# Cranfield University

Sara Holmes

Firm innovation through voluntary dyadic engagement with nonprofit organisations: an exploratory UK study

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Supervisors: Dr Palie Smart and Dr Heiko Spitzeck

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# ABSTRACT

This dissertation presents the findings of an exploratory collective case-study examining corporate innovations arising from voluntary dyadic engagement between UK firms and nonprofit organisations (NPOs) focused on social issues.

Whilst the extant literature demonstrates that pro-active engagement with NPOs can assist firms innovate, there has been no empirical work which explores the relationship between the engagement and the innovation outcome: a gap which this research addresses. In doing so, it illustrates how concepts and constructs from the innovation management literature can be applied usefully to the stakeholder and cross-sector collaboration field. To date, empirical studies addressing firm-NPO engagements have concentrated overwhelmingly on partnerships to address environmental issues. This study provides insights into cross-sector engagements focused on addressing social issues.

Using a form of analytic induction to evaluate qualitative case-data from ten dyadic engagements, this dissertation addresses the question: *"how do firms innovate through engagement with social issues nonprofit organisations?"* The research found that product and service innovations resulted from engagements where the firm had an external stakeholder orientation and was focused on delivering tangible demonstrations of corporate responsibility. Process innovations, by contrast, were produced from engagements where firms had an internal stakeholder orientation. Two distinctions were noted in the innovation process, too. Firstly, a more exploratory approach to dyadic engagement activities, which resulted in an emergent innovation process; and secondly, a focused and pre-determined search activity to exploit the resources of the nonprofit partner which demonstrated a more planned innovation process. In addition, two distinct boundary spanning roles were identified: in dyads with no direct management involvement in the engagement, the role was associated with formal responsibilities from senior management to 'manage' innovation opportunities and outcomes. In dyads where senior management were involved, there was no such formality; the boundary spanner acted to 'facilitate' search and exploration to locate opportunities for innovation through idea exchange.

The application of innovation constructs to the business and society field has enabled firm engagement with nonprofit stakeholders to be examined through a new lens and demonstrated how firms innovate from such relationships. In particular it has highlighted the key role played by the firm boundary spanner (relationship manager) and how this role alters depending on senior management involvement: a distinction which has not been made in the extant literature and would benefit from further examination.

Keywords: Firm-nonprofit partnership; stakeholder engagement; social issues; social innovation.

# ACKNOWLEDGEMENTS

As I write, I am aware that I am coming to the end of a very long journey; one which has been variously energising, frustrating, engrossing, baffling, illuminating and, at times, extremely tedious.   The doctoral process has given me an identity as well as providing me with a goal, and so it is both with some regret as well as pleasant relief that I find myself writing these concluding remarks for my thesis.

This dissertation would not have been possible without the support that Cranfield has variously provided over the last 5 years.  In particular, thanks go to my first supervisor, Lance Moir, who enthused about the topic and introduced me to the new world of academic conferences; to Heather Woodfield and her colleagues in the library who showed me how to access the rich, dense, texts of academic literature; and to all the staff at the School of Management who provided valuable guidance on how to design and present doctoral research.   More recently, special thanks go to Dr Palie Smart and Dr Heiko Spitzeck for providing encouragement and enthusiasm for my dissertation topic and for helping me shape this final thesis document.  I would also like to thank all the interviewees who very kindly gave their time to talk to me for this research.

Finally, my thanks go to my family for their ongoing support and patience. In particular my husband, Rob, who has heard me say "I've nearly finished, you know…" for almost twelve months.   I dedicate this to him and my children, Cerys, Rhodri and Megan who might even read it someday.

London, March 2010

# CONFERENCES AND PUBLICATIONS

Research for this thesis has been published in the following journals:

- S. Holmes and P. Smart (2009). "Exploring open innovation practice in firm-nonprofit engagements: a corporate social responsibility perspective", *R&D Management,* Vol. 39, Issue 4, p.394-409.
- S. Holmes and L. Moir (2007). "Developing a conceptual framework to identify corporate innovations through engagement with non-profit stakeholders. *Corporate Governance,* Vol. 7, Issue 4, p.414-422.

Material for this thesis was accepted for presentation at the following academic and industry conferences/seminars:

- Business in the Community (BITC) regional meeting, Leeds, January 2005.

- European Association of Business in Society (EABIS) 5th Annual Colloquium, Milan, September 2006.

- British Academy of Management (BAM) CSR Special Interest Group meeting, York, April 2007.

- International Association of Business and Society (IABS) 18th Annual Conference, Florence, June 2007.

- IABS 3rd International Research Colloquium on Corporate Political Activity, Paris, May 2008.

- Aston Business School, lunchtime seminar, Birmingham, March 2009.

- Cranfield Corporate Responsibility Network meeting, Cranfield, July 2009.

- Academy of Management Conference, Montreal, Canada, August 2010.

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# 1  Introduction

This chapter introduces the research, giving an overview of the topic and discussing why the research was undertaken. It provides an outline of the research approach and questions the research is seeking to address.  The chapter concludes by presenting the structure of this dissertation.

## 1.1  Introducing the topic

Corporate scandals, an increasingly active NGO sector, and ethical consumerism, are among factors which have contributed to making corporate responsibility a boardroom issue in the UK.  Companies are increasingly displaying their social and environmental practices, evidenced by the growth of the FTSE4Good index, and the rising number of firms producing Corporate Responsibility (CR) reports.  The proliferation of 'best of' rankings, based on companies' social and ethical performance, and an emerging set of global principles governing standards, increases the social and institutional pressure on companies to conduct their business more responsibly (Waddock, Bodwell and Graves, 2002).  The theme has been picked up by UK politicians: the last Labour government created a CSR Academy to assist businesses become more socially and environmentally responsible, and the Conservatives have talked about the "spirit of the age" demanding that businesses focus on social values as well as economic ones[1].

This need for companies to be perceived to be socially and environmentally responsible has been identified as a driving factor in the growth (and anticipated continued growth) of corporate relationships with nonprofit organisations or NGOs (Berger, Cunningham and Drumwright, 2004; Rondinelli and London, 2003).  The literature variously refers to nonprofit bodies as NGOs, third sector organisations, not-for-profit organisations or activist groups.  For the purpose of this dissertation, these bodies are termed nonprofit organisations (NPOs) and can be defined as "organisations that have as their primary purpose the promotion of social and/or environmental goals." (Murphy and Bendell, 2001: 291).  In comparison to business organisations, NPOs are driven by different values, cultures and concerns (Driscoll and Crombie, 2001; London, Rondinelli and O'Neill, 2005).  They have become powerful stakeholders in influencing corporate decision making processes (Doh and Teegan, 2002), as well known examples like Shell and the Brent Spar affair (Livesey, 2001; Spar and La Mure, 2003) or Nike and the issue of child labour (Zadek, 2004) demonstrate.  Increasingly, however, dialogue and co-operation are replacing the traditional adversarial relations witnessed between corporations and issue-based nonprofit groups (Argenti, 2004; Heap, 2000; Yaziji and Doh, 2009) and this dissertation is concerned with these voluntary, co-operative relationships.

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[1] Speech by David Cameron, May 2006

Such co-operative firm-nonprofit partnerships not only address broad and complex societal issues, but can be a source of competitive advantage for participating firms (Bonfiglioli, Moir and Ambrosini, 2006), and thus, it is argued, firms can "do well by doing good" through their engagement with organisations tackling social and environmental issues. "Doing well" has been variously defined as improved financial performance (Hillman and Keim, 2001; Russo and Fouts, 1997; Waddock and Graves, 1997); increased knowledge and learning (Ayuso, Rodriguez and Ricart, 2006; Sharma and Vredenburg, 1998) and, less commonly, innovation (Kanter 1999, Sharma, 2005).

Traditionally, a firm's stakeholder engagement activity centred on identifying the needs and concerns of various groups impacted by the firm's activities (Mitchell, Agle and Wood, 1997) and making sure their expectations were met to some degree (Kaptein and Van Tulder, 2003). This risk-management centred approach appears to be giving way to an opportunity-centred approach, with the stakeholder engagement literature focusing on the innovation opportunities for firms (and society) from developing relationships with NPOs (Grayson and Hodges, 2004; Porter and Kramer, 2006). Correspondingly, as co-operative relationships between firms and NPOs have replaced the traditional antagonistic ones, stakeholder engagement is regarded as reaching beyond such activity and is defined as "trust based collaborations between individuals and/or social institutions with different objectives that can only be achieved together" (Andriof and Waddock 2002: 42).

Within the innovation field, it is noted by authors that, increasingly, the locus of innovation lies outside a firm's legal boundary (Chesbrough, 2003) and so gaining access to a diverse range of external partners within a firm's network is important for driving innovative ideas (Faems, van Looy and Debackere, 2005; Pittaway, Robertson, Munir, Denyer and Neely, 2004). Some of these ideas may be found at the periphery of an organisation's vision (Haeckel, 2004) and reaching out beyond current relationships is deemed critical for innovation (O'Connor and McDermott, 2004). Thus, whilst the innovation literature itself makes no mention of firm relationships with NPOs, it provides support for the contention that firms can reap innovative benefits from engaging with non-profit organisations, as they are reaching out to new networks.

This is a DBA thesis, where the driver for the research interest was my work experience. As a management consultant, I began to be involved in an increasing number of engagements centred on corporate responsibility issues. Literature produced by the main practitioner organisations were championing the benefits to firms of adopting a CR focus, in particular highlighting opportunities for innovation (Business in the Community, 2003; Institute of Social and Ethical Accountability, 2002). I was interested in the idea of firms looking to the charity sector for ideas, as it appeared a reversal of the traditional company-charity relationship, where the nonprofit organisation benefited from the expertise of the company. Taking my interest into the academic arena it became clear that this focus on innovative benefits was not apparent in the academic literature, as has been alluded to earlier in this chapter, and thus appeared a rich seam to explore further.

## 1.2  Research overview

The research is concerned with voluntary relationships between firms and nonprofit stakeholders. As such, the NPOs in the study, can be viewed as discretionary stakeholders of the focal firm, in that, according to Mitchell et al's (1997) defining work on stakeholder salience, they possess legitimacy (but not, here, the attributes of power or urgency).  While the literature demonstrates that pro-active engagement with NPOs can assist firms innovate (Kanter, 1999; Sharma and Vredenburg, 1998; Yaziji, 2004), there appears to be no empirical work which explores the relationship between the engagement and the innovation outcome: for example, do the firms involved in these partnerships see innovative opportunities at the outset, or do such opportunities arise during the course of such engagements?  Does the way the engagement is managed or develops influence the type of innovation produced?  This research is attempting to address the gap in the literature by focusing on the process of dyadic engagement to uncover factors which can help explain how companies innovate through voluntary relationships with NPOs.  It is hoped this work will assist companies understand what they need in order to best derive innovative benefits from such relations, and give NPOs additional insight into the workings of such cross-sector engagements.

To date, empirical studies focused on firm-nonprofit relationships have concentrated almost exclusively on environmental issues (eg. Di Norica, 1994; Hartman and Stafford, 2006; Wustenhagen, Hamschmidt, Sharma and Starik, 2008). This research is concerned with engagement between firms and social-issues nonprofits, rather than 'green' NPOs as, with the notable exception of Berger et al (2004), and the work of Austin (2000), such relationships have received scant attention.  In addition, sustainability based relationships, by their very nature, are seeking to produce an innovation from the outset, as they are concerned with changing business practices to make them more sustainable (e.g. Hartman and Stafford 1997; Juniper and Moore, 2002; Plante and Bendell, 1998). Such a focus is not immediately apparent in firm partnerships with social-issues nonprofits, which makes them an ideal case to evaluate how the engagement process eventually led to an innovation outcome.

A diagrammatic representation of the focus of this dissertation is given in Figure 1.1. The research is concerned with dyadic, voluntary, engagement between a firm and a social-issues focused nonprofit and the innovation which results for the firm through this engagement.   The overall research question is, therefore: "*how do firms innovate from voluntary, dyadic engagement with a social-issues nonprofit organisation?*"
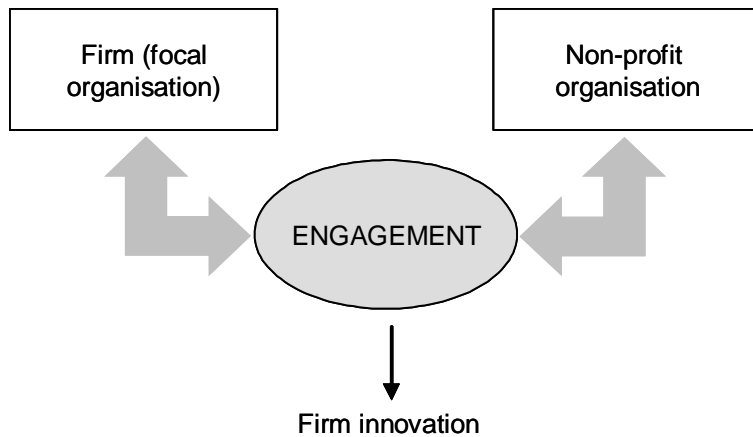
**Figure 1-1: Research interest**

This dissertation presents the findings of the research examining this question. These findings are based on an exploratory collective case study of engagement between UK firms and social issue nonprofits which has resulted in an innovation for the corporate partner. Ten corporate-nonprofit dyads were studied, with the aim of identifying patterns in these relationships that can be used to develop an explanatory model, linking engagement characteristics and innovation outcomes.

## 1.3  Thesis structure

This dissertation consists of seven chapters, together with supporting material in a series of appendices. This initial chapter has introduced the topic and the subsequent chapter provides the theoretical background to the research with an overview of the stakeholder, collaboration, and innovation literatures. This chapter also presents a series of questions to be asked of the literature informing the research.

Chapter Three reviews the literature, first outlining the approach taken to the literature review and then discussing the extant work relevant to the research topic, including addressing the questions posed in Chapter Two. A research gap is identified and specific research questions for this dissertation are developed.

Chapter Four opens with a discussion on the philosophical positioning of this research and then moves on to consider the research strategy, data collection, and data analysis methods. The findings are presented in Chapter Five. These findings include narratives of the individual case studies, the key themes and constructs identified in the case data, and the cross-case applicability of these themes and constructs.

Chapter Six discusses the findings in terms of their relevance to both theory and practice, and considers the contribution that the research makes in these areas. Limitations of the study and suggestions for further research are found in Chapter Seven, together with concluding remarks which include personal reflections on the research process.

### 1.3.1 Thesis development

This thesis refines, develops and synthesises research work undertaken during the DBA course which facilitated my doctoral academic study. The course itself was modular in structure, with a series of three projects to assist research development. The first project focused on reviewing the literature informing the research interest. This was followed by two separate rounds of primary empirical research. After each project my academic supervisory panel reviewed progress and assisted in shaping the research direction. Their valuable input helped focus and delimit my research field. Whilst this thesis document is intended to give the reader a sense of my doctoral journey, it is also the finished product, produced when my thought processes had been clarified. The projects from which this thesis has been developed are very much 'work-in-progress' and provide a snap-shot of my earlier thinking. For completeness, the three projects are attached to this thesis in their entirety as supplementary documents.

# 2 Background and context

This chapter places the research topic within the extant literature. Whilst the following chapter discusses the relevant literature in detail, this chapter is intended to provide an overview of the theoretical context underpinning the research, and outline the key literature genres which have informed the study. In this broad discussion of the theoretical background to the research, specific questions are posed for the detailed literature review which is discussed in Chapter 3.

## 2.1 Positioning the research

The research is seeking to address the question: *"how do firms innovate through engagement with social issues nonprofit organisations?"* In the broadest terms, the research topic entails bringing together two distinct bodies of academic literature: the innovation literature, and the business and society literature. From the innovation field, the relevant thinking is around sources of innovation – particularly external sources – and the means by which an enterprise identifies innovation opportunities, through the use of networks it is embedded in, for example. From the business and society field, the key areas are the stakeholder engagement, social issues management and cross-sector collaboration literatures. Figure 2.1 provides an illustration of how the research area is positioned within the literature. As will be discussed further, where these diverse topics find common ground is in the acknowledged need for effective environmental scanning and response development by the focal enterprise, be it for competitive advantage, social legitimacy, or firm survival.
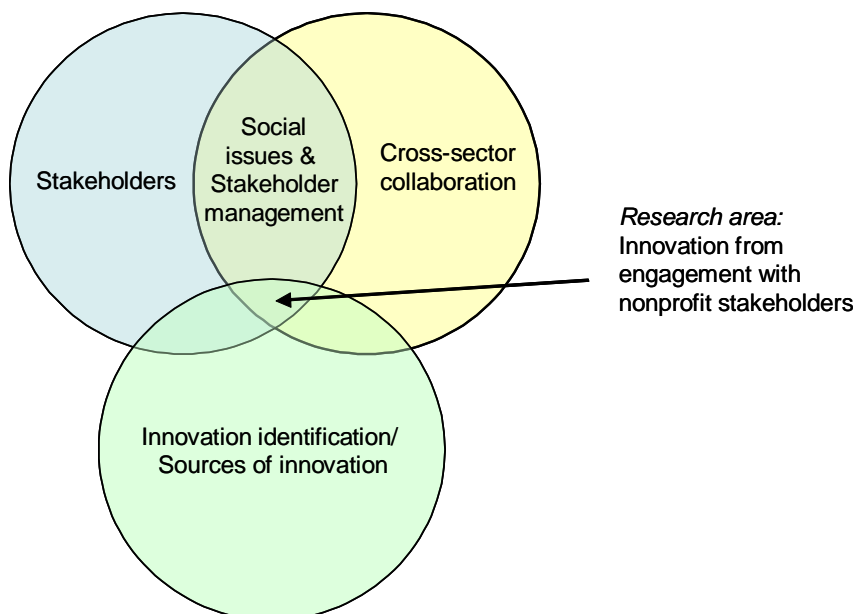


**Figure 2-1: Positioning the research**

## 2.2 Theoretical context

The research adopts a stakeholder perspective, a view of the firm underpinned by resource dependency theory and institutional theory. This section provides a brief overview of the theoretical frameworks influencing the research.

### 2.2.1 Stakeholder theory

Academic interest in the stakeholder concept was fully awakened by Freeman's 1984 publication, *Strategic management: a stakeholder approach*. In the 25 years since publication of this seminal work, the concept of 'stakeholding' has been much debated by supporters and detractors and has been the topic of two comprehensive literature reviews (Donaldson and Preston, 1995; Laplume, Sonpar and Litz, 2008). Laplume et al (2008) suggest that the continued interest in stakeholder theory is due to the fact that it captures people's imagination through its emotional resonance. Freeman's book has been referred to as the practice-based, managerial companion to Pfeffer and Salancik's (1978) *The External Control of Organizations* (Walsh, 2005). Consistent with the resource dependency view (see below), Freeman argues a firm should pay attention to its stakeholders as it is dependent on them for its survival: "The more we can begin to think in terms of how to better serve stakeholders, the more likely we will be to survive and prosper over time." (Freeman 1984; p80). Attention to the interests of those groups who can assist or hinder the achievement of the organisation's objectives is its central tenet.

Stakeholder theory, therefore, provides a contrasting view to the shareholder model. The latter argues that the corporation is run by managers to serve the interests of the owners, and the managers, acting as agents for the owners (the principals), seek to maximise profits on the owners' behalf. Stakeholder theory, meanwhile, argues that the corporation is run by managers to serve the interests of a range of groups who have a voluntary or involuntary 'stake' in the corporation – not just the owners. Critics hold that the stakeholder view, with its aim of balancing conflicting stakeholder interests, provides no specific objective for the firm, and is an excuse for managerial opportunism, as the principal-agent relationship is undermined (Jensen, 2002). Furthermore, detractors argue that the stakeholder position is counter to the legal fiduciary obligation managers owe to shareholders, leaving managers open to pursue strategies that do not maximise shareholder value. The value-loaded term 'stakeholder' compounds attacks; paying attention to concerns of groups other than shareholders widens the firm's remit from the purely economic realm into the social (and economic) realm, thus challenging "200 years' worth of work in economics and finance [which] indicate that social welfare is maximized when all firms in an economy maximize total firm value" (Jensen, 2002; p239).

Responses to the criticisms levelled at stakeholder theory range from straight rebuttals of the shareholder wealth maximisation view, through to seeking some consensual ground between the two positions, to postulating an alternative view of the purpose of the firm.

Post, Preston and Sachs (2002a) attack the dominance of the share-ownership model for being outdated. They argue a theory based on the notion of private property ownership is at odds with the shareholding structures of modern large corporations, and while shareholders may hold securities, they do not own the corporation in any meaningful sense. Post et al (2002a) contend that the model is factually inaccurate as most large corporations do not manage themselves primarily for the benefits of individuals who, they argue, are in a passive and often indirect ownership role. In responding to the criticism that stakeholder theory, being concerned with balancing interests, provides no clear objectives, Phillips (2003) argues that is impossible, at the theory's level of abstraction, to dictate specific actions. He goes on to argue that the same critique can be levelled at shareholder wealth maximization, as the theory provides no guidance on how this state might be achieved either. In proposing that fiduciary duties extend to all stakeholders and not just shareholders, Boatright (1994) rejects the notion that shareholders are a pre-eminent group and therefore merit special status. He makes the argument from three standpoints: the assumption that shareholders have special property rights; the existence of a contractual relationship between managers and shareowners; and the principal-agent relationship. Boatright (1994) contends that shareowners have adequate rights within law that protect their investment, and the existence of an implied contract between shareholders and managers cannot easily be defended; firstly, because there is virtually no opportunity for these two parties to negotiate the terms of their relationship and relatively little interaction between them to fulfil it; and, secondly, most of the fiduciary obligations placed on managers are not related directly to shareholders as the contractual model suggests. Finally, Boatright (1994) rejects the agent-principal relationship, arguing that, within law, managers are agents of the corporation. As Phillips (2003) points out "only under the assumption that the corporation is the same thing as its shareholders are arguments for agency-based fiduciary duties to shareholders viable" (Phillips, 2003; p76).

In their influential work on the stakeholder concept, Donaldson and Preston (1995) identified three complementary strands: descriptive, instrumental and normative. The first two are fully congruent with the goal of shareholder wealth-maximisation as they assume stakeholders are managed to achieve this end and the instrumental arguments for stakeholder theory have been advanced by authors (see for example, Jones, 1995). The normative core of stakeholder theory, however, contends that stakeholders are groups with legitimate interests in the corporation's activities, and that the interests of stakeholders merit considerations for their own sake, not merely because they further the interests of one particular group, i.e. the shareholders (Donaldson and Preston, 1995). This is the dimension that makes stakeholder theory distinct because it addresses morals and values as a central feature of managing organisations (Phillips, 2003). In Freeman's language, (1994) stakeholder theory, as conceived in this way, collapses 'the separation thesis' which makes the discourse of ethics distinct from the discourse of business.

In a complementary approach to justifying the stakeholder model, authors within the business and society field start from the view that the corporation is socially created and must justify its existence by its overall contribution to society (Mintzberg, Simons and Basu, 2002) and conformance with broad social norms and values is an inherent requirement. As Davis's (1960) 'iron law of responsibility' states, a firm will lose its

societal legitimacy if it does not act with the responsibility society demands from business. It is from this standpoint that Post et al (2002a) develop their definition of the modern corporation as "an organization engaged in mobilizing resources for productive uses in order to create wealth and other benefits (and not to intentionally destroy wealth, increase risk, or cause harm) for its multiple constituents or stakeholders" (Post et al, 2002a; p17). Their stakeholder view of the organisation argues that a firm needs to take account of stakeholders from its social and political arena (eg NGOs, voluntary groups) as well as those within its resource base (suppliers, shareholders) and industry structure (trade associations). These derivative stakeholders have indirect influence on the organisation and their views can reinforce the perception held by normative stakeholders of the organisation (Phillips, 2003). My research topic utilises Post et al's (2002a) framework for categorising stakeholder relationships as it is concerned with firm-stakeholder relationships that fall within the social and political arena.

### 2.2.2 Resource dependency and institutional theory

Underpinning the stakeholder concept, in its instrumental rather than normative form, is resource dependence theory (Pfeffer and Salancik, 1978). This argues that organisations are controlled by their environments and tend to be influenced by those who control the resources they require. Particularly, an organisation's decisions will be shaped by the structural characteristics of the environment (how concentrated or dispersed are power and authority?); munificence (how available are critical resources?); and the interconnectedness among actors (how dense is the interconnectedness and, what are the patterns of interconnection?). The influence of resource dependence theory on the stakeholder concept can be seen in the following quotation: "Many of the problems organizations face in attempting to adapt to their environments stem from the inability to predict or assess the potency and demands of various interest groups, how these demands conflict, or how they constrain the organization's actions." (Pfeffer and Salancik 1978; p84).

In considering why firms engage with stakeholders, institutional theory offers useful insights. Organisations seek to conform to the invisible pressures of collective norms and beliefs and their behaviour is rewarded with increased legitimacy (Di Maggio and Powell, 1983). Thus, firms may engage with stakeholders because they feel obliged to do so, or because others in their competitive marketplace have done so. In his synthesis of the legitimacy literature, Suchman (1995) distinguishes between strategic legitimacy and institutional legitimacy. Institutional legitimacy, briefly discussed above, Suchman regards as a set of 'constitutive beliefs', and can be regarded as society 'looking into' the organisation, and determining how it is built and run, as well as understood and evaluated (Suchman, 1995). Strategic legitimacy, by contrast, is the organisation 'looking out'; legitimacy is an 'operational resource' that organisations extract from their environment to enable them to pursue their goals.

While the differences in emphasis between resource dependency and institutional theory is around choice (from a resource dependence perspective, organisations can adapt to their environments, from an institutional viewpoint they have no choice but to conform), the complementarity of the two theories has been recognised (Oliver, 1991).

Oliver (1991) identifies six convergent aspects of the two theories relating to the context and motives of organisational behaviour. The converging assumptions underlying these theories mean both can be applied as a theoretical base to the research. As is noted later, justifications for stakeholder engagement have drawn on both resource dependency and institutional theory.


## 2.3  Literature overview

Having discussed the theoretical underpinnings of the research, this section turns its attention to the key literature areas informing the study and outlines questions for the detailed review of the literature discussed in the next chapter.


### 2.3.1  Stakeholder literature

As well as being a subject of study in its own right (see for example, Donaldson and Preston,1995; Freeman, 1994; Jones and Wicks, 1999; Laplume et al, 2008; Stieb, 2009; Stoney and Winstanley, 2001), the stakeholder concept has become an accepted framework for addressing topics within the business and society field, most notably corporate social performance (Clarkson, 1995; Wood and Jones, 1995) and issues management (Wartick and Heugens, 2003). The stakeholder literature pays considerable attention to who are considered stakeholders of the firm; how these stakeholders can be categorised (Mitchell et al, 1997); and, from an instrumental perspective, how they can be managed for the benefit of the firm (Jawahar and Mclaughlin, 2001; Savage, Nix, Whitehead and Blair, 1991). A smaller body of literature has examined the firm-stakeholder relationship from the stakeholder's point of view, considering what motivates groups to try to influence organisations and the strategies they use to do so (Frooman, 1999; Rowley and Moldoveanu, 2003).   Of central interest to my research question is stakeholder engagement – the mechanisms by which firms exchange views, address differences or create solutions with stakeholders – and stakeholder orientation.


*Stakeholder orientation*
Orientation can be defined on two dimensions: first, as the relative attention companies give to those they consider stakeholders, which may be a prioritised set or a wider group (Greenley and Foxall, 1997) and secondly, by the type of response they give to stakeholder issues (Carroll, 1979).

In his study on managing the corporate social environment, Miles (1987) contrasts between firms whose senior managers have an 'institution' orientation, that is viewing their corporation as a social institution which has some duty to respond and adapt to social change; and firms whose top management have an 'enterprise' orientation, defining their stakeholders and their corporate responsibilities very narrowly, and who attempt to buffer their business operations from social demands. Miles argues institution-orientated companies are more willing to consider change and adopt a collaborative, problem-solving approach with external stakeholders. This finding was

supported by Meznar and Nigh (1995), who found firms where top management emphasized collaboration with external stakeholder groups were more likely to engage in bridging activities. These findings suggest that companies displaying an 'institution' orientation, with a multi-stakeholder focus and a proclivity towards collaboration would be more likely to engage with social stakeholders.

Mitchell et al (1997) argued that a manager's attention to stakeholders is based on the stakeholder attributes of power, legitimacy and urgency. The more of these attributes a stakeholder, or stakeholder group possesses, the more salience managers will perceive them to have. Thus, stakeholder orientation can change over time, as the authors suggest the "stakeholders winning management's attention will be only those the managers perceive to be highly salient" (Mitchell et al, 1997; p871). The stakeholder salience model suggests that organisations would be more likely to engage with social stakeholders at times when managers perceive these groups to possess a significant degree of power and legitimacy, and have an urgent claim or issue that requires attention.

The second aspect of orientation, relating to a company's response to its stakeholders, can be examined using the reactive, defensive, accommodative, proactive (RDAP) framework developed to assess a firm's response to the management of stakeholder or social issues (Clarkson, 1995), or its level of social responsiveness (Carroll, 1979; Wartick and Cochran, 1985). Thus, while organisations might have a stated multi-stakeholder orientation, suggesting engagement with social stakeholders, this might not be backed up by their responses to the issues: companies might go through the motions of stakeholder dialogue rather than acting in a properly consultative manner (Heap, 2000). This suggests that both aspects of orientation need to be in alignment if an organisation is going to engage productively with nonprofit organisations. My research is concerned with innovation as an output from nonprofit stakeholder relationships, and this gives rise to the following question:

*Q1: Does the extant literature discuss the relationship between adopting a proactive stakeholder stance and firm innovation?*


### *Stakeholder engagement and management*
Stakeholder engagement can be defined as providing two-way mechanisms for clarifying expectations, exchanging views, or addressing differences between the firm and stakeholder group (Andriof and Waddock, 2002). The stakeholder literature acknowledges the need for effective stakeholder engagement to enable the firm to understand its environment, and stresses the importance of fully appreciating the drivers, values and needs of external stakeholders or groups (Freeman, 1984). From a predominantly instrumental perspective, a wide range of authors have discussed the benefits of engaging and managing stakeholders for financial, strategic or reputational benefits.

In their study on stakeholder orientation and financial performance, Berman, Wicks, Kotha and Jones (1999) distinguished between an instrumental orientation, where stakeholders are managed for the financial benefit of the firm (strategic stakeholder management), and a normative orientation where stakeholder concerns drive firm strategy (intrinsic stakeholder commitment), in turn affecting financial performance. They found support for their instrumental model, and concluded that fostering positive connections with key stakeholders can help firm profitability. Harrison and St John (1996) argued that strategic choices will impact on firm-stakeholder relationships; different corporate strategies will highlight the importance of some stakeholders over others. They contend that strategically important stakeholders should be managed on a partnership basis, enabling firms to build bridges with these stakeholders in the pursuit of common goals. Within a networked world fostering easy communication, authors suggest that firms should pay attention to secondary, or fringe stakeholders to avoid damaging campaigns by social activists and to tap ideas that may offer competitive advantage (Hall and Vredenburg, 2005; Hart and Sharma 2004).

An organisation's need to preserve or enhance its corporate reputation and social legitimacy has been identified as a key driver for stakeholder engagement, particularly with social stakeholder groups, such as social issue nonprofits. NPOs are perceived by the public as being credible with worthwhile motives and by forging links with them, organisations can benefit from the reflected social legitimacy (Yaziji, 2004). Spar and La Mure (2003) identify brand impact as a key reason companies respond to NPO demands. Corporate reputations develop over time as the result of complex set of interrelationships and exchanges between stakeholders and the focal organisations in different situations (Mahon, 2002; Mahon and Wartick, 2003). If a firm has nurtured its reputation among its stakeholders, those stakeholders will develop 'reputational expectations' as to how the firm will act in certain situations, which – providing the reputation is positive – can serve as an asset for the corporate organisation (Mahon and Wartick, 2003).

The discussion here provides only an overview of the literature on stakeholder engagement and management, suggesting the differing perspectives from which authors have addressed the topic. The literature review will attempt more granular analysis, to try to identify factors relating to engagement start-up and operation to inform the research interest. The resulting question is:

*Q2: What constructs are identified in the extant literature relating to engagement antecedents and engagement context?*


### 2.3.2 Social issues and issue management

Issues management is often regarded as the flip side of the coin to stakeholder management (Mahon and Heugens, 2002): groups collect around issues, which, in turn gives form and substance to those issues (Nasi, Nasi, Phillips and Zyglidopoulos, 1997). The purpose of this discussion to the research interest is that a company's interaction with nonprofit stakeholders is likely to be driven by a social, environmental or community issue, and stakeholder engagement in these instances may be in response to external pressures from such groups (Hart and Sharma, 2004; Heugens, 2002).

Theories of legitimacy, issue-life cycle theories and stakeholder theories of the firm have been advanced to help explain how and when corporations deal with social issues (Nasi et al, 1997) which can be defined as "social problems that may exist objectively but become issues requiring managerial attention when they are defined as being problematic to society or an institution within society by a group of actors or stakeholders capable of influencing either governmental action or company policies." (Mahon and Waddock, 1992: p.20). Organisational legitimacy is a measure of societal perceptions of the adequacy of corporate behaviour (Suchman, 1995) and legitimacy problems arise when societal expectations of corporate behaviour differ from societal perceptions of that behaviour, producing a "legitimacy gap" (Sethi, 1975,1979). In the issues life-cycle literature (e.g. Bigelow, Fahey and Mahon, 1993; Mahon and Waddock, 1992) issue development is viewed in an evolutionary way; over time, issues move through stages due to public attention or stakeholder interest. The issue comes to prominence, remains there for a period of time, then is either reinvigorated or fades away. From a stakeholder perspective, the owners of issues, rather than the issues themselves become the focus, as noted by Clarkson (1995). Social issues, he argues, are those determined by a particular society over an extended period of time and, if considered necessary, legislation or regulation follows to manage the issue. "When there is no such legislation or regulation, an issue may be a stakeholder issue, but it is not necessarily a social issue. A test of whether an issue has become a social issue is the presence or absence of legislation or regulation." (Clarkson, 1995; p103).

In terms of responding to issues, an instrumental stakeholder perspective assumes managers have choice in whether or not they acknowledge stakeholder issues and how they respond to them (Clarkson, 1995). Stakeholder salience (Mitchell et al, 1997) suggests that, faced with competing stakeholder demands, managers' responses will be based on the perceived relative power and legitimacy of stakeholders, and the perceived urgency of the stakeholders' claims. Drawing on the life-cycle approach, strategic management literature authors consider the need for firms to detect issues when they are in their emergent states and prepare for the strategic surprises these weak signals may foretell (Ansoff, 1980).[2] Drawing on legitimacy and stakeholder perspectives, Wartick and Rude (1986) argue the purpose of issues management for an organisation is twofold: firstly, it attempts to provide an early-warning system of social or political change which could affect the organisation; and, secondly, it aims to develop a co-ordinated response to issues. Differences in how firms organise internally to respond to issues have been noted, based on the approach taken to issues management (Wartick and Rude, 1986), or the degree of pressure from external interest groups and top management support for focussing on issue management (Greening and Gray, 1994). Heugens (2002) has argued that active issues management, based on integrating stakeholder views and interests into decision-making, and codifying issues management knowledge, positively influences firm competitiveness. As some authors have considered the outcome of issues management, this raises the question:

*Q3: Does the extant literature consider the relationship between issue response by a firm and corporate innovation?*

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[2] See also the discussion of peripheral vision in section 2.3.4.

### 2.3.3  Collaboration literature

A consideration of the relationship between a focal organisation and a nonprofit stakeholder is further informed by the literature on cross-sector collaboration which forms a distinct part of the vast, fragmented literature on interorganisational collaboration, encompassing discussion on the types of collaboration, drivers of alliance formation, and determinants of collaborative performance.  Attempts have been made to synthesise this extensive and disparate field.  Oliver (1990), for example, identifies six determinants for the development of interorganisational collaboration and argues that, for the most part, studies have provided only partial insights into why organisations enter into relationships as they have examined relationships from a single theoretical perspective.  This finding is supported by Barringer and Harrison (2000), who review six widely used theoretical paradigms and conclude none on its own can fully explain the formation of inter-organisational relationships.  Their useful synthesis includes a collation of the advantages and disadvantages of participation in interorganisational relationships.

The majority of the collaboration literature is concerned with relationships between profit-making organisations.  A small subset has focused on problem solving, and collaboration which "occurs when a group of autonomous stakeholders of a problem domain engage in an interactive process, using shared rules, norms, and structures, to act or decide on issues related to that domain." (Wood and Gray, 1991; p.146).  Within this framing of collaboration, scholars have explored the relations between profit and non-profit organisations (Logsdon, 1991; Westley and Vredenburg, 1991), and between non-profit bodies, or government agencies and non-profits (Selsky, 1991; Butterfield, Reed and Lemak, 2004).

Gray and Wood (1991) view collaboration as a process and identify three stages:  the preconditions that make a collaboration possible and that motivate stakeholders to participate; the process through which collaborations occur; and the outcomes of the collaboration.  Identified pre-conditions to collaborations are varied and include high stakes and high interdependence between parties (Logsdon, 1991); institutional pressures and the need for legitimacy (Sharfman, Gray and Yan, 1991); the possibility of gaining strategic advantage (Stafford, Polonsky and Hartman, 2000; Westley and Vredenburg 1991); or a shared purpose to produce change (Roberts and Bradley, 1991).  Factors that facilitate the collaborative process, which incorporates formation and operation of the collaboration (Butterfield et al, 2004), include the recognition of interdependence and the presence of shared goals (Gray, 1985); the dispersion of power among stakeholders (Butterfield et al, 2004; Gray, 1985);  alignment of the collaborative alliance with the environment (Sharfman et al 1991); and the configuration of the collaboration, such as the duration and type of interaction (Roberts and Bradley, 1991).  In line with the synthesis by Barringer and Harrison (2000), outcomes are dependent on the theoretical perspective of the author, and include perception of the success of the collaboration among alliance members (Butterfield et al, 2004); the extent to which the collaboration furthered the different goals or aims of participants (Stafford et al, 2000); or the development of a shared solution to the problem (Logsdon, 1991).

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Within this extensive field, my interest is concerned with the literature exploring the relationships between for-profit and not-for-profit organisations who are driven by very different concerns (Discroll and Crombie, 2001, London et al, 2005), and operate according to different sets of values and cultures (Heap, 2000; Yaziji, 2004). It is this subset of the literature that has most relevance for my research topic, and those studies directly impacting on it are discussed next.

### *Cross-sector collaboration*
The number of citizen organisations – an umbrella term for NGOs and nonprofit associations – has grown inexorably over the last century (Henderson, 1993) and these bodies have emerged as major actors in the business arena (Doh and Teegan, 2002). Traditional antagonism of issue-based nonprofits towards businesses is being replaced with co-operation and the development of partnerships to address environmental and social issues (Bliss, 2002; Yaziji and Doh, 2009). Increased collaboration between corporations and nonprofit groups has been attributed to companies seeking to fulfil corporate responsibility mandates (Rondinelli and London, 2003), and to nonprofits seeking additional sources of funding and resources (Berger et al, 2004).

Cross-sector collaborations, or social partnerships, are predominantly discussed in the literature from a resource dependence or social issues perspective (Selsky and Parker, 2005). From a resource dependence platform, authors have considered bi-lateral collaboration, where outcomes of the collaboration are discussed in terms of benefits or value to either or both of the participants (eg Austin, 2000). The competitive advantages of these relationships, particularly for the corporate partner, are addressed (Yaziji, 2004). A social issues perspective, by contrast, focuses on "metaproblems" which are beyond the scope of one organisation, and considers collaboration between two or more organisations to tackle these social metaproblems (eg. Waddock, 1988 and 1991). From this perspective, outcomes are discussed in terms of addressing the issue, as well as the impact of the collaboration on participants. A question that arises in respect of this research is:

*Q4: Empirical studies address one or more of the formation, implementation and outcome phases of cross-sector collaboration. What mediating factors have been identified?*

Given the arguments that businesses are increasingly using social partnerships as components of their corporate responsibility strategies (Rondinelli and London, 2003), it is not surprising that the literature on cross-sector collaboration is generally framed in stakeholder terms and collaboration has been viewed as one type of engagement (Hardy and Phillips, 1998). This suggests other types of engagement have been identified, based on varying degrees of integration with collaborative relationships between business and nonprofits ranging from corporate philanthropy to joint ventures (Austin, 2000; Wymer and Samu, 2003). This raises a further question:

*Q5: What is the distinction in the extant literature between nonprofit stakeholder engagement and business-nonprofit collaboration?*

### 2.3.4  Innovation literature

The innovation field is very broad and the generic definitions of innovation are also sufficiently broad to apply to many differing kinds of innovations which can relate to all parts of organisations and all aspects of their operations.   Of particular relevance to the research topic is the literature concerning the locus of innovation and innovation search activity.

Innovation can be defined as an idea which is new to an organisation, whether or not other organisations have already used it (Zaltman, Duncan and Holbek, 1973; Nord and Tucker, 1987).  The adoption of an innovation is generally intended to improve organisational effectiveness or performance (Damanpour, 1991). Four broad categories of innovation – the 4Ps of innovation (Francis and Bessant, 2005) – have been identified: product, concerning changes in products or services offered by an organisation; process, concerning the way in which these products or services are created and delivered; position innovation considers changes in context in which the products/services are introduced, and paradigm innovation refers to changes in the underlying mental models which frame what the organisation does.   The degree of the innovation is generally accepted as incremental or radical.  While precise definitions vary (Garcia and Calantone, 2002), incremental innovations result in small shifts in change to existing practices, whereas radical innovations produce fundamental changes in organisational activities and represent clear shifts from existing organisational practices (Dewar and Dutton, 1986).  Two types of models to describe the innovation process are commonly used: source-based stage models focus on a new product or service created for market; while user-based models follow the innovation process from the user's awareness of a need or opportunity for change to the incorporation of the innovation into the user's behaviour (Klein and Sorra, 1996).   The focus of this research is innovation identification, which can be defined as an idea, new to the focal organisation, that it intends to use or put into use.

Studies within the innovation field have shown the key role of environmental scanning and boundary spanning activity in the innovation process (Cohen and Levinthal, 1990; Tushman, 1977).  The concept of peripheral vision is concerned with a particular type of environmental scanning, that of honing in on the weak signals[3] (Haeckel, 2004) at the very edge of managers' field of attention, and "pay attention to the part of the world you are not paying attention to" (Day and Schoemaker, 2004).  The periphery can be a source of threats to the organisation, or a source of innovation.  It is relative to one's point of view and will shift over time (Seely Brown, 2004).  A challenge for managers is to be able to broaden their field of attention, for example, by "conversing more with outsiders…whose core is part of your periphery" (Day and Schoemaker, 2004). It could be argued that nonprofit groups fall into this category for an organisation.  Attention to NPO concerns can lead to an organisation gaining access to the NPO's own distinct network (Yaziji, 2004), enabling the firm to pick up signals from this part of its periphery.

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[3] This is similar to the reference to weak signals made in section 2.3.2, but there is a difference of emphasis.  While peripheral vision is concerned with the scope of managerial attention, the strategic issues literature is concerned with the time dimension by focusing on how to ward off possible future crises.

Authors have shown how the locus of innovation is shifting to outside the firm boundary and have noted the benefits that arise from collaboration (e.g. Powell, Koput and Smith-Doerr, 1996). Rather than being closed, a firm's boundary is porous and ideas can flow in and out, giving rise to the notion of 'open innovation' (Chesbrough, 2003). The importance of interacting with a diverse range of partners has been noted in the literature, enabling firms to draw on different knowledge bases, skills and values which foster innovation (Pittaway et al, 2004). The utilisation of external partners in innovations varies, depending on the type of innovation – radical or incremental – occurring (Pittaway et al, 2004), or on the activity of the focal organisation: firms in high R&D intensive industries are more likely to use universities or research organisations as sources of innovations than those in low R&D intensive industries (Palmberg, 2004).

In his work on the problems of managing innovation, Van de Ven (1986) points to the importance of the perceived legitimacy of the decision process in evaluating an innovative idea, as determining the outcome of an innovation at its conceptual stage is difficult. This may be one of the inhibitors to identifying innovations from social issues NPOs as they may not be regarded as legitimate sources of innovation. Van de Ven (1986) also notes that people and their organisations are more disposed to protect existing practices than develop new routines, and until 'the threshold of concern' is reached, organisations will not take action. To press their issue with the focal organisation, stakeholder groups will use the most effective methods open to them (Frooman, 1999) in an attempt to trigger this 'threshold of concern' and thus the organisation may be forced into acknowledging an innovation via stakeholder activism.

Within this broad field, I am interested in how companies identify innovation opportunities from their external scanning activity and external relationships. Therefore my final question for the literature review is:

*Q6: In the extant literature what attributes have been identified that enable a firm to use external relations as sources of innovation?*

## 2.4 Research context

As the research is concerned with voluntary dyadic engagement between firms and social issue nonprofits, it implicitly assumes that firms may undertake such discretionary activity as part of their corporate social responsibility (CSR) activity. Whilst it is not of direct relevance to the research question, discussion of the CSR literature does place the study in context and this section is intended to provide such contextual background.

### 2.4.1 Corporate responsibility literature

The extant literature on CSR is extensive and has been the topic of detailed reviews by several authors (for example, Garriga and Mele, 2004; Margolis and Walsh, 2003). My intention here is to give a broad overview of key themes and how they relate to the research topic. Taking the definition of McWilliams and Siegel (2001) CSR can be described as situations in which the firm goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." (p.1). In reviewing the literature, Basu and Palazzo (2008), note that academic inquiry into CSR falls into three broad areas: motivations for a firm to engage in CSR; CSR as a response to stakeholder demands; and the link between CSR performance and corporate performance.

Authors have addressed the question of why firms are motivated to engage in CSR from both normative and instrumental perspectives. From the normative view, authors regard firm attention to environmental and social issues as necessary, as it is 'the right thing to do' and because societal wellbeing requires it (see for example, Donaldson and Dunfee, 1994; Mintzberg, 1983; and Solomon, 1993). By contrast, authors taking an instrumental approach have considered the topic from the perspective of the benefits that accrue to the firm by adopting a CSR focus. Fombrun (2005) notes how corporate reputation can be improved through firms participating in, and disseminating information about, CSR activities. Husted (2005) makes a similar argument from a risk management perspective, arguing that the value of CSR projects should be examined and evaluated like any business project, and firms should be motivated to continue if the project proves viable. Campbell (2007) meanwhile suggests firms are motivated by institutional pressures and mechanisms to undertake CSR activity.

Authors have argued that an integral part of a firm's CSR activity is engagement with stakeholders (Pedersen, 2006; Wood, 1991) and stakeholder theory has been proposed as a unifying framework for discussion of corporate responsibility (Clarkson, 1995; Rowley and Berman, 2000). Whilst authors have suggested alternative frameworks (eg McWilliams and Siegel, 2001; Secchi, 2007), there is, nevertheless, a strong connection between the stakeholder and CSR literatures: in a recent study, Dahlsrud (2008) examined 37 definitions of CSR, and found that, of the five dimensions identified for inclusion in the definitions, the stakeholder dimension was most common, appearing in 88% of definitions in the study. Viewed through the CSR lens, stakeholder engagement is synonymous with the process of corporate social responsiveness (Wood, 1991).

The outcome of a firm's response to stakeholder issues is a key measure of the firm's CSR performance (Wood, 1991). Wood's process model (1991) links firm CSR motivations with actions and societal outcomes. A key line of academic enquiry focused on CSR has been into linking social performance (CSP) with financial performance (FP). Two meta-analyses of the topic (Margolis and Walsh, 2003; Orlitzky, Schmidt and Rynes, 2003) evaluated 127 and 52 cases respectively and broadly found a positive association between CSP and FP, although a significant proportion of studies could find neither a positive nor negative relationship.

Within this strand of comparative firm performance, authors have suggested the value of linking CSR activity with corporate strategy as it can maximize corporate as well as social performance (Husted and Salazar, 2006; Porter and Kramer, 2002), thus providing support for those who advocate a 'built in' rather than 'bolt on' (Grayson and Hodges, 2004) CSR strategy.

As this discussion has shown, there is a high degree of inter-connection between the CSR and stakeholder engagement literatures. As has been stated earlier, this dissertation is using a stakeholder framework to consider voluntary engagement between firms and social issues NPO and, as such, my starting point is the stakeholder engagement rather than the CSR literature. However, given the inter-connection, and the focus on discretionary, rather than forced stakeholder engagement, such engagement may take place in the context of the firm's CSR activity and therefore findings from the study may be discussed usefully within the CSR literature.

## 2.5 Summary

This chapter has positioned the research within the literature and outlined the theoretical context of the study. It provided an overview of the key literature areas and posed a series of questions, summarised in Table 2.1, to be addressed by the literature review in the next chapter.

| Thesis question | "How do firms innovate through voluntary engagement with social issues nonprofit organisations?" |
|---|---|
| Sub-questions for literature review | Q1: Does the extant literature discuss the relationship between adopting a proactive stakeholder stance and firm innovation? |
| | Q2: What constructs are identified in the extant literature relating to engagement antecedents and engagement context? |
| | Q3: Does the extant literature consider the relationship between issue response by a firm and corporate innovation? |
| | Q4: Empirical studies address one or more of the formation, implementation and outcome phases of cross-sector collaboration. What mediating factors have been identified? |
| | Q5: What is the distinction in the extant literature between nonprofit stakeholder engagement and business-nonprofit collaboration? |
| | Q6: In the extant literature what attributes have been identified that enable a firm to use external relations as sources of innovation? |

**Table 2-1: Questions for literature review**

# 3 Literature review

This chapter provides a discussion of the literature informing the research and identifies the knowledge gap that this dissertation is attempting to address. It begins by outlining the approach adopted for conducting the literature review.

