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CHARACTERISTICS OF SUSTAINABILITY PARTNERSHIPS
A study on Finnish multinational companies

Master’s Thesis in
International Business

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>LIST OF TABLES</th>
<th>page</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIST OF FIGURES</td>
<td>9</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>11</td>
</tr>
</tbody>
</table>

## 1. INTRODUCTION

1.1. Background of the study  
1.2. Justification for the study  
1.3. Research questions  
1.4. Delimitations  
1.5. Structure of the thesis

## 2. INTERNATIONAL BUSINESS PARTNERSHIPS

2.1. Terminology in international business partnerships  
2.2. Characteristics of international business partnerships  
  2.2.1. Planning the international business partnership  
  2.2.2. Implementing the international business partnership  
2.3. Motives for international business partnerships  
  2.3.1. Resource-based view  
  2.3.2. Strategic behaviour approach  
  2.3.3. Transaction cost economics  
2.4. Summary and discussion

## 3. SUSTAINABILITY

3.1. Terminology in sustainability  
  3.1.1. Sustainability and sustainable development  
  3.1.2. Corporate social responsibility  
3.2. Characteristics of sustainability
3.2.1. Triple bottom line
3.2.2. Value-driven
3.2.3. Transparency
3.2.4. Global
3.2.5. Regulation
3.2.6. Critical success factors

3.3. Motives for engaging in sustainability
3.3.1. Stakeholder theory
3.3.2. Institutional theory

3.4. Summary and discussion

4. INTERNATIONAL SUSTAINABILITY PARTNERSHIPS

4.1. Terminology in international sustainability partnerships
4.2. Characteristics of international sustainability partnerships
4.2.1. Planning the international sustainability partnership
4.2.2. Implementing the international sustainability partnership

4.3. Partners in international sustainability partnerships
4.3.1. Company-NGO sustainability partnerships
4.3.2. Company-government sustainability partnerships
4.3.3. Company-company sustainability partnerships

4.4. Motives for international sustainability partnerships
4.4.1. Stakeholder theory
4.4.2. Institutional theory
4.4.3. Resource-based view
4.4.4. Transaction cost economics
5. METHODS

5.1. Research philosophy and research approach

5.2. Research design, research purpose and context of the study

5.3. Execution of the study
   5.3.1. Data collection
   5.3.2. Analysing the data

5.4. Validity, reliability and ethicalness of the study

6. FINDINGS

6.1. Characteristics of sustainability partnerships

6.2. Motives for sustainability partnerships
   6.2.1. Resource-based view
   6.2.2. Stakeholder theory
   6.2.3. Institutional theory
   6.2.4. Transaction cost economics

6.3. Sustainability partnership performance
   6.3.1. Reputational performance
   6.3.2. Financial performance
   6.3.3. Environmental performance
   6.3.4. Social performance
   6.3.5. Partnership performance

6.4. Summary

7. DISCUSSION

7.1. Characteristics of sustainability partnerships of Finnish MNCs

7.2. Motives for forming sustainability partnerships

7.3. Performance of sustainability partnerships
8. CONCLUSIONS 103

8.1. Theoretical contributions 103
8.2. Managerial implications 103
8.3. Limitations and future research 104

REFERENCES 106

APPENDIXES 119
LIST OF TABLES

Table 1. Motive theories and their expected benefits (Gray & Stites 2013: 33, 101-103, adapted). 53
Table 2. Interviewees of the study. 62
Table 3. Interview structure. 63
Table 4. Function-based framework of sustainability partnerships of Finnish MNCs. 70
Table 5. Motives for sustainability partnerships according to the partner. 72-73

LIST OF FIGURES

Figure 1. Characteristics of international business partnerships. 23, 47, 96
Figure 2. The triple bottom line and its sub-categories (Wilson 2015: 434). 35
Figure 3. Formation of transparency and sustainability reputation. 38
Figure 4. Characteristics of company-NGO partnerships (Dahan et al. 2010: 339). 50
ABSTRACT

Sustainability and business partnerships are significant business trends, which appear together in a third trend: sustainability partnerships. These partnerships are formed to implement sustainability in business, but also to comply with increased stakeholder expectations towards sustainability. In this thesis, sustainability partnerships are examined from the company perspective, meaning the focus is on companies’ sustainability partnerships with various partners. The purpose is to examine their different characteristics, motives for companies to form these partnerships and their performance.

To provide a theoretical background for this study, the literature review covers both business partnerships and sustainability in companies. These are then combined and supported with further theories of sustainability partnerships. Each theme is studied in terms of typical characteristics, motives theories and performance.

Qualitative research design supports the intention to examine and understand sustainability partnerships. Furthermore, this study was conducted as an explorative interview study of nine sustainability managers in Finnish multinational companies. The data was analysed with content analysis.

The findings of this study imply that sustainability partnerships are similar to business partnerships, with the distinction of sustainability focus and being more value-driven. The motives for forming these partnerships follow the motive theories in business partnerships and sustainability: resource-based view, transaction cost economics, stakeholder theory and institutional theory. Sustainability partnerships bring reputational and financial benefits to companies, and contribute to environmental and social improvements. The challenges in the partnership performance are related to choosing the right partner and measuring the partnership performance. Sustainability partnerships enable companies to learn about sustainability, and utilise their partners’ knowledge and expertise to improve their own sustainability performance and create value for themselves and their stakeholders.

KEYWORDS: sustainability partnerships, sustainability, business partnerships
1. INTRODUCTION

The topic of this master’s thesis is sustainability partnerships, and the aim is to examine their typical characteristics, underlying motives and performance in the context of Finnish multinational companies. Sustainability partnerships are a rising phenomenon, yet little is known of their practical nature, which is the focus of this study. In this chapter, the background and the justification for the study are discussed, the research question and objectives are described in more detail, and delimitations, key concepts and the structure of the thesis are explained.

1.1. Background of the study

Sustainability is one of the most impactful trends in current business life, and it has been on the rise for several years. Constant environmental disasters, financial scandals and social neglects (cf. Matthews & Heimer 2016; The Guardian 2017) have raised concerns in consumers, governments and organisations worldwide, and sustainability is a key factor in diminishing these concerns. Sustainability means balancing economic, environmental and social interests in a way that ensures long-term wellbeing without harming people or the environment (Kopnina & Blewitt 2015: 11). An increasing number of consumers and governments are demanding companies to operate sustainably (Scandelius & Cohen 2016: 166), and are holding them responsible for not only their own operations, but also the conditions of their surroundings, especially in the developing countries they operate in (Wurtz 2015: 14, 29-31). Over the recent years, sustainability has even become a financial necessity, and increasingly important in achieving shareholder and investor satisfaction (Kokkonen 2017, Ryan 2003: 264-265). Naturally, companies themselves have begun to understand the importance of sustainability. For example, in a survey conducted among Finnish corporate managers, 99 percent of the managers consider sustainability to be an essential factor in their business, characterised as “a means to secure future success factors and prerequisites for operation”, instead of regarding it as a reputational gimmick to please the shareholders (Markkinointi & Mainonta 2017a).
Despite the increased demand for sustainability, there are numerous current trends that favour a completely opposite approach; in the consumer sector overconsumption, culture of disposability and short product lifecycles lure consumers into excessive consuming (Kopnina & Blewitt 2015: 4; Vince 2012), especially in developed countries, whereas in the business sector pursuit of short-term profits through mass production and low labour costs, with consequent working conditions, are claiming space from more sustainable practices (Jackson 2011: 1013) and creating social injustice. In addition, there are global phenomena, such as climate change and overpopulation, that affect businesses and companies, and should be considered in business decisions (Smit & Pilifosova 2003: 895). Therefore, even though sustainability has been a rising trend for several years now, there is still a severe need to turn it into a global business standard.

In the business sector, the aforementioned malpractices and other misconducts continue to surface as corporate scandals (cf. Matthews & Heimer 2016). These scandals have a negative impact on the company in terms of image loss (Dean 2004: 192), which can lead to decreased sales, profit losses, investor reluctance and stakeholder dissatisfaction. Even though it is possible to overcome these hardships by taking responsibility and addressing sufficient resources to fix the issue (Burkitt 2010), it would benefit everyone if the scandals were prevented to begin with. To stop the malpractices and misconducts, there should be clear global standards and procedures in place. There is pressure on governments to give more guidelines on sustainable practices and assist with the legal aspect and implementation of the regulations (Ryan 2003: 260), but a lot can also be done by the companies themselves.

Partnerships are another global business trend that has been on the rise for quite a few years. In fact, in 2011 several companies stated that at least one-third of their market value was created through a variety of alliances (Man 2013: 4). Partnerships are defined as interorganisational collaborations with mutual objectives (Hartman, Hofman & Stafford 1999: 255-256). They can take many forms from established joint ventures to short-term projects (cf. Gratton & Erickson 2007; Todeva & Knoke 2005), and can even reach outside the business sector to partners such as governments, research facilities (e.g. universities) and
non-governmental organisations (NGOs) (Douglas 2009: 74-77). Due to the current global markets and consequent global competition, partnerships often extend across country borders or continents. The reasons for increased interest in partnerships are numerous, but many of them are related to the fast pace of new innovations and technologies entering the market in the recent years; companies are looking for partners to help them learn about new technologies, to innovate and create new technologies together, or to design new products or services combining the expertise of partnering companies. It is costly to invest in all emerging technologies, which makes partnering with companies who already have access to them more cost-efficient. (Man 2013: 4.) In short, partnerships create competitive advantages while being more cost-efficient than working alone.

The era of social media has also had a strong impact on partnerships. Different platforms facilitate partnering, as reaching out to other companies or organisations demands very little effort these days (Moore 2011). Finding partners that are interested in a partnership is quick and simple, and the scope of possible partners is not limited by geographical location. Communicating and working together over the internet is also less time- and money-consuming than face-to-face meetings (Pisano & Verganti 2008: 78). On the other hand, an increasing number of partnership campaigns is promoted on various social media channels (cf. Marimekko 2017; Rovio 2017), and the posts, pictures and videos reach the followers of all partners, which significantly widens the audience. This is an effective reputational tool for companies and other organisations (Jones, Temperley & Lima 2010: 927). Therefore, forming partnerships is both easier and more efficient with the help of social media.

These two trends, sustainability and partnerships, are combined in a third recent trend: sustainability partnerships. These partnerships are dedicated to sustainability, and they have been on the rise over the recent years (Ryan 2003: 256). They have similar traits as basic business partnerships, with the distinction of being focused on sustainability, especially on environmental or social causes, such as recycling or improving labour conditions. Sustainability partnerships are not limited by industry or company size; they have spread across the business sector and from small companies to large multinational ones (cf. Adams
Examples of such partnerships are Burton Snowboards partnering with Mountain Dew to create t-shirts from recycled bottles (Curto 2011) or Adidas establishing an SMS hotline with their suppliers for the factory workers to express their worries (Canadian Business 2013). Besides company-company partnerships, sustainability partnerships are often formed with NGOs (Dahan, Doh, Oetzel & Yaziji 2010: 326), such as WWF or The Red Cross. An example of that would be a Finnish porridge brand Elovena partnering with WWF in restoring traditional nature sites (Markkinointi & Mainonta 2017b). Companies can also form partnerships with other organisations, governments or consumers (Ryan 2003: 269).

Reasons for companies to form sustainability partnerships are parallel to those in business partnerships: gaining competitive advantage and sharing resources, especially knowledge and expertise on sustainability (Dahan et al. 2010: 326). The companies and other partners involved have complete authority over the cost, length and scope of the partnerships, which means they can be tailored to fit the specific needs of the partners (Reed & Reed 2009: 16). In addition, no extensive investments are required to form a partnership. Furthermore, as sustainability can seem ambiguous and difficult to achieve, these partnerships offer an easy way in (Ryan 2003: 273). It can be easier to begin with a partner who is already engaged in sustainability, and who can share their existing knowledge about efficient sustainability practices. This is often the case with NGOs, assuming their operations are focused on sustainability (cf. Markkinointi & Mainonta 2017b). In time, sustainability partnerships could spread sustainability practices and even create mutual business standards, thus increasing the sustainability of several companies. Not only do the companies benefit from these partnerships, but they are also beneficial for everyone in terms of improvements in environmental conditions and social issues.

Despite the apparent benefits and the constant positive buzz around sustainability partnerships, there are challenges as well, as in all partnerships. These partnerships are becoming more popular, yet there is very little evidence that they have actually achieved all the benefits, or improved sustainability (Pattberg & Widerberg 2016: 42). Considering the
value-driven nature of sustainability, finding mutual ground on goals, values and practices is a considerable challenge (Hartman et al. 1999: 257). Aligning needs and wants of different organisations is not simple, especially if partnering organisations represent different sectors. Companies are often profit-oriented, with reputational and financial benefits in their focus, whereas NGOs are looking for practical improvements in environmental or social conditions. Furthermore, what kind of risks sustainability partnerships bring, and how are they managed? Are these partnerships always successful and what guarantees the success? And if not, why and how have they failed? These are some of the questions that remain unanswered in the sustainability partnerships literature. As the phenomenon keeps growing and reaching more companies, it is interesting and important to examine it in more detail.

1.2. Justification for the study

There is a clear research gap in the topic of sustainability partnerships, therefore, there is room for a new study. A few existing studies are focused on sustainability partnerships, for example a study on partnerships across disciplines in the chemical industry (Iles & Mulvihill 2012), another one on international university partnerships (Trencher, Yarime & Kharrazi 2013) and one on partnership between a pro-cycling non-governmental organisation and a local government in London (Spinney 2010). As the focus of this study is on business, the interest is in the sustainability partnerships of companies; either with other companies or different organisations. There are some studies about such sustainability partnerships (e.g. study of sustainability collaboration of GAP Inc. by Worley, Feyerhem & Knudsen 2010), but nevertheless, there is an apparent research gap. Furthermore, no specific research has been done on international sustainability partnerships, which is the focus of this study.

This study is conducted in the context of Finnish multinational companies (MNCs), due to the complete lack of previous studies on their sustainability partnerships and practical reasons, such as accessibility. Focusing solely on Finnish MNCs provides a deeper understanding of their particular characteristics in more detail than a broader study would.
These partnerships are examined in terms of characteristics (partners and functions they are related to), motives for partnering and the performance of these partnerships.

Combining the concept of sustainability partnerships to Finnish MNCs is appealing in multiple ways. Firstly, considering the slowly improving economic situation in Finland, it is interesting to examine if companies have used sustainability partnerships as a tool to increase their sales and thus advance their financial performance. Also, there are no significant legal barriers for companies to engage in sustainability partnerships, which enables formation of such partnerships. Secondly, Finnish culture and people are quite nature-oriented, and taking care of the environment is even acknowledged in the law (cf. Finlex 2014). Therefore, are Finnish companies strongly inclined towards environmental sustainability and approach related partnerships with a positive attitude, or are they strictly focused on their core businesses? Furthermore, as there are no remarkable natural disasters in Finland, are the companies willing to help with environmental causes in other countries they operate in? Are Finnish companies leveraging their inherent environmental orientation in their partnerships with other nationalities? Thirdly, as Finnish labour laws and working culture support employee wellbeing and protect the employee from harmful working conditions, are the companies paying attention to the issues in developing countries? Overall, the Finnish context brings an intriguing juxtaposition between the stereotypes of the extreme scandals in sustainability and the Finnish wellbeing, the combination of which is in the focus of this study.

Association for Finnish Work conducted a survey on Finnish consumers, which showed that companies’ integrity and fairness are an important factor in their purchase decision for 86% of the respondents (Markkinointi & Mainonta 2017c). According to the survey, consumers also expect companies to commit to actions with wider societal impact (Markkinointi & Mainonta 2017c), which indicates that it would be beneficial for companies operating in Finland to engage in sustainability. Therefore, a study on sustainability partnerships will be of value especially to Finnish companies, but also to all companies who have operations in Finland. Having a deeper understanding of sustainability partnerships, their characteristics,
benefits and challenges helps managers create their own, successful partnerships, which is a significant financial and reputational benefit for them, and a significant economic, environmental and social benefit for their stakeholders, for example in terms of employment, healthy nature and decent labour conditions. Besides helping corporate managers, this thesis contributes to the overall discussion about sustainability partnerships, and deepens the knowledge about them on an international level.

1.3. Research questions

This study is structured according to these three research questions:

- What are the characteristics of sustainability partnerships of Finnish MNCs?
- What are the motives for forming sustainability partnerships?
- What is the performance of sustainability partnerships like?

In this study, sustainability partnerships are examined with the focus on Finnish MNCs. The aim is to find out with which partners companies are partnering, what kind of benefits they gain from these partnerships, how they have effected companies’ sustainability and if this effect is measured. Also, the possible challenges and risks are discussed. The main purpose of the thesis is to identify specific characteristics of these partnerships. The results are then analysed and findings are presented, and finally, conclusions are drawn based on them.

1.4. Delimitations

The scope of this study is Finnish MNCs, headquarterd and originally established in Finland. There is no limitation to a specific industry, as that would narrow the study too much. The aim is to understand partnerships of all industries, not just a particular one. The study is done from the company point-of-view, examining the sustainability partnerships and their specific characteristics, benefits and challenges. The nature of the study is international, as the focus is on Finnish companies working on an international level.
Theoretical approach combines theories and definitions of sustainability and business partnerships. Specific theories are identified later in chapters 2. International business partnerships and 3. Sustainability. Lastly, these theories are combined into international sustainability partnerships in chapter 4., with the support of specific theories of sustainability partnerships.

In this thesis, the concept of “sustainability partnerships” is used to cover both sustainability partnerships as well as sustainable development partnerships. Even though some argue that there is a difference in definitions of sustainability and sustainable development (Dresner 2008: 71), in this study they are considered to have similar meanings. Likewise, in Agenda 21, a sustainability action plan by the United Nations, sustainability and sustainable development were used interchangeably (Dresner 2008: 71). Furthermore, all partnerships with the intention of improving sustainability are considered to be sustainability partnerships. This is explained in more detail in chapters 3. Sustainability and 4. International sustainability partnerships.

