Journal of Business Ethics (2011) 103:189–202
DOI 10.1007/s10551-011-0860-7

New Approaches to Evaluating the Performance of Corporate–Community Partnerships: A Case Study from the Minerals Sector

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ABSTRACT. A continuing challenge for researchers and practitioners alike is the lack of data on the effectiveness of corporate–community investment programmes. The focus of this article is on the minerals industry, where companies currently face the challenge of matching corporate drivers for strategic partnership with community needs for programmes that contribute to local and regional sustainability. While many global mining companies advocate a strategic approach to partnerships, there is no evidence currently available that suggests companies are monitoring these partnerships to see if they do, in fact, represent 'strategic' investments. This article argues that applying the management concept of 'investment performance' to corporate–community partnerships requires questioning traditional evaluation methods that focus on the results of programmes or activities. We adopt a case study approach to introduce an evaluation framework that considers performance from both corporate and community perspectives and that conceptualises partnership performance as comprising four aspects: (1) the contribution of the partnership to the overall portfolio of a company's community investment programmes, (2) the appropriateness of the partnership model, (3) the effectiveness of the partnering relationship and (4) the ability of the partners to achieve programme goals. The application of this evaluation framework to an established corporate–community partnership programme provided some useful insights as to how partnership performance can be improved.

KEY WORDS: cross-sectoral partnerships, evaluation, mining industry, corporate social responsibility, social licence

Introduction

The trend towards partnerships in the minerals industry is fairly recent, representing the industry's response to significant changes in its operating environment. In the last 15 years, there has been a dramatic shift in the thinking amongst mining executives towards recognition that mining companies have an obligation to contribute to the social and environmental sustainability of the communities in which they operate (Dashwood, 2007). In part, this change can be attributed to the recognition that opposition from local communities is a significant source of business risk. In this context, partnerships with community groups and NGOs are regarded as useful vehicles for building local community support, strengthening the company brand and reputation, and gaining access to local opinion leaders and decision makers in government and politics.

Partnerships can also be a mechanism through which companies act as agents for sustainable communities. Participatory capacity-building activities can make communities to make informed choices and to learn to take control of their development needs, and are therefore an effective way of reducing dependency on mining operations (Labonne, 2002). To this extent, partnerships can be seen as powerful mechanisms for building constructive relationships between mining companies and local communities and contributing to sustainable community development.

While there is growing recognition of the importance of building good relationships with, and thus contributing to the sustainable development of local communities, companies expect partnerships to deliver business value and to demonstrate 'investment performance', as they do with any other form of investment. In this article we adopt a business perspective to apply the management concept of 'investment performance' to corporate–community partnerships. We contend that this requires questioning traditional evaluation methods that focus on the results of partnership activities or programmes, and present a case for evaluation frameworks that consider performance from both corporate and community perspectives.

The purposes of this article are threefold. First, we outline how this article seeks to contribute to theories surrounding business ethics and corporate social responsibility (CSR) with stakeholder theory, particularly in relation to the concept of social licence. Second, we describe how recent contributions in the field of cross-sectoral partnerships have contributed to the development of an evaluation framework that considers performance from business and community perspective. Finally, we demonstrate, through the case study of a local community partnerships programme (CPP), how value created through partnering can be assessed using this framework, which employs ex-post methods that seek to align corporate and community interests.

Corporate–community partnerships and stakeholder relationships

A manager's ethical dilemmas often emerge from the knowledge that, while the firm has a duty to maximise earnings for its owners, it also has duties to other stakeholders, such as its customers, suppliers, creditors, the community, and the natural environment (Freeman, 1984). These duties are often conflicting. Since Freeman, the stakeholder concept has been widely used to examine the corporation's relationship to society (Buchholz and Rosenthal, 2006; Clarkson, 1998). In essence, stakeholder theory argues that the organisation has relationships with many groups and that it can enlist the support of these groups by considering and balancing their relevant interests. Business ethics strategies described in the literature seek to reconcile conflicting duties.

Some studies of the ethical issues surrounding mining (Cragg and Greenbaum, 2002) have suggested that, although mineral resources are nonrenewable and their exploitation has frequently resulted in severe social and environmental impacts, mining is not necessarily incompatible with principles of justice and sustainability. A condition is that decision-making processes take into adequate account the values and interests of all stakeholders. In recognition of this, the mining industry has adopted 'social licence''' policies intended to meet the expectations of stakeholder groups. Social licence has been defined as 'the demands and expectations for a business enterprise that emerge from neighbourhoods, environmental groups, community members, and other elements of the surrounding civil society' (Gunningham et al., 2004, p. 308) In the mineral resources context, policies that are seen as contributing to a company's social licence typically relate directly to social and economic development. This includes employing local residents in projects, procuring from local suppliers, providing support for local, entrepreneurial business initiatives, and providing infrastructure. Momentum in the area of mining company–community investment has increased rapidly that the focus has changed from short-term compensation and benefits to local communities to long-term sustainable development of local communities. The shift has progressed even further into questions on and analysis of how mining can act as an agent of community and regional development, even having an 'engine of growth' type impact at the national level (Van der Veen and McMahon, 2007).

