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## **Intangible Economy: How Can Investors Deliver Change in Businesses? Lessons from Nonprofit-Business Partnerships**

To be published in Management Decision, Vol. 45 No 6 September 2007

*Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted.*

Albert Einstein

### **Abstract**

Investors traditionally prioritised tangible outcomes (money, land, machinery) in order to protect their financial assets. However, the intangible economy (trust, human resources, information, reputation) that co-exists draws attention to new expectations that request the continuous, active and within the public sphere involvement of investors in order to protect their assets by prioritising intangible resources.

The paper argues that investors in intangible outcomes who aim to achieve change in corporations share the same limitations within the financial and non-financial field. The case of Nonprofit-Business Partnerships is employed in order to demonstrate how change can be achieved. The role of investors is crucial in facilitating the shift from the tangible to the intangible economy. Investment in the intangible economy is a mechanism of co-determining the priority of responsibilities in the context of corporate social responsibility.

### **Introduction**

“How many Enrons would it take to destroy global capitalism by leading shareholders to withdraw their financial support for the corporate community?” asks intelligently Jill

Solomon (2004: 7). This is currently the epitome of why corporate governance mechanisms, policies and systems are put in place: to safeguard the existing capitalist system which prioritises tangible resources remains unchanged. However over the last decades, the relationship between the market and society has been going through rapid transformation. Corporations emerged as powerful actors controlling a multitude of resources and eager to attain access not only to financial but equally to non-financial resources, which they gradually reevaluate as equally, if not more important than the monetary resources. On the other hand, the on-going empowerment of civil society organisations has played an important role in transforming non-profit entities into equally powerful actors of change within society (Doh and Teegen, 2002; Bendell, 2000). The legitimacy of corporations is not any more only subject to government regulation as “social actors have emerged to raise questions and, in some cases, directly intervene in the governance of major corporations” (Clark et al, 2008).

While the influence of business has been increasing (Solomon, 2004) similarly the demands for an institutionalised level of responsibilities has found voice in the conceptualisation of corporate social responsibility (CSR) (Crane and Matten, 2004). CSR is a call for business to operate in a responsible way which appeared as an antiphon to the divorce of ownership and control aiming to reform the practices of business by introducing an organised and institutionalised response from within corporations. The concept of CSR is employed in this paper as a lens to examine the failure of investors’ influence in corporate management.

Although capitalism as a political and economic system survived in the 21<sup>st</sup> century (Solomon, 2004: 7) it currently undergoes a transformation. We have moved from the 20<sup>th</sup> century of shareholder supremacy where tangible resources were prioritised to the 21<sup>st</sup> century of stakeholder transcendence where intangibles gradually push through obscurity. Within the financial community the concept of corporate social responsibility (CSR) is currently appropriated serving profitability, a tangible resource, through the belief that being ethical, an intangible resource, increases profitability (Hancock, 1999; Monks, 2001; Co-operative Bank, 2001) or by employing CSR as “a secondary risk

management” (Power, 2004: 34-35) strategy in order to safeguard their corporate reputation (intangible). The paper argues that the nature of CSR has influenced the practices of new governance mechanisms within the financial (e.g. socially responsible investment-SRI and shareholder activism) and social spheres (nonprofit-business partnerships). In effect they all share the same systematic failures characterised largely by their inability to deliver systematic change within corporations.

