6-2002

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Published in World Development, 2002 June, Volume 30, Issue 6, Pages 991-1008

http://doi.org./10.1016/S0305-750X(02)00015-3

An Innovative Public–Private Partnership: New Approach to Development

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Summary. — This paper is focused on the development of new services by nonprofit organizations for groups of companies within a particular sector in industry. It is based on a case study of an actual implementation by United Nations Industrial Development Organization (UNIDO) in collaboration with a number of other organizations to upgrade the capabilities of automotive component suppliers in India, to enable them to supply to world-class manufacturers. We draw upon the traditional literature available on new product and service development for firms introducing new products and services for maximizing profit, and contrast those approaches with the approach adopted by nonprofit organizations. We also carry out a comparative analysis between UNIDO's partnership model and the traditional model to highlight the innovation aspects and advantages of the former from the developmental perspective. An attempt is also made to illustrate the pre-formation, formation and post-formation challenges faced by the new cooperation model that envisages the participation of public and private partners.

Key words — nonprofit organizations, multidisciplinary public–private partnership, development model, automotive components industry, Asia, India

1. INTRODUCTION

The need for structured new product development and launch is well documented by Wheelwright and Clark (1992) as well as Ettlie and Stoll (1990), as firms that have structured development processes can plan product development better and obtain higher profits. There is a growing stream of research on the management of new product development processes for maximizing the flow of profit for firms. As Karmarkar (1996) shows, successful new product development translates directly to higher revenues for firms. There have not however been many studies undertaken on new product and service development by nonprofit organizations, as the relationship between successful product and services development and the incentives for nonprofit organizations are not clearly stated.

Kanter (1999) has studied the drive for innovation in for-profit firms, which also develop innovation programs for the social sector. She finds that many corporations are beginning to realize that beyond social responsibility, social programs can enhance the profitability of the firm: "Indeed, a new paradigm of innovation is emerging: a partnership between private enterprise and public interest that produces profitable and sustainable change for both sides." [1] She does not however address the social aspects of innovation for firms that operate in the nonprofit context. Fyvie and Ager (1999) study the innovation processes at NGOs, and find that often they seemingly have the organizational capabilities needed for successful implementation of innovative projects in the development context. But, their potential innovative capacities are not reflected in the project outcome, as their activities are constrained both by internal and external factors. One of the key factors identified by the authors, which prevents successful completion of innovation, is the lack of a mix of capabilities inherent to profit-based firms.

In this paper, we describe the development of a new service by UNIDO [2] in collaboration with a number of partners from the private sector, academic institutions, NGOs, and government

* Final revision accepted: 30 January 2002.

authorities. We start our analysis by presenting the organization's traditional way of delivering technical assistance. This is followed by a description of the innovative scheme, the partnership model developed by the organization to address the challenges of globalization faced by the SMEs of an emerging country in a particular sector. Before carrying out a comparative analysis of the two models, we describe the pilot project run under the partnership scheme. After having covered the innovative aspect of the model, we describe its relevance to the partners as well as its viability in terms of achieving its objectives utilizing select parameters. In the last section, an attempt is made to discuss a number of pre-formation, formation, and post-formation features and factors that need to be taken into consideration in the context of non-profit multidisciplinary public–private partnerships. Our concluding remarks highlight issues and conditions that affect the replicability of the model and its sustainability at the organizational as well as country level.

2. THE TRADITIONAL MODEL

To address the industrial development problems of developing countries at national or geographic level, in 1998 UNIDO undertook a critical review of the organization's range of services. The aim of the exercise was to identify and structure the core competencies of the organization. To ensure impact at the country level, small unrelated projects were phased out in favor of multimillion dollar integrated country programs addressing the need of a country over a period of three to five years. Bearing in mind the three levels of intervention—policy, institutional, and enterprise—the organization came up with a matrix summarizing its range of services. The matrix of services constitutes the basis on which the organization formulates its integrated programs for developing countries and economies in transition.

Similar to other UN agencies, UNIDO, upon receipt of an official request, initiates a dialogue with the country to assess its needs. Simultaneously, a dialogue is initiated with the donor community to evaluate funding potential and a crossfunctional team is set up within the organization. After securing a political commitment from the recipient government and an agreement in principle by a donor for funding, the organization embarks on the design of an integrated program. With the aim of producing a catalytic or multiplier effect, the organization tries to focus its assistance by either building on a country's on-going industrial development effort or other donor-funded initiatives. During this phase, it aims to integrate and respond to the needs of the various stakeholders. These stakeholders, with varying degrees of involvement, are the government (usually the Ministry of Industry, Trade or Environment), the counterpart institutions (national or sectoral associations), end beneficiaries (the government for policy issues, institutions for institutional capacity building programs, and SMEs for direct assistance), donor country(s), and other donor agency(s) (Figure 1).

The end result is a technical assistance program formulated directly by UNIDO and endorsed by the government and the donor. Once funding is secured, the program enters into the implementation phase. UNIDO's role becomes that of managing, coordinating and monitoring the program activities in the field. Each member of the crossfunctional team is allocated a budget and is held responsible for the delivery of a specific portion of the technical assistance. On the relationship side, the organization continues to maintain a dialogue with the stakeholders, informing them regularly on the program's progress. In most cases an audit is carried out by a dedicated team of evaluators (composed of the major stakeholders and UNIDO) to verify the soundness of the initiative in terms of timely execution of activities, expected outputs, and results.

Figure 1 broadly summarizes the way most UN specialized agencies operate; it also categorizes the traditional stakeholders. For example, while the UN's Food and Agriculture Organization counterpart in the government is the Ministry of Agriculture and its end beneficiaries are the rural population, the World Health Organization's counterpart in a country is the Ministry of Health and its end beneficiaries are the communities and the healthcare network. Assistance is provided upon receipt of an official request from a national government and funding is mobilized from the donor community. Assistance is extended either directly by the organization or through host country institutions.

3. THE PARTNERSHIP MODEL

UNIDO, mindful of its core competencies, aimed to respond to the new direction set by

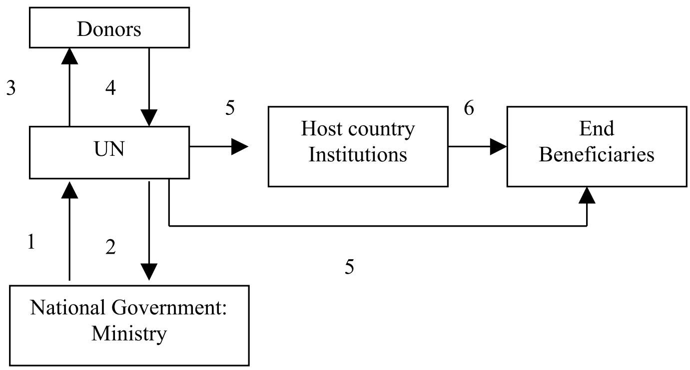

Figure 1. *Generic framework for UN's technical assistance model. Numbers indicate the sequence in the project's inception, and implementation process.*

UN secretary-general, Kofi Annan, during the 1997 World Economic Forum: "Strengthening the partnership between the UN system and the private sector will be one of the priorities of my term as the secretary-general." In mid-1998, it embarked on the task of identifying ways and means to initiate a dialogue and working relationship with the private sector.

