g. bureaucratic obligations (hvg.hu, 2017).

Some important characteristics concern the target audience of NGOs:

4. 3 publics to please: appealing to the key audience, donors and volunteers simultaneously

5. Limited secondary sources on the target audience

Probably the most apparent difference compared to the private sector (besides being nonprofit) lies in the nature of the target group. While companies’ target audience is clearly defined as their (potential) customers, NGOs must appeal to multiple target audiences. Besides their first target audience, their beneficiaries (or clients), they also need to influence the behavior of donors. Some NGOs who rely heavily on volunteers need to market themselves to (potential) volunteers too, as a third target audience (Andreasen and Kotler, 2008).

Appealing to (all) target audiences is further complicated by the limited amount of secondary sources on their behavior, media consumption, perceptions and attitudes (Dinya et al., 2004). This holds true both in case of the beneficiaries (in many cases
because the issue that the NGO is tackling is some kind of social taboo), as well as in case of the donors, as NGOs usually hardly have the resources to conduct comprehensive market research of the targeted donors’ behavior (e.g. past donating activity, motivation behind donating, attitude towards different CSR forms, etc).

The offerings around which NGOs build their marketing also have their specialties:

6. **Invisible, not clear, not individual or intangible benefits**

7. **Diversity and importance of perceived costs**

8. **Service marketing**

In terms of the offerings or value propositions that an NGO can offer to its beneficiaries, the “delayed and **invisible benefits** and their not being felt, although present, were cited as the main difference between commercial marketing and social marketing” (Parthasarathy, 2013, p41). Many changes that NGOs are fighting for, concerning the environment or society at large, can only be achieved on the long run, while many of these changes cannot be translated to individuals, and are also often intangible (both for beneficiaries and donors).

The next step after evaluating the benefits one can offer, costs should be considered too. **Perceived costs** have high importance in NGO marketing, as many of the addressed societal or environmental issues, and the associated behavior changes impose a variety of perceived costs on the customer. More importantly, most of these costs are usually non-monetary, and include psychic costs too (like embarrassment, fear, awkwardness, etc.) (Andreasen and Kotler, 2008).

Many NGOs offer some kind of service rather than products; hence the classic characteristics of **service marketing** also apply to them. These are: **heterogeneity** (the changing nature of service and perceived experience by customer, due to the human factor on both sides), **intangibility**, **perishability** and **inseparability** (supplying and consuming the service cannot be separated in time or space). Another important aspect is the process nature of service providing: unlike in classical production, the creation/production process of the service product also becomes part of the customer experience. Last but not least, the active participation of the consumer further differentiates service marketing from product marketing (Dinya et al., 2004).
And finally, factors enabling marketing activity are different, due to:

9. **Budget constraints and lack of managerial or marketing know-how**

Having more **constrained budget** than what the private sector can calculate with is evident from the non-profit nature of NGOs. Budget constraints also affect the available resources that NGOs can allocate to general marketing, PR or communication initiatives. At the same time, employing a marketing officer is not such a widespread trend yet. The organizational development trends and necessary changes are out of the scope of this thesis, however, it would be useful for future research to further explore the importance of expert marketing know-how in NGOs’ life.

Allocating funds to marketing is only a fraction of costs NGOs face throughout their operation. In order to ensure the inflow of resources, NGOs can rely on the following major types of funds (Andreasen and Kotler, 2008):

1. Individual donations (cash or gifts)
2. Corporate donations (cash from corporations directly or through foundations, non-monetary donations)
3. Self-generated revenues (including sales of principal services/products and unrelated merchandise, membership fees and investment income)
4. Partnership proceeds (cause-marketing shares, licensing fees)

In summary, NGO marketing is unique and different from forprofit marketing in many ways. The fact that NGOs usually have 3 target audiences (beneficiaries, donors, volunteers), the challenge of being able to offer only intangible and often unclear benefits, and the lack of budget and managerial know-how all restrict and make NGO marketing more complex and difficult. The introduced factors explain why it’s extremely important to carefully design how an NGO can market the benefits it can offer to its different target audiences, corporate partners among them. Consequently, it’s also important to understand these target audiences’ needs and wants to be able to meet them. To do so, NGOs should consider adopting a target audience centered mindset.
4. TARGET AUDIENCE BASED MINDSET

4.1. Avoiding the trap of organization focus

A prerequisite of adopting marketing principles and practices is for NGOs to move away from an organization-centered perspective towards a target audience based mindset. This basically means putting value creation, in response to customer needs, in focus. As opposed to target audience-based mindset, organization-centered mindset is characterized by the belief that what the organization has to offer is inherently desirable (without exploring the actual needs of target audience). Due to nonexistent or minor role for market research, NGOs can fall into the trap of attributing failure to the lack of motivation or customers’ understanding of their mission, whereas instead, a closer focus would be required on target audiences’ motivations and behavior (Andreasen and Kotler, 2008).

4.2. Factors influencing target behavior: macro trends

The target audience based mindset encourages marketers to identify problems of their target audiences that they can react to with their value proposition. In order for NGOs to be able to offer truly relevant solutions to companies, they first need to understand the problems that companies are facing. Aside from the individual organizational and strategic challenges of each corporation, certain macro trends can be observed that the majority of the business sector has to deal with.

The recent technological improvements, including e.g. Web 2.0 led to the appearance of the empowered customers. Their economic role is growing as their bargaining power is reinforced. Often nurtured in different (online) consumer communities, the latest forms of collective consumer actions are not triggered by e.g. environmental pressure groups but are spontaneous (Constantinides, 2008) and drive the whole private sector towards transparency. Although “the net result of the changing role of the consumer is that companies can no longer act independently” (Lawer and Knox, 2006, p122), companies shouldn’t treat the empowered consumer only as a threat. They will play an active role in this new “prosumption” economy (Ritzer and Jurgenson, 2010) by becoming the source of content, brand equity or even innovation and strategic growth.
There’s an increasing trend of developing global brands, with an attempt to increase cost and communication efficiency, even though local brands have the strategic advantages of better responding to local needs, flexibility of pricing strategy, flexible competitive responses, etc. (Schuiling and Kapferer, 2004). Global brands often struggle to establish a connection with local communities, thus leaving various demands unsatisfied. Regarding the importance of communities, a study of 57 global brands from 10 countries (Torres et al., 2012) confirmed that combining CSR initiatives aimed at customers (for visibility) and community (to secure credibility with a broader circle) have the highest added value to brand equity.

To fight the growing trend of workforce fluctuation, employee management is increasingly advised (Deloitte, 2017) to take a more holistic approach, focusing on creating an overarching ‘employee experience’, especially since salary now only accounts for 45% of job decision (Hays, 2017). AON’s 2017 report on employee engagement found strong ‘employee value proposition’ to be the second most important driver behind engagement, i.e. “the organization’s ability to create a compelling and reciprocal reason for employees to join, stay, and invest one’s energy” (Aon Hewitt, 2017, p14). At the same time, CSR doesn’t appear in the top five drivers: presumably because it was measured as a reputation-related, brand element factor.

Porter (1998) argues that competition is not defined anymore by standalone businesses, but clusters (a geographic concentration of a field’s interconnected economic players), which serve as local sources of global competitive advantage. Clusters and therefore local communities are especially important in the globalized competition, due to providing unique advantages, while driving productivity and innovation too. NGOs are also significant economic players of the network economy. The nonbusiness sector has a potential effect on many competition-influencing factors by having an impact on the local community, demands and specialty demands, public policies through lobbying, environment, social- and healthcare and infrastructure (Dinya et al., 2004).
4.3. Implementing target audience based mindset

An essential part of implementing a target audience based mindset into practice is the constantly nurtured relationship kept with the organization’s key audiences. Some argue that the shift towards a capitalist atmosphere in the sector and profitability-based decision-making would undermine NGOs’ relationship with their stakeholders (Eikenberry and Kluver, 2004). However, these social networks of community members, private donors and fellow NGOs have crucial roles in collectively reaching social goals (Blackman and Smith, 2000, cited in Eikenberry and Kluver, 2004, p137). At the same time, a correlation test of 122 NGOs (Kamau, 2016) showed a linear positive relationship between practicing relationship marketing and the financial viability of NGOs, understanding relationship marketing as: a mix of quality of service, customer support and responsiveness. In line with the above mentioned customer focus instead of organization focus, the researcher advises NGOs to offer what “the stakeholders consider as quality” (Kamau, 2016, p93). In other words, the previously discussed marketization of the sector might have its negative consequences, but the application of certain modern marketing tools like relationship marketing can actually help NGOs stay economically sustainable and contribute to society through their work.

5. TYPES OF CSR INITIATIVES

5.1. CSR typology

The previous sections introduced how CSR has evolved in the past years, and that NGOs should focus on implementing strategic marketing practices (paying attention to the specialties of NGO marketing) in order to stay competitive in the increased race for corporate resources. It was also established, that they should adopt a target-audience based mindset, keeping their targets’ actual needs in mind. NGO – business collaborations will be successful and long lasting if both parties receive (and recognize) benefits. If NGOs adopt a target audience based mindset towards their donors, they can offer values that companies actually benefit from (besides “feeling good” about doing good).

Due to different available resources, strategic needs, commitment and NGOs communication towards them, different companies will engage in CSR to different
extents. Most typologies in literature (the so-called stage typologies) argue that these attitudes will converge from defensive/reactive towards strategic/proactive attitudes. A prime example of such categorization is offered by Lantos (2001), separating ethical, altruistic and strategic CSR, defining the most advanced stage as “a win-win situation in which both the corporation and one or more stakeholder groups benefit” (Lantos, 2001, p16). Austin and Seitanidi (2012) offer a similar distinction between philanthropic, transactional and integrative stage (the latter defined as “where missions, strategies, values, personnel, and activities experience organizational integration and co-creation of value” (Austin and Seitanidi, 2012, p736)); adding a further, transformative stage with an even higher level of convergence. Furthermore, the proposition of Tulder and Fortanier (2009) is also similar, while offering a fresh spin on the abbreviation ‘CSR’ through the following stages: inactive (Corporate Self Responsibility), re-active (Corporate Social Responsiveness), active (Corporate Social Responsibility), and pro-active (Corporate Societal Responsibility).

However, these stages might not necessarily follow each other consecutively, or can happen parallel to each other, and are based on the outcome of CSR action. Halme and Laurila (2009) propose a more pragmatic perspective, a new, action-oriented typology. They differentiate philanthropy (charity and sponsorships), CR integration (conducting current business operations more responsibly) and CR innovation (developing new business models for solving societal problems).

5.2. CSR initiatives: forms of NGO – business collaboration

Whichever stage (stages) or category a company’s CSR program falls into, there are several forms, and types of actions or programs that a company can engage in. Since the central topic of this thesis focuses on NGO – business relationships, those types of actions are excluded here that cannot incorporate an NGO or where the company doesn’t benefit in any form (e.g. NGO acting as a watchdog organization).

The following list provides an overview of the major types of CSR actions where NGOs and businesses can collaborate. The list mainly synchronizes the findings and categorization of Kotler, Hessekiel and Lee (2012) and Halme and Kourula (2008), and
briefly introduces the concepts, their potential benefits or concerns from the company’s perspective.

**Philanthropy/Sponsorship:** refers to donations provided to the NGO that can be either monetary or in-kind, but have little or no connection to the company’s core business. Expected benefits to the company include improved image and reputation, and it can leverage/support current CSR initiatives. It may have an affect on retaining/attracting workforce and building relationships with the community. Tracking of the donated resources can be problematic due to the loose ties between the organizations.

**Volunteerism:** can take many forms, according to the extent to which it relates to employees’ key competencies. Company employees leverage their time (and possibly their expertise) to further the NGO’s cause. It contributes to the company’s reputation and has the most important affect on employee satisfaction/retention/loyalty. However, the contributed staff time can become sunk cost without proper program definition or irrelevancy of the tasks to employees’ interest or expertise.

**Cause-related marketing:** the company’s commitment to donating a portion of revenues to a specific NGO based on product sales. Its major benefits include supporting the company’s marketing objectives and building stronger connection to their target audiences. Entailed costs and human resource requirements of such a project can be significant; moreover, it can raise suspicion in customers as to the real agenda of the company.

**Certification or eco-labeling:** an expert NGO certifies a company’s product or service to meet certain environmental/social standards. Such cooperation can increase the legitimacy of a company and/or the specific product, but also demands serious commitment and investment into meeting the standards.

**Strategic partnership:** usually a long-term commitment from both parties in which both receive relevant benefits, share common goals and combine various types of cooperation. Benefits to the company vary on a wide scale, from decreased operating costs, increased community goodwill and stronger ties with the community, enhanced
employee well-being and satisfaction to contributing to the desired (brand) positioning and creating brand preference in target audiences. Potential concerns of the company can be the lack of visibility in case of really long-term projects, skepticism of customers, and the coordination of acquiring all the needed resources and expertise.

To summarize the above review of literature, it becomes clear that both CSR and NGO – business partnerships have evolved considerably in the past years, now including a wide range of possibilities. To make the most out of these partnerships, NGOs must carefully plan their marketing strategies, paying attention to the limitations and specialties of NGO marketing (e.g. multiple target audiences, obscure benefits, budget constraints). A first step to do so would be getting to know the needs and wants of their target audience. In case of potential donors, these would be highly influenced by the contemporary challenges companies need to answer to (e.g. empowered customers, workforce fluctuation or cluster competition). From an NGO’s perspective, forging the most beneficial partnerships will depend on how their target audience chooses their NGO partners and how well the NGO can ‘convince’ their target audience to choose them from the increasingly high competition between nonprofits. The following section will introduce contemporary research findings on these two topics.

III. THEORETICAL FRAMEWORK

1. DECISION MAKING FACTORS

Engaging in any kind of CSR activity or implementing any type of socially responsible practice – let those be the company’s own initiative or in collaboration with any public or nonprofit actor – is, or optimally, should be, a strategic decision. A prerequisite for NGOs’ value proposition design and positioning is an understanding of how companies make these decisions. If understood from classical, commercial marketing perspective, this equals to understanding the decision-making behavior of the target group. Therefore, the following section will explore the results of those studies and research papers that cover any influencing factor related to the decision making process of companies choosing a partnering NGO for their CSR initiatives.
1.1. Initial phase: matching issues to strategy

Some companies’ attention is instantly drawn to a specific NGO they would like to support, irrespective of thinking about their own strategy first. However, a more common practice is selecting, at least in broad terms, either an issue or a strategic need first. As related literature suggests, CSR initiatives will be most beneficial for the company if they are connected to the company’s strategic needs, goals, or competencies. In other words, the initial steps of such a decision-making process should always include an internal analysis. As suggested by Porter and Kramer: “for a company, the starting point for creating [...] shared value is to identify all the societal needs, benefits, and harms that are or could be embodied in the firm’s products” (Porter and Kramer, 2011, p8). Of course, such an analysis is advised to be repeated, as “the opportunities are not static; they change constantly as technology evolves, economies develop, and societal priorities shift” (Porter and Kramer, 2011, p8).