This article examines these trends evident in the minerals industry in the light of a common stakeholder perspective within the literature: the 'instrumental' perspective (Andriof et al., 2002). Here, researchers have explored what impact stakeholder management has on a firm's financial performance and competitiveness (for example, Barnett, 2007; Jones, 1995). Instrumental stakeholder theory (Jones, 1995) has brought stronger theoretical underpinnings to the 'social licence' business case, by linking it to transaction cost economics (Williamson, 1975).

The basic premise is that as relationships strengthen, transaction costs decrease, as well as risks. In instrumental stakeholder theory, the role of management is seen as maintaining an appropriate balance between the interests of all stakeholder groups, as this is the only way to ensure survival of the firm or the attainment of other performance goals. This is the strategic stakeholder approach to management (Carroll, 1989; Goodpaster, 1991); since a firm has certain strategic objectives, stakeholders need to be considered since they have the potential to enable or impede the company in its effort to achieve those objectives.

Corporate social responsibility is often linked to the study of stakeholder relations (see, e.g., Clarkson, 1996; Snider et al., 2003). Barnett (2007, p. 801) defines CSR as 'a discretionary allocation of corporate resources to improving social welfare that serves as means of enhancing relationships with key stakeholders'. However, some definitions of CSR, which point to weak alignment between CSR and corporate performance, demonstrate the extent to which the instrumental view is contested:

> The obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving welfare of society at large independent of direct gains of the company (Kok et al., 2001, p. 287);
>
> and
>
> Actions which appear to further some social good, beyond the interests of the firm and that which is required by law (McWilliams and Siegel, 2001, p. 177).

The theoretical model proposed by Aguilera et al. (2007) to explore corporate motives to trigger positive social change through CSR initiatives identifies three main motives for pressuring companies to engage in CSR; instrumental (driven by self interest), relational (concerned with relationships between group members) and moral (concerned with ethical standards and moral principles). Kapelus (2002), in his research into mining companies, identifies an instrumental approach, towards CSR. He suggests that company approaches towards CSR are often pragmatic, with application happening in an empirical vacuum, and he questions whether this approach can effectively address the development concerns of local communities in the developing world context.

At the local level, where CSR is implemented, the potential costs of being socially responsible can be measured against the potential profits of operation, and managers are confronted by tensions in assessing trade-offs. This is often handled by modifying the definition of the 'affected community' in ways that restrict the number of claims that arise. Porritt (2005) argues that sustainable development requires a radically different way of thinking, one that moves from 'band-aid' pragmatic CSR to a commitment to becoming genuinely sustainable over time. This ambition seeks to increase the assets of the organisation and of others in these diverse contexts over the long term.

The line of enquiry in this article explores methods to determine effectiveness and to identify the intended and unintended social consequences of corporate–community investment. Key underlying question is: does corporate–community investment lead to improved stakeholder relationships? Do these strengthened relationships in turn lead to achievement of other business value drivers, such as the ability to access capital and resources, attract talent, minimise risk and increase revenue? If it is possible to demonstrate such issues through the selection of appropriate ex-post evaluation methods, then this would provide a conceptual framework that clarifies the conditions under which firms might strengthen their relationship with stakeholders and achieve their business drivers through social investment. The premise is that there is an indirect link between social investment and financial performance. This builds on Barnett's (2007) argument for a contingent framework for the business case, which suggests that stakeholder responses differ because of their prior beliefs about the characteristics of the donating firms. The path-dependent nature of firm-stakeholder relations explains why financial returns to CSR differ across firms and over time, shifting the argument away from a universal business case for CSR.

This article asserts that a commitment to social development requires going beyond incremental, short-term strategies that simply balance the interests of stakeholders. Long-term business sustainability often requires drastic solutions and cross-sectoral approaches to address issues and build assets in the natural, human and social environment. The approach advocates examining 'what happens' when the space where both business and community interests are aligned and where the assets of both can be built through a portfolio of investments that draw on the resources of multiple partners. At the core of the evaluation approach in this article is the premise that if it can be demonstrated that the interests of shareholders and stakeholders can be met by companies that invest in the long-term sustainability of their communities, then markets will reward those companies.

