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# Partnerships for corporate social responsibility

## A review of concepts and strategic options

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### Abstract

**Purpose** – The purpose of this paper is to conceptualise the extent to which partnerships with non-governmental organisations (NGOs) are a necessity for successful efforts of businesses in the area of corporate social responsibility (CSR).

**Design/methodology/approach** – The main findings are based on an analysis of existing literature on NGO typologies and strategies for CSR and illustrated with examples from the Dutch National Research Program on CSR.

**Findings** – Based on three different strategies towards CSR, the suggestion is that NGOs tend to become involved in partnerships with companies that have an interest in postponing concrete results, while partnerships with companies that have the potential for the biggest contribution to the ambitions of NGOs have the highest risk of diminishing NGO-legitimacy.

**Research limitations/implications** – This is a conceptual paper. Suggestions are given to test the hypotheses put forward as well as the actual results associated with each of the strategies towards corporate social responsibility.

**Practical implications** – Whatever strategy a company opts for, managers should be aware that every strategy has a reverse side. Being aware of the weak spots of one's own strategy is important to anticipate claims associated with one of the other strategies.

**Originality/value** – Theory in the field of CSR emphasises the necessity to involve NGOs in embedding social issues in the strategies and day-to-day operations of organisations. This paper proves that this emphasis is not always justified and presents arguments when certain forms of NGO involvement are required.

**Keywords** Corporate social responsibility, Partnership, Stakeholder analysis, Corporate identity

**Paper type** Conceptual paper

### Introduction

Companies are increasingly addressing the need for greater corporate social responsibility. In the first five years of its existence almost 3,000 of the best-known brands have signed the UN Global Compact (Berger *et al.*, 2007). Furthermore, the number of companies issuing reports in accordance with the global reporting initiative guidelines increased from merely 20 in 1999 to over 1,000 companies in 2006[1]. Examining social aspects however, is not a new phenomenon for private firms. For quite some time already, industrialists have been looking at issues broader than just profits, whether housing for employees, their cultural development, or employment in general. What is new is the intensity and breadth of the efforts made by private firms as well as the increasingly strong societal demand for more ethical and responsible



behaviour and the complexity and dynamics of the networks of stakeholders companies must interact with (Elkington, 1999; SER, 2001). As a result the social agenda has become much more strategic for companies. It is no longer a strictly voluntary effort with a strong sense of responsibility by the founder of an organisation. More and more, paying attention to issues that are not automatically on the company's agenda becomes a factor that contributes to long-term survival and a factor that can give companies a competitive edge (Zadek, 2004). Aarnout Loudon, former president-director of the chemical multinational AKZO Nobel, stated as early as 1987 that "an industry cannot survive an ongoing conflict with society. Dialogue, adjustment and collaboration are not a luxury but a necessity" (Loudon, 1987).

Corporate social responsibility (CSR) requires organisations to develop new competencies in order to integrate the new responsibilities into their management processes (Caroll, 1991). Moreover, they need to position themselves in the changing interaction processes with non-governmental organisations (NGOs) and private and public actors through which the new responsibilities are articulated (Hartman and Stafford, 1997). CSR is not only relevant to the business community. If CSR is to develop from solid ground, it is necessary to foster its future development through embedding societal issues and expectations raised by legitimate stakeholders in the day-to-day strategies, policies, and operations of the organisation (Wood, 1991; Epstein and Roy, 2001). Most scholars and societal actors therefore assume that CSR can only be fully developed in partnership; partnerships in which the exploration of new roles is a central element.

A central element of CSR initiatives is the readiness to respond to legitimate expectations of stakeholders (De Bruijn and Tukker, 2002; Mitchell *et al.*, 1997). To a certain extent the expectations and demands of stakeholders require what actions are needed by an organisation and what responsibilities are to be included. Stakeholder relations are thus generally seen as a crucial element of CSR. Only through dialogue with society at large (employees, governments, customers, NGOs, etc.) can an organisation establish the balance between its corporate governance and public governance. Within this model CSR implies a continuous learning process through which organisations learn how to deal with increasingly complex issues with an increasingly wide range of stakeholders (Roome, 2001). Companies must learn how far they need to stretch their responsibilities, what issues to take up, how to give meaning to those issues, and how to successfully combine economic, social, and environmental strategies. Where companies have interacted mainly with shareholders, its customers, and local regulators, CSR requires the involvement of all kinds of actors, probably from outside their usual production and consumption systems. This is not a move a company can make in one step; it needs to gradually learn how to cope with increasingly complex issues.

