

### Economic Globalization, Sustainable Development, and Social Entrepreneurship in the Context of a Small European Economy: The Case of Switzerland

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**Economic Globalization, Sustainable Development, and  
Social Entrepreneurship in the Context of a Small European Economy:  
The Case of Switzerland**

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**ABSTRACT:**

The purpose of this paper is to examine the case of Switzerland in the context of economic globalization and sustainable development by taking a closer look at how it copes with the challenges of acting responsibly in a World of growing population, income disparity, resource depletion, and environmental degradation. Its aim is to assess the unique contributions of entrepreneurial initiatives from the public, private, and from the civil society sectors in particular in order to balance the tensions inherent to these divergent societal dynamics. The analysis results in the supposition that sustainability-driven entrepreneurship, in its popular notion of 'social entrepreneurship', has a central role to play as change agent for social innovation by combining all relevant aspects of environment, society, and economy.

**Keywords:** Globalization, Sustainable Development, Third Sector, Entrepreneurship, Switzerland

**JEL Classification:** F15, H4, L31, M14, N34, N84, O17

## 1. Introduction

Located in the heart of Europe, Switzerland is one the most advanced countries and is world-renowned for its idiosyncratic traits of smallness, in particular superior quality, efficiency, integrity, and political stability. Counting a population of no more than 7.7m inhabitants, more than 21 per cent of which are foreign residents (2008), it is continuously to be found amongst the most competitive national economies and as a consequence it ranks 7th worldwide in terms of per-capita-income according to IMF statistics 2008.

Against the backdrop of globalization, by adapting its highly industrialized economic tissue to the needs of a global market place it has built a strong reputation for its competencies to exploit trends in its geopolitical environment. For instance, it has developed one of the strongest financial market places in the World and it has been selected as location for headquarters by some of the leading corporations. At the same time, Switzerland is home to many internationally operating non-governmental organizations (NGOs), such as parts of the United Nations agencies, the International Committee of the Red Cross, and Médecins Sans Frontières, to name a few.

This paper takes a closer look at how Swiss business copes with the key challenges of acting responsibly in a World of growing population, income disparity, resource depletion, and environmental degradation. By focusing on the need for balancing activities that benefit self, other people, and nature, only recently the idea of 'social entrepreneurship' has re-activated a historic Swiss tradition of 'doing well by doing good'. As it was developed mainly in the Anglo-Saxon countries, the concept of 'social entrepreneurship'<sup>1</sup> still is relatively new to Switzerland, as it is to other European countries. It was introduced to the European continent at the World Economic Forum (WEF) at Davos, Grisons/Switzerland, in 2002. The initiator of the WEF, Professor Klaus Schwab and his wife, Hilde Schwab, in 2001 founded a Swiss private foundation for social entrepreneurship ([www.schwabfoundation.org](http://www.schwabfoundation.org)) which has since been highly active in various countries around the globe as well as in Switzerland in promoting the idea of combining social need fulfillment with the positive power of private enterprise. However, for the popular notions of 'social entrepreneurship', 'social enterprise', or 'social business', a theoretical foundation and a clear delimitation to related concepts, such as the NGO or the nonprofit organization (NPO), to date remains virtually inexistent. Elkington and Hartigan for instance evade a definition by alluding to "blended value creation" along several dimensions, "hybrid organizations" in between the poles of the purely commercial and the non-profit, and describing social entrepreneurs according to ten characteristics.<sup>2</sup> In its mission statement, the Schwab foundation also circumvents a clear definition by stating briefly that

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<sup>1</sup> John Elkington and Pamela Hartigan, *The Power of Unreasonable People* (Boston MA: Harvard Business Press, 2008); J. Gregory Dees, "The Meaning of 'Social Entrepreneurship'", *Working Paper* (Stanford CA: Stanford University, 2001).

<sup>2</sup> John Elkington and Pamela Hartigan, *The Power of Unreasonable People*, 3-5.

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*"The Foundation provides unparalleled platforms at the national, regional and global levels for leading social innovators that highlight social entrepreneurship as a key element to address social and ecological problems in an innovative, sustainable and effective way."*<sup>3</sup>

Social innovation as such however forms an integral part of societal reality, whilst entrepreneurship traditionally has been viewed as the catalyst implementing new factor combinations in the socio-economy.<sup>4</sup> So after all, what really is so new about it?

In this paper, I track the specific situation in Switzerland, one of the smaller countries located in the heart of the European continent, against the backdrop of the globalization impact on Europe, thereby focusing on the concept of sustainable development and how it has been integrated in the innovation process of Swiss society and its economy. As a consequence, the objective of this paper is threefold: firstly, it assesses the impact that globalization has had on Western Europe as it is represented by the countries of the European Union (EU) and on Switzerland in particular, roughly focusing on the period of the decades around the turn of the century; secondly, it aims to appraise the unique contributions of entrepreneurial initiatives from the public, private, and from the civil society sectors in particular; and thirdly, it thereby aims to examine the theoretical aspects of sustainability-driven entrepreneurship<sup>5</sup> from the perspective of the Swiss civil society sector and its contribution to sustainable economic development in the 21st century within a context of globalizing markets.

The paper is divided into three sections. The first contains a brief analysis of the recent developments in the EU and in Switzerland. In the second, the approach Switzerland has chosen to define its unique concept of sustainability is described. In order to take on the challenges of sustainable development, in the main part of the paper the role of the civil society sector, and more specifically of 'social entrepreneurship' initiatives are discussed in progressing the sustainability agenda for Switzerland by adopting an integrative view of the private and public sectors of society. Finally, in concluding implications for theory development are drawn and recommendations for public policy are given.

## **2. Globalization, The European Union, and The Case of Switzerland**

The continuous integration of regional economies, societies, and cultures through a globe-spanning network of exchange has been addressed as globalization.<sup>6</sup> In a more specific sense, the term is used to refer to the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology. Increase of mobil-

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<sup>3</sup> [www.schwabfound.org/sf/AboutUs/OurMission/index.htm](http://www.schwabfound.org/sf/AboutUs/OurMission/index.htm) (retrieved Oct 1, 2009).

<sup>4</sup> Joseph Schumpeter, *Theorie der wirtschaftlichen Entwicklung*, (Berlin: Beck, 1934, reprinted 1993).

<sup>5</sup> Lutz E. Schlange, "Stakeholder Identification in Sustainability Entrepreneurship: The Role of Managerial and Organizational Cognition," *Greener Management International* 55 (2009): 15.

<sup>6</sup> Theodore Levitt, "The globalization of markets," *Harvard Business Review* 61 (1983) 3: 92.

ity may be viewed as the main trigger of this process of intensified international competition and economic restructuring. This mobility includes mainly the movement of goods, factors of production, and technology, as well as the wide spread of values and ideas. As a consequence, the relevant markets for goods and services, capital, labor, and technology break open the borders of nations and expand around the whole globe.<sup>7</sup> Among a great variety of interrelated aspects, the most important drivers of globalization have been recognized in a combination of economic (eg foreign trade), political (eg global challenges like climate change), technological (eg distribution of scientific knowledge), socio-cultural (eg proliferation of Western lifestyles), and biological factors (eg dispersion of genetic materials). The geopolitical regions that have been viewed as pushing the globalization trend forward are located in the Northern hemisphere, chiefly encompassing the highly-industrialized countries in North America, Europe, the Far East, and Oceania, as well as more recently the BRIC countries.<sup>8</sup>

The on-going trend towards globalization can be seen from the fact that since 1970 the world's foreign trade has increased seventeen-fold, whilst total world production has "only" increased by a factor of four. Meanwhile, as measured in terms of worldwide value creation, foreign direct investments have increased by a factor of six. And the world's population of nearly 6.6bn enjoy a steady growth in the supply of mobility, which can be seen from the fact that 1970 around 370mn people were flying while 2006 this amount grew to around 2.13bn on an annual base. Regarding the consequences for the everyday life of citizens in the developed world, nowadays they eat steaks from Argentina, buy shoes from China, view TV series from Hollywood, and via the Internet they may instantly inform themselves about what is going on elsewhere in the world, even in such remote places like Papua New Guinea.

