St. Petersburg University

Graduate School of Management

Master in Management Program

**FACTORS AFFECTING WIN-WIN CROSS-BUSINESS PARTNERSHIPS FOR ACHIEVING SUSTAINABLE DEVELOPMENT GOALS: EVIDENCE FROM FMCG COMPANIES IN RUSSIA**

Master’s Thesis by the 2nd year student

Concentration – CEMS MIM

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St. Petersburg

2018

**ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ**

**ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ**

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 (Подпись студента)

23.05.2018 (Дата)

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**OF THE MASTER THESIS**

I, Pushkova Anna, (second) year master student, program «Management», state that my master thesis on the topic «Factors affecting win-win cross-business partnerships for achieving Sustainable Development Goals: evidence from FMCG companies in Russia», which is presented to the Master Office to be submitted to the Official Defense Committee for the public defense, does not contain any elements of plagiarism.

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**АННОТАЦИЯ**

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| --- | --- |
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| Описание цели, задач и основных результатов  | Цель данного исследования - выявить факторы, влияющие на взаимовыгодные партнерства для достижения целей устойчивого развития. В частности, этот тезис исследует факторы, имеющие отношение к компаниям в секторе быстро оборачиваемых товаров в России, имеющих инициативы по устойчивому развитию. На основе анализа академической литературы и эмпирического исследования была разработана модель, включающая десять таких факторов, а так же были предоставлены соответствующие управленческие выводы. |
| Ключевые слова  | Цели устойчивого развития, взаимовыгодное партнерство, партнерство между бизнесами, корпоративная социальная ответственность |

**ABSTRACT**

|  |  |
| --- | --- |
| Master Student’s Name:  | Anna Pushkova |
| Master Thesis Title:  | Factors affecting win-win cross-business partnerships for achieving sustainable development goals: evidence from FMCG companies in Russia |
| Main field of study | International business |
| Year | 2018 |
| Academic Advisor's Name  | Yury E. Blagov |
| Description of the goal, tasks and main results  | The goal of this research is to investigate factors affecting win-win cross-business partnerships for achieving sustainable development goals. Specifically, this thesis explores factors relevant to FMCG companies in Russia, which currently undertake sustainable development initiatives. Based on the academic literature analysis and empirical study, the model comprising ten factors was developed, and relevant managerial implications were provided. |
| Keywords  | Sustainable Development Goals, win-win partnerships, cross-business partnerships, corporate social responsibility |

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# INTRODUCTION

Over the past 30 years, the world has witnessed an immense social improvement and technological progress. Not only have there been an extraordinary economic growth all over the world, but also hundreds of millions of people were lifted out of poverty. Today, the world is able to benefit from a life-changing digital revolution, which could assist in solving some of the most persistent environmental and social problems.

Despite the aforementioned advancements, the current model of development is profoundly flawed, and the signs of its failure are staggering. For instance, the natural disasters caused by climate change have seen a double increase in frequency over the past 30 years, yet businesses keep on financing the high-carbon infrastructure at a rate that could commit us to a more harmful climate change (Jakob & Steckel, 2016). Armed conflicts and humanitarian crises, lost biodiversity and ecosystem damage, worsened social inequality within and among countries as well as youth unemployment – all these add to and exacerbate the list of challenges which humanity still faces.

In order to combat these challenges, UN introduced 17 Sustainable Development Goals (SDGs) in September 2015, as part of a new sustainable development agenda (see appendix). Each of the identified goals has specific targets to be achieved over the following 15 years. For the goals to be reached, everyone needs to be committed: governments, civil society and individuals, and more specifically, it will herald a major change for business (Banks, Scheyvens, & Hughes, 2016).

Business recognizes the critical role it has in helping to achieve these new global goals (Anders, 2016). In order to address them effectively, businesses have to join forces to become successful drivers of a change, creating various kinds of partnerships: cross-sector (non-governmental organization, government) and cross-business collaborations (Fowler & Beikart, 2017). The businesses are encouraged to create “shared value” (Porter and Kramer, 2006) by collaborating with each other, tapping into the resources and expertise of the other, finding creative solutions to critical social and businesses challenges (Anders, 2016; Busco, Fiori, Frigo, & Riccaboni, 2017; Jones & Hiller, 2016; Dooley, 2016)

In doing so, it is essential to understand how businesses can collaborate in the format of "win-win", where both companies receive sufficient benefits while helping to achieve SDGs. This thesis will particularly explore creating cross-business partnerships within FMCG industry in Russia, as this industry is claimed to be one of the most polluting in today's world, and at the same time because the vast value chains of the companies are able to have a great impact on SDGs.

# CHAPTER I. LITERATURE REVIEW

The purpose of the study is to discover factors, supporting the creation of *a win-win cross-business* partnership to support environmental agenda in achieving SDGs within the FMCG industry. The purpose of the literature review is to explore relevant research about sustainable development and recently proposed sustainable development goals and activities of FMCG companies, which are directed at achieving them through creating cross-business partnerships.

The chapter starts with definitions of sustainability and sustainable development. It then goes on to review the history and background of sustainable development goals (SDGs), as well as their importance to businesses and CSR strategies. Finally, terms partnerships and cross-organizational partnership are examined, and significance of the latter in achieving SDGs by FMCG sector, which will also be defined and explored.

## 1.1. Sustainability and sustainable development: overview

Etymologically, the word sustainability derives from the Latin word *sustinere*, generally meaning “to hold up” (Abraham, 2017). The concept of sustainability appeared in the scientific literature in its actual meaning in the January 1972 in the issue of *The Ecologist* (Goldsmith & Prescott-Allen, 1972), although the expression "sustainability" emerged a couple of years earlier at the end of 1960's (Pine, 2013).

The actual concept of the paradigm of sustainability, to which everyone refers today was created more than fifty years ago by International Union for Conservation of Nature (IUCN) in 1969. The IUCN General Assembly in New Delhi adopted a new mandate, which defined sustainability as “the perpetuation and enhancement of the living world – man’s natural environment – and the natural resources on which all living things depend’, which referred to management of ‘air, water, soils, minerals and living species including man, so as to achieve the highest sustainable quality of life” (Pine, 2013)

The concept of sustainable development was one of the key themes United Nations Conference on the Human Environment in Stockholm in 1972 (Kassas, 2002). During the Conference, one of the first definitions was coined to describe sustainable development as the possibility of achieving economic growth and industrialization “without environmental damage” (Mukul, 2012).

Throughout the years, the definition of sustainable development transformed. Conventional sustainable development thinking was gradually advanced through the World Conservation Strategy in 1980 (IUCN, 2005), the Brundtland Report in 1987 (Brundtland, 1987), and the United Nations Conference on Environment and Development in Rio in 1992 (Mukul, 2012).

 The first widely known definition of sustainable development was suggested in 1987 by United Nation (UN) Brundtland Commission in its report Our Common Future. (Brundtland, 1987). In pursuit of linking the issues of economic development and environmental stability, this report provided the definition of sustainable development as the “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987, p.41). According to UN Commission, interpretations of the terms may vary, however, they have to share some general features, and have to evolve on the basis of the given definition and on a broad strategic framework for achieving it (ibid).

 Later, the limitations to the term were specified as “the state of technology and social organization” and its influence on “the environment's ability to meet present and future needs” (WCED, 1987). The term *development* was narrowed down to a progressive transformation of economy and society (Ibid). Despite the limitations and further specifications of terms, the definition was still considered vague (Lele, 1991). Nonetheless, it managed to capture two vital issues: the environmental deterioration associated with economic growth, and yet the need for such growth to alleviate poverty.

Since 1972, various interpretations of sustainable development appeared (Atkinson, 2000; Salzmann, Ionescu-Somers, & Steger, 2005; Kopnina, 2015), with the most common referring to this term based on three pillars: economy, environment, and society, also known as *sustainability Venn diagram* (IUCN, 2005). The interlocking circles model, adopted by the IUCN Program 2005-8, proposes that “three objectives need to be better integrated, with action to redress the balance between dimensions of sustainability” (ibid).

The size of the circles and the extent by which they impinge each other varies to express the perceived importance of each facet relative to the others, and the level of the interrelation of these dimensions through sharing constituent elements (O’Riordan, 1998; Carter & Moir, 2012).

Usually, the circles are positioned symmetrically around a central area, in which all three circles incompletely coincide. This area is believed to denote that sustainability is nominally achieved, whereas partial integration of the aspects is shown where only two of the three circles overlap. (Carter & Moir, 2012)

Later, other models and ways of diagrammatic representations were proposed. Some of them are explicitly rooted in the original Venn diagram depiction (Ding, 2008; Lozano, 2008). Other add or replace established sustainability aspects of the environment, society and economy dimensions (Ding, 2008).

For instance, United Cities and Local Government (2009) proposed to include a ‘cultural’ dimension, although culture and society could possibly merge into a single socio-cultural aspect since these dimensions are integrally related (Brandon & Lombardi, 2011). On the other hand, Kohler (1999) suggests to nominally substitute the ‘society’ dimension with a ‘cultural’ aspect.

Several authors including Meadowcroft (2000) and Spangenberg (2003) suggested a fourth ‘institutional’ dimension, which is also referred to as ‘governance’ or ‘democracy’ (Waas, Hugé, Verbruggen, & Wright, 2011). According to Spangenberg (2003), the institutional dimension pursues to reunite the environment and economics in decision making, so as to highlight the common interest through public participation in democratic and political processes, as well as the support of institutions. This dimension was developed as the additional emphasis of institutional change in meeting first millennium development goals, and then sustainable development goals proposed by Our Common Future (WCED, 1987) and by the UN (2015).

## 1.2. Millennium Development Goals

To ensure the ubiquitous advancement of sustainable development, world leaders came together at the United Nations Headquarters in New York to adopt the United Nations Millennium Declaration шn September 2000 (UN, 2000). This Declaration called for every nation to commit to a new global partnership with a purpose of attaining a series of eight time-bound targets before 2015, which later became known as the Millennium Development Goals (MDGs).

Various authors claim that MDGs mark a historic and effective method of global mobilization to accomplish a set of important social priorities worldwide (Kenny & Sumner, 2011; Sachs, 2012;), as they encompassed eradicating extreme poverty and hunger, attaining universal primary education, promoting gender equality and empowering women, reducing child mortality, improving maternal health, combating HIV/AIDS, malaria, and other diseases, ensuring environmental sustainability and developing a global partnership for development (Fehling, Nelson & Venkatapuram, 2013)

The final MDG Report published by UN found that the 15-year effort has produced the most successful anti-poverty movement in history (UN, 2015). Among other attainments, ones that stand out are: the number of people living in extreme poverty has declined by more than half, remarkable gains have also been made increasing school enrolment rate, reducing by half the under-five mortality rate and the proportion of undernourished people in the developing regions (ibid).