In addition, the concept of “partnerships” covers all different types of partnerships between companies or organisations from joint ventures to project teams, both while using the term “business partnerships” as well as “sustainability partnerships”. It is not in the scope of this study to discuss legal ownership arrangements of the companies; therefore, it is not relevant to address the specific legal partnership type. This is explained in more detail in chapter 2. International business partnerships.

Key concepts in this thesis are sustainability, international business partnerships and international sustainability partnerships.

- **Sustainability** means balancing economic, environmental and social interests to ensure global wellbeing both for the current and future generations, without causing harm to people or the planet (Kopnina & Blewitt 2015: 11; World Commission on Environment and Development 1987: 43).
• **International business partnerships** are partnerships between two or more companies or organisations that take place in an international context and have a mutual goal. The partners share knowledge and resources to gain competitive advantage. It is also typical for the partnerships to provide economic benefits for the partners. (Hartman et al. 1999: 255-256; Man 2013: 3.)

• **International sustainability partnerships** are partnerships between two or more companies or organisations that take place in an international context and have a sustainability agenda. They are focused on sharing the expertise of the partners to improve either the sustainability of the partners, or making an impact on the overall worldwide sustainability. (Levy & Chernyak 2006: 3; Ryan 2003: 256-261.)

1.5. Structure of the thesis

Structure of the thesis will be as follows: first, the background information and justification for the study are given in the chapter 1. Introduction. Following that, the literature review section covers the relevant theories related to the study. This section is divided into three chapters: 2. International business partnerships, 3. Sustainability and 4. International sustainability partnerships. The first two theory chapters provide the essential theories, which are then combined in the third chapter, and specified with more precise theories of sustainability partnerships. After the literature review, the methodology of the study is explained in chapter 5. Method, where the nature and the execution of the study are discussed. Chapter 6. Findings presents the findings of the study, and chapter 7. Discussion discusses them in relation to the theories examined earlier. Lastly, the study is concluded in chapter 8. Conclusions.
2. INTERNATIONAL BUSINESS PARTNERSHIPS

“The appetite for partnerships appears strong” – Jem Bendell (2017: 13)

Partnerships have acquired a central role in today’s business life. Companies use them for a variety of reasons, the main one being achieving competitive advantage that neither partner could achieve on their own (Man 2013: 3). In this chapter, the main characteristics of international business partnerships and motives for partnering are examined.

2.1. Terminology in international business partnerships

To put it simply, partnership is defined as working together. This means collaborating and communicating with the partners towards a mutual goal. (Douglas 2009: 1, 3; Hartman et al. 1999: 255-256.) Business partnerships can be arranged in a variety of ways, ranging from shared ownership to remaining independent units. Several terms are used to describe these different types of partnerships: joint ventures, networks, strategic alliances, et cetera (Pattberg & Widerberg 2016: 43; Todeva & Knoke 2005: 3). However, for the purpose of this thesis, the concept of “business partnership” is used to cover all forms of working together towards a mutual goal. Even though the business law defines a business partnership as a specific form of collaboration, with a legal bound to share management and profits (Horton, Prain & Thiele 2009: 77), the common approach in academic literature is to use the concept of partnerships in a broader sense (cf. Douglas 2009; Hartman et al. 1999; Lin & Malhotra 2011; Todeva & Knoke 2005). Therefore, the broader definition is adapted in this thesis as well. Furthermore, in some literature the concept of “alliance” is used as a synonym for partnerships, covering different forms of collaboration (cf. Das & Teng 2000; Kanter 1994). However, as “partnership” is a more widely used term in this sense, it is used in this thesis as well, which improves the clarity of the thesis and follows the common custom in academic literature (cf. Horton et al. 2009: 77).
Despite the broadness of the concept of partnership, not all collaboration fits the definition. Sometimes companies can collaborate without forming a specific partnership, or have other activities between each other that do not count as partnering (Reed & Reed 2009: 16). Therefore, one of the characteristics of a partnership is a contract or other type of mutual understanding of being in a partnership. Furthermore, as partnerships require working together, sponsorships and donations are not considered forms of partnering in this thesis. Sponsoring is defined as “an investment -- in an activity, in return for access to the exploitable commercial potential associated with this activity” (Garzone 2011: 53), which indicates that sponsoring does not include working together. Likewise, mere donations are not partnering; however, working together towards a cause counts as a partnership (cf. Elovena and WWF, Markkinointi & Mainonta 2017b).

2.2. Characteristics of international business partnerships

International business partnerships consist of practical arrangements and collaboration characteristics, which are shaped by values and culture. The core of partnerships is fulfilling the goal, which is achieved by working together with the partners. The characteristics are presented in figure 1., and explained in more detail in this chapter.

**Figure 1.** Characteristics of international business partnerships.
Partnerships have a lifecycle structure, which consists of scoping (why partner, with whom), planning and developing (goal-setting, assigning responsibilities, planning and budgeting), implementing (operating, managing, building trust) and finally monitoring and evaluation (reviewing, assessing results, learning from the partnership) (Horton et al. 2009: 86). The characteristics in figure 1. loosely follow this structure: practical arrangements cover the scoping, planning and developing phases, whereas implementing is presented as communication, trust and learning in the middle. As seen in figure 1., values and culture have an impact on all phases, as they regulate and shape the partnership. The outcome and purpose of all partnerships is resource sharing, typically in the form of knowledge sharing.

2.2.1. Planning the international business partnership
Even though all partnerships differ in their practical arrangements, there are similar decisions that need to be made in each of them. First, the company interested in forming a partnership needs to evaluate their own partnership expectations, since before contacting potential partners, the company should have a clear idea of their own expectations and partner requirements, after which partner search and selection begins (Wallace 2004: 49). A suitable partner has similar interests and expectations towards the partnership, as well as necessary resources for pursuing them. Choosing a right partner is crucial for the partnership to be successful, and both or all parties involved should have similar goals and expectations towards the partnership. (Andersen 2008: 46.)

Partners should also fit each other in terms of organisational culture (Andersen 2008: 46). Organisational values define how companies fulfil their purpose (Satell 2015), meaning that they reflect the company’s way of doing business, which is essential to consider in partnerships. Furthermore, companies should support each other’s overall culture and values, as international context implies that there are people with differing customs, norms, beliefs and values (Binder 2013: 24). Value conflicts can lead to difficulties in the partnership, which is why values and culture should be addressed in the planning.
Business partnerships can be formed with any sector: public, private or consumer. The right type of the partner depends on the purpose of the partnership, and the company should evaluate which sector or specific partner can provide the most relevant resources and skills to fulfil that purpose. However, anticipated resources or knowledge of the partner might not always meet the expectations (Horton et al. 2009: 84). Business partnerships differ from bilateral to larger, multi-partner partnerships (Reed & Reed 2009: 16). Furthermore, the global business world encourages international partnerships, considering they create global competitive advantages. Multicultural partnerships possess extensive expertise from different markets and operations, which is an asset to the partnership, when it is leveraged and appreciated (Kanter 1994). The challenge in partner selection is the difficulty of finding a suitable partner from a variety of options (Pisano & Verganti 2008: 78). Considering the international context, the possibilities are even more numerous. All in all, partners should be examined carefully.

After finding the partner, a mutual understanding of being in a partnership needs to be established, as it separates partnerships from other types of joint operations (cf. Horton et al. 2009: 80). Next, partners need to agree upon the topic and goal of the partnership (Andersen 2008: 46). A goal can be practically anything that advances the business goals of the partners, for example innovating a new product together (e.g. “smart” jean jacket by Google and Levi’s, Arthur 2016) or increasing sales through combining businesses (e.g. establishing Burger King restaurants at Repsol gas stations, Turiera & Cros 2013: 4). The goal is typically something that neither of the partners can reach on their own, but is realistically achievable with shared resources, and brings mutual benefits. Some partnerships are aimed at fulfilling a specific goal, after which the partnership ends, but goals can also change over time, which requires changes in the partnership as well. (Horton et al. 2009: 79, 83, 88.) The challenge in this stage is being thorough and making sure that all partners have similar expectations and opinions about the partnership. If the goal and expectations are not aligned, the partnership can unravel (e.g. COMCO and Martech, Kanter 1994).
Besides the goal, partners need to set up a budget and a schedule (Andersen 2008: 46). It should also be decided whether the partnership is local or global; whether it is aimed for a global audience (e.g. a global product launch) or is the focus on local operations (e.g. establishing a joint operation locally). The internationality level of the partner has a significant impact on this; if the partner is a global actor, the partnership has a global feature by default, whereas partnerships with local organisations can be either local or global.

Lastly, responsibilities need to be shared between the partners (Andersen 2008: 46). These responsibilities mean all practical operations from management to monitoring. Partners need to agree upon what is being done, by whom, and when. The roles of the partners need to be clearly stated, to avoid misunderstandings and insecurity (Andersen 2008: 46). After dividing responsibilities and tasks, implementation phase begins.

2.2.2. Implementing the international business partnership
Collaboration, meaning working together and fulfilling the partnership responsibilities and tasks (Andersen 2008: 46), consist of three main components: communication, trust and learning. These are the components that eventually enable achieving the goal and fulfilling the purpose of the partnership. These components are facilitated with shared management and shared decision-making (Markwell 2003: 5), meaning that all partners have an equal say in how the partnership is executed.

Communication is the core of all partnerships. For communication to be effective, there needs to be enough of it to ensure a mutual understanding on matters, yet it should not be too time-consuming. Therefore, the quality of communication is essential, meaning that it is accurate, timely, adequate and credible (Mohr & Spekman 1994: 138). International context should also be considered, as cultural differences may hinder communication, cause misunderstandings and create conflicts (Haas & Nüesch 2012: 3105). To improve the quality of communication, these challenges need be addressed with adequate cultural knowledge.
Besides the apparent benefit of facilitating collaboration, communication has two key purposes: building trust (Horton et al. 2009: 91) and enabling knowledge sharing (Mohr & Spekman 1994: 139), which lead to achieving the partnership goal. Trust is essential in all partnerships (Ryan 2003: 261), as it helps to strengthen the relationship between partners, which increases the performance of the partnership. Furthermore, sharing similar values in a partnership increases trust and relationship satisfaction, as the partners perceive each other as alike. Having a strong relationship and being able to trust the partners facilitates open communication, which enables partners to share their knowledge more freely, since they can rely on their partners and trust that they will not misuse that knowledge. Therefore, without trust partnerships would not work, as the partners could not share their knowledge or expertise openly. (Maurer 2010: 629-630.)

Building trust is not easy or fast, as it requires communicating and ideally meeting with the partners, to create a bond, get to know the partners and ensure their trustworthiness and credibility (Maurer 2010: 629-630). Trust is also easily lost, and difficult to rebuild afterwards (Horton et al. 2009: 87). Furthermore, in international partnerships the possible lack of face-to-face meetings or mutual language can pose challenges on trust building and communication. Working together online, without actually meeting in person, can potentially leave the relationship distant and thus hinder its performance (Gratton & Erickson 2007). Therefore, quality communication and trust building are essential in enabling knowledge sharing and achieving the partnership goal.

The definition of learning is sharing information, which is interpreted and integrated into a joint understanding (Selnes & Sallis 2003: 80). In business partnerships, partners learn from each other in terms of accessing and applying the knowledge of each partner. Trust has a central role in this; it is acknowledged that greater levels of trust increase partnership learning and make knowledge sharing more efficient (Yang & Lai 2012: 421). Furthermore, a strong learning intent enhances knowledge sharing (Fang, Fang, Chou, Yang & Tsai 2011: 743). In international partnerships, cultural learning is also essential, as partners learn about each other’s cultures and improve their cultural understanding to strengthen the relationship. To
conclude, companies need to have capabilities and intent for learning, as well as build trust to facilitate it, to enable efficient knowledge sharing and fulfilling the partnership purpose.

Typically, when the partnership has achieved its goal, the partnership ends, or changes its form to achieve another goal. At this phase, the partnership performance should be discussed and evaluated together. Learning from the partnership is useful for all partners, in terms of developing their own partnership skills for future partnerships. However, it is possible that the partnership fails to achieve the goal, which is also an important learning opportunity for the partners. (Horton et al. 2009: 84, 86.)

2.3. Motives for international business partnerships

Besides achieving the partnership goal, companies engage in business partnerships to gain competitive advantage, which none of the partners could achieve without the shared resources (Douglas 2009: 6). The advantage creates benefits for the company, for example better financial performance, new knowledge or more power (Andersen 2008: 29). These expected benefits create a motive for forming partnerships. Das & Teng (2000: 31) suggest resource-based view to as a motive, whereas Kauser and Shaw (2004: 11-12) introduce strategic behaviour approach and transaction cost economics as motive theories. However, it is also possible that there are a variety of motivations in each partnership (Horton et al. 2009: 83), meaning these motives can overlap. The motives are discussed in relation with the expected benefits.

2.3.1. Resource-based view

According to resource-based view, companies form partnerships to access more resources in addition to their own, to achieve competitive advantage. Partnerships secure the access to these resources in the long run, and are formed with companies or organisations that possess unique resources. Typically in business, these resources mean knowledge. However, the resources can also be property-based, in addition to knowledge-based. (Das & Teng 2000: 31-42.)
Property-based resources are legal properties of companies, such as financial capital, physical resources and human resources. They are legally protected by patents, contracts or deeds of ownership, which means that others cannot utilise or copy them without the consent of the owning company. Knowledge-based resources are intangible skills and capabilities. Due to their abstract and sometimes ambiguous nature they are harder to copy as such, however, they are often more valuable than property-based resources. (Das & Teng 2000: 31-42.) Typical knowledge-based resources are knowledge related to operations, research and development or production.

The expected benefits of the resource-based view motive are typically improvements in research and development (R&D) or in company operations. Accordingly, one of the most typical purposes for international business partnerships is creating new products or services (Bergquist 1995: 21-23). This can be achieved by combining existing products or services (e.g. travel chains combining train and bus rides, Toivonen 2017) or creating completely new ones (e.g. “smart” jean jacket by Google and Levi’s, Arthur 2016). Furthermore, partnerships can be used for knowledge creation, meaning innovating and creating new technologies together. In addition, especially learning about new technologies improves company performance, which is easy to achieve through a partnership. (Man 2013: 4.)

Resource-based view fits to international business partnerships well, as typically the underlying reason for partnerships is knowledge sharing and combining resources. From this view, knowledge is regarded as a resource, and accessing it benefits the company in terms of improvements in R&D and operations.

2.3.2. Strategic behaviour approach
Strategic behaviour approach emphasises strategic motives, which in practice means that the partnership is formed to improve the competitive market position of the partners, through access to knowledge and technologies, and reducing risks (Kauser & Shaw 2004: 11-12). Partnerships are a way to avoid market uncertainties (Todeva & Knoke 2005: 2), for example through shared responsibility or shared investments, where neither partner needs to take
complete responsibility. Furthermore, industry changes can drive companies to partnerships, if companies are looking for ways to adapt to changing circumstances together. Companies can also partner to improve their international presence and growth. (Kanter 1994.)

The benefits related to strategic behaviour approach are increased sales and improved reputation, which ultimately contribute to the improved market position. In practice, partnerships can be focused on creating sales to the partners by joint product or service development, as discussed in the previous chapter, but also by combining existing businesses (e.g. establishing Burger King restaurants at Repsol gas stations, Turiera & Cros 2013: 4). Another common way to increase sales is to use a partnership to enter a new market, which is easier with a partner who is already familiar with the market. Therefore, partnerships can provide new opportunities for companies, which contribute to increased sales. (Kanter 1994.) Related to reputation building, partnerships provide more visibility for partners. Partnerships and their outcomes (e.g. product or services) can be promoted by all partners, which widens the audience receiving the message. Furthermore, specific marketing campaigns leverage the same benefit. This is an effective reputational tool for companies (Jones et al. 2010: 927).

Strategic behaviour approach is somewhat parallel to resource-based view, as they are both focused on improving the quality of companies’ operations through partnerships. These motives often overlap, since it is typical for companies to want to improve their market position through accessing unique resources from their partners. Nevertheless, the strategic behaviour approach is more focused on the strategic benefits of partnering, meaning avoiding risks and improving the market position. The benefits of this approach are increased sales and reputation; however, there is no evidence in the literature that such partnerships managed to help companies avoid risks or market uncertainties. Despite the lack of support for risk avoidance, partnerships can help companies improve their market position, which makes strategic behaviour approach a valid motive theory for them.
2.3.3. Transaction cost economics

According to transaction cost economics, partnerships are used to reduce costs. Utilising economies of scale (being able to produce more products with less investments on the infrastructure) and bringing operations under a common collaboration structure helps companies remain profitable and ensure their long-term operations. (Kauser & Shaw 2004: 11-12.) This creates cost reductions in transaction and production costs. In addition, partnerships enable access to existing knowledge and technologies, which grants a chance to utilise them faster and cheaper than researching and learning on your own would. (Das & Teng 2000: 34-35.) Furthermore, entering new markets is faster and cheaper with a partner who is familiar with the marker (Kanter 1994).

Transaction cost economics is a valid motive for international business partnerships. Considering the global markets, it is beneficial for the company to be able to produce large quantities with as little expenses as possible (economies of scale) and enter new markets cost-efficiently. Furthermore, acquiring partners who can help gain access to new technologies and innovations faster and cheaper is a significant financial benefit. In addition, as achieving financial benefits is a very common motive in business partnerships, transaction cost economics can be an underlying motive in many partnerships, while overlapping with other motives.

2.4. Summary and discussion

International business partnerships follow the lifecycle structure, which consists of scoping, planning and developing, implementing and finally monitoring and evaluation (Horton et al. 2009: 86). Important components in the implementing phase are communication, trust and learning, which are shaped by values and culture. These partnerships are formed to create competitive advantage through resource sharing, either by accessing new resources (resource-based view), improving market position (strategic behaviour approach) or reducing costs (transaction cost theory) (Das & Teng 2000: 31, Kauser & Shaw 2004: 11-12).
In short, international business partnerships can benefit companies in terms of improvements in operations, advances in R&D, increased sales and reputation or decreased costs. The challenges, on the other hand, include the challenge of choosing the right partner and agreeing on a topic, difficulties in communication, trust building and learning, or shortcomings in the execution, which can lead to failure in achieving the partnership goal.