In pursuit of the fact that "each country has to find its own recipe for industrialization but this is not possible without the participation of private sector actors in the process," [3] UNIDO developed a comprehensive model that included the participation of a private sector manufacturing enterprise as well as other players. It proposed to achieve that goal by focusing on the upgrading and development of an entire sector in a target country.

The model was a truly multidisciplinary partnership that sought the active participation of a multinational corporation, a university, a civil society organization, the developing country and its institutions (Figure 2). The inclusion of new partners had a direct impact on the project development process, sequence of interactions between the major stakeholders, degree of their involvement as well as the nature of their relationship. These issues are discussed at length in the sections to follow. The final objective of UNIDO in developing the new model was to have a holistic view of challenges faced by SMEs in developing countries and economies in transition in the era of globalization.

Sagawa and Sega (2000) show an increase over time of collaborations between nonprofit and profit-based organizations that aim to provide value for society. Although the collaboration incentives for these two kinds of organizations are different, they promise substantial mutual benefits; while profit-based firms realize the extent to which their profits depend on a healthy social environment, nonprofit firms are increasingly finding that they may have to integrate successful private sector best practices into their own practices for efficient operations. They also found an increase in the breadth of this interaction over the past, as funding sources which previously just supported narrow categories of services are increasingly requiring collaboration to help knit together a seamless web of services.

(a) *The pilot project*

Following the sequence of interactions between the partners as illustrated in Figure 2, the model survived the reality check as UNIDO managed to attract the interest of a multinational partner, FIAT S.p.A, that brought focus and an operational perspective to the initiative. Talks with FIAT gave the project a sectoral and geographical focus: automotive components in India. It also enabled UNIDO to initiate a targeted search for other partners. The intent of the organization was to make this initiative not only a multidisciplinary but also a truly international one. Mindful of this objective, INSEAD, the international business school in Fontainebleau (France) was approached. Contacts were made with the Prince of Wales Business Leaders Forum (PWBLF), a British nongovernmental organization (NGO) with focus on socially and environmentally responsible activities. At the national level, the organization sought the endorsement of the

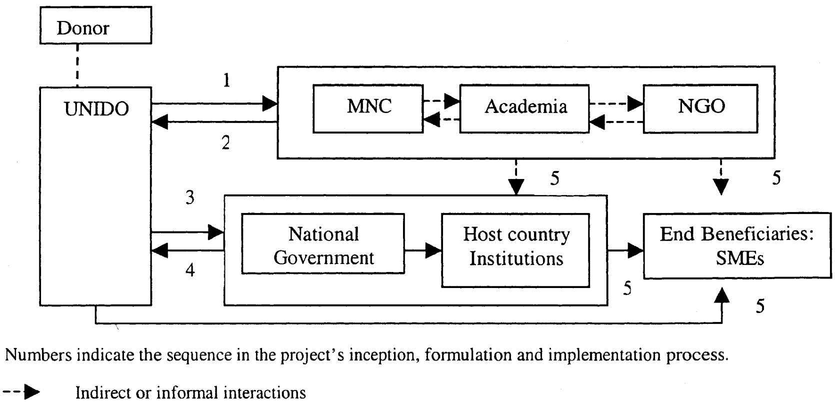

Figure 2. *Framework of UNIDO partnership model.*

government of India. Contacts were also established with the two relevant national category associations: the Automotive Component Manufacturers Association (ACMA) and the Automotive Research Association of India (ARAI).

The model was conceptualized in August 1998 and by November of the same year, Memorandum of Understandings (MoUs) were signed between the organization and the respective partners in the presence of India's Ministry of Industry. The event enabled UNIDO to meet all its partners and for the partners to meet each other for the first time.

Immediately after the forging of the agreement, UNIDO and its partners engaged in defining the technical aspects of the initiative. A rapid needs assessment mission on the status of the Indian automotive component industry organized in December 1998 highlighted the requirements of the industry and set the stage for the first operational meeting among the partners.

This partnership of "unnatural" partners was a novelty for each of the partners. The first meeting, held in New Delhi, India in January 1999, meant to address the lack of sufficient knowledge and understanding about the individual organizations forming the partnership as well as the operational objective of the partnership. This two-day consensus-building meeting defined the content and milestones of the pilot project for the next 12 months of 1999 and provided the basis for the elaboration of the program budget. While the MoUs incorporated substantial in-kind contributions from each partner, a fund-matching scheme was put into place between UNIDO, the government of India and FIAT to cover costs.

The pilot project was to test the viability of the model and type of assistance provided by the partners on 20 Indian enterprises. To monitor changes at the plant level, the partners devised two sets of impact indicators (IIs): performance and awareness improvement indicators. Data originating from these were analyzed and a document was prepared on the aggregate as well as enterprise level results. The program's first phase that ran over a period of one year was completed by December 1999.

(i) *Geographical focus and selection* [4]

The program was a demonstration case based on assistance to 20 enterprises in the western region of India (Pune/Mumbai area). A selection criterion was formulated to ensure a representative sample of enterprises in terms of market value and quality performance (Table 1).

The program was to act as a catalyst in the tiering process of the automotive component suppliers. Enterprises meeting the following criteria were invited for interviews:

—Target group: small and medium tier 1 and 2 enterprises with maximum annual turnover of US$ five million.
—Subsectors: metal, rubber and plastics.
—Minimum of two years in operation with export potential.
—Clear indication of financial stability.
—Noncaptive subsuppliers (e.g., at least two unrelated major customers).
—Committed and motivated management.

The partners, after screening and interviewing the short-listed candidates, selected 20

Table 1. *Enterprise selection criteria*

Automotive components industry	ACMA member (80%)	NonACMA member (20%)	Total
ISO/QS 9000 "Self-certification" (50%)	8	2	10
Noncertified (50%)	8	2	10
Maximum number of enterprises	16	4	20

Source: UNIDO (1999c).

enterprises (February–March 1999). A participation fee of Rps 20,000 was charged per company as a sign of commitment.

(ii) *Package of assistance (1999)*

Each participating enterprise received assistance and participated in the following activities over a period of eight months:

—10 days shop-floor assistance on Toyota Production System provided in three stages to allow application and absorption over a six-month period (April–October).

—Five days of classroom training and experience sharing sessions/seminars (March, August, December).

—Two national study tours to award-winning (e.g., Deming award) Indian companies (September and October).

—International exposure for almost half of the sample group through participation at an international fair ("EquipAuto'99," October, Paris), bilateral meetings with potential foreign partners and factory visits in Europe.

—Installment of and training on two UNIDO software: financial planning and business performance assessment (April and October).

