AALBORG UNIVERSITET

School of Business and Economics- SBE
International Business Economics- IBE
Master's Thesis

Understanding MNC-NGO collaboration in emerging markets:

Investigating how MNC-NGO collaboration evolves, creates and co-creates value and what type of value.

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Spring 2020
Aalborg, Denmark

Abstract

Collaboration between multinational corporations (MNCs) and non-governmental organizations (NGOs) (hereafter; MNC-NGO collaboration) is on the rise despite the distinct differences in the missions these two organizations from two different sectors serve and the goals they pursue. MNCs, which primarily seek financial profitability, and NGOs, which primarily provide humanitarian aids, have long served in opposition where MNCs used to hit NGOs and be sceptical about partnering with them, while NGOs kept pressuring MNCs to take part in solving social problems and adjust their strategies to remain environmentally friendly.

This research thesis studies MNC-NGO collaboration in emerging markets, which has seen a rapid increase over the last two decades. The paper focuses attention on investigating creation and co-creation of value in MNC-NGO collaboration and achieves this by studying the existing knowledge, reviewing the existing literature, and studying and analyzing the empirical evidence. Empirical evidence is based on the review of several cases and data retrieved from secondary sources. Input-output model is applied to the analysis. The study shows that MNCs and NGOs are better off collaborating rather than swathing and pressing each other. The findings reveal that MNC-NGO collaboration creates and co-creates multiple economic, social, and environmental values for MNCs, NGOs, and for the society. As evident in the literature review and in the findings of the study, some social issues are so complicated and beyond the scope of one organization from one sector, they require collective efforts from cross-sector actors – MNCs and NGOs.

The research builds on existing literature on MNC-NGO collaboration and comes up with suggestions for future research.

Keywords: MNC-NGO collaboration, creation and co-creation of value by MNCs and NGOs, economic value, social value, environmental value. MNC internationalization in emerging markets. NGOs' influence on MNCs. MNCs partnering with NGOs

Acknowledgement

First and foremost, I would like to express my profound and biggest thanks to Professor Mohammad Bakhtiar Rana for his valuable supervision during the writing of this thesis. Without his kind and generous support, and his unconditional guidance, this thesis would not be possible.

Also, my family kept encouraging me all the times and tolerated lack of my social contact during the process of this thesis, to them I offer my deepest gratitude.

List of Abbreviations

ADB	Asian Development Bank
CARE	Cooperative for Assistance and relief everywhere
CD	Cultural Differences
CI	Conservation International
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
FDI	Foreign direct investment
GIZ	German International Cooperation
IB	International Business
IMF	International Monetary Fund
LoF	Liability of Foreignness
MNC	Multinational Corporation
MSF	Médecins Sans Frontiers
NGO	Non-governmental Organization
OECD	Organization for Economic Cooperation and Development
RBV	Resource-based view

RDT	Resource Dependency Theory
UN	United Nations
WB	Word Bank
WTO	World Trade Organization

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Chapter 1

Introduction

1.1 Introduction

Multinational Corporations (MNCs) typically manifested lack of interest in collaboration with non-governmental organizations (NGOs) in the past and viewed NGOs as pest, or even worse than that (Yaziji, 2004). But over the last two decades cross-sector collaboration between MNCs and NGOs have seen rapid increase (Chatain & Plaksenkova, 2019; Austin, 2000). The complexity of social issues (Austin, 2000), uncertainties of emerging markets context (Zhao, et al., 2014), and the increasing influence of non-governmental organizations on MNCs' strategies (Teegen, et al., 2004, 2009) have made MNCs yet more dependent on seeking collaboration from NGOs. Moreover, todays' societies expect MNCs to be more socially responsible (Petry, 2019) and they regularly press MNCs to solve social problems (Aguilera, et al., 2007; Campbell, 2007) which put MNCs in a position to become dependent on collaboration with NGOs. Therefore, for MNCs joining NGOs and collaborating with them can be more beneficial than hitting them." (Yaziji, 2004), because by joining NGOs and collaborating with them MNCs will gain access to key strengths and resources of NGOs such as legitimacy, knowledge of social issues, awareness of social forces, strong networks with the society and other regulatory actors, technical expertise, and experience of working in the volatile conditions (Yaziji, 2004).

Many researchers and practitioners argue that MNC-NGO collaboration creates and co-creates various types of economic values, social values, and environmental values for MNC, NGO and for the environment (Austin, 2000; Teegen, et al., 2004; Dahan, et al., 2010; Vachani, et al., 2009; Austin, 2010; Austin & Seitanidi, 2012; Herlin & Pedersen, 2013; Rana, 2015; Rana & Sørensen, 2019). MNCs and NGOs have distinctly different missions and goals i.e. MNCs are profit seeking enterprises, while NGOs have philanthropic missions, but despite these big differences in their goals, an MNC-NGO collaboration have the potential to create economic, social, and environmental values because studies suggest and evidence reveal that NGOs serve as a potential resources provider to MNCs in emerging markets (Teegen, et al., 2004; Austin, 2010; Austin & Seitanidi, 2012; Rana, 2015;) where MNCs are often struggling to create value (Zhao, et al., 2014; Windsor, 2007).

Traditionally MNCs and NGOs have always been creating economic and social value on their own without the need to collaborate with each other (Austin & Seitanidi, 2012) and they can continue to do so. But there are situations –complicated socioeconomic and global issues – where one of these organizations alone cannot create the desired value and would therefore need to seek collaboration from the other. Numerous researches and cases have revealed that MNC-NGO collaboration create value for partner organizations involved which would otherwise not been possible to be created by one of the partners individually (Austin, 2000, 2010; Googins & Rochlin, 2000). So, for MNCS to respond to pressure from the society, deal with the uncertanties in the emerging markets, and manage the rapidly increasing influence of NGOs on their stratgies, collaboration with NGOs appears to be so compelling.

The aim of this research thesis is to investigate how MNC-NGO collaboration evolve and how the collaboration creates and co-creates values for partners involved and for the environment. The thesis will focus attention on two main questions; "*Where does value come from?*" And, "*what types of value are created?*" (Austin & Seitanidi, 2014). This aim is achieved through a twofold approach, firstly the project studies the existing literature on MNC-NOG collaboration to assess contemporary understandings on feasibility and motives of such collaborations, and secondly, the project specifically focuses attention on empirical evidence to investigate what type value do MNC-NGO collaborations create and how.

In today's world MNC-NGO collaborations are perceived, on a broader perspective, to have the potential to solve issues related to socioeconomic development, political concerns, and global issues such as mitigation of poverty, climate change, trust building and peace, immigration issues, global conflicts etc. However, this research thesis focuses more on how MNC-NGO collaboration evolves, how it creates and co-creates value and that how it can help an MNC to smoothly internationalize to emerging market and overcome the challenges that hinders MNCs' adaptation, integration, value creation, and overall internationalization process in the emerging market which is challenged by issues such as institutional void, governance and power flux, sociopolitical instability, and economic instability.

This research thesis makes three major contributions to the knowledge and understanding on MNC-NGO collaboration. Firstly, the study provides valuable clarifications on why MNCs and NGOs are better off collaborating rather than swathing and pressing each other. This has been achieved by the analysis in chapter four through revealing the creation and co-creation of multiple values for MNCs and NGOs as a result of their collaboration. Secondly, the research thesis highlights the importance of MNC-NGO collaboration for the environment which is demonstrated in forms of various values created for the environment including social problems solved. Thirdly, the research thesis identifies a knowledge gap in the current literature on MNC-NGO collaboration regarding sustainability of the outcomes of such collaborations. Almost all of the literature reviewed lack discussing sustainability of the outcome of MNC-NGO collaborations, and this needs the attention of social science researchers.

The paper is organized in five different chapters. Chapter one presents the introduction and problem formulation for the paper. It clarifies justifications for the topic of the research thesis and provides a discussion on the problem formulation. Chapter two is about literature review. It synthesizes the literature review from two perspective, 1) theoretical, where relevant theories and concepts are reviewed, and 2) empirical, where evidence on the topic are reviewed and discussed. Chapter 3 draws on methodological perspectives. It discusses issues of philosophy of science i.e. ontology and epistemology, and explains the research design, research paradigm, the methods, and the overall approach adopted to conduct this research thesis. Chapter four elaborates on analysis and presents the findings of the project. Finally, chapter five outlines a conclusion on this research thesis and highlights the main findings of the project.

1.2 Problem Formulation

This research thesis is based on the hypothesis that NGOs have become resource providers to MNCs in the emerging markets and therefor MNC-NGO collaboration in the emerging markets has become so compelling as together they can address economic, social, development, and environmental issues better than one of them could do individually. By combing their resources together, they can create values which otherwise one actor alone cannot create. In order to test this hypothesis through carrying out a comprehensive research, I would need to conduct a thorough literature review, study empirical evidence, and then conduct an analysis. Therefore, taking the current context of MNC-NGO collaborations into consideration and the potential need for future collaboration between these two sectors, this research thesis aims to investigate and answer the following two questions:

Understanding MNC-NGO collaboration in emerging markets: Investigating how MNC-NGO collaboration evolves, creates and co-creates value and what type of value.

Chapter 2

Literature Review

This chapter discusses the literature review. The chapter is divided into two main parts; theoretical perspective and empirical perspective. Under theoretical perspective part, main theories, concepts, and previous researches are discussed, while under empirical part evidence from the field is explained and several MNC-NGO collaboration cases are reviewed.

2.1 Theoretical perspective

Cross-sector collaboration has substantially increased over the last two decades. There have been several cases of collaboration between multinational corporations (MNCs) and non-governmental organizations (NGOs). MNCs and NGOs are from two different sectors and typically have two different purposes; MNCs' goal is primarily making profit, while NGOs' goal is primarily provision of humanitarian and development services. However, by collaborating they share their competencies, resources and perspectives to solve a common problem that one actor alone cannot solve, and thereby achieve a shared goal. Historically corporate sector and NGOs have not shown enough interest in collaborating with each other for implementing a joint project. Therefore, collaboration between the two sectors had not been intensively looked upon as a research topic by the social science researchers or in the field by practitioners before two decades. However, over the last two decades there have been several successful cases of MNC-NGO collaboration prompting attention and interest from both the social science researchers and the practitioners and today there is a considerable amount of research papers conducted on exploration of MNC-NGO collaboration (Austin, 2000; Dahan, et al., 2010; Baur and Palazzo 2011; Berger et al. 2004). Moreover, the constantly increasing globalization phenomenon, the rapid change of technology, and increasing competition have left no choice for MNCs but to internationalize to more markets, but when they expand their operations to emerging markets, they face multiple obstacles including difficulties with adaptation and integration to the local environment and norms, liability of foreignness, legitimacy issues, and cultural differences (CD). MNCs have tried to address these challenges using old traditional techniques, which in most of the cases fail in the emerging markets because of the political instability, social instability, power fragmentation etc. In such circumstances, MNCs can seek collaboration with NGOs who have long time presence in the emerging markets implementing humanitarian and development projects, NGOs are expert of working in the unstable and fragile environments and have knowledge of problems and needs in these areas.

As indicated above, corporate-NGO collaboration has attracted the attention of both researchers and practitioners over the last two decades. In the following part, a synthesis of the literature on MNC-NGO collaboration is conducted.

2.1.1 MNC-NGO collaboration

Austin (2000) states that cross-sector collaboration between business and nonprofit sector will increase in 21st century mainly due to political, economic and social pressure. Privatization of public services and outsourcing of governmental services to private sector will increase because of budget limitation within governments. Cross-sector collaboration or, for the purpose of this thesis, MNC-NGO collaboration is a partnership of two or more profit and nonprofit organizations coming together to share their resources for the purpose of creating a service or product or solving a common problem that otherwise one actor alone cannot solve. In fact, because of the increased privatization of public sector to private sector, today we can see the frequency of businesses' engagement with communities is much higher than 20 years ago. In today's globalized world businesses show a high tendency towards finding new strategic approaches for their engagement with communities because they face several issues while dealing with communities in the international market. When firms internationalize to emerging markets, they face multiple challenges stemming from cultural differences (CD), political flux, liability of foreignness, and institutional void (Dahan, et al., 2010). These factors create obstacles for firms in their efforts to engage with communities and to adapt to the local cultures, norms, standards, and overall environment. Since NGOs have long history working with communities and implementing projects in the emerging markets; they can offer strategic support to MNCs and this is paving the way for MNC-NGO collaboration (Austin, 2000).

Moreover, social problems are becoming more complex and difficult for one actor to address them (Herlin & Pedersen, 2013). In such a situation, NGOs' role in building trust among communities, comminutes with government, and communities with business to address social issues will increase. MNCs have also realized that because of the complexity of social problems they will need collaboration from NGOs for their corporate social responsibility (CSR) activities. International NGOs such as CARE International, Danish Refugee Council, Oxfam, Médecins Sans Frontiers (MSF), Conservation International, German International Cooperation (GIZ) are engaged with societies in developing countries and in conflict zones for decades now. They are expert of operating in fragile and instable environment and they know the characteristics, need, and social problems in these areas more than anyone else. In fact, they have a lot to offer to MNCs concerning knowledge and expertise of solving social problems, working in the emerging markets and thereby improvement of MNCs CSR strategy.

According to Huijstee and Glasbergen (2010) collaboration cases between MNCs and NGOs concerning MNCs' CSR issues have increased in the last decade. They argue that MNCs' role in solving social problems have increased because of the pressure from NGOs and because of the risk threatening MNCs' reputation because their role in polluting the society, therefore, MNCs engage with NGOs in achieving their CSR goal. Also, NGOs realize that the power of private sector is increasing, thus, they show more flexibility in collaboration with private sector so that they can find new ways of fundraising and solving social issues. These interactions between MNCs and NGOs attracted the attention of social science scholars who call for a new CSR perspective which is more proactive and in which the interests of both MNCs and NGOs are well-preserved (Huijstee & Glasbergen, 2010).

Most of the literature on MNC-NGO collaboration focus attention on what type of value does the collaboration create for MNC, neglecting or overlooking the importance of the value that the collaboration produces for NGO and to the environment. Some studies have found that a collaboration with high degree of trust and commitment improves NGOs' innovation and development capabilities and enhances NGO's performance (Rey-Garcia, et al., 2015). Trust and commitment play the central role in MNC-NGO collaboration, therefore, in the negotiation phase of the collaboration the franker and clear each partner explain their expectations from the collaboration and allocate enough resources to it, the more effective the partnership will be. The commitment-trust theory of relationship marketing (Morgan & Hunt, 1994) suggests that each partner have faith in the importance of the collaboration and they believe that the other partner perceives the collaboration very important; thereby the partners value the collaboration by focusing their maximum attention and efforts to maintaining it . However, the type of value that the collaboration can create, the effectiveness of the collaboration, commitment and trust between the partners will all depend on, among other, the type of the market where the collaboration takes place.

Majority of the literature have researched MNC-NGO collaboration in stable markets or markets with less degree of sociopolitical instability and conflicts (Kolk & Lenfant, 2012). Value creation through MNC-NGO collaboration in markets with sociological instability and political conflicts will be more difficult; the two parties before entering into a collaboration will require more information about each other capacities and background. Kolk & Lenfant (2012) argues that MNC-NGO collaboration may not easily offer the create the expected values in conflict zones because of the institutional void and administrative structure flux. They argue that most of the literature on MNC-NGO collaboration is focused on stable countries and not on conflict zones where instability, power fragmentation, and institutional void are the major hindrance for development. In countries with conflicts MNC-NGO collaboration is tough than in stable countries; thus, in conflict zones both parties require more information about each other's background and capabilities before they can enter into a collaboration agreement. This argument applies also to emerging markets where there is institutional void because of less developed administrative structures and flux governmental structures due to instable political situation. However, despite these obstacles

MNC-NGO collaboration has the potential to bring about stability, solve development and poverty issues, create trust and community engagement, help the business create a good image, help the business to take active and visible role in community building and trust building.