Although there are countless ways in which a company can incorporate social responsibility into their strategy, Porter and Kramer’s inspirational article, The Big Idea: Creating Shared value (2011) offers a holistic overview and segments all possible approaches into three major types. These three are labeled as the three avenues for creating shared value, and include: enabling local cluster development, developing new products and services which meet unsatisfied social needs, and new value chain configurations. The importance of clusters was discussed previously as a significant motivating factor for companies to engage in CSR. Looking more specifically at some of the issues that connect a cluster’s success to a company’s success, the article lists e.g. poor public education affecting productivity and leading to otherwise avoidable training costs, gender or racial discrimination limiting the pool of potential workforce, and the diminishing infrastructure driving up logistics costs (Porter and Kramer, 2011). Development of new product or service offerings can stem from diagnosing unmet societal needs. Many of society’s actual needs, like better nutrition, less environmental damage, housing, health, etc., are not always in the focus of innovation - although they would unleash huge potential markets while creating shared value. Discovering alternative demographic groups whose needs have so far been overlooked can also lead to shared value creating innovation. For example, “the societal benefits of providing appropriate products to lower-income and disadvantaged consumers can be profound,
while the profits for companies can be substantial” (Porter and Kramer, 2011, p8). Redesigning the value chain in a way to meet the triple bottom line can take many forms, from resource and energy use to procurement or distribution. Moreover, there are countless options for NGOs and companies to work together on such initiatives, and several cases from the past years show how huge companies like Nestlé or Coca-Cola would engage in a mutual interchange of resources with NGOs like the Rainforest Alliance or WWF, in order to make their supply chain more sustainable.

In its conclusive remarks, the article argues that implementing this new paradigm of shared value creation from not only businesses’ but governments’ and NGOs’ perspective too will require “new and heightened forms of collaboration” (Porter and Kramer, 2011, p16). Supporting the central topic of this thesis, i.e. the diversity of exchanged and shared resources, the authors also note that while some opportunities can be seized by the companies on their own, “others will benefit from insights, skills, and resources that cut across profit/nonprofit and private/public boundaries” (Porter and Kramer, 2011, p16).

1.2. Internal factors

Analyzing a company’s competencies and strategic goals, determining one or more societal issues they would like to tackle and then choosing an NGO to partner with based on thorough consideration of multiple factors (like target groups, resource compatibility, brand complementarity, innovation, etc.) requires an advanced strategic approach. In her 2004 study of Hungarian firms’ CSR behavior, Kuti (2004) attempted to test whether this thought-through, strategic attitude is present on the Hungarian market or not. The study initiated from a couple of basic assumptions, most important ones being:

1. “When making their decisions whom to support, companies would assess the applicants’ reputation, the offered program’s quality and the possibility of effective and successful execution” (Kuti, 2004, p97). The bigger the company the more likely the quest for professionalism becomes, although final decisions might still be influenced by personal factors and chance.
2. The highest ranked manager or the owner of the firm has an important role in the decision. The smaller the firm, the more likely it is that the supported organizations will be selected based on the top manager’s personal preference.

3. “Donating priorities of companies usually depend on the given company’s activities” (Kuti, 2004, p97).

4. Community development centered support (focusing on a company’s rather immediate surroundings, e.g. city or sub-region) is more common for firms operating in smaller cities. The more transparent the local community is, the more concerned will the company be with whether local facilities support or hinder their business; whether local living standards are beneficial for managers and employees; and so on.

The study’s results in summary reveal that Hungarian companies’ CSR policy design is far from being such a strategically advanced decision-making process as literature would suggest, and is mostly based on ethical-driven decisions. The first hypothesis tested was related to the relationship between community development CSR programs and the local connections of the companies. Analyzing companies according to their geographic attributes revealed that the ratio of those companies who have already supported an NGO is significantly lower in case of capital-based companies (61.8% of them) or city-based ones (63.2%) while higher in case of companies based in smaller settlements (67.4% of them donated). The phenomenon is argued to have 3 main reasons: the stronger and more personal ties with the community leads executives and employees to a deeper understanding and higher sense of responsibility for local issues; the networks are stronger and more transparent, allowing funds and support to be more traceable; and companies probably have an economic interest too in local civilian initiatives to improve e.g. tourism. (Kuti, 2004)

Another highlighted finding of the study is the importance and weight of top managers or company owners in the decision making process. The initial hypothesis of their decisive role is found to be accurate, stressing that they might even have exclusive influence on the decision. In a consecutive article, the author notes that “the personal attitudes of the owners and top managers are extremely important. One can also expect that there would be some connection between these corporate leaders’ private and ‘business-related’ charitable behavior” (Kuti, 2008, p76).
It is also interesting to see the analyzed companies’ attitude towards non-monetary donations, since literature increasingly suggests that mutually beneficial CSR partnerships should be built on a diverse variety of resources. The most common type of in-kind donations was donating the company’s own products or services (38.3% of those who made in-kind donations), closely followed by donating products kept on stock or specifically purchased for this purpose and promotional gifts (28.9%). Around one fifth of the respondents (18.2%) support NGOs with free or discounted infrastructure usage (e.g. office building, vehicles, office machines); and only 14.6% of respondents provide professional, intellectual or administrative support. However, these decisions are highly affected by NGOs’ requesting attitudes too, as one respondent of the interviews notes:

“We cannot really provide any in-kind support unless they would need our knowledge… but all of them would prefer money” (Kuti, 2004, p109).

This is in strong contradiction with literature’s suggestions to create shared value based on complementary resources and socially anchored competencies. This thesis will aim to explore whether any changes have taken place in Hungarian managers’ attitude towards this topic.

Slightly contradictory to Kuti’s findings on top management’s exclusive role in decision making, Ligeti (2009) finds, that “decision makers increasingly take into account employees’ opinions too” (Ligeti, 2009, p126). The study (the results of which will be further elaborated in the following sections, related to NGOs’ positioning) brings the example of German-founded drugstore Drogerie Markt, which introduced an open tender system, where anyone can suggest NGOs that the company should support, allowing its employees to be able to identify more with the corporate SR program. As a counterexample, an analyzed energy supplier firm, who implemented a chaotic CSR program with no concept whatsoever, was less successful in building employee relations. The random choice of charity events, no specific social issues selected to address, and employees working on random NGO campaigns without any strategy or concept actually alienated the employees. They experienced these initiatives as extra
and unnecessary work; not to mention that the company’s customer pool also lost their trust seeing this lack of concept in the CSR program (Ligeti, 2009).

Employee’s role can further be understood not only as suggestion makers for possible CSR beneficiaries, but as key assets too. As mentioned earlier, a significant resource a company can provide to NGOs is the volunteer work of its employees. A 2012 research on CSR-related volunteering in Hungary finds that 35% of the analyzed companies don’t have any type of volunteer program, 46% refused to answer and only 19% of the companies provided valuable insights (Molnár, 2012). The research also refers to a 2010 study by Braun&Partners, which found only 15 out of 100 CEE region corporations who not only provide volunteering opportunity for their employees but do so according to a planned strategy (Molnár, 2012). The results of the Hungarian analysis show that employees’ opinion is considered to a high extent. 13 out of those 38 companies who offer volunteer programs said that programs are designed exclusively based on employee recommendations and requests, in 10 cases management contributes too, in 7 cases external consultants or NGOs’ opinion is considered as well, and only in 4 cases do the programs depend exclusively on management’s decisions. Considering the motivating factors behind designing and/or implementing a volunteer program, it was found that team building still has the highest importance (answered by 75% of respondents), closely followed by reputation and image building (68%). Abstract, general goals, like positive working atmosphere and employee loyalty were next in line (63% and 55%, respectively). More concrete, strategic HR goals ranked significantly lower: increasing employee productivity (39%), improving employees’ skills and competencies (26%) and decreasing employee fluctuation (21%) were much less represented. (Molnár, 2012)

1.3. The role of NGOs’ attributes

The previous section mostly discussed those motivating elements that are connected to a company’s internal factors, like strategy, location, leadership or employee relations. However, the above-mentioned studies (and some other, related articles) offer some further insight into another set of factors influencing NGO – business partnerships. These include the criteria that businesses set for NGOs when deciding whom to cooperate with.
Traceability of the provided support, and overall transparency of the NGOs’ operations is an often discussed criterion from businesses’ side, especially since it is considered an important standard within the private sector too. In the above mentioned analysis of Hungarian companies’ donating behavior, one interviewee mentions:

“Transparency must be assured, so that they cannot deceive entrepreneurs” (Kuti, 2004, p105).

Another respondent’s answer suggests that in order for private sector executives to trust NGOs, NGOs must display the same strategic attitude that companies are used to:

“We expect a detailed description of the requested donation, its goal and achieved results, the execution of the program, and the beneficiaries they are helping” (Kuti, 2004, p105).

Transparency and trustworthiness can also be proven or supported by past activities of the NGO, as “organizations that have a good track record can easily access resources” (Batti, 2014, p59).

Another set of results reveals, that how an NGO displays and communicates its mission or activities also has an influence on decisions: “it depends less on whether the company finds the topic attractive, and more on how it is phrased, or ‘packaged’, if you like” (Ligeti, 2009, p122). The same article however also suggests, that companies would often feel less inclined to support provocative programs; and a program with high novelty value or a ‘postmodern’ marketing solution would inversely affect a company’s willingness to donate.

A further important factor is revealed from Kuti’s 2004 research from the reaction of those respondents who are currently neither supporting any organization nor have a specific NGO (brand) in mind they would like to support. This group was asked to describe the features of an organization they would be willing to support. In line with the previously discussed importance of local community ties, most of them would support a well-known, preferably local NGO; and they also listed a so far unmentioned factor: “among the requirements, trustworthiness and political independency were also mentioned” (Kuti, 2004, p104).
1.4. Assessing the collaboration

The so far discussed influencing factors behind NGO – business partnerships focused either on how the company makes this decision based on internal factors, or what criteria NGOs need to satisfy. Another (or alternatively, a next) step in designing a CSR program and deciding which NGOs to cooperate with could be from a broader perspective: if the possible collaboration itself is assessed.

Besides the obvious differentiation between NGOs (according to their mission, field, or key beneficiaries), they can also be categorized according to their approach towards NGO – business partnerships. Such a categorization can help companies understand the behavior of NGOs looking for partnership and possibly determine an optimal course of action to achieve the most beneficial partnerships. An example for such a categorization is provided by Belou et al. (appears in Nijhof et al., 2008), which differentiates NGOs according to their tendency for cooperation (polarizers looking for confrontations while integrators looking for constructive partnerships).

<table>
<thead>
<tr>
<th>Polarizers</th>
<th>Integrators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aim to achieve change by disrupting the status quo through confrontation</td>
<td>Aim to achieve change through constructive partnerships with businesses, governments and other stakeholders</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Discriminators</th>
<th>Orca</th>
<th>Dolphin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study targets to understand how best to engage them</td>
<td>Highly intelligent, strategic, independent, unpredictable</td>
<td>Great capacity to learn, adapts strategies and behavior to context, creative</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-discriminators</th>
<th>Shark</th>
<th>Sea lions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not discriminate between targets</td>
<td>Acts on instinct, tactical at best, attacks any target in distress, often attacks in packs</td>
<td>Keen to please, professional and well-trained, prefers the mainstream</td>
</tr>
</tbody>
</table>

Figure 4. NGOs according to their tendency for cooperation. Source: Belou et al., 2003, in Nijhof et al., 2008, p155.
Nijhof et al.’s article (2008) matches these types with 3 different approaches companies can take, and explores the role of NGOs in each strategic approach. If a company takes a so-called business case orientation in CSR, it means the company probably experiences high exposure to societal issues and high exposure in general, and its main concern is to protect its reputation, especially if its production bears any social risks. In these cases, companies will probably come into contact with polarizers (orcas and sharks), who actively try to change or influence the business’s practices. “Since their “attacks” may be unpredictable, the company wants to gain control over their input by entering into a dialogue” (Nijhof et al., 2008, p158). However, there is little to no chance for value-creating cooperation. The next type of approach to CSR is a more inside-out attitude, called the identity orientation. Engaging in social responsibility programs stems from the core values of these companies and their organizational culture, and they most likely don’t have many confrontations with their immediate surroundings. Because the core of this strategy is strengthening a company’s own values, these companies’ communication of CSR is rather one-sided, first making decisions then letting the stakeholders know about the program. Typical NGOs they can engage with would be sea lions, not looking for any trouble and not discriminating between their targets. “If NGOs are engaged, it is part of the strategy of building common values throughout the organisation. Working with a specific NGO can articulate and communicate internally what those values are” (Nijhof et al., 2008, p160). However, it will be hard to clearly define NGOs’ responsibilities in such a partnership (the focus strongly being on the company’s values) and implementing ethical issues into specific projects will also be problematic. The third, most advanced approach is called the stewardship orientation, where all stakeholders are listened to in an open system, and their expectations are sewed into the whole production and consumption chain. This leads to cooperative partnerships, where both parties are willing to adapt. Non-discriminatory integrators (dolphins) are most beneficial to work with in these cases, who are “not aiming at polarisation, but to achieve change through adapting their strategy and behaviour to the companies they want to address” (Nijhof et al., 2008, p161). Examining whether companies make a similar distinction between NGOs and whether partnerships are shaped in line with these research findings will also serve as an interesting segment of the primary research of this thesis.
Finally in this section, a more pragmatic perspective is introduced through a tool developed for measuring the possible mismatches and different factors influencing the success of collaboration between businesses and NGOs. The tool was introduced by Jonker and Nijhof in their article *Looking Through the Eyes of Others* (2006). The underlying understanding of the article is rooted in the already discussed paradigm, that not only businesses but NGOs too have a diverse set of resources which can be beneficial for their partners. Therefore, instead of companies unilaterally deciding their CSR strategy without consulting NGOs (related mostly to the above mentioned identity orientation by Nijhof et al., 2008), this article stresses the importance of dialogue between the parties. As a consequence, these two-way interactions will naturally have obstacles, one of the most important ones being communication issues, since actors from the private and the NGO sector have completely different worldviews. Although it definitely requires a common language, communication is very important and it “allows the expression and evaluation of intentions as well as deliberation about the common understanding of facts and their appliance” (Jonker and Nijhof, 2006, p459). The conceptual model behind the research is interesting in the sense that it acknowledges gaps and therefore possible mismatches throughout the whole course of the partnership. Gap 1 examines the possible match or mismatch between the kinds of expectations each party has prior to the start of the collaboration, providing a basis for dialogue and agenda setting. Gap 2 and 3 examine whether prior expectations are in line with the experienced results, and thus provide a measure of satisfaction for each. Gap 4 allows the analysis of shared experiences. These gaps are illustrated in Figure 5.

