

# Spanning the Great Divide:

A Report on the Relationship Between  
Canadian NGOs and Corporations

NATIONAL Public Relations

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# FOREWORD

The evolution of corporate responsibility and sustainability during the past several decades can be described by comparing statements made by two leading economists of their time.

In 1970, Milton Friedman famously said, “the social responsibility of business is to increase its profits.” Fast forward to 2006 when economist Lord Nicholas Stern, in his groundbreaking report to the British Government on the economics of climate change, said, “The cost of inaction is far greater than the cost of action.” The contrast is directly related to shifting roles and responsibilities of not only business but all social actors.

While small groups of campaign activists were the first to aggressively pursue issues such as human rights and pollution, they have since been joined by socially responsible investors, a growing population of “green” consumers and younger generations of employees with increasingly high expectations. At the same time, the number, size and sophistication of non-governmental organizations (NGOs) – in most cases dedicated to a particular cause – has continued to grow. As the NGO world has matured, the spectrum of approaches taken – from highly oppositional to highly collaborative – has widened commensurately. So too has the range of structures and fundraising models being used, from membership-based to cooperatives to recent experiments in social entrepreneurship and venture philanthropy.

From a corporate perspective, a similar shift is happening. In past, the corporate response to NGO criticism has tended to be defensive, reactive and issue- or operation-specific. Today, the business community’s approach is far more holistic. ‘Standard operating procedure’ now typically includes a public commitment to corporate responsibility and a full range of policies, programs and metrics around environmental performance, labour practices and ethics.

Among large organizations, early adopters are now reaping reputational benefits as their efforts are recognized by such rankings as the Dow Jones Sustainability Index and the Global 100 Most Sustainable Corporations. The same benefits likely accrue to smaller, emerging companies whose operations are based on the principles of ethical sourcing, sustainability and clean technology. In the middle are a large group of enterprises just beginning to test the waters. In effect, a continuum of corporate strategy has emerged – not unlike what has occurred among NGOs.

For their part, NGO participation is being welcomed not only by the private sector but by governments (although in an uneven fashion), who recognize the key role played by NGOs as representatives of “civil society” in public debate on social and environmental issues.

Many have described our current economic, environmental and social situation as a crossroads at which decisions taken now will have fundamental long-term and even planetary consequences. Appropriately, it is also this intersection between the worlds of NGOs and corporations that this

study addresses. NGOs face pressure from their stakeholders to be true to their mission and to achieve results. Companies face often- conflicting demands from their shareholders, employees, customers and the public.

Despite what may be inherent differences in objectives between NGOs and corporations, are there mutually desired outcomes? Can there be, at a minimum, constructive dialogue? And, if not, what are the consequences?

For those who are convinced that business as usual is not an option, bridging the distance between NGOs and corporations is both relevant and urgent. It is in this spirit that NATIONAL conducted this research and now presents its findings.

## METHODOLOGY

NATIONAL Public Relations conducted this survey of the NGO (Non-Governmental Organization) community in the spring of 2008. The objective was to research attitudes and perceptions of leading NGOs toward engagement with the private sector and government, and to identify trends in corporate social responsibility (CSR).

Twenty-one NGOs were interviewed. Survey participants were chosen from a list of non-profit organizations active in Canada. To be selected, NGOs had to be Canadian in origin and had to have relationships with the private sector that went beyond fundraising or sponsorship.

Survey interviews were conducted by telephone.

## EXECUTIVE SUMMARY

- The majority of NGOs express a willingness to engage with the private sector. Only four of the twenty-one respondents refuse to work with industry, or would do so only as a last resort.
- NGOs consider corporate involvement as a less than ideal solution to solving the world's social and environmental problems. Nonetheless, a majority are willing to work with corporations on some level, and believe that effective engagement by the private sector is possible.
- Concerns around NGO dependence on corporate support has given rise to an alternative trend: increased collaboration and coalition-building among non-profits themselves, especially linking smaller NGOs with larger ones.
- NGOs stress "legitimacy" and "authenticity" as key attributes for both NGOs and corporations to strive for in their relationships with one another.
- The concern for legitimacy stems from skepticism NGOs have of corporate claims of social and environmental advocacy. This skepticism permeates NGO/corporate relations. NGOs see their role as holding industry accountable for any breaches in legitimacy when adopting CSR policies.
- NGOs are divided on the need to enhance their own levels of governance, accountability and transparency. Several respondents are uncomfortable with applying what they perceive as corporate business models to the non-profit sector due to the fundamental differences between the two. Others, however, argue that adopting best practices – no matter where the models originate – trumps concerns over being seen as "selling out" to corporations.
- NGOs are cynical and skeptical of corporate social and environmental initiatives. However, they are trapped in a dependency relationship with business due to their need for funds.
- Even more cynicism and anger is directed at the Canadian government due to a perceived lack of support for NGOs and inaction on issues important to NGOs. This has forced non-profits to look to corporations for funding and support, which in turn is perceived to lead to possible conflicts of interest among NGOs as 'watchdogs' of corporate performance on social and environmental issues.
- Some NGOs believe that moral suasion – so often used in the past – is no longer effective with corporations. They feel that objective, research-based evidence is now the best way to motivate corporations to change their behaviour. NGOs also believe that identifying the financial incentives and benefits of adopting more responsible and sustainable business practices is a useful approach. Rather than relying on "guilt trips", they feel they must speak the language of business to attract attention.

