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A CONCEPTUAL FRAMEWORK OF GOVERNANCE: CORPORATE-THIRD SECTOR PARTNERSHIPS FOR CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

The ideas, rhetoric and ideologies about business practices being followed for undertaking Corporate Social Responsibility **(**CSR) have led tothe transformation of internal behaviour of the corporate sector and changed relationships of the corporate sector with external stakeholders including the state, the third sector and the social sector locally as well as globally.

The pattern and exercise of state authority is changing from government (rowing) to governance (steering) due to the increasingly complex, plural and fragmental nature of public policy implementation and service delivery in the twenty first century.

The concept of Third-Party Government as prevalent in developed nations like United States involves extensive collaboration of the national (federal) government with institutions like states, cities, counties, universities, hospitals, banks, corporations and others for the actual delivery of public services. In theabove collaboration the government shares a substantial degree of its discretion over the spending of public funds and the exercise of public authority with third-party implementers who include business and third sector organizations. This form of collaboration is yet to be acknowledged in developing countries like India incorporating plethora of social services to be delivered by the Government in order to cater the essential public services like education, health and other social services.

The paper attempts to provide an insight into above mentioned form of Governance of Government-Third Sector Partnerships for carrying out Corporate Social Responsibility. Moreover the CSR approach have changed from traditional to partnership mode, the study also makes an attempt to figureout a conceptual framework of governance of partnerships between corporate and third sector for CSR using exploratory method based on established facts.

KEYWORDS: Corporate Social Responsibility, Governance, Non-profit Organization, Third Sector Partnership

INTRODUCTION

“A new and theoretical CSR literature is emerging, which examines the reconfiguration of the roles and responsibilities of the corporate sector in terms of systems of global governance”**(Brenda Gainer)**. The focus of this literature is on the new role of business to provide public services, including social welfare to citizens as governments are unable to fulfil their traditional responsibilities of providing services to their citizens from ‘cradle to grave’. This new role of business organizations involve different social actors including national/regional governments and third sector organizations in partnerships and network arrangements for the creation of social value and the delivery of entitlements to the citizens. As corporations assume more and more of the traditional roles and responsibilities of governments in tandem with other relevant actors, third sector organizations are no longer being governed by government alone, but to some extent by the corporations also.

The pattern and exercise of state authority is changing from government (rowing) to governance (steering). The concept of Third-Party Government as prevalent in the United States involves extensive collaboration ofthe national (federal) government with various related institutions and others for the actual delivery of public services wherein the government shares a substantial degree of its discretion over the spending of public funds and the exercise of public authority with third-party implementers which include business and third sector organizations.Similar is the idea of the "Big society" developed in the UK whereintegration of the free market with social solidarity based on hierarchyand voluntarism has taken place to empower local people and communities.

Governance and in particular The New Public Governance is a product of and a response to the increasingly complex, plural and fragmental nature of public policy implementation and service delivery in the twenty first century. It exhibits both a *plural* state, where multiple interdependent actors contribute to the delivery of public services through network coordination, and a *pluralist* state, where public policy making involve multiple processes. The institutional and external environment enables and constrains public policy implementation and the delivery of public services within such a plural and pluralist system. In view of the ongoing globalisation process the nation state, corporations and third sector organizations operate beyond the boundaries of the state.

LITERATURE REVIEW

Defining Governance

As per Oxford English Dictionary, "Governance is the action or manner of governing i.e. of directing, guiding or regulating individuals, organizations, nations, or multinational associations-public, private or both in conduct or actions. It may also be defined as "the general exercise of authority" **(W. Michalski & Stevens, 2001)**, where authority refers to institutions, public or private or both for maintaining control and enforcing accountability. It also refers to changing boundaries between public, private, and voluntary sectors, and to the changing role of the state. **(Levi-Faur, 2012).**

Thus governance is a complex process and is context specific; there is no one 'ideal type' of governance rather there are forms of governance each highlighting context specific elements.