![Figure 5. Gaps in NGO – Business dialogue. Source: Jonker and Nijhof, 2006, p460.](image)

There are several criteria that influence the participants’ expectations. These include for instance the number and nature of issues they focus on, shared understanding of values, legitimacy from both parties, the independence of the participants, or the
experienced/perceived transparency between them. These abstract and therefore hardly measurable criteria were translated into different indicators, which could be evaluated by respondents on Likert scales or answered as multiple-choice questions. An excerpt of these indicators is included in the following list (Jonker and Nijhof, 2006).

<table>
<thead>
<tr>
<th>Criterion 1: Issue</th>
<th>Criterion 2: Cooperation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I think the primary motive of company X to start a dialogue with us is to:</td>
<td>4. We have all relevant experience to discuss this issue with company X</td>
</tr>
<tr>
<td>□ improve their reputation</td>
<td>5. We expect company X to have all relevant experience with this problem area</td>
</tr>
<tr>
<td>□ meet expectations and needs of customers</td>
<td>6. When the circumstances change we are willing to react flexibly</td>
</tr>
<tr>
<td>□ help convince managers to pursue CSR</td>
<td></td>
</tr>
<tr>
<td>□ obtain direct financial benefits</td>
<td></td>
</tr>
<tr>
<td>□ influence governmental regulation</td>
<td></td>
</tr>
<tr>
<td>3. I want to invest time to reach a mutual problem definition</td>
<td></td>
</tr>
<tr>
<td>4. During our collaborative activities, I hope company X will be able to make the following key contribution:</td>
<td></td>
</tr>
<tr>
<td>□ financial resources</td>
<td>4. Differences in our values present an important obstacle</td>
</tr>
<tr>
<td>□ network of organizational facilities</td>
<td></td>
</tr>
<tr>
<td>□ influence at government level</td>
<td></td>
</tr>
<tr>
<td>□ increased customer awareness</td>
<td></td>
</tr>
<tr>
<td>□ knowledge to develop better and new products/services</td>
<td></td>
</tr>
<tr>
<td>□ pioneer role in supply chain</td>
<td></td>
</tr>
<tr>
<td>□ market expertise</td>
<td></td>
</tr>
<tr>
<td>□ reputation/goodwill</td>
<td></td>
</tr>
<tr>
<td>5. We are willing to contribute the following key competence:</td>
<td></td>
</tr>
<tr>
<td>□ financial resources</td>
<td></td>
</tr>
<tr>
<td>□ influence at government level</td>
<td></td>
</tr>
<tr>
<td>□ increased customer awareness</td>
<td></td>
</tr>
<tr>
<td>□ knowledge of new and better products/services</td>
<td></td>
</tr>
<tr>
<td>□ reputation</td>
<td></td>
</tr>
<tr>
<td>□ market knowledge</td>
<td></td>
</tr>
</tbody>
</table>

Figure 6. Expectations towards NGO – Business cooperation. Based on Jonker and Nijhof, 2006, p462-463. (Excerpt)
A preliminary set of results (the first 65 valid responses) allowed the author to assess the responses of this questionnaire in a follow-up publication (Nijhof and van Pijkeren, 2006). Key findings can be summarized by the following list:

- “The attitude of NGOs and organisations is above all determined by previous experiences” (Nijhof and van Pijkeren, 2006, p168). Perceptions and prejudices at the beginning will transform once the cooperation begins.
- The issue of differing value orientations can easily be overcome. Short-term successes build internal consciousness on both sides and improve mutual trust.
- Despite NGOs focusing on the issue of reputation, companies did not confirm its importance. “In general, businesses are led by expectations of customers. A possible collaboration with an NGO needs to add concrete and short-term value in that respect” (Nijhof and van Pijkeren, 2006, p168).
- Although the use and results of the model can offer helpful guidance for collaborations, its rather mechanic nature makes it impossible to account for the essential emotional component needed for successful collaborations.

The underlying assumption of this thesis is that selecting a partner should be a strategic decision from both the NGOs’ and the companies’ side. To be able to make a conscious and beneficial choice, it is important for each participant to understand their counterparty’s motives and expectations. As the authors note in their conclusive remarks,

“The model with the seven criteria for the relevant expectations of NGOs and companies can also be used to select possible partners. It then serves as a checklist of success factors that foster successful collaboration” (Nijhof and van Pijkeren, 2006, p169).

The primary research of this thesis will therefore strongly rely on the above list, to use the listed expectations as a guideline for exploring what motivates organizations to engage in a CSR program with a specific (type of) NGO.

1.5. Summary of section

The most important findings of the above section (1. Decision making factors) could be summarized by the following table, in which the most important decision making factors identified by contemporary literature are outlined.
| Social Issue | Designing CSR strategy should start with identifying all those societal issues that are embodied in the firm’s operation. |
| Top management | Top managers’ personal attitudes are extremely important. |
| Competencies | Few companies provide professional support instead of (or besides) monetary or non-monetary donations. However, even if they would be inclined to share their competencies and expertise, NGOs seem to ask only for money. |
| Employees | Involving employees in CSR decisions may strengthen employee commitment. Random and disorganized CSR programs alienate both employees and customers. |
| Volunteering | Employee volunteer programs are highly influenced by employee recommendations. The primary goal of volunteering is still team building. |
| NGO characteristics | NGO partner selection is influenced by the NGO’s: transparency, reliability, brand awareness, location (locals preferred) and political independence. |
| Collaboration | Selection may also be influenced by the expectations towards the collaboration on each side. As prejudices, misconceptions and differing value focuses may negatively affect the relationship, it’s important to keep an open dialogue. |

Figure 7. Companies’ decision making factors in terms of NGO – business partnerships. (own work)

2. WHAT NGOS CAN DO

The primary goal of this thesis is to provide guidelines for NGOs that could facilitate them in forging beneficial strategic partnerships. The above-discussed findings and the thesis’s qualitative research provide insight into the decision-making process and behavior of companies when choosing strategic NGO partners. In order to explore ways in which NGOs can respond to their target audience’s needs, the following section will review existing research and recommendations given to NGOs in terms of “marketing themselves” as strategic partners to companies.

2.1. Competitive environment explained

The focal point of this thesis is to align the marketing concepts and tools available to NGOs with which they can effectively compete for the resources of the private sector. However in order for an NGO (or any organisation) to build a successful strategy, it first needs to take a holistic view of its entire competitive environment before narrowing its focus to its donors. In an empirical study of around 1000 NGOs associated with the United Nations, Schwenger et al. (2017) applied the commonly used Porter’s Five Forces framework in an attempt to quantify the competitive environment of the non-governmental sector.
As the five forces are reevaluated according to the sectorial characteristics, donors will be regarded as the “buyers” of NGOs and “suppliers” are those actors who entrust an NGO with intangible values necessary for their operation such as trust and legitimacy. “Substitutes” in case of NGOs doesn’t consist only of fellow non-profits in the same field: in the competition for corporate resources, companies’ own CSR activities (built entirely on own resources) and social advocate entrepreneurship are important as well. The barriers concerning the “threat of new entrants” is lowered due to the improved standards and measurability of effectiveness and cost in the sector.

The research posed a set of statements reflecting the current trends in the different competition factors, and respondents were asked to rate them on a 5 point Likert scale. Some of the results only show agreement across the responses, while some show significant differences between small and large NGOs’ opinion. Respondents agree, that the emergence of big foundations as donors change the NGO sector. The bargaining power of suppliers was measured by how much the increased demand for accountability and performance measurement changes the sector: large NGOs ranked this significantly higher than small ones. Threat of substitutes was measured by how much social entrepreneurship changes the sector, and smaller NGOs showed higher approval rates. Threat of new entrants was phrased as heightened competition in the sector and it reached an overall agreement. A difference between small and large organizations was also revealed in their strategic reaction to the current trends in their competitive environment. While small NGOs emphasized intersectoral cooperation and resource sharing, large NGOs would react with specializing their skills and securing new sources of funds. The findings were then translated into strategic implications for the sector, advising NGOs with smaller budgets to concentrate on “their specific skills to create knowledge that is hard to imitate and to improve their fundraising measures” (Schwenger et al., 2017, p16) and larger ones to stay competitive by the “pooling of resources and through collaboration with other NGOs and private organizations” (Schwenger et al., 2017, p16).

2.2. Required resources

Understanding their competitive environment enables NGOs to consciously develop their strategies, taking into account not only their internal capabilities but their external
environment as well. A cornerstone aspect of strategy development is to determine the source of inputs that enables the organization to operate. Traditionally, NGOs focused exclusively on cash donations, based on their certainty that their work can only be completed from internal resources, supported by the sector-wide belief that corporate and managerial practices dilute mission-focus. However, as previously mentioned, there is already a much wider range of resources available to NGOs within the framework of NGO – business partnerships. The strategic importance of relying on a mix of these resources is summarized by Batti (2014, p61):

“Increased competition for scarce grant resources requires organizations to start thinking of new options for diverse and multiple funding streams that will support organizations to undertake their projects.”

The previously introduced findings of this research (the influencing factors of NGOs’ access to resources) are concluded by emphasizing that an organization’s long-term sustainability depends on the diverse resource approach:

“Resource mobilization from various kinds of sources and diverse types of resources will decrease an organization’s financial risk” (Batti, 2014, p61)

Accessing diverse mix of resources only makes sense if the NGO is aware of its resource shortcomings from organizational as well as operational perspectives. In the simplest terms, it’s not worth asking until it’s unclear what is needed. To summarize which dimensions contribute the most to value creation in NGO – business collaborations, Austin and Seitanidi (2012) proposed four hypotheses, which can serve as strategic guidance for planning the resource mix.

First, they propose, that although according to the classic resource dependency literature (that one should acquire resources different to those already available internally), organizational fit is also essential in these cases, especially due to the intersectoral nature of the collaboration. Therefore, Hypothesis 1 states that “the greater the resource complementarity and organizational compatibility between the partners, the greater the potential for co-creation of value” (Austin and Seitanidi, 2012, p729). The next hypothesis is actually in line with O’Brien’s (2001) and Porter and Kramer’s
(2011) previously discussed ideas, who proposed that shared value creation is most effective and beneficial if collaborations are based on organization-specific competencies, rather than generic contributions (e.g. cash). *Hypothesis 2:* “the more partners mobilize distinctive competencies, the greater the potential for value creation” (Austin and Seitanidi, 2012, p730). *Hypothesis 3* proposes that neither unilateral, nor parallel but still separate resource flows are too beneficial: “the more both partners integrate their resources conjointly, the greater the potential for value creation” (Austin and Seitanidi, 2012, p730). Last, they suggest that however altruistic the motives are behind the flow of resources, self-interest is still an important behavior influencing factor. *Hypothesis 4* proposes that: “the more collaborators perceive their self-interests as linked to the value they create for each other and for the larger social good […] , the greater the potential for cocreating value” (Austin and Seitanidi, 2012, p730).

### 2.3. Potential partnerships: segmentation and targeting

To satisfy these criteria (resource and organizational complementarity, mobilization of distinctive competencies, integrating resources conjointly and linked interests), NGOs first need a comprehensive understanding of their own internal resources, competencies and interests; then they also need a comprehensive understanding of the needed resources. Identifying the pool of those private actors whose resources would be beneficial for the NGO only means ‘defining their market’. This is the point in the strategic planning process of resource mobilization, from where the previously discussed *target audience based mindset* should become the guiding principle in forming NGO – business partnerships. Forming the most beneficial partnerships will therefore require NGOs to take a marketing approach, view themselves as service providers, who, in exchange for their customized value propositions can get resources *in return* from corporations. According to traditional, commercial marketing practices, this would first require segmenting their market, than identifying the preferred target segment(s) and then developing positioning for each targeted segment (overall referred to as the STP tool). However, this approach is not yet widely used in the sector, therefore contemporary research focusing on NGOs applying STP, *in order to* market the benefits they can offer to corporations *in exchange for* a diverse variety of resources was found only with limits.
Planning marketing strategy based on the target audience’s identified (or unidentified) needs and wants, segmenting the market, then developing targeting and positioning can be translated to the NGO sector as well. Such an approach would mean assessing the strategic or organizational needs of their target market, identifying different segments, choosing the preferred target groups, and organizing fundraising (or more broadly, resource mobilization) activity selectively, aiming for only those partnerships to which they can contribute to. However, at least on the Hungarian market, observations show the sector has yet to implement this approach. In two of his consecutive works on evaluating the state of the Hungarian NGO sector (Ligeti, 2007 and Ligeti, 2009), Ligeti’s observations reveal that neither a target-based approach, nor segmentation and targeting are common practices. His related findings can be summarized in the following points:

- Overconfidence in their mission’s convincing power is embedded on an organizational level. To cite an interviewee’s answer: “if there’s a good and noble cause, there must be supporters as well who would donate, simply because the cause is good and noble” (Ligeti, 2009, p122).

- “A lot of the organizations have so far failed to recognize that this field is a market too, where the donor expects services in return for his ‘investment’” (Ligeti, 2009, p122). He also notes that NGOs generally lack vision and strategy (Ligeti, 2007).

- Partly because NGOs feel that only their own workforce is competent in completing all emerging tasks, and partly because they don’t consider corporate resources (like managerial or financial know-how, company’s broad networks, etc.) useful, NGOs only ask for cash donations. However, he proposes “it would be more beneficial to get to know the profile, philosophy and image of a company, and first ask for in-kind donation of their products or services” (Ligeti, 2007, p11).