## 3.1 Literature search strategy

A systematic approach to the literature search was adopted (Tranfield, Denyer and Smart, 2003) which is intended to give this amorphous activity some structure and imbue it with some intellectual rigour, and to counter criticisms of implicit researcher bias and lack of critical assessment (Hart, 1998). An overview of this systematic approach is shown in Figure 3.1. The first step is to identify potential literature sources; the most common being electronic databases, although other sources were also used, for example recommendations from practitioners and academics. Literature for inclusion in the review is then selected on its applicability to the research interest, based on the information in the abstract. This literature is then assessed and included in the review if, based on a full reading, it meets inclusion criteria and a quality threshold. The final step in the review is to extract data from the resulting literature set and use this analysis to inform the research topic.

| Literature Search | Selection | Assessment | Analysis |
|---|---|---|---|
| Electronic databases Other sources | Include in review | Include in review | Data extraction |
| | Exclude | Exclude | |
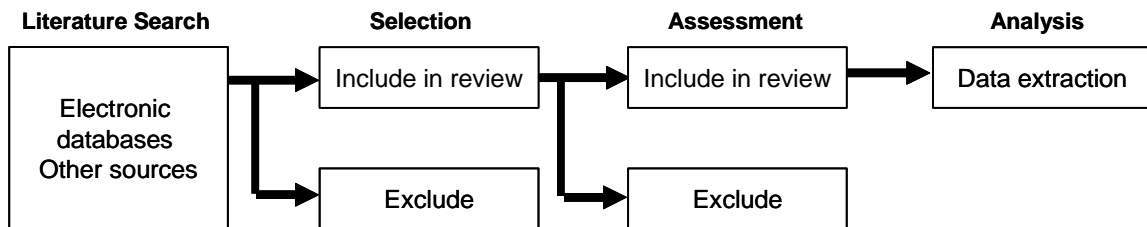
**Figure 3-1: Overview of literature search method**

### 3.1.1 Identifying relevant literature

Searches of online databases yielded approximately 85% of the literature which is included in the review. The remainder was sourced via conversations with my supervisors, other academics and practitioners; and through 'snowballing' techniques: manual citation searches of literature cited in key articles and books. To assist online searching a set of keywords was developed, as shown in Table 3.1. The keywords related to the four topics central to the research interest, namely community stakeholder groups (NPOs); stakeholder engagement; innovation identification and cross-sector collaboration. Using combinations of these keywords and phrases, search strings were developed for use in the online databases.

| Topic | Keywords / phrases for online searches | |
|---|---|---|
| *Stakeholders and specific stakeholder groups* | Stakeholder<br>NGO<br>Third sector<br>Community groups | Non-profit<br>Voluntary<br>Special interest<br>Activist |
| *Stakeholder engagement* | Engagement<br>Stakeholder management<br>Communication | Dialogue<br>Relationship |
| *Innovation identification* | Innovation search<br>Learning<br>Ideas | Innovation sources<br>Locus of innovation<br>Knowledge transfer |
| *Cross-sector collaboration* | Partnership<br>Alliance<br>Network | Co-operation<br>Cross sector |

**Table 3-1: Keywords for database search**

From the articles generated through this search activity, selected literature was included in the review process if it fitted the criteria noted in Table 3.2. Creating specific inclusion and exclusion criteria makes the literature search process explicit and transparent and proved a useful tool for ensuring I kept the focus of my research at the forefront of the process and did not get drawn into literature areas of marginal relevance.

| Inclusion / exclusion criteria for literature | Rationale |
|---|---|
| ▪ Only studies focused on engagement with external stakeholders were included. | This is consistent with the focus of my research topic. |
| ▪ Only studies examining cross sector collaboration between profit and nonprofit organisations were included. | This is consistent with the focus of my research topic. |
| ▪ Studies relating to the diffusion of innovations were excluded. | My research is concerned with innovation identification, not diffusion. |
| ▪ Studies at the industry level, regional level, or national level were excluded from the review. | My research interest is engagement or collaboration between a firm and a defined stakeholder group. |

**Table 3-2: Literature assessment criteria**

Applying these criteria led to 141 papers and book chapters being put forward for quality assessment. Assessing the quality of articles relies heavily on a reader's interpretation of them and this interpretation is limited, firstly by the reader's own knowledge, and secondly by the information about the study that is presented in the text. On this subjective basis, I developed a set of simple quality appraisal guidelines as laid out in Table 3.3. Articles were excluded on the grounds of quality if I did not have confidence in the author's presentation of at least two of the four categories listed in Table 3.3.

| Theory | ▪ Is the literature informing the research explained sufficiently?<br>▪ Are the concepts well defined? |
|---|---|
| Methods | ▪ Is the rationale for the chosen research method explained?<br>▪ Is explanation given for any sampling and data collection?<br>▪ Are the analysis methods described sufficiently? |
| Analysis and Interpretation | ▪ Is the analysis clearly described?<br>▪ Are there obvious links between the analysis and interpretation?<br>▪ Are limitations noted and alternative explanations developed? |
| Coherence | ▪ Is there a link between the theory and the analysis?<br>▪ Do the conclusions relate back the research question or study aims? |

**Table 3-3: Quality assessment criteria**


## 3.1.2 Scope of literature review

Having searched widely and delimited the field of study through application of inclusion and exclusion criteria and an assessment of quality, 110 papers, comprising academic articles, books and book chapters and practitioner papers were included in the literature review for this dissertation. Table 3.4 provides summary statistics on the search and selection process and the type of papers included in the review.

As can be seen in Table 3.4, the majority of studies in the review are empirical papers based on primary research (indeed, all the literature relating to external sources of innovation are empirical academic papers). Papers were defined as conceptual if they clearly articulated a theoretical construct, or advanced a theoretical argument using secondary data sources as examples to support that argument. Finally, practitioner papers were either those produced by specialist organisations (eg The Institute of Social and Ethical Accountability) or written by practitioners for academic-focused publications.

| Summary statistics on papers collected | No. |
|---|---|
| Database/internet search (after title and abstract evaluation): | **123** |
| Branching: | **15** |
| Academic / practitioner recommendation: | **3** |
| *TOTAL REVIEWED* | ***141*** |
| Excluded due to quality concerns:<br>- sampling concerns  (2)<br>- lack of theory or analysis (3) | **5** |
| Did not meet inclusion criteria:<br>- application of stakeholder framework to industry setting (8)<br>- generic discussion of stakeholder framework (7)<br>- societal or regional focus (4)<br>- not concerned with cross-sector collaborations (2)<br>- focused on internal R&D activities (2) | **23** |
| Other factors:<br>- Duplication of author's ideas (3) | **3** |
| *TOTAL EXCLUDED* | ***(31)*** |
| **FINAL NUMBER IN REVIEW:**<br><br>Empirical studies      (78)<br>Conceptual studies    (23)<br>Methodological studies (1)<br>Practitioner studies     (8) | **110** |

**Table 3-4: Outcome of literature search**

The review focuses on literature from three genres: firm-stakeholder engagement, collaboration between corporations and nonprofit organisations, and external sources of innovation.  Table 3.5 details the number of papers returned for these genres by the search process, and shows that whilst a similar number of papers relating to stakeholder engagement and cross-sector collaboration have been reviewed, fewer were found relating to external innovation search activity.  'Cross-over' papers were found which addressed more than one genre.   As can be seen, the majority of these cross-over papers were concerned with cross-sector collaboration framed in stakeholder terms.  A smaller number discussed external sources of innovation in stakeholder terms, while three papers illustrated innovation outcomes from cross-sector environmental collaborations.  Only one practitioner paper was identified as addressing all three topics.

| Literature Genre | Papers reviewed |
|---|---|
| Stakeholder engagement | 32 |
| Cross-sector collaboration | 33 |
| External innovation sources | 19 |
| Cross-over papers:<br>Stakeholder – cross-sector collaboration | 17 |
| Stakeholder – innovation | 5 |
| Innovation – cross-sector collaboration | 3 |
| Stakeholder-collaboration-innovation | 1 |

**Table 3-5: Literature review by genre**

This chapter now moves on to consider the content of those papers identified by the structured review process and the applicability of those papers to the research. Within this consideration of the literature and its relevance, the questions posed in Chapter Two are discussed.

## 3.2  Stakeholder engagement

Within the stakeholder engagement literature, relationships between a focal organisation and its stakeholder(s) are usually framed in terms of the attributes the stakeholder possesses: namely power (Nasi et al 1997), legitimacy (Driscoll and Crombie, 2001) or urgency (Winn, 2001) in keeping with Mitchell et al's (1997) framework. Dialogue or engagement with external stakeholders is considered in three main ways: it is viewed as a process; differential communication strategies are developed for different stakeholders; or the benefits of relationships based on dialogue are presented.

Process models of stakeholder dialogue are found predominantly in the practitioner-focused literature, and are concerned with both multilateral and bilateral stakeholder relations. Preble's (2005) six-step model for managing multiple stakeholders proposes responding to key stakeholder demands by closing any expectational gap that exists between the stakeholder demands and actual firm performance. Bilateral process models focusing on managerial actions developed by Bendell (2003), and Kaptein and Van Tulder (2003), stress the importance of setting realistic expectations, having clear communication and developing trust between the parties. Burchell and Cook (2006) report findings from a Europe wide research project, CRADLE or Corporate Responsibility, Action through Dialogue, Learning and Exchange. They found, that along with improved relationships, increased trust between companies and NGOs was an outcome of the dialogue process.

Papers that consider strategies for communicating with different stakeholder groups (Hallahan, 2000), or are concerned with the type of information supplied to different groups (Stephens, Malone and Bailey, 2005) draw on the public relations theory of communication developed by Grunig and Repper (1992) and are often framed within the crisis management arena (Hearit, 1999; Stephens et al, 2005). The central role of dialogue in firm-stakeholder relations is argued uncritically by several authors. Perret

(2003) notes the benefits to BNFL (British Nuclear Fuels) of dialogue with environmental stakeholders is the creation of an ability to see different viewpoints which can enhance decision-making. Wheeler and Sillanpaa (1998) argue companies that adopt a stakeholder-inclusive approach using dialogue-based relations are more likely to prosper and survive.

The stakeholder engagement literature is a central to the research which is concerned with engagement with a particular stakeholder group: social issue nonprofit organisations. In order to interrogate this literature more productively, a series of questions, set out in Chapter 2, were identified and these are now addressed.

### 3.2.1 Responses to questions

Three of the six questions posed in the previous chapter can be considered through an examination of the stakeholder engagement literature, and are discussed here. The first question asked:

*Q1: Does the extant literature consider the relationship between adopting a proactive stakeholder stance and firm innovation?*

As Andriof and Waddock, (2003) noted, the literature shows a change from a buffered dependency on stakeholders, to a bridging, dynamic interdependency between the firm and its influential stakeholders. The literature examined here suggests a positive outcome for proactive stakeholder relations, but these are usually framed in reputational, rather than in innovation, terms. For example, Welcomer, Cochrane, Rands and Haggerty (2003) demonstrated how companies which respect stakeholder power and interests form strong relationships with those groups. In a similar vein, Mattingly (2004) found firms that adopted cooperative relations with socio-political stakeholders deemed to be highly salient to the organisation benefited from higher perceived social performance.

A link between proactive stakeholder relations and innovation can be inferred from a number of studies. For example, Harrison and St John's (1996) paper suggests a firm could gain competitive advantage by employing partnering strategies with stakeholders the organisation considers to be strategically important. Bendell (2003) argues that managerial perceptions of the drivers for corporate responsibility shape managers understanding of the rationale for stakeholder engagement, and if companies understand why they are engaging, then change benefits (we could say innovations) can result. A similar inference can be made from Beierle's (2002) study of environmental decision making which found that the quality of firm decision-making on actions to take significantly improved as stakeholder interaction increased. The link is made more explicit by Sharma and Vredenburg (1998), who found forestry companies that adopted a proactive stakeholder stance with environmental groups benefited from a new understanding of the issues which could trigger innovation. This contingent link between proactive stakeholder engagement, learning and innovation is explored further by Sharma (2005) within the context of sustainability initiatives by companies.

*Q2: What constructs are identified in the extant literature relating to engagement antecedents and engagement context?*

The following discussion is summarised in Figure 3.2. The literature suggests that engagement drivers or motivations are drawn from resource dependence and institutional motivations, with the need for a firm to engage with a stakeholder group being driven by legitimacy concerns (eg Deegan and Blomquist, 2006; LaFrance and Lehmann, 2005), or salience of the stakeholders (eg Welcomer et al, 2003), which utilises Mitchell et al's (1997) framework of power, urgency and legitimacy of claim.

In addition to having motivation, organisations need the authority and capacity to engage (Heugens and van Oosterhout, 2002) and the commitment to engage (Lawrence, 2002; Wei-Skillern, 2004; Wheeler and Sillanpaa, 1998). Identified constructs relating to the operation of the engagement, include a willingness by the organisation to take a long-term perspective of the relationship; an ability within the organisation to learn and experiment; and a proclivity towards proactive engagement (Wei-Skillern, 2004). Kaptein and Van Tulder (2003) identified key factors affecting the success of the dialogue process, which include having a coherent vision and a clear structure, factors echoed in a later study by Burchell and Cook (2006).

| **Engagement Antecedents** | **Engagement Context** |
|---|---|
| *Preconditions:*<br>• Autonomous parties<br>• Alignable interests<br>• Capacity and willingness to engage | *Organisational factors:*<br>• Long term perspective<br>• Ability to experiment or learn<br>• Proactive engagement |
| *Motivations:*<br>• Salience of stakeholder<br>• Legitimacy concerns | *Dialogue process factors:*<br>• Coherent vision of dialogue<br>• Clear structure & rules<br>• Consecutive meetings |
| | *Relationship factors:*<br>• Respecting legitimacy<br>• Acknowledge conflict<br>• Some perceived value or progress for all parties |

**Figure 3-2: Identified stakeholder engagement factors**

Numerous authors explicitly (eg Lawrence, 2002) or implicitly (Bronn and Bronn, 2003: Perret, 2003) consider the need to respect the legitimacy of other party or parties in the engagement given their differing points of view. Difference in approach between parties is considered particularly by Hardy and Phillips (1998) who examine the role of conflict within a domain and conclude that it is a powerful enabler of change and that failure to acknowledge it can result in little change to the status quo. Finally, engagement participants need to be able to see some value in the engagement which they can take back to their own organisation (Lawrence, 2002).

With the exception of motivations, all the constructs identified in the literature and discussed here are suggested by the varying authors as facilitating stakeholder engagement. Their specific relevance to this study is addressed later on this chapter.

*Q3: Does the extant literature consider the relationship between issue response by a firm and corporate innovation?*

Firm responses to stakeholder issues are addressed within the engagement literature reviewed, although few papers adopted an issue response perspective. All the literature reviewed in this area were empirical studies, centring on responses by firms to issues posed by nonprofit groups. Nasi et al (1997) contend that stakeholder groups and issues are mutually constitutive and their analysis of forestry organisations found managerial activities in response to issues changed as the relative power of the stakeholder changed. Similarly, Winn's (2001) study focused on how corporate issues objectives changed over time as responses to stakeholder issues were assimilated, simultaneously giving rise to new issues for which response processes had not been developed. Following Nasi et al, (1997) Taylor, Vasquez and Doorley (2003) argue that adopting an engagement approach, which accepts that issues are contextualised by stakeholder relationships, provides a unifying framework for exploring issues management. Their study of Merck's relationship with AIDS activists concluded that the company reaped tangible reputational benefits from its proactive issue handling. This alone of the studies examined comes closest to following Heugens (2002), who found the adoption of proactive issues management activities positively influenced firm competitiveness and reputation.

Within the issues-management perspective, once again the benefits of addressing stakeholder issues are proffered by authors, but these benefits are discussed in terms of firm reputation and improved competitiveness, rather than being addressed in innovation terms.

## 3.3  Cross-sector collaboration

It is apparent from the literature review that, in this genre, there is a preoccupation with the challenges of collaborating across sectors due to the different aims and cultures of for-profit and nonprofit bodies (e.g Berger et al, 2004; Fowler and Heap, 1998; Googins and Rochlin, 2000). Analysis of the field is conducted predominantly from a process perspective with various models developed examining the formation and operation of collaboration from group, subgroup and individual level (eg Crane 1998; Hood, Logsdon and Thompson, 1993). Within in this framework successive authors have considered factors impacting the pre-formation, formation and operation stages (Rondinelli and London, 2003; Juniper and Moore, 2002; Waddock,1989,1991; Waddock and  Bannister, 1991; Seitanidi and Crane, 2009) and concentrated on highlighting factors which can impede or enhance the collaboration. Outcomes are viewed in terms of resource benefits provided by the participants to each other, highlighting the salience of resource dependency in such alliances (Googins and

Rochlin, 2000; Jamali and Keshishian, 2009); or uni-directionally, usually in terms of the resources a nonprofit can offer a corporation (Yaziji, 2004); or outcomes framed in terms of learning and knowledge transfer (Arya and Salk, 2006; London et al, 2005).

Selsky and Parker's (2005) review of the cross-sector collaboration literature concentrated on the development and working of cross-sector collaborations as outlined above. Of the literature reviewed here, two broad types of cross-sector collaboration are apparent. The first is those which deal with bilateral relations between a firm and a nonprofit (usually an MNC and NGO) which are considered from the NGO's perspective (Ahlstrom and Sjostrom, 2005; Heap, 2000), the firm's perspective (Argenti, 2004; Yaziji, 2004), or from a mutual benefit viewpoint (Austin, 2000; Googins and Rochlin, 2000; Jamali and Keshishian, 2009). The second concerns those formed specifically to address a social issue (Hood et al, 1993; Waddock, 1988) and may be bilateral or multilateral collaborations. Alliances formed to tackle environmental issues are a distinct subset of this second type (Hartman and Stafford, 1997; Juniper and Moore, 2002). In addition, collaboration typologies have been developed based on the degree of integration between partners (Mandell and Steelman, 2003; Wymer and Samu, 2003) and Austin's (2000) comprehensive work in this area has linked partner integration with operational characteristics and outcomes.

A significant degree of cross-over exists between the stakeholder engagement and cross-sector collaboration literatures, with authors applying a stakeholder framework or stakeholder analysis to cross-sector collaborations (e.g. Heugens, van den Bosch and van Reil, 2002; LaFance and Lehmann, 2005; Salk and Arya, 2005); or through authors analysing stakeholder engagement along the process model commonly found in the cross-sector collaboration literature (e.g. Butterfield et al, 2004; Lawrence, 2002).

### 3.3.1 Responses to questions
This section now addresses a further two of the six questions posed in the previous chapter.

*Q4: Empirical studies address one or more of the formation, implementation and outcome phases of cross-sector collaboration. What mediating factors have been identified?*

As stated earlier, the cross-sector collaboration literature predominantly addresses the topic from a process perspective and successive authors have identified organisational, relational, structural, managerial, group and personal factors which impact on the development, operation and outcome of these alliances. The model shown in Figure 3.3 is a synthesis of the key themes which have emerged from a detailed literature analysis and these are now discussed.

| Pre-formation | Formation | Implementation | Outcomes |
|---|---|---|---|

| | | • Collaboration scope<br>  - changing aims<br>  - changing partner aims | |
| • Problem attributes<br>  - salience to parties<br>  - clear issue identification | • Co-operation scope<br>  - defined objectives<br>  - agreed work procedures | • Operational issues<br>  - shared resources<br>  - clear communication<br>  - effective leadership<br>  - management attention<br>  - changing membership | • Collaboration effectiveness<br>  - meeting aims<br>  - agenda expansion<br>  - ongoing relationship |
| • Partnering factors<br>  - party interdependence<br>  - compatible interests | • Partner compatibility<br>  - prior collaboration<br>  - culture / objectives fit | | • Partner benefits<br>  - organisational learning |
| • Intra-organisational factors<br>  - management commitment<br>  - goals of individual actors | • Interaction factors<br>  - personal connections<br>  - membership ambiguity | • Interaction factors<br>  - power balance<br>  - cultural compatibility<br>  - personal relationships | • Personal outcomes<br>  - Perceptions of success<br>  - Perceptions of involvement |

**Figure 3-3: Identified cross-sector collaboration factors**

In addition to considering alliance formation and operation, some authors in this genre have focused on pre-conditions to cross-sector collaboration, suggesting that the problem or issue to be addressed needs to be highly salient to all parties (Logsdon, 1991; Heugens and van Oosterhout, 2002; Waddock, 1988) and should be articulated. Authors suggest partnerships are more likely to develop if there is a high degree of interdependence between the parties (Logsdon, 1991; Waddock, 1989) and their interests and objectives in addressing the issue are compatible (Berger et al, 2004). Authors also note the importance of intraorganisational factors as preconditions to alliance formation, particularly the commitment of senior management to an initiative (Hood et al, 1993; Waddock, 1988) and a recognition that the goals of individuals could play a role in motivating an alliance (Butterfield et al, 2004).

The formation stage stresses the need for clearly defined collaboration objectives (Arya and Salk, 2006), and mutually agreed working procedures (Rondinelli and London, 2003). The compatibility of partners is a key factor (Berger et al, 2004), likely to be enhanced if the parties involved have a prior history of working together (Mandell and Steelman, 2003; Polonsky, Garma and Chia, 2004) or if they can align their cultures and objectives (London et al, 2005). Personal connections and relationships can facilitate the formation (Hartman and Stafford, 1997), although membership of a collaboration can be ambiguous, and individuals' perceptions of role and status can vary (Huxham and Vangen, 2000).

As the partnership develops and moves into the implementation phase, its aims may change along with partner expectations (Huxham and Vangen, 2000) and organisations need to recognise a collaboration's unstable nature and have the flexibility to adapt (Waddock, 1988). Operational issues become important: partners need to feel the division of resources is fair (Googins and Rochlin, 2000); continued management attention is necessary (Austin, 2000), together with effective on-the-ground leadership by an organisational actor or actors cognisant of specific leadership needs of the collaboration (Crosby and Bryson, 2005). Good communication, too, is needed to ensure the relationship is mutually beneficial (Argenti, 2004; Googins and Rochlin, 2000). The partnership may have to deal with the challenge of changing membership which can impact the collaborative effort (Huxham and Vangen, 2000). Factors impacting interaction at organisational, team, and individual level have been identified:

ensuring a balance of power between parties (Berger et al, 2004; Mandell and Steelman, 2003; Waddock, 1988) and establishing some degree of cultural compatibility, particularly at the collaboration interface level (Hood et al, 1993; Parker and Selsky, 2004) are regarded as crucial; while personal relationships are viewed as a powerful enabler (Austin, 2000).

Outcomes are expressed in terms of the perceived success and effectiveness of the collaboration (Butterfield et al, 2004) which can be seen in 'first order' effects of achieving the aims of the collaboration (Bryson, Crosby and Stone, 2006); or in an expansion of the collaboration agenda (Waddock, 1989) or a deepening of the relationship (Austin, 2000). Organisational benefits are framed in terms of the learning that comes from the collaboration (London et al, 2005) which can be a driver for further co-operation (Austin, 2000) and finally authors have noted individuals' perceptions of success and involvement (Hood et al, 1993) in terms of the collaboration.


*Q5: What is the distinction in the extant literature between nonprofit stakeholder 'engagement' and business-nonprofit 'collaboration'?*

The literature does not present a consistent distinction between the terms 'engagement' and 'collaboration'. Collaboration is considered by some authors to be one form of engagement. Harrison and St John (1996) suggest developing closer collaborative relationships with strategic stakeholder groups while "traditional stakeholder management techniques" are used for others. Similarly, Hardy and Phillips (1998), expressly state that collaboration is one of a number of engagement strategies. In other studies, a distinction is inferred: Robbins (2003) discusses how organisations are moving from adversarial to collaborative stakeholder relations, whilst Heugens et al's (2002) typology of stakeholder integration views collaboration as one of four possible options.

For other authors there appears to be no distinction between collaboration and engagement and definitions are interchangeable. For example, "Stakeholder engagements are defined as trust based collaborations between individuals and/or social institutions with different objectives that can only be achieved together." (Andriof and Waddock, 2002; p42). Alternatively, stakeholder engagement "…involves a stance of mutual responsibility, information sharing, open and respectful dialogue and an ongoing commitment to joint problem solving." (Lawrence, 2002; p186).

Given the lack of clear direction suggested by the literature, this dissertation, will use the Andriof and Waddock (2002) definition of stakeholder engagement which is synonymous with collaboration

## 3.4  Open Innovation

Within the innovation literature reviewed, Chesbrough's (2003) notion of 'open innovation' resonates closely with the research focus, as it is concerned with demonstrating how the locus of innovation is shifting away from being firmly rooted within the boundary of a single firm, into a multi-organisation domain of diverse stakeholders.  In concert with Chesbrough, von Hippel (2005) suggests the phrase 'democratization of innovation', as concurring that firms need to combine and co-ordinate resources in a multi-stakeholder context.

This focus on identifying and utilising external sources of innovation, was addressed by Von Hippel as early as 1977, in his study illustrating the value of customer and user experience information in new product development. His findings are supported, more recently, by Segelod and Jordan (2004) who found forging links with market based groups, particularly customers, to be the most beneficial in assisting innovation.  The value to a firm of forging external links is related to knowledge transfer: external environments are viewed as sources of information (Koberg, Detienne and Heppard, 2000) and being open to the new ideas that these knowledge flows provide is a key predictor of firm innovative performance (Fey and Birkinshaw, 2005).   It is also viewed from a network perspective, with authors demonstrating how developing network competence – building access to external resources and developing a network orientation – is key to successful innovation (Ritter and Gemunden, 2003).  For example, Goes and Park's (1997) ten year study of California hospitals showed how transaction intensity, the degree of structural linkages, and institutional linkages positively influenced the level of service innovations.

As well as the benefits of working across boundaries, authors have considered the managerial challenges of such relationships, for example where external organisations have different cultures and mindsets (Linder, Jarvenpaa and Davenport, 2003), and the particular role of boundary spanners in these contexts who can act as information gatekeepers (Conway, 1995).  Key managerial attributes for fostering innovation in these situations include having a wide range of interests which facilitate environmental scanning, and an internal locus of control which enable managers to frame ideas as opportunities (Howell and Shea, 2001).

A small number of papers in the review consider innovation in the context of stakeholder relations or cross-sector collaborations.  Although discussion of nonprofit organisations as sources of innovation is absent in the innovation literature, it is addressed, implicitly at least, within the business and society field.  'Fringe' stakeholders, those at the very edges of an organisation's sphere of operations, are viewed as an untapped source of innovation (Hart and Sharma, 2004), whilst Kanter (1999) coins the term 'corporate social innovation', suggesting there are key innovative benefits for firms of developing and testing new products or services within the community.   In addition, the benefits of the acquisition of new knowledge through stakeholder networks or via bilateral engagement are presented as facilitating innovation (Sharma, 2005), in the environmental and sustainability arena (Clarke and Roome, 1999; Sharma and Vredenburg, 1998).

### 3.4.1 Responses to questions

This section now considers the final question posed by the high level discussion of the literature in the previous chapter.

*Q6: In the extant literature, what attributes have been identified that enable a firm to innovate through external relationships?*

The literature is agreed on the benefits to a firm of developing external linkages for innovation. To assist the research, the literature was interrogated to identify factors that have been suggested to facilitate this process. Essentially, the question requires interrogating the literature for discussion on two inter-related activities: firstly, how firms gather information, or knowledge, from their external environments, and secondly, how they assimilate and interpret this information.

As has been stated earlier, openness to new ideas has been identified as a critical component of innovation (Fey and Birkinshaw, 2005; Howell and Shea, 2001; Sharma and Vredenburg, 1998). In addition, organisations need the ability to extract information from their environments and having the processes in place to bridge the boundaries with other organisations (Ritter and Gemunden, 2003), particularly trying to ensure that individuals share a common mindset (Linder et al, 2003). Von Hippel (1977) stressed the importance of having a strong communication structure, so that people in boundary-spanning roles would feed-back product development information. Conway (1995) found how informal boundary-spanning communication was important to the innovation process, specifically, the ideas-generation phase.

Assimilating the information requires strong intra-firm linkages and a willingness to experiment (Koberg et al, 2000). Individuals who have an internal orientation will be more likely to perceive an innovation opportunity (Howell and Shea, 2001) and see a potential for generating personal gains or organisational competitiveness (Sharma and Vredenburg, 1998). Montalvo's (2006) behavioural model to describe and predict innovative behaviour argues that innovative activities can be explained in terms of the managers' perceptions of the innovation process, including the perceived social norm to engage in innovation, their control of the innovation process and their perceptions of the expected outcomes. The findings from the authors noted above is summarised in Figure 3.4.

```
┌─────────────────────────────────────────┐
│       Innovation facilitation attributes │
├─────────────────────────────────────────┤
│                                          │
│  • Willingness to experiment by firm and │
│    openness to new ideas.                │
│                                          │
│  • Boundary spanner role:                │
│      - control of innovation process     │
│      - positive innovation orientation   │
│                                          │
│  • Strong intra-firm linkages            │
│  • Strong communication structure        │
│                                          │
└─────────────────────────────────────────┘
```

**Figure 3-4: Identified innovation facilitation factors**

## 3.5  Comment and critique

This chapter has discussed the three main literature genres informing the research, with specific reference to particular questions about the literature which are pertinent to the research topic.  Before moving on to outline the knowledge gap that this thesis seeks to address, this section reflects on the main concepts and ideas found in the literature examined, and discusses conceptual tensions and limitations witnessed in the three genres reviewed.

As conceived by Freeman (1984) and advanced by numerous authors (e.g. Donaldson and Preston, 1995; Jawahar and Mclaughlin, 2001; Mitchell et al, 1997), instrumental stakeholder theory is, at heart, a risk-management tool, enabling managers to evaluate the threats posed by various external stakeholders.   Nevertheless, authors working in the genre have also advanced the benefits to firms of engaging proactively with various groups (eg Hart and Sharma, 2004; Meznar and Nigh, 1995; Miles, 1987). This focus has led to the more recent discussion, most notably advanced by Porter and Kramer (2002 and 2006), of the competitive advantage that firms can gain through addressing stakeholder preoccupations and concerns.   It is this focus that has made the stakeholder framework attractive to practitioners advancing the benefits of Corporate Responsibility (eg BITC, 2000; Institute of Social and Ethical Accountability, 2002) and given rise to the notion of corporate social opportunity (Kanter, 1999).  From my exploration of the literature, the stakeholder framework has more relevance as an explanatory tool - particularly through use of the model developed by Mitchell et al, (1997) - when it is used to discuss and explore potentially adversarial relations between a firm and its stakeholders (eg Driscoll and Crombie, 2001; Taylor et al, 2003).   This means that, on its own, the stakeholder engagement literature cannot fully inform my research which is centred on voluntary, rather than adversarial, firm-stakeholder relationships.  Moreover, this thesis is interested in exploring how firms innovate through engagement with nonprofit stakeholders, but the stakeholder literature offers little illumination on the engagement process itself, focused as it is on benefits (outcomes) of engagement or in explaining drivers for firm engagement with specific stakeholder groups.

By contrast, the cross sector collaboration literature focuses extensively on the process of engagement (or collaboration) between parties driven by different values and concerns (Selsky and Parker, 2005). In common with the stakeholder engagement literature, studies within the cross-sector collaboration genre explicitly assume a difference in motives between the parties involved.  However, whereas the stakeholder literature is more focused on neutralising stakeholder concerns as they relate to the firm, the cross-sector collaboration literature is interested in how the issues are dealt with in a shared space, or 'problem domain' (Wood and Gray, 1991).  Authors examine how the parties work together to address the  issues (eg Googins and Rochlin, 2000; Parker and Selsky, 2004) and consider the prerequisites needed to address them (eg Arya and Salk, 2006; Berger et al, 2004).   Thus, this literature is detail rich on the process of collaboration or engagement, and fills the gap seen in the stakeholder literature as it relates to my research.   It should be noted that the cross-sector collaboration literature does not in itself address the question of why such collaboration takes place; in common with the stakeholder engagement literature, the studies are theoretically underpinned with resource dependency or institutional theory.

Within the context provided by the two genres discussed above, concepts from the innovation search literature are employed. Authors have suggested that searching widely can aid innovation (Fey and Birkinshaw, 2005; Koberg et al, 2000) and the concept of 'peripheral vision' (eg Haeckel, 2004), seeking for ideas where a firm would not usually look, resonates with the research topic here. It is perhaps ironic that literature urging firms to search far afield for new ideas does not consider nonprofit organisations, such as charities and NGOs, sources of innovation: none of the empirical studies reviewed contained references to such bodies, and, in similar vein, Chesbrough's (2003) concept of Open Innovation is limited to ideas exchange between for-profit organisations. Despite this key limitiation, the review of the innovation search literature did uncover concepts useful to the research, as was noted in section 3.4.1. Furthermore, the innovation concept promoting firm openness to new ideas, is similar to the notion of firms having a proactive stakeholder engagement orientation: both suggest a willingness to assimilate external ideas. Similarly, the notion of 'peripheral vision' finds accord with Hart and Sharma's (2004) concept of 'fringe stakeholders'; that is focusing on parts of the external environment that usually receive no managerial attention. Finding common threads between these literature genres suggests that a new conversation can develop through the linking of the stakeholder engagement and innovation search literatures, and this chapter now turns to considering the knowledge gap that this thesis is addressing.

## 3.6 Outlining the knowledge gap

From the review of the literature undertaken in this chapter, there appears to be a current gap in the knowledge that this dissertation is seeking to address. Neither the literature on stakeholder engagement, nor that on cross-sector collaboration, frame the outcome of such collaborative activity in innovation terms. Within the stakeholder field, a small number of empirical studies focused on sustainability issues (notably, Ayuso et al, 2006; Sharma and Vredenburg, 1998; Sharma, 2004) note that proactive engagement with external stakeholders can foster conditions which can lead to organisational innovation, but these do not specifically focus on nonprofit groups. Kanter (1999), meanwhile, demonstrated that a firm could innovate by finding ways to address social issues, with such initiatives acting as a test-bed or beta site for product and service innovations. In the cases considered by Kanter, whilst collaboration with a nonprofit was implied, it was not examined and thus the connection between nonprofit collaboration and innovation is not made. Within the cross-sector collaboration literature itself, none of the studies reviewed considered firm innovation from the relationship; the majority of studies concentrating on identifying characteristics of such relationships (Austin, 2000; Jamali and Keshishian, 2009) and how 'best practice' collaboration can be achieved (eg Argenti, 2004; Seitanidi and Crane, 2009). Thus, this paper can make a contribution in considering such cross-sector engagements through an innovation 'lens' and discussing these engagements in terms of the constructs and ideas found in the innovation literature.

In reviewing the literature it is also apparent that the overwhelming focus on cross-sector engagements has been those addressing environmental issues. Table 3.6 summarises the empirical studies in the literature review where conclusions were drawn from primary research on firm-NPO engagements. Of the 20 studies identified, 15 were solely concerned with environment-focused partnerships, against just one which concentrated on collaborations based on social issues. Four studies used a mixed research base. This analysis of the empirical work conducted in this arena, suggests there is a need for further research into social-issues based partnerships which this dissertation addresses. Table 3.6 also confirms what was noted above: that no study into firm-NPO engagement examines the topic in terms of innovation.

| Date | Author(s) | Focus of paper | Featured organisations | Region | Environment or social issues? |
|---|---|---|---|---|---|
| 1991 | Westley and Vredenburg | Case study of strategic bridging as facilitating cross-sector collaboration. | Loblaws (grocery chain) Greenpeace Pollution probe (NGO) | Canada | Environment |
| 1998 | Crane | Exploring cultural differences and similarities in cross-sector partnerships | Firms involved in forestry operations WWF | UK | Environment |
| 1998 | Fowler and Heap | Discussion of setting up one firm-NPO partnership and implications for others. | Unilever WWF | UK | Environment |
| 1998 | Plante and Bendell | How to make cross-sector partnerships work with developing country context. | Unilever and Green Consumer's foundation Suvera (food co.) and farming foundation | India Taiwan | Environment |
| 2000 | Polonsky and Hartman | Defining attributes of strategic bridging organisations. | Foron (fridge manufacturer) Greenpeace | Germany | Environment |
| 2000 | Austin | Collaboration development model between firms and nonprofits. | Timberland and City Year (youth organisation) Starbucks and CARE (international relief agency) Georgia-Pacific and Nature Conservancy MCIWorldCom and National Geographic Society | USA | Social issues Environment |
| 2001 | Driscoll and Crombie | Firm management of stakeholder legitimacy. | Pulp and Paper firm Nonprofit spiritual group | Canada | Environment |
| 2002 | Juniper and Moore | Corporate strategies for developing sustainability partnerships. | Timber firms and forestry conservation orgs Coffee producer and conservation group | North America South America | Environment |
| 2003 | Perrett | Individual firm's changing stakeholder engagement strategy. | British Nuclear Fuels Various environmental groups | UK | Environment |

| Date | Author(s) | Focus of paper | Featured organisations | Region | Environment or social issues? |
|---|---|---|---|---|---|
| 2003 | Rondinelli and London | Typology of firm-NPO collaboration. | 7 firms (various industries) 7 environmental nonprofit groups | USA | Environment |
| 2004 | Argenti | Case study of changing firm responses to NGOs. | Starbucks Oxfam Global Exchange | Mexico | Environment |
| 2004 | Berger et al | Identifies factors which hinder and facilitate cross-sector partnerships. | 10 firms (various industries) 11 nonprofits (various causes) | USA | Social issues |
| 2004 | Parker and Selsky | How cross-sector collaborations develop distinct cultures. | Boeing and Homeless charity Exxon and Wetland Foundation | USA | Social issues Environment |
| 2004 | Yaziji | How firms can benefit from alliances with NGOs. | Exxon, Shell Monsanto, WWF Greenpeace Marine Stewardship Council | North America and Europe | Environment |
| 2005 | LaFrance and Lehmann | Motivations for firms to enter into nonprofit collaborations. | Total Oil UNESCO | Burma | Environment |
| 2005 | Deegan and Blomquist | Examination of stakeholder pressure on corporate disclosure. | Extraction firms WWF | Australia | Environment |
| 2006 | Pedersen | Model of stakeholder dialogue. | Novozymes (chemical firm) Danish Society for Nature Conservation | Denmark | Environment |
| 2008 | Huijstee and Glasbergen | Instrumental use of stakeholder dialogue practice in engagement with environmental NGOs. | Un-named firms in 5 sectors: chemical, financial, food production, extraction and electronics. Five environmental NGOs | Europe | Environment |
| 2009 | Jamali and Keshishian | Characteristics of firm nonprofit partnerships in developing country context. | Byblos Bank and UNICEF Marriott Hotels and Association for Voluntary Services Deloitte and Injaz Lebanon(education charity) Sanita(manufacturer) and Cedars for Care | Lebanon | Environment Social issues |
| 2009 | Seitanidi and Crane | Focused on processes involved in selecting and implementing partnerships. | Rio Tinto and Earthwatch Royal Bank of Scotland and Prince's Trust | UK | Environment Social issues |

**Table 3-6: Empirical studies on firm-NPO engagement**

As noted previously, this doctoral thesis is focussing on an issue arising from practice. The UK practitioner literature has directly addressed the issue of firm innovation from engagement with nonprofit stakeholders. Through its "Innovation through Partnership" programme, The Institute of Social and Ethical Accountability explores the connections between business innovation and community engagement. Their 2002 report cites numerous examples of firms that have implemented process, product or service innovations. Similarly, Business in the Community (BITC) identifies innovation as one of the six "commonly recognised benefits that can be gained from an effective business-led approach" to community and environmental stakeholders. (BITC 2003: p1).

The intention of this dissertation is to subject such contentions to the rigour of academic enquiry with authors suggesting there is little empirical evidence relating to the innovative benefits of such stakeholder engagement "which appear largely anecdotal and, as such, highly questionable" (Knox, Maklan and French, 2005; p9). This study aims to expressly link concepts from the innovation literature with those from the business and society field, which has hitherto not been done. It is also seeking to examine the relationship between innovation outcome and engagement process which has received no attention in the literature. As was noted earlier, the overall research question is:

*"How do firms innovate through engagement with nonprofit social issues organisations?"*

And, more specifically:

*"Can this innovation be explained through an examination of the relationship between the engagement context, engagement process, and innovation outcome?"*

This chapter now concludes with a discussion on the key concepts that have been identified by this literature review and their relevance to the research topic.


## 3.7  Key concepts from literature review

This close examination of the literatures on stakeholder engagement, cross-sector collaboration and open innovation has identified various constructs which have been advanced by authors as impacting the collaboration, engagement or innovation process. Many of these identified factors, seen in Figures 3.2, 3.3 and 3.4 above, have been discussed in terms of their positive impact on the outcome. However, as noted in section 3.5, none of the literature addresses explicitly examines the link between collaborative engagement and firm innovation, and therefore whilst some of these individual constructs may be valuable to the research interest, not all will have applicability.

This section presents and discusses a skeletal framework, shown in Figure 3.5 below, which utilises concepts from the literature and is intended to inform the field research, particularly the development of the interview protocol, which is discussed in the next chapter.

In accordance with the cross-sector collaboration literature, the framework adopts a processual perspective and considers factors relating to the engagement start up, or initiation phase, the engagement itself and the innovation outcome for the firm from this engagement process. The literature suggests that a firm will engage with a nonprofit organisation based on the inter-related attributes of the perceived salience of issue to the firm, based on concerns of legitimacy or competitiveness; (Deegan and Blomquist, 2006; Harrison and St John, 1996) and the perceived salience of the stakeholder, or potential partner (Welcomer et al, 2003). Therefore in terms of engagement initiation, questions for the research will relate to why and how the firm became involved with nonprofit. In addition, stakeholder theory suggests that stakeholder groups have issues which firms proactively address or reactively respond to (Clarkson, 1995).

| Engagement Initiation | Engagement Operation | Innovation outcome |
|---|---|---|
| • Issue salience to firm<br>• Partner salience to firm | • Engagement scope and its development<br><br>• Boundary spanning role and activities<br><br>• Management commitment<br><br>• Relationship development | • Innovation typology<br><br>• Innovation process<br><br>• Evidence of ideas flow |
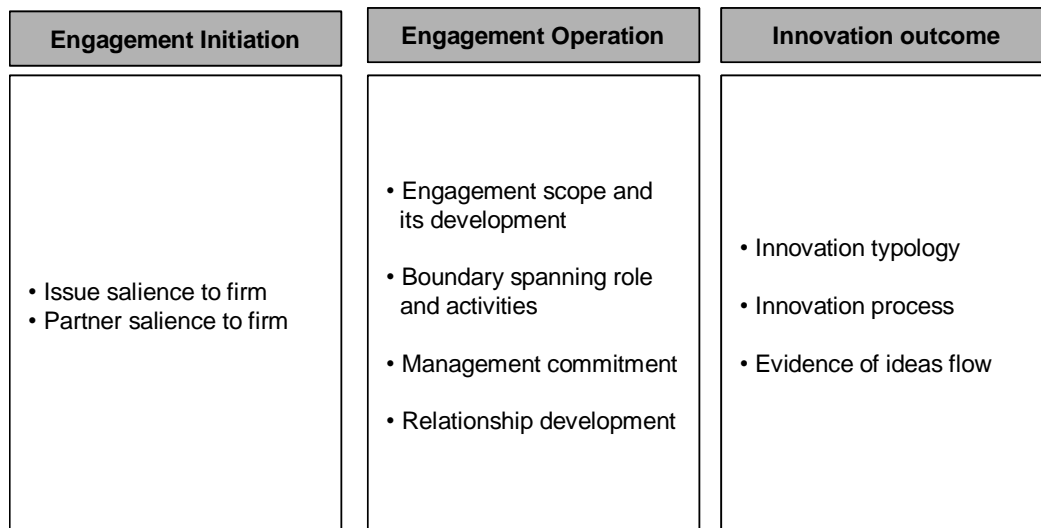
**Figure 3-5: Skeletal conceptual framework to inform field research**

With regards to the operation of the engagement, authors have noted that the scope of an engagement may be a narrow, discreet project or an open ended, multifaceted initiative (Mandell and Steelman, 2003; Waddock,1991). Development of the engagement scope potentially suggests openness by the firm to new ideas (eg Fey and Birkinshaw, 2005) which facilitates innovation. In the innovation literature, the role of the boundary spanner and the boundary spanning activities, such as having the necessary communication and boundary bridging skills and processes to facilitate dialogue with the nonprofit organisation (Conway, 1995; Linder et al., 2003) are regarded as key for knowledge transfer. Authors also suggest that commitment to the engagement process by firm senior management is a critical requirement (Hood et al, 1993; Wei-Skillern, 2004). It is suggested that managers need to perceive the knowledge generated by the engagement as an innovation opportunity (Howell and Shea, 2001) if it is to be progressed.

Finally, the development of the firm's relationship with the nonprofit may also be a key construct, as it has been suggested (Austin, 2000) that the more the more integrative the relationship, the more likely learning and, so, implicitly, innovation will result.

Turning to the innovation outcome, central to the research interest, is the innovation that resulted from the engagement and the innovation literature defines typologies of innovation (eg. Francis and Bessant, 2005; Tidd, Bessant and Pavitt, 2005). These innovations may be expected or unexpected: that is, the firm was either actively searching for a solution or a new way of addressing an issue, as suggested in the cases discussed by Kanter (1999); or the innovation was emergent from the engagement, or an ancillary benefit from the relationship; for example those discussed by Perret (2003) and Taylor et al. (2003). In order to demonstrate open innovation practices (Chesbrough, 2003), knowledge transfer needs to have occurred between the parties and the field research should be cognisant of this.

This skeletal framework has been used to inform the development of the interview protocol for the research. The overall approach to the study and the selected methods of inquiry are discussed in Chapter Four.

# 4 Methodology

This chapter outlines the approach to the study and how it was conducted, with particular attention to the philosophical perspective, research design, data selection process and data analysis. The section concludes with a brief discussion on the limitations of the approach and the steps taken to address these.

## 4.1 Philosophical perspective

This section sets out my underlying assumptions about the nature of the world which will unconsciously bias the interpretation of data and resulting theory development. It is important to try to make these beliefs as explicit as possible to ensure that my understanding of the nature of reality is congruent with the research design, which is in turn congruent with the topic being studied.

The key issue for a social researcher to address is whether they consider there is a single reality in the world that can be discovered, or whether there are many realities based on individual perceptions (Easterby-Smith, Thorpe and Lowe, 2002). From this follows the related question of the role of the researcher in the study: do they view themselves as detached observer with no impact on the outcome of the study, or as an involved actor collaboratively shaping the study findings? Against these starkly contrasting ontological and epistemological positions, authors (eg Blaikie 1993; Easterby-Smith et al, 2002) have mapped the main philosophical approaches to enquiring about society: broadly termed as positivism, rationalism, realism and interpretivism. Of these philosophical perspectives, my natural inclination is towards constructivist realism, which as Blaikie (1993) notes is aiming "to explain observable phenomena with reference to underlying structures and mechanisms" (Blaikie, 1993 p98). I consider this to be my ontological position due to the approach I am taking to my research subject which provides the 'window' for me to make ontological positioning explicit. My research question asks: "how do firms innovate from engagement with social-issue nonprofit organisations?" which tacitly assumes there are mechanisms and processes which can be identified to explain this phenomenon. The realist epistemology, or set of assumptions about the best way of enquiring about the world (Easterby-Smith et al, 2002) is congruent with this approach, in that it is based on building models "which if they were to exist and act in a postulated way they would account for the phenomenon being examined." (Blaikie, 1993, p.98).

Realism is very much the mid point in positivist – interpretivist continuum, and Laughlin (1995) has argued the benefits of such 'middle range thinking' as opposed to adopting a positivist or interpretivist position. He built on the work of Burrell and Morgan (1979), who juxtaposed contrasting assumptions about the nature of social science with contrasting views about the nature of society, producing four paradigms for analyzing social and organisational theory. Although criticized for being over simplistic, (see, for example, Willmott, 1993), as Laughlin (1995) notes, Burrell and Morgan identified the key domains of choice for a social science researcher incorporating ontology, the role of the researcher, perceptions about society, epistemology and methodology.

Laughlin (1995) clusters these concepts under the headings of theory, methodology and change and they form the broad areas of choice for a researcher before beginning an empirical investigation. The theory dimension considers the degree to which prior levels of theorization are used in the investigation (high or low?), while the methodology dimension is concerned with the degree to which theoretical closure is achieved by the study (high or low?). Finally, the change dimension relates to the attitudes of the researcher towards maintaining the status quo or pressing for change in regard to their area of study – as far as this is practicable: (high or low degree of change?). Laughlin (1995) argues for taking a mid point on all of these dimensions and refers to this as middle-range thinking. The characteristics of this middle range thinking are set out in Table 4.1 below, and are presented here, as they broadly represent my own approach to this study.

| Theory characteristics | Ontological belief | "Skeletal" generalizations possible |
| --- | --- | --- |
| | Role of theory | "Skeletal" theory with some broad understanding of relationships |
| Methodology characteristics | Role of observer and human nature belief | Observer important and always part of the process of discovery |
| | Nature of method | Definable approach but subject to refinement in actual situations, invariably qualitative |
| | Data sought | Longitudinal, case study based. Heavily descriptive but also analytical |
| | Conclusions derived | Reasonably conclusive tied to "skeletal" theory and empirical richness |
| | Validity criteria | Meanings: researchers and researched |
| Change characteristics | | Medium emphasis open to radical change *and* maintenance of status quo |

**Table 4-1: Characteristics of middle range theory (adapted from Laughlin, 1995)**

I consider the theory characteristics of middle range thinking as presented here, are congruent with my ontological position (constructivist realist) and my approach to the research. The study has been shaped by a 'skeletal' theoretical framework, developed from the literature which is open to wide interpretation and refinement. As will be discussed subsequently in this chapter, methodology characteristics of this research also resonate with Laughlin's theory.