Based on the theory in the field of CSR one might expect that developing partnerships with societal actors is a *sine qua non* for companies engaging in CSR initiatives. Strikingly, empirical research conducted as part of the Dutch National Program on CSR shows many companies taking the lead in CSR without the involvement of NGOs (Jonker and Cramer, 2005; Nijhof *et al.*, 2006). Research in CSR communication also suggests that many companies are merely informing stakeholders, instead of two-way communication or involvement in the setup and elaboration of CSR policies. Does this suggest that we are wrong in assuming a central

role for Business-NGO Partnerships in CSR? Or are companies missing central competences for CSR? This paper addresses the question to what extent stakeholder involvement is a necessity for CSR and proposes implications for research as well as practitioners.

The setup of the paper is as follows: after briefly discussing the methodology, we first describe emerging strategies by NGOs and companies. Then we identify three different CSR orientations by companies: the outside-in orientation, the inside-out orientation, and the open system orientation. We show that CSR has different meanings in these different orientations and that the role and position of stakeholders also differs fundamentally. After a reflection and discussion of the result we end with conclusions. Our central conclusion is that the role of NGOs in CSR initiatives is more nuanced than often assumed.

### Methodology

As stated in the introduction, this paper developed from the mismatch between theory and practice regarding the almost dogmatic emphasis on the necessity of involving NGOs in embedding social issues in the strategies and day-to-day operations of organisations. This paper proves that this emphasis is not always justified and presents arguments for when certain forms of NGO involvement are required. For this we build upon a review of literature on the strategies used for CSR and analyse how these strategies relate to NGO involvement. Therefore this paper is in the tradition of theory construction as disciplined imagination as proposed by Weick (1989) and mainly conceptual in nature with a literature review and theoretical analysis as the main methods for developing the argument. There is also a role for empirical research. First, the empirical observation that many successful companies working on CSR are not involved in partnerships with NGOs functioned as an important starting point. In this way, the empirical observations are used as counterexamples, pointing to the fact that at least something is missing in existing theory (Siggelkow, 2007, p. 21). We also use three cases to illustrate the different CSR strategies distinguished in this paper and how this affected relationships with NGOs. These case studies are used for their illustrative function and not as the foundation for an inductive research process where theory is developed based on case studies (Eisenhardt, 1989).

### Emerging strategies of NGOs

In the past decades, the role of NGOs has changed rapidly and become more and more apparent. In 1900, an estimation of the World Bank and the Union of International Organisations stated that roughly 100 international NGOs existed (such as the Red Cross and Anti-Slavery Society) while after 1990, this amount exploded to about 50,000 international NGOs estimated by the Union of International Associations (Willets, 1998). This growth was partly accelerated through a series of large conferences organised by the United Nations, with the 1992 UN Conference on Environment and Development (UNCED) in Rio de Janeiro and the 2002 World Summit on Sustainable Development (WSSD), in Johannesburg, most prominently. Not only did a substantial amount of NGOs give *act de presence*, the role of NGOs changed from the lobbyist acting in corridors to a much more visible player in the field (Belou *et al.*, 2003). There is also an increasing emphasis in these global conferences on creating partnerships between companies, governments, and NGOs.

The reasons for the increase in number of NGOs reflect both a governance role as well as a role in giving legitimacy to sensitive projects such as opening new production facilities in developing countries and introducing new technological innovations (Edwards and Hulme, 1995). One of the most famous examples of the changing roles of NGOs is the Brent Spar case. Although Shell had done extensive studies and the British government had approved Shell's plan for the oil platform, it was the protest initiated by Greenpeace that reversed the plans. It clearly showed the importance of NGOs for business strategy. Based on this, the Brent Spar conflict arguably reflects a new balance between business, government, and civil society as well as a radicalisation of the requirements for corporate legitimacy (Grolin, 1998).

Relationships between business and NGOs can be roughly characterized as protest- and partnership-based relationships. Not all NGOs have the same global political access, intentions, or opportunities to influence business through partnerships. Hence, there is a difference in the way NGOs act. Belou *et al.* (2003) identify four categories (labelled with metaphors such as dolphins and sharks) that is a widely used typology of NGOs (Table I).