- Some NGOs start to recognize that they need to identify their target groups; yet “the number of those NGOs who would approach companies based on their CSR strategies is still insignificant” (Ligeti, 2007, p11)

Finally, considering segmentation, Kuti’s previously mentioned study of Hungarian corporations’ donating attitude (Kuti, 2004) offers a practical suggestion for NGOs. Since the research found evidence of differing donating behavior according to a
company’s size, owner structure and location, the study advises NGOs to take all these factors into consideration when planning their fundraising strategy. Following the STP logic, this could be interpreted as demographic segmentation of the potential donors.

2.4. Positioning

The next step according to the STP logic would be to design a relevant positioning to the selected target groups. Similar to research findings about segmentation and targeting, studies about NGOs positioning the benefits they could offer to companies in a conscious, strategic manner is also limited. Moreover, studies on the topic are rather recommendatory in nature than observational. Ligeti’s observations (Ligeti, 2009) show that (at least in Hungary), NGOs had lacked a clear profile too (let alone a clear positioning) and “the process of different NGOs clarifying their profiles started in recent years” (Ligeti, 2009, p117), by sorting out those causes with which they do not concern themselves. He also notes, that when presenting themselves, they would often take a subordinate attitude instead of approaching private or public organizations as equal partners. More importantly, they failed to phrase their activity as a type of service provision, and this had a negative impact on negotiations. Forprofit executives’ experience is summarized as: “NGOs tend to flood business negotiations with emotional burdens or transform simple technicalities to ideological questions. NGOs not being able to talk about their activity as goods or services, and about themselves as an organization on a competitive market results in failures” (Ligeti, 2009, p121). Batti’s aforementioned work on resource mobilization (Batti, 2014) connects the target-audience based mindset with the right articulation of value offerings:

“It is crucial to view an organization’s mission from the perspective of current and potential donors and emphasize those aspects of an organization’s work which are appealing from a donor’s perspective.”

(Batti, 2014, p58)

To serve as a practical guidance for those NGOs who would like to position the benefits they can provide to corporations (after taking into account the targeted companies’ actual needs and wants), in light of the created shared value, Frentz (2017) proposes a revised version of the classical positioning statement:
“If we ... (stated in terms of the benefits expected for the corporate input public) will you ... (stated in terms of the benefits expected for the NGO), so we can ... (stated in terms of the value delivered to the beneficiary).” (Frentz, 2017, p10)

Taking into account the above mentioned warnings and recommendations could guide NGOs in finding the right way to align their value propositions with their selected target groups’ needs.

Certain research papers in the topic aim to examine NGO’s positioning strategy further. The following studies all intend to explore some specific aspects which NGOs can emphasize as part of their image, or which can serve as guiding principles in building up their value propositions for each target group.

This thesis is based on the new paradigm of NGO – business cooperation whereby companies are not simple philanthropic donors getting no value in return, but a conjoint interchange of values or services happens between the two sectors. However, despite the nature of the resources which corporations receive from a partnering NGO, they would want to make sure that their contributed resources are properly used by the NGO; especially if the exchange of resources is based on linked interests, or if the process of shared value creation is directly linked to the donor’s contribution (let that be money or any other kind of added value). As a result, a unique type of the agency-principal problem arises, where the donor becomes the principal and the NGO the agent. A research conducted in Botswana (Matenge et al., 2017) is based on this agency problem, highlighting two problems from the related literature. On one hand, information asymmetry arises between agents and principals due to differing objectives; while on the other hand agents and principles might have different attitudes towards risk, too.

As a solution, the paper suggests that “improved disclosure and transparency could minimize information asymmetry and assure stakeholders that the affairs of the organisation are in order” (Matenge et al., 2017, p150). As a tool for enhancing funding from local markets, the paper also stresses a sort of self-consciousness from NGOs side, advising them to always communicate the reasons of their existence in a
transparent manner. Besides transparency and accountability, some elements of corporate governance could also improve an NGO’s legitimacy and integrity, further increasing their chances for funds. Furthermore, transparency is not only important in terms of assuring principals (donors) about the proper use of their contributions, but from a strategic perspective too, to find the most suitable corporate partners: “private donors tend to be cause-specific […] this requires local NGOs to communicate the causes they advocate for clearly so that the perspective donors are able to identify with them” (Matenge et al., 2017, p158).

However, this paper contradicts previously mentioned studies (e.g. Ligeti, 2007) advocating for specifically targeting only certain potential donors based on their CSR strategies. Here, it is argued that “while this makes sense, it is also limiting in terms of the number of companies that would be considered as potential donors” (Matenge et al., 2017, p157). Further contradicting the whole STP logic, the authors also argue that “the fact that different companies pursue different CSR objectives would make it difficult to associate with all of them” (Matenge et al., 2017, p157). These contradicting approaches offer an interesting basis for the primary research of this thesis, to explore whether consciously positioning an NGO to associate with only targeted corporations is beneficial after all or not.

The previously introduced research on the influencing factors behind resource mobilization (Batti, 2014) also gives some recommendations about which aspects NGOs should focus on while positioning themselves in the competition for corporate resources. Similar to the research by Matenge et al. (2017), this article also mentions accountability, transparency and integrity as key elements, adding in terms of a strong network that “an organization having an accountable style of working can expand its relations and contacts quickly” (Batti, 2014, p62). Continuous learning and improvement is also important in order for an NGO to be able to periodically reevaluate its positioning, and to organize their fundraising activity based on the behavior of donors. To be able to do this, feedback from donors needs to be continuously monitored and evaluated. In line with the previously discussed agent-principal problem and donors’ need to make sure of the adequate use of their resources (Matenge et al., 2017), this paper also stresses that in order to improve resource mobilization and to showcase their competitive advantage within the sector, an NGO should emphasize the quality of
their financial management and accounting. It is suggested that donor companies prefer an NGO that “has clear financial reporting and auditing arrangements and where adequate monitoring and attribution of costs to activities and results exists” (Batti, 2014, p62).

The so far mentioned factors, like being transparent about the handling and use of donor contributions, corporate governance, quality financial management and accounting are all indicators of (good) management practices. Besides reliable and transparent financial management, NGOs in the past years were also increasingly advised to handle their operations more efficiently, and well-known managerial practices from the private sector, like quality management, benchmarking, etc., were recommended for nonprofit organizations too. In an article titled *A Strategic Positioning and the Financing of Nonprofit Organizations: Is Efficiency Rewarded in the Contributions Marketplace?* (Frumkin and Kim, 2000), the authors however tried to find statistically significant evidence, that operational efficiency would unquestionably result in more incoming resources from corporations. Not denying the fact that organizational efficiency has many advantages, this study of 2,359 NGOs’ data from a 10 year period specifically focused on whether efficiency (expressed as low administrative to total expense ratio) yielded higher contributed income; and at the same time, whether more aggressive marketing of their activity/mission (expressed as higher fundraising and marketing spending) yielded higher contributed income.

The results of the analysis indicated no significant influence of efficiency on contributions, concluding that leaner processes, efficient operations, etc., i.e. in short, lower administrative costs do not impress donors. In other words, building an NGO’s positioning on efficiency is not proven to be beneficial. However, fundraising and marketing expenditures (spent on mission-centered positioning) showed a statistically significant effect on the incoming flow of donations, indicating that “nonprofit organizations that spend more marketing themselves to the donating public do better at raising contributed income” (Frumkin and Kim, 2000, p16). Based on these results, the authors confronted different approaches from the related literature, exploring whether economic efficiency and superior performance or designing a unique and valuable positioning increases NGOs’ chances at receiving donations. They arrive to the conclusion, that
“strategy, which in the nonprofit world means choosing a distinctive position rooted in systems of activities that are difficult to match, may be more viable approach to attracting the contributions” (Frumkin and Kim, 2000, p18).

2.5. Summary of section

The above section (2. What NGOs can do) introduced key pieces of contemporary research related to the marketing tools which can be adopted by NGOs in order to distinguish themselves in the growing competition for corporate resources, while consciously aiming for only the mutually beneficial partnerships. The results can be summarized in the following table.

<table>
<thead>
<tr>
<th>Competitive environment</th>
<th>In order to be able to position themselves as superior to their competitors, NGOs need to explore their competitive environment, like the buyers of their offerings (donors), suppliers of resources (actors entrusting them with legitimacy), and substitutes (competitor NGOs as well as internal resource only CSR initiatives).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various resources</td>
<td>Long-term sustainability depends on various types of resources from various sources.</td>
</tr>
<tr>
<td>Complementarity</td>
<td>Resource- and organisation complementarity, distinctive competencies, conjoint integration of resources and linked interests may all have an affect on value creation.</td>
</tr>
<tr>
<td>STP in NGO marketing</td>
<td>NGO’s have yet to comprehensively implement the STP logic.</td>
</tr>
<tr>
<td>Transparency</td>
<td>Improved disclosure, transparency and accountability improve NGOs’ legitimacy and results in increased contributions.</td>
</tr>
<tr>
<td>Positioning</td>
<td>Positioning around mission results in greater contribution inflow. Positioning around efficiency however does not.</td>
</tr>
</tbody>
</table>

Figure 8. Marketing suggestions for NGOs for beneficial NGO – business partnerships. (own work)
IV. METHODOLOGY

The above outlined review of existing literature and research findings indicate a lack of further, explanatory data on how exactly companies make decisions about strategic NGO partnerships. The lack of findings in academic research in the form of descriptive, qualitative data on the factors that influence companies’ choice of strategic NGO partners allows for this thesis’s research.

The nature of the research question and the expectations towards the research’s outcome justify the use of qualitative research, as it “provides insights and understanding of the problem setting” (Malhotra, 2010, p171). The applied research technique consisted of in-depth interviews. An in-depth interview is “an unstructured, direct, personal interview in which a single respondent is probed by a highly skilled interviewer to uncover underlying motivations, beliefs, attitudes and feelings on a topic” (Malhotra, 2010, p185). Furthermore, the reviewed literature suggests that the most useful inputs about decision-making behavior of companies choosing strategic NGO partners can be uncovered by qualitative, in-depth interview based research (see Kuti, 2004). As interviewees based their answers on either their experience as CSR executives or on their professional opinion of the field, the interviews can be considered expert interviews. It was assumed that the decision-making process and underlying motivations are quite unique in case of each individual company. Therefore, a group setting (e.g. a focus group) for the research where respondents could react to each other’s answers wasn’t deemed necessary. However, as the interviews were conducted after one another, previous respondents’ inputs were integrated into following interviews in order to get feedback and a more layered, detailed understanding of each question.

The sample of interview respondents consisted of 7 corporate executives of large multinational corporations’ Hungarian subsidiaries responsible for making CSR decisions. Interviewees were selected/contacted based on professional and personal network connections with no further qualification criteria – however, respondents were intended to be selected from various industries. Upon request, all respondents were promised anonymity and all of them agreed to disclosing only the industry their
company operates in. Hence, respondents’ answers in the following chapters will be labeled by their industry only, in the following format: Interview Respondent, Industry; e.g. IR, Bank. (Note that two of the respondents had experience as CSR executives in two companies, hence the 9 industry labels in total.)

Interviews were quite unstructured in the sense that interviewees were first asked to talk about their companies’ CSR programs in an unaided manner. As suggested, “it has become a widely unquestioned commonplace that the best possible interview setting for encouraging interviewees to disclose their subjective attributions […] is one in which the interviewer largely refrains from intervening in the interview” (Trinczek, 2009, p205). Following the unstructured first part, interviewees were asked to talk about 6 different factors that were identified as incremental in shaping CSR strategies (with special attention to NGO – business partnerships). These were: stakeholders; addressed social issue; NGO partners; strategic goals of CSR; specific CSR programs; and exchanged resources. For the exact questions and structure of the interviews, see Appendix 1: Interview Guide.

The interviews were conducted in Hungarian, then transcribed and translated to English. Interview transcriptions were then imported into NVivo (version 12), a computer assisted qualitative data analysis software. NVivo allows the researcher to code research data and organize sections (sentences, paragraphs) of the interviews into different categories. The major categories (topics) were identified based on the structure of the interview guide; subcategories were identified after analyzing and comparing all 7 interviews. For the complete hierarchy of these categories (nodes), see Appendix 2: NVivo Nodetree. A built-in statistical feature of the software indicates the percent coverage of each node. These indicators refer to the percentage of the whole data set that each respective node represents. Percent coverage results are indicated in case of all mentioned nodes in footnotes.
V. RESULTS

1. Stakeholders

Related literature extensively discusses the role of stakeholders in a company’s CSR, or more widely, sustainability strategy. Stakeholder theory is not merely a chronological antecedent to complex CSR strategies, but should be one of the building blocks of CSR strategies. Although it’s widely suggested that exploring all stakeholder groups’ needs and expectations towards a company should serve as a starting point for determining the general directions of one’s CSR strategies, real-life practice might differ. Hence, including ‘stakeholders’ as a discreet topic in the interviews had two aims. First, to explore whether ‘stakeholder mapping’, ‘defining stakeholder needs’ and ‘prioritizing them’ serve as a starting point for building CSR strategies; and to explore the extent to which stakeholder mapping is a systematic process.

The results suggest that different companies concern themselves with stakeholder mapping to different extents and treat the subject with different complexities. The practices of the interviewees can be grouped to three distinct types: those who don’t do stakeholder mapping and expectation assessment at all; those companies who do it to some extent, in an unstructured, less systematic way; and those who do the whole process by the book. Before a more detailed view on these three categories, it should be noted that the applied methodology has its limitations. Some interviewees might not be responsible for stakeholder mapping due to their position (e.g. PR executive); furthermore, the companies’ sustainability reports might reveal different information, but due to the anonymity of the interviews, the thesis does not refer to any publicly available reports or information and relies solely on the interviews’ contents.

No stakeholder mapping

Only one of the interviewees admitted not to be doing any comprehensive stakeholder mapping at the moment due to unavailability of resources, although he was fully aware of the method’s benefits. The interviewee, whose Strategic Partnerships team only

3 references coded, 1.53% coverage
3 references coded, 1.89% coverage
4 references coded, 3.19% coverage
1 reference coded, 1.07% coverage
consists of two employees (him and his supervisor) referred to doing stakeholder mapping by saying:

“Definitely not on a strategic level. I’m not saying we’ll never do that, but the company is not at that stage yet. There might be occasional examples though.” – IR, BANK 2

**Unstructured, less systematic stakeholder mapping**

This intermediate category between none and highly improved stakeholder mapping includes different practices. One of the companies applied the concept of stakeholder mapping to a specific project (instead of applying it comprehensively to the company’s strategy). After saying

“we involved stakeholders in the development of [Project] too” – IR, BANK 2,

the interviewee went on to explain,

“when we started [Project], the ecosystem had many actors. We made an internal assessment, followed by several meetings with highly ranked government representatives for education and experts of the field” – IR, BANK 2

Another interviewee’s answer suggests that stakeholders are only considered in the sense that the company tries to satisfy as many of their expectations as possible, but their needs are not the starting point of shaping the CSR strategy. When asked whether the choice of the addressed social issue was consciously aligned with the needs of stakeholder groups, he answered,

“the size of reach was a criterion, but the choice of the social issue was clear” – IR, TELECOM 1.

