Partnering up for Fairtrade Climate Neutral Coffee

The Influence of Cross-Sector Partnerships on Sustainability Oriented Innovations

Tirza Voss
Student ID: 33398

Master of Science in International Management (CEMS)
Rotterdam School of Management, Erasmus University Rotterdam

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Supervisor: Dr. Steve Kennedy
Co-reader: Prof. Frans van den Bosch

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Executive summary

Businesses, governments and society need to realize that they cannot continue their actions in the way they currently do and have been doing in the last century as the world is facing severe environmental and social challenges. In order to create a sustainable world, to tackle these challenges and to enable the transition needed, sustainability oriented innovation is required. With the increased complexity of today's worlds challenges and an integrated approach needed for sustainability oriented innovation, it is logical to think that multiple partners are needed in order to tackle this. Research suggests that collaboration with external partners indeed plays a crucial role in the adoption of sustainability oriented innovation, but also as a driver and potential method for implementation. This thesis explores how partnerships influence sustainability oriented innovations, specifically looking at cross-sector partnerships.

An in-depth exploratory case study is conducted, selecting Fairtrade Climate Neutral Coffee as a sustainability oriented innovation, initiated by the well-known nonprofit organization Max Havelaar. By selecting and investigating this sustainability oriented innovation, this research extents current literature by taking an NGO perspective and emphasizing the social dimension of sustainability. Data is collected through semi-structured interviews with Max Havelaar employees as well as representatives of the partners involved in the innovation. Furthermore, internal as well as external documentation was analyzed and additional information and insights were gathered through (participant) observations, formal and informal conversations.

The fourth chapter of this thesis describes the need for the sustainability oriented innovation, the business model and its context. More importantly, the chapter provides a narrative of the development of the innovation in three phases: idea generation, program development and implementation and commercialization. Particular attention is paid towards the cross-sector partners involved, indicating the resources that are provided by the partners as well as the influence that these cross-sector partnerships have on the overall development in the respective phases.

Analyzing the results, it can be concluded that cross-sector partnerships are indispensible for SOI. Firstly, cross-sector partnerships between businesses, NGO and academia allow for the local, sustainability and market knowledge needed in the development and implementation phase. Furthermore, cross-sector partnerships can together build and establish a strong network which not only stimulates knowledge acquaintance, but also faster development of the sustainability oriented innovation by using well-established existing frameworks and structures. It is suggested that the inclusion of local partners (NGOs, governmental institutions, businesses and academia) in the network are key. Consequently, the influence of cross-sector partnerships on the key features identified in the sustainability oriented process phases is discussed.

This research suggests that it is important to 1) develop a strong sustainability vision, 2) specify roles and responsibilities of the partners, 3) be prepared to invest time to lobby and find the needed partners and approval from government, 4) use business partners to scale the SOI and 5) leverage the associational value of cross-sector partnerships to tell the story. The latter is suggested to be particularly important for sustainability oriented innovations that require a change in mindset and/or that include an educational or broader awareness campaign. Through partnerships between businesses, NGOs, academia and the public in terms of ambassadors, promoter organizations and media, cross-sector partnerships benefit from a larger reach and visibility of the sustainability oriented innovation as well as enhanced credibility. Finally, this research suggests that transformative cross-sector partnerships with intrinsically motivated partners allow explorative sustainability oriented innovations which are particularly focused on achieving a direct positive sustainability impact.

This research contributes to literature by connecting several generally defined outcomes of cross-sector partnerships, such as access to knowledge and networks, to particular phases of a SOI which includes the later phase of commercialization. Furthermore, managers in NGOs but also business executives as well as managers from influential parties such as academic or governmental institutions will find this thesis useful as the research allowed for an in-depth understanding of their potential role and contribution in a SOI process in order to create a sustainability impact.

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Abbreviations

ECFF	Environment Coffee Forest Forum
FCF	Fair Climate Fund
FIKS	Fairtrade in Koffie en Schone Lucht
FTCNC	Fairtrade Climate Neutral Coffee
HoA-REC&N	Horn of Africa Regional Environment Centre & Network
MH	Max Havelaar
OFWE	Oromia Forest & Wildlife Enterprise
OCFCU	Oromia Coffee Farmers Cooperative Union
PSS	Product Service System
SOI	Sustainability Oriented Innovation

1. Introduction

Businesses, governments and society need to realize that they cannot continue their actions in the way they currently do and have been doing in the last century. The earth is running out of raw materials (McDonough & Braungart, 2010) and our global climate systems are changing (Intergovernmental Panel on Climate Change, 2013). Already in the early 1970s, the Club of Rome initiated a study, the 'Limits to Growth', predicting the future of mankind and laying the foundation stones of sustainability research (Meadows, Meadows, Randers, & Behrens III, 1972). As of today, if we do not alter our behavior but consume as we are doing now; we would need the natural capital equivalent of three planets by 2050 (WWF, 2013). Next to these environmental issues, there are also social challenges. Farmers and employees in developing countries suffer from poor and unfair working conditions (Fairtrade International, 2013) and there is an increasing inequality of income. The wealthiest 20 percent of humankind enjoys nearly 83 percent of total global income while the poorest 20 percent, just have one single percentage of total global income (Ortiz & Cummins, 2011). Also closer to home, in the developed world, social challenges exist, for example in the form of discrimination. It is therefore time for businesses, society, government and consumers to work towards a sustainable world. In order to achieve the sustainable vision that "in 2050, some 9 billion people live well, and within the limits of the planet", swift, radical and coordinated actions are required at many levels, by multiple partners (World Business Council for Sustainability, 2010, p. 11). In other words, addressing the world's challenges and creating a sustainable world requires a transition; transition in technologies, social and cultural challenges (Elzen & Wieczorek, 2005).

In order to create a sustainable world, to tackle the worlds challenges and to enable the transition needed, sustainability oriented innovation is required, as "through innovation companies can build more sustainable products, processes and practices that benefit the firm and society" (Adams, Jeanrenaud, Bessant, Overy, & Denyer, 2012, p. 3). Even stronger said; "without innovation there will be no sustainability" (Boons, Montalvo, Quist, & Wagner, 2013, p. 5). York (2009) argues that even if you are not convinced that environmental friendly solutions are needed you should nonetheless incorporate pragmatic sustainability thinking as it will deliver cost savings and serves as an impetus for innovation and can create a competitive advantage. Thus, in order to contribute to a sustainable world, but also to create shareholder value, to retain legitimacy and thrive and to gain a competitive advantage, organizations will need to adopt their business practices and outputs according to a sustainable mindset and consider sustainability oriented innovation (Adams et al. 2012). Sustainability oriented innovation is defined as a "process where sustainability considerations (environmental, social, financial) are integrated into company systems from idea generation through to research and development (R&D) and commercialization. This applies to products, services and technologies, as well as new business and organization models" (Charter & Clark, 2007, p. 9). Given the increasing proactive stance of organizations towards sustainability oriented innovations, it is important to create an in-depth understanding of sustainability oriented innovations.

Research suggests that collaboration with external partners plays a crucial role in the adoption of sustainability oriented innovation, but also as a driver and potential method for implementation. In order to stimulate sustainability oriented innovation and to influence the success of commercialization, the integration of customers, suppliers but also actors in a broader context -such as governmental organizations and NGOs- are crucial (Adams et al., 2012; Boons & Lüdeke-Freund, 2013; Boons et al., 2013; Carrillo-Hermosilla, del Río, & Könnölä, 2010; De Medeiros, Ribeiro, & Cortimiglia, 2014). That is however not surprising. The challenges of today's world are too large and complex to overcome by single players. Partnerships are thus considered crucial for sustainable development (Gray & Stites, 2013). Businesses, NGO's, governments and society need to act together, drawing upon diverse competencies and combining resources, knowledge and skills to address the challenges of creating a sustainable planet (Gray & Stites, 2013) and to enable the multi-actor, multi-factor and multi-level transitions needed (Elzen & Wieczorek, 2005). Consequently, more and more cross-sector partnerships are formed to address sustainability issues across the globe. Partnerships are "alliances [formed] to achieve a common practical purpose, pool core competencies, and share risks, responsibilities, resources, costs and benefits" and are considered cross-sector when "partners from at least two, but possibly all four, of the following sectors: business, non-governmental organizations, government and communities or civil society" are involved (Gray & Stites, 2013, p. 17). Over the last years, cross-sector partnerships received more and more attention. Both the amount and the intensity of cross-sector partnerships are increasing and the phenomenon is becoming popular in literature. The researchers mainly focus on the nature of different partnerships, how to form successful partnerships and identified potential outcomes of different partnerships forms. Despite the importance of cross-sector partnerships, specifically also for sustainability, research fails to provide an in-depth understanding of the functioning of cross-sector partnerships; in other words how and when partnerships form the basis for the described outcomes.

Concluding that *sustainability oriented innovation* (SOI) and *cross-sector partnerships* are increasing in shape and number and, more importantly, that both are needed in order to create a sustainable world, it is important to further understand the relationship between the concepts. Innovation literature identified the importance of inter-organizational collaboration in sustainability oriented innovations, mainly for the reasons of knowledge sharing. From literature focused on cross-sector partnerships it is observed that sustainability oriented innovation is an important possible outcome (Gray & Stites, 2013). A general link between the concepts is thus established, but no clear explanation on *how* cross-sector partnerships influence the process of sustainability oriented innovation in an organization, nor which effect it has on the innovation outcomes, is available. It is important that we understand how cross-sector partnerships can influence sustainability oriented innovations in order to leverage the opportunities to tackle the complex and growing challenges of today's world, both socially and environmentally. This research therefore aims to provide an in-depth understanding on the influence of cross-sector partnerships on sustainability oriented innovation, focusing on the entire process from idea generation up to the later stages of commercialization: market entry, marketing and sales.

1.1 Research Question & Objectives

This thesis aims to explore how partnerships influence sustainability oriented innovations, specifically looking at *cross-sector partnerships* by answering the following research question:

How do cross-sector partnerships influence sustainability oriented innovations?

In order to answer the research question, insights are gained from existing literature and empirical findings, focusing on:

- The importance of different cross-sectors partners for SOI
- The respective roles of different cross-sectors partners in the phases of a SOI
- The influence of cross-sector partnerships in the key-features of SOI phases.

This thesis proceeds as follows: the next chapter provides an overview of the current literature on sustainability oriented innovation, cross-sector partnerships and their connection. The third chapter explains the methodology of this research, paying particular attention to the coding process. Then the findings of the study are presented, starting with a general overview of the case moving towards a narrative description of the SOI under investigation and the role of cross-sector partnerships in the different phases. The fifth chapter consists of the discussion of the results, focused on the role of cross-sector partnerships in the different phases of SOIs and their influence on the five key features of the SOI identified. The thesis concludes with the theoretical and managerial contributions, describes the limitations of this research and provides recommendations for future research.

2. Literature Review

This research aims to provide an in-depth understanding of how cross-sector partnerships influence a SOI. In order to do so, this chapter consists of a literature review which builds upon the existing literature focused on 'sustainability oriented innovations' and 'cross-sector partnerships'. This chapter gives an overview of the current state of knowledge regarding these two concepts. Specific attention will be paid towards the relationship between them, highlighting the role of collaboration in the SOI literature and the potential of cross-sector partnerships to impact SOI, described from a partnership perspective.

2.1 Sustainability Oriented Innovation

This first section of the literature review explains Sustainability Oriented Innovation (SOI) by giving the definition, the difference with conventional innovations, the drivers of SOI as well as the stages in which organizations integrate SOI. Moreover, a brief overview of the challenges as well as the enablers for successful SOI is provided.

2.1.1 Definition of Sustainability Oriented Innovation

As explained in the introductory chapter, the world is reaching its limits and innovative approaches are needed in order to tackle the world's sustainability challenges. Organizations recognize that they need to change their practices integrating sustainability considerations, either resulting from internal motivations or external pressures. Historically, sustainability oriented innovations were seen as costs and only a necessary response to regulatory obligations. Nowadays however, organizations are taking an increasingly proactive stance in innovating in the domain of sustainability, thus not only for compliance (external) reasons but also to increase competitiveness (internal) (Adams et al., 2012). Generally, innovation is vital for organizations to compete in new and existing markets and it can help them to diversify and adapt in a fast-changing market, creating a source of competitive advantage (Berchicci & Bodewes, 2005; Brown & Eisenhardt, 1995). This combined, Adams et al. (2012) state that: "organizations will need to adopt more sustainable practices and outputs if they are to retain their legitimacy –their social license to operate- and thrive" (Adams et al., 2012, p. 8). It is thus important that organizations develop the capabilities needed to be able to innovate in the domain of sustainability and consequently, sustainability oriented innovation (SOI) is an evolving research field.

Researchers have defined sustainability and sustainability oriented innovations in many different ways and no consensus is reached (Carrillo-Hermosilla et al., 2010). Initially research focused specifically on eco-innovations, incorporating the ecological aspects. Only recently the social aspect is integrated (Adams et al., 2012). In this research the definition of Charter & Clark (2007, p. 9) is used. The authors define sustainable innovation "as a *process* where sustainability considerations (environmental, social, financial) are integrated into company systems from idea generation through to research and development (R&D) and

commercialization" (Charter & Clark, 2007, p. 9). This applies to products, services and technologies, as well as new business and organization models. Instead of using the term sustainable innovations, the term sustainability oriented innovation (SOI) is used, avoiding confusion about the sustaining of the innovation itself (Kennedy, Whiteman, & Van den Ende, 2013). In accordance with the Cradle to Cradle philosophy (McDonough & Braungart, 2010) and the development of new definitions of sustainability in literature (Adams et al., 2012), sustainability considerations, as mentioned in the definition, include the three concepts of Economy, Equity and the Environment, in other words: the Triple Top Line. Similar –earlier defined- terms for the sustainability considerations are people, planet and profit, or the triple bottom line which also refers to the inclusion of economy, social and environmental considerations (Elkington, 2004). Taking the Triple Top Line approach requires more *integrated thinking* and ensures that innovations focus on creating a *positive* contribution instead of limiting end of pipe liabilities (McDonough & Braungart, 2010).
The latter also directly relates to another distinction often made in terms of SOI; namely incremental and radical innovations. Whereas incremental SOIs often focus on negative impact minimization, radical SOIs includes a different system and positive impact (Carrillo-Hermosilla et al., 2010).

Even though the case studied in this research can be defined a radical sustainability oriented innovation, a broader stance is taken in this literature review. As sustainability in combinations with the related concepts of cross-partnerships and innovation is relatively new and still evolving, an open approach is applied. This means that sustainability oriented innovations that do not precisely match the definition as mentioned above, but aim to incorporate at least the social and/or ecological aspect and not necessarily contribute positively but at least minimize the negative impact, are included.

2.1.2 Sustainability Oriented Innovation and Conventional Innovation

Before diving into the motivations for SOI and the capabilities needed, it is important to highlight the difference between *sustainable oriented innovation* and *conventional innovation* and the additional challenges that come with SOI. Both conventional and SOI address "technological change and innovations in processes, in operating procedures and practices, in business models and in systems thinking" (Adams et al., 2012, p. 12). However, in terms of its *purpose and direction*, SOI is differentiated from conventional innovation as along the phases of integration of sustainability, a more *integrated thinking* is required (Adams et al., 2012). As SOI not only includes the economic aspect, but integrates equity and/or ecology considerations, an integrated approach is needed. This creates a more *complex* and *challenging* innovation process.

De Medeiros, Ribeiro and Cortimiglia (2014) performed a systematic literature review, identifying the success factors of environmentally sustainable product innovation. The authors recognize that there are five different streams of research aiming to provide a better understanding of environmentally sustainable product innovations. Studies 1) that aim to identify factors and variables that influence the green innovation adoption or rejection by the market 2) that investigate the reasons and drivers behind environmental responsible

behavior by organizations 3) that focus on methods to develop sustainability oriented innovation 4) that analyze the effects of green innovation on competitiveness and 5) that investigate aspects related to inter-functional collaboration (De Medeiros, Ribeiro, & Cortimiglia, 2014). Studies focused on sustainability oriented innovation are often case studies looking at product innovations, performed in the manufacturing and process industries, focused heavily around technological innovations (Adams et al., 2012). Most of the studies investigating the phenomenon of SOI do so from a corporate perspective and remarkably, no existing literature focused on SOI from an NGO perspective is found. This does not only hold for SOI, generally innovation in non-profit organizations has received less attention in literature (Hull & Lio, 2006; McDonald, 2007).

2.1.3 Drivers of Sustainability Oriented Innovation

The reasons for organizations to adopt SOI vary and different motivations often co-exist (Dangelico & Pujari, 2010). The main drivers can be categorized as external or internal.

External

External drivers mainly come in the form of compliance to regulation as well as pressure from external stakeholders (Adams et al., 2012). Research focused on the adoption of SOI in SMEs found that an external stimulus such as a direct invitation to participate in an initiative organized by an intermediary organization can trigger a reflection process that can also result in an increased willingness to adopt eco-efficiency innovation (Klewitz, Zeyen, & Hansen, 2012).

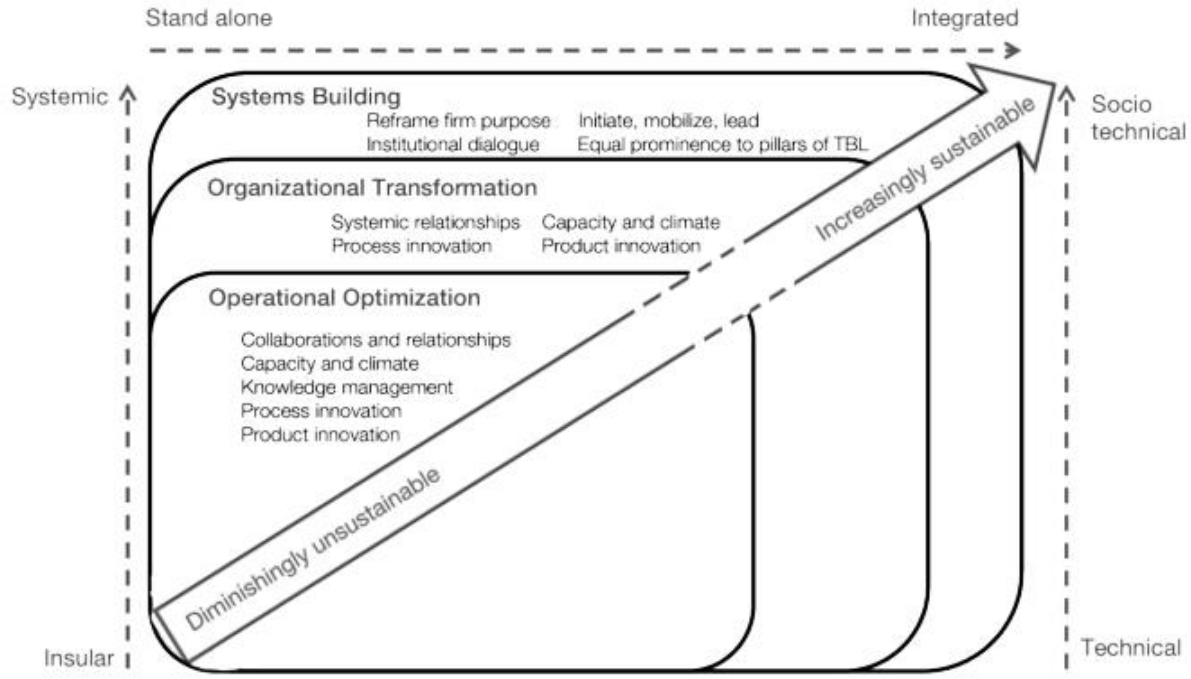
Internal

Many organizations however do not solely adopt SOI due to external triggers but are internally motivated to do so. The latter often results from the opportunity to improve competitiveness. With a particular focus on green innovations in Taiwan, Chen et al. (2006) found that the performance of both green product and green process innovation is positively correlated to competitive advantage. Other factors showing the business case for SOI include; improved reputation and corporate image, increased return on investment, increased sales and profit margins, development of new markets, increased attractiveness for employees, advanced risk management, added product differentiation, and increased efficiency in the use of resources (Adams et al., 2012; Dangelico & Pujari, 2010; Fraj-Andrés, Martinez-Salinas, & Matute-Vallejo, 2008; M. P. Miles & Covin, 2000; Schaltegger, 2011; York, 2009). Another internal driver is the responsibility the organization recognizes related to the sustainability challenges of today's world, mostly resulting from an *internal environmental orientation* of the firm. In order to turn this feeling of responsibility into actual innovation processes however, the firm needs to put *policies* and *targets* in place to move towards actual SOI (Dangelico & Pujari, 2010).

2.1.4 Stages of Sustainability Oriented Innovation

Adams et al. (2012) developed a model, based on a systematic literature review, which describes three different contexts of SOI. These contexts usually indicate the chronological phases of an organization integrating SOI: Operational Optimization, Organizational Transformation and Systems Building. The further the organization moves towards System Building, the more challenging the process. This however also creates significantly more potential to achieve ambitious sustainability-oriented goals. The model suggests, that as a firm moves along these phases of sustainability oriented innovation, the firm becomes *systemic*, innovation becomes *integrated* throughout the firm, and it moves from business model innovation to changes at the *institutional level*. Consequently, firms move from reducing harm to delivering benefits to society (Adams et al., 2012).

Figure 1: Categories of Innovation Activity in the three contexts of SOI



Source: Adams et al. 2012, p.17

According to Adams et al. (2012) sustainability oriented innovation has implications for the capabilities of an organization in terms of "its networks of stakeholder relationships; its knowledge management (particularly its ability to acquire, assimilate and exploit new knowledge); the firm's wider systemic relations; its visionary leadership and culture for SOI; and the integration of sustainability into products, services, practices and strategy" (p.13)(2012, p. 13). Along these phases, collaboration with both internal and external parties plays a role. In the first phase of operational optimization collaborations and partnerships function as follows (Adams et al. 2012):

- External partners such as regulators, suppliers and knowledge institutions will compensate for lack of resources or lack of expertise and will enhance legitimacy and the social license to operate. Through their knowledge-sharing capacity, these collaborations should reduce the complexity of sustainability oriented innovation.
- Internal collaboration across functions and herewith the interactions and inter-functional communication leads to the sharing of information across functions, transfer of practices, and a culture of embedded sustainability. These collaborations allow for the integration of SOI across the firm and enhances opportunities for new product success.
- Collaboration with customers will enable the firm to identify their sustainability concerns and herewith the opportunities for adding value. It will also enhance legitimacy and the social license to operate.

In the second phase, called organizational transformations, *systemic* relationships are used. These relationships allow for new opportunities that can be explored at the interfaces of previously unrelated industries. In this phase, collaborations become increasingly interdependent. Organizations in this phase must identify and work with new types of partners and build external linkages to motivate and inspire a systemic change. Adams et al. (2012) observe that a truly sustainable firm in the context of Systems Building, the third phase that is described in the model, does not yet exist. Once in this phase, firms would "apply a whole-systems focus to influence the redesign of institutions and infrastructures and the reconceptualization of the business purpose" (Adams et al. 2012, p.20).

Sustainable Business Model Archetypes

Whereas the study of Adams et al. (2010) focuses on the integration of sustainability in the organizations innovation, a recent study of Bocken et al. (2014) introduces sustainable business model archetypes, describing groupings of mechanisms and solutions that may contribute to building an innovative business model for sustainability. One of the promising business model archetypes identified by Bocken et al. (2014) is a sustainable product service system (PSS). This business model is believed to have the potential to enhance competitiveness, to contribute to sustainability and innovation and consequently has been an important sustainability business model in recent litreature (Tukker & Tischner, 2006). This thesis will thus, at relevant points, make a reference to this business model. A sustainable product service systems (PSS) is defined by Manzini & Vezzoli (2003) as "an innovation strategy, shifting the business focus from designing (and selling) physical products only, to designing (and selling) a system of products and services which are jointly capable of fulfilling specific client demands" (p. 851).

2.1.5 Challenges of Sustainability Oriented Innovation

Sustainability oriented innovation, compared to conventional innovation comes with certain additional challenges. Boons and Lüdeke-Freud (2013) state that "it is a special characteristic of sustainable innovations that they have to fit from a technical or organizational point of view, be economical and contribute to solving

sustainability problems" (p. 13). The authors herewith highlight the different aspects of the innovation that should be integrated. In order to do so, the authors argue that a feasible underlying business model for SOI is important. According to Dangelico & Pujari (2010) next to the overall complexity of SOI business models, companies involved in sustainability oriented innovation have to consider the following challenges:

- risking increased scrutiny by stakeholders
- heavy reliance on governmental subsidies
- heavy reliance on certain green technologies
- price sensitivity (especially for the commercialization of SOI)
- (in)ability to measure the true performance or impact of green products.

In a trial to overcome the latter challenge, companies have started to embrace a product's physical life cycle perspective. Also eco-labels will enable the organization to display the environmental performance of certain products (Dangelico & Pujari, 2010). Related to the above, Hall and Vredenburg (2012) concludes that SOI comes with the additional challenge of stakeholder complexity, compared to conventional market-driven innovation. This results from the required recognition of a wide range of stakeholders, including additional interacting pressures from social and environmental concerns. Also stakeholder ambiguity, the uncertainty about the validity and safety of the underlying scientific and technical concepts of sustainability innovations, can hinder acceptance.

Product service system innovations, as a distinct sustainable business model, come with certain additional challenges. Ceschin (2013) recognizes that sustainable PSS innovations are often immature when they enter the market and therefore have a high probability not to survive. PSS innovation requires an adoption and changing mindset for multiple actors that are involved. The required changes ask for a much broader *system* approach in order to allow the societal embedding of the radical PSS innovation. For *companies* the adoption of an eco-efficient PSS strategy requires a change in the organizational culture, as is the case for any SOI as identified earlier. Also new design and management knowledge and skills are needed in order to measure and market the innovation benefits (United Nations Environment Programme, 2002). Moreover, *customers* require a cultural and mind shift, given that PSS innovations usually include a shift from owning to using a product. Another challenge is the lack of knowledge of the customer about the cycle costs creating difficulties to understand the economic value (United Nations Environment Programme, 2002). On the *regulatory* side, it is suggested that environmental innovation is often not rewarded at the company level, nor are governments able to implementing appropriate policies to create corporate drivers to facilitate the promotion and diffusion of sustainable PSS innovations (Ceschin, 2013; Mont & Lindhqvist, 2003).

2.1.6 Enablers of Successful Sustainability Oriented Innovation

Recognizing the challenges and risks of a SOI as identified above, it is also crucial to understand which factors enable SOI and its success. Focusing specifically on sustainable *product* innovation, Berchicci & Bodewes (2005) highlight that many environmentally friendly products fail. De Medeiros et al. (2014)

recognized this and conducted a systematic literature review investigating the success factors of environmentally sustainable *product* innovations. The authors conclude that the following four factors directly relate to the success: "1) market, law and regulation knowledge 2) inter functional collaboration; 3) innovation-oriented learning; and 4) R&D investments" (De Medeiros et al., 2014, p. 80). In this section the model with the identified success factors of De Medeiros et al. is extended based on the incorporation of research focusing not only on environmentally friendly product innovations but more broadly defined SOI. Furthermore, not only success factors but also *enablers* of SOI are considered. Based on this extension and taking into account the aim of this research to specifically focus on cross-sector partnerships for SOI, a different categorization of success factors is made, namely; 1) market orientation 2) inter and intra collaborations 3) the role of the government 4) organizational culture & capabilities and 5) R&D investments. Whereas innovation oriented learning is considered very important; the underlying success factors are considered under the role of organizational culture and capabilities, as the culture and capabilities adapt resulting from the learning process. The relevant articles and authors suggesting these enablers for a successful SOI are listed in table 1 and further explained in the sub-sections below.

Table 1: Enablers of Successful SOI

Revised Categories	Adapted from Literature Review by De Medeiros et al. (2014)	Extension of the model by author.
Market Orientation	• **Customer expectation fulfillment**; Iyer (1999), Rennings (2000), Chen (2001), Pujari et al. (2003), Beise and Rennings (2005), Zhu et al. (2005), Mickwitz et al. (2008), Visser et al (2008), Kammerer (2009), Carillo-Hermosilla et al. (2010), Doran and Ryan (2012), Horback et al. (2012) • **Knowledge about cultural variables that influence buyer behavior;** Hanssen (1999), Baker and Sinkula (2005), Beise and Rennings (2005), Lee et al. (2006), Gonzales Benito (2008), Peng and Lin (2008), Brito et al. (2008), Naranjo-Gil (2009). • **Knowledge about factors that drive sustainable buying;** Foster et al (2000), Brecard et al. (2009), Brouhle and Khanna (2012), Lin et al. (2013) • **Knowledge about consumption patterns of reference persons**; Bhate and Lawler (1997), Halme et al, (20060, House and Grabot (2008), Welsch and Kühling (2009). • **Competitor monitoring**; Certindamar (2007), Triebswetter and Wackerbauer (2008), Yalabik and Fairchild (2011).	• **No compromise on functional benefit**; (Dangelico & Pujari, 2010) • **Need for integration of environmental attributes with desired consumer value;** (Ottman, Stafford, & Hartman, 2006) • **Economic and product performance as necessary condition;** (Lin, Tan, & Geng, 2013) • **The impact of market demand**; (Dangelico & Pujari, 2010; Lin et al., 2013)
Inter & Intra organizational collaborations	• **Cultural predispotion towards collaboration;** Gonzales- Benito (2008), Hallstedt et al (2010), Albino et al (2012)	• **Stakeholder integration at business model level;** (Boons & Lüdeke-Freund, 2013)

	• **R&D, Marketing and production integration**; Pujari et al (2003), Pujari et al. (2004), Pujari (2006). • **Stakeholder integration (supplier, university, environmental specialist etc.);** Byrne and Polonsky (2001), Jabbour (2008), Carillo-Hermosilla et al. (2010), Ascheboug et al. (2012), de Marchi (2012), Jabbour et al (2012).	• **Acceptance and scale of commercialization;** (Byrne & Polonsky, 2001; Van den Bosch & Rotmans, 2008) • **Enhancement of the SME's innovation capacity;** (Klewitz et al., 2012)
The government	• **Compliance with laws and regulations**; Rennings (2000), Chen (2001), Beisde and Rennings (2005), Zhu et al. (2005), Mickwitz et al. (2008), Kammerer (2009), Horbach et al. 2012) • **Financial or information support**; Köhler et al. (2013), Kiss et al. (2012).	• **Development of SOI;** (Carrillo-Hermosilla et al., 2010) • **Fostering social demand;** (Dijkema, Ferrão, Herder, & Heitor, 2006) • **Mediator and facilitator;** (Elzen & Wieczorek, 2005) • **Legitimacy, stability and scaling of actor network;** (Ceschin, 2013)
Organizational culture & capabilities	• **Development of a set of green competences;** Chen (2007,2008), Aragon-Correa et al (2008), Hallstedt et al. (2010), Chen and Chang (2012) • **Development of critical reflective analysis capability**; Jabbour (2008), Arevola (2010) • **Elimination of cultural barrier**; Eder (2003), Jamali (2006), Battisti (2008)	• **Top management engagement, right incentives & rewards, sustainability metrics;** (Adams et al., 2012; Pujari, Peattie, & Wright, 2004) • **Governance structure;** (Dangelico & Pujari, 2010) • **Dynamic capabilities, transformational leadership, creativity;** (Chen & Chang, 2012)
R&D Investments	• **Investment in cleaner technology research**; Porter and Linder (1995), Hemel and Cramer (2002), Horbach (2008) • **Investment on/adaption of methods for sustainable product development**; Hemel and Cramer (2002), Montalvo (2003,2008), Horback (2008), Boons and Wagner (2009) • **Investment in R&D infrastructure**; Montalvo (2003, 2008), Testa et al. (2011), Horbach et al (2012) • **Investment in qualified Human Resources**; Montalvo (2003, 2008), Zailani et al. (2012)	•

Source: Created by author, adapted from De Medeiros et al. (2014)

The Role of Market Orientation

First of all, literature suggests that SOIs are only successful in the market if there is sufficient market orientation. According to Dangelico and Pujari (2010), green products are only successful if they can "demonstrate credible environmental performance without compromising *functional* benefits of the product" (p. 481). Furthermore, addressing the *user-perspective* is found an important key success factor for SOI (Carrillo-Hermosilla et al., 2010). Similarly, the lack of capability in certain organizations to recognize that environmental attributes should be integrated with desired consumer value may lead to product failures (Ottman et al., 2006). Having a market orientation thus influences the market performance of greener products and is even more important in environmental new product development, compared to conventional new product development (Pujari, 2006). Lin, Tan and Geng (2013) as well as Pujari and Dangelico (2010) find that also *market demand* positively affects green innovation and company performance. The authors explain however, that "environmental performance is just an outcome while *products* and *economic performance* are necessary conditions for achieving green product innovation performance" (Lin et al., 2013, p. 106). In order to, at least partly, overcome this challenge cross-functional collaboration is considered important (Dangelico & Pujari, 2010).

