The Role of Collaboration in Achieving Corporate Social Responsibility Objectives

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The lack of a conclusive business case for corporate social responsibility is at the heart of the ongoing debate over the role of business in solving social and environmental problems. Although the link between CSR activities and firm financial performance is still debated, research suggests that the relationship depends, at least in part, on how the CSR initiative is executed.[1] Given that CSR initiatives are often in collaboration with NGOs, we focus on factors that influence the effectiveness of these collaborations.

Research suggests that firms are more likely to enjoy business benefits from these relationships when they go beyond simple cash donations and include expertise, access to strategic knowledge, and in-kind resources.[2] Austin positions corporate involvement along a continuum.[3] At the one end, relationships where firms make traditional donations are labeled *philanthropic*. He argues that in the *transactional* stage, greater business benefits can accrue when the firm focuses donations around specific activities (e.g., a percentage of every sale). At the other end of the spectrum are *integrative* relationships that are characterized by shared employees and activities, a relationship that approximates a joint venture.

Our framework expands previous categorization by including the potential for collaboration with other firms, or multiple NGOs. A basic form of integrative collaboration is between a single firm and a single NGO, such as the long-standing relationship between Timberland and City Year where Timberland donates financial support, products, employee volunteers, and management expertise. Another structure includes multiple firms and one NGO, such as the Responsible Care program of the chemical industry. A third structure occurs when one firm works with multiple NGOs, such as Starbucks working on a range of social and environmental issues with Oxfam, Global Exchange, and the Ford Foundation. Finally the most complex structure includes group of firms working with a group of NGOs to address broad complex social or environmental issues, such as Initiative for Responsible Mining Assurance that includes producers and retailers of precious metals working with a host of NGOs spanning both social and environmental issues.

Each collaboration structure has its own unique strengths and weaknesses, and each will allow the firm to reach its CSR objectives with varying degrees of effectiveness. It is important for managers to choose (or develop) the collaboration structure that aligns with the company's CSR objectives and operating context. For example, many of the issues at the heart of CSR objectives are part of "meta-problems"[4] such as community poverty, human rights violations, or dangers to human health. Resolution of these broad issues requires an expanded framework of collaboration; a move from a dyadic collaboration between a single firm and a single NGO, to network collaborations involving a range of firms and NGOs, each with a specific focus and expertise. However, there are operating contexts where a local CSR issue can be effectively addressed through a single company/NGO collaboration.

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Although excellent progress has been made in providing guidance to managers on building deeper relationships between their firm and NGOs,[5] relatively little attention has been paid to the relationships that include multiple firms and/or multiple NGOs and the full spectrum of collaboration opportunities. Specifically, what options are available to managers in their relationships with NGOs, and how do they differ in their abilities to support the objectives of the firm? Our framework expands the traditional one firm/one NGO model of collaboration to include simultaneous multi-firm and multi-NGO collaborations. Our extension of the prevailing view of collaboration for social performance also integrates recent research on the benefits of collective action in addressing social issues.[6]

Objectives Behind CSR Programs

To order to account for both social and environmental initiatives, we adopt the definition of CSR provided by Barnett: "a discretionary allocation of corporate resources toward improving social welfare that serves as a means of enhancing relationships with key stakeholders."[7] Under this definition, the discretionary allocation of resources can be directed to internal activities that improve social welfare, or towards non-governmental organizations (NGOs) that address the specific social and environmental issues the firm has targeted. This article focuses on CSR activities that involve relationships with NGOs. Further, we limit our consideration of collaborations to those interactions between firms and NGOs that involve corporate support beyond money (Austin's integrative stage), and those characterized by a two-way exchange of resources and expertise between the firm and NGO.

Although some stakeholders contend that corporations must assume responsibility for improving communities, pure altruistic criteria are rarely sufficient justification for the allocation of firm resources. Normative arguments for CSR are typically accompanied by an argument for the business case.[8] In linking social and financial objectives, Porter and Kramer argue that a firm can gain economic returns by tackling social and environmental issues that in turn provide advantages for the firm, such as a better educated workforce or a healthier community economy.[9] In each case, the objective of the manager is to secure the mediating process between CSR investment and economic return. For example, CSR can lead to an enhanced reputation that makes the firm more attractive to customers and is helpful in attracting and maintaining a more productive, high-quality workforce.[10] In some cases, the mediation may require the effective treatment of a social or environmental issue, and collaboration with NGOs can lead to the development of new competencies.[11] NGOs can be an external source of specialized skills and knowledge, particularly when internal development of such expertise is costly, inefficient, and time-consuming. For example, Rondinelli and London describe relationships where data and business practices are shared (e.g., between firms such as DuPont and United Parcel Service and NGOs) leading to important product redesign, manufacturing changes, and materials substation.[12] In other cases, engagement with NGOs on social and environmental issues has led to a change in the culture of the firm toward increased innovation.[13]

For each CSR initiative, successful mediation from investment to economic return will be dependent on the context of the CSR activities. The objectives of the firm within a given CSR initiative and its operating environment influence the types of collaborative relationships that should be developed. Managers should identify the economic objectives desired from the CSR activity and structure collaborative relationships that align with these objectives. For example if specific environmental expertise is required, and only accessible through a network of NGOs, it would be most appropriate for the firm to coordinate its activities within a collaboration with the NGOs. In contrast, when enhanced reputation is the goal it may be better achieved through a relationship with a single NGO.