This article primarily concerns itself with how mining companies can assess their contribution to social development – through cross-sectoral partnerships – in the communities in which they operate. Central to the evaluation framework is that companies can best achieve social development objectives by applying the same strategic management principles that they apply to other aspects of their business operations. As such, the evaluation framework is supported by the 'strategic logic' for social investments, and provides guidance on how to evaluate investments in alignment with this logic. In this way, the framework has relevance to other industry sectors.

With a view to addressing gaps in the literature, the article seeks to

- provide insights into the conditions by which social investment can create value for both business and community;
- provide guidance to managers on how to maximise development opportunities for communities surrounding mine operations by successful delivery of social projects, appropriate distribution of funds and the establishment of partnerships/alliances with outside agencies; and
- demonstrate the limitations of instrumental stakeholder theory and argue for a perspective that considers cross-sectoral collaboration for sustainable development and focuses on building the assets of all partners.

Conceptual basis for a CPP evaluation framework

The business value to be gained from cross-sectoral partnerships has received growing attention in the literature. Companies are attracted to partnerships with not-for-profits for a number of reasons: heading off trouble, accelerating innovation, increasing the ability to foresee shifts in demand, shaping legislation and setting industry standards (Yaziji, 2004). Partnering enables companies to gain access to not-for-profit competencies, such as legitimacy, awareness of social forces, distinct networks, and specialised technical expertise (Dashwood, 2007; Suchman, 1995; Yaziji, 2004). For these benefits to be achieved, however, it is necessary to identify the characteristics of successful partnerships before an appropriate evaluation framework can be developed. Research points to four broad dimensions of the partnering relationship that need to be considered in any evaluation process:

- the way in which value is created through the form of partnering relationship;
- the capacity of partners to establish and implement the partnership;
- the outcomes of partnership activities; and
- its portfolio performance.

The theoretical basis for each of these dimensions is discussed below.

The partnering relationship

Selsky and Parker (2005) identified three different ways of looking at partnerships from the management and organisation literature: resource dependence, social issues and societal sector. From the resource dependence perspective, the literature is oriented primarily towards an instrumental rationale for partnering, where organisational success is defined as organisations maximising their power. In this context, partnerships can be viewed as coalitions that bring valuable resources to each party, for example money, credibility or new social networks.

From the social issues perspective, the issue takes primacy and the partnership is designed to be issue-focused. Issues are generally selected because they are strategic, that is, supporting the core mission of the corporate partner. This is the dominant perspective within the larger mining companies (Esteves, 2008). The third 'societal sector' perspective proposed by Selsky and Parker (2005) is an emerging one, based on a growing awareness that new relationships between corporations, governments and community organisations are distorting the boundaries between sectors. There is also a growing awareness that single sector solutions are inadequate to address certain social challenges and organisational learning is enhanced by interactions across sectors.

There is already some evidence of the 'societal sector' perspective in the minerals industry, which can be attributed to the maturity of some of its cross-sectoral partnerships. This is an important development because mature partnerships are more likely to achieve corporate and community objectives. Therefore, it is useful to consider the process by which maturing partnering relations create 'value'. We define value as incorporating not only economic benefits, but also the less tangible benefits that flow from effective partnerships, namely, the value that lies in positive relationships between the partners and local communities, the human and social capital of the firm and of its partners, positive stakeholder attitudes towards the partnership and what it is trying to achieve, and operating within a more healthy and inclusive social environment.

Cross-sectoral partnership relationships have also been analysed in terms of a three-stage continuum that defines an evolving 'value-exchange' relationship (Googins and Rochlin, 2000; Reed, 1999). Each stage marks an increasing level of dependence between the partners in their efforts to generate benefits from the relationship. The three stages have been described as reciprocal exchange, developmental value creation and symbiotic value creation. Reciprocal exchange describes a traditional transaction-based relationship where there is an agreed exchange of goods or services, for instance when a business seeks publicity through sponsorships. Developmental value creation describes the relationship between partnering organisations that work together to frame a common partnership plan to meet each partner's interests. For example, mining companies are often interested in supporting local businesses. Sourcing from local suppliers serves several purposes. A local supply base makes it easier for the company to access supplies, while contributing to regional economic development. The aim of developmental partnerships is to create efficiencies or additional value through collaboration. The next point on the continuum, symbiotic value creation, requires a deeper and more equitable relationship between the partners. These partnerships are mutually beneficial relationships that typically take the form of joint ventures or strategic alliances. Value is created only through joint problem solving, and joint contribution of resources and effort.