### **Corporate Social Responsibility as a Driver for Change**

Parallel to the prominence of profit attainment through the operations of business sprang the increase in the misuse of corporate power due the original “divorce of ownership and control” (Solomon, 2004: 3). As a result the responsibilities that used to reside only with the owner(s) of a corporation who also had the control of business were separated and dispersed among shareholders and management. The effects of the above were beneficial for business profitability but in many cases detrimental for wider parts of society due to corporate greed; examples include: overpriced stock price, excessive executive remuneration, selling knowingly unhealthy or dangerous products; destroying the environment; unfair treatment of employees and so forth. These impacts have been extensively discussed in the literature (Hutton, 1995; Hutton and Giddens, 2001; Crane and Matten, 2004). Hence when any of the above instances of human greed would surface on the public sphere, corporations were confronted with reputational crisis which impacted with the public’s perception of their role. Such crises gradually gathered momentum resulting in cynicism towards business which according to Tevino and Nelson (2007: 3) “has become an epidemic throughout society”. While the influence of business has been increasing (Solomon, 2004) similarly the demands for an institutionalised level of responsibilities has found voice in the conceptualisation of corporate social responsibility (CSR) (Crane and Matten, 2004). The European Commission’s Green Paper (Commission of the European Communities, 2001) defines CSR as:

*“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.*

CSR is largely voluntary in nature and as such has gathered momentum “testified by the wide array of initiatives that range from indicators for responsible practices in the stock exchange markets<sup>i</sup> to social and environmental reporting<sup>ii</sup> and a multitude of corporate community involvement programmes” (Seitanidi and Crane, 2008).

One of the failures of the voluntary concept of CSR is “characterised by many unsystematic practices, i.e. constellations of arrangements that are fit for purpose within specific contexts but which lack transferability and sustainability” (Seitanidi and Crane, 2008). On the other hand one of the positive results of CSR is that it has elicited intensification and debate within all sectors of society with regard to the responsibilities of each sector in addressing environmental and social issues (Seitanidi, 2006).

Corporate Social Responsibility (CSR) is a worldwide phenomenon that has been driven by all sectors of society, i.e. by business (McWilliams and Siegel, 2002; Zadek, 2001), by non-profit organisations (Bendell and Lake, 2000) and by government (Moon, 2004). Moon (2002) argues that the network mode of operation of business with government and nonprofit organisations (NPOs) represents a new system of re-orientation of governance roles among the sectors whereby the increased interdependencies were guided by the pursuit of shared interests and values. The central claim of CSR initiatives is to develop beneficial changes within society. However, due to its voluntary character it lacks systematic and consistent delivery of outcomes across its different manifestations. One of these manifestations of CSR is within the financial field and its interface with corporate governance. Solomon (2004:15) suggests that the interface between the two is the ‘management quality’. In other words, the extent to which managers integrate social and environmental concerns in their financial decisions and practices both systematically and consistently. Socially responsible investment and shareholder activism are interfaces which aim to deliver positive changes within corporations. The next section will discuss briefly each one in order to highlight their intangible characteristics and the rationale behind the failure to deliver systematic change in businesses.

## **SRI and Shareholder Activism**

Within the above climate the interaction between the different types of investors and corporations has attracted attention due to the central claim suggesting that change can be delivered within companies (Haigh and Hazelton, 2004). Some of the interfaces through which investors can deliver these changes are through socially responsible investments (SRIs) (Haigh and Hazelton, 2004; Jayne and Skerratt, 2003) and shareholder activism (Haigh and Hazelton, 2004; Lewis and Mackenzie, 2000).

SRI is a process by which investment institutions are being encouraged to prioritise issues such as environmental stewardship, employee and community welfare when making decisions about their portfolio companies instead solely looking at the financial performance of a corporation (Jayne and Skerratt, 2003; Pridahm, 2001).

As suggested by Haigh and Hazelton (2004: 67-68) the claim that SRIs can deliver in their current form of practice towards systematic corporate change is unsubstantiated. They suggest that:

*“First, SRI funds in all regions command negligible market share, which discounts the argument for a direct effect on companies. Second, even if SRI funds commanded greater market share, any effects on security prices would be short-lived, given liquid capital markets. Third, there are no guarantees that financial markets will look to SRI funds to signal undisclosed future revenue growth or costs, and accordingly follow investment actions of SRI funds”.*

In effect SRI funds have not changed their priorities in their decision making process, i.e. to prioritise the positive social and environmental impacts of companies through their operations. Instead, their decision making process prioritises the tangible financial outcome as the primary criterion upon which they base the inclusion of a company in their portfolio of investments. As a result “they contribute to the economic forces that cause socially inequitable practices to arise in the first place. ... Capital markets thus