How Should Firms Collaborate for CSR?

The framework outlined in Figure 1 describes four types of relationships where a firm can partner with either a single or multiple NGOs and enter into the relationship on its own or through collaboration with other firms. Although we use a broad distinction of single versus multiple actors, we recognize that the number of partners can vary widely from smaller groups of two or three partners to organizations like the World Conservation Union, which includes over 700 NGOs. Further, our framework defines collaboration for a broad range

FIGURE 1. Strategic Factors for CSR Collaboration Strategies

	Single NGO	Multi-NGO
Single Firm	**1-Focused Contribution** Collaboration Examples: • McDonalds/Environmental Defense Fund • Unilever/Rainforest Alliance Examples of Objectives Achieved: • Differentiate brand from competitors • Focused, local social impacts • Respond to NGO activism specific to firm Key Contextual Considerations: • Ease of management/limited resource requirements • Protects intellectual property of the firm • Susceptible to personal influence/diversion away from core business of the firm • Firm is susceptible to charges of "buying" reputation • Temptation to focus only on PR aspects • Criticisms of undue influence over NGO	**3-Diffused Contribution** Collaboration Examples: • Starbucks/Global Exchange/Oxfam/Oaxacan State Coffee Producers Network/Ford Foundation • BP//IDPMS/Covenant Center of Development/Swayan Shikshan Prayog Examples of Objectives Achieved: • Address threats to firm legitimacy from multiple sources/contexts • Differentiate brand from competitors • Access new markets Key Contextual Considerations: • Broader/complex social and environmental goals met simultaneously • Encourage NGO investment in firm innovation • Increased management resources to coordinate disparate NGOs • Slippery slope of involvement and responsibility
Multi-Firm	**2-Shared Contribution** Collaboration Examples: • Chemical firms/Fundación Natura • Caterpillar/General Motors/White Martins/Piracicaba 2010 Examples of Objectives Achieved: • Protection/promotion of industry legitimacy • Address infrastructure voids Key Contextual Considerations: • Promotes innovative culture of the firm • Potential for broader social impact on a focused issue • Reputational benefits accrue to competitors equally • Requires trusted competitors • Potential for loss of intellectual property of the firm • Increased management resources and attention required • Potential for loss of NGO objectivity	**4-Communal Contribution** Collaboration Examples: • Nike/Eddie Bauer/Nordstrom/Fair Labour Association/Human Rights First/Fedueration of Workers in Phillipines/Cambodian Labour Association • BHP-Billiton/Rio Tinto/Newmont/ DeBeers/ Tiffany/Sam's Club/ Initiative for Responsible Mining Association/ International Council of Mining and Metals/Jewelers of American Examples of Objectives Achieved: • Address complex threat to industries • Consensus of priorities among numerous powerful social actors • Geographically dispersed social impacts Key Contextual Considerations: • Integrate perspectives from multiple powerful stakeholders • Significant management resources and expertise required • Requires the ability to negotiate priorities • Potential for free-riding

of CSR activities, incorporating efforts beyond monetary donations to include the development of social or environmental standards, exchange of expertise or technology for environmental initiatives, or service delivery for social initiatives.

Quadrant One: Focused Contribution

Collaborations involving a single firm and NGO are in quadrant one. This relationship is simple in that it involves coordinating the activities of two entities, but it can range from simple philanthropic donations to a complex and deep collaboration involving a range of resources. Although these relationships are often rooted in philanthropic donations and improve the firm's reputation, they can still lead to improved communities through significant interactions between the two organizations. An example of a high-profile collaboration, leading to a reduced environmental footprint, is the partnership between McDonald's and the Environmental Defense Fund. This enduring partnership began in the late 1980s and has resulted in the company reducing its waste through redesign or reduction of packaging by hundreds of thousands of tons. Environmental Defense provided expertise that guided McDonald's purchasing practices to significantly increase the use of recyclable materials. Initially based on a reduction in packaging, the partnership has since expanded to a reduction of energy use and an introduction of state-of-the-art technology designed to reduce the production of greenhouse gases.

A more recent example involves Unilever, the world's largest tea company, and its commitment to purchase tea from sustainable sources. As part of its commitment the company has entered into a partnership with the international environmental NGO, Rainforest Alliance, which certifies tea farms in Africa. According to both partners, the initiative improves the sustainability of farming, incomes, and livelihoods of millions. Demonstrating the competitive mindset that often accompanies such single-firm/NGO collaborations, CEO Patrick Cescau acknowledged the marketing opportunity associated with ethical responsibilities, stating that the program "provides us a means by which we can differentiate our brands from those of our competitors."

These one-on-one partnerships can create a number of benefits for firms. First, because this is a common structure there are existing "templates" upon which to build, and many managers in both firms and NGOs are experienced in managing this type of relationship.-

As seen in the Unilever example, they can provide an opportunity for the firm to "own" an issue that leads to an improved reputation. This can provide the firm a means of meaningful differentiation from competitors since social factors can be a significant decision criteria for many consumers.[14] Managers are routinely advised to find a single cause or focus that is aligned with the competencies and core business of the firm because stakeholders will be less likely to question the firm's motives as self-serving.[15] Further, if managers seek a deep collaboration with an NGO, it can lead to a significant social impact on a highly focused issue. This impact can be highly focused to provide firms the opportunity to positively affect the local economic conditions, education system, or any other issue of particular relevance to the firm.