Collaboration provides MNCs with the opportunity to learn from NGOs –who have long history in the emerging markets – how to operate in environments with conflict, institutional void and governance flux conditions, and how to engage with the community and build an image, and thereby create value. Also, NGOs such as United Nations (UN), International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD) are setting standards for goods and services, and other international NGOs have strong networks with these large NGOs who set standards and make policies. Therefore, the collaboration will help MNCs to use not only the knowledge and expertise of its partner NGO to set its strategies in line with those standards and thereby achieve legitimacy (Rana, 2015), but also use the strong networks of its NGO partner to ease the pressure that stemming from some of these large NGOs.

2.1.2 Value Creation in MNC-NGO collaboration

As Austin and Seitanidi (2012: 728) puts it, "[…] creating value is the central justification for cross-sector Partnering". MNCs will strategically need help from NGOs for value creation in the emerging markets where knowledge and data regarding people's need, social problems, local norms and standards, customer behavior, and people's sentiments is not explicitly available for MNCs, but since NGOs have long working history in emerging markets they have knowledge of the market, knows about people's behavior, knows about social problems, knows about needs and wants of the people and therefore they can share this knowledge with MNCs. Literature on economic value creation within the corporate sector –value creation by a firm or through a firm-firm collaboration –is countless and very much enrich (Forsstrom, 2005). In contrast, literature on value creation through a cross-sector collaboration and specifically via MNC-NGO collaboration is limited (Austin & Seitanidi, 2012). There is lack of a common definition of value creation and the process of value creation through MNC-NGO collaboration among the researchers and practitioners. Austin & Seitanidi (2012: 728) "define collaborative value as the transitory and enduring benefits relative to the costs that are generated due to the interaction of the collaborators and that accrue to organizations, individuals, and society."

However, majority of the literature on MNC-NGO collaboration focuses on three categories of value creation, namely economic value, social value, and environmental value that are created: A) solely for MNC, B) only for NGO, and C) shared or common value for both MNC and NGO or for the society. Each of these categories consist different types of values which will be discussed in section 2.1.3 below. The collaboration will enable MNC to create value such as "enhanced reputation and image; improved employee morale, recruiting, retention, and skill development; enrichment of corporate values and culture; increased consumer patronage and investor appreciation; and technology testing and development" (Austin, 2000: 76; Kanter, 1999). In addition, the collaboration will enable MNC to offset liabity of foreigness (LoF), the effects of cultural difference (CD), and help the MNC to adapt to the local standardst and norms.

As for the NGO, the collaboration will provide value such as new funding sources, more engagement opportunities with communities, and perhaps enhanced image. And finally, there is shared value, a value that is shared by both MNC and NGO e.g. reduction of poverty, social development, employment for civil people, resolving social issues, reduction of emission etc. Value is created throughout various stages of collaboration and the more the two parties constantly think about value creation and work for value creation, the more effective the collaboration will be.

Also, the more specifically and frankly the two parties explain their expectations in the preliminary stages of collaboration, before the collaboration starts, the more successful the collaboration will be in creating value. An effective and successful MNC-NGO collaboration will create value in different levels of the collaboration lifecycle (Herlin & Pedersen, 2013). Depending on the resources allocated to the collaboration by each partner, value creation could happen individually by one partner, or by the joint work of both partners, which is known by some scholars as "sole creation" and "co-creation" of value (Austin & Seitanidi, 2012). The value creation in MNC-NGO collaboration happens through different stages of collaboration; preliminary stage, cooperation stage, partnership stage, ownership (joint venture) stage, and the value is created by different means in these stages such as generic resources transfer, core competencies exchange, and joint value (Austin, 2000).

2.1.3 Value Sources and types of Values created in MNC-NGO Collaboration

For value creation in an MNC-NGO collaboration two main questions should be asked: *"Where does value come from?"* And, *"what types of value are created?"* (Austin & Seitanidi, 2014). As discussed in the preceding part social science researchers have identified three main categories of value creation in MNC-NGO collaboration; economic value, social value, and environmental value. In addition, as noticed in the literature review, there are multiple sources of value creation – generic resources transfer, core competencies exchange, and synergy/joint value – in a collaboration both for the MNC and for the NGO which encourages the two parties to enter a collaboration agreement. Austin & Seitanidi (2012) have further elaborated on the value creation sources and types value creation which answers the above two questions. They have identified four value sources, namely *Resource complementarity, Resource nature, Resource directionality and use, and Linked interests*; which creates four types values; *Associational value, Transferred resource value, Interaction value, and Synergistic value*. By asking the following four questions Austin & Seitanidi (2012) have tried to make the value source in a collaboration more understandable and clearer:

1) *Who provides the resources, and how? (Source of value: Resource Directionality)*
2) *How good is our resource fit? (Source of value: Resource Complementarity)*
3) *What kinds of resources are deployed? (Source of value: Resource Nature)*
4) *What are our shared interests? (Source of value: Linked Interests)*

Resource complementarity refers to compatibility of the resources that the partners allocate to the collaboration. To achieve best performance and success, the collaboration needs to obtain resources from both partners and the more the resources are complementing each other, the more the collaboration will be able to create value (Austin & Seitanidi, 2012). The important point about resources complementarity is that when the resources of the two partners complement each other, the degree of differences and conflicts between the partners decreases, which will enable the collaboration to overcome obstacles.

Resource nature is an important source of value creation in MNC-NGO collaboration. Firm and NGO can allocate their *generic resources* to the collaboration so that they create value. The generic resources that MNC can allocate could be capital, human resources, machineries, etc, and the generic resources for NGO could be its human resources, and positive image (Austin & Seitanidi, 2012). In addition, the partners exchange their competencies such knowledge, experience, expertise, and skills. *Exchange of competencies* is one of the great and important source of value creation in an MNC-NGO collaboration. MNC has the knowledge and experience of product and service innovation, while NGO has the knowledge and experience of working in the fragile markets where for MNC it is difficult to collect data and knowledge. So, both parties have different competencies that could be allocated to boost the effectiveness of the collaboration and thereby contribute to the value creation. This source of value creation has great potential to create value, because both partners have different competencies such as knowledge, experience, know how to, good reputation, good relations with the community, and good networks.

Resource directionality and use; deploying resources in the right direction and using them effectively is equally important as "resources nature" and "resources complementarity" in an MNC-NGO collaboration. The way the resources are being used affect value creation; the resources directionality could be unilateral coming from one partner, or bilateral in which case each partner will be using some of the resources, or the best scenario will be if the resources are being used jointly which will lead to creation of new values/services and products that otherwise one partner individually could not create.

Linked interests; partners often enter into a collaboration to achieve their own interests. Contrary to the collaboration between two partners from the same sector, partners collaborating from cross-sectors often lack having the same definition of value. They may have contrasting views on how to run the collaboration, contrasting view on what value is, and contrasting view on how to create value. Therefore, the partners need to discuss these differences and create mutual understanding. They need to put forward their individual interests, expectation, and the assets and other means they want to allocate to the collaboration and thereby try to link their interests so they can achieve mutual benefits.

According to Austin & Seitanidi (2012), in a MNC-NGO collaboration combination of the above four value creation sources create four types values, namely associational value, transferred resource value, interaction value, and synergistic value/joint value across various stages of the collaboration cycle. These four types of values are discussed in detail below.

Associational value: Associational values are the benefits a partner obtains merely because of being an associate in the collaboration. It is the credibility and fame that the collaboration offers to the partners. Since NGOs are offering philanthropic services, an MNC after partnering with NGO will be liked by people because of taking part in philanthropic service and solving social issues. Similarly, an NGO will become more visible in the corporate sector after partnering with an MNC which may lead to finding new fundraising sources.

Transferred resource value: when each partner in a collaboration allocate resources and successfully transfer them to the collaboration, the recipient (each partner) will achieve benefits from the resources. When the transfer of knowledge occurs in a collaboration, MNC will learn from NGO about the nature of problems in volatile markets, about needs of the people, behavior of the people and how to address them. Likewise, when NGO learns a skill from MNC it becomes a value for it. However, the nature and importance of the transferred resources value will depend on what resources are being allocated and how they are being used. For instance, the knowledge transferred by NGO regarding conditions in volatile markets becomes a durable asset for MNC (Austin & Seitanidi, 2012).

Interaction value: interaction value is referred to the benefits that are created as a result of joint work of both partners in the collaboration. It is the intangible value such as reputation, good image, credibility, trust, communication improvement, coordination improvements, learning new skills, learning new knowledge, solving social problems, reducing the effects of liability of foreignness, and offsetting the effects of cultural difference-CD (Austin & Seitanidi, 2012).

Synergistic value/joint value: Synergistic value/joint value is created as a result of the joint work and combination of the resources allocated by both partners to the collaboration. This is the value that one partner alone, or through resources of only one partner in the collaboration wouldn't be possible to create. This type of value comes into being by putting together all the resources, competencies, directing and using the resources, joint work and cooperation of the partners. Synergistic value is the high-level value an MNC-NGO collaboration produces by combing their resources and utilizing them in the best possible manner and aligning their policies, strategies, organizational structures, decision makings, and other processing tools.

2.1.4 Typology of MNC-NGO Collaboration

MNC-NGO collaboration has been categorized in different ways by scholars taking into consideration different factors. Some authors have classified the collaboration based on level of collaboration such as *“network, cooperation, collaboration, co-ownership”* (Weihe, 2009), others have attempted to categorize it by paying more focus to contribution such as *“philanthropic, reciprocal exchange/cross-related marketing, independent value creation, [and] symbiotic value creation/integrative* (Neergaard, et al., 2009). Austin (2000) has categorized MNC-NGO collaboration based on the nature of relationship of collaboration and has therefore identified three types of collaborations namely, philanthropic, transactional, and integrative. He has considered these three types of collaboration as three stages of a collaboration continuum. Table 2.1.4 below shows an illustration of MNC-NGO collaboration typology as per Austin’s (2000) view.

Table 2.1.4: an illustration of MNC-NGO collaboration typology

Nature of Relationship	Stage I (Philanthropic)	Stage II (Transactional)	Stage III (Integrative)
Level of engagement	Low	↔	High
Importance to mission	Peripheral	↔	Central
Magnitude of resources	Small	↔	Big
Scope of activities	Narrow	↔	Broad
Interaction level	Infrequent	↔	Intensive
Managerial complexity	Simple	↔	Complex
Strategic value	Minor	↔	Major

Source: James E. Austin. Strategic Collaboration Between Nonprofits and Business. Nonprofit and Voluntary Sector Quarterly 2000; 29; 69.

Depending on the context of collaboration and some factors such as nature of activity, field of activity, purpose of the activity etc, MNC-NGO collaboration can take different forms as the three mentioned classifications suggest. However, generally thinking the above three classification do not differ a lot from each other, in fact they encompass somehow the same factors and manifest themselves in each other. For example, “network, cooperation, and collaboration” could typically come under stage I (philanthropic) and stage II (transactional) of the table 2.1.4, similarly, “co-ownership” could obviously come under phase III (integrative). Austin (2000) explained *philanthropic form of collaboration* as the stage in which the nature of relations between the partners are mostly of donor and recipient e.g. MNC providing funds to NGO in a charitable move.

However, despite the fact that MNC tries to demonstrate this largely as a charitable act with no expectation to receive anything from it in exchange, it gives something in return as it does earn MNC positive image, enhanced reputation, and legitimacy. *The transactional* form of collaboration involves resources exchange in which the partners allocate the expected resources to the collaboration to make the collaboration run. MNC for example often provides capital, human resources, and other organizational resources (competencies), whereas NGO allocates information, knowledge, and expertise to the collaboration, and act as a bridge between MNC and the civil society actors and other international regulative NGOs who are making policies and setting standards. Furthermore, the partners sign contracts, develop policies and strategies in the transactional stage. Austin (2000) argues that a fairly low number of collaborations go beyond the transactional stage and into the integrative form of collaboration. He states that *integrative form* is the most advanced form of collaboration where resources of the partners, their people, mission and policies begin to merge and work more collectively leading towards organizational integration. Integrative form of collaboration is somehow similar to a joint venture.

2.1.5 Resource-based view Theory

The resources-based view (RBV), developed by Barney (1991) on Penrose's (1959) Theory of the Growth of the Firm, is an influential strategic framework used to evaluate a firm's resources to understand the importance of resources and to utilize them to achieve competitive advantage. Penrose's idea was that unused managerial resources are the main drivers for growth. The RVB's emphasis is on the importance of firm-specific-resources (human resources, financial resources, and organizational resources) that are difficult to be imitated by competitors; these resources include managerial ability, firms innovative ability, customer relation, firm's reputation, tacit knowledge etc (Lowe & Teece, 2001).

According to RBV, firm should have access to resources that are valuable but not imitable by rivals in order to achieve competitive advantage. Put this another way, firm's success in achieving competitive advantages depends on having access to valuable resources, utilization of those resources, and most importantly directing the resources in the most productive way. Utilization of unused managerial skills, talent, and capabilities add to productivity and leads to sustainable growth. The emphasis of RVB is on the nature and importance of resources, because resources such as managers, knowledge, skills represent the strength of a firm and enables the firm to plan and implement its strategies to achieve effectiveness and efficiency that would lead to achieving competitive advantage.

The resources are either tangible or intangible and are most often categorized as: human resources, rational resources, technological and innovative resources, and financial resources.

Human Resources are both tangible and intangible resources and are those resources that workers, managers "(…) the training, experience, judgement, intelligence, relationship, and insight of individual managers and workers in a firm" (Barney, 2002: 56). This includes all workers in an organization regardless of their rank, workers may be working in different areas of a firm and contributing in achieving the organizational goal, so their skills, knowledge, and talents are paramount for achieving the organization goal (Robinson, 2008).

Intellectual Resources refers to the intangible resources and includes resources such as firm reputation, brand image, customer relationship, customer loyalty, knowledge, legitimacy, and innovative capabilities (Fernández, et al., 2000).

Technological and Innovative Resources includes both tangible and intangible resources such as machineries, knowledge related to production and innovation, deployment of new technologies, contracts, licenses, and copy rights (Fernández, et al., 2000).

Organizational Resources refers to the resources that are created collectively by the organizational efforts and these resources includes networking activities, alliances, shared vision, cultural and social activities (Barney, 2002).

Financial Resources are the monetary resources such as capital which includes cash, loans, investments, bank deposit, checks etc.

VRIO Framework: Based on RBV resources will be the strength of a firm only if they are in accordance to the four dimensions of VRIO Framework *(Value, Rareness, imitability, organization)* as shown in figure 2.1.5. Barney (1991) initially developed VRIN framework *(Value, Rareness, imitability, non-substitutable)* for assessing the recourses of a firm, but after the criticism of some authors such as Boal & Black (1994) who said that RBV had somehow overlooked the use and organization of resources, Barney (1997) modified VRIN framework to VRIO framework. His argument for this modification was based on two reasons; 1) criticism of RBV by others for lacking any consideration for organized use of resources to which Barney responded with the idea that firm's ability to organize resources well and use them efficiently enables the firm to exploit opportunities and thereby create value, and 2) that the last dimension of VRIO "non-substitutable" was more or less a duplication for third dimension "imitability", he therefore replaced "non-substitutable with "organization".

Figure 2.1.5 below illustrates VRIO framework's dimensions and the implications based on various nature of resources.

Figure 2.1.5: VRIO Framework Dimensions

Is the resource or capability...

Valuable?	Rare?	Costly to imitate?	Exploited by the organization	Competitive Implications	Economic Peformance
No	—	—	No	Competitive Disadvantage	Below normal
Yes	No	—		Competitive parity	Normal
Yes	Yes	No		Temporary competitive advantage	Above normal
Yes	Yes	Yes	Yes	Sustained competitive advantage	Above normal

Source: Lecture notes: firm analysis and integrated company study (Decker, 2016).

Resources are **valuable** when they can enable a firm to exploit opportunities and remove the threats posed by rivals, they are **rare** when they are limited and that the competitors cannot easily have access to them. Also, the resources should be imperfectly **imitable** that means the rivals should not be able to copy them or it should be very costly to be copied, and finally the resources should be organized and usable by the firm to capture value (Barney, 1991 & 2000). If the resources do not meet the VRIO criteria, they will cause rather weakness than strength and will put the firm in a difficult situation to create value and achieve growth as illustrated in figure 2.1.5.