Governance Networks may be defined as "a horizontal articulation of interdependent, but operationally autonomous, actors from the public and/or private sector who interact with one another through ongoing negotiations that take place within a regulative, normative, cognitive, and imaginary framework; facilities self-regulation in the shadow of hierarchy; and contribute to the production of public regulation in the board sense of the term"**(Sorensen & Torfing, 2007)**.

Governance refers to the interaction processes taking place among various actors within such networks with the following characteristics **(Koppenjan & Klijn, 2004)**.

- Strong focus on the inter-organizational dimension of policy-making and service delivery with interdependencies of organizations in achieving such aims.
- Horizontal types of steering for stimulating cooperation and support by societal actors for a common

cause/objective.

- Participation of societal actors with their diversified knowledge leading to innovative policy formulation and public services delivery.
- Initial involvement of societal actors, stakeholders and citizens' groups to enhance the democratic legitimacy of decisions.

FORMS OF GOVERNANCE

Governance as Corporate Governance

Corporate governance refers to "the system by which organizations are directed and controlled. The role of governance is not concerned with running the business of the company per se, but with giving overall direction to the enterprise, with overseeing and controlling the executive actions of management and with satisfying legitimate expectations for accountability and regulation by the interests beyond the corporate boundaries. All companies need governing as well as managing. All organizations must strive for openness or the disclosure of information; integrity or straightforward dealing and completeness; and accountability i.e. holding individuals responsible for their actions by a clear allocation of responsibilities and clearly defined roles"**(Rhodes, 1997)**.

*The concept of strategic corporate social responsibility is integral to corporate governance. Partnerships with government and voluntary sector agencies can help business organizations to play a role in provision of public services and indulge in social marketing of public services especially at the community level. In particular, for-profit sector agencies can undertake cause related marketing by fostering partnerships with those voluntary organizations which have clean image and a brand of their own***(Taylor, 2010)**.

The New Public Governance (NPG)

The NPG is a product of and a response to the increasingly complex, plural and fragmental nature of public policy implementation and service delivery in the twenty first century. It exhibits both a *plural* state, where multiple interdependent actors contribute to the delivery of public services through network coordination, and a *pluralist* state, where public policy making involve multiple processes. The institutional and external environment enables and constrains public policy implementation and the delivery of public services within such a plural and pluralist system. As a consequence of these two forms of plurality, its focus is very much upon inter-organizational relationship and upon the governance of processes, stressing service effectiveness and outcome that rely upon the interaction of Public Sector Organizations with their environment. "*The central resource-allocation mechanism is the inter-organizational network, where accountability needs to be negotiated at the inter-organizational and inter-personal level within these networks*"**(Osborne & Kaposvari, 1997)**.

Core Elements of NPG

- **Co-Production:** Concept coined by Elinor Ostrom is "the mix of activities that both public service agents and citizens contribute to the provision of public services. The former are involved as professionals, or 'regular producers,' while 'citizen production' is based on voluntary efforts by individuals and groups to enhance the quality and/or quantity of the services they use".
- **Co-Management:** Involves participation of the voluntary sector alongside public and for-profit actors in

managing the growing complexity of delivery of diverse mix of publicly financed services.

- **Co-Governance:** Involves participation of third sector along-with public and private actors in decision making and planning of public services.
- However, it should be noted that these three concepts are not mutually exclusive. We can expect to find different patterns of cooperation between the public and third sector, both in different service sectors and indifferent countries. Thus, there exists both co-production and co-management in preschool services in France and Germany, but only co-production in Sweden **(Brandsen & Pestoff, 2006).**

Relational Governance (RG) is an approach that focuses on interactions among the public sector, civil society, the business sector, concerned citizens, and other actors on issues of societal concern. It emphasizes inter-organizational networks, collaboration and a broad range of policy tools. Various elements of RG *inter-alia* are: **(Rutzen, 2007).**