Yet another interviewee suggested that the nature of the company’s relationship with its stakeholders makes it unnecessary to have e.g. regular surveys or systematic stakeholder mapping. He said,

“our wide network of foundations both in health care and education means relations that have been there for decades. This really allows us to react to actual needs, as we receive a constant flow of inputs from these sectors.” – IR, HEALTHCARE 2

**Doing stakeholder mapping by the book**

Two interviewees mentioned conducting a comprehensive survey of stakeholders’ needs, identifying the most important ones and then taking these groups (and their needs) into account as part of developing their sustainability/CSR strategies. One of the companies developed an online survey to study expectations:
“We ran it for two years, it was a pretty sophisticated survey, and a relatively high number (more than 30) of organisations filled it out.” – IR, BANK 2

The other interviewee’s answer suggests that they followed the standard steps, widely suggested across CSR literature:

“Yes, as a first step, we identified who our stakeholders are, and then we prioritized the most important ones.” – IR, AUDIT

During the interview, she showed me the company’s 2018 sustainability report and went on to explain the importance of the 4 most important groups, e.g.

“employees: they are the most important for us, and for them to be committed and happy in all aspects – that’s square one for us” or “future generations and potential employees: given that we are in a growing phase, we must guarantee a strong base of re-supply.” – IR, AUDIT

Due to the time limit of the interviews, it wasn’t possible to further inquire about the reasons why some companies take a more or a less systematic approach at stakeholder mapping. These underlying reasons could be studied by further qualitative, exploratory research. Quite possibly, most companies have their concerns. As an example, one of the interviewees claimed the risk of distorted results to be a huge concern, and it might be the result of inappropriate methodology in stakeholder mapping. While literature’s widespread understanding of designing a successful stakeholder program includes understanding each groups’ specific claims towards the company (Pearce and Robinson, 2000), some companies’ surveys are designed by a matrix approach. All stakeholders are presented with the complete list of issues that might concern the company in any way. As an interviewee noted:

“Take an NGO whose expertise covers only one area; they won’t be able to objectively decide which issues the company should focus on. If they see a list of causes where one of them is their own – I wonder which cause they will choose.” – IR, BANK 2

Consequently, being able to objectively assess and prioritize stakeholder expectations, a more sophisticated approach is required.

2. Social issue

In order for businesses to practice their continuing commitment to ethical conduct and economic as well as environmental and social bottom lines, their CSR strategies aim to tackle different environmental and social issues (hereafter ‘social issues’, collectively).
The list of social issues that need to be remedied or could be improved is endless. Some guidelines, e.g. the UN’s Sustainable Development Goals, help with – at least – categorizing them. The concepts of shared value creation (Porter and Kramer, 2011) and socially anchored competencies (O’Brien, 2001) suggest that the highest level of impact and added value can be achieved if companies choose issues to resolve that are close to their own business areas. Many of this research’s respondents confirmed this preconception. The aim of including ‘social issue’ and ‘selecting social issue’ as discreet topics in the interviews was to explore the decision-making factors behind companies choosing certain social issues for their CSR strategies. However, it should be noted that selecting a social issue was often mentioned in connection to specific CSR programs, NGO partnerships or in connection to aligning CSR and corporate strategy. Those results will be discussed in consequent chapters.

**Selecting social issue: a starting point**

Only one out of the research’s 7 respondents selected a social issue as a first step in their CSR strategy. However, it should be noted that CSR as a business practice was the least developed in case of this company, as the interviewee explained,

> “there hadn’t been a CSR area before, but I thought it was important from engagement’s point of view.” – IR, BANK 1

As her primary goal for introducing CSR programs was to improve employees’ engagement, it only seems natural that the most important decision-making factor in choosing the addressed social issue was employee’s input. She said,

> “We listened to people, asked them which areas they would like to support, which direction should we take with selecting a cause…” – IR, BANK 1

With engagement as CSR’s primary goal, they wanted to make sure that even the initial steps, the selection of the addressed social issue would foster employee engagement:

> “We didn’t want to influence this in any way; we wanted to make sure that employees felt like this really was their choice, and not a decision coming from the top.” – IR, BANK 1

Besides this respondent, one more interviewee mentioned the key role of employee input in selecting the social issue the company addressed. In case of this company, there had already been different “social impact labeled projects” but on the occasion of an

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1 reference coded, 0.26% coverage
2 references coded, 5.77% coverage
anniversary, they planned to execute a more complex, high impact social program. As the interviewee explained,

"in the year of the anniversary, we created a poll among our employees, asking them what they considered the most pressing social issue in Hungary currently, and Roma integration received by far the most votes." – IR, CONSULTANCY

Social issue: aligned to other elements of the strategy
As mentioned above, following sections will deal in more detail with those cases where selecting a social issue to address was not the first step in developing CSR strategy and was mentioned indirectly, in connection to other decision points. At the same time, 2 respondents specifically mentioned social issue selection being the result of other factors. The common point between these two responses was that both of their CSR strategies are basically grounded in the companies’ expertise and field of business. One of them said,

“We focus on areas where we have expertise and experience” – IR, HEALTHCARE 2;
while the other noted,

“We analyzed which issues could benefit from implementing mobile technology and how” – IR, TELECOM 1.
The former respondent explained this strategy by emphasizing the credibility of engaging in any kind of CSR program:

“You always have to pay attention to having some sort of connection – you shouldn’t try to solve social problems for which you don’t have the credibility.” – IR, HEALTHCARE 2

As opposed to the former examples, these companies did not take into account employees’ input in narrowing down social issues they would like to address. One of them even explained how that would contradict the above-described strategic approach:

“Many of them are unaware of the potentials in CSR, and can’t think past painting fences and building playgrounds. An expert team developed the strategy” – IR, TELECOM 1.

However, it should be noted that both of those companies where they relied on employee recommendations are considerably smaller in size than those two examples where they took a strategic approach and aligned the addressed social issues to their expertise and business profile.
3. NGOs

The following section will summarize research findings where interview respondents directly discussed their relationship with NGOs, either in terms of donations or strategic partnerships. In line with the central theme of this research, the focus will be on the factors that influence companies’ *selection decision* when choosing NGOs to support.

3.1. Donations

‘Donations’ (referred to as traditional philanthropy or sponsorship in the literature review above) were mentioned by 4 out of the 7 respondents; the remaining ones are also likely to engage in some sort of donating activity although not mentioned during interviews. The distribution of donations is systematic, the responsibility of either the marketing department or a designated panel. Nonetheless, all interviewed companies had at least *some* alternative sort of NGO cooperation (volunteer program, strategic partnership, etc.) besides donations. Interestingly, according to one of the interviewees’ professional experience, this practice of diverse CSR programs (donations *and* others) is more common and preferred in Europe than in North America. According to his experience, the North American model doesn’t put such high emphasis on strategic partnerships.

> "For me, this was a rather painful experience with [AMERICAN TECH GIANT]. They provide the money and let the NGO do whatever they wish to do with it – a rather traditional form of donation.” – IR, BANK 2

The aim of including donations as a distinct topic in interviews was to discover the extent to which these donations are ‘focused’ or ‘randomly distributed’; and to survey the decision-making factors behind choosing the beneficiaries. Furthermore, findings on the decision-making factors behind donations could later be compared to decision-making factors behind strategic partnerships allowing a more layered understanding of the latter.

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1. 14 references coded, 6.56% coverage
2. 1 reference coded, 0.26% coverage
3. 3 references coded, 1.58% coverage
Focused donations

Some responses described their donating strategy to be focused on certain topics, which are somehow related to the companies’ profiles or fields of business. A company whose entire strategy has two overarching themes, education and health care, highlighted a

“foundation that focuses on PhD programs, supporting scholarships and the research infrastructure” and “a foundation specifically for health care development” – IR, HEALTHCARE 2.

At one of the other companies, the interviewee explained their focused approach as a result of an evolutionary process. As a counterexample to the company’s current practices, she explained,

“for a very long time, by CSR we meant a company partnering up with an NGO and helping starving children or homeless people” – IR, TELECOM 2.

She continued to illustrate the progress they made in their donating strategy by saying:

“for example, we used to support the cause of Cardiovascular diseases, there was a year when we had a tender out for sustainability projects, and so on… [...] We don’t do such open tenders any more, it would contradict our current, focused approach” – IR, TELECOM 2.

The third company’s executive was convinced that maintaining a focus in their donating strategy, especially if this focus is related to the company’s profile (social housing in their case), helps to shape attitudes within the company and to spread CSR mindset through the whole organization.

Random donations

Evidently, most companies would sometimes distribute donations that are not so closely related to their focus – maybe even despite a strict selection policy. Without exception, mentions of such ad-hoc or randomly selected donations were all connected to employee recommendations. In one of these examples, the role of taking into account employee recommendations is similar to the previous example where they could contribute to selecting a social issue: to improve engagement and a sense of belonging.

“There’s a specific part of the budget for this reason: if an employee decides to donate to a cause, [COMPANY] supplements that donation too from this budget. [...] Of course it’s not so focused and quite eclectic, but it’s really about the fact that employees can decide about a portion of the donation budget.” – IR, TELECOM 2

While this is practiced in a systematic framework, another company’s employee initiatives are only
“smaller fundraisings that don’t even rise to corporate levels, and are only communicated via the intranet. There’s no institutionalized framework.” – IR, HEALTHCARE 2

However, yet another respondent said they are trying to gradually move towards the previously described focus approach:

“employees do bring some proposals to the table – these might have turned into ad hoc donations or support. Our current goal is to maintain a more concentrated focus in our social projects.” – IR, TELECOM 1

3.2. Strategic partnerships

‘Strategic partnerships’ are those types of cooperation between NGOs and businesses where both parties receive certain benefits. As this thesis’ focus is the NGOs’ perspective in these cases of partnerships, we could say that the benefits the company receives are the value provided by the NGO and the values received in turn are the price the company pays to the NGO. To follow this perspective, general observations about strategic partnerships will be listed in two categories: how companies understand and experience the benefits they can receive, and how they understand the value they can offer to NGOs. It should be noted however that both academic and anecdotal literature offers a more extensive list of possible benefits. The following list only includes benefits mentioned during this research, in order to lay the ground for further discussion of NGO – business partnerships and their marketing applications for NGOs.

Benefits received by the NGO

- **Money.** Although strategic partnerships differ from donations due to the alternative types of exchanged values, most partnerships still include some amount of monetary donation.

- **Competencies.** “Donating” employees’ expertise and competencies will be further discussed in the following, pro bono volunteering chapter.

- **Traditional volunteer work.** Not competency-based.

- **Discounted offers.** More than one companies listed special or discounted product or service offerings designed for NGOs as part of strategic partnerships.

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* 37 references coded, 30.36% coverage
• **Awareness, access to further funds.** The communication of common projects can open new doors for the participating NGO, even in terms of further donors.

• **Infrastructure.** E.g. providing venue for events.

• **Managerial know-how,** including e.g. organizational development training.

**Benefits received by the company**

• **Experience and attitude shaping,** either through volunteer work or through programs (trainings, teambuildings, etc.) that NGOs specifically “sell” to companies.

• **Purpose and meaning to fill jobs with,** in other words, job enrichment.

• **Financial gain,** through the above-mentioned special offers or through cause-related marketing.

• **Expertise.** In case of many CSR programs, the company (evidently) doesn’t have all the necessary expertise concerning the social issue, the targeted demographics, etc.

• **Customer relations.** One of the interviewees mentioned leveraging the strategic partnership with the aim of enriching/improving their customer relations.

Due to this diverse set of possible benefits and exchanged values in strategic NGO relationships, it was assumed that the selection of NGO partners depends on similarly diverse decision-making factors. Based on preliminary concepts and after analyzing the research results, the following distinct selection criteria were identified.

**Strategic partnership: selection matched to social issue**

Simply put by one interviewee, the choice of which NGO to initiate strategic partnership with was based on the fact that

“*They had to match the targeted social issue.*” – IR, **TELECOM I**

The common point in these answers point to the fact that once a company identifies a social issue they would like to tackle, they identify those competencies and expertise

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*12 references coded, 4.88% coverage*
that are necessary to start any kind of program – and that’s where NGOs are considered as sources of the relevant knowledge or know-how. As one interviewee explained,

“We are not trying to hide the fact that we are not competent in everything. We are not an educational company for instance. We are not familiar with child psychology or sociology either.” – IR, TELECOM 2

She continued to point out that in these cases, the company would probably be looking for a very specific type of competency, knowledge, or access/reach to the beneficiaries of their CSR program:

“Take our current pensioner program: we needed an NGO who can reach out to pensioners and recruit them through their community building programs.” – IR, TELECOM 2

Another interviewee confirmed this perspective by highlighting the fact that choosing a strategic partner NGO should not be the starting point of any CSR strategy:

“We don’t simply choose certain NGOs we want to cooperate with, and it wouldn’t be the right approach either. It’s a process that needs a strategic approach, and choosing potential partners is only one of the last steps.” – IR, BANK 2

At this point, selecting the company’s eventual partner will be based on

“how qualified they are” – IR, BANK 2, and “if they have the necessary competencies, experience and results.” – IR, TELECOM 2

Interestingly, even the interviewee whose company is now cutting back on NGO partnerships (in favor of starting their own programs) is still committed to reaching out to NGOs if the company lacks any kind of resource or competency necessary for a program; even though she said,

“the launch of a new program doesn’t depend on finding the right NGO any more.” – IR, TELECOM 2

**Strategic partnership: selection matched to business goals or profile**

In a short summary, none of the interviewed companies base their choice of strategic partner NGOs directly on their business’s strategic goals or profile. Of course, many strategic partnerships cited in the interviews are aligned with companies’ goals and profile, however, none of them revealed a direct connection. In most cases, the social issue would be matched to the company’s goals or profile and then an NGO partner would be selected to match that issue; or a comprehensive CSR strategy would be

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*4 references coded, 2.55% coverage*
developed to match the company’s goals – a strategy in which finding NGO partners is only one of the last steps.