Despite the benefits and the emphasis on necessity of international business partnerships in the global business world, there is little actual evidence that partnerships are as beneficial as they are presented to be (Horton et al. 2009: 92). There is extensive literature on partnerships, their different types, their formation, management and monitoring, their benefits and challenges, but according to this literature review, their actual performance in the sense of achieving the expected benefits has not been studied. Even though this study is focused on sustainability partnerships, the contribution towards understanding the performance of partnerships applies to business partnerships as well.
3. SUSTAINABILITY

“Sustainability is not just the wrapping paper of business, it is in the hard core of it” – Helena Kekki, leading expert at FIBS (Markkinointi & Mainonta 2017a)

Sustainability is a widely studied subject, and there are multiple theories to describe and explain it. In addition, it is an impactful business trend. As the focus of this thesis is on business and companies, sustainability is also examined from the company perspective. In this chapter, the characteristics of sustainability are examined, along with motives for companies to engage in it.

3.1. Terminology in sustainability

The definitions of “sustainability” and “sustainable development” are discussed in this chapter, to explain their relation. Furthermore, as the concept of corporate social responsibility is close to sustainability, it is also explained to support the clarity of this thesis.

3.1.1. Sustainability and sustainable development

The concepts of sustainability and sustainable development are close to each other and sometimes used interchangeably. Nevertheless, some argue that there is a difference in their definitions (Dresner 2008: 71). To clarify this matter, here are the definitions of both concepts: sustainability means balancing economic, environmental and social interests in a way that ensures long-term wellbeing without harming people or the environment (Kopnina & Blewitt 2015: 11), whereas sustainable development is “a dynamic process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs” (Rogers, Jalal & Boyd 2008: 42). Furthermore, the most commonly used definition of sustainable development is the one invented by the United Nations (UN): “sustainable development is development that meets the needs of the present without
compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development 1987: 43).

In these definitions, the main principle is the same; they describe actions that do not have a deteriorating impact on current or future living conditions. Sustainable development emphasizes the continuing nature of sustainability and the focus on the future, whereas sustainability describes the values in the decision-making behind the development. However, sustainability also entails the idea of development. They were used interchangeably in Agenda 21, a sustainability action plan by the UN (Dresner 2008: 71), which highlights their similarity. However, as the topic of this thesis is “sustainability partnerships”, using “sustainability” as a main concept improves the clarity of the terminology.

3.1.2. Corporate social responsibility

Corporate social responsibility (CSR) is defined as an agreement and a commitment to improve society’s welfare through voluntary actions and utilizing company resources (Kotler & Lee 2005: 3). CSR includes taking care of the environment and the social wellbeing, while considering different stakeholder groups as comprehensively as possible (Griffin & Pustay 2005: 126-131). CSR is action-oriented, and focused on short-term improvements, whereas sustainability emphasises the future and using resources in a sustainable manner, to make them last for future generations. Even though they describe similar approaches, sustainability is considered to be the overall term, which covers CSR and other related aspects. (Hawkins 2006: 1.) Therefore, sustainability is used as the main concept in this thesis.

3.2. Characteristics of sustainability

Sustainability as a concept is wide, and in line with the focus of this thesis, the characteristics related to corporate sustainability are described in this chapter. These characteristics include the triple bottom line, value-driven, transparency and global. Furthermore, the regulation and critical success factors of sustainability are discussed.
3.2.1. The triple bottom line

Sustainability is considered to have three main categories, which are presented as “the triple bottom line” (Crane & Matten 2010: 33-36). The three categories are economic, environmental and social. They are also sometimes referred to as profit, planet and people. (Wilson 2015: 434.) These categories and their sub-categories are presented in figure 2.

Figure 2. The triple bottom line and its sub-categories (Wilson 2015: 434).

Firstly, economic sustainability consists of financial aspects in business, meaning that to be sustainable, a company should achieve economic profitability and financial security, whilst being continuously able to develop and grow, to secure its long-term competitive advantage (Wilson 2015: 435-436; Ryan 2003: 258). Economic aspect should also be considered in the sense that it provides wellbeing for the future generations, by creating capital that can be invested to improve conditions in the future. However, there is controversy in the question of how economic and environmental or social aspects should be combined to maximise the benefits. (Kuhlman & Farrington 2010: 3436.) It is a common assumption that profit-
orientation and focus on economic aspects means ignoring environmental and social matters (an extreme example being mass production in sweat shops), but it should be noted that profits can also be achieved in a sustainable manner, and utilised to improve harmful conditions. Therefore, it is equally important to be economically sustainable, as well as environmentally and socially.

Secondly, environmental sustainability is related to environment and the impact the company has on it. There should be no, or only minimal, adverse impact on the environment due to company actions. Environmental sustainability is achieved through sustainable operations and procedures, such as efficient use of materials, energy and water, efficient waste disposal and eco-friendly transportation. (Wilson 2015: 433-436.) Environmental sustainability is also defined as “wise use of resources”. A concept often related to environmental sustainability is eco-efficiency. It consists of process efficiency, utilising by-products, minimizing waste outcome, eco-efficient product design and reducing material flow by providing material-intensive products. (Ryan 2003: 263.) Using resources in a sustainable manner is one of the key components in environmental sustainability.

Lastly, social sustainability means conformity with societal expectations. It is focused on social issues, such as labour conditions and human rights. A socially sustainable company will take these matters into account in their operations, for example by helping local communities (especially in developing countries) and refusing to use child labour. (Wilson 2015: 434.) Corporate social issues are often related to working conditions, especially in factories in developing countries (cf. The Economist 2012).

3.2.2. Value-driven
Sustainability is highly value-driven, meaning that companies often engage in sustainability because it is included in their values or strategy. Being environmentally friendly or socially responsible is a part of their brand image. Sustainability can also be emphasised in the stakeholder values, which initiates sustainability engagement. Furthermore, as sustainability
is focused on highly value-intensive matters, such as human rights, values and ethics are essential parts of it.

Sustainability is affected by the values of the company as well as the values of their stakeholders. First of all, if the company values emphasise sustainability, the company is more likely to engage in it efficiently (Ryan 2003: 259). Second of all, stakeholders’ values shape their expectations towards the company, as well as their perceptions of the company operations. This means, that if the stakeholders value sustainability, they are also expecting it from the company, and evaluate company operations and actions based on these values. Sustainability is an increasing stakeholder interest (Scandellius & Cohen 2016: 166), which creates pressure for the company to be sustainable. Companies should reflect the values of their surroundings and customers to maintain their operations and reputation (Ryan 2003: 260). Therefore, either the values of the company or their stakeholders create the initiative for engaging in sustainability.

Ethics is a branch of philosophy that is related to application of moral principles and answering the questions “What is fair?” and “What is right and what is wrong?” (Wurtz 2015: 5). Ethics and sustainability are closely related, and ethics plays a central role in sustainability decisions and actions. As sustainability is related to value-intensive matters, balancing economic, environmental and social interests requires ethical decision-making, in terms of addressing both the economic necessities as well as environmental or social causes. The challenge is where to draw the line between “good” and “bad” (Ryan 2003: 272), for example, if some action promotes economy and with the cost of environment, how should that action be treated in the company operations? Therefore, balancing different interests involves ethical decision-making.

3.2.3. Transparency

Transparency is a key characteristic in sustainability (Ryan 2003: 271), especially in companies’ sustainability reputation. If companies present themselves as sustainable, they need to be able to prove that they actually are, which is ensured by transparency.
Furthermore, monitoring is important in transparency, and highlighted in sustainability management (Ryan 2003: 267), as it provides concrete evidence of the quality of operations. Monitoring and auditing can even be conducted by an external actor, which improves the credibility and sustainable reputation of the company. Formation of transparency and sustainability reputation is presented in figure 3.

Figure 3. Formation of transparency and sustainability reputation.

Transparency improves the company image and reputation, and enables companies to manage their own image more efficiently, as they have better control over the discussion about them, especially in the media. By being open and transparent, even about shortcomings and failures, companies leave less room for media speculations, which leads to more fact-based news. Furthermore, being open about failures increases companies’ credibility and honest reputation. (Markkinointi & Mainonta 2017e; MIT Sloan Management Review 2011: 21.)

However, transparency is only achieved if companies report about their actions and operations openly, so external authorities and stakeholders can evaluate their level of sustainability, and make sure companies are not stating they are sustainable as a trick to improve their image. If companies only state that they are sustainable, without any evidence, they engage in greenwashing (claiming to be sustainable without actually engaging in sustainability). When exposed, greenwashing is harmful for the company image, as it makes the company seem dishonest. (Parguel, Benoît-Moreu & Larceneux 2011: 15.)

Furthermore, monitoring is also a significant challenge in sustainability. As there are no specific ways to monitor operations, and no established standards to achieve that would grant a sustainable status, monitoring can be very ambiguous and conducted differently in different companies. Companies have stated having difficulties in measuring sustainability outcomes,
as they are difficult to separate from the overall outcomes of their operations (MIT Sloan Management Review 2011: 5, 20). This leads to differences in the quality of sustainability evidence. Furthermore, finding criteria that fits all companies is extremely difficult, which is why companies monitor and measure the parts that are of interest to them. (Ryan 2003: 271.) Therefore, monitoring and evidence differ from company to company, which means they should be evaluated case by case, as there are no global standards in place.

3.2.4. Global
Sustainability as a phenomenon is highly global, and addressed in business around the world (cf. Pattberg & Widerberg 2016). Furthermore, the global markets enforce the distribution of business trends, which spreads sustainability even wider. Accordingly, sustainability as a stakeholder value is important on a global level, which means corporate sustainability is expected by a variety of stakeholders in different countries (cf. Scandelius & Cohen 2016: 166). Also, especially sustainability breaches, but actions as well, are evaluated by a global audience of consumers, governments and other organisations (cf. Adams 2014; Matthews & Heimer 2016).

In line with spreading the sustainability in the global markets, companies also create sustainability standards for each other, as companies compare themselves and their actions to others. Improvements in sustainability, both in environmental and social conditions, have a normative impact on the business sector, meaning that when enough companies engage in sustainability, it becomes the norm in the business. Global markets and competition distribute these norms to companies globally. Already, companies consider sustainability actions necessary to stay competitive in the business field (MIT Sloan Management Review 2011: 5).

However, there are some challenges in the global nature of sustainability. In different cultures and countries, the views on sustainability, and what is sustainable, can differ. Furthermore, local legislation and regulation can pose limitations to companies. (Ryan 2003: 261.)
Therefore, even though sustainability is spread globally, similar actions cannot be automatically implemented to all countries companies operate in.

3.2.5. Regulation
As mentioned, sustainability is regulated, typically by environmental, labour and human rights legislation, which can differ from country to country. The regulation establishes guidelines for required level of sustainability in company actions and operations. Certain level of sustainability is legally required in some countries, for example in Finland the environmental legislation sets guidelines on company operations (cf. Finlex 2014). The regulation should be acknowledged, as violations can even lead to criminal prosecutions (Ryan 2003: 265). Therefore, engaging in sustainability can also be a legal necessity.

The role of sustainability regulation is to set benchmarks, establish boundaries between unacceptable and acceptable behaviour, ensure transparency and accountability and define the general parameters for business. Regulation is intended to set guidelines for companies, which would help them implement their sustainability actions. However, regulation is criticised for being ambiguous, which results in misunderstanding or even ignoring it in business. On the other hand, companies would appreciate clear guidelines, and they have put pressure on governments to establish them. Considering the global nature of sustainability, sustainability regulation would be most efficient if it was integrated into global regulation, but the differences in legislation and views on sustainability in different countries is a challenge in that development. (Ryan 2003: 257-265.)

3.2.6. Critical success factors
If companies choose to engage in sustainability, there are some practical characteristics they need to address in their own operations. First of all, to be able to engage in sustainability efficiently, it should be implemented in the company values and the core business objects (Ryan 2003: 263), meaning that it is acknowledged in all levels of operations, not treated as a separate function (MIT Sloan Management Review 2011: 20). Organisational culture plays a vital role in implementing sustainability, as the values and attitudes of the organisation can
either advance sustainability and its implementation, or oppose it. The role of top management is essential in implementation, as their support reflects and emphasises the central role of sustainability in the company operations. Furthermore, enabling sustainability learning is beneficial, as it raises awareness and creates understanding to the employees, which leads to improved commitment to sustainability. (Ryan 2003: 257-266.)

Furthermore, besides own operations, implementing sustainability throughout the supply chain increases the positive impact sustainability has, as it engages more actors and increases the sustainability of all of them (Gray & Stites 2013: 103). In addition, fully engaging in sustainability requires collaboration along the entire supply chain (Scandelius & Cohen 2016: 166), since the procurement should also be sustainable.

However, implementation is easier said than done. Given the ambiguity and vastness of sustainability, there are no established practices to implementing sustainability. Especially integrating sustainability throughout the company, on all levels, is considered a challenge. Even though there is managerial support from the top management, it might not reach all levels of the company efficiently. (Markkinointi & Mainonta 2017c.) Smaller companies are usually more responsive to sustainability, as they are more agile and adapt to changes easier than massive multinational companies. Furthermore, to achieve efficient sustainability, all employees in a company should be engaged to it. This can be a challenge if there is a lack of training and guidance. (Ryan 2003: 259, 261.) All in all, critical success factors of corporate sustainability are emphasising sustainability in company values, enabling sustainability learning and implementing sustainable practices throughout the supply chain.

3.3. Motives for engaging in sustainability

As mentioned, companies typically engage in sustainability either based on their own values or the values of their stakeholders. The motive theories to support this approach are stakeholder theory and institutional theory (Gray & Stites 2013: 101-102). The expected
benefits of these motives are increased stakeholder satisfaction and improved company reputation, which are examined in this chapter with the motive theories.

3.3.1. Stakeholder theory

Stakeholder theory is a typical theoretical background for engaging in sustainability. From that perspective, organisations need to be aware of the impact they have on their stakeholders, especially in terms of social and environmental behaviour. Stakeholders are defined as “any actor that may benefit from or be harmed by firm’s actions”. According to stakeholder theory, this approach leads to improved stakeholder relations, which is the motive for engaging in sustainability. (Gray & Stites 2013: 102.)

Even though the focus is often on the environmental and social impacts, economic aspect is equally important. As sustainability consists of the categories of the triple bottom line: economic, environmental and social, all of them should be acknowledged. Engaging in sustainability reduces the harmful impact companies have (Ryan 2003: 263), considering its intention is to direct companies towards being financially profitable, environmentally friendly and socially responsible. Improvements in the impact are typically achieved by improving companies’ own operations. Engaging in sustainability and improving operations brings competitive advantage to the company, especially if it is in line with their stakeholders’ expectations. Furthermore, sustainable image creates trust and increases the willingness to invest in the company. These indicate improved financial performance. (Ryan 2003: 263-265.) Environmental impact can be improved by eco-efficiency (MIT Sloan Management Review 2011: 5; Ryan 2003: 263), whereas social conditions are addressed by improvements in labour conditions.

Besides own operations, companies can improve the impact they have by addressing the whole supply chain. Typically this is done by establishing a code of conduct, which include the sustainability principles of the company, and requiring their suppliers to comply with it. (The Economist 2012.) Furthermore, companies can also reduce the overall harmful impact
on their stakeholders by spreading the word, and encouraging others to engage in sustainability as well (Fox 2011).

This approach is typically based on companies’ own values, meaning that the companies themselves consider sustainability and the diminished harmful impact important. Furthermore, stakeholders consider improvements in sustainability important, which leads to increased stakeholder satisfaction (cf. Ojanperä 2017). Therefore, stakeholder theory is a valid motive to engage in sustainability and increase stakeholder satisfaction.

3.3.2. Institutional theory

According to institutional theory, organisations are faced with normative pressure from the public, and organisations conform to these expectations to seem legitimate. In corporate context, engaging in sustainability makes companies seem more legitimate and responsible. (Gray & Stites 2013: 101.) Furthermore, sustainability is often an interest of the stakeholders (Scandelius & Cohen 2016: 166), which means engaging in it complies with stakeholder expectations. According to institutional theory, the benefit of sustainability is improved company reputation.

Stakeholders put pressure on companies to be sustainable, especially if they have operations in developing countries, where sustainability breaches often occur (The Economist 2012). Furthermore, stakeholders are increasingly interested in the actions of the companies, and evaluate the company based on them. Therefore, these evaluations have a severe effect on the reputation of the company. (Haapakoski 2017.) By being sustainable, companies both comply with their stakeholders’ expectations, as well as have operations that can withstand the scrutiny, which contribute to improved reputation. In addition, the transparent nature of sustainability supports the reputation building, as it enables stakeholders to examine their operations and improves the trustworthiness and credibility of the company. On the other hand, companies can also choose to engage in sustainability after an image loss, for example a corporate scandal, which has lead to increased sustainability demands from the stakeholders (Haapakoski 2017). In that case, reputation building requires more extensive work (Burkitt
2010), but engaging in sustainability with a focus on transparency are considered to help in rebuilding the reputation (Haapakoski 2017). Therefore, engaging in sustainability improves company reputation, which makes institutional theory a valid motive for it.

3.4. Summary and discussion

Corporate sustainability follows the categorisation of the triple bottom line into economic, environmental and social sustainability (Wilson 2015: 434.) Furthermore, it is value-driven, both in terms of company and stakeholder values, transparent, global and regulated. Motives for engaging in sustainability follow the stakeholder theory and institutional theory, which highlight either the importance of addressing the impact companies have on their stakeholders, or complying with stakeholder expectations to appear legitimate (Gray & Stites 2013: 101-102). The role of stakeholders is highly essential in sustainability, since they can be the initiating force behind company engagement in sustainability, but also help companies implement it, especially in the supply chain.

The benefits of sustainability are improved stakeholder relations and improved company reputation. However, there are also financial benefits, which are created by the improved image, leading to increased sales, but also by decreased costs from eco-efficiency. The challenges, on the other hand, are mostly related to the ambiguity of sustainability; it is difficult to implement, monitor and measure. The critical success factors in implementing corporate sustainability are modifying company values to support sustainability, increasing managerial support and spreading sustainable practices throughout the supply chain.