### ***Globalization and the European Countries***

Viewed from the perspective of economic theory, for the European countries first and foremost globalization is expected to enhance growth of national economies by fostering the exploitation of competitive advantages on a global scale. In a second order of priorities, this is viewed as a means to elevate social welfare through a more efficient allocation of resources. However, the materialization of the implied social benefits relies on the fulfillment of several conditions. In particular, these refer to the flexibility of the labor and product markets, the efficiency of welfare states, and the levels of competition. Moreover, they imply the ability to shift the production capacity frontier of the national economies and of the European Union (EU) economy as a whole by a significant level of innovation.

While expected benefits such as lower prices, higher productivity, and increased incomes will tend to accrue in the medium term only, social costs are more likely to occur in the short run. As seen from the outside world, the EU is frequently described as a protection mechanism against the ad-

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<sup>7</sup> Jagdish Bhagwati, *In Defense of Globalization* (Oxford, New York: Oxford University Press, 2004).

<sup>8</sup> BRIC: Brazil, Russia, India, and China.

versarial effects of international competition by establishing a system of trade restrictions. Nonetheless, the EU countries are still facing costs, in particular as regards a subtle decline of the welfare state, augmented unemployment, a rise in income inequality and poverty, as well as increased migratory pressure. Much alike in other world regions, these costs represent great challenges for the national economic and social policies, since apparently the gains from globalization in terms of efficiency and income tend to spreading unevenly across individuals, and in particular regarding the negative impact on employment in the low skilled labor market.

On a more general level, international trade increases the efficiency of production and affects factor prices in a way that is rarely beneficial for all. As a consequence, in order to preserve a suitable economic and regulatory environment the existence of a functioning welfare state is an important prerequisite. Finally, increased migration entails both costs and benefits for all involved countries. Whilst economic benefits from migration can stimulate economic growth by enhancing labor supply or by affecting the skill composition of the workforce, in view of the aging of the population it may also help to reduce the financial burden imposed on the social welfare system. On the cost side however, a migrating workforce may put pressure on wages and worsen unemployment in the host country, particularly if migrants' skills are similar to those of the resident workers. Since its enlargement however, intra-EU-15 migration has not tended to overshooting despite the fact that free labor mobility is an important ingredient of the Single Market.<sup>9</sup> As the Sapir report to the European Commission states in concluding its policy recommendations:

*"The key policy issue for Europe is how to enjoy the benefits of globalization while continuing to mitigate its costs."*<sup>10</sup>

### ***Switzerland and the EU***

In a similar way, Switzerland has developed ways and means to position its small, open national economy within the context of the EU in particular, and within the globalizing world economy in a more general sense. Over the last century, the country has understood to turn its natural and geographical limitations as a small midland located in the heart of Europe without disposing of any major natural resources to be exploited for the sake of foreign trade into a thriving economy by harnessing its competitive advantages in the textile industry and, from thereon, in the machine, chemical, pharmaceutical, and financial industries. As a consequence, in a historical perspective Switzerland has been gaining from the globalization process in as much as hardly any other country. This can be seen from the simple fact that nowadays its population represents about one-tenth of a percent of total world population whereas it accounts for almost 1 percent of global economic value creation.<sup>11</sup>

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<sup>9</sup> André Sapir et al., *An Agenda For a Growing Europe – Making the EU Economic System Deliver* (Brussels: European Union, July 2003), 106.

<sup>10</sup> André Sapir et al., *An Agenda For a Growing Europe*, 97.

<sup>11</sup> Simon Stahel and Boris Zürcher, *Globalisierung: Wie die Schweiz gewinnt* (Zürich: Avenir Suisse).

Therefore, whilst the globalization process as such is being viewed as a simple matter of fact by Swiss authorities, EU foreign trade policies have aroused much criticism especially from the point of view of Swiss economic policy. Swiss authorities as well as the public in general do not defy the fact that the EU represents Switzerland's most important partner in its external trade, especially regarding the big EU member countries such as Germany, France, and Italy. For Swiss foreign policy however, the purpose of attaining membership in the EU is persistently regarded as a political *non-valeur*. In 1994, the Swiss people voted against The European Economic Area (EEA), a political construction that had finally been established only January 1, 1994, following an agreement between member states of the European Free Trade Association (EFTA), the European Community (EC), and all member states of the EU. Headed by Switzerland and Norway, the EEA was negotiated for EFTA countries that were not ready to become full members of the EU though opting to participate in the European single market. Thereafter, Switzerland has been putting a bilateral negotiation strategy with the EU in place which today a larger part of the population regards as the only adequate way to build a strong foundation for the future of Switzerland in the midst of an integrated European single market.

### ***Globalization Effects on Switzerland***

Notwithstanding the fact that bilateralism has kept Switzerland the status of a country associated with the larger European political body, the effects of globalization have left deep marks in its economic tissue. Table 1 reflects the pattern of re-industrialization in Switzerland together with some of the larger EU countries and their smaller counterparts, as compared with Japan and the USA. As can be seen from the dynamics of nominal private sector value creation, Switzerland has grown its knowledge-intensive sector industries by more than six percentage points in between 1990 and 2002, thereby taking a clear lead in this ranking.<sup>12</sup> This is mainly due to the dominant position of knowledge-based services, in particular in the financial industry. In this distinct aspect, only Great Britain and the Netherlands have shown a higher growth over the respective period of time. In parallel, Swiss industries in the area of low-tech and other services have decreased at a higher rate than in any other of the countries mentioned.<sup>13</sup> As a result, the evidence shows that the country has turned itself into a knowledge-based economy faster than many other industrialized nations.

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<sup>12</sup> High-tech industries include pharmaceuticals, chemicals and plastics, machinery, electro-technical, electronics, and scientific instruments, while knowledge-intensive services consist of banking, assurances, and business services such as ICT, consultancy and tele-communication (cf. Arvanitis et al., „Internationale Wettbewerbsfähigkeit: Wo steht der Standort Schweiz?“ *Die Volkswirtschaft/L'Économie Suisse* 3 (2008): 11.

<sup>13</sup> Arvanitis et al., „Internationale Wettbewerbsfähigkeit“, 11.



Table 1. *Nominal value creation of selected private sector industries in selected European countries, Japan, and the USA (1990 and 2002, in percent of total private sector)<sup>14</sup>*

	Lowtech Industries		Other Service Industries		Total: Low-Tech & Other Services		Hightech Industries		Knowledge-intensive Service Industries		Total: Knowledge-intensive Sector	
	1990	2002	1990	2002	1990	2002	1990	2002	1990	2002	1990	2002
Germany	12.6	10.5	35.4	40.0	48.0	50.5	19.5	17.5	19.9	22.8	39.4	40.3
France	13.3	11.0	40.7	41.7	54.0	52.7	12.4	12.0	21.6	25.0	34.0	37.0
Italy	16.2	13.1	44.7	45.1	60.9	58.2	12.5	10.3	13.9	20.4	26.4	30.7
Great Britain	14.2	9.9	41.0	43.6	55.2	53.5	14.6	9.8	17.1	26.1	31.7	35.9
Sweden	14.2	13.0	42.3	42.9	56.5	55.9	13.4	14.3	15.5	19.3	28.9	33.6
Finland	17.7	14.7	41.2	44.5	58.9	59.2	12.2	15.8	12.9	14.2	25.1	30.0
Denmark	13.4	11.0	47.4	47.3	60.8	58.3	10.6	10.8	17.3	19.3	27.9	30.1
Netherlands	14.4	11.6	42.8	43.1	57.2	54.7	11.8	8.3	18.2	26.3	30.0	34.6
Austria	15.3	13.1	43.1	42.6	58.4	55.7	11.4	11.2	15.1	18.8	26.5	30.0
<i>Switzerland</i>	<i>12.9</i>	<i>9.4</i>	<i>37.5</i>	<i>37.3</i>	<i>50.4</i>	<i>46.7</i>	<i>13.4</i>	<i>13.9</i>	<i>23.2</i>	<i>28.9</i>	<i>36.6</i>	<i>42.8</i>
Japan	14.5	10.4	37.4	42.3	51.9	52.7	17.0	14.4	13.8	18.6	30.8	33.0
USA	11.1	9.0	44.4	45.1	55.5	54.1	11.7	9.2	22.9	27.3	34.6	36.5