Focused contributions are particularly appropriate when a stable government is in place, there is sufficient public infrastructure to meet the basic needs of the community, and adequate environmental and employment regulations are developed. In these contexts, focused contributions can build on existing programs or solve a problem that has occurred because of cracks in the social and regulatory infrastructure. For example, focused contributions may support recreational opportunities in the community by working with a community "Boys and Girls Club" or an environmental NGO such as "Ducks Unlimited" to improve wetland habitats for waterfowl.

The limited nature of the partnership also limits the potential for leakage of intellectual property that the firm shares with the NGO. For example, King argues that because environmental groups have an incentive to disperse cleaner technology, working with more than one environmental NGO increases the chance that control over relevant intellectual property will be lost.[16]

Researchers have referred to a progression of stages in corporate citizenship and argue that firms should take on more complex CSR issues as they gain experience with CSR.[17] Mirvis and Googins outline five stages of corporate citizenship: *elementary* (marginal structure; staff driven), *engaged* (ownership of CSR with functional areas), *innovative* (coordination across functional areas), *integrated* (organizational alignment toward a single focus), and *transforming* (mainstream; part of business activities).[18] Firms in the *elementary* and *engaged* stages may be limited to collaborations with a single NGO (i.e., quadrant one) simply because they lack the management resources and expertise to manage broad CSR collaborations. In quadrant one, the relationship is straight forward, and outcomes are relatively easy to monitor. Managers in firms in later stages of CSR development still may elect to undertake a focused collaboration because it can represent the most efficient means of reaching objectives of the CSR initiative. For example, an employee volunteer program can provide leadership training and skill development and can improve employee satisfaction through collaboration with a single NGO.

However, managers who consider this type of collaboration should be aware of its limitations. First, these relationships are susceptible to influence by senior management or other powerful decision makers who place personal relevance over the ethical responsibilities of the firm when selecting an NGO for collaboration. Decisions to work with a specific NGO can be influenced by local business networks, social contacts of managers, or even their spouses.[19] Choosing to collaborate with NGOs on the basis of personal biases can channel precious firm resources into nonproductive initiatives or initiatives that lead to reduced benefits when compared to more strategically based relationships.

The single-firm/single-NGO relationship also leaves the firm susceptible to charges of trying to "buy" reputation, as is evidenced by the case of McDonald's and recent accusations that it has focused on the relatively minor issue of packaging while ignoring its culpability in both childhood and adult obesity. Further, focus on a specific relationship may lead the firm to become more concerned with the public relations aspects of the relationship, which can restrict the development of meaningful social or environmental initiatives and the long-term potential economic benefit to the firm.[20] Finally, when there is a large discrepancy between the size of the firm and the NGO, these partnerships are open to criticisms of the firm exerting undue influence over the NGO.[21] A large firm that collaborates with a small NGO runs the risk, perhaps unintentionally, of the NGO becoming reliant on the support of the firm leading to a lack of credibility and objectivity in the relationship.

Quadrant Two: Shared Contribution

Relationships between a single NGO and multiple firms fall into quadrant two. An often-cited example of collaboration among competitors is in the chemical industry, where the Responsible Care initiative is considered a model of self-regulation. In Ecuador, the industry has developed a relationship with a single NGO, Fundación Natura, as part of its self-regulation. A benefit of the Ecuadorian model is that it helps ensure a common platform for all firms signed on to Responsible Care, leading to the establishment of best practices across the industry. The formal collaboration with Fundación Natura came after years of individual projects between the NGO and individual firms, giving both sides the opportunity to establish trust and firms the opportunity to recognize the value in an NGO partner highly focused in their industry. The collaboration has yielded several codes covering many operational aspects of member companies, including work in the areas of process safety, environmental protection, community awareness and emergency response, and occupational health management.

A second type of collaboration in this quadrant is among firms from different industries operating in the same community. An example of this type of collaboration is found in Piracicaba, Brazil, where Caterpillar has its manufacturing operations. The decision of Caterpillar to locate in the city exacerbated the shift from an agricultural to a more urban society, and the firm recognized the need to help alleviate some of the social issues arising from this footprint. The increased migration to the city led to increased unemployment, higher levels of poverty and crime, and a lack of appropriate infrastructure for the bulging population.

Caterpillar initially worked through philanthropic initiatives, exemplified by donations to NGOs focused on halting unsustainable forestry practices in local rainforests. However, a transformation occurred when the firm, partially driven by a change in perspective at company headquarters, began to consider its ethical responsibilities and seek a closer relationship with community organizations.[22] Managers sought the support of other local firms such as General Motors and White Martins (Brazil's leading supplier of industrial and medical gases) eventually leading to multiparty support for a new NGO, Piracicaba 2010. The organization has an ambitious mandate to transform the city through diversification of agricultural activities, the provision of low-income housing, and assistance with infrastructure including water and roads. In fact, the organization has moved so far beyond the initial work of Caterpillar that residents and community leaders no longer consider it a Caterpillar initiative, but rather a community-wide initiative.