What was interesting in the sustainability literature was the role of financial profits and economic sustainability. In most cases, sustainability was presented as either being environmentally friendly or socially responsible; however, there would be no chance to be either without financial profits. To clarify, the three categories in the triple bottom line support each other; when the company is financially profitable, it can invest in environmental and social improvements. Likewise, environmental and social improvements improve the
company image and stakeholder satisfaction, which typically lead to increased sales. Furthermore, environmental efficiency can also lead to decreased costs in terms of efficient material and energy management. Therefore, all three categories are highly necessary, even though the literature on sustainability seems to focus on the latter two of them.
4. INTERNATIONAL SUSTAINABILITY PARTNERSHIPS

“No nation can achieve this on its own; but together we can – in a global partnership for sustainable development” – Agenda 21 (United Nations 1992: 2)

In this thesis, the concept of sustainability partnerships is used to describe partnerships that are aimed at improving sustainability. The basic principle is the same as in any business partnership: to work together towards a mutual goal, but with a focus on sustainability. As the focus of this thesis is on business, the sustainability partnerships are examined from the company perspective. This chapter consists of presentation of sustainability partnerships, their main characteristics, typical partners and motives for partnering.

4.1. Terminology in international sustainability partnerships

“Sustainability partnerships” is a broad concept, covering practically all collaboration for sustainability. Sometimes concepts such as “sustainability collaboration” or “green alliances” are used (e.g. Dahan et al. 2010; Hartman & Stafford 1998), but a clear majority of research addresses these partnerships as sustainability partnerships (cf. Graham-Rowe 2011; Gray & Stites 2013; Hartman et al. 1999; Ryan 2003). Furthermore, the detailed partnership arrangements do not have an impact on the definition; all types of collaboration towards sustainability fit under the concept, whether it is short-term campaigns or extensive collaborations over the years. As the partnerships can vary in their practical arrangements, clarity is maintained by addressing them with a single concept, both in this thesis and in overall literature. Furthermore, all partnerships that are focused on improving sustainability are considered to be sustainability partnerships.

As explained in chapter 3.1.1. Sustainability and sustainable development, sustainability is used to cover the concept of “sustainable development” in this thesis. Therefore, the concept of “sustainability partnerships” is used to cover both sustainability partnerships as well as sustainable development partnerships. The concept of “sustainable development
partnerships” is used in some studies (e.g. Levy & Chernyak 2006; Pattberg & Widerberg 2016), but using sustainability partnerships is a more common approach (cf. Graham-Rowe 2011; Gray & Stites 2013; Hartman et al. 1999; Ryan 2003), which is also adapted in this thesis.

4.2. Characteristics of international sustainability partnerships

Sustainability partnerships follow the same basic structure as business partnerships, as presented in figure 1. This is explained in more detail in chapter 2.2. Characteristics of international business partnerships. Some characteristics differ, and these differences are explained in this chapter.

Figure 1. Characteristics of international business partnerships.

The goal of sustainability partnerships is always related to sustainability, typically on environmental or social improvements. Furthermore, they are value-driven, transparent, global and regulated, similar to overall corporate sustainability, as discussed in chapter 3.2. Characteristics of sustainability.

There are some significant differences between sustainability partnerships and business partnerships. Due to their value-driven nature, sustainability partnerships are not as profit-oriented as business partnerships; rather they are very purpose-focused. In sustainability partnerships, the whole process is designed considering ethics and benefits for all partners.
Efficiency is not in the centre of things, but sustainability, responsibility and ethical
behaviour. (Ryan 2003: 262, 270.) The value-driven nature is also visible in the overall
approach to these partnerships: companies are typically highly committed to them and willing
to advance sustainability, not just for their businesses, but also in a wider sense. For example,
sharing knowledge about sustainable procedures is common (Ryan 2003: 269). This
transparency can be considered to come at the cost of competitive advantage, since
companies reveal their procedures, business models and suppliers, however, it is considered
to be more beneficial to improve sustainable practices throughout the industry (The
Economist 2012). Therefore, the value-driven nature is visible throughout the partnerships.

4.2.1. Planning the international sustainability partnership
Sustainability partnerships entail similar practical arrangements as business partnerships, as
discussed in chapter 2.2.1. Planning the international business partnership. Companies have
freedom to design the partnership according to their own preferences and goals (Reed & Reed
2009: 16). Sustainability partnerships are typical “entry-level” steps towards sustainability in
a company (Ryan 2003: 273), as they do not require extensive investments or organisational
changes, and the partners can help companies towards sustainability with their existing
knowledge. However, in sustainability partnerships the importance of prioritising, and
choosing the right cause is emphasised. It is not possible to support all causes; therefore,
companies should choose the partnerships that are close to their core business (Graham-Rowe
2011), to ensure successful partnerships. As the triple bottom line by Wilson (2015: 434)
suggests, sustainability has three categories: economic, environmental and social. In
sustainability partnerships, the expressed focus is typically on environmental or social issues.

The choice of right partner is important in sustainability partnerships as well, and follows the
same lines as presented in chapter 2.2.1. Practical arrangements. In some cases, it can be
easier than in business partnerships, as the focus is already narrowed down to sustainability
and the values are likely to be aligned accordingly. Furthermore, the interests and
sustainability capabilities of partners should be acknowledged, to be able to choose suitable
partners (Scandelius & Cohen 2016: 166). They may also have different goals in
sustainability, which can make collaboration and setting mutual objectives difficult (Scandelius & Cohen 2016: 166). Choosing the right partner depends on the goal of the partnership, as the role of the partner is to help the company to achieve that goal. Different partners will be presented in the chapter 4.3. Partners in international sustainability partnerships.

4.2.2. Implementing the international sustainability partnership
Implementing international sustainability partnerships is also similar to any business partnerships, meaning that they are aimed at collaboration, which includes communication, trust and learning. Learning is highly common in sustainability partnerships, since learning about sustainable operations and topics, such as sustainable efficiency, productivity, quality, ethics and strategy, is in the very core of them (Ryan 2003: 264-265). Sustainability partnerships are also managed by the partners.

However, similar to overall sustainability, implementing sustainability partnerships is a challenge for companies. Typically the challenge derives from the ambiguous nature of sustainability; companies consider sustainability partnerships ambiguous in a similar way, and fail to see the value they could bring, which reduces interest of engaging in them (Amadi 2013). Furthermore, measuring the impact of these partnerships is difficult, which adds to the ambiguous image. Companies have stated having difficulties in measuring sustainability outcomes (MIT Sloan Management Review 2011: 5, 20), which is also the case with sustainability partnerships.

4.3. Partners in international sustainability partnerships

Basically sustainability partnerships can be formed with any actor, but the typical partners are NGOs, governments, companies, consumers, governmental organisations, trade unions and research facilities (Ryan 2003: 269). The most common sustainability partnership type is company-NGO partnerships (Gray & Stites 2013: 7). However, companies should consider which partner or sector can provide the most relevant resources for the partnership. Partners
can be local, international, or even global. Global partnerships typically have an even wider and stronger effect, as they engage partners around the world. (Ryan 2003: 269.) To provide an overview of the most common partners, the partnerships with NGOs, companies and governments are discussed in more detail.

4.3.1. Company-NGO sustainability partnerships

As mentioned, sustainability partnerships are typically formed between companies and NGOs (Gray & Stites 2013: 7). These partnerships are focused on sharing knowledge and resources, which lead to new innovations, procedures or products. Furthermore, NGOs’ contacts and understanding of local conditions, especially in developing countries, can help companies improve their procedures and modify them to fit the local atmosphere, which also helps and supports local actors, such as suppliers. (Dahan et al. 2010: 339.) The characteristics of company-NGO partnerships is presented in figure 4. In addition, the relationship between companies and NGOs is sometimes defined as “critical friends”, meaning that NGOs can be critical observers of the company’s actions, and give constructive feedback and help find solutions to sustainability issues (Graham-Rowe 2011).

![Characteristics of company-NGO partnerships](image)

**Figure 4.** Characteristics of company-NGO partnerships (Dahan et al. 2010: 339).

Typically, company-NGO partnerships are focused on environmental or social issues, where the knowledge of the NGO is utilised to improve company operations, or to identify issues where companies could help with their contribution. Learning is also essential here, as the
companies learn how to implement sustainability into their operations. In environmental issues, NGOs possess knowledge about sustainable procedures, and can help companies engage in environmental sustainability. On the social side, the focus is on human rights and labour conditions, and NGO knowledge is focused on improving them. Overall, gaining knowledge about the local cultural, economic and institutional factors helps companies operate in these markets. NGOs contribute to the partnership with their market expertise, legitimacy with local actors and their contacts. Company-NGO partnerships provide capabilities that both parties lack themselves, as companies typically contribute with their financial resources, thus benefitting both parties. Combining these resources and skills creates economic, social and environmental benefits. (Dahan et al. 2010: 326.)

4.3.2. Company-government sustainability partnerships
Company-government partnerships are focused on aligning public and private interests and resources, usually in specific programs or challenges. These interests can be economic, environmental or social. The principle of aligning interests is achieved with joint planning and utilising partners’ specific skills and knowledge. Companies possess extensive market knowledge, whereas governments are experts in legislation. Therefore, if companies present their requirements and opinions, and the government then provides guidelines for implementing those in terms of sustainability regulation and legislation, the partnership is set to align both private and public interests. (Ryan 2003: 266.) As there is often regulation and legislation on sustainability, governments are useful partners to help understand and implement them more efficiently, but the company knowledge about the business atmosphere is also useful for the governments.

In company-government partnerships, there can also be multiple partners, which increases the potential for change (Pattberg & Widerberg 2016: 43-44). These partners can be other companies and governments, but also NGOs and communities (Gray & Stites 2013: 7). As these partnerships address legislative initiatives, they are often aimed at a larger audience than one company, which means that company-government partnerships can help implement the legislation on a larger scale. Furthermore, company-government partnerships can
generate joint action between all partners to work on global issues, such as climate change (Gray & Stites 2013: 17, 19).

4.3.3. Company-company partnerships
Sustainability partnerships can be formed between companies (Ryan 2003: 257). These partnerships can have a strong impact on sustainability, as companies tend to have extensive resources to contribute to the partnership. Furthermore, business sector is often ahead in sustainability development due to their financial security, access to new, innovative technologies and efficient material management. On the other hand, business sector is a major consumer of resources, so their attention to sustainability can inflict remarkable changes. (Ryan 2003: 258.) Company-company partnerships are typically focused on the core businesses of the partners, and on aligning them in a partnership, for example by engaging in product development together. However, in a company-company partnership it is important that the goals are clear, to avoid conflicts and possible competition, as these partnerships are most beneficial when companies’ businesses support each other (Graham-Rowe 2011). Company-company partnerships are considered to create revenues for the partners (Hartman & Stafford 1998: 63-64).

4.4. Motives for international sustainability partnerships
Companies choose to form sustainability partnerships for a variety of reasons, with the intention of sharing resources and improving sustainability (Dahan et al. 2010: 326). Furthermore, by forming these voluntary partnerships, companies can avoid being forced to certain sustainability practices by laws and other binding contracts, in which they wouldn’t have any room to negotiate (Reed & Reed 2009: 16). According to Gray and Stites (2013: 101-103), the motivations follow the theories of stakeholder theory, institutional theory, resource-based view and transaction cost economics, presented in table 1. These motives follow the overall motives for business partnerships and sustainability, as discussed in chapters 2.3. Motives for international business partnerships and 3.3. Motives for engaging in sustainability. Furthermore, the expected benefits of each motive are consistent with those
in business partnerships and sustainability. As the motives and their benefits are discussed in detail in the previous chapters, this chapter only provides a short overview of the motives. Like in business partnerships, the motives can overlap (Horton et al. 2009: 83). In comparison to business partnerships, sustainability partnerships literature does not present strategic behaviour approach as a motive. Improving market position and risk avoidance are not described as central motives for sustainability partnerships, and the motive for reputation building is explained with institutional theory.

Table 1. Motive theories and their expected benefits (Gray & Stites 2013: 33, 101-103, adapted).

<table>
<thead>
<tr>
<th>Stakeholder theory</th>
<th>Institutional theory</th>
<th>Resource-based view</th>
<th>Transaction cost economics</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Responding to stakeholder activism regarding sustainability issues</td>
<td>• Building reputation, image and branding</td>
<td>• Gaining access to expertise and networks</td>
<td>• Decreasing the costs of operations</td>
</tr>
<tr>
<td>• Addressing the impact on stakeholders</td>
<td>• Building the social licence to operate</td>
<td>• Capacity building</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Avoiding confrontation</td>
<td>• Creating innovative products and markets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Attracting and retaining employees</td>
<td>• Securing monetary funds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Saving face</td>
<td>• Identifying issues and trends</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Influencing policy development</td>
<td>• Increasing awareness of social problems</td>
<td></td>
</tr>
</tbody>
</table>

4.4.1. Stakeholder theory

As discussed in the chapter 3. Sustainability, stakeholders are an important factor in sustainability partnerships, which supports the choice of stakeholder theory as a motive theory for them. From that perspective, organisations need to be aware of the impact they have on their stakeholders, especially in terms of social and environmental behaviour. Stakeholder theory emphasizes sustainability partnerships as a way to improve stakeholder relations. (Gray & Stites 2013: 102.)

In line with sustainability in general, sustainability partnerships help companies improve the impact they have on their stakeholders, either by improving their own operations with the help of the partner or by spreading the message to their partners and inflicting wider change.
Since stakeholders appreciate this development (Scandelius & Cohen 2016: 166), it creates stakeholder satisfaction. Therefore, stakeholder theory is a valid motive theory for sustainability partnerships.

4.4.2. Institutional theory
According to institutional theory, organisations are faced with normative pressure from the public, and conform to these expectations to seem legitimate. Considering sustainability and the company context, forming sustainability partnerships makes the company seem more legitimate and socially and environmentally responsible, which improves their image. Engaging in sustainability partnerships helps companies improve their reputation and avoid confrontation, as they are complying with their stakeholders’ expectations. (Gray & Stites 2013: 33, 101.)

Sustainability partnerships are an efficient way to improve company reputation, as the message is distributed by all partners, which creates more visibility. Similar to overall sustainability, engaging in sustainability partnerships strengthens the sustainable image of the company. Therefore, institutional theory fits to sustainability partnerships as a motive theory.

4.4.3. Resource-based view
Resource-based view of sustainability partnerships emphasises sustainability partnerships as a way to access and develop unique resources, in addition to companies’ own resources (Gray & Stites 2013: 102). These resources can be property- or knowledge-based (Das & Teng 2000: 31-42; Gray & Stites 2013: 102). The knowledge that companies are aiming to acquire with sustainability partnership is related to sustainability issues. Especially NGOs often possess useful knowledge on those matters, but other partners as well. Acquiring access to these resources creates benefits for companies. The expected benefits are improvements in company operations, typically in R&D and production. Furthermore, the knowledge of the partners can be leveraged in identifying issues in the company operations. (Gray & Stites 2013: 33, 102.) As the partners in sustainability partnerships typically possess the expertise
to help companies improve, resource-based view is a valid motive theory for sustainability partnerships.

4.4.4. Transaction cost economics
As the focus of transaction cost economics is on decreasing costs (Kauser & Shaw 2004: 11-12), presenting it as a motive emphasises sustainability partnerships as a means to decrease costs. This is typically achieved by improving operations and making them more eco-efficient (MIT Sloan Management Review 2011: 5), but can also include other improvements in operations. Even though decreasing costs is not the most common approach to sustainability partnerships, it is a relevant motive theory.

4.5. Summary and discussion
Basically, international sustainability partnerships combine the characteristics of international business partnerships and sustainability. They have similar practical arrangements as business partnerships, and include communication, trust and learning. However, the goal is always sustainability-focused, typically on environmental or social matters. Furthermore, international sustainability partnerships are value-driven, transparent, global and regulated.

The motives to form sustainability partnership are based on stakeholder theory, institutional theory, resource-based view and transaction cost economics (Gray and Stites 2013: 101-103). The benefits of each motive are improved impact on stakeholders, improved company reputation, improved operations and decreased costs. The challenges of these partnerships are similar to all business partnerships; choosing the right partner, difficulties in communication, trust building and learning, or failure in achieving the partnership goal. Furthermore, the ambiguous nature of sustainability creates challenges to implementation, monitoring and measuring. In addition, companies can even fail to see the benefit of these partnerships because of the ambiguity, which means they might not have interest in forming such partnership.
The most significant question that arises based on this literature review is that are the sustainability partnerships so different to business partnerships? Despite the focus on sustainability, other characteristics are very similar. Even though the value-driven nature is said to affect the partnership execution and the commitment to it, there is no evidence that companies actually were more satisfied with sustainability partnerships than business partnerships, or more committed to them.

Overall, sustainability and sustainability partnerships are presented in a very positive light throughout the literature. Even though some challenges are described, the base tone is that these partnerships can help companies improve their operations and spread sustainability with the help of the partner, which increases the stakeholder satisfaction and company reputation, without significant challenges. Therefore, examining them in a real-life setting provides a chance to study their practical nature and actual performance. In addition, there is very little practical evidence of the performance of sustainability partnerships; the benefits are often discussed on a theoretical level. Therefore, the main focus of this study is on providing evidence for practical characteristics of sustainability partnerships, motives to form them and their performance.
5. METHOD

In planning and executing research, the most important decisions are related to methodology. Methodology means the theory of how research should be conducted, including the underlying theoretical and philosophical assumptions (Saunders, Lewis & Thornhill 2016: 720). Therefore, the methodological decisions determine the essence of the entire research. In this chapter, the methodological structure of the thesis is discussed, and data collection and analysis methods are explained. Furthermore, the validity, reliability and ethicalness of the study are discussed.

5.1. Research philosophy and research approach

To conduct a coherent research, the underlying philosophical assumptions need to be addressed and aligned. Research philosophy refers to “a system of beliefs and assumptions about the development of knowledge” (Saunders et al. 2016: 124). As each research develops new knowledge, the research philosophy guiding this development should be acknowledged. The research philosophy of this study is positivism. It is the most common research philosophy in management studies, aiming to find causalities and regularities, that extend across industries, businesses, cultures and countries (Eriksson & Kovalainen 2016: 19). Positivism is focused on facts rather than impressions, and to produce credible facts and data, research should be conducted on observable phenomena. The role of the researcher is to observe and examine the facts objectively, as an external actor. Positivst studies are value-free, meaning that the researcher should not add personal interpretations or values in the research. (Eriksson & Kovalainen 2016: 19; Saunders et al. 2016: 134.) Even though positivism is typically used in quantitative studies, it is also applied in qualitative research, to produce fact-based data on certain phenomena (Eriksson & Kovalainen 2016: 19). Quantitative and qualitative research designs are explained in chapter 5.2. Research design.