According to analysis of figure 2.1.5:

- If a resource is not valuable, it is a competitive disadvantage and inflicts a weakness on the firm, thus, the managers may think about outsourcing as the resource does not bring any value.
- If a resource is valuable but not rare, it puts the firm in a competitive parity situation, meaning that the firm's economic performance is just on the normal level and the firm is not worse than its rivals.
- If a resource is both valuable and rare but easily and cheaply imitable by competitors, the firm has temporary competitive advantage over its competitors that puts the performance just above normal. But the competitors could take over this competitive advantage by getting the resource.
- If the resources hold all the first three attributes but the firm is not able to organize and utilize them to exploit opportunities, then the resource will be expensive for the firm, but if the firm can organize and utilize them to exploit opportunities than the firm has sustained competitive advantages with above normal level economic performance.

The RBV framework was basically developed for understanding the internal resources of the profit sector firms, however, some studies have examined it for different perspectives.

Arya & Lin (2007) have integrated RBV with social network theory to try to find out if non-profit organizations can use RBV to develop capabilities and competencies and thereby achieve competitive advantages i.e. finding new funding sources, gaining reputation, and achieving tacit knowledge. They argue that social network theory would be a very useful perspective to be considered alongside RBV in collaborations, because network structures allow firms to gain access to partners resources which would complement the internal resources and thereby lead to achieving competitive advantage. In fact, one of the criticisms on RBV is overlooking the usefulness and importance of external resources in achieving competitive advantage. Studies have found that network structures give access to partners' resources which help organizations gain access to new financial sources, gain more capabilities, and will provide more opportunities. Their study concludes that RBV and social network theory must be integrated despite these two have always been dealt with separately in the social science so far, because RBV alone cannot explain how competitive advantage in a collaboration could be achieved.

Svensson (2016) has examined RBV on informal collaboration of firms and local partners in non-urban Swedish context and has found that exploiting the collaborative opportunities with local external partners; profit seeking firms, public organizations, and NGOs create additional resources that will lead to gaining achieving competitive advantages. She believes that private sector firms, public sector firms, and NGOs can informally collaborate and exploit each other's resources to achieve competitive advantage. The feasibility and usefulness of such a collaboration will entirely depend on creating a mechanism of common understanding between all these cross-sector actors.

2.1.6 Institutional Theory

Institutional theory has become one of the most prominent theories in social science. Social science researchers have increasingly been paying more attention to it in the last two decades (Vachani, et al., 2009; Steinmo, 2001; Rana, 2015; Zhao, et al., 2014). Institutional theory studies how a civil society and a sociopolitical environment is structured, how are the behavior of the civil society institutions, and how these behaviors affect other actors in the society e.g. businesses (North, 1990; Steinmo, 2001). Scholars have contrasting perspectives on what constitutes an institution, hence there are varying definitions of institutions (Marinova, 2015). Scott (2008) classifies institutions into three main categories; *regulative, normative, and cognitive* (cultural); for North (1990) institutions fall into two categories, *formal and informal*; and Whitley (2010) divides institutions as *proximate* and *background*. These three approaches to institutions may have contrasting views on what an institution is, but their core arguments regarding the effects of institutions on MNC strategies and activities remain almost the same i.e. institutions do affect the activities and strategies of firms. Below is a comparison of the above three classifications of institutions with examples:

- According to Scott (2008) *Regulative* institutions are those that set laws, regulations, rules and such institutions are considered *formal* by North (1990), and *proximate* by Whitley (2010). Example, government tax departments, chamber of commerce, OECD (establishing policies), IMF (establishing policies), and other trade and industry associations, etc.
- *Normative institutions* (Scott, 2008) are those institutions that are concerned with setting standards, norms and practices, this category is *informal institutions* for North (1990) and *background institutions* for Whitley (2010). Example, labor unions, NGOs, OECD (setting norms and standards), IMF (sitting norms and standards).
- *Cognitive institutions* (Scott, 2008) are institutions with characteristics that deal with ethics, culture, and values in a society. These institutions fall under *informal institutions* category of North (1990) and *background institutions* category of Whitley (2010). Example, cultural associations, local unions, etc. An illustration of the typology of institutions is shown in table 2.1.6 below:

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Table 2.1.6: Typologies of institution used in international management research

Institutionalism			Comparative institutionalism/ business systems	
Degree of formality (North, 1990)	**Examples**	**Supportive institutional pillars (Scott, 1995, 2008)**	**Key social institutions (Whitley, 1992)**	**Key institutional features (Whitley, 2010, 1992)**
• Formal institutions	Laws	• Regulative	• Proximate institutions	• State structures and policies (including regulations)
	Regulations			• Financial system
	Rules			• Labour system
• Informal institutions	Norms	• Normative	• Background institutions	• Norms governing trust and authority relationships:
	Practices			• e.g. Trust in formal institutions and non-kin relationships
	Values/Ethics	• Cognitive		• e.g. Paternalist/ Contractarian/ Communitarian justification of authority

Source: Tri-Space Framework (Rana, 2015)

Regardless of the differences in the classification of institutions as illustrated in table 2.1.6, what is common among these three paradigms is that MNCs' strategies are affected by different institutions in different ways i.e. MNCs have to deal with tax laws, government policies, and regulations set out by other actors. Similarly, MNCs have to get their strategies and operations aligned with the norms and standards established by the civil society organizations (CSO), NGOs, and labor unions. Furthermore, MNCs need to adapt to the local environment, hence they need to organize their strategies and operation in line with cultural values, practices, and local beliefs. One single institution may or may not affect MNCs' activities considerably, but collectively the presence of institutions in a society have greater effects on the strategies and overall activities of MNCs because these institutions are interdependent.

Institutions exist in different levels such as local, regional, and international levels, also they are divers in nature and structure e.g. regulative, normative and cultural/cognitive, but they are interdependent either on the basis of their location i.e. locally, regionally, internationally, or on the basis of their characteristics i.e. regulative, normative, cognitive, or their interdependence may also be because of their nature and unique field they are operating in such as interdependence between different financial institutions, interdependence between different regulatory institutions, and interdependence between different cultural associations etc. It is because of this interdependence that the institutions are influencing MNCs' strategies and activities both on individual basis and collectively. Their collective influence however maybe greater than individual. Therefore, MNCs need to consider the impact of institutions on their internationalization while they decide to expand their operations to emerging markets, because emerging markets possess characteristics (see more in section 2.2.2) that in addition to offering opportunities for MNCs, they also pose threats to them arising from cultural differences (CD), adaptation issues, institutional void etc.

Adaptation to the local environment, standards, and beliefs has always proved to be a challenge for MNCs in the emerging markets. Researches have revealed that MNC failure to develop an effective adaptation strategy and failure to get the adaptation degree match the host country institutional set-up, cultural values, and norms and practices lead to experience problem with customer acceptance, achieving legitimacy, and achieving competitive advantages (Ghemawat, 2007). Adaptation strategy, part of Ghemawat's (2007) Triple A Tringle Framework, is one of the mostly adopted strategies in international business. According to this strategy MNCs need to adapt their strategies to match local preferences and requirements so that MNC can, among others, achieve customer acceptance, legitimacy, and create value. Ghemawat further divided adaptation to five elements; variation, focus, externalization, design, and innovation. Variation strategy involve changing products, services, and policies to match the local standards, requirements, and expectation. Focus strategy allows MNC to focus attention on one specific product or services, region, or segment. By adopting externalization strategy MNC can outsource certain activities to local strategic alliances, partners, and other firms which will help MNC reduce cost, mitigate or reduce risk, match local requirements. Design strategy is used to get the product or service meet the local customers preferences. Focusing on innovation in adaptation strategy is widely used by MNCs; i.e. innovation in different areas of supply chain such as transportation and logistics, innovation in product such as new functionality or feature, innovation in services such as offering after sales services, or offering free of cost return within a specific limited time.

Cultural differences (CD) could affect MNC strategies significantly (Adamczyk, 2017). Scholars have varying perspective on culture in the context of international business, hence there are different definitions by scholars. Hofstede (1984), for example, refers to culture as "*[...] the collective programming of the mind which distinguishes the members of one human group from another.*" While for some others culture is *"shared meaning"* (d'Iribarne, 2009), and a set of expectations and assumptions (Gesteland, 2012), for others culture is a set of values, beliefs, practices, and norms in a particular society.

The constantly increasing nature of globalization have left no choice for MNCs but to regularly look for opportunities in emerging markets and internationalize; and when they internationalize to emerging markets, they face with numerous issues arising from cross-cultural differences and institutional void. To reduce the effects of cross-cultural differences, MNCs need to carefully investigate overall cultural values of a market before expanding their operation to that market. The impact of cross-cultural differences on MNC strategy and operations differs from region to region, but researchers have revealed that cross-cultural differences impact could be on various parts of MNCs such as communication, negotiation, marketing strategies, customer acceptance, legitimacy, etc. MNCs adopt various strategies to overcome the impact of cultural differences (CD); adaptation, local strategic alliances, collaboration with NGOs, and developing effective corporate social responsibility (CSR) strategy are among the mostly used strategies by MNCs.

Institutional Voids is another issue challenging MNCs in the emerging markets. The concept of institutional voids has attracted the attention of many social science scholars (Rana & Sørensen, 2019) and the concept has been researched extensively in the last two decades. Since emerging markets are in the process of transition from underdeveloped or developing economies towards modern and developed economies, they are lacking strong and well-developed institutions, institutions that could support MNC business activities (Khanna & Palepu, 1997). The absence or weakness of these institutions disturb business activities and face businesses with difficulties in their operations, and this is what Khanna & Palepu (1997) referred to as Institutional Voids.

Even if there are institutions in emerging markets, they are weak, therefore, they will be experiencing changes overtime which will still be disturbing business activities and MNCs will face challenges dealing with it. Therefore, almost every emerging market is facing with institutional voids. For example, if in an emerging market the educational institutions are weak, the market will not be providing enough skilled employees for MNCs. Similarly, if the government structures are weak, MNCs will be experiencing difficulties with contract issues, regulations, and communication with the government. Likewise, if social institutions are weak or absent, MNCs will have less contact with the society and they will have difficulties in contact with the customers. Also due to the lack of sophisticated financial institutions such as creditors, banks, ATMs etc, MNCs will face difficulties with financial issues such as raising enough financing (Khanna & Palepu, 1997).

Moreover, the absence of civil society organizations and NGOs will face MNCs with enormous problems regarding gaining the tacit knowledge about the society. Majority of the emerging markets are suffering from the above deficiencies, there is lack of skilled labors, lack of government watchdog bodies, lack of transparency in publicizing financial information, lack of mechanisms to create efficient communication channels between business and customers, etc. It is therefore essential that MNCs adopt relevant strategies,

strategies that match well with the features of the institutional context of a market and the product, labor and capital conditions, government regulations, and contracting requirements (Khanna & Palepu, 1997). This will enable MNCs not only to manage the threats posed by institutional voids but also to exploit the opportunities that institutional voids offer.

To reduce or mitigate the effects of institutional voids, MNCs are adopting various strategies such as collaboration strategy; i.e. collaborating with local firms and NGOs (Palepu, et al., 2010; Doh, et al., 2017), adaptation (Doh, et al., 2017), strategic alliances such as joint ventures (Siegel, 2004), and networking with other actors (Narayanan & Fahey, 2005).

However, despite the threats and challenges, institutional voids also offer opportunities (Doh, et al., 2017). In fact, institutional voids create some kind of market entry barriers for newcomers; hence serving as an opportunity for the existing MNCs in the emerging markets. Also, because of the threats institutional void pose on MNC activities, MNCs may choose to adopt internalization strategy for some of their products and services which will lead to creating competitive advantage.

2.1.7 Resource Dependency Theory

Resource dependency theory has been explored in international business (IB) researches quite often in the recent years and many researchers have tried to investigate MNC-NGO collaboration from the viewpoint of resource dependency concept (Poret, 2014; Rana, 2014; Lambell, et al., 2008). Some researchers have applied the resource dependency perspective to investigate NGOs (Yanacopulos, 2005; Lambell, et al., 2008; Rana, 2015), others have applied it to study MNCs (Nienhüser, 2008), and the others have used it to explore MNC-NGO collaboration (Rana, 2015; Lorenzen, 2012; Poret, 2014, Lambell, et al., 2008). Strategic alliance in international business is the main area linking NGO analysis to MNC based frameworks and it recommends NGO-centered research (Lambell, et al., 2008) because cross-sector collaboration growth has seen a considerable increase in the last two decades and, among others, NGO collaboration with MNC has attracted the attention of scholars and practitioners.

Because of the existence of political instability, social instability, institutional voids, and the governmental structures in continuous state of flux in emerging markets, MNCs often face challenges with their internationalization to these markets. Therefore, for MNCs to deal with these issues in emerging markets, seeking collaboration with NGOs is so compelling, because NGOs, on the one hand, are already well established in emerging markets and are skilled and expert of working in volatile condictiones, and on the other hand, they have networks with governments and other regulative and cognitive bodies that can provide sociopolitical legitimacy to MNCs. NGOs therefore become resource providers to MNCs, leading to a resource dependency status of collaboration. Such a resource dependency greatly affects MNCs internationalization strategies in emerging market (Rana, 2015).

As indicated in section 2.1.3 earlier in this project, in an MNC-NGO collaboration the parties have to allocate enough resources in order to enable the collaboration to create value. When the allocated resource from partners in a collaboration are best complementing, the potential to creating value leading the collaboration to success is optimal (Austin & Seitanidi, 2012). This resource complementary which is a source of value creation in collaboration leads to resource dependency, because when the resources are brought together, they become dependent on each other throughout rest of the collaboration life and in a possible continuation or extension of the collaboration.

MNC-NGO collaboration can take several forms as indicated in section 2.1.4 above, but regardless of the type of the collaboration, in international business literature MNC-NGO collaboration has been investigated with reference to resource dependency theory. The resource dependency theory (Pfeffer & Salancik, 1978) explains how organizations in their attempt to respond to the limitations of resources in their environment become dependent on external resources; i.e. resources of other actors in the environment including NGOs, CSOs, government, etc. The theory further suggests that the success of organizations depend on whether or not they can acquire or access the scarce resources in the environment such as capital, knowledge, information, human resources, social acceptance, and legitimacy, etc (Lambell, et al., 2008).

Scarcity of those resources which are vital for value creation and ultimate success, forces MNCs and other organizations to react and thereby try to either acquire and control those resources or inter into collaboration with other actors in the society who can provide access to those resources. In case of MNC internationalization to emerging market, NGOs are the best source of providing resources and this is leading to a resource dependency relation where each partner becomes dependent on the resources that they do not own. When Danish Refugee Council (DRC) which is a Danish nonprofit NGO conducted a collaboration project with Grundfos A/S, a Danish MNC, on sustainable water supply project in the Bidibidi refugee camp in the north of Uganda in 2017, the partners (DRC & Grundfos) got access to each other's resources and thereby became dependent on the resources they actually did not own. The collaboration project was a success according to DRC (DRC Press Department, 2019), because it put an end to the difficulties the refuges were facing with where the portable water was being supplied to the refugee camp by tankers every day which was expensive and sometimes the trucks would get stuck in mud causing delay in reaching to the camp. The project installed four solar-run water stations where refugees could buy water using their ATM cards. DRC for example provided knowledge and information about the needs and issues in the camp and exchanged project implementation expertise with

Grundfos, while Grundfos provided the financial resources (capital), technological resources (water pumps, ATM machines for the water stations and ATM cards to the customers to purchase water). Grundfos was dependent on the knowledge, information, and project implementation expertise that DRC owned in these volatile conditions of Uganda, while DRC was dependent on the capital and technological resources that Grundfos owned. Now the refugees have access to sustainable water in the camp. The project provided economic value, social value, and environmental value; it benefited Grundfos in terms of gaining legitimacy, financial returns, and strategic growth; it benefited DRC in terms of reputation, legitimacy, and improvement of philanthropic image, and finally the project benefited the environment in terms of less waste of water after the water stations were installed and benefited the refugees in terms of cost and easy and sustainable access to clean potable water.