Initiatives found in quadrant two illustrate the potential for co-opetition among firms. Co-opetition in these initiatives is based on recognizing that a coordinated effort is useful for solving more complex social or environmental problems, and alleviation of these social problems can benefit all firms involved. These collaborations provide a number of benefits for member firms. First, for firms facing a common threat due to the risk profile of their industry (e.g., energy exploration, mining, and chemicals), collective action can be effective at improving the conditions for the entire industry. Barnett argues that as firms evaluate industry trends, such as the threat of regulation leading to reduced profitability, investments in communal initiatives with competitors are appropriate.[23] Collaborations of this type can be found in the self-regulatory frameworks developed by industries like Responsible Care. This self-regulation serves as a means of legitimization of the entire industry and can help maintain the license to operate within firms' local communities.

Barnett also examined the life cycle of industries to argue that younger industries in need of legitimization benefit from increased collaboration among firms, as opposed to firms in declining industries where the benefits of retaining legitimacy are reduced.[24] The potential for success with multi-firm collaboration increases in industries with strong associations because of the existing infrastructure and connectivity. However, reports of industry association activity in areas beyond government lobbying efforts are limited. Although Bansal and Roth find some evidence of industry association activities beyond government lobbying,[25] Bertels and Peloza do not find industry associations active in projects related to ethical or philanthropic responsibilities of the member firms.[26] However, even when existing associations do not themselves participate in CSR (either through a form of industry self-governing body or through direct involvement) their existence can help support shared contributions. Members share existing social networks, both formal and informal, which can facilitate cooperation among member firms. Further, these can span industries to include geographically focused networks such as Chambers of Commerce. These industry-spanning networks can be particularly useful at supporting collaborations developed to tackle broad, community-wide issues such as the Brazil example mentioned earlier.

A second benefit of multi-firm collaborations is the potential for increased innovation within a firm, as demonstrated by Ahuja when he showed that network participation in the chemical industry network was related to the number of patents secured by the firm.[27] The knowledge that is shared among network members can lead to innovative ideas or practices, particularly if the organizations are not direct competitors. Thus, networks that encompass a broad base of firms and NGOs are more likely to share knowledge and benefit from the resulting innovation. Even when a practice is widely known, networks speed diffusion by providing specific information on costs and benefits of a practice in more detail and in a more persuasive manner than other forms of diffusion.

A shared contribution collaborative structure is particularly appropri-ate when firms are operating in communities with institutional voids. For example, the collaboration started by Caterpillar with a local NGO resulted in the development of basic infrastructure needs, which the government was either unwilling or unable to provide. Developing public infrastructure can be expensive and require integration of expertise and assets. Firms cooperating through an NGO can share the expense and resources, and long-term maintenance can be ensured because the NGO stays in place while members of the collaboration may shift. Governments monitoring firms engaged in shared contribution strategies, especially those developed under industry self-regulation structures as presented here, have the responsibility to ensure that self-regulation does indeed provide meaningful impacts for stakeholders to whom the firm is responsible. Should self-regulation become a means for shirking firm responsibility, governments can encourage action through either consultation with collaboration members, or through direct legislation.[28]

As noted, this type of collaboration can play a critical role in self-regulation. An NGO can facilitate agreement on acceptable operating standards and play the third-party role in terms of visibly controlling and monitoring standards agreed upon by the member companies.[29] Key outcomes for this type of self-regulation are a "level playing field" for member companies, a shift from reactive to proactive standards (that is, problems will be prevented rather than solved), and a reduction in negative advocacy.

Finally, the relationships found in quadrant two highlight the potential for solving social issues beyond the scope of single firms. Companies that operate within an industry or within a limited geographic area can collectively make a larger social impact than one company alone. Whether the partner companies are from the same industry or the same community, they will share common social issues that require attention and can more effectively deal with the issue, which in turn creates a more economically sustainable enterprise for all firms.

Notwithstanding the benefits provided by the collaborations found in quadrant two, this strategy is not appropriate for all firms. Several limitations restrict their potential value for some firms. First, because the relationships involve multiple firms, the benefits gained through differentiation from industry competitors are diminished. For example, when multiple firms from the chemical industry claim participation in the Responsible Care initiative, they lose the ability to distinguish their firm from others (although they can differentiate themselves from firms in other industries, which can provide value in a tight labor market, for example). Involvement in such collaborations limits the ability of consumers to make purchases on social as well as economic criteria. As such, this type of collaboration is better suited to firms with similar reputations for CSR or that engage in other distinguishing CSR activities. This strategy is also suitable for firms with weak CSR reputations, as participation is the rising tide that lifts all boats, or association with other firms with strong reputations for CSR will improve the reputation of the firm.[30]

A second restriction on the value of collaborations in quadrant two is that participation requires a high degree of trust and ability to work together on the part of member firms. This problem is alleviated when all firms face a similar threat, but it is less clear in situations where participating firms come from a range of industries and have different cultures and CSR goals.