Positivism applies to this study in terms of observing a phenomenon (sustainability partnerships) to find regularities (characteristics, motives and evidence of performance). The
data was collected by interviewing, and that data is treated as facts, meaning that interviewees’ opinions and perceptions of sustainability partnerships are taken at face value. The role of the researcher was to observe and examine the facts objectively, without adding personal interpretations or values to the process. This is a suitable philosophy for a first-time researcher, as the findings of the study can be drawn directly from the data, without involving further interpretation.

Research approach defines the relation between theory and data (Saunders et al. 2016: 144), and the approach in this study is induction. It means that data is gathered and analysed first, after which suitable theories are applied to support the data (Kontkanen 2015: 8). The purpose of induction, according to Saunders et al. (2016: 147), is “to get a feel of what is going on”, to understand a certain phenomenon. The role of the researcher is to develop an understanding of the phenomenon, and then find or create theories to explain the data (Saunders et al. 2016: 147). Induction is typically used to explore a phenomenon and identify themes to create a conceptual framework (Saunders et al. 2016: 145, 147), which is the aim of this study as well. In terms of executing the study, first, a primary literature review was conducted, to develop a primary understanding of the phenomenon, and to be able to identify valid interview questions and themes. Second, the interviews were conducted. Last, the data was analysed and suitable theories to support the data were explored and identified.

A strength of induction is allowing suitable theories to be discovered and applied after the data is collected, which does not limit the data collection or data analysis as much as deduction (theory-first-approach). Induction can reveal alternative theories and explanations to phenomena, which would not have been found with a strictly deductionist approach. (Saunders et al. 2016: 147.) In this study, induction was a useful approach in terms of identifying key themes from the interviews, after which the relevant literature and theoretical background was applied. As the theories in this thesis are related to partnerships, sustainability and sustainability partnerships, the amount of existing literature is extensive, and the relevant theories were easier to identify in the light of the data.
5.2. Research design, research purpose and context of the study

Research design is a plan for executing the research, where both data collection and analysis techniques are explained. Research designs are divided into quantitative, qualitative and mixed methods design. (Saunders et al. 2016: 165, 726.) Quantitative research design is focused on quantity and measurability; sample groups are large, researched objects typically have numerical values and are compared or analysed for correlations. In comparison, qualitative research aims to understand and interpret the researched objects, and give meaning to them. (Anttila 1998: 176-177, 180.) This is achieved by acquiring an insight of the meaning and purpose of the phenomenon (Eriksson & Kovalainen 2016: 4-5). One of the most common data collection techniques is interviewing, but collecting secondary, already existing, data and observing are also used (Koivunen 2015: 15). Basically anything that can be analysed qualifies as qualitative data: interviews, texts, videos, situations et cetera (Alasuutari 2014: 83-89). Mixed method design combines these two designs (Saunders et al. 2016: 169).

To fully understand the nature of sustainability partnerships, qualitative data is needed; therefore, the chosen research design is qualitative. In this study, the researched phenomenon is sustainability partnerships, and the intention is to examine and understand their characteristics, along with the motives behind them and their performance. The aim of the study is to create more understanding of the phenomenon and to establish a framework of the characteristics of sustainability partnerships in Finnish MNCs. This aim is best achieved through a qualitative interview study.

Research also has a purpose, a mission that it fulfils. The research purpose of this study is exploratory. An exploratory study focuses on explaining a new phenomenon, which has not been studied much, providing new insight to the topic (Kontkanen 2015: 14). The intention is to clarify and establish an understanding of the research object, and reveal new aspects related to it (Saunders et al. 2016: 174-175). As stated earlier, this is the purpose of this thesis. Sustainability partnerships have been studied to some extent, but there are no frameworks to
describe their practical characteristics. Even though the motives have been studied, they remain in the theoretical level, which leaves room for a practical understanding of the motives and partnership performance. Furthermore, there are no studies on Finnish sustainability partnerships. Through nine interviews in total, it was possible to find consisting patterns in the data, and clarify the phenomenon.

To understand sustainability partnerships of Finnish MNCs, it is necessary to understand the overall sustainability environment in Finland. In short, sustainability is important for all sectors in Finland, meaning public, private and consumer sectors. The political atmosphere towards sustainability is very encouraging, and Finnish government and governmental organisations have multiple sustainability initiatives (Ministry of the Environment 2017). Finland already has a high level of sustainability in multiple areas, for example in safety, equality and environment (Statistics Finland 2017), and this development is strongly supported in politics and legislation. Finnish consumers also emphasise the importance of sustainability (Markkinointi & Mainonta 2017c). Environment has a central role in Finnish culture and mindset, but Finnish values typically appreciate equality and justice as well, which means that companies’ misconducts are disapproved of and criticised, both in the media and in private. Therefore, there are prerequisites for companies to succeed in sustainability, and sustainability engagements are also expected by the public and consumer sectors. Accordingly, multiple Finnish companies have sustainability agendas, and consider them essential in their businesses (Markkinointi & Mainonta 2017a). To conclude, there are possibilities and opportunities for companies to leverage sustainability, but there are also regulations and legislation to consider.

5.3. Execution of the study

The study was conducted as an interview study, to provide answers to the research questions “What are the characteristics of sustainability partnerships of Finnish MNCs?”, “What are the motives for forming sustainability partnerships?” and “What is the performance of sustainability partnerships like?”. Altogether nine separate interviews were conducted.
Afterwards, the data from the interviews was analysed. In this chapter, the data collection and analysis techniques are explained.

5.3.1. Data collection

The data collection technique was interviewing. The study was cross-sectional, meaning that all the data was collected at the same time (Kontkanen 2015: 18). Primary data, which is collected by the researcher herself (Koivunen 2015: 15), was collected through nine interviews in total. Focus group of the study were managers in Finnish MNCs, whose responsibilities included sustainability matters. To locate experts for interviews, suitable companies were searched based on their overall reputation, recent news articles about their sustainability actions (e.g. Fazer and Neste and their collaboration on “the doughnut trick” (Markkinointi & Mainonta 2017d)) and sustainability info found from their websites. The aim was to find Finnish MNCs with a clear indication of interest in sustainability, and then find a suitable expert to interview inside the company. As the aim was to examine sustainability partnerships of Finnish MNCs, the intention was to find companies who engage in them, and then find experts who have are either responsible for these partnerships, or otherwise possess extensive knowledge about them. The aim was not to interview specific companies or industries, which is why a variety of companies were contacted to find suitable experts.

Altogether 22 companies were contacted via email or phone, eight of which replied and nine suitable experts agreed to give an interview. All willing experts were interviewed. The companies represent different industry branches from textiles to food and technology to chemistry. One company is represented by two interviews from two managers in separate positions, but as the positions were different, the opinions were generalizable and did not emphasise perceptions of a particular company in the findings. Even though the interviewees vary in their positions and titles, they are all considered leading experts in sustainability matters in the companies they work for. Table 2. summarises the companies and the positions of the interviewees. The interviewees will remain anonymous, because the purpose is not to evaluate the opinions of certain individuals, but those of sustainability-related managers.
When presenting the findings, they will be referred to as experts 1 to 9. However, their positions and the companies are presented, to give context and improve the reliability of the study.

Table 2. Interviewees of the study.

<table>
<thead>
<tr>
<th>Interview type</th>
<th>Pseudonyms</th>
<th>Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-interviews</td>
<td>Expert 1</td>
<td>Vapo</td>
<td>Director, Communications and Public Affairs</td>
</tr>
<tr>
<td></td>
<td>Expert 2</td>
<td>WE Tech</td>
<td>Managing Director</td>
</tr>
<tr>
<td></td>
<td>Expert 3</td>
<td>Makia</td>
<td>Chief Operation Officer</td>
</tr>
<tr>
<td>In-depth interviews</td>
<td>Expert 4</td>
<td>Fazer</td>
<td>Corporate Responsibility Director</td>
</tr>
<tr>
<td></td>
<td>Expert 5</td>
<td>Atria</td>
<td>Quality Manager</td>
</tr>
<tr>
<td></td>
<td>Expert 6</td>
<td>Neste</td>
<td>Senior Advisor of Sustainability</td>
</tr>
<tr>
<td></td>
<td>Expert 7</td>
<td>Finlayson</td>
<td>Corporate Responsibility Coordinator</td>
</tr>
<tr>
<td></td>
<td>Expert 8</td>
<td>Berner</td>
<td>Communications and Corporate Responsibility Manager</td>
</tr>
<tr>
<td></td>
<td>Expert 9</td>
<td>Vapo</td>
<td>Quality and Environmental Manager</td>
</tr>
</tbody>
</table>

When interviewing experts, the focus is on gathering the expert knowledge they have (Anttila 1998: 233). Experts often possess a deep understanding of a certain phenomenon, and are able to see the so-called bigger picture. Due to their position in the company, they can access detailed data about the company’s actions. (Anttila 1998: 233.) Therefore, experts were chosen as interviewees in this study.

The interviewees were first contacted via email or phone, then interviewed individually. One interview was done face-to-face, and the rest were phone interviews. Each interviewee received the questions beforehand, to provide them with sufficient time to prepare and ensure their knowledge on the topic. There were two sets of interviews; first, three pre-interviews were conducted to test out the initial interview questions and acquire a better understanding of the topic and its real-life applications. Based on the pre-interviews, initial questions were
divided into three themes, and some further questions about the motives and performance of sustainability partnerships were added, after which six in-depth interviews were conducted. The interviews were semi-structured, meaning that they had some prepared, open-ended questions and an outline of the interview (Koivunen 2015: 18), which consisted of three main themes to discuss, but there was also room for free discussion and the possibility for the interviewees to express their own thoughts and experiences. The benefit of the semi-structured interview is having clearly defined topics to discuss, yet maintaining a conversational and informal tone (Eriksson & Kovalainen 2016: 94), which allows the interviewees to relax and talk about their experiences and opinions more freely. The aim was to acquire a profound understanding of the characteristics of the sustainability partnerships and their performance. Interviewees were asked if they have engaged in sustainability partnerships, what were their motives for partnering, and what they consider to be the benefits and challenges of these partnerships. The structure of the interview is presented in table 3.

**Table 3.** Interview structure.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening and warm up/characteristics</td>
<td>Is your company engaged in sustainability partnerships? Examples?</td>
</tr>
<tr>
<td></td>
<td>In which operations? With which stakeholders?</td>
</tr>
<tr>
<td>Motives for engaging in sustainability partnerships</td>
<td>Why did you engage in sustainability partnerships? Which benefits or objectives did you assume to achieve? What kind of expectations did you have? Are the sustainability partnerships connected to your company values and procedures? Do they affect the choice of partners?</td>
</tr>
<tr>
<td>The performance of sustainability partnerships</td>
<td>What benefits do you consider having gained from sustainability partnerships? Economic, social, environmental, reputational, other? Have you measured the benefits? What are the benefits for your partners? How do sustainability partnerships differ from &quot;normal&quot; business partnerships? What kind of factors influence the success of sustainability partnerships? What are the risks? Have there been any particular challenges or difficulties?</td>
</tr>
</tbody>
</table>
One face-to-face interview was set up because the company was geographically conveniently located, and it was possible to meet in person. In a face-to-face interview, it is easier to build trust and get more authentic responses. However, phone interviews were a practical must to acquire a sufficient number of interviews, as the interviewees had tight schedules, and it was not possible to arrange meetings in person. In both interview situations, building trust and getting authentic responses was ensured by explaining the context (who is interviewing them and why, where are the answers used, how they will be presented and to which audience), asking if there were any uncertainties or questions before starting the interview, and keeping the tone of the interview rather casual and friendly, so the interviewees could relax and answer truthfully. Having a clear understanding of the motives for the interview and its purpose increases trust, as the interviewees can rely on the authenticity and trustworthiness of the researcher (Saunders et al. 2016: 391). Interviewees were also encouraged to ask questions freely during the interview, and afterwards, they were given a chance to give additional explanations or bring up topics that were not yet discussed during the interview. The convenience of a phone interview was appreciated, as the interviewees could choose a familiar and peaceful spot in their own office, not having to make any further arrangements. Furthermore, interviewing over the phone maintains a mutual territory, where the interviewer is not in a “guest position” in the interviewees territory. All in all, creating trust and ensuring a friendly atmosphere were considered throughout the interviews.

With the permission of the interviewees, all interviews were recorded and transcribed. The transcribed data was then analysed, as is explained in the next chapter.

5.3.2. Analysing the data

After the interviews, all recordings were transcribed, which means writing them out word by word with a word-processing program, based on the recordings. Interviews were transcribed completely, to ensure all relevant data was accessible in the analysis.

The analysis method was content analysis. In content analysis, the data is analysed based on themes, and content related to each theme is classified under that topic (Koivunen 2015: 52).
Content analysis is often used in classification and categorisation (Anttila 1998: 254). After classifying data under the themes, these themes are often combined into 3-7 main themes, which are then labelled and described as concepts (Koivunen 2015: 52). These themes or concepts are the result of the study. In this study, the data was analysed in two separate phases; first, the data from the pre-interviews was analysed, to identify interesting themes that did not come up in the initial literature review, and to develop further questions related to sustainability partnerships. Then, after conducting the in-depth interviews, the data from them was also analysed, after which all gathered data was combined and categorised. After nine interviews, there was enough data to establish characteristics for sustainability partnerships. This study was not intended to create generalisable data, but to find enough evidence to present the characteristics, motives and performance of sustainability partnerships of Finnish MNCs.

Initial themes in the interviews were examples of sustainability partnerships, typical partners, company values and partnership performance, which included measurement, communication and collaboration, benefits and challenges. The categorisation was done with a table tool, where quotes related to a certain theme was copied under that theme, with the indication of the expert who had said it. Each quote should be analysed, so the data that does not fit researcher’s opinions will not be excluded (Anttila 1998: 256), which was done in this study. After going through all interviews, the themes and the related content was printed out and combined into the main themes: partnership characteristics, motives for partnering and partnership performance. To make justified conclusions, the data was in intercourse with theory throughout the analysis.

5.4. Validity, reliability and ethicalness of the study

A study needs to be both valid and reliable to contribute to academic literature. Validity means “the extent to which data collection method accurately measures what it was intended to measure” (Saunders et al. 2016: 730). The interview questions were carefully planned, with the support of initial literature review, and tested in three pre-interviews before the in-
depth interviews. Based on these pre-interviews some questions were clarified, for example a question about social benefits was specified to mean social benefits in the sense of human-related, not that of social media, which was a misunderstanding in the pre-interviews. Therefore, the input from the pre-interviews improved the clarity and validity of the questions, but also contributed to identifying further interesting themes related to sustainability partnerships, such as reasons for partnering and the success factors of partnerships. Furthermore, the interviews all followed a similar structure, and despite differences in industries and positions, the answers were very alike, which means that the questions were understood in a similar way, and valid in terms of examining sustainability partnerships.

As validity also refers to the credibility of the study, and the quality of the execution of the study (Saunders et al. 2016: 450), these were acknowledged by presenting a theoretical background for the study at the beginning of the thesis, and referring to it in the discussion to provide theoretical support for the findings. A variety of different references were used, so the theoretical background does not rely on a limited number of academics. The use of references was exact, indicating where references were used and what was researcher’s own contribution. Furthermore, the relevant concepts related to the study were explained in the literature review. In terms of validity of the execution, the study was carefully planned and executed accordingly. Furthermore, the validity of the gathered data was strengthened by having separate interviews, and ensuring that the interviewees had not discussed this topic beforehand, so each interviewee presented only their own opinions, with no intent to reinforce the opinions of anyone else. This was also the case with Vapo, where two interviewees gave interviews: the latter interviewee was not in contact with the first, and thus had no idea what the first interviewee had said.

Reliability measures the extent to which data collection technique yields consistent findings. Similar findings should be drawn regardless of the researcher. (Saunders et al. 2016: 726.) Qualitative studies are difficult to repeat, because the research situation is often unique and depends on the researcher as well as the researched object (i.e. interviewee) (Alasuutari 2014:...
84-85). Therefore, it is essential that a qualitative study is as transparent as possible about the research (Eriksson & Kovalainen 2016: 303). In this study, reliability is improved by explaining the research design, as well as data collection and analysis in as much detail as possible. Further details about the data collection are available in appendix 1., where the date and time of the interviews are listed. The reliability of the data analysis was increased by explaining the analysis methods, as well as using the quotes of the interviewees to support the analysis. Furthermore, the interviews were transcribed word by word, which means that the analysis was done based on all gathered data. The execution of this study is described in as much detail as possible, to contribute to the reliability of the study. On the other hand, the references in the literature review are presented in a detailed manner, to enable others to find and examine them.

The ethicalness of the study was acknowledged throughout the process. The researcher has clarified to the interviewees that interviews are to be used in a master’s thesis, and their answers are used as direct quotes, if necessary. The names of the interviewees will not be displayed, only the name of the company and the position of the interviewee. Each interviewee was asked for permission to publish this information, as well as to record the interviews. Furthermore, the interviewees were given a chance to read the quotes in the findings and give their notes on them, and their final approval.
6. FINDINGS

The purpose of this study is to examine sustainability partnerships and their characteristics, and provide new and organised data to describe the phenomenon. The research questions were focused on the characteristics, motives and performance of sustainability partnerships in Finnish MNCs. In this chapter, the results from nine interviews are presented. First, the overall view of the partnerships and their characteristics is presented, after which the motives for partnering are discussed. Finally, the performance of the partnerships is discussed.

All interviewed companies were involved in sustainability partnerships. Furthermore, companies expressed interest in sustainability and considered it to be important for business. However, it is possible that there is a bias in the data, as companies knew beforehand that they would be interviewed about sustainability, which could have lead to only those companies, who had successful experiences in sustainability and sustainability partnerships, agreeing for interviews. Nevertheless, the interviewees represent eight Finnish MNCs, and as the focus was on the characteristics of sustainability partnerships, the companies were relevant in terms of having such partnerships.