2.1.8 Transaction Cost Theory

Non-governmental organizations' (NGOs) influence on international business has substantially increased in recent years (Teegen, et al., 2004, 2009) leading to an increase in MNC-NGO collaboration (Austin & Seitanidi, 2012). The role of NGOs in influencing MNC strategies is best understood from two perspectives; 1) NGOs being the resource providers to MNCs in emerging markets, and 2) NGOs being the agents of civil society pressuring MNCs to adopt environmentally friendly strategies. In both cases NGOs do influence MNCs' transaction cost of doing business in emerging markets (Vachani, et al., 2009).

In international business the term transaction cost refers to the cost incurred by a firm for its engagement in the market to search for buyers and sellers, negotiate exchange terms, draft contracts, and implement deals. As Coase (2013) argues, getting engaged with and going through market procedures is not free of cost, every interaction is associated with some cost, and that is because of the embeddedness of transaction with social, political, and institutional environments.

In the emerging markets NGOs are pressuring MNCs to increase their social responsibilities (Vachani, et al., 2009) and thereby conform to some rules and norms to adopt environmentally friendly strategies. MNCs development strategies in host countries emerging markets are highly under influence of NGOs because the emerging markets are suffering from institutional voids, weak governmental structures, lack of governmental watchdogs to monitor MNC activities, lack of organized market related knowledge which MNCs need for their operation, and lack of information about social complexity and problems. NGOs represent civil society actors in these markets, and they have been operating there for years and have got very positive reputation. Therefore, NGOs can help MNCs in designing and developing appropriate social development strategies and thereby reduce the transaction cost (Vachani, et al., 2009).

Windsor (2007) argues that MNCs' cross-border strategies involve resource allocation and activities which are affected by various social actors in the market and can therefore affect MNCs incur high transaction cost. NGOs represent these actors, and collaboration with NGOs can help MNCs reduce these transaction cost. To address this pressure from NGOs, MNCs have to adopt relevant strategies. Rana (2015) argues that MNCs in this case either adopt proactive or reactive development strategies in emerging markets i.e. they enter into alliances with NGOs and seek their collaboration which will finally lead the MNCs to reduction of transaction cost (proactive), or they acquire legitimacy from NGOs after they faced the challenges. These arguments reveal that seeking NGO collaboration in emerging markets is an efficient strategy for MNCs and can help MNCs to reduce the transaction cost of doing business.

As indicated throughout this project, NGOs have knowledge and information about emerging markets, they know the social structure and social problems in emerging markets better than anyone else, they know the governments and other actors which make them experts of working in the emerging markets despite the volatility that the emerging markets have. Therefore, collaboration with NGOs is so compelling for MNCs in the emerging market to reduce the transaction cost, because without collaboration with NGOs, MNCs will incur huge costs acquiring needed resources i.e. knowledge, information, expertise, experience of NGOs, etc.

However, despite the advantages for MNC, NGO, and for the environment, an MNC-NGO collaboration can also pose negative impact on MNCs' strategies in emerging markets (Vachani, et al., 2009); among others MNCs become resource dependent on NGOs (Poret, 2019). Also, NGOs become resource dependent on MNCs and there is a risk for NGOs resources to be captured by MNCs in which case NGOs become like consultancies and thereby losing their reputation in the society. Therefore, NGOs need to carefully involve in a collaboration project with MNCs, without compromising their ability to challenge MNC negative impact on the society and MNCs' lack of conformation with the local standards and norms.

When an NGO enters into a collaboration with MNC, it will provide its resources i.e. knowledge, information about the society, expertise, and licensing or permissions; but if the MNC still do not adopt appropriate social development strategies and something goes wrong, it will also do some damage to NGO reputation resulting in NGO's loss of trust and identity. Governance and control could be another problematic issue in an MNC-NGO collaboration as each partner will be trying to hold onto governance and control, which will lead to conflicts.

2.2 Empirical Perspective

This part of the literature review discusses the empirical perspective of the literature on MNC-NGO collaboration, it focusses attention on discussing the empirical evidence on MNC-NGO collaboration in emerging markets. In contrast to the increasing tendency and interests in forming MNC-NGO collaboration in the emerging markets, empirical studies on the topic are limited (Neergaard, et al., 2009). On one hand, MNCs' willingness to seek collaboration from NGOs is rapidly increasing, in part, due to the toughness of emerging markets for MNCs and several challenges facing them. MNCs have realized that NGOs are expert of working in tough conditions in the emerging markets and that they possess resources such as knowledge, information, expertise, good reputation, and experience which they can provide to MNCs to address the challenges and risks that are threatening MNCs internationalization strategies. On the other hand, the United Nations (UN) emphasizes on collaboration between private sector and civil society actors to address issues posing threat to human rights and global development, while other large international organizations such as IMF, OECD, World Bank etc are also encouraging such collaborations. In the following parts of this section the attention is drawn to (1) some empirical evidence on MNC-NGO collaboration, followed by (2) an overview of emerging markets and its characteristics, and finally (3) an overview of NGOs and MNCs background.

2.2.1 Empirical evidence on MNC-NGO Collaboration in Emerging Markets

Despite the fact that some researchers have pointed to difficulties on the ways of forming collaboration between MNCs and NGOs due to factors such as differences in goals of these two organizations from two different sectors (profit seeking vs philanthropic), difference in organizational structures, differences in competencies, differences in decision making styles etcetera (Austin, 2000), it still appears to be so compelling both for MNCs and for NGOs to enter into collaboration agreements to try solve economic and socioenvironmental problems and thereby create economic, social, and environmental values. Most evident examples of collaboration between MNCs and NGOs in the emerging markets are discussed below in details and information is provided regarding the purposes of these collaborations, the nature of the decisions to collaborate – whether philanthropic, strategic or economic – and the outcomes:

Grundfos A/S and Danish Refugee Council (DRC) collaboration project was on sustainable water supply project in the Bidibidi refugee camp in the north of Uganda in 2017 where the collaboration successfully installed four solar-driven potable water systems for almost 250,000 refugees (DRC Press Department, 2019). The project ended the difficulties the refuges were facing, where the portable water was being supplied to the refugee camps in tankers every day which was expensive and sometimes the trucks would get stuck in mud causing delay in reaching to the camp. Being an international humanitarian NGO, DRC had resources to encourage Grundfos A/S to enter into a collaboration, for example DRC provided knowledge and information about the needs and issues in the camp and exchanged project implementation expertise with Grundfos, while Grundfos provided the financial resources (capital), technological resources (water pumps, ATM machines for the water stations and ATM cards to the customers to purchase water). Now the refugees have access to sustainable water in the camp. The project provided economic value, social value, and environmental value; it benefited Grundfos in terms of gaining legitimacy, enhanced reputation, financial returns, and strategic growth; it benefited DRC in terms of reputation and improvement of philanthropic image, and finally the project benefited the environment in terms of less waste of water after the water stations were installed and benefited the refugees in terms of cost and having easy access to potable water.

CARE International has collaborated with several MNCs including Starbucks, Amway, Cargill, Coca Cola, and Delta Airlines (CARE International , 2018). Being an international NGO that is providing humanitarian assistance to needy people in more than 60 countries CARE International (cooperative for assistance and relieve everywhere) has been able to address global issues with help from these corporate partners. In *collaboration with Starbucks, CARE International* provided knowledge and information about implementing project in the coffee-growing communities where Starbucks wanted to do business and benefit. Starbucks in return promoted CARE International by providing information about CARE International in the Starbucks retail store network and contributed or helped raise more than 2 million US Dollars for CARE International humanitarian projects.

<u>CARE International-Cargill collaboration</u> dates back to 1958 when Cargill – an American MNC that produces and distributes agricultural products such as sugar, eggs, salt, and chocolate – in a philanthropic move donated to CARE International aid packages that were sent to countries hit by poverty, since then the two partners have entered into several collaboration projects to address global issues. In 2008 Cargill and CARE International decided to begin a new five-year collaboration project called “Rural Development Initiative” (CARE International , 2018; Cargill Incorporation, 2020). The project was about finding sustainable solutions to the issues facing the farmers and helping them enhance the quality and increase the quantity of their products in the rural areas of countries such as “Honduras, Guatemala, Nicaragua, Costa Rica, Cote d’Ivoire, Ghana, Mali, Egypt and Indonesia” where Cargill was doing business and where CARE International had strong presence and knew about the social and agricultural problems. Cargill allocated capital, a sum of approximately USD 10 million, and CARE International allocated its human resources, knowledge, and other competencies such as information and experience to the collaboration project (Barclay, 2019; Torres-Rahman, et al., 2019). The collaboration was a great success as it created synergistic value/joint value and it was therefore extended twice, in 2013 and in 2016. Building on the success and learning of this project, CARE International and Cargill decided to launch a new collaboration project called “She Feeds the World” providing education, agricultural resources and economic support to almost 2 million women in “Honduras, Guatemala, Nicaragua, Costa Rica, Cote d’Ivoire, Ghana, Mali, Egypt and Indonesia” (CARE International, 2018; Cargill Incorporation, 2020).

Similarly, ***<u>CARE International-Amway collaboration</u>*** began in 2014 (CARE International Homepage, 2020) aiming to find sustainable solutions to malnutrition of children in some emerging countries. Amway, an American MNC, is a multilevel marketing corporation selling beauty, health, and home care products with a direct selling business model. CARE International resources provided to this collaboration included its experience in managing health program and its human resources where its managers conducted monitoring and auditing of the collaboration project (CARE International, 2015). Amway helped the collaboration with providing capital and Nutrilite Little Bits (NLB) products to thousands of children in several countries including about 40,000 needy children in Honduras. The collaboration helped them solve a social issue together and provided benefits such as brand and product awareness for Amway and enhanced reputation and fundraising opportunities for CARE International.

Coca Cola-CARE International collaboration**:** In addition to collaborating with CARE International, Coca Cola has been partnering with a number other NGOs in Africa on projects pertaining to provision of potable water and finding sustainable solutions to potable water issues to millions of people. With CARE International, Coca Cola worked in partnership on two projects (CARE International Homepage, 2020) in Africa namely, Replenish Africa Initiative (RAIN) which was about water sanitation to people in Mozambique, Morocco, and Tanzania to which CARE International contributed with project implementation expertise, knowledge and information and Coca Cola provided the funds, and Water and Development Alliance (WADA) which was basically a collaboration between USAID and Coca Cola but CARE International's input and contribution in terms of providing information about people needs and issues with water, human resources, monitoring and audits had substantial impact on the success of the project. RAIN is a water sanitation project funded by Coca Cola and being implemented by a number of NGOs (CARE International, WaterAid) aiming to provide potable water to 6 million people in 35 African countries (CEO Water Mandate, 2020).

Grameen Bank and Telenor collaboration was a great success and a model that could be implemented in other developing and emerging countries like Afghanistan, Pakistan, etc. Telenor, an MNC from Norway, entered into collaboration agreement with Grameen Telcom (nonprofit), which is a sister company of Grameen Bank (a well-known NGO) and together they created a new business model for underprivileged villagers in the rural areas of Bangladesh. They established The Village Phone (VP) program enabling villagers, mostly women, to buy a cell phone with small loan packages provided by Grameen Bank and then sell telecommunication services (sending and receiving calls) to the villagers and thereby create a source of income. The revenue generated from selling phone call services would go directly to the phone owner and the profit would enable him/her to make a living and also repay the small loans back to Grameen bank (Rana, 2015; Bhatnagar, et al., 2003; Erda, 2013).

German International Cooperation (GIZ) is collaborating with private sector in several emerging and developing markets including Afghanistan, Bangladesh, and African countries through projects such as “Cooperation with the Private Sector” (GIZ, 2015), “Global Business Network (GBN) Programme” (Elsner, 2019) and “Strengthening Capacities of the Private Sector” (Grammling, 2019). Through these programs GIZ is informing MNCs about the business opportunities in emerging and developing markets (GIZ, 2020) where GIZ has been implementing philanthropic and development projects and helping them internationalize to these markets. An example of this is ***GIZ & SEB Strategic Alliance***. In April 2016 GIZ started collaboration with Swedish Investment Bank (SEB) in Brazil, China, India, and Mexico on a project named **Green Bond Market Development in G20 Emerging Economies** (GIZ & SEB Strategic Alliance, 2017). The synergy created in this project by the resources of the two partners (e.g. leading role of SEB in green bond market, and strong networks of GIZ with policy makers and financial institutions) enabled the collaboration project to promote the development of sustainable green bond markets through conferences, workshops, and trainings. More than 300 actors in the financial markets (bankers, investors, regulators, and issuers) received technical knowledge and advice on green bonds (Tonscheidt, 2019).

Starbucks and Conservation International Collaboration: In 1998 Starbucks and Conservation International entered into a collaboration agreement where Conservation International (CI), an NGO, trained farmers in Mexico to improve the production of shade-grown coffee. Starbucks was purchasing this coffee from these farmers (Austin & Reavis, 2002). The collaboration helped Starbucks to develop the skills of its suppliers and thereby have access to high quality coffee. Starbucks was not able to do this on its own, because the company was not in direct contact with the farmers and would therefore incur huge additional cost, while Conservation International had already presence in those communities and had knowledge of the society and awareness of the social issue. The collaboration helped farmers enhance the quality of their products and helped Starbucks not only to gain access to high quality products and improve its coffee brand but also to make its supply chain sustainable. Therefore, the collaboration was so compelling both for Starbucks and for the Conservation International.

Rainforest Alliance and Unilever collaboration: The collaboration between Unilever, a British-Dutch MNC, and Rainforest Alliance, an international NGO based in New York, which happened in 2007 trained local suppliers in east Africa aiming to enhance the skills of these suppliers to meet Unilever standards. Unilever's strategy was to make the supply for its Lipton tea brand sustainable and for this to happen it needed to enhance the skills of its suppliers with whom the company was not in direct contact. Rainforest Alliances in this case was a suitable resource provider to Unilever because it had a strong presence in Africa already working with farmers in the coffee growing farms. Rainforest Alliance contribution to the collaboration was its technical knowledge regarding farming tea, management of farms, innovations in the farms, productivity, and its experience working with farmers for a considerable long time, while Unilever contributed with funding the collaboration (Rainforest Alliance Press Release, 2007; Henderson & Nellemann , 2011).

There are more collaboration cases between MNCs and NGOs around the globe that contribute to the world's economy, substantiable development, and solving social issues. A few more cases are discussed in chapter 4 analysis as examples for value creation.