## EXECUTIVE SUMMARY

continued

- Some NGOs believe they cannot afford to be perceived by business as social malcontents, but instead need to position themselves as positive, active partners in helping corporations transition to more responsible business models.
- Interestingly, consensus views among respondents are often aligned around size and influence rather than by sector (i.e. environment, public health, social justice). For example, larger, better established NGOs tend to share similar opinions on issues such as accepting corporate gifts and a willingness to accept deep concessions during negotiations. The responses of these larger NGOs are usually consistent with the majority opinion. A group of four smaller NGOs tend to express similar opinions that are contrary to majority opinion. These NGOs are more grassroots, more militant and function without much corporate involvement. They are under less pressure to be conciliatory or to court corporate collaboration.

### I. How has the role of, and relationship between, corporations and NGOs changed in recent years?

#### Verbatim:

*“The role of civil society has changed in the past few years, most intensely in the past two years, as citizens become more active participants in the decisions that directly affect the world around them.”*

*“The relationship between NGOs and corporations has gotten closer, but that’s not necessarily a good thing.”*

*“Civil society is more aware of the issues and is willing to question and to put their purchasing power behind their awareness... Our role is to present an alternate opinion to counter their [corporations’] squeaky clean claims.”*

*“The relationship between corporations and civil society has become more intense, with each side digging in their heels to defend their position.”*

## DETAILED RESPONSES

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20 out of 21 respondents note that there have been important changes in roles and relationships.

The public is increasingly aware of major social and environmental issues, along with its ability to influence the policies and practices of the private sector. In turn, corporations are aware of this heightened scrutiny and are more interested in maintaining and elevating their reputation. Indeed, respondents note that reputation is everything to a corporation, and in this sense, the public and NGOs ‘hold the cards’. This new dynamic is seen as pervasive and is predicted to grow.

The ability of NGOs to influence the private sector is seen to be facilitated by the mass media and the increased ability to access and report on a company’s or industry’s performance in areas such as health, ethical procurement, the treatment of First Nations and climate change.

With the rise of the Internet, respondents note that the public now has instant access to news and opinion about corporate conduct. It is seen as a useful tool with which to protest irresponsible corporate conduct domestically and internationally. Examples include energy production, resource extraction (mining, forestry, oil), water privatization and labour practices.

NGOs see a trend away from passive consumerism. They see themselves as empowering citizens by providing information with which to make ethical consumer choices. The public, in the role of consumer, is viewed as an instrument to reward or punish a corporation.

**2. What drivers have been pushing the “mainstreaming” of NGOs, the increased responsibility of companies and growing forms of collaboration between the two?**

**Verbatim:**

*“The mainstreaming of NGOs has been advanced by the public’s greater access to science-as-evidence to the factuality of climate change. This science-based evidence, as opposed to a more moral heartstrings approach, is the way NGOs need to go to gather support for their cause.”*

*“Advocacy groups are increasingly relying on the Internet to pressure corporations to change their behaviour or risk being exposed for negative business practices.”*

*“I consider another driver to be the rise of public-private partnerships, which have almost become the necessary evil of the environmental movement because of the lack of government funding.”*

**Mainstreaming**

The main driver behind the “mainstreaming” of NGOs is increasing public awareness of, and buy-in, to the issues for which NGOs advocate. NGOs see this as their most powerful tool in their attempts to influence the private sector and hold it accountable. They see the trend towards more activist consumers as a force to be harnessed. With this “people-driven power” behind them, they feel they cannot be ignored by industry.

Other key drivers behind mainstreaming are the mass media, which is focussing more on social and environmental stories, and the Internet. However, respondents note that the mass media and the Internet can also be used to manipulate the public. In fact, roughly 25% feel that the drive towards sensationalizing social and environmental issues through ‘disaster-based reporting’ does a disservice to the work of NGOs and other advocates.

NGOs cite young people (35 and under) as the driving force behind mainstreaming, as well as a rise in NGO membership, donations and campaign support.

**Increased Responsibility of Companies**

Significantly, the increased sense of responsibility among companies is not cited by NGOs as a force behind mainstreaming. Respondents are not impressed by, nor did they bother to note, industry’s CSR efforts as driving mainstreaming.

In contrast, more than 75% of respondents feel that corporate greenwashing does a disservice to the message promoted by environmental advocates. In general, NGOs are very skeptical of any corporate involvement in advancing a socially or environmentally responsible agenda to the mainstream.