6.1. Characteristics of sustainability partnerships

“What are the characteristics of sustainability partnerships of Finnish MNCs?”

To examine the characteristics, companies were asked to describe their sustainability partnerships. The characteristics are presented here as partners, functions and whether they were domestic or international and related to environmental or social causes. The partnerships ranged from product development to nature conservation, and no “typical” partnership was identified. Surprisingly, even though interviewed companies were MNCs, a majority of sustainability partnerships were domestic, meaning they were formed with domestic partners. However, there were multiple partnerships with global NGOs (e.g. WWF, the Red Cross and Unicef), and also some fully international partnerships. Even though the
context of this thesis is international, domestic partnerships are examined as well, since they describe the sustainability partnerships of Finnish MNCs. Most common partners were NGOs, followed by other companies, suppliers and governmental organisations, in line with the literature review. There were also a couple partnerships with research facilities and governments. Companies and suppliers are separated, as sustainability partnerships with them had distinctively differing characteristics, even though suppliers can also be companies. All sustainability partnerships with suppliers and governments were international, whereas other partners were involved in domestic partnerships as well.

The company functions, to which sustainability partnerships were related, were operations, R&D, marketing, legislation and environmental or social causes. All partnerships had a specific purpose they were aiming to fulfil, varying based on the function. Operational partnerships were aimed at improving the operations of the company, typically by implementing more environmentally friendly procedures or technologies with the help of NGOs, but also by learning about environmentally friendly operations with other companies or improving the supplier relations and labour conditions. R&D partnerships were focused on researching new environmentally friendly technologies with NGOs, companies and research facilities. The intention of marketing partnerships was to increase awareness of certain environmental or social causes through seminars or marketing campaigns arranged with NGOs. Partnerships for legislation aimed at influencing legislation and implementing more environmentally sustainable laws through collaboration with companies and governmental organisations. Furthermore, there were partnerships that were focused on either environmental or social causes, which did not have a direct connection to the companies’ operations or functions. Environmental partnerships were typically aimed at improving the conditions of different bodies of water, or otherwise progressing environmental sustainability, with NGOs or companies. Social partnerships were focused on improving children’s rights or labour conditions in developing countries with NGOs or governments. Even though social partnerships had legislative objectives, they were not formed solely for that purpose, which is why they are not included in legislative partnerships. Framework of partnerships characteristics based on function is presented in table 4.
Table 4. Function-based framework of sustainability partnerships of Finnish MNCs.

<table>
<thead>
<tr>
<th>Function</th>
<th>Domestic/International</th>
<th>Environmental/Social</th>
<th>Role of the partner</th>
</tr>
</thead>
</table>
| Operations | Domestic and international | Environmental and social | NGOs: Provide expertise on environmental or social issues to improve company operations, creating sustainability principles, auditing suppliers, identifying issues that need fixing, enabling discussion between companies and suppliers, being a critical friend  
Companies: Provide expertise and resources, enable learning about sustainability  
Suppliers: Enable discussion, provide opinions in both labour and environmental improvements |
| R&D        | Domestic | Environmental | NGOs: Provide expertise in environmental sustainability  
Companies: Provide expertise in environmental products and technologies, provide solutions to environmental issues  
Research facilities: Provide expertise in researching environmentally friendly technologies |
| Marketing  | Domestic and international | Environmental and social | NGOs: Provide visibility and credibility for campaigns |
| Legislative | Domestic | Environmental | Governments: Provide influence in advancing better labour legislation and regulation |
| Environmental | Domestic and international | Environmental | NGOs: Provide expertise in environmental sustainability, identify issues where companies could contribute, being a critical friend  
Companies: Provide expertise in environmental products and technologies, provide solutions to environmental issues |
| Social     | International | Social | NGOs: Provide expertise on improving children's rights and labour conditions  
Governments: Provide influence in advancing better labour legislation and regulation |
Furthermore, several companies mentioned a variety of sustainability actions, which did not count as partnering in the sense of working together towards a mutual goal. Common examples of this were making public sustainability commitments, requiring suppliers to sign and comply with a code of conduct, monitoring suppliers, using recycled materials or renewable energy and donating money to NGOs or charities. These findings present the discussion focused on sustainability partnerships.

6.2. Motives for sustainability partnerships

“What are the motives for forming sustainability partnerships?”

To identify the motives, the data from the interviews was analysed and categorised in terms of reasons and motives for forming sustainability partnerships. The partnerships followed the motivation theories presented in the literature review: resource-based theory, stakeholder theory, institutional theory and transaction cost economics. This was expected, as the motive theories were proven valid for sustainability partnerships in the literature review. The motives for partnerships with different partners are presented in table 5. In some cases, the motives were overlapping, meaning that perceiving the same action from different perspectives provided justification for different motives. A typical example is waste water management: a company can partner to access resources for better waste water management, but also to improve the conditions of their stakeholders, or to seem more legitimate and sustainable in their operations. Therefore, some partnerships are presented as examples in multiple motives, and discussed in relation with different motive theories.
Table 5. Motives for sustainability partnerships according to the partner.

<table>
<thead>
<tr>
<th>Motive theories</th>
<th>Partner</th>
<th>Company motives</th>
<th>Role of the partner</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resource-based view</strong></td>
<td><strong>NGOs, governmental organisations</strong></td>
<td>Utilising partner's knowledge of the environment to improve environmental conditions, utilising partner's knowledge of social issues to improve social conditions, utilising partner's knowledge in legislation to promote sustainability legislation</td>
<td>Provide expertise on the matters companies aim to improve, provide support, enable discussion</td>
<td>Cleaning bodies of water, improving waste water management, implementing new labour standards, advancing fair recruitment, having joint advances in legislation</td>
</tr>
<tr>
<td></td>
<td><strong>Companies</strong></td>
<td>Accessing new technologies, utilising partner’s knowledge in developing technologies or sustainable products, thus improving environmental conditions, learning about sustainable practices together, promoting sustainable legislation</td>
<td>Provide expertise and resources, enable learning, provide solutions to company issues, provide support and influence</td>
<td>Creating a mutual product solution to decrease pollution in shipping, creating an environmentally friendly fertiliser, creating energy from food waste, having joint advances in legislation</td>
</tr>
<tr>
<td></td>
<td><strong>Research facilities</strong></td>
<td>Utilising partner’s knowledge in developing sustainable products and procedures, utilising partner's knowledge of the environment to improve environmental conditions</td>
<td>Provide expertise</td>
<td>Improving waste water management with a university of applied sciences</td>
</tr>
<tr>
<td></td>
<td><strong>Governments</strong></td>
<td>Utilising partner's influence to improve social conditions</td>
<td>Provide support and influence</td>
<td>Having a joint initiative for better labour legislation</td>
</tr>
<tr>
<td><strong>Stakeholder theory</strong></td>
<td><strong>NGOs, governmental organisations</strong></td>
<td>Improving environmental conditions, improving social conditions, promoting sustainability, improving industry sustainability through legislation</td>
<td>Provide expertise, identify issues where companies could contribute, be a critical friend, enable discussion, provide support</td>
<td>Improving labour conditions with advances in waste water management and labour legislation, arranging joint marketing campaigns and seminars</td>
</tr>
<tr>
<td>Motive theories</td>
<td>Partner</td>
<td>Company motives</td>
<td>Role of the partner</td>
<td>Examples</td>
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<td>--------------------------</td>
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</tr>
<tr>
<td><strong>Stakeholder theory</strong></td>
<td>Companies</td>
<td>Improving sustainability through joint research and legislation</td>
<td>Provide expertise and resources, provide support and influence</td>
<td>Creating an environmentally friendly fertiliser</td>
</tr>
<tr>
<td></td>
<td>Suppliers</td>
<td>Improving sustainability practices through education, learning and utilising new technologies, improving communication between suppliers and the company</td>
<td>Enable discussion, provide opinions</td>
<td>Having a joint initiative in improving waste water management, discussing about better labour conditions</td>
</tr>
<tr>
<td></td>
<td>Governments</td>
<td>Improving social conditions</td>
<td>Provide support and influence</td>
<td>Having a joint initiative for better labour legislation</td>
</tr>
<tr>
<td><strong>Institutional theory</strong></td>
<td>NGOs</td>
<td>Gaining good reputation, utilising partner's reputation to support own reputation, improving sustainability legislation</td>
<td>Provide visibility and credibility</td>
<td>Arranging joint marketing campaigns and seminars, having mutual initiatives in legislation, monitoring and auditing suppliers</td>
</tr>
<tr>
<td></td>
<td>Companies</td>
<td>Improving industry sustainability through legislation and collaboration</td>
<td>Provide support and influence</td>
<td>Having a joint initiative for sustainability legislation, creating industry standards</td>
</tr>
<tr>
<td><strong>Transaction cost economics</strong></td>
<td>Companies</td>
<td>Accessing new technologies fast and cost-efficiently</td>
<td>Provide expertise and resources</td>
<td>Creating a mutual product solution to decrease pollution in shipping, combining existing technologies of multiple companies</td>
</tr>
</tbody>
</table>

6.2.1. Resource-based view

Resource-based view of sustainability partnerships was indisputably the most common approach to sustainability partnerships; all companies had sustainability partnerships that were focused on accessing resources. Resource-based partnerships were formed with NGOs,
governmental organisations, companies, research facilities and governments. The most valuable resource was knowledge in its different forms: knowledge of using and acquiring materials, producing and developing products, conserving nature or improving social conditions. Utilising partners’ expertise was a key component in sustainability partnerships in all companies, and in all functions: operations, R&D, marketing, legislative, environmental and social. In contrast, no company mentioned gaining access to property-based resources (e.g. financial capital, physical premises or human resources) as a motive for a sustainability partnership. As the ownership arrangements of these partnerships were not discussed in the interviews, it is impossible to know if and how financial capital or human resources were divided in the partnership, but presumably some sharing of these resources took place. Furthermore, especially in R&D partnerships, it is likely that research or development took place in a specific location, owned by either one of the partners or all, but as this did not come up in the interviews, it is impossible to make any further assumptions.

Partnerships with NGOs utilised the knowledge the NGO had of environmental or social sustainability, depending on the focus of the NGO’s operations. The role of NGOs was to provide expertise and assist with implementing improvements, but also to provide connections and enable discussion between different actors, especially in social matters. In environmental sustainability, NGO knowledge was utilised in organising seminars, creating bird lakes, improving waste water management and cleaning bodies of water and researching new sustainable procedures. Social sustainability was focused on improving labour practices, human rights and children’s rights.

Governmental organisations had some similar resources as NGOs, but the emphasis was in their legislative resources. NGOs were also involved in legislation, mainly in promoting a cause as a part of a wider collaboration, but companies had actual partnerships with governmental organisations to improve legislation related to their industry. Governmental organisations were also enabling discussion between companies and legislators.
“We take part in legislation, for example, we are involved in preparing legislation - - so when something new comes up, or changes are made, then there we are, usually we get to comment at least.” (Expert 5)

Partnerships with companies were focused on accessing knowledge about product development, meaning creating new products and services together. Companies either combined their existing products, or developed a completely new product.

“To create these entities, so product-, we call them solutions, but it means that several products are combined to a solution. - - We have been able to utilise a technology that’s already in use in other industries, so we haven’t started to invent and develop that ourselves.” (Expert 2)

“For example, product partnerships, in product development we do a lot, one latest example is this kind of - - circular economy fertiliser, which is developed in a partnership with other companies.” (Expert 8)

Companies also mentioned material efficiency multiple times as a result of a partnership, but not the main motive. An often-mentioned concept was “utilising byproducts”, which meant that another company had the knowledge and skills to make new products from the byproducts of the interviewed company. Typically, biodegradable waste was turned into energy by an energy company, after which the interviewed company was able to use this energy.

Furthermore, companies had mutual learning initiatives, where both or all parties contributed their own knowledge to educate others, or they had a specific issue to examine together. Sharing resources enabled more efficient learning.

“We have started to develop ‘learning from each other’. And the topics have been environmental leaks and safety. This is kind of - - exchanging information and deeper
understanding. It’s very slow, but the aim is, that through this, we would better understand the supply chain of raw oil and the related questions.” (Expert 6)

In some sustainability partnerships with companies, legislation was also mentioned. This was not the main reason to form a partnership, but something that was considered a sort of “bonus”. While already partnering with a certain company, it was easier to promote legislative initiatives together, as there were more people to support the initiative and thus the opportunity to inflict a stronger impact. Sometimes industry unions and their legislative skills were involved in these as well, but they were not a part of a specific sustainability partnership.

Research facilities were involved in product or technology development projects. Utilising the knowledge of research facilities enabled creating more sustainable products, technologies or procedures, such as creating better waste water systems.

“We had three young designers innovating new products for us, and it was arranged in collaboration with Aalto university.” (Expert 7)

One sustainability partnership involved local governments, and the goal was to improve labour conditions in the countries the company was operating in. Having government as a partner in sustainability partnerships enables utilising their resources and influence in implementing regulations, or improving the legislation.

Sustainability partnerships with suppliers were not resource-based, even though that is the main motive to form a business partnership with a supplier. However, no company mentioned having formed sustainability partnerships with suppliers to access their unique resources, rather these partnerships were focused on improving labour conditions, in line with the stakeholder theory that will be presented in the next chapter.
6.2.2. Stakeholder theory

The role of stakeholder theory is very central in sustainability and sustainability partnerships. In several sustainability partnerships, the motive for partnering was to improve sustainability for their stakeholders by developing environmental or social conditions. However, in many cases, the motives of accessing resources and improving stakeholder sustainability overlapped. For example, a sustainability partnership aimed at creating an environmentally friendly product could be formed to access knowledge on sustainable product development, but also to improve the companies’ sustainability and to provide a sustainable option for their customers, combining both the resource-based view with the stakeholder theory. It was difficult to identify which was the main motive in each partnership, so some partnerships are discussed in relation to both motive theories.

Stakeholders were a highly emphasized aspect, and companies presented interest in and concerns about the environmental and social conditions they have on them, and regarded changes in their operations to improve the impact they have on their stakeholders, both in the overall sense and with a specific focus.

“Our strategy is to do sustainable production in terms of timeless design, high quality products; they last from season to season. And through that, we could turn, even though there’s, of course, a purpose to be financially profitable and sell, but we could turn the overall consumption on the planet towards a better direction.” (Expert 3)

“There is a situation, that small farmers are not, they have great difficulties to get certified, which means there are farmers with quite weak expertise - - and getting them to use these kinds of better practices and certificates, means better income for them. - - Our expert from Singapore office has been there educating, helping the farmers to get certified. And we have been able to increase the number of small farmers, supplying for us.” (Expert 6)
The mentioned partners in improving the impact on stakeholders were NGOs, governmental organisations, suppliers, governments and companies. Furthermore, these partnerships were focused on company operations, environmental and social causes, marketing, legislation and R&D. Overall, companies used sustainability partnerships to target different stakeholder groups. The most typical groups were suppliers and local people, in terms of improving their labour conditions as well as fixing environmental issues affecting them. Furthermore, consumers, other companies and governments were in the focus, in terms of improving overall sustainability and increasing the awareness of sustainable options.

The role of NGOs and governmental organisations was to provide expertise in making improvements in environmental or social conditions, but also to identify issues where companies could contribute, both in their own operations as well as in external issues. In relation to identifying issues, being a “critical friend” was a typical partner role; considering the expertise these partners have, they can evaluate the existing operations and spar the companies towards better sustainability performance.

“We get that sort of, kind of good critical sparring to what we’re doing and input to that. New ideas, new procedures. - - We have used a term of our partners, it’s good that they are ‘critical friends’. That they are partners, but they are also, like critical, because it won’t advance our operations, if we all just hum together. - - That they can bravely say that “hey, hear me out now, we could still improve from here, don’t you think?”, so there’s a sort of criticalness there too. That we don’t choose the easy way out.” (Expert 4)

Regarding own operations, environmental conditions were progressed by developing more environmentally-friendly practices, such as improving waste management. Social conditions were addressed with improvements in working conditions. It was important for companies to have sustainable practices and decent working conditions for their suppliers, which improved the social impact companies had on them. The role of NGOs was to identify issues and enable discussion between companies and local people, so companies would gain a better
understanding of the circumstances, but also gain an understanding of how to develop these circumstances, especially in social issues.

“If we talk about human rights and that sort of things, a company in Finland might not be the party a West-African farmer wants to tell about human rights challenges, or that he has been mistreated, which is when we need a helping hand there to be a partner and a party, who tells us, to whom the farmer can easily talk to.” (Expert 4)

Sustainability partnerships with suppliers had similar agendas; better labour conditions were created together through communicating with the suppliers and educating them, as well as identifying issues, thus improving the circumstances for both the suppliers as well as the local people in general. Communication with the suppliers was important to understand their needs, and make improvements accordingly. New technologies were also implemented to improve the operations.

“Our R&D function has made at least three education trips to South-East Asia over the years, where we have explained how the greenhouse gases from farming are calculated. - - We have also delivered tools for them, I mean these Excels, to which, with which they can do the calculations.” (Expert 6)

Besides own operations, companies partnered with NGOs and governmental organisations to contribute to external issues. Examples include specific, local environmental issues, such as cleaning lakes or supporting sustainable fishing.

“We made, or WWF had made a guide for sustainable fishing, and related to that, we created - - a minicollection of three t-shirts. - - We were also involved in the launch of the guide.” (Expert 3)

“We are involved in local projects as well, for example our bakery in Lahti is collaborating with Vesijärvisäätiö, which is a local organization that is focused on
cleaning the Vesijärvi lake in Lahti, and also on improving the conditions of the surrounding environment.” (Expert 4)

Furthermore, companies partnered with NGOs to raise awareness of sustainability issues. Providing more information about sustainability and raising awareness through seminars and advertising campaigns was considered to improve overall sustainability, in terms of spreading the word and getting more people engaged in these matters. It also improved the sustainability image of the company, which is discussed further in chapter 6.2.3. Institutional theory.