Sources: KOF Konjunkturforschungsstelle ETH Zurich, OECD, BFS Schweiz Bundesamt für Statistik / L'Économie Suisse

Switching from the private sector industries to the public sector, there has been a fundamental shift as well. By tradition, Switzerland has been situated among the countries with the lowest public spending, the reverse side being that its residents have been enjoying moderate fiscal burdens. In 1990, it still had a public expenditure quota limited to just 30 percent of its gross domestic product. However, while it peaked in 2005 at more than 35 percent, Switzerland has seen an increase of around 3 percent over the last 18 years (see Table 2).

Table 1. *Public expenditure quota in selected European countries, Japan, and the USA (1990, 2000 and 2008, in percent of gross domestic product)*

	1990	2000	2008	1990-2008 (change in percent)
Germany	44.5	45.1	43.4	-1.1
France	49.3	51.6	52.5	3.2
Italy	53.5	46.1	48.4	-5.1
Great Britain	42.2	36.6	45.4	3.2
Sweden	61.3	57.0	51.2	-10.1
Finland	48.3	48.4	47.3	-1.0
Denmark	55.9	53.3	50.4	-5.5
Netherlands	53.1	44.2	45.1	-8.0
Austria	51.5	52.1	48.4	-3.1
<i>Switzerland</i>	<i>30.0</i>	<i>35.1</i>	<i>32.6</i>	<i>2.6</i>
Japan	31.9	39.0	36.4	4.5
USA	37.1	34.2	38.6	1.5

Source: OECD, Economic Outlook 84, Paris (2008)

Nonetheless, it is still among the OECD countries with the lowest share of national income to be redistributed by the public sector. Over the recent decades, there has been a continued and consi-

<sup>14</sup> Arvanitis et al., „Internationale Wettbewerbsfähigkeit“, 11.

derable debate about the respective roles of the state and private enterprise regarding their share in economic income distribution on the one hand, and their production of services for the commercial markets as well as for the public common good on the other. Notwithstanding the fact that in some cases, such as in health care or in telecommunications, the private sector has failed to deliver on the expectations it has created in the first place, the political tensions between proponents of a more dominant public sector against the ones highlighting the unseen potential of the private prevail. As a consequence, changed relationships of the socio-economic actors with the state – characterized by New Public Management and political pressures for reductions in state spending – has led to major changes in structures of NPOs. At the same time, the civil society was rediscovered as state welfare systems found themselves in increasing difficulty.<sup>15</sup> In section four of this paper, these general observations will be elaborated in more detail within the specific context of sustainable development, a brief outline of which is given next.

### 3. Sustainable Development in Switzerland

A widespread and common understanding holds that socio-economic development on a global level is urgently needed to be redirected into alternative, more sustainable patterns. The respective challenges will rapidly become more important for Switzerland, while problems on the national level will increasingly need to be addressed within an international context. The country is already one of the most highly globalized countries in the world earning every second franc abroad and managing almost one third of the world's internationally invested wealth. Moreover, with its levels of production and consumption, Switzerland takes more than three times the natural resources that are available in the country itself. Such a high level of interdependence entails a commensurate responsibility for global sustainable development.<sup>16</sup> Therefore, since 1999 its commitment to sustainable development is integrated in the form of a new article in the Federal Constitution stating that Switzerland seeks “a balanced relationship over time between nature and its ability to renew itself, on the one hand, and the demands placed on it by the human race, on the other”.<sup>17</sup>

#### *Definition and Concept of Sustainable Development*

Like in other world regions in Switzerland the so-called Brundtland definition of sustainable development has attained considerable resonance. It was established by the World Commission on Environment and Development (the Brundtland Commission) in 1987<sup>18</sup> and has gained widespread

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<sup>15</sup> Bernd Helmig, Christoph Bärlocher, and Georg von Schnurbein, „Defining the Nonprofit Sector: Switzerland”, *Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project* No. 46 (Baltimore: The Johns Hopkins Center for Civil Society Studies, 2009): 11.

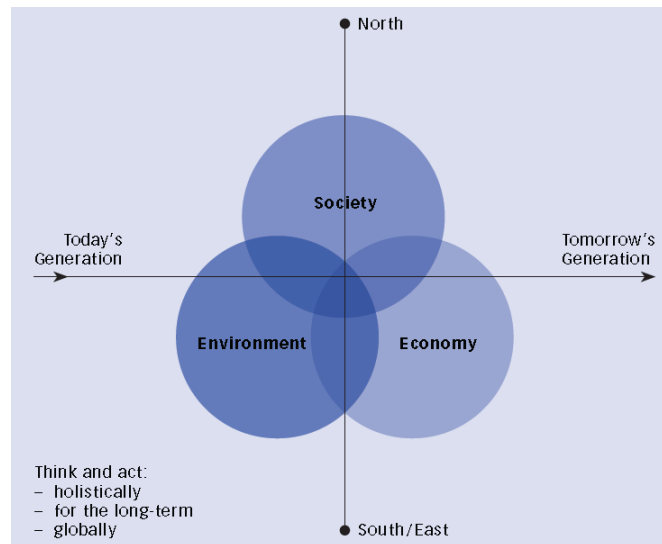
<sup>16</sup> Interdepartmental Sustainable Development Committee ISDC, *Sustainable development in Switzerland – A guide* (Berne: ISDC, 2007), 6.

<sup>17</sup> Swiss Agency for Development and Cooperation (SDC) and Federal Office for Spatial Development (ARE), *Sustainable development in Switzerland: Methodological foundations* (Berne: ARE, 2004), 2.

<sup>18</sup> World Commission on Environment and Development, *Our Common Future* (New York: OUP, 1987).

acceptance since the Rio summit in 1992: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. The concept builds on two key presumptions which address the recognition of satisfaction of the essential needs of all humans on the one hand and the idea of the capacity of the global ecosystem being limited on the other.<sup>19</sup>

Figure 1. Swiss conceptual model of sustainable development<sup>20</sup>



Besides the ‘pillars of sustainable development’ – ie the three aspects of society, ecological environment, and economy – the diagram also depicts a generation timeline and the geographical north-south dimensions. The basic ideas on which this refined concept of sustainable development is built are as follows:

- Society, economy, and environment are regarded in a holistic view as mutually interwoven processes which tend to have reciprocal effects on each other. Neither public nor private agents may act isolated from each other in only one of the relevant dimensions. Instead, measures put in place in order to help advance sustainable development must take the interplay between the three dimensions into account.
- Human rights include equal distribution of access to and use of the resources existing on our planet. This involves solidarity within the current generation (intra-generational solidarity), since stable development in the long term is only possible if all humans are granted the same rights to use the earth’s natural wealth.
- Development is regarded as sustainable only if it takes account of and does not compromise the needs of future generations. This inter-generational solidarity insists on refraining from any

<sup>19</sup> ISDC, *Sustainable development in Switzerland*, 8.