(iii) *Partners' activities (1999–2000)*

—Formulation and application of impact indicators (February, March, August and October).

—Selection of enterprises (March).

—Selection of international experts (April).

—Preparation and delivery of classroom training sessions (March, August and December).

—Midterm review meeting (August).

—Organization of study tours in India and abroad (September–October).

—Software installation and training (April and October).

—Data analysis (October–November).

—Presentation of program impact (December).

—Brainstorming session on next phase of the program (January 2000).

The program's thrust was to focus primarily on noncapital as opposed to capital-intensive process improvements. To have the widest impact and employee outreach and exposure, the program sought to strike a balance between classroom and hands-on training at the shopfloor level. The national and international study tours were regarded as a benchmarking exercise that aimed to provide the participating companies with a tool to benchmark their performance against world-class Indian and foreign manufacturing units. All the activities, accept the 10-day shopfloor assistance, were delivered by the partners. A team of four international experts provided the shopfloor assistance.

4. TRADITIONAL VERSUS THE PARTNERSHIP MODEL

By late 1998, UNIDO had taken the lead within the UN system by launching the first nonprofit private–public partnership. The initiative was launched under the auspices of the highest authorities of the respective organizations and enjoyed high visibility. The model took full advantage of the core competencies of a multidisciplinary team to deliver services in an innovative manner. For the first time, the partners—in order to meet their objectives and to collect the rewards of their involvement—concurrently tackled development objectives from four different perspectives: commercial, socially responsible, theoretical, and environmental. By taking a fresh look at longstanding efficiency and structural problems of Indian SMEs, suppliers of automotive components to domestic and foreign car manufacturers, each partner achieved results that could have been achieved only through a joint collaboration scheme. To shed light on the innovative features of the partnership model, we shall take a close look at the main differences between the traditional and partnership model (Table 2).

The partners that joined the partnership initiative were a mix of traditional UNIDO partners and newcomers as well as not-for-profit and for-profit entities. The traditional partners were the government of India (Ministry of

Table 2. *Comparison between the traditional and partnership model*

Characteristics	Traditional model	Partnership model
Level of innovation	n.a.	Radical: new to the organization and to the market (partners and end beneficiaries)
No. of partners and origin of request	UNIDO, national counterpart institution (NCI) upon the request of national government (usually Ministry of Industry)	Traditional partners, multinational corporation, international university/research institute, international NGO and endorsed by national government (usually Ministry of Industry)
Partner selection	Default	Default and selected partners
Type of partners	Nonprofit, public, semi-public and private NCIs	Nonprofit and for-profit, public, semi-public and private corporations
Line of partner activity	Noncompetitors	Noncompetitors
Type of cooperation	One-to-one	Partnership
Ownership structure	Independent and voluntary with no equity exchange between the partners	Independent and voluntary with no equity exchange between the partners
Visibility	Standard	High
Type of agreement	Project prepared by UNIDO and signed by UNIDO, the host government and the donor	Personalized bilateral MoUs: umbrella or project-specific agreements
Implementation structure	Decentralized with UNIDO team members responsible for specific activities operating independently	Centralized with the partnership team, composed of representatives of each partner organization, operating in full coordination
In-kind contributions	Counterpart organization	All partners
Possible funding sources	Donors, host country, UNIDO	UNIDO, host country, private corporations, donor
Objective	Developmental within the boundaries of UNIDO mission	Developmental within the boundaries of UNIDO mission
Type of assistance	Mainly "off-the-shelf" assistance based on and built upon past experiences	"Tailor-made" assistance capitalizing on partners' complementary assets, knowledge and capability: no precedent to emulate
Market relevance of assistance	Low. Assistance formulated in response to a political request	High. Assistance formulated and provided as a response to a market need
Project formulation and implementation process		
—Problem identification process	Government → UNIDO ↔ NCI	Partners ↔ Government
— Solution identification process	UNIDO & NCI → Government	Partners ↔ Government
Organizational motivations	Exploitive and homogeneous	Hybrid & heterogenous: explorative and exploitive

Industry) and the two national counterpart institutions (NCIs): ACMA and ARAI. The new partners were the multinational corporation (FIAT S.p.A.), the private international business school (INSEAD) and the British NGO (PWBLF). Cooperation with a UN organization to tackle development issues was an absolute novelty for two of the newcomers: FIAT S.p.A and INSEAD. The innovative aspect for the PWBLF, the government of India and the two national associations with previous experience of cooperation with the UN and/or the organization, was that of moving away from a one-to-one relationship to a partnership approach. It is worthwhile mentioning that while the organization could choose from a wide number of academic institutions, NGOs, and MNCs, there was less leeway in the selection of the traditional partners.

The partnership model not only draws upon new partners but also seeks diversity in terms of partner objective and line of business. While the NGO promotes socially responsible behavior in business, the multinational corporation (MNC) produces goods and aims to maximize profit for shareholders. The national associations' obligation is to provide meaningful services to its membership. The business school, to be in the forefront of education, builds intellectual capital. The government authorities promote and ensure an equitable industrial development in their country. Finally, UNIDO's mandate is to make the most efficient use of its endowments and resources to provide services to developing countries.

Similar to the traditional model, the partnership model does not envisage any change in the partners' ownership structure. In the presence of no equity exchange, the partners maintain their status of independence and participate on a voluntary basis. The management of the initiative as well as the relationship between the partners, including that with the end beneficiaries, the SMEs, is centralized within UNIDO (Figure 3). As a result, the SMEs' sole interlocutor is UNIDO, which becomes responsible for the seamless delivery of services and assistance provided by the partners. Bearing in mind the core business of each partner, the MoUs incorporate high levels of flexibility and outline varying levels of resource and effort commitment. As an innovative cooperation scheme, the potential applications of the cooperation areas covered by the MoUs are uncovered during the design stage of the technical assistance project while the potential of the model is unraveled and fully appreciated during the implementation phase.

Right from the outset, each partner views its participation as a strategic choice. By taking ownership of the project, the partners allocate the required resources to ensure its successful implementation. As opposed to the traditional model where the major stakeholders are "dormant," to ensure timely execution of the program, a dedicated partnership team is set up. It is composed of the most relevant and competent representatives of each partner organization.

The attachment of full-time staff to the initiative implies direct involvement both in the daily management of the project and in the design and delivery of services. Activities that are traditionally executed by external consultants are carried out directly by the partners. In this context, financial contributions are regarded as an additional sign of commitment to the project as opposed to a substitute for the provision of technical know-how or sector-specific knowledge. Strictly from an organizational point of view, UNIDO considers the voluntary financial contribution by any of the partners as an additional and important indication of the market value of the services provided to end beneficiaries.