## 4.2  Research design

The research is seeking to address the question: 'how do companies innovate from dyadic engagement with social-issue nonprofits?' Given the lack of previous research into the topic, a qualitative, exploratory research design is considered suitable for examining areas about which little is known (Stern, 1980) and case study research is particularly appropriate for new topic areas (Eisenhardt, 1989). Such research can develop theory which is grounded in rich, empirical data (Eisenhardt, 1989): in this

case, developing an explanatory framework of the characteristics of firm-nonprofit dyads and innovation outcomes from these dyads. Following a grounded approach (eg Glaser and Strauss, 1967), this study is seeking to induct theory from the field data, and is adopting Eisenhardt's (1989) strategy for developing theory from case study research, in particular:

> *"...theory-building research is begun as close as possible to the ideal of no theory under consideration and no hypotheses to test. Admittedly, it is impossible to achieve this ideal of a clean theoretical slate. Nonetheless, attempting to approach this ideal is important because preordained theoretical perspectives or propositions may bias and limit the findings. Thus investigators should formulate a research problem and possibly specify some potentially important variables, with some reference to extant literature. However, they should avoid thinking about specific relationships between variables and theories as much as possible, especially at the outset of the process."* (Eisenhardt, 1989 p. 536)

As noted in the previous chapter, the literature review identified potential areas for examination and in this way bounded the research, helping to facilitate data collection, and avoid information overload as the study is looking for cross-case applicability (Miles and Huberman, 1994). Thus, as Eisenhardt (1989) notes, in this sense the research cannot be said to following a completely inductive path or 'bottom up' approach, as the development of a prior theoretical framework suggests a more retroductive strategy (Blaikie, 1993). Nevertheless, the research design is considered closer to an inductive, rather than retroductive approach, as the theoretical research framework developed from literature did not provide any theory or hypotheses against which empirical data gathered can be compared. Following Eisenhardt's (1989) advice, I tried to avoid thinking about specific impacts of theoretical constructs on the research question.

Finally, it should be noted that for the purposes of thesis presentation, the discussion on data collection and analysis is written to appear sequential, although in reality, the process was not linear. To acknowledge the cyclical process of data collection and theorizing, I used a form of analytic induction which invites such a cyclical approach and is discussed more fully later in the chapter.

### 4.2.1 Multiple-case study

The research is concerned with the formation and operation of corporate-nonprofit dyads in relation to these dyads exhibiting an innovation outcome for the corporate partner. Given the qualitative, exploratory design of the research and the relativist position adopted, multiple-case study, made up of ten embedded cases and selected following replication logic (Yin, 2009) was chosen as the research method. The phrase embedded case study (Yin, 2009), is applied to cases where the unit of analysis is embedded within the case: in this research, the innovation outcome from the dyad. The ten cases were selected following a form of literal replication logic (Yin, 2009): all were chosen as they had resulted in an identifiable innovation outcome for the corporate partner.

In addition to personal contacts, two main sources, which showcase innovative cross-sector partnerships in the UK, were used to locate potential examples: the website of Business in the Community, which provides vignettes of corporate responsibility initiatives by UK companies; and 'Third Sector' magazine, which produces a regular column on corporate-nonprofit relationships. The cases selected were limited to UK-specific examples to mitigate national and cultural differences in firm-nonprofit relations. Dyads covering sustainability or 'green' issues were not included as the focus of the study is engagement with nonprofits focused on social issues. As far as practicable companies were selected from a diverse range of industry sectors so that any patterns found in the workings of these cross-sector dyads could not be attributed to a specific industry context. The research base consists of ten dyads as shown in Table 4.2.

| Company | Nonprofit partner | Innovation |
|---|---|---|
| Retailer A | Breast cancer charity | Post operative lingerie |
| Retailer B | Cerebral palsy charity | Staff disability training |
| Energy supplier | Learning disabilities charity | Vulnerable customer handling |
| Communications Co | Children's charity | Voice and data solutions |
| Bank A | Hearing impaired charity | Customer service handling |
| Bank B | Financial inclusion charity | Channel to market |
| Broadcaster | Pan-disability organisation | Call centre |
| Gaming Co | Children's charity | Marketing channel |
| Technology Co | Pre-school organisation | Product commercialization |
| Technology Co B | Hearing impaired charity | Telephony products |

**Table 4-2: Cases making up research base**

## 4.3  Data collection

Given the qualitative nature of the research and the grounded approach adopted, interviews with participants in firm-nonprofit dyads were used to uncover detailed information about the formation, operation and outcomes of these engagements. As Burgess (1982) notes, the interview is "the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience" (Burgess, 1982 p.107 quoted in Easterby-Smith et al, 2002). In order to avoid bias, interviews were conducted with at least two respondents in the company and one respondent in the nonprofit. The interviewees selected were those who were most closely involved in the creation and development of the dyads and, as such, had rich experience of the way they worked. Each of the companies selected had one person who acted as the relationship manager. In some instances, this organisational actor was also the main corporate decision maker for the initiative, whereas in other firms, the main decision maker was not directly involved. Interviews were conducted with the relationship manager, the

main corporate decision maker (if these were not the same person) and at least one other staff member directly involved in the relationship. The NPOs also had one person acting as the project or relationship manager and an interview was conducted with them. As the research was interpreting the data from the firm's perspective, it was not considered necessary to have additional respondents in the nonprofit organisations. The nonprofit respondent provided a means of triangulating the data, as the interviewee had a different bias and interpretation (Miles and Huberman, 1994). In some instances this helped increase the data's reliability from the primary source, and in others it provided a challenge for interpretation.

Face-to-face interviews were the preferred method for collecting information, as this provides additional non-verbal information which can help shape data interpretation. In four instances this method was not possible: two due to diary constraints, one due the interviewee being based outside the country, and the fourth due to time constraints as the respondent was about to go on maternity leave. The interview schedule is summarized in Table 4.3 below. With each case a small amount of supporting material was used only for background reference due to impression management concerns; as can be seen from Table 4.3, the majority of supporting material was focused on favourable presentation of the dyad to third parties.

| Dyad | No. interviews | Interview dates | Location | Supporting information |
|---|---|---|---|---|
| Retailer A / Breast cancer charity | 2 company 1 nonprofit | 24.11.06 09.02.07 12.10.07 | Telephone int. London London | Case study of partnership submitted to BITC. |
| Retailer B/ Cerebral palsy charity | 3 company 1 nonprofit | 21.11.06 x 4 | Halifax | In-house magazine article. |
| Energy supplier / Learning disabilities charity | 2 company 2 nonprofit | 16.04.07 01.02.07 x 2 26.03.07 | London London Birmingham | Charity presentation to company. |
| Communications Co / Children's charity | 2 company 1 nonprofit | 27.02.07 30.04.07 05.07.07 | Telephone int. Southampton London | Case study of partnership submitted to BITC. |
| Retail bank A / hearing impaired charity | 3 company 2 nonprofit | 28.11.07 x 2 05.12.07 12.12.07 17.01.08 | London Derby Bristol London | Corporate press release. Corporate document on rationale for partnership. |
| Retail bank B / financial inclusion charity | 2 company 1 nonprofit | 18.09.07 31.03.08 20.05.08 | London Telephone int London | Corporate press release. Third sector magazine article on partnership. |

| Dyad | No. interviews | Interview dates | Location | Supporting information |
|---|---|---|---|---|
| Broadcaster / pan-disability group | 2 company 1 nonprofit | 21.03.07 04.04.07 20.04.07 | London London London | Case study on partnership submitted to BITC. |
| Gaming Co / children's charity | 2 company 1 nonprofit | 23.01.07 14.03.07 x 2 | Milton Keynes Warrington | Press articles and event material. |
| Technology Co A/ Preschool organisation | 2 company 2 nonprofit | 17.01.07 30.01.07 x 2 21.03.07 | London London London | Educationalist study on impact of initiative. Case study of partnership submitted to BITC. |
| Technology Co B / Hearing impaired organisation | 2 company 1 nonprofit | 25.04.07 11.10.07 30.11.07 | London Telephone int London | Third Sector magazine article on partnership. |

**Table 4-3: Interview schedule**

The interviews were semi-structured and open ended, running approximately 50 minutes each. Two interview protocols were developed. The first consisted of general questions about the formation, operation and outcome of the dyad which were intended to uncover general information and give the respondents an opportunity to discuss aspects of the relationship which they considered most relevant. The second checklist consisted of specific questions, focusing particularly on constructs suggested by the literature review. Questions from the second checklist were only used if it was felt that the respondent provided insufficient information on the topic when questions from the first checklist had been completed. The checklists were evaluated following each interview and adapted as necessary. Such adaptations were minor, involving a reordering or rephrasing of questions and notes to myself to prompt the interviewee for examples. The final interview protocol used can be seen in Appendix I.

All interviewees were assured that the information would be treated in confidence and only used for the purpose of the research, and were emailed the generic questions from the interview protocol ahead of the meeting. With one exception, all interviewees were happy for the discussions to be recorded. Where the interviewee was not happy to be recorded, detailed notes, including some direct quotations, were taken during the interview and written up immediately afterwards. A common difficulty with all the interviewees was getting them to talk about the relationship in granular detail. As the interview scheduled progressed, I became more adept at getting respondents to focus on this and the interviews became richer as I asked for more specific examples.

As noted in Table 4.4, a total of 35 respondents were interviewed over a period of 19 months resulting in 28 hours of material. Twenty-two of the respondents were corporate interviewees and the remaining 13 were NPO interviewees. The gender mix of interviewees was 15 males and 20 females, with an equal gender split (11) amongst the corporate interviewees. The duration of the interviews ranged from 33 – 85 minutes.

| Data collection method | Single respondent interviews | Total number of interviews | 35 (31 face-to-face; 4 telephone) |
|---|---|---|---|
| No. Corporate interviewees | 22 | No. NPO interviewees | 13 |
| Corporate Interviewee gender | 11 male / 11 female | NPO interviewee gender | 4 male / 9 female |
| Data collection period | Nov 2006 – May 2008 | Total material collected | 28 hours |
| Interview duration range | 33 mins – 1hr 25 mins | Average interview length | 48 minutes |

**Table 4-4: Interview statistics**

## 4.4  Data analysis

The data was analyzed following Strauss and Corbin's (1998) process of description, conceptual ordering and theorizing. As a first step, a case history was written up for each of the ten dyads. Following this, audio transcripts from 34 of the 35 interviews were entered into NVivo computer software and coded openly, by case, resulting in 262 case-data nodes.[4] These first-order case nodes were subjected to a two stage analysis process: firstly, to identify key themes in the data and, secondly, to evaluate how these themes were presented in each of the cases.

### 4.4.1  Identifying themes

As seen in Table 4.5, the 262 first-order case-data nodes were grouped thematically, according to whether they related to engagement initiation, the operation of the engagement itself, or the innovation outcome. A process of clustering was undertaken, based on the instances of coding in the ten cases, which resulted in a total of 69 second-order nodes. A further round of clustering led to the emergence of the final 13 themes. Of these 13 themes, seven related to aspects of the engagement operation, and these were further grouped into sub-themes of engagement management, engagement content and engagement orientation.

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[4] In the case of the interviewee who did not wish to be recorded, only direct quotations noted down during the interview were entered into NVivo.

| No. 1st order nodes | No. 2nd order nodes | Final coded themes | Coded generic sub-themes | Coded generic themes |
|---|---|---|---|---|
| 62 | 16 | • Firm driver for engagement<br>• Firm selection of NPO | *None* | • Engagement initiation |
| 141 | 32 | • Boundary spanner role<br>• Senior management involvement<br>• Initial engagement scope<br>• Development of engagement scope<br>• CSR focus<br>• Stakeholder focus<br>• Relationship development focus | • Engagement management<br>• Engagement content<br>• Engagement orientation | • Engagement operations |
| 59 | 21 | • Innovation type<br>• Engagement role in innovation process<br>• NPO contribution to innovation<br>• Engagement status post-innovation | *None* | • Innovation outcome |

**Table 4-5: Thematic coding and node clustering**

## 4.4.2 Cross-case construct development

Having identified the key themes, the initial coded data set (first order nodes) was re-examined to evaluate the presence of these themes in the cases and establish any variations in the way they were presented in each of the cases. To facilitate this cross-case data comparison, a form of analytic induction (Wilson, 2004) was used to compare constructs across cases and is considered a suitable method for building theory and testing ideas across multiple cases (Miles and Huberman, 1994). As shown in Figure 4.1 below, analytic induction is iterative and entails the sequential analysis of cases; propositions generated from the initial case are considered against subsequent cases, and refined as necessary. In addition, the process enabled the meaning of the construct to be continually refined (Eisenhardt, 1989).

This use of analytic induction enabled the development of generic interpretations which could be applied across cases. An example of the output of the analytic induction process is given in Table 4.6. All data relating to the theme 'boundary spanner role' was examined on a case by case basis, and, in the first refinement, four propositions dealing with characteristics of that role were developed which could each be applied to a selection of the cases. A further refinement led to the development of the final constructs of 'facilitator' and 'manager' which, although losing specifity, enables greater applicability across the cases. Each theme was similarly examined and the analytic induction process for all 13 themes can be found in Appendix III.
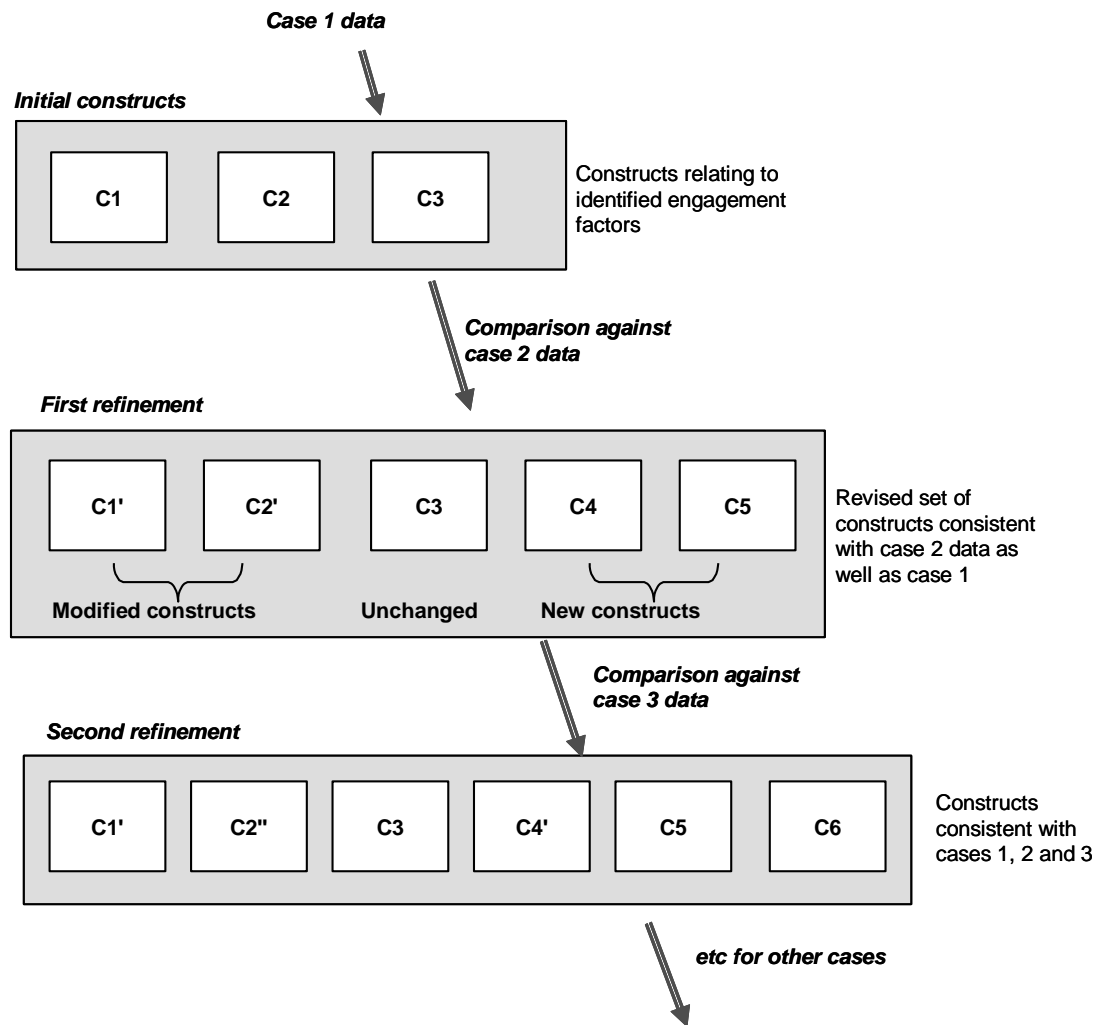
**Figure 4-1: Analytic induction process (adapted from Wilson, 2004)**

Table 4.7 summarises the processes by which the final constructs were developed to evaluate how each theme is manifested in the individual cases. To facilitate maximum applicability across cases, the number of constructs was limited as far as possible without mis-representing the data. The 29 constructs arising from the evaluation of the 13 identified themes form the basis of the research findings which are detailed in the following chapter.

| Node listings by case dyad for identified theme: *'role of main boundary spanner'* | | Constructs from first data review | Final constructs |
|---|---|---|---|
| 1 | Internal communication.<br>Developing role.<br>Charity's champion. | | |
| 2 | Hands-on involvement.<br>Corporate innovator.<br>No defined role. | | |
| 3 | Advocate across the company.<br>Internal communicator.<br>Facilitating connections.<br>Enthuser & champion. | | |
| 4 | Charity's champion.<br>Central contact point.<br>Interface role. | | |
| 5 | Project delivery.<br>Managing opportunities.<br>Empowered by management. | Facilitating connections<br><br>Acting as NPO champion<br><br>Project management role<br><br>Conduit for ideas | Boundary spanner as innovation facilitator<br><br>Boundary spanner as innovation manager |
| 6 | Corporate role.<br>Enabling change.<br>Identifying internal resources. | | |
| 7 | Trouble-shooter.<br>Empowered advocate.<br>Change agent.<br>Using personal network. | | |
| 8 | Enabled by corporate role.<br>Acting on own initiative.<br>Paternal interest. | | |
| 9 | Initiative spokesperson.<br>Information conduit.<br>Externally facing.<br>Enabled by role. | | |
| 10 | Information gatherer.<br>Manager of opportunities. | | |

**Table 4-6: Example of analytic induction output**

A note should be included here about data interpretation. Some of the themes noted in Table 4.7, such as 'initial activity scope', give rise to the possibility of identifying incremental differences between the cases. Thus there is a trade off between construct specifity in relation to one case, and construct applicability across cases. The challenge for the analytic induction process which developed the final set of constructs was to balance data validity with applicability. It is hoped that, as a researcher, I did not 'stretch' the possibility of meaning too far, but I should acknowledge the possibility of bias: this, and other limitations of the research approach taken, are now discussed.

| Identified theme | Data evaluation | Final constructs |
|---|---|---|
| *Main firm driver for engagement* | Case data examined to ascertain the main driver, or stated driver, for a firm to engage with the nonprofit. | • Generic strategic fit<br>• Planned project<br>• Staff involvement |
| *Selection of firm by NPO* | Evaluation centred on whether the firm approached the NPO or vice-versa. | • Proactive (selection)<br>• Reactive (to NPO) |
| *Boundary spanner role* | Data interrogation to develop labels that can best explain boundary spanner's role with reference to the innovation outcome. | • Innovation facilitator<br>• Innovation manager |
| *Senior management involvement* | Data examination to develop labels that can best explain involvement by senior management in these engagements. | • Direct involvement<br>• Indirect involvement |
| *Initial activity scope* | Assessment of the range of activities undertaken at the outset of the engagement. | • Narrow activity scope<br>• Broad activity scope |
| *Development of activity scope* | Assessment of how the range of activities changed during the engagement. | • Limited development<br>• Extended activity |
| *CSR demonstration focus* | Interrogation of the data to evaluate firm interest in CSR reputation from the engagement. | • Evident<br>• Not evident |
| *Stakeholder focus* | Evaluation centred on identifying stakeholder group engagement is aimed at. | • Internal stakeholders<br>• External stakeholders |
| *Relationship development focus* | Examination of whether firm respondents discuss the development of NPO relationship. | • Evident<br>• Not evident |
| *Innovation type* | Identifying the innovations from the engagement. Constructs taken from innovation literature. | • Product<br>• Service<br>• Process |
| *Engagement role in innovation process* | Examining the data to understand how the engagement operation contributed to the innovation process. | • Innovation identified<br>• Innovation realised |
| *NPO contribution to innovation* | Identifying the role played by the NPO in developing the innovation. Constructs taken from literature (Kanter, 1999; Yaziji, 2004). | • NPO knowledge-base<br>• NPO network<br>• NPO as test-bed |
| *Engagement status post-innovation* | Interpreting data to ascertain the status of the dyadic engagement after the innovation. First order constructs taken from cross-sector literature (Waddock, 1989) and refined. | • Ongoing engagement<br>• Declining engagement |

**Table 4-7: Analysis summary**

## 4.5  Limitations of approach

The qualitative approach for the study was selected on the basis that little previous research has been done on the topic and a series of mini-cases, relying on information from in-depth interviews would produce rich data which could forward our understanding of firm innovations from cross-sector engagement.  Nevertheless, such an approach is open to the bias of the researcher and the interpretive accounts of the interviewees.  Interviews do not replicate reality, but are respondents' representations of the world (Silverman, 2006); furthermore, they are collaboratively produced accounts as the interviewer plays an active part (Silverman, 2006).   Conducting multiple interviews is a way of trying to find some commonality about the representation of reality in each case, but it cannot mitigate the problem completely.  Similarly, the researcher is inherently biased in the data analysis, and unconscious preferences will direct how the information gained through the interviews is interpreted.   In a single-researcher study such as this one, the effects of researcher bias are greater as all steps of the data collection and analysis are carried out by the same person, thus enabling bias to be embedded at every step.

Clearly, researcher bias has to be acknowledged, along with the limitations of the qualitative research method selected.  Nevertheless, conscious steps have been taken to mitigate this bias, and ensure robustness of the study.  In particular:

- Data from the first three cases coded in early 2007, were recoded two years later and the coding structures compared to ascertain the level of agreement.  There was an 83% match between the coded data sets.  The main discrepancy being coding of factors not pursued due to lack of reliable data collected across cases.

- Interpretations of the data have been scrutinized by my academic supervisors, both in formal review sessions for the thesis and during collaboration on journal articles reporting aspects of the research, thus providing some third-party validation of the coding and related analysis.

- I have been mindful of Yin's (2009) four tests to demonstrate rigour in case study research and outline here the steps taken in relationship to those criteria.

  *Construct validity:* this is concerned with the establishing the correct operational measures for the concept being studied (firm innovation from nonprofit dyadic engagement) and particularly relates to confidence around the data gathering and analysis process.  Multiple data sources have been accessed for data collection; clear explanations for data gathering and analysis have been given in this chapter; and a case database has been maintained using NVivo software.  The results of the analysis are supported by detailed case evidence which is found in the appendix.  However, it is acknowledged that I did not send the case narratives to interviewees for review: I did try this on interviewees from two cases, but having got no response, I lost heart trying it on others.

*Internal validity:*  this applies to both analysis of within-case data and across-case data.  Constructs within cases were validated based on the number of times they appeared in the data-set, with particular attention to the construct being mentioned by two or more interviewees.  Data across cases was validated using analytic induction to ensure the final recorded construct has cross-case applicability.

*External validity:* given that this is a multiple-case study comprising data from ten cases, it is suggested that the findings are generalisable to other firm-nonprofit dyadic engagements, although a larger scale study aimed at replicating the findings, might be beneficial.

*Reliability:*  it is hoped that the use of the interview protocol, details of data collection and analysis would assist another researcher replicate the findings of the study, although in this regard we return to the starting point for this discussion: the problem of research bias, which would impact such an undertaking.

### 4.5.1  Alternative research methods

Given the acknowledged limitations of the research approach discussed above, before concluding this chapter, it would be useful to reflect on other methods which were considered in addressing the research question.

From an overarching perspective, qualitative research, which is interative and enables travel back and forth between data collection and data analysis (Easterby-Smith et al, 2003) fits with my ontological position.  Positivists, by contrast, view data collection and analysis as separate, discreet activities.  Thus, whilst the qualitative research design is clearly appropriate for the study, the specific methods used may require more justification.   For example, although data was gathered via in-depth interviews, could those data not have been analysed using quantitative methods?  What other qualitative methods were considered (and rejected) when deciding on embedded multiple-case study as the chosen method?

Taking those questions in order,  quantitative data analysis methods were not considered appropriate as such a technique is focused on confirming previously developed hypotheses.  Although the literature review identified individual constructs which could inform the research, the relationship between those constructs in the context of firm-nonprofit engagement was not clear and thus hypotheses could not be developed. Adopting qualitative analysis techniques enabled data description and comparison, (Johnson and Harris, 2002)  allowing construct patterns to emerge from the analysis: developing theory from data, rather than looking for the data to confirm *a priori* theory.

To enable the research phenomenon to be studied effectively, the main alternative to multiple-case study considered was a longitudinal single-case study, designed 'to catch reality in flight' (Pettigrew, 1990) possibly utilising action research, or a form of participant observation as a method.   This approach was rejected on the grounds that, given the focus of the research question, the unit of analysis is the innovation outcome and, following a corporate-nonprofit engagement as it developed left open the

uncertainty of any innovation outcome arising from the engagement. The chosen method, therefore, had to be one which facilitated the examination of events that had already happened. With this in mind, another possible approach considered was to undertake a content analysis of material produced by firms and nonprofits relating to past engagements, enabling perceptions of the collaborations to be compared. Although a bank of comparable data could be accessed[5], this approach was rejected due to concerns about impression management (the firms involved were trying to win an award) and due to lack of possibility to 'interact' with the data, as, having reviewed one entry when considering methods, I was left frustrated by the number of questions that appeared not to be answered in the material presented. Thus, multiple-case study, utilising in-depth semi-structured interviews, enabled me to gather primary data and then compare those data across cases, as well as fitting with my ontologicial positioning.

## 4.6  Summary

This chapter was intended to provide readers with an understanding of how this research was approached and undertaken. The Table below (Table 4.8) summarises the key aspects of the research process. The following chapter records the findings.

| Research category | Research positioning |
|---|---|
| *Philosophical stance* | Relativist |
| *Research strategy* | Inducting theory from case studies |
| *Research context* | Cross sector dyadic relations between firms and social issue non-profits |
| *Study phenomenon* | How firms innovate from these relationships |
| *Unit of analysis* | Identified innovations |
| *Research method* | Embedded multiple-case study |
| *Data collection method* | Semi-structured interviews |

**Table 4-8:  Key features of research study**

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[5] Firms applying to the BITC awards scheme complete standardised forms, potentially allowing comparisons between responses.

# 5  Findings

This chapter presents the findings from the research, beginning with a series of case narratives, providing descriptive information about the ten dyadic relations. These are included in the main body of the document, rather than being presented in the appendix, to give the reader a greater appreciation and understanding of the cross-sector engagements being discussed. The chapter goes on to consider how key factors identified in the case data are manifested in each dyad, and then presents the main data patterns which emerged from cross-case analysis.

## 5.1  Case narratives

The narratives presented here provide a chronology of the key events of the ten engagements in the study. Each chronology is preceded by contextual information comprising the duration and status of the relationship, and the innovation which resulted from the engagement. It should be noted that the duration and status of each engagement is assessed from the time when the final data collection for each case took place.

### 5.1.1  Retailer A and breast cancer charity

*Duration and status of relationship:* 6 years, ongoing.
*Innovation:*  range of lingerie for breast cancer sufferers.

*Engagement chronology:*
The relationship between this high street retailer and the breast cancer charity began in 2001 when the retailer supported the nonprofit during Breast Cancer Awareness month.  The charity had been keen to develop a relationship with this particular company as the retailer's demographic (it has more female customers in the breast cancer 'at risk' group any other retailer) fitted the charity's audience and would also give them a high street presence.  As the charity interviewee commented:

> *"...basically, as an organisation we identified [the company] as a primary target, if you like."*

The charity had a contact within Lingerie Services who championed their cause and helped broker an initial meeting with Lingerie Marketing where it was agreed that the nonprofit's pink ribbons would be sold at till points across lingerie departments of stores during Breast Cancer Awareness month.  This raised £145,000 for the charity. The exercise was repeated the following year, and in 2003, a range of pink lingerie products were developed by the retailer for Breast Cancer Awareness Month, which helped the charity's earnings from the partnership rise to £400,000.

The charity was keen to extend its collaboration into other departments and had been networking within the retailer with the aim of getting their cause picked up across the organisation.  Through the relationship with the Director of Lingerie, the charity got the support of the Head of Marketing:

> *"… and once he gave [the central marketing team] a remit, then they were 'Yeah, actually we'd love to get our hands on this deck." (NPO)*

> *"Where the growth really started to occur is when I came into play in year four, erm which was 2005, where we started to then look at the whole relationship and say, 'How can we develop this further?'" (Firm)*

With wider company support, and a new dedicated manager to liaise with the charity, in 2005 cause-related products were sold across the business units, pushing the charity's income from the firm to over £1m and making the partnership a core part of the firm's CSR and marketing activities:

> *"Crucially, the partnership [with the charity] was established in October 2005 as the key pillar of the company's General Merchandise CSR strategy. So each of the business unit directors agreed to it as key to business strategy." (Firm)*

As the relationship matured, the parties began to work more closely with each other and were talking about how they could develop new products together when the retailer's Chairman made development of post-operative breast surgery lingerie a priority, having received a letter from a customer.   As one of the firm interviewees noted:

> *"So we started to work with the charity and tap into their research groups that they have and their supporters and work with them to say, 'Well guys what is that you'd like to see from a lingerie range?' So we designed it following their advice, they found a group of women to test it out for us, we got feedback and altered the product and had it in the shops in less than 9 months…" (Firm)*

An initial line of lingerie was in the shops in Autumn 2006 and another collection was in development for retail in Summer 2007.

The charity's ties are still strongest in the lingerie department where the association began, and this is still where the relationship is managed from on a day-to-day basis: the head of lingerie marketing liaises regularly with an Account Director at the nonprofit.  As the alliance has developed, the cancer organisation has increased its number of contacts within the retailer and now has two full-time staff supporting the corporate partnership.   The relationship is ongoing, and is considered mature by the participants; as the charity said *"I think we've actually reached a kind of nirvana with them"*; but both sides are committed to the partnership:

> *"…this relationship has moved in the five years I've been with it from just initial patronage to something that is so fulfilling for both parties and there's so much more we can achieve together, I think." (Firm)*

### 5.1.2  Retailer B and cerebral palsy charity

*Duration and status of relationship:*  1 year, ongoing.
*Innovation:* redesigned staff disability training.

*Engagement chronology:*
The new area manager for this high street retailer in West Yorkshire was keen to promote employee volunteering projects arranged through Business in the Community (BITC) as he had personally gained a lot from them when working with a previous company.  The county was divided into three areas, each co-ordinated by a store manager, encompassing 5-6 retail outlets.  The Calderdale area co-ordinator held an initial meeting with BITC and was given a booklet with local charities looking for assistance from businesses in the area.

Together with her team manager, she selected a local day centre managed by the cerebral palsy charity, mainly because the assistance the centre was looking for fitted the objective of getting staff involved in volunteering:

> *"...the thing that really appealed was that there were three half-day
> challenges there.  So I hoped I could get, you know, a variety of people
> for the three challenges…" (Firm)*

The intention was to get staff from the six stores involved in three different activities with the dozen or so users of the day centre, the majority of which have cerebral palsy.  These activities were agreed in discussion with the day centre manager and designed to reflect some of the expertise within the retailer's staff – there was a photography workshop, a make-up workshop and a healthy eating workshop.

Both the company staff co-ordinating the activities, and the employee volunteers assisting on them were aware that the experience was challenging their notions of disability:

> *"...my own ignorance came across quite vividly, and I was quite
> ashamed of it. Erm, because we talked about doing a cooking day,
> and I literally thought that we'd be making fairy buns and sticking
> smarties on top…" (Firm)*

This awareness acted as the catalyst for the area co-ordinator to ask the manager of the centre to provide some disability training to staff from the six stores and this was delivered by one of the centre users.  Before this, disability and diversity training for staff had been delivered in-house using printed material produced by the company.  As interviewees noted:

> *"It was so much more real than anything we'd been given to read
> about."*

> *"...there's nothing [in the company material] about how to interact with any body with a disability, so it was the best disability training I could possibly give my team." (Firm)*

Informal feedback from the 35 staff who attended the 90 minute session suggested it was much more useful than the information in the standard training manual and has impacted the way they perceive and relate to disabled customers.

The retailer's project co-ordinator is keen to maintain an ongoing relationship with the local charity service but feels that with so many demands on her and her staff's time, it is unrealistic to expect links to develop more closely:

> *"People are just so busy, and if somebody's away it's hard to manage, you know, but we definitely want to keep up the relationship, as far as we can, and I'd like do to the [disability] training again too next year, as we've got new staff now." (Firm)*

The charity recognises the time pressures on the retailer's staff, although the centre manager expresses frustration at the slow development of the relationship:

> *"I think they're perhaps used to the culture of going out and giving, but not used to an organisation coming back and saying 'thank you very much, now how can we take this relationship further?'" (NPO)*

Nevertheless, the charity is keen to keep the liaison going and ideally would like to forge closer links around workplace volunteering at the retailer's stores for the centre's users.

### 5.1.3 Energy Co. and mental health charity

*Duration and status of relationship:* 2.5 years, with fixed end date 6 months hence.
*Innovation:* implementation of new vulnerable customer communication protocols.

*Engagement chronology:*
The national association between this energy supplier and charity representing people with learning disabilities began in 2004 when the third-sector organisation was selected by the firm's community investment committee to be the company's charity partner for the year, following a competitive pitch. The firm's employees had chosen 'health' as the area for that year's charity focus, and selected organisations were invited to put proposals to the company. In their presentation the charity concentrated on fundraising opportunities and potential employee volunteering projects:

> *"It was basically neck and neck between [the charity] and [a cancer charity]. The cancer charity was an obvious choice, we knew we'd have no problems with it, it can touch people's hearts so easily. But it wasn't a challenge; we wanted to really challenge ourselves. And also it fitted our business because it would help us if we, if our staff understood more about learning disabilities, we would then understand our vulnerable customers." (Firm)*

In the first year of the relationship the focus was chiefly on fundraising activities, with the company's employees raising £250,000 through various events. The charity had begun to introduce disability awareness seminars and employee volunteering projects, but these had been slow to take off. Following internal company discussion, the charity was invited to repitch (non-competitively) to the community investment committee and the relationship was extended for another two years as the company appreciated that benefits from the various partnership initiatives aimed at raising awareness of disability were unlikely to be realised in a shorter timescale. As one interviewee noted:

> *"[The charity] basically did their end of year review, and said this is what we've achieved, and the Board thought, you know this is a brilliant relationship, we've learnt so much, we've got so much more to learn, [the charity] have given us so much, they can give us so much more, let's make this into a partnership and let's extend the partnership for a further two years." (Firm)*

The charity considers their success in extending the partnership lay in the fact that they related their skills and experience directly to the company's core business:

> *"I took each of their ambitions, so they've got these five corporate ambitions, and I took each of the ambitions and said how [the charity] could help them, you know, achieve those ambitions and I think the thing that really sold them was the Vulnerable Customers training." (NPO)*

Following the agreed extension, partnership activities became more wide-ranging, and in addition to employee fundraising events, and volunteering at projects run by the charity; the NPO offered more disability awareness seminars for staff, tailored vulnerable customer training for customer-focused staff, a scheme to give work placements to people with learning difficulties, charity mentoring opportunities for managers, and an initiative to develop health awareness literature for people with learning difficulties. As both firm and NPO noted, the focus of the partnership had shifted:

> *"..previous relationships have really only been about fundraising. This has been much more about awareness, employee diversity, understanding our vulnerable customers, as well as fundraising…" (Firm)*

*".. instead of being us insisting we put people through disability awareness seminars [before they go on a volunteering project], the company has now changed, and they're saying that one of their measurements now is the number of people that attend our seminars." (NPO)*

With greater focus on disability awareness, the charity developed and delivered a tailored training programme for 24 customer-focused staff which has led to a redesign of the communication protocols for vulnerable customers. With the alliance entering its final few months, the focus for training has moved to training-the-trainer, so the firm can continue raising awareness about how to handle vulnerable customers after the relationship with the charity ends in 2007. The firm is mindful of leaving a legacy:

*".. basically when [LP] who is Head of Brand here looked at the relationship she sort of, like, said she wanted something tangible to demonstrate where our money went to…" (Firm)*

*"… now we're looking to raise awareness of the partnership, so me and F [from the charity] will hopefully at some point go along and give speeches and things, and look to win awards for the relationship crossing the line." (Firm)*

### 5.1.4  Telecommunications Co and children's charity

*Duration and status of relationship:*  5 years, developing.
*Innovation:*  integrated voice, data and text handling solutions (in development)

*Engagement chronology:*
The communications firm has been supporting a confidential telephone advice line for children, since its inception in 1986. However, the partnership was newly invigorated in 2002 following a survey of the firm's stakeholder groups on the corporation's community initiatives which found widespread agreement that the company should support a children's charity and one which could benefit from the firm's technology and communications expertise:

*"..and this came out of research, so it's all aligned to the nature of our business. So people expect you to contribute around what you do best and in our case that is enabling communications. And so it's around our business and it's on the key issues that are critical to people." (Firm)*

*"…so the kind of fundamental thing people were saying is, 'We want you to do something in the young people's space and we want you to do something where you can make a difference to children'…" (Firm)*

The company provides the advice line with funds, investing £600,000 a year, plus additional amounts from other fundraising initiatives, taking annual donations to over £1m. The company also provides technological support aimed at helping the charity

deal more effectively with the 4000 calls it receives every day, and offers strategic advice. Assistance for the charity is embedded in the firm's employee volunteering schemes, fundraising activities and other community programmes. As those involved noted, it's a wide ranging partnership:

> *"So the thing I was really interested and excited about, was to provide this kind of brand new holistic support to a charity with a combined vision…" (Firm)*

> *"I think it's quite a unique relationship….there are relatively few relationships that are as integrated as the one we have with [the company], I think." (NPO)*

The firm's head of charity programmes is the designated interface between the nonprofit service and the company and the main contact for the charity on a day-to-day basis. A quarterly activity report goes to the company's Community Support Committee, made up of the Chairman and non-executive directors. The relationship also receives strong support from the business unit heads. The head of charity programmes feels at ease committing board members and senior management to attend events for the charity.

The company's focus on the partnership is moving away from ensuring an adequate funding stream for the advice line, towards providing technological support, and advice on the strategic direction of the service. The firm has worked with the service and its new parent nonprofit organisation to provide additional channels, such as text and online services, for children to contact the charity, and this is regarded as a key development in the partnership:

> *"...what excites me about the future is the fact that there is a fit in terms of where they want to go, and you know they're excited about where we want to take the service and they want to work with us to make that possible." (NPO)*

> *"where the voluntary sector has gone, where [the charity] has come, it is perfect. It fits our vision of using technology in an innovative way." (Firm)*

Communications and data specialists from the communication group are working to integrate online, telephony and text services which will be of key value to the charity and also provide a showcase for the firm's technological capabilities which the company then plans to offer to corporate clients.

### 5.1.5  Bank A and hearing impaired charity

*Duration and status of relationship:* 5 years, declining.
*Innovation:*  introduction of TextTalk telephony system in all customer services centres.

*Engagement chronology:*
This retail bank's relationship with the hearing impaired charity began in 2002 when the nonprofit was voted Charity of the Year by the bank's staff.   Following on from this association, the charity's training director approached the bank for sponsorship for a training initiative.   The bank were not interested in this, but were keen to be involved in a more high profile initiative and decided to try to achieve the charity's Charter Mark which it awarded to businesses which could demonstrate best-practice in dealing with deaf and hearing impaired customers.   The bank's decision was based on the benefits that could accrue through enhanced reputation and additional customers (an estimated 1 in every 7 UK adults has a hearing problem), and additionally ensure that its staff were fully compliant with the forthcoming Disability Discrimination Act. The initiative was supported by the bank's top management team:

> *"There was an awareness of 'if we don't do this we're going to get prosecuted' (and I would have got funding for that), but I wanted a bit more of a customer centred approach and got it sold on that basis, which was great really." (Firm)*

> *"... to be honest, the business case is very much the carrot for us, because that does make sense to them [the bank] in that commercial world, how they can engage with that huge consumer market." (NPO)*

A small team of five was responsible for liaising with the charity's advisors and rolling out the project first across the retail branch network, large regional offices and the business banking arm, and secondly in the customer telephony service centres.  The charity undertook a 12 month programme of benchmarking the services provided for deaf and hard of hearing customers and outlined improvements that needed to be made before the company could be awarded its Charter Mark.

> *"They [the bank] were really open to the ideas about what they could change and what best practice they could implement." (NPO)*

> *"The staff loved it, and what [the charity] considered best practice in some areas we rewrote, we were exceeding what they considered best practice, which was great. We weren't in other areas, but then that's what you'd expect." (Firm)*

In parallel with this benchmarking exercise, and as part of the Charter Mark remit, a large training scheme was undertaken to ensure staff were aware of hearing impairment issues amongst their own work colleagues as well as in their dealings with customers.  Both the charity and the company reported that the training was very positively received by staff who found it directly relevant and useful for their day-to-day work.

The bank was awarded the Charter Mark for its office operations in 2004, with its call centre services gaining recognition in 2005. This award followed an audit process by the charity where auditors checked that improvements suggested during the benchmarking exercise had been implemented. The most significant change undertaken by the bank was to rewrite its banking policy which enabled call-centre staff to utilise the Text Talk service for deaf and hard of hearing customers. This change initially raised security fears, as it entails routing the call through a third person who translates speech into text for the hard of hearing party…

> "… and that was a big bugbear for the charity. So they talked to us, to the project team, did the investigations. We talked to the TypeTalk people, sorted out all the security concerns and put it in on every single line." (Firm)

Having accepted the value of the initiative, the bank's senior management agreed to the change in policy which enabled the service to be place on all inbound and outbound phone lines in its customer service centres. Those involved at the bank are clear about the benefits of the initiative:

> "Firstly, there was obviously the publicity: we'd got the Charter Mark, our rivals hadn't. Two, was an improved reputation. And the third was an increase in business. Our systems didn't allow us to determine whether we actually got the third one. We got a fair amount of publicity and logically you would expect that to follow through on the sales." (Firm)

The relationship declined following the successful award of the Charter Mark. The award is valid for three years and can be renewed subject to an organisation opting to enter the reaccreditation process, so it is possible the relationship may be revived in the future.


### 5.1.6  Bank B and financial inclusion charity

*Duration and status of relationship:*  8 years, ongoing.
*Innovation:*  New channel to market and redesigned banking products to service specific customer segment.

*Engagement chronology:*
The relationship between this retail bank and community credit advice organisation first began in 2000 when the bank gave the charity a £5,000 grant and a £20,000 interest-free loan for the charity to set-up a lending programme to financially excluded segments of the community in east London. The relationship began by chance after the head of the London-based charity met a senior bank executive at a community banking event. Although a key driver for the association was Government pressure for the UK's retail banks to address the issue of financially excluded, the community banking scheme was viewed as a potential future market for the bank from the outset.

*"It can't just be about doing good for its own sake – it has to make money."*
*(Firm)*

Collaboration in the form of company patronage and lending continued for four years, until the charity asked the bank to join their Board. As links between the two organisations increased, the partnership developed with the bank granting the organisation 'trusted partner' status in 2005 which enabled the charity to open customer accounts for the bank in its own offices. As the charity observed:

> *"They [the bank] only trained us because they trusted us, and they trusted us because they'd worked with us for five years and they saw that we were good people to work with." (NPO)*

As the charity's client base grew, they saw the potential for offering further financial products to these customers who, traditionally, would be ignored by the bank for being high-risk. The bank was persuaded to invest another £30,000 to enable the charity to offer loans to their clients at high-street interest rates. The bank recently reviewed these cases and saw their customers' credit rating improve. The relationship between the bank and the organisation is still developing, with discussions on the development of a wider range of financial products, specifically designed for the charity's market. Specifically, the bank is looking at creating a basic insurance product, and redesigning the basic bank account to better fit the needs of this customer segment.

> *"We wanted to be able to show how we could innovate in the world of micro-finance; we've taken a really innovative approach with this CDFI and are demonstrating that we can take it beyond being just about savings." (Firm)*

> *"Oh, we've got lots of plans... now they [the charity] have Trusted Partner status, there's a lot more we can do." (Firm)*

The bank is still represented on the charity's board, and the community finance group works closely with the bank's community banking team. One of the bank's community finance officers is responsible for day-to-day liaison with the charity and accesses expertise within the bank as required, enabling the charity to develop relations with departments who can take forward the new product initiatives, although the charity notes that it has been a long process:

> *"It works slowly. Very slowly. So we've been talking about this for about three years in some ways. The bank account, definitely for about two or three years. The other products for at least a year...so it's long, it's slow. But I think we're getting there." (NPO)*

### 5.1.7 Broadcaster and pan-disability charity

*Duration and status of relationship:* 5 years, declining.
*Innovation:* new disability-focused customer service centre.

*Engagement chronology:*
The UK broadcast industry was urged to take action to provide services for physically impaired viewers (such as increased subtitling, programme description and signing) ahead of the introduction of the Communications Act in 2003 which would make some provision of such services mandatory. In response, the chief executive of this commercial broadcaster appointed a disability trouble-shooter to address the issue across the company, in terms of the treatment of disabled customers and the representation of disabled people on the broadcaster's output, as well as the making provision for viewers, as he was mindful that, in addition to the Communications Act, the forthcoming Disability Discrimination Act could also present challenges. As the new disability champion commented:

> *"... sort it out was my total job description. I just went and prodded people."*
> *(Firm)*

From the outset, the project was treated as a business initiative, with the aim of reducing churn rates among subscribers, and growing the broadcaster's customer base in order to fund the project:

> *"So we said, 'The business has to have 60,000 customers to be cost neutral: that's our sales target. How do we achieve that sales target?' Well the first thing we had to do was look at CRM, because we don't know who our disabled customers are." (Firm)*

During the course of the project the company partnered with a national pan-disability organisation, which facilitated access to local groups supporting people with various physical and mental disabilities.

> *"...we helped them in dialoguing directly with organisations of and for disabled people. I think we wrote to our members at one stage as well, with regard to, I think it was a short term special offer that they were offering, you know subscribe now and it's 25% off, or something like that." (NPO)*

Twelve impairment-specific focus groups were held with these local organisations, coupled with tours of the broadcaster's operations. These focus groups made more than 40 recommendations on how the broadcaster could improve its service to disabled customers and viewers.

These recommendations were implemented over a four year period and included staff disability awareness training; overhauling processes regarding the employment of disabled staff; and delivering enhanced customer services, which included alterations to the display of the electronic programme guide to better suit viewers with visual impairments and, a new call centre specifically for the broadcaster's disabled customers:

> *"we actually opened [the call centre] on June 12th 2003, and that was the day that our MD was actually announcing to the City what [the broadcaster] was doing for disabled people. So it was you know a good coincidence, well it was more than coincidence, it was sort of made to happen on that day." (Firm)*

Implementation of the wide ranging recommendations finished in 2006 and the new call centre dedicated to serving customers with various disabilities was dealing with approximately 43,000 subscribers. The company also called on the nonprofit organisation also provided external verification of the suitability of the remodelled handset for physically disabled customers.

> *"...and then, we endorsed the changes they'd [the company] made, you know, vouched that it [TV remote control] was a good design for someone with impaired dexterity." (NPO)*

During their four-year relationship, and at the instigation of the project manager, the broadcaster provided some limited financial support to the charity, specifically in relation to its clerical role on a cross-party House of Commons committee on disability. However, these initiatives were very much a result of personal contacts between the company and organisation which recently ceased to exist following the departure of the charity's main sponsor from the firm, and there is uncertainty about future involvement between the charity and broadcaster.


### 5.1.8 Gaming Co and children's charity

*Duration and status of relationship:* 4 years, ongoing.
*Innovation:* identification and exploitation of new marketing channel.

*Engagement chronology:*
The relationship between this gaming organisation and children's charity began at a regional level in 2003 when the charity's influential Scottish volunteer fundraising team decided to hold a bingo and auction evening at an Edinburgh department store. They approached the company for professional assistance in delivering the event and the firm provided specially designed bingo cards and tickets and provided three staff to run the bingo sessions, including the number caller. As an interviewee recalls, it was a spontaneous action by the firm:

> *"My colleague, he spoke to his general manager, who said 'look, we'll just give them all the support they want, it sounds like a really good idea'." (Firm)*

The event proved an extremely successful fundraiser for the children's charity and the organisation's Scottish fundraising manager shared details of the event with colleagues in the North of England. The volunteer fundraising team decided to replicate the event at a Manchester department store in 2004 and once again the gaming firm was approached locally for assistance in delivering the event. This request was passed to the company's CSR manager who is the main point of contact for the charity:

> *"I spoke to A [manager in Scotland] who was very enthusiastic about it, and so I asked M, [local bingo hall manager] if he and his staff would be up for it" (Firm)*

Once again, staff from a local bingo hall provided tickets and ran the bingo part of the event. As in Scotland, it proved a very successful fundraiser with tickets selling out extremely quickly. The event drew widespread regional press coverage.