Firms participating in this type of collaboration need to contribute more resources and expertise than those in quadrant one. These collaborations are characterized by increased consultation with stakeholders, increased involvement and contact with other innovative companies through forums and professional meetings, and dedication of resources and performance measurement from the Board to the plant level. Because of these requirements, firms should ideally be in the innovative or integrative categories of the stages outlined by Mirvis and Googins before undertaking this type of collaboration.[31]

Next, the converse of a benefit of only working with a single NGO—limited opportunity for loss of intellectual capital—is true for quadrant two. The potential for leakage in intellectual capital is increased when firms work together through CSR. Therefore, this type of relationship is more suited to initiatives that do not involve direct application of expertise or technology from firms, as is the case with many environmental initiatives and relevant technologies. Social initiatives are more appropriate, as are environmental initiatives that involve standards or level playing fields as in the case of Responsible Care.

Finally, when multiple firms collaborate through a single NGO the relationship is open to charges of conflicts of interest or undue pressure since the NGO is highly dependent on the goodwill of member firms. The relationship has the potential to evolve into complicity if the NGO ceases to bring external objectivity and credibility to the initiative, and the NGO itself becomes a target of criticism from concerned stakeholders. Therefore, collaborations found in quadrant two are most suited to either firms that have a high degree of existing credibility with respect to CSR, or when firms have the ability to partner with an existing NGO that also has a high degree of credibility within the NGO community.

Quadrant Three: Diffused Contribution

Quadrant three contains relationships where a company works simultaneously with multiple NGOs in CSR initiatives. A high-profile example is Shell's Camisea project in the Amazon region of Peru. After painful lessons with the Brent Spar in the North Sea and the Ogoni in Nigeria, Shell worked to limit its "footprint" in Peru. Staff identified over 350 relevant stakeholders including indigenous populations, environmental NGOs, and local governments, which resulted in formal collaborations with over 40 organizations. This collaboration led to significant modifications to the firm's original plans, such as a redesign of the power source for the project.[32]

A diffused contribution approach is appropriate when firms have significant, focused operations in a local area with voids in the business infrastructure. In such instances, basic infrastructure can be improved through partnerships with a range of NGOs with local knowledge. When BP wanted to offer fuel-efficient stoves to people living in rural India, for example, it lacked the retail and distribution infrastructure needed to make the project work and it lacked the local knowledge to tap into the network of small shops and informal traders. Through collaboration with three NGOs—IDPMS, Covenant Centre of Development, and Swayam Shikshan Prayog—the collaboration succeeded in building a viable distribution strategy for the region. The partnership also worked to refine the design and safety features of the stove, with the NGOs providing training and support for retailers and users.[33]

Another example of a firm increasing the social impact of their actions through a coalition of NGOs is the work between Starbucks and a range of NGOs working in the coffee-growing regions of Mexico. The firm has a good relationship with Global Exchange on the issue of fair trade coffee, ensuring that local farmers are paid a fair price for their products. However, in 2002 Starbucks began a pilot project to work with Oxfam (which is dedicated to fighting hunger and poverty), the Oaxacan State Coffee Producers Network (which represents the thousands of local Mexican farmers and cooperatives), and the Ford Foundation (which supports the promotion of democratic values and international cooperation and fights poverty and social injustice). Through this broader network of NGOs, the firm is able to make a broader impact on the local community. The goals of this collaboration are to create a sustainable community across a range of issues, each intertwined within the community, reduce their negative social footprint, and to improve the sustainability of Starbucks and the coffee-growing regions in Mexico. Argenti reports that both sides of the collaboration developed a mutual respect and an understanding of the issues faced by other partners, demonstrating the effectiveness of combining expertise through collaboration.[34]

Because collaborations of this type are effective at addressing complex, broad social and environmental issues faced by the firm, they are appropriate for firms with a broad base of international operations, a firm that is dominant within a local community, or firms with dominant market shares within their industries.[35] In the first instance, when a firm has highly dispersed operations geographically, it is less likely to possess local knowledge or even be able to identify key ethical responsibilities in areas further from the home country. Important knowledge is obtained from building coalitions with local NGOs possessing expertise (i.e., quadrant two). In the second instance, when a firm dominates a local community, it can effectively tackle complex issues through a coalition of community groups.[36] Given that NGOs have a singular focus, and a firm must manage multiple issues that span across multiple constituencies, managers can obtain expertise and skill needed to manage specific issues from the more-focused NGO. The corporate manager becomes the coordinator of resources and consultations across NGOs and stakeholders.

In the third case, a dominant firm within an industry can become a target for a multitude of issues and be affected by negative activism.[37] For example, when H.B. Fuller was blamed for children sniffing glue in Latin America, the problem was not the glue but rather a series of problems within the community. In these situations, corporations need to be visibly working with NGOs to diffuse the negative activism and develop appropriate philanthropic programs.

Two benefits of this type of collaboration stem from greater access to information. First, collaborating with a single NGO can lead to information asymmetry about community needs, while an expanded network of NGOs leads to enhanced knowledge on both emerging community issues and potential solutions. Second is increased access to specialized technology and training. King points out numerous examples where nonprofits have invested in technology that is then used by firms, such as the work of the Alliance for Environmental Innovation's development of a more efficient delivery box for UPS or the training provided by Conservation International to farmers that strengthened the supply of shade-grown coffee offered by Starbucks.[38] However, King argues an inherent problem for NGOs that develop specialized technologies or expertise is that the company loses any incentive to support the NGO once they have accessed the needed resource. In a collaborative network with multiple NGOs, investment costs and risks are diffused across organizations and thus investment is more likely to occur.