**Collaboration**

NGOs are beginning to realize they need the assistance of the private sector to help fund their basic operations. While this is perceived to have created dependency, it is considered a lesser evil to shutting down operations due to lack of funding.

There is a sense that NGOs need to engage strategically with corporations in the long term. This reflects a change in the nature of NGO-private sector collaboration, which has traditionally been short-term and project-based. NGOs prefer more long-term, campaign- or mission-based private sector involvement over short term, project-based funding.

Going forward, collaboration between corporations and NGOs will become increasingly important to keep NGOs financially viable and sustainable. At the same time, respondents consider government actors as non-participatory and thus non-influential.

<sup>1</sup> Mainstreaming of NGOs refers to the trend towards wider acceptance and adoption of their issues and causes by society at large.

<sup>2</sup> Greenwash is a term used to describe the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service. The term is generally used when significantly more money or time has been spent advertising being green (that is, operating with consideration for the environment), rather than spending resources on environmentally sound practices.

**3. What responsibility does government have in this? For example, have they created a vacuum in which companies and NGOs have had to create their own solutions?**

90% of respondents feel it should be the responsibility of government to be active in social and environmental issues. They believe that real social and environmental change needs to be legislated to compel the private sector – and indeed the public – to act responsibly. In general, they argue that only the Canadian government has this power. However, more than 75% of respondents feel the federal government is not living up to its mandate and many believe it is not interested in developing new progressive legislation. Respondents are dissatisfied and disappointed with what they consider a total lack of involvement in policy creation, funding and bureaucratic support. The government is not even considered to be interested at the regulatory level.

Governments at the provincial level – Ontario, Manitoba and British Columbia – fare slightly better than the federal government in how they are perceived by respondents.

Government officials are seen as uncaring, and this is having a major negative impact on the non-profit sector. There is anger and cynicism in the responses to this issue of government inaction. NGOs feel this behaviour should not be tolerated and use terms such as “useless,” “ineffective” and “destructive” to describe government inaction.

The vast majority (80%) of NGOs agree that the government has lacked action and interest in this area. Approximately half (48%) of respondents say this has created a policy vacuum that is being filled by corporations.

The federal government is perceived as setting a poor example for the non-profit and private sectors when conducting research or developing policy. Some respondents believe there is insufficient support staff at the federal level to investigate social or environmental concerns. A few observed that governments no longer hire staff with prior experience in the non-profit or corporate sectors, as they once did. The vast majority (80%) noted a significant trend toward off-loading by government to the non-profit and private sectors.

In order for NGOs to acquire necessary knowledge, respondents say they have had to turn to their corporate counterparts for expertise. Despite the potential conflict of interest, this is seen as far better than working with an ineffective (government) ally.

Respondents also note that the Canadian government is falling behind other industrialized nations in providing R&D funding for social and environmental issues. This, they believe, has an impact on Canada’s international reputation.

This funding gap is cited as the top reason behind NGOs seeking out corporate partners for scientific research and analysis. All respondents feel uneasy with this form of partnership, but again, feel they have very limited options.

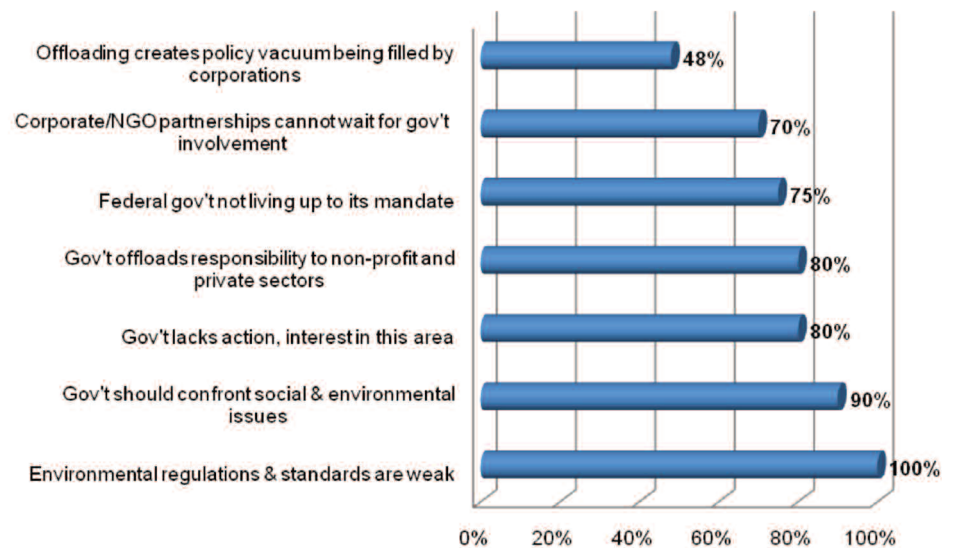
All NGOs surveyed feel that current government environmental regulations (voluntary and mandatory) and standards are weak.