Lastly, influencing legislation was also typical in partnerships with NGOs and governmental organisations. The aim was to improve the sustainability legislation, which would contribute to both overall improvements, as well as specific improvements for certain stakeholders. For example, better labour legislation would improve the working conditions or all employees, but also those of companies’ suppliers. Governments were involved in legislative partnerships as well, with the focus on labour legislation. Furthermore, sustainability partnerships with other companies had some legislative initiatives, where more sustainable practices were promoted to improve the sustainability of the entire industry.

Besides the legislative initiatives, the main focus of company-company partnerships was in research and product development. By developing new, more sustainable technologies and products, companies advanced the sustainability of their customers, consumers and other companies that used these products.

“It can be said, that when we help the cargo ships operate more efficiently, they do their work with less fuel consumption and it means immediately less pollution.” (Expert 2)

Even though sustainability partnerships with research facilities are aimed at this same thing, the stakeholder motive did not come up while discussing those partnerships. Companies
regarded them only from the resource-based perspective, and emphasised accessing the knowledge research facilities have. Of course, the stakeholder theory could be underlying there as well.

6.2.3. Institutional theory
Besides wanting to improve the impact on stakeholders, companies were also keen on appearing legitimate in the eyes of their stakeholders and complying to their expectations, which is supported by institutional theory. All companies mentioned sustainability being something their stakeholders are expecting from them. Stakeholder expectations were addressed by taking them into account in company policies and having dialogue with the stakeholders.

“And then we look, examine, with the help of an external actor, how our most important stakeholders see us, and what they are expecting from which area, what kind of actions from us. -- And this analysis is the basis for this, what we do and with whom.” (Expert 1)

“We are collaborating with our stakeholders in sustainability. Stakeholders are, all in all, a very important matter for us. It is already for the sake of development, meaning that we want the input from them about where we are going, and we have plenty of dialogue with different stakeholders, related to sustainability.” (Expert 4)

“What is important to people, then we, of course we have to work in a way that our operations withstand scrutiny from the consumer.” (Expert 5)

As sustainability is something stakeholders are expecting from the companies, all sustainability partnerships can be considered a way to comply with stakeholder expectations. Overall, companies mentioned that they engage in sustainability to comply with these expectations and to strengthen their sustainability image, which applies to sustainability partnerships as well. However, in this chapter, only the partnerships where the motive was
specifically to comply with these expectations and to appear legitimate are discussed. The basic principle was that the clearer the statement towards sustainability is, the better the stakeholders know that companies are engaging in it, and this was enforced with sustainability partnerships.

 Appearing legitimate and complying with stakeholder expectations was mentioned as a motive for sustainability partnerships by multiple companies. As sustainability is a central stakeholder expectation, several companies mentioned sustainability as a means to continue operation and a necessity in doing business overall. This was brought up as a concept of “social concession”.

“A visible statement is a kind of, I’d say it’s a kind of social concession to operate, and without it there would be no long-term chance to operate in a modern world.” (Expert 1)

“When we operate sustainably, we have the prerequisites to operate overall, we have a kind of social approval.” (Expert 9)

The motive to comply with stakeholder expectations and to appear legitimate was only mentioned in sustainability partnerships with NGOs and companies, especially those with good sustainability reputation. NGOs themselves are often considered legitimate and experts in sustainability. Therefore, partnering with them was expected to make the companies seem legitimate, and to be a clear signal that companies are engaging in sustainability with respected actors. Having sustainability partnerships with well-known NGOs improved the overall image and reputation of the company, and companies expected especially their customers, but other stakeholders as well, to be satisfied with this. The typical functions related to this motive were operations, environmental and social causes, marketing and legislation.
Companies utilised the expertise and credibility of NGOs in improving environmental conditions and social conditions, both in their own operations and in collaborations on external causes. Contributing to external sustainability causes strengthened the company’s sustainability image, whereas having external actor monitoring their operations improved the credibility of the company, as their sustainability statements are supported by legitimate NGOs. This was most typical in labour issues, where NGOs were auditing suppliers.

“This [supplier monitoring] has been continued, meaning that they [NGOs] examine suppliers, besides those supplying for us, also the suppliers who are, in one way or another, related to our supply chain. So, this type of extra work, to decrease risks and extend better practices, is essential in our operations.” (Expert 6)

Besides appearing legitimate, several companies mentioned forming sustainability partnerships as a way to implement their strategy and values, meaning that sustainability is an essential part of their strategy and also present in company values. In this sense, engaging in sustainability partnerships is another way to seem legitimate, by fulfilling the company strategy and values, and delivering the value promise to their customers and other stakeholders. All companies stated having sustainability in their values and as a part of their strategy, which was expected based on the emphasis on sustainability in the literature review.

“Sustainability is very strong in our company values. - - It is clear, that if it comes from our values, it also requires action.” (Expert 7)

“One of our values is sustainability, meaning we want to be environmentally sustainable. - - It comes from top down, and they [company values] guide our operations.” (Expert 9)

This approach was also central in marketing partnerships, where companies were promoting certain sustainability causes with NGOs. Being able to express company values and spread
the word was important for companies, and strengthened their sustainability image in terms of taking a visible stand in sustainability.

“Of course, with these partnerships, with WWF or SPR [The Finnish Red Cross], or whatever, we want to promote a good cause, that’s the main purpose, that we, as a company, can have an opinion and bring forth issues to our customers, since we have extensive communication channels, with which we can create visibility for them.” (Expert 7)

Furthermore, as NGOs are experts in their respective fields, their influence on legislation was a motive to partner with them. This was also the reason for company-company partnerships, where other companies could provide support and influence on legislative initiatives. Engaging in legislation makes the company seem legitimate, which improves the company image.

The lack of other partners in supporting institutional theory can be because they are not perceived as sustainable themselves, which would not necessarily support the company image in a similar way as partnering with NGOs or sustainable companies. However, especially partnerships with research facilities have suitable characteristics, in terms of partnering with credible, academic institutions who possess extensive knowledge on sustainability, which could be expected to support the company image. In addition, governmental organisations are quite similar to NGOs, which makes it interesting that they were not mentioned in this context. It could be that governmental organisations, as well as governments, are perceived rather old-fashioned, which would not advance improvements in the company image. As NGOs and sustainable companies are clearly defined as sustainable, and experts in the field, it could be that it was easier to identify these partners as supporting the company image and helping the company appear legitimate.
6.1.4. Transaction cost economics

Transaction cost economics was not a common approach to sustainability partnerships. Overall, costs of sustainability were only mentioned a few times, and they were not presented as a key criterion for sustainability partnerships. In general, companies emphasized the importance of sustainability from the resource, stakeholder and institutional perspectives. However, one company-company partnership was formed to gain faster access to an existing technology, which improved the company performance in terms of quick market access.

“We have been able to utilise a technology that’s already in use in other industries, so we haven’t started to invent and develop that ourselves — which means that the benefit has been, that we are pretty quickly ready to sell this kind of solution to our market.” (Expert 2)

Material efficiency was also mentioned as both a sustainable action, as well as cost-efficient, both in material management and procurement. Being able to utilise the byproducts of production was considered useful, financially and environmentally. However, this was not the main motive for any sustainability partnership, rather something that was achieved as a side effect from partnerships.

“Of course we are trying to direct them [byproducts] into those kind of channels, where we could get the most value out of them. And usually, where you get the best value in euros, is most likely the most environmentally-friendly channel as well.” (Expert 5)

The lack of transaction cost economics and financial aspects in the interviews could be because the overall mindset towards sustainability is highly focused on environmental and social sides, and there is not that much attention on the financial side. Therefore, when forming sustainability partnerships, the focus is more on accessing resources and improving stakeholder satisfaction, than being more cost-efficient. However, all mentioned outcomes of sustainability partnerships also contribute to the financial performance of companies, but
according to these interviews, being cost-efficient is not essential in sustainability partnerships.

6.3. Sustainability partnership performance

“What is the performance of sustainability partnerships like?”

The performance of sustainability partnerships was studied by asking companies about perceived benefits and challenges, and typical success factors, but also by analysing the overall discussion related to sustainability partnerships. The performance of sustainability partnerships is not easy to evaluate, as there are no specific ways to measure it. However, all companies considered sustainability partnerships beneficial, and agreed that they had multiple benefits for the company, as well as for the partners. Companies stated that sustainability issues are so vast, that partnering and sharing resources is a necessity to make an impact. There were also some challenges, but companies did not perceive them as critical, or as a reason to not to form these partnerships. The performance is examined in terms of reputational, financial, environmental and social performance. These are presented in dialogue with the motives for partnering, which provides a chance to evaluate the partnership success in terms of achieving the intended outcomes. Also, the overall partnership performance is discussed, and critical success factors are identified.

6.3.1. Reputational performance
In line with institutional theory and stakeholder theory, reputational benefits of sustainability and sustainability partnerships were definitely one of the most outstanding benefits. All companies stated that their customers and stakeholders consider sustainability important, which means that engaging in sustainability partnerships is beneficial for the reputation of the company. Multiple companies indicated that sustainability actions had improved their reputation. One reputational benefit was credibility, as the partnerships were evidence that the company was actually engaging in sustainability, and fulfilling the company values.
Fulfilling the company values also made the company appear more legitimate, especially to their employees, who appreciated it and felt more committed to the company.

“It’s probably our personnel who have increased their satisfaction the most, because the company is taking a clear stand on sustainability.” (Expert 1)

Sustainability partnerships improved the employer image as well, and one benefit was recruitment easiness. Furthermore, sustainability partnerships increased overall stakeholder satisfaction, as the stakeholders were expecting sustainability from the companies. The reputation was improved by collaborating with well-known partners, demonstrating sustainability expertise in improving company operations and developing new products, and contributing to overall sustainability, both to environmental and social causes. However, some companies mentioned that these partnerships did not necessarily improve the reputation, but rather helped maintaining it. Clearly, reputational benefits are a strong motive as well as a benefit in sustainability partnerships, and based on these interviews, the partnerships were successful in that sense.

6.3.2. Financial performance

Financial performance can be evaluated in relation to all motive theories, considering that resource-based view and transaction cost economics have clear financial indications, but improving reputation, in accordance with institutional and stakeholder motive theories, also contributes to increased sales and thus improves financial performance. However, as the reputation building was not directly aimed at financial benefits, it is sufficient to state that good reputation has a positive impact on financial performance, and focus on the remaining motive theories. Overall, financial benefits included increased sales or improved cost-efficiency. Even though financial benefits were not the main motive for partnering, all companies admitted that sustainability partnerships had financial benefits for them, and they were often considered among the most important benefits.
Resource-based view of partnerships emphasises access to resources, and this was a clear financial benefit in many ways, R&D being the most significant of them. Accessing extra resources meant that companies could expand their product portfolio, create new products or improve existing ones. It was also a significant financial benefit to be able to access an existing technology or product, without having to develop it yourself, which enabled faster market access. Overall, sustainability partnerships ensured that companies could engage in more product development projects, than they could on their own. By combining resources, companies were able to offer more products faster, thus increasing their sales, but they were also able to produce state-of-the-art products, as the knowledge of all partners was combined. In short, sustainability partnerships were successful in creating a competitive advantage for the companies in terms of product development, which was achieved by utilising the resources of the partners, as resource-based view suggests.

“It means that we have been able to develop, we’re on top of it all the time. Our rivals, they can’t keep up with us, and we have noticed that they’re always a bit late, and it’s our advantage”. (Expert 2)

Material efficiency was both an environmental and a financial benefit. With the help and expertise of their partners, companies were able to make their operations more efficient, meaning that they were able to produce same products with less energy or material, which is cost-efficient and environmentally friendly. Furthermore, as some partners could utilise the byproducts from the production, that created income for some companies, from products that could have otherwise gone to waste.

“It enables us to produce commercially competitive products, - - and that way bring a better influence on the market.” (Expert 3)

According to transaction cost economics, cost-efficiency is the main reason for partnering, and even though it was not presented as a main motive for sustainability partnerships, it was
an achieved benefit. However, material efficiency also utilised the expertise of the partners, which supports the resource-based view as a motive.

6.3.3. Environmental performance

Achieving environmental improvements was characterised important in all interviews, however, it was rarely stated as the main motive for partnering. Environmental performance can be discussed in relation to stakeholder theory and institutional theory, as according to them, achieving environmental benefits improves the impact company has on their stakeholders and helps companies fulfil their value promises. Environmental benefits, meaning less pollution and waste, were achieved through efficient material use (as discussed earlier) or improved operations (such as better waste water management), but also by providing more environmentally friendly products and technologies to the market. Furthermore, contributions to external sustainability causes, such as cleaning lakes, improved environmental conditions.

According to stakeholder theory, companies should consider the impact they have on their stakeholders, and by improving environmental conditions, companies also improve the impact they have. In those terms, sustainability partnerships were successful, as they managed to decrease this environmental impact.

One aspect of institutional theory was to appear legitimate in terms of fulfilling the company values in the operations. In line with this, achieving environmental benefits was important for the company to appear legitimate, but also because their values and operations support environmental initiatives, and the companies want to make a difference with their business. Being able to improve environmental conditions, and ensure environmental wellbeing in the future, was an important benefit for some companies.

“Our vision is that commercial sea traffic, while operating in a similar way as now, consumes 30 percent less fuel in 2030.” (Expert 2)
“I would say, that in the long run, when the humankind consumes about two globes worth of resources in a year, - - that we should make our contribution towards balancing out the load.” (Expert 3)

6.3.5. Social performance
Similar to environmental benefits, social benefits can be examined in light of stakeholder theory and institutional theory, meaning that companies were interested in social benefits because of their stakeholders, or to fulfil the company values. Social benefits were improvements in labour conditions and ability to create employment, which were achieved by improving companies’ own operations.

In accordance with stakeholder theory, social benefits were achieved by improving the impact companies have on their stakeholders, in this case, their employees and suppliers. By improving the working conditions with better procedures, employee satisfaction increased, which lead to improved productivity as well. The improved financial performance also enabled the company to employ more people, which was considered a social benefit. However, this is also an improvement in the economic impact companies have on their suppliers and employees. Companies stated that they had been able to improve their own working conditions, but it remained unclear whether the legislative initiatives for wider improvements were successful. However, as the stakeholder theory emphasises the impact companies have on their stakeholders, as well as stakeholder relations, this contributed to both, and made partnerships successful in achieving social benefits.

In terms of institutional theory, companies did fulfil their sustainability values by improving labour conditions. Promoting labour rights improved the company’s image as a legitimate employer, who takes employee wellbeing seriously, which also led to increased employee satisfaction. Furthermore, providing better working conditions was in compliance with stakeholder expectations, meaning that partnerships were successful in that sense.
6.3.6. Partnership performance

Overall partnership performance was considered positive. All companies were satisfied with their sustainability partnerships. Multiple companies also stated that partnering is vital in sustainability, as no one possesses the necessary resources to tackle it alone.

“The solutions can’t be found by focusing on our own doing, and thinking, that we can do everything. - - These challenges are so big, that they need to be looked at in terms of the whole chain, and when you look at the whole chain, you also notice that you need that partnership there.” (Expert 4)

In accordance, sustainability partnerships inflicted more change in environmental and social issues than the companies could on their own. Marketing campaigns reached wider audiences, improving operations and sustainability throughout the supply chain increased the positive impact on the environment and improved the working conditions of multiple suppliers, and innovations in R&D were spread to a vast customer base. However, the most important benefit of sustainability and sustainability partnerships was being able to maintain the business. Typically the benefits of sustainability partnerships emerge in the long run, meaning that the partnerships do not necessarily provide instant profits, but they ensure the continuation of operations.

“It’s financially significant, but it’s also a necessity, without it there wouldn’t be any operations.” (Expert 1)

However, measuring the performance of sustainability partnerships was a considerable challenge for companies. No company had specific means to measure partnership performance, even though sustainability was such an important factor in their businesses. Multiple companies stated that they publish sustainability reports about their sustainability actions yearly, but these actions were not measured. However, companies were measuring their reputation, and some also stated that sustainability was a specific entity in their reputation research. Also, the sales of specific environmental products were measured.
Furthermore, environmental performance, for example in terms of pollution, was measured by some companies, but none could state if sustainability partnerships had improved the performance.

All companies stated that sustainability partnerships were also beneficial for their partners. A "win-win" approach was mentioned multiple times, and typically these partnerships were only formed if they benefit both parties. NGOs get visibility for their causes and resources to make changes, other companies get input in R&D, visibility or influence, suppliers get improved working conditions, research facilities gain financial resources and company cases, and governments and governmental organisations get help in implementing their laws and regulations. Reputational and financial benefits also extend to all partners.

> “These suppliers benefit from appearing as a supplier for a very demanding company, which means that there is demand for their products, even on those days when we are not buying.” (Expert 6)

Sustainability partnerships were characterised as highly value-driven. Multiple companies stated that there was a mutual will to improve and “do good”, which was present throughout the partnership. Accordingly, avoiding competition was a typical characteristic in sustainability partnerships. Instead, collaboration and working towards a mutual goal and fulfilling mutual values was emphasised. Overall, sustainability partnerships were considered to be successful, and in addition, there were no negative outcomes from sustainability partnerships.

The critical success factors in sustainability partnerships included choosing the right partner and truly working together, meaning that the planning and implementing was done in collaboration with the partners. As sustainability partnerships were characterised to be more casual than business partnerships, the implementation did not follow any specific standards, which is why both partners need to be up-to-date on what is happening.
Considering the value-driven nature of sustainability partnerships, companies emphasised the importance of having shared values between the partners. Sustainability partnerships were also more successful if the values were present throughout the partnership, and all partners were committed to them. This was considered important in choosing the partner, along with finding a partner who has similar partnership goals and the right resources to enable executing it. The goal was characterised as something that supports the interests of all partners. Furthermore, in company-company partnerships the role of brand images was brought up; it was important that the brands of partnering companies supported each other, so the partnership would promote the businesses of both partners.

On the other hand, the main risks in sustainability partnerships were related to partners. These included the reputation of the partner, and their trustworthiness. The reputation of the partners was important to consider, as their misconducts and scandals, for example using child labour, would have a severe negative impact on the company reputation as well. In practice, it is difficult to monitor all your partners, and even though companies mentioned they have met with their partners and visited their premises, their trustworthiness can be difficult to evaluate.