**Strategic partnership: a specific NGO is selected as a starting point**
None of the respondents described picking a specific NGO to cooperate with, without any reference to the targeted social issue, the company’s goals or the rest of the CSR strategy whatsoever. Such a way of selection was only described in relation to random donations.

**Strategic partnership: selection based on top management’s decision**
Literature suggests that the personal preferences of top management have an important role in selecting partner NGOs (Kuti, 2008). I was curious to see whether the research’s interviews would underline this assumption. However, none of the interviewed companies showed any sign of this phenomenon, except for one partnership of one of the companies, where, as the interviewee described,

“It was top management’s decision to enter into a real strategic partnership with [NGO].” – IR, TELECOM 2

**Strategic partnership: selection based on employee recommendations**
Again, none of the respondents described cases of taking into account employee recommendations when choosing strategic NGO partners. Even the interviewee who claimed they

“would like to give more space to our employees” referred to “their suggestions in terms of fundraising events and employee initiatives.” – IR, TELECOM 2

The fact that employee involvement is only important in terms of donations and volunteer programs (to be examined in upcoming chapters) might underline the emphasis on strategic considerations when it comes to selecting strategic partner NGOs.

**Strategic partnership: selection based on NGOs’ qualities**
Existing research on NGOs’ specific qualities and attributes that influence companies in choosing strategic partners is limited. As outlined in previous chapters, companies’

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* 1 reference coded, 0.42% coverage
* 1 reference coded, 0.17% coverage
* 2 references coded, 1.60% coverage
* 17 references coded, 11.96% coverage

52
choice of NGO partners could be influenced by transparency (Kuti, 2004), trustworthiness (Batti, 2014), attractiveness of their mission (Ligeti, 2009), whether they are well-known (Kuti, 2004) and positioning around mission (Frumkin and Kim, 2000). The aim of inquiring about critical NGO attributes in terms of selection was to explore whether existing findings would be supported or not; and to explore further characteristics that influence such decisions. The findings of this section will be central in further chapters, where suggestions will be made for improving NGOs’ positioning practices.

A commonly mentioned factor was NGOs’ expertise in their own field. This further confirms the previously discussed trend of companies’ looking for suppliers of certain expertise, skills and knowledge in their strategic NGO partners. As one interviewee put it,

“I think expertise is one of the most important things: what’s the knowledge they represent on the market, what can they help us with.” – IR, BANK 1

When asked whether looking too professional would alienate them from cooperating, one interviewee replied,

“being professional and excelling at something would rather make a positive impact.” – IR, BANK 1

Summarizing the importance of professionalism as a decision-making factor, another respondent mentioned:

“above all else, their competency matters in the given field; whether they have a serious, professional reference, whether we could work well together.” – IR, BANK 2

Assumptions made by earlier researches were confirmed as some interviewees mentioned transparency and political independence as important factors too. While one of them applies a strict policy:

“It’s also one of our principles not to cooperate with political organisations” – IR, AUDIT, others would also consider the political or public opinion surrounding the NGO’s activity:

“If we would cooperate with NGOs currently considered as “public enemies”, we would also take a political risk…” – IR, BANK 2

In terms of NGOs’ transparency, companies would assess
“how transparent their finances are” – IR, AUDIT and would include in their risk assessment to “avoid getting in contact with any organisation that’s e.g. not fully transparent.” – IR, AUDIT

**Brand awareness** also matters in most cases, although there was an example of a company to whom it didn’t matter and who concentrated only on the connection points they might have with the NGO. Others said that if

“one of them rings a bell […] than it has a positive impact, so awareness is definitely important” – IR, BANK 1;

especially if the partnership’s foremost goal is improving (international) PR:

“in this case, we purposefully turned to a partner, who has a name and who’s reliable.” – IR, HEALTHCARE 2

Several respondents also mentioned the **availability of information and references** as something they would check for in every case. 2 interviewees used the phrase “background check”. Besides a clear, traceable and informative online presence, one respondent also said, that

“another mistake is not giving a good enough description about themselves.” – IR, HEALTHCARE 2

As a final attribute, some respondents also emphasized NGOs’ **attitude towards cooperation**. Besides mentioning,

“compatibility and flexibility also matter, as well as how constructively the two organisations can work together” – IR, BANK 2

one interviewee also phrased it as

“the chemistry between organisations and persons (dynamically progressing harmony, mutual understanding).” – IR, TELECOM 1

Referring to NGOs’ assumed prejudice towards strategic cooperation, one respondent also noted that

“it’s also important to know whether they actually want to cooperate or not.” – IR, BANK 2
Strategic partnership: customization and packaged offers

The central topic of this thesis is the exchange of values that occurs in strategic partnerships, focusing on NGOs’ perspective of this exchange. Based on the leading concepts introduced, NGOs could improve their chance at more beneficial partnerships if they approached potential donors with a target-audience based mindset (Andreasen and Kotler, 2008), customizing the possible values they can offer to companies to fit their needs. Therefore, a specific focus of the research was to explore companies’ attitude towards specific, elaborate and well-defined value offerings of NGOs and whether they would welcome or expect customized offers.

It should be noted first that one of the interviewees expressed his disapproval of specific offers by claiming:

“Personally, I’m quite discouraged by an offer/proposal if it downright tells me what’s good – according to them – for me or the company.” – IR, TELECOM 1

However, 4 other interviewees were in favor of them.

The first set of findings reveal that as opposed to NGOs approaching companies with a “clean slate” and no specified ideas about the topic and execution of a partnership, most respondents preferred more specific proposals that included at least some ideas for the proposed partnership. They said,

“a specific proposal is definitely more interesting” – IR, BANK 1 and that “it can be more easily interpreted if they specify those areas where we can cooperate.” – IR, HEALTHCARE 2

The focus of such proposals should be on the benefits (direct or indirect) that the company could receive should they partner with the NGO. While some respondents said

“it’s very important if they think about what they can offer” – IR, TELECOM 2,

some went even further by suggesting that

“it could be even more interesting, if you can connect with multiple perspectives of the company, like e.g. engagement.” – IR, BANK 1

As one respondent summarized, the final decision about a proposal

“will be down to the value you can offer” – IR, BANK 1

while another respondent added,

“willingness to donate, commitment, and everything else are all strengthened if the NGO offers something in exchange, e.g. experience.” – IR, CONSULTANCY

= 20 references coded, 16.53% coverage
Taking this concept one step further, some respondents even offered practical advice to NGOs. According to them, NGOs should translate their program into well-defined products or services, maybe even offer 3 types of packages, and set a price for these. A respondent advised NGOs to

“reevaluate their knowledge and how the company could benefit from it.” – IR, TELECOM 2

Other respondents pointed out that since

“most NGOs can offer some kind of experience” – IR, CONSULTANCY,

these could be tailored to fit to the needs of the corporate sector.

The other set of research results are related to not only being specific about what an NGO can offer to companies but also customizing these offers to fit each and every approached company’s needs. Reflecting on NGOs’ current practices, one respondent said,

“I think most organisations make the mistake of sending everything to everyone, with a “let’s throw in the net, who knows what we could catch” mindset. And they don’t customize.” – IR, HEALTHCARE 2

Respondents also argued, that

“the only way to success is through targeted inquiries, focusing on the profile/activity of the given company.” – IR, HEALTHCARE 2

More respondents mentioned that NGOs should make an effort to try and “think with the companies’ head” and try to find points of connections they could have with the companies’ profiles and activity; or taking it one step further,

“It’s even better if their proposal is already connected somehow to any of our programs.” – IR, HEALTHCARE 2

4. Strategic goals

If we accept as a fact that companies can gain various types of benefits from engaging in CSR, then it is only natural to assume that companies would try to maximize these benefits. Consequently, a mindful, carefully planned CSR strategy wouldn’t suffice with only receiving these benefits but would consciously try to gain them. In terms of planning one’s CSR strategy, this could be interpreted in a way that companies identify what their major strategic goals are and aim to use CSR as a means to achieve them. In
other words, they would tailor their CSR strategy to match their big strategic goals*. For example if a firm struggles with high fluctuations, the primary goal of their CSR programs would be increasing employee engagement; similarly, if they would like to improve customer relations, they would involve customers in their CSR initiatives; and so on. The interviews revealed various examples for this theory, which can be grouped into the categories listed below.

4.1. Strategic goals: employee relations*

7 out of 7 respondents mentioned organizing their CSR programs in a way that it improves their employee relations in some way. (This is even more noteworthy considering the fact that only one of them worked as an HR executive.) These goals can be grouped into 3 different types: employee attraction, employee retention and organizational culture.

3 respondents discussed using CSR as a means for attracting more or more valuable employees. One of them argued that it’s increasingly becoming a factor in job selection.

“A well-defined program, which clearly suggests that it’s not only a scam (giving money only for its PR value), but rather something with added value and progressive opportunity can be an important asset in recruitment.” – IR, CONSULTANCY

Another respondent added that

“it’s also important to communicate why it’s important – for us, and for you, as a future employee, too.” – IR, BANK 1

Moreover, the company for whom R&D is a major segment of their profile pays special attention to building their CSR around education.

“R&D is a very knowledge-heavy industry; hence we are deeply interested in attracting well-educated employees. Unfortunately public education in Hungary has its flaws. However, I don’t think it’s such a wild idea that corporations should fill in the gaps – after all, they are aware of the job market’s requirements.” – IR, HEALTHCARE 2

CSR is also often supposed to foster employee engagement and job enrichment. As mentioned in a previous example, one of the companies specifically started a CSR

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* 10 references coded, 3.93% coverage
* 17 references coded, 17.16% coverage
program to increase engagement. Another respondent explained this goal’s importance in terms of CSR strategy:

“the company’s problem is not about deciding whom to give their money, but rather about how to retain their workforce, how to motivate them, how to enrich their job and how to fill it with purpose and meaning.” – IR, CONSULTANCY

Another respondent referenced the concept of “pampering brands” and discussed how CSR programs have a very strong message and impact in terms of (internal) employer branding. Another executive whose company’s CSR is heavily based on pro bono volunteering (knowledge transfer to NGOs through continuous training and consultancy) also found CSR useful in terms of job enrichment and engagement. This company’s (often young) employees temporarily become mini project managers and “this is definitely a value to them […] in terms of self-sufficiency and independence.” – IR, AUDIT

Finally, some respondents mentioned CSR’s role in developing organizational culture beyond individual engagement. 2 executives said how CSR encouraged bringing together employees from different departments:

“They often need to reach out to colleagues from other departments regarding certain questions, allowing them to experience different kinds of thinking and learn from them” – IR, AUDIT;

while a third respondent noted,

“it improves commitment not only towards the social issue, but towards the company too, creating a community, and a sense of shared experience.” – IR, TELECOM 1

4.2. Strategic goals: CSR connected to profile* and products*

In some cases, the starting point for a CSR strategy is posing the question:

“What’s related to the business itself, its identity, activity, products, services?” – IR, BANK 2

Most interviewed companies somehow match their CSR strategy to the company’s profile: the pharma and R&D company engages in health-care and education themed CSR programs, the telecommunications company in digitalization, the consultancy firm in knowledge transfer and the bank in financial literacy. Besides believing these to be the evident choices, respondents cited “credibility” as a reason, and that this way “a very strong synergy is created.” – IR, CONSULTANCY

* 19 references coded, 11.15% coverage
* 3 references coded, 1.35% coverage

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In some cases, it’s even connected to specific product types. For example, a considerable portion of the pharma company’s turnover results from gynecology products; as their representative said,

“Therefore, women are very important to us as a target group. We phrase this as caring about women’s health, social respect and mental health. We created an umbrella program that serves this purpose through various initiatives.” – IR, HEALTHCARE 2

4.2. Strategic goals: CSR connected to brandε and customer relationsε

1 of the 7 interviewed executives advocated for the corporate brand being the center and starting point of the CSR strategy:

“Currently, our brand defines the types of social initiatives [COMPANY] supports.” – IR, TELECOM 2

As she explained, the company’s brand has a well-defined mission (improving life with the help of digitalization), and, as she said,

“our social programs are designed to serve that.” – IR, TELECOM 2

This led to a much more focused approach in terms of their social responsibility programs. She explained that the brand might be only one aspect of corporate strategy, but ultimately, that’s what customers see,

“and these social initiatives are perfect for improving credibility and facilitating engagement and identification with the brand.” – IR, TELECOM 2

This approach also allowed the same company to identify ways in which they could incorporate CSR into their customer relations, as they included a strategic NGO cooperation in their customer communications.

4.3. Strategic goals: CSR based on strengths and competenciesε

In case of some companies, the starting point of developing their CSR strategies was identifying their key competencies and strengths and exploring how these competencies could help them solve social issues. Such an approach is in line with the previously discussed Socially Anchored Competencies theory: reevaluating a company’s core competencies from the perspective of the social benefits they can bring (O’Brien, 2001).

4 out of the 7 respondents mentioned applying this approach by claiming, that

“we focus on areas where we have expertise and experience” – IR, HEALTHCARE 2

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ε 2 references coded, 3.46% coverage
ε 5 references coded, 2.11% coverage
ε 8 references coded, 4.05% coverage
or that

"it's important for us to create social value with tools that are closely attached to our business activity; due to the fact, that these are the areas where we feel we have the strongest competencies." – IR, TELECOM 1

**Volunteer programs**

Volunteer programs are widely applied elements of CSR strategies. According to a previously cited research, companies often rely on their employees’ recommendations and input when developing corporate volunteer programs (Molnár, 2012). The same study differentiates different types of volunteering, including:

- **Appointment.** Executing certain tasks or projects at an NGO;
- **Expertise-based volunteer work.** The employee uses his/her own expertise, skills, competencies to contribute to the company’s CSR programs;
- **Individual volunteer work.** Volunteer work of the employee’s own choice at an NGO chosen by him/her. The company might offer various supports;
- **Teambuilding.** A team of employees collectively making social impact;
- **Employee fundraising.** Calling upon employees to raise funds for an NGO (Molnár, 2012).

Paying distinct attention to volunteer work during the interviews aimed to explore the different types of volunteering opportunities provided at each firm and to identify what characterizes these practices. The intended and/or experienced benefits of volunteer work were previously discussed under the 4.1. Strategic goals: employee relations paragraph in terms of employee engagement as a CSR-defining corporate goal. The recurring pattern in the interviews mostly differentiated between expertise-based and non-expertise-based volunteer work (employee fundraising was discussed in detail in the Random donations paragraph).