A significant portion (70%) of NGO respondents say corporate/NGO partnerships cannot wait for government involvement on social and environmental issues, while 30% feel there can be no effective engagement between NGOs and the private sector – nor any effective resolutions of social and environmental problems – unless the Canadian government becomes involved as a change agent.

**Verbatim:**

“Government is not civilian-driven anymore. It’s supposed to be the mediator between civil society and corporations, but this is not true in light of corporate lobbying efforts and the government’s lack of integrity every time it bows to corporate pressure.”

**Government Participation is Inadequate**



**4. Are there differences between the responsibilities of NGOs and their corporate counterparts that are irreconcilable? Are they about legitimacy? Are they about stakeholder expectations?**

On this question, respondents fall into three categories that reflect their approach to negotiating with the private sector: open to negotiation, embracing negotiation and no negotiation.

**Open to Negotiation**

Nearly two-thirds (62%) of respondents believe that irreconcilable differences should be considered on a case-by-case basis rather than used as a blanket excuse to walk away from the negotiation table. These respondents tend to be larger NGOs that are more reliant on corporate funding than smaller, volunteer-based organizations.

For this majority, there is still a point where irreconcilable differences are considered a deal-breaker, and this comes back to the issue of legitimacy. It is repeatedly mentioned as the one element that could not be compromised. Often, NGOs seek guidance from their membership and their core values or mission statements when deciding if a compromise can be reached.

**Verbatim:**

*“Corporations should not be scared or put off or annoyed when a non-profit organization calls. Not all requests for dialogue are going to be negative or critical. Some NGOs genuinely want to connect with industry or corporation staff.”*

*“Companies can have big problems because they simply refuse to compromise, but it takes patience and fortitude to stick through the process and see it to the end.”*

*“Differences between industry and social justice and environmental groups can be mediated by both sides adopting CSR policies and practices. NGOs should have comparable knowledge and expertise in CSR policies to successfully deal with corporations.”*

*“Managing shareholder expectations is a corporation’s raison d’être. This in itself is irreconcilable. Corporations cannot be trusted as partners. Everything they stand for is everything we stand against. It doesn’t matter what kind of smoke and mirrors they use.”*

*“There is no formal watchdog agency to keep track of irresponsible corporations, though one would be welcome.”*

NGOs liken their strong relationships with members to the relationship between a corporation and its shareholders. They often feel this bond is either not understood or is discounted by their corporate counterparts in the negotiating process.

**Embracing Negotiation**

One-fifth of respondents say there are no irreconcilable differences that would prevent them from negotiating with the private sector. This group expresses optimism that any issue can be successfully resolved if both sides are truly dedicated to the project or ideal. They caution that non-profits should keep their adversarial tone in check because corporations will refuse to engage with NGOs that are too militant. A “hyper-moral stance” in their view does not facilitate dialogue.

**No Negotiation**

One-fifth of respondents take a strong “we don’t compromise” stance. The language used by this group to describe the business world is notably strong and politicized, with frequent mention of “profit”, “greed”, “exploitation”, “power-hungry”, “heartless” and “slash and burn”. For example, a First Nations NGO responded to this question by indicating that it will not compromise when dealing with their culturally specific issues around treaty acknowledgement and land claims.

**Improving the Decision-making Process of NGOs**

Respondents gave the following suggestions on how to avoid irreconcilable differences between NGOs and corporations:

- NGOs need a strict, formalized and objective decision-making process when determining which corporations or what industry to partner with.
- It is important to rate the legitimacy behind any corporation’s or industry’s claim of responsible and sustainable business practices. Indeed, it would help to have a non-profit, publicly recognized watchdog agency solely dedicated to monitoring the legitimacy of corporate claims of responsible and sustainable business practices.

More than half of NGOs surveyed have a “no-go” or “unfriendly” list of private sector companies, as well as a “green-light” or “friendly” list. Perceptions based on the ethical track record of corporations play a significant role in forming these positive or negative opinions.

**CSR Commitment within Industry**

The majority of the ‘open to negotiation’ group feels that a dedicated CSR staff or department is a sound policy. However, among the “no negotiation” group, the existence of dedicated CSR staff would make no difference to them in terms of their willingness to work with a corporation.

**5. What are the ingredients of effective engagement, especially in cases in which the gaps are broad? And what are the most important barriers (i.e. lack of financial resources in NGOs, lack of business structures in companies)?**

**Drivers of Effective Engagement**

The highest ranked driver of effective engagement is a corporation's adoption of formalized CSR principles with clear policy mandates, targets and timelines.

Having a formal CSR department or dedicated, full-time CSR staff was raised multiple times during this survey. Further, it is suggested that the CSR department be at arm's length from the profit-generating side of the company's operations to avoid conflicts of interest.