The typology of NGOs emphasizes that only some aim for partnerships to achieve the desired ends (the integrators). When NGOs engage in partnerships with companies, they bring in expertise and work together to solve dynamic issues. Other NGOs are much more focused on protest-based relationships (the polarisers). This highlights that the roles for NGOs in stimulating CSR can be totally different and will not always be directed at creating partnerships.

### Emerging strategies of companies

Although partnerships might not always be the choice of NGOs, from the perspective of companies partnership-based relationships seem to be more attractive than protest-based relationships. Is it therefore adequate to propose that all companies

	<i>Polarizer's</i> Aim to achieve change by disrupting the status quo through confrontation	<i>Integrators</i> Aim to achieve change through constructive partnerships with business, governments and other stakeholders
<i>Discriminators</i> Study targets to understand how best to engage them	<i>Orca</i> Highly intelligent Strategic Independent Unpredictable Eats both sea lions and some dolphins	<i>Dolphin</i> Great capacity to learn Adapts strategies and behaviors to context Creative Fends off sharks
<i>Non-discriminators</i> Do not discriminate between targets	<i>Shark</i> Acts on instinct Tactical at best Attacks any target in distress Often attacks in packs Feeding frenzies	<i>Sea lion</i> Keen to please Professional and well trained Prefers the mainstream Uneasy if separated from groups

Source: Belou *et al.* (2003)

**Table I.**  
Typology of NGOs

working on CSR focus on creating partnerships with external parties? As stated in the introduction, it is remarkable that several empirical studies conducted as part of the Dutch National Research Program on CSR prove that companies known for their efforts and results in the field of social and environmental responsibilities show a limited or sometimes even totally insignificant role of external parties (Jonker and Cramer, 2005). More quantitative research on the impact of stakeholder dialogues also shows that the number of Business-NGO Partnerships is relatively small but rising (Nordic Partnership, 2004; Jonker and Nijhof, 2006).

One possible reason for this limited impact of Business-NGO Partnerships is that the creation of partnerships takes time to build relationships based on mutual understanding and trust. In our view another explanation for the limited impact of Business-NGO Partnerships seems to be more adequate. This explanation is based on different strategies of companies engaging in CSR. Windsor (2006) identifies three key approaches to CSR. Based on ethical responsibility theory she identifies a first approach based on strong corporate self-restraint and altruism duties. Second, economic theory advocates an approach of CSR based on market wealth creation and perhaps customary business ethics. Third, she identifies a corporate citizenship approach drawing on political theory and stressing the responsibilities of companies as citizens of the world. Crane and Matten (2004, p. 64, 2007, p. 73) make a similar distinction with their three views on corporate citizenship. In the limited view on corporate citizenship, companies focus on philanthropy in order to put something back to society, while the extended view on corporate citizenship recognizes changes in the political arena influencing the roles of the different parties in a value chain. Crane and Matten distinguish an equivalent view that builds upon a duty to be responsible. In comparison to Windsor this view matches the ethical responsibility approach. Recently, Berger *et al.* (2007) described another overview of strategies in their article on mainstreaming CSR based on 97 interviews with managers and consultants involved in CSR initiatives. First, they distinguish a business case model for CSR, which resembles the economic theory approach of Windsor. Second, they describe a social values-led model that has strong similarities with the equivalent view of Crane and Matten and the ethical responsibility view of Windsor. Finally, they distinguish a syncretic stewardship model that builds upon a broad, holistic view on communities stressing the interdependence between different actors and the struggle to integrate multiple goals – both economic and noneconomic – simultaneously (Berger *et al.*, 2007, p. 143). The stewardship model is most similar to the corporate citizenship approach although it is not necessarily perceived from a political perspective. Instead, Berger *et al.* (2007) develop this model from a strategic approach of CSR positioning organisations in an interdependent network of actors. This last approach relates also to the core of the influential article of Porter and Kramer (2005) on CSR.

Although these authors use different labels, they all agree that it is crucial to make a distinction between different approaches to CSR in order to understand what is going on. Berger *et al.* (2007) state in this respect:

Contrary to approaches that focus on a single predominant meaning for CSR among different firms or a single set of meanings for mainstreamed CSR, our data revealed that companies use three different normative logics, orientations, or “frames” in their CSR initiatives (Berger *et al.*, 2007, p. 138).