<sup>20</sup> ISDC, *Sustainable development in Switzerland*, 9.

excessive use of resources, habitats, or legacy debts which may limit the development of future generations.

As all models, the diagram gives a simplified picture of the sustainable development concept. Swiss authorities are fully aware of the fact that cultural and institutional aspects are also of utmost importance. These typically have strong influences on the political arena when political programs and instruments are being developed and finally deployed. Without the fundamental changes to be adopted at a cultural and institutional level, the necessary steps to practically implement sustainable development in all areas of society, economy, and environment will be difficult to realize.<sup>21</sup>

### *Three Pillars of Sustainable Development Policy*

In 2002, the Swiss Federal Council has defined a National Sustainable Development Strategy. From the three target dimensions fifteen sustainability criteria were derived as relatively general guidelines to be fleshed out in concrete projects in later stages. First of all, in the sphere of the environment criteria include preserving natural resources and delimiting their consumption to natural levels of regeneration, reducing emissions to safe levels as well as the potential impacts of ecological disasters. Secondly, in the economic sphere criteria comprise safeguarding and increasing income and employment in an equitable social and spatial distribution, preserving and improving the quality of productive capital, enhancing competitiveness and innovativeness, using market mechanisms as primary drivers, and managing public budgets by reducing the financial burden for future generations. Finally, in the societal sphere criteria reflect protecting and promoting health and security of citizens, guaranteeing individual education and development, fostering culture and **preserving and developing the values of civil society**, and social capital, assuring equal rights and legal status for all and in particular for genders, offering equal opportunities for/protection of minorities, and recognizing human rights, promoting both intra- and inter-generational solidarity.<sup>22</sup>

Based on the idea of three pillars of sustainability three types of capital stock have been defined. The Swiss concept builds on a summation of the three stocks of environmental, economic, and social sustainability capital:

$$K_{\text{sustainability}} = K_{\text{environment}} + K_{\text{economy}} + K_{\text{society}}$$

This equation implies that environmental, economic and social capital may be substituted for each other. In order to keep the path towards sustainability in proper balance, the concepts of 'strong' and 'weak' sustainability have been introduced. Whilst strong sustainability requires that none of the three individual types of capital should be diminished in the long term, under the weak concept this is only required for the aggregate capital stock. As a consequence, under the conditions of 'weak' sustainability for instance, a compensation for environmental capital by an increase in eco-

<sup>21</sup> ISDC, *Sustainable development in Switzerland*, 10.

<sup>22</sup> ISDC, *Sustainable development in Switzerland*, 11.

conomic or social capital is viewed as acceptable. Under 'strong' sustainability conditions no compensatory trade-offs are permitted.<sup>23</sup>

By applying the concept of "weak sustainability plus", the Swiss Federal Council adopts an intermediate position. Restricted compensation between capital stocks is permissible as long as none of them falls below defined critical limits. These limits represent non-negotiable minimum requirements such as environmental health standards or guaranteed human rights.<sup>24</sup> This discussion sheds light on the inherent contradictions between sustainability targets and on the resulting challenges to find a balance between the sometimes conflicting objectives and interests. It is the Swiss position that such conflicts must be addressed internationally and locally through fair and democratic processes by following the common political goal which is to apply creative approaches of mediating between contradictory objectives in order to identify optimization potentials and develop synergies.<sup>25</sup>

### ***National Issues of Sustainable Development***

Besides the international and global challenges regarding the implementation of sustainable development practices which are not in the main focus of this paper, there are a number of issues to be dealt with on the national level. To start with society and population, alike many other advanced industrialized countries Switzerland is facing the demographical challenge primarily in the form of its aging population. At present, there are around 100 earners for every 36 retired people; by 2050 this figure will increase to between 60 and 70. Reforms in the social insurance system will put pressure on the inter-generational relationships.

This trend will also impact other areas such as the labor market, mobility and housing. Based on Swiss immigration policy it can be assumed that future immigration will come mainly from the EU. However, immigration from non-European countries will also continue. Accordingly, high emphasis will continue to be put on integration of foreigners into the Swiss society. More intense competition will have low-skilled or otherwise disadvantaged workers find it increasingly difficult to succeed against the pressures of the labor market. It will become even more of a challenge for society to integrate young people who have learning difficulties. Higher risks of poverty are carried by the long-term unemployed, people on low incomes («working poor»), single-parent families and households with large numbers of children.

In the economic sphere, the Swiss Confederation, its cantons and municipalities are working to improve the general conditions for economic growth in order to sustain the prosperity of its populace. Few areas represent such an abundance of contradictory objectives. On the one hand, competitive pressures force traditional public services such as postal networks, railways, telecommuni-

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<sup>23</sup> Ismail Serageldin and Andrew Steer (eds.), *Making Development Sustainable, from Concept to Action*, Environmentally Sustainable Development Occasional Paper Series No. 2 (Washington DC: World Bank, ESD, 1994).

<sup>24</sup> ISDC, *Sustainable development in Switzerland*, 12.

<sup>25</sup> ISDC, *Sustainable development in Switzerland*, 12.

cations, power and water supplies and healthcare provision to be called into question. On the other, more public spending is in demand in order to sustain the agricultural sector and other critical interior policy domains that are becoming more vulnerable due to increasing pressures from the neighbor countries in the EU. Reforms are on their way in the areas of mandatory pension provision or the public education system with respect to privatization and/or liberalization. Lately, in this particular respect there has been an intense debate about rebalancing social disequilibria by means of state funding as opposed to promoting solutions to be developed on the individual level, thereby stressing the growing importance of the civil society.

Regarding the third pillar of sustainable development, in the environmental sphere there are a number of future challenges to be confronted. For instance, Switzerland's mountain regions which cover two thirds of the country's area are particularly sensitive to the impact of climate change. As a consequence, natural hazards are expected to impose growing risks on regional infrastructures. According to scientific forecasts, due to global warming a substantial proportion of Swiss glaciers are seen to disappear over the next 50 years. Resulting from intensive land use by agriculture, infrastructural systems and other construction projects, biodiversity in Switzerland has been gradually declining.<sup>26</sup>

As a result, a large portion of the future challenges for Switzerland on its way to become a more sustainable society resemble the situation in other developed countries around the World. All the more, the high living standard it has achieved in combination with its characteristic location in the heart of Europe makes it a necessity for Swiss politics to activate the country's human and social resources to stay at the forefront of the sustainability movement. In the political arena however, although a common ground has been established about the need to move the country ahead in this general direction, there is a continued and intense debate about the relevant actors and their respective roles. As already mentioned earlier in this section, it may not seem wholly surprising that in a democratic society, whilst in the midst of a process of finding and developing suitable ways and means to move forward, there is no clear and commonly agreed agenda about which are the tasks to be fulfilled in which of the various societal layers. Therefore, in a next step I will focus on the allocation of some of these tasks.

#### **4. Role of the Third Sector in Sustainable Development**

It is common practice in macro-economic analysis to apply a three-sector theory as a comparative scheme to describe industrial development of countries<sup>27</sup>. The respective hypothesis views the extraction of raw materials (primary sector), manufacturing (secondary sector), and services (tertiary sector) as three successive stages of industrial development. In recent years, a different economic sector approach has gained increasing attention. In stark contrast to the 'classical' three-sector

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<sup>26</sup> ISDC, *Sustainable development in Switzerland*, 5.

<sup>27</sup> Jean Fourastié, *Le Grand Espoir du XXe siècle. Progrès technique, progrès économique, progrès social* (Paris: Presses Universitaires de France, 1949).

theory, it focuses on the forms of organization of the relevant actors in society and from that defines three distinct sectors of institutionalized economic activity.<sup>28</sup>

Triggered by recent scientific studies about the peculiarities of 'civil society', proponents of this variant of a three-sector hypothesis hold that this "third sector" has in fact always existed beyond the popular polarization between state ('the public') and market ('the private'). In a classical definition, this term denotes organizations which are sustained by private parties and do not pursue profit-oriented goals.<sup>29</sup> As a result, Salamon and Anheier claim that there has never been a conceptualization of the significance of this sector. Typically, organizations from the civil society sector share five common traits: formal, private, nonprofit distributing, self-governing, and voluntary.<sup>30</sup> Table 3 schematically compares attributes of institutions across the three sectors.