‘reward’ companies that inter alia use the lowest prices for their production.” (Haigh and Hazelton (2004: 66). As such this is a systematic failure to move beyond the tangible outcomes and prioritise the intangible outcomes such as trust in the quality of decisions that incorporate the responsibility towards society. Nisar (2006: 384) suggests that “intangible factors such as organizational knowledge, product innovation and employee morale, rather than physical assets, like real estate, are now the source of greatest value”. Indeed ethical, social and environmental practices can be grouped within the realm of intangibles as they deliver positive benefits towards the corporate reputation. More importantly since SRIs aim to encourage change within corporations by transforming their organisational practices predominately they aspire to transform the organisational culture. “Organisational transformation is a mode of social change that involves a sharp and simultaneous shift in strategy, structure, process and distribution of organisational power” (Shen, 2005: 3). In fact, according to Martin (2000: 452)

*“to change is to take different actions than previously. To take different actions than previously means to make different choices. Different choices produce change. The same choices produce sameness, a reinforcement of the status quo. ...To espouse a different operating principle (e.g., we have decided to become customer focused) from the past does not represent change. Only if different choices lead to action on the different operating principle will change be produced. As Argyris observes, there is often a substantial gap between espoused theory and theory in use”.*

According to the UK Social Investment Forum (2001) there are three strategies for investors to get involved: a/ ethical screening; b/ shareholder influence, c/ cause-based investing. All three require consideration of and access to “ethical, social and environmental” information (Jayne and Skerratt, 2003: 3). However, due to the absence of external monitoring and verification from people who have knowledge, experience and access to what constitutes ethical or environmental practices, the disclosure of corporate information (Laufer, 2003), upon which for example ethical screening is based, corporate reporting is often seen as a form of green (Lydenberg, 2002; Stittle, 2002) or

ethicalwashing. Hence the people who make decisions in SRIs have not the set of skills and access to information that would allow them to make high quality decisions that would deliver organisational or industry level change.

Similarly, shareholder activism is “the process by which shareholders of a listed company, under the provisioning of securities legislation in various jurisdictions, can requisition its members to meet and vote on specific resolutions” (Haigh and Hazelton, 2004: 60). They suggest that the current mechanisms of shareholder activism have been largely unsuccessful due to their ad hoc character to address social and environmental issues. The Cadbury Report (Cadbury Code, 1992) suggested that institutional investors should arrange regular one-to-one meetings with corporate managers, should file resolutions in order to positively influence social and environmental issues and should pay attention to the composition of the board of directors (Solomon, 2004: 118). Furthermore, Haigh and Hazelton (2004: 50) suggest that although in some countries such practices have been embraced however in reality there are only “isolated instances of ‘success’ in achieving outcomes [*which*] mask the reality that systematic change to industrial practices or engagement with issues at an industry level has not been the focus of shareholder activists”. An encouraging exemption is the coalition of five environmental organizations: Friends of the Earth, Greenpeace, US Public Interest Research Group, Bluewater Network, and the Center for International Environmental Law, who endorsed a total of 49 environmental shareholder resolutions<sup>iii</sup> (FoE, 2007). Friends of the Earth and Greenpeace have the mandate, in-depth information, expertise and campaigning skills in order to make informed decisions about the environmental issues that a corporation is facing. Largely shareholder resolutions are seen leading to gradual ad hoc interventions to environmental and social problems “unlike to result in long-term desired social outcomes” (Haigh and Hazelton, 2004: 67). More importantly the financial elites involved usually in the engagement process prefer the route of ‘quite diplomacy’ (Clark et al, 2008) holding discussions behind closed doors in a ‘club-like atmosphere’ where ‘spontaneity is not encouraged’ (ibid). The reluctance to overtly and publicly raise issues due to the overlapping networks of fund managers, insurers, analysts and corporate directors captures the potential for systematic and continuous change

through shareholder activism. Unlike the environmental NPOs the individual and institutional investors lack the information and more importantly the necessary skills that would increase the potential of delivering change, including: confidence, confrontational writing and speaking, argumentation based on in depth specialist information, developing creative discourse around a technical issue, imagining alternatives and so forth.