- **Relational Contracting**: emphasizes on working towards common goals, promoting communication and flexibility in problem solving and developing trust on a continuous and long term basis rather than focusing on narrowly meeting the terms of pre-specified "deliverables".
- **Relationship Marketing (RM): "**acknowledges that sustainable competitive advantage increasingly requires collaborative activity rather than rivalrous competition" **(Sharma & Patterson, 1999)**. RM has been defined as "an organization engaging in proactively creating, developing, and maintaining committed, inter-active and profitable exchanges with selected customers over time". **(Harker, 1999).**
- **Relational Capital** (RC): has been defined as the level of mutual trust, respect and friendship that arises out of close interaction *at the individual level* between alliance partners. The key insight is to focus upon the import of *individuals and individual relationships and their interaction with the organizational level of relationships.* "As partnerships are fraught with hidden agendas driven by the opportunistic desire to access and internalize the partner's core proprietary skills, the relational capital creates a mutual confidence that no party to an exchange will exploit others' vulnerability even if there is an opportunity to do so. This confidence arises out of the social controls that relational capital creates" **(P. Kale & Perlmuttur, 2000).**

VOLUNTARY/THIRD SECTOR ORGANIZATIONS

Voluntary/Third sector refers to the diverse mix of associations that occupy the organized part of civil society. The main characteristics of such organizations are: existence of free association for coming together of members, serving a public benefit, are self-governing, and do not distribute profits to owners or stakeholders.

The non-distributional constraint relating to the financial surplus of voluntary organizations makes dependence of government/community on them more logical and trustworthy. However, to keep trust of non-profits among the public, regulation of non-profits/voluntary sector by the government through appropriate legislation and 'self-regulation' by the government and voluntary sector is required.

Third sector organizations (TSO) serve the following functions:

- They can easily be integrated into partnership arrangements because of their multifunctional nature being based on more than single rationale or mode of operation.

- TSOs are partners in public policy formulation and implementation at every level of governance. At the local level of governance, they are primarily involved in the *coproduction* of services. They are also active in lobbying and advocacy activities at the regional and national levels of governance.
- Governance and, in particular, the notion of “good governance” are strongly linked to partnerships in the sense of non-hierarchical coordination, peaceful conflict resolution, and efficient and effective policy-making. In governance arrangements, TSOs provide avenues for civic participation and contribute significantly to the legitimacy of democratic regimes.

BUSINESS MODELS FOR NON-PROFIT/THIRD SECTOR ORGANIZATIONS

Voluntary/Third Sector organizations providing public services in partnerships with government and corporate agencies operate along business models falling into three categories viz. ‘leveraged non-profit’ (model 1), the ‘hybrid non-profit’ (model 2), and the ‘social business’(model 3) **(Elkington & Hartigan, 2008)**. All models use different means to address market failure as they create public goods and servicesby adopting unique leadership, management, and fund-raising styles.

Model 1: Leveraged Non-profit ventures

The following characteristics are typical of most model 1 enterprises:

- “A public good is being delivered to the most economically vulnerable, who do not have access to, or are unable to afford, the service rendered.
- Both the entrepreneur and the organization are change catalysts, with a central goal of enabling direct beneficiaries to assume ownership of the initiative, enhancing its longer-term sustainability.
- Multiple external partners are actively involved in supporting (or are being recruited to support) the venture financially, politically, and in kind.
- The founding entrepreneur morphs into a figurehead, in some cases for the wider movement, as others assume responsibilities and leadership”.

Example-Bunker Roy and Barefoot College
Bunker Roy founded Barefoot College, an Indian organization that has had a huge impact in defining and driving what Roy calls the “barefoot” approach to development. This approach rests on the idea that anyone can become anything, from an architect to a solar engineer, without formal education. So Barefoot College set out to leverage local skills and capabilities.