*Table 3. Attributes of institutions in the three sectors of economic activity*

Criteria	Public sector	Private sector	Civil society sector
Formalization	formal	formal and/or informal	formal
Ownership	public, partially exclusive	private, exclusive	private, non-exclusive
Distribution of returns	cost distributing	profit distributing	nonprofit distributing
Governance mechanism	political governing	proprietary governing	self-governing
Motivation	mandatory	professional	voluntary

Public sector institutions are mandated by the political will to execute certain functions which are in the public interest. Therefore, they typically constitute cost-centers and as such are accountable for the proper use of dedicated fiscal budgets. In more general terms, these preconditions give rise to formal administrative bodies governed by political institutions, while ownership is restricted to (the respective parts of) the public and thus stays partially exclusive.

In the private sector in contrast, institutions may both be informal (eg family businesses) and formal (eg corporations) while proprietorship typically remains exclusively with its founders and/or owners. Their motivation consists in building a professional business to create profits which are distributed among its proprietors who possess the exclusive rights to govern the resulting organization.

'Civil society institutions' represent the third sector of economic activity where a central precondition for its functioning lies in a voluntary commitment to enhance the common good. Although they build on private initiative, they are typically constructed as non-exclusive formal organizations which strive to create benefits for society as a whole instead of distributing profits to a few exclusive proprietors. Therefore, self-governance mechanisms are installed which are typically built on the precondition of individual membership.

<sup>28</sup> Jude Howell and Jenny Pearce, *Civil society and development: a critical exploration* (Boulder, CO: L. Rienner Publishers, 2001), 50.

<sup>29</sup> Theodore Levitt, *The Third Sector – New Tactics for a Responsible Society* (New York NY: Amacom, 1973); Amitai Etzioni, "The Third Sector and Domestic Missions", *Public Administration Review* 33 (1973) 4.

<sup>30</sup> Lester M. Salamon and Helmut K. Anheier, "In search of the non-profit sector I: The question of definition", *Voluntas* 3 (1992) 2, 148.



According to Salamon and Anheier, the civil sector of society, in contrast to the public and the private sectors, deserves closer attention since it is asserted to have a significant share in the total value creation of a given country, thus adding to its economic, environmental, and societal stocks of capital. Recently, systematic attempts to quantify this impact are made, in particular as regards the Comparative Sector Project of Johns Hopkins University Center for the Study of Civil Society.<sup>31</sup> In a study of 36 countries, civil society organization workforce was found to be 4.4 percent of the economically active population, whilst in the developing countries this share was at 1.9 percent and in the developed countries at 7.4 percent (paid staff and volunteers included).<sup>32</sup>

In Switzerland, scholars and practitioners from private foundations have recognized the need to create a knowledge-base containing both quantitative and qualitative data about the third sector.<sup>33</sup> To start with, Helmig et al. have listed the terms in use for all NPOs in Switzerland: sector of associations, intermediary organizations, public utility organizations, non-business organizations, NGOs, social sector or voluntary sector.<sup>34</sup> From their profound analysis of the historical development of the third sector in Switzerland since the Middle Ages, they conclude that "it plays an important role in society and enjoys a high level of acceptance, in large part because of its continuity and stability. Several prominent organizations such as the "Gemeinschaft für das Gute und Gemeinnützige Basel" (Association for the Common Good, founded in 1777) and the "Schweizerische Gesellschaft für Gemeinnützigkeit" (Swiss Association for Public Benefit, 1810) can look back on a history of approximately 200 years".<sup>35</sup>

In the political arena, a recent interpellation concerning the third sector was addressed to the Swiss Federal Council in May 2004. The large quantity of associations, foundations and cooperatives (comprising diverse organizations in the areas of non-profit, non-governmental, charity, public health, cultural, social, political, research, and self-help, as well as citizens' initiatives and federations) has led to questions regarding their general significance for public life, an appreciation of their beneficial role, a coordination of activities with the public sector as well as their subsidization and public project mandates, and future perspectives for service level agreements. In appreciation of the significant contributions of third sector organizations to the Swiss society the Federal Council answered that currently there is no coherent overview due to their multi-faceted nature and rich abundance, while support is given by assuring a liberal legal order as well as by public transfers. However, due to its nature a central coordination by the Federal administration was not viewed as adequate, whilst the subsidization law defines the principles and conditions for measures of finan-

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<sup>31</sup> Howell and Pearce, *Civil society and development*, 50.

<sup>32</sup> Johns Hopkins Comparative Nonprofit Sector Project (cf. [www.ccss.jhu.edu](http://www.ccss.jhu.edu), retrieved Oct 01, 2009).

<sup>33</sup> Helmig, Bärlocher, and Schnurbein, "Defining the Nonprofit Sector: Switzerland".

<sup>34</sup> Bernd Helmig, Georg von Schnurbein, and Christoph Bärlocher, "Definitions and Classification", *Memorandum 1 des CNP*, unpublished working paper (Fribourg, 2007).

<sup>35</sup> Helmig, Bärlocher, and Schnurbein, "Defining the Nonprofit Sector: Switzerland", 11.



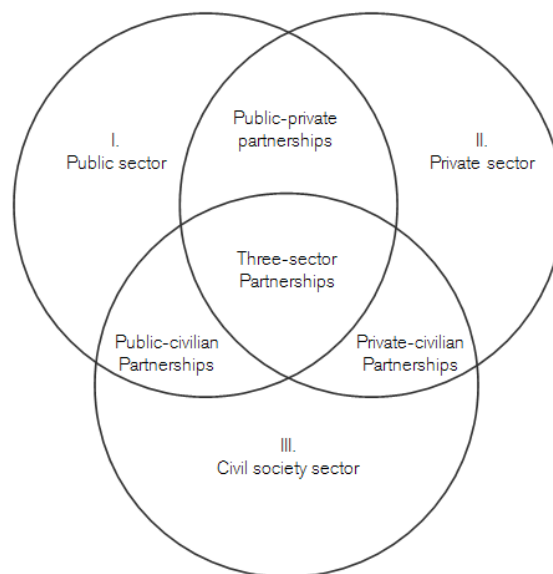
cial support, which in specific cases may involve an establishment of particular service level agreements.<sup>36</sup>

As can be seen from this discussion, like in other countries around the globe the third sector in Switzerland obviously deserves to receive higher awareness from actors in the public and private sectors of society. In particular, cross-sector coordination becomes an important issue when the country's targets in the area of sustainable development are to be achieved. I will therefore now have a closer look at the ways and means of cooperation between the three sectors regarding sustainability strategies.

### *Single-sector and Cross-sector Initiatives for Sustainable Development*

In theory, the three sectors can be described as separate entities within a given economy. Just a quick view into socio-political reality like the one we have taken above however, makes clear that there are several intersections which have increasingly gained interest from politicians, practitioners, and scholars alike (cf. figure 2). A first sectional area is between the public and the private sectors, where public-private partnerships are created in cases in which a joint interest motivates a mutual harnessing of combined strengths. Likewise, private-civilian and public-civilian partnerships are set up to progress in areas where for the private sector (or the public sector, respectively) it makes little sense to get involved. As a consequence, I define 'three-sector partnerships' as the field where a combination of complementary forces from all three sectors helps to optimize the outcomes to be aspired for the common good of society as a whole.