This bingo fundraising evening is now an annual fixture for the charity's Scottish and Northern regions and in 2007 the charity asked the gaming group to become a national partner and replicate the event at other locations, with the Southern region holding its first bingo fundraiser at a London department store early in 2007. As the charity noted:

> *"...they [the company] are instrumental in these events, and I wouldn't go to another bingo organiser now, I really wouldn't. I see it as a [company] event that's married with us [the charity]." (NPO)*

The relationship between the company and the children's charity has grown organically and informally and ties between the two organisations vary by region. Areas of the country that have only recently begun an association with the charity do not have ties beyond the bingo fundraising evenings. In areas with a longer history of supporting the charity – Scotland and North West England – relations have extended beyond the regular bingo evenings. In the North West, for example, one bingo club has started other fundraising projects to support a local children's hospice run by the charity. The manager there is keen for his staff to be involved in such projects and is readily supported by the firm's CSR manager:

> *"...well, I suppose 'cos I'm really interested in employee volunteering, you know, giving back and all that. I really encourage it in this club and some don't want to know, which is fair enough, but some staff have really taken to it." (Firm)*

> *"I think it's great what they're doing in Warrington. Whenever other clubs are thinking about getting involved, but the manager's a bit iffy, you know, I put them in touch with M and he often brings them round." (Firm)*

Within the gaming organisation, the relationship is supported by senior management and is increasingly being viewed as a means of showcasing the company's core business to local opinion formers, who have been identified by the charity. This is particularly useful for the company, as legislation limits the scope of marketing or advertising by the gaming industry, although the company admits it was not a benefit they looked for:

> *"It still amazes me now that almost by accident or serendipity, where somebody had come in just asking for a bit of help, we're now able to really identify it as a great way to get out products out." (Firm)*

The involvement with the children's charity has also influenced the way the CSR manager responds to requests from other local charities for assistance running fundraising events featuring casino tables. Instead of turning down these requests, as had happened in the past, the CSR manager now responds positively:

> *"I've seen the benefits our staff have got out of it and how good it is for them to show their skills on a wider stage, as it were." (Firm)*

Most recently, in December 2006, the company supplied a team of London croupiers to advise and run casino games for a charity event in Kent, giving another outlet to showcase the company's business and the expertise of its employees to a new audience.

### 5.1.9 Technology Co A and pre-school charity

*Duration and status of relationship:* 8 years, ongoing.
*Innovation:* computer hardware and software for pre-school settings.

*Engagement chronology:*
The technology firm runs a global initiative aimed at increasing computer literacy in young children. The programme is devised and controlled by the parent company in the United States, but delivered locally in national markets, as one interviewee noted:

> *"..by the time it gets to my level, then you know, a lot of the R&D has been done, so it's much, as much as anything about delivery of the project and good relationship management." (Firm)*

The UK's programme, begun in 1999, focuses on providing specially designed computers to pre-schools and nurseries as primary schools receive government funding for IT equipment. The company realised it needed a partner with knowledge of the pre-school sector to help deliver the programme and approached an organisation representing the interests of nursery education and pre-school providers. The UK firm has a contract with the pre-school group, reviewed annually, to deliver the programme, and the contract now includes funding for a part-time administrator.

*"So ... they're [the charity] a well known name, they're respected in the field, their reputation is in delivering good-quality training. Erm, and they also have good links with The Department for Education and the Government, in places where it counts. So we actually, we selected them for partnering us, you know we needed their knowledge" (Firm)*

In the first year of the programme, fourteen specially designed computers were delivered to pre-school settings with the assistance of the NPO. The education organisation provided advice on computer and keyboard design which would prove suitable for use by 3-5 year olds as well as identifying the initial fourteen nurseries which would benefit from the technology. The number of computers distributed rose steadily year-on-year, and now 120-150 computers are placed in pre-school settings annually.

The nonprofit group liaises with education officers in local authorities who identify 5-6 nurseries in their area to take part in the scheme. The programme has been rolled out across the UK, with the nonprofit selecting participating local authorities in areas the technology firm wants to target, and providing train-the-trainer sessions for educationalists within the authorities who can advise nurseries on how to use the computer effectively.

A research programme was set up by the company to monitor the impact and effectiveness of the initiative and its findings on the issues of technology use by the under 5s were presented to government policy makers. In the last 3 years, the scheme has been tied into the firm's employee volunteering programme, and approximately 120 employees now assist nurseries assemble their computers and show the nursery staff basic operations.

The scheme is run by a small team comprising the firm's community relations manager, his assistant, and the operations manager and project administrator at the pre-school group. Working relations are described as fluid: there is regular phone contact with face-to-face meetings held every two months or so, and a more formal review session at the end of the year. As the charity commented:

*"I suppose because it's [the project] been going for so long it's kind of second nature to us. I mean, it just seem to be a sort of continuation of a successful project. They're prepared to donate 120-150 computers each year to various settings, it works really well and we've got good systems set-up to facilitate the project." (NPO)*

In 2006 knowledge of the early education market, together with seven years experience of adapting a product to fit the needs of 3-5 year olds, led to the company's decision to launch a commercial version of the computer unit in the UK:

> *"[the project] gave us an understanding where there is a market, how big that market might be, erm, you know is it financially viable, and so on, so in that sense it was a benefit." (Firm)*

The relationship between the firm and pre-school organisation is ongoing, with the donations programme set to focus on the new Children's Centres being created by government.

### 5.1.10  Technology Co B and hearing impaired charity

*Duration and status of relationship:*  6 years, ongoing.
*Innovation:* development of screen phone for hearing impaired users.

*Engagement chronology:*
The relationship between this communications technology firm and the hearing impairment charity began in 2001 when the company's then Managing Director met technology developers from the charity at a communications conference.  In its role as a champion of the deaf and hearing impaired, the charity has a product development arm which works with technology firms to create solutions for its users which it also sells through a specially created trading division.  The charity had identified a need among its users for a telephone accessory allowing third-party access to phone calls. The company had a product which could match this need, and the chance meeting gave it the impetus to proceed with development:

> *"The relationship initially made us think about a product that we probably wouldn't have considered on our own."  (Firm)*

The organisations worked together on this initial project and further collaborations followed, as the charity noted:

> *"It [the relationship] started with a small project that really opened up the lines communication with the technical and developing teams at [the firm]." (NPO)*

The company, too, was pleased with the relationship:

> *"..[the charity] is one of, or is, the largest supplier of assisted listening devices in the UK and probably in Europe, so it was a natural place for us to be in terms of getting our products to the end user." (Firm)*

The charity found the company easy to work with, as the company's developers and technicians readily shared ideas with the charity and actively sought feedback on their products to produce enhancements and improvements. Having worked together on two or three small projects, the charity asked the company to help it develop a completely new product for the hearing impaired market. The resulting Screen Phone, which subtitles conversations, took three years to develop and won an innovation award. The organisations are now working on refining this initial model.

The telecommunications technology firm acknowledges that it probably would not have developed many of the hearing impaired solutions had it not been for the association with the charity, and has found the charity's closeness to its end users extremely useful for improving its products. It also benefits from the stamp of approval the charity gives through its product testing activities. The charity cites the smallness of the company (under 100 people) as assisting their partnership as it facilitates quick decision making, as well as the fact that they have built up a trustful relationship:

> *"You know it didn't just start off completely from nothing, there was a previous relationship where we'd built up a bit of trust between each other, where we respected the fact that they would give the products a go and make things, erm and we respected the fact that they would listen to us.." (NPO)*

The partnership is not used by the company in any marketing material or to highlight any corporate responsibility activity: the charity is viewed as a valued customer whose non-profit status makes it easy to work with as the organisation is focused on the long term and improving communication for those who are deaf or hearing impaired:

> *"…[the charity] is the only non-profit organisation we've had dealings with… we work with the largest high street retailers… and if you could code part of the relationship [with the charity] and superimpose it onto one with a large commercial group that would be fantastic." (Firm)*

## 5.2  Construct development

As the cases narratives demonstrate, the context of each engagement is very different, but case comparisons can be made by examining key constructs relating to the engagement initiation, engagement operation and innovation outcome.

Thirteen themes were identified in the cases and evaluated in each case during data analysis, resulting in 29 separate constructs. Table 5.1 on page 71 presents the full body of the findings. Case data supporting and illustrating the analysis can be found in Appendix IV. This section now discusses the presentation of constructs found in the case data in some detail. To assist the reader, the full set of findings contained in the Table 5.1 are broken out and reproduced as a series of tables within the text in the following section.

| | Engagement initiation | | Engagement operations | | | | | | | Innovation outcome | | | |
| | | | Engagement management | | Engagement content | | Engagement orientation | | | | | | |
| Theme / Dyad | Primary driver for firm engagement | Selection of NPO by firm | Boundary spanner role | Senior management involvement | Initial activity scope | Development of activity scope | CSR focus | Stakeholder focus | Relationship development focus | Innovation type | Engagement role in innovation process | NPO contribution to innovation | Engagement status after innovation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Generic strategic fit | Reactive | Facilitator | Direct | Narrow | Extended | Yes | External | Yes | Product | Innovation identified | NPO as test-bed | Ongoing |
| 2 | Staff involvement | Proactive | Manager | Indirect | Narrow | Extended | No | Internal | No | Process | Innovation identified | Knowledge Network | Ongoing |
| 3 | Staff involvement | Proactive | Facilitator | Direct | Broad | Extended | Yes | Internal and external | Yes | Process | Innovation identified | Knowledge Network | Declining |
| 4 | Generic strategic fit | Proactive | Facilitator | Direct | Broad | Extended | Yes | External | Yes | Product | Innovation identified | NPO as test-bed | Ongoing |
| 5 | Specific project | Proactive | Manager | Indirect | Narrow | Limited | Yes | External | No | Service | Innovation realised | Knowledge | Declining |
| 6 | Generic strategic fit | Reactive | Facilitator | Direct | Narrow | Extended | Yes | External | Yes | Service | Innovation identified | Knowledge Network | Ongoing |
| 7 | Specific project | Proactive | Manager | Indirect | Narrow | Limited | Yes | External | No | Service | Innovation realised | Knowledge Network | Declining |
| 8 | Staff involvement | Reactive | Manager | Indirect | Narrow | Extended | No | Internal | Yes | Process | Innovation identified | Network | Ongoing |
| 9 | Specific project | Proactive | Facilitator | Indirect | Narrow | Limited | Yes | External | No | Product | Innovation realised | NPO as test-bed | Ongoing |
| 10 | Generic strategic fit | Reactive | Manager | Direct | Narrow | Extended | No | External | Yes | Product | Innovation identified | NPO as test-bed | Ongoing |

**Table 5-1: Research findings**

## 5.2.1 Identified constructs: engagement initiation

Two themes were noted in the engagement initiation phase: the primary driver for the firm to engage with the nonprofit, and how the firm selected the NPO in the dyad (see Table 5.2). Three constructs relating to the primary engagement driver were seen in the data: that is, the firms chiefly engaged with the nonprofit for one of the following reasons. Most commonly (4 out of 10), firms engaged with nonprofits because they perceived some degree of fit between the NPO and the firm's generic strategy (dyads 1, 4, 6, and 10). For a further three firms, the engagement offered the opportunity for staff involvement or volunteering (dyads 2, 3 and 8); whilst for the remaining three firms in the study, the engagement was undertaken to help deliver a planned, specific project, aimed at addressing a social issue (dyads 5, 7 and 9). Firms were either proactive in partnering with the NPO: that is firms actively selected the charity for a relationship; or they were reactive, responding to an approach by the nonprofit. In the research base six of the firms were proactive, whilst the remaining four (dyads 1, 6, 8 and10) were reactive.

|  | **Primary driver for firm engagement** | **Selection of NPO by firm** |
|---|---|---|
| Dyad 1 | Generic strategic fit | Reactive |
| Dyad 2 | Staff involvement | Proactive |
| Dyad 3 | Staff involvement | Proactive |
| Dyad 4 | Generic strategic fit | Proactive |
| Dyad 5 | Specific project | Proactive |
| Dyad 6 | Generic strategic fit | Reactive |
| Dyad 7 | Specific project | Proactive |
| Dyad 8 | Staff involvement | Reactive |
| Dyad 9 | Specific project | Proactive |
| Dyad 10 | Generic strategic fit | Reactive |

**Table 5-2: Engagement initiation – constructs by dyad**


## 5.2.2 Identified constructs: engagement operations

Seven themes were noted in the category of engagement operations, and these themes divided into three groups. Two themes related to management of the engagement by the corporate partner; a further two themes related to the content or subject matter of the engagement; whilst three related to the engagement orientation, that is the attention given by organisational actors to aspects of the engagement which assisted understanding of how firms perceived the relationships.

Two constructs were identified in respect to the content of the engagement. As seen in Table 5.3, the initial scope of activity undertaken in the engagements was predominantly narrow (i.e. focused on one or two activities).  Only two of the dyads had a broad range of activity at the outset of the engagement (dyads 3 and 4).   In three of the cases (dyads 5, 7, 9), the scope of engagement activity saw limited development, whilst the remainder of the dyads witnessed an extension of the initial engagement scope to incorporate a wider range of activity.

| | Engagement content | |
| --- | --- | --- |
| | **Initial activity scope** | **Development of activity scope** |
| Dyad 1 | Narrow | Extended |
| Dyad 2 | Narrow | Extended |
| Dyad 3 | Broad | Extended |
| Dyad 4 | Broad | Extended |
| Dyad 5 | Narrow | Limited |
| Dyad 6 | Narrow | Extended |
| Dyad 7 | Narrow | Limited |
| Dyad 8 | Narrow | Extended |
| Dyad 9 | Narrow | Limited |
| Dyad 10 | Narrow | Extended |

**Table 5-3: Engagement content – constructs by dyad**

Two themes relating to the management of the engagement by the corporate partner were identified, reproduced in Table 5.4. These focused on the roles of the firm's relationship manager, or boundary spanner, and the involvement of corporate senior managers in the engagement.

For each of these themes, two constructs were identified. The main corporate boundary spanner was found to play one of two roles. Either this corporate actor acted as an innovation facilitator; facilitating interaction between the nonprofit and the company, by identifying other corporate actors who could develop, and act on, ideas put forward by the nonprofit partner (seen in dyads 1, 3, 4, 6 and 9). Or these actors acted as an innovation manager; being closely involved in managing all interactions between the firm and nonprofit, and being responsible for taking forward ideas arising from the relationship (seen in dyads 2, 5, 7, 8 and 10).

Senior management in the firms were either directly involved in the engagement, attending events and progress meetings; or indirectly involved, defined as being aware of the engagement, or with final sign off on initiatives from the engagement, but with no regular involvement.   In the research base half the firms had senior managers directly involved in the engagement (dyads 1, 3, 4, 6 and 10) with the remaining dyads (2, 5, 7, 8 and 9) having senior managers with indirect involvement.

| | Engagement management | |
|---|---|---|
| | **Boundary spanner role** | **Senior management involvement** |
| Dyad 1 | Innovation facilitator | Direct |
| Dyad 2 | Innovation manager | Indirect |
| Dyad 3 | Innovation facilitator | Direct |
| Dyad 4 | Innovation facilitator | Direct |
| Dyad 5 | Innovation manager | Indirect |
| Dyad 6 | Innovation facilitator | Direct |
| Dyad 7 | Innovation manager | Indirect |
| Dyad 8 | Innovation manager | Indirect |
| Dyad 9 | Innovation facilitator | Indirect |
| Dyad 10 | Innovation manager | Direct |

**Table 5-4: Engagement management – constructs by dyad**

Three themes were noted relating to the engagement orientation, or the relative attention given by actors to the areas shown in Table 5.5: that is the attention, or focus, given to internal or external stakeholders; awareness, or focus, on demonstrating corporate social responsibility; and appreciation or focus on how the engagement has developed through the development of the relationship.  Two constructs were identified for 'stakeholder focus': from the interview data, it was apparent that, in discussing the engagement, corporate actors consistently related its impact to either external stakeholders (dyads 1, 4, 5, 6, 7, 9 and 10), or to internal stakeholders (dyads 2 and 8).   The exception was dyad 3, where, as seen in the case narrative, the aim of the engagement shifted from a charity fundraising initiative aimed at staff, to a customer focused one.  This is therefore characterised as having a dual focus.

A further two constructs were noted for 'CSR focus'.  In discussing the engagement, corporate actors in seven of the ten dyads were keen for the relationship to result in a tangible demonstration of the company's attention to corporate social responsibility issues.  This focus was absent in dyads 2, 8 and 10.

Finally, two further constructs were noted in respect of 'relationship development focus'. In reflecting on the engagement, both corporate and NPO actors in six of the dyads (1, 3, 4, 6, 8 and 10) identified the development of the relationship between the partners over time as a key factor in the development of collaborative initiatives. This focus was not evident in the interview data from dyads 2, 5, 7 and 9.

| | Engagement orientation | | |
|---|---|---|---|
| | **Stakeholder focus** | **CSR demonstration focus** | **Relationship development focus** |
| Dyad 1 | External | Evident | Evident |
| Dyad 2 | Internal | Not evident | Not evident |
| Dyad 3 | Internal & external | Evident | Evident |
| Dyad 4 | External | Evident | Evident |
| Dyad 5 | External | Evident | Not evident |
| Dyad 6 | External | Evident | Evident |
| Dyad 7 | External | Evident | Not evident |
| Dyad 8 | Internal | Not evident | Evident |
| Dyad 9 | External | Evident | Not evident |
| Dyad 10 | External | Not evident | Evident |

**Table 5-5: Engagement orientation – constructs by dyad**

### 5.2.3 Identified constructs: innovation outcomes

Four themes were coded under the data category of innovation outcomes. As seen in Table 5.6, these were innovation type; the role dyadic engagement played in the innovation process; how the NPO partner contributed to the innovation; and the status of the dyadic engagement following the realisation of the innovation.

Innovation type constructs were considered as product, process or service innovations. Four dyads were judged to have developed product innovations (1, 4, 9 and10); a further three exhibited process innovations (dyads 2, 3 and 8); whilst the remaining three dyads demonstrated service innovations (5, 6 and 7)[6]. With regard to constructs relating to the innovation process, it was evident that these innovations were either identified during the course of the engagement (dyads 1, 2, 3, 4, 6, 8 and 10), or were innovation opportunities already identified by the firm which were realised through the activities of the engagement (dyads 5, 7 and 9).

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[6] Using Damanpour's (1991) definition, product and service innovations are "introduced to meet an external user or market need, and process innovations are new elements introduced into an organisation's production or service operations". (p561)

|           | Innovation type | Engagement role in innovation process | NPO contribution to innovation | Engagement status after innovation |
|-----------|-----------------|---------------------------------------|--------------------------------|------------------------------------|
| Dyad 1    | Product         | Innovation identified                 | NPO as test-bed                | Ongoing                            |
| Dyad 2    | Process         | Innovation identified                 | Knowledge-base Network         | Ongoing                            |
| Dyad 3    | Process         | Innovation identified                 | Knowledge-base Network         | Declining                          |
| Dyad 4    | Product         | Innovation identified                 | NPO as test-bed                | Ongoing                            |
| Dyad 5    | Service         | Innovation realised                   | Knowledge-base                 | Declining                          |
| Dyad 6    | Service         | Innovation identified                 | Knowledge-base Network         | Ongoing                            |
| Dyad 7    | Service         | Innovation realised                   | Knowledge-base Network         | Declining                          |
| Dyad 8    | Process         | Innovation identified                 | Network                        | Ongoing                            |
| Dyad 9    | Product         | Innovation realised                   | NPO as test-bed                | Ongoing                            |
| Dyad 10   | Product         | Innovation identified                 | NPO as test-bed                | Ongoing                            |

**Table 5-6: Innovation outcomes – constructs by dyad**

Three constructs were used to consider the NPOs contribution to the innovation: the nonprofit was a test-bed for a future market innovation (as identified by Kanter, 1999); or it offered the firm access to its knowledge base and/or network (as noted by Yaziji, 2004). To enable the development of the innovation, in the majority of cases, the corporate partner either utilised the NPO's knowledge base (dyad 5), or network (dyad 8), or both of these (dyads 2, 3, 6, and 7). In the remaining four dyads (1, 4, 9 and 10), the nonprofit acted as a test-bed, allowing the corporate partner in each case to enhance and refine the innovation in a 'safe' environment.

Finally, an assessment was made of the status of the relationship following the innovation and constructs relating to life-cycle (drawing on Waddock, 1989) were used. Data suggested the majority of the partnerships were ongoing, with three (dyads 3, 5 and 7), judged to be declining.

## 5.3  Cross-case data comparison

Six patterns have been identified in the data discussed above which are considered to have cross-case applicability.  Two data patterns relate to the relationship between certain engagement characteristics (or constructs) and the type of innovation resulting from the engagement.  A further two patterns address the association between certain engagement characteristics (or constructs) and the process by which the innovation was arrived at.   The final two patterns relate specifically to the engagement management constructs.

### 5.3.1  Innovation type and engagement characteristics

Figure 5.1 summarises the apparent link between innovation type and engagement characteristics seen in the data.  Dyads which resulted in a product or service innovation for the corporate partner (dyads 1, 4, 5, 6, 7, 9 and 10) were the result of engagements undertaken due to their generic strategic fit for the firm, or the outcome of a specific project.  In terms of engagement orientation, firms involved in these collaborations all exhibited an external stakeholder focus and a desire by the corporate actors involved to deliver a tangible demonstration of CSR.

In the three dyads which resulted in a process innovation (2, 3 and 8), the firm driver for the engagement was identified as staff involvement.  Firms in these dyads principally exhibited an internal stakeholder focus, and the focus by actors on delivering a tangible demonstration of CSR was absent in dyads 2 and 8.  Whilst the data patterns for dyad 3 only partially fits the pattern, this can be explained due to the shift in the aim of the engagement from a charity fundraising programme aimed at staff, to a customer focused initiative.  It is therefore not considered to negate the links seen in the data between process innovations and engagement characteristics.

| **Innovation type** | **Engagement characteristics** |
|---|---|
| Product & Service innovations | - External stakeholder orientation<br>- CSR demonstration orientation<br>- Engagement driver: generic strategic fit or specific project |
| Process innovations | - Internal stakeholder orientation<br>- Staff involvement engagement driver |
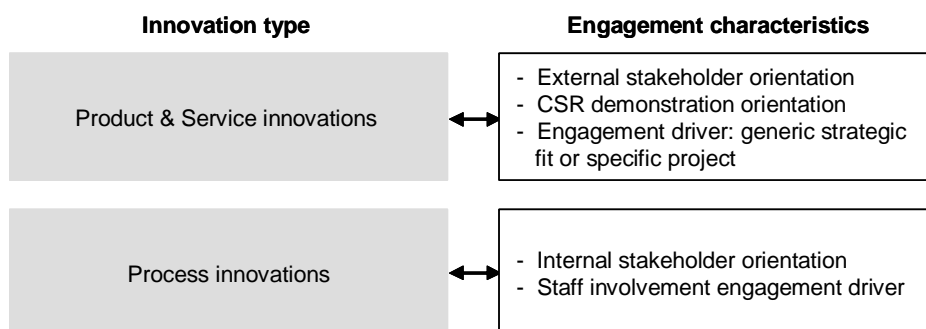
**Figure 5-1: Data patterns relating to innovation type**

### 5.3.2 Innovation process and engagement characteristics

With respect to the innovation process, innovations were either identified by firms during the engagement, which can be termed as 'emergent innovations'; or the firms involved used the engagement to assist in the realisation of an already identified innovation opportunity ('planned innovations'). As Figure 5.2 shows, the innovation process appears linked to distinct engagement characteristics.

Emergent innovations, witnessed in dyads 1, 2, 4, 6, 8 and 10, appear associated with engagements where the initial scope of activity has been extended and the corporate actors involved displayed a relationship development orientation. Planned innovations, as seen in dyads 5, 7, and 9, were associated with a narrow initial activity scope which showed limited development. Corporate actors in these engagements were not considered to display a relationship development orientation. Following the innovation, the engagement declined in two of the three dyads where the initial driver for the engagement had been to assist with a specific project (dyads 5 and 7). Once again, the findings from dyad 3 do not fit the pattern which can be explained by the fact that the engagement began as a wide-ranging staff fundraising partnership which altered focus during the engagement, and is noted as declining due to being a fixed term engagement.

| Innovation process | Engagement characteristics |
|---|---|
| Innovations identified during engagement (Emergent innovations) | - Initial engagement scope extended<br>- Relationship development orientation |
| Innovation opportunities realised during engagement (Planned innovations) | - Narrow initial engagement scope<br>- Limited scope extension<br>- Relationship in danger of declining post-innovation |

**Figure 5-2: Data patterns relating to innovation process**

### 5.3.3 Engagement management

In addition to the findings relating to the innovation outcome discussed above, patterns can be seen in data surrounding the management of the engagement which, arguably, will have impacted the innovation outcome. These patterns relate to the respective roles of the main firm boundary spanner and senior management as shown in Figure 5.3 below.

| **Boundary spanner role** | | **Senior management involvement** |
|---|---|---|
| Boundary spanner as innovation manager | ⟷ | Indirect involvement by senior management in engagement |
| Boundary spanner as innovation facilitator | ⟷ | Direct involvement by senior management in engagement |
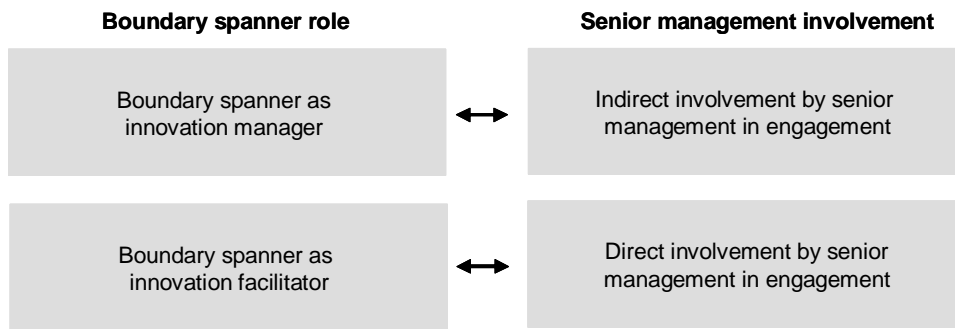
**Figure 5-3: Data patterns relating to engagement management**

The data suggest that where there is no direct senior management involvement in the initiative (dyads 2, 5, 7, 8 and 9), the main firm boundary spanner, or relationship manager, is empowered to manage the engagement, and plays a direct role in the ensuring the innovation outcome. It should be noted, however, that this pattern did not hold for dyad 9. Nevertheless, this finding is not deemed strong enough to negate the pattern seen, as in dyad 9 senior management in the United States defined the role and responsibilities of the boundary spanner, and, in thus provided the direction witnessed in dyads where senior management were directly involved in the engagement.

When senior management are directly involved in the engagement (dyads 1, 3, 4, 6 and 10) the corporate boundary spanner acts as engagement facilitator: that is he or she facilitates interaction between the nonprofit and the personnel in the firm who can progress the identified innovation. The exception to this finding is dyad 10, which is explained by the fact that, in this small firm, the role of the boundary spanner was filled by a member of senior management.

### 5.3.4 Additional findings

This section has discussed the six main patterns seen in the case-data. In addition, in terms of the innovation outcome, a further data pattern was noted: the link between innovation type and the contribution made by the NPO to the innovation. Where the result was a product innovation (dyads 1, 4, 9 and 10), the firms involved used the nonprofit as a test-bed for the innovation before commercialising it. Service or process innovations however, appear to have been developed utilising the NPO's network and/or its knowledge base.

Finally, it should be noted that no clear pattern exists in the data depending on whether the firm proactively selected the NPO partner in the dyad, or reacted to an approach from the nonprofit. This point will be discussed further in Chapter Six.

## 5.4  Process of analysis

Before concluding this chapter, reporting of the research findings would not be complete without some discussion of the process of identifying constructs and data patterns. As was seen in Chapter 4, the interview case data was openly coded, resulting in 262 first order nodes which were eventually reduced to the 29 constructs and data patterns discussed above. This section is intended to provide insight into the process of sensemaking and analysis that resulted in the series of findings presented here.

Figure 5.4 below is a simplified flowchart of the sensemaking process. Themes were identified in the data which were then evaluated across cases to give a series of constructs (ie how those themes were manifested in the cases). These themes and constructs were reassessed and refined according to their relevance to the research question and their robustness. The constructs were then examined for patterns and further refinements were undertaken to develop the specifity and cross-case applicability of the themes and constructs and to draw out the key themes in the data rather than incidental ones. This sensemaking process is now discussed in more detail.
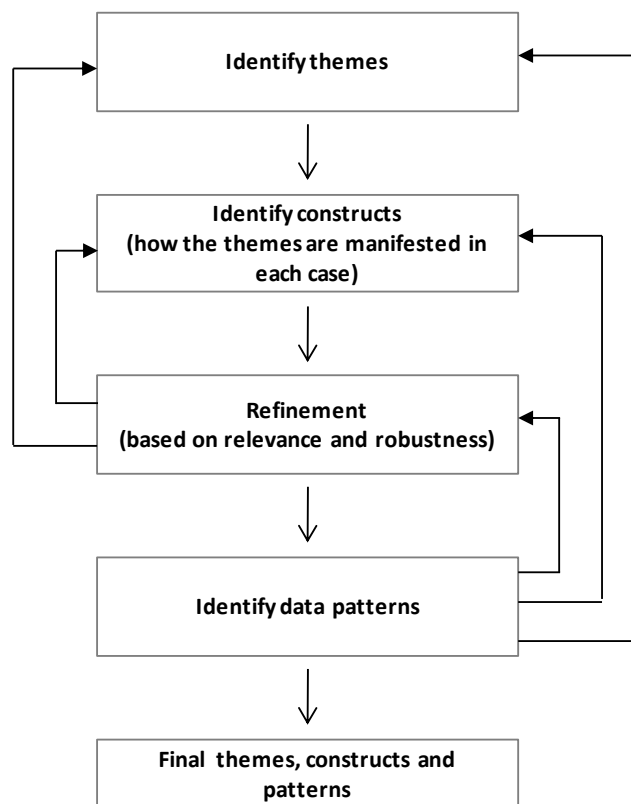


**Figure 5-4: Simplified sensemaking flowchart**

### 5.4.1 Identifying themes and constructs

First level coding of the interview data was influenced by two drivers: my 'vision' of what the data might tell me and concepts that had been identified in the literature. At the early analysis stage, my vision had been to develop an explanatory model, linking engagement drivers and attributes to innovation outcomes, thus I was exploring the data using a processual perspective. All concepts that had been identified in the literature search were coded too; and so my first attempt at data interpretation resulted in the identification of 26 themes with 58 corresponding constructs: far too unwieldy to analyse. Moving on from this conceptual 'soup' was the hardest part of the analysis process, only achieved by constant focus on the research question and rigorous use of analytic induction to ensure construct validity across cases.

Focusing on the research question enabled the removal of themes which, whilst confirming various ideas seen in the literature relating *generally* to cross-sector collaboration or stakeholder engagement were not *specifically* relevant to the research question itself, and indeed, the presence of these generic themes clouded the lens of innovation that I wished to view the data through. An example of such a theme would be 'commitment to partnership' which was a common finding in the literature review, and confirmed in the case data here, but did not directly relate to the research question. By applying analytic induction to the case data, other themes had to be removed as constructs for these themes could not be reliably developed across all cases. For example, whilst being potentially pertinent to the research question, it was difficult to reliably assess the theme 'prior experience of cross sector collaboration' across all cases as the interview data was not specific enough on whether that meant personal prior experience, corporate prior experience, or divisional prior experience.

From the data, some themes and corresponding constructs were easily identifiable, specifically those relating to engagement orientation as they appeared repeatedly in the interview data. Themes and constructs drawn from literature (see table 4.7 for complete list) were also easily identifiable. Others proved more elusive, most particularly the themes and corresponding constructs identifying firm drivers for nonprofit motivation. In the end, the constructs chosen were those that could reliably be applied across cases. Other earlier constructs such as 'legitimacy', or 'business-focused' proved to be stretching the interpretation of the data.

### 5.4.2 Recognising data patterns

As can be seen in Figure 5.4, the sensemaking process was iterative and trying to find patterns in the data was another key tool in the refinement and reassessment process. This was the point where it was possible to reduce the number of themes and recognise that, in doing so, rather than diluting the findings, the 'story' that the data tell was becoming clearer. (It is possibly worth recognising here, that, due to my ontological positioning, I accept that the data could tell many stories, but I was focused on the insights they could provide into my specific research question).

As stated, I adopted a processual perspective when coding and analysing the data. During the process of identifying patterns in the data, it was important to recognise, that, given my question, the unit of analysis was the innovation and that needed to be the starting point for pattern identification. It proved an incredibly useful anchor-point to manage this part of the sensemaking process. At a relatively early stage, it became apparent that generating a linear story from engagement initiation, through engagement operation to innovation outcome was not possible and I could only reliably proffer that some constructs appeared linked to others; going further would suggest a causality which was beyond the scope of my research design.

The process of seeking patterns in the data also helped developed the 'uniqueness' of individual constructs. Data comparison began to throw up similarities in constructs: for example an earlier theme examining whether or not the scope of engagement activity was defined at the outset of the engagement was too similar in its contribution to the theme examining whether or not the innovation opportunity had been pre-identified or emerged during the course of the collaboration. Thus, in this example, the theme regarding defined parameters of engagement activity was deleted.

As has been made clear earlier in this chapter, there are anomalies in the final data set, relating to dyads 3 & 9 which I have noted, but, as these anomalies can be explained, I do not believe they negate the patterns seen overall. In early attempts at analysis, I believe I probably did overclaim the data patterns seen; wanting the data to tell a full narrative about the innovation from nonprofit engagement. However, I am confident – as far as a single researcher study can be – that the final contructs created, with some difficulty, over a 12 month period and presented here are robust, and thus the patterns seen are robust as well.

## 5.5  Summary

This chapter has presented the findings from the field research, beginning with rich contextual information and concluding with the key results which can assist explain aspects of firm innovation from the nonprofit engagement. Thirteen themes were identified and analysed in the ten cases producing 29 constructs relating to the engagement initiation, operation and innovation outcome. Further cross-case analysis resulted in the identification of data patterns which form the key findings of the study. In the next chapter these results are placed in theoretical and practical context, in terms of academic research and the implications for management of such cross-sector relations.

# 6  Discussion

This chapter contextualises the findings of the study within the literature and notes the contribution the research makes to both theory and practice.   The findings encompassed a series of thematic constructs as well as the main data patterns emerging from a collective examination of these constructs.  The discussion here firstly considers the theoretical implications of the central data patterns identified, and then evaluates key individual constructs which were not part of the data patterns noted.   The findings are discussed principally in relation to the literature examined in Chapter 3, namely the stakeholder engagement, cross-sector collaboration and open innovation literatures.

## 6.1  Identified data patterns: relevance to literature

The research identified six main patterns in the data.  Two of these linked characteristics of the engagement with resulting innovation type; a further two associated the innovation process and certain engagement attributes; whilst the final two concerned the management of engagement.

### 6.1.1  Innovation type and engagement characteristics

**Finding 1:** *Product and service innovations appear linked to firm engagements with an external stakeholder focus and where firms are keen to demonstrate their commitment to corporate social responsibility. The main engagement driver can be either a generic or specific strategic issue.*

**Finding 2:**  *Process innovations appear linked to firm engagements with an internal stakeholder focus and have staff involvement as the main engagement driver.*

Viewing the research through the stakeholder lens, it is apparent that the study as a whole demonstrates the changing role of nonprofits in relation to firms, as such relationships become more collaborative (Yaziji and Doh, 2009).  Utilising Post et al's (2002a) stakeholder framework, NPOs fall into a firm's socio-political arena.  However, the study shows how, through the engagement, the nonprofits move into the firm's resource base (Post et al, 2002a) as knowledge is transferred and turned into innovations for the corporate partner.   Viewed in this way, the findings support authors who are considering stakeholder engagement and CSR activity from a resource-based perspective (e.g. Branco and Rodrigues, 2006), fitting with Burke and Logsdon's (1996) notion of direct and indirect benefits arising from such activity.  Direct benefits are derived from the creation of new products and services (finding one), whilst indirect benefits include the development of firm-specific assets which can create value (finding two).  Indeed, as this study demonstrates how NPOs can become part of the firm's resource base, it can be seen as contributing to the emerging theme of recognising that NPOs have a market identity as well as the traditional institutional identity (Millar, Choi and Chen, 2004).  It also demonstrates clearly the acknowledged difficulty in

definitively categorising stakeholders (Dunham, Freeman and Liedtka, 2006; Fassin, 2009; Freeman and McVea, 2001; Mitchell et al, 1997) as their relationship with the firm changes.

Who is a stakeholder of a firm is just one aspect of Freeman's (1984) initial notion of the stakeholder concept which has been questioned. Authors, such as Rowley (1997) have criticised the concept as it assumes a series of individual, discrete dyadic relationships, rather than considering a network of relationships. Freeman acknowledged this shortcoming, later speaking of multilateral relationships between the firm and stakeholder groups (Freeman and Evan, 1990). Thus, while the firms in this study are engaged in a dyadic relationship with a nonprofit, this is considered against the background of other key stakeholder-firm relationships. In the findings, the predominant 'stakeholder focus' or orientation of the firm in relation to the dyadic engagement was noted and, following Jones (1995) was categorised as either internal (staff) or external (marketplace). The innovation outcome from the engagement, in terms of innovation type, appears to be moderated by the underlying predominant stakeholder orientation. The findings here support Hillman and Keim's study (2001) which suggested that stakeholder engagement activity undertaken with reference to a primary stakeholder group, can create value for the firm. To date, empirical studies examining the process of stakeholder engagement (Burchell and Cook, 2006; Kaptein and Van Tulder, 2003; Lawrence, 2002; Wei-Skillern, 2004; Wheeler and Sillanpaa, 1998) have concentrated on dyadic engagement between the firm and stakeholder group. This research extends the empirical work focused specifically on stakeholder engagement as it places the engagement within an (albeit limited) context of other firm stakeholder relationships.

As noted in the literature review in Chapter 3, authors considering a firm's approach to stakeholder engagement have argued how proactively engaging stakeholders and being open-minded during dialogue (Ayuso et al, 2006; Heugens et al, 2002; Sharma and Vredenburg, 1998) can lead to increased learning for the firm which can result in innovations for sustainability (Ayuso et al, 2006; Sharma, 2005); or competitive advantage (Heugens et al, 2002; Sharma and Vredenburg, 1998). This study supports, and extends, these authors' findings as it suggests that proactive stakeholder engagement can result in corporate innovations relating to firms addressing social issues (as opposed to environmental ones). However, it should be noted that, as discussed here, stakeholder engagement is one aspect of stakeholder management, which as Freeman (1984) envisaged and as subsequent authors (e.g. Harrison and St John, 1996; Schwarzkopf, 2006) have argued, provides a strategic tool for managers to assess the competing demands of various groups demanding a response from the firm. As such, it is an inherently risk centred approach and cannot fully explain the findings of this study which is concerned with voluntary associations between firms and nonprofits, rather than involuntary, or antagonistic associations which are usually the focus of such empirical studies conducted under a stakeholder framework (see, for example, Burchell and Cook, 2006; Driscoll and Crombie, 2001; Taylor et al, 2003). Thus, while authors can convincingly proffer how firms can benefit from proactive engagement (Heugens et al, 2002; Sharma, 2005) with individual stakeholders, this could be viewed as inconsistent with the theory's overall focus on risk management rather than value creation.

Returning to the two findings outlined here, Finding 1 notes how firms with an external stakeholder focus are keen to demonstrate their corporate social responsibility with respect to the engagement. It was important to the firms involved that they had something which could tangibly demonstrate their corporate responsibility focus to external stakeholders. In considering whether a CSR initiative could provides firms with a first-mover advantage, Sirsly and Lamertz (2008), identified three necessary attributes which are explicit in Finding 1: namely that the initiative has to create value to the firm (the innovation), has to be made visible to external audiences and has to be central to the firm's mission. Whilst, at first glance, this study appears to provide empirical support for their theory, it is beyond the scope of this dissertation to assess if these engagements and innovations provided the firms with first mover advantage. In their recent empirical study, Hillenbrand and Money (2007) found considerable similarity between the concepts of corporate responsibility and corporate reputation. It could be argued, therefore, that in acting to demonstrate their corporate responsibility credentials, firms were also using the engagement outcome to influence their corporate reputation. This contention is supported by Finding 2 which notes the absence of focus on demonstrating corporate social responsibility when focused on internal stakeholders. In these dyads, it could be proffered that the engagement was an end in itself in terms of demonstrating corporate social responsibility, as the engagement driver was staff involvement and thus engagement is equated with staff satisfaction (Macey and Schneider, 2008).

### 6.1.2 Innovation process and engagement characteristics

**Finding 3:** *Planned innovations arise from engagements where there is a limited initial scope of activity which is not extended and actors in these engagements do not have a relationship development orientation.*

**Finding 4:** *Emergent innovations stem from engagements where the initial scope of activity has been extended and firm actors have a relationship development orientation.*

These research findings support previous studies (Austin, 2000; Waddock, 1989) in suggesting a link between the broadening of activity scope of the collaboration and development of the relationship between the partners. They also demonstrates the converse to this – not explicitly discussed in the literature – that in cases where the initial scope of activities is confined to meeting a pre-defined goal, there is little development of the relationship. The findings resonate with Seitanidi's (2008) contention that when the strategic intent of a partnership is prescriptive at the outset, it limits the possibilities for change, as it limits the scope of partnership responsibilities. Thus the cross sector collaboration literature seems to exhibit a tension between the need for firms to be clear about the aims of the collaboration at the outset (Arya and Salk, 2006; Kanter, 1999; Rondinelli and London, 2003;) and the need to be able to adapt to changes in the initiative scope, and cope with ambiguity (Huxham and Vangen, 2000; Seitanidi, 2008; Waddock, 1988) to realise beneficial outcomes from the collaboration.

Austin (2000) examined 15 firm-NPO partnerships in North America, developing a 'collaboration continuum', which suggests that as cross-sector relationships develop, the level of integration between parties increases and the importance of the relationship to the firm and the nonprofit shifts from peripheral to strategic, as the partnership moves from the transactional to integrative stage. Whilst this development pattern could be applied to the majority of the cases (dyads 1, 3, 4, 6, 8 and 10) where a journey along the 'continuum' was apparent, it was not replicated in the other four. In two cases (dyads 2 and 9) these findings are not incompatible with Austin's model: the relationships failed to develop beyond what Austin termed the 'transactional stage'. However, the final two cases (dyads 5 and 7) do contradict his framework. In these cases the partnerships were formed to address a business issue (i.e. one which had strategic relevance), yet the level of integration between the parties remained limited (there was no focus on relationship development), the scope of activity remained narrow and the relationship declined once the business aim (innovation) was realised. Thus, although these dyads exhibited some characteristics of Austin's integrative stage of interaction in terms of the issues being addressed, the limited degree of interaction between the parties contradicts the collaboration continuum.

Relating these findings to the stakeholder literature, the distinction between the engagement characteristics of planned innovations and those of emergent innovations resonate with Post et al's (2002b) view of transactional stakeholder linkages (witnessed in the planned innovations, where the firm does not focus on developing stakeholder relations) and relational stakeholder linkages (seen in the emergent innovations, where there is a relationship development focus). As proponents of the 'stakeholder view' of the firm, it is perhaps not surprising that Post et al (2002b) contend that relational linkages enhance "the enterprise's value and earning capacity" and are a means "of improving its ability to respond to problems and challenges". (p25) Such a contention is beyond the scope of this research, although, intuitively it can be seen that given the likelihood of engagements to decline post-innovation following planned innovations, relational linkages, which are ongoing, provide the potential for future innovations.

With regards to the innovation process, the findings suggested that firms either identified an innovation opportunity from the engagement (an emergent innovation), or realised a previously identified innovation (a planned innovation). The findings also suggest that firms which realised a planned innovation were following a limited scope of engagement activity are so are looking to exploit the skills and resources of the NPO through the collaboration. The firms' learning from these collaborations appears to have become 'codified' (March, 1991) based on existing capabilities and knowledge, or fixed, as the scope of activities saw only limited development during the engagement. By contrast, those firms that exhibited a development of engagement scope activity were more exploratory in their approach, using the collaboration to search for new innovation opportunities.

Chesbrough and Schwartz's (2007) categorisation of R&D capabilities, within an open innovation model can be applied here. During the engagement the firm leverages *core* knowledge about community experiences of social issues from the NPO partner, whilst *critical* capabilities relating to the delivery of the innovation are drawn from inside the firm.

Thus, while both types of innovation – emergent and planned – can be viewed as examples of open innovation (Chesbrough, 2004) as they identify and integrate external skills and knowledge, the emergent innovation cases demonstrate more completely an open innovation management approach.   Here, the corporate actors adapted and responded to new information coming from their engagement partner, demonstrated they had the flexibility to change to realise innovative benefits (Waddock, 1988) and were also able to identify and utilize new resources and new information made available through the collaboration.

### 6.1.3  Engagement management

**Finding 5:** *Two boundary spanner typologies were identified by the study with the firm actor in this role acting as an innovation manager or innovation facilitator.*

**Finding 6:** *The role typologies appear linked to the involvement of senior management in the engagement: if senior management is directly involved, the main firm boundary spanner will act as an innovation facilitator; if senior management is indirectly involved, the main firm boundary spanner will act as an innovation manager.*

Having seen the central part played by the boundary spanner or relationship manager in the cases presented here, it is perhaps surprising that this organisational role is little addressed within the cross-sector collaboration literature.  Whilst numerous authors note the need for senior management involvement or sponsorship of such collaborations (eg. Googins and Rochlin, 2000; Hood et al, 1993; Waddock, 1988;), the role of the relationship manager has received little explicit attention   Bryson et al (2006), in discussing the need for leadership of such alliances, differentiate between a *sponsor* and a *champion*.  A sponsor gives prestige and authority, whilst a champion 'focuses intently on keeping the collaboration going' (Bryson et al, 2006, p.47).   Relating those distinctions to this study, the senior manager involved (directly or indirectly) in the initiative has the role of sponsor, whilst the boundary spanner, or relationship manager, is in the champion's role.   Thus this research confirms Bryson et al's (2006) assertion that both types of leadership are needed.

Finding 6 contributes to the literature in that it suggests a hitherto unexplored relationship between the role of the sponsor (senior manager) and champion (relationship manager).  As noted in the previous chapter, if the senior manager is directly involved in the relationship, the relationship manager acts as a facilitator in regard to the outcome (innovation).  By contrast, when the senior manger is indirectly involved in the collaboration, the relationship manager actively manages the outcome. This finds resonance with Crosby and Bryson's (2005) articulation of the need for both formal and informal leadership within cross-sector collaborations.  It could be proffered that this is supported by the cases, with the formal leadership being provided by direct senior management involvement or the relationship manager acting as boundary spanner; and the informal leadership being seen when the senior manager has an indirect role, or the relationship manager acts to facilitate the innovation outcome. This relationship between the boundary spanner and senior management roles is now discussed further below with reference to the open innovation literature.

Central to the concept of open innovation is that firms need to look outside their boundaries (Chesbrough, 2003; Christensen, Olesen and Kjaer, 2005) for opportunities. In this search for knowledge, boundary spanning activity has been found to be pivotal (e.g. Fey and Birkinshaw, 2005; Keller and Holland, 1983). Boundary spanners ensure that organisational boundaries do not become obstacles to collaboration and that complementary assets and knowledge can be successfully combined for the purposes innovation (Gulati, Nohria and Zaheer, 2000). This was apparent in the study, whether the boundary spanner acted as an innovation 'manager' in a formalized boundary spanning role (seen when there was no direct senior management involvement in the engagement), or as an innovation 'facilitator' through a more loosely defined boundary spanning relationship (noted when senior management involvement was present). In the first scenario innovation management is clearly associated with a more centralized and formalized role and responsibility. In the latter scenario, boundary spanning is enacted as a more distributed role and responsibilities concentrating on early stage search and exploration activity by mobilizing internal connections and networks.

The role played by both types of boundary spanners in the cases examined, is similar to that of a project champion as characterized in the product innovation literature, and the skills identified by Howell and Shea (2001) in that context fit well here: framing the ideas gained from the engagement as an opportunity, and enthusiastically promoting those ideas, as well as using their network connections within their own organisations when the actors themselves do not have a direct role in progressing the innovation. Whilst sources outside the firm are useful in generating novel ideas, sources inside are useful in providing problem solving and integration capabilities (Tushman, 1977). Increasing the firm's absorptive capacity in this manner requires inter-organisational coordination (Lawrence and Lorsch, 1967), which is fulfilled by the role of the boundary spanner (March and Simon, 1958). Broad responsibilities associated with this role are akin to technology transfer; collating information and configuring internal resources to provide processing capabilities ultimately for the sense making and knowledge creation process that follow.

## 6.2  Identified constructs: relevance to literature

In addition to the main data patterns discussed above, constructs relating to three themes require further attention. Specifically, these themes are: the identified drivers for firm engagement; how the firm selected the NPO for engagement; and the contribution the NPO made to delivering the innovation.

From the review of the literature in Chapter 3, it was suggested firms would engage with nonprofit stakeholders due to the inter-related factors of the perceived salience of the stakeholder to the firm, and the perceived salience of the issue the nonprofit could assist the firm address. This was confirmed by the study, with firms either engaging with an NPO to assist them in delivering a planned project for an already identified issue (stakeholder salience); or because of the NPOs fit with generic strategic aims (stakeholder and issue salience); or because the NPO can enable the firm to engage in staff involvement activities (stakeholder and issue salience). In their distinction of

stakeholder theory, Donaldson and Preston (1995) distinguished between instrumental and normative approaches.  There is some degree of fit between their typology and the engagement drivers seen in this study.  It can be argued that firms engaging with NPOs to assist in delivery of a specific project are examples of instrumental stakeholder engagement.  *("...we selected them for partnering us. We needed their knowledge."* *Dyad 9)*.  Staff involvement engagement, by contrast, could be viewed as normative engagement with firms viewing engagement as an end in itself rather than focusing on any outcomes from the engagement ( *"I suppose 'cos I'm really interested in employee volunteering, you know, giving back and all that." Dyad 8)*.  Firms with a generic strategic driver do not fit clearly into the instrumental or normative descriptions.  However, if these states are viewed as two ends of a continuum as suggested by Stoney and Winstanley (2001), then firms exhibiting a generic business/CSR driver can be viewed as being somewhere in between as this quote neatly suggests:  *"We do it partly because we're expected to, partly because we believe in financial inclusion and partly because it's a market for us." (Dyad 6)*

Turning to the constructs recorded under the theme of firm selection of NPO partner, the study found almost half of the firms (4 out of 10) did not proactively seek to engage with the nonprofit partner, but instead reacted positively to the engagement when approached by the NPO.   That the corporate actors in the reactive dyads were able to identify innovations from the engagement casts doubt on the assertion that firms should have a clear strategic plan about why they are getting involved with a nonprofit (Porter and Kramer, 2002 and 2006).  This finding suggests that having an ability to experiment and learn from the engagement (eg Wei-Skillern, 2004) is more valuable to the firm in such engagements.  Whilst the data was not analysed in detail from the non-profits' perspective in these cases, it is clear that the four NPOs that initiated the engagement with the firm *had* clearly thought through the benefits that could result in the association and the potential social value that could be created (thus suggesting that it may be important for one of the partners to have thought through the benefits of the association, which could be a topic for further research).   Given this finding, it may be more valuable for future studies to apply prescriptions for successful collaborations to the *dyad itself*, rather than to the individual organisations creating that dyad.