The Role of Inter- and Intra-organizational Collaboration

Literature suggests that *intra organizational collaboration* enables sustainability oriented innovation. Pujari et al. (2004) highlight the importance of *functional* interface of an environmental specialist with the design and product manager to enable successful sustainable product innovations. On a product development level Pujari (2006) concludes that cross-functional coordination positively influences the environmental new product development.

Also *inter-organizational collaboration* plays a role, as was identified by De Medeiros et al. (2012). Earlier research performed by Brown & Eisenhardt (1995) already indicate that the communication with outsiders stimulates the performance of development teams and herewith the success of the development process. Van de Poel (2000) argues -from a technical innovation perspective- that outsiders (with respect to the dominant regime, for example in the form of outsider firms, scientist or societal pressure groups) are needed in a network in order to influence the success of radical innovations. Recent research, focusing specifically on sustainability oriented innovations also found this link, and conclude that for SOIs outsiders might be even more important. In their systematic literature review, De Medeiros et al. (2014) identify external partnerships as a success factor for environmentally sustainable product innovations. In their paper, the authors (2014) conclude that "besides the issue concerning the need for integration of R&D, marketing and production areas, literature emphasizes the establishment of networks connecting stakeholders, pointing out that the success of environmentally sustainable innovation can be strongly related to the synergy among supply chain actors" (p. 82). The authors also highlight that *the quality of relationships* with partners in the value system is important for environmentally sustainable product innovation.

The relationship with outside-actors, such as suppliers and customers, is investigated particularly in inter-organizational studies of SOI (Boons & Lüdeke-Freund, 2013). Pujari (2006) for example, describes the importance of inter-organizational collaboration, focusing specifically on supplier involvement. Byrne and Polonsky (2001) found in a case study of alternative fuel, that the *inclusion of stakeholders* during the entire process of a green innovation not only enables the innovation but also strongly influence the market acceptance of innovation outcomes. The latter is also found by Van den Bosch and Rotmans (2008), who argue that, in order to scale up and broaden sustainability oriented innovations, key stakeholders need to be involved, due to their power and willingness to influence existing system and their interest to embed sustainable practices.

Furthermore, Aschehoug, Boks and Storen (2012) describe that the inclusion of stakeholders (a stakeholder approach) is relevant for product development in terms of identification, collection, and compilation of *Environmental Information* including *Environmental Expectations*. Since product development heavily relies on information, it is relevant to use environmental information and expectations from external stakeholders. This has the potential to add value to products beyond functionality, quality, and cost, and as a result enhances the firms' competitiveness. Similarly, Halila and Rundquist (2011) compared products generated in both environmentally sustainability oriented innovation and traditional innovation approaches. Whereas a network with partners and diverse competences is needed for both types of innovations, the authors conclude that eco-innovators use the network especially for solving technology-related issues. Also Carillo Hermosilla et al. (2010) identify that cooperation is needed and suggest that successful eco-innovations are "likely to result from the cooperation among different units and the formation of partnerships between the public sector, academia and business" (p. 1082). In other words; the authors find that cooperation among *different units* as well as the formation of partnerships between *different sectors* is important for successful eco-innovations.

Whereas the majority of these researchers focus on larger organizations, also research focused on SMEs identified the importance of intermediaries and collaboration for sustainability initiatives such as eco-innovation. These intermediaries can lead to significant enhancement of the SME's innovation capacity. This is mainly to acquire knowledge outside their organizational boundaries, in order to reduce time and knowledge constraints and increase their absorptive capacity (Klewitz et al., 2012). These intermediaries can be seen as partners and can take the form of public, private and non-profit organizations. The authors highlight that not only the knowledge component is important; innovation intermediaries can also be crucial to receive support during the implementation phase.

Berchicchi and Bodewes (2005) are more critical about the inclusion of inter-organizational people. The authors (2005) investigate environmentally friendly new product developments and suggest that "involving people in the project team who advocate environmentally friendly products renders inter-project communication more complex, which could affect the outcome of a project" (p. 282). These additional complexities can thus also be seen as nuisance rather than an opportunity.

The Role of the Government

Not only does the government affect SOI as a driver through composing *regulation* and demanding *compliance* of companies, the government also plays an important role in the development of a SOI (Carrillo-Hermosilla et al., 2010). Dijkema et al. (2006) suggest that "public policies play a critical role in fostering social demand as an effective process by which knowledge and information flows mobilize the requisites needed for a successful environmental innovation" (p. 223). The government thus also plays a role as mediator and facilitator. This can for example be done by fostering knowledge transfer via technical conferences, as well as by affecting the pattern of collaborative relationships within the technical research community via regulatory changes that affect the market for the technology (Elzen & Wieczorek, 2005). Ceschin (2013) also identifies the importance of multiple actors, including the role of the government for the success of SOI and particularly *product-service system* innovation. He describes *actor networks* from the context of a social-technical experiment, in which different actors can learn from each other and together overcome the challenges related to PSS. Ceschin (2013) argues that *government* support and protection can be of crucial importance in different phases of the innovation. Starting in the start-up phase it is needed in order to give experiments legitimacy and stability. In the consequent phases, the government can help scaling up the new practices and institutions related to the experiment.

The Role of the Organizational Culture & Capabilities

Another determinant of successful SOI implementation is the organizational culture and 'sustainability' capabilities. It is suggested that an organizational culture oriented towards environmental friendly product offerings is an important factor *enabling* the adoption of SOI. This includes top management engagement, the right incentives, rewards and governance structure and the integration of sustainability metrics in finance (Adams et al., 2012; Pujari et al., 2004). Aragón- Correa et al. (2008), investigating SMEs, identified that similar organizational capabilities are needed for proactive environmental approaches. Firstly, leadership proactivity is one of the relevant variables impacting green innovation performance. Secondly, also formalizing environmental *policies* and *targets* such as ethical codes or sustainability plans are important to guide companies in the development of green products (Dangelico & Pujari, 2010). Chen and Chang (2012) found that *green competences* such as dynamic capabilities, transformational leadership and creativity positively influence green innovation development performance. Furthermore, companies are more successful with SOI if they are able to rethink processes according to different lenses, could critically reflect their current actions and have mechanisms in place to support this type of 'flexibility' (De Medeiros et al., 2014).

The Role of R&D Investments

Understandably, R&D investments are crucial for SOI. In short, De Medeiros et al. (2014) highlight that organizations willing to embrace environmental sustainability must invest in R&D, tools and methods, in order to develop new technologies, productive systems, new product development processes, but also material recycling and product lifespan extension methods. Not only is R&D a success factor; critical technological competences resulting from R&D investments can also be a strong internal driver.

2.1.7 Summary of Sustainability Oriented Innovation Literature

From the previous sections it can be concluded that SOI is different from conventional innovation in its *purpose and direction.* SOIs have to fit from a technical or organizational point of view, be economical and contribute to solving sustainability problems. With the inclusion of ecological, equity and economic aspects, the innovation is more *challenging and complex* and a more *integrated thinking* is required (Adams et al., 2012). The more integrated sustainability is in the innovation process, the more complex. But also, the further the organization moves towards an integrated approach, the larger the potential to achieve ambitious sustainability-oriented goals (Adams et al., 2012). Important considerations for the emergence and success of SOI are: 1) market orientation 2) inter- and intra-organizational collaboration 3) the influence of the government 4) R&D investments and 5) organizational culture & capabilities.

With the increased complexity of the challenges in today's world and an integrated approach needed for sustainability oriented innovation, it is logical to think that multiple partners are needed in order to tackle this. From a technological perspective, Altenburg and Pegels (2012) argue that, businesses that are willing to internalize environmental costs and are looking for sustainable solutions through innovative technologies, need the support and cooperation of the government. Also the previous section elaborating on the enablers of successful SOI highlights the role of collaboration with external partners, such as customers, suppliers but also the government. Whereas also market orientation, organizational capabilities and R&D investments are identified as important enablers for successful SOI, especially cross-sector partnerships are viewed by academics and practitioners as "an inescapable and powerful vehicle for implementing corporate social responsibility and for achieving social and economic missions" (Austin & Seitanidi, 2012b, p. 728). Consequently, cross-sector partnerships, particularly business-NGO partnerships, are increasing in number and have received growing importance in literature. Acknowledging that collaboration between multiple parties coming from different sectors is becoming increasingly popular and being it identified important for SOI, the topic deserves further attention. The next section therefore first explores the role of cross-sector partnerships for sustainability, and consequently its influence on sustainability oriented innovation.

2.2 Cross-sector Partnerships for Sustainability

It is argued that in order to unlock sustainability, and to deal with today's global challenges, partnerships are key (Gray & Stites, 2013). In this thesis, particular attention is paid towards the influence of cross-sector partnerships on sustainability oriented innovation. This section therefore provides a *selected* overview of the literature on cross-sector partnerships for sustainability.

2.2.1 Reasons for Engaging in Partnerships

Partnerships are formed for various reasons and objectives. Literature focusing on the objectives of partnerships can be broadly categorized into two streams of research: *the resource based view* and the *sustainability concerned* view (Selsky & Parker, 2005). Huijstee et al. (2007) categorized research on partnerships according to the actual role and function of the partnership and adds two different categories; *institutional perspective* and the *actor perspective.*

The Resource Based View

This stream of research sees partnerships as a means to meet organizational needs or solving organizational problems. Organizations involved in this type of partnerships do so voluntarily, mainly for their own interest and only to address a sustainability concern as a second priority. Selsky and Parker (2005) categorize the organizational needs and interests in the following categories 1) a lack of critical competence on their own 2) new ways to acquire expertise and access to needed resources 3) to cope with turbulence in their environments and 4) to gain a competitive advantage. Iyer (2003) explains that partnerships can be formed following the resource *dependency* theory, but can also be viewed as *supplementary*, meaning that partnerships are formed in order to magnify certain strengths and herewith ensure greater combined capability than the organizations individually. The authors herewith distinguish between the *terms Resource Dependency Theory* and *Capability Enhancement*.

The Sustainability Concerned View

The 'sustainability concerned' view includes the literature streams focused on Social Issue Management as well as Social Sector platform as defined by (Selsky & Parker, 2005). Social Issue Management is research that focuses on partnerships that contribute resources toward addressing larger social or public issues. This view mainly stems from the belief that all actors (government, business and nonprofits) should act together to address the social issues arising in today's worlds driven by multiple factors as explained by Hart et al. (2003). For the Social Sector Platform, the motivation for cross-sector partnership is a growing sense that "traditional sector solutions cannot address certain challenges and therefore must be enhanced by learning and borrowing from organizations in other sectors" (Selsky & Parker, 2005, p. 853). This results from the argument that the boundaries between sectors are blurring.

The Institutional Perspective

Looking at partnerships from the *institutional perspective*, the key issue is the actual and possible role and function of partnerships in a (global) environmental governance regime (Van Huijstee, Francken, & Leroy, 2007). This shows a large overlap with the type of partnerships recognized as *Collaborative Governance* by Gray & Stites (2013).

The Actor Perspective

The *actor perspective* looks at partnerships as instruments for the advancement of actor-specific goals. It mainly focuses on recommendations on "when, how and with whom to partner and how to arrange the process" (Van Huijstee et al., 2007, p. 81)

2.2.2 Definition of Cross-Sector Partnerships

Research on partnerships, following either of these literature perspectives, has increased over the last years, as does the number of partnerships itself. In the last 15 years, there has been an exponential increase in the use of cross-sector partnerships to address sustainability across the globe (Gray & Stites, 2013). Cross-sector partnerships can include governments, businesses, NGOs and the community and can take many different forms and degrees of cooperation. The differences in forms and degrees are also represented by a variety of definitions. Selsky and Parker (2005) define cross-sector partnerships to address social issues as "projects formed explicitly to address social issues and causes that actively engage the partners on an ongoing basis" (p. 850). These authors highlight that "partnerships combine the unique capabilities and resources of each party, which contributes to outcomes that individual partners cannot easily achieve in isolation within their own sector" (p. 850). Hahn and Pinkse (2014) conclude that "cross-sector partnerships are set up to realize public objectives by performing specific governance functions and involve collaboration between actors from different sectors, including business–NGO, business–government, government–NGO, and tri-sector collaborations" (p. 141). Other researchers, investigating similar phenomena, use the terminology *collaborative value creation* and *social partnerships, cross-sector alliances, cross-sector collaborations, and cross-sector development partnerships* (Austin & Seitanidi, 2012a; Manning & Roessler, 2013; Rondinelli & Londen, 2003).

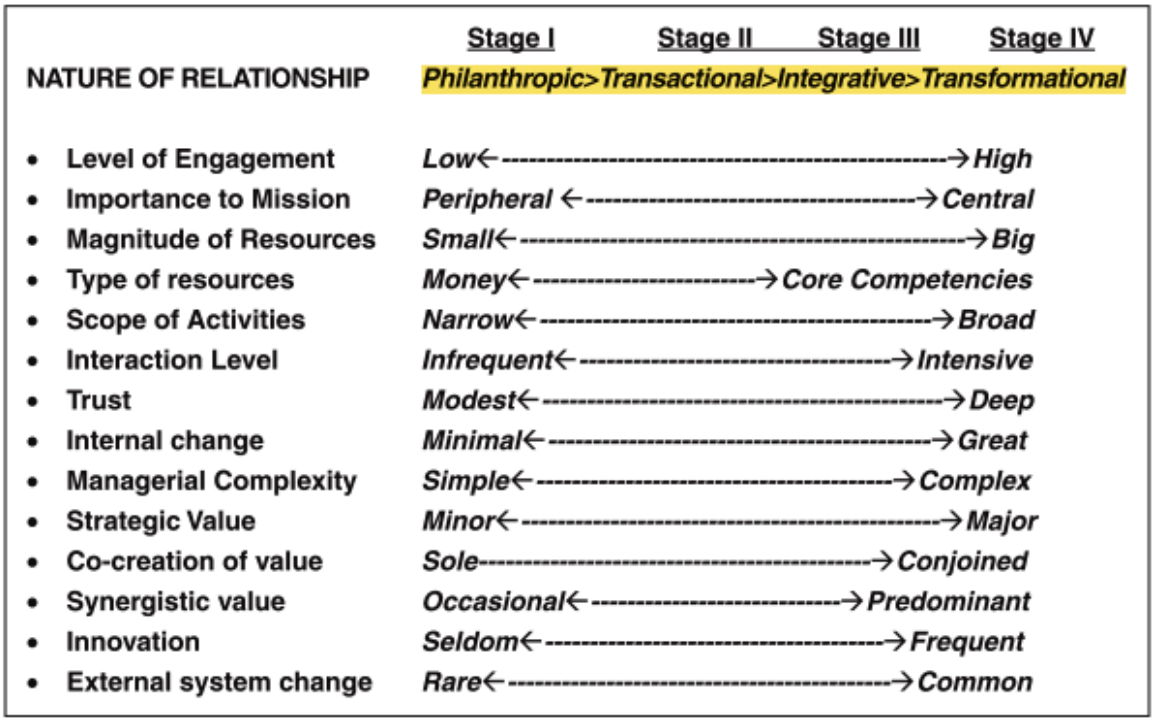
In this research the detailed definition, resulting from systematic literature review of Gray & Stites (2013) is used. The authors (2013) describe partnerships as "initiatives where public-interest entities, private sector companies and/or civil society organizations enter into an alliance to achieve a common practical purpose, pool core competencies, and share risks, responsibilities, resources, costs and benefits" (p. 17). Partnerships are defined 'cross-sector' if "they involve partners from at least two, but possibly all four, of the following sectors: business, non-governmental organizations, government and communities or civil society" (p. 17). Resulting from the different combinations of sectors, certain researchers specifically focus on one type of cross-sector partnerships, such as Public-Private Partnerships (PPP), Public - Non-Profit Organization

Partnerships and Business (private) – Non-Profit Organization Partnerships (Gray & Stites, 2013; Seitanidi, Koufopoulos, & Palmer, 2010; Selsky & Parker, 2005). Since a detailed literature review for each of these partnerships is out of the scope of this paper, the remaining of this section provides a general overview of the process; the motivations, formation and implementation considerations and outcomes of cross-sector partnerships, not critically assessing the details of each distinct type of cross-sector partnerships.

2.2.3 The Process of Cross-Sector Partnerships for Sustainability

An often used model describing cross-sector partnerships is Austin's (2000) conceptualization of the collaboration continuum, shown in figure 2, indicating the nature of the relationship as philanthropic, transactional, integrative or (added in later research) transformational (Austin & Seitanidi, 2012b).

Figure 2: Collaboration Continuum

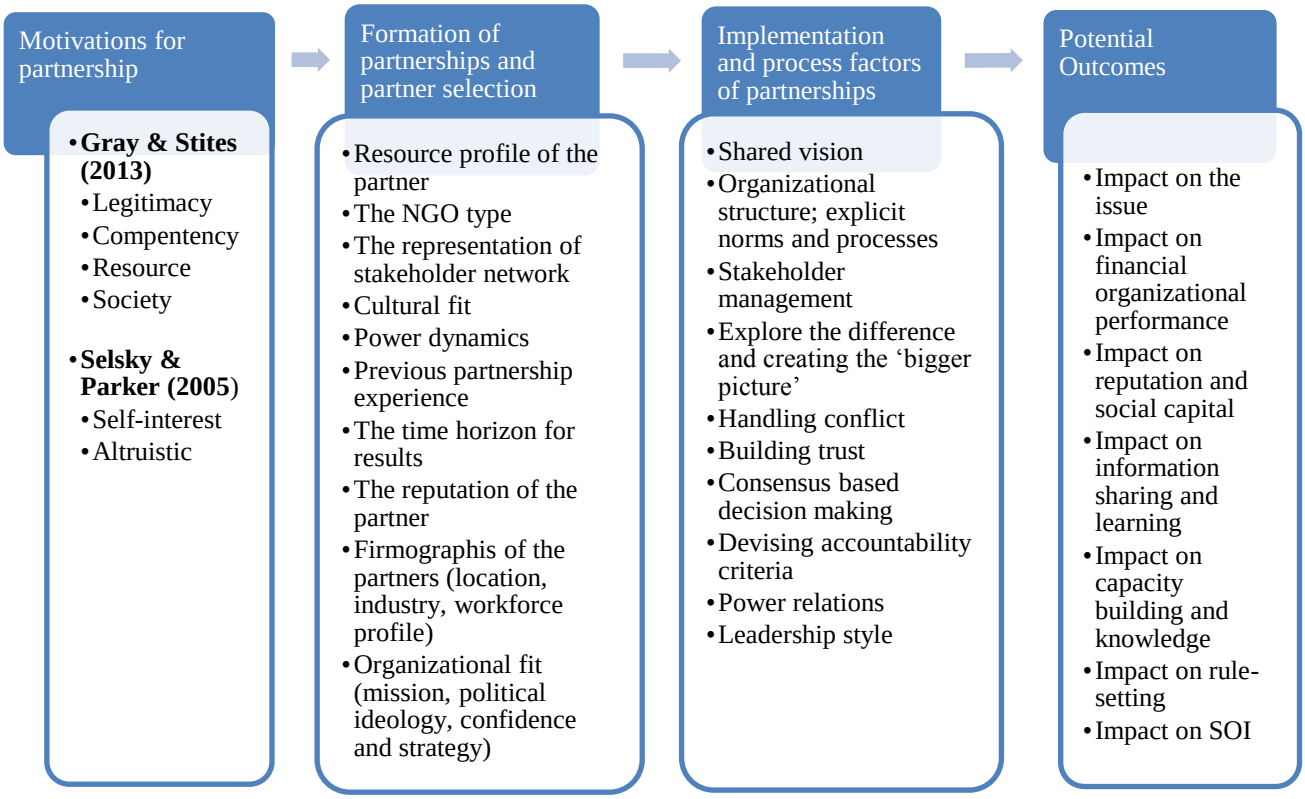


Source: Austin & Seitanidi (2012b, p. 736).

In other words, cross-sector partnerships can range from arms-length relationships into high-intensity management alliances (Rondinelli & Londen, 2003). Moving along the collaboration continuum, partnerships become more integrative, strategically aligned, resource intensive and complex resulting however in greater added value (Jamali, Yianni, & Abdallah, 2011). Cross-sector partnerships are generally found more complex than same-sector partnerships since "(1) they address complex issues, (2) they are implemented under (often) uncertain circumstances, and (3) they bring together parties that each have a different language, a different culture, and different interests and strategies" (The Partnerships Resource Center, 2012, p. 1). It is therefore important to take a closer look at the process and stages of cross-sector partnerships (Seitanidi et al., 2010).

Once organizations are driven and motivated to enter a partnership, they move to the formation and consequently selection phase. Subsequently, partnerships are implemented and allow for certain outcomes. Figure 3 is adapted from the model from Gray & Stites (2013) and illustrates the process of partnerships. The subsections provide further explanation of the different phases and a table summarizing the relevant literature. Not considering the relevant factors in each of the phases can result in failure, exit of the partnership or limited positive outcomes (e.g. The Partnerships Resource Center, 2013)

Figure 3: The process of Cross-Sector Partnerships for Sustainability



Source: Created by author, adapted from Gray & Stites (2013)

The Motivations for Cross-Sector Partnerships

Section 2.2.1 gave an initial overview of reasons for why organizations engage in partnerships. Cross-sector partnerships are, according to the systemic literature review of Gray and Stites (2013), mainly driven by external factors such as societal expectation, globalization concerns, technology development, the regulatory environment or a decline in government efficacy leading. Consequently, the *motivations* to form partnership are mainly legitimacy-, competency-, resource- or society oriented (Gray & Stites, 2013). Motivations however can also be categorized as altruistic or focused on pursuing self-interest (Selsky & Parker, 2005). Furthermore, motivations are often deriving from the estimated beneficial outcomes, which will be discussed later.

Partnership Formation and Selection

The following table gives an overview of the literature concluding on aspects of partnership formation and selection.

Table 2: Literature on Cross-Sector Partnership Formation and Selection

Topic	Author(s)
Resource profile of the partner	Dahan, Doh, Oetzel & Yaziji (2010) and Van Sandt & Sud (2012) in Gray & Stites (2013).
The NGO type	Ählström & Sjöström (2005) and van Huijstee & Glasbergen (2010) in Gray & Stites (2013)
The representation of stakeholder network	Polonsky (2001), Gray (1989) and Pinkse & Kolk (2012) in Gray & Stites (2013)
Cultural fit	Gray (1995). Suárez (2011), Austin et al. (2010), Sobczak & Martins (2010), Bitzer & Glasbergen (2010), Kolk & Lenfant (2012) and Sawyer & Gomez (2008) in Gray & Stites (2013).
Power dynamics	Lui & Ngo (2005) Reed & Reed (2009) and in Gray & Stites (2013), Selsky & Parker (2005)
Previous partnership experience	Gulati & Nickerson (2008) in Gray & Stites (2013) and Seitanidi et al. (2010)
The time horizon for results	London & Rondinelli (2003), Iyer (2003)
The reputation of the partner	Baur & Schmitz (2012), Rowley (1997) Vurro, Russo & Perrini (2009) in Gray & Stites (2013)
Firmographis of the partners (location, industry, workforce profile)	Iyer (2013)
Organizational fit (mission, political ideology, confidence and strategy)	Seitanidi et al. (2010) Seitanidi & Austin (2012)

Source: Created by Author

From these articles it can be concluded that, in order for partnerships to have the desired outcome; it is important to consider the resource profile of the partner, the NGO type, the representation and herewith the entire stakeholder network and a cultural fit. Furthermore, power dynamics as well as previous partnership experience, the time horizon for results and the reputation of the partner should be considered. Finally, also the firmographics as well as the organizational fit is important (Austin & Seitanidi, 2012b; Gray & Stites, 2013; Iyer, 2003; Rondinelli & Londen, 2003; Seitanidi et al., 2010).

The Implementation Process

Multiple factors influence the *degree of success* in the implementation phase of the cross-sector partnership. Table 3 shows an overview of the literature focusing on the partnership implementation process.

Table 3: Literature on the Implementation Process of Cross-Sector Partnerships

Topic	Author(s)
Shared vision / Common Culture	Armitage (2005) Le Ber & Branzei (2010) Margerum (2002) and Manring (2007) in Gray & Stites (2013), Selsky & Parker (2005)
Organizational structure, explicit norms and processes	Gray (1989) in Gray & Stites (2013)
Stakeholder management	Selsky & Parker (2005)
Explore the difference, creating the 'bigger picture'	Manring (2007) Senge (1990) Le Ber & Branzei (2010) in Gray & Stites (2013) and Selsky & Parker (2005)
Handling conflict	Gray (1989) Lewicki et al. (2003) Senge, Dow & Neathe (2006) in Gray & Stites (2013)
Building trust	Morse (2010), Manring (2007), Ansell & Gash (2008), Lewicki et al. (2003) Baldwin & Ross (2012) in Gray & Stites (2013), Iyer (2003)
Consensus based decision making	Baldwin & Ross (2012) in Gray & Stites (2013) Rondinelli & Londen (2003)
Devising accountability criteria	Kolk & Lenfant (2012) Kolk, Van Dolen, & Vock (2010) Cornelius & Wallace (2010) Dienhart & Ludescher (2010) in Gray & Stites (2013)
Power relations	Doelle & Sinclair (2006) Fox & Gershman (2000) Cashore, Gale, Meidinger, Newsome (2006) in Gray & Stites (2013)
Leadership style	Livesey and Kearins (2002) Johnson & Brennan (2007), Ansell & Gash (2008), Manring (2007) in Gray & Stites (2013) and Selsky & Parker (2005)

Source: Created by Author

As can be seen, it is first of all important to create a shared or common vision and a common culture among independent actors. This typically means developing a common culture held together by shared values, common interests, and clear communication. Related is the importance of organizational structuring and the establishment of explicit norms and management processes of the partnership (Gray & Stites, 2013; Iyer, 2003; Selsky & Parker, 2005). Stakeholder management also plays an important role; the range of external stakeholders of each organization may change or expand when cross-sector partnerships are formed. Also internal stakeholders, such as the employees, might either encourage or show resistance towards the formed partnership (Selsky & Parker, 2005). Furthermore, partners should explore their differences in perspectives, competencies and values, in order to ensure that they capitalize on these (Gray & Stites, 2013). Other important process-related considerations are the building of trust and handling of conflict. Conflict might be beneficial if partnerships bridge certain sectors, but it is important to agree on a process on how to resolve these. Another consideration during the implementation phase of partnerships are the power relations between the different actors; partners should ensure representation, voice and empowerment also for the weaker stakeholders in the partnerships. Finally, the outcomes of partnerships are influenced depending on the style of leadership during the implementation (Gray & Stites, 2013; Selsky & Parker, 2005).

Outcomes of Cross-Sector Partnerships

Once the partnership is implemented, it allows for certain outcomes which can be categorized in various ways. Table 4 summarizes the categorization made by several authors.

Table 4: Categorization of Cross-Sector Partnership outcomes.

Gray & Stites (2013) based on *different actors:* NGO, Business, Government, Community and Environment.	General outcomes include: • Reputation • Learning and innovation • Process integration • Accountability • Voice • Quality of life and control of life • Culturally acceptable solutions • Inter-agency coordination • Norms for governance • Attention to sustainability
Selsky and Parker (2005)	1) direct impact on the issue and its stakeholders 2) impact on building capacity, knowledge, or reputational capital that can attract new resources 3**)** influence on social policy or system change
Austin and Seitanidi (2012a)	1) associational value 2) transferred resource value 3) interaction value 4) synergistic value
Andanova, cited by Hahn and Pinkse (2014). Based on *functional* categories	• information sharing • capacity building and implementation • rule setting

Source: Created by Author

Based on the previous mentioned categories and the generally found outcomes; in this research a categorization of the outcomes of partnerships in seven distinct groups is made. Table 5 highlights the categories and the research focusing on these outcomes.

Table 5: Literature on Cross-Sector Partnership outcomes

Topic	Author(s)
Impact on the (sustainability) issue	Baldwin & Ross (2012) in Gray & Stites (2013), Kolk et al. (2008), Londen & Rondinelli (2003)
Impact on financial organizational performance	Harangozo & Zilahy (2012), Wheeler et al. (2005) in Gray & Stites (2013), Kolk et al. (2008)
Impact on reputation & social capital	Yarnold (2007), Kolk (2010) Gray & Stites (2013) Kolk et al. (2008), Austin & Seitanidi (2012a). Harangozo & Zilahy (2012), Austin & Seitanidi (2012b).
Impact on information sharing & learning	Selsky & Parker (2005), Gray & Stites (2013)
Impact on capacity building & knowledge	Hahn & Pinkse (2014), Van Huijstee et al. (2007), Austin & Seitanidi (2012a), Gray & Stites (2013) *From innovation literature:* Carrillo-Hermosilla (2010) Dijkema et al. (2006)
Impact on rule-setting	Hahn & Pinkse (2014), Vellema & van Wijk (2014), Selsky & Parker (2005), Adams et al. (2012), Gray & Stites (2013)
Impact on SOI	Van Huijstee et al. (2007), Londen & Rondinelli (2003), Austin & Seitanidi (2012a), Luxmore & Hull (2011)

Source: Created by Author

Impact on the (Sustainability) Issue

Literature reveals that cross-sector partnerships directly influence the issue at hand, e.g. in the form of quality of life and control of life but also in terms of environmental sustainability, ensuring a sustainable future for the planet (Gray & Stites, 2013; Rondinelli & Londen, 2003).

Impact on Financial Organizational Performance

Cross-sector partnerships also create an impact in the form of financial and market opportunities (Harangozo & Zilahy, 2012). Furthermore, cross-sector partners have the potential to influence the income, sales, costs and profit-margins of the partners (Gray & Stites, 2013).

Impact on Reputation and Social Capital

Research often highlights the potential outcome of partnerships in the form of improved reputation and social capital. This includes increased public awareness, community building to resolve future local disputes, community recognition as a company of choice and reduced risk from negative publicity. It enables a relationship with the public, branding, media relations, neutralizing civil offence and improvement of public relations and credibility. Furthermore, it can lead to increased attractiveness to prospective employees (Austin & Seitanidi, 2012a, 2012b; Gray & Stites, 2013; Harangozo & Zilahy, 2012).

Impact on Information Sharing and Learning

Another potential outcome of cross-sector partnerships is their impact on information sharing and a learning process. This can include learning interpersonal and administrative skills, technical skills in the issue area, reflective skills that can modify mind-sets and habits, and social learning that can lead to needed innovations (Selsky & Parker, 2005). It can also lead to learning of new ways of framing the problem and potential solutions (Gray & Stites, 2013).

Impact on Capacity Building and Knowledge

Cross-sector partnerships also lead to direct capacity building and skill development, having an impact on the knowledge of the different actors involved. As identified in the previous section, the literature on innovation suggests that inter-organizational collaboration enables and influences the success of SOI. Several authors argue that especially the *knowledge component* resulting from the involvement and integration of key stakeholders is important: collaborations can provide opportunities for learning about desirable sustainability solutions, discontinuous innovations and market opportunities (Carrillo-Hermosilla et al., 2010). Furthermore, adequate stakeholder management brings knowledge of external actors into the company and should be aligned with in-house capabilities (Dijkema et al., 2006). For corporations, cross-sector partnerships often create access to expertise on managing environmental problems, where NGOs can leverage the (internal) resources of corporations, namely by accessing financial resources, management and professional knowledge and by creating a better understanding on corporate operating mechanisms (Harangozo & Zilahy, 2012). In

other words; cross-sector partnerships create access to means and resources and direct input of (local) expertise and the knowledge of the partner (Hahn & Pinkse, 2014; Van Huijstee et al., 2007).

Impact on Rule Setting

On a larger scale and from an institutional point of view, cross-sector partnerships have the opportunity to change rules and regulation and adjust governance (Gray & Stites, 2013). In other words, cross-sector partnerships can have an impact on industry certification standards legislation and can provide direction to the meta-problem, or bigger issue they plan to solve (Hahn & Pinkse 2014; Vellema & van Wijk 2014; Selsky & Parker 2005). Adams et al. (2012) identify that the involvement and engagement with a wider range of external stakeholders (partnerships) also helps organizations to work towards systemic change. This includes the extension of 'sustainability thinking' to other actors, such as suppliers and customers, who may lack experience, knowledge and confidence in sustainability oriented innovation. Also Gray and Stites (2013) conclude that partnerships can increase the attention paid towards sustainability.