The interesting and novelty value of this research (regarding volunteer work) lies in the notion that, although expertise-based volunteer work is set out to be exemplary by literature and different case studies or best practices, it may not be a one-size-fits-all solution. 3 out of the 7 respondents expressed their opinion about the limitations of

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* 13 references coded, 6.37% coverage
* 15 references coded, 12.01% coverage
* 8 references coded, 6.3% coverage
expertise-based volunteering despite its previously discussed advantages (see 4.1. Strategic goals: employee relations). All of them observed at their respective companies a low ratio of expertise-based programs among all volunteer activity. One of the respondents’ experience is that

“it’s harder to engage them in programs that require more preparation […] and outdoor programs are still much more popular then having to do any preparation.” – IR, TELECOM

Another respondent’s opinion is based on the fact that huge multinational corporations have too many employees, scattered through a wide range of job types. While some employees might benefit a lot from challenging themselves professionally, he argued, that

“about 70-80% of these companies’ employees are not suitable for any kind of pro bono volunteering” – IR, BANK 2.

referring to e.g. those working in call centers. He went on to explain that

“neither do their needs and wants, know-how or confidence are suitable for those types of works and […] they don’t necessarily view themselves as experts or as someone who could give advice to others” – IR, BANK 2.

On the other hand, the third respondent, whose company’s CSR strategy is built around knowledge transfer, simply said

“We wouldn’t be able to give a knowledge transfer based, training-related task for all of our 1000 colleagues” – IR, AUDIT.

5. Programs*

The initial idea behind this research presumed 6 distinct decision factors that needs to be determined when a company designs their CSR strategy, and one of these factors was the development of specific programs, actions and campaigns. However, the primary goal behind this research exploring underlying influencing factors that shape a CSR strategy’s development was to identify those aspects that NGOs could take advantage of; and to be able to apply their marketing strategy to answer to emerging needs at the identified points of decision-making. In this sense, the development of specific programs are not of high importance, because in every case, without exception, respondents said this is only a last step in planning a strategy, a phase closer to

* 25 references coded, 26.93% coverage
execution than strategic planning. It could be concluded that at this last phase of designing programs and activities, NGOs have very little chance of convincing a company to choose their value offering, i.e. to choose them as a strategic partner.

The most important findings related to specific programs can be summarized in the following list:

- **The program is almost always tied to the selected social issue, strategic goal or the business’ profile.**
- **Could be tied to a pivotal target group,** e.g. in case of women’s products accounting for the majority of the company’s turnover, their women’s health themed CSR activities “try to raise society’s attention to the importance of appreciating women.” – IR, HEALTHCARE 2
- **Elements to strengthen the company’s image are often included.**
- **Programs evolve over time,** and become more complex than their pilot state. In terms of partners (including strategic NGO partners) this means that long-term relationships are nurtured, and participants from previous stages of programs are called back to participate in the company’s CSR strategy in one way or another

6. Resources*

Another important aspect of determining one’s CSR strategy was initially assumed to be the amount and nature of resources a company is willing to invest in its programs. The notion that strategic NGO partnerships increasingly rely on a diverse set of resources was confirmed by this research throughout the previous paragraphs that suggested that NGOs can both offer and receive different benefits to and from companies beyond monetary gain, including e.g. employee engagement and a supply of special expertise for the companies; or managerial know-how to NGOs. Without revealing sensitive corporate information, the amount of invested resources couldn’t be discussed in detail during the interviews. The outstanding finding of this topic is that the limitation of available resources might encourage companies to maintain a more focused approach in terms of both their donations and their strategic partnerships.

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* 9 references coded, 6.24% coverage
7. Identified patterns: Decision making factors

The initial presumptions preceding this thesis’ research were centered around the idea that there are more or less 6, clearly distinguishable factors that a company has to decide on in order to develop a CSR strategy (focusing mainly on strategic NGO partnership related programs). These 6 factors included stakeholders, social issue, NGO partner, strategic goal, programs and resources. Primary to conducting the above research, it was assumed that any of these factors can affect the selection of strategic NGO partners; therefore, the conducted expert interviews aimed to cover all of these factors and to explore companies’ decision making practices related to each of the factors. Previous sections provided a structured overview of the findings, grouped along these 6 factors. Taking a comprehensive look at the findings, certain patterns can be identified that summarize and/or categorize the decision-making process and factors behind companies choosing their specific NGO partners. One set of these identified patterns describes the process of decision-making. If compared to traditional, commercial B2C marketing, this process would be equivalent to the consumer decision-making process or purchase decision-making process. In this sense, if NGOs are familiar with this decision-making process, they become able to tailor their value offering and attached marketing practices to achieve the most beneficial partnerships. The other set of patterns identify further factors that influence decision-making.

An original goal of the research was to ask each respondent to summarize the flow of decision-making at their companies and to create a definitive (chronological) order of determining the above-mentioned factors. Although most interview respondents did not discuss such an order directly, virtually all responses included references to such an order, even if indirectly, mentioning in relation to other topics. After a comprehensive analysis of the responses, the possible paths a company can take to develop strategic NGO relationships (CSR programs) can be summarized in Figure 9.
Path 1.1: CSR programs matched to profile
In certain cases, the company would simply match their CSR programs to their field of business, area, and profile. An example for such a practice could be a healthcare company’s nationwide initiative to organize a roadshow of dedicated days for medical checkups with complementary programs and entertainment.

Path 1.2: Social issue selected based on profile, CSR matched to addressed social issue
In certain cases, the company’s field of business would serve as an indicator to the social issue their CSR would solve. Such an approach would mean a bank selecting financial literacy as a key social issue they would like to support, and would organize different training programs for society within this theme.

Path 2.1: Social issue selected based on competencies, CSR matched to addressed social issue
Certain companies first identify the areas where they have strengths and useful competencies and then try to identify those areas and social issues that could be helped leveraging those competencies. An example for such an approach would be a telecom company identifying the importance of telecommunications in distance learning (or more broadly, education) and initiating a program of elite students mentoring underprivileged youth via telecommunication.
**Path 2.2: CSR matched to competencies**

Identifying a company’s strengths and companies can also serve as a basis for developing programs directly, based on these competencies. An example would be a consultancy company that identifies knowledge transfer as their greatest area of expertise, and as a result, develop a program that assists any kind of NGO (irrespective of the social cause they stand for) with managerial know-how and consultancy.

**Path 3.1: CSR matched to strategic goals: employee relations**

Companies increasingly recognize the wide range of benefits that employee relations could have as a result of practicing CSR, including advantages in terms of employee attraction, retention and organizational culture. Such an approach would mean setting engagement and cross-department convergence as CSR’s primary goal, and organizing a teambuilding event that’s focused on assisting a social cause.

**Path 3.2: CSR matched to strategic goals: product portfolio**

In certain cases, companies would identify key product groups or target demographics and would organize CSR programs with the primary goal of encouraging the sales of these product groups or purchases by these target groups. Such a strategy would mean a manufacturer of mammography equipment standing up for breast cancer checkups.

**Path 3.3: CSR matched to strategic goals: brand**

In certain cases, the corporate brand is the center and/or starting point of developing CSR programs. In these cases, the values the brand would like to communicate and stand for would be echoed in each CSR program. This would mean that a company whose brand stands for improving the quality of life with the help of digitalization would start IT basics trainings for pensioners.

A next, simplified and altered version of Figure 9, Figure 10 summarizes what companies look for in a strategic NGO partner depending on their approach.
Further findings of the research can be summarized as **the importance of an NGO’s value offering** in terms of forging strategic partnerships with corporate partners. The majority of responses in this research discussed the values, benefits, expertise, skills, experience, etc. an NGO can offer them while talking about potential partnerships. The research found that the majority of the respondents’ strategic NGO partnerships were the results of strategic planning processes (see the identified potential paths above), and choosing the strategic NGO partner itself was never a starting point in planning CSR programs. These observations lead to the conclusion that the heightened competition for corporate resources among NGOs doesn’t mean a competition between NGO brands – rather, a competition between value offerings. In case of strategic partnerships, the most important decision-making factor will be the (package of) values an NGO can offer the given company – given that the company is fully aware of the resources it needs to acquire. Furthermore, research findings confirmed that NGOs should pay attention to **customizing** these value offerings. Respondents argued that targeted proposals are more successful in achieving strategic partnerships than general value offerings that are not customized to the targeted company’s needs, profile, values and existing CSR programs.

**VI. STRATEGIC APPLICATIONS**

The aim of the research was to explore decision-making behavior of companies in terms of choosing which NGOs to form strategic partnerships with. The identified influencing factors and decision-making patterns allows for making recommendations to NGOs as to how they could incorporate these into their marketing planning process. The following section aims to provide a structured framework and some guidelines based on
the research’s findings while also contrasting the results with existing literature’s findings and hypotheses.

1. Data collection and segmentation

In order to be able to successfully identify the segments an NGO should target to achieve the most beneficial partnerships, the initial step should be gathering data about the market, the potential audience. In case of NGO – business partnerships, this virtually means the whole corporate sector within the given geographic area (e.g. country). Traditional, commercial B2C marketing practices would require demographic segmentation too. Demographic segmentation in case of potential corporate partners could include for example:

- Geography: headquarter and covered areas of the businesses
- Size: headcount, turnover, financial performance, brand awareness, etc.
- Background: multinational or local businesses

The sample of this research was limited to big corporations with multinational backgrounds. Therefore, no conclusive remarks can be made on whether segmenting corporations based on any of the above factors would be beneficial or not. Exploring statistically relevant correlation between companies’ location, size and multinational background and their strategic NGO partner selection would be advised for further research. It would be also interesting to explore trends in terms of the importance of these factors in Hungary, as the latest available research is based on 2007 data (Kuti, 2008).

The identified patterns of this thesis’s research suggest 3 major, distinctive decision making processes when it comes to corporations developing CSR programs (see the above identified paths). Assuming that a company chooses strategic NGO partners for their CSR program based on these, it would be advised to center data gathering on the following factors:

- **Profile**: Responses suggest that in many cases, a company would choose an NGO partner that matches their profile / area of business (or indirectly, they would select a targeted social issue based on their profile which would define NGO partner selection). Identifying the profile of each business on the market can easily be done based on publicly available, online sources.
• **Competencies.** Certain respondents suggested that the company’s own competencies, skills and expertise define their CSR programs: the starting point of any decision (including the selection of NGO partners) is rooted in the company answering the question: “who / which cause / what can be supported by what we do, what we’re good at”. Gathering data on companies with such a strategy would require researching their current/previous CSR programs and analyzing whether those are essentially based on the companies’ competencies or not.

• **Strategic goals.** In most of the cases it’s extremely hard or even impossible to gather information on the major strategic goals and challenges a company faces at the time. A possible way for NGOs to overcome this obstacle could be gathering information on and analyzing their current supporters and donors and identifying use cases why each company supports them. The decision-making behavior of current supporters ('existing customers') could help make predictions about prospective partners.

Once these data are available, possible corporate partners can be grouped into different segments, e.g. based on profile.

2. **Targeting**

Once the NGO has been able to divide the market into different segments, the next step should be selecting the segments it would be worth to target. Following the above framework of segmentation, the NGO would be advised to follow the guidelines below when selecting the targeted segments:

• **Profile-Profile match.** Once the data gathering and segmentation phase has led to a grouping of corporations based on their profile, the NGO should select and then focus its further marketing activity only on those companies with whom their profiles are matched. Based on personal professional experience and this research’s responses, the author would advise NGOs to take a broad perspective in regards to profile-profile matches. Let us take the example of an NGO concerned with the education of permanently ill children with a variety of digital educational tools. The most obvious, natural fit in terms of profile-profile conformity would be healthcare companies. However, as illustrated in Figure
11, the NGO’s activity can be redefined from a broader perspective, revealing values and “buzz words” that companies are increasingly looking to incorporate into their mission, corporate culture, strategy and operations. Similarly to brand mapping, more incremental and loosely attached values can be explored this way, allowing the NGO to find profile-profile matches with a wider scope of companies.

Figure 11. Mind mapping brand values and potential partners accordingly. (own work)

- **Useful competencies.** As mentioned above, some companies design their CSR activity to fit the competencies, skills and expertise they have. In case of selecting partnering NGOs, a company applying such a strategy wouldn’t pay such a close attention to profile-profile match. From this perspective, the NGO should target those companies that seem to have relevant competencies that the NGO could benefit from. There is no point in seeking the partnership of those companies who can only offer irrelevant competencies. In some cases, NGOs may feel inclined to seek these partnerships as well, simply because they would welcome any received resources; whereas it’s more likely that they are creating unnecessary tasks and are engaging in irrelevant/useless projects only to be able to utilize the support they are getting.

- **Supportable strategic goals.** As outlined previously, it is nearly impossible to find out companies’ current strategic goals, hence there’s also no way to
group the market into segments and then target only the potentially beneficial ones. If a company organizes their CSR programs in a way that they support certain strategic goals, then those will be revealed only at one of the first meetings.

3. Value offerings and positioning

According to the primary principals of this thesis, NGOs are advised to apply pull marketing type practices when searching for donors and supporters who would be willing to engage in different strategic partnerships with them. By combining preconceptions based on NGO – business partnership literature and the results of this thesis’s research, the above paragraphs presented a novel take on segmentation and targeting the market: in this case, corporations. In line with the pull marketing concepts, once the NGO has identified the target segments, any further steps should be based on “what they want” instead of “what we have”. In other words, the target segments’ needs should be identified first, followed by designing the NGO’s activity at each and every touch point in a way that it engages and “pulls in” the target. To achieve this, the NGO needs to be able to

- Create relevant and engaging value offerings for all targeted segments;
- Position this value offering as superior to competitors.

Research results support Ligeti’s findings of arguing that many NGOs overestimate the sheer power of the noble cause they stand for (Ligeti, 2009). Research results also underline the guidance of nonprofit marketing literature that advises NGOs to apply “business thinking” and realize that companies would want something in return for their investments. This notion is further supported by the fact that according to the above research, personal sympathy or liking of an NGO or their cause only influences donations and employee fundraising – and has nothing to do with strategic partnerships. In summary, NGOs should shape their value offering in a way that offers real and need-fulfilling values, resources, expertise or other assets to companies. In case of strategic partnerships, offering only “warm glow” in exchange for investments becomes insufficient. (“Warm glow” means the utility arising solely from the activity of giving in case of personal donations, introduced by Andreoni, 1989, cited in Frentz, 2017.)
Combining research responses and literature-based preconceptions allows for some specific recommendations to be made to NGOs in regard to shaping their value offerings.