The presence of dedicated CSR resources is seen as a good indicator of a corporation's willingness to adopt responsible and sustainable business practices. From a relationship perspective, it enables an NGO to engage more effectively with a corporation since it will know who to approach within the organization. Smaller or local non-profits in particular are often uncertain or hesitant when making the first contact with a company. Respondents note that businesses should not be scared or annoyed when a non-profit organization calls – that not all requests for dialogue involve criticism. Some NGOs genuinely want to connect with industry or corporate staff – or better yet, CSR spokespeople – to discuss issues at hand.

It is also considered imperative that NGOs have a strong knowledge of CSR business policies and practices. This mutual understanding is considered an important ingredient to effective engagement.

Finally, an NGO's reputation in the private sector is an important factor in effective engagement. It is especially important at the beginning of a partnership, when a corporation might conduct background checks on an NGO before agreeing to collaborate.

**Barriers to Effective Engagement**

NGOs feel there are four main barriers to effective engagement: financial, material resource imbalance, power imbalance, and structure and operations.

**(1) Financial barriers**

All NGOs perceive themselves as underfunded, lacking money for full-time staff, premises, campaigns or communications. Partnership with the private sector is raised as a solution to this funding crisis.

In this regard, necessity replaces idealism. NGOs feel it is better to work with a corporation they are trying to influence than to disappear through a lack of resources. That said, respondents acknowledge the inherent contradiction of receiving funding from companies they are often monitoring or criticizing.

**(2) Material resource imbalance**

Without adequate funds, respondents feel that NGOs cannot afford the appropriate resources to adequately do their jobs. Again, this is contrasted to the plentiful resources available to their corporate counterparts.

**Verbatim:**

*“The issue of resource imbalance is a huge issue for non-profits. Citizens pay for corporate lobbying called advertising. No citizen group has that much money. In comparison, we look pretty small and ineffective.”*

*“If money is being exchanged between a corporation and an NGO, this must be made public, as well as any benefits both sides get.”*

The resource imbalance is complicated by the lack of meaningful government action regarding social or environmental issues. In fact, some respondents are concerned that corporations are taking unfair advantage of this current situation and are pushing government to disregard NGO interests or concerns.

Some note that corporations have the money to “wine and dine” government policymakers and make substantial donations to certain causes to improve their image.

**(3) Power Imbalance**

A third of respondents feel that industry has the opportunity and money to lobby policymakers, while leaving NGOs ‘out on the street’. In their view, this creates a situation of superiority and preferential treatment. It is noted that when different stakeholders and target groups meet, not all the participants are treated with equal respect at the negotiation table.

**(4) Structure and Operations**

Some NGOs note that, within their own sector, some smaller organizations are highly scattered in their mission statements and unprofessional in how they operate and present themselves.

This lack of a professional operational structure within NGOs compromises their ability to work effectively with corporate counterparts. It causes corporations to devalue the input of NGOs because of poor presentation. The fear is that – similar to when an NGO is excessively militant – this could lead to the stereotyping of other NGOs and the non-profit sector in general.

**Additional Barriers**

Another barrier to effective engagement is a corporation’s sincerity (i.e. the legitimacy of its CSR program). Respondents generally believe the intent behind CSR policies has to be more than self-promotion, and the CSR department needs to be respected within the corporation and externally among its business counterparts and the public.

Six respondents feel that corporations and NGOs alone cannot properly resolve social and environmental issues due to the lack of government involvement. The presence of government as an actor in the debate is seen as essential to balancing the interests of the non-profit and private sectors.

One NGO expressed the opinion that NGOs should not take on an advocacy role since this lessens the opportunity for effective engagement by alienating industry partners.

**6. When does a legitimate quest for NGO engagement and good corporate citizenship in general slide into greenwashing? How can this be avoided?**

All respondents agree that corporations use greenwashing. There is general consensus around this issue and its negative impacts. All respondents agree that, in the past five years, corporations and industry representatives have ramped up their greenwashing efforts in an attempt to connect with, and profit from, the rising environmental consciousness of consumers. This marketing aspect of greenwashing is considered an insidious form of false advertising.

NGOs note that corporations have put an increasing emphasis on enhancing their reputations (i.e. through greenwashing) as opposed to taking tangible steps towards sustainability.

Legitimate, effective engagement between NGOs and corporations is possible, but partnerships need to be created and maintained with due diligence and transparency to protect all stakeholder and target groups involved.

**Buying and Selling Greenwash**

Respondents are evenly split between whether the public is wholeheartedly buying into greenwashing or whether they are skeptical of it.

The media is accused of paying greater attention to social or environmental initiatives by business because the public still perceives this to be novel and out-of-character, whereas far less attention is paid to NGO initiatives. The media's drive towards sensationalism and its reliance on sound bites further contribute to the problem.

NGOs feel that companies are easily getting away with greenwashing, mainly due to the absence of a third party (i.e. government) watchdog to monitor and investigate corporate claims of sustainability, adherence to targets and timelines or successful certification.

Corporations use advertising to greenwash their products and business operations, whereas NGOs have far fewer resources to counter misconceptions and misrepresentations.