2.2.2 Overview of Emerging Markets

In the social science literature, the terms *emerging economy* and *emerging market* have often been used interchangeably to refer to a developing country economy that has the potential to achieve economic growth and most importantly that is in the process of transitioning to become a modern and developed economy. "The term emerging market economy was first used in 1981 by Antoine W. Van Agtmael of the International Finance Corporation of the World Bank." (Sraders, 2018) There is not a widely accepted and commonly agreed definition of emerging market among the social science researchers and practitioners. The following definitions popped up on google search[1] for emerging market:

- 4 October 2019 - An emerging market economy is the economy of a developing nation that is becoming more engaged with global markets as it grows.[2]
- 29 September 2019 - An emerging market economy (EME) is defined as an economy with low to middle per capita income. It is a nation whose economy mimics that of a developed nation but does not fully meet the requirements to be classified as one.[3]
- 14 December 2019 - Emerging markets, also known as emerging economies or developing countries, are nations that are investing in more productive capacity. They are moving away from their traditional economies that have relied on agriculture and the export of raw materials and are countries with low incomes and high growth prospects.[4]

[1]https://www.google.com/search?q=defination+of+emerging+market&oq=defination+of+emerging+market&aqs=chrome..69i57j0l5.7728j0j7&sourceid=chrome&ie=UTF-8
[2] https://www.investopedia.com/terms/e/emergingmarketeconomy.asp
[3] https://www.investopedia.com/articles/03/073003.asp
[4] https://www.thebalance.com/what-are-emerging-markets-3305927

- 6 June 2019 - An emerging market economy describes a nation's economy that is progressing toward becoming more advanced, usually by means of rapid growth and industrialization.[5]
- 29 February 2020 - Definition of emerging economies: Rapidly growing and volatile economies of certain Asian and Latin American countries. They promise huge potential for growth but also pose significant political, monetary, and social risks.[6]

What these definitions have in common is that an emerging market economy is a country's economy that is in the state of progressing towards becoming a developed country and towards becoming a country which will have an advanced and modern economy with greater engagement with rest of the world. Usually, underdeveloped countries and developing or emerging markets have lower per capita income than developed counties. There is contrasting views on which countries to be listed as emerging markets. As of 2019 International Monetary Fund (IMF) considers 155 countries to be emerging and developing economies and these are: "Afghanistan, Albania, Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Aruba, Azerbaijan, The Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bhutan, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Cabo Verde, Cambodia, Cameroon, Central African Republic, Chad, Chile, China, Colombia, Comoros, Democratic Republic of the Congo, Republic of Congo, Costa Rica, Côte d'Ivoire, Croatia, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Fiji, Gabon, The Gambia, Georgia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kazakhstan, Kenya, Kiribati, Kosovo, Kuwait, Kyrgyz Republic, Lao P.D.R., Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Malaysia, Maldives, Mali, Marshall Islands, Mauritania, Mauritius, Mexico, Micronesia, Moldova, Mongolia, Montenegro, Morocco,

[5] https://investinganswers.com/dictionary/e/emerging-market-economy
[6] http://www.businessdictionary.com/definition/emerging-economies.html

Mozambique, Myanmar, Namibia, Nauru, Nepal, Nicaragua, Niger, Nigeria, North Macedonia, Oman, Pakistan, Palau, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Qatar, Romania, Russia, Rwanda, Samoa, São Tomé and Príncipe, Saudi Arabia, Senegal, Serbia, Seychelles, Sierra Leone, Solomon Islands, Somalia, South Africa, South Sudan, Sri Lanka, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Sudan, Suriname, Syria, Tajikistan, Tanzania, Thailand, Timor-Leste, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Tuvalu, Uganda, Ukraine, United Arab Emirates, Uruguay, Uzbekistan, Vanuatu, Venezuela, Vietnam, Yemen, Zambia, and Zimbabwe".[7]

While the Morgan Stanley Capital International Emerging Market Index argues that out of all the above developing counties only 24 of them qualify as emerging markets which include: "Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates."[8] (Sraders, 2018).

Among these emerging economies, Argentina, Brazil, China, India, Indonesia, Mexico, Poland, South Africa, South Korea and Turkey are the top 10 big emerging economies with China and India the main power houses of emerging markets as these two economies together make almost 40 percent of the world's work-force and population (Amadeo, 2019).

Characteristics of Emerging Market: The above lists of emerging markets include countries like South Sudan with GDP per capita 275 USD (the lowest) and Qatar with GDP per capita 69,687 USD. Emerging markets usually have lower to middle GDP per capita, but this is not true for all emerging economies. Qatar for example have higher GDP per capita (69,687 USD) than Italy (32,946 USD), Israel (42,823 USD), Korea (31,430 USD) and many other developed economies. However, what Qatar lacks comparing to these developed economies is high living standards, advanced regulatory bodies and modern financial institutions. Therefore, emerging economies have only some of the characteristics of

[7] https://www.imf.org/external/pubs/ft/weo/2019/02/weodata/weoselagr.aspx
[8] https://www.thestreet.com/markets/emerging-markets/what-are-emerging-markets-14819803

developed economies not all or most of them. Other common characteristics among emerging countries' economies are, greater engagement with the worlds' economy, potential for integration with the world economy, potential for having increased foreign direct investment (FDI), potential for having increased trade, and most importantly higher growth rate. Emerging markets generally have higher growth rate than developed countries (Graph 2.2.2) and that is because emerging markets are focused more on economic growth rate and are in the transitioning state to become more industrialized and advanced economies.

Graph 2.2.2: Global Economic Growth, advanced economies vs emerging markets

Source: IMF World Economic Outlook. October 2019. Available at: *https://www.imf.org/~/media/Images/IMF/Publications/WEO/2019/October/weoarrows-oct2019.ashx?la=en*

As graph 2.2.2 shows, emerging markets have higher growth rate than developed economies which is promising more return on investment for MNCs. Therefore, MNCs around the globe show high desire to expand their operations to emerging markets, but despite offering high profitability to MNCs, emerging markets are also highly volatile politically, economically, and socially compared to developed economies. Because of emerging market's rapidly growing transition towards becoming a modern economy, they are experiencing changes in the financial institutions, social institutions, and regulatory institutions overtime, which put MNCs in a difficult situation to deal with these changes (Zhao, et al., 2014) despite all the profitable opportunities that MNCs can utilize. Also, some countries like Afghanistan and Pakistan are politically volatile where political power is so fragmented and MNCs find it difficult to deal with such power fragmentation. In Afghanistan for example it is the regional war lords who hold the power and perhaps indirectly influence regulatory bodies. In Pakistan it is the military establishment of the country that holds the power. Without proper knowledge about these irregularities, and perhaps without a proper network, MNCs will find it relatively difficult to adapt. Therefore, MNCs face challenges while internationalizing to emerging markets which paves the way for MNC-NGO collaboration as NGOs are operating in the emerging markets for long time already, have knowledge about the social and institutional conditions, have experience dealing with institutional and social changes, know social and institutional problems, and perhaps they are expert of managing projects in these volatile conditions.

2.2.3 Background of NGOs and MNCs

Non-governmental organizations (NGOs) are organizations providing humanitarian and development services around the globe and are mostly nonprofit. They are neither governmental nor private sector actors (Lambell, et al., 2008). They represent social and cultural groups, political movements, communities and civil societies and belong to a third sector i.e. civil society sector. Forming a subset of organizations within the civil society, they exist on all levels; local, national, regional and international (Anheier, 2004). Their activities are either or both service and advocacy based. Service based activities include; humanitarian and development projects that are mainly focused on poverty mitigation, provision of assistance during emergency crisis, human rights and gender equity/equality programs, provision of services for education, health, rural development, etc. Well known examples of such NGOs include CARE international which is providing health, education, poverty reduction, and emergency services in many developing and emerging economy countries; Swedish Committee for Afghanistan (SCA) which providing assistance in health, education, and agricultural areas in Afghanistan; Danish Refugee Council (DRC) which is providing assistance and emergency aid to refugees in 40 countries; Counterpart International promoting gender equity and social inclusion; United Nations (UN) providing, among others, humanitarian aids, peace resolutions, and promoting gender equity; and there are hundreds more of such organizations around the globe.

Advocacy based services consist policy making, setting standards, and lobbying for consumers and civil society people; prominent examples of such organizations are UN which is providing advocacy in the fields of human rights, gender equity, peace resolutions, and upholding international laws and standards; International Monetary Fund (IMF), Organization for Economic Cooperation and Development (OECD), World Bank, World Trade Organizations (WTO) and Asian Development Bank (ADB) which are establishing policies and setting norms and standards. To run their projects, NGOs receive funds from donor organizations, governments, and corporations including MNCs. They also conduct other fundraiser programs where they try to collect funds from people. NGOs' humanitarian and development efforts are mainly taking place in developing and emerging economy countries because these countries' social, economic, and governmental structures and economies are weak, people live in poverty, some of these are suffering from wars and conflicts etc.

<u>NGOs from an international business perspective</u>**<u>:</u>** The importance and awareness about public profile of NGOs in international business has improved significantly over the last two decades mainly, on the one hand, due to their active role in addressing global issues relating to social, political, environmental, and development problems, and on the other hand, due to their ability to provide resources to the international business actors to help them solve business, society, and development related issues. However, despite this advancement, NGOs have received insufficient scholarly attention from the mainstream social science studies in comparison to the international business actors (Lambell, et al., 2008). But, in international business studies and research, specifically, NGOs profile has been growing constantly over the last two decades and Buckely (2002) suggested that because of the increasing role of NGOs in addressing global social and development issues, researchers seem to focus more attention on NGOs. A significant number of researchers have sought to research direct and indirect influence of NGOs on MNCs (Teegen, et al., 2004; Arts, 2002; Austin, 2000) and the number of collaboration between NGOs and MNCs have increased substantially as indicated in section 2.2.1 above.

<u>Multinational corporations (MNCs):</u> MNCs are enterprises that have headquarters in home country and operations in foreign market and have production and/or deliver services at least in one host country. They are corporations that engage in foreign direct investment (FDI), own or maintain control over value added activities in several countries (Mayrhofer & Prange, 2015); they are corporations that have operation and assets in at least one more market than home country (Investopedia, 2019). MNCs presence in foreign market could take several forms such as having wholly own subsidiary, joint venture, sales office, sales agent etc. The terms Multinational Corporation (MNC), Multinational Enterprises (MNE) and Transnational Corporation (TNC) are the typology of international firms that are often used interchangeably (Root, 1994) by researchers and practitioners despite the differences they have, though minor; e.g. TNCs allocate more decision-making power and R&D

autonomy to host country offices than MNCs/MNEs do, because MNCs/MNEs focus more on adapting their product to each market. MNEs and MNCs are the same. The recent globalization phenomenon and advancement in technologies have forced MNCs to internationalize to emerging markets and utilize the opportunities available in the developing and emerging markets. But despite the opportunities, the emerging markets are also challenging for MNCs to internationalize to which put MNCs in a position to seek collaborative help from NGOs as indicated throughout chapter 2, literature review, above.

Chapter 3

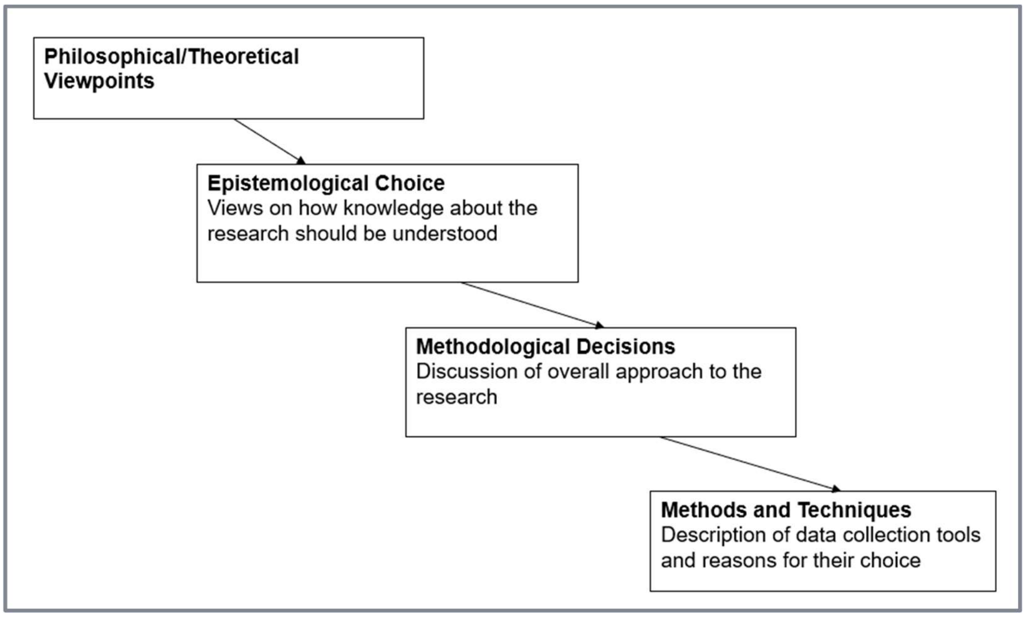
Methodology

This chapter draws on philosophical and methodological perspectives of this research. Starting with the research design, it explains to the reader the research plan and the blueprint of the research i.e. what research approach was adopted to address the research question and why. Then the chapter moves on to discussing philosophical assumptions underlying the research topic in explains ontological and epistemological choices. Afterwards the research paradigm on which this research has been based will be discussed, and finally, the chapter will end on an explanation of what methods and what type of data was used to conduct this research.

3.1 Research Design

Research design is an integral part of research methodology and stands as the blueprint of a research. It helps researchers explain to the readers the coherence between research question, the approach adopted to address the research question, the data collection methods and the types of data, some of the root assumptions regarding the research topic, and the findings and conclusion. The purpose of this part is to achieve the above idea i.e. to clarify the connection between all these parts and explain to the readers how I arrived at my findings and conclusion. According to Kuada (2012) research textbooks classify research design process into four different levels namely, "*philosphical/theoritical view points, epistemological choice, methodological decisions, and choice of methods and techniques*". These levels serve each other in a coherent way that makes the flow of information and knowledge more logical as shown in figure 3.1 below:

Figure 3.1: an illustration of four levels of research design process

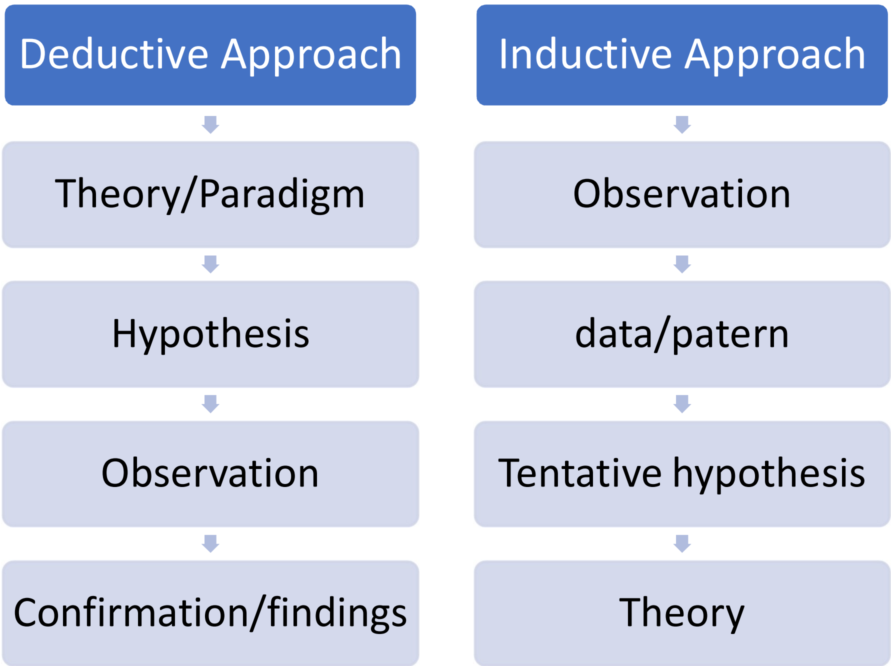


Source: Lecture slides from Research Methodology I; Meta-theoretical perspective and research design Methodology: IBE 3rd semesters Aalborg University (Kuada, 2017)

Adopting the "deductive research approach", this research has been carried out based on the above research design process and the four levels. As Kuada (2012) states there are two types of research approaches namely, deductive and inductive.

Deductive approach – adopted in this research – refers to the approach where the researcher starts with theories and concepts and seeks to apply them on a hypothesis to prove the hypothesis either right or wrong. Therefore, in case of the deductive approach the researcher's starting point is to identify and read theories and concepts, then move to hypothesis, then to observations, and finally to the confirmation and findings (see figure 3.1.2). Whereas the ***inductive approach*** is the opposite of the deductive approach, here the researcher starts from observation without any prior consideration for theory or concept, then moves to data collection, then moves to developing a tentative hypothesis which is subject to changes, then the researcher relates his/her work to a theory or concept as can be seen in figure 3.1.2.

Figure 3.1.2: An Illustration of Deductive and Inductive Research Approach



Source: self-made; adopted from (Kuada, 2012; Harwell, 2011)

As stated earlier, in this research deductive approach (figure 3.1.2) is adopted and the process has been carried out in accordance to the four levels of research design process (figure 3.1), therefore, firstly a literature review was conducted to identify the root assumptions (philosophical/ontological assumption) about the topic – MNC-NGO collaboration – and explore the theories and concepts. The theoretical perspective of this research is rooted in Resource-based view, Transaction Cost theory, Resource dependency theory, and network theory. Based on the findings of the literature review a hypothesis and problem formulation was developed. Then several MNC-NGO collaboration cases were reviewed (epistemological perspective) as evident in part 2.2.1. Researching international NGOs' websites and their reports indicates that many international NGOs nowadays collaborate with MNCs one way or the other. Their websites and reports list their business sector counterparts and their partners from cross-sectors and explain the collaboration projects in detail. Some international organizations even have established separate business-engagement departments whose job is solely to attract MNCs and other private sector entities to get engaged in collaboration with NGOs. An example of this is Danish Refugee Council which has created a separated unit for interacting with private sector organizations to boost collaboration.