With regard to innovation outcomes, the study found that firms either drew on the knowledge base and/or network of a nonprofit, supporting Yaziji (2004); or they used the NPO as a test-bed to develop products, as noted by Kanter (1999).  The distinction is the locus of innovation:  in those firms utilising the NPO's knowledge and networks, the innovation took place within the firm; by contrast those firms using the NPO as a test bed or "beta-site" (Kanter, 1999) saw innovation take place outside the firm boundary. These distinctions empirically demonstrate two of the three processes of open innovation (Enkel, Gassmann and Chesbrough, 2009).  Cases where firms accessed the NPOs knowledge base and networks are examples of the "outside-in" open innovation process where firms enrich their internal knowledge base through external knowledge sourcing.   Correspondingly, cases where firms used the NPO as a test-bed for their innovations are examples of the "coupled" process which combines the outside-in process of gaining external knowledge with the inside-out process (not seen in these cases) of bringing internal ideas to market to develop an idea with a partner (Enkel et al, 2009).

## 6.3 Contribution to theory

The sections above have discussed the relevance of the key findings of the study to the literatures informing the research. However, the main contribution of this investigation is the explicit blending of business and society literature with the innovation management literature which has enabled these cross sector partnerships to be discussed in innovation terms and so given rise to the presentation of the findings relating to engagement characteristics and innovation. Whilst business and society authors have acknowledged that firms can innovate from stakeholder engagement (Ayuso, et al 2006; Kanter, 1999; Sharma and Vredenburg, 1998), the relationship between the characteristics of the engagement and the innovation outcome has not been considered. This research begins to address this gap by suggesting a link between innovation type and innovation process, and attributes of the engagement. Of particular use in discussing and contextualising these findings are two concepts from the innovation field: the boundary spanner in terms of innovation search activity, and the attributes of project champions in developing an innovation. In the cases studied, the role of the relationship manager, or boundary spanner, was central to progressing the innovation and aspects of championing behaviour as noted in product innovation literature (Howell, 2005; Howell and Shea, 2001) were evident in the cases. This enables wider discussion of the role played by the relationship manager in such engagements.

The findings relating to the management of these engagements provide an unexpected contribution to the literature, but one that is, nevertheless, worth noting. The complementary roles and responsibilities of the relationship manager and senior management in these engagements, provides empirical support for authors examining leadership of cross-sector partnerships, most particularly Bryson et al (2006) and Crosby and Bryson (2005) as noted earlier in this chapter. This research extends work in this area to date in two ways; firstly by explicitly focusing on the role of the relationship manager or boundary spanner, and secondly by suggesting role complementarity between the relationship manger and senior management.

This research has provided specific empirical focus on dyadic voluntary relations between companies and social issues nonprofits, which has been lacking in the literature to date with most authors working in this field concentrating on cross-sector relations in the sustainability arena (for example, Juniper and Moore, 2002; Rondinelli and London, 2002; Polonsky et al, 2004; Svensden and Laberge, 2005). To date, the cross-sector partnership literature does not distinguish between social issues organisations and 'green' organisations when discussing business-NPO relations, however, as interest in this field continues and the number of partnerships continues to rise, as it is predicted to do (Yaziji and Doh, 2009), such a segmentation could arise with authors contrasting relationship approaches of 'green' and social issues partnerships. Thus, increasing the empirical data surrounding business relations with social issues nonprofits is necessary if useful comparisons are to be made. Chapter 3 noted that only one empirical study to date explicitly considers social issue partnerships (Berger et al, 2004) and it is therefore relevant to consider that study with reference to the findings of this research. Utilising Austin's (2000) definition of integrative collaborations, Berger et al (2004) examined 11 integrative relationships between US firms and social issues nonprofits, focussing on examining circumstances that enable or impede them. Their research identified a series

of structural factors within the for-profit and not-for-profit organisations, as well as the resulting social partnership, which were seen to impact their operation. Given this focus, there is limited direct connectivity between this research and Berger et al's (2004) study. However, they do identify the need for an alliance manager or champion within the firm to act for the partnership interests, which was confirmed in my research.

Whilst this research makes its main contribution to the business and society field, the contribution made to the innovation literature is also noted. Within the innovation genre, nonprofit organisations, or NGOs, are not considered as possible sources of ideas in discussions on external search activity by firms. Empirical papers concerned with the topic focus solely on trade bodies or academic institutions when considering nonprofit organisations in studies on environmental scanning activity by firms (Faems et al, 2005 Fey and Birkinshaw, 2005; Laursen and Salter, 2006; Segelod and Jordan, 2004). This study, however, clearly demonstrates that third sector organisations can also be viewed as sources of innovation. Chesbrough's principles of open innovation (Chesbrough, 2003) have implicitly underpinned the general practice of firm-NPO collaborations this research has witnessed. To date, these principles have been derived from the experiences of organisations working together and ultimately 'for profit'. By investigating the practice of open innovation in different contexts, such as profit and nonprofit, (Holmes and Smart, 2009) it may be possible to observe its subtle distinctions with other concepts such as 'distributed innovation' and 'user innovation' and draw bridges to more emerging concepts such as 'social entrepreneurship' and 'social innovation', to better inform a more general theory. For management scientists working in this area, this will undoubtedly assist the development of different archetypal forms of open innovation over time (Gassmann and Enkel, 2004) and their associated levels of maturity.

## 6.4  Contribution to practice

Practitioners working in the field of corporate responsibility and community engagement have noted previously how innovation can follow from firm engagement with non-profit groups (Business in the Community, 2003; Institute of Social and Ethical Accountability, 2002), thus the value of this research to practice lies in the findings relating to the engagement process.

Perhaps of most interest is the role the firm's relationship manager (boundary spanner) has been shown to play in facilitating the development and implementation of the innovation that arose from the dyadic relationships. It illustrates the importance of having a relationship champion who can take forward ideas generated by the collaboration. To do this, the relationship manager, or champion, needs to be well networked within the organisation, and have support from senior management to enable this organisational actor to carry out his / her role effectively. In addition, employees in this role need to be convinced of, and want to communicate, the corporate benefits that can be realised from NPO engagement. The research showed that such a CSR focus facilitates the identification of innovation opportunities. These finding surrounding the role of a relationship 'champion' find resonance with recent practitioner publications in the CSR field which have highlighted the importance of identifying CSR champions

within organisations and developing an organisational network of such champions (see for example, David Grayson's "CR management black hole", 2008; and the Doughty Centre's guide on developing a CR Champions Network, 2009).

This research also shows how NPO engagements often need time to develop and as the majority of the cases demonstrate, corporate benefits in terms of innovations can take more than a year to realise. It is therefore important for any managerial goal setting in terms of such relations to take a long term view, rather than a quarterly focus. This is important as the research data showed a link between a focus on the relationship development and the extension of the scope of collaborative activities. Getting management to develop such a long term, rather than short term, view of NPO relations may be challenging, given the focus on quarterly results; a bigger challenge, perhaps, is getting senior managers to accept that unplanned, or unsolicited, NPO advances can potentially develop into mutually rewarding relationships. Almost half (4 out of 10) of the relationships in the research base were initiated by the non-profit, and the firms involved gradually began to appreciate the value of such engagements and the innovation potential they offered. If senior managers are uneasy about accepting such, apparently, unplanned relationships, an approach might be to empower relationship mangers/champions to incubate an agreed number of relationships over a 12 month period and then review them. From a CR management point of view, such an approach potentially enables a firm to engage, in a limited way, with a wider range of nonprofits than previously and thus potentially benefit from networking and knowledge transfer from sectors of society it had not previously reached.

Although the focus of the research was on the innovative benefits firms realised from nonprofit engagements, the research clearly has implications for NPOs as well. The case data suggested that nonprofits can successfully engage business when they can clearly articulate how they can help the business achieve its goals. This suggests that nonprofits should attempt to view the potential relationship from the firm's point of view, and give thought to what the firm's drivers for engagement might be. Once in a relationship with a firm, the nonprofit should suggest further ways of extending and deepening the relationship (assuming it wants to continue the partnership) which again fit the firms goals.

Finally, the cases examined here suggest that nonprofits should be wary if they are approached by a firm for a specific project, as the relationship is unlikely to develop further and the nonprofit may feel 'used'. In such cases NPOs should gain a clear understanding from their potential for-profit partner about the scope of the relationship and potential benefits for the charity before committing to the project.

## 6.5 Summary

This chapter has discussed the main findings of the research with respect to the extant literature and outlined how this study either confirms or extends (or, in two instances, contradicts), the findings of previous authors working in the fields of stakeholder engagement, cross-sector collaboration and open innovation. It has outlined the key contribution of the study to the theoretical and empirical knowledge base and presented the implications for practitioners working in this field. The final chapter in this dissertation examines the limitations of the study and the possibilities for further research.

# 7 Conclusion and reflection

This concluding chapter summarises the contents of the dissertation, and also notes the limitations of the research and opportunities for further study in this area. It closes with some personal reflections on the doctoral research process.

## 7.1 Summary of context

Societal and mimetic isomorphic pressure on firms to position themselves as responsible corporate citizens have been identified as a key driver of the increase in collaborative relationships between corporations and nonprofit organisations and their expected continued growth (Berger, et al, 2004; Rondinelli and London, 2003). Such co-operative firm-nonprofit partnerships not only address broad and complex societal issues, but can be a source of competitive advantage for participating firms (Bonfiglioli, Moir and Ambrosini, 2006). In this vein, a few authors have noted how developing proactive relations with stakeholder groups can have a positive impact on firm innovation (Kanter, 1999; Sharma, 2004; Sharma and Vredenburg, 1998). However, most of the literature linking business-NPO partnerships with innovation has been of a theoretical nature. Very little empirical evidence exists regarding the types of innovation generated and what role the partnership plays in the innovation process. The empirical research so far conduced has concentrated on environmental issues (Di Norcia 1994; Hartman and Stafford 2006; Wüstenhagen et al. 2008) with little if any attention paid to innovations relating to social issues such as disability.

Research in innovation management stresses the importance of social and environmental scanning and interacting with a diverse range of partners in the organisational environment (von Hippel, 2005). This scanning can be targeted towards honing weak signals on the periphery of an organisation's field of attention (Haeckel 2004) and turning them into innovation. Stakeholder theory suggests that these weak signals about future customer requirements or potential markets could be accessed through stakeholder engagement (Freeman 1984; Pittaway et al. 2004; Yaziji 2004).

The aim of this research has been to empirically verify, as well as extend, the work done by stakeholder theory and open innovation to date. It assumes that a firm's engagement with nonprofits can foster corporate innovation and focuses on the process of dyadic engagement to uncover factors which can help explain how companies innovate through voluntary relationships with NPOs, and so address the question: *"how do firms innovate through engagement with social issues nonprofit organisations?"* By focusing on firm partnerships with social issue nonprofits this dissertation has provided much needed focus into this under-researched area.

## 7.2  Summary of approach

Given the lack of previous research into corporate innovations from firm dyadic engagement with social issues NPOs, a qualitative, exploratory research design was considered suitable (Stern, 1980) and the study was centred in the perceptions and experiences of organisational actors involved in the formation and operation of corporate-nonprofit dyadic engagements.  Multiple-case study (Yin, 2009) was chosen as the research method, as it facilitates comparisons between cases.  As far as possible, the cases were selected from a diverse range of industry sectors so that any patterns found in the workings of these cross-sector dyads could not be attributed to a specific industry context.

Given the qualitative nature of the research, face-to-face interviews with participants in the ten dyads that made up the research base were used to uncover detailed information about the formation, operation and outcomes of these relationships.   The interviewees selected were those who were most closely involved in the creation and development of the dyads and, as such, had rich experience of the way they worked.  The interviews themselves were semi-structured and open ended and were intended to give respondents an opportunity to discuss aspects of the collaboration which they considered most relevant.

The resulting data was analyzed following Strauss and Corbin's (1998) process of description, conceptual ordering and theorizing.  As a first step, a case narrative was written up for each of the ten dyads.  Open data coding of the audio transcripts from the 35 interviews resulted in 262 nodes.   These were subjected to a two stage analysis process, firstly to identify key themes in the data and secondly to evaluate the presence of these themes in each of the cases.  To identify themes, the nodes were grouped thematically, according to whether they dealt with antecedents of the engagement, the engagement itself, or were related to the innovation outcome.  A process of clustering was undertaken, resulting in the emergence of 13 final themes.

Having identified the key themes, the initial coded data set (first order nodes) was re-examined to establish how these themes were manifested in each of the cases.  To facilitate cross-case data comparison, a form of analytic induction (Wilson, 2004) was used to compare constructs across cases and is considered a suitable method for building theory and testing ideas across multiple cases (Miles and Huberman, 1994).  The final set of constructs was then compared across the cases to identify patterns in the data.

## 7.3  Summary of findings

The patterns seen in the aggregate data set suggested a series of links between the corporate innovation outcome from nonprofit engagement and attributes of that engagement.  These related to the type of innovation produced, the process by which the innovation was manifested and the way the engagement was managed.   These main findings from the study are summarised in Table 7.1.

| Findings category | Main identified linkages |
|---|---|
| *Innovation type* | • Product and service innovations appear linked to firm engagements with an external stakeholder focus and where firms are keen to demonstrate their commitment to corporate social responsibility. The main engagement driver can be either a generic or specific strategic issue.<br><br>• Process innovations appear linked to firm engagements with an internal stakeholder focus and have staff involvement as the main engagement driver. |
| *Innovation process* | • Planned innovations arise from engagements where there is a limited initial scope of activity which is not extended and actors in these engagements do not articulate a sense of relationship development.<br><br>• Emergent innovations stem from engagements where the initial scope of activity has been extended and firm actors exhibit a relationship development orientation. |
| *Engagement management* | • Two boundary spanner typologies were identified by the study with the firm actor in this role acting as an innovation manager or innovation facilitator.<br><br>• The role typologies appear linked to the involvement of senior management in the engagement: if senior management is directly involved, the main firm boundary spanner will act as an innovation facilitator; if senior management is indirectly involved, the main firm boundary spanner will act as an innovation manager. |

**Table 7-1: Summary of main findings**

An ancillary finding of the study was that product innovations resulting from the engagement were developed using the NPO as a test-bed. There was also a suggestion in the data that when a firm engaged with a non-profit to deliver a specific planned project, the engagement would decline post innovation. This is not reported as a key finding as it only occurred in two of the three cases falling into this category. Finally, no clear pattern was seen in the data relating to whether the firm proactively selected the NPO partner in the dyad.

## 7.4  Summary of contribution

As was noted in the previous chapter, this dissertation has implications for both theory and practice and the key contributions the research makes to each area are summarised here.

### 7.4.1  Theoretical contribution

This research has focused on the interaction between firms and social issues nonprofits and demonstrates how businesses can realise opportunities to address social issues in ways that have direct relevance to their operations.  Increasingly antagonistic relations between firms and NPOs are being replaced by co-operation (Yaziji and Doh, 2009) as firms and nonprofits realise the value of such collaborations (Burchell and Cook, 2006; Heap, 2000).  This study has been conducted using a stakeholder framework and shows how engaging with such discretionary stakeholders (Mitchell et al, 1997) can lead to innovative benefits for firms, and, more specifically, that there is a link between the type of innovative outcome and characteristics of the stakeholder engagement process. It is suggested that this dissertation makes the following four specific contributions to extant theory:

1.  In explicitly discussing stakeholder engagement in innovation terms, this study links the business and society, and innovation management literatures.  The research empirically demonstrates the innovative benefits to firms from pro-active engagement which previous authors (Knox et al, 2005) have suggested is lacking. Knox et al's assertion is despite studies by authors (Ayuso et al, 2006; Sharma and Vredenburg, 1998) who have argued that stakeholder engagement can increase organisational learning and so provide opportunities for innovation.  This study extends the work done by these authors in making explicit the link between pro-active engagement and corporate innovation.

2.  The vast majority of the empirical studies considering firm engagement with nonprofit organisations are focused on collaboration to address sustainability issues; the notable exception being Berger et al (2004) who examined factors which hindered and enabled 11 socially-focused alliances.   In studying ten UK based partnerships this research provides much needed focus on firm engagement with social issues nonprofits.

3.  In considering nonprofit stakeholder engagement through the lens of the innovation literature, this research has highlighted the key role played by the firm's engagement manager (boundary spanner).  Whilst the importance of this actor has been alluded to in empirical studies in the cross-sector collaboration field (Bryson et al, 2006), little attention has been paid to the championing attributes the role requires (as noted in the study), and no previous research has suggested how the boundary spanner role varies depending on the involvement of senior management in the engagement.

4. Whilst this dissertation seeks to make its main contribution to the business and society field, it contributes to the open innovation literature by suggesting that nonprofit organisations can be sources of innovations for firms, and that firms can innovate within an open innovation model whilst addressing societal issues (Holmes and Smart, 2009).

### *7.4.2  Contribution to practice*

This academic research was undertaken due to my interest as a practitioner in firm-nonprofit engagements and the study has implications for the operation and management of such cross-sector partnerships.  The research highlights how the knowledge residing in nonprofit organisations and their networks can gain wider applicability and provides further proof to companies of the benefits of engaging with NPOs; benefits which can be increased through a greater awareness of the engagement process

Taking the study as a whole, it is hoped the findings will assist Corporate Responsibility managers in understanding how their motivations for engaging with an NPO can relate to the resulting innovation outcome.  Such an understanding should help companies manage NPO collaborations in a way that can ensure innovative benefits.   The study also has specific recommendations for managers involved in such cross-sector engagements:

1. *Partner selection* – managers should be open to approaches from non-profit organisations and give consideration to how the organisations might work together, even if the 'fit' initially seems poor.  This study has shown how unexpected innovations can arise from engagements following unsolicited approaches by an NPO.

2. *Engagement goal-setting* – managers should resist defining goals too tightly at the outset.  Accepting a degree of ambiguity in these relationships may be difficult for managers, and it may be helpful to define an engagement incubation period, where objectives and results from such partnerships are not expected.

3. *Engagement management* – the firm's relationship manager for such engagements needs to be able to network effectively in the firm to ensure that innovative benefits from the engagement are fully realised.  This actor also needs to act as a champion for the relationship and be alert to innovation opportunities that arise.  These characteristics are more important if there is no direct senior management involvement in the engagements.

## 7.5  Study limitations

Clearly, this exploratory study has limitations. Those relating specifically to single researcher bias and the limitations of the method were discussed in Chapter 4.  More generally, a clear limitation is the small research base, which means that the findings, while interesting, require further investigation to ascertain their applicability.  Two main areas of limitation are noted here: the non-consideration of intra-firm and extra-firm factors; and the reliance on managerial recollections of past events.

In focusing on the dyadic firm-NPO engagement, the study in effect ignores any external pressures or societal expectations that could have played a role in forcing the firms to innovate.  Correspondingly, the study also ignores any intra-firm factors which could affect the development and implementation of the innovation as the research concentrates on innovation search activity, displayed through the dyadic engagements.

The findings rest on the perceptions of those most closely associated with the operations of the dyads, and from this conclusions have been extrapolated at the company level, which may be a misinterpretation.  Further, as the innovations had already been developed in the majority of the cases when the research was undertaken, has to be accepted that the interviewees have developed narratives to make sense of the innovation and dyadic relationship.   As Goia and Chittipeddi (1991) state, "meaning is not only subjective, but it is also constrained by the context of the goals that human actors seek to achieve" (p435).  It should be noted that, almost without exception, the interviewees were keen to focus on the benefits of the relationships in their accounts.

## 7.6  Dissemination and further research

Although the research has acknowledged limitations, it is suggested that this study, nevertheless, furthers our understanding of firm innovation from NPO engagement. To date, strands of this research, from its earlier conceptualisation to the findings presented here, have been disseminated through academic and practitioner articles and at various academic and industry conferences in the UK and Europe.[7]  The most complete dissemination of the findings as it relates to forwarding our understanding of the concept of open innovation is contained in an article for R&D Management, published in 2009.[8]

As has been stated, this is an exploratory study conducted in a single national market. Clear further research opportunities, therefore, would be to repeat the study in other national markets to ascertain if the findings have cross-border applicability; or to develop a larger scale quantitative survey instrument to better understand the robustness and applicability of the constructs suggested in this research.  An alternative approach

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[7]  A full list of publications and conferences can be found on page iii.

[8]  S. Holmes and P. Smart (2009). "Exploring open innovation practice in firm-nonprofit engagements: a corporate social responsibility perspective", *R&D Management,* Vol. 39, Issue 4, p.394-409.

would be to conduct a longitudinal study of a cross sector partnership which would avoid the acknowledged problem of managerial impression management and post-rationalisation of the partnership, and enable in-depth consideration of the robustness of some of the constructs and findings identified here. Further opportunities arise through addressing some of the acknowledged limitations of the research, particularly studies which relate to how external contextual factors influence firm innovation from NPO engagement; for example, changes to regulatory requirements which may impact firms' responses to social issues.

Of the main findings from the study, further research into the link between stakeholder orientation and innovation from firm-nonprofit dyads would extend knowledge in an area where there is little academic focus at present. This exploratory work suggests a link between internal or external stakeholder orientation and resulting innovation but the research base is too small to rely on the results. Understanding the role stakeholder orientation plays in CSR-focused dyadic engagements would be a significant contribution. The other main finding that would benefit from deeper exploration is the differing role played by the engagement manager (termed boundary spanner) which appeared dependant on the involvement or otherwise of senior management. As corporate responsibility partnering activities become more mainstreamed in firms, understanding factors which could impact the central role of the engagement manager would again be a significant contribution and study at this point would be opportune as the CR literature begins to look at the need championing behaviour to forward the CR agenda in firms.

The research which is the focus of this dissertation, considered firm-NPO relations from the firm's viewpoint and the data could be re-examined from the NPO's perspective. Indeed, an initial cursory examination of the ten cases studied here, reveals that the majority of the NPOs involved in these dyads stated they were breaking new ground in the way they worked with their corporate partner, suggesting interesting findings might arise from such a study.

## 7.7 Reflections

This thesis is the manifestation of a five-year research journey into the topic of firm-nonprofit dyadic relations. At various points in that journey choices were made which, cumulatively, set the direction of the academic exploration. My dissertation now concludes with some reflections, both on the research choices made, and the personal impact of undertaking doctoral study.

### 7.7.1 Observations on the research process

Whilst I hope this thesis has provided convincing justification for the research question and design, were I starting the process again with the knowledge I now have, I would probably adopt a different approach.

Given this an exploratory study, which is seeking to provide observations on the characteristics of firm innovation from NPO engagement, and which clearly require larger scale study, it is possible that more interesting findings could have resulted if the research base had been segmented, or the data examined using contrasting viewpoints.

The obvious way of enriching the findings here would have been to re-examine the data from the NPOs' perspective. For manageable scope, it may have been that a smaller number of cases, possibly 6-8, would have been included in the research base, but these could have been examined more deeply to enable contrasts between the NPO and firm positions. I do keenly feel that this thesis only gives one side of the story and would have been immeasurably improved by drawing deeper on the nonprofit perspective.

As an academic researcher, it is important to relate empirical research to previous work undertaken in the field. I do not think I fully appreciated this when I was designing and developing my research base. If I were doing the study again, I would probably try to segment the research base using concepts from the literature. For example, the cases could have segmented on stakeholder orientation (internal v. external) or using concepts relating to rationale for stakeholder engagement: corporate reputation and competitive advantage, for example. I believe such an approach would have anchored the research more firmly into the extant literature and enabled me to contribute more effectively to theory. Such an approach would also have given clearer focus for the analysis. I suspect such an oversight is common with first-time academic researchers as, from a practitioner perspective, continually relating findings to theory is rather an alien concept. I turn now to my own personal reflections of the academic journey I have recently finished.

### 7.7.2 Personal observations

On a personal level, creating this thesis has been an enriching, if frustrating, and at times downright boring, experience which I want to reflect on briefly in this closing section.

Re-reading the thesis, I believe it provides a route map showing how my thinking and research focus was funnelled down and down until it settled on one very specific issue. But it took a long time to get there, and what I find most striking, is that I do not believe I could have sped the process up: reflective thought was needed at various stages to enable me to proceed. In developing and reporting my research, I have come to appreciate the need for preciseness in academic work. There is no room for woolly thinking: constructs need clear definitions. In this sense it is a step change to practitioner management texts or reports I have created in the past.

Turning to specific aspects of the process, I found conducting the field research and carrying out subsequent analysis on the data collected the most stimulating part. I found transitioning from individual case-study analysis, to generating generic themes, quite difficult, as I was continually questioning whether the generic could be argued to be a distillation of each specific case. I found managing the volume of data quite daunting and for a good few months was not confident that anything interesting would be evident in the data. However, rather to my surprise, I found that themes did emerge from the ongoing analysis, but, as I said earlier, it was a process that could not be rushed.

In placing my research in context within the extant body of literature, as a part-timer in the academic world, I found it difficult to appreciate that I had indeed addressed a knowledge gap. I found I needed to have confidence in my ability as an academic researcher and, in this regard, attending conferences and having a paper accepted in a 3* journal was a great boost which enabled me to believe in my findings and contextualize them accordingly.

Finally, someone remarked to me before I started my research, that doing a thesis was like being on a rollercoaster. At the time I could not see any similarity between a high energy ride and a slow ponderous academic process. I do now; and whilst I have enjoyed the experience it is not one I am about to repeat.

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# APPENDICES

## Appendix I:  Illustrative interview protocol

The interviews were semi-structured to enable the interviewee to shape the content of the interview as much as possible.  Interviews were conducted face-to-face except where it was completely impractical to do so (eg the interviewees were in a different country), or if there were other significant impediments to meeting the interviewee.

The two tables below set out illustrative questions and outline the rationale for asking each question.  Table One is concerned with generic question areas, while Table Two addresses particular aspects of the company-nonprofit engagement in more detail. Questions from this second table were used to explore more fully concepts raised in general discussion, or to encourage the interviewee to focus on a particular topic. Formulation of the questions – particularly those in Table Two – were informed by the literature review.

**Table 1: Illustrative generic question areas**

| Questions | Rationale |
|---|---|
| Can you tell me about your relationship with xxxx? | Very generic question to help develop a general picture of the relationship |
| Can you tell me about your role? | To understand interviewee's role in the relationship |
| Had you worked with other nonprofits before this? | To uncover details about previous cross-sector working |
| How did the relationship come about? | To try to uncover some of the driving factors behind the relationship |
| Can you talk me through how you work together? | To understand patterns of communication and decision making |
| What do you think the effects of the relationship have been? | To uncover perceptions about the impact of the relationship |
| What do you think is the biggest challenge? | To uncover perceptions of difficulty |
| Can you tell me a bit about what the relationship has achieved? | To understand how the outcomes of the relationship are framed |
| Is there anything about the relationship that has surprised you? | To elicit details of unexpected effects |
| Do you think the relationship has changed over time? | To understand the development path of the relationship |
| Where do you think the relationship will go next? | To elicit details of relationship lifecycle |

[**Note to self:** try to ensure the answers include concrete examples.]

**Table 2: Specific questions**

| Questions | Rationale |
|---|---|
| How was it decided to get involved with xxx? Who was involved in the decision? | To uncover reasons for engagement |
| How was the remit of the initiative decided? | To elicit information on decision making authority |
| What was the initial engagement remit? | To understand initial engagement scope |
| Has this remit changed at all? | To uncover information on engagement development |
| How are decisions taken? | To understand the interaction between engagement actors and perceptions of authority |
| How is the relationship managed? | To gain some understanding of boundary spanning roles |
| How do you think the relationship is viewed in your organisation? | To elicit information on the internal support for the initiative |
| How much support do you get from others within your organisation? | To elicit information on the perceived value / importance of the partnership |
| What ideas has the relationship produced? | To uncover perceptions about partnership contributions and innovations |
| How have these ideas been taken forward in your organisation? | To understand how the innovation(s) have been developed |
| Were you surprised by the outcome of the partnership? | To understand if the innovations were expected or not |
| What impact has the outcome(s) of the relationship had on the organisation? | To invite comments on the perceived value of the relationship outcome(s) |
| Is the outcome promoted at all? | To elicit perceptions on the value of ideas to the organisation |
| Do you think the relationship can produce more ideas? Is relationship ongoing? | To uncover details of the relationship lifecycle and innovation generation |

[**Note to self:** try to ensure the answers include concrete examples.]

## Appendix II: NVivo coding structure

NVivo revision 2.0.161Licensee: Sara Holmes

Project: All cases    User: Sara    Date: 22/09/2009 - 10:33:32

NODE LISTING

   Nodes in Set:    All Tree Nodes
   Created:  03/04/2007 - 15:29:03
   Modified: 22/09/2009 - 10:29:15


Number of Nodes:  48

  1  (1) /Engagement initiation
  2  (1 1) /Engagement initiation/Firm driver for engagement
  3  (1 1 1) /Engagement initiation/Firm driver for engagement/Generic strategic fit
  4  (1 1 2) /Engagement initiation/Firm driver for engagement/Specific project
  5  (1 1 3) /Engagement initiation/Firm driver for engagement/Staff involvement
  6  (1 2) /Engagement initiation/NPO Selection
  7  (1 2 1) /Engagement initiation/NPO Selection/Proactive
  8  (1 2 2) /Engagement initiation/NPO Selection/Reactive

  9  (2) /Engagement operation
10 (2 1) /Engagement operation/Engagement management
11 (2 1 1) /Engagement operation/Engagement management/Boundary spanner
12 (2 1 1 1) /Engagement operation/Engagement management/Boundary
          spanner/Facilitator
13 (2 1 1 2) /Engagement operation/Engagement management/Boundary
          spanner/Manager
14 (2 1 2) /Engagement operation/Engagement management/TMT involvement
15 (2 1 2 1) /Engagement operation/Engagement management/TMT
          involvement/Direct
16 (2 1 2 2) /Engagement operation/Engagement management/TMT
          involvement/Indirect

17 (2 2) /Engagement operation/Engagement content
18 (2 2 1) /Engagement operation/Engagement content/Initial scope
19 (2 2 1 1) /Engagement operation/Engagement content/Initial scope/Narrow
20 (2 2 1 2) /Engagement operation/Engagement content/Initial scope/Broad
21 (2 2 2) /Engagement operation/Engagement content/Scope development
22 (2 2 2 1) /Engagement operation/Engagement content/Scope
           development/Limited
23 (2 2 2 2) /Engagement operation/Engagement content/Scope
           development/Extended

24 (2 3) /Engagement operation/Engagement orientation
25 (2 3 1) /Engagement operation/Engagement orientation/CSR focus
26 (2 3 1 1) /Engagement operation/Engagement orientation/CSR focus/Present
27 (2 3 1 2) /Engagement operation/Engagement orientation/CSR focus/Absent
28 (2 3 2) /Engagement operation/Engagement orientation/Stakeholder focus
29 (2 3 2 1) /Engagement operation/Engagement orientation/Stakeholder
          focus/Internal
30 (2 3 2 2) /Engagement operation/Engagement orientation/Stakeholder
          focus/External
31 (2 3 3) /Engagement operation/Engagement orientation/Relationship focus
32 (2 3 3 1) /Engagement operation/Engagement orientation/Relationship
          focus/Present
33 (2 3 3 2) /Engagement operation/Engagement orientation/Relationship
          focus/Absent


34 (5) /Innovation outcome
35 (5 1) /Innovation outcome/Engagement role
36 (5 1 1) /Innovation outcome/Engagement role/Innovation identified
37 (5 1 2) /Innovation outcome/Engagement role/Innovation realised
38 (5 2) /Innovation outcome/NPO role
39 (5 2 1) /Innovation outcome/NPO role/Test-bed
40 (5 2 2) /Innovation outcome/NPO role/Knowledge base
41 (5 2 3) /Innovation outcome/NPO role/Network
42 (5 3) /Innovation outcome/Innovation type
43 (5 3 1) /Innovation outcome/Innovation type/Product
44 (5 3 2) /Innovation outcome/Innovation type/Process
45 (5 3 3) /Innovation outcome/Innovation type/Service
46 (5 4) /Innovation outcome/Status post-innovation
47 (5 4 1) /Innovation outcome/Status post-innovation/Ongoing
48 (5 4 2) /Innovation outcome/Status post-innovation/Declining

# Appendix III: Development of constructs

Please note that the actual node tags used on the NVivo software programme have been extended here into phrases that will make sense to readers.

**Construct development for 'firm driver for engagement'**

| Node listings by case dyad for identified theme: '*Firm driver for engagement*' | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | Alignment with brand values. Issue fit with customers. Business application. | Fit with business aims.<br><br>Fit with CSR aims.<br><br>Planned business project.<br><br>Planned CSR project.<br><br>Staff volunteering.<br><br>Staff fundraising. | Generic strategic fit.<br><br>Specific project.<br><br>Staff involvement. |
| 2 | Senior management focus on staff volunteering. Scope for employee participation. Fit with firm capabilities. | | |
| 3 | Charity of the year programme. Staff volunteering opportunities. Charity fundraising by staff. | | |
| 4 | Strategic community involvement. Fit with core business activities. Fit with stakeholder priorities. Fit with CSR strategy. | | |
| 5 | Specific business initiative. Competitive advantage potential. Ensuring legislative compliance. | | |
| 6 | Meeting broad CSR objectives. Addressing Government concerns on financial inclusion. Offering access to new business. | | |
| 7 | To assist deliver key business project. Project underpinned by legislative requirements. | | |
| 8 | Staff volunteering activity. Responding to local charity needs. Non-strategic. Non CSR. | | |
| 9 | Ability to deliver CSR project. NPO reputation within field. Skills not available in firm. | | |
| 10 | Fit with firm's main business. Firm experience in specialized field. Expertise of NPO. | | |

**Construct development for 'selection of NPO by firm'**

| Node listings by case dyad for identified theme: *'selection of NPO by firm'* | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | NPO targetted firm.<br>NPO identified firm as key partner. | Firm as target for engagement.<br><br>NPO as target for engagement.<br><br>Firm as accidental partner.<br><br>NPO as accidental partner. | Firm reactive.<br><br>Firm proactive. |
| 2 | Firm approached NPO.<br>Charity known to firm. | | |
| 3 | Firm selected NPO from shortlist.<br>Charity pitched to firm. | | |
| 4 | Firm confirmed commitment to NPO.<br>Reinvigoration of long-standing relationship. | | |
| 5 | Firm selected NPO.<br>Firm interest in specific NPO initiative. | | |
| 6 | NPO approached key firm executive.<br>NPO made series of approaches to firm.<br>Firm responded to NPO. | | |
| 7 | Firm approached NPO.<br>NPO known to firm.<br>Personal contact. | | |
| 8 | NPO approached firm.<br>Managerial discretion to respond. | | |
| 9 | Firm approach to NPO.<br>Approach follows inhouse evaluation.<br>NPO as supplier. | | |
| 10 | NPO approached firm.<br>NPO aware of firm's capabilities.<br>NPO seeking partners. | | |

**Construct development for 'role of main boundary spanner'**

| | Node listings by case dyad for identified theme: '*role of main boundary spanner*' | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | Internal communication. Developing role (galvanizing conversations). Charity's champion. | | |
| 2 | Hands-on involvement. Corporate innovator. No defined role. | | |
| 3 | Advocate across company. Internal communicator. Facilitating connections. Enthuser and champion. | | |
| 4 | Charity's champion. Central contact point. Interface role. | Facilitating connections. | |
| 5 | Project delivery. Managing opportunities. Empowered by management. | Acting as NPO champion. | Innovation facilitator. |
| 6 | Corporate role. Enabling change. Identifying internal resources. | Project management role. | Innovation manager. |
| 7 | Trouble-shooter. Empowered advocate. Change agent. Using personal network. | Conduit for ideas. | |
| 8 | Enabled by corporate role. Acting on own initiative. Paternal interest. | | |
| 9 | Initiative spokesperson. Information conduit. Externally facing. Enabled by role. | | |
| 10 | Information gatherer. Manager of opportunities. Client interface. | | |

**Construct development for 'senior management involvement'**

| Node listings by case dyad for identified theme: '*senior management involvement*' | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | Signing off plans and objectives. Senior management/NPO meetings. Attendance at key functions. | | |
| 2 | Senior management encouraged engagement. Not involved in engagement operation. | | |
| 3 | Signing off initiatives and plans. Leading strands of engagement activities. Suggesting new activities. | | |
| 4 | Senior execs as NPO champions. Chairman attends functions. Senior management set and review plans and relationship targets. | | |
| 5 | Senior management involvement in agreeing aims. Senior management sign off for implementing recommendations. Senior manager as initiative champion. | Active involvement. Hands-off role. NPO champion. Defining boundaries. | Indirect involvement. Direct involvement. |
| 6 | Senior exec as initial NPO champion. Senior manager on NPO board. | | |
| 7 | Senior manager agreed project aims. Not involved in project. Delegated decision-making. | | |
| 8 | Decision-making delegated to boundary-spanner. Senior manager sign off CSR budget only. Senior manager approval for national NPO link. | | |
| 9 | Senior management agree CSR scope. No involvement in NPO engagement. Receive updates on project. | | |
| 10 | Senior management fully engaged. Main boundary spanner is member of senior management team. | | |

**Construct development for 'initial activity scope'**

| Node listings by case dyad for identified theme: '*initial activity scope*' | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | Limited to donation boxes at tills. Minimal activity in few stores. No agreed scope or direction. | Defined scope.<br><br>Undefined scope.<br><br>Limited business-related activity.<br><br>Limited CSR activity.<br><br>Broad CSR activity. | Broad initial scope.<br><br>Narrow initial scope. |
| 2 | Scope defined at outset. Actions confined to staff volunteering. | | |
| 3 | Range of fundraising-focused activities. Co-ordinating multiple initiatives. | | |
| 4 | Multi-faceted partnership. Providing holistic support. Linked to employee engagement. | | |
| 5 | Pre-defined activity scope. Engagement limited to specific initiative. | | |
| 6 | No defined scope by either party. Initial small financial investment in NPO. | | |
| 7 | Defined aims and project scope. Engagement activities focused on delivering business objective. | | |
| 8 | Very limited. One-off regional initiative. | | |
| 9 | Defined project aims and initial scope. Scope limited to one geographic area. Project 'trial'. | | |
| 10 | Limited to small-scale collaboration. Scale of collaboration defined by NPO. | | |

**Construct development for 'development of activity scope'**

| Node listings by case dyad for identified theme: '*development of activity scope*' | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | Fundraising to mutual benefit. Activities across the business. Planned activity calendar. | Limited scope development (business).<br><br>Limited scope development (CSR).<br><br>Developed business scope.<br><br>Developed CSR scope.<br><br>Integrated business/CSR initiative. | Limited scope development.<br><br>Scope development extended. |
| 2 | Actions increased from defined scope. Firm involvement in engagement extended. Increase in NPO role. | | |
| 3 | Addition of business-focused activities. Increased range of initiatives. Agreed expansion of activity. | | |
| 4 | Increasing strategic input in NPO. Widening range of fundraising schemes. Extending employee volunteering. | | |
| 5 | Scope confined to defined project remit. Activities governed by project schedule. | | |
| 6 | Increased interaction. Increased financial support. Discussion on wider range of activities. | | |
| 7 | Activities focused on planned project. Corporate as sponsor for event. | | |
| 8 | Linkages increased across UK. Scope of activities widened. Deepening regional ties. | | |
| 9 | Scope of activities similar to start-up phase. Geographic extent of activities expanded. | | |
| 10 | Collaboration increased to new products. Collaboration on more challenging projects. | | |

**Construct development for 'focus on demonstrating CSR'**

| Node listings by case dyad for identified theme: '*focus on demonstrating CSR*' | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | Recognition for initiative among core customers.<br>Goal to be name most-associated with issue.<br>Participation in award schemes. | Deliberate actions to enhance corporate CSR profile.<br><br>Demonstrating CSR to external stakeholders.<br><br>Not demonstrating CSR to external stakeholders.<br><br>No deliberate actions to enhance CSR profile. | Present in data.<br><br>Absent in data. |
| 2 | *No data on demonstrating CSR.*<br>Staff engagement activity better than recognition. | | |
| 3 | Promoting relationship legacy.<br>Awareness of meeting diversity agenda.<br>Seeking publicity platform.<br>Creating 'tangible' legacy. | | |
| 4 | Showcasing collaboration to marketplace.<br>Championing cause to government.<br>Participation in award schemes. | | |
| 5 | Project gave firm NPO endorsement.<br>Endorsement highlights firm responsiveness to social issue. | | |
| 6 | Relationship as best-practice example.<br>Looking to innovate within financial inclusion area. | | |
| 7 | Planned publicity launch for new service.<br>Highlighting 'being the best'.<br>Seeking recognition for excellence. | | |
| 8 | *No data on demonstrating CSR.*<br>Making staff fulfilled.<br>Rewarding staff commitment.<br>NPO unclear of firm benefits. | | |
| 9 | Engagement demonstrates commitment to social issue.<br>Successfully promoted issue to government.<br>Ensuring company profile in this area. | | |
| 10 | *No data on demonstrating CSR.*<br>No mention of NPO association in firm literature.<br>Engagement viewed as business relationship. | | |

**Construct development for 'stakeholder focus'**

| Node listings by case dyad for identified theme: '*stakeholder focus'* | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | Keep relationship relevant to customers.<br>Addressing key customer issue.<br>Customer approval of association. | Customer focus.<br><br>Government/legislative focus.<br><br>Employee focus.<br><br>Market place focus.<br><br>Shareholder focus. | Internal focus.<br><br>External focus. |
| 2 | Getting staff involved.<br>Want staff to see engagement benefits.<br>Converting staff non-believers. | | |
| 3 | Getting employees engaged.<br>Staff empowerment.<br>Staff fundraising needs.<br>Market recognition for customer service.<br>Market recognition for addressing learning disability issues. | | |
| 4 | Customer expectations of community involvement.<br>Relationship informed by views of external stakeholders. | | |
| 5 | Customer expectations of banking service.<br>Govt expectations of firm actions on disability.<br>Marketplace advantage. | | |
| 6 | Meeting shareholder expectations.<br>Meeting government requirements.<br>Addressing new customer needs. | | |
| 7 | Exceeding legislative requirements.<br>Initiative to increase customer base.<br>Communicating with marketplace. | | |
| 8 | Employee perception of firm.<br>Staff development opportunities.<br>Rewarding staff efforts.<br>Showcasing firm staff. | | |
| 9 | CSR initiative to engage with government.<br>National and pan-European governmental agencies. | | |
| 10 | Meeting customer expectations.<br>Improving firm profile in marketplace. | | |

**Construct development for 'relationship development focus'**

| Node listings by case dyad for identified theme: *'relationship development focus'* | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | Benefits realised over time.<br>Relationship needed time to develop.<br>Always pushing relations to next level. | Active reflection on relationship development.<br><br>Acknowledgement of impact of time.<br><br>No reflection on relationship development.<br><br>No acknowledgement on impact of time. | Present in data.<br><br>Absent in data. |
| 2 | *No data on relationship developing.*<br>Valuing relationship. | | |
| 3 | Needed to give relationship 3 years.<br>Took time to get to know each other.<br>Outcomes wouldn't have happened earlier. | | |
| 4 | Needed time to realise benefits.<br>Depth of knowledge from longstanding partnership.<br>Commitment of partners. | | |
| 5 | *No data on relationship developing.*<br>Working well together. | | |
| 6 | Value only realised through relationship development.<br>Long development time.<br>Creation of trust. | | |
| 7 | *No data on relationship developing.*<br>Value of NPO in addressing firm needs. | | |
| 8 | Relationship as journey.<br>Development of partner understanding.<br>Thinking of new ways to work together.<br>Surprised at relationship development. | | |
| 9 | NPO as professional, reliable partner.<br>Mutual understanding of expectations.<br>*No data on relationship developing.* | | |
| 10 | Increasing linkages through relationship.<br>Opportunity to innovate as firm 'proved' itself as a partner to NPO.<br>Needed time to develop. | | |

**Construct development for 'innovation type'**

| Node listings by case dyad for identified theme: '*innovation type*' | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | Post-operative lingerie range. Product innovation. | Product innovation. Process innovation. Service innovation. | No further refinement. |
| 2 | Disability training for staff. Process innovation. | | |
| 3 | Training in handling vulnerable customers. Process innovation. | | |
| 4 | Integrated voice and data products. Product innovation. | | |
| 5 | Redesigned customer service. Service innovation. | | |
| 6 | Channel to market to reach particular customer segment. Service innovation. | | |
| 7 | Call centre for impaired customers. Service innovation. | | |
| 8 | New marketing channel. Process innovation. | | |
| 9 | Product commercialization. Product innovation. | | |
| 10 | Telephony products for hearing impaired market. Product innovation. | | |

**Construct development for 'engagement role in innovation process'**

| Node listings by case dyad for identified theme: '*engagement role in innovation process*' | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | NPO engagement facilitated firm focus on issue.<br>Firm asked NPO for assistance. | Firm alerted to innovation opportunity.<br><br>Used to deliver predetermined innovation.<br><br>Engagement as moderator of innovation outcome. | Innovation identified.<br><br>Innovation realised. |
| 2 | Firm boundary spanner saw opportunity.<br>Firm asked NPO for assistance. | | |
| 3 | NPO suggested opportunity during engagement.<br>Firm aware of potential benefit of initiative. | | |
| 4 | Firm responding to new operational need of NPO.<br>Firm aware of innovative benefit of addressing NPO needs. | | |
| 5 | Innovation opportunity defined at outset.<br>Project activities met pre-determined innovation goal. | | |
| 6 | Firm opportunity developed through ongoing engagement.<br>Firm responding to NPO ideas. | | |
| 7 | Engagement serving planned project.<br>NPO engagement focused on project.<br>Firm prior knowledge of NPO skills. | | |
| 8 | Innovation idea from ongoing relationship.<br>Idea not present before relationship began.<br>Innovation as accident. | | |
| 9 | Engagement for delivery of firm project.<br>Engagement facilitates product development. | | |
| 10 | Engagement identifies opportunity for innovation.<br>NPO approached firm with idea for experimental product. | | |

**Construct development for 'NPO contribution to innovation'**

| Node listings by case dyad for identified theme: '*NPO contribution to innovation*' | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | NPO supporters as product testers.<br>NPO supporters providing feedback. | NPO network.<br><br>NPO knowledge base.<br><br>NPO as test-bed. | Not further refinement. |
| 2 | NPO client providing insights.<br>NPO facilitating access to clients. | | |
| 3 | NPO client providing insights.<br>NPO use of knowledge and experience. | | |
| 4 | Needs of NPO as innovation driver.<br>NPO enables R&D access for firm. | | |
| 5 | NPO knowledge transferred to firm.<br>Multiple outlets for knowledge transfer. | | |
| 6 | Firm accesses clients through NPO.<br>NPO's client knowledge informs firm.<br>NPO advice on reaching new market. | | |
| 7 | NPO facilitates access to grassroots.<br>NPO as aggregator of disability information and networks.<br>NPO as market research organisation. | | |
| 8 | Firm accesses NPO's network.<br>NPO activity provides firm with platform. | | |
| 9 | NPO facilitating access to end users.<br>NPO feedback on product use by end users.<br>NPO suggestions on product development. | | |
| 10 | Firm access to NPO development plans.<br>Firm access to NPO end-users.<br>Firm access to end-user feedback. | | |

**Construct development for 'engagement status post innovation'**

| Node listings by case dyad for identified theme: '*engagement status post innovation*' | | Constructs from first review | Constructs from second review |
|---|---|---|---|
| 1 | Engagement continuing.<br>Pushing to achieve more. | Engagement establishing.<br><br>Engagement mature.<br><br>Engagement declining. | Ongoing engagement.<br><br>Declining engagement. |
| 2 | Desire to continue engagement.<br>Activity levels to remain static.<br>No planned integration. | | |
| 3 | Fixed term engagement.<br>Engagement activity focused on end date.<br>Hopes for future collaboration. | | |
| 4 | Engagement continuing.<br>New range of initiatives.<br>Company working on long-term exit strategy. | | |
| 5 | Engagement ended with delivery of project.<br>Minimal interaction with NPO post-project. | | |
| 6 | Relationship ongoing.<br>Scope of activities increasing. | | |
| 7 | Decreased interaction.<br>Relationship declining.<br>Key contact moved from firm. | | |
| 8 | Relationship continuing.<br>Formalisation of relationship.<br>Discussion on new areas of collaboration. | | |
| 9 | Relationship ongoing.<br>Scope of activities static.<br>Mature relationship. | | |
| 10 | Product collaborations continuing.<br>Maturing relationship.<br>Partners have proved themselves. | | |