NGOs are quick to warn any corporation seeking to leverage an NGO partnership or endorsement for greenwashing purposes. They are eager to expose corporations with sustainability claims that do not match up with responsible action. They point out that a corporation's reputation can be easily harmed in today's new media environment, which includes alternative channels for news and opinion. They cite outlets such as Adbusters, YES Magazine and Corporate Knights.

**Avoiding Greenwashing**

More than 80% of respondents believe it is up to civil society (defined as the public, consumers, non-profit groups and public institutions) to prevent greenwashing. They don't trust industry to self-monitor and disclose cases of greenwashing. They also believe that the presence of a legitimate CSR department can help avoid a slide into greenwashing.

The minority opinion is that the responsibility rests with industry since that is where the problem lies. However, even this group says that industry still cannot be left to work alone and that some collaboration with NGOs or public institutions is necessary, if for no other reason than to provide a stamp of legitimacy.

**NGO Involvement**

NGOs feel they can be a powerful aid to support legitimate green and socially conscious companies, providing them with legitimacy and expertise. They believe that their role is not only to criticize and publicly shame companies that are not socially or environmentally responsible, but to also provide positive support for those truly engaged in socially responsible initiatives.

Respondents feel it is important that corporations understand that the push towards CSR is being driven by increased public awareness and a desire to act; that it is ultimately the public who will keep corporations honest in their CSR claims.

**Corporate Citizenship**

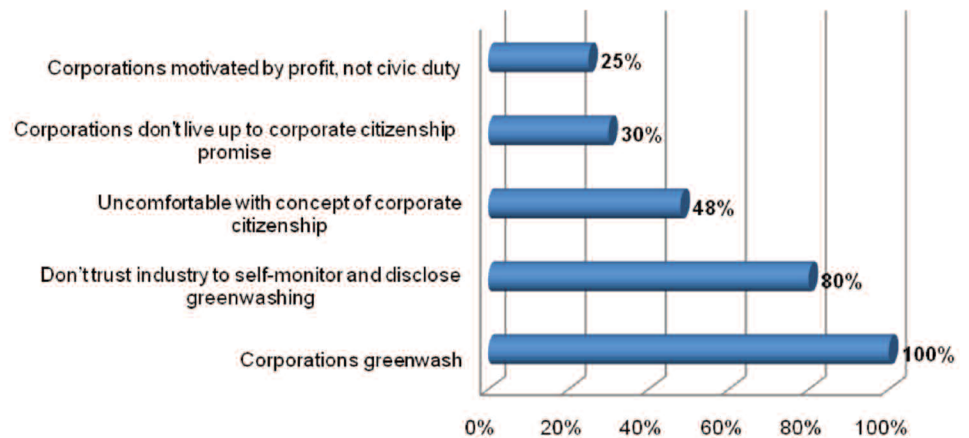
Nearly half of the respondents express discomfort with the concept of “corporate citizenship”. Close to one-third (30%) say that corporations do not live up to the promise implied in the term nor do they have the moral authority to use it. A quarter say corporations are motivated by profit acquisition rather than civic duty.

**Verbatim:**

*“All companies do this (greenwashing). It cannot be avoided. The sad thing is, citizens are paying for greenwashing when they buy their products. They pay for this corporate lobbying as advertising.”*

*“Corporations cannot be and should not be seen as citizens in any sense of the term. They are not democratically responsible to civil society, only to their own shareholders.”*

**Corporate Commitment to CSR**



**7. How does your organization (or NGOs in general) reconcile developing a partnership with what may have been “the enemy” before? How do you avoid “selling out”, especially when human and financial resources may be involved?**

**Verbatim:**

*“You avoid selling out by strength in numbers (good networking between non-profits, coalition-building).”*

*“Considering them the enemy just sets your organization up for failure (when dealing with them/corporations).”*

*“Of course they’re your enemy, they are the enemy of working people and the environment. They cannot be trusted. I would never even think of working with them; selling out like that.”*

*“Corporations need NGOs to help them make the necessary green transition... They can’t see the environmental sector as the enemy.”*

**8. As much as corporations have been accused of a lack of transparency and sincerity, the same skepticism has also been applied to some NGOs. How can NGOs increase their own levels of governance, transparency, and accountability?**

Most respondents feel that the “enemy” label creates a barrier to effective engagement that it is adversarial and counterproductive, and it does not reflect the view of the Canadian public. (One respondent notes there have yet to be any widespread battles against capitalism in Canada.)

A minority (four respondents) feel the term “enemy” is applicable and justified.

Nearly 60% of respondents believe they must be open to working with any party.

**Reconciling Past Differences and Developing New Partnerships**

Respondents feel they are most needed as consultants when companies are transitioning towards more socially and environmentally responsible policies and practices. They note that the non-profit sector needs to do more outreach to the private sector regarding their consultation services and also needs to improve their skills and expertise in aiding corporations through this transition.