Griggs and colleagues (2014) argue that the unprecedented success of MDGs was realized thanks to the joined efforts of national governments, the international community, civil society and the private sector (Griggs, Stafford, Rockström, Gaffney & Glaser, 2014). In turn, this has encouraged UN to introduce further goals, with the purpose of expanding the hope and opportunities for people around the world.

## 1.3. Sustainable Development Goals

As part of a new sustainable development agenda, in September 2015, UN introduced 17 Sustainable Development Goals (SDGs), which apply to all countries and set priorities for governments (UN, 2015). According to UN (2015), SDGs will serve as an impetus to various actions over the next 15 years in the following five areas of critical importance as it is stated in the UN declaration. Implementing the SDGs is set to rely on mechanisms bringing together diverse actors to actively align their efforts towards a shared objective (Fowler & Biekart, 2017).

Kingo et al. (2016) emphasize that the agreement on a new sustainable development agenda expresses a common vision by all governments that the SDGs can only be achieved with the involvement of the private sector working alongside governments and other international institutions, local authorities, civil society, and, most importantly, private sector. Hence, governments “…call on all businesses to apply their creativity and innovation to solving sustainable development challenges” (UN, 2015).

One of the main reasons why businesses need to contribute to achieving SDGs, stands for the fact that for the past years business increasingly has been viewed as a major cause of social, environmental, and economic problems (Porter & Kramer, 2011; Dunlap & Jorgenson, 2012; Lunn, Downing, & Booth, 2015; Dooley, 2016). Porter and Kramer (2011) emphasize that companies “must take the lead in bringing business and society back together”, by using the principle of shared value, which refers to creating economic value in a way that also creates value for society by addressing its needs and challenges (Porter and Kramer, 2011; Kingo et al., 2016).

The awareness about SDGs among businesses worldwide is notably high, yet, there is an increasing concern among business leaders, who are willing to commit to achieving SDGs, but not aware of the possible ways of engaging (Capagnolo, 2018). Jones and Hiller (2016) argue that sustainable development challenges are revealing new market opportunities for businesses to decrease waste and greenhouse gas emissions and to create advanced energy-efficient technologies. These challenges also present opportunities for meeting the needs of fundamentally untapped markets for education, finance, healthcare and communication products and services, specifically in less developed economies (Zhao, 2014; Nilsson et al, 2017).

 By enhancing the value of corporate sustainability, and more specifically by integrating sustainability across the value chain, it is also argued that businesses can protect and create value for themselves by increasing sales, developing new markets and strengthening its brands (Banks et al., 2016), as well as improving operational efficiency and enhancing employee loyalty and reducing staff turnover (Pedercini, Zuellich, Dianati, & Arquitt, 2018). Porter and Kramer (2011) are further reinforcing this point, by claiming that tackling societal harms and restraints does not inevitably increase costs for firms, because they can innovate by using up-to-date technologies, operating methods, and management approaches—and as a result, increase their productivity and expand their markets.

In addition, recent researches highlight that companies that work to advance the SDGs will improve trust amongst their stakeholders, reduce regulatory and legal risks and build resilience to future cost increases and regulatory and legislative requirements. (Jones, 2016; Griggs et al., 2014) Therefore, not only SDGs provide a blueprint for sustainable growth at the national level, but also provide insights for companies on how they can create economic, social and environmental value for their investors and other stakeholders (Griggs et al., 2014; Costanza, 2016).

Jones and Hiller (2016) assert that understanding the SDGs will provide companies with insight into how the policy and regulatory environment in which they operate will evolve, helping them to develop more resilient and inclusive (Gupta et al., 2015) business models. In addition, aligning the processes in accordance with SDGs will ensure a distinct competitive advantage over those companies that neither understand their contribution nor revise their strategies accordingly (Banks et al., 2016; Pedercini et al., 2018)

### 1.3.1. Sustainable Development Goals: Business Cases

For the purposes of this research, each of the SDGs will be explained and corresponding implications for businesses will be outlined. In particular, further review will cover the challenges that each goal is seeking to address; the ways in which each goal is relevant to business; and how business leaders can take action to mitigate the risks and grasp the opportunities that each goal presents.

*Goal 1. End poverty in all its forms everywhere*

The goal sets a target to eradicate extreme poverty for all people everywhere by 2030, reducing at least by half the proportion of people living in poverty (UN, 2015). For businesses, there is an opportunity to help to achieve this goal by paying a fair or living wage in all countries of operation, as well as requiring their contractors follow the same path (Jones & Hiller, 2016).

The goal also requires an implementation of nationally appropriate social protection systems and measures and achieving substantial coverage of the poor and the vulnerable. By 2030, the latter are set to have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property (UN, 2015). To tackle this issue, companies are encouraged to explore inclusive business opportunities (Gupta et al., 2016; Kingo et al., 2016), which benefit through new markets, higher revenue, innovation and strengthened supply and distribution chains (Nilsson et al, 2017). Providing access to products and services to poor, by including them in the value chain, and empowering them through training is another way (Busco et al., 2017).

Reduced vulnerability to climate-related extreme events and other economic, social and environmental shocks is another dimension of the goal. Specifically, this addresses ensuring significant mobilization of resources from a variety of sources and creating sound policy agendas to support enhanced investment in poverty eradication actions (UN, 2015). Businesses might consider impact investments aligned with the strategic goals to deliver benefits to the poor (Stevens and Kanie, 2016).

*Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture*

By 2030, the world expects to end hunger and ensure access to safe, nutritious and sufficient food all year round, eradicating all forms of malnutrition by increasing investments, preventing trade restrictions, and by ensuring proper functioning of food markets (UN, 2015). The agricultural activity is expected to double, as well as the incomes of small-scale producers (Nilsson et al, 2017). This can also be addressed by businesses supporting the supply from smallholders through supply chain policies and procedures (Spann, 2017). Moreover, businesses could consider helping communities where they operate or source from to address any nutrition, food security or agricultural productivity (Busco et al., 2017).

This goal also advocates ensuring sustainable food production systems and implementing robust agricultural practices that upsurge productivity, help supporting ecosystems, and strengthen capacity for adaptation to climate change (UN, 2015; Hic, 2016). Companies could monitor their exposure to climate or resource scarcity risks relating to agricultural production, and build corresponding strategies to tackle arising challenges (Spann, 2017). In addition, businesses could invest in innovation of the crops' development, that are higher yielding, disease, and stress-resistant and more nutritious (Kingo et al., 2016)

*Goal 3. Ensure healthy lives and promote well-being for all at all ages*

In fifteen years from 2015, the global maternal mortality ratio is aimed to decrease, as well as neonatal mortality in all regions. Epidemics such as AIDS, malaria etc. are expected to end, through prevention and treatment, as well as through promoting mental health and well-being (UN, 2015). Businesses can address this goal by helping to adopt and sustain healthy behaviors, and by recruitment, development, training, and retention of the healthy workforce in developing countries and by financing the research and development of vaccines and medicines (Anders, 2016; Banks et al., 2016).

 This goal embraces the range of goals related to preventing deaths, including reasons such as harmful uses of drugs and alcohol, road traffic incidents, lack of health-related education, hazardous chemicals and air, water and soil pollution and contamination (UN, 2015) Businesses could affect this goal through extension of health and safety programs or health services to your employees’ families and local communities (Busco et al., 2017, Buse & Hawkes, 2015). Moreover, soil pollution and contamination are dependent on company’s processes within the supply chain, and, therefore, could be alleviated by a responsible approach to production (Anders, 2016).

*Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all*

The goal’s aim is to ensure the access to equitable and quality primary and secondary education leading to relevant and effective learning outcomes, as well as to access to quality early childhood development, to affordable and quality technical, vocational and tertiary education, including university (UN, 2015). The goal also stresses the achievement of literacy and numeracy, elimination of gender disparities in education and promotion of sustainable development (ibid).

Companies have the opportunity invest more widely in education, by building and upgrading education facilities, that are child, disability and gender sensitive, by expanding globally the number of scholarships and sponsoring teacher training in developing countries (Nilsson et al, 2017). Additionally, businesses can cooperate with other organizations in order to provide accessible education and training opportunities to communities in which they operate and source from (Jones & Hiller, 2016).

*Goal 5. Achieve gender equality and empower all women and girls*

The key aim is to end all forms of discrimination against all women and girls everywhere, eliminating all forms of violence, as well as all harmful practices (e.g. early and forced marriage etc.) Recognizing the need for ensuring women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life (UN, 2015; Grosser, 2015). Three pillars, which will make it possible on a governmental level, are undertaking reforms to give women equal rights to economic resources, improving the use of enabling technology to promote the empowerment of women and accepting and reinforcing various programs for the advancement of gender equality (Duflo, 2012).

Businesses may impact the achievement of this goal by implementing various policies inside their organizations. For instance, companies can stimulate greater board-level diversity to decrease underrepresentation of women, as well as the diversity throughout other positions (Jones & Hiller, 2016). Besides, businesses may foster the culture that reduces both direct and indirect discrimination, such as sexist microaggressions and unconscious bias in the workplace (Anders, 2016).

*Goal 6. Ensure availability and sustainable management of water and sanitation for all*

By 2030, the world needs to achieve universal and equitable access to safe and affordable drinking water for all, as well as to adequate and equitable sanitation and hygiene. Significant improvement in the quality of water is set to be reached by reducing pollution, eliminating dumping and minimizing the release of hazardous chemicals and materials (UN, 2015). To achieve this goal business needs to re-consider the whole water cycle, from extraction to wastewater treatment and reuse, and its impact on the natural water cycle (Dangour, 2013)

 By 2020, the goal aims to restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers, and lakes. UN proposes the following actions to be taken in order to achieve this goal: to expand international cooperation to developing countries in water- and sanitation-related activities, as well as support and strengthen the participation of local communities in improving water and sanitation management (UN, 2015). Moog et al. (2015) suggest that this goal can be achieved by creating multi-stakeholder partnerships, as well as incentivizing water efficiency throughout all operations.

*Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all*

The goal is to ensure universal access to affordable, reliable and modern energy services, to increase substantially the share of renewable energy in the global energy and to double the global rate of improvement in energy efficiency (UN, 2015). Businesses can contribute by enhancing international cooperation to ease access to clean energy (Kingo et al., 2016), and by investing corporate funds into research and technology, as well as into new energy infrastructure (Stevens and Kanie, 2016). On top, companies are encouraged to source the energy from renewables (Santangeli et al., 2015). For instance, Nestle, Unilever, Johnson & Johnson, and other companies are leading the charge with the RE100 campaign, pledging to source 100% of their electricity from renewable (The Climate Group, 2018).

*Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*

The goal is to achieve higher levels of economic productivity through diversification, technological upgrading, and innovation (UN, 2015). Businesses have a direct impact on this goal and can support it by promoting development-oriented policies that encourage productive activities, decent job creation, entrepreneurship, creativity and innovation (Anders, 2016).

This goal also encompasses protection of labor rights and promotion of safe and secure working environments for all workers, eradicating forced labor, modern slavery and child labor in all its forms (UN, 2015). Businesses may implement various policies and programs in place to support human rights (Banks et al., 2016), as well as integrate human rights considerations into the supplier and third party due diligence practices (Jones & Hiller, 2016).

*Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*

Firstly, the world needs to develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all (UN, 2015). One way to address this goal refers to enhanced financial, technological and technical support from businesses (Ololube et al., 2016).

Secondly, there is an urgency to promote sustainable industrialization, to increase the access to financial services, to enhance scientific research, and to upgrade the technological capabilities of industrial sectors (UN, 2015). To support the aforementioned targets, companies have an opportunity to increase resource-use efficiency and greater adoption of clean and environmentally sound technologies (Busco et al., 2017). Additionally, large corporations may take the lead and increase access for small-scale enterprises to information and communications technology (ibid).

*Goal 10. Reduce inequality within and among countries*

By 2030, progressively achieve and sustain income growth, empowering and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or another status. It is important to ensure equal opportunity by eliminating discriminatory laws, policies, and practices and promoting appropriate legislation, policies, and action in this regard (UN, 2015). Business has a lot of ways in which it can help achieving this goal (Jamali and Karam, 2016), including acceptance of equal opportunity policies, and initiatives such as apprenticeship schemes which aim to widen access and diversity among the applicants (Jones & Hiller, 2016). Business can also help improve social mobility and thereby contribute to higher levels of equality (Nilsson et al, 2017)

*Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable*

Providing access for all to safe and affordable housing, basic services, and sustainable transport systems, as well as strengthening efforts to protect the world’s cultural and natural heritage is crucial for achieving this goal. United Nations propose three ways, which support this agenda, including a) supporting positive economic, social and environmental links between urban and rural areas by strengthening national and regional development planning, b) increasing the number of cities implementing integrated policies towards inclusion, resource efficiency, mitigation and adaptation to climate change, and c) supporting least developed countries, including through financial and technical assistance (UN, 2015).

Reducing the adverse environmental impact of cities, including air quality and waste management is another key target within the goal. Business can support it by increasing the resilience to climate change in its urban locations (Andrade and de Oliveira, 2015), as well as by encouraging social and environmental impact assessments and immediate reaction (Goworek, 2018; Szabo et al., 2016).

*Goal 12. Ensure sustainable consumption and production patterns*

Starting in 2015, the goal aims to implement the 10-year framework of programs on sustainable consumption and production. By 2030, it is crucial to achieving the sustainable management and efficient use of natural resources, halving per capita global food waste at the retail and consumer levels and reducing food losses along production and supply chains (UN, 2017). To tackle this target, companies might consider increasing resource efficiency (Arabska and Terziev, 2017), which in turn may reduce costs and risks associated with security of supply and price volatility, thus supporting sustainable growth in the medium to longer term (PwC, 2017).

 By 2020, the number of chemicals and all wastes release to air needs to be reduced, as well as to water and soil in order to minimize their adverse impacts on human health and the environment through prevention, reduction, recycling, and reuse (Kingo et al., 2016). For businesses, the goal is to encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle (Busco et al., 2017).

*Goal 13. Take urgent action to combat climate change and its impacts*

There is an urgent need to improve the adaptive capacity to climate-related hazards and natural disasters in all countries, by integrating climate change measures into national policies, strategies, and planning across all countries. It is crucial for the private sector to support achieving this goal through build climate resilience into companies' operations and across their value chain (Goworek, 2018). Moreover, enhancing education and awareness of climate-related issues is vital (Anders, 2016), so businesses should take action to build climate change awareness into their businesses (Jones & Hiller, 2016). This can also be done by promoting mechanisms for raising capacity for effective climate change-related planning and management starting with least developed countries (Jakob & Steckel, 2016).

*Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development*

The goal aims at sustainable management and protection of marine and coastal ecosystems, which will help to avoid major adverse impacts, including by strengthening their resilience and take action for their restoration in order to achieve healthy and productive oceans (UN, 2015). It is important to highlight that for the private sector, this goal stresses the urgency of enhanced scientific cooperation at all levels, which will significantly speed up the progress by investment, innovation, and connectivity (Sakhuja, 2018). Additionally, increasing scientific knowledge, developing research capacity and transferring marine technology would also help to achieve this goal (Busco et al., 2017). Specifically, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries (ibid).

*Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss*

UN sets the goal of ensuring the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems, in particular forests, wetlands, mountains, and drylands. In addition to that, there is a need to restore degraded land and soil, including land affected by desertification, drought, and floods (UN, 2015). Businesses which supply chains have severe impacts on the aforementioned matters can play a large part in the solution to these problems, by introducing specific policies and engaging local communities (Anders, 2016; Banks et al., 2016).

 At the core of the goal, there is the need to promote the implementation of sustainable management, and to promote fair and equitable sharing of the benefits (UN, 2015). To achieve this, the private sector needs to integrate ecosystem and biodiversity values into national and local planning, development processes, to mobilize financial resources and to enhance global support (ibid; Santangeli. et al, 2015).

**G***oal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels*

By 2030, the aim is to reduce all forms of violence, including abuse, exploitation, and trafficking, and to promote the rule of law at the national and international levels and ensure public access to information and protect fundamental freedoms (UN, 2015). Just, peaceful and inclusive societies provide business a foundation to thrive, therefore, companies should ensure level playing field by promoting a corporate company code of ethics or conduct (Jones & Hiller, 2016).

As UN states, the world needs to substantially reduce corruption and bribery in all their forms, by creating and transforming effective, accountable and transparent institutions at all levels (UN, 2015). For achieving this, businesses could adopt a more transparent and holistic approach to their public reporting (Westermann‐Behaylo, 2015). Moreover, there is a need to strengthen existing relevant national institutions, including through international cooperation, by promoting and enforcing non-discriminatory laws and policies for sustainable development (PwC, 2017).

*Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development*

This goal reinforces the importance of global partnerships in achieving substantial results in the following related spheres: finance, technology, capacity-building, trade and systemic issues. The goal aims at mobilizing financial resources to help developing countries; to enhance international cooperation and access to science, technology and innovation; to build universal and open trade; enhance global partnership for sustainable development, and encouraging and promoting effective public, public-private and civil society partnerships (UN, 2015; Huang and Quibria, 2015).

Fowler and Biekart (2017) underline that mechanisms addressing the complex societal problems resolution require the alignment and application of different competencies and locations of authority and power. Adopting policies towards achieving SDGs is a complex process (Marano et al., 2016), and businesses could tackle these goals by combining their forces with cross-sector and cross-business partnerships at all levels, by sharing their knowledge about innovative environmental technologies, resilient business models and sustainable value chains (Greenley, 2016)

Moreover, the holistic nature of the SDG framework implies that a large number of potential interactions across the 169 targets are possible (Costanza et al., 2016; Rickels et al., 2016, Nilsson et al, 2017). Interlinkages within and between these goals and associated targets require a more strategic and integrated response (Nilsson et al, 2017), which can be tackled by various types of partnerships.

To sum up, bringing 17 SDGs into line with business activities will give companies the opportunity to realize and better respond to the risks they face in a world, characterized by a fast change and disruption across social, environmental and economic dimensions (Griggs et al., 2014). Some of the companies in the private sector are embracing the growth potential of responsible environmental and societal policies, and are driving sustainable business practices through their value chains (Kingo et al., 2016). However, the complex challenges represented by the SDGs require integrated responses. For these reasons, it is crucial to create public, public-private, society and cross-organizational partnerships.

## 1.4. Creating partnerships for achieving SDGs

As it was mentioned before, partnerships and collaborations will become increasingly important in realizing the shared value opportunities (Porter & Kramer, 2015; Kingo et al, 2016) and achieving SDGs. Porter and Kramer (2015) argue that concept of shared value could be applied “if only leaders and managers would be able to develop new skills and knowledge, as a far deeper appreciation of societal needs, a greater understanding of the true bases of company productivity, and the ability to collaborate across profit and nonprofit boundaries”. Therefore, this section will cover the definitions of partnerships, cross-sector partnerships, and cross-business partnerships with the main emphasis on the latter; as well as the models proving the value of partnerships. For purposes of this review the terms “cross-business partnerships,” “cross-company partnerships”, “cross-organizational and “collaborations” have been interpreted as “social partnerships between two businesses or more.”

Zadek and Radovich (2006) define partnerships as two or more organizations that enter a collaborative agreement based on synergistic goals and opportunities that address particular issues that single organizations cannot accomplish on their own; and whose individual organizations cannot purchase the appropriate resources or competencies through a market transaction. Partnerships are actualized through the process of relationship (Gallant et al. 2002) and characterized by shared goals, common purpose, mutual respect and willingness to negotiate and cooperate, informed participation, information giving and shared decision making.

*Cross-sector social partnerships* provide an appreciation of the uniqueness and differential strengths and weaknesses of governments, non-profit organizations, businesses and communities; ongoing process dimensions, including leadership broadly, defined; and the dynamic nature of partnership development (Baur and Schmitz, 2012). The scholars argue that cross-sector collaborations usually exist at following levels: basic collaboration between a single firm and a single NGO; partnerships between multiple firms and one NGO; cooperation of one firm with multiple NGOs; and a complex structure when a group of firms working with a group of NGOs (Poret, 2015; Seitanidi and Crane, 2009; Baur and Schmitz, 2012; Googins and Rochin, 2000; Heap, 1998).

*Cross-business partnerships* tap into a new understanding of value creation. According to Greenley et.al. (2016), cross-business partnerships have become one of the key factors in economic development. Indeed, meeting a diverse range of global challenges will require firms to collaborate with each other, as a single organization cannot be expected to stand against them by itself.

Moreover, the latest research unveils, there is a growing political and social consensus that businesses need to accept their share of responsibility for these problems and tackle them collectively (Busco et.al., 2017). To do so, businesses have to join forces and become successful drivers of change.

Companies started leveraging partnerships, regarding them as a way to create shared value for both businesses and society simultaneously (Bendell et.al., 2010; Saidel, 2017). Therefore, smart partnering focuses on key areas of impact between businesses and society and is aiming to create more value from partnering than organizations could have done apart (Brown, 2012).