# Appendix IV: Case data

## Dyad 1: Retailer A and breast cancer charity

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement initiation | | *Main firm driver for engagement* | "I think the initial aim was to work with a selection of charities that fitted the [company] profile and had synergy with our brand values and that customers could relate to.  I mean that, that's the reason initially that we agreed to work with [the charity]." (Firm)<br><br>"And I think [the company] was saying to us, 'Well if, in working with you, we want to be the retailer that's most associated with the Breast Cancer issue, we want our customers to recognise what we're doing'." (NPO) | Engagement with charity broadly fitted to firm's business aims. |
| | | *Firm selection of NPO* | [Relationship began] "very much from the charity approaching [the company] and asking us to work with them to fundraise" (Firm)<br><br>"When we started we had one contact who was a Lingerie Services Manager, and basically we, as a, as an organisation we identified [the retailer], if you like as a primary target." (NPO) | Firm reactive – NPO approached firm. |
| Engagement operations | Engagement management | *Boundary spanner role* | "So L [charity account manager] and I, I would say are the people that sort of galvanise all of those conversations and bring them together."  (Firm)<br><br>"So anything they [the charity] want, they come through me, ideally.  And then I can sound people out here, see if they want to be involved, and then get them and [the charity] together." (Firm) | Innovation facilitator – enabling connections and ideas flow from NPO. |
| | | *Senior management involvement* | "It's an incredibly important part of what we do. It's right from the top down, so from the support of [the CEO] and obviously my Director of Marketing, and they'll meet up with [the charity] from time to time, as will the head of PR and so in – it's sort of like-for-like, really."  (Firm)<br><br>"When I started managing the campaign I never realised and appreciated the support it had a such a senior level, so there's massive support all the way through the hierarchy." (Firm) | Direct involvement from senior management. |
| | Engagement content | *Initial activity scope* | "The relationship was formulated about five years ago, very much from the charity approaching us to work with them to fundraise. But at that stage in year one it's very much about just being a vehicle really to sell their pins and bands." (Firm) | Narrow initial scope. |

| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| | *Scope development* | "The relationship has matured from patronage to a strategic, business-integrated partnership." (Firm)<br><br>"So it started off as just a pin campaign, you know selling ribbons at the till points, and from there the relationship has moved on to a partnership as we realised that actually, in terms of fit with our core customer base, it's really relevant." (Firm) | Scope extended as relationship develops. |
| Engagement orientation | *CSR focus* | "With our customers we know for example that having just recently researched our Breast Cancer Awareness Month Campaign for this year, that our customers found it's very, very important that we do that, they trust [the company] to handle this type of relationship in the right way. … they actually see us delivering more benefit because of the product ranges that we've put into play as a result." (Firm)<br><br>"…and certainly in the CSR report that comes out on an annual basis we talk in depth about the relationship… and the work that we've done to date, the money that we've raised and how that money's being spent…" (Firm)<br><br>"…they said us, 'We want to be recognised, we want our customers to know this, we want them to trust us for doing this, we want them to recognise us doing it more than any other retailer'." (NPO) | Present – firm keen to demonstrate corporate social responsibility. |
| | *Stakeholder focus* | "At the end of the day, we're here to sell something to our customers and there's a real fit in terms of customer base on [the charity's] part and on our part." (Firm) | External stakeholder focus. |
| | *Relationship development focus* | "But that's something I believe would only have been possible with the type of relationship we have in place, it's not something you can jump into with authority having just picked up with you know a, a partnership in that way in year one, it's something that had to develop." (Firm)<br><br>"So basically when, when we first asked them to do this, we didn't, we didn't really have the status or any leverage in [the company] to really make this particular project work a few years ago." (NPO) | Present – interviewees comment on how relationship has developed. |
| Innovation outcome | *Innovation type* | "We get feedback saying, 'just because we've had surgery, doesn't mean we don't want the sexy stuff as well', and not a lot of people cater for that. So we've been able to look at our main range and ask 'which of these fashionable lines can we adapt in terms of creating a post-surgery bra?' because the construction is slightly different." (Firm) | Product innovation: post-operative lingerie. |

| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| | *Engagement role in innovation process* | "That was twofold really, there was a letter that came in to our chairman, erm from a customer who had had breast cancer, who had said to him basically, 'You know I've shopped all my life in your store, I buy all of my lingerie from you, I've had breast cancer where do I go now? I don't want to go to other organisations, I want you to provide me with a service.' So it was a flag for us to say, 'Actually let's ask the question'… at the same time this letter came in from a customer, we were actually talking to [the charity] about how we could come together and actually work on product ranges. Erm, so we were getting feedback through [the charity] that their supporters were asking for this type of product to be around." (Firm) | Innovation identified during engagement |
| | *NPO contribution to innovation* | "So we started to work with [the charity] and tap into their research groups that they have and their supporters, and actually work with them to say, 'Well guys what, what is it that you would like to see from a lingerie range?' …And then when we developed it, they found a group of women to trial it for us and we got feedback on fit and so on, which was really important…" (Firm) <br><br>"…you know we were the bridge to those women if you like, and we were the, we had a credibility to that range as well. I mean it would have been ridiculous for them to develop, have a partnership with [the charity] and not to develop that particular product in association with us." (NPO) | NPO as test-bed: innovation trialed by charity before being launched. |
| | *Engagement status post-innovation* | "…this relationship has moved in the five years I've been with it from such initial patronage to something that is so fulfilling for both parties that there's so much more we can achieve together." (Firm) <br><br>"I think we've all, we've actually kind of reached a bit of a nirvana with them, if you know what I mean, it's like we've got to where we wanted to be." (NPO) | Ongoing relationship. |

**Dyad 2: Retailer B and cerebral palsy charity**

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement initiation | | *Main firm driver for engagement* | "So S [new area manager] came in and he had worked with Business in a Community at a previous company, and thought it was so fantastic what he personally got out of it, and what his team got out of it. So he set up for our area to be involved." (Firm) | Staff involvement as main driver. |
| | | *Firm selection of NPO* | "…we went down to [the charity's] Christmas party which was being held at a local pub, and we met P who runs it, and erm, just immediately hit it off and decided that we wanted to do some work with him." (Firm) | Proactive selection of NPO by firm. |
| Engagement operations | Engagement management | *Boundary spanner role* | "It made me think, 'right OK, this is something we can do two ways here'. So I spoke to P on the phone, and said what I would like to get out of it is that my team are going to be skilled up enough to understand what difficulties disabled people have…" (Firm) | Innovation manager: boundary spanner responsible for taking ideas forward. |
| | | *Senior management involvement* | "Well, once he set up our membership, it was really left to me and S to take it from there, he'd ask us how we were getting on, you know, but he weren't really involved much after that". (Firm) | Indirect involvement by senior management. |
| | Engagement content | *Initial activity scope* | "I thought, 'oh we'll go do the challenges and hopefully people will enjoy it' and, and that's it, that is as far as I went, you know I, I thought, 'the team will enjoy half a day out.' 'You know, it'll be a release from some of the stresses at work and err, hopefully [the charity] will really enjoy, you know being out for half a day', and that is as far as I thought." (Firm) | Narrow initial activity scope – focused on the three staff 'challenges'. |
| | | *Scope development* | "So then… we then arranged three challenges erm, we've completed two of them, we've got a third one to go." (Firm) <br><br> "Well, it was just about the challenges I suppose, but then we got into the disability training with them, which took us on a bit." (Firm) | Scope extended – move into disability training. |
| | Engagement orientation | *CSR focus* | Not present in the interview data. | Absent. |
| | | *Stakeholder focus* | "at the time I was really trying to promote Business in the Community within, erm my group, the really thing that appealed was there were three half day challenges there. So I hoped that I could get, you know a variety of people to do the three challenges rather than just 10 people for one challenge. So we decided to go, go forward with that." (Firm) | Internal stakeholder focus – staff. |

| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| | *Relationship development focus* | Not present in the interview data. | Absent. |
| Innovation outcome | *Innovation type* | "So we, we get booklets for disability training and these are quite basic, just setting out the legal requirements. There's nothing about how to interact with anybody with a disability. So it was the best disability training I could possibly give my team." (Firm) | Process innovation: disability training |
| | *Engagement role in innovation process* | "Well, I hadn't though much about it, if I'm honest [how firm deals with disabled customers]. It were only when we were working with them, and S came back and said she felt so bad that I began to think maybe we should do something, and training seemed an obvious thing." (Firm) | Innovation identified during the engagement. |
| | *NPO contribution to innovation* | "I asked P if there was any chance he could come and do a talk and he said, 'Well I can do better than that, I've got S who has cerebral palsy' and he can come and do a talk at the store." (Firm)<br><br>"[Talk was] extremely well received. I think that if, if they were honest they probably had preconceived ideas of disabled people, and S, the team member with Lived Experience did all the talking, or the bulk of the talking, and he certainly would have blown away any preconception that anybody had, with his talk to the staff team." (NPO) | Innovation uses NPO knowledge and network. |
| | *Engagement status post-innovation* | "What I would like now for [the charity] is that we continue all the way through the year that we just do, maybe once a quarter we do a half day challenge, and we can keep that relationship up." (Firm)<br><br>"You know, we just sort of pick up the phone and take off where we've left off, you know. And they send me bits and bobs through the post, so there's a bit of contact there. Not every five minutes, but there's that continuity there, definitely." (Firm) | Relationship ongoing. |

**Dyad 3: Energy Co and learning disabilities charity**

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement initiation | | *Firm driver for engagement* | "Well, we were raising money, all the staff in that area, for a specific project and [the charity] really fitted that profile, it was very much what we were looking to do…" (Firm)<br><br>"We were pitching to be their charity of the year, which is basically all around staff fundraising and volunteering, so I told them how they could get involved and so on and what the impact would be on health, which was their focus." (NPO) | Staff involvement as main engagement driver. |
| | | *Firm selection of NPO* | "So in 2004 we asked all of our staff what areas they would like us to support…. Everybody chose health, so we then contacted health related charities to come in and pitch, and we chose [the charity] to be our charity partner for the year."  (Firm) | Proactive – NPO selected by firm. |
| Engagement operations | Engagement management | *Boundary spanner role* | "All the stuff with the vulnerable customers, that came out of that meeting, perhaps we could do more.  So as a result of that, A set up a meeting with somebody from the Vulnerable Customers team, and we went to see them and talked about what they actually wanted." (NPO) | Innovation facilitator: enabling connections in the organisation to take forward ideas. |
| | | *Senior management involvement* | "They [the charity] came in and completed the annual review and that was to some of the senior people within the business."  (Firm)<br><br>"And you know, we had really key supporters at a really senior level, like we've got the chief operating officer at Customers' Branch, I know that he had a personal connection with learning disability and he, he totally pushed for Work Right to happen. So it was having those key people who were brought in to the charity, that really helped." (NPO) | Direct involvement: senior management sign off and get involved in initiative. |
| | Engagement content | *Initial activity scope* | "It started as a traditional charity of the year thing.  You know, big focus on staff raising money and lots of fundraising activities.  We also offered team challenges to encourage staff morale building and so on, and, of course from our perspective to try to promote understanding of learning disability…" (NPO) | Broad scope – wide range of planned activities under charity of the year banner. |

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| | | *Scope development* | "..in previous relationships it has been about fundraising. This relationship has been much more about awareness, employee diversity, understanding our vulnerable customers, and fundraising, largely due to [the charity], I think." (Firm)<br><br>"When [the firm] said they wanted to work with us for a further two years, I went and did the pitch about what we could do. I took each of their ambitions, so they've got these five corporate ambitions, and I took each of the ambitions and said how we could help them, you know achieve those ambitions and I think the thing that really sold them was the Vulnerable Customers training." (NPO) | Extended – scope of activities increased. |
| | Engagement orientation | *CSR focus* | "Basically when, LP, who is head of brand here, looked at the relationship, she sort of like said she wanted something tangible to demonstrate where our money went to…" (Firm)<br><br>"If we can work with them on the literature reviews, so ensuring that the literature we send to our most vulnerable customers is easy to understand, another huge tick in the box." (Firm) | Present – firm keen to demonstrate corporate social responsibility. |
| | | *Stakeholder focus* | "And one of the things that we said that this year is about, is about employees organising fund-raising events…" (Firm)<br><br>"So we're focussing on giving our employees the tools to fundraise, so that's the first tick in the box. The second one we're looking to do is erm, to raise awareness of the partnership, so me and F [from the charity] will be hopefully at some point going along giving speeches and things, and be looking to win awards for the relationship for crossing the line." (Firm) | Internal and external – focus on staff and also on external stakeholders. |
| | | *Relationship development focus* | "I think it's [the relationship] worked because we gave it three years. We really wouldn't have done half what we've done now if it had just been a year." (Firm)<br><br>"And, you know, we would never have realised half of what we've done had we not had the three-year partnership and the time for that to develop." (NPO) | Present – awareness of development of relationship. |
| Innovation outcome | | *Innovation type* | "…and we have vulnerable customers and we want to ensure they feel safe with their home energy supply and that the way we interact with them, we're not doing anything counteractive, or whatever, and [the charity] has really helped us communicate with them better, or at least helped us see how we can do better." (Firm) | Process: enhancements to system for handling vulnerable customers following NPO-led training sessions. |

| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| | *Engagement role in innovation process* | "It took us a while to get going with the vulnerable customers, if I'm honest. It only came up, I think, from them [disability awareness seminars]. We kind of saw the opportunity that we have a priority services team that deals daily with vulnerable customers and that that training would be more tailored for them." (Firm)<br><br>" It [vulnerable customer handling] was an obvious one for us, given what they [the firm] do, and they were really keen on it too when we pitched it to them at the review, it was just a question of finding the right way to get buy in, really..." (NPO) | Innovation identified: innovation opportunity arose during engagement |
| | *NPO contribution to innovation* | ".. they asked to meet with us again, and they wanted to tap into things like advocacy groups and social services and things like that…" (NPO) | Innovation utilizes NPO network and knowledge base. |
| | *Engagement status post-innovation* | "I think people are realizing it's the last few months of the partnership so if anything, everyone's like 'ah, quick, we've got to get this in before the end!'" (Firm)<br><br>"I feel a little bit of a shame it's coming to an end, because I'd like another year, we've just got so many ideas still about what we could do." (NPO) | Declining (artificially, as predetermined end date) |

**Dyad 4: Communications Co and children's charity**

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement initiation | | *Firm driver for engagement* | "We have a very proactive approach to community investment… we proactively, if you like, decide what our social impact should be based on, on research… and then we looked for partners to help us achieve those things." (Firm)<br><br>"And this came out of research, so it's all aligned to the nature of our business, so people expect you to contribute around what you do best. And in out case that is enabling err, communications. And, so it's around our business, and it's on the key issues that are critical to people. So from research if you err support some key charitable causes that relate to communications that would also help to err, to err manage your, your perception." (Firm) | Engagement fits with firm's generic CSR aims. |
| | | *Firm selection of NPO* | "And then on the charity side we were looking for charities where communications were central to helping to improve erm, the specific causes. And again, we looked at young people, we discussed options and we selected [the charity]." (Firm)<br><br>"We asked our stakeholders what they thought and they chose the cause. It did it all, you see: it was children in need and about us [the company] making a difference through our skills." (Firm) | Proactive selection of charity by firm. |
| Engagement operations | Engagement management | *Boundary spanner role* | "So I will meet people… so I look to deliver the benefits of working to a charity, I sell that into the different business units. So I will read things, see things, work with people and explore opportunities." (Firm)<br><br>"I'm paid err by [the company] to represent, to support the voluntary sector, but I'm also paid to deliver business benefits…And so what I do, is I kind of act as a catalyst, so I am… [the charity's] key point of contact and I use my knowledge of [the company] to help them." (Firm) | Innovation facilitator: enabling connections to develop ideas. |
| | | *Senior management involvement* | "I will source you my Chairman. I will brief Chairman to say about the business benefits, which you can kind of check, and then I will be there with some of my other senior people…" (Firm)<br><br>"So that means that, so they [community investment committee] sanction, they approve and they engage, and then they will ask questions. And they really are into it, it's not just a jumping through hoops exercise…" (Firm) | Direct involvement from senior management. |
| | Engagement content | *Initial activity scope* | "So the thing that I was really interested and excited about, was to provide this kind of brand new holistic support to a charity with a combined vision…" (Firm)<br><br>"..we are their charity of choice…which means there's a whole lot of things that happen as a matter of course." (NPO) | Broad initial scope – wide range of activities. |

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| | | *Scope development* | "What I plan to do is spend less of my time fundraising… and then I've kind of focussed… on the kind of technology side; we'll build that, and then look at how we can develop the employee volunteering further." (Firm)<br><br>"It's a very dynamic relationship…. That's the norm for the relationship with [the company] to kind of just change and to do something new…" (NPO) | Extended – scope of activities increased. |
| | Engagement orientation | *CSR focus* | "So, I said to M, 'Actually is this an opportunity too great for us to suddenly stop' because if we had… we probably would have won our cause-related marketing and that bit, and then not got any further." (Firm)<br><br>"So we take our products and services that we've developed for [the charity] and showcase them. Our account managers use them to show our [the company's] technology and we use them to show our CSR credentials; we can say 'look, what we do for our partners.'" (Firm) | Present – firm keen to demonstrate its focus on CSR. |
| | | *Stakeholder focus* | "Well we'd, we'd put down the objectives that we wanted to achieve, and then we would look at potential ways of achieving that. Erm, err and again, err do some research to see which erm, had the most impact with our, our err, our customers and our market place. So we tested out a number of concepts around, you know [the charity] versus other alternatives." (Firm) | External stakeholder focus. |
| | | *Relationship development focus* | "So those things take so much longer than you could, could possibly imagine. So do you kind of say, 'Actually we're only going to do it for three years, if we haven't completed it do we stop?' And that doesn't make sense. So I've kind of had a flexible approach. And it changes, and every year we think 'what more can we do?' and we keep going like that. " (Firm)<br><br>"We have other partners, but there's something particularly special about this one. I'm sure that's to do with the fact that they were there in the beginning and what we've done with them over the years, is just, well, phenomenal really in partnership terms." (NPO) | Present – awareness of relationship development. |
| Innovation outcome | | *Innovation type* | "So we're looking at how to integrate that [voice, internet, SMS], so we're looking at kind of making it kind of err, PC based, make the databases linked. And then, so that's kind of first step, and then how do we create a truly integrated service…that's a massive piece of work, and that will be a fantastic showcase." (Firm) | Product innovation: integrated voice and text data handling system. |

| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| | *Engagement role in innovation process* | "…where the voluntary sector has gone, where [the charity] have come, it is perfect, we couldn't have wished for more, frankly.  It fits our vision of using our technology in an innovative way…" (Firm) <br><br> "What excites me about the future is the fact that there is a fit in terms of where they want, you know they're excited about where we want to take the service and they want to work with us to make that possible." (NPO) | Innovation opportunity identified during engagement. |
| | *NPO contribution to innovation* | "We look at the kind of application of technology [at the charity]. And then it's about using that technology and tweaking it and making it fit for business settings." (Firm) | NPO as test-bed – company experimenting in charity setting. |
| | *Engagement status post-innovation* | "It's not just about fundraising, it's about sustained fundraising. So one of the real challenges, to get sustainable fundraising in a big way takes a huge amount of time." <br><br> "I think it's quite a unique relationship…there are relatively few relationships that are as integrated as the one [the charity] has with [the company] I think. (NPO) | Ongoing relationship. |

## Dyad 5: Bank A and hearing impaired charity

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement initiation | | *Main firm driver for engagement* | "There was an awareness of 'if we don't do this we're going to get prosecuted' (and I would have got funding for that), but I wanted a bit more of a customer centred approach and got it sold on that basis, which was great really. But whatever way, it was a project we were keen to do." (Firm)<br><br>"And for us, you know, to be honest, the business case is very much the carrot for us, because that does make sense to them in that commercial world, how they can engage with that huge consumer market, and we had a product ready for them, really." (NPO) | Defined project to address specific issue identified by bank. |
| | | *Firm selection of NPO* | "We knew of [the charity] because we'd chosen them for Charity of the Year a while back. So we met one of [the charity's] training directors and said we wanted to hear more about their charter mark, which we asked them to pitch us…" (Firm) | Proactive: firm chosen charity and clear about rationale for engaging. |
| Engagement operations | Engagement management | *Boundary spanner role* | "There was a project steering committee of five, and, due to my role, I suppose, I was in effect, tasked with delivery. We flagged up any issues that needed senior decisions – like, could we use Type Talk? – and we made sure the issues raised in the audit had been sorted." (Firm)<br><br>"We'd use the threat of the DDA [Disability Discrimination Act] with the line manager to say 'You know you're breaching the DDA in not providing a text phone, or whatever, and that's something you need to sort out', so that really helped." (Firm) | Main boundary spanner as innovation manager. |
| | | *Senior management involvement* | "It made it easier to have that senior level of sponsorship, not that he was really involved, mind." (Firm)<br><br>"Oh it had backing from the top…, a deputy chief executive who has done a lot of racial opportunity, and has really taken on the diversity mantle. I was reporting directly to him on this project. He was the sponsor and was there for the ceremony, although he had no day-to-day involvement." (Firm) | Indirect senior management involvement – sign off function only. |
| | Engagement content | *Initial activity scope* | "So the first step we did was to have a meeting with [the charity] just to go into more detail about the charter mark, what it meant, and more importantly how we get accreditation for the areas that they would be looking at." (Firm)<br><br>"First and foremost, we had a clear picture of what we needed to do, what we would be assessed on. We had to do a kind of an audit to see where we were and then the next piece of work was what we needed to do to address those issues." (Firm) | Narrow initial scope – set activity. |

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| | | *Scope development* | "It had already been scoped for us and we kind of more or less stuck with the main programme.  As the training team we inherited it from the original department in [the charity] that actually procured the work in the first place." (NPO)<br><br>"Well, erm, we didn't really have the remit to do that. It was a fully worked-out programme, you know and we'd got the go-ahead for that. They'd [the charity] had done it before, knew the best way to go, and we went with it." (Firm) | Limited scope development. |
| | Engagement orientation | *CSR focus* | "We would become the first and only bank, for a few years, to receive the accreditation. We would be the biggest company to have ever gone through it. We would be the only company with a call centre operation to get accredited." (Firm)<br><br>"We did try to set up a similar sort of relationship with [a sight impaired charity]. They were very keen, we were very keen, but we didn't get the higher level support at that stage because they didn't have something like a Charter Mark."  (Firm) | Firm keen to demonstrate corporate social responsibility through the initiative. |
| | | *Stakeholder focus* | "I set up a group to actually look at what we could do better for our customers to make us not only better at what we do, and fairer at what we do, but also more appealing to a diverse range of customers." (Firm)<br><br>"I looked at what the net benefit would be of attracting just 1% of the profoundly deaf population as customers… and even using those conservative figures, the business case was compelling." (Firm) | External stakeholder focus |
| | | *Relationship development focus* | "To be honest, the Charity of the Year relationship didn't have much impact really, that was handled by a completely different team, and a completely different set of people in [the charity] too, I think." (Firm)<br><br>"Well, we knew what we wanted you see, and they [charity] were clear with what they could provide, so it was very much a standalone project." (Firm)<br><br>"I suppose having the link gave us [charity] the confidence to approach [the bank] with the proposition, although, if I'm honest we were going to target them anyway, and it's such a big organisation, completely different departments, you know, that I don't, don't know how much it really helped, if I'm honest." (NPO) | Absent - although case has evidence of prior relationship between firm and NPO appears to have had little, if any, impact on engagement. |

| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| Innovation outcome | *Innovation type* | "We needed to implement the TypeTalk service. That was literally change the policy, put out a briefing note then get the training in place, which is an annual thing." (Firm) | Service innovation: implementation of a text-talk service for hard of hearing customers. |
| | *Engagement role in innovation process* | "Well, having spoken to them [the charity] we had a pretty good idea about the issues we were looking at; making induction loops work, introducing text phones for staff and so on, the Type Talk service, of course, but we hadn't worked it all out by any means." (Firm)<br><br>"Getting it [the charter mark] did make a difference.. So, you know, we had at the time various different service centres and contact centres that didn't have text phones, have now had them. There was more signage in buildings; staff in branches actually knew how to use the induction loop. Things we knew we had to do, really. So we realised lots of benefits I think, as well as it helping our reputation." (Firm) | Innovation realised: firm aware of innovation opportunities at outset of engagement. |
| | *NPO contribution to innovation* | "So what they [charity representatives] have done is, you know, look at their [the firm's] organisation and how customers would currently use their service and see if there are any barriers. We then build up a kind of an action plan for improvements based on what we find at this benchmarking exercise." (NPO)<br><br>"The staff loved it, and what [the charity] considered best practice in some areas we rewrote, we were exceeding what they considered best practice, which was great. We weren't in other areas, but that's what you'd expect." (Firm) | Innovation uses NPO's knowledge base. |
| | *Engagement status post-innovation* | "Well, it's all gone quiet, really. All the people involved have moved on to different departments too. But, I don't know, we might go for re-accreditation, I suppose, though that's not my decision any more." (Firm)<br><br>"Well, if they're going for reaccredidation there'll be a chance there … and I think as long as there's always somebody quite high-up in the organisation that you can just pick up the phone to and say 'Well how's it working now, who is it …, who should I be speaking to?', then there's always a potential re-entry route, really. But at the moment, no, we haven't worked with them since." (NPO) | Relationship declined post innovation. |

**Dyad 6: Bank B and financial inclusion charity**

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement initiation | | *Main firm driver for engagement* | "It's a strange beast, community banking – it has one foot in CSR and another in the commercial world. We do it partly because we're expected to, partly because we believe in financial inclusion and partly because it's a market for us." (Firm) "I think we hit it at the right time, to be honest with you, because they [the bank] were getting it from the Treasury Select Committee, and they were getting it from activists… banks have always been an easy one to attack, basically." (NPO) | Fit with general CSR and business aims. |
| | | *Firm selection of NPO* | "I came across a guy called [AR], he was well known within the bank and the charity world, he was their kind of liaison with this part of their world, so I approached him" (NPO) "Oh, that's going back a while now, but I think they came to us initially." (Firm) | Reactive – NPO approached firm. |
| Engagement operations | Engagement management | *Boundary spanner role* | "I try and identify people in our organisation [bank] who can tie up with the relevant people in [the charity]. (Firm) "I'm the main day-to-day contact with [the charity] and I bring in other people as the need arises. It very much depends on what initiatives we're discussing." (Firm) "We've been lucky to work with a small number of key people over the years, so when they arrange meetings, I am imagining that they've done a lot of work in the background to make those meetings happen." (NPO) | Innovation facilitator: identifies actors in the firm who can take forward initiatives. |
| | | *Senior management involvement* | Senior manager is on the charity's board. | Direct involvement by senior management. |
| | Engagement content | *Initial activity scope* | "It was pretty small at the beginning, you know. We follow a set of guidelines about how we work in this area, so it's pretty fixed. Anyway we gave them a small grant and a loan and it developed from there."(Firm) "We both believed that the best way for us to engage with them would be initially to talk about product development, and even that at the beginning was too left-field for them…So they wanted to talk to us about making small grants and small loans, so that's how we started. They gave us a £5,000 grant and a £20,000 interest free loan…" (NPO) | Narrow initial activity scope. |

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| | | *Scope development* | "well, erm, I, we've got lots of plans… now they [the charity] have Trusted Partner status, there's a lot more we can do." (Firm)<br><br>"How we take such an initiative to scale is an on-going financial and business challenge." (Firm)<br><br>"So over the last three years our partnership has developed a lot. We now provide the facility to open bank accounts in our office with [the bank], and we're talking to them about other products… they've said they're very keen to work with us to white-label one of their insurance products for us to sell as ours." (NPO) | Scope extended and activities increased. |
| | Engagement orientation | *CSR focus* | "It's a good partnership and we're proud of it. We have used it as a case study at various conferences to say, 'hey, you know, look what you can do in this space.'" (Firm)<br><br>"We support innovative schemes that promote financial inclusion, and we want to talk about them – we're proud of these relationships." (Firm) | Present – firm keen to demonstrate CSR credentials within are of financial inclusion. |
| | | *Stakeholder focus* | "We wanted to be able to show the banking world, and policymakers, how we could innovate in the world of micro-finance; we've taken a really innovative approach with this CDFI and are demonstrating that we can take it beyond being just about savings." (Firm)<br><br>"It's not just doing-good for its own sake. It has to make money. We're accountable to our shareholders." (Firm) | External stakeholder focus. |
| | | *Relationship development focus* | "…but they only trained us because they trusted us, and they trusted us because they've worked with us for five years and they saw that we were good people to work with." (NPO)<br><br>"after we'd worked with them for a while, we offered them Trusted Partner status and we wouldn't have done that up front, so, yes, it's come a long way." (Firm) | Present – firm and NPO aware of relationship development. |
| Innovation outcome | | *Innovation type* | "Community organisations like [the charity] offer access to funding for groups that wouldn't engage otherwise. The sort of people the charity helps certainly wouldn't approach us direct…. And we want to help support them [the charity] as they're finding new ways of promoting financial inclusion." (Firm) | Service innovation: new channel to reach distinct customer segment with tailored products. |

| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| | *Engagement role in innovation process* | "We always knew that there was business to be had out of this, quite apart from the fact that getting involved in this area was the right thing for us to do. We'd seen the numbers and if we could make it work with an innovative approach then it would be good all round." (Firm)<br><br>"It might be a bespoke product, or there might be something we can adapt that we've used elsewhere." (Firm)<br><br>"The charity's got a lot of ideas, and we've had lots of discussions, both with them and internally. It's just a case of getting the detail right, really." (Firm) | Innovation opportunity identified during engagement. |
| | *NPO contribution to innovation* | "So they could see that there's a potential future market for investing in these guys but they didn't really know how they worked, or how to reach them, and talking to us, who works with them all the time, and who they thought worked well, gave them a kind of a profile of how to really approach it." (NPO)<br><br>"..it gave them a really good handle on details of changes to current practices that they could then use and to talk to other potential new players." (NPO) | Innovation utilizes NPO's knowledge base and network. |
| | *Engagement status post-innovation* | "I'm actively talking to them now about how we move things forward and how we work now they [the charity] have Trusted Partner status." (Firm)<br><br>"So we worked with them for three or four years and then we engaged with them directly to get involved in our governance side, so we asked them to join the Board, and the relationship's just gone forward from there." (NPO) | Ongoing relationship. |

**Dyad 7: Broadcaster and pan-disability charity**

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement initiation | | *Main firm driver for engagement* | "[The company's] reason for doing it had a legal imperative. The DDA (Disability Discrimination Act) was coming, the Communications Act was coming." (Firm)<br><br>"So I said, 'right, the business has to have 60,000 customers to be cost neutral, that's our sales target.' So how do we achieve that sales target? Well the first thing we had to do was look at CRM, because we don't know who our disabled customers are, or what they want and we needed help to do that." (Firm) | Specific project defined by company to address upcoming legislation. |
| | | *Firm selection of NPO* | "I went to [the charity] because I knew what they can do, and I've worked with them before." (Firm)<br><br>"[The charity] would help me communicate with disability groups around the UK....I like [the charity] because they're pan-disability, so they represent lots of disability organisations which made them ideal for this." (Firm) | Proactive – firm selected NPO. |
| Engagement operations | Engagement management | *Boundary spanner role* | "Yeah, 'sort it out' was my total job description. 'Deal with that problem.' ..I just went and prodded people." (Firm) | Innovation manager with responsibility for initiative. |
| | | *Senior management involvement* | "And T, he was by boss then, gave me the brief that we want to be the best, we want to be compliant with the legislation, we want to grow our customer base." (Firm)<br><br>"J kind of said to me 'Look, I just trust that you're doing it right, so just get on with it'." (Firm) | Indirect involvement from senior management. |
| | Engagement content | *Initial activity scope* | "Well the first thing we had to do was look at CRM, because we don't know who our disabled customers are. So we can't start to send you a bill in brail if I don't know you're blind in the first place. So what we did was we, we went out and we worked in partnership with [the charity] who's a pan-disability organisation, and lots of small community groups, to get our CRM experience right." (Firm) | Narrow initial activity scope |
| | | *Scope development* | " …well I'd worked with them before and we know each other…I did get [the company] to contribute to some of their projects, although I don't know if this will go on, now I'm not there, I hope it will, of course." (Firm)<br><br>"Well, um, we assisted with access to the various groups, as I said, and, um, yes, we provide a secretariat to a parliamentary disability group and [the company] came up with err money, to fund most of that, over a two year period… and they've funded some of our awards. We haven't worked with them in any other capacity as yet, no." (NPO) | Scope development limited to some corporate funding. |

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement orientation | | *CSR focus* | "….when we won this award, I kind, I said that we would win this within four years, and we won it within three." (Firm)<br><br>"we actually opened it [specialized call centre] on the day that our MD was actually announcing to the City what [the company] were doing for disabled people. Erm so it was our, you know a, a good coincidence bit of, well it was more than coincidence, it was, it was sort of made to happen on that day." (Firm) | Present – firm keen to demonstrate their CSR credentials. |
| | | *Stakeholder focus* | "they [the company] could see the opportunity with you know… it enables access, I guess, to that parliamentary community who err, and, and I'm sure that [the company] do it in a number of different ways, but this is just you know another, another prong of a many pronged approach to them, to show they take disability issues seriously." (NPO)<br><br>"..so when K was in, got on board she decided that she wanted to make this a much, much better service for our disabled customers." (Firm) | External stakeholder focus. |
| | | *Relationship development focus* | No evidence of data in the interviews | Absent from data. |
| Innovation outcome | | *Innovation type* | "now, actually disabled people are getting what the rest of the country would love, they're getting a human being answering the phone within three rings." (Firm) | Service innovation: new pan-disability customer call centre. |
| | | *Engagement role in innovation process* | "… we went out and we worked in partnership with [the charity] … and we just bimbled about and talked to disabled people. We knew we had to improve our CRM, we just wanted to make sure we got it right and did what disabled customers wanted." (Firm) | Innovation opportunity realised through engagement process. |
| | | *NPO contribution to innovation* | "[The charity] would help me communicate… it connects the dots between grass roots disabled people.  So rather than me having to go to a plethora of little, but vital, small disability charities and local organisations, [the charity] did that for me." (Firm)<br><br>"…I think, you know, because we represent organisations across the disability spectrum, we can offer access to all sorts of organisations and their key interests, and have an understanding of where those interests conflict – which they do – and that can be very useful to companies, and I know it was to K." (NPO) | Firm utilizes NPO's network and knowledge base. |

| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| | *Engagement status post-innovation* | Main contact in firm left after project was completed. "We're hoping to continue [the relationship], but I have to say, you know, in all honesty there's a kind of question over it….where you have a champion in the organisation, but, err, they move on, or whatever, then it does kind of throw it up in the air a bit."  (NPO) | Relationship declining. |

**Dyad 8: Gaming Co and children's charity**

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement initiation | | *Main firm driver for engagement* | ".. and I sort of thought, "well, it's a for a bloody good cause, really and it should be a fun night out for my team – free meal and that – so why not help them out?"' (Firm)<br><br>"… well, I suppose 'cos I'm really interested in employee volunteering, you know, giving back and all that. I really encourage it in this club and some don't want to know, which is fair enough, but some staff have really taken to it and the charity, we're doing some fundraising for them now, as it happens." (Firm) | Staff involvement as main driver for engagement. |
| | | *Firm selection of NPO* | "So, one of our fundraisers in Edinburgh approached a local bingo hall and spoke to them about providing bingo cards etc for an event she was doing and it snowballed from there." (NPO) | Reactive: firm approached by NPO. |
| Engagement operations | Engagement management | *Boundary spanner role* | "I can choose to work with as many charities as I like, but I need the support of the managers in the bingo clubs to take the ideas forward…. I think the other thing that helped is me was being a central point of contact for [the company], which means we could make quick decisions." (Firm) | Boundary spanner as innovation manager: has formal role |
| | | *Senior management involvement* | "As I said, as CSR manager, it's very much up to me what charities I get involved with. I have a budget and I can pretty much do what I want. I have a meeting with my boss every six months or so to update him on what we're doing." (Firm)<br><br>"We're talking about making this [relationship with the charity] more permanent, and so I'm setting up a meeting with A and her boss and me and my boss from [the company] about making this a national relationship." (Firm) | Indirect involvement: senior management in sign off role. |
| | Engagement content | *Initial activity scope* | "A colleague of mine… got approached by one of the fundraisers for [the charity] and essentially what she wanted to do was she wanted to hold a fundraising evening, where Bingo was a component of her fundraising evening… my colleague he spoke to his general manager, who said 'we'll just give them all the support they want. It sounds like a really good idea'." (Firm) | Narrow initial activity scope. |

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| | | *Scope development* | "Well, just as of recently, we've been asked to become national partners …. having done quite a number of these events now, up and down the country… [the charity] have asked us to come on board with them and really replicate this, this formula, in a number of locations across the UK." (Firm)<br><br>"I think we've got a really good relationship with them and as time's gone on we've got to know more people and they've helped us in other ways too, and the [charity event] is now going national.. but all that didn't happen overnight." (NPO) | Scope extended: from regional to national initiative. |
| | Engagement orientation | *CSR focus* | No evidence found in any of the interview data<br><br>"you know, their customers won't know they [the company] are doing these events and helping charities; you know, they wouldn't publicise it in that way. So, outwardly, it's not really obvious what they get out of it, to be honest." (NPO) | Absent from interview data. |
| | | *Stakeholder focus* | "I think the managers fundamentally enjoy it. The staff really get a lot out of it, everybody involved knows it's good for everybody's profile." (Firm)<br><br>"… and this being a fun event, you sort of get more buy-in when you want to do other volunteering and things, you know, 'cause they're all quite enthused by it." (Firm) | Internal stakeholder focus: data centred on impact on staff. |
| | | *Relationship development focus* | "It's grown organically, but in a, in a really nice… I mean I often favour relationship that are quite organic an you've got some depth there and it really is about building relationships." (Firm)<br><br>"…and that's the first time we've done that really [donated money for prizes]. So you know, that demonstrates one of the ways our relationship has developed and the mutual trust there between us now. I don't think I'd have given them the money if we didn't know them like we do now." (Firm) | Present: awareness of how relationship has developed over time. |
| Innovation outcome | | *Innovation type* | "…if you take [the charity's] customers, or rather, supporters, erm.. they probably wouldn't come into a bingo club. But they still, some of these people are still opinion formers and what it allows us to do is to go into a different market." (Firm) | Process innovation: new channel to market goods and services. |
| | | *Engagement role in innovation process* | "It still amazes me now that almost by accident or serendipity, where somebody had come in just asking for a bit of help, we're now able to really identify it as a great way to get out products out." (Firm) | Innovation opportunity identified during engagement. |

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| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| | *NPO contribution to innovation* | "We think that these [charity events] are a great way for people to get a different perception of us and because they're aimed, generally, at attracting local opinion formers etc, as we said, people we wouldn't normally reach really… because of that we, we do invest, we do believe there'll be a lot of value in the relationship." (Firm) | Innovation utilizes NPO network. |
| | *Engagement status post-innovation* | "…[the charity] already have events set up, but we'll go and put the, the [company] angle on it, because it is really well received. Erm, but really I think … us recognising the value of these events both for our, our staff and the recipient charity, and the value of the brand and the fact that [the charity] erm, I think really kind of respect us as a business, I think the next step will be as I said, to roll out events across the country, now we're looking at becoming formal partners, if you like." (Firm) | Relationship is ongoing. |

**Dyad 9: Technology Co A and pre-school charity**

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement initiation | | *Firm driver for engagement* | "Community Relations budgets are all centralised, and programmes are developed which can then be rolled out globally. So if you go to the UK, you go to Ireland, you go to Japan, Vietnam, you will find us doing pretty much the same projects".  (Firm) <br><br> "Their expertise, knowledge is in developing and helping nursery schools develop, deliver an educational curriculum, provide training support… So we effectively commissioned them to provide a service for us to help manage the implementation programme." (Firm) | To assist with planned CSR project |
| | | *Firm selection of NPO* | "So … they're a well known name, they're respected in the field, they're reputation is in delivering good-quality training. Erm, and they also have good links with The Department for Education and the Governments in places where it counts.  So we actually, we selected them for partnering us… erm, you know we needed their knowledge" (Firm) | Proactive selection of NPO by firm. |
| Engagement operations | Engagement management | *Boundary spanner role* | "… and we gave them [internal R&D] some feedback from some of our users about its functionality and so on, changes they needed to make, you know, what works and what doesn't in terms of children users." (Firm) | Innovation facilitator: making connections in firm to forward innovation opportunity. |
| | | *Senior management involvement* | "So my role is less about developing the initiative, and much more about adaptation and delivery.  So there's a core team in the US who do the real decision making in terms of selecting the initiatives and deciding where the investment goes and that gets cascaded out and we report to them…" (Firm) | Indirect involvement by senior management. |
| | Engagement content | *Initial activity scope* | "At its simplest level, it started off as a donations programme into nursery schools of computers in purpose designed housing." (Firm) | Narrow initial scope. |
| | | *Scope development* | "…we get a budget and we have to stay within that.  I mean, we've had, we started with not as many units and it has constantly grown, although it may have gone down a bit this year because of costs." (Firm) <br><br> "So the phase one went well. And then, and I think we did phase two which was eh, maybe 50 units erm, across 8 local authorities and it, it went and successfully and …in the last three years it's been about the same, 150, units given out." (NPO) | Scope development limited to increase in numbers of computers donated. |

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| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| Engagement orientation | *CSR focus* | "They [the charity] help ensure that our profile is maintained in the right circles, that we're seen at a more broad level.  I think it [the project] makes a significant contribution to our education credentials and how we're viewed by policymakers and other decision makers in government." (Firm)<br><br>"And they [the company] commissioned quite a big research project on the effectiveness so far of the project, and the effectiveness of ICT in, in the early years, and that was quite widely circulated." (NPO) | Present: company keen to demonstrate its corporate social responsibility. |
| | *Stakeholder focus* | "So you know we… sell commercially within the education sector, erm, within certain parts of the sector. Err, and being able to point to [the project] and the partners who get involved, means that we, people say, 'ah, so you're working with x means you must be an OK organisation', you know, and 'OK, so we might consider doing business with you'. (Firm)<br><br>" We get the benefit [of the relationship] in terms of credibility of that organisation, we get the benefit in terms of the networking in the right educational circles, if you like, we get the benefit in terms of being able to contribute to policy development." (Firm) | External stakeholder focus. |
| | *Relationship development focus* | No evidence in the data to acknowledge development of engagement over time.<br><br>"They [the firm] effectively commission us to deliver a service and that's what we do and have done the same thing for almost 7 years now." (NPO) | Absent from data. |
| Innovation outcome | *Innovation type* | "And now, now the unit is available commercially, you know we have an ideal business partner who sell them, so they're generating business out of it, they're, they sell stuff they're happy, we're happy because we're getting… a percentage of revenue derived on the basis of the sales that they're achieving." (Firm) | Product innovation: commercialization of pre-school computing products. |
| | *Engagement role in innovation process* | "I mean in part of you know sort of… understanding where there is a market, how big that market might be, erm, you know is it financially viable, so in that sense it was a benefit." (Firm)<br><br>"…we've had quite a lot of input over the time, particularly when we first started the project. We asked for a mini, mouse, rather than a adult sized mouse to be provided because you know children's, dexterity and development, and all of that has been taken on board, and lowercase keyboard, membrane keyboard, lots of different ideas that we put forward are taken up. And you know they very much take erm, advice from us on, on child development and the way young children work with ICT." (NPO) | Innovation realised: opportunity previously identified and refined through engagement. |

| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| | *NPO contribution to innovation* | "…we get the benefits to us in terms of, you know, the expertise of the organisation: they can help us understand how young children use computers and we can try that out in the nursery settings. (Firm) | NPO as test-bed for innovation. |
| | *Engagement status post-innovation* | "Yeah, I suppose it's, because it's been going on for so long, it's kind of second nature to us… I mean, it just seems to be a sort of continuation of a successful project." (Firm) | Relationship ongoing. |

**Dyad 10: Technology Co B and hearing impaired charity**

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement initiation | | *Firm driver for engagement* | "..[the charity] is one of, or is, the largest supplier of assisted listening devices in the UK and probably in Europe, so it was a natural place for us to be in terms of getting our products to the end user." (Firm)<br><br>"It's a win-win.  It fits our product portfolio." (Firm) | Fit with generic business strategy. |
| | | *Firm selection of NPO* | "It came up in conversation at one of the conferences we were both at.  One of the more senior people at the charity had this concept he wanted to look at, asked us if we were interested and we took it up." (Firm)<br><br>"The relationship initially made us think about a product that we probably wouldn't have considered on our own." (Firm) | Reactive: firm approached by NPO. |
| Engagement operations | Engagement management | *Boundary spanner role* | "Well, I'm in touch with a, with a, range of people on a regular basis.  Umm, the project people in charge of marketing, both for us and [the charity],  the technical people in charge of testing, and the laboratory at [the charity] and every two or three months I arrange an engineers' meeting." (Firm)<br><br>"…I'm their [the company's] key point of contact and I mainly deal with their management – the Managing Director and the Technical Director.  It's their TD that's managing this project at the moment…" (NPO) | Innovation manager: actor's formal role gives him responsibility for taking forward ideas from the relationship. |
| | | *Senior management involvement* | "Now the beauty of working with [the company] is that when we went to pitch to them, the owner sat there next to the Financial Director and the Technical Director. We gave them the pitch, they looked at each other: the technical guy went, 'yeah, it's possible"; the financial guy went 'I think we can afford it'; and the owner went 'yeah, we'll do it', and that was it." (NPO) | Direct involvement of senior management. *Note: TD is also project manager.* |
| | Engagement content | *Initial activity scope* | "We first worked with them on a small project to develop an extension lead for a telephone to allow a third party to listen in…" (Firm)<br><br>"It started with a small project that really opened up the lines of communication with the technical and developing teams at [the firm]." (NPO) | Narrow initial scope. |
| | | *Scope development* | "…and our relationship has developed as our product lines have developed; we do a much wider range of products now." (Firm)<br><br>"..[the charity] proposed this product and we said we were interested and we discussed with them, oh, 2 or 3 times a week, how to develop it… and it took roughly three years.  It was a very unusual product to develop." (Firm) | Scope extended: firm now develop wide range of products. |

| Data Category | | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|---|
| Engagement orientation | | *CSR focus* | "I don't think we really go out of our way to use it [the relationship with the charity] as a lever.  It doesn't really appear on any of our printed material, and it doesn't appear on our website. I think we're reasonably discreet about the association, maybe a little too discreet…" (Firm) | Firm are not focused on displaying their corporate social responsibility credentials. |
| | | *Stakeholder focus* | "We're a supplier and a developer, and so our customers are critical.  [The charity] is a key customer of ours, and very valuable because of its network." (Firm) | External stakeholder focus. |
| | | *Relationship development focus* | "You know it didn't just start off completely from nothing, there was a previous relationship where we'd built up a bit of trust between each other, where we respected the fact that they would give the products a go and make things, erm and we respected the fact that they would listen to us.." (NPO)  "Oh, they're a valued partner, definitely.  I think both sides have proved themselves over time.  Us in terms of our technical ability and the charity in terms of their concepts." (Firm) | Present: data displays awareness of relationship development. |
| Innovation outcome | | *Innovation type* | "We launched the screen phone in October last year and it won the award for New Product Development at the Disability North Exhibition, which is probably the largest exhibition of disabled products in the UK." (NPO) | Product innovation: phone with text display to facilitate conversations with hearing impaired telephony users. |
| | | *Engagement role in innovation process* | "After we'd done a couple of other things with them, they [the charity] proposed this product with a basic specification which we analyzed and replied that we were interested, and we discussed with them the best solutions…" (Firm)  "Before we went to [the company] we made this prototype ... then we helped them out doing tests and trials and wrote the specification and so on…" (NPO) | Innovation identified during engagement. Firm not aware of opportunity at initiation stage. |
| | | *NPO contribution to innovation* | "As we're getting to the stage where there are thousands [of phones] out in the field, they [the charity] get feedback from their users saying what is or isn't working and that's sent to us so we can make improvements." (Firm)  "Basically, they [the company] were very, very open to our ideas and input right from the start.  If we say, 'look, we think it could work better this way', they'll go 'Ok then, we see that' and change it." (NPO) | NPO as test bed. |

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| Data Category | Identified theme | Relevant illustrative data | Interpretation |
|---|---|---|---|
| | *Engagement status post-innovation* | "We're currently developing another product for [the charity]". (Firm)<br><br>"Well we're looking at other products with them and other ideas and continue to do that….So yeah there's still quite a lot of discussion in going forward with them." (NPO) | Ongoing relationship. |

# SUPPLEMENTARY DOCUMENTATION

## Project 1: Systematic Literature Review, July 2006

"When do companies muse engagement with social stakeholders as a source of innovation?"

### Abstract

The pressure on companies to position themselves as responsible corporate citizens has been identified as a key driver of the increase in collaborative relationships between corporations and nonprofit (cause or community based) organisations, with innovation and learning being identified as benefits to the firms from such cross-sector alliances.   Within the stakeholder literature, authors have similarly argued that adopting a proactive approach to engaging with stakeholder groups within their social arena - as opposed to their resource base or industry structure (Post, Preston & Sachs, 2002) -  can give firms competitive advantage, and drive corporate innovation. Although innovation is noted as a positive outcome from company-nonprofit relations, authors have not identified factors which enable or impede this outcome.

This paper adopts a systematic approach to reviewing literature within the stakeholder, cross-sector collaboration, and innovation fields, to consider, from a stakeholder perspective, the circumstances under which companies identify innovations through engagement with nonprofit stakeholders.  Concepts are drawn from the literature to develop a preliminary model of firm/nonprofit stakeholder engagement, and identify issues that moderate the identification of potential firm-based innovations as an outcome of the engagement.