As illustrated in Figure 2, by including three additional partners the partnership model brings in a new dimension with technical implications. In the traditional model, depending on the sectoral focus of the project, UNIDO works uniquely with the same national public, semi-public or private sector institutions over the years. The partnership model creates new learning opportunities as the number of partners is extended to newcomers. The multiple cross-organizational exchange of ideas creates synergies that lead to the adoption of innovative solutions and approaches. While the ultimate objective of the program is defined by UNIDO, within the boundaries of its mandate, the partnership aims to address a set of inherent industry-related problems from different perspectives. The enhanced interaction and the unique opportunity to leverage on each partner's perspective, knowledge and capability are achieved at no additional cost to the project. To capitalize on the partners' knowledge assets as well as to accommodate the goals of each partner, the partnership arrangement lends itself to the formulation of a "tailor-made" project. Traditional projects are more of an "of-the-shelf" product that leverage on past experience during the formulation and implementation phases.

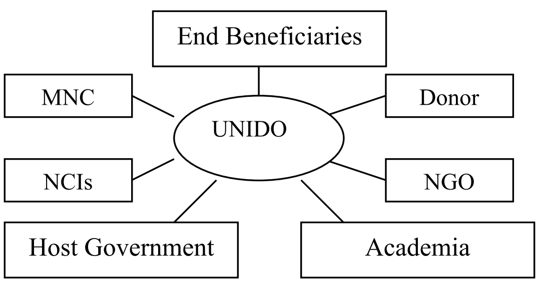

Figure 3. *Nodal managing structure.*

The most striking difference between the traditional and the partnership model, however, lies in the degree of interaction and integration of market information and orientation during the project formulation and implementation process. While the traditional model is largely insulated from direct access to such information, the partnership model, through its domestic and foreign private sector partners, relies heavily on the full incorporation of market knowledge and perspectives in the process. Indeed, it is the partners who jointly design and formulate the scope, duration, activities, goals and milestones of the project pursuing a consensus-building logic. Contrary to the traditional model, where there is a risk of providing outdated or irrelevant assistance to an industry or sector, in the partnership model this risk is drastically reduced given the participation of a market leader.

Parameters relevant to the two models are the need to keep a cap on costs and to ensure development and delivery of quality products and services. The traditional model, capitalizing on past experiences, follows a well-established path for the project development and implementation process that is in line with the consolidated operational guidelines developed by the organization. The partnership model, lacking such a blueprint, follows a different path as its processes and deliverables are developed and formulated during the project itself. Specifically, the partners are first identified, in conjunction with the broad objectives of the program, and only then are deliverables of the project (discussed among the partners) defined. This is in contrast with the traditional model whereby deliverables are identified almost single-handedly and upfront by the organization. Another major difference between the two models is in the approach toward division of responsibilities. In the partnership model, once the project targets are set, responsibilities (reviewed periodically) are divided among the partners as opposed to the traditional approach that sets them almost in stone during the project formulation stage subsequently endorsed by the organization, the recipient country and the donor(s). In short, the partnership approach provides UNIDO with the flexibility of setting soft targets in the beginning, and then hardening them towards the end as clarification emerges about the resources that each partner could offer, the market conditions, and other key pieces of feedback. This corresponds to Bacon, Beckman, Mowery, and Wilson (1994) definition of fluid product definition where the product development process is known with only a modicum of certainty when the project concept phase is begun, and the definition solidifies as the project progresses. In an alliance framework, this often makes for better practice, as it delivers more accurate information that may be available with the partners, and also enables the partnership to provide a wider set of services using a wider skill set from the partners.

Another major difference between the two models lies in the project formulation and implementation schedule. By broadly and quickly leveraging on the diverse knowledge and capability base of its partners, the partnership approach drastically reduces and improves the project formulation and delivery process. The ability to "mix-and-match" partner expertise provides the partnership model with the flexibility to choose from a wider range of services and speed up their introduction—"quick-connect"—into the program. As a result, the agreement moves into its implementation phase almost immediately after the signing of the personalized bilateral MoUs. Immediate implementation becomes possible for activities traditionally requiring funding given the in-kind contributions of each partner. Concurrently, pressure from the partners ensures that fund raising efforts are on a "fast-track." Traditional projects follow a different pattern and logic: UNIDO proposes the content of the project that is then reviewed and signed off by the donor and the host country. The preparatory phase, sketching the activities of the project, may remain on the drawing board for long stretches of time awaiting internal (UNIDO) or external (stakeholders) approval. A gestation period may follow the approval stage until funding is secured.

Given the availability of specialized skills and competencies among the partners, the managing structure, and participation in the design of the project, the partnership model supports high degrees of activity integration and coordination as tasks are implemented both sequentially and in parallel. In the traditional model, each team member is responsible for the design and implementation of its own component. To reduce complexity, team members operating in their fiefdom opt, at best, for a "patch-work" approach. To align and seek interfaces becomes a far-fetched objective between "unrelated" activities delivered by individual team members.

The management process in the traditional model is characterized by delayed linear, formal, and highly hierarchical feedback mechanisms. The partnership model enjoys timely, cyclical and informal feedback mechanisms due to the existence of a formal partnership team empowered to make decisions and the in-built market feedback mechanisms brought in by the partners. A move from one-to-one relationship to a partnership and consensus-building logic also entails equal redistribution of negotiating power among the members.

The partnership's objectives can be described in the context of what Koza and Lewin (2000) refer to as explorative and exploitive objectives: explorative as it is a learning experience to test the viability of the approach and model toward the achievement of developmental as well as individual goals; exploitive in that it aims to achieve program-wide business objectives in terms of enhancing the performance of the Indian automotive component manufacturers by structuring the industrial network toward global standards as well as partner-specific objectives. Partnerships cannot substitute for good internal operations of any organization. From the explorative perspective, they can complement and enhance such operations or provide an impetus for improvement as alternative operational practices are introduced and put in practice. In the traditional model, the exploitive objectives can be defined as homogeneous as compared to their heterogeneous nature in the partnership model.

5. MODEL VIABILITY

UN specialized agencies aim to address market failures that lead to development disparities. UNIDO, dealing with industrial development, tackles inherent industry-wide problems in specific countries and geographical areas. The type of assistance provided by UNIDO is potentially relevant to private corporations with long-term interests in developing countries or economies in transition. A private sector company does not have the expertise or the resources to address long-term development issues vital for its competitive performance on these markets. Hence, the partnership model becomes particularly attractive to MNCs as it involves a concerted effort, by a number of parties with vested interest, to tackle long-term development issues. Even though the partnership is not to be considered as a replacement for MNC-specific activities and efforts in an emerging market it becomes an additional instrument.