Malnight, Keys, and Graaf (2009) highlight that by making partnerships, both businesses and society leverage their core competencies and capabilities and gain mutual benefits. In order to illustrate how smart partnering can create value in comparison to other CR options, the following graph was introduced, where benefits from CR activities to business and society are compared.

According to the figure below, Malnight et al. (2009) claims that some companies implement CSR activities, which are described as “pet projects”, as these projects are often orchestrated due to the personal interests of individual senior executives.

Figure 1. Smart Partnering: The Landscape

Despite the fact that pet projects could be introduced with much "noise and fanfare", they often entail negligible to no benefits to society and business itself. Next, to the pet projects, the model features activities which generate limited and often one-sided benefits, such as philanthropy and propaganda. The first refers to a situation when CSR activities benefit society, however, it has questionable reputational benefits to the business. The latter implies the opposite: corporate donations are mainly dedicated to building a company's reputation, while society receives little to no benefits at all. This kind of CSR could be cynically considered as the finest form of advertising, yet dangerous since the gap between company’s words and actual deeds may be uncovered (ibid).

Brown (2012) adds that major opportunities for significant shared value creation can be achieved through smart partnering. In fact, smart partnerships shift focus from avoiding risks and improving the company’s reputation toward enhancing their core value creation ability by tackling key strategic challenges (Austin & Seitanidi, 2012; Busco et al., 2017). One of the most crucial issues is for each company to tap into the expertise and resources of the other, discovering innovative solutions to critical social and business challenges (Hartman & Dhanda, 2018).

Halme and Laurilla (2009) proposed another view on value creation through partnerships. The researchers claim that potential benefits from CR activities vary in accordance with three levels of business integration: a) outside the core business, b) integration with the core business and c) extension of the core business as it is depicted on the graph below.

Figure 2. Level of business integration of CR types and the potential for expected social benefits

Therefore, it is possible to distinguish at least the following three CR types that are distinct from each other in this regard: philanthropy (emphasis on charity, sponsorships, employee voluntarism etc.); CR Integration (emphasis on conducting existing business operations more responsibly) and CR Innovation (emphasis on developing new business models for solving social and environmental problems). Partnerships would fall in the latter category, bringing most of the benefits to both society and the company as it requires deeper integration of the idea of responsibility with business, as well as innovation of business processes and its strategy (Halme and Laurilla, 2009).

## 1.5. Factors affecting win-win cross-business partnerships

Previous literature review identified the importance and the value of creating cross-business partnerships in pursuit of achieving SDGs. The purpose of this section is to explore the factors affecting on which “win-win” cross-business partnerships are dependent.

Smith et al. describe “win-win” partnerships, as collaborations where managers can identify an opportunity to create economic (one win) and social value (two wins) out of the business and society issue. When it comes to cross-business partnerships, it is important to realize the that “wins” have to be distributed equally among all the participants of the collaboration.

According to Bendell et.al. (2010), a factor such as a comprehensive understanding of the specific goals of each partner and of the organizational culture of their respective companies will contribute to the creation of the "win-win" cross-business partnership. Austin and Seitanidi (2012) add that “it is essential, first, to understand clearly how partners view value; second, to reconcile any divergent value creation frames; and, third, to perceive the value exchange as fair”. If companies convey different interpretations of value to the negotiation of collaborative goals, they will use different metrics to assess the relative contributions of themselves and their partners (Hartman & Dhanda, 2018). Therefore, a solid understanding of the specific goals of each partner and of the organizational culture of their respective companies is considered one of the factors contributing to the formation of a win-win cross-business partnership.

Another factor, which is connected to the previous one refers to identifying and equally accepting the common vision by both companies (Jiing-Song Tsai & Chi, 2015). Tschirhart and Bielefeld (2016) argue that the common understanding stimulates motivation, and shapes the behavior of both parties towards win-win collaboration, and, therefore is essential to the creation of a "win-win". Similarly, the authors highlight the importance of effective communication from both sides: having a structured and frequent dialogue fosters the development of sustainable relationships (Tschirhart & Bielefeld, 2016; Whipple & Frankel, 2000).

According to Hartman and Dhanda (2018), recognizing and leveraging the competencies of two or more parties entering into collaboration significantly contributes to win-win partnerships. They emphasize that partners should bring complementary resources and competencies to the relationship if the value is to be co‐created. Malnight et al., (2009) reinforces this factor, arguing that "partnering is difficult, but when both sides see win-win potential there is greater motivation to realize the substantial benefits. Relationships—particularly long-term ones that are built on a realistic understanding of the true strengths on both sides—have a greater opportunity of being successful and sustainable”. Consequently, identifying and leveraging the competencies of respective partners can be regarded as one of the factors contributing to the creation of a win-win cross-business partnership.

For some cultures, Saidel (2017) argues, an official written agreement regarding further specific actions is essential. Not only it serves as a clear guideline for further actions but also is legally binding the partners to stick to the outlined plan.

Creating cross-business partnerships can be a very complex process, with its undercurrents and unforeseen challenges (Greenley, 2016). Particularly, partnerships between businesses are difficult when there are competing values, goals and ways of operating (Brinkerhoff and Brinkerhoff, 2011). Therefore, this thesis will examine existing factors hampering a “win-win” collaborations. Various authors, identify the lack of governmental support or absence of such as well as of clear rules, frameworks or methods for building partnerships as two factors, discouraging companies to enter into cross-business partnerships (Brown, 2012; Bendell et al. 2010). Some companies struggle to operate without clear guidelines on how to proceed with the partnerships, especially at a “win-win” level (Kartik et al, 2007; Poret, 2014; Saidel, 2017)

Challenge to successfully manage partnerships over time refers to another factor, hampering the successful cross-business partnerships. As companies oftentimes operate in an uncertain environment (Saidel, 2017), where various challenges, economic and political insecurities are likely to disrupt the day-to-day operations, managing partnerships over time can be considered a very difficult process (Poulsen & Clark, 2012)

According to Traitler et al. (2014), factors such as the lack or unwillingness to allocate sufficient financial or human resources to maintain partnerships also hampers the creation of a “win-win” partnerships. Successful collaboration, they argue “largely depends on the availability of two types of resources: the number of experts available in the company, and money. There is, however, one more over-arching pre-requisite to succeed, namely the willingness of the companies to deploy these resources appropriately for the benefit of very promising projects”. (Traitler et al., 2014, p. 222).

## 1.6. Best practices of achieving SDGs: evidence from FMCG companies in Russia

As the nature of cross-business partnerships may vary in different industries and countries, this thesis is dedicated to studying cross-business partnerships within FMCG industry in Russia. This industry was chosen for the research due to the following reasons: firstly, FMCG industry is one of the most polluting industries in the world (Jones, 2016); secondly, the value chains of the leading FMCG companies are spread around the planet, hence have a great potential to impact SDGs (Kingo, 2016). Therefore, this section will overview the nature of FMCG industry, briefly describe its current state in the Russian market, and outline social partnerships for achieving SDGs between the leading FMCG companies.

Fast Moving Consumer goods refer to items that are purchased and consumed frequently by consumers. These are non-durable items, which have relatively low prices, with the main product categories being personal and household items as well as food and beverages. (Popenkova, 2016). In many ways, the food, drinks and consumer goods sector is at the heart of the drive towards a more sustainable future and is undoubtedly in a position to drive sustainability goals (Jones, 2016). The Sustainability Consortium (2016), for example, recognised that while consumer goods bring countless benefits to society, dramatically improving lifestyles around the world, it also reported that consumer goods account for 60% of greenhouse gas emissions, 80% of water withdrawals, 20% of industrial water pollution and 75% of forced and child labor. Therefore, FMCG industry is called upon to take action towards sustainable development and achieving SDGs (Jones, 2016).

During the past years, many leading FMCG companies in Russia took an active position in the issues of sustainable development as an integral part of their business strategies (Chernova, 2016; Khalina, 2016). They see their biggest opportunities for shared value creation rooted in the enterprise development; ensuring sustainable supply chains; provision of healthy, sustainable living; and continuous product innovation (Bichinev, 2016).

First, according to Khalina (2016), the recent research shows the ecological and ethical consciousness of the population in Russia is growing: people begin to understand that they are the main driving force that can change the world for the better. Consumers tend to think about the environmental impact of products, as well as about producers’ compliance with environmental legislation and ethical standards (Vigneau et al., 2015). They are willing to pay more and even opt for lesser-known brands that are perceived as more socially responsible (Samodurova, 2016).

Secondly, the past 2017 year was declared the year of ecology in Russia, and environmental issues are now on the agenda of public authorities. The goals related to the careful consumption of resources, the increase of energy efficiency and the fight against climate change, are particularly relevant for manufacturing companies, which are able to contribute a lot to their solution (Khalina, 2016, Chernova, 2016).

Finally, producers of food, beverages, and consumer goods have complex, multistage and branched value chains (Astafurov, 2014). Consequently, Lutsko (2016) argues that the issues of supply localization, support of small and medium-sized businesses and improvement of infrastructure play a paramount role for them. As a part of supporting sustainable development, the companies of FMCG sector implement comprehensive programs aimed at combating poverty, supporting education and health, as well as job creation (Khalina, 2016). However, the progressive development of regional economies is impossible without building long-term relations with local authorities and cooperation with socially significant organizations, as well as businesses within the sector (Sudas, 2017).

Numerous initiatives of achieving SDGs are being implemented to support the achievement of SDGs in Russia (Bobylev & Solovyeva, 2016). Recent research by Ernst and Young (2017) examined best practices of programs directed at sustainable development, such as projects of Henkel to reduce CO2 emissions to the atmosphere by committing to energy efficiency, responsible sourcing of raw materials and optimization of logistics to minimize the ecological footprint, addressing SDG#6, SDG#7, SDG#12, SDG#13.

Another example refers to PepsiCo, and its program "ReCon", aimed at improving control over the use of resources and the introduction of savings technologies. In line with the recent trends (Sudas, 2017), the company is implementing educational programs on the specifics and technological features of PepsiCo plants; data about best practices; energy-saving methods and tools; and an international network of internal experts tackling SDG#6, SDG#7 and SDG#12 (EY, 2017).

According to Bobylev and Solovyeva (2017), there is a great potential for companies to address SDGs by the expansion of their presence in Russia, creating hundreds of jobs and potential for solid economic growth. In doing so, in 2017, Mars opened its 10th plant in Russian Federation, creating over 200 hundreds of new jobs (EY, 2017). Additionally, the plant responds to the latest innovation standards, including highly automated technological equipment, which requires qualified engineering staff and operators to work on production lines. In this way, Mars will provide the necessary training sessions, having an opportunity to do a Mars internship at any plant in Russia tackling SDG#4, and SDG#8.

