



# Corporate Social Responsibility and Public Private Partnerships in International Development Cooperation

## Evaluating the Impact of Corporate Motivations

**Lena Hohfeld**

Institute of  
Development and  
Agricultural Economics



Leibniz  
Universität  
Hannover

# Introduction

Partnership as a major theme in development cooperation

→ Various programs for Public Private Partnerships (PPPs) of development agencies

Companies include social and environmental concerns into their operations

→ Corporate Social Responsibility (CSR)

# Example: Corporate Social Responsibility

which underpin our ethical approach to business and the environment.

You can also find additional information and announcements on our Latest News pages.

## *Fish for Life: Sustainable Fisheries*

Policies relating to sustainable fishing practice around the world, best practice in aquaculture, ethical seafood sourcing and the conservation of the marine environment. **Click on a policy below to view...**

-  **Whaling - our view**
-  **Fish Farming**
-  **Fish for Life: Sustainable Fisheries**
-  **The Environment and Emissions**
-  **Cod from the Baltic**
-  **Discards**
-  **The Canadian Seal Cull**
-  **Prohibition of purchases from FAO Area 34 (West Af**
-  **Bottom (Benthic) Trawling**
-  **Responsible Aquaculture: Farmed Salmon**
-  **North Sea Cod**
-  **Our Position on Illegal Fishing**
-  **Responsible Aquaculture: Warm Water Shrimp Farming**
-  **Barent's Sea Cod**
-  **Ten Principles for Responsible Fish Procurement**



www.youngsseafood.co.uk



## Example: Public Private Partnership

- Project for improving labour conditions at suppliers in China, Bangladesh, Thailand
- Innovative: Improvement not by audits, but by dialogue



gtz

Tchibo

# Research Questions

Which possibilities and limitations for development do these concepts have?

Which impact does the motivation of the company have?

# Outline

- Methodology
- Concept of Corporate Social Responsibility
- Concept of Public Private Partnerships
- Criteria for Evaluation of Public Private Partnership Programmes

# Methodolgy

## Data Basis:

- Description of 9 PPP programmes by the development agencies, identified by internet research in 2008
- Interviews with development agencies, conducted in 2008
- Project portfolios of 4 PPP programmes
- Case study on Corporate Social Responsibility and Public Private Partnerships in fisheries

# Concept of Corporate Social Responsibility

## Definitions

- “voluntary integration of social and environmental concerns into business operations”

European Commission: 2001

- orientation towards stakeholders and the triple bottom line of sustainable development.
- overlapping of CSR projects and development objectives  
→ supported by development agencies.

# Concept of Corporate Social Responsibility

## Motivation

### Strategically motivated

- to maximize benefits by the business case
- assumes a positive correlation of social activities and long-term profits