Impact on Sustainability Oriented Innovation

Van Huijstee et al. (2007) recognize sustainability oriented innovations as a potential outcome of partnerships for sustainable development. It leads to the emergence of creative, innovative solutions as through partnerships, parties can gain insight in the views of the others and learn from each other, "so that knowledge is accumulated, creativity is stimulated, and a wider range of solutions can be generated" (Van Huijstee et al., 2007, p. 83). Similarly, Rondinelli and Londen (2003) provided several examples of environmental nonprofit organizations and business partnerships which led to the co-creation of innovative environmental improvements in products and processes and industry-wide practices.

In a later review of the literature on partnering between nonprofits and business Austin & Seitanidi (2012a) conclude that the distinctive assets of the collaborators hold the potential for significant organizational and systemic transformation. Through innovation, seen as a driver, synergistic value can be created whereby the combination of partners' resources enables them to accomplish more together than they could have separately. Luxmore & Hull (2011) took a different perspective and investigated the emergent role of NGOs affecting innovations in corporations. The paper does not particularly address sustainability oriented innovations but highlights the importance of NGOs -also in relationship to the government- for business innovations. This paper indicates that informal or formal partnerships with key influencers such as NGOs are important for innovating companies. The study indicates the importance of cross-sector partnerships for successful commercialization of radical innovation.

2.3 Cross-sector Partnerships for Sustainability Oriented Innovation

The previous two sections both indicate the importance of cross-sector partnerships for sustainability oriented innovation. Jamali et al. (2011) already argue that there is a positive feedback loop between innovation and strategic partnerships, where "more strategically aligned partnerships are more readily capable of innovation and innovation reinvigorates, in turn, commitment to the social alliance and its strategic (CSR) orientation" (p. 388). With this positive feedback loop in mind, the remaining of this thesis will focus on the relationship between the two concepts, an underexplored area in literature.

Research from the innovation literature suggests that collaborations with external stakeholders, including customers and suppliers but also the government and NGOs is relevant for the enablement and success of SOI. A major reasons for this is the knowledge component and information sharing (Aschehoug, Boks, & Storen, 2012; Carrillo-Hermosilla, del Río, & Könnölä, 2010; De Medeiros, Ribeiro, & Cortimiglia, 2014). Also Klewtiz et al. (2012) suggest that for SMEs the support of an intermediate is relevant and the authors suggest that this is for all phases of SOI, from initiation until commercialization. As seen in section 2.1 however, research mainly focuses on the relevance of partnerships as a *push factor* and is believed important for the *initiation* of sustainability oriented innovations, but hardly focuses on the commercialization phase as such. This is also argued by Boons and Lüdeke-Fruend (2013) who mention that while an innovation is often distinguished from an invention by the additional condition of successful market introduction, the actual way through which firms succeed in bringing an invention to the market is relatively unexplored. This holds especially for the field of sustainability oriented innovations. Boons & Lüdeke-Freund (2013) also highlight that empirical research, e.g. in the form of a case study approach, is needed to shed light on sustainability oriented innovation in daily business. In conclusion, an in-depth understanding of the relationship between cross-sector partnerships and SOI and herewith a detailed description of *how* partnerships with different actors influence the innovation process in different phases, is lacking.

A similar gap is identified in the literature on cross-sector partnerships. As seen in section 2.2, multiple studies have focused on cross-sector partnerships for sustainability and it is acknowledged that in order to unlock sustainability, and to deal with today's global challenges, partnerships are key (Gray & Stites 2013). The adapted model from Gray & Stites (2013) shown in section 2.2.3 indicates that literature explains the nature of different cross-sector partnerships, how to form successful partnerships and identified potential outcomes of which one is the impact on sustainability oriented innovation.

Research on cross-sector partnerships however fails to provide an in-depth understanding of the functioning of cross-sector partnership; in other words *how* and *when* partnerships form the basis for the described outcomes. Seitanidi and Crane (2009) also identified this gap and performed a case study providing in-depth information on *how* organizations can select for partnerships and what steps to consider during implementation. Kolk et al.

(2010) added to research in this field by looking not only at the outcomes of the partnership but focusing specifically on the interactions and process level of the partnerships. Looking from this micro-perspective the authors described how social interactions spread and evolve. Still, an in-depth explanation of *how* partnerships allow for the listed outcomes is lacking and thus the authors describe the need for additional research in this field. Austin and Seitanidi (2012a) also mentioned that "there is a need to deepen our understanding of the enabling factors that permit collaborative relationships to enter into the integrative and transformational stages" (p. 745), the phases in which SOI is possible. "Within these higher-level collaborations, one needs to document how the co-creation process operates, renews, and grows" (Austin & Seitanidi, 2012a, p. 745).

In conclusion, the literature on cross-sector partnerships for sustainability has delivered many insights on their functioning and role, and the relationship between the concepts of SOI and cross-sector partnerships is identified. However, empirical research providing an in-depth understanding into the *what*, *how* and *when* cross-sector partnerships actually contribute to sustainable development through innovation deserves more attention (Van Huijstee et al., 2007). Figure 4 below summarizes the relevant conclusions of this literature review and provides the basis for the remaining of this thesis.

Figure 4: Theoretical Framework

Source: Created by Author

In conclusion, innovation is suggested as potential outcome of cross-sector partnerships, where inter-organizational collaboration (e.g. with partners from other sectors) is seen as enabler of SOI. The explanation of how these concept relate is however under investigated. This research aims to, at least partly, fill the research gaps identified in this section by creating an understanding of how cross-sector partnerships influence sustainability oriented innovation, taking into account the entire process from idea generation until commercialization.

3. Methodology

In this third chapter the methodology is explained. The chapter starts with an explanation of the chosen research design: a single case study. Consequently the selection of the case and a brief case description will be provided. The third section focuses on the data collection process, followed by an explanation of the data analyses, where particular attention will be paid to the data coding process and development of the themes.

3.1 Research Design

As seen in the literature review, limited research provides an explanation on *how* cross-sector partnerships influence the process of sustainability oriented innovation. This research therefore aims to answer the research question: *How do cross-sector partnerships influence sustainability oriented innovations?* In order to answer this question, an in-depth exploratory case study is conducted.

Boons and Lüdeke Freud (2013) suggested that empirical research e.g. in the form of a case study is needed to investigate sustainable innovation in daily business. This research follows this advice in order to discover underlying theories of *how* (cross-sector) partnerships influence the process, and herewith the different phases, of sustainability oriented innovations. An qualitative exploratory case studies is conducted as this research approach is considered strong in early stages of research when variables are still relatively unknown and the phenomenon not completely understood (Yin, 2014). Furthermore, in an early stage of research, building theory from case study research is appropriate (Eisenhardt, 1989). Also, given that this research aims to answer a '*how'* question, where it is not possible to control behavioral events a case study is the suggested research method (Yin, 2014).

In order to create an in-depth understanding of the phenomenon of interest a *single* case is selected. Single case studies have certain limitations in terms of generalizing the findings of this research to a wider population and the external validity of the research (Silverman, 2013) . This research however does not aim to generalize the findings but is an attempt to extent theory by providing initial theoretical positions as a basis for future research. A single case study is therefore appropriate as it provides ample opportunity to create an in-depth understanding of the case at hand (Yin, 2014).

3.2 Case selection and Theoretical Sampling

The case selected for this study is based on theoretical sampling, whereby the case is chosen for theoretical and not statistical reasons (Eisenhardt, 1989). Since this research aims to extent the current literature by exploring an under investigated phenomenon, theoretically selecting a *critical* case provides a solid basis to do so (Blumberg, Cooper, & Schindler, 2011). In order to select the case, the following criteria were taken into account:

- **Sustainability considerations:** previous research mainly focused on eco-innovations (i.e. innovations incorporating the ecological sustainability consideration) (Adams et al., 2012). This research aims to extent the literature by emphasizing the social aspect of sustainability.
- **Organizational type:** the majority of innovation research, including SOI, has been conducted from a corporate perspective and hardly any research on innovation in NGOs is conducted (Hull & Lio, 2006). This research therefore investigates an innovation process from a non-profit organization.
- **Industry**: whereas the manufacturing industry and its technological innovations with regards to sustainability have been intensively researched, this research aims to investigate a SOI in a household consumer oriented industry.
- **Existence of cross-sector partnerships:** crucial for answering the research question focused on partnerships is understandably the *existence of partnerships* at the organization selected. Only when the organization selected as a case is involved in cross-sector partnerships the influence on sustainability oriented innovations can be investigated.
- **Existence of a commercialized SOI:** investigating a SOI and paying particular attention to the role of partnership in the different phases, it is important that the innovation has gone through all innovation phases and thus is commercialized and ideally fully in use.

The well-known non-profit organization Max Havelaar is selected as a case for this study, fulfilling the above mentioned criteria. This NGO can be classified as 'other benefiting', focused on advocacy activities to shape the social, economic and political agenda (Yaziji & Doh, 2009). Specifically, this research investigates the sustainability oriented innovation; Fairtrade Climate Neutral Coffee (FTCNC), which is a newly developed program resulting from multiple partnerships. This specific innovation is not only chosen because of the partnership involvement, it also perfectly combines the *social*, *ecological* and *economic* aspect. The Fairtrade Climate Neutral Coffee project is a case which shows and explains how the Max Havelaar organization incorporated the ecological challenges of today's world into the social roots of the organization. The single case study has an *embedded design*, including multiple units of analysis (Yin, 2014). The case is investigated from the process level perspective, focusing on the SOI and includes analyses on the organizational level and the inter-organizational relationships.

3.2.1 Overview of the Case

This section briefly describes the case, the Max Havelaar organization and the specific SOI under investigation: Fairtrade Climate Neutral Coffee, elaboration on the choice of selection.

The Organization: Max Havelaar

Max Havelaar is the Dutch subsidiary of the Fairtrade International Organization and is focused on sustainable development. Max Havelaar is an NGO founded in 1988 and focuses on the *social side* of doing business by supporting producers (farmer cooperative unions) in the developing world to gain a better stance in the supply

chain. By doing so, Max Havelaar aims to enable these people to earn a fair income for their living and in order to invest in a sustainable future for their families and communities (Max Havelaar, 2013b). The Fairtrade mechanism is an alternative approach to conventional trade and is based on a partnership between producers and traders, businesses and consumers (Fairtrade Labelling Organizations International, 2011). Fairtrade distinguishes between institutional, business and producer development partnerships as well as knowledge partnerships (Fairtrade International, 2011). Max Havelaar is one of the 26 subsidiaries of the International Fairtrade Organization. The NGO provides and coordinates the use of the Fairtrade certification in the Netherlands and promotes the Fairtrade certification label in the Dutch market. Max Havelaar has 139 Fairtrade licensee holders, together providing a Fairtrade premium of €5,4 million to small-scale farmers (Max Havelaar, 2013a). In conclusion, Max Havelaar, being an organization which is strongly involved in partnerships; provides a good case for this research which aims to understand the *influence* of cross-sector partnerships on sustainability oriented innovations.

The Sustainable Oriented Innovation Project: Fairtrade Climate Neutral Coffee

The sustainability oriented innovation selected for this case-study is the recently developed Fairtrade climate neutral coffee (FTCNC). Max Havelaar, as a quality certification label, was first introduced to coffee. In 2013, Max Havelaar introduced, in cooperation with multiple partners, a new type of Fairtrade coffee to the market; namely Fairtrade climate neutral coffee. This is an innovative project launched in 2013 through a partnership with OCFCU and ICCO (Max Havelaar, 2013a). Climate neutral coffee is Fairtrade certified coffee for which the CO2e emission (generated by production and processing) are firstly reduced and consequently compensated to zero. The coffee roasters in the coffee value system compensate the CO2 emissions of the entire coffee value system by investing in carbon credits generated by the Fairtrade coffee farmer families. This case is particularly interesting as it has an innovative business model at the intersection of the food and carbon market. It is also starting point of a next strategic step for the Max Havelaar organization, often referred to as Fairtrade 2.0.

3.2.2 Scope

The Netherlands is often seen as a frontrunner in terms of sustainable international supply chains and the market shares of sustainably produced products and resources in the Netherlands have increased tremendously over the last years (van Oorschot et al., 2014). Dutch market parties voluntarily have been contributing to the certification of sustainable production and trade, using widely supported voluntary sustainability standards, such as the Max Havelaar Fairtrade certification. The consumption level of sustainable coffee, for example, was around 40% in 2010 in the Netherlands, whereas worldwide sustainable production at that time was only 16% (van Oorschot et al., 2014). This shows that a case study of Max Havelaar, a sustainable certification organization in the Netherlands, will potentially enable this research to provide a best-practice case for international researchers and organizations.

3.2.3 Pilot Project

A frontrunner position not only holds for the Netherlands as scope but also for the organization and project selected as case. Max Havelaar was founded in the Netherlands in 1988, a decade before the International Fairtrade Organization was founded in 1998. Also on the project level, Max Havelaar is with FTCNC ahead of the other national subsidiaries of the International Fairtrade organization. Max Havelaar successfully completes pilot projects related to emission mitigation at the producer side and has launched FTCNC in the Dutch market. The project under investigation is selected as pilot project which can be enrolled to Fairtrade coffee farmers -and potentially other product categories- in other countries. Furthermore, the program forms a pilot for the development of the Fairtrade Gold Standard certification. Fairtrade International is cooperating with Gold Standard in order to develop a new certification for carbon credits; ensuring a stronger cooperation of the Fairtrade principles. Creating an in-depth understanding of how partnerships influenced this innovation process in the Netherlands will therefore provide both practical insights and best practices for other Fairtrade subsidiaries worldwide as well as a framework for international research investigating the phenomenon in other countries.

With the research design explained, the case selected and a general case description given, the remaining of this chapter focuses on the data collection and consequential data analyses of the research.

3.3 Data Collection

The primary data for this research were collected in multiple ways, ensuring data triangulation and herewith improving the construct validity of the findings (Yin, 2014). Furthermore, by using multiple sources of evidence, weaknesses of certain types can be compensated by leveraging the strength of other types of evidence, e.g. the stability and unobtrusiveness of documentation, the direct focus and further insights from interviews and the contextual understanding and insights into behavior through observations (Yin, 2014). The data-collection process started as of September 2014 and was spread over a time span of about four months, allowing time for in-between reflection.

Seven *semi-structured interviews* were conducted with Max Havelaar employees as well as representatives of the partners involved in the innovation. Furthermore, available internal as well as external *documentation* was analyzed, including reports, websites and social media channels. In addition to the interviews and documentation, additional information and insights were gathered through (*participant*) *observations*, *formal* and *informal conversations.* All data collected was stored in a case study database, using the computer assisted qualitative data analysis software program Atlas.ti. Table 6 provides an overview of the primary data used for this research.

Table 6: Overview of Primary Data

Type of Evidence	Units
Interviews	7 interviews + 1 validation discussion = 330 minutes + 60 minutes
External Documents	14
Internal Documents	7 (6 digital, 1 in paper form)
Social Media posts	49
Videos	3
Observations	11 days at office, 3 events

The following sections give further information on the data collected, categorized on the type of evidence.

3.3.1 Interviews

Seven one-to-one interviews with multiple respondents from Max Havelaar as well as partner organizations were used as the primary method for this research. This partner interviewees were from different sectors, including and businesses and an academic institute. The interviews were semi-structured in design whereby a prepared set of questions was solely used as a guide in order to prepare for the interview (Blumberg et al., 2011). Following the guidelines of Blumberg et al. (2011), the interview protocol starts with general questions about the interviewee, their role in the organization and in the SOI project. Subsequently, investigative questions are asked regarding the partnership with Max Havelaar and the FTCNC innovation project. This was followed by a set of questions focusing on the partnerships for FTCNC if not yet discussed in the previous parts. The questions were formulated to function as a funnel, starting with broad questions which stimulated respondents to tell their story about the innovation. Through careful listening to who and was mentioned with regards to partnerships, the researcher asked further in-depth questions focused on these partnerships. The interviews thus started openly, asking the respondent to tell their story about the case, whereby throughout the time of the interview more and more detailed questions were asked (Silverman, 2013). Appendix A and B gives the general interview protocol used for the initial interviews, after incorporating feedback from the academic coach and lessons learned from conducting a pilot interview with a key contact person within Max Havelaar. This set of questions was adapted based on the background of the interviewee and the organization as well as over time, after analyzing and reflecting upon the first interviews (Eisenhardt, 1989). The interview protocol functioned more as a memory to ask all relevant topics rather than to closely compare the answers of different respondents (Blumberg et al., 2011). During the interviews, particular attention was paid towards probing and specifying questions in other for the respondents to elaborate on the details found important for the research e.g. *could you further explain the role of HoA-REC in this aspect?* (Interview 5) . Given the complexity of the case, interpreting questions were often used in order to confirm that the information was correctly understood and interpreted e.g. *"with them* [co-concurrenten] *you mean other coffee-roasters?"* (Interview 6).

The face-to-face interviews with Max Havelaar and Fair Climate Fund interviewees were conducted at the respective offices, allowing for a setting where the respondents could easily relate to their respective roles in

the project. Besides, the interviews were conducted in the native language of the interviewee in order to ensure that the participants could easily and fluently express their ideas. As a result, six interviews were conducted in Dutch and one in English. All interviews took place in person except interview 6, which was conducted over telephone. The interviews had a duration between 30-60 minutes with a total of 330 minutes for seven interviews conducted. Table 7 summarizes the information of the interviews conducted.

Access

The researcher was gained access to the Max Havelaar organization by using personal network contacts. This contact approved and became an inside mentor within the Max Havelaar organization in order to conduct this research. Along this research, the researcher conducted a market analysis related to the commercialization of Fairtrade carbon credits and FTCNC. Through this initial contact, the first interviews took place with key-employees of the project-team within Max Havelaar (Interview 1 & 2). Both interviewees recommended talking to representatives of the key-partner organization(s) to better understand the case and the role of the respective partner organizations. Consequently, the author was introduced to the relevant representatives of the partner organizations by interviewee 1 (see introductory email in appendix C).

Table 7: Overview of Interviews conducted

Name	Organization	Function	Duration	Date	Language	Location
Interview 1	Max Havelaar	Business Development Manager	50 minutes	29-10-2014	Dutch	Max Havelaar office (Utrecht)
Interview 2	Max Havelaar	Policy Director	40 minutes	05-10-2014	Dutch	Max Havelaar office (Utrecht)
Interview 3	Fair Climate Fund	Fund Manager	50 minutes	05-10-2014	Dutch	FCF office (Utrecht)
Interview 4	Fair Climate Fund	Director	30 minutes	25-11-2014	Dutch	FCF office (Utrecht)
Interview 5	ICCO / Hoarec	Independent Entrepreneur	50 minutes	26-11-2014	Dutch	Hampshire Hotel in The Hague
Interview 6	Peeze	Marketing Coordinator	50 minutes	02-12-2014	Dutch	Telephone - interview
Interview 7	Max Havelaar	Marketing & Communication Manager	60 minutes	15-01-2015	English	Max Havelaar office (Utrecht)

All interviewees were asked permission to record the interview; which was given in each case. The recording was used to fully transcribe the interviews where attention was paid to details in order to ensure accuracy during interpretation (Silverman, 2013). In general, the interviews have been transcribed word by word, except for 1) sounds such as “uhm”, “hmm”, etcetera, 2) part of sentences that were started but not finished and 3) mistakenly spoken parts which were immediately improved. These were left out only when the author believed that these expressions did not to carry a particular meaning. Also introductory and closing chats of the interview were recorded, but not transcribed.

Moreover, the interviewees were offered to review their quotes and the results of this research, creating further construct validity of the findings (Yin, 2014). Only a few minor adjustments were made in order to clarify several quotes. An additional interview to discuss and validate the results was conducted and suggested that the results were interpreted correctly. Even though interpretation was correct, the additional validation interview allowed for several adjustments and improvements made, particularly in order to better describe the case and process of the SOI in chapter four, the results of this thesis. During the validation interview it was confirmed that the interviewees perceived the importance of the role and contribution of the partners differently. Further improvements were therefore made in order to create a better distinction between key and supporting partners.

Name	Organization	Function	Duration	Date	Location
Discussion to validate findings	Max Havelaar	Supply & Development Manager	60 minutes	15-01-2015	Max Havelaar office (Utrecht)

3.3.2 Documentation

The documents analyzed include both external as well as (confidential) internal documents. A total of 14 external documents were analyzed and include:

- Website texts and online brochures of the partners involved, relevant to FTCNC (8)
- Newspaper articles about the introduction of the FTCNC (2)
- The annual report of Max Havelaar and Fairtrade International (2)
- Position paper about Climate Change from Fairtrade International (1)
- Second Max Havelaar Lecture at Erasmus University (1)

Besides, seven internal documents were provided (partly confidential), of which six were digital and one in paper form. These documents are relevant and related to the case, received from Max Havelaar. Table 8 provides an overview of the documents used and how they will be referenced to in the results chapter.

Table 8: Overview of Internal Documents

Reference	Year	Document topic
Internal Document A	2011	External Feasibility Study Fairtrade Carbon Credits
Internal Document B	2012	Business Presentation Max Havelaar
Internal Document C	2014	Subsidy Request to Ministry of Foreign Affairs
Internal Document D	2014	Memorandum of Understanding
Internal Document E	2014	Presentations Fairtrade Climate Neutral Coffee
Internal Document F	2014	Communication Strategy incl. Press Release
Internal Document G	2015	Planning for FTCNC project for 2015 (in paper form)

Social media & Videos

In addition to the documents analyzed, also social media screenshots and videos were part of the database. Max Havelaar, as organization focused on creating awareness, is actively involved in social media. This type of communication and herewith publicity is very relevant for the SOI under investigation and is part of the agreement made with partners. Consequently, 49 social media posts on twitter and Facebook as well as 3 videos related to the case were analyzed.

3.3.3 Participant Observations

During the timespan of the data collection, the researcher worked at the Max Havelaar office in Utrecht for ten working days, with an introductory meeting held on the fifth of September 2014. Throughout this time, participant observation, formal and informal conversations, as well as telephone contact and email correspondence took place. These participant observations allowed the author to better understand the case, to gain further insights on the perspective of Max Havelaar but more importantly, to observe the behavioral aspects in relation to the case, e.g. the emotional reaction on partnerships and the recent launch of FTCNC in the supermarket. Field notes from the working days at Max Havelaar's office, relevant to this research, were written down and recorded in a separate notebook. Several of these field notes were further extended and included as documents for coding in the Atlas.ti database as these observations were found very relevant to answering the research question. Table 9 provides an overview of the days worked at the Max Havelaar office and, if relevant, the topic of discussion from which information was obtained to answer the research question.

Table 9: Overview of Participant Observation at Max Havelaar Office

Observation		Discussion
Observation I	05-09-2014	Introductory meeting of the project
Observation II	13-10-2014	Further informal explanations about the project phases and initial idea
Observation III	22-10-2014	Discussion about carbon market and commercialization
Observation IV	29-10-2014	Discussion regarding the interview protocol
Observation V	05-11-2014	Discussion about ambassador and trip to Ethiopia
Observation VI	13-11-2014	n/a
Observation VII	20-11-2014	n/a
Observation VIII	25-11-2014	n/a
Observation IX	04-12-2014	Discussion about commercialization and preliminary summary of data
Observation X	18-12-2014	Discussion about Jumbo as partner and the recent launch
Observation XI	15-01-2015	Discussion on the marketing developments

In addition to these observations in the office, further observational insights were gathered through presence and participation at multiple events throughout the time of this research project. Table 10 gives an overview of the participant observations from events.

Table 10: Overview of Participant Observation Events

Reference #	Event	Location	Date	Duration	Description
Observation XII	Max Havelaar Annual Event	Max Havelaar office in Urecht	23-09-2014	5 hours	Event organized by Max Havelaar for all Fairtrade licensees. Important presentations related to the project include: opening speech by CEO of Max Havelaar, presentation about FTCNC by ambassador R. vd Berg and presentation about storytelling by R. Paassen from Peeze.
Observation XIII	Amsterdam Fairtrade Titeldag	Mövenpick Hotel in Amsterdam	25-10-2014	7 hours	Amsterdam received the title "Fairtrade City". Participation in multiple workshops. Presentation "Climate Change and Fairtrade, Jumbo and Max Havelaar travel together to Ethiopia". Presenter: Jochum Veerman, head of Marketing & Communication Max Havelaar
Observation XIV	7th Climate Conference organized by HierKlimaat	Communication Museum in The Hague	26-11-2014	5 hours	Theme: Climate and Developing countries. An event, bringing together people from NGO's, the government, the academic world and the business sector that have an interest in the topics of climate change adaptation and mitigation in developing countries. Participation in workshop about cook stoves by Fair Climate Fund, in cooperation with Climate Neutral Group and others.

3.4 Data Analyses

The computer-assisted qualitative data analyses software program Atlas.ti is used in order to analyze the data. The following section gives a detailed description of the coding process used in the data analyses process, enabling the reader to understand the data analyses procedures leading to the results.

3.4.1 Coding

Coding is used as a transitional process between data collection and the following step of extensive data analyses. It is used as an initial step, supporting further rigorous analyses and interpretation of the data and includes the categorization and labeling of themes and ideas (Saldana, 2012)

With limited theoretical propositions directly investigating the influence of cross-sector partnerships at SOIs a *ground up* data analyses strategy was chosen, pouring through the data using an inductive approach (Yin, 2014). With the case being innovative but also very complex, the inductive data analysis strategy is combined with the strategy *development of a case description*, enabling the researcher to create an in-depth understanding of the case and herewith making sense of the data set and underlying theoretical concepts (Yin, 2014).

Round 1

In the initial coding round, codes were made very close to the text, following open coding (Holton, 2010). The data coded included explanations of the case under investigation itself; the value system and the trading mechanisms behind and the partners involved. Whereas this does not directly give answers or information for the specified research question, the *development of a case description* strategy allowed the researcher to create a better understanding of the technical aspect and complexity of the case. Given that interviews took place in Dutch, the first level round coding at certain times also included a direct translation from the Dutch data texts into an English code.

"Je hebt ICCO een hoofdkantoor. G.O. Global Office. En je hebt een ICCO regional office. En dat is complex in dit verhaal omdat in feite ICCO G.O. en Max Havelaar Nederland een partnerschap met elkaar hebben gesloten om van alles te gaan doen"

ICCO G.O. || ICCO R.O. || Complex || Max Havelaar || Partnership
(Interview 3, FCF 2014).

The first round of code reduction was performed after coding 43 items: 3 interviews, 4 documents of which 2 external and 2 internal documents and 36 social media posts, as shown in appendix D. This initial coding round resulted in nearly 600 codes. Whereby the first reduction round of codes was from 597 codes to 486, purely done by combining very similar code names or codes with an approximate exact same meaning. Examples are:

- Role + Roles + Responsibility + Roles & Responsibility = Roles & Responsibility
- 25th anniversary + Jubilee Conference = 25th anniversary
- B2B + wholesaler = B2B
- Takes time + time consuming + needs time + delay = time considerations
- Lack of formalities + lack of written documents = lack of formalities.

Round 2

The second round coding was an extensive round of code-reduction after and simultaneously with thorough data analyses. This round consisted of:

- The inclusion of first level codes into more abstract codes and re-naming the merged codes into more abstract terms (M. B. Miles & Huberman, 1994). (e.g. "partner for access", coffeedrinkers (part of) "consumers"; supermarket (part of) "retail", deforestation (part of) "climate change impact")
- Further merging of concepts considered similar (e.g. local authorities + local government = local government; innovative mechanism + innovative model = innovative mechanism; partner for access + partner for connection = partner for access

As throughout the analysis of the data in this coding round the case under investigation was better understood, detailed codes focusing very specifically on the case description rather than to answering the research question were deleted (e.g. “Bank” and “not only offsetting”). With no previous experience with coding; through trial and error the second coding round ended with 297 codes, as shown in appendix D. Merging of codes was done with great consideration of reasoning and examples of more abstract merging of codes are listed in the following table.

Table 11: Examples of Merging Code

Initial Codes Name		New (merged) Code name	Reasoning
• Website • Webtool • Leaflet • Brochure • Workshops • Twitter • Facebook • Q&A • Press release • Magazine • Toolkit	• Project description • Crowdselling • Presentation • Opinionleader • Newsletter • Animation-movie • Boardroom communication • Coffee barometer	Marketing tools	All mentioned aspects are marketing tools used in interviews to explain part of the marketing strategy or communication program. As the research focuses on a more abstract role of partnerships of which marketing is one aspect, further detail to the marketing tools is believed unimportant.
• 25 anniversary • Antropia congress • Horeca fair • Climate conference	• VWKWEB • National Sustainability Congress • Max Event • Klimaatplein	Events	These single events are separately mentioned – often indicating a start of closing of certain phases
• Better story • Complete story • Difficult story • Interesting story • Story telling		(telling) the story	The story of the climate neutral Fairtrade coffee and (Fairtrade) carbon credits is often mentioned in relation to telling the story – which is mentioned to be interesting, difficult, complete or better.
• Phase 1 • Phase 2 • Phase 3 • Phase 4 • Phase 5 • Phase 1,2,3	• Project 1 • Project 2 • Project 3 • Step 1 • Step 2 • Step 3 • Step 4	Project phases	As these individual codes are numbered and not given specific terms – they are all merged into a single code; project phases.
• New step • Taking it a step further • Different step • Unknown step		Taking it a step further	It includes a step in terms of innovation for Fairtrade, but also within the chain, where more and more parties take responsibility and where parties take a next step in responsibility. This further step is often described in relation with or as ‘new’ (3) ‘different’ (2) , ‘unknown’ (2).

• Finance south program • Finance north program • Financing of partners • Financing of project • Finance • Financial Resources	Partner for financing	These codes were al mentioned only once as reason for financing.
• Reach clients through Peeze • Reach clients directly	Commercialization	Reaching clients is part of the commercialization process and herewith the codes (sales) and thus merged.

Round 3

The third round started with a check-coding round whereby all data and existing codes were reviewed (M. B. Miles & Huberman, 1994). Consequently, additional interviews, documents and observations that were gathered, were coded based on the reviewed codes. Additional codes were created in order to add more details and provide further directions to answer the research question specifically. After this round, 77 primary documents were coded resulting in 370 codes, as seen in appendix D.

Round 4

Whereas in the previous round a first step in terms of categorization of codes was made, the fourth round consisted of the categorization of all codes into families groups. This higher level of categorization, using an inductive approach from themes arising from the data, allowed the researcher to create a good overview of the data (Ryan & Bernard, 2003). Table 12 provides an overview of the 14 coding families created and their meaning. Appendix D provides a screenshot of the families made in the CAQDAS Atlas.ti and gives some examples of codes and their family categories.

Table 12: Overview of Coding Families

Code Family Name	No. codes	Code Family Description
Actors	66	All actors mentioned in the data are part of the actor family. This includes specific names (such as Reinier vd Berg) as well as organizational names (such as Fair Climate Fund) and groupings of actors (such as Coffee Farmers). Actors can be key partners in the case, but also supporting partners or other stakeholders occuring in the dataset.
Case / Program Description	54	Codes categorized in this family do not directly relate to the research question but provide (descriptive) insights about the case under investigation, and the herewith related Coffee Forest Program and Fairtrade Carbon Partnership.
Challenges	30	This family includes all challenges mentioned, both positively and negatively impacting the case. Challenges include multiple levels of analysis, including challenges related to the partnerships (such as lack of formalities), the program implementation (time considerations) and internal challenges.
Climate Change & Coffee	8	The relationship between coffee and climate change is the basis for the case and often referred to. This code family includes codes related to climate change and the climate change impact related to coffee, as well as the carbon credits and provides the context of the case.

Climate Program Benefits	8	All codes describing the actual sustainability benefits of the case are included in this family, listing the benefits of the climate program implemented (such as working effectively to reach higher goal).
Commercialization	16	This family describes a phase of the SOI –commercialization- and includes all codes related to production, market entry, but also the resulting publicity of FTCNC related to the launch.
Marketing & Communication	23	Part of the commercialization process is the marketing and communication of the program, including an awareness and educational campaign. Codes related to this phase and functional area are included in this family.
Partner Criteria & Characteristics	26	This code family includes specific characteristics of the partners as well as reasons for their selection (such as family business).
Partnership benefits	12	The specific benefits resulting from the partnerships are listed in this family (such as credibility, reputation etc.).
Partnership Implementation	26	This family includes all codes describing or relating to the process of the partnerships. In other words: which mechanism stimulated the partnership (such as regular communication), and how was the partnerships further developed and perceived (e.g. transparency).
Project Phases	27	The data sometimes explicitly mentions a certain phase (such as introduction), or events indicating a certain milestone (such as first cup), all codes directly or indirectly referring to different stages within the project from idea generation to future plans are included in this family group.
Reason for Partnership	7	This family group collects various codes related to 'partners', 'together', 'partnership' but also the direct code 'the need for partnerships'
Role & Responsibility of Partner	75	This group includes descriptive codes of the actual role and responsibility (such as develop marketing materials or financing of cook stoves) of the partners and includes abstract codes such as "partner for […]"
Role of Government	5	The role of the government is often mentioned separately and given the focus of cross-sector partnerships in this research, a separate family grouping these codes is created (such as local government)

Several codes were listed in multiple categories, choosing inclusive rather can exclusive code families. This holds for examples such as "credits not yet issued and certified", belonging to the family "project phases" as well as "challenges" as it indicates a phase (step) in the program implementation, which is perceived a challenge.