Numerous initiatives for achieving SDGs are currently being pursued in FMCG sector in Russia, including Procter & Gamble, Unilever, Coca-Cola, Nestle, Cargill, Carlberg Group, Mondelez and many other (Sudas, 2017; EY, 2017). Some companies choose to create cross-sector partnerships with non-profit organizations or government (ibid). However, the review of the literature on programs for achieving SDGs revealed that little attention is being dedicated to the creating cross-business partnerships for this agenda between FMCG companies.

## 1.7. Creating cross-business partnerships for achieving SDGs: accumulated knowledge and potential for further research

This section will provide the brief overview of the research done in the previous stages, highlighting the research gap and posing two research questions.

In the beginning, the sustainability and sustainable development were defined. To support the latter, UN first introduced Millennium Development Goals, followed by 17 Sustainable Development Goals in 2015. The business case for each goal was outlined, and Porter's concept of shared value was suggested as a way of tackling the goals. Building on that, it became evident that creation of partnerships is an inevitable part of attaining SDGs. Their value was explored throw the Malnight et al. model, and through Halme and Laurilla’s models, both of which supported the idea that partnerships create particular added value to achieving sustainable development agenda.

Next, cross-business partnerships were explored. The following research gap stems from the fact that major part of research is dedicated to partnerships with non-governmental organizations, whereas this thesis is set to explore at cross-business partnerships with the perspectives of achieving SDGs. Moreover, this thesis studies cross-business partnerships within a particular sector – FMCG, and a particular geographical scope – Russian Federation, which have not been widely reflected in a scholarly research.

Finally, the factors affecting the creation of “win-win” cross-business partnerships were identified. The major research gap refers to the fact that there are no studies in regard to particular factors affecting the creation of the “win-win” partnerships within FMCG industry in Russia. Therefore, the following research questions were derived:

Q1: Does effective achievement of SDGs require the creation of cross-business partnerships within the FMCG industry in Russia?

Q2: What factors are affecting *win-win cross-business* partnerships between FMCG companies to support environmental agenda in achieving SDGs?

* 1. What factors specific to FMCG industry *contribute* to the creation of a win-win cross-business partnership to support environmental agenda in achieving SDGs?
	2. What factors specific to FMCG industry *discourage* the creation of win-win cross-business partnerships to support environmental agenda in achieving SDGs?

# CHAPTER II. RESEARCH METHODOLOGY

The purpose of this chapter is to explain the methodology of the research. As the nature of this study is explorative, the qualitative research method was chosen. Further explanations and justifications concerning chosen method will be outlined in the chapter, as well as data collection instruments, and the process of respondent selection. The latter includes the description of techniques used for choosing potential interviewees, respondents target profile, and the general information about respondents selected for the research.

## 2.1. Methodology

The research questions require a holistic overview of how cross-business partnerships influence the achievement of SDGs. The questions also require a deeper and more qualitative understanding of the creation of a "win-win" partnerships across two companies, explaining the factors which could potentially contribute to or hamper such collaboration. Therefore, the qualitative approach has been selected as the research method for this thesis.

It was decided to use in-depth interviewing as the main method to collect data for the study since this type of interview is used to achieve a comprehensive understanding of the interviewee’s point of view or situation and to explore interesting areas for further investigation (Milena et.al., 2008). There are different approaches to in-depth interviewing: a) the informal conversational interview; b) The general interview guide approach (commonly called guided interview); and c) the standardized open-ended interview (ibid).

The guided interview approach follows a checklist of issues and questions that the researcher wish to cover during the session, which helps to encourage the interviewees to freely discuss their own opinion on what is the role of cross-business partnerships in achieving SDGs and what are the factors influencing the “win-win” collaboration (Kairutz et al., 2007). Thus, guided interviews have been chosen as a method in this thesis. This method also includes open-ended questions, which allow adjusting the questions depending on the attributes of the specific company and the given type of problems that they face.

According to Kairutz et al. (2008), the guided interview is neither a free conversation nor a highly structured questionnaire. Having this approach while interviewing respondents provides the opportunity to regulate the order of the questions, ensuring the coherent flow of conversation. Moreover, respondents have the possibility to expand their ideas and speak in great detail about diverse subjects rather than relying only on concepts and questions defined in advance of the interview. In other words, guided interviews are more flexible than standardized methods such as the structured interview or survey (ibid).

 The guide used to collect data consists of three sections in accordance with the research questions: it starts with asking about i) general information, which includes data about respondents and company profile; it then goes on to assess ii) the extent to which effective achievement of SDGs requires creation of cross-business partnerships within the FMCG industry in Russia, and compares the impact on SDGs by a single company VS. cross-business partnerships, and, finally, the guide concludes with iii) factors, affecting the creation of win-win cross-business partnerships to support environmental agenda in achieving SDGs.

## 2.2. Respondent Selection

The sample was collected through non-probability techniques such as convenience and snowball sampling. The main criteria for selection of the respondents is their extensive experience as a CSR or sustainability development specialists at leading FMCG companies in Russia, which currently undertake policies and/or programs towards achieving SDGs. In addition, practical considerations such as the availability of the expert and time constraints for conducting the interview were also considered. After a thorough examination of the potential interviewees’ background and the other aforementioned considerations, 10 possible respondents were initially selected for the further contact.

Out of 10, five experts of different levels of the leading FMCG companies in Russia agreed to take part in the interviews. The final sample includes the Head of Corporate Social Responsibility in Moscow, North-West, South and Central regions of the Coca-Cola HBC Russia; Vice President for Sustainable Business Development and Corporate Relations of Unilever; and two senior managers, whose names and companies cannot be disclosed due to confidentiality reasons. For the research purposes, further sections will refer to these respondents as Respondent #1, #2, #3, #4, and #5 respectively, in order to assure the coherent and consistent presentation of the results. The detailed information of the respondents is presented in the table below and is divided into sections according to the responses in the interview guide.

Table 1. General information about respondents

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Coca-Cola Hellenic** | **Unilever** | **Heineken** | **Company A** | **Company B** |
| **Respondent’s position** | Head of CSR | Vice President for Sustainable Business Development and CR | Senior CSR Manager | Senior CSR Manager | Senior CSR Manager |
| **Industry** | FMCG | FMCG | FMCG | FMCG | FMCG |
| **Year of entering Russia** | 1991 | 1992 | 2002 | 1995 | 1994 |
| **Number of brands produced and sold in Russia** | 30 | 40 | 30 | 50 | - |
| **Number of plants in Russia** | 10 | 6 | 7 | 9 | 3 |
| **Number of employees** | 10000 | 5000 | 2000 | 10000 | 2000 |

From the information depicted above, it may be concluded that all three organizations represent leading FMCG companies with over 15 to 20-years history in Russian Federation, having over than 150 brands represented on the market in total. All of these companies are ranked among Top 20 FMCG companies in Russia, and currently undertake various programs and initiatives towards achieving SDGs.

# CHAPTER III: EMPIRICAL PART

## 3.1. Results of data analysis and discussions

All respondents’ respective companies embrace various policies in regard to achieving Sustainable Development Goals and, thus, respondents are considered specialists in the field of sustainable development as they possess sufficient knowledge about SDGs and CSR landscape in the Russian FMCG market. Discussion of the results of data analysis is structured based on the two main research questions, and two sub-questions regarding factors contributing to and hampering the development of the win-win cross-business partnerships. During the discussion, respondents frequently proposed factors, which overlap or even match the factors derived from the academic research in the literature review. Not only this allowed to cross-validate data but also to capture different dimensions of the same phenomenon, implying that the triangulation of data was achieved.

### 3.1.1. Exploring whether SDGs require the creation of cross-business partnerships: the impact of a single company vs. cross-business partnership

*Impact of single businesses on achieving SDGs*

The effort of single companies to impact achieving SDGs can be fully realized through the inclusion of SDGs-related activities into their value chains. All five respondents #1, #2, #3, #4 and #5 explained that a single company can influence the sustainability agenda by embedding principles and policies into their value chains or even business models. For example, the respondent #5 stressed:

*“As soon as sustainable development programs will be integrated into the companies’ business model and their value chain, the SDGs will be achieved in effective and viable ways. One-time assistance and single CSR investments are no longer an option.”*

Respondent #3 confirmed that activities towards sustainable agenda are fully included into their value chain, and highlighted that this is the only possible way in which companies can help achieving SDGs, citing the words of her company’s CEO:

*“We at Heineken strongly believe that by fully integrating sustainability into the way we do business, we are best placed to make a meaningful impact on the world around us”*

Respondent #5 added:

*“This [including SDGs-related activities into the value chain is absolutely different from what companies were used to do before: under the auspices of corporate social responsibility, companies focused their programs on a support, which is not connected to their core operational activities, which will never convey the same results as active alignment of the value chain. Therefore, to have any impact on achieving SDGs companies have to rethink their models. ”*

These responses reinforce the ideas reflected in the recent academic literature, as Jones and Hiller (2016) emphasize the urgent need for companies to integrate sustainability into their core business across the whole of the value chain. Evans et al. (2017) express similar ideas in their study on SDGs and private sector business model innovation for sustainability, encouraging companies to understand their current business model better, embrace a sustainable approach to their value chains and potentially identify entirely new and more appropriate future business models. Respondent #2 shared her opinion and corporate experience:

*“Activities directed at achieving SDGs must be included into the value chain, otherwise the projects will not convey any substantial effect. For example, our company adopted its own plan for sustainable development and improvement of the quality of life, Unilever Sustainable Living Plan (USLP). The plan contained over 50 goals directed at achieving a sustainable quality of life for all. Various departments were responsible for the goals, and Unilever together with third parties closely tracked the progress, conducting a corporate audit on a yearly basis.”*

Further, respondent #2 admitted that even though the company has such extensive and thought-through plan, it is still a challenge to attain the results they aspire for. Since SDGs present a set of challenges interlinked within and between each other (Nilsson et al, 2017) require strategic and integrated responses, which sometimes single companies fail to achieve. In order to assess the impact of companies on achieving SDGs, respondents were asked to evaluate the perceived impact that their company (and value chain) has on the attainment of each of the SDGs from 1 to 7, where 1 stands for no impact, and 7 stands for a very strong impact. As the sample size consists of five respondents, the statistical tests are not suitable to establish frequencies and significant differences. Therefore, in order to illustrate the relative extent to which single companies impact each of the SDGs, the averages will be derived for each goal and presented graphically below.

Figure 3. The extent to which a single company can impact SDGs

As we can see from the graph, the impact on achieving SDGs by a single company’s efforts is moderate. None of the respondents acknowledged that single efforts of the company can significantly influence the attaining of SDGs.