*Figure 2. A three sector model of inter-organizational cooperation for sustainability*



<sup>36</sup> Cf. [http://www.parlament.ch/D/Suche/Seiten/geschaefte.aspx?gesch\\_id=20043240](http://www.parlament.ch/D/Suche/Seiten/geschaefte.aspx?gesch_id=20043240) (retrieved Oct 01, 2009).

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In the remainder of this section I will take a brief look at some examples of how in Switzerland programs and activities to foster sustainable development have been growing out of single-sector initiatives and the four distinct forms of cross-sector partnerships as well as at the tensions that have become visible between these differing societal actors.

### *Public Sector*

The introduction of the idea of sustainable development into Switzerland appears to have been mainly driven by the state as well as by the business sectors. Together with 181 nations Switzerland has committed itself at the Global Summit in Rio de Janeiro in 1992 to develop and implement strategies for sustainable development on a national and international level. As focal points a national strategy "Sustainable Development Switzerland" was defined, comprising cooperation in international organizations, engagement for effective environmental conventions and agreements as well as active collaboration with Eastern and Middle European countries and in the Southern hemisphere.<sup>37</sup> Following the Rio summit, the Swiss Federal Council in March 1993 has installed a governing body named **Interdepartmental Commission Rio** (IDARio, later renamed Interdepartmental Sustainable Development Committee, ISDC) representing 20 federal administrative agencies, which is to follow up on the initiated efforts and to take responsibility for carrying out all relevant activities in the area of sustainable development.

Subsequent to its initial status report to the Federal Council in 1996, the ISDC mandated the elaboration of an action plan for sustainable development in Switzerland, which was published in 1997.<sup>38</sup> Flowing from this conceptual base was the development and implementation of a Swiss national strategy for sustainable development focusing on measures in eight fields of action: international engagement, energy, economy, consumer behavior, security policy, ecological tax system reforms, federal expenditures, implementation and monitoring of progress.

In 2002, the Federal Council has updated the Swiss strategy for sustainable development. Based on Articles 2, 54 and 73 of the Federal Constitution and on international reference documents issued by the UN and the OECD, five guidelines were defined:

1. "Fulfilling our responsibility towards the future means promoting the principles of prevention, 'polluter pays', and liability.
2. "Balanced consideration of the three target dimensions means that none of the three areas of environmental responsibility, economic performance and social solidarity should be given more attention than another.

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<sup>37</sup> Swiss Federal Office for the Environment FOEN, 2009.

<sup>38</sup> IDARio, *Nachhaltige Entwicklung in der Schweiz, Stand der Realisierung* (Berne, 1996); "Conseil du développement durable", *Nachhaltige Entwicklung – Aktionsplan für die Schweiz* (Berne, 1997); Bundesrat, *Nachhaltige Entwicklung in der Schweiz – Strategie* (Berne, 1997).

3. "Incorporating sustainable development into all areas of policy: Sustainable development should be incorporated as a maxim into all areas of politics and political processes of the Federal Council and Federal Administration.
4. "Improving coordination between policy areas and enhancing coherence: The social, economic and environmental impact of key political decisions should be analyzed and assessed at an early stage, taking into account transparent decision-making processes, the full involvement of all stakeholders, and openly weighing up all conflicts of interest.
5. "Achieving sustainable development on the basis of partnership: All institutional levels (cantons, municipalities, regions, the Confederation) should work together constructively and fulfill their crucial role as an interface to civil society and the private sector."<sup>39</sup>

The reviewed action plan 2008-2011 contains thirty measures in eleven thematic action areas. The corresponding federal administration departments are responsible for their implementation.<sup>40</sup>

### *Private Sector*

As an example from the private sector another Swiss initiative has gained global acceptance among business leaders. Similar to the public sector, on the eve of the UN Conference on Environment and Development (UNCED), better known as the Rio de Janeiro Earth Summit of 1992, the **Business Council for Sustainable Development (BCSD)** was founded by the Swiss industrialist Stephan Schmidheiny in order to involve business in sustainability issues and give it a voice in the forum. His conviction being that there is an indisputable role for business to play in the search for sustainable development, Schmidheiny was appointed chief advisor for business and industry to the secretary general of the Rio Earth Summit, where he created a forum called "Business Council for Sustainable Development", which went on to *Changing Course*, a book that coined the concept of Eco-efficiency.<sup>41</sup> In 1995, the World Business Council for Sustainable Development WBCSD was the outcome of a merger of the BCSD and the World Industry Council for the Environment. In its role of a catalyst, the WBCSD motivates business to adopt practices that foster sustainable development, while it also strives to represent and to promote the role of business in achieving sustainability in the process of global policy development. The organization today has about 200 members drawn from more than 35 countries and 20 major industrial sectors, involving some 1'000 business leaders globally.

More than fifteen years after its inception, the WBCSD looks back on a short history of high achievements. Early-on, its activities started by engaging with business to emphasize sustainable development and the relationship between business and sustainability as key issues for the future. The incessantly growing numbers of companies participating in the initiative give evidence for its

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<sup>39</sup> Swiss Federal Council, *Sustainable Development Strategy: Guidelines and Action Plan 2008–2011*, Report of April 16, 2008, 8.

<sup>40</sup> Swiss Federal Council, *Sustainable Development Strategy*, 38.

<sup>41</sup> Stephan Schmidheiny, *Changing Course – A Global Business Perspective on Development and the Environment*, (Boston MA: MIT Press, April 1992).

outreach into the world of business, where it has triggered the adoption of corporate social responsibility and sustainability measures as well as the number of initiatives responding to sustainability concerns, such as the Global Reporting Initiative. Today, the WBCSD is concentrating its efforts on four major focus areas: energy and climate, development, the business role, and ecosystems. The work program includes projects and initiatives mixing both on-the-ground action and advocacy, business experiences in implementation and activities challenging sustainability thinking within companies, and the strengthening of its regional network.<sup>42</sup>

Within the Swiss business community, in the aftermath of the World Summits in Rio 1992 and Johannesburg 2002, meanwhile sustainability and corporate social responsibility (CSR) are commonly viewed as two sides of the same medal. Today, a growing number of companies publish reports on their activities in order to progress in the areas of CSR and sustainable development practices. More than 330 Swiss companies participate regularly in a recurring official competition ranking their reporting efforts.<sup>43</sup>

### ***Civil Society Sector***

Switzerland is renowned as home for many internationally operating NGOs, such as parts of the United Nations agencies, the International Committee of the Red Cross (ICRC), and Médecins Sans Frontières, to name a few, some of which have been founded in Switzerland. Apart from that, there is a rich tradition of foundations for the common good. Preceding their modern versions are medieval structures such as guilds, foundations, cooperatives, corporations, and brotherhoods. Dating back to the Middle-Ages, family, religious and charitable foundations are among the oldest persisting organizational forms of civil commitment.<sup>44</sup> The total number of legally accredited private foundations for the common good in Switzerland has been estimated at around 12'000 for 2008.<sup>45</sup>

In the present day, in the field of sustainability there are a great number of private foundations actively engaged to promote the realization of projects designed to serve the common good. For their major part, they administrate a funding capital between one and ten million Swiss francs and focus on a restricted field of activities within the field of sustainable development. Since the market for philanthropic investments is highly fragmented, in order to profile their activities foundations are forced to apply transparent strategies of segmentation. The modern concept of a philanthropy foundation therefore is clearly defined along the dimensions of content, timeline, and scope of projects.

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<sup>42</sup> [www.wbcsd.org](http://www.wbcsd.org) (retrieved Oct 01, 2009).

<sup>43</sup> Claus-Heinrich Daub et al., *Die besten Geschäftsberichte der Schweiz 2008 (The best Annual Reports of Swiss Companies)* (Basel, 2008).