“We persuaded our suppliers to receive Finnwatch’s inspectors, - - and they were able to identify misconducts, especially on social issues. - - And this was a good wakeup call, as these questions were, they were already in our sustainability criteria in the certificates, and it showed us that certifications or audits had not covered these matters properly. And as they hadn’t covered them, we were in good faith that there are no misconducts.” (Expert 6)

In addition to partner choice, choosing the goal and cause for the partnership was a challenge. Multiple companies mentioned that they have more requests for partnerships that they can take on, which means that companies need to prioritise and carefully select the suitable partnerships.
Besides choosing the partner and the goal carefully, a typical critical success factor was planning and working together with the partners.

“It has been proven, that when the planning and implementation are done together from the start, it is beneficial for everyone.” (Expert 1)

Companies also emphasised focusing on the goal of the partnership, and actually improving sustainability, to avoid the image of greenwashing. Working together was mentioned to have only one challenge, and that was the bureaucratic nature of large NGOs, governmental organisation and governments. They are sometimes slow in their operations and decision-making, which was a cause of frustration for the companies.

Also, sufficient communication and openness had a significant effect on the success of these partnerships. Having dialogue with partners and other stakeholders improved the accuracy of sustainability partnerships, meaning that they were focused on right causes, as well as involved all partners, which created a wider contribution from the partners. This was emphasized especially in domestic partnerships.

“It’s very easy, like face-to-face meeting, and everyone knows each other anyway, and the teamwork has been, of course, it’s also possible via email or phone. There are video conferences and Skype, but it is important that you can work face-to-face.” (Expert 2)

However, in international partnerships communication was also mentioned as a challenge, and companies stated that insufficient or inadequate communication may lead to difficulties in achieving the partnership goal. Companies mentioned the difficulty of arranging meetings because of the distance or the time differences.

Another aspect to communication was communicating the message, meaning promoting the partnership and partnerships outcomes to public. Some companies stated that there were conflicts between partners about who can say and what, as some partners had strict limitations about what can be said in public.
6.4. Summary

The findings present sustainability partnerships of Finnish MNCs as being formed with NGOs, companies, governmental organisations, research facilities, suppliers and governments. They were focused on operations, R&D, marketing, legislation or environmental or social causes. The motives for engaging in these partnerships followed the motive theories in the literature review: resource-based view, stakeholder theory, institutional theory and transaction cost economics. Each motive theory lead to specific benefits with the input from the partner.

According to resource-based view, companies gained access to partner knowledge that helped them make their operations more sustainable, whereas the stakeholder theory emphasised the improved impact companies have on their stakeholders. Institutional theory highlights the motive to comply with stakeholder expectations, and transaction cost economics focus on the decreased costs. In all motives, the role of the partner was to help companies improve their sustainability, in either environmental or social conditions, with the knowledge and expertise they had on the matter.

Overall, sustainability partnerships were beneficial for companies and the partners, and also benefitted a variety of stakeholders. Main benefits for companies were reputational and financial benefits, but environmental and social improvements were also mentioned as benefits. These benefits were achieved with sufficient communication and joint planning and implementation, where all partners were involved. Challenges of sustainability partnerships were related to measuring the partnership performance, choosing the right partner and partnership goal and evaluating the partner trustworthiness. There is a risk that the partners are not trustworthy, which can cause reputational harm for the company. It is also possible to fail to achieve the partnership goal, which was not considered too common, but a challenge nevertheless. All in all, sustainability partnerships were characterised successful.
7. DISCUSSION

This chapter combines the theoretical background of this study with the findings, and explains their relation, while answering the research questions. This study was conducted based on the following research questions:

- What are the characteristics of sustainability partnerships of Finnish MNCs?
- What are the motives for forming sustainability partnerships?
- What is the performance of sustainability partnerships like?

7.1. Characteristics of sustainability partnerships of Finnish MNCs

The sustainability partnerships of Finnish MNCs followed the structure of international business partnerships presented in figure 1., with the focus on sustainability, as suggested by Ryan (2003: 263). They were also characterised as value-driven, and the role of values was essential in choosing the partner and implementing the partnership.

![Figure 1. Characteristics of international business partnerships.](image)

However, sustainability partnerships also differed from the characteristics presented in the literature review. The literature review suggested that sustainability partnerships are transparent, global and regulated, but these characteristics did not emerge from the data. Transparency was emphasised in the operations of the company, not as much in the
partnership, meaning that companies did not mention the importance of being open about the partnership actions, but rather of their own operations. Furthermore, transparency was not that central characteristic overall.

Sustainability partnerships were not global, even though the examined companies were MNCs operating in multiple countries. There were some international partnerships, but the focus was on domestic partners and partnerships. However, there were multiple partnerships with Finnish divisions of large, multinational NGOs, such as WWF or The Red Cross, but they are considered domestic actors in this study. Accordingly, the role of culture was not mentioned in the interviews, even though it was emphasised in the partnership literature (cf. Andersen 2008; Kanter 1994). The low number of international sustainability partnerships could be because all companies were headquartered in Finland, so it is easier to form partnerships with local actors. Some companies also explained, that the sustainability partnerships should support their core business, and it is possible that companies considered Finland as their main market and thus put more efforts there. Besides Finland, a majority of companies had operations in Nordic and Baltic countries, where there are no significant environmental or social issues, which can explain the lack of sustainability partnerships in those countries. In comparison, the existing international sustainability partnerships were typically located in developing countries. Also, as all the interviewed experts were located in Finland, it is possible that international sustainability partnerships are managed by other people, and thus did not come up. Furthermore, as the questions did not emphasize separating domestic and international partnerships, it could be that companies simply did not mention them.

The regulated nature of sustainability partnerships was not mentioned in the interviews. Even though some companies mentioned going beyond the legal requirements in their sustainability actions, no company perceived sustainability partnerships as being regulated by legislation, rather they mentioned that these partnerships are less formal than ordinary business partnerships.
What was the most distinct characteristic that separated business partnerships and sustainability partnerships was the value-driven nature of sustainability partnerships, which was not typical in business partnerships. This was emphasised both in the literature (cf. Ryan 2003; The Economist 2012) and in the findings. Even though promoting the importance of values and “doing good” sometimes seems a little exaggerated, companies also emphasised a similar approach to sustainability partnerships. They mentioned that this action is driven by their own values, which included sustainability, and it also resonates in the values of their stakeholders. They also seemed to genuinely care about these partnerships and the value they bring to the company itself, but also to their stakeholders and society as a whole. Now, one might still argue that this is just the front image companies want to express, and the social norm in sustainability discussion, under which are more financial motives, but nevertheless, there is evidence to support the value-driven nature both in theory and in practice.

7.2. Motives for forming sustainability partnerships

The motives behind sustainability partnerships followed the motive theories presented in the literature by Gray and Stites (2013: 101-103), meaning resource-based view, stakeholder theory, institutional theory and transaction cost economics. It was also typical to have multiple motives, as Horton et al. (2009: 83) suggest.

The most typical motives were resource-based view, stakeholder theory and institutional theory, meaning that companies formed sustainability partnerships to access unique resources, to improve the impact they have on their stakeholders and to increase stakeholder satisfaction. Even though there was a strong focus on transaction cost theory in business partnership literature (cf. Kauser & Shaw 2004: 11-12), reducing costs was not a common approach to sustainability partnerships, even though it was mentioned a couple of times. Findings supported these theories, and provided practical evidence of their validity for sustainability partnerships. Companies were actually able to utilise the resources of the partners, improve the impact they have on their stakeholders, increase stakeholder satisfaction and decrease costs. Furthermore, they were able to implement their values.
Even though sustainability is presented as the triple bottom line by Crane and Matten (2010: 33-36), the clear focus in these sustainability partnerships was on either environmental or social issues. The role of financial benefits and impact was interesting. No company mentioned improving their financial performance as a main motive, yet all companies mentioned they gained financial benefits from these partnerships. Even though companies mentioned sustainability partnerships and engaging in sustainability as a means to acquire the “social concession” to operate, and to be able to maintain operations in the long run, this was not presented from the financial point of view, rather from the reputational. Only one company mentioned the necessity of financial wellbeing to ensure continuing operations. Furthermore, even though companies mentioned that they are able to employ more people because of their improved financial performance, this economic impact on stakeholders was not expressed as strongly as improvements in economic and social conditions. Of course, it is possible that companies consider this to be an improvement in the social impact they have, rather than in the economic. On the other hand, environmental and social impacts can be easier to address, as they provide more concrete evidence of improvements, for example cleaning a lake results in a cleaner lake. Furthermore, because sustainability is a value-intensive concept, and doing it “just for the money” might make the company seem greedy and not actually interested in sustainability, which is why companies do not want to talk about it. In sustainability, money is not the basis for all decisions, but as mentioned by Kuhlman and Farrington (2010: 3436), there would be no environmental or social actions without the economic sustainability. Therefore, the role of financial wellbeing should be more central in discussion about sustainability, as it is not possible for any company to maintain their operations and simultaneously allocate resources to environmental and social causes without any profits.

Besides the described motive theories, the role of strategic behaviour approach should be discussed. It was mentioned by Kauser and Shaw (2004: 11-12) as a motive theory for business partnerships. It was not characterised as a motive for sustainability partnerships in the literature, and the motive to improve market position or reduce risks was not central in the findings either. However, the role of risk avoidance and reduction is interesting, and even
though it was not the main motive, it still has a somewhat central role in sustainability partnerships. As the companies were improving their operations, they were indeed avoiding reputational risks. Reputational risks easily lead to financial risks, which is probably something companies also want to avoid. Furthermore, one could argue that improving the environmental and social conditions in operations also contributes to diminished risk of environmental disasters and social scandals, strikes and other issues. Therefore, sustainability partnerships were in fact used to decrease risks. In addition, Kanter (1994) claims that companies form business partnerships to adapt to changing circumstances. This also contributes to avoiding risks, as companies find support in their partners in addressing new trends. This is actually in the very core of sustainability partnerships; finding support from the partners to engage in sustainability and become more sustainable.

However, as strategic behaviour approach also addresses improving market position, that was addressed differently in business partnerships and sustainability partnerships. No company mentioned utilising sustainability partnerships as a way to expand to new markets, which was presented as a motive for business partnerships by Kanter (1994). Rather, the role of sustainability partnerships was to improve operations in the markets they already operate in, by increasing knowledge of the local circumstances and applying this to organising operations. One could argue that this can be interpreted as improving market position, but it was not characterised as such in the interviews. Therefore, the role of strategic behaviour approach in sustainability partnerships is somewhat undermined, as it can be applied to sustainability partnerships, especially in terms of risk avoidance, as well as to business partnerships.

7.3. Performance of sustainability partnerships

As mentioned, sustainability partnerships were successful according to the companies. Here the performance will be discussed in terms of planning and implementation, and the overall performance of the partnership.
Regarding planning and implementation, companies mentioned similar characteristics and emphasised the same critical success factors as the literature. According to the companies, the choice of partner was especially important, which was also the case in business partnerships (cf. Andersen 2008: 46). Aligning values and expectations towards the partnership was essential in theory and in practice, as well as finding a partner with suitable skills and expertise (cf. Horton et al. 2009: 84). However, both the literature and the findings lack descriptions of how this is actually done. Even though companies mentioned that they have established code of conducts and promote their sustainability standards to their partners as well, there was no evidence that the partners were as engaged in those values as the companies’ expected.

The actual partners were in line with the partners presented in the literature review by Gray and Stites (2013: 18) and Ryan (2003: 269): NGOs, governments, governmental organisations, companies, suppliers and research facilities. Most common partners were NGOs, as Gray and Stites (2013: 7) also stated.

Communication was emphasised in literature (cf. Mohr & Spekman 1994: 138), and in the interviews. Especially face-to-face communication was considered to improve the performance of the partnership. However, the role of communication in building trust (cf. Horton et al 2009: 91) or enabling knowledge sharing (cf. Mohr & Spekman 1994: 139) was not supported in the findings. The role of communication was simply to facilitate the partnership and enable working together. In addition, trust was not a common topic in the interviews, and only one company mentioned that it is important to be able to trust your partner, in contrast to the literature where trust was characterised as essential by Horton et al. (2009: 91), Maurer (2010: 629-630) and Ryan (2003: 261). However, companies considered choosing a wrong partner to be a risk, if they turn out to be untrustworthy, which implies that trust was assumed to be a component in the partnership. One might even argue, that trust is more essential in sustainability partnerships than in business partnerships, as companies open up about their issues and weaknesses to their partners, who could use this knowledge to ruin
the reputation of the company. Therefore, trust is probably at least as central in these partnerships as in business partnerships, but it did not come up in the interviews.

Learning and knowledge sharing were key components in sustainability partnerships, both in the literature (cf. Ryan 2003) and in the findings. Learning about sustainable operations and issues and sharing knowledge to improve these matters was the core of all partnerships. Learning was basically the main motive for all sustainability partnerships, as companies were forming sustainability partnerships to learn from their partners and utilise this knowledge to improve their sustainability.

There are multiple benefits to sustainability partnerships; reputational, financial, environmental and social. In contrast, there appears to be fairly little challenges. The main challenge is choosing the right partner, as forming sustainability partnerships with unsuitable (and unsustainable) partners creates a reputation risk for the company. Therefore, the choice of partner is a significant decision to begin with. Further challenge was measuring the partnership performance and the actual impact it has on sustainable conditions. However, the emphasised ambiguous nature of sustainability was not mentioned in the interviews, and companies had no difficulties in implementing sustainability partnerships.

Partnerships were successful in terms of fulfilling the expected benefits of each motive; accessing resources, improving the impact, appearing legitimate and reducing costs. Engaging in sustainability partnerships also strengthened the impact they had. In that sense, partnership performance was highly successful. Furthermore, companies considered the overall performance successful as well, and stated that even if some partnerships might not have lead to significant improvements, at least there were no negative outcomes in the partnerships.
8. CONCLUSIONS

“The real realisation we are coming to here is there is a limit to what a single company can do. We are going to see more and more partnerships forming between companies, industries and government, which will really be driving the big changes.” – Len Sauers, global head of sustainability at Procter & Gamble (Confino 2012)

This last chapter presents the theoretical contributions of this study, as well as managerial implications. Lastly, limitations of the study are discussed and topics for future research presented. Overall, the most distinctive finding of this study was the central role of sustainability in business, as well as the importance of working together towards improving it, which was emphasized in both theory and the findings.

8.1. Theoretical contributions

This study contributes to an understanding of sustainability partnerships, the motivations behind them and their performance. The results describe the characteristics of sustainability partnerships in terms of partners, functions and focuses. The motive theories related to sustainability partnerships are also enforced with practical evidence of their validity. Furthermore, this study justifies the use of strategic behaviour approach as a motive theory for sustainability partnerships, as especially the role of risk avoidance is central in most partnerships. In addition, this study provides an understanding of the role of economic sustainability in sustainability partnerships, as well as in overall corporate sustainability.

8.2. Managerial implications

Managerial implications of this study are related to implementing sustainability partnerships. This study provides evidence that sustainability partnerships entail multiple benefits, and are an easy-to-approach way for companies to contribute to sustainability. Even though Ryan
(2003: 256) suggests that there will never be a “shelf model” for sustainability partnerships, some typical characteristics are identified in this study.

The motives for sustainability partnerships are accessing resources, improving the impact on stakeholders, appearing legitimate and decreasing costs. Accordingly, and furthermore, the actual benefits are improved reputation and financial performance, as well as improvements in environmental and social conditions, both in the company and in the overall surroundings. The main challenges in sustainability partnerships are difficulty of measuring and making the right choice of partners, which is why managers should pay attention to these matters when forming sustainability partnerships.

Considering the strong stakeholder expectations towards sustainability, it is becoming a necessity for companies to implement sustainability into their operations. As mentioned in the interviews, in a way all partnerships these days are sustainability partnerships, meaning that sustainability needs to be considered in all partnerships. Therefore, the main managerial implication is that sustainability partnerships are a beneficial way to approach sustainability.

8.3. Limitations and future research

Considering this study being a master’s thesis, the scope of the study poses certain limitations. The theoretical limitation of the study is related to the thoroughness of the literature review; since there were three main themes in this study, the amount of theories and research on these topics is too vast to discuss in a thesis, therefore it was focused on the theories that best support the findings. The methodological limitations were related to the study itself, both in terms of research process as well as the skills of the researcher. This study presents only a limited overview of sustainability partnerships, and even though nine experts were interviewed, they still provide a rather narrow insight into this global phenomenon. Furthermore, the questions could have been even more detailed, to ensure discussion was more focused on actual sustainability partnerships, not the overall sustainability actions of companies.
However, the topic is evidently interesting and becoming more and more essential in business. Therefore, there is a lot of room for future research. Considering the narrowness of this study, testing these theories on a wider audience would be highly interesting. Furthermore, future research could go into more detail in a variety of topics, including partner choice (why certain types of partners were or were not chosen), what are the legal and ownership arrangements in these partnerships, how they are managed and how the values are aligned to ensure success. Also, it would be interesting to study how these partnerships can improve wider environmental or social scandals, and if they actually have a significant impact. Furthermore, their overall role in the business world would be interesting to study; how common they actually are, are they equally value-driven in other countries, and what are the characteristics of more global sustainability partnerships?

Besides examining the phenomenon in more detail, it would also be interesting to study it in the long-term. Sustainability is a strong trend now, but will it be as strong in the coming years? Will the role of sustainability diminish, or will it become a solid component in business, as much so, that it will not be separately addressed as “sustainability”? The future of these sustainability partnerships remains to be seen. There are some rising trends that strongly favour sustainability, such as sharing economy and collaborative consumption, which emphasise a sustainable approach to consumption. Therefore, it seems like the future of sustainability and sustainability partnerships is secured, and this trend will not pass anytime soon, which contributes to the importance of sustainability partnerships both now and in the future.
REFERENCES


APPENDIXES

Appendix 1.

<table>
<thead>
<tr>
<th>Interview type</th>
<th>Pseudonyms</th>
<th>Company</th>
<th>Position</th>
<th>Time (and place)</th>
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<td>Vapo</td>
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<td>Expert 2</td>
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<td>Managing Director</td>
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<td>Expert 3</td>
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<td>17.5. at 14-14.24</td>
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<td>Fazer</td>
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