*Impact of cross-business partnerships on achieving SDGs*

As established in the previous section, single companies do impact attaining SDGs, however, there is a need for a more integrated response. Respondents were asked to share their opinion on whether creating cross-business partnerships can help providing this response and help achieving SDGs faster or more efficiently. Interviewees confirmed that cross-business partnering can foster the attainment of the goals, for instance, the respondent #2 replied:

*“Certainly, when it comes to sustainable development, and to such vulnerable issues as ecological economy of an enterprise, every cross-business collaboration and partnership will multiply the efforts and scale the positive outcomes up in a far more efficient way, than if we were to work alone without true partnerships, maintaining solely commercial relations.”*

 Respondent #1 added:

 *“Partnership relations between companies allow strengthening the effectiveness of the initiatives being implemented, to attract more attention to existing problems, and to find effective solutions for overcoming them.”*

Respondent #2 highlights the necessity to leverage partnerships for sustainability agenda, as it is not only a commercial issue but an attempt to gain mutual benefits tapping into resources of the other for the social purpose. This oftentimes implies that both sides need to sacrifice their margins to some extent, which can be a very challenging issue, especially for businesses in Russia. Nevertheless, companies are viewing true partnerships as something more than a mere exchange of resources:

*“True partnerships between businesses create a synergy, as together we leverage diverse perspectives and skills, developing better ways of thinking about the problems and addressing them.”*

Indeed, many respondents mentioned “synergy” during the interviews, meaning it is an essential part of the collaboration (respondents #1, #2, #4). According to the scholars, the concept of synergy refers to the degree to which the partnership combines the complementary strengths, perspectives, values, and resources of all partners in the search for better solutions (Gray 1989, p. 5), and is generally regarded as the product of a partnership (Lasker & Weiss 2002). According to Weiss, Anderson, and Lasker (2003), partnerships gain an advantage over single agents by creating “partnership synergy”, identifying that partnership synergy as a primary characteristic of a successful collaborative process. Indeed, respondent #2 also argued:

*“Successful cross-business partnerships have a nonmathematical formula because the result equals 1 + 1 = 3.”*

Further, respondents were asked to share their experience in entering cross-business partnerships in order to achieve SDGs. Respondent #2 shared stories about their recent cross-business partnerships within FMCG industry and the one with energy industry companies. The latter falls outside of the scope of this research, thus the author will focus on the first example. The respondent’s #2 company, Unilever, collaborated with a company, against which they are directly competing – the farmers’ cooperative LavkaLavka:

*“We are indeed very serious competitors, as we have polarly different business models and SMEs and farmer businesses are currently disrupting our global supply chains and people’s faith in them. Farmer cooperatives’ activities undermine our large smooth and consistent supply chains, discrediting even the strictest quality control and commodity distribution networks.”*

However, despite the competition and seemingly different approach to business, the companies found a way to collaborate for the higher purpose. The companies joined their efforts to tackle SDG#3 (good health and well-being for people) and SDG#12 (responsible consumption and production) by Unilever sourcing organic products from LavkaLavka, together they enhanced the business model of LavkaLavka by building a new production facility, creating jobs, increasing volumes for farmers at zero expense to organic quality, and at the same time by providing Unilever the needed volume.

Respondents #1, #4 and #5 confirmed their existing partnerships with non-governmental entities, however, were reluctant to disclose particular information regarding cross-business partnerships. For instance, the respondent #4 claimed that for the implementation of projects in the field of sustainable development, the company enters into partnerships with non-profit organizations; and invites other companies to participate in the projects in order to increase the effect of the implemented initiatives (e.g., in the field of ecology or charitable projects). Due to considerations of confidentiality, respondent #5 agreed to share the process of creating a social cross-business partnership, without identifying the specific parties:

*“The particular features of the process differ from project to project, but usually, it starts with identifying drivers in the field of sustainable development with the greatest impact on the entire value chain. Next, it is essential to understand the risks and opportunities specific to our business strategy, industry, and competitive environment. Of course, the most important step involves finding the right partner and building a common vision, with further the implementation of the sustainable development principles into the work and application of an innovative approach in the development of products and services. <…>As a result, we have a collaborative formation of sustainable development management system, including structure, programs, principles of interaction and communication, infrastructure, etc., which results into mutual synergies”.*

All five respondents admitted that entering into cross-business partnerships brought to their companies multiple benefits, including financial, reputational and sustainability-related; as well as helped to achieve the goals in a more efficient way. Further, interviewees were asked to evaluate the perceived impact that their company (and value chain) has on the achievement of each of the SDGs from 1 to 7, given that they entered into a cross-business partnership. In order to illustrate the difference in the perceived impact of single companies vs. cross-business partnerships, the results were combined with the figure 3.

Figure 4. The impact of a single company vs. cross-business partnership

As depicted in the graph, the difference in impact is substantial. All respondents identified that partnerships with other businesses can significantly increase the impact on achieving SDGs. As respondent #2 concluded:

*“Partnership is an irreplaceable part of achieving SDGs, and it is very difficult, if not impossible, to tackle the challenges without joint efforts.”*

This reinforces the data depicted on the graph. According to the respondents, partnerships are by far more likely to impact the achievement of SDGs.

### 3.1.2. Factors affecting the creation of win-win cross-business partnerships to achieve SDGs

This section is dedicated to examining factors derived from academic literature that contribute to and hamper the creation of win-win cross-business partnerships within FMCG industry; as well as to establishing new factors with the help of the in-depth discussion. This research places the greater emphasis on the latter, as this is the main theoretical and managerial contribution of the thesis.

*Factors contributing to win-win cross-business partnerships*

Respondents were asked to explain whether following factors a) accepting the common vision; b) solid understanding of the specific goals of each partner; c) official written agreement regarding further specific actions; d) structured, frequent and qualitative communication; and e) identifying and leveraging the competencies of respective partners contribute to the creation of a win-win cross-business partnership.

*Having the common vision*

The majority of the respondents agreed to the fact that formation and acceptance of the common vision are important, however, four out of five respondents stressed that common vision is impossible without having common priorities. As respondent #3 stresses:

*“Accepting the common vision is a consequence of initial similarities in values and risks, and, most importantly, in CSR matrix. <…> We are not going to collaborate with a business, which has a vision we also share but is prioritizes different goals. Therefore, it is much easier to achieve a win-win partnership if your partner has similar sustainability priorities."*

Respondent #4 adds:

*“A common vision is essential. However, the common vision does not contribute to win-win if the priorities of the businesses diverge, which is why I believe that having common priorities in CSR and SDGs in place first.”*

Therefore, the interviewees believe that partnerships largely depend on common values and priorities, and regard them as a basis of the common vision. This factor will, therefore, be changed to *common CSR priorities.*

*Solid understanding of the specific goals of each partner*

This factor was not supported by some of the respondents as it is, rather they suggested additions to it. Not only it is important to understand the specific goals, it is important for the goals to be specific and *measurable* (respondent #4), and with a *clear time frame* (respondent #5). Respondent #4 argued:

*“As a matter of fact, measurability of the goals plays an immense role in creating win-win partnerships: not only it helps to derive indicators for measuring the progress, but also helps to define the goals in specific and feasible ways.”*

When asked which KPIs does the company use to measure the goals set for achieving SDGs, respondent #4 mentioned that KPI should be developed in terms of financial, operational, social and environmental aspects of the company's operations. Environmental KPIs includes indicators such as the index of energy efficiency, the rate of waste utilization or water consumption, the amount of emissions of greenhouse gases per ton of products, the amount of waste (including polluting wastewater) per ton of products and others. The operational KPIs were introduced to measure the success of their intrinsic programs, for instance, the level of accidents and injuries at the workplace, the proportion of women in senior management, the number of hours of training per employee and many others. The respondent #4 also underlined that KPI should be developed both for the short and medium term.

Respondent #5 mentioned:

*“Understanding the specific goals is important, but what is even more important, is that goals themselves should be specific. Particularly, the clear timeframe is vital for effective collaboration, otherwise, none of the processes will be aligned".*

Thus, having time-specific goals will contribute to the creation of win-win partnerships. By bringing together what was mentioned above, the factor will rather encompass setting specific, measurable and time-bound goals.

*Structured and frequent communication*

All five respondents confirmed that this factor is crucial for creating a partnership between businesses in a format of win-win. Respondents #1, #2, #5 emphasized that effective communication is essential at every phase of the partnership, not only in the beginning. For example, respondent #5 underlined:

*“It is critical to maintain the consistent conversation over time, not only on the stage of negotiations and the projects' kickoffs. A couple of years ago we started a very promising project in the area of energy efficiency, but it almost failed because at some point our partners did not hence lack coherent actions."*

Not only it is important to ensure qualitative and structured communication, but also maintain it throughout the whole period of a partnership. Another comment by respondent #1 adds another dimension to this idea, which also refers to meaningful communication:

*“I agree that communication has to be structured and frequent. However, rather than concentrating on structure or frequency of communication, I would emphasize meaningful conversations, full of cohesive and actual information. Each conversation has to be concise and facts-based <…>.”*

Respondents #1 and #3 also mentioned the quality of communication, as they prioritize the content, not the quantity. At the same time, as pointed out by respondent #2 the ongoing communication ensures the reduced risk of misunderstandings or misalignments of the processes, as well as allows to share expertise and ideas more effectively. Therefore, the factor will encompass three crucial elements of communication – structured, frequent, and meaningful.

*Official written agreement regarding further specific actions*

This factor was not regarded as important or significantly contributing to achieving of win-win partnerships, rather a necessity or formality. None of the respondents considered it as having an impact on a win-win partnership, as respondent #5 accentuated:

“*Legally-binding contract is a formal step in ensuring the legal and administrative rights of each party, nothing else. It is not contributing nor hampering win-win, thus I do not even regard it a ‘factor’.”*

Respondent #2 added:

 *“When it comes to a situation where two parties discuss the exchange of benefits, then they sign a legally binding contract – it is, of course, not a partnership, rather a contractual arrangement, which is absolutely impossible between direct competitors in our industry.”*

As the study revealed, official written agreement regarding further specific actions is considered unimportant in the context of win-win cross-business partnerships in FMCG industry in Russia. Therefore, this factor is excluded from the following research.

*Leveraging partners’ competencies*

All respondents uniformly agreed that the possibility of leveraging core competencies of a partner contributes to achieving win-win. Respondents #1, #2, #3, #5 confirmed that this is a highly important factor for them when creating partnerships. They stressed, that timely identification of the core competencies is essential too, and is a crucial factor contributing to win-win partnerships:

*“By identifying and leveraging the expertise of each other, we aim to develop creative solutions to critical social and businesses challenges. I believe this is one of the key factors for creating shared value and a win-win partnership."*

 Interestingly, respondent #3 highlighted that leveraging competencies is significant, but leveraging the partner’s economic capabilities is important too:

*"A win-win partnership should not only create the social value, but also an economic one. Senior management respects and recognizes the social value of the sustainable development initiatives within the company, however, they expect these initiatives to bear the positive effect on sales or on cutting costs. Therefore tapping into economic resources and leveraging them to the greater benefit of both companies is crucial”.*

This expertise also reinforces the academic literature exploredearlier, which confirms this factor is key to creating mutual benefits and potential synergies. Based on the aforementioned analysis, this factor will be named as identifying and leveraging partners’ core competencies.