1. **Have a product to offer.** With only one exception, all respondents of the research argued that it’s more appealing if an NGO approaches them with a well-defined offer, a package of specific services, programs or products they could offer. Of course all strategic NGO – business partnerships would be the result of common brainstorming and negotiations, but businesses expect NGOs to approach them with *some* initial ideas about what they could offer the company – and what types of resources they would expect in return. Respondents argued that coming prepared sends the message of professionalism. Respondents also drew attention to the fact that corporate executives are overloaded and appreciate anything that saves time for them. It also helps to overcome the corporate sectors’ preconceptions that all NGOs are only looking for money – and encourages them to think in terms of strategic partnerships instead and exchanging various types of resources.

2. **Center the value offer on expertise and specialized resources.** The research revealed that prior to selecting a partnering NGO, companies already have an initial idea about the resources they are looking for. This is particularly true for 2 of the previously described segment types: those with whom there’s a profile-profile match and those who are expecting an NGO partner to help them achieve their strategic goals. In case of those companies whose CSR programs are aimed to support the company’s strategic objectives, the company is looking for a certain set of resources that they cannot source internally. NGOs should realize that in these cases they become potential suppliers of these resources and should design their offer in a way that it becomes the most desirable for the company – as compared to other sources of that resource. Research results confirmed Austin and Seitanidi’s previously quoted hypothesis that high resource complementarity leads to successful co-creation of value (Austin and Seitanidi, 2012).
3. **Differentiate from all possible competitors.** Keeping in mind the above discussed approach whereby NGOs are potential suppliers of certain resources and benefits they can provide a company means that they are in competition with other sources of the same inputs. However, NGOs are advised to keep in mind that “competitors” in this case mean fellow NGOs, social enterprises and the company’s own resources as well and they should be ready to convincingly differentiate themselves from all of these. NGOs are advised to identify points of difference compared to each potential type of competitor by identifying their targets’ needs as well as possible. Furthermore, communicating such positioning will require careful planning as well. Companies wouldn’t necessarily come into contact with the NGO through the same channels where the NGO communicates with the general public. They should pay attention to articulating their specific positioning and differentiating factors throughout all possible touch points with potential corporate partners. This includes for example cold inquiry emails, introductory materials sent out, first round meetings and negotiations or even platforms that the corporate sector pays more attention to, e.g. LinkedIn or PR materials in business journals, conferences, etc.

4. **Customize.** Most importantly, respondents agreed that it’s more appealing if an NGO’s inquiry or proposal for a potential partnership is customized to the targeted company’s needs. Since target segments are not the same size as in the case of commercial B2C marketing, NGOs have the chance to customize/personalize each proposal *individually* to each and every targeted company. Nevertheless, segment-specific customization might be relevant in terms of seeking profile-profile matches. From a practical point of view, this could be useful for instance in the case of “cold email inquiries”, allowing the NGO to send one type of email to each targeted segment based on their profile: one type of email to tech companies and another to health care, emphasizing different connection points in terms of profile, area of activity, image or brand. On the other hand, as previously mentioned, it’s extremely hard to identify the needs of those companies who wish to leverage an NGO partnership to further their strategic agenda – therefore it’s also hard to customize the NGO’s value offer accordingly. NGOs can overcome this challenge of “unidentifiable customer needs” by making some assumptions. While each company has their
own challenges, strategic corporate goals can nevertheless be categorized broadly into different types. This research singled out 3 major types: goals related to employee relations, product sales and branding. It would be suggested to identify potential values the NGO can offer in any of these categories, and including a sample idea for supporting each possible strategic goal in the first-round proposals. For a sample on such a proposal see Appendix 3 where different partnership program proposals are distinguished, based on whether they are recommended to companies who would like to enrich their employees’ jobs, to those who would like to improve their customer relations and to those who would like to join efforts to educate the next generation.

VII. CONCLUSION

As stakeholder theory states, a company has different, internal and external stakeholders with different claims and needs towards the company. It is the company’s responsibility as well as a guarantee for their long-term sustainability to fulfill and consciously manage these expectations. The concept of corporate social responsibility has evolved considerably in the past decades, mostly characterized by the internalization of society’s needs into business operations (Lee, 2008). The corporate sphere’s attitude shift has been facilitated by the spread of sustainability as a focus area, the intensified global competition and as a result, the increased need for dynamically renewed competitive advantage. The scale and complexity of social and environmental issues we face today calls for cross-sectorial cooperation, a form of which are NGO – business partnerships. These partnerships have also evolved over time, increasingly characterized by the convergence of both sectors towards one another; while literature increasingly suggests that these partnerships should strive to achieve shared value creation (Porter and Kramer, 2011), exchanging various types of resources and receiving various types of added value on both sides (Batti, 2014 and Austin and Seitanidi, 2012).

The increased competition between NGOs for corporate resources and the more and more advanced and complex nature of such partnerships require NGOs to adapt a more business-like attitude (Drucker, 1989). It has become necessary for NGOs to view themselves as providers of different value offerings that companies can “pay for” by
supporting the NGO with different types of resources. The aim of this thesis was to identify some guidelines that could facilitate NGOs in achieving more and more beneficial strategic partnerships with companies. NGO marketing literature has already embraced target-audience based mindset (Andreasen and Kotler, 2008), which led to the assumption that identifying the target audience’s needs and decision-making (“buying”) behavior will allow NGOs to “market” the values they can offer to companies better – in order to get access to more resources in return. As a result, the aim of this thesis was to explore,

*How do companies select which NGOs to form strategic partnerships with?*

Although extensive literature exists on NGO marketing, its main focus is still marketing towards NGOs’ key audiences (beneficiaries and general public) – an area that highly relies on emotions rather than strategically important value creation. Research findings also propose certain factors that could influence companies’ choice of strategic NGO partners (see e.g. Kuti, 2004). Nevertheless these research pieces are either quantitative or not comprehensive and focus only on one factor or another. As a result, the contribution of the above research derives from the value of qualitative, exploratory research. The 7 conducted in-depth expert interviews with CSR-responsible executives allow a deeper insight into underlying motivational and behavior influencing factors, in an attempt to contribute to the comprehensive picture of strategic NGO – business partnerships. Fellow researchers would be advised to further dive into these decision-influencing factors.

Existing literature and the author’s professional experience led to the assumption that companies need to make decisions in 6 key topics when designing their CSR strategies: *stakeholders, the addressed social issue, partnering NGO, connection to the company’s strategic goals, specific programs/projects and invested/required resources*. The conducted interviews were expected to reveal a consistent, chronological flow of these decision-making steps – however, research found that companies have different starting points for designing their CSR strategies. Three distinct types of companies were identified: those that match their CSR initiatives to their profile (e.g. a bank supporting financial literacy), those that build their CSR strategy upon their strongest competency (e.g. a consulting firm holding organizational development trainings to NGOs,
irrespective of their field of work), and those that match CSR programs to the company’s high-level strategic goals (e.g. increasing employee commitment through volunteer work). Due to the anonymity of the interviews, the small size of the sample and the research’s qualitative nature, no correlations could be identified between companies’ attributes and the path they take in developing their CSR strategies – leaving room for further research.

Based on these findings and a subset of interview responses that discussed NGOs’ attributes that they find favorable/impressive, some guidelines, and suggested strategic applications were listed for NGOs. First of all, NGOs are advised to package the benefits they could offer the company as a specific product or service offering. Closely related, a second recommendation would be to customize such offers in a way that the values (benefits to the company) an NGO can offer are matched to each targeted company’s profile and/or assumed strategic challenges. As the research found, companies increasingly view NGOs as suppliers of special expertise, skills, or other assets and resources. Consequently, NGOs should redesign their positioning with a stronger focus on the specialized resources they can offer a given company. Finally, in addition to the above recommendations, NGOs should keep in mind that their competitors are not only fellow NGOs: companies also consider implementing a CSR program solely from their own resources.

**VIII. FURTHER RESEARCH**

The limitations of this research and the analysis of its results leave room for further research on the underlying factors of companies’ choice of strategic NGO partners. This research focused specifically on qualitative investigation in order to understand behavior patterns and decision-influencing factors, deeply interconnected with executives’ personal attitudes. Although qualitative research is useful in this area because each company’s CSR development process is different, some recurring patterns and correlations could be found by using a much bigger sample and quantitative analysis. A bigger set of surveyed companies could allow for a representative sample in terms of company features, like size, industry, multinational background, location, CSR’s place in the organizational hierarchy, etc. Due to the limitations of the
convenience sampling applied in the research, responses can only be understood in terms of Hungary’s market environment. Further research would be suggested to explore differences between different cultures’ practices. Finally, the above research attempted to explore the corporate sector’s decision-making behavior in terms of choosing strategic NGO partners and based on the findings, suggestions and recommendations were outlined for NGOs. However, it would be interesting to conduct any kind of follow-up research to investigate whether these recommendations prove to be useful and beneficial in real life situations. Case studies on NGOs following the proposed recommendations could help further understand and systematize the best practices NGOs are advised to take in order for them to achieve the most beneficial strategic partnerships.
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Jonker, J., Nijhof, A., 2006. Looking through the eyes of the others: assessing mutual expectations and experiences in order to shape dialogue and collaboration between business and NGOs with respect to CSR. Corporate Governance. 14(5) p456-466. Available at: <https://repository.ubn.ru.nl/handle/2066/46889> [Accessed 17 October 2018]


APPENDICES

1. INTERVIEW GUIDE

Would you please introduce yourself and your role at the company?

How would you describe the CSR planning process of your company? How does your company define CSR?

STAKEHOLDERS

1. As part of developing your CSR strategy, do you identify the key stakeholder groups of the company and their needs and expectations towards the company? Do you prioritize these expectations? Do you assess which ones can be met and which ones can not?

SOCIAL ISSUE

1. How does the company select the social issue they would like to support/solve?
2. Is this choice purposefully in line with stakeholder groups’ needs?
3. Do employees play any role in selecting the social issue?
4. Once you have selected a social issue, do you assess the requirements in terms of resources, experience and competencies?

NGOS

1. Does the company support any NGOs as part of its CSR strategy?
   1.1. Does any of these cases include not only traditional donation (monetary or non-monetary) but mutually beneficial cooperation?
2. In case of strategic partnerships: how did you select the organisation?
   2.1. Matched to the targeted social issue
   2.2. Matched to the company’s strategic goals
   2.3. Selected the NGO itself, regardless of the above
   2.4. Selected based on top management’s personal preferences
   2.5. Selected based on employee recommendations/opinion
   2.6. Other
3. Which qualities of your strategic NGO partner have you considered during selection?
   What influenced your decision? (E.g. the NGO’s transparency, brand awareness, reliability, the leader’s personality, etc.)
4. Have you aligned your expectations with NGO at the beginning of the cooperation?
5. What do you think, in general, would the company prefer to work together with an NGO that
   5.1. Approached the company with a specified offer (e.g. “if you support us, we could provide XY services in exchange)
   5.2. Approached the company with a completely “clean slate”, no specified offer, and relying completely on the company’s ideas

STRATEGIC GOALS

1. Is the CSR strategy aligned to the company’s key strategic goals and challenges? (E.g. HR challenges, marketing goals, optimizing supply chain, etc.)
2. Is the CSR strategy aligned to the company’s strengths and weaknesses? Do you develop your CSR strategy according to existing strong competencies or the lack of those?

CSR PROGRAMS

1. How did you design each specific CSR program?
2. Do the company’s employees have the opportunity to do any volunteer work?
   2.1. If yes, to what extent are these volunteering opportunities connected to the employees’ area of expertise?
2.2. What’s the company’s goal with providing volunteer work to their employees?

RESOURCES
1. Did the company determine in advance the type and amount of resources they are willing to deploy to CSR programs?
2. What types of resources has the company invested in their CSR programs?
3. What do you think, what other types of resources would have been necessary?

CLOSING
As discussed above, the development of CSR strategy can happen in multiple ways. If you would have to summarize our conversation, what would you say, in what order do the following steps follow each other in case of your company’s CSR strategy development?
• Selecting a social issue
• Determining the necessary resources to solve the issue
• Selecting a partnering NGO
• Aligning CSR strategy to major strategic objectives of the company
• Developing specific ideas and projects.

2. NVIVO NODE TREE

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<th>Files</th>
<th>References</th>
<th>Name</th>
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<td>e. CSR to foster customer relations</td>
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<td>4</td>
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<td>11. Kór ház Suli</td>
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3. **SAMPLE PROPOSAL**

The following slide is an excerpt from the introductory PowerPoint Presentation of KőrházSuli, a Hungarian NGO dedicated to supporting the education of permanently ill children with the help of their peers, young student volunteers. The findings of this thesis have been presented to the NGO’s management, and their fundraising activity has been modified accordingly. The following slide is included in an introductory material that introduces the organization, the values it stands for (education, equal rights, digitalization, health, community) and proposes potential projects for strategic NGO – business partnerships.

<table>
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<td>Community programs</td>
<td>Those, who believe in the strength of community.</td>
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<tr>
<td>Supporting our summer camps and annual art exhibitions where the common artworks of our Mentors and Mentees are displayed.</td>
<td></td>
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<tr>
<td>Dedicated Scholarship Program</td>
<td>Committed supporters of the next generation and education.</td>
</tr>
<tr>
<td>The KőrházSuli Scholarship Program supports the education and recovery of our Mentees, as well as the professional development of our young Mentors (e.g. Natural Science or Language scholarships).</td>
<td></td>
</tr>
<tr>
<td>“Support a KőrházSuli class!”</td>
<td>Those who are committed supporters of education and health – and would like their customers to know that.</td>
</tr>
<tr>
<td>“Support a KőrházSuli class!” cards put out at customer touch points enables the company’s customers/clients to support KőrházSuli by purchasing a card.</td>
<td></td>
</tr>
<tr>
<td>“Adopt a KőrházSuli study room!”</td>
<td>Those who believe that leaving a purpose helps recovery and healing.</td>
</tr>
<tr>
<td>Studying in a community is a vital element of medical and social recovery. Our study rooms in hospitals across the country allow Mentors and Mentees to learn together in bigger groups.</td>
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