# I. Introduction

Corporate scandals, an increasingly active NGO sector, and ethical consumerism, are among factors which have contributed to making corporate responsibility a boardroom issue in the UK. Companies are increasingly displaying their social and environmental practices, evidenced by the growth of the FTSE4Good index, and the rising number of firms producing Corporate Responsibility (CR) reports. The proliferation of 'best of' rankings, based on companies' social and ethical performance, and an emerging set of global principles governing standards, increases the social and institutional pressure on companies to conduct their business more responsibly (Waddock, Bodwell & Graves, 2002). The theme has been picked up by politicians: the Labour government has created a CSR Academy to assist businesses become more socially and environmentally responsible, and a recent speech[9] by Conservative leader, David Cameron, talked about the "spirit of the age" demanding that businesses focus on social values as well as economic ones.

In the face of these pressures, organisations working in the corporate responsibility arena have been keen to highlight how companies can "do well by doing good". One of the benefits put forward is that adopting a CR focus and engaging with stakeholders (providing two-way mechanisms for clarifying expectations, exchanging views, or addressing differences) can drive corporate innovation. Through its "Innovation through Partnership" programme, The Institute of Social and Ethical Accountability explores the connections between business innovation and community engagement. Their 2003 report cites examples of firms that have implemented process, product or service innovations following engagement with community groups. Similarly, Business in the Community (BITC) identifies learning and innovation as one of the six "commonly recognised benefits that can be gained from an effective business-led approach (to CR)". (BITC 2000: p1).

The need by companies to be perceived to be socially and environmentally responsible has been identified as a driving factor in the growth (and anticipated continued growth) of corporate-nonprofit relationships (Berger, Cunningham & Drumwright, 2004; Rondinelli & London, 2003) with dialogue and co-operation replacing traditional adversarial relations between corporations and issue-based nonprofits (Argenti, 2004; Heap, 2000). Such partnerships not only address broad and complex societal issues, but can be a source of competitive advantage for participating firms (Bonfiglioli, Moir & Ambrosini, in press). Specific benefits of co-operative relationships can include access to dense networks distinct from the corporate sphere, a different view of the marketplace, and early warnings of shifts in public taste or values (Yaziji, 2004); all of which are useful for driving innovation. Table 1.1 below provides examples of corporate innovations that have arisen from relationships with non-profit organisations.

While authors have framed the benefits to firms of interaction with nonprofits in terms of innovations generated from these relationships (Kanter, 1999; Sharma & Vredenburg, 1998), there has been little attention to what impacts a firm's motivation or ability to identify innovations from nonprofit stakeholders. The aim of my research is to contribute to the gap that exists in this field by considering under what circumstances stakeholder engagement can be a means by which firms identify innovations from nonprofits. A diagrammatic representation of my research interest in shown in Figure 1.1 below.

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[9] Speech to Google Europe, Hertfordshire, May 2006

| Example of corporate innovation from nonprofit relations | Source |
|---|---|
| *Use of intermediaries*<br>Insurance firm Travelers Property Casualty involved itself with the National Insurance Task Force to enable it to develop products for low-income homes.<br>First National Bank of Chicago worked with local development agencies to create access to bank accounts in low income areas and is working to create a profitable market in these areas. | Accountability, *Community Enabled Innovation*, 2003<br>Googins & Rochlin, 2000 |
| *Embedding stakeholder engagement*<br>Verizon Communications uses its community affairs team to communicate stakeholder concerns internally, enabling product enhancements. | Accountability, *Community Enabled Innovation*, 2003 |
| *Responding to stakeholder needs*<br>Citigroup recognised the potential of microfinance as a business after responding to training requests from microfinance institutions in Central America. | Ethical Business Conference, London, Autumn 2005 |
| *Unexpected benefits from CSR*<br>In the UK, Boots redesigned its disability training following volunteering at disability charity. | Business in the Community meeting, Leeds, January 2006 |
| *As return on community investment*<br>Bank Boston created a community bank for low income families which was used as a test bed for new products and services which were transferred to mainstream branches. | Kanter, 1999 |
| *Driven by business issues*<br>Marriott Hotels had high staff turnover amongst its lower wage earners. Involvement in job and skills training for the unemployed led to process innovations in HR programmes improving staff retention. | Kanter 1999 |
| *Forced innovation*<br>Former East German manufacturer Foron produced fridges using Greenfreeze technology championed by Greenpeace in attempt to survive. (The technology was subsequently taken up all German manufacturers and Foron went out of business anyway). | Stafford, Polonsky & Hartman, 2000<br>Yaziji, 2004 |
| *Environmental/sustainability driven partnerships*<br>Johnson & Johnson set up joint taskforce with the Alliance for Environmental Innovation to integrate environmental decision making into new product development.<br>McDonald's drew on the expertise of environmental group EDF to help it redesign its packaging so that it was biodegradable. This innovation was adopted by other fast food providers. | Kong et al, 2002<br><br>Hartman & Stafford, 1997 |

*Table 1.1: examples of research interest*

The literature demonstrates how a firm's rationale for engaging with stakeholders – or its stakeholder orientation – drives the scope of that engagement, in terms of which stakeholders it will engage with, and its strategy for undertaking that engagement. My research focuses on how and why firms engage with   stakeholders within their social arena, as opposed to their resource

base or industry structure (Post, Preston & Sachs, 2002). It can be argued that these stakeholders are primarily concerned with socially-motivated issues in their dealings with the focal organisation. The stakeholder groups identified are voluntary organisations, NGOs, and community groups, as opposed to groups with more direct links such as employees, customers or suppliers.
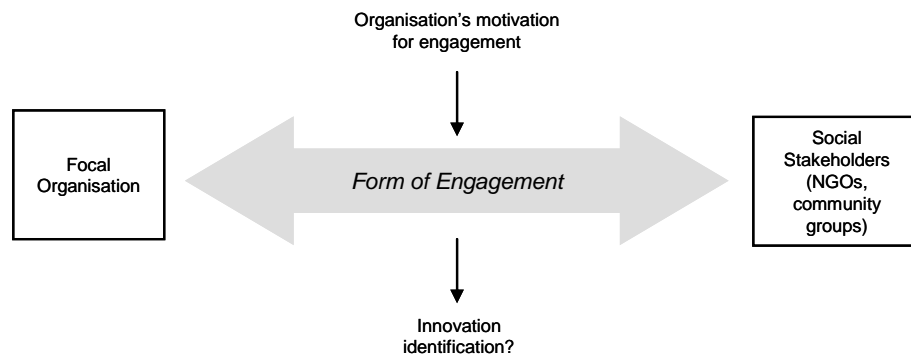


*Figure 1.1: overview of research topic*

The research model is looking to explore whether engagement with these social stakeholders can produce ideas identified as innovation opportunities, (or accepted as necessities) by the focal organisation. Through a systematic review of relevant literature, this paper aims to identify engagement conditions, preconditions, or other factors, which can be used to develop a conceptual model to form the basis of an empirical study into innovation identification in this context. As my research is examining whether engagement with socially-motivated stakeholders can result in the development of an idea which potentially offers economic benefits to the firm, I am considering company-nonprofit engagement from a firm-centred perspective. In summary, my research is looking to address the following questions:

*When do companies use engagement with social stakeholders as a source of innovation?*
*Can key preconditions and moderators be identified?*

This paper is structured in the following way: Section two positions the topic in the academic literature and briefly discusses the underlying theoretical frameworks informing the research interest. From this broad literature review, questions are identified which are used to shape the subsequent analysis. Section three outlines the focus of the systematic literature review, with a discussion on its aims and the key issues to be addressed. Section four describes the methodology used to carry out this systematic literature evaluation, including the search strategy used, the various inclusion and exclusion criteria developed and the quality assessment framework adopted.

The findings from the review are presented in three sections. *Section five* provides descriptive analysis of the body of work reviewed in terms of genre, date, country, and context; while *section six* is concerned with thematic analysis. *Section seven* provides a synthesis of the findings and discusses their implications. Finally, *section eight* address limitations of the study, provides proposals for further research and outlines key learning points.

## 2. Positioning the research

### 2.1 Overview

In the broadest terms, the research topic entails bringing together two distinct bodies of academic literature: the innovation literature, and the business and society literature. From the innovation field, the relevant thinking is around sources of innovation – particularly external sources – and the means by which an enterprise identifies innovation opportunities, through the use of networks it is embedded in, for example. From the business and society field, the key areas are the stakeholder engagement, social issues management and cross-sector collaboration literatures. Figure 2.1 provides an illustration of how the research area is positioned within the literature.
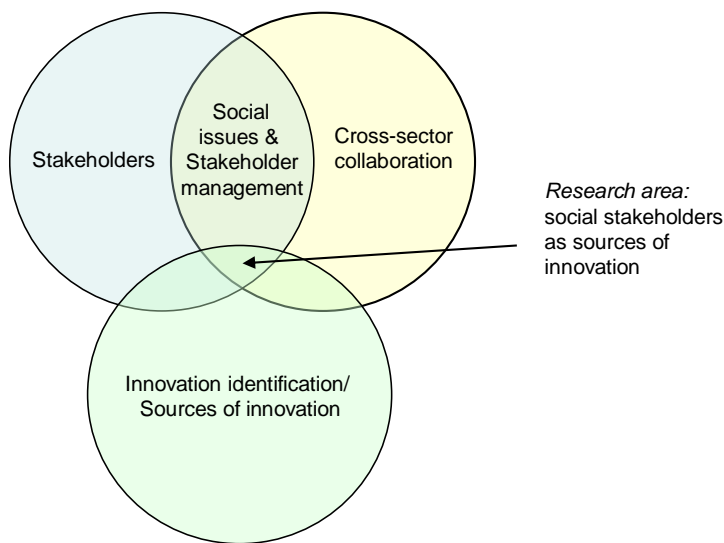


*Figure 2.1: mapping the field*

Where these diverse topics find common ground is in the acknowledged need for effective environmental scanning and response development, be it for competitive advantage, social legitimacy, or firm survival. This section discusses underlying theoretical frameworks before reviewing work from the relevant fields and identifying questions for examination through a systematic review of the extant literature.

### 2.2 Theoretical context

Three theoretical standpoints are discussed here as being applicable to the research: the stakeholder view of the firm, resource dependency theory and institutional theory.

#### Stakeholder theory

Academic interest in the stakeholder concept was fully awakened by Freeman's 1984 publication, *Strategic management: a stakeholder approach*. It has been referred to as the practice-based, managerial companion to Pfeffer & Salancik's (1978) *The External Control of Organizations.* (Walsh, 2005). Consistent with the resource dependency view (see below), Freeman argues a firm should pay attention to its stakeholders as it is dependent on them for its survival: "The more we can begin to think in terms of how to better serve stakeholders, the more likely we will be to survive and prosper over time." (Freeman 1984; p80). Attention to the interests of those groups who can assist or hinder the achievement of the organisation's objectives is its central tenet.

Stakeholder theory therefore provides a contrasting view to the shareholder model. The latter argues that the corporation is run by managers to serve the interests of the owners, and the managers, acting as agents for the owners (the principals), seek to maximise profits on the owners' behalf. Stakeholder theory, meanwhile, argues that the corporation is run by managers to serve the interests of a range of groups who have a voluntary or involuntary 'stake' in the corporation – not just the owners. Critics hold that the stakeholder view, with its aim of balancing conflicting stakeholder interests, provides no specific objective for the firm, and is an excuse for managerial opportunism, as the principal-agent relationship is undermined (Jensen, 2002). Furthermore, detractors argue that the stakeholder position is counter to the legal fiduciary obligation managers owe to shareholders, leaving managers open to pursue strategies that do not maximise shareholder value. The value-loaded term 'stakeholder' compounds attacks; paying attention to concerns of groups other than shareholders widens the firm's remit from the purely economic realm into the social (and economic) realm, thus challenging "200 years' worth of work in economics and finance [which] indicate that social welfare is maximized when all firms in an economy maximize total firm value" (Jensen, 2002; p239).

Responses to the criticisms levelled at stakeholder theory range from straight rebuttals of the shareholder wealth maximisation view, through to seeking some consensual ground between the two positions, to postulating an alternative view of the purpose of the firm.

Post et al (2002) attack the dominance of the share-ownership model for being outdated. They argue a theory based on the notion of private property ownership is at odds with the shareholding structures of modern large corporations, and while shareholders may hold securities, they do not own the corporation in any meaningful sense. Post et al (2002) contend that the model is factually inaccurate as most large corporations do not manage themselves primarily for the benefits of individuals who are in a "passive and often indirect ownership role". In responding to the criticism that stakeholder theory, being concerned with balancing interests, provides no clear objectives, Phillips (2003) argues that is impossible, at the theory's level of abstraction, to dictate specific actions. He goes on to argue that the same critique can be levelled at shareholder wealth maximization, as the theory provides no guidance on how this state might be achieved either. In proposing that fiduciary duties extend to all stakeholders and not just shareholders, Boatright (1994) rejects the notion that shareholders are a pre-eminent group and therefore merit special status. He makes the argument from three standpoints: the assumption that shareholders have special property rights; the existence of a contractual relationship between managers and shareowners; and the principal-agent relationship. Boatright (1994) contends that shareowners have adequate rights within law that protect their investment, and the existence of an implied contract between shareholders and managers cannot easily be defended; firstly, because there is virtually no opportunity for these two parties to negotiate the terms of their relationship and relatively little interaction between them to fulfil it; and, secondly, most of the fiduciary obligations placed on managers are not related directly to shareholders as the contractual model suggests. Finally, Boatright (1994) rejects the agent-principal relationship, arguing that, within law, managers are agents of the corporation. As Phillips (2003) points out "only under the assumption that the corporation is the same thing as its shareholders are arguments for agency-based fiduciary duties to shareholders viable" (Phillips, 2003; p76).

In their influential work on the stakeholder concept, Donaldson & Preston (1995) identified three complementary strands: descriptive, instrumental and normative. The first two are fully congruent with the goal of shareholder wealth-maximisation as they assume stakeholders are managed to achieve this end and the instrumental arguments for stakeholder theory have been advanced by authors (see for example, Jones, 1995). The normative core of stakeholder theory,

however, contends that stakeholders are groups with legitimate interests in the corporation's activities, and that the interests of stakeholders merit considerations for their own sake, not merely because they further the interests of one particular group, i.e. the shareholders (Donaldson & Preston, 1995). This is the dimension that makes stakeholder theory distinct because it addresses morals and values as a central feature of managing organisations (Phillips, 2003). In Freeman's language, (1994) stakeholder theory, as conceived in this way, collapses 'the separation thesis' which makes the discourse of ethics distinct from the discourse of business.

In a complementary approach to justifying the stakeholder model, authors within the business and society field start from the view that the corporation is socially created and must justify its existence by its overall contribution to society (Mintzberg, Simons & Basu, 2002) and conformance with broad social norms and values is an inherent requirement. As Davis's (1960) 'iron law of responsibility' states, a firm will lose its societal legitimacy if it does not act with the responsibility society demands from business. It is from this standpoint that Post et al (2002) develop their definition of the modern corporation as "an organization engaged in mobilizing resources for productive uses in order to create wealth and other benefits (and not to intentionally destroy wealth, increase risk, or cause harm) for its multiple constituents or stakeholders" (Post et al, 2002; p17). Their stakeholder view of the organisation argues that a firm needs to take account of stakeholders from its social and political arena (eg NGOs, voluntary groups) as well as those within its resource base (suppliers, shareholders) and industry structure (trade associations). These derivative stakeholders have indirect influence on the organisation and their views can reinforce the perception held by normative stakeholders of the organisation (Phillips, 2003). My research topic utilises Post et al's (2002) framework for categorising stakeholder relationships as it is concerned with firm-stakeholder relationships that fall within the social and political arena.

*Resource dependence and institutional theory*
Underpinning the stakeholder concept, in its instrumental rather than normative form, is resource dependence theory (Pfeffer & Salancik, 1978). This argues that organisations are controlled by their environments and tend to be influenced by those who control the resources they require. Particularly, an organisation's decisions will be shaped by the structural characteristics of the environment (how concentrated or dispersed are power and authority?); munificence (how available are critical resources?); and the interconnectedness among actors (how dense is the interconnectedness and, what are the patterns of interconnection?). The influence of resource dependence theory on the stakeholder concept can be seen in the following quotation:
"Many of the problems organizations face in attempting to adapt to their environments stem from the inability to predict or assess the potency and demands of various interest groups, how these demands conflict, or how they constrain the organization's actions." (Pfeffer & Salancik 1978; p84).

In considering why firms engage with stakeholders, institutional theory offers useful insights. Organisations seek to conform to the invisible pressures of collective norms and beliefs and their behaviour is rewarded with increased legitimacy (Di Maggio & Powell, 1983). Thus, firms may engage with stakeholders because they feel obliged to do so, or because others in their competitive marketplace have done so. In his synthesis of the legitimacy literature, Suchman (1995) distinguishes between strategic legitimacy and institutional legitimacy. Institutional legitimacy, briefly discussed above, Suchman regards as a set of 'constitutive beliefs', and can be regarded as society 'looking into' the organisation, and determining how it is built and run, as well as understood and evaluated (Suchman, 1995). Strategic legitimacy, by contrast, is the organisation 'looking out'; legitimacy is an 'operational resource' that organisations extract from their environment to enable them to pursue their goals.

While the differences in emphasis between resource dependency and institutional theory is around choice (from a resource dependence perspective, organisations can adapt to their environments, from an institutional viewpoint they have no choice but to conform), the complementarity of the two theories has been recognised (Oliver, 1991). Thus, the convergent assumptions underlying these theories mean they can both be used as a theoretical base to the research. As is noted later, justifications for stakeholder engagement have drawn on both resource dependency and institutional theory.

## 2.3 Stakeholder literature

As well as being a subject of study in its own right (see for example, Donaldson & Preston,1995; Freeman, 1994; Jones & Wicks, 1999), the stakeholder concept has become an accepted framework for addressing topics within the business and society field, most notably corporate social performance (Clarkson, 1995; Wood & Jones, 1995) and issues management (Wartick & Heugens, 2003). The stakeholder literature pays considerable attention to who are considered stakeholders of the firm; how these stakeholders can be categorised (Mitchell, Agle & Wood, 1997); and, from an instrumental perspective, how they can be managed for the benefit of the firm (Jawahar & Mclaughlin, 2001; Savage et al, 1991;). A smaller body of literature has examined the firm-stakeholder relationship from the stakeholder's point of view, considering what motivates groups to try to influence organisations and the strategies they use to do so (Frooman, 1999; Rowley & Moldoveanu, 2003).

Of central interest to my research question is stakeholder engagement – the mechanisms by which firms exchange views, address differences or create solutions with stakeholders – and stakeholder orientation.

### Stakeholder orientation

Orientation can be defined on two dimensions: first, as the relative attention companies give to those they consider stakeholders, which may be a prioritised set or a wider group (Greenley & Foxall, 1997) and secondly, by the type of response they give to stakeholder issues (Carroll, 1979).

In his study on managing the corporate social environment, Miles (1987) contrasts between firms whose senior managers have an 'institution' orientation, that is viewing their corporation as a social institution which has some duty to respond and adapt to social change; and firms whose top management have an 'enterprise' orientation, defining their stakeholders and their corporate responsibilities very narrowly, and who attempt to buffer their business operations from social demands. Miles argues institution-orientated companies are more willing to consider change and adopt a collaborative, problem-solving approach with external stakeholders. This finding was supported by Meznar & Nigh (1995), who found firms where top management emphasized collaboration with external stakeholder groups were more likely to engage in bridging activities. These findings suggest that companies displaying an 'institution' orientation, with a multi-stakeholder focus and a proclivity towards collaboration would be more likely to engage with social stakeholders.

Mitchell, Agle & Wood (1997) argued that a manager's attention to stakeholders is based on the stakeholder attributes of power, legitimacy and urgency. The more of these attributes a stakeholder, or stakeholder group possesses, the more salience managers will perceive them to have. Thus, stakeholder orientation can change over time, as the authors suggest the "stakeholders winning management's attention will be only those the managers perceive to be

highly salient". The stakeholder salience model suggests that organisations would be more likely to engage with social stakeholders at times when managers perceive these groups to possess a significant degree of power and legitimacy, and have an urgent claim or issue that requires attention.

The second aspect of orientation, relating to a company's response to its stakeholders, can be examined using the reactive, defensive, accommodative, proactive (RDAP) framework developed to assess a firm's response to the management of stakeholder or social issues (Clarkson, 1995), or its level of social responsiveness (Carroll, 1979; Wartick & Cochran 1985). Thus, while organisations might have a stated multi-stakeholder orientation, suggesting engagement with social stakeholders, this might not be backed up by their responses to the issues: companies might go through the motions of stakeholder dialogue rather than acting in a properly consultative manner (Heap, 2000). This suggests that both aspects of orientation need to be in alignment if an organisation is going to engage productively with nonprofit organisations. My research is concerned with the output, as well as the characteristics of firm stakeholder relationships, and this gives rise to the following question:

*Q1:   Does the extant literature offer any discussion or provide any evidence for the relationship between*

*undertaking bridging activities and/or adopting a proactive stakeholder stance, and firm innovation?*

*Stakeholder engagement and management*

The stakeholder literature acknowledges the need for effective stakeholder engagement to enable the firm to understand its environment, and stresses the importance of fully appreciating the drivers, values and needs of external stakeholders or groups (Freeman, 1984).  From a dominantly instrumental perspective, a wide range of authors have discussed the benefits of engaging and managing stakeholders for financial, strategic or reputational benefits.

In their study on stakeholder orientation and financial performance, Berman, Wicks, Kotha & Jones (1999) distinguished between an instrumental orientation, where stakeholders are managed for the financial benefit of the firm (strategic stakeholder management), and a normative orientation where stakeholder concerns drive firm strategy (intrinsic stakeholder commitment), in turn affecting financial performance. They found support for their instrumental model, and concluded that fostering positive connections with key stakeholders can help firm profitability. Harrison & St John (1996) argued that strategic choices will impact on firm-stakeholder relationships; different corporate strategies will highlight the importance of some stakeholders over others. They contend that strategically important stakeholders should be managed on a partnership basis, enabling firms to build bridges with these stakeholders in the pursuit of common goals. Within a networked world fostering easy communication, authors suggest that firms should pay attention to secondary, or fringe stakeholders to avoid damaging campaigns by social activists and to tap ideas that may offer competitive advantage (Hall & Vredenburg, 2005; Hart & Sharma 2004).

An organisation's need to preserve or enhance its corporate reputation and social legitimacy has been identified as a key driver for stakeholder engagement, particularly with social stakeholder groups.  NGOs are perceived by the public as being credible with worthwhile motives and by forging links with them, organisations can benefit from the reflected social legitimacy (Yaziji, 2004).  Spar & La Mure (2003) identify brand impact as one of the three reasons leading companies to respond to NGO demands.  Corporate reputations develop over time as the result of complex set of interrelationships and exchanges between stakeholders and the focal organisations

in different situations (Mahon, 2002; Mahon & Wartick, 2003). If a firm has nurtured its reputation among its stakeholders, those stakeholders will develop 'reputational expectations' as to how the firm will act in certain situations, which – providing the reputation is positive – can serve as an asset for the organisation (Mahon & Wartick, 2003).

The strategic legitimacy literature often highlights the conflicts that exist between managers and stakeholders over the forms of legitimacy-response adopted by firms, with firms favouring symbolic approaches and stakeholders calling for more substantive actions (Ashforth & Gibbs, 1990). This is demonstrated in a study of company-stakeholder relations between a pulp and paper manufacturer and a religious order (Driscoll & Crombie, 2001) which analyses how the focal organisation managed the perceived legitimacy of a community stakeholder group and marginalised its concerns.

The discussion of stakeholder management or engagement for strategic or reputational reasons is broadly concerned with the dyadic relations between an organisation and its various stakeholders. An alternative explanation of stakeholder management strategies adopted by a company is based on an examination of the density of the stakeholder network surrounding the focal organisation and the organisation's position within this network (Rowley, 1997). The denser the network, the greater the communication between stakeholder groups, and the more stakeholders will be able to constrain the actions of the focal organisation. This ability is mitigated as the centrality of the organisation within the network increases (Rowley, 1997). Thus, using this explanation, firm engagement with nonprofit organisations is dependent on their relative positions within the stakeholder network.

Stakeholder engagement can be defined as providing two-way mechanisms for clarifying expectations, exchanging views, or addressing differences. Bronn & Bronn (2003) identify trust as an essential element in engaging effectively with stakeholders. Trust can be strengthened through repeated contact with stakeholders, provided that contact meets stakeholder expectations (Strong, Ringer & Taylor, 2001). The role of trust in firm-stakeholder relations has been recognised by some authors to have an effect on firm performance and innovation. Jones (1995) argues that "firms that contract (through their managers) with their stakeholders on the basis of mutual trust and cooperation will have a competitive advantage over firms that do not." (Jones, 1995; p422). Hosmer (1994) makes, what he acknowledges to be "a major assumption", that trust leads to commitment from stakeholders which in turn leads to innovative effort by the stakeholders the firm depends on for its long-term success.

The discussion here provides only an overview of the work on stakeholder engagement and management, suggesting the differing perspectives from which authors have addressed the topic. The systematic review is looking for more granular analysis, in particular:

*Q2: Does the literature address the relationship between motivation for engagement and engagement outcome?*

*Q3: Is trust a precondition to engagement with social stakeholders, and does it moderate the outcome?*

*Q4: In addition to trust, what other factors have been identified in the literature as being a precondition to, or determinant of, external stakeholder engagement?*

## 2.4  Social issues and issue management

Issues management is often regarded as the flip side of the coin to stakeholder management (Mahon & Heugens, 2002): groups collect around issues, which, in turn gives form and substance to those issues (Nasi, Nasi, Phillips & Zyglidopoulos, 1997).   The purpose of this discussion to the research interest is that a company's interaction with social stakeholders is likely to be driven by a social, environmental or community issue, and stakeholder engagement in these instances may be in response to external pressures from such groups (Hart & Sharma, 2004; Heugens, 2002).

Theories of legitimacy, issue-life cycle theories and stakeholder theories of the firm have been advanced to help explain how and when corporations deal with social issues (Nasi et al, 1997) which can be defined as "social problems that may exist objectively but become issues requiring managerial attention when they are defined as being problematic to society or an institution within society by a group of actors or stakeholders capable of influencing either governmental action or company policies." (Mahon & Waddock, 1992: p.20).   Organisational legitimacy is a measure of societal perceptions of the adequacy of corporate behaviour (Suchman, 1995) and legitimacy problems arise when societal expectations of corporate behaviour differ from societal perceptions of that behaviour, producing a "legitimacy gap" (Sethi, 1975,1979).  In the issues life-cycle literature (e.g. Bigelow, Fahey & Mahon, 1993; Mahon & Waddock, 1992) issue development is viewed in an evolutionary way; over time, issues move through stages due to public attention or stakeholder interest.  The issue comes to prominence, remains there for a period of time, then is either reinvigorated or fades away.  From a stakeholder perspective, the owners of issues, rather than the issues themselves become the focus, as noted by Clarkson (1995).  Social issues, he argues, are those determined by a particular society over an extended period of time and, if considered necessary, legislation or regulation follows to manage the issue.  "When there is no such legislation or regulation, an issue may be a stakeholder issue, but it is not necessarily a social issue.  A test of whether an issue has become a social issue is the presence or absence of legislation or regulation." (Clarkson, 1995; p103).

In terms of responding to issues,  an instrumental stakeholder perspective assumes managers have choice in whether or not they acknowledge stakeholder issues and how they respond to them (Clarkson 1995).   Stakeholder salience (Mitchell et al, 1997) suggests that, faced with competing stakeholder demands, managers' responses will be based on the perceived relative power and legitimacy of stakeholders, and the perceived urgency of the stakeholders' claims.  Drawing on the life-cycle approach, strategic management literature authors consider the need for firms to detect issues when they are in their emergent states and prepare for the strategic surprises these weak signals may foretell (Ansoff, 1980).[10]   Drawing on legitimacy and stakeholder perspectives, Wartick & Rude (1986) argue the purpose of issues management for an organisation is twofold: firstly, it attempts to provide an early-warning system of social or political change which could affect the organisation; and, secondly, it aims to develop a co-ordinated response to issues. Differences in how firms organise internally to respond to issues have been noted, based on the approach taken to issues management (Wartick & Rude, 1986), or the degree of pressure from external interest groups and top management support for focussing on issue management (Greening & Gray, 1994).  Heugens (2002) has argued that active issues management, based on integrating stakeholder views and interests into decision-making, and codifying issues management knowledge, positively influences firm competitiveness.

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[10] See also the discussion of peripheral vision in section 3.5.

As some authors have considered the outcome of issues management, this raises the question:

*Q5: Does the literature consider the relationship between issue response and corporate innovation?*

### 2.5  Collaboration literature

 A consideration of the relationship between a focal organisation and a nonprofit stakeholder is further informed by the literature on cross-sector collaboration which forms a distinct part of the vast, fragmented literature on interorganisational collaboration, encompassing discussion on the types of collaboration, drivers of alliance formation, and determinants of collaborative performance.  Attempts have been made to synthesise this extensive and disparate field.  Oliver (1990), for example, identifies six determinants for the development of  interorganisational collaboration and argues that, for the most part, studies have provided only partial insights into why organisations enter into relationships as they have examined relationships from a single theoretical perspective.  This finding is supported by Barringer & Harrison (2000), who review six widely used theoretical paradigms and conclude none on its own can fully explain the formation of inter-organisational relationships.  Their useful synthesis includes a collation of the advantages and disadvantages of participation in interorganisational relationships.

The majority of the collaboration literature is concerned with relationships between profit-making organisations.  A small subset has focused on problem solving, and collaboration which "occurs when a group of autonomous stakeholders of a problem domain engage in an interactive process, using shared rules, norms, and structures, to act or decide on issues related to that domain." (Wood & Gray, 1991; p. 146).   Within this framing of collaboration, scholars have explored the relations between profit and non-profit organisations (Logsdon, 1991; Westley & Vredenburg, 1991), and between non-profit bodies, or government agencies and non-profits (Selsky, 1991; Butterfield, Reed & Lemark, 2004).

Gray & Wood (1991) view collaboration as a process and identify three stages:  the preconditions that make a collaboration possible and that motivate stakeholders to participate; the process through which collaborations occur; and the outcomes of the collaboration.   Identified pre-conditions to collaborations are varied and include high stakes and high interdependence between parties (Logsdon, 1991); institutional pressures and the need for legitimacy (Sharfman, Gray & Yan, 1991); the possibility of gaining strategic advantage (Stafford, Polonsky & Hartman, 2000; Westley & Vredenburg 1991); or a shared purpose to produce change (Roberts & Bradley, 1991). Factors that facilitate the collaborative process, which incorporates formation and operation of the collaboration (Butterfield et al, 2004), include the recognition of interdependence and the presence of shared goals (Gray, 1985); the dispersion of power among stakeholders (Butterfield et al, 2004; Gray, 1985);  alignment of the collaborative alliance with the environment (Sharfman et al 1991); and the configuration of the collaboration, such as the duration and type of interaction (Roberts & Bradley, 1991).  In line with the synthesis by Barringer & Harrison (2000), outcomes are dependent on the theoretical perspective of the author, and include perception of the success of the collaboration among alliance members (Butterfield et al, 2004); the extent to which the collaboration furthered the different goals or aims of participants (Stafford et al, 2000); or the development of a shared solution to the problem (Logsdon, 1991).

Within this extensive field, my interest is concerned with the literature exploring the relationships between for-profit and not-for-profit organisations who are driven by very different concerns (Discroll & Crombie, 2001, London, Rondinelli & O'Neill, 2005), and operate according to different sets of values and cultures (Yaziji, 2004; Heap 2000). It is this subset of the literature that has most relevance for my research topic, and those studies directly impacting on it are discussed next.

*Cross-sector collaboration*

The number of citizen organisations – an umbrella term for NGOs and nonprofit associations – has grown inexorably over the last century (Henderson, 1993) and these bodies have emerged as major actors in the business arena (Doh & Teegan, 2002). Traditional antagonism of issue-based nonprofits towards businesses is being replaced with co-operation and the development of partnerships to address environmental and social issues (Bliss, 2003). Increased collaboration between corporations and nonprofit groups has been attributed to companies seeking to fulfil corporate responsibility mandates (Rondinelli & London, 2003), and to nonprofits seeking additional sources of funding and resources (Berger, Cunningham & Drumwright, 2004).

Cross-sector collaborations, or social partnerships, are predominantly discussed in the literature from a resource dependence or social issues perspective (Selsky & Parker, 2005). From a resource dependence platform, authors have considered bi-lateral collaboration, where outcomes of the collaboration are discussed in terms of benefits or value to either or both of the participants (eg Austin,2000). The competitive advantages of these relationships, particularly for the corporate partner, are addressed (Yaziji, 2004). A social issues perspective, by contrast, focuses on "metaproblems" which are beyond the scope of one organisation, and considers collaboration between two or more organisations to tackle these social metaproblems (eg. Waddock,1988 & 1991). From this perspective, outcomes are discussed in terms of addressing the issue, as well as the impact of the collaboration on participants.

In their comprehensive review of the literature on cross-sector social partnerships, Selsky & Parker (2005) note key themes which receive signification attention. Partner goals and motivation are frequently discussed at the formation stage, with partner trust viewed an input into collaborative relations; in the implementation phase the focus of authors is on the governance of partnerships, trust, power and stakeholder relations (Selsky & Parker, 2005).

Given the arguments that businesses are increasingly using social partnerships as components of their corporate responsibility strategies (Rondinelli & London, 2003), it is not surprising that the literature on cross-sector collaboration is generally framed in stakeholder terms and collaboration has been viewed as one type of engagement (Hardy & Phillips, 1998). This suggests other types of engagement have been identified, based on varying degrees of integration with collaborative relationships between business and nonprofits ranging from corporate philanthropy to joint ventures (Austin, 2000; Wymer & Samu, 2003). This overview of the literature raises three questions:

*Q6: What is the distinction between nonprofit stakeholder engagement and business-nonprofit collaboration?*

*Q7: Studies address one or more of the formation, implementation and outcome phases of the collaboration.*
*What moderators have been identified?*

*Q8: How do authors discuss the role of trust in cross-sector collaborations?*

## 2.6  Innovation literature

The innovation field is very broad and the generic definitions of innovation are also sufficiently broad to apply to many differing kinds of innovations which can relate to all parts of organisations and all aspects of their operations.   Of particular relevance to the research topic is the literature concerning the locus of innovation and innovation identification, and related studies on innovation networks.

Innovation can be defined as an idea which is new to an organisation, whether or not other organisations have already used it (Zaltman, Duncan & Holbeck, 1973; Nord & Tucker, 1987). Four broad categories of innovation – the 4Ps of innovation (Francis & Bessant, 2005) – have been identified: product, concerning with changes in products / services offered by an organisation; process, concerning the way in which these products or services are created and delivered; position innovation considers changes in context in which the products/services are introduced, and paradigm innovation refers to changes in the underlying mental models which frame what the organisation does.   The degree of the innovation is generally accepted as incremental or radical.  While precise definitions vary (Garcia & Calantone, 2002), incremental innovations result in small shifts in change to existing practices, whereas radical innovations produce fundamental changes in organisational activities and represent clear shifts from existing organisational practices (Dewar & Dutton, 1986).  Two types of models to describe the innovation process are commonly used: source-based stage models focus on a new product or service created for market; while user-based models follow the innovation process from the user's awareness of a need or opportunity for change to the incorporation of the innovation into the user's behaviour (Klein & Sorra, 1996).   The focus of this research is innovation identification, which can be defined as an idea, new to the focal organisation, that it intends to use or put into use.

Studies within the innovation field have shown the key role of environmental scanning and boundary spanning activity in the innovation process (Cohen & Levinthal, 1990; Tushman, 1977). The concept of peripheral vision is concerned with a particular type of environmental scanning, that of honing in on the weak signals[11] (Haeckel, 2004) at the very edge of managers' field of attention, and "pay attention to the part of the world you are not paying attention to" (Day & Schoemaker, 2004).  The periphery can be a source of threats to the organisation, or a source of innovation.  It is relative to one's point of view and will shift over time (Seely Brown, 2004).  A challenge for managers is to be able to broaden their field of attention, for example, by "conversing more with outsiders…whose core is part of your periphery" (Day & Schoemaker, 2004). It could be argued that nonprofit groups fall into this category for an organisation. Attention to NGO concerns can lead to an organisation gaining access to the NGO's own distinct network (Yaziji, 2004), enabling the firm to pick up signals from this part of its periphery.

Authors have shown how the locus of innovation is shifting to outside the firm boundary and have noted the benefits that arise from collaboration (e.g. Powell, Koput & Smith-Doerr, 1996).  Rather than being closed, a firm's boundary is porous and ideas can flow in and out, giving rise to the notion of 'open innovation' (Chesbrough, 2003).  The importance of interacting with a diverse range of partners has been noted in the literature, enabling firms to draw on different knowledge bases, skills and values which foster innovation (Pittaway, Robertson, Munir, Denyer & Neely, 2004).  The utilisation of external partners in innovations varies, depending on the type of innovation – radical or incremental – occurring (Pittaway et al, 2004), or on the activity of the

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[11] This is similar to the reference to weak signals made in section 2.2, but there is a difference of emphasis.  While peripheral vision is concerned with the scope of managerial attention, the strategic issues literature is concerned with the time dimension by focusing on how to ward off possible future crises.

focal organisation: firms in high R&D intensive industries are more likely to use universities or research organisations as sources of innovations than those in low R&D intensive industries (Palmberg, 2004).

In his work on the problems of managing innovation, Van de Ven (1986) points to the importance of the perceived legitimacy of the decision process in evaluating an innovative idea, as determining the outcome of an innovation at its conceptual stage is difficult.   This may be one of the inhibitors to identifying innovations from social groups, as they may not be regarded as legitimate sources of innovation.  Van de Ven (1986) also notes that people and their organisations are more disposed to protect existing practices than develop new routines, and until 'the threshold of concern' is reached, organisations will not take action.  To press their issue with the focal organisation, stakeholder groups will use the most effective methods open to them (Frooman,1999) in an attempt to trigger this 'threshold of concern' and thus the organisation may be forced into acknowledging an innovation via stakeholder activism.

Within this broad field, I am interested in how companies identify innovation opportunities from their external scanning activity and external relationships.  Therefore a question for the review is:

*Q9: What does the literature say about the skills necessary to use external relations as sources of innovation?*

## 3.  Review objectives

### 3.1  Introduction

As was discussed in Section Two, the importance for companies of engaging in effective boundary spanning activity with their stakeholders is widely noted in the literature, be it for competitive advantage (Harrison & St John, 1996), social legitimacy (Suchman, 1995), or firm survival (Freeman, 1984).   Increasingly, the locus of innovation lies outside a firm's legal boundary (Chesbrough, 2003) and access to a diverse range of external partners within an organisation's network is important for driving innovative ideas (Fames, van Looy & Dabrackere, 2005; Pittaway, Robertson, Munir, Denyer & Neely, 2004).  Some of these ideas may be found at the periphery of an organisation's vision (Haeckel, 2004) and reaching out beyond current relationships is deemed critical for radical innovation (O'Connor & McDermott, 2004).   To date, there has been little study of how boundary spanning activity with nonprofit organisations can be a source of innovation for corporations, although it has been noted that nonprofit relationships create conditions that can foster firm innovation.   Nonprofits offer a company access to dense networks distinct from their own corporate sphere, as well as providing a different view of the marketplace and giving early warning about shifts in public tastes and values (Yaziji, 2004).

A driving factor in the growth of corporate – nonprofit relations (and their expected continued growth) is the need by corporations to be perceived to be socially and environmentally responsible (Berger, Cunningham & Drumwright, 2004; Rondinelli & London, 2003).  Dialogue and co-operation are replacing traditional adversarial relations between corporations and issue-based nonprofits (Bliss, 2003).   These cross-sector alliances are receiving increased attention in the literature with a growing body of work addressing issues concerning alliance formation and operation to tackle societal problems (eg Hood, Logsdon & Thompson, 1993; Wood & Gray, 1991).  A smaller body of literature focuses on mainly bilateral firm-nonprofit relations and the value that can be created for either, or both, parties through this interaction (eg Argenti, 2000;

Austin, 2000; Yaziji, 2004).   Kanter (1999) framed the value to firms of these nonprofit relations in terms of innovation, while Sharma (2004) considered how stakeholder engagement could be used for innovative performance.

## 3.2  Aim & questions

The aim of the systematic review is to draw on the cross-sector collaboration, stakeholder engagement and innovation sources literatures to develop a framework for examining business-nonprofit interactions and how these can impact corporate innovation.  Through a systematic examination of the extant literature, I am looking to create a developmental model (shown in Figure 3.1 below) which explores, from a firm-centric viewpoint, the relationship between the drivers of firm engagement with a nonprofit stakeholder (or stakeholders); factors which moderate any innovation outcome from this engagement; and dimensions of possible innovation outcomes for the firm.



*Engagement Stages*: Firm motivation for nonprofit engagement → Form of engagement → Outcome framed in innovation terms

*Factors to consider*: What enablers or inhibitors have been identified? | Can key moderators of engagement outcome be identified? | Can dimensions of innovation be identified?
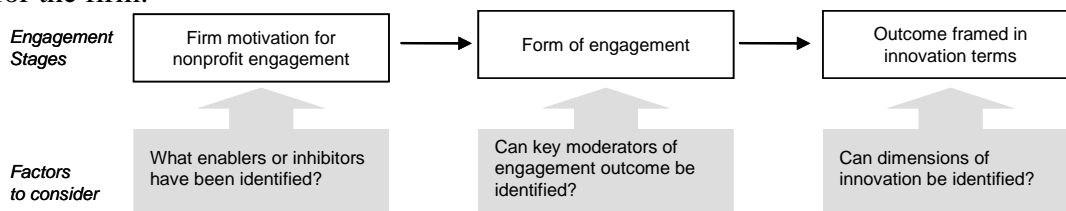
*Figure 3.1:  framing of research issue for systematic review*

Within the framework of the systematic review, my interest is looking to assess whether engaging with social stakeholders can produce innovation opportunities (process, service, or product) that are recognised by the organisation.  To address this effectively, I believe I need to make a convincing distinction between stakeholder engagement and collaboration; and identify what factors relating to stakeholder engagement could have an impact on the innovation identification process in this context.  Approaching the topic from the innovation perspective, the issue can be informed by considering what factors have been recognised as impacting on the identification of innovations from external sources.   While these considerations will provide me with a view of the issue from different perspectives, the potential body of literature to be addressed is extensive – both the innovation and collaboration fields are vast and fragmented.   However, my interest is concerned with exploring the relationships between for-profit and not-for-profit organisations. These two types of organisations, as noted earlier, are driven by very different concerns and operate according to different sets of values and cultures.  Therefore, it is the subset of the literature that focuses on profit-nonprofit relations that holds most relevance for my research and the work on interorganisational collaboration can be narrowed using this criteria.

My positioning of the issue within the literature as set out in Section Two, identified nine questions to be addressed by the review.   Two of these concerned an examination of the role of trust (either in stakeholder engagement or cross-sector collaboration) and these have been collapsed into a single question.  Two further questions concerned responding to stakeholders or their issues, and whether the literature considered firm innovation as an outcome of such responses, and these have also been amalgamated. The resulting seven questions are set out in Table 3.1 below:

| Questions identified for literature examination |
|---|
| ***Q1***: Is there any evidence for the relationship between undertaking bridging activities and/or adopting a proactive stakeholder stance, and firm innovation? Has a relationship been identified between issue response and corporate innovation? |
| ***Q2:*** Does the literature address the relationship between motivation for engagement and outcome of engagement? |
| ***Q3:*** Is trust a precondition to engagement with social stakeholders or cross sector collaboration, and is it a moderator of the dialogue or collaboration? |
| ***Q4:*** Aside from trust, what factors have been identified as being a precondition or determinant of external stakeholder engagement? |
| ***Q5:*** What is the distinction between nonprofit stakeholder engagement and business-nonprofit collaboration? |
| ***Q6:*** What moderators have been identified in the formation or operation stages of cross-sector collaboration? |
| ***Q7:*** What skills are necessary for a company to use external relations as sources of innovation? |

*Table 3.1: questions for systematic review*

## 3.3  Issues to address

The questions identified can be collapsed into four main areas of interest which have implications for the analysis of the literature incorporated in the systematic review. Firstly, the review is concerned with a process-based analysis of engagement with external stakeholders or collaboration with nonprofit organisations to identify key preconditions and moderators. Secondly, it seeks use the literature to distinguish between stakeholder engagement and collaboration. Specifically the aim is to establish whether collaboration or is a separate component activity, as illustrated in figure 3.2 which may, or may not, be necessary for innovations to be identified from nonprofit organisations; or whether it can be regarded as a form of stakeholder engagement, as illustrated in figure 3.3.
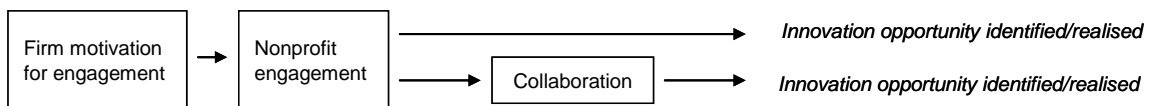


*Figure 3.2: collaboration as discreet activity and its possible role in innovation identification*
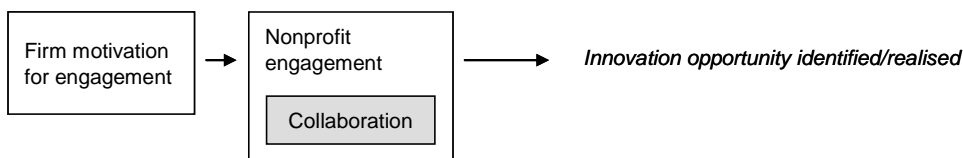


*Figure 3.3: collaboration as form of engagement*

Thirdly, the review is concerned with identifying environmental, organisational, or managerial indicators which relate to the use of external parties as sources of innovation; and, finally, the review is looking to identify common themes (such as the role of trust) which emerge from the analysis of the different literature sets. While the stakeholder engagement literature and cross sector collaboration literature share a similarity of focus which facilities this kind of synthesis, the

challenge will be incorporating ideas from the innovation sources literature. A possible means of doing this is by providing a framework for 'plotting' the engagement literature onto a framework from the innovation literature, as illustrated in figure 3.4 below.
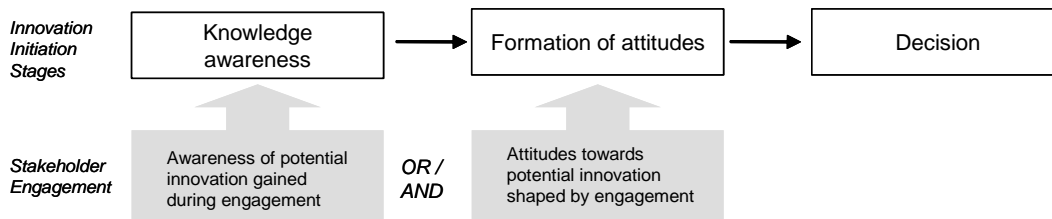


*Figure 3.4: role of stakeholder engagement in innovation identification*

The model proposed by Zaltman et al (1973) is one of the best known process models of innovation, proposing two main stages to the innovation: initiation and implementation. This research is concerned only with the initiation phase, incorporating knowledge awareness about an innovation opportunity; the formation of attitudes to this possible innovation; leading to the decision about whether to accept the innovation concept. The awareness that a possible innovation opportunity exists may be a reason for engagement with a specific stakeholder, or it may become apparent during that engagement. The engagement may assist in shaping attitudes towards the potential innovation before a decision is taken on whether to implement the innovation.

This discussion is intended to serve as an illustration of some of the key issues that the systematic review will need to address in an examination of innovation identification through engagement with nonprofit stakeholders. The next section discusses the methodology by which the review was conducted.

## 4. Methodology

### 4.1 Overview

This section outlines the methodology adopted for carrying out the systematic review, together with explanations of the decisions taken to delimit the review scope. The figure below illustrates the steps that were taken in conducting the review. They began with a systematic search for relevant literature, followed by selection based on applicability to the topic and assessment based on quality. The final step in review was analysis based on data extraction and synthesis.
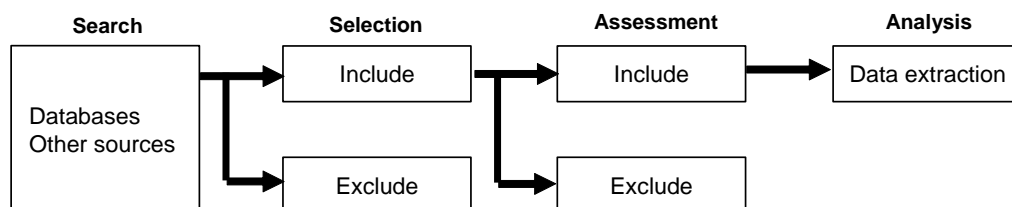


*Figure 4.1: systematic review process*

## 4.2  Consultation Panel

Listed below is the team of experts who I consulted during the systematic review process. Cranfield University faculty members were complemented by external academics and industry advisors, as well as technical specialists in the systematic review process.

| Person | Organisation | Role in review and assistance provided |
|---|---|---|
| Dr Lance Moir | Cranfield University | Supervisor: ongoing support |
| Dr Palie Smart | Cranfield University | Supervisory panel member: incorporating the innovation field |
| Dr Natasha Munshi | City University | External advisor: stakeholder and innovation literature |
| Dr Jennifer Griffin | George Washington University | External advisor: stakeholders and social issues |
| Mr John Sabapathy | Accountability | Industry advisor: author of relevant Practitioner reports |
| Ms Liz Needleman | Business in the Community | Industry advisor: information on business attitudes to topic |
| Dr David Denyer | Cranfield University | Systematic review advisor: methodological support |
| Ms Heather Woodfield | Cranfield University Library | Literature search advisor: database and literature assistance |

Table 4.1: review panel

I had regular conversations with Dr Moir, who provided suggestions for my literature search and possible approaches for analysis. As a member of my supervisory panel, Dr Smart provided much needed insight into the innovation literature. I consulted two external academic advisors, Dr Natasha Munshi and Dr Jennifer Griffin, who specialise in areas of the business and society literature that are relevant to my research interest, and they provided a sense-check on my literature search as well as providing input into approaches for analysis. My two industry advisors, John Sabapathy and Liz Needleman, provided practitioner based expertise in the areas of community involvement and stakeholder engagement. Finally, Dr David Denyer provided assistance on developing a robust protocol and appropriate databases for an electronic search were selected following discussions with Heather Woodfield.