As it was mentioned before, the identification of factors largely depends on the open discussion after the evaluation of existing factors is completed. In particular, after analyzing the data from respondents, three factors were identified: similarities of value and supply chains; common CSR priorities and goals, as well as the ability to conciliate contradictory points of view and meeting the negotiating positions halfway.

*Similarity of value and supply chains*

A couple of respondents mentioned that having similar value and/or supply chains with other company is highly relevant to a win-win partnership. Specifically, this provides an opportunity to leverage similar processes, e.g. research and development, production, logistics etc. For instance, respondent #1 and respondent #3 shared the experience of their respective companies, Heineken and Coca-Cola:

*“Having common processes creates a lot of room for attaining a win-win partnership. For instance, due to similarities in logistics, Heineken together with Coca-Cola place joint orders to ensure energy-efficient driving. In doing so, a truck goes to a certain destination loaded with Coca-Cola’s goods, and then comes back loaded with the Heineken’s production, significantly lowering CO2 emissions.”*

Respondent #5 added that matches in supply and value chain alleviate the burden of restructuring or developing new processes specifically for collaborations, thus contributing to achieving a win-win partnership. Therefore, this factor was considered as significant and was added to the further research. Likewise, together with common value and supply chains, respondents identified *common* *CSR priorities and goals* as a factor contributing to win-win partnerships for similar reasons. Having related CSR priorities allows companies to leverage their existing processes aiming towards a shared goal, which reinforces their efforts and eases the negotiation processes.

*Ability to conciliate and negotiate*

Respondent #2 argued that the ability to conciliate contradictory points of view and meeting the negotiating positions halfway significantly contributes to win-win collaborations. In contrast to regular partnerships for business purposes, cross-company partnerships for achieving SDGs require a collective, engaging and flexible approach. Respondent #5 reinforced this idea:

*“A collaborative approach in negotiations is vital to a win-win partnership, as both sides should realize the difference between a business deal and a productive collaboration to support sustainable development. In the first case, the priority is to squeeze margins and to demand conditions, which leave you better off; whereas in the second case, companies should go an extra mile settling a compromise that could benefit both of them.”*

Respondent #4 summarized:

“A social partnership is highly dependent on three matters: an ability or a willingness to collaborate, to compromise, and to conciliate”.

Throughout their interviews, the majority of respondents were repeatedly highlighting the importance of involvement of both parties into fruitful negotiations. Therefore this factor was added to the model.

*Factors hampering to win-win cross-business partnerships*

Next, respondents were asked to explain whether the following factors are hampering the win-win partnering, and to what extent: a) lack or absence of governmental support b) lack of clear rules, frameworks or methods for building partnerships; c) complexity of managing partnerships over time; lack or unwillingness to allocate sufficient d) financial or e) human resources to maintain partnerships.

*Lack or absence of governmental support*

The majority of the respondents found the lack of governmental support for sustainable development programs and cross-business collaborations as a factor, having a significant hampering effect on win-win collaborations. Specifically, respondents argue that government does not or does not want to realize the potential of cross-business partnerships to influence the sustainable development of the whole country, thus, it does not subsidize or support their initiatives. Interestingly, respondent #2 admitted there will be some advancements in the nearest future:

*“When it comes to specific business goals which we need to achieve e.g. localization, energy efficiency, using a renewable energy source to a particular volume, flow attenuation at production waste or separate waste collection – there will be a new entity to govern and foster it - Association of Business.”*

In doing so, she unveiled that there will be a new entity in Russia, which will take care of the issues, which required sufficient attention. Nevertheless, as of today, the lack of governmental support is an acute issue and a factor that hampers the creation of win-win business collaborations. In addition, four out of five respondents mentioned that *the burden of administrative, legislative and bureaucratic issues* is definitely the one hampering cross-business partnerships in Russia. Respondent #3 shared her experience:

*"One of our last cross-business projects was connected with the safety of driving, hence we had to convince The General Administration for Traffic Safety of the Ministry of Internal Affairs of Russia, local Administration and various smaller entities to support our project for improving the sustainable quality of life. This is a long process, and every time we changed the partner or invited new ones, we had to do it all over again. It takes a lot of nerve to go through this, thus, I believe the administrative, legislative and bureaucratic burden definitely discourages partnerships in Russia”.*

Indeed, respondents #4 and #5 said they can relate to this experience. Respondent #5 confessed that a couple of collaborative initiatives never made it to the market because of the local administrative authorities. Therefore, along with the lack of governmental support, respondents identified another factor, which stands for the *burden of administrative and bureaucratic processes.* The respondents' opinions confirmed the actuality of this factor, defining it as hampering the win-win collaborations between FMCG businesses in Russia.

*Lack of clear rules, frameworks or methods for building partnerships*

Unexpectedly, this factor was uniformly regarded as not affecting the win-win partnerships. Five respondents explained that there are no universal rules and frameworks, but each company has its own methods for building partnerships, thus they do not need any additional guidance.

*Complexity of managing partnerships over time*

According to the interviewees, this is one of the key factors hampering win-win partnerships. Respondents #1, #2, #3 and #5 admitted that complexity of managing partnerships is a challenging process because of three reasons: first, the Russian economic environment is volatile and uncertain; second, there can be a lack of financing; and third, since human aspect is central in partnerships, any changes in the teams or departments can also negatively affect a partnership. As the two latter reasons represent another factor defined in the academic literature – lack or unwillingness to allocate sufficient financial or human resources to maintain partnerships (Traitler et al., 2014) – it was decided to combine the two of them.

As well as in the previous section, respondents were stimulated to share their experience and knowledge in identifying further factors discouraging the achievement of win-win cross-business partnerships. In doing so, two challenges were identified by the respondents: the aforementioned burden of administrative and bureaucratic processes, as well as the lack of partnership culture in Russia.

*Lack of “partnership culture” in Russia*

All five respondents identified the lack of partnerships culture as a crucial factor hampering a “win-win” partnerships in Russia. This pertains to various issues, starting from negotiations stage to partnership management, communication and even press releases. Respondent #3 stressed:

*“Companies in Russia are reluctant to adopt the culture of sincerity during negotiations; it oftentimes turns out that some of the conditions were concealed or there could be some ulterior motives.”*

Respondent #2 added:

*"When we enter in a partnership, there is an undeniable need to "show all the aces" and to agree on why are we doing this partnership and for what; and what it gives us. This is truly essential because if this condition is missed, the partnership will not work over time, however, it is a quite frequent issue in Russia…."*

Respondents #3 and #4 further reinforced the aforementioned problem by sharing experiences when their partners behaved unprofessionally:

*“Sometimes, companies enter into partnership and gradually start attempting to grab the biggest piece of the pie: highlighting solely their role in the partnership, claiming that success of our initiative is their due and so on. Not only this is unethical, but also shows a clear lack of partnership culture.”*

To sum up, according to the interviewees, some businesses in Russia are not ready to fully embrace the “partnership culture”, which refers to the professional and ethical behavior, honest communication, transparent motives and collaborative attitude. All these, in turn, are critical to creation of a win-win partnership, which is why this factor was included in the model.

## 3.2. Research Findings

First, the research identified that achieving SDGs requires the creation of cross-business partnerships. Further, factors affecting win-win cross-business partnerships for achieving SDGs were derived from the academic literature and interviews and then were examined in the context of FMCG sector in Russia. Based on the empirical analysis the following model (figure 5) was composed.

Figure 5. Model: Factors affecting a win-win cross-business partnership for achieving SDGs



The suggested model explains why cross-business partnerships represent an effective way to contribute to social agenda, namely because of multiplication of efforts and benefits; creation of synergies derived from tapping into the expertise of each partner; and scalable solutions, which are possible due to the specifics of FMCG companies and its vast value chains. The model further proposes ten factors specific to FMCG industry in Russia, which can influence the development of cross-business partnerships for achieving SDGs in the format of win-win – mutually beneficial partnerships. This model comprises two types of factors: the ones “hampering” the win-win, and the ones “contributing” to it.

The analytical significance of this model refers to its ability to provide guidance for companies seeking to create a social partnership with other company or companies, as it laid out the critical factors to take into consideration beforehand. An initial literature review identified nine factors affecting win-win collaborations. During the empirical study, some of them were left unchanged, whereas some were adjusted to the sustainability development, FMCG, or Russian contexts, others were dropped. The latter includes the official written agreement regarding further specific actions and to the lack of clear rules, frameworks or methods for building partnerships.

The respondents were also encouraged to share the factors they believe are of significant influence. In doing so, seven new factors were added to the model. The new factor was considered significant and added to the model if the majority of respondents emphasized its importance and notable effect during the discussion sessions. In doing so, the following factors were derived from this research: similarity of value and supply chains; common CSR priorities and goals; ability to conciliate and negotiate; lack of "partnership culture" in Russia; administrative, legislative and bureaucratic burdens. Some of these factors are applicable to a wider context of partnerships, whereas some relate directly to the social partnerships between FMCG companies in Russia, which gives them managerial and theoretical value.

# CHAPTER IV. CONCLUSIONS AND IMPLICATIONS

## 4.1. Conclusions

Sustainable Development Goals define the global social and economic agenda for the following 12 years (Stevens and Kanie, 2016). Companies are being called upon to take the action and become the drivers fostering their achievement, creating shared value for their businesses and society (Porter and Kramer, 2014; Banks et al., 2016). As SDGs include 17 comprehensive and interlinked goals (Nilsson et al., 2017), single companies struggle to make a significant impact, thus businesses leverage various partnerships e.g. with non-profit organizations, government, societies, and other organizations. As the major part of academic literature is dedicated to studying cross-sector partnerships for realizing SDGs, the necessity for cross-business partnerships constitutes the research gap, as well as the factors affecting win-win cross-business partnerships for effective achieving SDGs.

Based on the aforementioned data, two research questions and two sub-questions were defined and were studied in this thesis in the context of FMCG companies in Russia. As the nature of the study was explorative, this thesis used a qualitative approach to answer the research questions. Namely, as for the first research question, this thesis empirically illustrated that effective attainment of SDGs requires cross-business partnerships, as their impact is significantly higher than the impact of single companies. The second research question was addressed by developing a model, which included 10 factors contributing to or hampering the win-win collaborations in the private sector.