Model 2: Hybrid Non-Profit Ventures

Innovation takes place in each of the three models, but the hybrid non-profit business models indulge in most experimentation. Hybrid enterprises, model some of the novel forms of social and environmental value creation which is central to business success and sustainability. Their main characteristics include the following:

- “As with model 1 ventures, goods and/or services are delivered to populations that have been excluded or under-served by mainstream markets, but the notion of making (and reinvesting) a profit is not totally out of the question.
- Sooner or later, the founding entrepreneur, or his or her team typically develops a marketing plan to ensure that the poor or otherwise disadvantaged can access the product or service being provided.
- The enterprise is able to recover a portion of its costs through the sale of goods and services, in the process often identifying new markets.
- To sustain activities and address the unmet needs of poor or otherwise marginalized clients, the entrepreneur mobilizes funds from public, private, and/or philanthropic organizations in the form of grants, loans, or, in rare cases, quasi-equity investments.
- As mainstream investors and businesses enter the picture, even when they are not seeking mainstream financial returns, they tend to push hybrid non-profit ventures to become model 3 social businesses, to ensure access to new sources of funding, particularly capital markets. This may be warranted in some cases, but it risks refocusing activities to the point where the poorest will no longer be served”.

Example- The Aravind Eye Care System

The Aravind Eye Care System based in India, has pioneered a sustainable model that follows the principle that large-volume, high-quality, and community-centric services can result in low-cost and long-term viability. By charging wealthier patients more and poorer patients less, it has developed a sustainable hybrid business model. This success has been achieved without diluting poor patients’ quality of care. As a result of the unique fee system and effective management, Aravind is able to provide free eye care to the majority of its patients.

Model 3: Social Business Ventures

Model 3 ventures are set up as for-profit businesses from the outset, though they tend to think about the question of what to do with any profits very differently than mainstream businesses. The main characteristics of people and enterprises operating in this zone include the following:

- “The entrepreneur sets up the venture as a business with the specific mission to drive transformational social and/or environmental change.
- Profits are generated, but the main aim is not to maximize financial returns for shareholders but instead to financially benefit low-income groups and to grow the social venture by reinvestment, enabling it to reach and serve more people.
- The entrepreneur seeks out investors interested in combining financial and social returns.
- The enterprise’s financing, and scaling opportunities can be significantly greater because social businesses can more easily take on debt and equity”.

Balancing such a venture's social mission and its financial sustainability may create internal tensions. The founding entrepreneur is required to exercise a strong leadership role. **Social businesses are significantly easier for mainstream businesspeople to understand and to develop partnerships with.** This also facilitates these organizations' access to capital markets, a window that's closed for philanthropy dependent entrepreneurs.

The best-known social businesses are to be found in the area of microfinance, including the Grameen Bank and BRAC in Bangladesh, SKS Microfinance and Basix in India, and Action and Finca in the United States.

DEFINING PARTNERSHIPS

Th**e (OECD, 1990)**has defined partnerships as "System of formalized co-operation, grounded in legally binding arrangements or informal understanding, co-operative working relationships, and mutually adopted plans among a number of institutions. They involve agreements on policy and program objectives and the sharing of responsibility, resources, risks and benefits over a specified period of time".

(Miller, 1999) "Effective partnerships can be expected to generate; information sharing; improved communication; a better understanding of what each stakeholder can offer; the avoidance of duplication and inefficiencies; and the identification of opportunities for effective sharing of resources".

Partnerships also facilitate innovations through coming together of different stakeholders from different policy perspectives by sharing of ideas, expertise and practice and minimization of risks, pooling of resources and synergy lead to reduction in operational cost, information sharing, improvement in communication.

The limitations of partnerships include conflict over goals and objectives of the participant organizations and individuals belonging to them with those of partnership. The fixation of accountability is very difficult as there is no centralized control or hierarchy. All participants of partnership are equal. The organizational forms of partnerships also pose difficulties. Power relations need to be continuously negotiated for rules and processes to be followed. Participation of community remains minimal. Partnerships are key instrument of local governance.

DEFINING CORPORATE SOCIAL RESPONSIBILITY (CSR)

(Davis, 1973)defined "CSR as 'the firms' consideration of and response to issues beyond its narrow economic, technical, and legal requirements in order to accomplish social benefits along with the traditional economic gains which the firm seeks." **(Wood, 1991)**points out that there is a strong sense of obligation or duty among some firms and managers to help solve problems they create or problems related to their activities. **(Shaw & Post, 1993)**say firms have a moral obligation to behave in a socially responsible manner. This viewpoint became popular in the 1970s as business was considering how to react to urban unrest in the United States **(Hall, 1997)**. More recently, the social-responsibility theme has resurfaced in the discussion of sustainable development and social justice **(Whiting & Bennett, 2001)**.