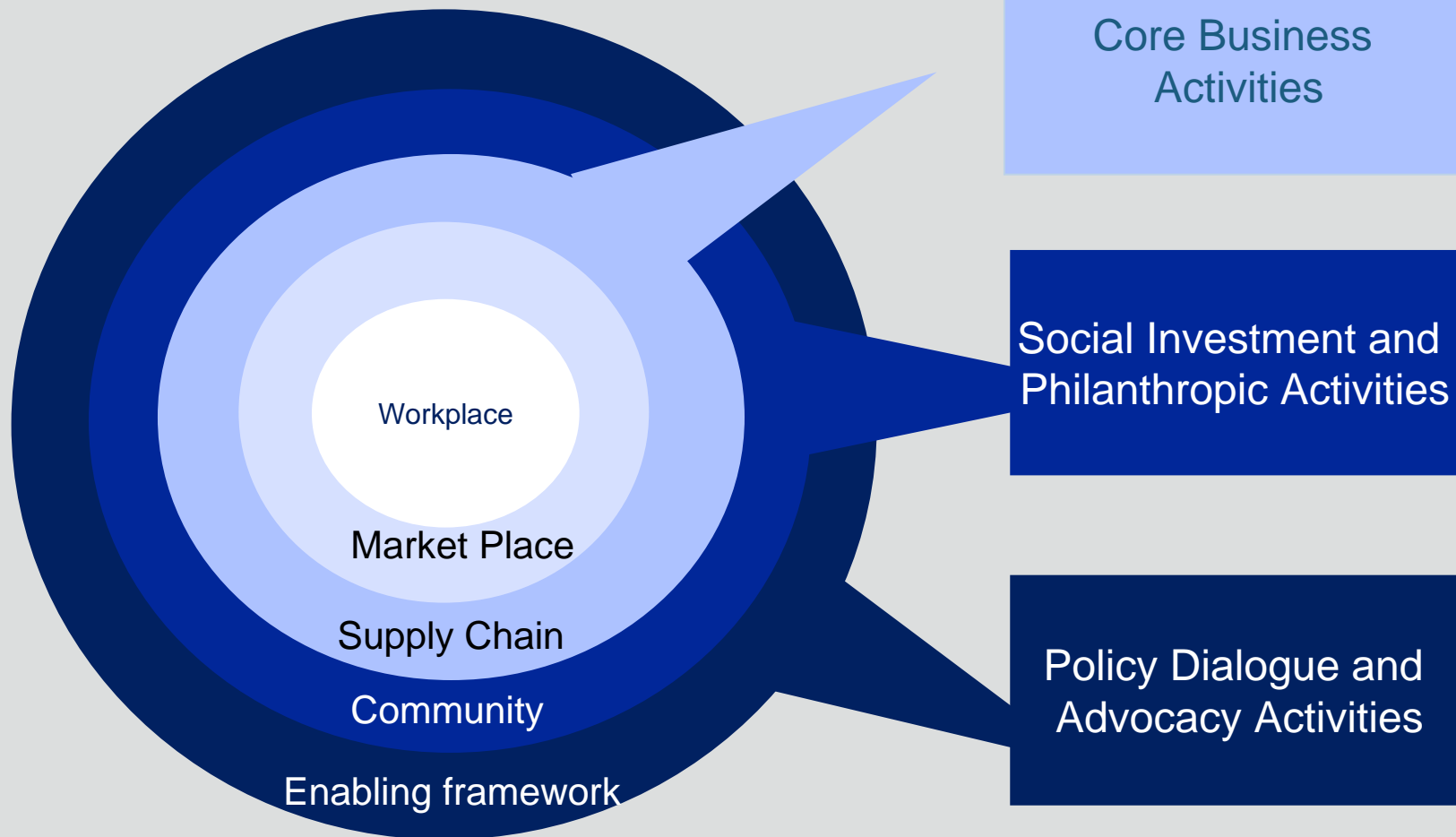
### Or motivated by altruism

- expenses are not connected to the benefits for the company

### Motivations not always clearly separable

# Concept of Corporate Social Responsibility

## Implementation



Nelson, Prescott: 2003

# Concept of Public Private Partnerships

## Definition

- cooperation between public and private actors
- joint development of products and services
- sharing of risks, costs and resources

Van Ham, Koppenjahn: 2001

- used in various areas, increasingly also adopted for development
- development agencies have launched partnership programmes, characterized by different motivations, contents, purposes