## 4.2. Theoretical Contribution

This thesis expands existing research on reasons why the effective attainment of Sustainable Development Goals require the creation of cross-business partnerships (Anders, 2016; Busco et al., 2017; Jones, 2016) specific to FMCG industry in Russia. The empirical study identified there are three main reasons of why collaborations in private sector need to be created, as well as to which extent each of the goals can be influenced by single company vs. the partnership.

The empirical research identified seven new factors affecting the creation of cross-business partnerships between FMCG companies in Russia. Building on the scholarly literature (Hartman and Dhanda, 2018; Greenley, 2016; Saidel, 2017), it first identified nine factors affecting mutually-beneficial partnership, then, during the discussion two factors were dropped as insignificant in the context; and two of the identified factors were combined or transformed into the more comprehensive factors. Seven new factors were derived during the conversation with the respondents, significantly contributing to the expansion of the research regarding this topic.

This study provides a direction for further research focusing on a more in-depth analysis of factors, using a larger sample of the respondents. Specifically, it lays the groundwork for the analysis of factors having a particular impact on win-win. As the economic, ecological and social environment is constantly evolving, the further research could explore new dimensions and ways in which the factors can affect win-win cross-business partnerships.

## 4.3. Managerial Relevance

The present study has manifold practical implications for FMCG companies operating in Russia, specifically for corporate responsibility and sustainable development managers. Results of the present study suggest that companies should not overlook opportunities to create shared value through cross-business partnerships for achieving SDGs within the FMCG industry. The study underlines particular reasons of why the creation of such partnerships is beneficial, and, therefore, should be realized to support environmental agenda.

The developed model (figure 5) can be used by managers, to understand the factors affecting win-win partnerships. Factors contributing to win-win could be examined, and ones, which can be enhanced and strengthened should be proceeded with doing so. For instance, when identifying opportunities to create cross-business partnerships, managers should look out for similarities of value and supply chains between their companies and their potential business partners. In doing so, potential synergies could be identified and joint programs for achieving SDGs could be implemented more easily. A factor, which is also very relevant for managers refers to finding partners with shared CSR priorities and goals. Managers could use this as a criteria for choosing potential partners, as this will help to find common ground during negotiations, as well as during implementation process. Likewise, timely identification of partner’s core competencies, which can be further leveraged, is a process to which managers should dedicate a greater attention. By identifying and leveraging core competences of respective partners, managers could ensure the efficient realization and execution of joint programs, which contributes to creation of a win-win partnership. Another factor, which should be taken into consideration by managers is a structured, frequent and meaningful communication. Emphasizing an effective communication will foster the initiative development, help catalyzing internal and external processes as well as ensure a smooth and transparent relationship between partners. Similarly, ability of both sides to conciliate and negotiate is vital to creation of win-win partnerships, thus managers should ensure that employees responsible for negotiations are properly trained and have relevant skills for achieving a win-win consensus. During negotiations, it is essential for managers to set measurable time-bound goals, and agree on common KPIs for the following assessment of the progress. To sum up, companies could leverage the model to build favorable conditions for creating mutually beneficial partnerships.

Factors hampering the win-win partnerships between business should be assessed with caution and should be addressed by respective departments or entities to avoid potential failures. For instance, managers could address a lack of “partnership culture” in Russia by initiating programs or training sessions, which would allow growing and nurturing such culture in their own employees. A factor of complexity of managing partnerships over time implies that managers should be prepared to commit to a partnership in a long-term perspective, and to allocate sufficient amount of financial and human resources in order to ensure achieving a win-win collaboration. Factors such as a lack of governmental support or a burden of administrative and bureaucratical processes could hardly be addressed directly by managers, however, it is still significant for them to fully understand these conditions and to act accordingly. For instance, some implications in regard to this factor would be preparing the necessary documentation in advance, timely updating respective departments on new laws and requirements, allocating sufficient time to administrative processes and so on. To sum up, by addressing factors hampering win-win cross-business collaborations, managers could help to achieve the desired win-win conditions as well as to prevent financial, commercial and reputational losses for the company.

In conclusion, this thesis presents a comprehensive study about Sustainable Development Goals and factors affecting the formation of mutually-beneficial partnerships for attaining them, between businesses in the sector of FMCG in Russia. Further research can explore more in-depth and comprehensive approaches to factors’ identification and their impact on win-win partnerships.

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# APPENDIX 1. LIST OF 17 SUSTAINABLE DEVELOPMENT GOALS

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| Table 1: Goals |
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| Goal 1. End poverty in all its forms everywhere  |

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| Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture  |

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| Goal 3. Ensure healthy lives and promote well-being for all at all ages  |

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| Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all  |

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| Goal 5. Achieve gender equality and empower all women and girls  |

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| Goal 6. Ensure availability and sustainable management of water and sanitation for all  |

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| --- |
| Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all  |

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| Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all  |

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| Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation  |

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| Goal 10. Reduce inequality within and among countries  |

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| Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable  |

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| Goal 12. Ensure sustainable consumption and production patterns  |

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| Goal 13. Take urgent action to combat climate change and its impacts  |

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| Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development  |

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| Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss  |

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| Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels  |

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| Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development  |

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# APPENDIX 2. INTERVIEW GUIDE

**Exploring Factors Affecting Win- Win Cross-Business Partnerships For Achieving Sustainable Development Goals: Evidence from FMCG Companies In Russia**

**I. General Information**

***a. Respondent***

|  |  |
| --- | --- |
| 1. Name
 |  |
| 1. Age
 |  |
| 1. Position
 |  |

***b. Company Profile***

|  |  |
| --- | --- |
| 1. Industry
 |  |
| 1. The year of establishing operations in Russia
 |  |
| 1. Number of brands produced and sold in Russia
 |  |
| 1. Number of plants located in Russia
 |  |
| 1. Number of employees
 |  |

**II. Assessing the extent to which effective achievement of SDGs requires creation of cross-business partnerships within the FMCG industry in Russia: comparing impact on SDGs by a single company VS. cross-business partnerships.**

1. Does your company’s policy consider SDGs? i.e. does your company take any actions towards achieving SDGs?
2. In your opinion, the idea of achieving SDGs is included in your company’s value chain?
3. From the list below, please evaluate the impact that your company (and your value chain) has on the achievement of each of the SDGs?

|  |  |  |
| --- | --- | --- |
|  | 1= none | 7 = very strong |
| 1. End poverty in all its forms everywhere | 1 2 3 4 5 6 7 |
| 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture | 1 2 3 4 5 6 7 |
| 3. Ensure healthy lives and promote well-being for all at all ages | 1 2 3 4 5 6 7 |
| 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | 1 2 3 4 5 6 7 |
| 5. Achieve gender equality and empower all women and girls | 1 2 3 4 5 6 7 |
| 6. Ensure availability and sustainable management of water and sanitation for all | 1 2 3 4 5 6 7 |
| 7. Ensure access to affordable, reliable, sustainable and modern energy for all | 1 2 3 4 5 6 7 |
| 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | 1 2 3 4 5 6 7 |
| 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation | 1 2 3 4 5 6 7 |
| 10. Reduce inequality within and among countries | 1 2 3 4 5 6 7 |
| 11. Make cities and human settlements inclusive, safe, resilient and sustainable | 1 2 3 4 5 6 7 |
| 12. Ensure sustainable consumption and production patterns | 1 2 3 4 5 6 7 |
| 13. Take urgent action to combat climate change and its impacts | 1 2 3 4 5 6 7 |
| 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development | 1 2 3 4 5 6 7 |
| 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss | 1 2 3 4 5 6 7 |
| 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels | 1 2 3 4 5 6 7 |
| 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development | 1 2 3 4 5 6 7 |

1. Do you think that creating cross-business partnerships can help achieving SDGs faster or more efficiently?
2. Does your company enter into cross-business partnerships in order to achieve SDGs?
	1. If so, with which organizations? (NGO or with other companies)
	2. If not, what is the reason?

6. From the list below, please evaluate the impact that cross-business partnerships with other companies could have on the achievement of each of the SDGs?

|  |  |  |
| --- | --- | --- |
|  | 1= none | 7 = very strong |
| 1. End poverty in all its forms everywhere | 1 2 3 4 5 6 7 |
| 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture | 1 2 3 4 5 6 7 |
| 3. Ensure healthy lives and promote well-being for all at all ages | 1 2 3 4 5 6 7 |
| 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | 1 2 3 4 5 6 7 |
| 5. Achieve gender equality and empower all women and girls | 1 2 3 4 5 6 7 |
| 6. Ensure availability and sustainable management of water and sanitation for all | 1 2 3 4 5 6 7 |
| 7. Ensure access to affordable, reliable, sustainable and modern energy for all | 1 2 3 4 5 6 7 |
| 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | 1 2 3 4 5 6 7 |
| 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation | 1 2 3 4 5 6 7 |
| 10. Reduce inequality within and among countries | 1 2 3 4 5 6 7 |
| 11. Make cities and human settlements inclusive, safe, resilient and sustainable | 1 2 3 4 5 6 7 |
| 12. Ensure sustainable consumption and production patterns | 1 2 3 4 5 6 7 |
| 13. Take urgent action to combat climate change and its impacts | 1 2 3 4 5 6 7 |
| 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development | 1 2 3 4 5 6 7 |
| 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss | 1 2 3 4 5 6 7 |
| 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels | 1 2 3 4 5 6 7 |
| 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development | 1 2 3 4 5 6 7 |

**III. Exploring how to create a win-win cross-business partnerships between FMCG companies to support environmental agenda in achieving SDGs: factors, affecting creation of *win-win cross-business* partnerships**

1. Please, explain to what extent the following factors contribute to creation of a win-win cross-business partnerships to support environmental agenda in achieving SDGs?
	1. Having the common vision
	2. Solid understanding of the specific goals of each partner
	3. Official written agreement regarding further specific actions
	4. Structured and frequent communication
	5. Identifying and leveraging the competencies of respective partners in pursuit of common goals
2. Apart from the aforementioned ones, which factors also contribute to creation of a win-win cross-business partnerships to support environmental agenda in achieving SDGs?
3. Please, explain to what extent the following factors discourage creation of a win-win cross-business partnerships to support environmental agenda in achieving SDGs?
	1. Lack of governmental support or absence of such
	2. Lack of clear rules, frameworks or methods for building partnerships
	3. Complexity of managing partnerships over time
	4. Lack or unwillingness to allocate sufficient financial or human resources to maintain partnerships
4. Apart from the aforementioned ones, which factors also discourage to creation of a win-win cross-business partnerships to support environmental agenda in achieving SDGs?

***Thank You for your time!***