CSR may be conceived as a 'corporate movement' consisting of ideas, rhetoric and ideologies about business practices to be followed which have an acceptance not only across the corporate sector but also among various stakeholders who impact such business practices and/or in turn get affected by them. Obviously, such an approach calls for taking up new role for the corporate sector and also a major readjustment in the roles of responsibilities of the other sectors especially the third sector. It will also lead to transformation of internal behaviour of the corporate sector and changed relationships of the corporate sector with external stakeholders including the state, the third sector and the social sector locally as well as globally. In particular, the boundaries of engagement between corporate and the third sector in carrying out similar economic activities is 'blurring'.

"The term '***philanthrocapitalism***' was coined to describe a widespread belief among business people, and increasingly among governments, individuals, and third sector leaders, that business models and methods can produce not only economic wealth but social welfare and additionally, that business is superior to the public sector and civil society in creating social value and enhancing the public good" **(Edwards 2008)**. Such an approach may lead to the development of well coordinated ideas and principles which have wide spread applications not only across entire corporate sector but also in society globally. The coming up of social enterprises and venture philanthropy and other market models like micro-finance and fair trade businesses are reflections of this wider phenomenon.

The main challenge of CSR to the third sector lies in the different set of priorities and values with which the corporate sector approaches the third sector. These approaches by the corporate sector have the potential to not only cause convergence and 'overlap' with the third sector but may sometimes lead to conflict with their mission goals.

RATIONALE FOR CORPORATE-THIRD SECTOR PARTNERSHIPS

Market/Government/Contract failures pose serious challenges for public policy formulation and implementation related to public services delivery in a democratic welfare state. These failures call upon the corporations to take on new roles in coordination with other relevant actors which use to fall previously in the domain of the governments. This process is further accentuated as corporations and governments increasingly operate in a globalised world. Also, the limitations of the 'corporate form of governance' make room for the nonprofits to play a new role in public services delivery either separately or in partnerships with governments, other actors and corporations.

Market Failure

"Providing collective goods like national defence or clean air, exclusively through the market will result in their short supply since few consumers will volunteer to pay for products they could enjoy without having to pay. This phenomenon is referred to as 'free rider' problem. With market demand low, producers will produce less of these goods or services than the public really needs and wants leading to market failure. Since government can tax people to produce collective goods it can overcome this market failure" **(Salamon, 1995)**.

Contract Failure:

"For some goods and services, such as care for the aged, the purchaser is not the same as the consumer. In these circumstances, the normal mechanisms of the market, which involve consumer choice on the basis of adequate information, do not obtain. Consequently, some proxy has to be created to offer the purchaser a degree of assurance that the goods or services being purchased meet adequate standards of quality and quantity. The non-profit form, in this theory, provides that proxy. Unlike for-profit businesses, which are motivated by profit and therefore might be tempted to betray the trust of a purchaser who is not the recipient of what he buys, non-profit firms are in business for more charitable purposes and may therefore be more worthy of trust".

Government Failure:

"Government too has certain inherent limitations as a producer of collective goods. In a democratic society it will produce only that range and quantity of collective goods that can command majority support. Inevitably, this will leave some unsatisfied demand on the part of segments of the political community that feel a need for a range of collective goods but cannot convince a majority of the community to go along".