Firms in the *innovative* and *integrated* stages of the Mirvis and Googins model are most likely to maximize the value from this form of collaboration because they have the appropriate organizational infrastructure to manage more sophisticated CSR strategies. For example, Argenti outlined how Starbucks' multi-NGO collaborations developed after Starbucks worked with and became aware of the myriad of issues associated with production of coffee.[39]

This collaborative structure is effective in communities where governments are not building public infrastructure or where local leaders have minimal resources to support community projects. When there is limited public infrastructure, multiple groups are needed to build the missing components; and coordination through a focal point is required to limit duplication. In situations where the local leadership is stable and community-oriented, NGOs can develop effective programs for solving a variety of complex problems beyond the resources of the leaders. In this situation, a business can leave the coordinating role to local leaders, but still needs to support a group of NGOs to address the problems identified by the community.

The benefits provided by these collaborations are not without challenges, the most pressing of which is the need for dedicated expertise to managing the NGO partners. Managing these collaborations requires considerable skill and experience, since NGOs have unique cultures from firms and often have competing priorities from stakeholders limiting their flexibility to cooperate.[40]

A focused administrative structure is critical for a strategy of diffused contributions to ensure managers are not inadvertently dragged into initiatives unrelated to the firm's strategy. Collaborations with NGOs can lead to increased expectations for support, because cooperation is seen as an invitation to bring a concern forward and the company's willingness to add social and environmental issues to its agenda. Indeed, Argenti reports that managers worry that by entering into joint agreements with NGOs, they are potentially opening a floodgate.[41]

Quadrant Four: Communal Contribution

Quadrant four contains multi-party collaborations that include NGOs and corporations, with multiple representatives from each group. These collaborations are appropriate for what Selsky and Parker refer to as "meta-problems," issues exceeding the scope of a single organization.[42] They require multi-institutional collaborative efforts across stakeholders, such as forums, partnerships, negotiations and planning to have social impact.[43] Managers that collaborate with multiple NGOs can tap into existing networks of communication among NGOs that is already taking place on an informal basis. Indeed, Hendry finds a large number of informal relationships among environmental NGOs around data sharing, collective planning of activities, and lawsuits.[44] However, these collaborations can be highly complex, and require a long-term focus for both the firm and NGO.

Communal contribution is particularly appropriate when the issue occurs in dispersed geographic locations, environmentally sensitive areas, or in developing countries where local regulatory institutions are not yet mature. Although communal contributions can be effective at addressing institutional voids where governments are not able to fully provide public resources, governments in these situations can take a leadership role is defining priority issues and connecting firms with appropriate NGOs. They can also use public policy (e.g., tax policy and deductibility of firm resources dedicated to CSR initiatives) to encourage collaboration between firms and NGOs.

A high-profile example of multi-firm, multi-NGO collaboration is the Fair Labor Association (www.fairlabor.org). The association is composed of over 20 apparel manufacturers (such as Nike, Eddie Bauer, and Nordstrom) and dozens of NGOs. Each member plays a vital role in areas such as consultation, monitoring, and verification. The advisory board of the FLA is composed of an international roster of NGOs from various perspectives including Human Rights First and the National Council of Churches based in New York, the Federation of Free Workers in the Philippines, and the Cambodian Labour Association among others. The Workplace Code of Conduct of the FLA addresses a broad range of issues including exploitation (forced and child labor), work environment (harassment and abuse, discrimination, health and safety), and employment criteria (collective bargaining, wages and compensation). The result is comprehensive oversight of a myriad of issues across dozens of nations. In short, involvement for member companies provides methods for managing different ethical responsibilities and increases the social impact of their activities.[45]

Another example is the Initiative for Responsible Mining Assurance (IRMA; www.responsiblemining.net) developed to respond to the ethical responsibilities of firms working in the mining of precious metals. The operations of these firms have been linked to severe human rights and environmental abuses in some of the world's most vulnerable countries and regions. Members of IRMA include gold and diamond mining companies such as BHP-Billiton, Rio Tinto, Newmont, and DeBeers, jewelry retailers such as Tiffany's and Wal-Mart/Sam's Club, and associations such as the International Council of Mining and Metals and the Jewelers of America. These firms and associations collectively collaborate with NGOs that provide expertise on a range of environmental (e.g., Canadian Boreal Initiative, Conservation International and World Wildlife Fund) and social (e.g., Oxfam America, Pembina Institute) issues arising from mining operations. The mandate of the organization is to tackle a broad range of ethical responsibilities of member firms, including independently verifying compliance with environmental, human rights, and social standards for mining operations.

Given the scale of these issues, one of the primary benefits of the collaborations in quadrant four is that they allow for remediation of complex issues that can detract from firm or industry performance. In particular, the collaboration between firms and NGOs provides significant support to the nonprofit sector thereby ensuring resources for the NGO to tackle social and environmental issues. Connectivity for young NGOs leads to legitimacy, resource sharing and a more efficient use of donor support.[46] Further, Brass and colleagues[47] note relationships with established actors are particularly valuable in situations where output is difficult to directly evaluate, as it is within the NGO sector.