<sup>44</sup> Robert Purtschert, "Visions and Roles of Foundations in Europe: Länderstudie Schweiz", in *Stiftungsparadies Schweiz – Zahlen, Fakten und Visionen*, ed. P. Egger (Berne: Haupt, 2003), cited in Helmig, Bärlocher, and Schnurbein, "Defining the Nonprofit Sector: Switzerland", 7.

<sup>45</sup> Georg von Schnurbein, *Der Schweizer Stiftungssektor im Überblick – Daten, Tätigkeiten und Recht 2009*, (Basel: Centre for Philanthropy Studies, 2009), 29.

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For instance, the **Foundation for Global Sustainability** based in Zurich, Switzerland, is an independent, not-for-profit private foundation and as such is fully registered and tax exempt. Their mission is to help create a paradigm shift necessary to foster sustainable global development in the area of so-called “cleantech”, ie environmentally sound technologies. Activities comprise the initiation and coordination of research and project development in the areas of measurement and policy which are regarded as essential for governing the transformation towards sustainable development, thereby focusing on the creation of suitable indicators and their implementation. Also, funding of clean technologies calls for adequate financial assistance as well as awareness and cooperation between relevant players and decision makers which are promoted in order to deal with the fundamental shift, multidimensionality and global dimension of sustainable development.<sup>46</sup>

A study has found that in 2000 a quarter of the Swiss population have been volunteers at least once so that the volunteering part of Swiss society can be grossed up to 741m work hours per year. Another study has estimated the value of unpaid voluntary work at 19.4bn Swiss francs per year in 1997 which accounts for 5.2 percent of the gross national product.<sup>47</sup> Moreover, many people are expected to be ready to spend more of their time in voluntary activities for others or for the common good if they could be reached. In this respect, **The Forum for Volunteering** is another example of a pure civil sector initiative which has as its mission to promote volunteering among the population by increasing its visibility and appreciation within the Swiss society, in particular as regards the political and economic arenas. As a non-profit, non-religious, and politically independent association, its members comprise about 80 NPOs from the areas of voluntary work, social work, churches, youth, seniority, environment, and sports. Its inception dates back to the international year for volunteers in 2001 and builds on the pioneering work of the ivy-forum.ch. Its goals are to promote voluntary and honorary work by offering a platform for exchange, to foster recognition for the values it helps to create, to advocate the interests of people engaging in voluntary activities in politics, business, administration and the public, and to offer support to the member volunteer organizations to improve and strengthen their competencies.

Only recently, the civil sector has been receiving particular attention by diverse social entrepreneurship initiatives. For instance, since 2005 the Schwab Foundation has been awarding the **Swiss Social Entrepreneur of the Year** to increase visibility for entrepreneurial projects that have successfully shown a unique approach to social innovation. Amongst others, one of the awarded social enterprises will be discussed in the following section.

### *Public-Civilian Partnerships*

An initiative from the third sector to involve volunteering civilians in the process of sustainable development in Switzerland is the **“Local Agenda 21” (LA21)**, a project alliance of 14 NGOs and NPOs founded as a civil sector association which after 2001 has been coordinated by the Swiss

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<sup>46</sup> www.ffgs.org (retrieved Oct 01, 2009).

<sup>47</sup> Swiss Federal Office For Statistics, *Bericht zur Freiwilligenarbeit in der Schweiz* (Neuchatel: BFS, 2004), 28.

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Federal Office of Spatial Development (SOSD/ARE). Its mission was to motivate people all over Switzerland from all corners of society for the ideas of LA21. Initiatives to start a LA21 process in a municipality or region would be supported by the association in terms of education, consultancy, and networking with like-minded people. This self-financed association until 2006 received additional support from the Federal state on a project-level. Whilst the association had as its objectives to foster sustainable development processes on a communal level, its continuation was at risk due to regressive funding from the federal state and finally discontinued to exist after 2006. Therefore it may also be seen as an example for the tensions inherent in combining forces between the public and the civil society sectors: whilst state activities are operated by centralized administrative bodies which are ultimately governed by the will of the Swiss people, political change may in some cases intervene disadvantageously with the positive aspirations of particular NGOs as they represent only certain segments of society.

LA21 activities are now being coordinated by the SOSD. Some of its projects are in the areas of promotion of the goals and measures of the local agenda, quality assurance of participative processes on a local level, support of mutual learning, and publication of an information bulletin. Although the association no longer exists, one of its core educational programs will serve as a platform for continued exchange to reach the goals of LA21. In part, the civil engagement has been substituted in favor of a stronger role of the state in particular under the lead of SOSD. By means of an internet-based platform, SOSD operates a map of good practice examples for the Swiss cantons and communes and a search engine for related interests as well as public granting programs for projects to initiate sustainable development processes on a communal, regional, and cantonal level.<sup>48</sup> The Swiss Secretariat for Economic Affairs (seco) supports projects via REGIO PLUS, an impulse program created to tap on regional potentials for sustainable development in the Swiss countryside, recently integrated into the Federal “New Regional Policy”. Finally, the Federal Office for Energy (BFE) has created a labeling process “EnergyCity” for municipalities that have decided to implement selected energy policy measures.

The winner of the Swiss Entrepreneur of the Year award 2009 is a recent example of a sustainability-driven entrepreneurial initiative<sup>49</sup>: **Gump- und Drahtesel** recycles used bicycles for Africa and thereby has helped reintegrate unemployed people into the labor market in Switzerland while at the same time creating business opportunities for African entrepreneurs in the area of environmentally sound mobility. 750 people are employed in the bicycle and wood workshops every year and receive professional coaching and training to reintegrate in the labor market. Its factory shop Pico Bollo in Berne also sells antiques which are restored at the workshops.<sup>50</sup> 20 percent of the project

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<sup>48</sup> [www.aren.admin.ch/themen/nachhaltig/agenda21/index.html?lang=en](http://www.aren.admin.ch/themen/nachhaltig/agenda21/index.html?lang=en) (retrieved Oct 01, 2009).

<sup>49</sup> Schlange, “Stakeholder Identification in Sustainability Entrepreneurship”, 13.

<sup>50</sup> [www.gumpesel.ch](http://www.gumpesel.ch) (retrieved Oct 24, 2009).

is funded from the civil sector sources via a private foundation for social innovation<sup>51</sup> while public reintegration programs for unemployed account for around 80 percent of its funding.

### *Private-Civilian Partnerships*

As recently as 2004, the **Switcher Foundation** was created to gather all the donations made to support social and environmental projects flowing from the Switcher Group's commercial activities. Switcher is a textile trade company that has as its vision "to become the first Swiss textile group, with strong performance and profitability, to adopt the principle of sustainable development on a worldwide basis", while its mission is "to permanently create the conditions necessary for sustainable production and distribution of textiles and accessories". Purpose of the foundation is to organize and support, in Switzerland and abroad, tangible projects directed at upholding sustainable development regarding the improvement of the living conditions particularly in the fields of childhood, education, training, the environment and the general improvement of living conditions by stimulating the solidarity and generosity of partners and private persons. They team up with partners from local and international companies aiding and assisting in the implementation of development projects, as well as various social, medical and other activities.<sup>52</sup>

In the area of corporate volunteering the program **SeitenWechsel** is a project which was initiated from the civil sector and is funded by the Swiss Association for the Common Good (SGG). It has started operations in 1994 and is based on an idea as simple as it is attractive: business people from the industry, trade, and the service sectors spend a week at a social institution where they must find their feet in an unfamiliar and challenging new working environment. Taking place under real conditions in a completely new context thinking and acting outside of one's well-known problem-solving framework makes for moments of confusion and surprise. In short, this radical change of perspective allows people in leadership positions to enhance their cultural and social skills and broaden their personal management capabilities before returning to face the daily challenges of a globalised economy. SeitenWechsel involves some 200 non-profit, charitable institutions, including boarding schools and halfway houses for children and young people, residences and workshops for people with disabilities, psychiatric clinics, prisons and addiction clinics. Offering an exchange of know-how, expertise and management skills, it creates networks between the business world and the field of social work as well as within the companies taking part.<sup>53</sup>

### *Public-Private Partnerships*

In the area of sustainable development, public-private partnerships (PPP) have been established to combine the respective strengths of government and one or more private sector companies which want to foster practices that each of the partners would not be able to realize on their own. Com-

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<sup>51</sup> [www.sozinn.ch](http://www.sozinn.ch) (retrieved Oct 24, 2009).