More specifically, the partnership model is particularly effective in tackling supply chain issues. In the long run, the MNC can reap financial benefits by locally sourcing its input requirements. From the SMEs' perspective, the participation of an MNC is a clear indication of the marketability of the goods they produce. It also constitutes an assurance that assistance provided will adequately reflect the needs and requests of a generic major buyer. Host governments value the partnership model as it is viewed as a vehicle through which market opportunities are created for domestic SMEs. In the medium term, these opportunities may lead to significant import-substitutions (with consequences for the balance of payments) as the percentage of components sourced locally by MNCs increases. The national counterpart institutions through their participation in the partnership gain an insight to the most recent trends affecting their sector. By integrating this insight into their services, they can guide and lead their members during transition phases. The NGO stands to gain from its participation in the partnership from two perspectives: qualitative and quantitative. The partnership model creates a multiplier effect given the number of enterprises and institutions involved. In qualitative terms, the NGO's outreach goes beyond large corporations in developed countries by way of its extension to SMEs in developing countries. The academic institution by observing the realities of operating in developing countries is provided with a testing ground for existing business theories as well as access to data and information that may lead to the preparation of new pedagogical material. The only drawback to this conceptually sound model grounded on solid foundations is the way it may be perceived by the donor community. Businesses' motivation in contributing to social and development projects are often regarded with suspicion. From the funding perspective, the organization (UNIDO) has to ensure that its member countries, particularly the donors, feel comfortable associating themselves with programs that envisage the participation of for-profit MNCs. Donors, looking for "safe" projects to fund, need to be assured that they are not distorting the market by financing activities of big corporations with business interests in developing countries. Funding should be channeled toward projects that have a sectoral as opposed to enterprise-specific outreach. In this context, provision of a framework for such partnerships becomes extremely relevant. In order to increase the number and success probability of partnerships with the business community, the UN as a system should be encouraged to proceed with its intent to establish precise guidelines to be reviewed regularly, to ensure harmony between partnership objectives and core UN principles.

From the operational point of view, the new model's objective is (a) to think in developmental terms incorporating market, theoretical, environmental and socially responsible perspectives; (b) work in partnership with private and public partners and (c) assist and prepare SMEs in their effort to be part of global supply chains. In this new paradigm, the diversity of the partner expertise and experience has to result in a higher value service to end beneficiaries. At the same time, activities should be focused on results: measurable outcomes and demonstrable change.

Chen and Li (1999) have shown that process learning from functionally different organizations as well as content learning that is technological in nature, positively help new product development in an alliance. They also found that firm-specific content learning in manufacturing and marketing areas do not help new product or service development in an alliance. This evidence is borne out in our case study as well. The fundamental expertise provided by the partners in their technological areas—e.g., knowledge of supply chains from the academic partner and social responsibility from the NGO partner—was very useful for the success of the project and highly appreciated by the end beneficiaries. But, the model for delivering the content of the project (manufacturing in this case), and the enterprise selection criteria had to be designed from scratch, as the existing models and practices available within the respective organizations were insufficient to address some of the basic goals of the project.

Based on our case study, we shall make an attempt to verify whether the partnership model met its exploitive and explorative objectives in delivering the promised services within the given timeframe and budget. Three basic business-related indicators—cost, quality and delivery—are utilized to carry out a comparative analysis between the viability and effectiveness of the partnership as opposed to the traditional model (Table 3).

(a) *Cost*

The partnership model, through the active participation of the partners, provides free access to services and advice that would otherwise have to be purchased at market prices. The in-kind contribution of the partners, a built-in feature of the program as per the signed MoUs, reduces the cost of the initiative.

(b) *Delivery*

Usually, the ultimate goal of a for-profit organization taking part in a partnership is profit: a quantifiable, common and well-definable parameter in time. In nonprofit partnerships, the

Table 3. *Comparative analysis of the two models based on selected indicators*

Indicators	Traditional model	Partnership model
Cost	Assistance purchased at market prices	Portion of assistance provided by partners as in-kind contribution
Speed of delivery	At "bureaucratic" pace Longer project formulation period	At "private sector" pace Faster delivery to ensure timely achievement of each partner's objective Results-oriented delivery Shorter project formulation period given partners' contribution
Quality	Assistance provided by —UNIDO staff —International/national consultants identified by UNIDO or recommended by government	Assistance provided by —Partners, leaders in their areas of competence —International/national consultants identified and endorsed by the partners
	Supervision carried out by UNIDO	Supervision carried out by the partners

goal that drives partners is more diverse, ranging from economic, social, environmental, and intellectual to developmental returns. This diversity entails a multitude of time and spatial horizons. As a consequence, at least two considerations support faster delivery in nonprofit partnerships. At a macro level, the concept of time is redefined. To satisfy the most demanding partner (e.g., private sector partner) a new pace is introduced in the implementation of the project. At the micro level, to achieve an equitable distribution of rewards, it is important to comply with the established milestones and meet each partner's individual goals within the agreed timeframe. This is feasible given the access to and optimal utilization of the partners' aggregate knowledge that eliminates the diagnosis and preparatory stages preceding the project formulation and implementation phases. As a result, we can ensure shorter project life cycle and faster delivery of services to end beneficiaries. The business-like project management approach demanded by the partners also anchors activities to concrete outcomes and results.

(c) *Quality*

The partners, leaders in their areas of competence and with a vested interest in the outcome of the project, guarantee a certain level of quality by directly delivering a number of services to end beneficiaries. At the same time, they are involved in the selection of the pool of experts entrusted with the delivery of specialized technical assistance. By closely monitoring the quality of external assistance provided to the SMEs and by promptly intervening or voicing their concern in case of need, they also perform the function of quality controllers.

(d) *Correlations*

A number of synergies are present among the three parameters. First, we can detect major cost savings as a result of the faster and more efficient delivery schedule and mechanism. Second, there is an increase in the number of services provided to end beneficiaries within the given budget as a result of in-kind contributions that free up cash utilization. Third, we can register enhanced customer satisfaction (SMEs) given the speed of delivery. Finally, the quality of services delivered increases as such services cater to the specific needs of the major stakeholders.

Table 4. *Impact of the partnership model at enterprise level in aggregate terms*

Average reduction in lead-time	52%
Increase in shopfloor training	from 0 to 238 h/month
Drop in absenteeism	39%
Introduction of Standard Operating Procedures	54%
Space savings	25%

Source: UNIDO (1999a).

(e) *Enterprise level*

Due to lack of data, it is not possible to carry out a comparative analysis on the impact of the two models at the enterprise level. The partnership program was the first UNIDO project that closely monitored changes taking place at the enterprises benefiting from the assistance. The analysis of the results as illustrated in Table 4 (based on the 20 enterprises) however, demonstrates impressive improvements both in terms of change in industrial culture and increase in productivity and efficiency. Data and information on several of the demonstration enterprises more than a year after the completion of the program, show that assistance provided created the conditions for sustainable improvements in terms of change in mind-set, increase in client base, access to export markets, and increase in turnover.

(f) *Relationship level*

As a goal-oriented partnership, the partners confirmed the validity of the model as an alternative and innovative way to deliver technical assistance to developing country SMEs and their institutions. The government of India expressed its continued support by requesting UNIDO to expand its intervention in India. One of UNIDO's member states, the UK, praised the initiative by "congratulating UNIDO and its fellow partners on this program." (UNIDO, 2000).