The common denominator of the above interfaces aiming to bring change is their failure to deliver: a/ continuous and substantial change rather than in ad hoc cases (Haigh and Hazelton, 2004), b/ through active engagement (Lewis and Mackenzie, 2000) instead of through “passive market signalling” (Lewis and Mackenzie, 2000: 215) and c/ within the public arena in an overt fashion as opposed to holding “conversation amongst financial elites about common interests” (Clark et al, 2008). Moreover, the intangible character of the changes to be delivered is confronted with the prioritisation of tangible resources, predominately financial, and the lack of skills related to intangible resources.

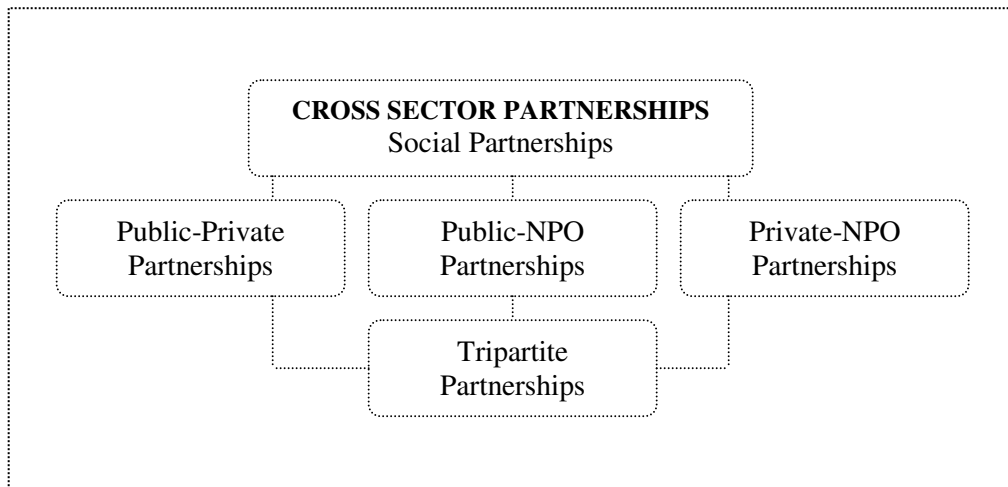
In order to demonstrate how change can be delivered successfully in a business by developing the necessary skills the case study between WWF and Lafarge is presented below within the context of a nonprofit-business partnership. Although the case is outside the financial arena it lies within the new forms of flexible governance, where also SRIs and shareholder activism would be categorised.

### **A Case Study from Nonprofit-Business Partnerships: WWF-Lafarge**

Partnerships between Nonprofit organisations (NPOs) and Business (BUS) is one of the most challenging ways that organizations have been implementing CSR. NPO-BUS partnerships are one of the three different types of dual partnerships (Figure 1) referred to as ‘social partnerships’ (Waddock 1988; Googins & Rochlin 2000) or as recently named ‘cross-sector partnerships that address social issues’ (CSSPs) (Selsky and Parker 2005:1). A fourth type, tripartite partnerships, involves all three sectors: profit, government and non-profit organisations (Figure 1).



**Figure 1: Cross Sector Social Partnerships**



According to Waddock (1988:18) social partnerships are:

*“A commitment by a corporation or a group of corporations to work with an organisation from a different economic sector (public or nonprofit). It involves a commitment of resources - time and effort - by individuals from all partner organisations. These individuals work co-operatively to solve problems that affect them all. The problem can be defined at least in part as a social issue; its solution will benefit all partners. Social partnership addresses issues that extend beyond organisational boundaries and traditional goals and lie within the traditional realm of public policy - that is, in the social arena. It requires active rather than passive involvement from all parties. Participants must make a resource commitment that is more than merely monetary”.*