By broadening both firm and NGO partners, managers balance critical social and environmental issues generally involving competing stakeholder expectations as to a "right" approach. Inclusive approaches such as this are most critical when firms are operating in conditions with visible ethical dilemmas (e.g., animal rights, military contracting). In these situations, there are competing stakeholder values and a lack of agreement on the "right" choice. For example, companies such as Shell have environmentalists attempting to limit Shell's operations while many local community governments want to expand it. Companies can never resolve competing demands so they must visibly identify priorities and develop policies and programs to ensure that the priorities are met.[48] Coordinated strategic planning between NGOs and corporations is also needed because community problems are like peeling an onion; the most visible issue is composed of a number of underlying problems. Complex problems are best addressed through multiple approaches, where both firms and NGOs cooperate and combine resources (i.e., expertise, supplies, and funds) of different organizations. Indeed, although measurement on the social and environmental aspects of CSR is often lacking,[49] effectiveness of CSR is best considered at a collective rather than organizational level (e.g., AIDS in Africa).[50]

The largest limitation to pursuing the strategy outlined in quadrant four is the significant expertise and resources necessary to manage the initiative. Firms in the fifth stage of the Mirvis and Googins framework—*transforming*—are best suited to engage in this type of collaboration. These firms are characterized by an interest in leadership on issues related to CSR, and firms in this stage are able, both structurally and culturally, to maintain relationships with multiple organizations.

Another limitation to quadrant four is that it is limited to initiatives where a collaborative mindset is present rather than a goal of developing a distinct reputation or niche, since both firms often seek to create legitimacy and differentiation within their industry, and NGOs seek to gain credibility and sustainable funding.[51] Both sides of this equation face pressures to differentiate and compete for resources, and many are unwilling to collaborate on such a broad scale due to a fundamental difference in values, organizational structure, and common experience. Paul Gilding, a former executive director of Greenpeace International stated: "When it comes to market transformation, the problem is that NGOs are almost completely ignorant of how markets and business work, while business is largely ignorant of how to work with NGOs."[52] In this context, managers in both firms and NGOs fear a loss of control in the relationship. Thus collaborative projects between firms and NGOs are more stressed (i.e., lower trust, higher misunderstandings) than those in the traditional alliances between firms.[53]

A competitive mindset among firms can also deter this type of collaboration. In their study of CSR within a local community, Bertels and Peloza found that competitive forces among firms, both within and across industries, lead to a steady stream of "one-upmanship."[54] This ratcheting effect begins when firms in higher-profile industries feel pressure to engage in CSR at a higher level than firms from other industries. When this level is matched by larger firms in other industries, it becomes a new standard among community firms. To move to a collective focus, a more collaborative mindset is needed. Further restriction on this type of collaboration is evident in a study by Bansal and Roth who found that firms that exceeded industry standards for CSR were persecuted by their peers for raising the informal standard (i.e., cost base) for all firms within the industry.[55]

One of the most significant risks with multi-party collaborations—especially for companies that compete within the same industry—is that one or more of the participants will free ride by not fairly contributing to a project. Because free riding is less likely by NGOs that require visibility to receive future funding, the potential for free riding among firms occurs in quadrants two to four.

Even in situations where free riding is recognized, there can be powerful incentives for leading members of the collaborations to sustain the institutions created. Studies of the chemical industry's Responsible Care Initiative, for example, demonstrate that despite the presence of free riders, the program still provides active members with benefits that sustain the program. Such programs can act as powerful deterrents to government-imposed legislation or action by activist groups. Lenox analyzes data from chemical companies over a ten-year period, including firms that were both active in the initiative and firms that were not (i.e., free riders).[56] Firms could free ride because of the lack of explicit monitoring and sanctioning mechanisms. He found that active self-regulators had improved financial performance, while the free riders received reputation benefits by merely joining the Responsible Care Initiative. However, leading firms are still motivated to maintain the institution of Responsible Care for the legitimacy it offers and the potential to address ethical responsibilities.

Conclusion

Our framework for the collaboration among firms and NGOs adds a new dimension to the existing view of collaboration in the social responsibilities of firms. It provides criteria for managers to apply when seeking to optimize both the social/environmental and economic impacts from joint initiatives between their firms and NGOs. It also shifts the underlying logic from one of pure competition to recognizing the potential for co-opetition. Although the benefits of communal strategies across firms are well documented,[57] the prevailing view among both managers and researchers appears to be that competitive CSR strategies are best suited to deliver economic benefits to the firm. For example, reputational benefits that are secured by one firm are often assumed to be at the expense of other firms, either competitors within the same industry or firms within the same community.[58] Managers should undertake efforts to connect with existing networks to support opportunities for collaborative involvement with other firms, NGOs, or both. Doing so will provide skills and preparation that will allow them to consider a broader range of collaboration options in their CSR initiatives.

Our framework provides a menu of options for managers looking to match the goals and contextual factors associated with their CSR activities and to ensure that the value of their CSR investment is maximized. Faced with multiple choices to implement an initiative, managers can prioritize among objectives that deliver differentiation from industry competitors versus social impacts that benefit the entire industry. Although such prioritization will depend on the specific situation of the firm, careful consideration of our framework helps facilitate the process.