After reviewing the collaboration cases, the search for collection of empirical data began and all the data was collected from multiple reliable resources that include annual reports of NGOs and MNCs who have had collaborations, news articles, reports published by regulatory NGOs such as IMF, World Bank, OECD, UN, WTO, and other well-known and incredible organizations. Finally, the data was analyzed using the input-output model and the results were interpreted and presented as can be seen in chapter four. In the next section, the four levels of research process; philosophical/ontological assumptions, epistemological perspective, overall methodology/paradigm, and data collection methods and choices are discussed in detail.

3.2 Philosophy of Science

In social science research explaining the philosophy of science perspective of the research to the readers is essential (Kuada, 2012), because whether the researcher provides an explanation and a clear account of the philosophical assumptions to the reader or not, the research will anyway be containing and following some of the root assumptions that the research maybe aware of them or not. So, explaining them to the readers will add to the quality of the research because it lets the readers realize that the research knew about those root assumptions. Overall, social science scholars have two broad views on the perception of reality namely, objective view of reality and subjective view of reality. Some scholars who hold the objective view of reality believe that human beings do not have any influence on the social world as the social world imposes itself on the cognition of the human being and thereby remain external and real to the human beings. These scholars' point is that reality should be viewed and accepted as it is and from an external standpoint. Other scholars that believe in subjective view of the social word perceive reality as socially constructed and created as a result of interactions between human beings and the social world. They argue that the social world is socially constructed, and it is a product of the human being cognition (Kuada, 2012). These views would be further discussed in the subsequent sections.

3.3 Ontological Perspective

By the term ontology the philosophy of science scholars refer to the nature of the thing that the researcher is seeking to know i.e. reality, knowable, existing. Therefore, ontology studies the nature of reality, the nature of being, and the nature of knowable (Kuada, 2012; Harwell, 2011). The questions; whether there is a God? Is God existing? Is there another planet earth? are very common and explicit ontological examples. Similarly, questions relevant to the subject of this research such as "does MNC-NGO collaboration create value?" or "does MNC-NGO collaboration exist?" are examples of ontology.

The philosophy of science scholars have two broad views on ontology namely, objective view and subjective view (Kuada, 2012). Some scholars perceive reality to be external to us human being and out of our influence. Therefore, they argue that reality is “real” and it should be accepted as it is. According to these scholars there could not be multiple realities because they perceive reality to be out of the influence of human beings and that the reality imposes itself on our consciousness rather than being created by our actions and by our interactions with each other and our interaction with the society. These scholars are labelled objectivists. While the other scholars who hold subjective view of reality believe that there could be multiple realities because they perceive reality to be socially constructed and that individuals can create their own realities. To them reality is influenced by human being and they, therefore, label reality a product of the human beings’ cognition. According to these scholars who subscribe to the subject view of reality when human beings interact with each other and with the social word the reality is being created and that is why reality is different depending on the context (Kuada, 2012; Harwell, 2011). ***This thesis also subscribes to the subjective view of reality; and seeks to find the truths about value creation in the MNC-NGO collaboration in emerging markets in a subjective way (interpretivism),*** meaning that as a researcher I hold the subjective view of reality and I believe that the reality is socially constructed and when an MNC and an NGO interact in a collaboration they create multiple realities and in some cases each of them can create their own realities as well in a collaboration. Also, this thesis is not objectifying MNC-NGO collaboration but rather it is about interpretations of literature review supported by observations such as review of collaboration cases, and interpretation of empirical evidence from many collaboration cases and other sources. Moreover, interpretivism view tries to understand the reality from the viewpoint of the actors that are being studied and their behavior (Kuada, 2012). This is exactly the case in this research thesis which studies MNC-NGO collaboration and tries to understand the reality from the viewpoint of MNC and NGO and their behavior.

There are multiple assumptions about the subject of this thesis, some scholars and practitioners believe that MNC-NGO collaboration solve complex societal problems. Other think that MNC-NGO collaboration creates value for both MNC and NGO. There are also beliefs among some scholars and practitioners that MNC-NGO collaboration is problematic. As a researcher I am aware of all these assumptions and have included as many of them in this project as the scope of the project would allow.

How we get the knowledge about reality and how we study the nature of the reality is what epistemology is about which is discussed in the next section.

3.4 Epistemological Perspective

As indicated in the earlier section, ontology describes "being" and "existing" of things and reality, and questions like; is there a God? Is God existing? Is there another planet earth? Or, does MNC-NGO collaboration create value?", "does MNC-NGO collaboration exist? and "MNC-NGO collaboration create value" etc. are ontological questions and statements. To study them and gain knowledge about these assumptions, to acquire information about these assumptions, and to get to know about these realities is what **epistemology** is concerned with. Therefore, the term epistemology is used to refer to the study of knowledge about reality and it describes the nature of what we perceive as a reality; e.g. "how we know what we know" (Kuada, 2012).

Philosophy of science scholars argue that the knowledge about reality can be studied by two distinguished ways namely, objective and subjective. Those holding the objective view argue that we can study the reality from an external standpoint without necessarily intersubjectively dealing with the subject matter. Their argument is that since reality imposes itself on human being and is external to us, it is possible to acquire knowledge about it as an external observer. While other philosophy of science scholars who hold the subjective view of epistemology believe that in order to gain knowledge about a reality, we have study the reality intersubjectively by "occupying the frame of reference" of the thing we want to study. As indicated under ontology section, this research thesis adopts the subjective view of realty and therefore acquire the knowledge about the reality –truth about value creation in MNC-NGO collaboration in emerging market – intersubjectively by occupying the frame of the reference of the MNC-NGO collaboration i.e. studying MNC and NGO behavior and studying MNC-NGO collaboration behavior and the interaction of MNC and NGO in the collaboration.

According to Kuada (2012), in research methodology textbooks there are three different approaches regarding how researchers should perceive reality and acquire knowledge about it; objective, subjective, or the combination of both in the same research project on hand. Some researchers believe that the two approaches are mutually important, and they therefore reject the use of both of them collectively (combined) in a single research project. This group of researchers are called "*purist"*. The second group of scholars suggest a combination of objective and subjective views of reality to be adopted in the same project. Their argument is that social world could be interpreted in many ways by different persons because it has many sides, therefore, researchers should show flexibility with regards to perceiving the reality. They suggest that combining the two approaches is favorable, albeit, in some situations the degree of research could be more objective and in others it could be more subjective. Scholars holding this view are called *situationalists*. The third group of researchers is called *pragmatists* and they are those who believe that it is the nature of the research paper on hand that should determine how reality should be perceived, objective or subjective. They do not accept or reject the idea that the two approaches should be combined or adopted separately in one single project, they remain neutral and insist on the nature of the research to determine which approach to adopt and not the context and situation to determine it.

This thesis is in line with the view of *situatinalists scholars'* approach. When the hypothesis and the problem formulation was developed, as a researcher I had to decide which approach to adopt, i.e. to perceive reality objectively or subjectively or combine them together in addressing my research question. Since the nature of the hypothesis and the problem formulation of this thesis was to research "relationship" – relationship of MNC-NGO – it suggested to subscribe to objectivism, but at the same time the hypothesis and the problem formulation were mainly about studying MNCs and NGOs behavior (their behavior before the collaboration and during a collaborator), it was obvious that the paper should subscribe to interpretivism (subjective view of reality). Therefore, this research thesis subscribes mainly to interpretivism but there could also be seen a relatively low degree of objectivism view of realty in this research thesis specially when the thesis discusses and investigates the "relationship" between MNC and NGO.

3.5 Research Paradigm

In social science research, choice of paradigm is important because every research whether it is a student project or conceptual journal article is embedded with some root assumptions (ontological and epistemological assumptions) regarding the topic of the research. The researcher may be aware of these root assumptions and may have discussed them clearly to the readers, or the researchers may not be aware of them. But in both cases every research includes some root assumptions i.e. thoughts, beliefs, and perceptions about the topic or the research questions that the researcher is trying to answer. Therefore, there are some common understanding in every field of research regarding how the research should be designed, carried out, and how the results should be interpreted. These common understandings form paradigm (Kuada, 2012).

There are various definitions of paradigms by various scholars, some scholars define paradigm as a set of beliefs, others perceive paradigm as a sample for doing something, and others think of paradigm as common or shared understating (Bryman & Bell, 2011). Many social sciences texts books stress on two main paradigms, namely subjectivism and objectivism, meaning a research is conducted based on either subjectivism or objectivism paradigms. But scholars have further classified these paradigms into more branches. Objectivism is sub-divided into realism and positivism, while subjectivism is sub-divided into interpretivism and antipositivism. However, most the research textbooks refer to objectivist research and subjectivist research as "***positivism" and "interpretivism"*** respectively (Kuada, 2012: 74).

This research is inspired by ***interpretivist paradigm*** (subjective paradigm) which is subjective view of reality. As mentioned earlier under sections 3.1.3 and 3.1.4 above, the hypothesis and the problem formulation of this thesis is about studying MNC, NGO, and their collaboration and examining the behavior of these two subjectively. I conducted this research by occupying the frame of reference of MNC-NGO collaboration i.e. as a researcher I interpreted what I saw in the collaborations between MNCs and NGOs and I did this based on my own cultural frame of reference, which is subscribing to subjective view of reality. Therefore, the nature of the hypothesis and nature of the problem formulation suggest an interpretivist approach. As Kuada (2012) puts it, when the researcher believes that the social world has many sides and the reality can be constructed socially, he should adopt an approach that focuses on understanding the reality from the view of point of the actors that are being studied and the behavior of the actors. In line with the interpretivist paradigm, this research thesis studies MNC-NGO collaboration and is based on the view that there could be multiple realities as reality is a product of human being cognition and therefore each actor in an MNC-NGO collaboration can create their own realities. In other words, this thesis is seeking to know truths about value creation in MNC-NGO collaboration through unique interpretations of collaboration cases.

Furthermore, according to Kuada (2012), positivist paradigm suggests that reality can be explained by understanding its causes in effects, “this implies that existing theories can form the bases for hypotheses that provide a priori explanations for a given social phenomenon.” (Kuada, 2012: 74). However, the interpretivist paradigm is the opposite of this, it studies the social world from a standpoint where it focuses on understanding the reality from the viewpoint of the actors under investigation and the notion underlying the behavior of those actors. This is exactly the case for this thesis, which is seeking to understand the reality from the viewpoint of MNC and NGO in a collaboration and seeks to know what kinds of values are created as a result of the MNC and NGO interactions and their behavior in a collaboration. The research’s starting point is in reviewing the theories and concepts to identify root assumptions and then on the bases of facts from theories the hypothesis was developed and then proved right. As the literature review suggests, an enormous number of existing theories and literature discuss value creation in MNC-NGO collaboration providing many assumptions and beliefs about the truth which has in fact formed the hypothesis for this research thesis.

It is important to mention that some scholars do not find it useful to divide paradigms as objectivist and subjectivist. Deetz (1996) believes that the notion objective view and subjective view sound a bit contrived, because what seems to be understood objective approach for a researcher is in fact more subjective ways of researching because the researcher is influenced by his own assumptions and ways of conducting the research and he or she directs the process of the research the way he or she wants instead of reflecting on possible alternative ways (Kuada, 2012).

3.6 Research Methods

As Kauda (2012) insists, a researcher must not focus attention only and entirely on findings and conclusions of the research paper, but it is of great importance for a researcher to also explain to the reader how he or she achieved those results and findings, what methods were used, what type of data was collected, how the data was analyzed and interpreted, and why were those specific methods used. In addition, a researcher should also explain the consistency between the methods used, the problem formulation, and the entire methodology. Therefore, this section draws on: 1) what data collection methods and techniques were used, 2) what are the sources of data, 3) how was the trustworthiness of the data dealt with, 4) how was the data analyzed and interpreted, and (5) what research approach was adopted to answer the research question.

Qualitative research methods and techniques were used in this research thesis. Qualitative methods refer to any type of data that is descriptive and not numeric, statistical, and quantitative e.g. interviews, observations, focus groups, documents (reports, diaries, news articles, letters, emails, etc.) The information and inputs collected for this project were all from documents such as: the annual reports of various NGOs and MNCs who implemented collaboration projects, publications by well-known NGOs such as IMF, OECD, WTO, World Bank etc, news articles, thesis written by students, project descriptions and project reports written on various MNC-NGO collaborations, other publications including books, journal articles, magazines, websites, and personal weblogs. Generally, there are three types of research methods namely, qualitative research methods (described above), quantitative research methods, and mixed methods (Kuada, 2012). By quantitative research methods researchers refer to the data that is in form of numbers, statistics, and quantity. The example of quantitative data collection techniques includes questionnaires, surveys, quantitative interviews, etc. The third data collection method is called mixed methods, which refers to the combination of both qualitative and quantitative techniques in the same project.

Secondary sources data was used in this project, meaning that all the data collected for this project was previously collected by other researchers for other purposes and projects, and it was reused in this project e.g. annual reports of MNCs and NGOs, documents published by IMF, OECD, UN, World Bank, news articles published already, etc. Generally there are two types of data sources, ***primary sources (first hand data)*** which refers to that data that is collected by a researcher for the first time and for the project on hand, and secondary sources which refers to the data that was previously collected by other researchers or practitioners for other purposes than the project on hand and is being used as second hand data by another researcher. To some researchers and readers absence of primary data and focusing on secondary data might seem as a limitation, but the benefits of secondary data is that it allows the researcher to collect a diverse and yet more comprehensive set of data over a prolonged period of time (Roolaht, 2017).

Trustworthiness of the data was considered very important throughout the entire process of this research and all the data was collected from reliable sources based on the following criteria;

- *Credibility of the data*: all the data was collected from reliable sources as mentioned above.
- *Transferability of information and findings*: attaining consistency between data collection techniques, the problem formulation, and the findings were paid great attention throughout the project to make sure the findings and all the information provided could be transferable and usable in the future researches.
- *Dependability of the data*: to stick on with this criteria records of all the data was made throughout the project in forms of citation, references, and bibliography and providing as many URL addresses as possible so the reader can refer to the sources if they wish to.
- *Confirmability*: throughout the project it was made sure to work hard and conduct the entire research process with good faith and do every step accurately with no other interests but to conduct the investigation academically with a high degree of quality.

Data analysis and interpretation: as mentioned already above qualitative data has been used in this project collected from various sources and various forms. To analyze and interpret the data in a rather simple way than complicated, the input-output model was applied as could be noticed in chapter four figure 4.1. The advantages of this technique is that it allows to analyze the input, resources, and actions in a collaboration and helps to find out what kind of value is created in the collaboration and for who.

Deductive research approach was adopted to conduct this research as discussed under the research design, section 3.1 and figure 3.1.2. Deductive research approach allowed to approach answering the problem formulation twofold. Firstly, the literature review provided some insights and some answers to the problem formulation, and secondly the analysis in chapter four discussed and provided answers to the problem formulation with empirical evidence which is in form of qualitative data from secondary sources.

Chapter 4

Analysis

This chapter discusses the analysis of this research thesis. It focuses attention on various aspects of MNC-NGO collaboration process and value creation and value co-creation in such collaborations. The chapter explains the framework of analysis and the logic for the choice of the model of analysis. Furthermore, various types of values created in an MNC-NGO collaboration are discussed with references to theory and examples to cases.