(g) *Organizational level*

From the organizational perspective, there is a clear tradeoff between quality and quantity. Given the high level of staff involvement in the management of the partnership and the program, the model ties up more staff time than the traditional approach. As a result, the capacity to manage several projects simultaneously is drastically reduced. On the other hand, close and continuous interaction with the partners and the end beneficiaries enhances the quality of assistance and services as it ensures in-depth understanding, constant flow of information, first-hand learning opportunities, and prompt intervention in case of need.

The first phase of the program was completed as scheduled and within the estimated budget. Compared to the traditional model, it broke all records in terms of development, delivery and results dissemination time (one year as opposed to an average of three years). The limited budget provided to the program was fully utilized with high impact at the enterprise level. In conclusion it provided faster assistance of a higher quality, at lower cost, thus meeting the expectation of the partners, recipient country and the end beneficiaries as compared to the traditional model.

6. THE PARTNERSHIP MODEL: FEATURES AND FACTORS FOR SUCCESSFUL MANAGEMENT

As partnerships are about creating and sustaining relationships over time, new products or services can be developed under such a scheme if relationships are managed successfully. Sivadas and Dwyer (2000) describe the development of new products and services with alliances, and posit that a different set of management priorities characterize successful new product and service development from the management of a successful alliance. They believe that cooperative competency, which derives from mutual adjustment, absorptive capacity and relational capability, is a key driver of new product and service development in alliances. We find that while cooperative competency is one of the useful drivers of successful new product and service development, the senior partner in the innovation network has to develop a structure for the network and define the objectives of the different partners and the goal of the project in concurrence and identify the roles played by each of the key partners and supporting partners. This structure development phase should typically be carried out before the goals of the project are set in stone, as the structure often determines the success of the project. Hence, time devoted to the preparation of a partnership (partner selection, program design and relationship building) helps build mutual understanding on individual agendas and common goals as well as highlighting the differences between the partners to be bridged over time.

Harris, Coles, and Dickenson (2000) describe innovation networks with partners bringing in diverse forms of expertise in new product development, by focusing on a case study in the defense electronics sector. They find that while developing innovation networks is useful for developing competencies that do not lie within the basic firm, often internal resources are spent on building trust and managing various interfirm resources. In this section, we propose a model for the successful management of the possible synergies and conflicts that can develop in managing an interfirm collaboration effort to achieve innovation, specifically when each participating organization has its own objective. We examine the critical features and factors that make or break the development of new services in the context of nonprofit, multidisciplinary, public–private partnerships. Drawing on the experience of our case, whereby UNIDO is a not-for-profit organization while other partners are either for-profit or nonprofit organizations with other objectives than the development of emerging markets, we present our findings regarding key pre-formation, formation, and post-formation challenges, each crucial for the successful management of the partnership and the innovation process.

(a) *Pre-formation features: partnership and partners profile*

(i) *Selection of partners*

Contrary to private partnerships where partners are selected according to their market value (e.g., potential or actual competitive advantage, performance, etc.) most of the public partners in a public–private partnership are a given part of the equation. For example in UNIDO's case, due to the nature of the initiative there are no obvious alternatives to partners such as the host government and the national category associations. These partners hold a unique position and at times cannot be excluded or conveniently replaced. Proxies may be identifiable with more knowledge of the environment, and after a critical review of each partner's contribution and value to the achievement of the ultimate objective.

A common feature in developing economies is lack of representation among socially (source of employment) and economically (output) significant interest groups—small and micro enterprises—due to their fragmented structure. To ensure equal opportunity and put in place a mechanism to safeguard the interests of unorganized groups, it is important for a private–public partnership with development objectives to recognize this vacuum and nominate a proxy entity to represent them. In our case study, ACMA represents medium to large automotive component manufacturers, a majority of which are Original Equipment Manufacturers (OEM) suppliers. A number of stakeholders (e.g., UNIDO and the government of India) ensured due consideration of the interests of the small and micro enterprises by extending the program to Tier 2 and 3 suppliers.

(ii) *Size of partnership*

It is reasonable to assume a correlation between the number of partners and the complexity of managing a multidisciplinary partnership given, among other things, differences in partner agendas and organizational cultures. The partnership model's thrust is to provide a holistic (as opposed to a compartmentalized) and balanced solution to a specific problem. To ensure the right climate, there is a need for a critical, diversified and complementary mass of experience, vision and opinion. Even though it is tempting to keep the number of partners low in order to keep the project management process (e.g., decision-making and coordination) simple and avoid alliance management related delays, there is a need to relate the contribution of each partner to the achievement of the final objective. The number of partners, contributing to varying degrees and at different stages to the objective, is determined by the objective of the initiative.

In the UNIDO case, the multidisciplinary partnership was composed of seven private and public partners. Bearing in mind the fact that each partner's contribution in terms of input and resources enhances the learning opportunity in terms of transfer and understanding of best practice, the partners had envisaged inviting additional MNCs, leaders in the sector representing other industrial cultures (i.e., Japanese, American and Korean) to join the project's next phase.

(iii) *The learning and unlearning process*

Given the influence of initial conditions on the growth dynamics of partnerships and the disproportionate impact of misunderstandings and early "small" events (Doz, 1996), it is important to prepare partners for the public–private partnership process. The track record of collaboration with other organizations is an indication of an organization's position on the learning curve. It is equally important to carry out an "unlearning" process for traditional partners with a view to aligning expectations with the new cooperation model as opposed to past cooperation experience. For example, in UNIDO's case, for the new cooperation model to be successful it was crucial for ACMA, ARAI and the Ministry of Industry to comprehend the difference between a linear, formal and bilaterally run technical assistance program and a cyclical, informal, multilateral one involving other parties. At the same time, an "educational" period for partners with no prior experience in operating in nonprofit environments, in the UNIDO case FIAT S.p.A., ensured an equal footing for the group. Once the concept and various dimensions of the nonprofit partnership are illustrated, it becomes evident that, for example, yielding to the interests of individual partners undermines the *raison d'être* of the cooperation model.

The partnership concept learning goes hand-in-hand with behavioral learning. As Kanter (1994) explains, building relationships is about sharing (risks, costs, markets, information, practices, technology, expertise, rewards etc.) and not controlling, having open discussions and dialogues, and being simultaneously teachers and learners. The partners' mindset determines the management style of the agreement and the degree of learning and adaptation possible at each interaction. There is a higher chance of beating the odds if the partners embrace new working procedures and understand the need to operate with a common set of values.

