

Building Corporate Sector Partnerships

Akhtar Badshah

Good corporate citizenship is at the forefront of the urban governance and development debate. Given the reduction in spending by governments at national and local levels all over the world, businesses are increasingly being asked to play an active role in developmental efforts. At the heart of the debate on governance, the shifting roles of government, and the role of business and civil society lies the tension between economic competitiveness and social cohesion. It is a tension that is unlikely to disappear and there are few certainties about the outcome, other than the fact that dialogue and partnership between different sectors will be crucial.

The poverty of neighborhoods contains the most concentrated and difficult social problems that local government managers have had to face. Corporate commitments to help rebuild these communities are relatively new. Until recently, corporations have largely avoided the inner city in this country and else

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where, and they have not been interested in investing in the rebuilding of local governments either. The scale of problems has seemed to doom corporate initiatives to failure, threatening to open way for unlimited claims on corporate resources.

Now, however, many corporations are joining with government and community groups as partners in rebuilding strategies. In part, this commitment acknowledges that a business is a stakeholder in the success or failure of an entire urban region. A corporation's headquarters can be jeopardized by deteriorating surrounding neighborhoods and the productivity of its workforce threatened when youths are subjected to poor schooling or drawn into criminal activity.

Corporations have found that, though they cannot replace government or community organizations, either as funders or policy designers, they can bring special capacities to a partnership. They possess a focused energy and goal orientation that can help galvanize the other partners.

This article examines how business, both global and local, can and have played a role in shaping sustainable communities. It also examines the obstacles that preclude active business participation in development issues. How successful have these partnerships been? Can they be sustained over a period of time? What policies and programs do managers or elected officials have to implement for businesses to participate and form partnerships with local authorities and community groups? And how can administrators change the way they perceive their roles as managers and become proactive in their approach to involve the business, civil society, academe, and media in development activities.

The Case for Public-Private Partnership

Encouraging civil society involvement does not imply that citizens alone can solve urban problems. Undeniably,

grassroots groups need the support of the state, federal government, and the vast spectrum of the private sector. Many development strategies today take as their starting point building partnerships among diverse groups—officials from national and municipal governments, the business community, and community-based organizations—to help define problems and bring about solutions.

It is important to note that business can play other roles besides creating wealth. They can widen economic opportunity and participation, invest in human capital, promote environmental sustainability, and enhance social cohesion. Investing in stakeholder partnerships, with both primary and secondary stakeholders, they can play a valuable role in enhancing a company's reputation, competitiveness, productivity, efficiency, risk management, innovativeness, and long-term survival. Such partnerships can range from:

- Commercially-driven alliances and joint ventures.
- Socially-driven alliances and joint ventures.
- Ventures that combine both commercial and social objectives.

Four cases are presented here to show how businesses can participate in urban development programs and how local government managers can promote such partnerships.

Citra Niaga Project

The Citra Niaga Urban Development Project in Samarinda, Indonesia, is a successful landsharing and urban renewal project based on a government, private developer, and community partnership. The project redeveloped a slum in the city center into a commercial complex with kiosks and stalls for the pavement traders living in the slum. Both the owners of the shop-houses who had legal rights and the pavement traders who did not were accommo-

dated into the project. The project has become the focal point of the city, where people gather in the evenings for shopping and entertainment.

The project was developed by the city authorities in order to solve the problem of rural migration and the resulting street hawkers choking the city streets. Using land sharing, city authorities were able to address the issue of slum consolidation and urban renewal of central city land.

The formation of a cooperative and their participation in all aspects of the scheme was important for its success. The innovative aspect of this scheme has been two-fold: the involvement of the local government, the central government, and the private sector; and the process undertaken to ensure the participation of families who occupied the area and had been selected to be part of the new scheme. The NGO worked closely with the community in identifying what their needs were, explaining the scheme to them, and showing how they would improve their economic conditions at a cost no greater than what they had been paying to the local slumlords for water and other services. The project design reflects the traditional *goteng royand*, or mutual aid lifestyle, with cluster development for the commercial street hawkers and shop-houses. The scheme was planned as a self-cost recovery, self-sustaining, and profit-making venture.

Citra Niaga serves as a model for successful land sharing, accommodating people of all income levels, while ensuring the rights of the payment traders. In reclaiming prime land for public use, it not only managed to upgrade a crowded squatter settlement, but also developed a public plaza in the heart of the city reestablishing the link between the harbor and the city. It was financially viable, creating a profitable business venture while including the usually ignored social and ecological aspects. Citra Niaga demonstrates that even in small towns profits can be made if projects are well thought out and if innovative financing

schemes, through a mixture of cross-subsidy and self-finance, are used.

This combination of creative land-sharing and urban renewal has produced a scheme that not only is financially successful but also has provided that mix of commercial activity that is in keeping with the traditional Asian commercial fabric.