4.1 Framework of Analysis

For the purpose of conducting a thorough analysis, ***the input-output framework of analysis*** is applied (figure 4.1). Using the input-output framework, this research thesis analyzes how MNC-NGO collaboration evolve and how the collaboration creates and co-creates value for the parties involved and for the society. The input-output framework was initially introduced by Wassily Leontief in the beginning of the 20th century (Mukhopadhyay, 2018) and has been further developed by many scholars over the years. The input-output framework of analysis is a useful tool which was initially developed for quantitative analysis portraying economic actions as a system of interrelated activities, goods, and services, but as the framework was developed further its application was not restricted only to quantitative analysis but was also widely applied in qualitative research analysis (Neergaard, et al., 2009). Applying the framework in this project is based on the idea that when partners in a forthcoming collaboration, in this case MNC and NGO, put in place certain prerequisites, commitments, allocation of resources, and expectations, the collaboration will be initiated and the likelihood of achieving success increases. Furthermore, it is important for partners engaged in a collaboration to pay necessary attention to the *process* of the collaboration and improve the process by aligning their tasks, and policies, and using necessary tools and mechanisms. As the framework suggests certain inputs are needed to be processed and transformed into outputs in form of finished or semi-finished goods and services. In that sense, the collaboration seems to be a set of certain inputs of resources and outputs of values created for the parties involved and for the environment and that some of the values become inputs again for developing the collaboration which is illustrated by a backward arrow in figure 4.1 below:

Figure 4.1: Framework of Analysis

Input: Collaboration prerequisites	**Process:** Collaboration implementation tools	**Output:** Collaboration outcome (value creation)
Idea: Partners set goals for collaboration and agrees on resource allocation. A number of resources are needed to be allocated by partners in order for a successful collaboration to be established.	Idea: By applying required tools, building trust, and aligning their overall activities and capabilities, the partners can improve collaboration process and increase the success chance. The more the partners give importance to achieving goals and objectives, the more successful the collaboration will be.	Idea: Depending on the type of collaboration and resources allocated, various types of economic, social, and environmental values are created for MNC, NGO, and for the environment. Value could be seen as new product or service, new knowledge, entry to new market, gaining legitimacy, credibility, reputation etc. the results can be measured as:
Resource Allocation Organizational Resources: • Project implementation knowledge & techniques • Innovation techniques and skills • Information about customers, their behavior, etc. • Information about social issues • Expertise • Networks, and networking power • Experience Financial Resources: - Capital - Loans Human Resources: ➢ Managers ➢ Field workers ➢ Auditors, monitors	Organizational structures o decision making process o organizational culture Alignment o Goals o Values o Strategies o Policies Project Management Tools o Open and frequent communication o Organizational interaction o Regular monitoring and audits Personal competencies o Knowledge o Relationship skills o Other skills o Motivation o Network relations	<u>For MNC:</u> - Innovations - New products/services - New business model - Knowledge generation/transfer - Skills - Market entry: o reduced LoF o adaptation - Strengthening Value chain - Enhanced reputation - Legitimacy <u>For NGO:</u> - Enhanced reputation - Legitimacy - New funding sources - Solving social issues <u>For Environment:</u> - Reduced emission - Reduced wastage - Solving social issues
<u>Supporting Theories:</u> *Resource-based view (Barney, 1991; Penrose, 1959)* *Institutional theory (North, 1990; Steinmo, 2001)* *Resource Dependency* (Pfeffer & Salancik, 1978) *Network Theory* (Doerfel & Taylor, 2004)	<u>Supporting Theories:</u> *Resource Dependency* (Pfeffer & Salancik, 1978) *Resource-based view (Barney, 1991; Penrose, 1959)*	<u>Supporting Theories:</u> *Resource-based view (Barney, 1991; Penrose, 1959)* *Transaction Cost Theory* (Coase, 1937) *Resource Dependency* (Pfeffer & Salancik, 1978)

Source: self-made, insights adopted from (Neergaard, et al., 2009)

The findings of the analysis in figure 4.1 above are being supported by the literature review where scholars argued that MNC-NGO collaboration creates and co-creates various types economic values, social values, and environmental values for all parties involved and for the environment (Austin, 2000; Austin & Seitanidi, 2012; Herlin & Pedersen, 2013; Vachani, et al., 2009; Dahan, et al., 2010; Teegen, et al., 2004; Rana, 2015; Rana & Sørensen, 2019). Although some researchers have found that for MNC the primary motive for collaboration is legitimacy and reputation and for NGO new funding sources and reputation, the analysis in figure 4.1 (outputs) and some other researches reveal the collaboration produce much more than just these primary expectations. As the output column in figure 4.1 shows there are numerous values a collaboration creates and co-creates for the parties involved and for the environment.

However, it is important to note that a collaboration may produce all of these values or some of them. Also, some of the values are more important to one partner than the other, for example, gaining legitimacy and reputation from a collaboration might be of less important to an NGO in the emerging market because NGOs already enjoy great reputation and legitimacy in the emerging markets due to their humanitarian and development operations, but for an MNC legitimacy and reputation remain the primary value. All of the values produced in a collaboration as shown in figure 4.1 are discussed in detail below with reference to supporting theories and examples from empirical evidence.

4.2 Values Created for MNC

Legitimacy and reputation are said to be the primary reasons for MNCs seeking collaboration with NGOs (C&E advisory , 2018; Neergaard, et al., 2009). However, the findings of this project (figure 4.1) and the collaboration cases reviewed show that nowadays MNCs expect and gain more than just legitimacy and reputation from a collaboration with an NGO, specially in the emerging market where MNCs usually experience troubles with value creation and adaptation partly due to pressure from NGOs to conform to local standards and norms and partly due to other factors such as institutional voids, cultural differences (CD), liability of foreignness (LoF), and lack of access to knowledge and data about the emerging markets. As indicated in figure 4.1 the outputs of an MNC-NGO collaboration in forms of values for MNC are numerous, however, a collaboration will produce all of them or some of them as mentioned above. The values an MNC-NGO collaboration can create and co-create for MNCs as indicated in figure 4.1 are:

Innovations: The findings of this project show that one of the important outcome of MNC-NGO collaboration is innovations which is best achieved while the resources of the partners allocated in a collaboraton best complement each other and bring about synergies. Synergies of the partners' resources result in innovation. In fact, many cases reivewed also show that the collaboartion resulted in valubale innovations among other things. This is also evident in the case of CARE International-Starbucks collaboration in which CARE International provided knowledge and information about implementing projects in the coffee-growing communities where Starbucks wanted to do business and benefit. Overtime Starbucks learned a great deal of innovating and designing development projects. Another example of innovations could be seen in DRC-Grundfos collaboration which resulted in developing and installment of four solar-driven potable water stations for refugees in Bidibidi refugee camp in the north of Uganda in 2017. Innovations and innovation capabilities is the highest value an MNC-NGO collaboration create and is achieved when the resources of the partners complement each other and brings about synergies.

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with resource dependency theory and resource-based view and is characterized as synergistic value/joint value.

New products/services: The findings of this project reveal that a considerable number of the MNC-NGO collaboraitons creates value in form of new products and services which otherwise one party alone, MNC or NGO, would not be able to do. This is also evident both in the empirical evidence from the cases reviewed and in the literature reivew. Take the case of Grameen Bank and Telenor collaboration in Bangladesh and DRC-Grundfos collaboration in Uganda as examples. Grameen Bank-Telenor collaboration created a wholly new service namely, the village phone (Rana, 2015; Bhatnagar, et al., 2003; Erda, 2013). DRC-Grundfos collaboraiton was able to create new product that was solar-run potable water station from which the customers mainly refugees in the Bidibidi refugee camp in Uganda are purchasing potable water using the unique ATM cards created for these water stations. Both of the cited collaborations created and co-created social value and economic value.

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with resource dependency theory and resources-based view and is characterized as synergistic value/joint value.

New business models: Some MNC-NGO collaborations have resulted in co-creation of new business models, a great example of this is the collaboration between Grameen Bank and Telenor that created the Village Phone program which enabled rural areas women in Bangladesh to make an income from selling telephone services (sending/receiving calls) to other villagers. Some researchers also argue that successful collaborations have the potential to help create new business models (Dahan, et al., 2010). However, creating or co-creating new business models, require high level resource allocation, commitment and strategy alignment as is evident in the collaboration of Grameen Bank-Telenor.

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with resource dependency theory and resource-based view and is characterized as synergistic value/joint value.

Knowledge Generation and Knowledge Transfer: As mentioned throughout this thesis one of the important contribution of NGOs to most of the collaboration is its knowledge about communities and awareness about social problems. Since NGOs have been implementing humanitarian and development projects mostly in volatile countries, they possess valuable information about demography, social issues, cultural issues, and also about some business opportunities. MNCs gain such knowledge and information from NGOs in a collaboration. The knowledge and information is then absorbed by the receiving partner and is being used to produce benefits. The analysis of this thesis show that knowledge sharing happen almost in every collaboration with varying degrees, in some collaborations the core value created or co-created at the end of the collaboration is knowledge sharing and knowledge generation, while in others, knowledge sharing paves the way for the creation of other values such as innovation, producing new products or serives, etc. The GIZ-SEB collaboration can be mentioned here as one of the examples where knowledge sharing and knowledge generation was the value the collaboration created. The partners in GIZ-SEB collaboration allocated different resources e.g. the leading role of SEB in Green bond market and strong networks of GIZ with Policy makers and financial institutions were the main resources allocated, which created synergistic value/joint value i.e. technical knowledge and advice on green bonds to over 300 financial actors such bankers, issuers, investors, and regulators (GIZ & SEB Strategic Alliance, 2017). Another good example of knowledge sharing is DRC-Grundfos collaboration in which knowledge about a social problem in the Bidibidi refugee camp in Uganda regarding difficulties with provision of potable water was transferred to Grundfos.

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with resource dependency theory and resource-based view and is characterized as Transferred-Assets value.

Skills: Development of skills in an MNC-NGO collaboration occurs in various levels including employees, supply chain, society actors, etc. Some collaborations are established solely for the purpose of developing skills, while in others developing skills is a subset value which enables a stream of other ongoing benefits in the collaboration. For instance, in the collaboration between Starbucks and Conservation International the main goal of the collaboration was to develop skills of the farmers. Conservation International (an NGO) trained farmers in Mexico to improve the production of shade-grown coffee. Starbucks was purchasing this coffee from these farmers (Austin & Reavis, 2002). The collaboration helped Starbucks to develop the skills of its suppliers and thereby have access to high quality coffee and improves its coffee brand. Similarly, in CARE International-Cargill collaboration the skills of farmers were developed by CARE International to help them enhance the quality and increase the quantity of their products in the rural areas of countries such as “Honduras, Guatemala, Nicaragua, Costa Rica, Cote d’Ivoire, Ghana, Mali, Egypt and Indonesia” (CARE International , 2018; Cargill Incorporation, 2020).

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with institutional theory and resource dependency theory and is characterized as Interaction Value.

Market entry: Collaborations with NGOs help MNCs enter emerging markets smoothly and help them reduce or even offset the effects of Liabilities of Foreignness (LoF), cultural difference, and the pressure from NGOs to confirm to standards set by NGOs. For example, Telenor entered Bangladesh through collaboration with Grameen Bank. The Grameen Bank-Telenor collaboration provided a smooth entry for Telenor into Bangladesh market. Similarly, Novo-Nordisk entered into a strategic alliance with the Bangladesh Diabetes Associations (BADAS) to sell insulin products to patients through BADAS networks. It was a great adaptation strategy that helped Novo-Nordisk adapt to the local conditions using the reputation and networks of BADAS. Expanding operation to markets that are categorized unstable and fragile might not be an easy task for MNCs; cultural differences, needs of customers, and regulative standards in such environments are difficult for MNCs to understand and their business will therefore be vulnerable to these factors. NGOs have been operating in unstable in fragile environments and have experience of implementing projects in those conditions. It is therefore very compelling for MNCs to internationalize to emerging markets through collaboration with NGOs and thereby use the NGOs as resource providers.

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with institutional theory, network theory, and resource dependency theory and is characterized as Associational Value and transferred assets value.

<u>Strengthening Value chain:</u> Strengthening value chain fosters productivity, therefore most of the MNCs focus great attention on strengthening their value chain and adopt various strategies to achieve this. One way of strengthening value chain is through collaboration with NGOs, which is also evident in the literature review of this project and also in the analysis. Some MNCs, for instance Starbucks and Cargill have tried to strengthen their value chain through collaboration projects with national and international NGOs. Starbucks in two separate collaborations one with CARE International and the other with Conservation International enhanced the skills of its suppliers of coffee, farmers that were selling coffee to Starbucks, and thereby not only gained access to high quality coffee but also built trust with its suppliers. In another case, CARE and Cargill worked on developing the skills of farmers to help them enhance the quality and increase the quantity of their products in the rural areas of countries such as "Honduras, Guatemala, Nicaragua, Costa Rica, Cote d'Ivoire, Ghana, Mali, Egypt and Indonesia" (CARE International , 2018; Cargill Incorporation, 2020). Through the collaboration, CARE has helped Cargill train the farmers to enhance their productivity and integrate with the company's supply chain.

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with resource-based view and resource dependency theory and is characterized as Interaction Value.

<u>Enhanced reputation:</u> Almost every MNC-NGO collaboration provides some reputational benefits to MNC in the emerging markets where NGOs are well respected by people for their humanitarian aids and development efforts. According to a global survey more than 66% of participants responded that their respect for an MNC will increase if it collaborated with an NGO to help solve a social issue (Austin & Seitanidi, 2014).

As indicated throughout this thesis, reputation is one of the primary reasons encouraging MNCs to seek collaboration from NGOs. In an MNC-NGO collaboration, reputational enhancement begins by the time the two parties enter into collaboration agreement. The partners bring their reputation to the collaboration with them and each partner's reputation increases the other partner's reputation. For example, in case of DRC-Grundfos the collaboration provided Grundfos enhanced reputation by the time it joined DRC in the collaboration because DRC was enjoying high level reputation in Uganda and other African countries for its humanitarian services providing aids to millions of refugees and DRC brought this reputation to the collaboration.

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with institutional theory and resource dependency theory and is characterized as Associational Value.

Legitimacy: NGOs in the context of international business act as the representatives of civil society, they often set standards and rules, and help governments or other regulatory actors design policies and regulations. They have also great networks among them (NGOs), with civil society actors, unions, government agencies, watch dog bodies, and other regulatorily bodies. They are therefore a great source of earning legitimacy for MNCs. So, one of the important values an NGO brings to a collaboration with MNC is legitimacy. The analysis of this thesis reveals that MNCs' perceived legitimacy is increased by the time it makes a collaboration with an NGO and it enables the development of more proactive measures by MNCs regarding betterment of the environment. Also, the collaboration will let go a great deal of pressure that NGOs community pose on MNCs for conforming their activities to certain standards and norms.

For example, Telenor and Novo-Nordisk two large Nordic MNCs earned legitimacy via collaboration with NGOs in Bangladesh (Rana, 2015). Telenor collaborated with Grameen Bank, an NGO which had gained high level popularity and reputation specially in the rural areas of Bangladesh where the bank was providing small loans to the people, and at the same it had strong networks with business society and civil society. Telenor benefited from the reputation and strong networks of Grameen Bank and thereby earned legitimacy when it started collaboration with the bank. Similarly, Novo-Nordisk benefited from the network capacity of its collaboration partner, the Bangladesh Diabetes Association (BADAS) and thereby enhanced its legitimacy.

Supporting Theory: This type of value creation and co-creation in an MNC-NGO collaboration is consistent with institutional theory and resource dependency theory and is characterized as Associational Value.

4.3 Values created for NGO

The primary reason for NGOs showing interests in collaboration with MNCs is finding new funding sources. Because of the nature of NGOs, that is mostly philanthropic, they depend on funding from donor organizations for supporting and running their operations. Other reasons for NGOs needing collaborative help from MNCs are manifested in the socio-economic development and global issues. Some social and development problems are such that require cross-sector collaboration, they are more complicated issues, thus, they could only be addressed by a combination of resources from both business and NGOs sectors because one sector alone cannot solve them. Traditionally MNCs and NGOs have always been creating economic and social value on their own without the need to collaborate with each other (Austin & Seitanidi, 2012) and they can continue to do so, however, there are situations where one of these organizations alone cannot create the desired value and would therefore need to seek collaboration from the other as evident in the collaboration cases. Being that said, NGOs have their eyes on much more than just earning new funding sources from collaborations with MNCs. The analysis of this thesis reveal that enhanced reputation, enhanced legitimacy, new funding sources, and solving social issues are the major values an MNC-NGO collaboration creates and co-creates for an NGO. These cited value creations are discussed one by one in detail below with examples and theoretical relevancy.