This article builds upon these different approaches to analyse the consequences for the role of NGOs. We prefer the label identity orientation above the social values-led model because this label stresses that the focus point for CSR is on strengthening organisational identity. Furthermore, we use the label risk-opportunity orientation for the approach based on economic theory, but to prevent further confusion we also adopt the label business case model. Finally, we shorten the syncretic stewardship approach to “stewardship approach”. An overview of the different orientations towards CSR is presented in Table II.

Of course, these strategies are ideal types and in practice characteristics of different orientations might be present. Still, the origins of how the borders of corporate responsibility are determined are fundamentally different and therefore a smooth combination of the orientations is not expected. The next sections describe the three different strategies in more detail, addressing the drivers behind the strategy, the main issues and questions, the roles for NGOs, limits to the strategy, and an example of a company where the strategy is put into practice.

### Business case orientation on CSR (outside-in)

#### *Drivers for CSR*

Companies that choose a business case orientation towards CSR most likely experience a high exposure on societal issues or a high exposure in general, given the size of the company or its reputation. Striking examples of this strategy towards CSR are given in well-known examples such as the interactions between Shell and Greenpeace during the Brent Spar affaire or Nike Inc. and Amnesty International concerning child labour used in production facilities in developing countries (Van Tulder and Van der Zwart, 2006). Visibility is one reason to opt for a business case orientation. Also, if the production process involves dangers for society (for instance through explosions), a

	Identity orientation (inside-out)	Business case orientation (outside-in)	Stewardship orientation (open system)
<i>Focus point</i>	Strengthening organisational identity	Preventing reputation damage of a company or developing commercial opportunities	Reflecting on the organisation's position in society
<i>Perspective</i>	Inside-out	Outside-in	Open system
<i>Origin of responsibility</i>	Organisational values	External stakeholders	Dialogue with all parties involved
<i>Role of stakeholders</i>	Limited role for external stakeholders	Agenda setting and multi stakeholder dialogue	Partnerships
<i>Type of NGOs</i>	Sea lions	Sharks and orcas	Dolphins
<i>Impact</i>	Primary and secondary processes	Projects	Supply chain and society
<i>Accent on functional department</i>	Top management	Public relations	Line management

**Table II.**  
Overview of the ideal  
type characteristics of  
different strategies  
towards CSR



business case orientation is a logical choice. In these situations there will most likely already be contact or confrontation with NGOs. It might also be that the company produces a highly contested product such as genetically modified organisms, or it has to deal with issues regarding labour conditions or environmental pollution in developing countries. Finally, a business case model can also be based on opportunities such as market segments willing to buy responsible products or social investors searching for companies meeting their sustainability criteria (Vogel, 2005). The main drivers for CSR therefore, are to be found in the external environment of the company. Of course, they can be completed by internal motives and drivers as well.

#### *Issues and questions*

CSR in this strategy is about risk control and safeguarding the reputation of the company. Through CSR the company tries to live up to the expectations of stakeholders and answer their demands. Entering into a dialogue to learn about demands, criticism, and suggestions is in full part of CSR in this strategy. Through specific projects a company can try to satisfy the needs and demands of NGOs.

Typical questions that guide CSR in this strategy are:

- Who are the relevant stakeholders?
- What is the best way to learn about their demands?
- How to balance the diverse interests of different stakeholders?

#### *Role for NGOs*

Stakeholders play a key role in a business case orientation. The core of the strategy is that a company focuses on the external demands and asks whether it can satisfy those. As stated, NGOs are most likely already focusing on the company; it might have been scrutinized in the past. In fact, we identify this as one of the strongest motives for strengthening CSR. Typically, among the relevant NGOs will be organisations actively trying to change the behaviour of the company (polarisers: sharks and orcas). Since their “attacks” may be unpredictable, the company wants to gain control over their input by entering into a dialogue. The NGOs then play the role of agenda setting by identifying relevant topics for action. The NGOs might not be interested in forming partnerships and may prefer confrontation.

#### *Limits to the strategy*

In a risk-oriented strategy the company makes itself highly dependent on input from NGOs. It has to deal with the unpredictable and sometimes diverging expectations. Without a firm perspective on its corporate role and the values the company stands for, it is hard to build the capacity to answer all the expectations and train its employees how to include corporate values into its tasks. This strategy shows a need for extensive control mechanisms within the company to ensure that the “newest” demands or expectations from stakeholders can be followed up internally. CSR does not necessarily have a strong internal base.