Considering a partnering relationship in terms of these developmental stages is useful in that it enables partners to determine the nature and extent of commitment that is required. In defining expectations around how value will be generated, partners can determine the most appropriate form of relationship. As noted by Selsky and Parker (2005), reciprocal exchange lends itself well to formal, contractual relationships, while symbiotic exchange, with its high level of mutual dependence, requires more engaged, committed and trusting relationships.

Demonstrating organisational capacity for partnership organisation

Establishing a partnership requires articulating partner goals and expectations and arriving at some consensus on expected outcomes (Caplan et al., 2006). However, these are the minimum requirements for a partnership and a high level of commitment is required if a partnership is to be successful. There are many difficulties inherent in managing partnerships and the decision to partner should imply that other avenues for social development have been explored before commitment to a partnership programme is decided (Business Partners for Development, 2002a, b).

Once the decision has been taken to partner, there is a growing literature to draw on that identifies the keys to effective partnerships. These include communication between the partners to understand individual and institutional needs and interests, and the ability to agree on negotiable and non-negotiable positions and to identify obstacles and assets (including reputations). Research by Business Partners for Development (2002a) also challenges the popular assumption that successful partnerships are primarily shaped around a common or shared long-term vision or goal. Their evidence suggests that successful partnerships are those shaped around common or shared activities that, first and foremost, deliver against the individual aims or strategic drivers of each partner, particularly where these have been legitimised within the partnership.

Other aspects of a successful partnership include developing business management processes or systems for managing the partnership; articulating the company's negotiation strategy for reinvesting in the partnership; and identifying the anticipated costs and risks of the partnership. Costs and risks cover a range of potential issues such as buy-in at a senior level, the likelihood of becoming dependent on external organisations; differences in timeframes required by the partners; any pre-existing unresolved grievances; and the knowledge or capacity to react flexibly to changing political and socio-economic contexts (Business Partners for Development, 2002a, b; Warner, 2003).

Finally, the ability to maintain legitimacy with stakeholders is also important to partnership success. Partnerships may bring together complex sets of external stakeholders. These stakeholders may not have worked together previously, and may have the ability to hinder or encourage partnership programmes (Covey and Brown, 2001; Selsky and Parker, 2005).

Demonstrating impact at the partnership level

The impact of cross-sectoral partnerships should be evaluated at three levels – direct impact on the issue and its stakeholders; impact on building capacity, knowledge or reputational capital that can attract new resources; and influence on social policy or system change (Selsky and Parker, 2005). However, most organisations choose to measure direct impacts, using simple input–output models. These models tend to ignore important issues that should be incorporated in an effective evaluation process. These issues include the complexity of partnerships, the knowledge gained from partnering experiences, how partnerships are shaped by stakeholders over time, and how partnerships change according to the institutional contexts in which they are situated.

A useful framework for evaluating the direct impact of programmes – that goes beyond the linear input–output-outcome model – has been offered by Bennett (1975). Bennett's framework is based around seven evaluation categories that represent a seven-link 'chain of events'. First in the chain are 'inputs' that produce 'activities'. These activities involve people who have 'reactions', positive and negative, to the programme activities. People involved may change their 'knowledge, attitudes, skills and aspirations' (KASA) as a result of participation in the programme. 'Practice change' occurs when people apply their KASA change to working and living. 'End results' are the outcomes from these practice changes (the hierarchy is illustrated in Figure 1).

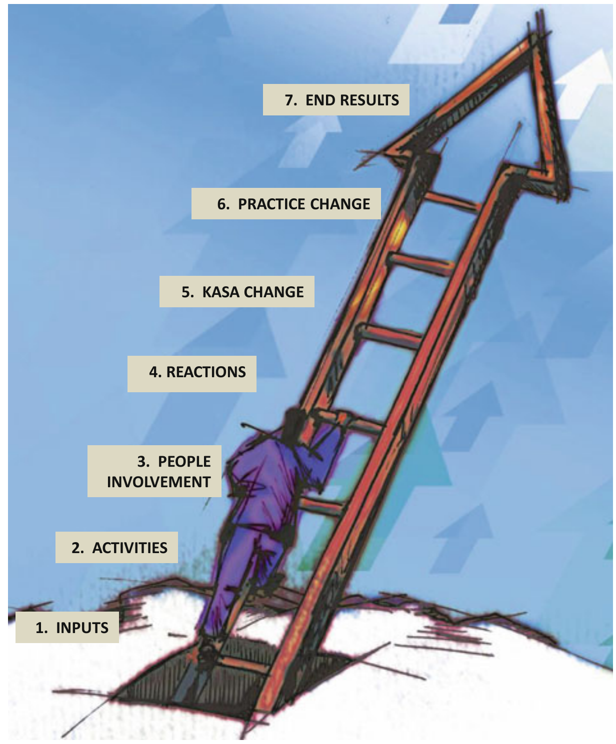

Figure 1. Bennett's hierarchy (derived from Bennett, 1975, p. 9).