Delivering change towards social (e.g. education, health) and environmental issues within corporations is similarly the main focus of social partnerships by combining

organisational resources in order to offer solutions that benefit both partners, but also society at large. As such, NPO–BUS partnerships represent the alignment of strategic business interests with societal expectations, expressed through NPOs (Covey and Brown, 2001; Austin 2000). Partnerships offer important insights into implementation of CSR, not least because BUS-NPO partnerships are seen as governance mechanisms (Moon, 2002) that can deliver changes within the new arena of ‘ad hoc’ social policy. The aim of this section is to present the success of a partnership in delivering change. In so doing, the paper compares new types of corporate engagement across the financial and social arena in order to suggest how change can be delivered.

One of the most widely recognised NPOs is WWF, an environmental nonprofit organisation that used to have be known for its collaborative relationships with BUSs. One of its partnerships is with Lafarge, the world leader in construction materials. The relationship between the partners started in 2000. Seven years into the partnership the relationship reached maturity where “WWF is contributing the expertise Lafarge needs to develop and improve its environmental policies and practices and to raise awareness of the importance of sustainability and biodiversity conservation” (WWF, 2007).

In 2003 WWF moved beyond its collaborative approach to use *confrontation* and to *publicly* challenge the corporation reclaiming its NGO identity and responsibility. In effect, WWF UK returned in 2003 its share of a £3.5m funding to Lafarge “because they refused to abandon plans to build the UK's biggest superquarry on an unspoiled Scottish island” (Third Sector, 2003). The original partnership was between WWF International and Lafarge; the UK branch of WWF opposed the quarry before the beginning of the partnership, therefore they rejected the money as they did not want to create confusion about their position. The website of WWF Scotland remarked in 2004:

*“Since the start of the international partnership between WWF and Lafarge in 2000, WWF has consistently and fully supported the actions taken by Scottish NGOs opposed to the quarry (LINK Quarry Group), and has repeatedly affirmed its strong opposition to the proposed 600 hectares*

*quarry. ... The history of this controversy demonstrates that engaging in partnerships with companies does not prevent WWF from criticising and opposing any controversial aspect of our partners' activities. WWF believes that it is important to engage with business and industry in the push towards a more sustainable future, and will continue to seek out partnerships that, it strongly believes, can contribute globally to significant social and environmental benefits.” (WWF, 2004).*

In April 2004, WWF’s website welcomed the decision of Lafarge not to pursue its interests further in the development of the quarry. The above is an incident where WWF, a collaborative NPO, publicly challenged a partner and returned money, hence externalising the conflict and placing within the social arena. So far it appears to be the only UK charity that used this approach publicly, although Greenpeace UK made similar remarks about their intention to pursue a similar tactic:

*“... companies need to know that if they don’t move far enough that people are going to come back and they’re going to campaign” (Greenpeace, Marketing and Fundraising Director, cited in: Seitanidi, 2006: 229).*

The change in WWF’s political position marks an important shift in one of the traditionally collaborative NPOs as it emphasizes the need for a ‘weapon’ that collaborative NPOs need to employ in order to challenge corporations and push them towards change:

*“You don’t negotiate unless you have some weapon that you can use. In those negotiations you don’t have a power to negotiate. What in fact happened in many instances was that yes from time to time the corporation discussed issues with the NGO. But they began to set limitations in the way the NGO could operate. If the NGO criticised then the company professed to be angry, because we are engaged into discussion with you. So, that process of co-optation in fact silenced quite a lot of NGOs.” (General*

Secretary, International Textile, Garment and Leather Workers' Federation,  
cited in: Seitanidi, 2006: 229)

The ability of an NPO to externalise the conflict and increase the reputational risks for the business partner appear to be important in order to facilitate organisational change in BUSs. However, it seems possible only when 1/ there is no financial dependency from the BUS partner; 2/ the NPO holds a strong reputation and is well-established, as was the case with WWF. The NPO could afford to return £3.5m, which in fact might not be the case with other NPOs or indeed in case of financial dependency between two social actors.