#### *Examples*

One example of a business case orientation is a chemical plant located close to a residential area. The plant produces highly explosive chemicals and emits toxic chemicals. Over the years emissions have been lowered substantially (>98 per cent)

due to high societal pressure. The company was among the first Dutch companies to introduce an environmental management system, as an addition to their quality system. From the early 1990s, it also published environmental reports (nowadays: sustainability reports). They do so in various formats for different stakeholders. As part of their reporting system they actively seek feedback. For instance, several years ago they established a community panel to this end. They also approach people who ordered their sustainability report to learn about their expectations and their evaluation of the strategies and report.

The company has a strong motive for taking a risk-oriented strategy: given the actual risks of the plant there is a real threat that it will have to close down. In fact, the most dangerous part of the production was recently moved to another location, mainly to avoid the necessity to transport highly poisonous raw materials.

### **Identity orientation on CSR (inside-out)**

#### *Drivers for CSR*

In this view, the core values embedded in the organisational culture are leading for taking on social responsibilities related to the primary and secondary processes of an organisation. Therefore this kind of strategy of CSR can be labelled “inside-out”. Many companies take this viewpoint and it is even claimed that the long-term success of companies is based on holding on to the core values of an organisation (Collins and Porras, 2000). The main issue in an inside-out strategy of CSR is describing and strengthening the organisational identity, and then communicating it to the outside world. What kinds of companies are likely to choose such a strategy? In a typical situation, there are no huge risks that need to be taken care of. There is no immediate urgency. Environmental emissions are not particularly harmful, poisonous, or visible and the reputation of the company is not one of a huge polluter. The product or services are not likely to be contested and there are no major issues to deal with. The typical company that chooses this strategy is not likely to have many disputes with its direct surroundings. What drives such a company into CSR? It might be the top-management, the CEO who declares that the company “must act responsibly”. Or it might be the market in which the company is active is considered to be “sensitive”, for instance health care. Or maybe employees urge the company to become engaged in CSR more strongly. Or CSR might be seen as a means to team building.

#### *Issues and questions*

The main focus of CSR from an inside-out orientation is not to deal with very specific issues or risks. It is more about defining the corporate identity, making the company transparent, and accounting for one’s actions. The main purpose is not to have a dialogue *per se*. The communication process is mostly one-sided: inside-out. It is about exploring and defining CSR and then informing stakeholders. CSR in this approach is mostly concerned with ethical questions more than dealing with concrete projects. Typical questions that guide CSR in this strategy are:

- What is our societal role as a company?
- What are our values?
- How can we incorporate/strengthen our values in our operations?

The answers to those questions are sought mainly from within the company.



*Role for NGOs*

CSR starts from within the company in this approach. Typically, the relevant NGOs will be non-discriminatory integrators (sea lions) not looking for polarisation. It might be interest groups or user panels regarding the products or services the company delivers. Generally, it is also hard for NGOs to discuss CSR with a company using an inside-out strategy. Of course, the company is willing to provide information as part of their CSR policy, but entering into a stakeholder dialogue is not their first priority. Rather, they spend their energy on the internal processes. If NGOs are engaged, it is part of the strategy of building common values throughout the organisation. Working with a specific NGO can articulate and communicate internally what those values are.

*Limits to the strategy*

While it is valuable exploring the corporate identity, we found that companies using this strategy run into difficulties defining their responsibilities. Essentially, CSR is about companies moving into the public sphere. The main question is how far the company should go. Where is the limit to corporate responsibilities? For what kind of situations can the company be held accountable? There are no objective answers to these questions. A company with a strictly identity-oriented strategy runs the risk of CSR policies that are fully supported internally but miss the point stakeholders care about. The fit between corporate strategies and external expectations can be found through a debate with stakeholders. Their expectations might be a key to defining the boundaries of CSR. As the competency for having a dialogue with NGOs has not been (fully) developed, a company with an inside-out orientation will find it difficult to engage in meaningful partnerships.

*Example*

An example of a typical inside-out strategy to CSR is a company producing medical supplies. For about five years they have been active in CSR, aiming to raise the awareness of all employees so that it may guide the day-to-day operations. Given that they are active in a very profitable market, they want to behave like a good corporate citizen and give something back to society. Strengthening the collective awareness of CSR and team building is their prime motive. It uses so-called partner-weekends and other meetings to explore the different meanings of CSR: from charity to full integration in the primary and secondary processes. The company has installed panels of users for a long time. Their input is used to improve their products. While it could be an obvious route to include a debate on CSR and the expectations of the different stakeholders in these panels, up until now the company has not done so.