Center in the Square

The Center in the Square in Roanoke, Virginia,¹ is a downtown revitalization project that was completed with citizen participation and strong support from the business community.

In 1976, with Roanoke's downtown area deteriorating, the local business association and the city undertook a revitalization plan that had the Center in the Square as its focal point. The business association raised \$60,000 to form the Central Roanoke Development Foundation, charged with creating a revitalization and development plan. The plan's growth was charted in a storefront window on Roanoke's busiest downtown street. Citizens were encouraged to look at the plan and to offer suggestions about it. A public wish list of 3,600 items grew out of four months of call-in television broadcasts, coupled with the participation of a 100-person citizen panel. Some 1,200 items were eventually integrated into the project.

The Center, which opened in 1983, is Virginia's largest cultural complex. It houses five arts, history, science, and cultural organizations and attracts hundreds of thousands of visitors yearly to Roanoke. Since it opened, the business community has invested more than \$250 million in construction and capital improvements downtown. Some 165 new businesses have located in the adjacent downtown area.

The project's impact, including consumer spending in the area, budgets of organizations housed in the Center, parking garage profits, and use of the complex by other groups, is conservatively estimated at \$25 million annually.

Broadway Triangle

The Broadway Triangle Urban Renewal Project, Williamsburg-Brooklyn, New York City,² is a corporate urban renewal project that has been initiated and supported by Pfizer Inc., as a part of its ongoing commitment to the Williamsburg community in Brooklyn. Williamsburg was the site of the original Pfizer plant but over the years the community has fallen prey to urban decay, blight, and the loss of jobs. Rather than abandon Brooklyn in the face of urban decay, Pfizer used its resources and talents to improve the neighborhood around its plant. In 1984, they started a four-phased urban renewal project in collaboration with the New York City's Public Development Corporation.

Pfizer began working with the city and local community groups to develop an urban renewal plan that would be sensitive to the neighborhood's needs while maintaining its traditional residential/industrial mix. In 1984, in partnership with the city's Public Development Corporation, Pfizer announced the Broadway Triangle Urban Renewal Project. With Pfizer's support, 300 units for lower- and middle income families earning \$25,000 to \$53,000 a year were initiated in partnership with the New York City Department of Housing and Preservation and the New York City Housing Partnership.

Several projects, including children's education also have been initiated and a bilingual public elementary school supported. Also supported is the relocation of other corporations and businesses to this area. Arlington Press Inc., became the first tenant in the industrial park, investing \$1.8 million to renovate a Pfizer-owned building and employing more than 80 people.

Other organizations now have joined the renewal effort. The New York City Partnership has designated the Broadway Triangle as a "pilot site," eligible for special assistance in housing, schools, job creation, and public safety. The Enterprise Foundation has agreed to reha-

bilitate 200 city-owned, low-income housing units within a 14-block radius of the plant. Along with Pfizer, other companies such as: the Brooklyn Union Gas Company, American Express Company, and the Federal National Mortgage Association have provided financial support.

By 1998, Pfizer's total investment in the Williamsburg community will amount to \$50 million. Recently 50 trees were planted, each honoring a child from the neighborhood. Pfizer's vision is that 20 years from now, when the trees are strong and beautiful, the children will be mature and successful and the neighborhood will be well established as an example of how a corporation and its people can work with a community to make a difference.

Comprehensive Community Development

The Atlanta Project, Atlanta (TAP),³ announced by former President Jimmy Carter in October 1991, is the logical culmination of the model of direct corporate partnerships and one of the most ambitious community projects ever taken on by the corporate sector. The project matches 20 cluster neighborhoods in the city with corporate partners within a supportive central structure.

The project's goal is to empower citizens to solve problems they identify in their neighborhoods and to foster lasting connections between neighborhoods and government agencies, nonprofit service organizations, and the business community. TAP's comprehensive approach focuses on six major areas: community development, economic development, education, housing, health, and public safety.

TAP hired cluster coordinators who reside in the neighborhoods to encourage a true bottom-up approach to problem solving. The corporate partner of each neighborhood is responsible for helping the community prepare a strategic development plan that reflects the community's priorities and capitalizes

on its assets. Each corporation loaned an executive who worked with the cluster coordinator and the neighborhood steering committee for five years.

The long-term commitment is an essential feature of the project. Another is the intense level of involvement expected from the corporate partners. The project relies heavily on corporate volunteers but also looks to corporate partners as strategic implementers who can take vaguely defined community aspirations and translate them into a feasible work program.

To support the project, 22 corporations agreed to provide an executive for five years. Some have provided additional in-kind donations and other support to clusters and the project. In return for their investment, the corporate partners expect results. While they do not envision the eradication of poverty and urban decay, they expect to see measurable progress toward neighborhood goals.