(iv) *Context of partnership*

UNIDO, by terming the partnership model risky, did not integrate it into its activities and hence avoided possible internal culture clashes. Although the model was not integrated, the driving members of the project had total decisional power and were given control of key resources, including seed resources to get the pilot project started. Similar to risk-averse organizations, UNIDO was keen to minimize the fallout of the partnership model in the event it did not deliver the expected results. McIvor and McHugh (2000) have addressed the issue of change management needed in an organization for successful implementation of a new partnership model. They find that extensive outsourcing and the adoption of more collaborative relations with other organizations for activities such as product development, acts as a stimulus for change within the organization. Based on their research, they hypothesize that an integrated approach needs to be taken in the management of strategic change within the organization, with senior managers adopting a pivotal role as facilitators. While the best practices observed in this case study agree at the broad level with these results, we find that during an experimental phase, it is better to maintain an arms-length relationship between the managers responsible for the change, and the rest of the organization. Once the change has been formalized with the experiences of the new product or service development team, the new partnership model could be integrated backward into the approach of the organization as well as that of the partners. We also find that for such a model of "skunk works" to be successful, some of the control variables for managing the change have to be anticipated, and the partners should be made ready to integrate backwards the effects of the change, if the experiment (the partnership model) is regarded as successful.

(b) *Key formation features: six requirements for a good fit*

(i) *Resource dependency*

The raison d'être of a partnership lies in the recognition by the partners of resource dependency as elaborated by Pfeffer and Salanick (1978): what can be achieved together cannot be achieved alone. The track record of collaboration with other organizations is a valid indication of the importance each partner attaches to cooperation and cross-organizational learning.

In the UNIDO case, although the partners had a track record of past cooperation with each other or with other organizations, there were times when some of the partners lost sight of the value of a holistic approach and collective action.

(ii) *Commitment symmetry*

Similar to any type of intra or interfirm collaboration, commitment at the highest level of the partners' organizations sets the stage for the collaboration. For the agreement to come alive, the same level of commitment and involvement is expected from the operational staff involved in the implementation of the initiative. Right from the outset, feeling of ownership can be instilled among the operational teams through their involvement in the design stage of the agreement followed by direct execution. Direct implementation enhances the probability for success as staff, intimately familiar with the organizational cultures and strategic intents, is made responsible for the deliverables. Partners' equal commitment, confirmed through adequate allocation of time and resources, will guarantee reciprocal appreciation and create opportunities for synergies among the partners. Commitment symmetry was the backbone of the UNIDO partnership program. The project was launched by the highest authorities of each organization and actively sought the participation of the operational staff in its design and execution.

(iii) *Performance symmetry*

A crucial feature of a multidisciplinary partnership is mutual cooperation among the partners. This can be achieved if each partner's contribution to the outcome of the initiative is equally valued. This will occur if each partner exhibits strong and equal leadership in its area of competence through provision of expertise, tools, methodologies or political weight required to support and achieve the program objective. To ensure performance symmetry, UNIDO "cherry-picked" its partners with due attention to their achievements and reputation in their respective fields.

(iv) *Common goal symmetry*

A partnership aims to leverage on the comparative knowledge and advantage of each partner to provide a package of effective and sustainable solutions. While the partners complement and supplement each other by performing their roles and responsibilities, each seeks a benefit in terms of meeting its specific goal and objectives. To ensure achievement of the program's objective, individual goals have to be an output or subset of the overall program objective. Lack of goal symmetry may lead to the dismantlement of the partnership, as foreseen initially, with adverse consequences on the delivery schedule.

Ideally, the roles, responsibilities, and benefits of each partner and their constituencies are determined upon concurrence on the common objective. The framework of cooperation (expectation and commitments: in-kind, financial and human resources) can be summarized in a legally time-bound document such as an MoU.

To set the ground for an organic growth of the partnership based on the evolution of the relationship, it is best for such documents to be drafted internally, kept simple, and flexible.

As described earlier, UNIDO, depending on the partner, signed umbrella or project-specific bilateral agreements with each of the partners describing the general framework and minimum expectation and commitments. The documents, given their low level of detail and legal implications, were drafted internally and reviewed by the legal departments of each partner organization.

(v) *Cultural appreciation symmetry*

While the objective of the partnership clarifies the number of desirable partners, the scope and geographical coverage of the initiative help identify the required cultural background of the partners. For a partnership to work, it is important for each partner to be able to relate and have equal appreciation, respect and understanding of the program's cultural environment and the partners' cultural differences.

In our example, UNIDO is a multilateral organization with an international staff that has working experience in developing countries. The multinational partner, FIAT S.p.A., has worldwide operations under different schemes including a long-standing presence in India. INSEAD has an international vocation (staff and students), a dual-campus structure in Europe and Asia and collaboration arrangements with universities across the continents. Similar to the other international partners, the PWBLF has global coverage, a number of on-going programs in India and a cooperation agreement with the UN.

(vi) *Converging working cultures*

A partnership is designed to bring together and integrate disparate sets of intellectual capital and working habits. It creates a new and unique community that has no experience (or a different experience) of working together. To enable the partnership team to communicate, work and decide across their respective organizational boundaries it is best to set up simple, flat and parallel structures. To level out differences in working style and culture, it is best to jointly develop a set of working practices and procedures.

UNIDO had an informal and passive approach towards the partnership's working culture: practices were established along the way and situations were handled as they arose. Time spent in ironing out the differences at the outset would have been beneficial.

(c) *Post-formation conditions: six conditions to make it work*

(i) *Leadership: key to success*

Effective leadership is necessary in any context but is even more pronounced in the case of multilateral partnerships. To avoid any of the partners, representing a specific interest group, taking the lead in the implementation of the program, it is best to confer the role of manager on a "neutral" partner who can freely negotiate and operate bearing in mind the common objective of the agreement. In our case, UNIDO, the only "neutral" partner, led and managed the program.

The role of the partnership manager in a multidisciplinary public–private partnership is complex, demanding and may require undivided attention. It is thus counterproductive to change performing managers during the course of the agreement as continuity supports stability. It is clear that what will eventually make the difference among equally capable managers is their level of experience in running similar types of agreements.

Diplomatic, entrepreneurial, negotiation, integration, persuasion, and emphatic skills are only some of the necessary skills of a partnership manager. There are also a number of roles (designer, facilitator, teacher and student) that a good manager has to play simultaneously in order to successfully establish, maintain and nurture relationships and effectively execute agreements (MacAvoy, 1997). The manager should carry out upfront analytical work with a view to optimize the decision and implementation process concerning the various stages (pre-formation, formation, and post-formation) of the partnership process and propose win–win situations to all parties. In a nodal governance structure, the manager needs to take the lead in policy formulation, role and responsibility definition, relationship building, partnership identity, and legacy creation. In UNIDO's case, the originator of the model had a pronounced leadership talent and played this role effectively and successfully until the completion of the pilot phase.

(ii) *Partnership team*

For the partnership to go into the operational phase, each partner has to designate staff to the implementation of the program. The level of partner commitment will determine the quality of human resources attached to the initiative. The number of staff involved will largely depend on the nature and requirements of the initiative. As building relationships is the core, changes in the partnership team or its member composition will have some effect on the partnership.

In the UNIDO case, a dedicated partnership team was set up enabling the development of interpersonal relationships. As far as UNIDO itself was concerned, the initiative was run from idea to results by a small, entrepreneurial, young, internal team. The opportunity to relate to the partners and appreciate each position was equally shared by the manager and the partnership team. There was a match between the team's size and program requirements. The above setting enabled the effective testing of the model. All partners except one kept the same composition during the first year, thus ensuring continuity and stability.