Voluntary Failure

The "voluntary failures" may be due to the following:

- Philanthropic Insufficiency results from inability of the voluntary organizationto generate resources on a scale that is both adequate enough and reliable enough to cope with the human service problems.
- Philanthropic Particularism is the tendency of voluntary organizations and their benefactors to focus on particular subgroups of the population, which is one of the purported strengths of the voluntary sector. But particularism and the favoritism that inevitably accompanies it, leave serious gaps in coverage and also contribute to wasteful duplication of services.
- Philanthropic Paternalism vests most of the influence over the definition of community needs in the hands of those in command of the greatest resources. Thus the preferences of wealthy members get precedence over the requirements of the community as a whole. As a consequence, some services favored by the wealthy, such as the arts, may be promoted, while others desired by the poor are held back.
- Philanthropic Amateurism is the association of voluntary organizations with amateurs (untrained people) to cope with human problems.

CHALLENGES FACED BY THE NONPROFITS

- The rising costs of providing services, staffing, severe competition for ever decreasing donations and grants and entry of new competitors in the social sector like for-profit organizations have forced the non-profits to diversify their revenue streams by pursuing aggressive marketization of their products and services and also to enter into partnerships with government and business agencies for achieving their mission related goals.
- Though non-profits have advantages of tax concessions, availability of voluntary labour, access to in-kind donations and supplier discounts which help them to cover their start-up costs and capital investments while operating in commercial markets yet these advantages alone cannot ensure profitability and sustainability.
- Many non-profits lack business-specific organizational skills, managerial capabilities and capacities which inhibit them to succeed in competitive markets. In order to tide over these deficiencies nonprofits can form alliances with for-profit companies to provide complementary skills and training in business methods.
- With the spread of for-profits and governmental agencies in the social sector the need of the hour for the non-profits is to create a new culture that blends commercials values with the traditional philanthropic principles that drive their organizations. Also, they must work with key stakeholders to build understanding of and support for commercial activities.
- In order to improve their mission-related performance, the non-profits must strive for strategic and structural innovation.

Limitations of Business Methods

A business organization comes into existence for profit maximization and work continuously towards increasing shareholders value. Though business methods have been successful in making a business organization economic, efficient and effective but it fails to address market failure and societal problems on its own due to its focus on intra-organizational approach, management by objectives, performance controls, target fixing and contradiction between competition and steering. Thus business organizations will need to address these challenges when they participate in inter-organizational collaborations and partnerships as reflected in network form of governance.

With the interpretation of the established facts it is clear that neither a business organization nor a voluntary/third sector organization alone can provide public goods and services to the deprived citizens of a democratic welfare state either due to certain limitations of existing business models or the government failure. Therefore, corporate-third sector partnerships, appropriately, regulated qualifies as one possible solution for filling up these gaps.

TRADITIONAL MODE OF CSR

"Traditional mode of CSR has been driven by the moral imperative to helpknown as corporate philanthropy. Corporate philanthropy is motivated by moral responsibility for the welfare of others through voluntary giving and is associated with the idea of a gift and donation freely given, from an individual or a corporation to a third sector organization in order to support the mission-based work of that organization"**(Eikenberry, 2009)**.

A corporate donation is offered for the creation of the 'public good' and 'social value' as opposed to the production of 'private benefits' so as to qualify governments' use of tax incentives in order to encourage corporate philanthropy.

The classic corporation-third sector organization relationship such as Sponsorship and CRM, is at best described as buyer-seller relationship, continue to be 'arms-length', wherein each party retains independent control of its operations, management, governance, and goal-setting. The obligations of both sides to provide value are specified contractually.

"Previous corporate approaches to CSR have also been characterized as attempts by badcorporations to throw money at good NGOs to neutralize negative public opinion about the ethics of business" **(Kramer & Kania, 2006)**.

CORPORATE-THIRD SECTOR PARTNERSHIPS FOR CSR AT A GLANCE

Partnerships may be conceived of a form of inter-sectoral interaction to which the "business case" approaches applies and is a key element of the current CSR approach to third sector relationships. Corporate joint ventures are plagued by conflicts stemming from differences in power; values, and culture; so are these partnerships.

Though such conflicts sometimes results in the micromanagement in the traditional independence of third sector operations because of superior power of corporates, yet NGOs have gotadvantages of the improvements to efficiency and sustainability that has been derived from adoption of business practices into their operations. Partnerships provide not only resources in terms of improved management systems and structures but also the opportunity to receive more volume of money as compared to previously available for NGOs work.