Although responses to the question of reconciling past differences with corporations are generally positive and optimistic, four respondents from smaller organizations (the same group who refer to corporations as “the enemy”) say they refuse to work in partnership with corporations. For them, this would indeed be selling out.

**Avoiding Selling Out**

To NGOs, ‘selling out’ is the kiss of death.

Respondents report that opportunities for financial advancement do occur and that they must be diligent not to fall into the trap of selling out for the sake of funding.

Partnering with corporations is seen as carrying certain risks of selling out as boundaries become blurred with regard to financial accountability. To prevent this slippery slope, NGOs say they need internal policies to ensure they preserve their legitimacy. They warn that if an NGO loses its legitimacy, no amount of corporate sponsorship dollars can bring it back.

Some respondents suggest that, before engaging with industry, NGOs need to conduct ‘due diligence’ by researching a corporation’s business conduct. They also feel they need a high level of transparency when managing resources or financial donations from corporations.

Almost half of respondents (10) are slightly wary, hesitant, or refuse to answer the question.

Among this group, six say the question is biased because it assumes that the corporate business model is the standard that all sectors should adopt. Four respondents say it is inappropriate to compare a non-profit to a corporation since they are so fundamentally different in their *raison d’être*.

Among the majority who chose to answer, a common theme is that NGOs need to set high standards of accountability and transparency for themselves if they demand this of the private sector or seek to partner with corporations.

**Verbatim:**

*“It doesn’t help when NGOs shun any help from companies. Some give and take is needed, though of course, NGOs should not always be the ones compromising.”*

*“Of course NGOs should improve their own self governance. The good works done by non-profits can easily be done undone by bad internal governance.”*

*“Is it fair to try and compare non-profits to corporations when their raison d’êtres are so fundamentally different in the first place?”*

**9. Can you describe the future of NGO/corporate relations? Do you sense that more NGOs are engaging with the corporate sector or vice versa? How would you characterize the attitude of NGOs or corporations toward this cooperation? What models seem to be working effectively?**

Concerns about a loss of reputation or selling out by mimicking a corporate business model persist among some respondents. Others, however, say that this excuse is not helpful to the non-profit sector’s reputation. They believe that if the adoption of these best practices means being labeled as selling out by a small, vocal NGO minority, then they are willing to accept this outcome.

Taking a deeper look at the operational structure of NGOs and corporations, some respondents point to distinct commonalities between the two sectors. Examples include accountability to members and stakeholders as well as the importance of legitimacy and reputation.

**Improving Legitimacy**

Two suggestions were cited on how NGOs could improve the legitimacy of their own operations.

- First, just as a corporation’s shareholders and the public are able to monitor a company’s performance through its financial results, a sector-appropriate reporting and feedback mechanism should be implemented for the non-profit sector. This would include open access to records and meeting minutes.
- Second, it was suggested that the non-profit sector create and publish its own Accountability Charter. Compliant NGOs could sign on and submissions would be peer reviewed. This would ease the concerns of the corporate sector regarding NGO accountability.

Respondents generally believe that the scope of NGO influence will continue to broaden in terms of the number of causes represented and NGOs’ ability to influence the public and the private sector. The number of NGOs is expected to increase, with a rise in smaller, local-issue organizations.

Respondents also suggested there will be more mergers as NGOs enter into broader, issue-based coalitions. Many of these mergers and coalitions will occur as smaller, local or financially strapped NGOs seek the assistance of larger, more financially stable NGOs. This is also seen as an alternative model to partnering with business.

Social and environmental trends affecting society at large are seen to impact the future relationship between NGOs and corporations.

Mainstream issues such as climate change are expected to unite a broad spectrum of environmental groups. Similarly, First Nation issues and land claims are being linked with environmental issues (logging) and sustainable development.

Industry's increased awareness of citizen-as-consumer activism is predicted to fuel the need for greater collaboration between the non-profit and private sectors. This is cited as the top reason for NGOs' increasing influence on the private sector.

### **The Trend of Government Inaction**

Respondents cited the current political void as the second major factor influencing the non-profit sector, noting that collaboration on societal solutions will be supported by citizens, but not necessarily by the government. NGOs predict the private sector will increasingly pay attention to their position as the voice of the public on social and environmental issues.

### **The Permanence of Social and Environmental Issues**

One of the most important messages emerging from respondents is that the business community must understand that social (fair trade) and environmental (carbon footprint) movements are now mainstream. Corporations must acknowledge these trends and adopt responsible and sustainable business policies and practices to match public sentiment. Failure to do so will be noticed and punished by citizens who can exert their control and influence over corporate behaviour through their purchasing power and their ability to protest.