The power of the Bennett's Hierarchy as a tool for assessing partnership performance lies with its concentration on the development of measures that demonstrate attitudinal and behavioural change. Rather than focusing on the programme activities themselves – the number of events held or numbers of participants – the focus is on the quality of the interactions and the changes that they bring about. The model is based on the assumption that quality personal interactions and the capacity for behavioural change are more likely to lead to successful programme outcomes, and be more highly valued.

Demonstrating impact at corporate–community investment portfolio level

The concept of portfolio impact considers the value created for the company through the overall composition of a partnerships portfolio, comprising multiple partnerships. The portfolio concept has its foundations in financial portfolio theory. Portfolio Theory is a framework for the analysis of collections of assets (Chandra and Shadel, 2007). An asset is a financial instrument that yields a return and carries with it a risk. The return on an asset is the incremental increase or decrease in the value created by that asset over time. Risk is the variability in the return of an asset over time. A portfolio is a collection of individual assets. Portfolio theory deals with the expected return on a portfolio of assets, and the risk of that portfolio over time. These characteristics of the portfolio are a function of the collective risks and returns inherent in holding the individual assets in the portfolio.

One of the attractions of modern portfolio theory is that its key concepts – the relationship between assets and risk (the concept of uncertainty, embodied in the term variance) and the importance of diversification – are generally understood by people outside of the financial sector. They also lie at the heart of many modern management practices, particularly in relation to risk management. Portfolio theory has also found its way into areas of research other than finance. Van der Flier and Gruis (2002) apply the theory to the management of social housing projects, Chandra (2003) applies it to regional economic theory, and Chandra and Shadel (2007) apply it to social psychology.

One of the advantages of applying the basic concepts of portfolio theory to a CPP is that it provides a framework for the more effective monitoring and evaluation of a company's investment. By conceptualising a partnership programme as an asset, we can then define the investment portfolio as the collection of individual partnership programmes that forms the company's community investment fund. The characteristics of the investment portfolio (the range of social issues it addresses, the range of business value drivers it addresses and the overall effectiveness of the portfolio) are a function of the collective risks and returns inherent in focusing on specific areas for community development, their ongoing relevance to corporate business drivers and to community needs. In other words, a balanced CPP portfolio is a diversified portfolio that includes programmes covering a range of social impact areas that satisfy different business drivers.

We posit that the value of an individual asset (partnership programme) represents one aspect of investment performance, and emphasise that the performance of a social investment portfolio needs to be articulated from both business and social perspectives. This means that evaluating the diversity of a portfolio will include an assessment of a range of functions, such as the ability of the programme to connect partners to a broader web of social relationships and to allow a broad range of social expectations to be addressed.

The CPP evaluation framework

The CPP evaluation framework that we have developed depicts a relationship across four separate, but interconnected dimensions:

- Value creation through the form of partnering relationship,
- Organisational capacity for partnering,
- Individual programme impact,
- Portfolio impact.

Each of the four aspects requires distinctively articulated goals, performance expectations, indicators and reporting methods, and each evaluation of each dimension is an essential component of an overall assessment of a company's partnering programmes. The relationship between these dimensions is a cyclical one, where the value created at each level influences the performance across the other dimensions and all are part of a continuing cycle of impact identification and evaluation. The framework is illustrated in Figure 2.

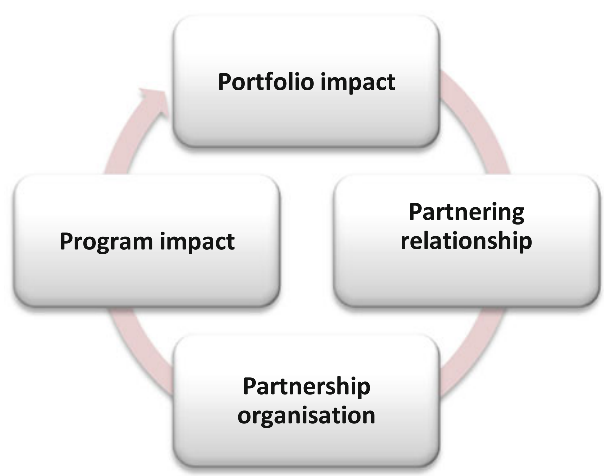

Figure 2. Corporate–community partnerships programme evaluation framework.