Round 5

In the last round the dataset was enlarged from 77 primary documents to the final primary data set. During this round a few adjustments were made in the initial codes, including additional merging (e.g. pioneers with frontrunners), re-naming into more abstract terms as well as the addition of a few new codes (e.g. customized marketing and marketing budget), adding further details. This last round resulted in a total of 363 codes.

3.4.2 Identification of Important Themes

The categorization in coding round four, described above, allowed for grouping of the codes into relevant families. These coding families guided an in-depth understanding of the case and the SOI process, including relevant tasks, actors, the context and the business model. In order to identify the most important coding themes for answering the research question with respect to the role and influence of the cross-sector

partnerships the ‘repetition’ strategy is used. This strategy is seen efficient to identify themes, particularly relevant for the analysis of rich narratives and helps to identify obvious themes in the data, as “the more the same concept occurs in a text, the more likely it is a theme” (Ryan & Bernard, 2003, p. 89). Thus, by ranking the codes in certain family groups based on the frequency of the code occurring, the most important themes occurred. E.g. the ten most important actors were identified: Max Havelaar, Peeze, Fair Climate Fund, ICCO, Jumbo, OCFCU, Fairtrade Carbon Partnership, HoA-REC&N, Reinier vd Berg and coffee roasters.
Similarly, ranking the challenges allows for the identification of the most frequent mentioned difficulties: difference between ICCO & FCF, time considerations, contract, lack of formalities, communication challenge and further scaling, all coded more than five times. The roles and responsibilities most often occurring were ‘partner for communication’, ‘partner for financing’, ‘partner for network’, ‘buy & sell CO2 credits’, and ‘partner for expertise’. Using this ‘repetition’ strategy allowed for a more focused analyses of the results. Importantly, the author considered that the interviews were conducted semi-structured and thus not all themes were given equal importance in the different interviews, which could have impacted the frequency of occurrence. In order to understand if the codes occurred in multiple primary documents and thus were found important by multiple sources, code-quotations output lists were used. Appendix E provides screenshots of Atlas.ti, giving examples of how the ranking strategy combined with output reports was used in order to identify the most important coding themes.

3.5 Challenges

Several challenges with respect to the data collection and analysis occurred, which will be discussed briefly.

3.5.1 Data Collection

A challenge encountered through the data collection phase was the limited information available on the initial phase of the project under investigation. As this research aims to identify the role of cross-sector partners through the different phases of the innovation, it was disappointing that only limited insights from the initial idea generation phase were available. It is however understandable, as limited information is shared publicly in this early phase. Besides, the idea was generated during informal contacts and thus no official innovation procedures or processes were conducted and documented. Fortunately, one key informant (interview 2) has been involved in the innovation process from the start and has played a very important role in the idea generation phase. Besides, an early feasibility study of the project gave further insights in the perspective and aim of the organization from the time the SOI was started (Internal Document A | 2011).

3.5.2 Language

Secondly, the translation of codes as well as quotes was done as closely to the text (in combination with the emotional content) of the words. The author being a native Dutch speaker and fluent in English, the impact of the language challenge on the actual results is believed limited. It does however mean that at certain points, no direct translation or different possibilities existed. (e.g. “afspraken”: arrangement or agreements, perceived as

synonyms). This also includes that the quotes used to support the results in chapter four are the result of a translation from Dutch to English. In order to verify the meaning of the quotes, the interviewees were all asked to review and verify their quotes and herewith several clarifications of expressions were made, as mentioned earlier.

3.5.3 Data Analysis

In the data analysis phase, the combined strategy of 'ground up' data analyses and building a 'detailed case description' resulted in a large amount of codes. The merging, and consequently grouping of codes in families in round four, allowed for a focused and structured analysis. Optimally however, a third level or in-between level of categorization of codes was conducted, further grouping certain codes on a more detailed level within the larger family groups. It was however not feasible to create this 'in-between' level in Atlas.ti, as no feature for practically making sub-family groups exists in the software program. The renaming and merging of initial codes into more abstract terms as described in round three however, resulted in several 'in-between' codes such as "partner for […] communication, finance, consumer awareness" etcetera, or "telling the story". After a discussion with professor Bayer, a researcher often using Atlas.ti for qualitative data analyses, it was decided not to merge all codes into these abstract codes but to keep and save the original codes, as otherwise lots of details from the initial coding rounds would be lost. Through intensive working with the original data, the resulting codes (both detailed codes from the initial round(s) and more abstract defined merged codes), as well as the larger family groups and the 'repetition' strategy it was a well-manageable strategy to analyze the data.

3.5.4 Definitions

The terms Climate Neutral Coffee and Fairtrade Climate Neutral Coffee (FTCNC) are both used during the interviews. Whereas the definition is different, it is assumed that the interviewees referred to *Fairtrade climate neutral coffee* when answering the questions; given the context of the interview and the project talked about. The definitions of the different types of coffee, as defined by Max Havelaar (Internal Document E | 2014) are:

- **Climate neutral coffee:** the production of coffee does not have any impact on the climate, meaning a zero sum calculation of greenhouse gas emissions
- **Fairtrade coffee:** coffee which is produced and traded under Fairtrade conditions and certified through the whole coffee chain from coffee farmer to roaster
- **Fairtrade climate neutral coffee:** Fairtrade certified coffee for which the CO2e emission (generated by production and processing) is reduced and compensated to zero with carbon credits from Fairtrade coffee farmers.

4. Results

In this chapter the results of this research are presented. This chapter starts with a case description, including the involvement of Max Havelaar with partnerships and climate change; the topic of the innovation. Also the project under investigation: Fairtrade Climate Neutral Coffee is further described, including the business model, mechanisms and organization of the program. Consequently, the partnerships involved in the SOI and their respective roles are shown. The third and most important section of this chapter, provides a process-description of the SOI, highlighting the activities of the different phases, the role and influence of the different partners and the key features of each phase.

4.1 Case Description

The first section of this chapter provides the background of the Sustainability Oriented Innovation (SOI) under investigation, namely Fairtrade Climate Neutral Coffee (FTCNC) from Max Havelaar. This section gives an in-depth explanation of the concept, including the programs and mechanism behind the establishment of the product.

4.1.1 Max Havelaar, Partnerships and Innovation

As mentioned in section 3.2.1, Fairtrade International is highly involved in partnerships. Not only the international organization, also the Dutch subsidiary Max Havelaar underlines the importance of partnerships for its organization. Previous CEO of Max Havelaar, Coen de Ruiter stated in the second Max Havelaar lecture held at the Erasmus University (2009) *"I remember that after my first 100 days on the job as director, my main conclusion was that we're fully incapable of doing anything on our own. And still, as I mentioned before, the organization has achieved quite a lot in its 20 years of existence. Actually there's only one reason for this success: finding the right partners!"* (p. 14). He proceeds by saying: *"all the successes are achieved in partnership*" (p. 14). Also in their reporting Max Havelaar describes the need for partners: "*we can't do it alone*" (Max Havelaar, 2013a, p. 8). The most important partners for Max Havelaar are the producer organizations, in other words the farmer cooperatives in developing countries delivering the Fairtrade commodities. Another important group of partners are the licensees, which are the parties trading and selling Fairtrade products. Next to these businesses, also other cross-sector partners, such as the government and academia play a role, for example through the subsidies Max Havelaar receives as well as the partnership with the Erasmus University for the annual Max Havelaar lecture. Likewise Peter d'Angremond, the current CEO of Max Havelaar, recognizes the need but also the potential of partnerships. During the annual event of 2014 he explained the important role of one of its licensees in the most recent innovation of the organization (the case under investigation). He then invited the other attendees (licensees) to also partner with Max Havelaar "*in order to sit and think together on how to create the largest impact and how to innovate together"* (Observation XII | 2014).

Fairtrade climate neutral coffee, the SOI under investigation, is one of these important innovations for Max Havelaar. *"It is Fairtrade 2.0, as we call it. It is a next step in how Fairtrade can differentiate itself further. And also how Fairtrade can mean more than just being a certification label"* (Interview 7, MH 2015).

4.1.2 Max Havelaar and Climate Change

"*Climate Change is not fair*": the developed world contributes enormously to climate change, while the small-scale farmers in developing countries hardly produce any emissions but are the ones most affected according to Fairtrade International (2010, p. 2). Max Havelaar and Fairtrade International acknowledge that, in addition to create fairer trading conditions for farmers in developing countries, Fairtrade can be used as a vehicle to support farmers in adapting to and in mitigating climate change. The established Fairtrade principles allow to do so by supporting sustainable livelihoods, sustainable development and a producer support program for climate change adaptation (Internal Document E | 2014).

Fairtrade International, and its subsidiary Max Havelaar, are driven to enlarge the scope and benefits of Fairtrade as vehicle for small-scale farmers who are negatively impacted by climate change. In order to do so, two different programs are developed in parallel: *Fairtrade Climate Neutral Coffee* (FTCNC) by Max Havelaar and *Fairtrade Carbon Credits Certification* by Fairtrade International. Whereas this research focuses on the sustainability oriented innovation FTCNC, it should be recognized that the development of the Fairtrade carbon credit certification is strongly related to the coffee program and vice versa. Max Havelaar explains that [while we are working on FTCNC] "*at the same time Fairtrade International has been busy the last two years building a standard for Fairtrade carbon credits, so these are working in parallel"* (Interview 7, MH 2015). Table 13 gives a short overview of both parallel developed projects and indicates their relation. Even within Max Havelaar these projects have an overlap. The Marketing and Communication manager from Max Havelaar explains that her role covers the communication of FTCNC in the Netherlands but that she is also a member of the Fairtrade International team, working on the launch of Fairtrade Carbon Credits.

Table 13: Two parallel SOIs: Fairtrade Climate Neutral Coffee & Fairtrade Carbon Credits

Fairtrade Climate Neutral Coffee	Fairtrade Carbon Credits
Project from the Fairtrade Carbon Partnership, formed by Max Havelaar, ICCO and OCFCU	Idea generated by Max Havelaar and ICCO. After an external feasibility study the certification project was further developed and guided by Fairtrade International, in cooperation with Gold standard and partly funded by ICCO
Delivery of FTCNC, whereby emissions of the value system (from farmer until final distribution to customers) are compensated by coffee roaster with carbon credits generated by the coffee farming families (a process, which is called insetting) These carbon credits will become certified as Fairtrade carbon credits	Developing of a new standard (certification) for carbon credits. The Fairtrade carbon credits are developed as highest standards where co-benefits, a fair price and *ownership* by farmers are distinguishing factors (based on the Fairtrade philosophy) The standard is developed based on a few pilot projects, of which the carbon credits generated by coffee farmer families in Ethiopia for the climate neutral coffee project is one

Idea Generation : 2011/2012 Program Development & Implementation • Cook stoves: 2013/2014/2015 • Forestation program 2014/2015 Commercialization: • Out of Home Launch: Nov. 2013 • Retail Launch: Nov. 2014	Idea Generation: 2010 External feasibility study: 2011 Development of standard: 2012-2015 Consultation round for standard: 2014 Launch (to be expected): 2015

Max Havelaar wants to "*take Fairtrade one step further*" by expanding climate change (ecology) related support into their current Fairtrade (social) philosophy (Internal Document E | 2014, p.1). Max Havelaar aims to do so by:

- Creating awareness in consumer (developed) countries about (the impact of) climate change
- Making carbon trade also work for small-scale farmer and producing organizations by providing them with access to carbon market, with ownership and a fair price.
- Involving current Fairtrade licensees in order to ensure that responsibility for CO2 emissions is accepted for the entire production chain (Internal Document E | 2014).

In order to realize the above mentioned aims, Max Havelaar formed the *Fairtrade Carbon Partnership*, initially with ICCO as well as OCFCU, which is a coffee cooperative union in Ethiopia.

4.1.3 The Fairtrade Carbon Partnership

The goal of the Fairtrade Carbon Partnership is to "*make small-scale farmers economically stronger to face the impacts of climate change (and support them to bring an end to the deforestation that threatens their future)*" (Internal Document E | 2014, p.9). The partnership can be described as an innovative approach wherein an intersection is found between the carbon market and the coffee value system, in order to support small-scale farmers. The coffee value system, following the model of Porter (1985) includes the value chains from suppliers (upstream value) until end-users value chains (downstream value). The partners categorize the Fairtrade Carbon Partnership in two segments: 'North' and 'South'.

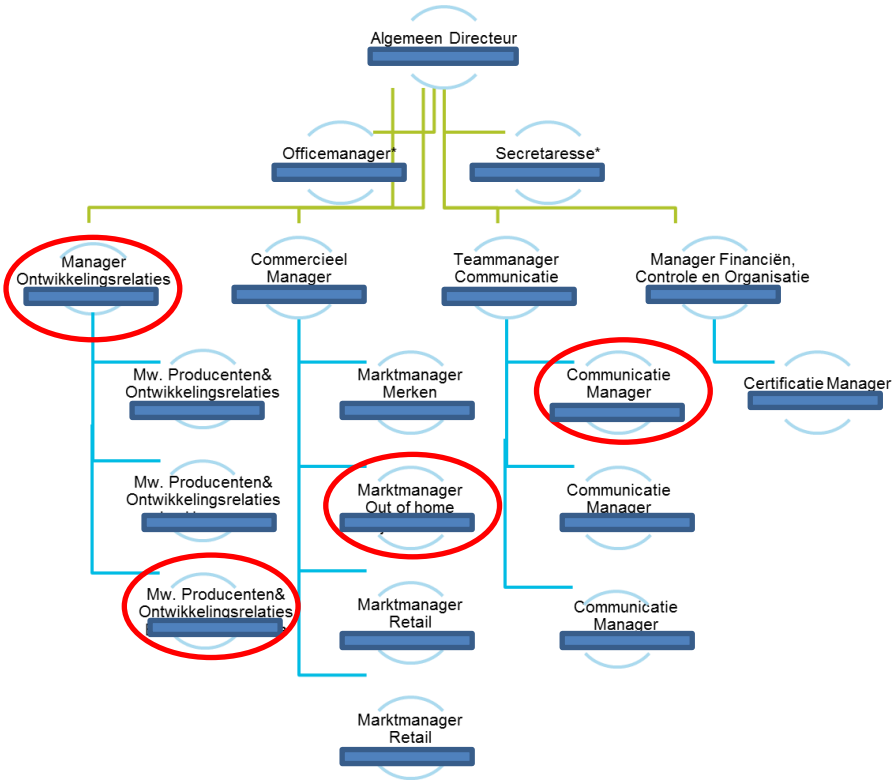
The North

The Fairtrade Carbon Partnership in 'the *North*' consists of a campaign introducing and communicating FTCNC and Fairtrade Carbon Credits, in other words, the commercialization of the SOI takes place in 'the North'. The introduction of FTCNC is initially done with an existing Fairtrade licensee and coffee roaster Peeze, who sells to the "Out of Home" (B2B) market. This is followed by an introduction to the consumer market by the supermarket chain Jumbo. Fairtrade climate neutral coffee is achieved through a series of steps. First of all, coffee roasters calculate CO2 emissions in the whole coffee value system, with the help of an explicitly developed CO2 tool. Secondly, the coffee roaster reduces its own CO2 emissions, e.g. with efficiency measures. As a third step, the coffee roaster compensates for the remaining CO2 emissions in the entire value system (from farmer until final distribution, excluding consumption) with the carbon credits generated by the coffee farmer families. This way, the coffee becomes climate neutral.

Interdisciplinary 'Climate-Program' Team

The program in 'the North', i.e. in the Netherlands, is coordinated and implemented by a newly formed interdisciplinary team within Max Havelaar. The team consists of four employees: a Business Development manager, a Supply & Development Manager, a Marketing & Communications Manager and a Policy Director, as highlighted in figure 5. The policy director has been involved in the SOI since the very first moment, starting with the idea generation phase whereby the Fairtrade Carbon Partnership was initiated. The other program team members were selected from different departments whereby Max Havelaar recognized that intra-organizational collaboration allows for knowledge and expertise sharing of the different departments, which is believed to be needed in order to successfully introduce the FTCNC. The team members from the different departments are selected mainly for practical reasons such as availability but also experience with the relevant product category (coffee) (Observation IX).

Figure 5: Organizational Chart of Max Havelaar indicating Fairtrade Climate Neutral Coffee team



Source: Internal Document B | 2012

The South

The Fairtrade Carbon Partnership in 'the *South'* manifests itself in the Coffee Forest Program and is launched with coffee farmer families in Ethiopia, a country hardly contributing to the growing climate problem but where the population is being highly affected. Ethiopia heavily relies on the export of their coffee (33% of all export income), of which 98% is coming from small-scale farmers (Internal Document E | 2014). Coffee has its origin in Ethiopia, but the coffee cultivation in Ethiopia is currently highly at risk due to an increase in

deforestation and temperature change. Coffee trees rely heavily on protection from direct solar radiation with the shade of the ancient forest and coffee plants are extremely sensitive to rising temperatures. An increase of one degree Celsius causes a loss of quality, two degrees leads to productivity loss, and at three degrees the coffee plant has difficulty to survive (Max Havelaar, 2014). In order to protect and support small-scale coffee farmer families in Ethiopia, The Coffee Forest Program will be implemented, consisting of three programs: cook stoves, participative forest management and forest protection. Through these three programs CO2 emissions will be reduced and herewith carbon credits generated. The programs will be in line with the Climate Resilient Green Economy strategy of the Government of Ethiopia, visioning the country to become carbon neutral by 2025 (Internal Document D | 2014).

Cook stoves

40,000 cook stoves will be distributed to 20,000 households (coffee farmer families) in Ethiopia. The cook stoves are efficient; they reduce the amount of firewood needed and the smoke resulting from the cooking, which creates income and health benefits. With the cook stoves, 50% of firewood used and 90% of CO2 emissions are reduced compared to traditional cooking (Senders, Motz, Lentink, Vanderschaeghe, & Terrillon, 2014). This part of the program is (partly) implemented, meaning that part of the cook stoves are distributed and in use.

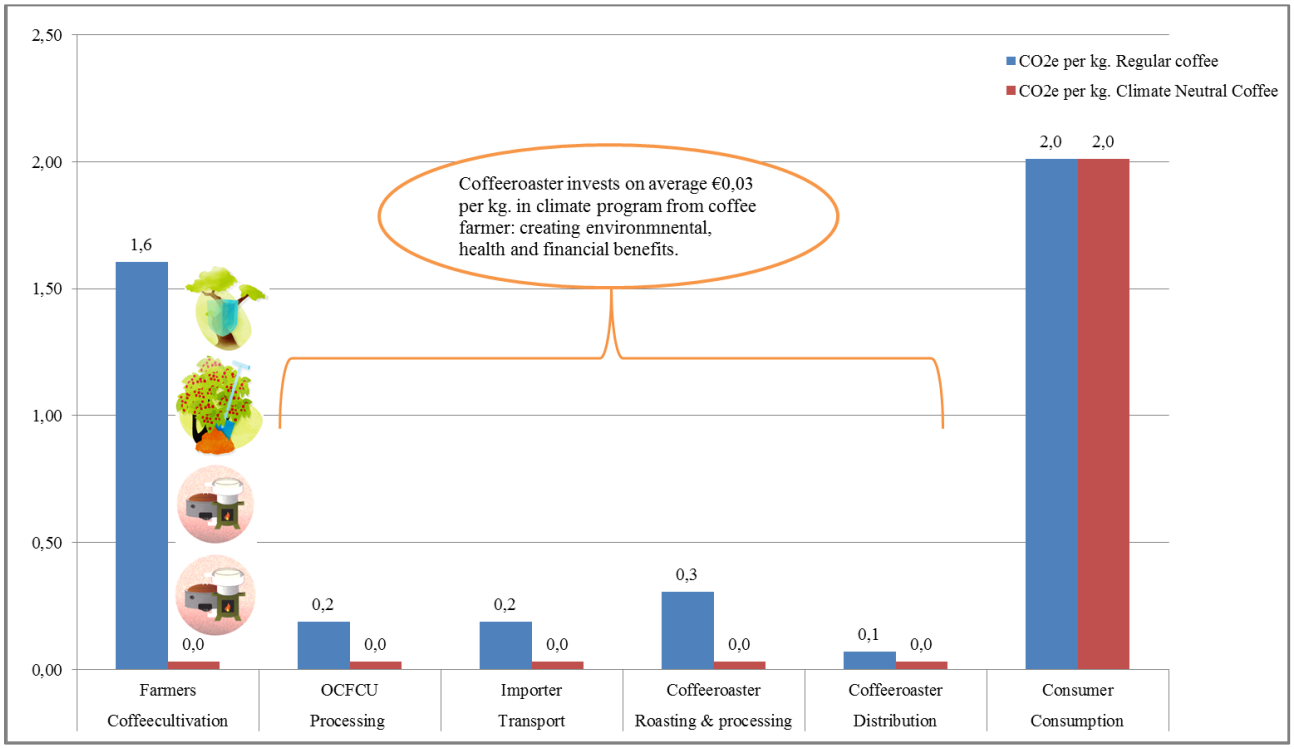
Participative forest management & Forest Protection

These two parts of the project are focused on forest management and protection, and are still in a development phase, expected to be implemented in 2015. Through a Participative Forest Management and Forest Protection program Ethiopian communities are taught the importance of the forest, new trees are planted and the existing forest is protected. These projects aim to generate carbon credits as a REDD+ program, which stands for Reducing Emissions from Deforestation and forest Degradation and is a mechanism negotiated by the United Nations Framework Convention on Climate Change.

4.1.4 The business model

Figure 6 visualizes the impact of FTCNC in the value system. It shows that the CO2 emissions from the coffee cultivation until coffee roaster are compensated by the coffee roaster by investments in climate programs from the coffee farmers. The responsibility for emissions from consumption remains at the consumer.

Figure 6: CO2 emissions in the Coffee Value System

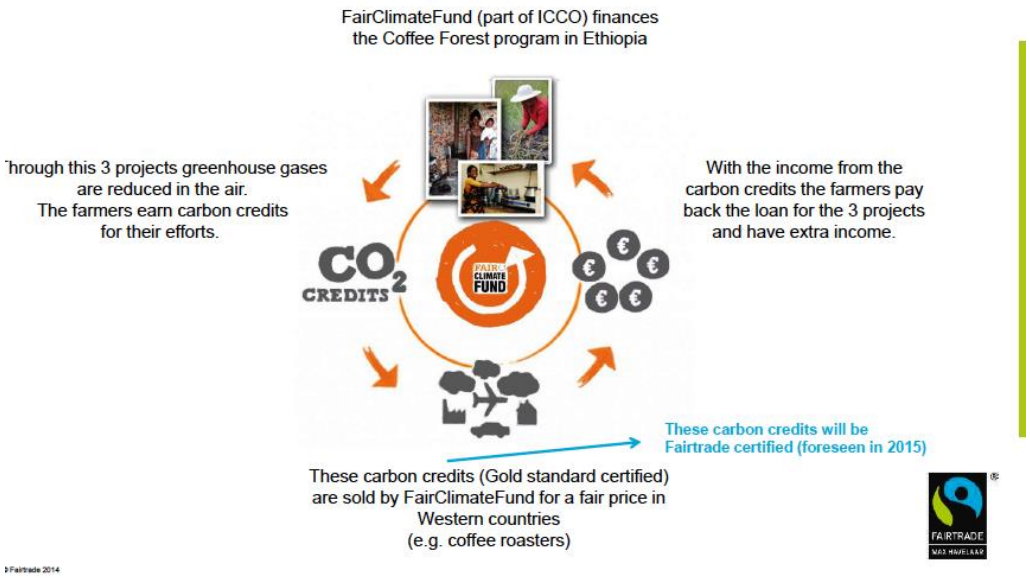


Source: Created by Author

The selling price of the carbon credits is €12,50 per tonnes, which is above the market price. This price represents and includes a fair carbon price, whereby the co-benefits of the program with regards to health for example, are taken into consideration. This includes the ownership of the carbon credit by the coffee farmer and the Fairtrade premium received per ton carbon reduction.

In conclusion, the FTCNC is an unique sustainability oriented innovation, designed as a closed-loop circle. Small-scale farmers remain the ownership and empowerment of the carbon credits and directly benefit from a fair carbon credit price. Furthermore, it creates a snowball effect where all partners in the value chain are working towards reducing their carbon emissions. In addition, the remaining compensation of carbon emissions is directly made in the same value chain (in this case coffee); referred to as “insetting”. Figure 7 shows how this mechanism works.

Figure 7: Fairtrade Carbon Partnership: "How does the mechanism work?"



Source: Internal Document E | 2014

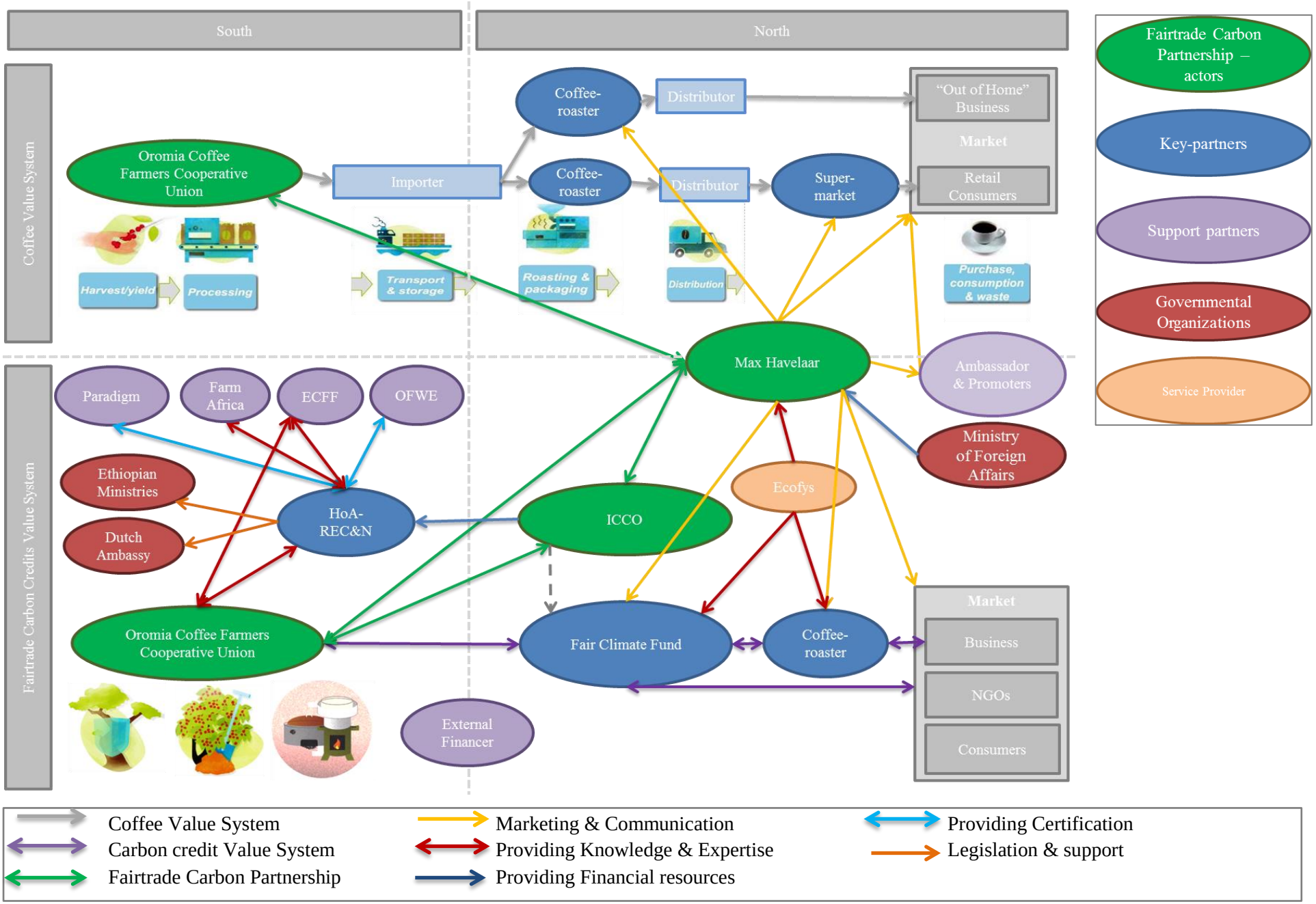
The FTCNC approach as described above, matches several of the identified sustainable business model archetypes defined by Bocken et al. (2014) and is considered innovative in multiple different ways. Appendix F provides a description of how the case under investigation relates to the different sustainable business model archetypes of Bocken et al (2014).

4.2 Cross-sector Partnerships in the Coffee Value System

After explaining FTCNC, this section shows which partners are involved in the coffee value system. Max Havelaar, as a certification organization, "*is not part of the value chain, but walks along all steps of the chain"* (Interview 1, MH 2014). As previous CEO Coen de Ruiter (2009) explained: "w*e don't sell or buy ourselves, we have no budgets for campaigning, we have no knowledge of roasting coffee, ripening bananas or mixing delicious ice cream. We don't have shelf space or promotion positions. Neither do we have the capacity to assist our producers in the south on a daily basis"* (p. 14). The organization instead heavily relies on partnerships, as mentioned in section 4.1.1., which is the reason for making Fairtrade a success. This also holds for the further development and commercialization of FTCNC. In order to initiate and introduce FTCNC, in other words: to innovate in an area yet new to Max Havelaar partners and partnerships were needed and searched for.

Figure 8 below provides an overview of the coffee value system, indicating the different partners involved in the SOI. This figure not only shows the actual coffee value system but also the partners and partnerships related to the climate programs in Ethiopia delivering the carbon credits to make the coffee climate neutral. Each partner within the coffee value system, but also connected to the Coffee Forest Program has its own contribution and role within the system, as indicated by the different colored lines.

Figure 8: Partners in the Coffee Value System



From figure 8 it can be concluded that Max Havelaar is strongly connected to the farmer cooperative union OCFCU, the sourcing partner. The visual also highlights the strong presence of the organization in the Dutch market and its effort of marketing and communication towards and with multiple business partners in 'the North'. In other words, *"Max Havelaar has a strong connection to the market at two sides; both the selling parties in the Netherlands as well as the sourcing partners*" (Interview 2, MH 2014). In addition to the connection to the different markets, figure 8 also shows the direct partnerships Max Havelaar has with multiple sectors, including businesses, the government and public as well as other NGOs. Table 14 provides an overview of the different cross-sector partnership of *Max Havelaar* and how these partnerships developed over time. Further background information on the organizational history and key activities of the partner organizations, also with regards to the FTCNC innovation can be found in appendix G.

Table 14: NGO - Business Partnerships

Partner of Max Havelaar	Organizational type	Development of Partnership
Jumbo (Supermarket)	Private Enterprise	• Fairtrade licensee since 2010 and involved in FTCNC concept since 2012. • Personal engaged through trip to Ethiopia. • Launch of FTCNC in supermarket in Nov. 2014. • Together with MH, planning and preparing marketing & communication program for 2015.
Peeze (Coffee Roaster)	Private Enterprise	• Already Fairtrade licensee since the early days. • Actively involved with program development of FTCNC concept since 2012. • Personal engaged through trip to Ethiopia. • First launch of FTCNC in Nov. 2013. • Together with MH, development of marketing and communication program for Peeze's existing and potential clients.
OCFCU	Cooperative Union	• Warm, strong and long-term relationship with Max Havelaar as Fairtrade small-scale farmer cooperative union, providing coffee and carbon credits.
Fair Climate Fund	Social Enterprise	• Involved as subsidiary from ICCO since the start of the Fairtrade Carbon Partnership. • No contractual partnership with Max Havelaar but operational relationship through shared clients. • Together with MH development of the program (implementation) and communication materials together.

Table 15: NGO-NGO Partnership

Partner of Max Havelaar	Development of Partnership
ICCO	• Strategic partner of Max Havelaar since many years in order to support a sustainable living for households in the developing world. • Since 2010, developing and sharing a vision to adjust the carbon market in order to bring benefits of carbon trading to small-scale farmers. • Becoming a key partner in the Fairtrade Carbon Partnership, providing capacity, resources and knowledge to further develop and implement the vision.

Table 16: NGO – Government Partnerships

Partner of Max Havelaar	Development of Partnership
Ministry of Foreign Affairs	• Whereas usually subsidy is provided for program development in developing countries the Ministry of Foreign Affairs approved a subsidy request specifically focusing on an educational and awareness campaign from Max Havelaar around the new innovative model of FTCNC and Fairtrade carbon credits in the Netherlands.