"Partnerships have led to the evolution in the strategic relationships between corporations and third sector organizations wherein corporations engage in the co-creation of social value with third sector organizations. These types of social alliances are more akin to a corporate joint venture”**(Austin, 2000)**.

Key difference between the traditional and new partnering approaches is that:

The traditional approachinvolves a buyer-seller relationship in which the task of acquiring enhanced reputation is given to a third sector organization, whereas the latter posits a joint venture relationship in which the corporation is directly involved in creating its own reputational benefits.

DEFINING STRATEGIC CSR

The *strategic approach to corporate social responsibility* is the notion of a market exchange, as opposed to pure altruism, though notions of duty and the responsibility of corporations to engage in social issues persist as an important motivation. “The cost-benefit analysis ensures that profits are not being diverted from share holders but are being invested with the expectation of creating measurable returns on investment for the company”**(Adler, 2006)**.

Cause-Related Marketing -a Strategic form of Partnership

Cause-related marketing (CRM) is “the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives” **(Varadarajan & Menon, 1988)**. Cause-related marketing partnerships are entered into by non-profits and profit oriented firms due to non-profit organizations increased need for funds and for-profit enterprises need for greater differentiation from their competitors, better image and brand creation and increased profits. The Accounting convention will follow the conventional approach of Income and Expenditure statement wherein the inclusion of social value addition over financial value addition will lead to expanded value added statement (EVAS) probably with modification and classification summarized into accounting statements with under different heads of intangible assets and liabilities.

A corporation does not regard cause- related marketing to be a philanthropy. Such marketing programmes are financed out of company’s marketing budget rather than from corporate giving or community relations budget. Under such partnerships the TSOs should not consider themselves as charities but as true partners in the marketing effort. They approach such alliances with ‘bottom line’ mentality. They will assess their organizations’ strengths and weaknesses and understand exactly how their organizations can add value to for-profit partners. They will investigate many companies and identify those that stand to gain the most from an alliance. And they will take an active role in shaping a partnerships and monitoring its progress at every stage.

Transactions-based promotions involve donations by a corporation of specific amount of cash, food, or equipment in direct proportion to sales revenue-often up to some limit-to one or more non-profits.

In a partnership involving joint issue promotions, a corporation and one or more non-profits agree to tackle a social problem through tactics such as distributing products and promotional materials, and advertising. Money may or may not pass between the corporation and the non-profit.

A third kind of cause-related marketing alliance is the licensing of the names and logos of non-profits to corporations in return for a fee or percentage of revenues.

Non-profits are exposed to following risks while entering such partnerships:

- Devoting more time on cause related marketing at the cost of other activities like fund raising, educating people, building other alliances.
- Reducing donations by traditional donors.
- Dominance of corporation's goals and outcomes compared to those of non-profit partner.
- In the age of flow of information through internet globally, a tainted corporate partner may harm image/brand value of non-profit partner irreparably leading not only to non-fulfillment of its mission but also its very existence.
- Values and strategies of corporate partner may conflict with a non-profits image and strategy. In such situation the non-profit organization may like to look for new alliances.

Following Strategies May Be Employed to Mitigate above Mentioned Risks:

- For making the partnerships successful the corporation and the non-profit must enable the other partner to achieve both the individual goals as well as that of partnership.
- Generation of 'relational capital' i.e. clear communication, frequent interactions, building trust based long term relations among partners should be the core strategy for the success of 'Cause-Related Marketing Partnerships'.
- Relational contracting which emphasizes on working towards common goals, promoting communication and flexibility in problem solving and developing trust on a continuous and long term basis rather than focusing on narrowly meeting the terms of pre-specified "deliverables" should be preferred to the traditional mode of contracting.
- Relational marketing which acknowledges that sustainable competitive advantage increasingly requires collaborative activity rather than rivalrous competition need to be imbibed.