(iii) *Intensive communication*

As the likelihood of a multidisciplinary, crosscultural partnership being in one physical location is low, it is crucial to make intensive use of various communication means as well as cross-visits to ensure continuous contribution and input from each partner. Intensive communication and open discussion of issues creates the required transparency in the decision-making process and leads to partner confidence and a trust-building process. The socialization process has numerous advantages including that of facilitating both the tacit and explicit learning process.

Intensive communication is a time-consuming activity. In the UNIDO case, it reduced the opportunity for the UNIDO staff to run different projects simultaneously. It was however fundamental in the dissemination of real-time information that hastened and facilitated the decision-making process.

(iv) *Consensus-building approach*

The consensus-building approach practiced during the decision-making process is crucial for the formulation of balanced solutions to the set of problems identified. This process gives the program the required flexibility and creates an interactive environment that enables the development and experimentation of new ideas. In this context, negotiations and other decision-making processes are regarded as powerful sessions to reach the best available solution. The pursuit of this approach, as opposed to a top-to-bottom process, strengthens the feeling of ownership among the partners and heightens the level of commitment and trust.

The consensus-building approach was one of the cornerstones of the UNIDO model. Major decisions were made only with the involvement of all partners. To ensure the participation of the Indian counterpart institutions and government in the process, critical meetings were organized mainly in India.

(v) *Immediate implementation*

Confidence in the importance of the agreement is reinforced once it becomes operational. Immediate implementation avoids any disengagement, especially among skeptical partners and their respective staff. The UNIDO partnership model entered the implementation phase almost one month after the signing of the MoUs between the partners, hence signaling full commitment on the part of the organization.

(vi) *Alignment of cooperation learning capability*

Carayannis, Alexander, and Ioannidis (2000) have found that collaborative research partnerships between government, industry and university actors is facilitated by the sharing of knowledge across organizational boundaries, which promotes the formation of trusted relationships and builds social capital for further innovation. Both private and nonprofit players can benefit from these interactions, as they can learn how to design intelligent trans-organizational knowledge interfaces to ensure that knowledge-sharing occurs across organizational boundaries. The authors state examples from around the world, where the partnerships create new trans-organizational knowledge structures to facilitate the flow of ideas, information and innovation between sectors of the economy.

While two conditions, admittance and intent to learn through a partnership (resource dependency), can be taken for granted as an indication of the partners' good will, the ability and capability of a partner to learn is a variable which is subject to change over the lifecycle of the partnership. If the differential learning rates among the partners are neglected and not addressed, it may lead to the dissolution of the partnership or exclusion of a partner. To assess the situation, benchmarking each partner's learning rate with the partnership's knowledge creation rate can be an effective tool.

In the event of differential learning rates, to assure the healthy growth of the partnership it is important to support and level out the learning process among the partners and ensure convergence in learning skills and speed. Moving at the pace of the lowest denominator—the slowest or least interested learner—remains a nonoption as it defeats the potential of the partnership model as an explorative initiative.

The UNIDO initiative as experimented in India, suffered to a certain extent from differential learning rates among the partners. Efforts would have been necessary to ensure convergence in learning skills and speed, particularly among the traditional partners.

7. CONCLUSION AND IMPLICATIONS

In this paper we presented the development of a new service—the partnership model—by a nonprofit organization within the UN system, UNIDO. First, we illustrated the innovative nature of the service followed by an analysis of the model's viability from the various stakeholders' perspective. Bearing in mind that partnerships cannot substitute for good internal operations, we have demonstrated the validity of the model from the private and public sector partners' as well as the end beneficiaries' (SMEs) point of view. We also included some cautious remarks on how it may be perceived by the donor community. Based on our observations and drawing upon the literature, we proceeded with summarizing the key factors and features crucial for the successful management of similar nonprofit, multidisciplinary, public–private partnerships. By outlining some of the best practices from the case study, we recommended close interaction among the partners in the development and execution of the objectives, as well as illustrated some mechanisms to align the incentives of the different partners.

In short, for a full year, UNIDO operated as an ambidextrous organization (Tushman & O'Reilly III, 1999). It pushed ahead with its revamped traditional model and at the same time experimented with a "skunk works" style initiative, the partnership model. The initiative ran from idea to results by a small, entrepreneurial, and young internal team with a tight delivery schedule and limited financial resources. It was born out of individual skills and knowledge and had a strong tacit dimension. To a large extent insulated from the organization's mainstream activities, this "skunk works" was far from being an organic innovation. Against this background, we conclude by raising our concerns about the sustainability of this innovation process at the organizational level as well as that of the model itself at the organizational and country level.

Similar to other nonprofit organizations, UNIDO, with scarce resources, is expected to deliver services to its constituencies. It does not have the mandate, structure, resources, processes, pressure, experience or the incentive to propose and pursue innovative approaches. As a result, innovation is a haphazard event that may simply stem from an individual's willingness to experiment with new ideas while implementing specific programs.

The sustainability of the partnership model within the organization faces yet another series of obstacles. Drawing upon the literature on knowledge transfer and more specifically Szulanski's (1994) checklist on intrafirm transfer of best practices, [5] we could have evaluated the level of difficulty facing UNIDO in overcoming resistance to integrating the model into its mainstream activity. But, the members of the small team who were the source of innovation as well as tacit and explicit knowledge, left the organization before any systematic attempt was made at capturing and transferring the best practices required to run similar initiatives. As a result, plans for the next phase as envisaged by the original team and the partners did not materialize. After a year of quasi nonactivity, the original MNC partner opted to put an end to its collaboration with the organization under the partnership flagship.

As demonstrated in our case study, the continuation, replication and adoption of a new paradigm in the same or other contexts (countries and sectors), however successful though experimental in nature, is far from automatic both at the organization's as well as the country level. In our case study, UNIDO, by recognizing the validity of the model is pursuing a number of initiatives to integrate the model into its mainstream activities. More specifically, the organization aims to ensure the continuation of the program in India, extend its collaboration with other MNCs operating in various sectors, and experiment with the model in other emerging countries. At the country level, to ensure the sustainability of the new model, it would be helpful to identify a process owner among the national counterpart institutions or government departments upfront as a means to ensure a certain degree of continuity upon the "departure" of the leading organization.

NOTES

1. Kanter (1999, p. 122)

2. The United Nations Industrial Development Organization (UNIDO), established in 1966 with headquarters in Vienna, is a specialized UN agency that deals exclusively with industry from a development perspective. Similar to other UN agencies, its services are nonprofit, neutral, specialized and funded by donor countries or other sister agencies.

3. Carlos Magariños, UNIDO director-general, March 1999 (UNIDO, 1999b).

4. UNIDO (1999a).

5. Absorptive capacity of the recipient, level of understanding of the practice, quality of the relationship between the source and the recipient, support in the organizational context, motivation of the source, motivation of the recipient.

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