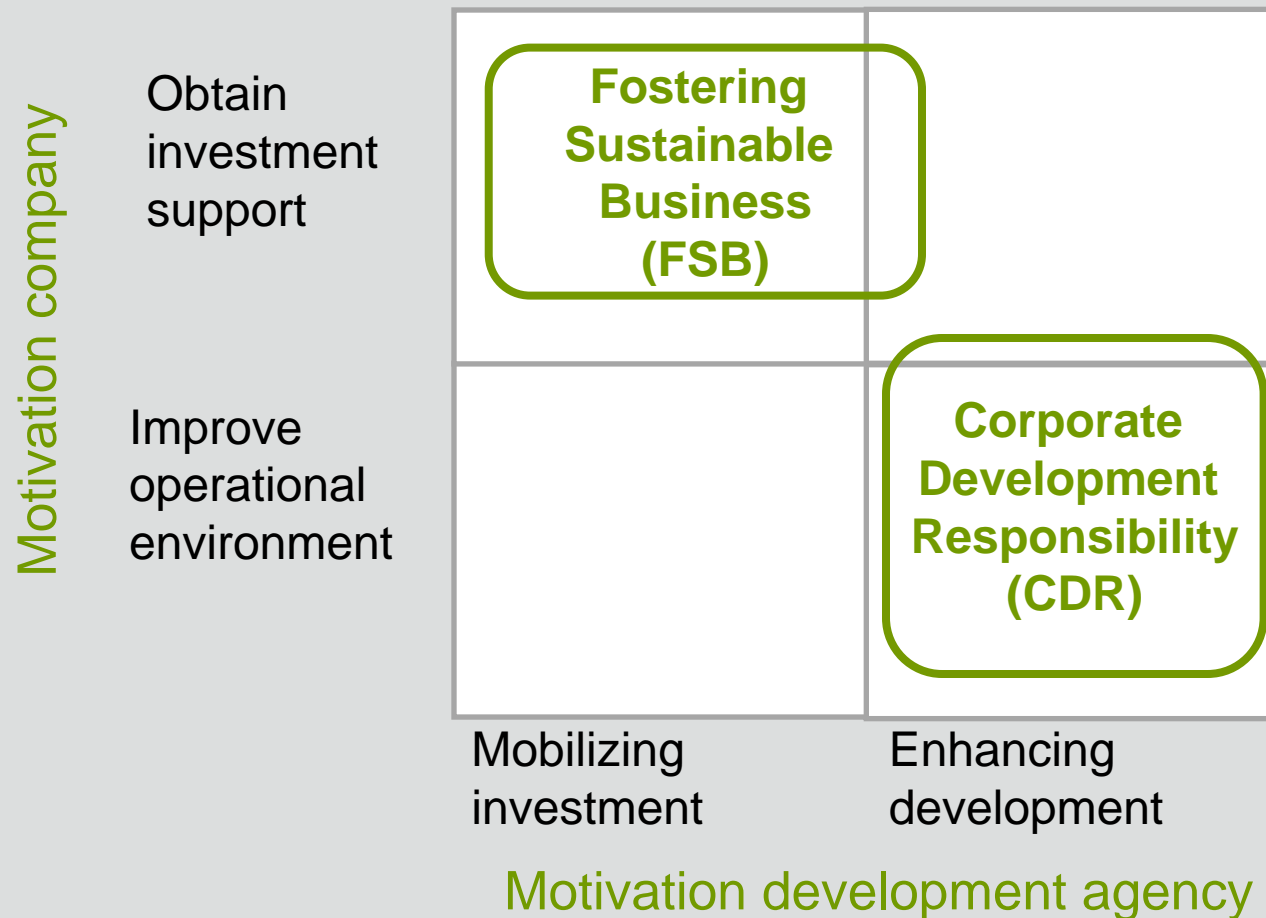
# Criteria for Evaluating PPP Programmes