Table 17: NGO - Public Partnerships

Partner of Max Havelaar	Development of Partnership
Media, bloggers, network organization and followers	• Over the years Max Havelaar built up an extensive network of followers, who are encouraged to create further awareness of climate change and its impact.
Ambassador (Individual)	• Ambassador since 2014 by request from Max Havelaar, due to his enthusiasm and knowledge. • Personal engaged (and further involved and informed) through trip to Ethiopia in 2014.

Not only the direct relationships of Max Havelaar play an important role in the SOI under investigation, also partnerships outside Max Havelaar's direct involvement allow for the establishment of the FTCNC, as figure 8 shows. Through close cooperation with ICCO's regional office, HoA-REC&N becomes a key partner for the establishment of FTCNC, coordinating the Coffee Forest Program in Ethiopia.

Table 18: NGO - Academic Partnership

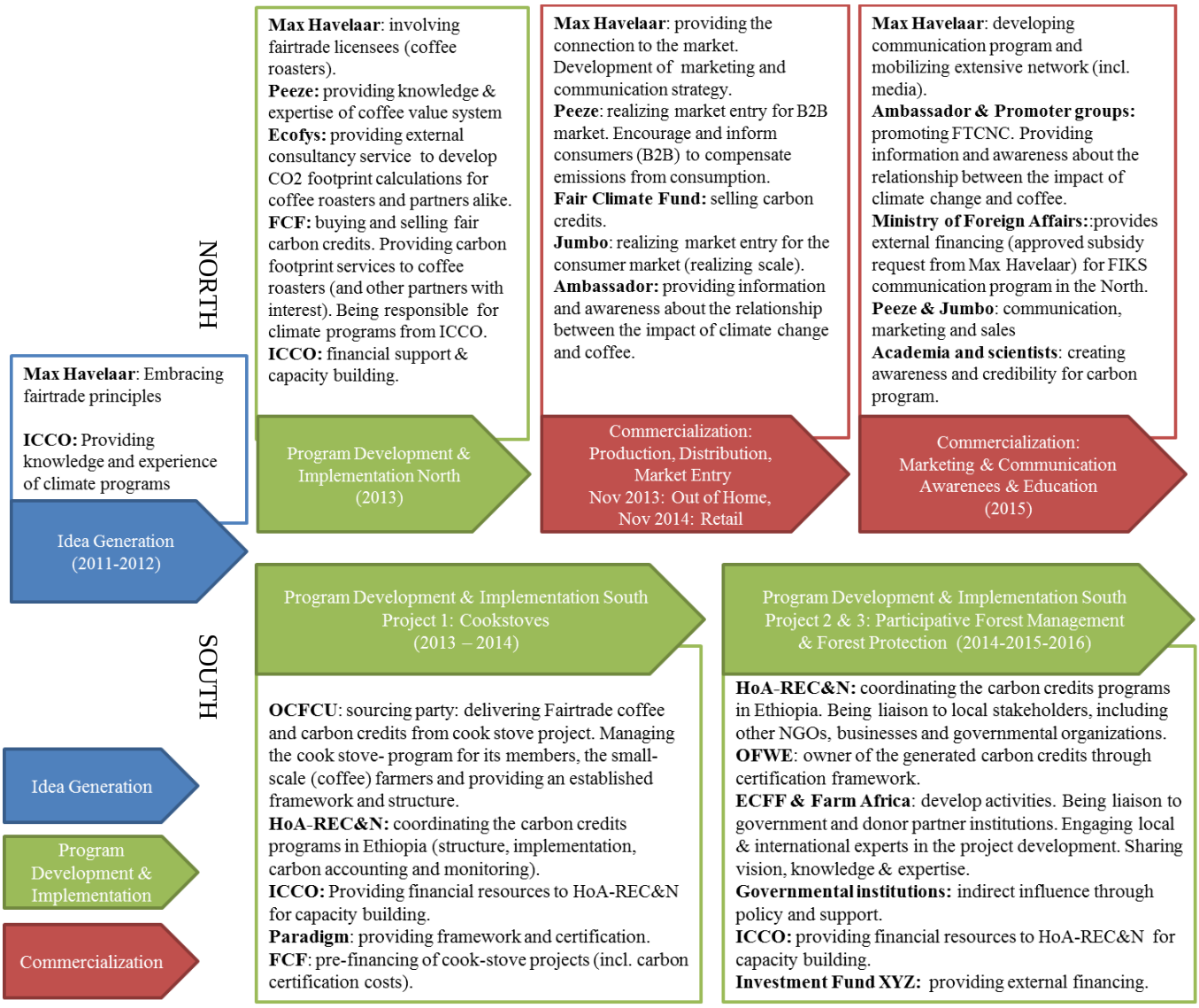
Partner of ICCO	Development of Partnership
HoA-REC&N (Educational Network Institute)	• HoA-REC&N is a strong partner and supported by ICCO´s regional office • The Carbon Credit Project from HoA-REC&N is launched on April 23, 2012 and (financially) supported by ICCO, mainly to support the Coffee Forest Program and herewith the FTCNC innovation. • Through the academic networking organization HoA-REC&N, multiple influential NGOs and governmental organization in Ethiopia are included in the program.

4.3 The Innovation Process of Fairtrade Climate Neutral Coffee

After the description of the cross-sector partnerships as part of the coffee value system and climate programs in Ethiopia, this section specifically focuses on the influence of the cross-sector partnerships during the different phases of the SOI. Literature suggests many different innovation processes and defines different phases, varying from three to even more than eight different steps. In this research, three phases are identified and for pragmatic reasons defined as: idea generation, program development and implementation, and commercialization. In the idea generation phase the idea is generated and evaluated. This is followed by the program development and implementation phase which is divided into activities in Ethiopia ('the South') and the Netherlands ('the North'). The final phase of commercialization includes the actual market launch and

penetration. This phase is divided into two sub-phases: Production, Distribution & Market Entry as well as Marketing & Communication. Whereas this distinction is made in order to better differentiate between certain activities and the role of the partners, it should be recognized that these phases partly overlap and that no clear boundary exists. The following subsections provide a detailed description of the role of the partners, the functioning of the partnership and the key features of each phase. At the end each subsection describing a phase of the SOI, a table summarizes the results. Figure 9 provides an overview of the partners involved and their role in each phase of the SOI. In each of the subsections below, the relevant column of figure 9 will be copied, allowing for an easy understanding for the reader.

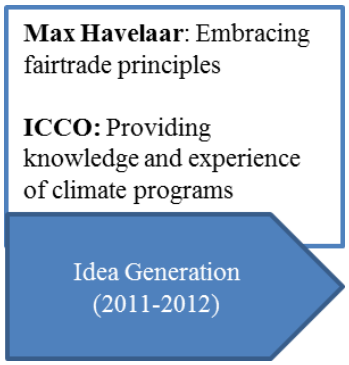
Figure 9: Partners Roles & Responsibilities



Source: Created by Author

4.3.1 Idea generation

Figure 10: Idea Generation Partners



ICCO recognized that a hindrance for carbon reducing projects in Africa is the limited capacity of project developers in the field of carbon credit financing as it often requires specific skills, access to networks and a significant time commitment. Max Havelaar recognized that small-scale farmers are generally not benefiting from the carbon trade market. Being strategic partners, ICCO and Max Havelaar recognized the potential to make carbon trading and the benefits of climate programs available for small-scale farmers.

The idea of FTCNC was generated during previous cooperation activities of ICCO and Max Havelaar around a Jatropha project in 2011. "*In our cooperation* [for the Jatropha project in which the partners looked at the opportunities of Jatropha for crop-rotation] *lots was exchanged*" (Interview 2, MH 2014). Max Havelaar and ICCO shared their knowledge and ideas and created a shared vision to make carbon trade work for small-scale farmer. ICCO has had previous knowledge and experience with the location and already investigated the opportunities for (other) climate programs in Ethiopia, making the choice for a climate program in Ethiopia a logical one (Interview 2, MH 2014). Another reason to choose Ethiopia is the enormous impact of climate change on coffee and herewith on the income and livelihood of the small-scale farmers, as explained in section 4.1.1 (Interview 1, MH 2014). The ideas were further developed into a concept plan early 2012, when Max Havelaar visited Ethiopia during a climate conference, together with ICCO. External subsidy opportunities gave reason (and a timeframe) for Max Havelaar to further develop a detailed proposal (Interview 2, MH 2014).

Table 19: Partners for Idea Generation

Sector		Involvement	Added value
NGO	Max Havelaar & ICCO	Developing a shared vision and consequently a business model and innovative mechanism for the carbon market, incorporating and creating sustainability benefits.	Strategic partners with knowledge, experience and a vision of sustainability needs and benefits; both social and ecological.

Key Feature: Developing a strong sustainability vision

As seen, in this initial phase the idea for the SOI is developed. Important, is the understanding and development of a strong shared vision of the partners. This incorporates the knowledge and mission of ICCO, focusing on environmental projects with Max Havelaars vision to create a fairer world. As will be further explained in the next section, Max Havelaar is dependent on its partners to implement the actual climate programs in Ethiopia. In order to ensure that the climate programs in Ethiopia are still following and in accordance with the Fairtrade philosophy, Max Havelaar is involved at a technical as well as conceptual level of the program. This is outside the core of Max Havelaars activities but important to ensure that the overall

Fairtrade philosophy is followed and that the project and climate programs fit within the overall strategy of the Max Havelaar organization (Interview 2, MH 2014). Not only is this important for Max Havelaar, but for most partners, as "*the most important connection that unites all the partners is the embracement of the Fairtrade principles"* (Interview 4, FCF 2014).

4.3.2 Program Development & Implementation

After the idea and concept was framed, Max Havelaar and ICCO started to develop and implement the climate programs leading to FTCNC. As a certification organization and NGO in the Netherlands, focused on creating awareness and commercialization of Fairtrade products, Max Havelaar has limited previous experience with the establishment, management and implementation of 'own' programs. Especially with regards to climate related programs, which is a new strategic direction within the organization. This highlights the need for additional partners, both in 'the North' and 'the South'.

South

The program in 'the South' consists of three projects: one cook stove project and two projects related to the forest (participative forest management and forest protection). For each phase and aspect of the program, multiple different partners play a role as *"everyone in Ethiopia mentioned that there is not one single party which has all the knowledge for all the different projects, thus we outsource it to individual partners"* (Interview 3, FCF 2014).

The Cook stove Project

Implementation of the program in 'the South' started in 2013 with the cook stove project. OCFCU, the farmer cooperative union, is the first key partner in 'the South' joining the Fairtrade Carbon Partnership.

Figure 11: Program Development & Implementation South (1)

Program Development & Implementation South
Project 1: Cookstoves
(2013 – 2014)

OCFCU: sourcing party: delivering Fairtrade coffee and carbon credits from cook stove project. Managing the cook stove- program for its members, the small-scale (coffee) farmers and providing an established framework and structure.
HoA-REC&N: coordinating the carbon credits programs in Ethiopia (structure, implementation, carbon accounting and monitoring).
ICCO: providing financial resources to HoA-REC&N for capacity building.
Paradigm: providing framework and certification.
FCF: pre-financing of cook-stove projects (incl. carbon certification costs).

Through the strong framework and structure of the farmer cooperative union, the cook stove project is implemented, creating the carbon credits needed to make coffee climate neutral. The fact that OCFCU is a Fairtrade organization and an established organization in Ethiopia is very important for the overall success of the program.

"*The benefit of this organization* [OCFCU] *is that it is a Fairtrade producer organization, which are generally well-organized, like the Community Based Organizations that ICCO works with. Most communities however are not so well organized which makes the carbon credit generation very complex"* (Interview 4, FCF 2014). [The difference is that] *"the Fairtrade producer organizations (cooperatives) are existing around*

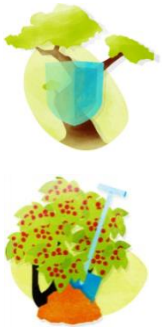
commercial principles, whereas that isn't necessarily the case for community based organization" (Interview 2, MH 2014). That makes OCFCU a strong partner to provide the framework and structure needed to distribute the cook stoves and to inform the households about the usage and benefits.
OCFCU however has no previous expertise with carbon projects or the carbon market nor does Max Havelaar have the necessary knowledge and skills to manage and implement specific programs in developing countries. More local partners were therefore needed. The "*strong and warm partnership*" between the Fairtrade cooperative union OCFCU and Max Havelaar opened doors and created a bonding for and between other partners involved in the further development and implementation of the program (Interview 5, HoA-REC&N 2014).

The further selection and involvement of partners in the South was without strong involvement of Max Havelaar. ICCO however, the strategic partner and key actor in the phase of idea generation, played a crucial role in this phase. ICCO's regional office built a strong partnership with HoA-REC&N, an educational institute having the knowledge, expertise and network to implement climate programs in Ethiopia. In order to further stimulate this carbon program, ICCO provided financial resources to HoA-REC&N, allowing for capacity building. Finally, in order to fasten the implementation process of the cook stove project a collaboration with Paradigm was found. Paradigm is a party which already registered a carbon project. [Through collaboration] *we could bring our project under this umbrella so that we save some development costs and time"* (Interview 3, FCF 2014).

Participative Forest Management & Forest Protection

After the development and start of the implementation of the cook stove project also the Participative Forest Management and Forest Protection program, in other words a REDD+ carbon project will be further developed.

Figure 12: Program Development & Implementation South (2)



Program Development & Implementation South
Project 2 & 3: Participative Forest Management & Forest Protection (2014-2015-2016)

HoA-REC&N: coordinating the carbon credits programs in Ethiopia. Being liaison to local stakeholders, including other NGOs, businesses and governmental organizations.
OFWE: owner of the generated carbon credits through certification framework.
ECFF & Farm Africa: develop activities. Being liaison to government and donor partner institutions. Engaging local & international experts in the project development. Sharing vision, knowledge & expertise.
Governmental institutions: indirect influence through policy and support.
ICCO: providing financial resources to HoA-REC&N for capacity building.
Investment Fund XYZ: providing external financing.

In order to implement these (larger scale) programs, lobbying and building a strong network in Ethiopia with all relevant key players is important. Again, Max Havelaar did not play an active role in selecting and coordinating these partners.
Instead, a key player in developing and establishing this coordination platform is HoA-REC&N, a network organization from origin, supported by ICCO's regional office.

Especially connections with the local government play an important role in developing countries such as Ethiopia. *"You can't go without government in Ethiopia, they are very present and everything is centrally organized"* (Interview 5, HoA-REC&N 2014). In other words, the government is a very influential party of which acceptance and support can significantly alter the potential and success of the program (Interview 1, MH 2014). For several of the program's activities, specific Letter of Endorsements are needed before the actual implementation can begin (Interview 5, HoA-REC&N 2014). The government also directly influences the program through regulation and its policies, whereby the distribution of cook stoves is integrated in the government's policy by creating a target. HoA-REC&N is an important party to lobby and cooperate with the local governments such as the Ministry of Environment and Forest as well as the Ministry of Agriculture, in order to create further support and acceptance of the Coffee Forest Program in the country. Another important government organization is OFWE, allowing for the framework and establishment of the carbon credits under a registered REDD+ program and herewith becoming owner of the credits (Interview 5, HoA-REC&N 2014).

Next to HoA-REC&N and the governmental institutions, also other NGOs are involved in order to enable the successful implementation of the Coffee Forest Program in Ethiopia. Farm Africa and ECFF are both partners joining the program and sharing their knowledge and expertise. *"Farm Africa is a specialist in terms of how you can manage communities and people in and around the forest, in other words, participative forest management" (*Interview 5, HoA-REC&N 2014). ECFF is not only involved for practical support, *"it is also an inspiring partner, a thinker of how you can ensure that coffee-forests will be protected and remain, for a variety of reasons of which one is the large variety of coffee-types"* (Interview 2, MH 2014). Furthermore, an investment fund (anonymously called XYZ) will provide financial resources to support the program. The investment fund, ECFF, Max Havelaar, ICCO and HoA-REC&N confirmed their participation, role and commitment to part of Coffee Forest Program by signing a Memorandum of Understanding (Internal Document D | 2014).

As seen, multiple sectors are involved in the program development & implementation phase of the SOI in 'the South'. Table 20 summarizes the involvement and added value of the different sectors in the development and implementation of FTCNC in Ethiopia.

Table 20: Partners for Program Development & Implementation in the South

Sector	Partner	Involvement	Resource provision
NGO	ICCO	n/a	Providing financial resources & capacity building
	Paradigm	Ensure and allow for faster development and implementation of the program: the delivery of carbon credits in (already) registered programs	Providing certification framework
	ECFF & Farm Africa	Development of the concept and program implementation	Providing a vision, knowledge & expertise in respective areas of the Coffee Forest Program
	Athelia Climate Fund	n/a	Providing financial resources
Government	MEF, Ministry of Agriculture, Ministry of Water & Energy, Dutch Embassy	Inclusion of climate program in legislation and policies, approval and additional support for development & implementation of program	Providing indirect influence on the opportunities and success of program development and implementation through policy and support
	OFWE	Ensure implementation of the program: the delivery of carbon credits in registered program	Providing certification framework to deliver carbon credits in registered programs
Academics	HoA-REC&N	Coordination of Coffee Forest Program with structure, implementation, carbon accounting & monitoring. Build partnerships in 'the South' and lobbing at governmental organizations	Providing knowledge and expertise, an extensive network and warm connections
Business	Coffee cooperative	Implement cook stove program for its members and being sourcing partner for FTCNC	Providing well-established structure and framework

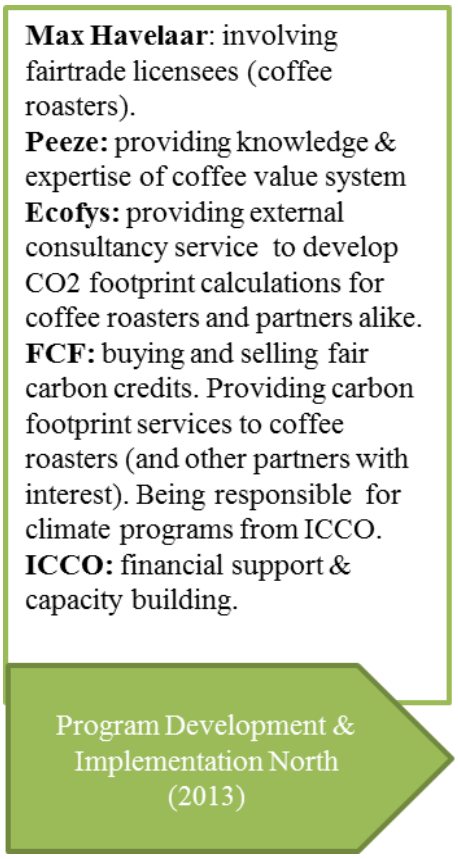
Key Feature: Time consuming preparation & Delays

"The phase of paperwork, financing, finding a mutual agreement, defining the coffee-forest boundaries, and framing the activities – the preparation phase – is finished and in 2015 the concrete activities will be implemented" (Interview 5, HoA-REC&N 2014). This statement shows the amount of work needed in order to prepare for the climate programs in Ethiopia, and particularly the participative forest management and forest protection aspects. It is clear that (the approval and support of) multiple partners are needed in order to establish a common framework before the activities can be implemented. Especially, the government's approval and support in Ethiopia is crucial and thus considerable time is spent on lobbying and building relationships.

Not only the preparatory phase of the forest programs took considerable time, also within the cook stove projects a delay takes place, namely the certification and issuance of the carbon credits, resulting from the distribution of clean cook stoves. This is the responsibility of partners in 'the South' (HoA-REC&N, Paradigm and OCFCU) but mainly impacts the partners and next phases in 'the North' as *"the credits certification is needed for transparency and accountability to attract other buying parties*" (Interview 3, FCF 2014).

North

Figure 13: Program Development & Implementation North



Next to the development in 'the South', FTCNC needs to be developed and prepared for commercialization in 'the North', thus in order to be able to launch FTCNC in the market, several partners in 'the North' were brought together. In this phase, Max Havelaar was financially supported by ICCO. After the idea generation phase, the next step in 'the North' was to *"express our ideas in the market and look for partners who can commercialize the product. We do not do it ourselves, since we only have a certification label"* (Interview 1, MH 2014).

Only with draft of the concept, in August 2012, coffee roasters were invited for an initial meeting where the innovation was explained by Max Havelaar and ICCO. The NGO's thus opted for early involvement of commercial business partners in order to cooperate on further program development, implementation as well as the actual commercialization of the innovation. Of the fifteen coffee roasters present at the meeting, five parties were interested and soon it was decided that Peeze was the first coffee roaster to join the Fairtrade Carbon Partnership and to introduce FTCNC in the Out of Home (B2B) market.

Peeze was enthusiastic to become part of the Fairtrade Carbon Partnership as the organization was ready for the "*next step*". "*Peeze was already looking for ways to connect the end consumer who enjoys a cup of coffee with the origin. Max Havelaar showed us this project which offered us an excellent opportunity to make a new step regarding sustainability, but also to connect our consumers with the origin again. It provides us a concrete way to tell what we, together with Max Havelaar and FCF, do in Ethiopia in order to reduce our CO2 emissions. Joining the program was thus a very logical, good, next step to complete our sustainability story"* (Interview 6, Peeze 2014). Since Peeze is a frontrunner in terms of sustainability in the coffee sector, it was not only a logical step for Peeze to be the first coffee roaster joining this initiative, it also makes the organization a good partner for Max Havelaar.

In this phase also Fair Climate Fund (FCF) started to play an active role in the Fairtrade Carbon Partnership. Being a subsidiary of ICCO, Fair Climate Fund was (automatically) seen as the responsible partner for the pre-financing of the cook stove program in Ethiopia and as actor buying and selling the carbon credits generated.

The relationship between FCF and Max Havelaar in this phase is however ambiguous. "*There was no direct relationship between Fair Climate Fund and Max Havelaar. The uniting factor are our common customers"* (Interview 4, FCF 2014). These customers include Max Havelaar's Fairtrade licensees selling FTCNC, which are also FCF's clients, signing contracts for the carbon credits. The ambiguity of the relationship and the partner's responsibilities in terms of the program development are further discussed in the next section, as key feature of this phase.

In order to actually make the Fairtrade coffee climate neutral an extensive analysis of the emissions of all of the coffee value system's activities is needed. Fair Climate Fund and Max Havelaar hired an external consultancy organization, Ecofys (specialist in carbon calculations) in order to develop the life cycle analysis of the coffee. Ecofys, as external service provider, contributed to the development of the SOI by providing its knowledge and expertise of the carbon market and emission reductions in order to develop a 'carbon tool' for the coffee value system. During this process Peeze contributed by sharing its knowledge and experience of coffee and the relevant activities in the coffee system.

In conclusion, also in 'the North', cross-sector partnerships were formed in the development phase, where especially the knowledge of businesses played an important role. Table 21 summarizes the involvement and added value of the different sectors in the development and implementation of FTCNC in 'the North'.

Table 21: Partners for Program Development & Implementation in the North

Sector	Partner	Involvement	Added value
NGO	Max Havelaar	Finding and connecting program implementation partners in 'the North'	Providing a strong network, including Fairtrade licensees
	ICCO	Stimulating and supporting further development and implementation of program	Providing financial resources (to Max Havelaar) for capacity building
Business	Coffee Roaster (Peeze)	Supporting the development of tools to implement the climate neutral aspect	Providing knowledge & expertise of coffee value system
	External Service Provider (Ecofys)	Supporting the development of tools to implement the climate neutral aspect	Providing knowledge & expertise of carbon emissions and reductions
	Social Enterprise (Fair Climate Fund)	Investing in cook stove project and supporting further development of the Coffee Forest Program	Providing financial investment, knowledge and experience of carbon market

Key Feature: Specification of Roles & Responsibilities

Whereas the partners in 'the South' signed a Memorandum of Understanding after an extensive period of lobbying, discussing and preparing the program, the partnerships in 'the North' lacked a specification of roles and responsibilities, even though this is considered key in the phase of program development & implementation. First of all, as a subsidiary –but independent social enterprise– the roles and responsibilities of FCF and their relationship with both ICCO and Max Havelaar have not always been clear to all parties. FCF and ICCO are often seen as the same partner (Observation V). The main difference in terms of responsibility is however that: *We* [Fair Climate Fund] *could theoretically step out because, being a service provider, our tasks could be transferred to another party. ICCO and Max Havelaar however are the project*

owners and thus have different responsibilities. As all partners are so close together, we won't step out, but we could. Formally." (Interview 3, FCF 2014).

Closely related to the ambiguity of roles and responsibilities and potentially the cause is the lack of formalities. A formal partnership agreement between all parties involved in the Fairtrade Carbon Partnership, especially connecting all key partners both in 'the North' and 'the South' program is missing: *"You should have started the project, before the actual implementation, with an initial meeting of all partners, including OCFCU and ECFF, discussing the plan, the vision and who joins with which responsibilities. This way you create a partnership agreement"* (Interview 4, FCF 2014). Even stronger said "*I think that you don't have an actual partnership if you don't have any actual agreements"* (Interview 4, FCF 2014). The lack of (formal) arrangements "*creates dynamics, but also a lot of noise"* (Interview 4, FCF 2014) and "*we therefore currently experience ambiguities* (Interview 3, FCF 2014).

Not only FCF highlights the importance of specification and clarity on the roles and responsibilities for the program development and implementation phase, also an employee from Max Havelaar describes the changing responsibilities as an important learning point; both within the new interdisciplinary working group as well as with partners such as ICCO (Interview 1, MH 2014).

The (lack of) specification of roles and responsibilities within the program and partnerships is not only perceived an important key feature in the program development and implementation phase, it is also influencing the success of the consequent phase of commercialization. Without a clear framework and written and formal mutual understanding established in an agreement in an early phase, there is a risk that "*every partner will develop their own framework and direction based on different perspectives"* (Interview 4, FCF 2014).

4.4.3 Commercialization

The commercialization phase of the innovation is the process in which the FTCNC is actually introduced in the market. Multiple partners worked together in the program development & implementation phase, allowing FTCNC to actually enter the market, leading to enthusiastic reaction of the partners involved. *"We were already enthusiastic as team and then actually launching such a new project in the market, that's fantastic! I'm really proud of it"* (Interview 1, MH 2014). Also in this phase, multiple parties played a crucial role. The commercialization phase is further divided into the production, distribution and market entry of the FTCNC, followed by a marketing and communication phase for which an awareness and education campaign in planned.

Production, Distribution, Market Entry

After the establishment of the program, Peeze, partner for the Out of Home market was the first licensee to bring FTCNC to the B2B market. It produced and distributed the coffee and compensated the CO2 emissions from coffee cultivation until distribution with FCF.

FTCNC was launched during the 25th anniversary of Max Havelaar in November 2013, with the theme "Smallholder Innovations". This event highlighted an innovative step forward for the Max Havelaar organization: 25 years ago, the first Fairtrade coffee pack was given to Prince Claus. In November 2013, on the 25th anniversary of the Max Havelaar organization, CEO of Max Havelaar Peter D'Angremond gave Prince Carlos the first pack of FTCNC, the new 'type' of Fairtrade coffee, being Fairtrade 2.0. "*This was the moment to make a big splash and leverage the 2.0 story. It made a good headline to announce that we launch the climate neutral coffee* [at this event]*"* (Interview 7, MH 2015). Apart from Peeze also partners from 'the South', important for the development and implementation of the program in Ethiopia, were present at the event.

Figure 14: Commercialization (1)

Max Havelaar: providing the connection to the market. Development of marketing and communication strategy.
Peeze: realizing market entry for B2B market. Encourage and inform consumers (B2B) to compensate emissions from consumption.
Fair Climate Fund: selling carbon credits.
Jumbo: realizing market entry for the consumer market (realizing scale).
Ambassador: providing information and awareness about the relationship between the impact of climate change and coffee.

Commercialization: Production, Distribution, Market Entry
Nov 2013: Out of Home,
Nov 2014: Retail

Picture 1: FTCNC Product Launch at 25th Anniversary (Max Havelaar)

Source: Max Havelaar, Twitter, 14 Nov 2013

Picture 2: FTCNC Launch at 25th Anniversary (Peeze)

Koffiebranderij Peeze
Liked · November 14, 2013 · Edited ·

Peeze collega Rik van Paassen overhandigt aan iedereen de eerste klimaatneutrale Fairtrade koffie. — with Rik van Paassen.

*Peeze collegue Rik van Paassen provides everyone [at the event] the first climate neutral Fairtrade coffee

Source: Peeze, Facebook, 14 Nov 2013

Supermarket chain Jumbo followed, introducing FTCNC in week 48, 2014 as a retailer to the consumer market. The decision to introduce FTCNC thus took the retailer considerably more time *"It took us more than 1,5 year! We already got them interested when we took them to Ethiopia last year, and only now in week 48, the product is launched"* (Interview 1, MH 2014). A potential explanation could be the large number of people involved, from gaining the interest of the CSR manager to the owners, as well as with and through the different persons being responsible for a separate part of the project; such as packaging or communication (Observation X). Whereas the preparation might have taken a significant time, it should be noted that the actual product launch was "*way faster than a typical product launch should be. A typical product launch will take 9-12 months and we pushed this through with Jumbo in close to 5 months"*(Interview 7, MH 2015).

The market entry of the FTCNC goes hand in hand with a lot of publicity from Max Havelaar and received considerable media attention. Max Havelaar promoted FTCNC on its social media channels, created awareness in the media through a press release as well as a sampling activity for the media group. The role of Max Havelaar during the phase of market entry is clearly to use its network and connections to reach publicity and herewith the large public. *"We have good contact with several media and lifestyle magazines, which helps a lot in terms of story-telling*" (Interview 1, MH 2014). Max Havelaar is also actively cooperating and supporting Jumbo and Peeze to develop the communication materials in and around the market entry. *"We help with communication, we write for example the press releases together and the Q&A section for the website"* (Interview 1, MH 2014). The efforts paid off and both launches and their media coverage were evaluated successful. Launching FTCNC with retailer Jumbo was especially valuable for Max Havelaar as it "*created a momentum"* whereby many other retailers showed their interest to follow in Jumbo's footsteps (Interview 7, MH 2015).

Picture 3: Call for Media Attention

Source: Max Havelaar, Twitter, 25 Nov 2014

Picture 4: Newspaper Article FTCNC Launch in Supermarket Jumbo

Source: Max Havelaar, Twitter, 24 Nov 2014

In this phase (and the following phase of Marketing & Communication, including an Awareness & Educational campaign) also the partnership between Max Havelaar and the official ambassador R. vd Berg plays an important role. "*He already had a heart for Fairtrade and he really jumped on the project"* when he was asked to be the official ambassador of the SOI (Interview 7, MH 2015).

The ambassador of the Fairtrade Carbon Partnership helps to create more publicity by using his network and connections to promote the FTCNC. His expertise as meteorologist, combined with his enthusiasm and drive for a sustainable world enable him to nicely explain the impact of climate change on coffee and herewith the need for FTCNC (Observation V).

Picture 5: Ambassador explains Fairtrade Climate Neutral Coffee

Source: Max Havelaar, Twitter, 27-11-2014

Picture 6: Ambassador promotes Fairtrade Climate Neutral Coffee

Source: Reinier van den Berg, Twitter, 24-11-2014

Marketing & Communication / Awareness & Education Campaign

Whereas marketing and communication was implemented along the market entry and first step of commercialization, an extensive marketing and communication program is set up by Max Havelaar. Given the innovative business model at the intersection between the '*known'* food market and the '*unknown'* carbon trade market, explanation and storytelling plays a very important role. With the communication program, Max Havelaar aims to raise further awareness for FTCNC, but more importantly for the impact of our daily lives on the planet, and thus an educational aspect is included. Part of the marketing and communication strategy is the development of a web-tool which can be used to easily and understandably calculate the carbon emissions of households and/or small to medium sized enterprises. With this tool not only the B2B clients from Peeze and other companies, but also the general consumer market is offered "*the opportunity to personally make a small contribution in order to make a difference"* (Interview 7, MH 2015).

Figure 15: Commercialization (2)

Max Havelaar, as non-profit organization, submitted a subsidy request to the Ministry of Foreign Affairs, requesting for financial support in order to establish an educational and awareness campaign around climate change and its impacts. The communication program is targeted at various groups, which will be reached through different channels.