Partnerships have been portrayed by executives in NPOs as "*opportunistic*" (Seitanidi, 2006: 250) however there are instances that confirm the potential for delivering change, as in the above case. Within the research on NPO-BUS partnerships of Seitanidi (2006) the potential of challenging a partner within a partnership relationship has been further confirmed in one more occasion. The case study between The Prince's Trust and the Royal Bank of Scotland provided evidence of a similar incident: the Prince's Trust returned money to its partner, the Royal Bank of Scotland, due to a disagreement on the role of a funded position by the Bank within the course of the partnership (Seitanidi, 2006). The confrontational approach espoused by collaborative NPOs safeguards their autonomy and independence both within the organisation but also externally with their stakeholders.

In social partnerships the primary aim is to serve society and not the organisational needs (Seitanidi, 2006). In fact the social character of partnerships might indeed appear against the organisational needs (one of the basic one for NPOs is funding) as was the case with Lafarge and WWF. By returning the money to Lafarge WWF UK forced change within the BUS and in effect Lafarge changed their actions. However, it appears that in most cases the politics of NPO-BUS partnerships fail the societal dimension of partnerships by capturing the potential of organisational core changes within the convergence of need for tangible resources rather than divergence of missions and hence intangible resources (Seitanidi, 2006).

It appears that the experienced collaborative NPOs (e.g. WWF) only recently realised the risks in forging close relationships with BUSs and decided to assume a more critical role even publicly similar to the confrontational NPOs (such as Friends of the Earth, Greenpeace). One way to break the financial dependency within close relationships where money are transferred from one partner to the other is to develop the necessary set of skills to challenge corporations in order to force change by developing closer collaborations among diverse NPOs. As a result the closer collaboration among different NPOs, but also the exchange of information and facts, might enhance openness and transparency in NPO-BUS partnerships, increase civil society's trust of organisations and institutions, and might also allow partnerships to reclaim their societal role.

### **Investors in Intangible Outcomes**

As it becomes obvious from the above, there is a category of outcomes that can be classified as intangibles, including knowledge, capabilities and skills. The intangible assets were considered as early as 1987 to be the most important resource for a company (Itami and Roehl, 1987), one expression of which is the core competencies (Prahalad and Hamel, 1990). Organisations, predominately BUSs, actively engage in acquiring or internally producing intangible resources as they are likely to increase the value of the company (Sanchez et al, 2000). As Galbreath (2002: 116) points out, one of the most far-reaching changes in this field in the 21<sup>st</sup> century concerns what constitutes value and what the rules of value creation might be. Moving from the tradition of tangible to intangibles and to relationship assets constitutes a change in perceiving where the value of the firm is positioned today: "what becomes easily apparent is that the firm's success is ultimately derived from relationships, both internal and external" (Galbreath, 2002: 118).

The relationship between NPOs and BUSs is seen today as a source of cross-sector intangible outcomes that can benefit all parties. It is important, however, to distinguish between the different types of outcomes with regard to who is the recipient of the benefits.

The meaning of the verb 'invest' is "to put (money or effort) into something to make a profit or achieve a result" (Cambridge, 2007). The above definition captures both the tangible and intangible dimensions of an investment. In the case of shareholders, money is invested in order to allow the company to grow and prosper. In the case of stakeholders (Freeman, 1984) effort is invested in order to align the company with the expectations of society hence to safeguard its social legitimacy (sustainability). Today making an investment into tangible resources is not enough. Increasingly there is a need to equally invest and protect the intangible resources. This creates new expectations from investors as they require the development of new skills.

Hand and Lev (2003:2) suggest that:

*"Wealth and growth in modern economies are driven primarily by intangible assets, defined as claims to future benefits that do not have a physical or financial form. Patents, bioengineered drugs, brands, strategic alliances, customer lists, a proprietary cost-reducing internet-based supply chain-these are all examples of intangible assets. The more traditional physical and financial assets are rapidly becoming commodities, since they are equally accessible to competitors, and consequently yield at least a competitive return on investment. ... As a result intangibles are increasingly taking center stage in firm's business strategies and the valuation calculus performed by investors".*

In order for investors to be considered as ethical they need to prioritise the intangible (positive social and environmental outcomes) rather than financial outcomes. They could further leverage their investment by closely monitoring the processes that affect the intangible resources as a matter of priority and by seeking relevant expertise. Nonprofit organisations can be a source of in-depth technical knowledge and valuable information that will allow ethical investors to assess their portfolio investments.