One of the positive points of their strategy is a strong awareness throughout the company that CSR matters. There is a collective sense of corporate values. At the same time they struggle with translating CSR into concrete projects within the core processes of the company. Basically, they have little idea of whether what they define as CSR matches external expectations. This hinders making further choices. The step towards a stakeholder dialogue however, is big. The company feels strongly about developing its policies before going public with them: a classical inside-out strategy.

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## Stewardship orientation on CSR (open system)

### *Drivers for CSR*

A third group of companies focuses on the role of the different parties in the entire production and consumption chain. The main difference with previous strategies is that the focus shifts from the role of a single organisation towards the roles and responsibilities of different stakeholders such as suppliers, consumers, and governments in the whole production and consumption chain. Typically, organisations adopting a stewardship orientation on CSR make their own organisation subservient to contributing to the gradual solution of an important societal issue. In this sense, the third group uses an open system approach. Reducing environmental damage, social inequalities, or other socially undesirable situations are important goals in this strategy. The main drivers for CSR stem from the interaction and dialogue with a diverse group of stakeholders, balancing their expectations, and translating these expectations into activities aimed at incorporating CSR in the entire production and consumption chain.

### *Issues and questions*

The main issues concerning CSR in this approach arise from a stakeholder dialogue. In this dialogue the roles and responsibilities of all parties involved are discussed. Central questions are:

- Who are the relevant parties in a specific production and consumption chain?
- What can each of these parties contribute to solve societal problems?
- How can we stimulate partnerships and other forms of action to initiate a joint development?

The answers to these questions must lead to activities integrating CSR in the core processes to make the CSR strategy relevant for the whole value chain and consequently the monitoring of results on economic, social, and environmental areas.

### *Role for NGOs*

Just as in the business case orientation, stakeholders play a crucial role in companies working from a stewardship orientation. The difference between the two orientations in the role for NGOs is that the dialogue with stakeholders of companies working from a stewardship orientation leads to constructive partnerships with NGOs on the local, regional, or even global level. Typically, these partnerships will be with discriminatory integrators (dolphins): NGOs not aiming at polarisation, but to achieve change through adapting their strategy and behaviour to the companies they want to address. Companies working from a stewardship orientation are not only willing to provide information on their CSR activities, but also involve NGOs in monitoring these activities and improving their CSR policy. Although partnerships with polarisers (orcas and sharks) will not easily develop, in a value chain strategy there is sensitivity to the issues they raise.

### *Limits to the strategy*

Because of the holistic character of the stewardship orientation it seems a rather strong strategy for CSR. The limits are not so much linked to the results but more to the applicability of the strategy. Only organisations that have a dominant position in the

value chain are probably powerful enough to put responsibility issues on the agenda of all parties in the value chain. Another limit relates to the sensitivity of the different parties for such issues. Especially when customers are not receptive to including responsibility issues into their purchasing decision it is very difficult for other parties in the value chain to impose this. A last limitation refers to the image of the organisation taking a stewardship orientation to CSR. To take such a position it is essential for the credibility that the organisation has at least an upright and sincere image. In this respect Fisscher *et al.* (2003) point at the “What about you-effect”; when you raise questions of responsibility towards others you should be prepared to answer the same question.

### *Examples*

In our research there is one company prudently starting to approach CSR from a stewardship orientation: a Dutch based wholesale organisation selling about 30,000 products produced especially in South East Asia and Europe. Some of these products, such as textile, cacao, or cosmetics, are confronted with difficult issues; for example bad labour conditions in small production facilities, environmental pollution, or debatable animal testing. This company is trying to make a change in the supply chain but is fully aware that it is too small to enforce this by itself. Therefore they cooperate with other wholesalers, particularly in Germany, to initiate social audits at some of their main suppliers. Furthermore, stimulating responsible purchasing behaviour is difficult. They experience with biologic wine and fair trade chocolate for example, that sales drop when it is apparent to the consumers that these products are made differently than others. Therefore, the organisation has chosen to make their own choices together with suppliers and NGOs and sell them like normal products and for a regular price.