The goals of the campaign is that "*slowly all parts fit together*" (Interview 2, MH 2014); that the consumer understands the mechanism of FTCNC but more importantly the responsibilities of each party in the coffee value system, including the end consumer. Max Havelaar has the ambition to create awareness and educate consumers on the need for responsible behavior (such as buying Fairtrade climate neutral coffee) and how that leads to numerous sustainability benefits. The information will be given step by step and aims to create a certain momentum whereby the consumer actually responds and a behavioral change is achieved. In order to reach the larger public, Max Havelaar hopes to partner with multiple networking organization such as Young & Fair, that have a *good network that we can leverage* […] *in to create awareness and to tell the story* (Interview 7, MH 2015). This way these volunteering groups and networks become active promoters of the SOI. Also through in-store promotions at Jumbo, Max Havelaar aims to reach the larger public (Internal Document G | 2015). Through a combination of these approaches, Max Havelaar believes that "*the impact will grow and a snow-ball effect is created*" (Interview 2, MH 2014). The approved subsidy request allows for financial resources to set up the education and awareness campaign, but the budget however is limited which will limit the opportunities for Max Havelaar. "*With limited financial resources, there is only so much you can*

do. And we can plan and plan and plan, and we can have brilliant plans and ideas to communicate and to get people involved but without the resources to support, we have to really focus on what can we do with the resources that we do have to make an impact" (Interview 7, MH 2015).

Also the ambassador of the Fairtrade Carbon Partnership is in a position to perform part of the 'story telling', creating awareness and educating consumers "*in a more consumer friendly way*" (Interview 7, MH 2015). He already started these activities in 2014 with the introduction of FTCNC and the explanation of the relationship between coffee, climate change and its impact at multiple events such as VWKWEB day, from the association for meteorology and climatology, as shown in picture 8. Max Havelaar beliefs that the ambassador is spontaneous and knowledgeable and that his personal engagement allows for strong and interesting stories (Observation XII | 2014). Max Havelaar also suggest that "*having somebody like that, a third party to tell the story, has been a very strong communication asset"* (Interview 7, MH 2015).

Picture 7: Ambassador 'Telling the Story' (1)

Source: Peeze, Twitter, 15-09-2014

Picture 8: Ambassador 'Telling the Story' (2)

Source: Gert Olbertijn, Twitter, 25-10-2014

Next to the educational aspect, also the general marketing and communication of FTCNC to stimulate sales plays an important role. The major role of Max Havelaar within the different partnerships is to create awareness and to use its extensive network in the Netherlands to tell the story of FTCNC. The story in itself plays a very important role and is considered both very complex as well as interesting and strong. That story telling received Max Havelaar's attention is also clear from the choice of the theme during the last annual event: "Het success van een Duurzaam Verhaal" (translated: the success of a sustainability story). Story telling is thus considered a key feature of the commercialization phase and will be further elaborated upon in the following section. Max Havelaar works closely together with Peeze at the marketing and communication aspect of the FTCNC for the Out of Home Market. *"In order to develop a strategy on how to help Peeze's customers, the ones actually using the coffee, to tell the story* […]. *Yes, we really do the marketing together"* (Interview 1, MH 2014). The reasons and benefits to develop and communicate the message(s) together are:

- A larger impact and effect since communication about the FTCNC and the sustainability benefits through Peeze also allows for direct customer bonding.
- Communication from and with both organizational names (Peeze & Max Havelaar) makes the story stronger and underlines the strength and success of the partnership and cooperation.
- The Max Havelaar label provides credibility.

Peeze, as a frontrunner in terms of sustainability, has experience with story-telling of sustainable products and was one of the guest speakers on the annual event of 2014 explaining how Peeze developed its new communication strategy for their tea brand, linking the consumer with the origin (Observation XII). The challenges and best practices of this strategy can be shared and expertise leveraged for the communication of the story of FTCNC.

Finally, in order to further create awareness for the FTCNC and the broader sustainability impact it generates, Max Havelaar will in 2015 also focus on finding academic and scientific partners. This is to gain *interest and create a momentum, also for credibility purposes.* [It is for the scientific world and partners to write that] *"these people are serious. This is not just a marketing tool. There is a real purpose for doing this and there is a real methodological and scientific approach behind it"* (Interview 7, MH 2015).

In conclusion, partners form multiple sectors, including the government but specifically businesses and the public play a significant role in the commercialization phase of the SOI. Table 22 summarizes the involvement of all partners and their respective added value.

Table 22: Partners for Commercialization

Sector	Partner	Involvement	Added value
NGO	Max Havelaar	Reach (out) to the market and gain publicity. Develop a marketing and communication strategy as well as tools and materials. Provision of Fairtrade certification label.	Providing a strong network and connections (e.g. with media). Providing knowledge and capacity as well as the Fairtrade certification label, herewith creating credibility and a good reputation for (commercial) partners
Government		Financially supporting the communication program, creating awareness and educating the market about climate change (impacts).	Providing financial resources to Max Havelaar
Business	Private Enterprises (Coffee Roaster & Supermarket)	Production, distribution and market entry of the product. Development of marketing and communication materials and creating sales.	Providing production, distribution, market entry to B2B market and consumer market. Providing a network of (potential) clients and creating scale.
	Social Enterprise (Fair Climate Fund)		Providing contract and organizational structure to buy and sell the generated Fairtrade carbon credits.
Public	Ambassador & Promoters	Creating publicity and awareness, educating the market about climate change and its impacts.	Providing network and connections, knowledge and personal engagement.
Academia			Providing credibility for the FTCNC methodology and story.

Key Features: Scaling & Telling the story

Two related key features of the commercialization phase are identified, namely the scaling of the SOI as well as 'telling the story'.

Achieving Scale

The FTCNC was firstly introduced to the Out of Home market by Peeze. With the recent launch of the coffee in supermarket chain Jumbo the consumer range is enlarged, and a first step in terms of scaling is achieved. However, in order to achieve the social and environmental benefits of the innovation, larger scale is required. Key feature of the commercialization phase therefore is to further roll out the product in the market, potentially including and searching for additional commercial partners. "*I still see it as a challenge* [meant positively]*; how do we further roll out this product in the market? Will we stick with only Peeze or do other coffee roaster and parties join?"* (Interview 1, MH 2014). The FTCNC is a useful mechanism to bring the SOI to the market, combining a known and tangible commodity with the unknown and innovative intangible benefits of sustainability and carbon trade. The incorporated sustainability benefits (or differently said, the carbon credits generated) however require a much larger scale. The benefits generated and the carbon credits available for sale resulting from the climate programs in Ethiopia far exceed the amount of carbon credits sold (and herewith investments made) through coffee sales from the current commercial partners (Interview 5, HoA-REC&N 2014). Part of the scaling required will come through separate sales of the Fairtrade carbon credits, in line with the parallel innovation of Fairtrade International. Further scaling of the FTCNC is planned in combination with the second key feature of the commercialization phase called 'telling the story'.

Telling the story

By combining the intangible sustainability benefits in terms of carbon credits with the tangible coffee product, Max Havelaar *"has an advantage on countries that are launching just the Fairtrade carbon credits. Because we involve the coffee chain we have a complete, circular story and I'm very happy that we have that story indeed"* (Interview 7, MH 2015). Telling the story thus forms an important aspect of the marketing and communication strategy, including the awareness and educational campaign. The story of FTCNC is often mentioned in the dataset, and is described as follows:

- *"It's a whole lot of theory"* (Interview 6, Peeze 2014).
- *"The message is completely new to our supporters and it is certainly not the simplest"* (Internal Document C | 2014).
- *"It's an interesting story*" (Interview 3, FCF 2014).
- *"The strong part of the story, is that you link the coffee credits, from coffee farmers in a coffee product […] We have a story to sell"* (Interview 5, HoA-REC&N 2014).
- *"It's really not an easy concept to explain"* (Interview 7, MH 2015).

Multiple partners including Max Havelaar, ICCO, coffee roaster Peeze and its major clients, representatives from supermarket Jumbo, and the ambassador have visited Ethiopia. Through the trips to Ethiopia 'the North' and 'the South' segments of the project get more closely connected and the story starts to live. "*It gives the partners a chance to experience the real situation in Ethiopia as many people have no idea how this looks like*" (Interview 6, Peeze 2014). These travelling trips thus played an important role in the personal engagement and enthusiasm of the partners. Besides, these trips have shared marketing purposes as "*the other half of that trip was intended communications and marketing, to take photos and videos, and be able to tell the producer's story in Europe* […] *All of the material that we made from our trip to Ethiopia they* [partners such as Peeze and Jumbo] *can leverage as well"* (Interview 7, MH 2015).

Telling the story is not only an opportunity to increase further awareness for the product, it is also the challenge of this phase. The message is believed not to be easy and hard to understand for both consumers and businesses. "*It's very difficult to communicate the story, so in order to tell the story in such a way that people will understand and start acting: that's the challenge* (Interview 2, 2014). Peeze explains: *"Looking at our customers in the hospitality industry: they are not yet very much into sustainability. If you start talking about compensation and emissions rights, you will lose their interest and understanding immediately. So that's an important challenge: how do we explain the concept in an understandable way, so that also our customers can explain it to their consumers"* (Interview 6, Peeze 2014).
Besides, carbon trade is not always perceived positively and thus the main message is to help the farmers through the climate programs and the resulting benefits. "*Yes we are involved in carbon trade, but the reason that Fairtrade is involved is for the small-scale farmers. We see that there is a need for it; that the small farmers are disadvantaged the most by climate change. They feel the effects, while we are the ones contributing the most pollution. That is one of the reasons that we are standing up for the farmer. From our Fairtrade perspective that is the stronger message, and that is the message we want to tell . You still have to explain carbon trade, and in the animation that is what we do. We highlight carbon trade as the mechanism to make a difference"* (Interview 7, MH 2014).

Not only telling the story to consumers in order to understand the concept is important, also a continuous flow of information, especially about the sustainability benefits and the results of the climate programs is needed. Peeze mentions that *"it shouldn't stop after a single-time communication: we need understandable continuous results and communication"* (Interview 6, Peeze 2014). Since this is not yet fully in place, further for continuously communicating the results is needed. Especially the word *understandable* plays an important role. FTCNC is a complex concept and the intangible aspect of the product, the carbon credits is still unknown and perceived critically. In order to communicate the intangible sustainability benefits of the FTCNC "*so that people immediately understand what we mean, a tangible concept is needed"* (Interview 6, Peeze 2014).

4.4 Overview of Cross-sector Partnerships in Phases of the SOI

After providing an in-depth narrative of the SOI, this section concludes the results chapter with an overview of the cross-sector partners involved. Firstly, it was evident from the data analysis that all partners have a shared willingness to focus on the overarching goals; namely to 1) deliver sustainability benefits, 2) protect the forest and 3) support coffee farmer families. In other words, the partners cooperate not only to deliver good coffee, make money and compensate emissions, but they are committed to create a larger impact for the Ethiopian region. Appendix H shows the expressions of willingness and motivation of the different partners to reach the sustainability goal. This drive for a sustainable world is for Max Havelaar important in evaluating the partners and is expressed as follows:

- *"Peeze is a good partner to work with. They are a very sustainable coffee roaster and the responsibility of sustainability sits in their DNA and is in their belief system. […]They really have believe in the world of coffee and want to support the small farmers that produce it. So they are a perfect partner!"* (Interview 7, MH 2015)
- *"Peeze is a good partner since they really do this from their heart, they are not joining for green washing, but really from an intrinsic motivation"* (Interview 1, Max Havelaar 2014)

With their internal drive to effectively reach a higher goal, the partners are proud and motivated to form cross-sector partnerships and make them work in order to create a sustainability impact. Table 23 summarizes how these cross-sector partnership make the SOI work. The table indicates the resources that are provided by the different cross-sector partners and the influence that these cross-sector partnerships have on a SOI in the respective phases. A detailed overview of the involvement of each *individual* partner throughout the phases of the SOI is found in appendix I.

Table 23: Overview of Cross-sector partnerships in phases of SOI

	Cross Sector partnerships	Provided Resources	Influence	Importance
Idea Generation	NGO - NGO	Knowledge	Creates a sustainability vision	High
Program Development & Implementation	NGO – Business	Market knowledge, Organizational structure	Stimulates fast and market-oriented development	High
	Academia – Government	Policy support	Delays for approval Supports through legislation	Medium
	Academia / NGO – NGO	Financial resources, Network, Local & sustainability knowledge	Ensures (local) sustainability impact	High
Commercialization	NGO – Business	Market knowledge, Network, Commercial capacity	Stimulates scale, enhances credibility and increases awareness	High
	NGO - NGO	Financial Resources	Supports through resources	Low
	NGO – Public	Network	Increases awareness	Medium
	NGO – Government	Financial Resources	Supports through resources	Medium
	NGO – Academia	Network	Enhances credibility	Low

As seen in the table, the partnerships are given a high-medium-low level of importance. This evaluation is based on their level of involvement and commitment towards the SOI combined with the indispensability of the partner for success of the SOI in the respective phase. From the table it can be concluded that, especially in the program development and implementation phase, cross-sector partnership between *NGOs, business and academia*, but also same-sector partnership between NGOs are important. Through their respective sustainability, market and local knowledge as well as their network, the partnerships stimulate a fast and market oriented development of the SOI which ensures a local sustainability impact. In the third phase of commercialization, *businesses* are indispensable. With their market knowledge, network and commercial capacity, businesses allow for the actual production, market entry and sales of the SOI. In partnership with the NGO initiating the SOI, credibility is enhanced and awareness increased.

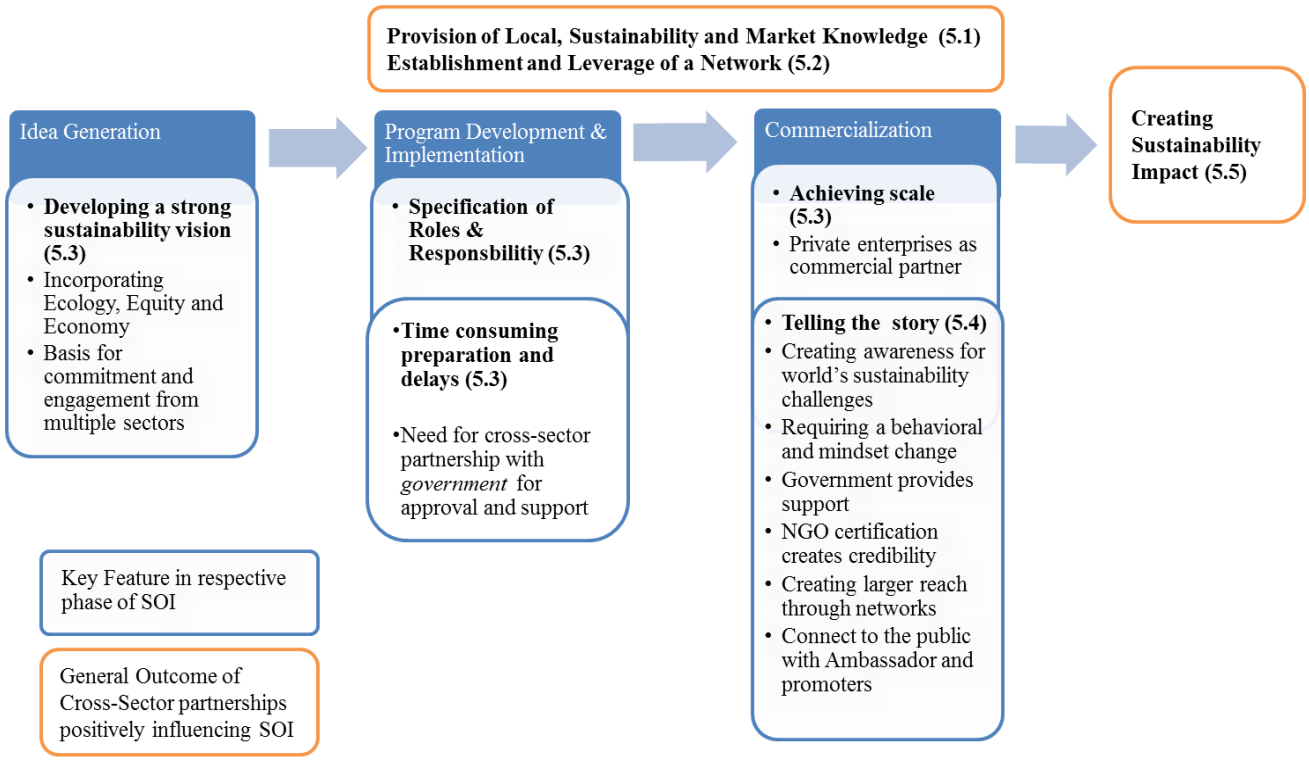
Medium level ranked partnerships support the SOI with the provision of their resources. Whereas governmental approval during the development phase is indispensable, their level of involvement and commitment after approval is however limited and therefore ranked medium. As the table suggests, multiple partnership with the *public*, *academia* and *government* but also other *NGOs* are of medium importance in the commercialization phase. Without their involvement the SOI could be commercialized, but with their support the commercialization will be more successful, e.g. through increasing awareness, enhancing credibility and the additional capacity created with financial support. The following chapter provides a detailed discussion of these findings.

5. Discussion

This master thesis sheds light on the influence of cross-sector partnerships on SOI, investigating FTCNC as SOI of Max Havelaar. Analyzing the results, several interesting conclusions could be drawn. This chapter discusses the most important findings from this research and will compare them to existing research in order to generate new knowledge and insights and addressing some of the gaps identified in the literature review.

First, section 5.1 and 5.2 explain how cross-sector partnership influence a SOI with the provided resources of knowledge and a network. After concluding that cross-sector partnerships are important role for the development of the SOI as well as its commercialization by providing their knowledge and network, the consequent section sheds light on how the cross-sector partnerships influence the five key features of the phases described in chapter four. Whereas the first four key features are briefly explained, 'telling the story' is given additional attention. This key feature is considered very important for SOI, and many cross-sector partnerships are involved to support 'telling the story' in the commercialization phase. This chapter concludes with section 5.5 which describes the influence and focus of the cross-sector partnerships on the sustainability impact created by the SOI. Figure 16 provides an overview of the discussion themes and their relation towards the respective phases in the SOI.

Figure 16: The Influence of Cross-Sector Partnerships on SOI



Source: Created by Author

5.1 Cross-sector Partnerships for Local, Sustainability & Market Knowledge

Cross-sector partnerships are believed to have an impact on capacity building and knowledge (Hahn & Pinkse, 2014; Harangozo & Zilahy, 2012; Van Huijstee et al., 2007). This study underlines that the knowledge and expertise of cross-sector partnerships are indeed important outcomes, directly influencing a SOI. Particularly in the second phase of a SOI, the phase of program development and implementation, businesses, NGOs and academic institutions stimulate the SOI by providing their respective knowledge and expertise. The value created by the cross-sector partnerships in this phase can be referred to as interactional value, as defined by Austin and Seitanidi (2012a). Huijstee et al. (2007) indicate that access to means and resources as well as the input of local expertise and knowledge are the main advantages of cross-sector partnerships, followed by the third advantage of creative innovative solutions. This research shows that, next to the direct influence of cross-sector partnerships on innovative solutions, the often defined general outcomes of cross-sector partnerships such as knowledge and expertise positively influence a SOI.

Given that a certification NGO was chosen as case for this research, it is logical that in order to commercialize the SOI under investigation commercial partners are indispensible. Not only are commercial partners important for the actual production, market entry and sales of a SOI, also their market knowledge adds value. The case herewith confirms that *market orientation* and having the *relevant market knowledge* as suggested by De Medeiros et al. (2014) is important for the development and success of SOIs. Partners with a strong market orientation are thus enablers of successful SOI and do not only play a role in the last phase; the actual commercialization, but can already share their knowledge and experience in the development phase. Besides, it is important to note that not only businesses but also NGOs can provide their market knowledge, depending on their organizational mission and core activities.

In addition to market knowledge, also local knowledge as well as sustainability knowledge plays an important role. In order to provide the *sustainability knowledge*, this research suggests that NGOs are important actors. NGOs from both the developed as well as developing world can contribute to SOI by sharing their sustainability knowledge and herewith shaping the development of SOIs so that it ensures a sustainability impact. The case suggests that also a large part of the *local knowledge* needed in the development phase is provided by NGOs, supplemented with insights from a local academic institute. The following section focusing on the establishment of a network further elaborates on the inclusion of local actors for the provision of local knowledge.

Interestingly, the analysis of the data did not provide any clues that the knowledge was shared in a way that specifically stimulated the organizations *learning*, also an often suggested potential and outcome of cross sector partnerships (Gray & Stites, 2013; Selsky & Parker, 2005). Instead, the cross-sector partners provided their relevant information and partners relied and trusted each other's core-business and expertise. A potential

explanation is found in the fact that a SOI is investigated from an NGO perspective. Investigating innovation in non-profit versus for-profit organizations, Hull & Lio (2006) found that due to their reduced capacity for risk and a lack of perceived need for internal expertise, non-profit organizations are less likely to have extensive learning capacity.

5.2 Cross-sector Partnerships for Establishment and Leverage of a Network

Besides knowledge and expertise, table 23 shows that a network is important. This is twofold. First of all, the establishment of a strong network is important. Moreover, partnering with cross-sector actors to leverage their connections adds value. The case highlights the important role of HoA-REC&N (an academic institute) in terms of building a network. As seen in figure 8, HoA-REC&N has a central position and connections with multiple partners in 'the South', including NGOs, business and the government. Through their local connections and as coordinator of the program implementation in the South, HoA-REC&N developed a solid basis and established support for the Coffee Forest Program in order to create a sustainability impact. Von Malmborg (2007) identified a similar important role, belonging however to the local authorities. He suggests that local authorities "can facilitate the creation of regional networks with an expectation to contribute to the development of economic and particularly social structures of the regions, as a means to enable a positive regional welfare development" (p. 1734). This research extends these findings by suggesting that not only local authorities but also academic institutes (in the case under investigation HoA-REC&N) can play the role of 'teacher' or 'tutor' to facilitate a network hub and "to serve as forum for continuous dialogue on environmental management and visions for sustainable development at a community level" (von Malmborg, 2007, p. 1739). Herewith, the actors can significantly stimulate SOI in developing regions in the phase of program development.

By looking at the network established by HoA-REC&N, it is clear that especially partnerships between *local* producer organization and NGOs are important for the SOI development. Bitzer et al. (2008), who specifically investigate intersectoral partnerships for a sustainable coffee chain, however suggests that producer organizations hardly participate in partnerships. This "discloses not only an imbalance in numbers amongst economic actors from consuming countries and those from producing countries, but also an imbalance with regard to their resources and power" (Bitzer et al., 2008, p. 275). The authors also conclude that the NGO sector is usually represented by organizations from coffee consuming countries ('the North') while often lacking the affiliation of organizations from producer countries ('the South'). Similarly, the research suggests that governments from coffee producing countries remain completely disconnected from the partnerships formed, whilst governments from coffee consuming countries appear to be incidentally supporting various partnerships. Bitzer et al. (2008) explain that for a Fairtrade coffee chain, different patterns exist. This research verifies this by showing that for FTCNC, especially these local partners, including local NGOs (e.g. Farm Africa, ECFF), the producer organization (OCFCU) and local government institutes (multiple

ministries) are playing an important role in the cross-sector partnerships. This research therefore suggests that cross-sector partnerships with local actors are indispensible for the development and implementation phase of SOIs involved with sustainable value systems and programs in 'the South'.

This research also indicates that building a network with the inclusion of local actors, not only allows for a continuous dialogue about sustainable development and a platform for knowledge partners, it also serves as a bridge to partners with relevant existing organizational structures. This can support the SOI development and implementation phase. The case suggests that, specifically for program development in 'the South', a well-established *existing framework* and *organizational structure* is beneficial for speedy development of the innovation, and that different sectors could fulfill this role. For the development of FTCNC, the established network allowed for partners with frameworks and existing structures from the following sectors:

1) Government (OFWE for ownership and certification of REDD+ carbon credits)
2) Business (OCFCU for implementation of cook stove programs)
3) NGO (Paradigm for the framework of registered programs for cook stove credits).

Concluding that a network is crucial for SOI development, this research supports findings of Halila and Rundquist (2011) who compare eco-innovations and 'other' innovations. The authors suggest that a network is especially important for the development and market success of eco-innovations, particularly in the early phases of the innovation process in order to solve (technical) problems. This research supports and concludes that through the building of a (local) network, relevant partners could be acquired and reached. These partners can provide either knowledge to solve problems or to serve the sustainability goal, but could also fasten the development of a SOI with the use of their well-established, existing frameworks and structure.

Besides building a network in 'the South' as elaborated upon in this section, this research suggests that leveraging the connections and network from partners in 'the North' is also important. The latter stimulates the commercialization of the product with regards to marketing, communication and 'telling the story', which is further explained in section 5.4.

5.3 Cross-sector Partnerships in the Key Features of SOI

In the results chapter of this research, five key features of the SOI have been identified. This section briefly explains the role of cross-sector partnerships in the first four key features. Firstly, it is suggested that SOI through cross-sector partnerships is enabled with the development of a strong sustainability vision which inspires and attracts partners to innovate together. Consequently, the roles and responsibilities of the cross-sector partners should be clarified in order to leverage the potential of the partners but also to enable smooth implementation of the partnerships for the SOI.

Besides, forming the right cross-sector partnerships might take considerable time and can delay the SOI process. Finally, scaling the innovation can be supported with cross-sector partnership involvement.

5.3.1 Developing a Strong Sustainability Vision

Table 23 shows that in the initial phase of idea generation no cross-sector partners were involved. The case proves however that through a *systemic* same-sector partnerships between two NGOs a SOI can be initiated at the intersection of two previously related industries. The key feature of this first idea generation phase, is to develop a strong vision, arising from sharing the NGOs respective vision focusing on ecology and equity.

In order to guide companies to include a sustainability vision in their innovation strategies Gaziulusoy et al. (2013) developed a scenario method. The two NGOs in this research, without using the model of Gaziulusoy et al., followed a similar approach developing the sustainability vision by creating an understanding of the system, the risks for society and, to a lesser extent, the identification of the social function. By investigating a SOI which is initiated by sustainability oriented NGOs, as this research does, it is logical that this societal impact is integrated in the vision for innovation (Hull & Lio, 2006).

In this research the strong sustainability vision, embracing the Fairtrade philosophy, formed the basis for the cross-sector partnerships evolving in the consequent phases of the SOI. The case herewith supports previous research on the process of cross-sector partnerships which highlights that it is important to start with creating a *shared or common vision* (Gray & Stites, 2013). This research extents existing literature by suggesting that a strong sustainability oriented vision could bring cross-sector partners together and activates them to get engaged in a SOI, which is especially important for the later phases of development and commercialization. Furthermore, given the importance of the vision for a SOI, this research indicates that it is beneficial for the further development to start (in cooperation with) an NGO that naturally has sustainability integrated. Lastly, the vision needs to be kept alive in order to achieve successful commercialization where again the sustainability story and sustainability impact created are essential.

5.3.2 Specification of roles and responsibilities

Pfisterer et al. (2014) describe that it is important to clarify who the members of the partnership are, who will act as a representative and what each member commits to the collective. Partners should take on a role in the partnership that relates to its core complementary competences and consequently a partnership agreement should be formed (The Partnerships Resource Center, 2013). Even though in the case under investigation no partnership agreement was formed, this study can support these findings. The case shows that cross-sector partnerships can be initiated informally and while a transparent working style based on trust is possible, cross-sector partnerships will benefit from specification of roles and responsibilities. The partners recognized the importance of a partnership agreement and the need for organizational structuring, but too late. This research therefore underlines that the lack of clarification of roles and responsibilities of partners in an early stage leads to misunderstandings and ambiguity within the cross-sector partnerships (Gray & Stites, 2013; Iyer, 2003; Pfisterer et al., 2014; Selsky & Parker, 2005; The Partnerships Resource Center, 2013).

5.3.3. Time Consuming Preparation and Delays

As concluded in literature, SOIs are generally different for its *purpose and direction*, requiring an *integrated thinking* and making the SOI more *complex* (Adams et al., 2012). Not surprisingly therefore, building a network and gathering the knowledge partners needed for SOI development, as mentioned in 5.1 and 5.2, takes considerable time. As seen in section 4.3.3, cross-sector partnerships thus not only provide relevant resources but can also delay the SOI, especially during the development and implementation phase. Also the *governments'* approval needed in this phase can result in a more timely process. Especially in developing countries, such as Ethiopia, the government is an important influential party. Their approval is needed before certain programs can be implemented and this research advises organizations to be prepared to invest time to lobby and build a relation with the government. Analyzing the case, it can be assumed that once a network of partners is established and the program approved by the relevant actors, the number of partners and their involvement will reduce in the consequent phases.

5.3.4. Scaling

Balachandra et al. (2010) suggest a business model approach where the role of the private sector is the key for the commercialization of sustainability energy technologies. As seen in table 23, this research supports this suggestion as cross-sector partnerships with businesses are also in the case under investigation highly important to commercialize the SOI. In addition, Balachandra et al. (2010) suggest that "governments, NGOs, international agencies, and community groups also need to participate in this process but their role is limited as enablers, supporters, facilitators, or guarantors*"* (p. 1850). This perfectly describes the supporting roles of the medium-ranked partners in the commercialization phase listed in table 23 of this thesis. This research suggests that not only for production and market entry but also for scaling the SOI, businesses are key. The first step in scaling FTCNC is achieved by partnering with a well-known retailer. Further scale up of SOI under investigation in terms of projects as well as sales is important but still in development. No further data from the case could therefore suggest how other partners will influence this key feature of the commercialization phase. However, being a pilot project for Fairtrade Carbon Credits and linked to a commodity value system, this case can function as a practical experiment. Through deepening, broadening and scaling the experiment (Van den Bosch & Rotmans, 2008) this case has the potential to contribute to a transition towards sustainable value systems.

5.4 Cross-sector Partnerships for 'Telling the Story'

The last and most important key feature of the SOI is 'telling the story'. SOIs differentiate from conventional innovation through its sustainability considerations and potential sustainability benefits (Adams et al., 2012). Many consumers are not yet aware of today's challenges in terms of climate change, unfair working conditions in value systems and more. The role of the SOI in this case is thus not only to introduce and sell a new product to the market, but with this also create larger awareness of the world's challenges and how the SOI can tackle these. SOIs thus have the potential to highlight the responsibilities and impact of all actors in a value system and the case herewith is an example of the sustainability business model archetypes 'adopt a stewardship role' and 'encourage sufficiency', identified by Bocken et al. (2014). Appendix F describes in further detail how the case under investigation relates to several of these business model archetypes. Several of the *social* sustainability business model archetypes of Bocken et al -including the case under investigation- require a change in mindset or behavior which can become a real challenge (Ceschin, 2013). In the case under investigation, the challenge is that consumers have to understand and focus on the intangible sustainability benefits of a newly introduced tangible commodity product (FTCNC). In order to achieve that, story-telling is very important. Cross-sector partnerships significantly influence the opportunity to tell the story and its impact and herewith support the commercialization as suggested in table 23.

First of all, the *government* can support the commercialization of a SOI with regards to 'telling the story'. Once the government understands and supports the educational aspect and urgency for the SOI, their support -in the case under investigation through financial subsidies- can help build capacity to tell the story and reach the larger public. The case thus supports the findings of Dijkema et al. (2006) who suggest that governmental support is significant for information provision and supporting the demand side of the market for SOIs. Also van Oorschot et al. (2014), who wrote a report on the progress, effects and perspectives for the sustainability of Dutch supply chains, recognize the role of the government for achieving this. The authors suggest that various policy instruments may be used, including education, provision of information and subsidy schemes, in order to increase the sustainability of Dutch supply chains.

Through the business–NGO but also public-NGO and academia-NGO partnerships the actors benefit from the so-called associational value (Austin & Seitanidi, 2012a) in order to tell and sell the story. As seen, *business* partners are indispensible for the commercialization, and later scaling, of the SOI initiated by NGOs. These partners can also 'tell the story' to their existing clients and commercial networks. More importantly for 'telling the story' however, is the role of *NGOs*. NGOs – in this research initiating the SOI- are very important for the support of commercialization with its connections to the public with media, followers, ambassadors and promoters. By leveraging each partner's network higher visibility of the SOI is reached.

The benefits of cross-sector partnerships for 'telling the story' are mainly deriving from the generally defined outcome '*impact on reputation and social capital*, as one of the categories identified the literature review. The case proves that the businesses benefit from cross-sector partnerships with Max Havelaar in the commercialization phase with increasing public awareness, levering relationships with the public and strengthening media relations (Austin & Seitanidi, 2012a; Gray & Stites, 2013; Kolk et al., 2008). Also for credibility purposes, cross-sector partnerships play an important role (Austin & Seitanidi, 2012a; Austin, 2000). Huijstee (2007) concludes that the gaining of legitimacy or credibility is brought forward as an important advantage of partnerships, given the differing views they take into account. The case underlines that both the businesses and NGOs believe that the story of the SOI is more credible when they prepare and communicate it together. Specifically for strengthening the credibility of the SOI, Max Havelaar aims build partnerships with *academia* who particularly assess the methodology used.