A Conceptual Model of Governance: Corporate-Third Sector Partnerships for CSR

Traditional Mode of CSR

1. Driven by the moral imperative 'to help' leading to corporate philanthropy
2. Free gifts/donations by corporations to support the mission-based work of non-profits
3. Governments use tax incentives to encourage corporate philanthropy
4. No direct service to corporation in exchange for its gift apart from enhancing its reputation and status benefits
5. The traditional buyer-seller relationships, such as sponsorship and CRM, operate at "arms-length," and ensure independence of operations, management, governance, and goal-setting in respect of each party.
6. The obligations of both sides to provide value are specified contractually
7. Sometimes "bad" corporations throw money at 'good" NGOs to neutralize negative public opinion about the ethics of business

Governance of Corporate-Third Sector Partnerships for CSR

1. The institutional failure of governments to provide all its citizens their entitlements have made corporations increasingly responsible for filling roles formerly held by the governments especially in network systems of global governance. This has resulted third sector partners being governed by both governments and to some extent corporations
2. "Business case" approaches applies to corporate-third sector partnerships for CSR
3. Corporation takes a direct hand in creating its own reputational benefits and brand equity which may lead to goal displacement of non-profit partner
4. The notion of a market exchange, as opposed to pure altruism, dominates the core of the relationship between corporate and third sector partnership
5. The traditional arms-length relationship gets distorted. Power differentials with respect to resources and organizational capacity, coupled with differences in interests and values has weakened the ability of third sector organizations to set their own goals and deploy their resources to achieve them
5.Where the TSOs have adopted business sector techniques in their management, operations and training leading to hold them sufficient supplier power in terms of information, reputation, distribution, or other necessary inputs, a corporate-third sector partnership dominated by the third sector has developed
7. Strategic CSR consists of CRM based on transaction based promotion, joint issue promotions and licensing of the name and logos of non-profit partners

CONCLUSIONS

The study interprets that the nature of the transactions between corporate and third sectors in respect of CSR has changed. Traditionally, donations and payments for advertising were based on arms-length exchange relationships in which internal processes related to management, governance, and mission of both the partners used to operate independently. As partnerships develop on the business model as 'joint venture' and the corporations increasingly take on roles traditionally held by the government, the power differentials with respect to resources and organizational capacity and differences in their interests and values, have led the most powerful player "govern" the other members of the partnership.

The corporations think "Business Management" techniques superior to those of the third sector there by resulting in loss of corporate trust in the third sector. As a result, joint management of projects funded by corporate revenues is being imposed on third sector partners so as to pursue the corporate goals for social performance and results. In contrast, where the third sector organizations adopt business techniques in their management, operations and training, this gives them sufficient supplier power in terms of information, reputation, distribution and other necessary inputs which lead to the development of corporate-third sector partnership dominated by the third sector organizations. In terms of governance, in theory; partnerships mean that both parties become accountable to each other, however; in practice this acts as an adversity against the weaker partner. The corporations are increasingly dictating as to how their deployed funds are to be spent by third sector partner. This practice blocks the ability of third sector organizations to support their core operations or cross-subsidize mission-based activities through project funds. Further, it has also weakened their ability to set their own goals and deploy their resources to achieve them. As such, the focus on the traditional roles of third sector organizations like advocacy, community organization, political opposition, and the creation of social capital appears to be declining.

It is recommended that Cause Related Marketing (CRM) should incorporate Relational marketing, Relational contracting and generation of Relational capital in their functioning so as to attain goals of individual partners as well as those of partnership.

Scope for Further Research

To explore what type of ‘Regulatory Framework’ needs to be developed for governing corporate-third partnerships to undertake CSR?

To analyze how to use the expanded value added statement (EVAS) as an accounting methodology to reflect social value creation by the partnership method?

To explore whether corporate trust in the third sector modeland its methods areeroded? Which may also lead to erode trust in the traditional third sector among individuals/volunteers?

To analyze how are ‘values’ inside third sector organizations changing in response to the values of the CSR movement based on partnerships?

An empirical study can be done for prospective model development defining the role and responsibilities of the third sector in emerging governance systems.

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