### **Reflection and discussion**

All three strategies have pros and cons. The most logical and sensible route depends on the characteristics of the company and the type of NGOs it has to deal with. All strategies also have deficits and risks as we have seen. A stewardship orientation is feasible mostly for dominant organisations that have the power and image to influence an entire value chain. In the identity orientation the company runs the risk of falling short of society’s expectations. By developing a business case orientation a company might end up being driven from one project to another without a strong corporate policy to back them up. While in a business case orientation companies do not develop the competency to establish corporate values, companies using an identity orientation lack the competency to listen to external stakeholders. Since this is not part of their routines it is not easy to change. The case study of the company in medical supplies shows that although the company is aware of the deficits of its strategy, it is a difficult process to change. We expect that whether CSR will develop in the long term to a comprehensive strategy depends upon the balance between the payoff of anticipating on expectations and claims of external parties with the increasing complexity due to the involvement of more parties.

In this discussion and reflection section we want to focus on the dynamics in partnerships between NGOs and businesses using the different strategies for CSR. Partnerships with corporations pose external threats to the legitimacy of NGOs. Under

the heading of corporate social responsibility (CSR), corporations acknowledge their responsibilities towards solving social inequalities and preventing environmental pollution. This is exactly what many NGOs strive for. Hence, the emergence of business-NGO partnerships seems a logical next step for the interactions between NGOs and corporations adopting CSR strategies. Although these partnerships might result in societal benefits, it is important to keep in mind that the origins for working on CSR issues are different for NGOs and corporations. Corporations have their reasons for working together with NGOs in addition to an either honest or obligatorily reference to respecting human rights. When a company uses a CSR strategy focusing on risk control, it tries to prevent reputation damage by anticipating expectations and claims of external parties. In the risk control strategy there is an important role for external parties such as NGOs because the claims of NGOs put forward certain issues previously ignored or not filled in completely by companies. Therefore agenda-setting and influencing organisational decision making are important roles for NGOs in their relationships with corporations primarily working on a CSR strategy of risk control. At the same time, there is a clear rationale for these corporations to intensify the involvement of NGOs in CSR activities. To control the risks of negative publicity campaigns, boycotts, court procedures and more, involvement of NGOs in stakeholder dialogues and joint partnerships is crucial. Therefore, attempts to involve NGOs in CSR activities will be intense for corporations using predominantly a strategy of risk control. However, the interest of corporations behind the strategy of risk control is most problematic with respect to the normative claims of NGOs. Shamir (2004) points at corporate practices and strategies relating to CSR but with an effect that reshapes the notion of responsibility in ways that diffuse its radical transformative potential. Examples are strategies designed to prevent the use of law as a means for bringing about greater corporate accountability or strategies designed to postpone actual transformations by making issues continuously more complex or dubious. Hence, the norms underlying the strategy of risk control have the potential of corroding the legitimacy of NGOs.

When companies enter a partnership with NGOs based on the identity strategy, NGOs are predominantly asked to bring in societal and intellectual expertise that the company is lacking. In addition, corporations can strengthen their position by cooperation because of the normative legitimacy of NGOs (Lister, 2003; Ossewaarde *et al.*, 2008). This kind of partnership result in relatively minor chances on diminishing legitimacy of NGOs. Both the company and the NGO benefit from the partnership through access to new markets or ideas for new products/processes, upon the condition that these possible results are effectuated. With the increasing complexity of multi-level and multi-actor partnerships, the transparency of internal management practices becomes critical to maintain the support of the stakeholders as well as advancing legitimacy claims of NGOs. This is especially relevant for Northern-based NGOs who have to deal with the issue of representativeness because many do not have a direct participation in the organisational structures of their constituencies or beneficiaries in the South (Kanter, 1995). However, these NGOs do not need to be member-controlled to be legitimate as long as their claim on defending the common good is backed up by being transparent and accountable for their actions (Edwards and Hulme, 1995). The increasing complexity associated with entering multi-actor partnerships inherently has the risk of compromising output legitimacy. It is hard to

explain the contribution to the common good when changes are fading in the increasing number of actors involved. Therefore, the increasing complexity associated with entering partnerships between NGOs and companies using a stewardship strategy inherently risks unclear decision structures and diminished accountability. In other words, the partnerships that have the potential of the biggest contribution to the ideals of NGOs have the highest risk on diminishing NGO-legitimacy.