Not only telling the story of the concept, also the outcome and *results* of the intangible sustainability benefits should be communicated clearly. This however is challenging, given the "(in)ability to measure the true performance or impact of green products" as mentioned by Dangelico and Pujari (2010). The partners in the case recognize this challenge. Whereas current strategies include the number of cook stoves distributed and quotes from users about the benefits, further (innovative) solutions for the communication and measurement of the results are needed. Part of the performance measurement from the SOI under investigation however is the Fairtrade certification which, by its definition, includes certain benefits and standards. The partners explain that the additional step of Fairtrade certification of the carbon credits will enhance the transparency and accountability of the product. With this, the case supports Dangelico and Pujari's (2010) suggestion that eco labels might help to measure and communicate the performance of a SOI.

5.5 Cross-sector Partnerships for the Sustainability Impact

By analyzing the role of the cross-sector partnerships in the case, it is clear that the partnerships are more than just philanthropic or arms-length. Instead, most partners in the case show a medium to high level of engagement, provide their core-competencies to the project and are interacting very often, implementing the project based on a high level of trust in each other's transparency and expertise. The results indicate that the Business-NGO partnerships between Peeze and Max Havelaar but also between Max Havelaar and FCF as well as the same-sector partnership between Max Havelaar and ICCO can seen as integral to strategic success of each organization. Beyond this, however, greater priority is placed on producing societal betterment (Austin 2000). Given the different roles and levels of involvement, several partnerships from the case under investigation can be categorized as *transactional*, whereby the key partners in the Fairtrade Carbon Partnerships are involved in *integrative* and even *transformational* collaboration (Austin & Seitanidi, 2012a; Austin, 2000). This thesis herewith exemplifies that through integrative and transformational collaboration, or

systemic relationships using the description of Adams et al. (2012), partners could indeed explore innovative solutions in previously unrelated industries to address social problems.

As described in section 4.4, an interesting underlying factor for the cross-sector partnerships is the intrinsic motivation of all partners to contribute to a sustainable world. The key partners involved in the case under investigation, both in 'the North' and 'the South', are believed to have a strong sustainability vision for their own organization and could herewith relate to the SOI vision developed by the NGOs in the initial phase. The fact that the business partners involved in the cross-sector partnerships are family businesses, could have influenced their willingness and motivation to participate in a SOI. The case herewith supports the innovation literature which suggests that an often internal driver to adopt SOI practices is the responsibility the organization recognizes related to the sustainability challenges of today's world, mostly resulting from an *internal environmental orientation* of the firm (Dangelico & Pujari, 2010) as well as an organizational culture oriented towards sustainability (Adams et al., 2012; Pujari et al., 2004). Besides, the business commitment to CSR and existing contacts with the Max Havelaar organization made it a logical and good step for the businesses investigated in this research to join in the SOI process, as is suggested by den Hond et al. (2012).

The case herewith supports the findings from Austin and Seitanidi (2012b) that with integrative and transformative cross-sector partnerships, partners not only find the sustainability issue important but are committed to delivering a transformation. The partners aim to tackle the sustainability issue and to improve the lives of those afflicted, in this case the small-scale coffee farmer families in Ethiopia, through innovation. Whereas this is at the core of the NGOs involved, generating a sustainability impact has also become an integral part of the core strategy of the businesses involved (Austin & Seitanidi, 2012b). This can directly be related back to the first key feature discussed, where it is concluded that SOIs with a strong sustainability vision have the potential to attract and motivate other partners to participate. With this sustainability oriented mindset cross-sector partners could focus on effectively reaching the higher level goals and thus creating a positive *direct impact on the (sustainability) issue* (Gray & Stites, 2013; Kolk et al., 2008; Rondinelli & Londen, 2003).

6. Conclusion

This last chapter of the thesis at hand provides the readers with a summary of the results obtained. Moreover, the contribution as well as limitations and directions for future research are displayed.

6.1 Conclusion of the Results

This study investigates the influence of cross-sector partnerships on a sustainability oriented innovation from an NGO perspective whereby three phases are identified: idea generation, program development and implementation and commercialization. The influence was investigated by means of a single case study, analyzing documentation, interviews and participant observations. Analyzing the results, it can be concluded that cross-sector partnerships are indispensible for SOI. Firstly, cross-sector partnerships between businesses, NGO and academia allow for the local, sustainability and market knowledge needed in the development and implementation phase. Furthermore, cross-sector partnerships can together build and establish a strong network which not only stimulates knowledge acquaintance, but also faster development of the SOI by using well-established frameworks and structures. It is suggested that the inclusion of local partners (NGOs, governmental institutions, businesses and academia) in the network are key. Consequently, the influence of cross-sector partnerships on the key features identified in the SOI process is discussed. This research suggests that it is important to;

1) develop a strong sustainability vision
2) specify roles and responsibilities of the partners
3) be prepared to invest time to lobby and find the needed partners and approval from government (if relevant for the respective country of the SOI)
4) use business partners to scale the SOI and
5) leverage the associational value of cross-sector partnerships to tell the story.

The latter is suggested to be particularly important for SOI requiring a change in mindset and/or SOIs that include an educational or broader awareness campaign. Through cross-sector partnerships between businesses, NGOs, academia and the public in terms of ambassadors, promoter organizations and media, partners benefit from a larger reach and visibility of the SOI as well as enhanced credibility. Finally, this research suggests that transformative cross-sector partnerships with intrinsically motivated partners allow explorative sustainability oriented innovations which are particularly focused on achieving a direct positive sustainability impact. This research herewith connects several generally defined outcomes of cross-sector partnerships such as access to knowledge and networks, to particular phases of a SOI and highlights how cross-sector partnerships influence the additional key features of SOIs identified.

6.2 Theoretical Contribution

By conducting an in-depth case study, selecting a SOI initiated by an NGO, this research contributes to existing theory in several ways. First of all, this research adds to the innovation literature by investigating a sustainability oriented innovation from a new perspective. Studies focused on sustainability oriented innovation are often case-studies looking at product innovation, which are performed in the manufacturing and process industries and heavily focused around technological innovations (Adams et al., 2012). Besides, most of the studies investigating the phenomenon of SOI do so from a corporate perspective and remarkably, less attention has been paid to innovation in non-profit organizations (Hull & Lio, 2006). Investigating a SOI from an NGO perspective, this research can confirm several of the results from studies conducted with a corporate perspective, e.g., that networks are important for SOIs. The study at hand therefore supports and extends current literature. It however also highlights several interesting features, which suggest that SOI from an NGO perspective differs from the business perspective. With a sustainability oriented NGO as case, it is logical that the sustainability vision is integrated in the SOI, from the idea generation phase until the final commercialization. A clear focus is therefore laid on achieving a sustainability impact, rather than seeing this as 'add-on'. This research indicates that NGOs can initiate SOIs, whereby businesses are indispensible partners for commercialization. This shines a different light on SOI as often the opposite is suggested, namely that NGOs are important support partners for businesses willing to adopt and initiating SOI, e.g. by Luxmore & Hull (2011).

Secondly, this research allowed for an in-depth understanding of the role of different-cross sector partnerships on a SOI and their importance. Researchers have identified the general outcomes of cross-sector partnerships and the added value from and for each sector has been explained (Austin & Seitanidi, 2012a; Gray & Stites, 2013; Selsky & Parker, 2005), but this had not been linked to a SOI process particularly. This research has done so and concludes that each sector can contribute to the SOI in varying importance.

The research also adds to current literature by shedding light on the role of cross-sector partnerships in the different *phases* of a SOI, distinguishing between the idea generation, program development & implementation and commercialization phase. Whereby previous research mainly focused on the relevance of partnerships as a *push factor* and important factor for the *initiation* of sustainability oriented innovations, this research also includes the commercialization phase of the SOI which had not been investigated (Boons and Lüdeke-Fruend, 2013). This research concludes that, also in the later phase of commercialization, cross-sector partnerships positively influence a SOI. Partnerships between business, NGOs, academia, the government and also the larger public can support commercialization, especially with regards to storytelling. With the conduction of this in-depth research, the important outcomes of cross-sector partnerships between NGOs, businesses and academia already suggested to support credibility, access to media, the public, increased awareness reputation and more (Austin & Seitanidi, 2012a; Austin, 2000; Gray & Stites, 2013; Selsky & Parker, 2005) are thus now linked to the SOI process.

6.3 Managerial Contribution

This research not only contributes to the literature, but is also highly relevant for practitioners. This thesis is particularly useful for managers in NGOs but also for business executives as well as managers from influential parties such as academic or governmental institutions, as it provides an in-depth understanding of their potential role and contribution in a SOI process in order to create a sustainability impact. Cross-sector partnerships are increasing in shape and number (Gray & Stites, 2013) and with this research organizations can better understand their potential role and valuable resources relevant for the success of a SOI that brings about positive social and environmental changes.

For *NGO managers*, this research proves that SOI can be very beneficial for the nonprofit organization but also for the broader sustainability impact is aims to achieve. This research therefore can function as a guideline for NGOs to innovate in the area of sustainability, elaborating on which sector to involve, when and how. Particularly for other Fairtrade subsidiaries, this research can be used as best practice. As mentioned, FTCNC and the climate program in Ethiopia are pilot projects for the –to be launched- Fairtrade carbon credit certification. Once the Fairtrade carbon credit certification of Fairtrade International is introduced later this year, other organizations can use the findings of this research to guide the implementation and use of the Fairtrade carbon credits in a business model that integrates the credits in a commodity value system.

Business could, with this research, recognize the value of cross-sector partnerships with NGOs and are encouraged to participate and contribute to SOI initiatives to achieve a sustainability impact, but also to benefit from increased media attention, improved public relations, etcetera. Finally, *governmental* institutions can learn from this research how their decisions can influence SOI. The governmental institutions in 'the South' can significantly influence the development of SOI and herewith the sustainability impact of their countries. In additional, governmental organization in 'the North' can support social SOIs that aim to educate the society with the commercialization, e.g. through the provision of subsidies.

6.4 Limitations

Whereas this research has been well-conducted, it has certain limitations. First of all, this research was inductive in design. The goal was to create an in-depth understanding of a sustainable oriented innovation and the role cross-sector partnerships played within this process. The strength of this design is that it exposes new insights and identifies opportunities for further theory development (Eisenhardt, 1989). Given the nature of the design, including the choice for a single case study, the generalizability of this research is limited. This research however, allowed to offer new theoretical and practical insights about the influence of cross-sector partnerships on SOI including the different roles of the sectors in three phases of the innovation and highlighting key features. A larger sample of SOIs and the cross-sector partnerships involved is necessary to support the lessons drawn from the case of FTCNC from Max Havelaar.

Furthermore, given the complexity of the case, significant time was invested in understanding and describing the role of each of the cross-sector partnerships for each of the identified phases. Whereas the key features do highlight several enabling and limiting factors, the researcher was not able to further include questions on the tools and processes in place to stimulate the successes of the partnerships. Further research could therefore extend the results of this thesis by investigating which procedures were in place to allow and stimulate the cross-sector partnership implementation.

A theoretical limitation of this research is the grouping of partners into broad categories such as businesses, NGOs, academia, the government and larger public. Whereas NGOs included in this research are all addressing sustainability issues and aim to create a sustainable impact, the NGO group can contain organizations with very different purposes e.g. being a self-oriented NGO such as a chess club (Yaziji & Doh, 2009). Similarly, the business types that are included in this research are very distinct, namely private enterprises, social enterprises and a cooperative union. This broad categorization was done for purposes of abstraction and this research thus does not consider the differences in the nature of these different business types. It is however crucial to notice the important role of the social enterprise in the specific case under investigation. It is believed that, as a certain type of business, social enterprises are gaining more and more attention and will be important for the sustainability transition. Moreover, a cooperative union to support small-scale farmers is organized differently than for example private enterprises, which are also categorized under business. As seen in the discussion, also the fact that the businesses were family owned could have influenced the results. Since no specification between these different segments of NGOs and business is made, the results should be interpreted carefully. Furthermore, as already described in the literature review chapter, there are several different, but no consistent definition of a sustainability oriented innovation. This research investigates one SOI type, whereas chapter two of this research, the literature review, included many different SOI types.

With regards to empirical limitations, the researcher relied on personal observation as well as what people said during the interviews, which could have resulted in a certain bias, especially when interpreting *how* people evaluated the SOI and the cross-sector partnerships. Likewise, during the validation interview discussing the results, it became clear that not all partners evaluated the importance of their own role and the role of their partners similar. It should thus be noted that the researcher had to evaluate these differences to give a balanced view in the results. Besides, given the importance of sustainability for Max Havelaar, but also given the relation the organization has with its partners, the importance of the sustainability impact reflected by the interviewees could have been exaggerated. Triangulation, by using different sources of information including documentation, as well as a reflective working approach was used in order to further support the validity of the findings.

Finally, no final conclusion can be drawn on the actual commercial success of the innovation under investigation (yet). This research was performed within a six-month timeframe whereby the case was somewhere halfway in the commercialization phase. Part of this last phase of commercialization, which for this case includes an educational and awareness campaign is (partly) prepared but not yet implemented. Furthermore, given the recent launch in supermarkets, the case does not include data on the commercial success of the SOI yet. No conclusions on whether the cross-sector partnerships led to a successful (scaled) commercial success of the innovation can therefore be drawn.

6.5 Recommendations for Future Research

This research was one of the first describing the role of cross-sector partnerships in the different phases of a SOI. By providing a rich and detailed narrative of a single case SOI, this research has been able to give insight on the influence of cross-sector partnerships on a SOI and how these partnerships relate to the key features of the identified phases. Although not the aim of this study, the research design does not allow for generalizations and further research is needed to give consideration to the transferability of the findings.

An interesting feature of the case under investigation is the combination of intangible sustainability benefits (carbon credits making the coffee climate neutral) with a tangible commodity product. This research did not specifically investigate the SOI from a business model perspective. The author would like to recommend future research to investigate this sustainable business model as potential extension of the product service system literature. Whereas PSSs currently are defined as the 'delivery of functionality over ownership' (Bocken et al. 2014), this case hints that instead of defining it as service, the intangible aspect could also include the sustainability benefits in terms of social or ecological benefits.

Furthermore, this research investigates the SOI from an NGO perspective. The findings herewith signal the importance of the sustainability vision of the NGOs to initiate the SOI and to further attract and motivate other partners in the consequent phases of the SOI. Future research should further investigate the difference between cross-sector partnership involvement and influence on the SOI phases initiated by NGOs starting with a strong sustainability vision versus businesses who initiate a SOI with a commercial vision. Fourthly, as a mentioned limitation, several different segments (social enterprises, coffee cooperative unions and family business) were for abstraction reasons categorized as business. Understandably, these different organizational structures could have influenced the motivations and process of cross-sector partnerships but no further attention to these impacts was given in this research. It is suggested to further investigate how these different segments (e.g. family businesses versus MNEs or social enterprises) influence the process and success of a SOI.

Finally, the author suggests researchers to investigate the influence of cross-sector partnerships on the SOIs with a different perspective and unit of analyses. This research specifically focused on the process level of the SOI and looked at its commercial and sustainability outcomes. The influence of the cross-sector partnerships on rule setting, legislation or governance has not been given particular attention. Research form an

institutional perspective could therefore extend the findings of this research. Similarly, given the process level orientation, this research did not specifically address the influence of cross-sector partnerships throughout a SOI at a micro level. Researchers could follow Kolk et al. (2010) by investigating the impact of the cross-sector partnerships on individuals within the partner organization as this research hints that the employees were very enthused and motivated to make the innovation a success.

This research allowed for an in-depth understanding of cross-sector partnership on a SOI and has proven that NGOs, governments, businesses, academia and society can together successfully introduce innovative solutions in order to ensure a sustainability impact. Provided the theoretical and managerial relevance of this research, the increase in number of cross-sector partnerships and the need for innovations that allow for a transition towards a sustainable world, the author hopes that future research will provide additional insights on the important role of cross-sector partnerships for SOI.

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Appendix

Appendix A: Interview Protocol for Max Havelaar

Introduction

- Could you shortly introduce yourself; what is your background
    - Since how long are you working at Max Havelaar
    - What does your job/function contain

Fairtrade Climate Neutral Coffee Innovation

- What is your story of FTCNC
- What is the role of Max Havelaar in the project of FTCNC
    - What are the different roles/functions of Max Havelaar in the different phases of the project (incl. timeframe)
    - What is the main aspect Max Havelaar brought to the innovation? – give example
- Which other organizations play an important role in the innovation of FTCNC
    - What type of partnership is it (formal, informal, only for this project, or long term)
    - Why did you involve these organization?
    - And in which phases are they important? And why?
    - Which other partners were considered but not selected for the innovation and why?
    - With which organizations does Max Havelaar have direct contact?
- How would you describe this innovation to be very different from other Max Havelaar projects?
    - In terms of partnerships?

Fairtrade Climate Neutral Coffee Partnerships

- Focusing on the different partners that you have contact with regarding the FTCNC project; how does the partnership function?
    - What are the additional benefits for your organization
        - Which procedures are in place to leverage these opportunities / benefits?
    - What are the additional challenges for your organization
        - In which ways are these additional challenges reduced
    - How does it influence you as a person
- What do you think could have done better/ differently in the innovation process of the coffee until now?
- What do you think are key factors to ensure the further success of the coffee in the next phases of commercialization ?
- What are the key learning of the FTCNC innovation for Max Havelaar organization?

Closing

- Do you have any questions or anything to add?
- Who would you recommend I interview next?

Appendix B: Interview Protocol for Partner Organization

Introduction

- Could you shortly introduce yourself; what is your background
    - Since how long are you working at ….
    - What does your job/function contain

Partnership with Max Havelaar

- Could you explain me about the partnership your organization has with Max Havelaar?
    - Since when is your organization a partner with Max Havelaar?
    - How / when is the partnership established?
        - With which vision / objective / specific project

Fairtrade Climate Neutral Coffee Innovation

- What is your story of FTCNC
- How is your organization involved in the project of FTCNC
    - What type of partnership is it (formal, informal, only for this project, or long term)
    - In which phases of the project are you involved? (incl. timeframe)
    - What does your organization bring to the innovation of FTCNC (give specific examples/stories)
        - Specifically related to this project
        - What previous experience / work of your organization might benefit the FTCNC project
    - Why is your organization involved in the FTCNC program do you think?
        - Why do you think Max Havelaar wanted your organization to be involved in the FTCNC program?
    - Which other organizations play an important role in the innovation of FTCNC
        - With which organization do you have direct contact?

Fairtrade Climate Neutral Coffee Partnership

- Focusing on the different parties that you have contact with regarding the FTCNC project; how does the partnership function?
    - What are the additional benefits for your organization
        - Which procedures are in place to leverage these opportunities / benefits?
    - What are the additional challenges for your organization
        - In which ways are these additional challenges reduced
    - How does it influence your individual job?
- What do you think could have done better/differently in the innovation process of the C.N. coffee until now?
- What do you think are key factors to ensure the further success of the coffee in the next phases of commercialization ?
- What are the key learning from your perspective?

Closing

- Do you have any further questions or anything to add?
- Who would you recommend I interview next?

Appendix C: Email introduction to key-partners

Tirza Voss <tirza.voss@gmail.com>

Verzoek tot interview betreft klimaatneutrale koffie project

Mirjam Groten <groten@maxhavelaar.nl> 12 november 2014 09:10

[redacted]

Beste Abiy en Neera

Via deze mail wil ik jullie introduceren met Tirza Voss.

Zij is bij ons aan het afstuderen op het onderwerp klimaatneutrale koffie en carbon credits. Als onderdeel hiervan wil ze graag de partners interviewen die bij dit project betrokken zijn.
Is het mogelijk dat Tirza jullie beiden hiervoor gaat interviewen ?

Je mag haar wat mij betreft direct antwoorden.

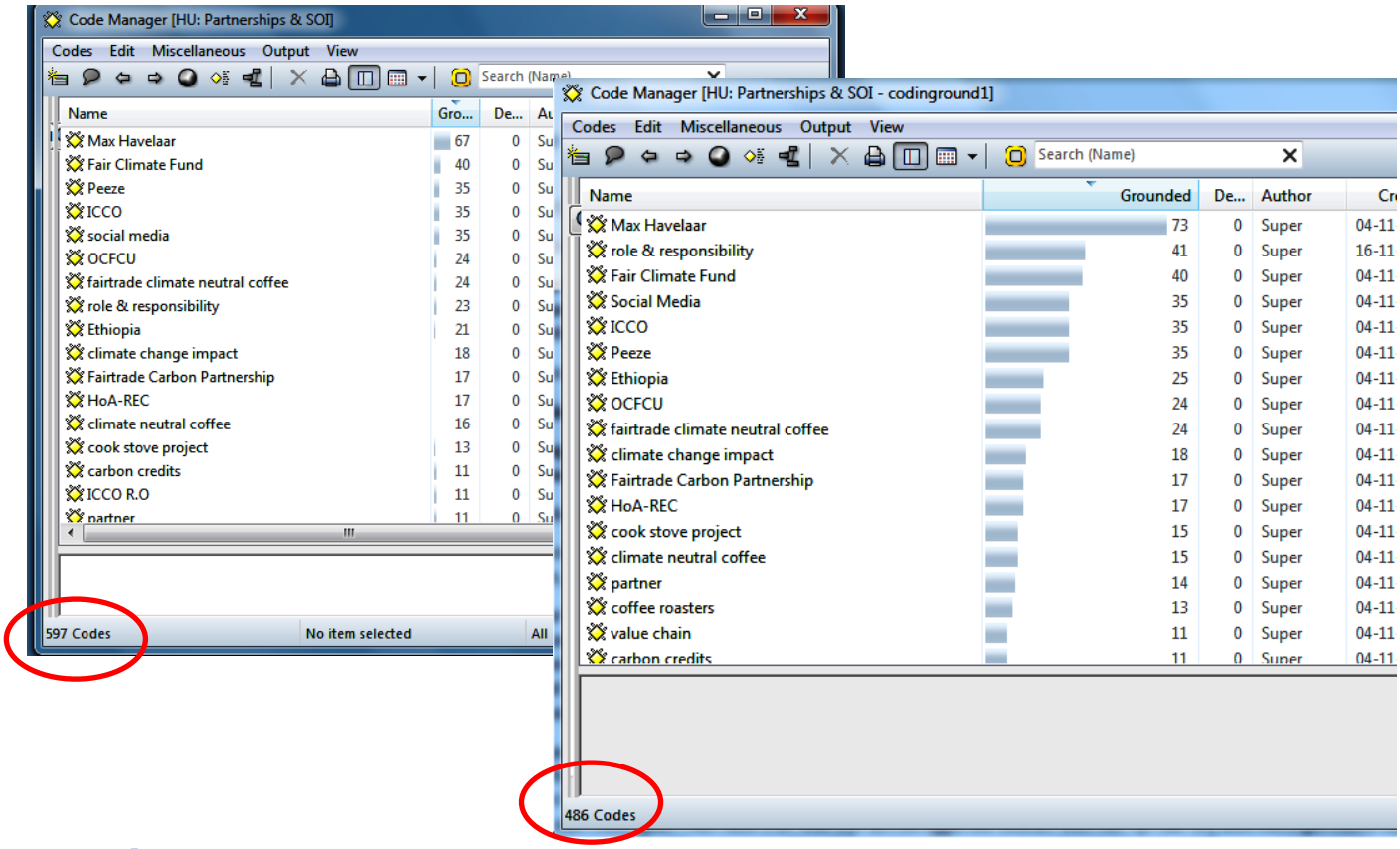
Hartelijke groet,

Mirjam Groten | Business Development Manager

groten@maxhavelaar.nl | Mobile: +31 (0)6 81 92 59 89 | Telephone: +31 (0)30 233 70 88 | Skype: mirjamgroten

Appendix D: Coding

Round 1



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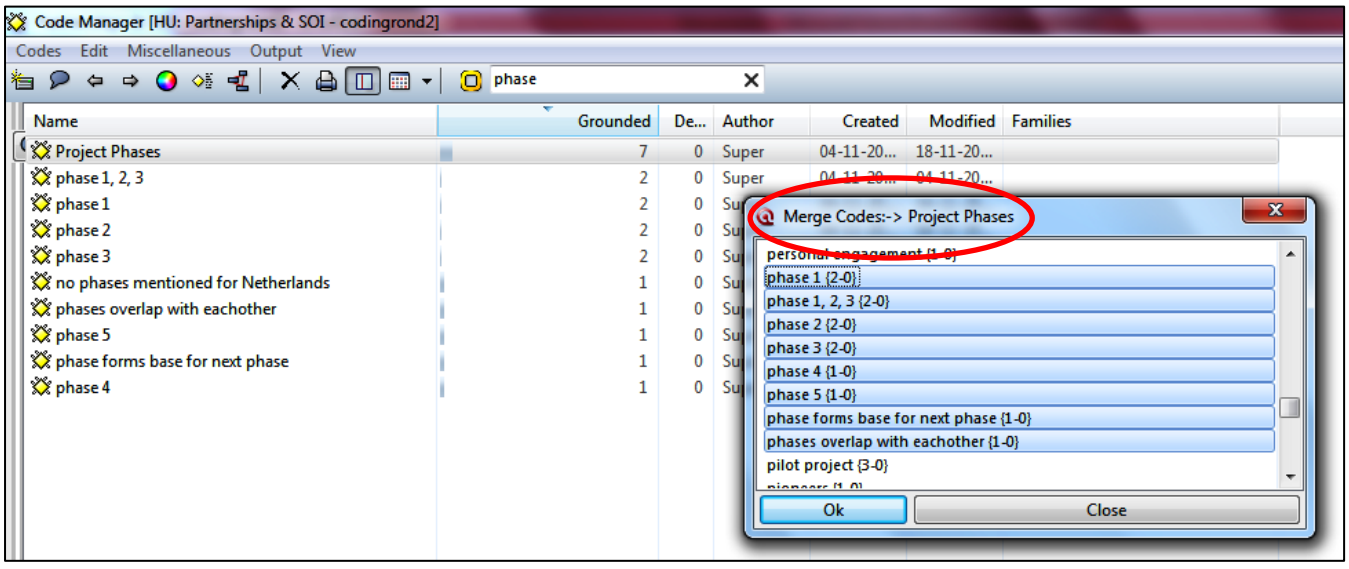