Applying the framework: the LCF case study

In the Australian context, corporate community partnership programmes in the mining industry fall into two broad categories. First, there are partnerships that have been established to address the aspirations of Indigenous people in areas impacted by mining operations. These aspirations are captured in formal Agreements and the types of partnerships formed to meet these aspirations are negotiated under the auspices of Native Title Legislation. These partnerships generally include Traditional Owners, mining companies, and state or federal governments.

The second type of corporate–community partnership commonly found in the Australian mining industry is voluntary in nature. These partnerships, formed with community groups, local governments and/or state government departments can be 'standalone' arrangements formalised by a Memorandum of Understanding or partnering agreement, or they can operate under the auspices of a Community Fund. On the whole, these Funds do not operate as a separate legal entity but are funded out of the mining company's operating expenditure. Typically, the purpose of these community funds is to address the social, environmental and economic needs of the local communities in which mining companies operate.

Our case study (referred to as 'LCF') has arisen from a policy requirement of the parent company, that all of its site operations establish individual Community Funds. Accordingly, the LCF was established in 2002 to address the social needs of the communities in Central Queensland, Australia, where the company's employees and their families are located. The LCF operates through partnership agreements with government, community groups and employees. The LCF's performance is evaluated regularly by external professionals, and this case study describes the method and outcomes of the most recent evaluation process, which was conducted by the authors.

The stated objective of the LCF is to support projects that foster the development of a skilled and diverse workforce, contribute to sustainable employment opportunities, and promote environmental awareness. At the time of review, the LCF supported 13 programmes in the areas of education and training, skills development, business development and the environment (Table I).

Methodology

The research approach applied to the LCF evaluation involved a combination of methods. Qualitative and quantitative data were gathered through desktop research and personal interviews. The desktop research included a review of corporate documents relating to the formation and operation of the Fund and progress reports from partner organisations, as well as recent academic and practitioner literature on cross-sectoral partnerships. Semi-structured personal interviews were conducted with 22 stakeholders; including five internal stakeholders and 17 external stakeholders; representing partner organisations and community opinion leaders (Table II).

Interview questions were designed to capture opinions about, and expectations of the Fund,

TABLE I

Characteristics of LCF programmes

Theme area	Types of programmes	Number
Education and training	Midwifery scholarships	6
	Apprenticeship training (engineering, electrical, business and IT)	
Skills development	Volunteering	3
	Leadership training	
Business development	Small business development	2
	Women in business	
Environment	Local conservation programmes	2
Total		13

TABLE II

Sample characteristics

Stakeholder group	Number
Internal stakeholders	
Company personnel, including Fund Executive Manager and Corporate Communications Manager	2
Members of the Local Community Fund (LCF) board who were General Managers representing locally based business units	3
External stakeholders	
Members of the Fund board (external appointees who were local community representatives)	3
Community opinion leaders including local government representatives and a state member of parliament	3
Local community members representing organisations that had received funding from the company	7
Local community members representing organisations that had not received funding, or where funding had been discontinued	4
Total interviews	22

as well as the different aspects of portfolio performance identified in the CPP evaluation framework. In terms of analysis, basic quantitative data (numbers of programmes, participants, funding allocations, etc.) were tabulated in Excel. Qualitative interview data and documentary evidence were analysed using NVivo software to identify key themes, and individual programme impacts were assessed using Bennett's hierarchy (Bennett, 1975).

Brief overview of the findings

The evaluation established that the LCF is highly valued by the company's partners. Many participants were genuinely interested in what the company is trying to achieve through the LCF and are keen to develop their relationships with the company further. A great strength of the LCF is its consideration of local community needs and a desire to invest in social programmes that are of value to company employees and their families. Further, the LCF has been successful in leveraging matched funding from government departments and local councils.

In terms of the individual programmes, most partners were able to demonstrate positive outcomes from their programmes. However, it was difficult to evaluate these in any meaningful way because the lack of stated performance indicators and measures prevented identification of individual programme achievements or tracking portfolio performance. The evaluators concluded that addressing issues of performance measurement and reporting is critical to the future of the LCF. Without good performance data, it is difficult to establish clear go/no go decision points for programmes or to identify new investment opportunities that may be derived from, or that extend, existing projects. Since the company seeks to develop ongoing relationships with its partners, this represents a missed opportunity.

Partnering approach

A key finding from the interviews was that several of the continuing partnerships had matured significantly since the previous review. Relationships were generally positive and most had developed and strengthened over time. Most partners agreed that the relationship with the LCF had started as a transaction-based exchange, but a number of community organisations indicated the relationship had progressed beyond this stage to a more developmental relationship.