## **10. Do you have any final thoughts about how both NGOs and corporations (and others) can move beyond superficial image-making towards meaningful dialogue and behaviour change?**

Below are some excerpts from respondents' closing thoughts:

- Meaningful partnerships can indeed be built between NGOs and corporations. This is possible when all parties involved entered into the partnership in good faith and sincerity.
- To build meaningful partnerships with the business sector, NGOs need to rely more on an outreach strategy based on scientific studies, R&D and objective information instead of relying on a strategy that relies on appeals to conscience.
- Corporations need to be presented with a list of incentives and benefits as reasons to adopt more responsible and sustainable business policies and practices.
- Corporations must be sincere in their adoption of CSR policies, with clear, internal guidelines for operations, as well as clearly stated targets and timelines for action.
- Talk is cheap. Monitored and reported progress is needed as these kinds of statistics can be used by corporations and industry to validate their responsibility claims and reputation. NGOs can provide recommendations and the appropriate certification to support corporations in their adoption of responsible and sustainable business policies and practices.
- For partnerships to be successful, both parties need to commit to building long-term relationships. Short-term goals and projects won't do it.

## Verbatim:

*“You cannot enter into a relationship with a corporate partner with pre-existing notions that there will be irreconcilable differences between you and your corporate partner.”*

*“CSR policies must be seen from a global perspective. One progressive company or one progressive country isn’t enough.”*

*“Of course there has to be a deal-breaker sense to what an NGO simply cannot support, so some issues are irreconcilable. And they should be irreconcilable because corporations cannot be left to run unchecked and force NGOs into impossible concessions.”*

*“NGOs and other non-profits need to take care to not be too militant or adversarial towards industry. At this critical point in history, we cannot afford to shut any doors on the path towards finding a solution for climate change.”*

*“I’d rather that NGOs work to strengthen their ties with civil society, rather than running around wasting time trying to please business interests. That’s where the real power lies. You cannot place power in the hands of corporate bosses and give them power over us.”*

- Corporations need to understand there is a transition period as they adopt different policies and practices, and that NGOs can help them navigate through this transition period successfully.
- Some initiatives require patience and leadership among corporate executives to prevent shareholders from going into what is described as “the usual panic” if a company’s bottom line dips and everyone dumps the stock.

## Chasing Profit

- Corporations are seen as fixated on achieving or improving on their bottom line for the next fiscal quarter. Industry is generally not seen as a legitimate vehicle for social and environmental change.
- When corporations act responsibly, it is deemed to be in their own interest. This was why some respondents note that a principled “it’s right thing to do” message is not an effective motivator for change.
- CSR business strategies often take longer than one business quarter to implement, and even longer to produce positive results.
- NGO respondents acknowledge that certain social and environmental sustainability strategies could potentially affect the company’s profit margin in a temporary, but negative, way – or at the very least, hinder unrestricted profit growth. These are seen as short-term problems during the transition period and any losses could be recouped from the benefits reaped through more responsible, sustainable business practices.

## Canadian and Global Issues

- NGO respondents feel it is imperative that corporations recognize the Canadian public is immensely proud of its green and socially responsible image around the globe. So it is only natural for Canadians to be concerned about domestic social and environmental issues. Corporations would have to be foolish not to tap into this trend, for their own marketing benefit and for the benefit of the causes themselves.
- Respondents feel all Canadian companies should be mandated to, or voluntarily, adopt CSR policies across every sector. This said, respondents are realistic when they note that a major barrier is competition from global companies who do not have the same CSR standards.

### **NATIONAL's Corporate Responsibility practice**

NATIONAL's Corporate Responsibility practice works with publicly traded corporations, privately held companies and public agencies to research, develop and implement operational and communications initiatives that demonstrate their commitment to good corporate citizenship and sustainability. While each client has its own unique challenges and opportunities, each must understand and respond to changing stakeholder expectations and perceptions regarding their performance and reputation.

At NATIONAL, we take the view that corporate responsibility is about ensuring ethical, transparent and accountable behaviour while developing in an economically, environmentally and socially sustainable way. In 2008, NATIONAL's Corporate Responsibility practice was ranked by CRO magazine among the Top 10 in the world for communications firms, the only Canadian firm to make the list.

Whether clients are well advanced in the implementation of corporate responsibility policies and programs or just beginning to assess risks and opportunities, we have developed a broad range of simple, effective and flexible tools that can be used in a staged approach or to address unique, timely situations.

NATIONAL is the largest public relations consultancy in Canada with offices in Vancouver, Victoria, Calgary, Toronto, Ottawa, Montreal, Quebec City, New York and London, as well as an interest in MT&L/NATIONAL in Halifax and Saint John. The firm offers corporate communications, investor relations, public affairs, marketing, technology and healthcare communications services to a broad range of leading corporate, government and institutional clients. Internationally, the firm is affiliated with Burson–Marsteller.

NATIONAL is a subsidiary of RES PUBLICA Consulting Group in Montreal, which also owns another Canadian public relations leader, Cohn & Wolfe | Canada, with offices in Toronto, Montreal and Calgary and an affiliation with the worldwide Cohn & Wolfe network. RES PUBLICA also holds a significant interest in Global Public Affairs, the leader in government relations in Canada, with offices in Ottawa, Toronto and Calgary.