Enhanced reputation: As mentioned above, NGOs are always in search of new funding sources because their operations depend on the funding from donor organizations including MNCs, governments, as well as the people. Therefore, NGOs reputation matter a lot, the more positive and enhanced an NGO's reputation is, the more chances of getting funds from the donor organizations it will have. The analysis reveals that when an NGO joins an MNC in a successful collaboration project where they solve a social issue or create great value, the NGOs reputation within the realm of private sector increases. Even by the time the collaboration is established, the NGO becomes visible in the business community and known to other actors in the profit sector including MNCs. A prominent example of this is CARE International which has earned a positive and enhanced image in the eyes of not only organizations of profit sector but also other donor organizations, governments, people, and civil society actors. The reputation CARE International gained from one of its first collaborations with Cargill back in 1958 paved the way for many more collaborations with some of the most successful, visible and innovative corporations around the world e.g. Coca Cola, Starbucks, Amway, UPS, Delta Airlines, Johnson & Johnson, and Procter & Gamble (P&G) (CARE International Homepage, 2020).

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with institutional theory and resource dependency theory and is characterized as Associational Value.

Legitimacy: There is a general understanding that since NGOs consider themselves as guardians of public morals and representatives of civil society and are having humanitarian missions, they are having inherent legitimacy. But this notion is invalid in the eyes of profit sector enterprises that see NGOs as continues fund seekers. Profit sector actors want NGOs to demonstrate more accountability and remain tamer with the profit sector actors. Partnering with an MNC will therefore provide NGO with some sort of credibility in the eyes of private sector organizations and the NGO earns approval of the private sector indirectly as is evident in the cases of CARE International collaborations, GIZ collaborations, and DRC collaboration.

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with institutional theory and resource dependency theory and is characterized as Associational Value.

New funding sources: An important value creation of an MNC-NGO collaboration for an NGO is receiving new funds for supporting its philanthropic and development activities. As mentioned earlier, the primary reason why NGOs want collaboration with MNCs is to raise more funds because the survival of NGOs is dependent on funding from donor organizations. The findings of this research thesis show that MNCs donate funds to NGOs for a variety of different purposes, the most obvious motives include philanthropic, strategic, and resources exchange. But what is important to note is that once a donation takes place from an MNC to an NGO although it is completely a philanthropic move for MNC, the process of trust building and legitimation of NGO begin in the eyes of MNCs which paves the way for future broader collaboration projects. Take the case of CARE International-Cargill as an example, a charitable donation from Cargill to support CARE International's aid packages to families in the poverty hit countries started an association between the two partners that has continued for more than 60 years and the two partners have been conducting numerous collaboration projects. The collaboration started from a philanthropic move and have grown broader and deeper that has even become a model for how MNC-NGO collaboration can evolve (Barclay, 2019).

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with institutional theory and resource dependency theory and is characterized as Transferred-Assets Value.

Solving social issues: This specific value has various perspectives. From the perspective of MNC, it could be a social value for MNC which will generate economic value on a later stage. It improves MNCs CSR image. From NGOs' perspective, it is one of their core values that relates to their mission and vision. And for the society, it is an important value that the environment requires and expect from NGOs, MNCs, and governments. In the context of MNC-NGO collaboration, the benefits of solving a social issue is greater for NGO, of course solving a social issue provides MNC with some SCR benefits, but for NGOs solving social issues is part of their mission and vision and therefore it means a lot for their success and reputation. In sum, solving a social issue is benefited for all parties involved in an MNC-NGO collaboration directly or indirectly and it is also a great value for the environment. More discussion on solving social problems through an MNC-NGO collaboration will follow in section 4.4 (Values created for the environment) bellow.

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with institutional theory and resource dependency theory and is characterized as Interaction Value.

4.4 Values created for the environment

As discussed in the literature review, MNCs are under extreme pressure from NGOs specially in the developing and emerging markets to conform to standards, norms, and rules established by NGOs and other regulatory bodies. NGOs want MNCs to care for the environment, be socially responsible, and spend some portion of their income on their corporate social responsibility (CSR). MNCs have also realized that because of the complexity of social problems and the uncertainties in the emerging markets they will need collaboration from NGOs for their internationalization in the emerging market, their corporate social responsibility (CSR) activities and specifically for value creation and value co-creation. The findings of this research thesis document that the most obvious value creation and value co-creation that an MNC-NGO collaboration provides for the environment are reduction of emission, reduction of wastage and fossils, and solving social and environmental issues. These value creations are discussed below in detail and one by one with examples from empirical evidence and their relevance to theory.

Reduced emission and wastage: The analysis of this research thesis reveals that the outcome of some of the collaborations result in reduction of emission and reduction of wastages either directly or indirectly. Some collaborations that are established primarily to solve an environmental problem has a direct impact on the reduction of emission, while other collaborations that are established primarily for economic and profitability reasons may have an indirect impact on the society. For example if an MNC inter into a collaboration with NGO for a business reason such as making new product or service, or getting license from NGO etc, it will provide some fund to the NGO in exchange for the resources that the NGO allocates to the collaboration, and the NGO will then spend that capital on solving environmental issues resulting in the reduction of emission and wastages. Also, once a collaboration is established between an MNC and an NGO, the MNC will make efforts to make its activities more environmentally friendly because of its association with NGO who perceives itself as representation of the society. Example of the collaborations that directly resulted in reduction of emissions and reduction of wastages and fossils for the environment is the case of DRC-Grundfos collaboration which designed and installed solar-run water station providing potable water to the people and put an end to provision of water to the people by trucks where the trucks would stuck in muds and produce lots of emissions (DRC Press Department, 2019). Also, the wastages were incredibly high because of low level technicality in the provision of water by tankers. Also CARE International-Starbucks and Conservation International-Starbucks collaborations helped farmers harvest high quality coffee products that would be relatively easy to be processed by Starbucks resulting in low wastage and emission. This way, these collaborations had an indirect impact on reduction of emission.

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with institutional theory and resource dependency theory and is characterized as Interaction Value.

Solving social issues: As argued throughout this study, due to rapidly increasing globalization and the pace of rapidly increasing privatization of public services by governments, social problems have become more complicated and therefore require greater attention and the involvement of cross-sector actors. Some social and development problems are such that require cross-sector collaboration, they are more complicated issues, thus, they could only be addressed by a combination of resources from both private and NGOs sectors because one sector alone cannot solve them. Almost every MNC-NGO collaboration creates or co-creates social value directly or indirectly and it is because NGOs perceive themselves as representatives of the civil society and therefore make great efforts for value creation to the society in a collaboration with MNCs. For example, in DRC-Grundfos collaboration a social problem was solved, people in the Bidibidi refugee camp had difficulties finding potable water for their daily life and the collaboration resulted in designing and installment of four solar-run water stations that made quite easy for refugees and people of the community to have easy access to potable water (DRC Press Department, 2019).

Supporting Theory: This type of value creation in an MNC-NGO collaboration is consistent with institutional theory and resource dependency theory and is characterized as Interaction Value.

4.5 Discussion

This research identifies four stages of collaboration where the level of involvement of MNC and NGO in the collaboration differs from stage one stage to another. These stages are as follow: preliminary stage, cooperation stage, partnership stage, ownership (joint venture) stage. In the preliminary stage, MNC and NGO study each other's background, try to find each other's capabilities, share their expectations, and enter into discussion to set forth their future collaboration path. This is by far the most important stage because most of the MNCs today do not realize that NGOs could become their collaborator as they believe that NGOs are serving a totally different purpose and belong to a totally different sector.

However, once MNCs become aware of NGOs capabilities, their engagement with communities specially in the conflict zones and in emerging markets, and the resources that NGOs can provide to MNCs that can head off many troubles from MNCs and which can take MNCs off the hook in the emerging markets, MNCs realize that NGOs' collaboration could be an effective strategic move for them to improve their engagement with communities, create value in the emerging market, and improve their CSR. In the cooperation stage MNC and NGO begin cooperation, resources are exchanged between the two partners, contractual services begin, and the two partners engage in collaboration. In some cases, they move to partnership stage where the two sides become partners and collaborate on contractual bases. Ownership, the last stage, is more like a joint venture, this is the most advanced and grown form of a collaboration between MNC and NGO.

As mentioned earlier, the level of involvement is different in each stage as shown in table 4.5 below:

Table 4.5: MNC-NGO Collaboration various stages and the degree of involvement

Stages	Preliminary	Cooperation	Partnership	Ownership
Level of involvement	Network type	Cooperation	Participation in each other's activities, collaboration	Co-ownership
Interdependence	nil	*	**	***
Degree of collaboration	low	medium	Medium to high	high

Source: Self-made, insights adopted from literature review and cases.

As indicated in table 4.5, the level of involvement, interdependence, and degree of collaboration intensifies when the collaboration moves from stage to another. Value is created and co-created throughout several stages of collaboration (Herlin & Pedersen, 2013) and collaboration becomes more effective when the parties constantly think about and work for value creation.

As indicated throughout this thesis, MNC-NGO collaboration create multiple types of values (associational value, transferred resource value, interactional value, synergistic value/joint value) depending on the type of the collaboration, type and amount of resources the partners share, and the level of competency sharing in the collaboration. The specific values that MNC-NGO collaborations create and co-create are discussed above in section 4.2, 4.3, and 4.4 with examples from case and references to respective theories.

But although an MNC-NGO collaboration has the potential to create and co-create these values, which is also evident in the literature review, collaboration cases that are reviewed in this thesis, and the analysis of this paper in chapter four above, there are MNCs, managers, and academics that are still not aware of the feasibility of MNC-NGO collaboration.

NGOs role in informing the MNCs about collaboration opportunities and the importance of such collaborations has been great so far. For example, CARE International, Danish Refugee Council (DRC), and German International Cooperation (GIZ) are constantly trying to let MNCs know that NGOs have the potential and the resources that can help MNCs grab and utilize the opportunities in the emerging markets. Since some of the emerging market countries are going through difficult political situations like countries in the middle east such as Syria, Yemen, Iran, and Iraq, and countries in south Asia such as Afghanistan and Pakistan, security remain a big concern for MNCs in these countries and therefore MNCs will not prefer expanding their operation to these countries. But, despite the volatile political conditions and insecurity, NGOs are actively operating in these countries.

Therefore, NGOs might be able to help MNCs deal with these political instability and insecurity and go grab the opportunities out there in these countries. Current research studies have not investigated MNC-NGO collaboration in the conflict zones such as above-mentioned countries, except a few scholars who believe that MNC-NGO collaboration will be difficult in conflict zones than in safe zones (Kolk & Lenfant, 2012; Idemudia, 2017). So, there is a need that researchers also pay attention to researching the MNC-NGO collaboration in the context of conflict zones as well.

Chapter 5

Conclusion

5.1 Conclusion

The main purpose of this research thesis is to investigate how collaboration between multinational corporations (MNCs) and non-governmental organizations (NGOs) evolves and what benefits it provides to the MNC and NGOs and that what is in it for the society. Despite the fact that some multinational corporations (MNCs) may manifest lack of interest in seeking collaboration with non-governmental organizations (NGOs) and may consider NGOs as trouble makers as they think NGOs are only interested in asking for funds to spend it for their humanitarian purposes, there has been a considerable increase in MNC-NGO collaboration in the last two decades.

This research thesis reveals that NGOs can provide resources that can help MNCs with their internationalization in the emerging markets and with the process of creation and co-creation of value. Therefore, collaboration with NGOs in the emerging market remain very compelling for MNCs because NGOs bring a number of valuable resources to a collaboration with MNCs that can head off troubles for MNCs and help them smoothly internationalize to the emerging markets. With that being said, the collaboration will foster MNCs' legitimacy, reputational enhancement, trust, adaptation and integration in the emerging markets, and it will offset liability of foreignness (LoF) and reduce the effects of cross-cultural difference. These are all social and organizational values that are vital to the success of MNCs in the emerging markets which could be transformed into economic values later as MNCs continue to operate.

Similarly, the collaboration provides numerous social and financial benefits to NGOs. Likewise, the collaboration will bring about environmental values and solve some complicated social problems which require the efforts of cross-sector organizations because those are so complicated issues and beyond the ability of one sector alone to address (Yaziji, 2004; Austin, 2010). The analysis of this research thesis reveals that the creation and co-creation of social value and environmental value in an MNC-NGO collaboration will create economic value, and vice versa, immediately or on a later stage in the future (Austin & Seitanidi, 2012).

The findings of this research thesis and the literature review show that MNCs are better off collaborating with NGOs, because by collaborating with NGOs instead of avoiding them and neglecting them, MNCs can gain access to key strengths and resources of NGOs such as legitimacy, knowledge of social issues, awareness of social forces, strong networks with the society and other regulatory actors, technical expertise, and experience of working in the volatile conditions (Yaziji, 2004). This enables MNCs not only to avoid costly conflicts but also helps them gain access to the resources of NGOs and using them to gain competitive advantage. In the past MNCs were sceptical of collaboration with MNC, but over the last two decades MNCs-NGO collaboration have increased rapidly (Chatain & Plaksenkova, 2019; Austin, 2000) and many NGOs have now included collaboration with MNCs in their mission and vision. For example, Danish Refugee Council (DRC) has established a separate "business engagement" department for this purpose (DRC-Business Partnerships, 2020). Similarly, GIZ has launched a digital platform *"leverist.de"* which is a totally separate department through which GIZ informs MNCs about business opportunities in the emerging markets and thereby gets engaged in collaboration with MNCs (GIZ, 2020). Likewise, CARE International has made collaboration with MNCs one of its core objectives (CARE International Homepage, 2020).

The analysis of this research thesis reveals that MNC-NGO collaboration creates and co-creates multiple economic, social, and environmental values for MNC, NGO, and for the environmental. The values that the collaboration creates and co-creates for MNC includes *innovation capabilities, new products/services, new business models, new knowledge, skills development, easy market entry with reduced LoF and better adaptation, strengthening value chain, enhanced reputation*, and most importantly *legitimacy.* Similarly, the collaboration happens beneficial for NGO and provides a number of values for NGO such as *enhanced reputation, enhanced legitimacy, new funding sources, and solving social issues*.

Finally, the findings of this research thesis show that the outcome of MNC-NGO collaboration result in creation of several environmental values e.g. reduction of emission, reduction of wastage and fossils, and solving social and environmental issues. Lastly, this research thesis identifies a knowledge gap and future research need that is discussed in the proceeding section.

5.2 Reflections and Future Research

As indicated in the literature review (chapter two), MNC-NGO collaboration has not received enough scholarly attention yet as compared to other mainstream researches in social science. But still, comparing to two decade ago, the number of collaboration cases between MNCs and NGOs have substantially increased despite the limited number of researches. This is due to the efforts made by NGOs to attract the attention of MNCs towards collaboration with them and due to the pressure MNCs feel from the societies who are expecting them to take part in solving social issues.

Major research contribution on MNC-NGO collaboration comes from James Austin (Austin, 2000; Austin & Reavis, 2002; Austin, 2010; Austin & Seitanidi, 2012; Austin & Seitanidi, 2014). The theatrical perspective of this research thesis is mainly based on the work of Austin and there is a consistency between his work and the findings of this research thesis. However, Austin's work and the work of other scholars on MNC-NGO collaboration all lack one thing, and that is the sustainability perspective of MNC-NGO collaboration outcomes. This is a knowledge gap which needs scholarly attention. Majority of the researchers have focused attention on the motives of the MNC-NGO collaboration and the advantages i.e. value creation and value co-creation for MNC, NGO, and for the environment. Sustainability of the outcomes of the MNC-NGO collaboration has not been looked upon by the researchers, and only very limited literature discusses the disadvantages of the MNC-NGO collaboration (Vachani, et al., 2009). Therefore, researchers need to fill this knowledge gap and conduct researches on sustainability of the overall collaborations, the outcome of such collaborations, and the potential negative impact that the collaboration may have on MNC strategies, on NGOs, and maybe on the environment.

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