The majority of community partners also indicated a preference for a closer working relationship than currently existed. However, there was no obvious mechanism in place to explore these ideas further with the company, and little knowledge on the part of community organisations of corporate business drivers they could meet to ensure their partnership programmes continued to add value to the LCF portfolio. Regular review meetings were suggested by some partners as a means of enabling a better understanding of partner needs, by providing a regular forum to discuss the progress of the partnership, and identify opportunities to increase the value of the partnership.

Partnership organisation

Partnership organisation refers to the way in which a partnership programme has been structured and implemented. All of the LCF programmes had a formal partnership agreement in place that set out the objectives for the partnership programmes, mutual obligations and a process for identifying programme outcomes. Interviews with the partners indicated varying levels of ambition and capacity for partnering and programme implementation, ranging from best practice examples to small-scale initiatives that were in need of some capacity building. In spite of these differences, most partners were able to demonstrate positive institutional outcomes from their programmes.

In terms of the extent of 'strategic fit' between partners, all programmes were aligned with the six theme areas (youth development; economic development; community development and welfare; safety, sport and recreation; arts and entertainment; and environment and sustainable development) identified as priority areas by the LCF, and were congruent with the social objectives of the community partners. Relationships between the corporate partner and community organisations were positive, and there were also indications that involvement in the LCF had encouraged some of the partner organisations to work with each other outside of the LCF connection.

The weaknesses in partnership organisation related to two particular areas, namely, lack of a formal performance evaluation process and appropriate KPIs and, to a lesser extent, limited opportunities for partner communication. The pro forma that had been developed for performance measurement was regarded negatively by virtually all partners, primarily because it did not contain appropriate measures to demonstrate and communicate programme achievements. It focused primarily on activities, rather than programme outcomes or any changes in knowledge, skills and behaviour that have occurred, which would indicate whether or not the programme was on the right pathway to achieve its higher-level objectives.

Some partners also expressed a desire for more frequent communication with the corporate partner. They believed that their programmes could be more effective if they had a better understanding of the business drivers that were shaping corporate decision making with regard to community investment programmes. Their preference was for more opportunities for face-to-face meetings to discuss these issues.

Partnership impact

The effectiveness of individual partnership programmes was difficult to assess because of the minimal reporting requirements. Moreover, the evaluation objectives specified in the terms of reference prepared by the corporate partner for the evaluators, with its emphasis on portfolio performance rather than partnership-level performance, mean that monitoring of the performance of individual partnership programmes was reliant on secondary data, in the form of existing quarterly reports. As a consequence, when the Bennett's framework was applied to the partnerships under review, evidence of performance could only be found of basic inputs and partnership activities. There was little or no evidence of higher-level achievements, except from the most experienced partners. As the scope of our evaluation prevented us from gathering primary data from partnership beneficiaries and other stakeholders, we were unable to form solid conclusions as to programme performance.

The absence of this level of detail severely limits the company's ability to track the performance of its portfolio of partnerships. From the perspective of the evaluators, this represents an obvious opportunity for the partners to work together to share their knowledge and learning, and jointly have input into a reporting framework. As a reporting regime imposes obligations on both the provider and the collector of data, greater commitment and rigour in completing the performance monitoring reports would be encouraged if partners were assured that the company would consider and act on the information provided.

Portfolio impact

The evaluation indicated that the LCF portfolio lacks balance and investment is not sufficiently diversified between the areas selected for investment. Youth Development programmes dominate the portfolio and whilst this may be a legitimate area of community need, other priority areas were significantly under-resourced in comparison, particularly economic and skills development programmes and environmental programmes.

A major weakness of the company's approach to its LCF is that it relied solely on community organisations to generate programme ideas for corporate support. This meant that the company initially entered into partnerships with a limited transaction-based perspective of value creation. Over time, the better-performing partnerships tended to emerge into more mutually beneficial relationships, enabling more ambitious partnering goals to be set. The evaluators concluded, however, that adopting a portfolio approach that is issue-focused, meets business drivers and has the ability to adapt to new challenges requires a greater shift towards proactive (rather than reactive), project development and, therefore, a greater level of commitment from the corporate partner for full benefits of partnership to be realised.

Reflections on the CPP evaluation process

The LCF review highlighted the company's inability to demonstrate the difference its partnerships were making in local communities, primarily because of the weakness in its evaluation and reporting practices. The review was able to identify a growing maturity in some aspects of the management of the LCF (growing relationship maturity, alignment of resource allocation around pre-identified community needs, and a move towards more strategic and developmental partnerships); however, the inadequacy of current monitoring and reporting procedures limited its capacity to identify successful partnership programmes or the effectiveness of the overall LCF portfolio.