The legitimacy of NGOs is even more at stake when partnerships with business result in additional funding of NGOs. As the ideals of NGOs call for agents of “world citizenship” who assume moral responsibility for all the members of the world community without needing to take national or corporate interests into account, a complete independency of political, economic, and religious powers is required (Nussbaum, 1997). It is especially this demand for independency that has inherent tensions with the necessity to attain funds in order to be effective in addition to the possibility of entering in partnerships with companies. While NGOs need funds to run their organisation, requiring these entails the risk that donors see NGOs primarily as contractors or service providers instead of defenders of humanity. Corporate sponsoring of NGOs and even indirect financial gains through long-term partnerships with corporations also compromises the independent decision-making structures of NGOs and therefore the accountability with respect to their cosmopolitan claim. Attempts of NGOs to get involved in partnerships with companies will be intense for corporations predominantly using a strategy of risk control, while these corporations should be approached most critically by NGOs. Aiming for the same goals does not imply sharing the same ideals because corporations using a business case orientation to CSR enter into partnerships because of particularistic motives. Corporate sponsoring of NGOs but also indirect financial gains through long-term partnerships with corporations compromise the independent decision-making structures of NGOs and therefore the accountability with respect to their normative claim. In this respect it is relevant to discuss a trade-off between acknowledging social responsibilities and the need for sound financial impacts that is often apparent in CSR activities. In situations where a corporation is directly responsible for causing harm, possesses knowledge about a specific problem and its solution, and where a shared consensus among all relevant stakeholders exists, there is little need to link the social responsibility program to financial performance. But when the corporation seeks proactive solutions to problems only marginally caused by the corporation and where little consensus exists, the predicted relationship to financial performance becomes more crucial (Pava and Krausz, 1997). It is especially this last situation where the necessity for NGO involvement is high. Otherwise the organisation already has the means and knowledge to take corrective actions. This results in a trend where NGOs tend to get involved in CSR activities where a relationship with sound financial performance of the corporation is plausible even while these kinds of activities are most problematic in the light of the independent position of NGOs.

Finally, there is the question of driving forces. While it may be too idealistic to expect industry to change itself, the question is who will be driving transformational processes. Traditionally, governments and NGOs (especially polarisers) fulfilled that task. Thinking about the institutional set-up of our societies and the roles different actors have to play, it is important to acknowledge that the changes that are needed will most likely involve constant pressure. Whether it is governments, NGOs or the

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general public, the debate on the relationship between NGOs and companies cannot be separated from this important issue.

## Conclusions

This paper discusses alternative strategies to CSR. In the conceptualisation of CSR, there is a sometimes almost dogmatic belief in the necessity of involving NGOs as representatives of society in embedding societal issues in the strategies and day-to-day operations of organisations. As we show, the role of NGOs in CSR initiatives is more nuanced. First of all, many companies active in the field of CSR are attaining considerable environmental and societal results without significant involvement of external parties. Empirical evidence therefore exists that the role of partnerships and other forms of stakeholder involvement for CSR is disputed amongst practitioners. Secondly, from a conceptual point of view the role of stakeholders should be differentiated according to the strategies used for CSR. For companies approaching CSR from a business case orientation the role of stakeholders is obvious. In this perspective anticipating the expectations and claims of external parties is fundamental for managing issues and preventing reputation damage. For companies approaching CSR from an identity or stewardship orientation however, the role of NGOs is less obvious and when NGOs are involved other roles and impacts can be expected from Business-NGO Partnerships.

These conclusions suggest certain important areas for future research. From a conceptual point-of-view, different results can be expected from companies working on CSR from an identity orientation, business case orientation, or a stewardship orientation. It is an important field of research to search for empirical data on what kind of results are actually achieved in order to give a clear view of what can be expected of companies working on CSR from the distinct orientations. Furthermore, this article proposes that due to the mechanisms behind the different strategies to CSR the relationships between NGOs and companies can be highly problematic. First, this can be problematic because partnerships that are potentially the biggest contributors to the ideals of NGOs have the highest risk on diminishing NGO-legitimacy; and second, because NGOs tend to get involved in CSR activities where a relationship with sound financial performance of the corporation is plausible. These kinds of activities are most problematic in the light of the independent position of NGOs. Future empirical research is needed to assess how these mechanisms work out in practice and what it means for the important issue of leadership to sustainability.

## Note

1. Source: [www.globalreporting.org](http://www.globalreporting.org)

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