Further, the framework assists firms that wish to pursue more than one priority with different structures and initiatives in the most effective manner. For example, firms with overseas operations that face allegations of sweatshops may prioritize the objective of legitimacy with governments and activists. Working collaboratively with other firms that are facing a similar issue and with NGOs that have expertise can help protect legitimacy of the entire industry. At the same time, a firm can undertake a CSR initiative to conserve energy at HQ with the objectives of cost savings and employee empowerment to promote efficiency. With this initiative, a focused collaboration with a single NGO with expertise in energy conservation would be an efficient structure to pursue. In each initiative, measurement of performance against targets is critical. In the first example, measures such as media coverage may be appropriate, while in the second case employee satisfaction and expenses are appropriate.

Thus, although at a corporate level CSR initiatives are often centered around a small number of focused priorities for the firm (e.g., fit with the business strategy or core competencies of the firm), collaboration strategies can vary across a range of initiatives. Further, the availability of suitable NGOs or firms with which to collaborate may also present a limitation to full consideration of each strategy.

Our examination of the benefits of various forms of collaboration also makes progress toward uncovering the mechanisms by which CSR can impact the financial performance of the firm. Smith highlighted that the implementation of CSR holds many challenges, and given the reliance of firms on NGOs to execute CSR initiatives, the choice of collaboration structure is at the heart of the implementation challenge.[59] In a recent meta-analysis of the relationship between CSR and financial performance, Margolis and colleagues call for a movement away from the broad question to an increased examination of the mechanics of how firms successfully engage in CSR. [60] We respond to their call for increased attention to the structures pursued by managers that enable them to reach CSR objectives. By examining the moderating factors between CSR collaboration strategy and benefits for the firm, we link the relationship between firm motives and performance outcomes.

As seen here, both firms and NGOs can benefit from extending their view of collaboration in CSR. For company managers, collaboration with either multiple firms and/or multiple NGOs can often deliver performance against key corporate motives to a greater extent than collaboration between a single firm and NGO. Managers must explicitly examine their objectives and initiate the proper collaboration structure accordingly.

Notes

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2. David Hess, Nicolai Rogovsky, and Thomas W. Dunfee, "The Next Wave of Corporate Community Involvement: Corporate Social Initiatives," *California Management Review*, 44/2 (Winter 2002): 110-125.
3. James E. Austin, "Strategic Collaboration Between Nonprofits and Businesses," *Nonprofit & Voluntary Sector Quarterly*, 29/1 (March 2000): 69-97.
4. John W. Selsky and Barbara Parker, "Cross-Sector Partnerships to Address Social Issues: Challenges to Theory and Practice," *Journal of Management*, 31/6 (December 2005): 849-873.
5. See, for example, Austin, op. cit.; Ida E. Berger, Peggy Cunningham, and Minette E. Drumwright, "Mainstreaming Corporate Social Responsibility: Developing Markets for Virtue," *California Management Review*, 49/4 (Summer 2007): 132-157; Michael Yaziji, "Turning Gadflies into Allies," *Harvard Business Review*, 82/2 (February 2004): 110-115.
6. For recent work on the benefits of communal strategies for firms, see Michael L. Barnett, "Finding A Working Balance Between Competitive and Communal Strategies," *Journal of Management Studies*, 43/8 (December 2006): 1753-1773; Michael L. Barnett, "Waves of Collectivizing: A Dynamic Model of Competition and Cooperation Over the Life of an Industry," *Corporate Reputation Review*, 8/4 (Winter 2006): 272-292.
7. Michael L. Barnett, "Stakeholder Influence Capacity and the Variability of Financial Returns to Corporate Social Responsibility," *Academy of Management Review*, 32/3 (July 2007): 794-816.
8. Smith, op. cit.
9. Michael Porter and Michael Kramer, "The Competitive Advantage of Corporate Philanthropy," *Harvard Business Review*, 80/12 (December 2002): 57-68.
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11. See, for example, Petra Christmann, "Effects of 'Best Practices' of Environmental Management on Cost Advantage: The Role of Complementary Assets," *Academy of Management Journal*, 43/4 (August 2000): 663-680; Stuart Hart, "A Natural-Resource-Based View of the Firm," *Academy of Management Review*, 20/4 (October 1995): 986-1014; Michael Porter

and Claas van der Linde, "Green and Competitive: Ending the Stalemate," *Harvard Business Review*, 73/5 (September/October 1995): 120-134.
12. Dennis A. Rondinelli and Ted London, "How Corporations and Environmental Groups Cooperate: Assessing Cross-Sector Alliances and Collaborations," *Academy of Management Executive*, 17/1 (February 2003): 61-76.
13. Rosabeth Moss Kanter, "Spare Change to Real Change," *Harvard Business Review*, 77/3 (May/June1999): 122-132.
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19. Joseph Galaskiewicz, "An Urban Grants Economy Revisited: Corporate Charitable Contributions in the Twin Cities, 1971-81, 1987-89," *Administrative Science Quarterly*, 42/3 (September 1997): 445-471.
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24. Barnett (Winter 2006), op. cit.
25. Pratima Bansal and Kendall Roth, "Why Companies Go Green: A Model of Ecological Responsiveness," *Academy of Management Journal*, 43/4 (August 2000): 717-736.
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