## I. Classification building on motivations

Binder et al.: 2007

# Concept of Public Private Partnerships

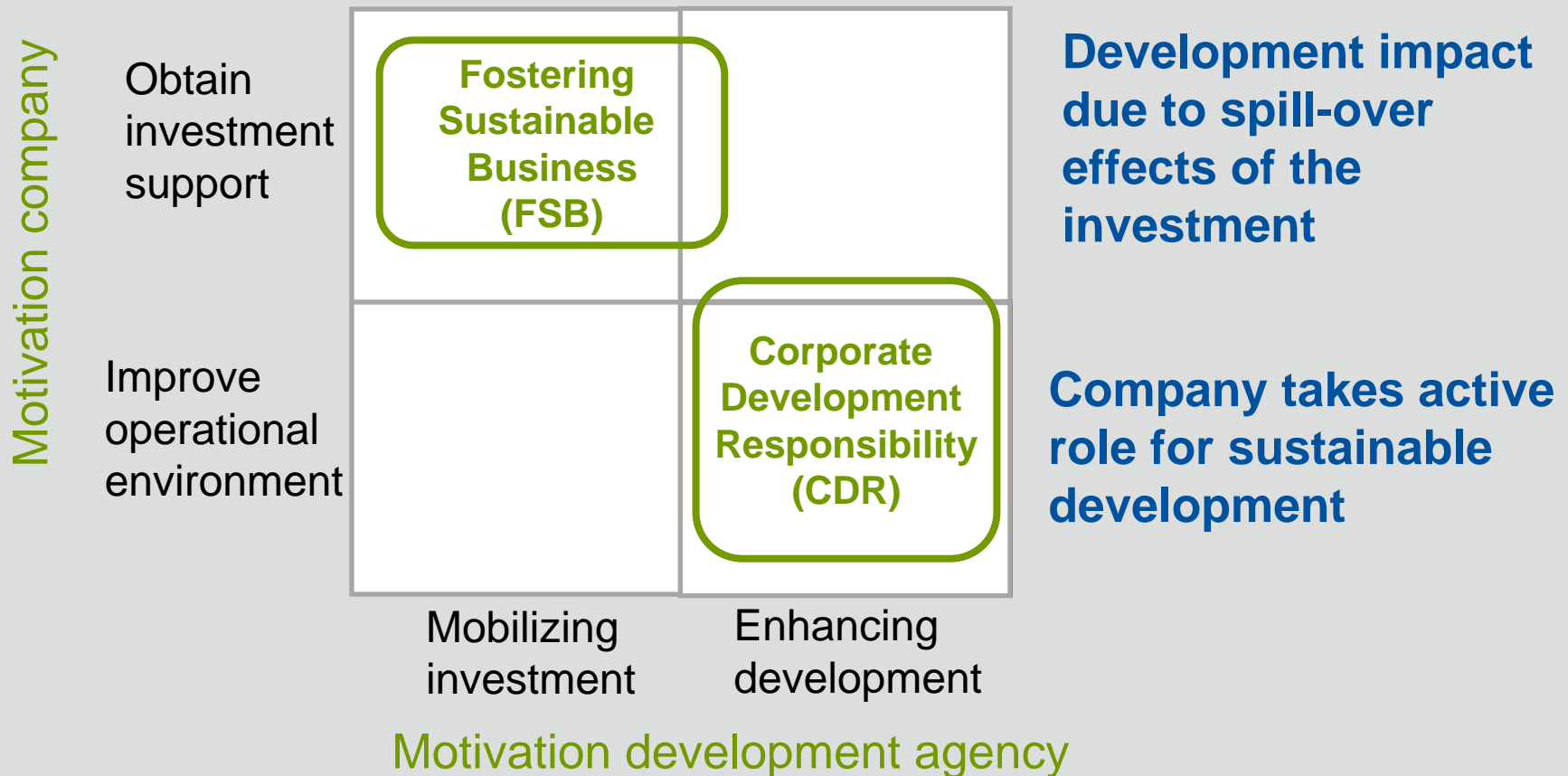
## Classification by Motivations



Binder et al.: 2007

# Concept of Public Private Partnerships

## Classification by Motivations



# Criteria for Evaluating PPP Programmes

I. Classification building on motivations

Binder et al.: 2007

II. Implementation of institutional potentials arising from  
PPPs

New Institutional Economics

# Concept of Public Private Partnerships

## Institutional Potentials and Obstacles for Public and Private Partners

### Potentials of PPP

- Synergies of team production
  - Comparative advantage
  - Incentive structures

### Obstacles within PPP

- Moral hazard
- Transaction costs

### Success factors of the project

- Frequency
- Constricted uncertainty

### Success factors of the contract

- Clear definition of objectives and responsibilities
- Trust
- Possibility to control effort

# Corporate Development Responsibility Partnerships

## Institutional Potentials

- FSB**
- Strong comparative advantage of companies in respect to business technology and knowledge → capacity building
  - Profit orientation → economic sustainability
- CDR**
- Depending on the sphere: supply chain, community, enabling framework
  - Comparative advantages: business linkages, technology
  - Profit orientation & economic sustainability depends on sphere

## Institutional Obstacle

- FSB**
- Strong contractual agreements necessary: high transaction costs
  - Constrained relational contracting
  - Proposals from companies side: financial risk
- CDR**
- Relational contracting improved due to similar values and goals
  - Proposals from companies side: financial risk

# Corporate Development Responsibility Partnerships

## Success Factors (FSB partnerships & CDR partnerships)

- Small project size: manageable risk, but higher transaction costs
- Clear definition of objectives/ responsibilities; reporting necessary