<sup>52</sup> [www.switcher.com](http://www.switcher.com) (retrieved Oct 01, 2009).

<sup>53</sup> [www.seitenwechsel.ch](http://www.seitenwechsel.ch) (retrieved Oct 01, 2009).



monly defined as voluntary collaborations between public- and private-sector entities, in PPPs partners jointly plan and carry out activities while all participants agree to work together to achieve mutually agreed-upon goals or undertake specific tasks while sharing the material effects. Therefore they typically involve a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. In particular, PPPs have been useful in infrastructure projects, where government is providing financing and hands over operations to private sector partners.

In a joint initiative **PPPs for Water Supply and Sanitation** for instance the Swiss Agency for Development and Cooperation (SDC) and seco, two government agencies, on the one hand, and the global reinsurer Swiss Re on the other, have assisted to improve the performance of the water sector in developing countries and countries in transition by proposing formal approaches for PPPs. Its goal is to make a contribution for better access to water supply and sanitation worldwide and through this to help meet the very ambitious millennium development goals for water and sanitation. Since 2002, this Swiss initiative has initiated a multi-stakeholder process to discuss, develop and refine new instruments required for successful PPPs by facilitating a high-level conference, various interviews, workshops and expert consultations, as well as regional discussions to identify the most pressing needs, and drawn up the agenda for advancing further into the defined direction.<sup>54</sup>

Other areas of multilateral cooperation between the public and the private sectors in development and cooperation which involve PPPs are projects in rural and district development in least developed countries, agricultural research and development, climate change related financing and carbon compensation projects.

### *Three-Sector Partnerships*

The notion of a 'three-sector partnership' appears to have been coined by Van Til in the late 1980ies.<sup>55</sup> A concrete example is given by Nichols in his article about a leisure project for disabled people in Victoria, Canada,<sup>56</sup> while later-on Rifkin has introduced the concept to Europe.<sup>57</sup> In the meantime, in the area of international sustainability initiatives, the notion has evolved to the one of 'multi-stakeholder partnership', which expresses the diverse nature of all potential institutional partners to be involved.<sup>58</sup> A globe-spanning initiative proactively representing and developing the ideas and concepts involved is **Global Knowledge Partnership (GKP)**, the world's first multi-stakeholder

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<sup>54</sup> [www.partnershipsforwater.net](http://www.partnershipsforwater.net) (retrieved Oct 01, 2009).

<sup>55</sup> Jon Van Til, *Mapping the third sector: voluntarism in a changing social economy* (New York: The Foundation Center, 1988), 83.

<sup>56</sup> Douglas R. Nichols, "The Three Sector Partnership – An enhanced delivery service model", *Recreation Canada* (July 1992).

<sup>57</sup> Jeremy Rifkin, *The European Dream – How Europe's Vision of the Future is Quietly Eclipsing the American Dream* (Cambridge, UK: Polity Press, 2004).

<sup>58</sup> Cardoso Panel Secretariat, *Summary of Multi-stakeholder Workshop on Partnership and UN-Civil Society Relationships*, Pocantico Conference Center of the Rockefeller Brothers Fund, Tarrytown NY, 10-12 February, 2004.



network promoting innovation and advancement in Knowledge and Information and Communication Technologies (ICT) for Development. GKP brings together Public Sector, Private Sector and Civil Society organizations with the goal of Sharing Knowledge and Building Partnerships in Knowledge and ICT for Development.<sup>59</sup>

Since the concept is rather new to the sustainability field, although I believe it is a consequence of the demanding global challenges to move ahead in this direction, as of now in Switzerland there are only a few concrete examples to be mentioned. One of them is **Globethics.net**, a worldwide ethics network based in Geneva which provides an electronic platform for ethical reflection and action. Its aim is to ensure that people in all regions of the world are empowered to reflect and act on ethical issues. In order to ensure global access – especially for people in Africa, Asia and Latin-America – to good quality and up to date knowledge resources in applied ethics, the initiative has developed its Globethics.net Library, the leading global digital library on ethics. By enabling individuals and institutions from developing and transition economies to become more visible and audible in the global discourse on ethics on a cost-free basis, it offers participants the opportunity to join or form electronic working groups for purposes of networking or collaborative research, the results of which may find their way into publications that are made available in the Globethics.net Library.<sup>60</sup>

## 5. Conclusion

Given the abundance of Swiss institutions and in the light of the broad variety of their inter-sectoral configurations striving to promote as well as to enact sustainable development there is clear evidence for the fact that the Swiss society as whole, on an individual as well as on an institutional level has been actively engaging to meet the challenges posed to the future of Our Planet. Notwithstanding the fact that in a global perspective a country of less than 8m inhabitants to some may appear as a *quantité négligable*, the multiple initiatives I have selected as concrete examples serve as a considerable expression of the will and the commitment of the Swiss people to move ahead the national and international agendas for sustainability.

Regarding perspectives for future research three main implications are to be drawn: First of all, policy development for the target of sustainable development in a context of globalization poses intricate challenges regarding the question of who is in the position to take the lead. The analysis has shown that all relevant societal actors have engaged themselves to a certain extent. However, there is a need to develop governance mechanisms which ensure that all sectors of society stay motivated to involve themselves for the common goal of sustainability.

Secondly, three-sector analysis has brought to the surface that thinking and acting in separated societal entities is still the usual way of developing the path towards sustainability. However, the areas of intersection between two- or even three-sector entrepreneurial initiatives have hardly been

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<sup>59</sup> [www.globalknowledgepartnership.org](http://www.globalknowledgepartnership.org) (retrieved Oct 01, 2009).

<sup>60</sup> [www.globethics.net](http://www.globethics.net) (retrieved Oct 01, 2009).

examined so far although real-world examples demonstrate that they will soon be common practice. In particular, collaboration between all three sectors, ie public, private, and civil society, promises huge potential for progress and therefore deserves closer scrutiny.

Finally, walking through the great variety of entrepreneurial initiatives to foster sustainable development for the common good, the ideas of 'social entrepreneurship', 'social enterprise', and 'social business' appear as under-conceptualized and therefore difficult to unambiguously assign its position. For a concept that keeps heads spinning in many corners of the world, building a definition that is firmly founded in theory is obviously an urgent need. Arguing based on the established ground of sustainability theory we propose to build this theoretical foundation by using the concept of 'sustainability entrepreneurship'.<sup>61</sup>

Regarding recommendations for public policy, besides supporting the creative power from the civil society there appears to be a clear need to promote multi-stakeholder partnerships across all sectors and in all of their adequate forms. I therefore emphasize the potential of creatively building new organizational concepts for the institutions to be put in place in order to better serve the mutual objectives of the involved partners with regards to the goals of a long-term sustainable development. The account of how the Swiss society has invented and put in place forms and means to take care of and to enhance the common good has shown that after all organizational configurations are nothing else but an expression of the ancient idea of community.<sup>62</sup> Hence human imagination and entrepreneurial talent are the central resources for bringing sustainability into Our World.

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<sup>61</sup> Schlange, "Stakeholder Identification in Sustainability Entrepreneurship", 13.

<sup>62</sup> Dee Hock, *Birth of the Chaordic Age* (San Francisco CA: Berrett-Koehler, 1999).

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