Ideally, a framework for evaluation is designed at the time of partnership planning and is a part of the on-going management and refinement of activities. Consistent with trends in the practice of evaluation, the focus of evaluation should also be less about measurement and judgment undertaken by experts every 3 years (as in the case of this review), than about a collaborative learning process aimed at improving activities as they are 'live'. This orientation requires evaluation design and implementation to involve partners and representatives from the key stakeholder groups, and a key recommendation of this review was that the company should conduct a workshop with its partners to develop a monitoring and evaluation framework appropriate to the partner organisations.

A participatory approach means that performance reporting can be adapted to the scale and significance of the partnership. Evaluations of small-scale activities do not require costly and extensive evaluation programmes. Here, all that may be required is a feedback questionnaire or interviews with participants based on a few key evaluation questions, and a plan to use and share that information. At the other end, evaluating a major community engagement programme often requires detailed planning and expert assistance to implement the evaluation. Finally, the partner organisations indicated a preference for narrative versus quantitative data as a means of capturing more effectively programme achievements. The preference in the mining industry for 'hard' numbers can be a barrier to reporting partnership achievements. Good practice in evaluation suggests that the involvement of partnership in the design of evaluation programmes is an important means of ensuring that different forms of knowledge are legitimated.

Discussion and conclusion

A continuing challenge for researchers and practitioners alike is the lack of data on the effectiveness of corporate–community investment programmes. There is now a reasonable body of evidence that suggests that the major mining companies are entering into cross-sector partnerships for more strategic reasons than previously and are choosing their community partners with specific partnership objectives in mind. However, no evidence is currently available that suggests they are monitoring these partnerships to see if they do, in fact, represent 'strategic' investments.

The experience of the evaluators in this case study example suggests that companies are only just beginning to move beyond their focus on establishing community programmes to recognising that they need to be formally monitored and evaluated, along with other aspects of corporate performance. However, the growing number of requests for independent third-party reviews of Partnership Programmes, Foundations and Endowment Programmes suggests that companies recognise the deficiencies in their current evaluation processes and are looking for evaluation frameworks and monitoring tools that will enable them to carry out this function more effectively.

Implications for management practice

The proposed evaluation method yields insights into the conditions by which social investment can create value for both business and community. These insights are also relevant to sectors other than mining. Applying the approach builds a body of evidence that indicates the extent to which a firm's strategic objectives can be met while also meeting the strategic objectives of multiple stakeholder partners. Building on Barnett's (2007) argument for a contingent framework for the business case, which suggests that stakeholder responses differ because of their prior beliefs about the characteristics of the donating firms, we propose that where CSR is implemented through partnerships, stakeholder responses also differ because of their unique and diverse motives (drivers) for entering into a partnering relationship with the company. For this reason, we have advocated the importance of examining the business case from the perspective of partners.

This article has also introduced an approach to evaluation that brings together two aspects of partnership performance – the partnering relationship and the programme of work undertaken. By evaluating the partnership relationship, it is possible to assess (1) the ability of the partners to work together to achieve programme objectives, (2) the extent to which the programme addresses the strategic objectives of the partners, and (3) the effectiveness of the working relationships between the partners. The insights gained through such assessment are useful in guiding management decisions to ensure successful delivery of social projects, appropriate distribution of funds, and the strengthening of stakeholder relationships through partnering arrangements.

Future research

The application of this evaluation framework to an established corporate–community partnerships programme (the LCF) provided some useful insights as to potential modifications to the model. For example, the 'expert' application of the model limited the value it potentially offers, and there is a need for future contributions to consider applications involving participatory processes. Evaluation that involves participation of partners, other key stakeholders and experts provides opportunities for learning and reflection, encourages ownership and increases the likelihood that findings will be acted upon. It is well accepted that individuals learn from participatory process. Another benefit of incorporating robust participatory processes is that they would potentially limit the potential for socially desirable responses that may have influenced the interview responses to this study. The field of cross-sectoral partnerships would benefit from further exploration of the effects of collaborative initiatives on an individual level, and how these are transferred to the organisational level.

Another area for future research is to apply this methodology to other organisations and industry sectors to improve the generalisability of the findings. In particular, other industries that struggle with the same issues of social licence as the minerals sector would benefit from an analysis of their social investment programmes through the use of this evaluation model.

Acknowledgments

The authors express thanks to all the people who were interviewed for the CPP evaluation and to Prof David Brereton from the Centre for Social Responsibility in Mining, University of Queensland as well as the anonymous reviewers who contributed their time and thinking. In particular, grateful acknowledgment goes to the mining company for contributing their data and willingness to share findings from the evaluation.

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