# Criteria for Evaluating PPP Programmes

I. Classification building on motivations

Binder et al.: 2007

II. Implementation of institutional potentials arising from PPPs

New Institutional Economics

III. Attenuation of limitations of comparable private sector activities (FDI and CSR)

# Concept of Public Private Partnerships

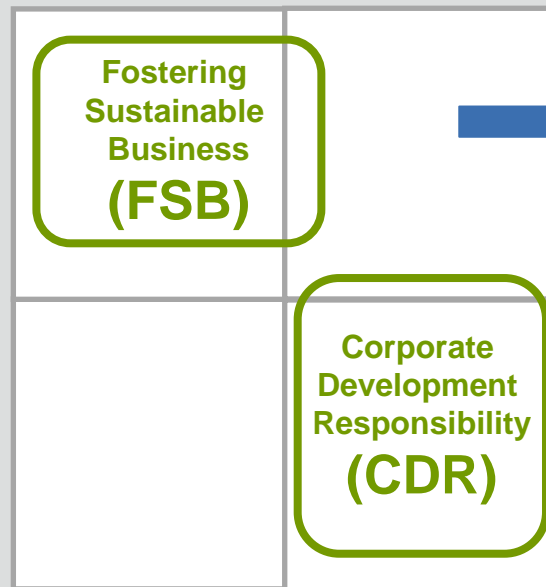
## Classification by Motivations

Motivation  
company

Public/Private

Purely Private

Investment  
/Profit



Foreign Direct Investment

Responsibility



Corporate Social Responsibility

# Comparison to Private Sector Activities

## Foreign Direct Investment

- Important for growth,
- **BUT:**
  - Not evenly spread across countries
  - Not always pro-poor

# Comparison to Private Sector Activities

## Fostering Sustainable Business Partnerships

### Comparison to FDI

- additional incentive to invest in regions and sectors, where preconditions are not given
- knowledge how to reach pro-poor growth
- **But:**
  - High share to emerging countries
  - No targeting of informal/ microenterprises
  - Possible market distortions

# Concept of Public Private Partnerships

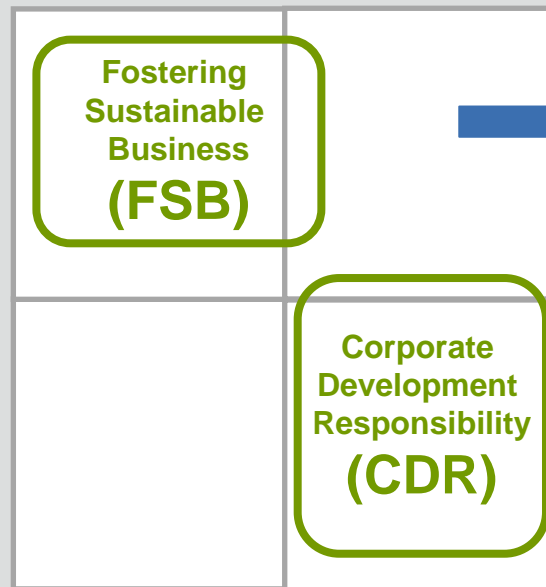
## Classification by Motivations

Motivation  
company

Public/Private

Purely Private

Investment  
/Profit



Foreign Direct Investment

Responsibility



Corporate Social Responsibility

Binder et al.: 2007

# Comparison to Private Sector Activities

## Corporate Social Responsibility

- Multiple possibilities to contribute to the MDGs
- **BUT:**
  - Often no strategic selection and implementation of project  
→ lower quality
  - Lacking scale of CSR activities  
→ Not enough resources
  - Business case and development requirements do not overlap  
→ investment follows investment decisions, not development plans
  - Diverging objectives of companies and development policy  
→ Necessary knowledge is missing, CSR is not coordinated

# Corporate Development Responsibility Partnerships

## Comparison to CSR

- Higher development impact due to knowledge of development agency
- Scaling up by lowering transaction costs due to experience
- **But:**
  - Inclusion into development plans still a challenge

## Conclusions

### CSR

- is business' contribution to sustainable development
- motivated by the business case → no alignment with development plans

### PPPs

- Both types: build on synergies of PPPs  
able to attenuate limitations of FDI/ CSR  
combine incentive structures
- Difference: CDR partnerships more easily allow for relational contracts
- Challenges: impact assessment  
lower transaction costs, scaling up  
integration into development plans



**Thank you for your attention!**  
**Any questions?**

**Lena Hohfeld**  
**[hohfeld@ifgb.uni-hannover.de](mailto:hohfeld@ifgb.uni-hannover.de)**

**Institute of  
Development and  
Agricultural Economics**