Several local and national philanthropies have stepped forward to support the project, as have more than 3,000 individuals and organizations representing 100,000 potential volunteers. A number of successful projects have been initiated and undertaken by the clusters and many specific projects have been remarkably successful.

Lessons for Managers

The above case studies show that when given the right opportunity, the corporate sector can play an effective role in improving the urban environment. However, local government also plays a critical role in creating the right conditions for multiple stakeholder partnership to take root and prosper. The roles of the manager and elected officials are changing—assuredly not at the same pace, and not in the same way—all around the world in response to decentralization, globalization, and the new philosophy of partnership. Today's streetwise manager and mayor have multiple roles to play as entrepreneur,

Societal Benefits of Stakeholder Partnerships Increasing Efficiency, Effectiveness, and Equity

Public-private partnerships can help to achieve greater efficiency by:

- Eliminating duplication of cost and effort.
- Pooling scarce financial, managerial and technical resources.
- Optimizing "division of labor" and burden sharing.
- Decreasing costs associated with conflict resolution and societal disagreement on policies and priorities.
- Creating economics of scale.
- Promoting technology cooperation.
- Facilitating the sharing of information.
- Overcoming institutional rigidities and bottlenecks.

They also can help to improve effectiveness by:

- Leveraging greater amounts and a wider variety of skills and resources than can be achieved by different groups and sectors acting alone.
- Accommodating broader perspectives and more creative approaches to problem-solving.
- Addressing complex and interdependent problems in a more integrated and comprehensive manner.
- Shifting away from "command and control" to more informed joint goal-setting.
- Obtaining the "buy-in" of beneficiaries and local "ownership" of proposed solutions, thereby ensuring greater sustainability of outcomes.
- Offering more flexible and tailored solutions.
- Speeding the development and implementation of solutions.

They can facilitate increased equity by:

- Improving the level and quality of consultation with other stakeholders in society.
- Facilitating broader participation in goal-setting problem solving.
- Building the mutual trust needed to work through diverse, often conflicting interests, towards shared responsibilities and mutual benefit.

Source: Business As Partners In Development, Prince of Wales Business Leaders Forum.

conductor, cook, magician, doctor, inventor, and partner.⁴

As entrepreneurs, they are working with the private sector to develop both the formal and informal economies. As conductors, they are developing a good ear to discern silent majorities from noisy minorities. As cooks, they are seeking out different ingredients and trying new recipes, creating new possibilities for the future.


As magicians, they are balancing multiple complaints and needs against inadequate budgets while hearing and seeing new ways of expanding already stretched resources. As doctors, they always are on the alert for common urban planning "diseases," while seeking the input and involvement of their city partners in addressing these diseases and refiguring them as potential opportunities—or to avoid them altogether.

As inventors, they are creating new processes, partnerships, and alliances to seek solutions for old problems and issues that have in the past been accepted as formidable and impenetrable.

Corporate sector involvement in any program or project is like building a set of relationships—a complex long-term operation that has to be actively sustained. For this relationship to be productive, there has to be trust between business and other sectors based on accountability, transparency, and shared purpose. Involvement has to be based on a sense of responsibility that is both financial and ethical; the business community has to declare its financial interest and be in agreement with the community; and both the business and community has to gain something with the involvement motivated by long-term rather than short-term gain.

An Extraordinary Time

In recent years, there has been an upswelling of community-building activity at the local level, not just within governments but also among private and grassroots organizations. Increasingly, our consciousness has moved away from simple bricks and mortar to viewing housing and community development in the context of integrated service delivery.

The success of these efforts is largely due to the fact that local partnerships are being formed, especially innovative programs that involve local corporations to sponsor specific aspects of community redevelopment efforts. The unique aspect of this partnership is that communities and nonprofit organizations are foregoing the traditional corporate philanthropic model of only giving money. They now are seeking active corporate involvement in these projects. 

¹Excerpted from *Communities at Work: Addressing the Urban Challenge*, U.S. Department of Housing and Urban Development, 1996.

²For further information see, *Pfizer in Brooklyn—A Redevelopment Story*, Pfizer, Inc.

³Excerpted from "Corporations as Partners in Strengthening Urban Communities," The Conference Board, Inc., Research Report Number 1079-94-RR, 1994, pp. 21-23.

⁴Rabinovitch, Jonas. "The New Role of Mayors in a Changing Global Context," *The Urban Age*, The World Bank, vol. 4, no. 3, December 1996.

Akhtar Badshah is principal, Badshah Consulting, Warren, New Jersey. Badshah also is executive director of the Asia Pacific Cities Forum, a partnership linking leaders from business, government, civil organizations, academia, and media. He is the author of Our Urban Future: New Paradigms for Equity and Sustainability.

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