The relationships between financial investors and corporations are in close proximity with each other constrained by financial dependency similarly with NPO-BUS partnerships. In order for continuous and substantial change to take place there is a need to address systematically the failure to deliver change due the relationship proximity, i.e. to externalise the conflict of interest that exists between the aims of an SRI fund and the corporation by entering into strategic partnerships with more experienced social actors on relevant issues (such as environmental NPOs). Through a/ active engagement between stakeholders that hold knowledge and expertise and b/ within the public arena, i.e. fostering an overt conversation would entail a strategy for not only protecting but also leveraging intangible assets. For example, an investment made by a corporation to a NPO within a partnership relationship is equally reciprocated by the NPO towards the corporation and constitutes a reciprocal intangible investment. Similarly the relationship between an SRI and a corporation can entail an intangible asset if it does not serve as a priority the maximisation of profit. Such relationships are intangible assets as the reputation of SRIs (an intangible asset) is at stake due to their responsibilities towards their clients.

The role of investors is crucial in facilitating the shift from the tangible to the intangible economy, by co-determining the responsibilities of corporations together with other stakeholders. The investment and protection of intangibles requires the development of new skills such as knowledge based confidence, confrontational writing and speaking, argumentation based on in depth specialist information, developing creative discourse around a technical issue, imagining alternatives; skills that traditionally have been developed by stakeholders (such as environmental NPOs).

Drucker in 1989 suggested that an important and unexpected positive outcome for BUS is the new management practices BUS can learn and adapt from NPOs which have experience with multiple bottom lines, similar to the recent triple bottom line perspective that BUS need to attend to. Moon (2004:1) suggested that in the UK “CSR was part of a wider re-orientation of governance roles”. It seems that CSR implementation needs to progress to a higher level of sophistication in order to incorporate mechanisms that will

prioritise intangibles assets. Hence more research is required into intangibles within the context of Corporate Social Responsibility.

Based on the above there is a difference between espousing a change discourse and claiming that SRIs, shareholder activism or NPO-BUS partnerships have influenced corporations in order to deliver organisational change. Organisations that work in high proximity over time is difficult to challenge and confront their 'partners' in order to deliver change. Delivering positive societal outcomes would need the development of new skills. Similarly with the collaborative NPOs, SRI funds and shareholder activism need to assume a more critical role towards BUSs and increase their collaboration within their own sector and across different sectors in order to contribute and strengthen the societal dimension of their role.



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Endnotes:

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<sup>i</sup> In the London Stock Exchange FTSE4GOOD is a special index that includes companies that meet the inclusion criteria that offer testimony of responsible practices. For more information: [http://www.ftse.com/Indices/FTSE4Good\\_Index\\_Series/Criteria\\_Documents/index.jsp](http://www.ftse.com/Indices/FTSE4Good_Index_Series/Criteria_Documents/index.jsp)

Also in the US the Dow Jones Sustainability Index (DJSI), launched in 1999, a global index that aims to track the financial performance of sustainability-driven companies worldwide and currently manages over 4 billion EUR. For more information: <http://www.sustainability-indexes.com/html/other/faq.html>

<sup>ii</sup> In 2005 the GRI reported 750 companies that used the Sustainability Reporting guidelines (GRI, 2006). The Global compact reported that world wide (last update of information on line 29th March 2006) 2,500 businesses are included in its network (Global Compact, 2006).

<sup>iii</sup> According to Friends of the Earth: “Major categories of environmental resolutions include: global warming, energy, genetically engineered food, environmentally sensitive areas, toxics, and sustainability reporting” (FoE, 2007).