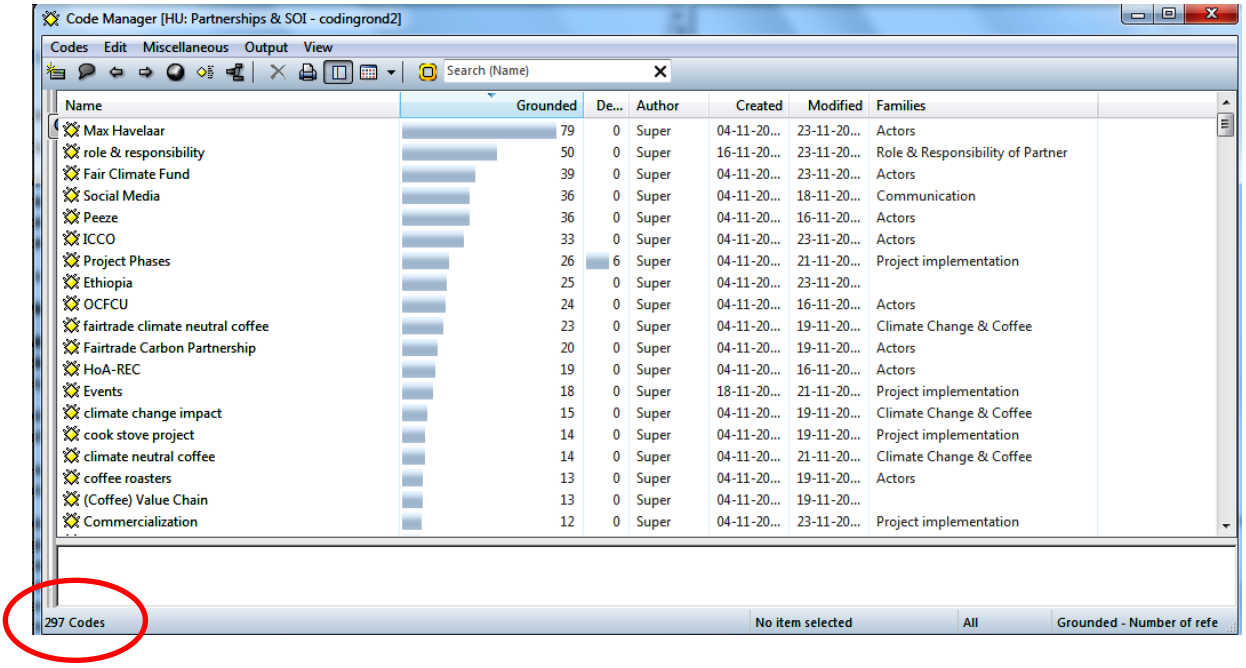
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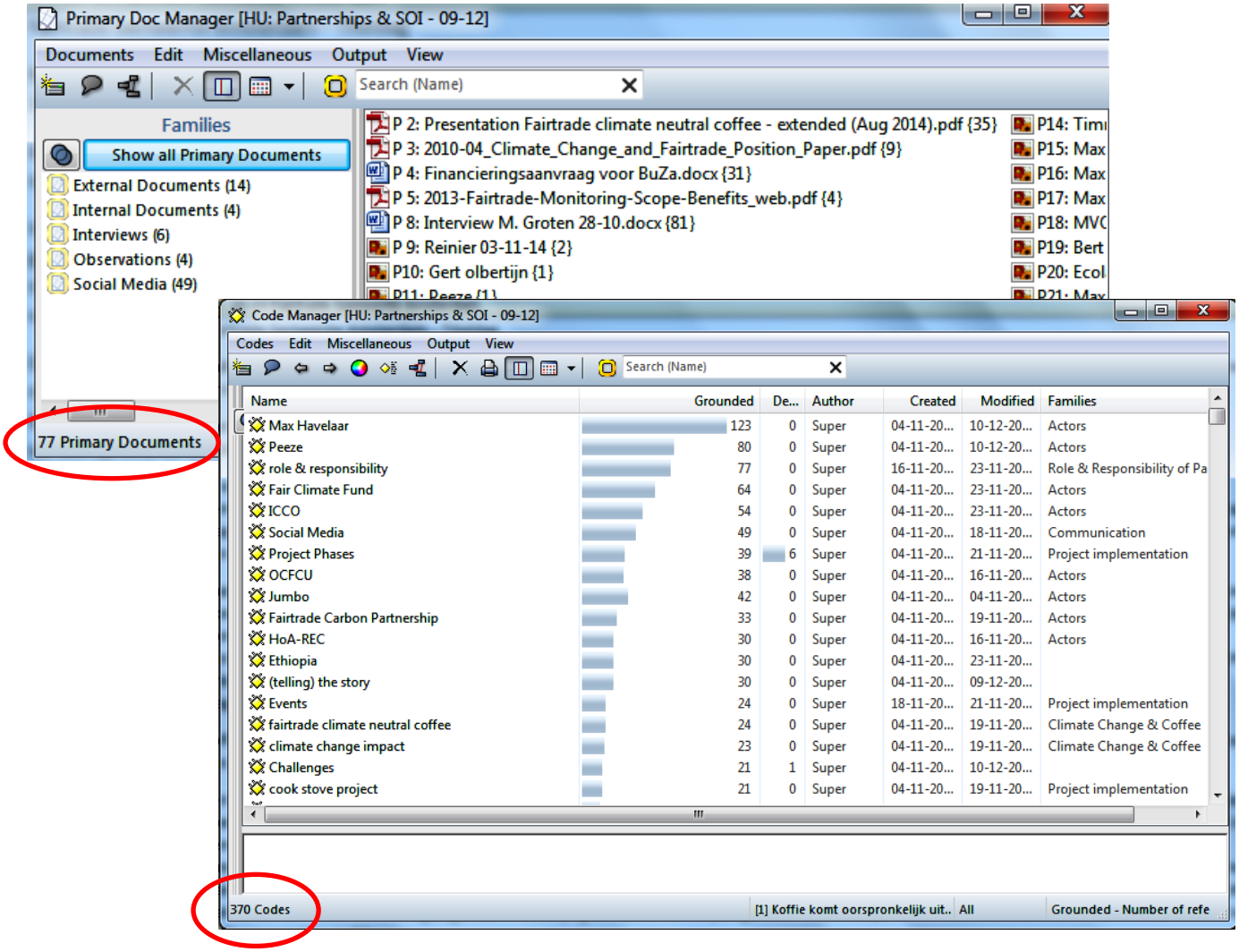
Round 3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Internal Documents (4)
Interviews (6)
Observations (4)
Social Media (49)
77 Primary Documents
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P 3: 2010-04_Climate_Change_and_Fairtrade_Position_Paper.pdf {9}
P 4: Financieringsaanvraag voor BuZa.docx {31}
P 5: 2013-Fairtrade-Monitoring-Scope-Benefits_web.pdf {4}
P 8: Interview M. Groten 28-10.docx {81}
P 9: Reinier 03-11-14 {2}
P10: Gert olbertijn {1}
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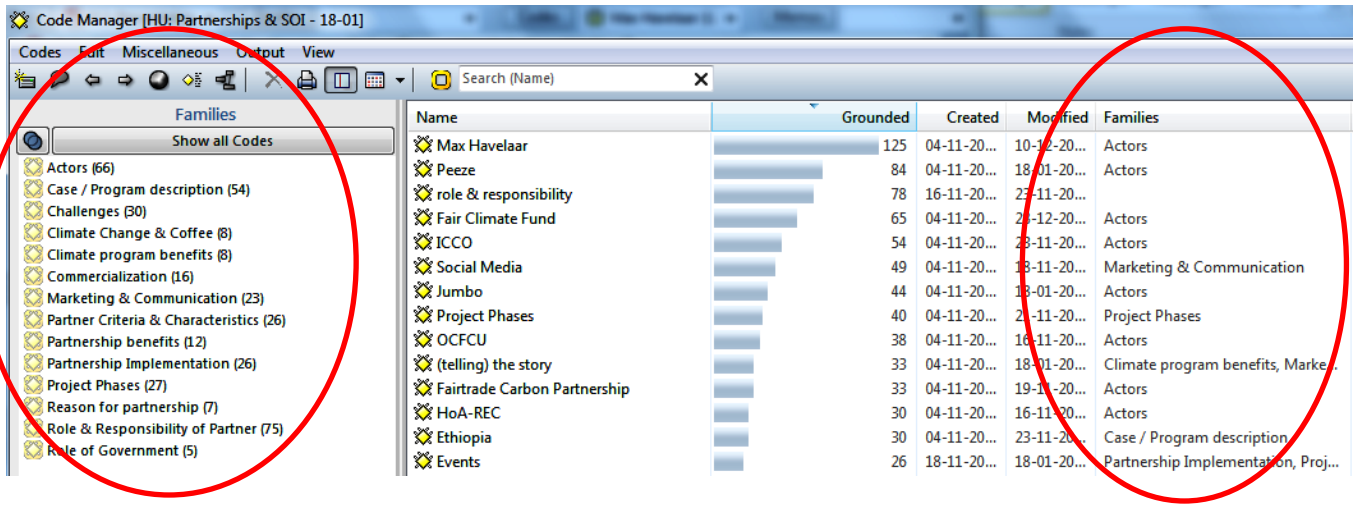
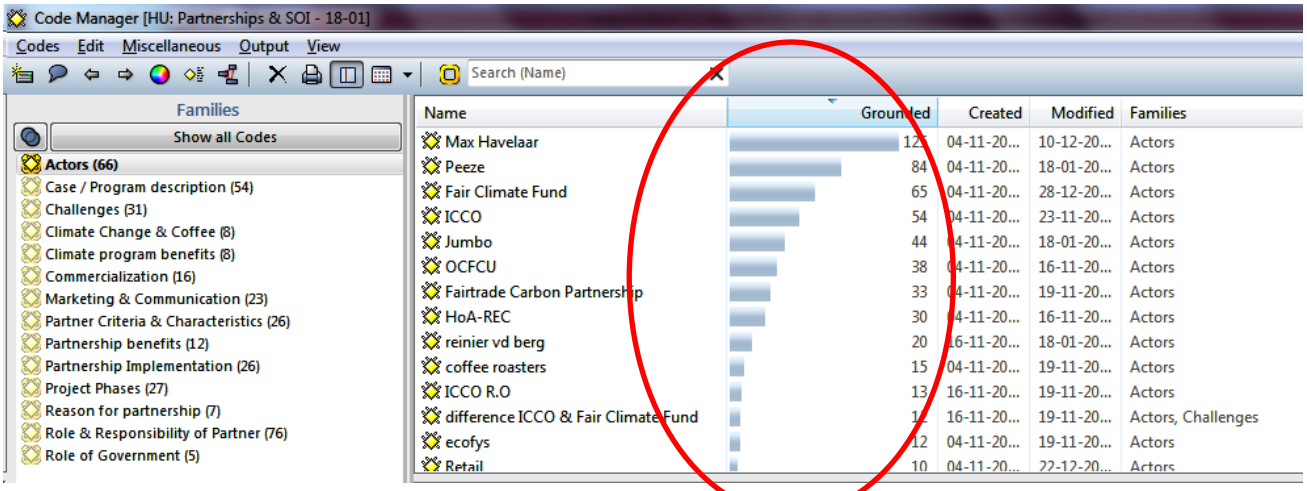
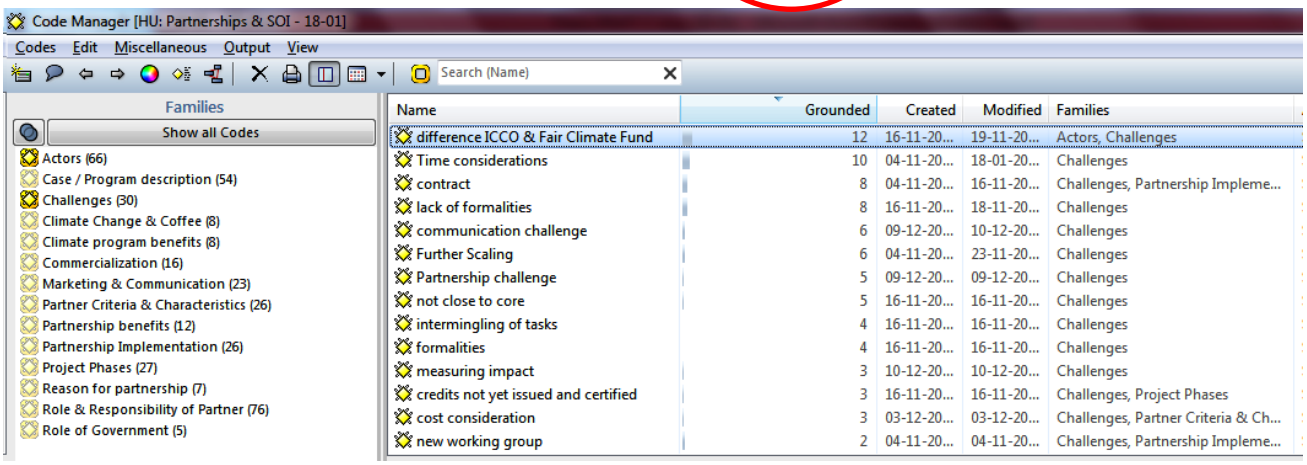
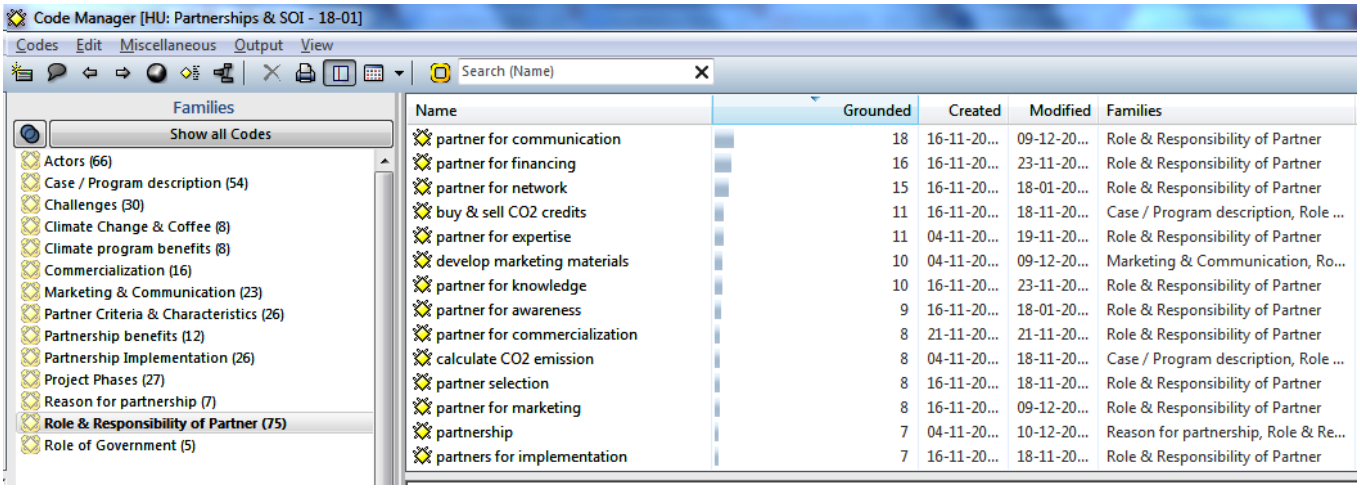


Appendix E: Identification of Important Themes



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Challenges (30)
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Climate program benefits (8)
Commercialization (16)
Marketing & Communication (23)
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Partnership benefits (12)
Partnership Implementation (26)
Project Phases (27)
Reason for partnership (7)
Role & Responsibility of Partner (75)
Role of Government (5)
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partner for network 15 16-11-20... 18-01-20... Role & Responsibility of Partner
buy & sell CO2 credits 11 16-11-20... 18-11-20... Case / Program description, Role ...
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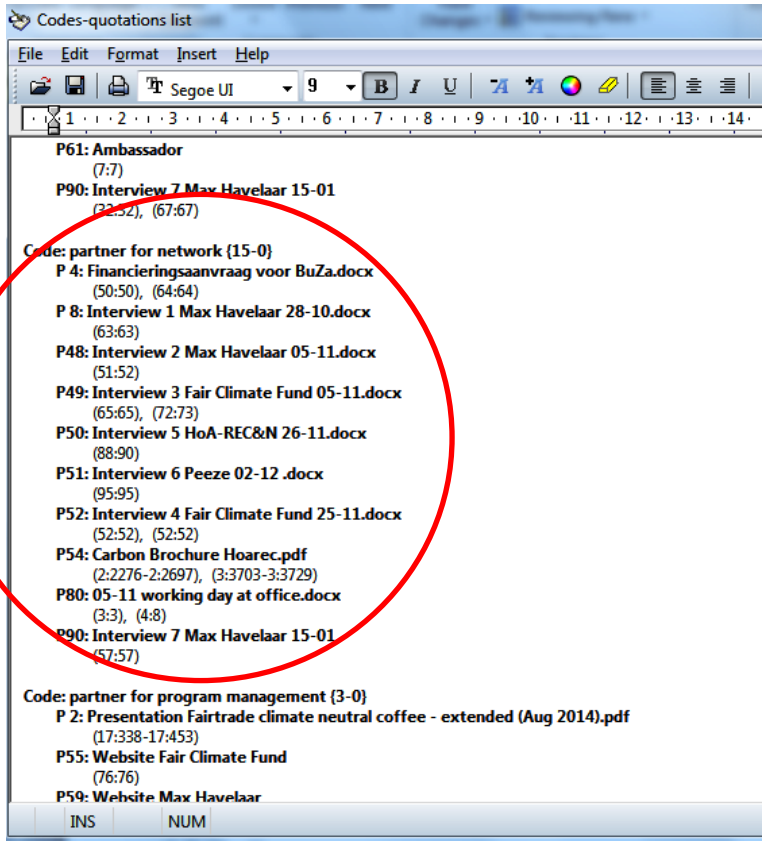
partners for implementation 7 16-11-20... 18-11-20... Role & Responsibility of Partner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(76:76)
P59: Website Max Havelaar
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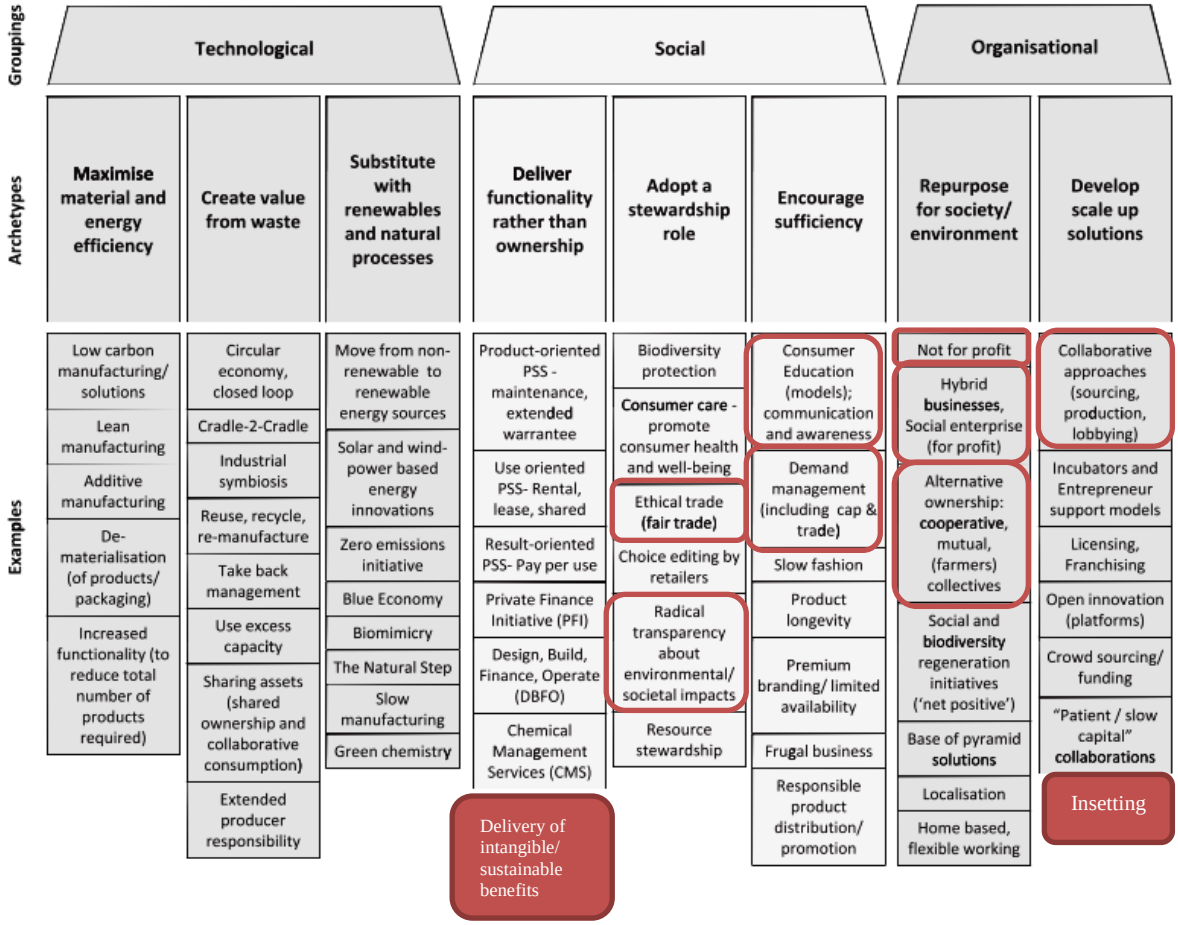
Appendix F: Fairtrade Climate Neutral Coffee & Sustainable Business Model Archetypes

The recent study of Bocken et al. (2014) introduce sustainable business model archetypes for the first time and aims to describe groupings of mechanisms and solutions that may contribute to building up the business model for sustainability. The research distinghuises between technical, social and organizational oriented innovations and identifies eight archetypes, shown in the model below. This section provides an overview of how the case matches several of the distinctive archetypes.



Source: Adapted from Bocken et al. (2014)

Social

First of all, the innovation has a ***social*** dimension. The innovation can be considered as an extension of the *product service system innovation*, where the FTCNC includes a tangible product: coffee, as well as an intangible product (service) namely carbon credits. The innovation does thus match the generic definition of a PSS, defined by Manzini & Vezzoli (2003, p. 851) as "an innovation strategy, shifting the business focus from designing (and selling) physical products only, to designing (and selling) a system of products and services which are jointly capable of fulfilling specific client demands". FTCNC however, does not perfectly match the

archetype of Bocken et al. (2014) where PSS are generally characterized by an innovation which delivers functionality rather than ownership. The Fairtrade FTCNC is a product with a physical component: the coffee and indirectly also selling ***intangible components***: namely sustainability benefits. The word 'system' refers "to both the system of products and services delivered to the customer, and the system of actors that produce and deliver the combination of products and services" (Ceschin, 2013, p. 74).

The FTCNC is also a great example of the archetype **'*adopt a stewardship role*'**, where the innovation exemplifies that the organization involved proactively engages with all stakeholders -including the local farmers - to ensure their long-term health and well-being. Generally, the Fairtrade Max Havelaar certification label is an example of a supplier accreditation program, where a premium is paid to ensure sustainable development for all partners in the supply chain.

Furthermore, the FTCNC is not just another variation of a coffee product available for businesses and in supermarkets, it is also used to raise awareness about the impact of consumers' daily consumption on people and planet, practically implemented through 'the North' part of the Fairtrade Carbon Partnership. The FTCNC is not directly sold in terms of coffee and credits, instead, the commercialization of the program goes hand in hand with awareness and educational programs about CO2 consumption aiming to stimulate consumers to reduce their CO2 emissions. Doing so, this innovation can be classified under the '*encourage sufficiency'* archetype.

Organizational

Also on the ***organizational*** level; the FTCNC can be considered innovative. First of all, through the form of carbon 'insetting' the FTCNC exemplifies that the priority is seen in the delivery of social and environmental benefits. This is achieved through close integration between the firm and local communities and other stakeholder group -for the case of FTCNC specifically the organization, coffee farmer cooperative union and farmer families. With the FTCNC program Max Havelaar aims to offer an alternative trading mechanism for the carbon market; as it used to do for coffee in the early years of the organization's history. The project aims to change the ownership of the carbon credits, empowering the local coffee cooperatives and farmers and creating fair pricing mechanisms. Finally, Max Havelaar is an NGO, innovating and developing a new product in close cooperation with other partners without having any profit intention.

Also the archetype *'developing scale up solutions'* is relevant. This archetype explains that innovative strategies are needed to scale the radical sustainability oriented innovations, which are likely to be introduced by start-ups and small businesses. The concept of the FTCNC has the intention (and need) to increase in scale in order to actually deliver the intended benefits. In order to do so, partnerships and collaboration with a new group of partners is needed and currently searched for. In addition, similar projects e.g. in other product categories are investigated for the future.

Technical

Even though less obvious, the FTCNC innovation also incorporates a ***technological*** innovation. The carbon credits incorporate in the coffee product are the result of mitigation effort at the local farmers site, specifically developed in order to target the Ethiopian coffee market. Whereas the first mitigation project of the FTCNC includes a household device; namely a sustainable cook stove, future considerations include the development and use of other renewable energy devices and/or projects.

System Innovation

The FTCNC also shows characteristics of a ***system innovation***. It matches the description of Breuer and Lüdeke Freud (2014) of inter-organizational level innovation where business model innovation supports value networks and systemic innovations. This is a very new and underexplored research field, which tries to understand how networks of diverse stakeholders, value definitions, and business models can be developed to support system innovations and result in sustainable business models. In case of the FTCNC the innovation went beyond the scope of a single organization and included an shared vision of multiple actors (normative values of all network actors).

Appendix G: Partner Descriptions

Partners in NORTH			
Name of Organization	**Organization Type**	**Organization Description**	**Roles & Responsibility Related to Fairtrade Climate Neutral Coffee Project**
Max Havelaar	NGO	Founded in 1988 in the Netherlands, Max Havelaar foundation is an independent non-profit organization that licenses use of the Fairtrade Certification label on products in the Netherlands in accordance with internationally agreed Fairtrade standards. Max Havelaar aims to create awareness of the importance of Fairtrade at both businesses and consumers.	• Involving Fairtrade licensees (coffee roasters) • Mobilizing extensive network for the communication program of the innovation. • Providing the connection to the market by bringing carbon credits (in combination with FTCNC). • Internationalization of the program.
ICCO Global Office (G.O.)	NGO	Founded in 1964 in the Netherlands, ICCO is the interchurch organization for development cooperation. ICCO Global Office is located in Utrecht, the Netherlands and is part of the ICCO cooperation. ICCO works closely with local civil society organizations, including development organizations, educational institutions and businesses in order to build a decent life and stimulate self-reliance in the developing world.	Bridging between project development and implementation partners in Ethiopia and the Dutch market activities in the Netherlands (through Max Havelaar) As strategic partner, ICCO invests (financially) in Max Havelaar, specifically ICCO Climate supports for capacity building of the Fairtrade Carbon Partnership. ICCO G.O. provides financial resources to ICCO R.O.
Fair Climate Fund (FCF)	Social Enterprise	Founded in 2009 by ICCO Cooperation under the Fair & Sustainable Holding B.V. As social enterprise, FCF supports companies, non-profit organizations and individuals to become climate neutral by providing carbon reduction advise and offering opportunities to offset remaining emissions.	• Pre-financing of cook-stove projects (incl. carbon certification costs) • Buying and selling fair carbon credits • Providing carbon footprint services to coffee roasters (and other partners with interest) • Responsible for climate programs from ICCO
Peeze	Business	Founded in 1879, Peeze – as a licensee of Max Havelaar - has a long history build around two main pillars: high-quality and sustainability. The company has a very strong value-chain perspective; the origin of coffee until the actual coffee consumption all plays an important role.	• Realizing market entry: first party to sell FTCNC (launch November 2013). • The company has a contractual agreement with FCF to buy carbon credits in order to compensate for CO2 emissions from farmer until distribution to consumer. • Encourage and inform consumers (in B2B) market to compensate last step (consumption)

Jumbo	Business	Jumbo is a family business, founded in 1921 by Johan van Eerd. Jumbo is a retail (supermarket) chain with over 400 stores in the Netherlands, the second largest supermarket chain in the Netherlands.	Jumbo is the first retailer in the Netherlands selling FTCNC to household consumers (realizing scale).
Ecofys	Business	Ecofys, founded in 1984 in the Netherlands, is a leading consultancy in renewable energy, energy & carbon efficiency, energy systems & markets and energy & climate policy. Ecofys supports public and corporate organizations alike to adapt to changes and identify new opportunities quickly.	Providing consultancy service to develop CO2 footprint calculations for coffee roasters and partners alike.
Ministery of Foreign Affairs (Netherlands)	Governmental organization		Provides external financing (approved subsidy request from Max Havelaar) for FIKS communication program in 'the North'.
Ambassador R. vd Berg	Individual	R. vd Berg is meteorologist and initiator of Ecoland.tv, a channel in which R. vd Berg wants to show and prove that ecology and economy go hand in hand.	Ambassador of the Fairtrade Carbon Partnership and promoting FTCNC. Providing information and awareness about the relationship between the impact of climate change and coffee cultivation.
XYZ	Investment fund	External party investing in ecological projects	Providing financial capital to develop and implement the climate programs in Ethiopia.

Source: Created by Author (information from interviews and organization websites)

Partners in SOUTH			
Name of Organization	**Organization Type**	**Organization Description**	**Roles & Responsibility Related to Fairtrade Climate Neutral Coffee Project**
Oromia Coffee Farmers Cooperative Union (OCFCU)	Small farmers owned cooperative union	OCFCU is founded in 1999 in Ethiopia in order to facilitate the direct export of coffee produced by small farmers organized in cooperatives. The union consists of 274 local cooperatives with over 250,000 household farmers. All cooperatives embraced by OCFCU, are operating under the Fairtrade principle of which 28 cooperatives are Fairtrade certified and 17 are pending approval.	• Sourcing party: delivering Fairtrade coffee and carbon credits from cook stove project • Managing the cook stove- program for its members, the small-scale (coffee) farmers • Providing an established framework and structure (the cooperative union) to implement the cook stove program.
Farm Africa	NGO	Farm Africa, founded 1985 in Ethiopia, believes that Africa has the power to feed itself and that its smallholders hold the key to lasting rural prosperity. Farm Africa puts world-class expertise into farmers' hands, making them productive, climate-smart and competitive.	Specialized in participative forest management and the coordination and management of programs in and around coffee-forests.

HoA-REC&N: Horn of Africa Regional Environment Centre & Network	Autonomous center and network organization within the Addis Ababa University.	The Horn of Africa Regional Environment Centre & Network (HoA-REC&N) is initiated by the Faculty of Science in 2006 in Ethiopia through the support from the Dutch government. HoA-REC&N facilitates, strengthens and advocates for initiatives related to environmental conservation and natural resource management. The Carbon Credit Project is launched on April 23, 2012 and (financially) supported by ICCO. The Carbon Credit Project offers climate finance expertise and support to partners and project developers in order to develop carbon reducing projects and to build capacity to generate finance through carbon credits in Ethiopia, and the Horn of Africa region.	Coordinating the carbon credits programs in Ethiopia, both cook stoves and participative forest management (REDD+), including the management of funding. Being liaison to local stakeholders, including other NGOs, businesses and governmental organizations.
Environmental Coffee Forest Forum (ECFF)	NGO	ECFF, founded 2009 in Ethiopia, is a leading civil society organization in Ethiopia, contributing towards sustainable use of coffee, forest biodiversity and the environment through research, education, information dissemination and practical implementation of scientifically proven concepts.	Environmental education and capacity building trainings on sustainable forest management and the environment. Supporting REDD+ climate change mitigation project by: 1) Activity development 2) being liaison to government and donor partner institutions 3) engaging local & international experts in the project development
Oromia Forest & Wildlife Enterprise (OFWE)	Autonomous fully government-owned organization	OFWE, established in 2009 in Ethiopia, works to ensure conservation, sustainable development and the use of forest & wildlife resources in its concessions through community participation. OFWE works with different Ministries, government institutions, with like-minded international and local organizations working in areas of sustainable forest management, biodiversity conservation, climate change and participatory natural resource management.	OFWE, with involvement of local community and partner NGOs, has initiated REDD+ projects and will be the owner of the generated carbon credits resulting from the coffee-forest program phase 2 & 3.
The Paradigm Project	Social Enterprise	The Paradigm Project was created to positively impact poverty by proving that business can be leveraged as a tool for social good. Paradigm currently works in 3 countries developing carbon offset programs to support the work on the ground: Kenya, Ethiopia and Guatemala.	Providing framework and certification for cook stove program under PoA (program of Activities) at UNFCCC: Paradigm Sub Saharan Africa Cook Stove Programme.
Ethiopian Ministries Ministry	Governmental organization	*Ministry of Environment and Forest (MEF*) is the Ethiopian Ministry dealing with climate change, established in 2013. It has developed an ambitious Climate Resilience Green Economy (CRGE) strategy, highlighting the Government of Ethiopia's commitment to sustainable economic development. *Ministry of agriculture* involves the habitants of Ethiopia to protect forest (and not use land for agriculture). *Ministry of Water & Energy* (MoWE) controls W&E resources in Ethiopia.	MEF provides Letter of Endorsement to apply and implement the REDD+ project and to understand and encourage the relation with the coffee-forest and story. The Oromia bureau of MoWE is part of the board in the cook stove project. Ministry of Agriculture no direct role but is an influential party in Ethiopia concerning land-use and needs to be supportive of the Coffee Forest Program

Netherlands Embassy in Ethiopia	Governmental Organization	The Embassy supports development cooperation programs in Ethiopia, with business and organization in order to achieve economic growth in the country, following a vision 'From Aid to Trade'.	No direct role in the Coffee Forest Program , but supporting the program at the background through lobbying.
ICCO Regional Office	Part of ICCO cooperation	The regional office of ICCO Africa in Kampala, Uganda is responsible for the implementation of regional policies, vision and development programs.	Providing financial resources to Hoarec for capacity building, enabling the implementation of the Coffee Forest Program in Ethiopia.

Source: Created by Author (information from interviews and organization websites)

Appendix H: Expressions of Sustainability Vision

Organization	Quotes from data set
Fair Climate Fund	• "*Our goals are not only to make money, but to create a larger impact, and that is really possible with these partners!"* (Interview 4, FCF 2014) • In this program, all parties act together to guarantee the quality of coffee and to make people aware of the impact on the climate – all in a fair 'Fairtrade' way (Document website FCF)
Max Havelaar	• *There are also non-Fairtrade certified farmers that benefit from the projects for example, but we don't want to leave these people out. It's not so much about our own Fairtrade certification label, and our own game, but to effectively work towards achieving our goal* […] *it is however important that we do embrace the Fairtrade principles otherwise we can't call it a Fairtrade value system and Fairtrade climate neutral coffee.* (Interview 2, MH 2014) • [REDD+ project] *we aren't there to plug our own certification label, but in order to ensure that something really good is provided to the farmers we work with* (Interview 2, MH 2014)
Peeze	• *Of course we are happy to be the first party selling climate neutral coffee, creating first mover value. That was specifically interesting for the marketing aspects. But actually more important reason is the actual goal. If you see now, how climate change affects the origin* [Ethiopia]. *If that continues, following the same trend of temperature increases, it has a huge effect on quality and yield* [of coffee cultivation]. […] *So we are only happy if more partners such as Jumbo join, as it will only positively affect the whole project. Actually, the whole coffee sector.* […] *We won't complain if we compete with colleagues, selling climate neutral coffee. In the end, that is the goal we should all try to achieve* (Interview 6, Peeze 2014). • [it is totally new for Peeze to not only sell coffee, but also promote the sales of carbon credits] *Yes, this is complementing our general sustainability strategy. In order to create a real sustainable value chain, we see it as a "must" to also offer this as a service to our customers. As a result, we strive together towards a more sustainable coffee value system* (Interview 6, Peeze 2014)
HoA-REC&N	• *Coffee is a great product that has lots of value in the west. But if we continue using the forest like we do now, eventually there might be no coffee anymore. Maybe your children have no more coffee. So it's important that you do not just do the marketing stuff, but that you actually look at how we can protect our environment.* […] *I hope that the project also contributes a little to creating further awareness of climate change* (Interview 5, HoA-REC&N 2014.

Appendix I: Roles & Responsibilities on Organizational Level

	Sector	Partner	Innovation Process		
			Idea Generation	**Program Implementation**	**Commercialization**
South	NGO	ICCO	n/a	Providing financial resources & capacity building to develop and implement program.	n/a
		Paradigm	n/a	Providing certification framework to deliver carbon credits in registered programs	n/a
		ECFF, Farm Africa	n/a	Providing a vision, knowledge & expertise in respective areas of the Coffee Forest Program.	n/a
	Government	MEF, Ministry of Agriculture, Dutch Embassy	n/a	Providing indirect influence on the opportunities and success of program development and implementation through policy and support.	n/a
		OFWE	n/a	Providing certification framework to deliver carbon credits in registered programs	n/a
	Academic institute	HoA-REC&N	n/a	Providing knowledge and expertise to coordinate the Coffee Forest Program with structure, implementation, carbon accounting & monitoring. Providing an extensive network and warm connections to include relevant actors and to lobby at governmental organizations.	n/a
	Business	Coffee Cooperative Union OCFCU	n/a	Providing well-established structure and framework to implement cook stove program. Being sourcing partner for Fairtrade FTCNC and carbon credits.	n/a

	Sector	Partner	Innovation Process		
			Idea Generation	**Program Implementation**	**Commercialization**
North	NGO	ICCO	Providing knowledge, experience and a vision for a sustainable living and its benefits in order to develop an innovative mechanism for the carbon market.	Providing financial resources (to Max Havelaar) for capacity building and development of program.	Providing financial resources (to Max Havelaar) for capacity building and development of program.
		Max Havelaar		Providing a strong network, including Fairtrade licensees to find and connect program implementation partners.	Providing a strong network and connections (e.g. with media) to reach the market and gain publicity.

				Providing knowledge and capacity to develop a marketing and communication strategy as well as tools and materials. Providing the Fairtrade certification label, herewith creating credibility and a good reputation for (commercial) partners.
Government		n/a	n/a	Providing financial resources to Max Havelaar in order to support the communication program, creating awareness and educating the market.
Business	Private Enterprises (Coffee Roaster & Supermarket)	n/a	Providing knowledge & expertise of coffee value system in order to develop tools to implement the climate neutral aspect.	Providing production, distribution, market entry of FTCNC to the B2B and consumer market and creating scale. Providing a network of (potential) clients for sales. Providing knowledge, experience and capacity to develop marketing and communication materials.
	External service provider (Ecofys)	n/a	Providing knowledge & expertise to develop tools to implement the climate neutral aspect.	n/a
	Social Enterprise (Fair Climate Fund)	n/a	Providing financial investment in cook stove project. Providing knowledge and experience of the carbon market in order to further develop the Coffee Forest Program.	Providing contract and organizational structure to buy and sell the generated Fairtrade carbon credits.
Public	Ambassador & Promoters	n/a	n/a	Providing network and connections to gain publicity and awareness. Providing knowledge and personal engagement to educate the market about climate change and its impacts.
Academia		n/a	n/a	Providing credibility for the (scientific) approach of the climate program

Source: Created by Author