In addition to consultations with the panel members, I presented my research topic at a practitioner group meeting and at an academic workshop, both of which yielded useful, differing insights. Discussions with regional branch members of Business in the Community provided industry feedback, whilst the PhD workshop organised by the European Academy of Business in Society (EABIS) held at Warwick provided some focused and valuable comments from peers working in a similar field.

## 4.3  Search Strategy

### Information Sources

The principal source of information was the electronic bases which yielded approximately 75% of the literature which was included in the review. The remainder was sourced via conversations with the panel, manual citation searches of retrieved key articles and books an internet searches of other relevant practitioner and academic sites. Based on the location of journals that proved most useful for my scoping study, coupled with the invaluable knowledge of the databases provided by Heather Woodfield, my search used the following electronic resources: ABI ProQuest, EBSCO Business Source Premier, and Science Direct.[12] As noted, whilst the electronic search of the

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[12] I discounted using Scopus or Social Science Citation Index as a trial search in these did not produce any results in journals that were not available on one of the three databases mentioned above.

research databases yielded the majority of the literature for systematic review, other search strategies were necessary.

*Journals not cited in the databases:* my research found two relevant journals that were not consistently cited on any of the databases noted above, namely, the Journal of Nonprofit & Public Sector Marketing, and Nonprofit & Voluntary Sector Quarterly.

*Conference papers:* relevant papers presented at IABS (the International Association of Business in Society) conferences were included in the scope of the review, as were those from the SIM division of the Academy of Management, and EABIS. Although my intention was to include papers post-2001, difficulty in locating some papers meant only those post 2004 were included.

*Books*: these were included for review if the contribution they made was not presented in a journal article. The rationale for this was that the key points from the authors would have been captured through the review of their article. As an illustration, Phillips's '*Stakeholder Theory & Organizational Ethics'* (2003), and Post et al's 'Redefining the Corporation' (2004) were not included, as their work is synthesised in journal articles; Miles's '*Managing the Corporate Social Environment'* (1987), however, was included.

*Working papers & unpublished papers:* research documents and working papers on university websites specialising in stakeholder theory or innovation were included in the review. Of particular relevance is information on the stakeholder dialogue project from IMD and the electronic working paper series produced by SPRU at Sussex University.

*Industry reports & corporate documents:* relevant reports produced by non governmental groups such as Business in the Community, and the Institute of Social and Ethical Accountability were included, as were reports from UK government departments and agencies, for example those produced by the DTI relating to innovation, and stakeholder engagement. Self-reported accounts of stakeholder interaction and outcomes from that engagement were not included.

*Manual citation searches:* although the majority of documents were found through electronic title-and-abstract searches, a review of citations listed in key papers identified several additional articles which were included in the review.

### Keywords & search strings

Keywords for the search were developed following an initial review of the literature as outlined in Section Two, and were selected to address the specific questions that are focus of this review. As can be seen from the table below, each topic area has numerous keywords or phrases that are applicable. Using combinations of these keywords, search strings were developed to allow for interrogation of the literature and, as can be seen by the results in table 4.2, these search strings were less useful in the Science Direct database. Having tried alternative strings, it proved easier to scan the titles and abstracts of the articles found using the original searches, and applying inclusion and exclusion criteria as set out below.

| Topic | Keywords / phrases | |
|---|---|---|
| *Stakeholders and specific stakeholder groups* | Stakeholder | Non-profit |
| | NGO | Voluntary |
| | Non-governmental | Special interest |
| | Community groups | Activist |
| *Stakeholder engagement* | Engagement | Dialogue |
| | Stakeholder management | Relationship |
| | Communication | |
| *Innovation identification* | Innovation | Innovation sources |
| | Learning | Locus of innovation |
| | Ideas | |
| *Collaboration* | Partnership | Co-operation |
| | Alliance | Cross sector |
| | Network | |

*Table 4.2: keywords for search*

| | Search string (EBSCO) | Rationale | Documents retrieved |
|---|---|---|---|
| 1 | (Stakeholder∗ W2 engag∗ OR stakeholder∗ W2 manag∗ OR stakeholder∗ W2 commuicat∗ OR stakeholder W2 dialog∗ OR stakeholder∗ W2 relation∗) NOT (stakeholder∗ W2 internal OR employee∗) | This string looked to establish what the literature says about external stakeholder engagement | EBSCO: 485 ProQuest: 361 Science Direct: 56 |
| 2 | (Innovat∗ OR learn∗ OR idea∗ ) AND (collaborat∗ OR alliance∗ OR network∗ OR partner∗ OR cooperat∗ ) AND (community group∗ OR NGO∗ OR non-government∗ OR special interest∗ OR activist∗ OR voluntary∗ OR non-profit∗) AND (firm∗ OR enterprise∗ OR corporat∗ OR multi-national∗ OR MNE∗) | The purpose of this string was to uncover the literature relating to collaboration between profit and non-profit bodies in respect to innovation. | EBSCO: 287 ProQuest: 640 Science Direct: 5808 |
| 3 | Inter organi?ation∗ AND (collaborat∗ OR alliance∗ OR partner∗ OR cooperat∗) | This string was intended to pick up any papers not identified in the specific search above on cooperation between profits and non profits. | EBSCO: 459 ProQuest: 567 Science Direct: 2314 |
| 4 | Stakeholder∗ AND (collaborat∗ OR alliance∗ OR network∗ OR partner∗ OR co-operat∗ OR cross-sector) AND (innovat∗ OR learn∗ OR idea∗) | The purpose of this search was to ascertain the link between the stakeholder literature and the collaboration literature. The intention was to capture any article not identified from the previous searches, although, as expected, a large number of duplicates were retrieved. | EBSCO: 275 ProQuest: 239 Science Direct: 2992 |
| 5 | (innovat∗ OR learn∗ OR idea∗) AND (external W2 source∗ OR external W2 locus OR outside W3 boundar∗) | The purpose of this string was to capture the literature relating to external sources of innovation. | EBSCO: 174 ProQuest: 234 Science Direct: 1811 |

*Table 4.3: search strings*

## 4.4 Selection Criteria

The diverse range of keywords, coupled with a difficulty using the search facility on the Science Direct database, resulted in the large number of 'hits'. These were initially reduced by applying the selection criteria as set out in the table below.

| Inclusion / exclusion criteria | Rationale |
|---|---|
| ▪ Only studies examining cross sector collaboration between profit & non profit organisations | This is consistent with the focus of my research topic |
| ▪ Studies relating to the diffusion of innovations were excluded | My research is concerned with innovation identification, not diffusion |
| ▪ Only studies relating to non-employee stakeholders were considered | This is consistent with my research focus |
| ▪ Studies at the industry level, regional level, or national level were excluded from the review | My research interest is engagement or collaboration between a company and defined social stakeholders |

*Table 4.4: selection criteria for titles & abstracts*

Applying these criteria, and eliminating duplicates, led to 123 papers being put forward for full review. These were augmented by other papers found via branching methods or through suggestions of the panel. More rigorous evaluation criteria were applied to the resulting 140 papers to ensure their relevance.

*Evaluation criteria for full text papers*:
- Conceptual or theoretical papers must contain one or more of the following:
  - hypotheses regarding key attributes, antecedents or mediating factors (firm-level or managerial level analysis) of stakeholder engagement or collaboration and their influence in outcomes;
  - explanatory models of the evolution and development of collaboration or engagement;
  - discussion of theories or models concerning identification and use of external sources of innovation.
- Empirical papers must contain one or more of the following:
  - cases or studies with a focus on one or more of the antecedents of engagement, collaboration or innovation identification;
  - descriptions and analysis of inhibitors or moderators of engagement, collaboration or innovation identification, with strategies for mitigating them, if appropriate;
  - discussion and analysis of the dynamics of these three areas; and,
  - studies relating to outcomes of use of external sources of innovation, external engagement or collaboration with non-profit groups.
- Methodological papers - to be included such a paper has to be theoretically grounded with clear assumptions, robust design, and make mention of the limitations.

### 4.5 Quality Appraisal

Assessing the quality of articles relies heavily on a reader's interpretation of them and this interpretation is limited, firstly by the reader's own knowledge, and secondly by the information about the study that is presented in the text. The journal article can be viewed as something of an autotelic artefact, complete within itself, and not dependent on its relation to the author's motivations or interests.

From this standpoint, as a reader of the text, my judgements of quality (based on my interpretation, and limited by my knowledge), relate to how far I have confidence that the conclusions of the article follow the theoretical and methodological frameworks and subsequent analysis or interpretation presented. On this subjective basis, I developed some simple quality appraisal guidelines as set out below.

| Theory | ▪ Is the literature informing the research explained sufficiently? <br> ▪ Are the concepts well defined? |
|---|---|
| Methods | ▪ Is the rationale for the chosen research method explained? <br> ▪ Is explanation given for any sampling and data collection? <br> ▪ Are the analysis methods described sufficiently? |
| Analysis & Interpretation | ▪ Is the analysis clearly described? <br> ▪ Are there obvious links between the analysis and interpretation? <br> ▪ Are limitations noted and alternative explanations developed? |
| Coherence | ▪ Is there a link between the theory and the analysis? <br> ▪ Do the conclusions relate back the research question or study aims? |

*Table 4.5: quality assessment criteria*

Given the difficulties of assessing quality, my inclination was to include, rather than exclude articles on quality criteria. Articles were excluded on the grounds of quality if I did not have confidence in the author's presentation of at least two of the four categories listed above.

### 4.6 Collection statistics

Having searched widely and delimited the field of study through application of inclusion and exclusion criteria and an assessment of quality, 107 papers, comprising academic articles, books and book chapters and practitioner papers were included in the final assessment. The table below provides summary statistics on the search and selection process.

| Summary statistics on papers collected | No. |
|---|---|
| Database/internet search (after title & abstract evaluation): | **123** |
| Branching: | **14** |
| Panel recommendation: | **3** |
| *TOTAL REVIEWED* | *140* |
| Excluded due to quality concerns:<br>   -   sampling concerns (2)<br>   -   lack of theory or analysis (3) | **5** |
| Did not meet inclusion criteria:<br>   -   application of stakeholder framework to industry setting (8)<br>   -   generic discussion of stakeholder framework (7)<br>   -   societal or regional focus (4)<br>   -   not concerned with cross-sector collaborations (2)<br>   -   focused on internal R&D activities (2) | **23** |
| Other factors:<br>   -   Duplication of author's ideas (2)<br>   -   Article not found (3) | **5** |
| *TOTAL EXCLUDED* | *(33)* |
| **FINAL NUMBER IN REVIEW:** | **107** |

*Table 4.6: summary of paper review process*

## 4.7  Data Extraction

The 107 resulting papers included in the review were recorded in Procite.  Data was extracted from each using the framework shown in table 4.7 below.

| | |
|---|---|
| *Citation information* | ▪ Author (and affiliation if appropriate)<br>▪ Journal  & year of publication |
| *Descriptive information* | ▪ Country & industry<br>▪ Parties studied - numbers and description (i.e. what profit & non-profit groups?  How many involved?)<br>▪ Focus of study – e.g. managerial or organisational?  Focal organisation or stakeholder? |
| *Methodological information* | ▪ Type of study – theoretical or empirical, or practitioner paper<br>▪ Survey approach and method |
| *Thematic information* | ▪ What are the key ideas?<br>▪ Does article identify preconditions, or process attributes?<br>▪ What moderators or inhibitors are identified, if any?<br>▪ What are the outcomes or conclusions? |
| *Genre & theoretical stance* | ▪ What literature set does the paper come from?<br>▪ What theoretical approach is adopted? |

## 4.8 Data synthesis

The synthesis was conducted in two steps.  Firstly, data was aggregated by literature set and, secondly, this aggregated data was compared across literature sets to identify key similarities and differences. The table below provides a list of aggregation categories used to facilitate analysis.

| Analysis categories | Stakeholder engagement literature | Collaboration literature | Innovation sources literature |
|---|---|---|---|
| Identified drivers or preconditions | | | |
| Factors relating to forms or process | | | |
| Identified outcomes from above (if any) | | | |
| Role of trust | | | |
| Definitions of terms | | | |
| Theoretical stance | | | |
| Focus (eg managerial, organisational, relational, problem domain etc) | | | |

Table 4.8: data synthesis table

This framework was used to help answer the questions posed as the focus of the systematic review, and, subsequently, a conceptual model was developed incorporating factors that the literature suggests will impact on the motivation or ability of a firm to identify innovations from nonprofit groups through stakeholder engagement.  This model is presented in section six, following a discussion of the descriptive and thematic analysis of the data.

## 5. Descriptive analysis

### 5.1 Overview

The findings from the systematic review are presented in the next three sections; the subsequent two sections are concerned with thematic analysis and information synthesis, while this section presents a discussion of key attributes of the data.  This descriptive analysis includes statistics on literature genre; publishing over time; studies by academic type; and, for empirical and practitioner papers, details on the study location and industry focus or study context.

### 5.2 Genre

The focus of the systematic review was on literature from three genres: external stakeholder-firm relationships,  collaboration between corporation(s) and nonprofit organisation(s); and external sources of innovation.  The table below illustrates the number of papers returned for these genres. Papers which addressed more than one of these themes were identified as 'cross-over' papers.

| Literature Genre | Papers reviewed |
|---|---|
| Stakeholder engagement | 32 |
| Cross-sector collaboration | 33 |
| External innovation sources | 16 |
| Cross-over papers: | |
| Stakeholder − cross-sector collaboration | 17 |
| Stakeholder − innovation | 5 |
| Innovation − cross-sector collaboration | 3 |
| Stakeholder-collaboration-innovation | 1 |

*Table 5.1: papers by genre*


As can be seen, the majority of these cross-over papers were concerned with cross-sector collaboration framed in stakeholder terms. A smaller number discussed external sources of innovation in stakeholder terms, while three papers illustrated innovation outcomes from cross-sector environmental collaborations. Only one practitioner paper was identified as addressing all three topics.


## 5.2 Studies over time

No time limits were set for the literature search and as figure 5.1 illustrates, the first paper meeting the criteria for the review dates from 1977[13]. There is a ten year gap until another outlier[14], and, indeed, little literature evident until the mid 1990s, the exception being a journal special issue[15] on collaboration to address social issues in 1991. This finding is not unexpected; despite Von Hippel's work on external sources of innovation, the topic was not systematically addressed until the literature on innovation networks (eg Powell, 1998; Powell et al, 1996) and open innovation (Chesbrough, 2003).

While the stakeholder literature is generally recognised as dating from Freeman's (1984) key publication, specific discussion on external stakeholder relationships and stakeholder management strategies do not appear in the literature until the 1990s. The growing trend in NGO-business partnerships, invigorated the literature on social partnerships, with increased attention on the topic within the last five years.

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[13] Eric Von Hippel "Has a customer already developed your next product?" Sloan Management Review

[14] Robert Miles, "Managing the Corporate Social Environment", 1987

[15] Journal of Applied Behavioral Science, 1991: Vol 27 Parts 1 & 2
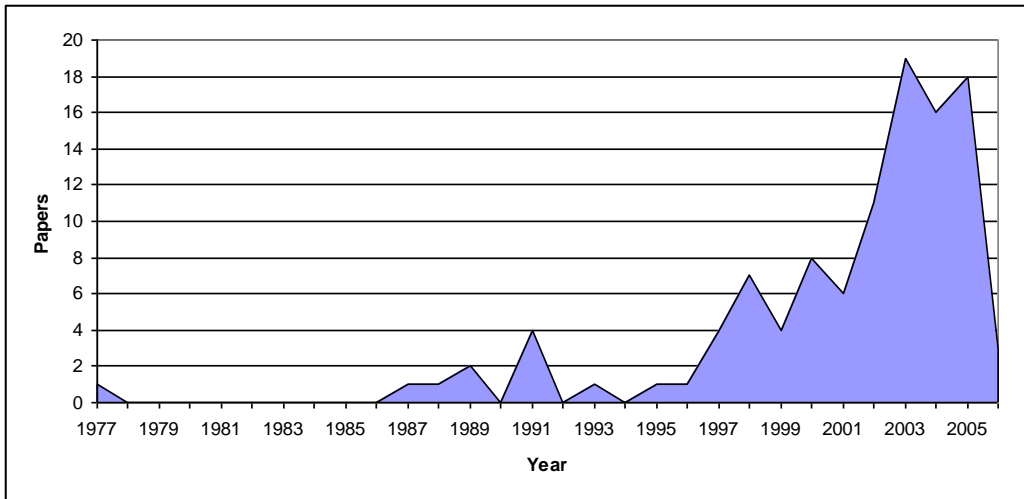
Figure 5.1: distribution of studies over time

A more granular analysis of the distribution of papers from three literature genres is given in Figure 5.2. This plots the occurrence by year of papers addressing stakeholder relations, cross sector collaboration, or cross-sector collaboration framed in stakeholder terms (cross-over papers). Although care needs to be taken in interpreting the data, two broad observations can be noted. Firstly, attention to cross-sector collaboration and stakeholder relationships have received roughly equal attention over the last five years[16], and, secondly, while more cross-over papers are noted in total, no discernable trend can be viewed in their occurrence, suggesting the overlap between the literatures on stakeholder relationships and cross-sector collaboration is not increasing.
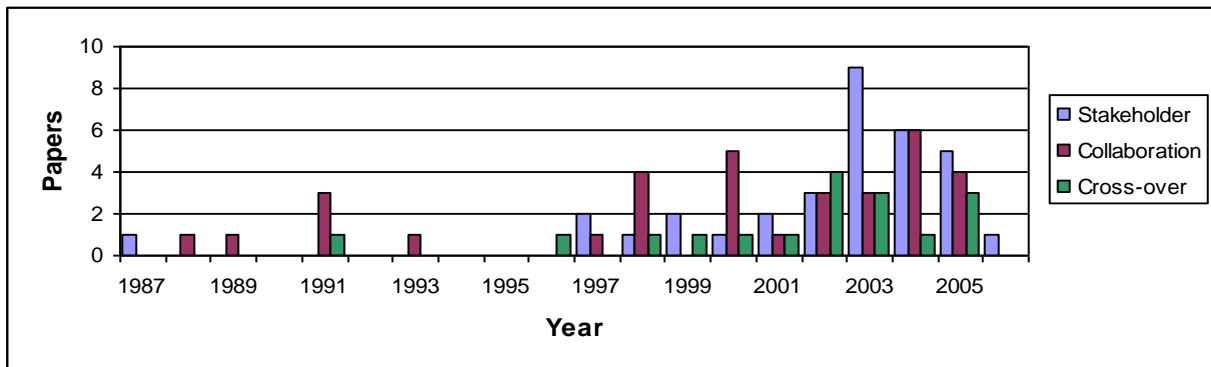


Figure 5.2: distribution comparison of literature genres

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[16] The anomalous high figure for stakeholder articles in 2003 is explained by publication of book of essays on stakeholder communication

## 5.3  Study types

The majority of studies in the review were empirical papers based on primary research (indeed, all the literature relating to external sources of innovation were empirical academic papers).  Papers were defined as conceptual if they clearly articulated a theoretical construct, or advanced a theoretical argument using secondary data sources as examples to support that argument.  Finally practitioner papers were either those produced by specialist organisations (eg The Institute of Social and Ethical Accountability) or written by practitioners for academic-focused publications.

| Study type | Papers reviewed |
|---|---|
| Empirical | 78 |
| Conceptual | 21 |
| Methodological | 1 |
| Practitioner | 8 |

*Table 5.2: papers by study type*

## 4.4  Location & focus

As can be seen in table 5.3, the majority of empirical academic or practitioner studies were conducted in the United States.  Some of the studies within the review were conducted in more than one location (for example, a comparative study of forestry operations in Finland and Canada) and both locations are included here.  Where a study relies on data from more than three countries, it has been recorded on a regional basis.

| Location | Studies | Location | Studies |
|---|---|---|---|
| USA | 36 | Nigeria | 2 |
| UK | 17 | Sweden | 2 |
| Canada | 8 | Myanmar | 2 |
| Australia | 5 | Finland | 1 |
| Netherlands | 4 | Belgium | 1 |
| France | 3 | New Zealand | 1 |
| Germany | 3 | Switzerland | 1 |
| Europe (3+ countries in study) | 2 | Norway | 1 |
| Mexico | 2 | India & Pakistan | 1 |

*Table 5.3: studies by location*

Despite the spread of countries shown, many of these locations are only included as they are the focus of MNC activity about which the author is concerned:  for example Starbucks's coffee operation in Mexico (Argenti, 2004); Shell's involvement in Nigeria (Lawrence 2002); or Total Oil's activities in Myanmar (LaFrance & Lehmann 2005), all of which discuss the MNC's relationships with nonprofit or community bodies.

Table 5.4 shows the industry context of the studies.  Again, numerous papers draw on data from across industries.  Two categories here require explanation.  Community involvement is concerned with cross-sectoral partnerships to address social issues such as job creation schemes, community improvement schemes, education schemes etc; in a similar vein, the conservation category refers to a corporate initiative with a nonprofit partner or partners to address a 'green' issue not directly related to its area of business.  As can be seen in the table below, the majority of studies focusing on technology and software are concerned with innovation, whilst community involvement and conservation schemes are the focus of cross-sector collaboration papers. Forestry, energy and extraction, crop and food production are the domain of the stakeholder literature where issues are framed in terms of corporate responsiveness to external stakeholder demands.

| Literature genre | Industry context | Studies | Industry context | Studies |
|---|---|---|---|---|
| *Stakeholder* | Financial services | 5 | Consumer products | 2 |
| | Energy | 4 | Technology/computing | 1 |
| | Forestry | 4 | Nonprofit sector | 1 |
| | Manufacturing | 3 | Chemicals | 1 |
| | Transport | 3 | Utilities | 1 |
| | Retail | 2 | Healthcare | 1 |
| | Telecoms | 2 | Extraction | 1 |
| *Collaboration* | Community projects | 10 | Crop / food production | 1 |
| | Conservation projects | 5 | Extraction | 1 |
| | Public sector | 2 | Fisheries | 1 |
| | Nonprofit sector | 1 | Manufacturing | 1 |
| | Finance | 1 | Forestry | 1 |
| *Innovation* | Technology | 6 | Aerospace | 1 |
| | Manufacturing/engineering | 5 | Pharmaceuticals | 1 |
| | Telecoms | 2 | Automotive | 1 |
| | Retail | 1 | Chemicals | 1 |
| | Energy | 1 | Healthcare | 1 |
| *Stakeholder-collaboration* | Energy | 5 | Public sector | 1 |
| | Crop /food production | 4 | Consumer products | 1 |
| | Conservation | 1 | Community | 1 |
| | Forestry | 1 | Manufacturing | 1 |
| | Military | 1 | | |

*Table 5.4: studies by industry context*

Broadly, the descriptive statistics presented here illustrate that interest in topics which impact the research issue has grown in the last five years and that academic contribution has chiefly come from North America. While, in totality, a wide range of industry contexts have been studied, not surprisingly, these have received differential attention depending on the particular literature genre. The next section presents a thematic analysis of the data and attempts to answer the questions posed in Section 3.

## 6. Thematic analysis

This section gives a synopsis of the key themes evident in an examination of the literature by genre and continues with an analysis of how the literature has addressed the eight questions posed as the focus of the systematic review.

### 6.1 Key themes by genre

Themes presented by the three main literature genres of stakeholder engagement, collaboration, and innovation sources are described here, in addition to those found in cross-over papers.

*Stakeholder engagement*

Overwhelmingly, the underpinning theory of papers focused on a focal organisation's engagement with external stakeholders is either resource dependency or institutional legitimacy; the exception being a couple of papers by the same author (Heugens & Co-authors, 2002, 2004) which examine stakeholder relations from a contractualist perspective. Relationships between a focal organisation and its stakeholder(s) are usually framed in terms of the attributes the stakeholder possesses: namely power (Nasi et al 1997), legitimacy (Driscoll & Crombie, 2001) or urgency (Winn, 2001) in keeping with Mitchell et al's (1997) framework. The exception is that presented by Miles & Friedman (2004) who identify the compatibility of the organisational participants as a factor in determining stakeholder-firm relations, in addition to the necessary or contingent nature of their relationship

Dialogue or engagement with external stakeholders is considered in three main ways: it is viewed as a process; differential communication strategies are developed; or the benefits of relationships based on dialogue are presented. Process models of stakeholder dialogue are found in the practitioner-focused literature, and are concerned with both multilateral and bilateral stakeholder relations. Preble's (2005) six-step model for managing multiple stakeholders proposes responding to key stakeholder demands by closing any expectational gap that exists between the stakeholder demands and actual firm performance. Bilateral process models focusing on managerial actions developed by Bendell (2003), and Kaptein & Van Tulder (2003), stress the importance of setting realistic expectations, having clear communication and developing trust between the parties. Papers considering strategies for communicating with different stakeholder groups (Hallahan 2000), or concerned with the type of information supplied to different groups (Stephens, Malone & Bailey, 2005) draw on the public relations theory of communication developed by Grunig & Repper (1992) and are often framed within the crisis management arena (Hearit, 1999; Stephens et al, 2005). The central role of dialogue in firm-stakeholder relations is argued uncritically by several authors. Perret (2003) notes the benefits to BNFL of dialogue with environmental stakeholders is the creation of an ability to see different viewpoints which can enhance decision-making. Wheeler & Sillanpaa (1998) argue companies that adopt a stakeholder-inclusive approach using dialogue-based relations are more likely to prosper and survive. Payne & Calton (2004) apply the idea of dialogic learning to multi-stakeholder situations where interactions between organisations within a domain addressing a social or environmental issue would benefit from this consensual, relationship building approach. This last paper is an illustration of a trend in the field as authors argue for the reorientation of the stakeholder approach from an organisation-centred perspective to a network perspective, where actors view themselves and their practices from within a system of interdependence (Andriof & Waddock, 2003; Lozano, 2005).

*Cross-sector collaboration*

The recent review of the literature on cross sector collaboration by Selsky & Parker (2005), as stated earlier, has identified many of the key themes and notes how authors approach the topic from a predominantly resource-dependence perspective. There is a preoccupation with the challenges of collaborating across sectors due to the different aims and cultures of for-profit and nonprofit bodies (Berger et al, 2004; Fowler & Heap, 1998; Googins & Rochlin, 2000). This commonly held view was challenged by Polonsky, Garma & Chia (2004) in their empirical study on 'green' NGO alliances in Australia. Analysis of the field is conducted from a process perspective with various models developed examining the formation and operation of collaboration from group, subgroup and individual level (eg Crane 1998; Hood et al, 1993), and within in this framework successive authors have considered factors impacting the pre-formation, formation and operation stages (Rondinelli & London, 2003; Juniper & Moore, 2002; Waddock,1989,1991; Waddock & Bannister, 1991). Outcomes are viewed in terms of resource benefits provided by the participants to each other (Googins & Rochlin, 2000) or uni-directionally, usually in terms of the resources a nonprofit can offer a corporation (Yaziji, 2005); or outcomes framed in terms of learning and knowledge transfer (London, Rondinelli & O'Neill, 2005).

Selsky & Parker's (2005) review concentrated on the development and working of cross-sector collaborations as outlined above. Of the literature reviewed here, two broad types of cross-sector collaboration are apparent. The first is those which deal with bilateral relations between a firm and a nonprofit (usually an MNC and NGO) which are considered from the NGO's perspective (Ahlstrom & Sjostrom, 2005; Heap,2000), the firm's perspective (Argenti, 2004; Yaziji, 2004), or from a mutual benefit viewpoint (Austin, 2000; Googins & Rochlin, 2000). The second concerns those formed specifically to address a social issue (Hood et al, 1993; Waddock, 1988) and may be bilateral or multilateral collaborations. Alliances formed to tackle environmental issues are a distinct subset of this second type (Hartman & Stafford, 1997; Juniper & Moore, 2002). In addition, collaboration typologies have been developed based on the degree of integration between partners (Mandell & Steelman, 2003; Wymer & Samu, 2003) and Austin's (2000) comprehensive work in this area has linked partner integration with operational characteristics and outcomes.

Emerging themes in the genre are leadership roles in cross-sector alliances (Crosby & Bryson, 2005); discussion of NGOs as having a market role and identity as well as an institutional one (Millar, Choi & Chen, 2004); focus on the culture of the partnership entity as distinct from the cultures of the parent bodies (Parker & Selsky, 2004); and finally, an examination of the characteristics of threat driven as opposed to opportunity driven cross-sector alliances (London et al, 2005).

*Stakeholder engagement/cross-sector collaboration*

Literature representing a synthesis of the genres discussed above, broadly fall into two categories: the first applies a stakeholder framework or analysis to cross-sector collaborations (Heugens, 1999; LaFance & Lehmann, 2005; Salk & Bindu, 2000) whilst the second analyses stakeholder engagement along the process model commonly found in the cross-sector collaboration literature (Butterfield et al, 2004; Lawrence, 2002).

The trend noted in the stakeholder literature to consider an organisation in a network context, rather than focusing on bilateral firm-stakeholder relations, is developed with authors suggesting a move to joint problem solving in stakeholder networks (Svensden & Laberge, 2005) and where engagement takes place within a problem domain (Butterfield et al, 2004; Hardy & Phillips,

1998).  These stakeholder networks are seen as producing learning and capability development benefits for the focal organisation (Heugens, 1999; Salk & Bindu 2000).

A particular concept that arises as a synthesis of the genres is that of strategic bridging where one organisation acts as a third party to restore the balance of power and trust between through discontinuous collaboration with stakeholders in an under-organised problem domain (Stafford, Polonsky & Hartman, 2000; Westley & Vredenburg 1991).  Papers which adopt a stakeholder perspective on collaboration, view power as a key determinant of stakeholder collaborations (an emphasis less evident in the cross-sector collaboration literature).  Hardy & Lawrence (1998), for example, analyse relations between organisations in the UK refugee system in terms of power and authority, while LaFrance & Lehmann (2005) use Freeman's (1984) power/interest matrix to analyse an energy company's motives for entering into social partnerships in Asia.

*Innovation*

The innovation literature reviewed here contains four broad themes:  the need to work across boundaries, and the requirements for doing so; the key role of environmental scanning and importance of being open to new ideas; the influence of managerial attributes and perceptions on innovation; and the identification and use of external sources of innovation.  This final theme is addressed initially in the works of Von Hippel (1977, 1989) who illustrated the value of customer and user experience information in new product development. His findings are supported by Segelod & Jordan (2004) who found forging links with market based groups, particularly customers, to be the most beneficial in assisting innovation.   By contrast Faems et al (2005) found that 'exploitative' collaboration with market-based groups was more likely to lead to product improvements, whereas 'explorative' collaboration with research-based institutions was more likely to produce radical innovations.

From a network perspective authors have shown how developing network competence – building access to external resources and developing a network orientation – is key to successful innovation (Ritter & Gemunden, 2003).  Goes & Park's (1997) ten year study of California hospitals showed how transaction intensity, the degree of structural linkages, and institutional linkages positively influenced the level of service innovations.  Authors have considered the managerial challenges of working across boundaries where external organisations have different cultures and mindsets (Linder, Jarvenpaa & Davenport, 2003) and the particular role of boundary spanners who can act as information gatekeepers (Conway, 1995).  External environments are viewed as sources of information (Koberg et al, 2000) and being open to the new ideas that these knowledge flows provide is a key predictor of firm innovative performance (Fey & Birkinshaw, 2005).  Key managerial attributes for fostering innovation include having a wide range of interests which facilitate environmental scanning, and an internal locus of control which enable managers to frame ideas as opportunities (Howell & Shea, 2001).  Aspects of managerial motivation and cognition have been to develop a behavioural model to explain the propensity of the firm to engage in innovative activities (Montalvo, 2006).

A small number of papers in the review consider innovation in the context of stakeholder relations or cross-sector collaborations.  Involvement in new product or service development is framed in stakeholder terms with authors suggesting those involved with new initiatives are selected by salience and power (Polonsky & Ottman, 1998; Smith & Fischbacher, 2005).  'Fringe' stakeholders, those at the edges of an organisation's sphere of operations, are viewed as an untapped source of innovation (Hart & Sharma, 2004), while Kanter (1999) coins the term 'corporate social innovation', suggesting the benefits to firms of developing and testing new products or services within the community.   The benefits of the acquisition of new knowledge

through stakeholder networks or via bilateral engagement are presented as facilitating innovation (Sharma, 2005), particularly in the environmental and sustainability arena (Clarke & Roome, 1999; Sharma & Vredenburg, 1998). Finally, the key role of trust is recognised and is presented as a critical antecedent of collaborative innovations (Hattori & Lapidus, 2004).

## 6.2  Question analysis

The discussion of the literature context in which the research issue is situated, identified seven questions to be addressed by the review to help focus the topic further and these are examined below.

*Q1: Is there any evidence for the relationship between undertaking bridging activities and/or adopting a proactive stakeholder stance, and firm innovation? Has a relationship been identified between issue response and corporate innovation?*

As Andriof & Waddock, (2003) noted, the literature shows a change from a buffered dependency on stakeholders, to a bridging, dynamic interdependency between the firm and its influential stakeholders. The literature examined here suggests a positive outcome for proactive stakeholder relations, but these are usually framed in reputational, rather than in innovation, terms. For example, Welcomer et al (2003) demonstrated how companies which respect stakeholder power and interests form strong relationships with those groups. In a similar vein, Mattingly (2004) found firms that adopted cooperative relations with socio-political stakeholders deemed to be highly salient to the organisation benefited from higher perceived social performance. Meanwhile, Waddock & Graves's (2003) study found a link between proactive stakeholder relations and the perceived quality of management.   Some evidence is found in Bierle's (2002) study of environmental decision making, which found that the quality of decisions significantly improved as stakeholder interaction increased. The issue is addressed specifically by Sharma & Vredenburg (1998), who found forestry companies that adopted a proactive stakeholder stance with environmental groups benefited from a new understanding of the issues which could trigger innovation. This contingent link between proactive stakeholder engagement, learning and innovation is explored further by Sharma (2004) within the context of sustainability initiatives by companies.

Firm responses to stakeholder issues were addressed to some extent within the engagement literature reviewed. Nasi et al (1997) contend that stakeholder groups and issues are mutually constitutive and their analysis of forestry organisations found managerial activities in response to issues changed as the relative power of the stakeholder changed.   Similarly, Winn's (2001) study focused on how corporate issues objectives changed over time as responses to stakeholder issues were assimilated, simultaneously giving rise to new issues for which response processes had not been developed.   Following Nasi et al, (1997) Taylor, Vasquez and Doorley (2003) argue that adopting an engagement approach, which accepts that issues are contextualised by stakeholder relationships, provides a unifying framework for exploring issues management. Their study of Merck's relationship with AIDS activists concluded that the company reaped tangible reputational benefits from its proactive engagement approach. This alone of the small number of studies examined comes closest to following  Heugens (2002), who found the adoption of proactive issues management activities positively influenced firm competitiveness and reputation.

The instrumental arguments advanced for adopting a stakeholder approach are to reduce risks to a company's reputation and improve their long term competitiveness and profitability, and discussion is framed around how a firm responds to stakeholder interests. Engagement drivers are drawn from resource dependence and institutional motivations with the need to engage being driven by legitimacy concerns (eg Deegan & Blomquist, In press; LaFrance & Lehmann, 2005), or salience of the stakeholders (eg Welcomer et al, 2003 ). Some authors suggest engagement strategies based on engagement motivation: for example, Harrison & St John (1996) present the benefits of partnering strategies with stakeholders the organisation considers to be strategically important. Other authors, meanwhile, develop engagement strategies based on characteristics of the firm-stakeholder relationship (Friedman & Miles, 2004; Hallahan, 2000 ) or stakeholder attributes (Azburg & Webb, 1999; LaFrance & Lehmann, 2005).

Turning to outcomes, effective stakeholder management can detect, contain and resolve conflicts and positively affect corporate performance due to higher levels of stakeholder satisfaction (Johnson-Cramer, Berman & Post, 2003). Heugens, Van Den Bosch & Van Riel (2002) show how different types of engagement (based on dyadic or multilateral relations, and structural or informal mechanisms) can produce different effects.

Few authors within the stakeholder genre explicitly link motivation to outcome. A notable exception is Bendell (2003) who argues that managerial perceptions of the drivers for corporate responsibility shape managers understanding of the rationale for stakeholder engagement, and if companies understand why they are undertaking the dialogue, then change benefits can result.

The key role of trust is discussed both in the stakeholder and collaboration literatures where it is viewed, variously, as a critical precondition to collaborative discussions or relations, as a moderator of the outcomes, or as an outcome itself. The complexity of concept of trust is only touched on here. While it is essentially a condition that is constituted in the relationship of individuals, organisations can acquire a reputation for trustworthiness based on the behaviour of their members and disentangling personal from institutional forms of trust is difficult (Williams, 2002).

Developing trust-based relations with stakeholders is argued to increase competitive advantage as it as lowers transaction costs (Jones, 1995). Knowledge-based trust emerges as partners interact and learn about each other (Gulati, 1995) and an effective stakeholder engagement capability requires an ongoing interface with stakeholders to facilitate trust building and open information flows between actors (Sharma 2005 ). Trust is therefore the by-product of prior trustful social interactions (Ring & Van de Ven, 1994). Hattori & Lapidus (2004) argue that trust is the key antecedent of collaborative action, and that the level of trust in a partnership can have a direct affect on the outcome. However, levels of available trust between partners are moderated by the contextual environment, consisting of institutional, sociocultural and industry expectations of trust (Wicks & Berman, 2004). The initial degree of trust between partners will determine the sequence and type of information sharing that will take place as the alliance forms (London et al, 2005) and so have an implication for any outcome.

Trust between individual members of a collaboration has been identified as a critical factor which affects the partnership's functioning, as well as its formation (Waddock & Bannister, 1991). The difficulty of developing trustful relations are made all the more difficult as members are working across cultural boundaries (Hood et al, 1993; Waddock, 1988). Parker & Selsky (2004) argue how in cross-sector relations, trust can mean different things to individuals in the corporate and nonprofit sectors who operate in different ways. Their study of culture in cross-sector alliances demonstrates that while initial conditions of trust set the tone for the way partners interact at the outset, those conditions are likely to be overtaken by events and issues, and boundary spanners or members of the collaboration will continually adjust their sense of both competence trust (task-focused) and goodwill trust (behaviour focused).

*Q4: Aside from trust, what other factors have been identified as key preconditions or determinants of stakeholder engagement?*

Figure 6.1 below categorises the main themes that are discussed in the literature. These are chiefly concerned with successful outcomes from stakeholder engagement. Preconditions include having the authority and capacity to engage (Heugens & van Oosterhout, 2002) as well as the motivation and commitment (Lawrence, 2002; Wei-Skillern, 2004; Wheeler & Sillanpaa, 1998). Determinants for engagement have been broken out into factors which are required from the perspective of the focal organisation and include a willingness to take a long-term perspective to the relationship, an ability within the organisation to learn and experiment, and a proclivity towards proactive engagement (Wei-Skillern, 2004). Kaptein & Van Tulder (2003) identified key factors affecting the success of the dialogue process, which include having a coherent vision and a clear structure.



| **Engagement preconditions** | **Engagement** | **Outcomes** |
|---|---|---|
| • Autonomous parties<br>• Alignable interests<br>• Capacity and willingness to engage<br>• Senior leadership commitment | *Organisational factors:*<br>• Long term perspective<br>• Ability to experiment or learn<br>• Proactive engagement<br><br>*Dialogue process factors:*<br>• Coherent vision of dialogue<br>• Clear structure & rules<br>• Consecutive meetings<br><br>*Relationship factors:*<br>• Respecting legitimacy<br>• Role of conflict | • Monitoring for changing issues<br>• Some perceived value or progress for all parties<br>• Learning or ideas for focal organisation |

*Figure 6.1: stakeholder engagement factors*

Numerous authors explicitly (eg Lawrence, 2002) or implicitly (Bronn & Bronn, 2003: Perret, 2003) consider the need to respect the legitimacy of other parties given their differing points of view. Difference in approach between parties is considered particularly by Hardy & Phillips (1998) who examine the role of conflict within a domain and conclude that it is a powerful enabler of change and that failure to acknowledge it can result in little change to the status quo. Monitoring responses to stakeholders is viewed as important as issues can change (Preble, 2005), and participants need to be able to see some value in the engagement which they can take back to their organisation (Lawrence, 2002). Engaging with adversarial groups or fringe stakeholders (Hart & Sharma, 2004) can produce valuable learning that organisations can utilise (Bliss, 2003; Perret, 2003).

*Q5: What is the distinction between nonprofit stakeholder engagement and business-nonprofit collaboration?*

The literature does not present a consistent distinction between the terms engagement and collaboration. Collaboration is considered by some authors to be one form of engagement. Harrison & St John (1996) suggest developing closer collaborative relationships with strategic stakeholder groups while "traditional stakeholder management techniques" are used for others. Similarly, Hardy & Phillips (1998), expressly state that collaboration is one of a number of engagement strategies. In other studies, a distinction is inferred: Robbins (2003) discusses how organisations are moving from adversarial to collaborative stakeholder relations, whilst Heugens's (2002) typology of stakeholder integration views collaboration as one of four possible options. For other authors there appears to be no distinction between collaboration and engagement and definitions are interchangeable. For example, "Stakeholder engagements are defined as trust based collaborations between individuals and/or social institutions with different objectives that can only be achieved together." (Andriof & Waddock, 2002; p42). Alternatively, stakeholder engagement "…involves a stance of mutual responsibility, information sharing, open and respectful dialogue and an ongoing commitment to joint problem solving." (Lawrence, 2002).

*Q6: What moderation factors have been identified in the formation or operation of cross-sector alliances?*

As stated earlier, the cross-sector collaboration literature usually addresses the topic from a process perspective and successive authors have identified organisational, relational, managerial and group factors which impact on the development, operation and outcome of these alliances. The model below is a synthesis of the key themes which have emerged from a detailed literature analysis.
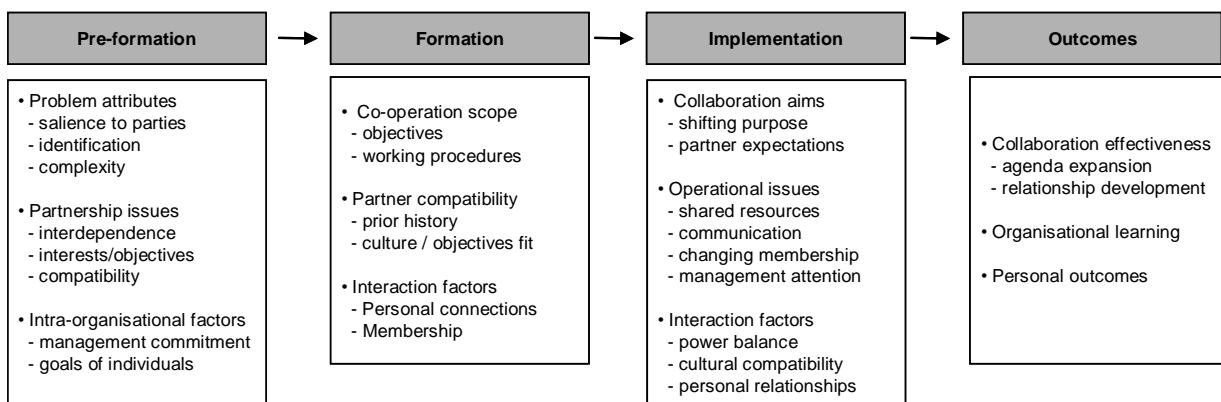


*Figure 6.2: identified collaboration factors*

Literature on collaboration pre-conditions suggest that the problem or issue to be addressed needs to be highly salient to all parties (Logsdon, 1991; Waddock, 1988) and should be articulated. The issue's complexity (Hood et al, 1993) may determine the number of parties involved in the collaboration and the scope of that collaboration. Partnerships are more likely to develop if there is a high degree of interdependence between the parties (Logsdon, 1991; Waddock, 1989) and their interests and objectives in addressing the issue are compatible (Berger et al, 2004). Authors also note the importance of intraorganisational factors as preconditions to alliance formation, particularly the commitment of senior management to an initiative (Hood et al, 1993; Waddock, 1988) and a recognition that the goals of individuals could play a role in motivating an alliance (Butterfield et al, 2004).

The formation stage stresses the need for clearly defined collaboration objectives, and mutually agreed working procedures (Rondinelli & London, 2003). The compatibility of partners is a key factor, likely to be enhanced if the parties involved have a prior history of working together (Mandell & Steelman, 2003; Polonsky et al, 2004) or if they can align their cultures and objectives (London et al, 2005). Personal connections and relationships can facilitate the formation (Hartman & Stafford, 1997), although membership of a collaboration can be ambiguous, and individuals' perceptions of role and status can vary (Huxham & Vangen, 2000). As the partnership develops, its aims may change along with partner expectations (Huxham & Vangen, 2000) and organisations need to recognise a collaboration's unstable nature and have the flexibility to adapt (Waddock, 1988). Operational issues become important: partners need to feel the division of resources is fair (Googins & Rochlin, 2000); continued management attention is necessary (Austin, 2000) and good communication is needed to ensure the relationship is mutually beneficial (Argenti, 2004; Googhins & Rochlin, 2000). The partnership may have to deal with the challenge of changing membership which can impact the collaborative effort (Huxham & Vangen, 2000). Factors impacting interaction at organisational, team, and individual level have been identified. Ensuring a balance of power between parties (Berger et al, 2004; Mandell & Steelman, 2003; Waddock, 1988) and establishing some degree of cultural compatibility, particularly at the collaboration interface level (Hood et al, 1993; Parker & Selsky, 2004) are regarded as crucial; while personal relationships are viewed as a powerful enabler (Austin, 2000).

Outcomes are expressed in terms of the perceived success and effectiveness of the collaboration (Butterfield et al, 2004) which can be seen in an expansion of the collaboration agenda (Waddock, 1989) or a deepening of the relationship (Austin, 2000). Organisational benefits are framed in terms of the learning that comes from the collaboration (London et al, 2005) which can be a driver for further co-operation (Austin, 2000) and individuals' perceptions of success and involvement (Hood et al, 1993).

*Q7: What skills are necessary for a company to identify innovation opportunities from external partners?*

Essentially, this requires interrogating the literature for discussion on two inter-related activities: firstly, how firms gather information, or knowledge, from their external environments, and secondly, how they assimilate and interpret this information.

As has been stated earlier, openness to new ideas has been identified as a critical component of innovation (Fey & Birkinshaw, 2005; Howell & Shea, 2001; Sharma & Vredenburg, 1998). In addition, organisations need the ability to extract information from their environments which requires developing network competence (Ritter & Gemunden, 2003) and having the processes in place to bridge the boundaries with other organisations, particularly trying to ensure that individuals share a common mindset (Linder et al, 2003). Von Hippel (1977) stressed the importance of having a strong communication structure, so that people in boundary-spanning roles would feed-back product development information. Conway (1995) found how informal boundary-spanning communication was important to the innovation process, specifically, the ideas-generation phase.

Assimilating the information requires strong intrafirm linkages and a willingness to experiment (Koberg et al, 2000). Individuals who have an internal orientation will be more likely to perceive an innovation opportunity (Howell & Shea, 2001) and see a potential for generating personal gains or organisational competitiveness (Sharma & Vredenburg, 1998). Montalvo's (2006) behavioural model to describe and predict innovative behaviour, argues that, innovative activities can be explained in terms of the managers' perceptions of the innovation process, including the

perceived social norm to engage in innovation, their control of the innovation process and their perceptions of the expected outcomes.

The findings from the authors noted above can be 'plotted' onto the phases in the initiation stage of innovation in Zaltman et al's (1973) model as shown in figure 6.3. In order to gain awareness of an opportunity, managers must be open to new ideas and develop network competence (create and manage relationships). Organisations need to create processes and communication channels which facilitate the transfer of information from the 'outside' to the 'inside'. Formation of attitudes to an innovation possibility is discussed in terms of how managers perceive the idea, based on an individual's orientation and accepted social and institutional norms. A positive response is facilitated by a willingness to experiment and strong intrafirm linkages.



*Innovation Initiation Stages*

| Knowledge awareness | Formation of attitudes | Decision |
|---|---|---|
| • Openness to new ideas<br>• Network competence<br>• Boundary bridging skills<br>• Strong communication structure | • Willingness to experiment<br>• Strong intrafirm linkages<br>• Positive innovation orientation<br>• Perceptions of accepted innovations | |
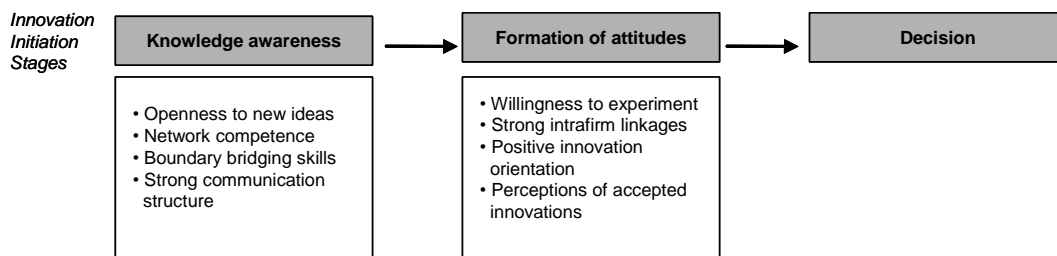
*Figure 6.3: innovation determinants identified*

# 7.  Synthesis of findings

### 7.1  Analytical framework development

The thematic analysis and discussion of the questions addressed by the systematic review are used here as a basis for synthesising the review's findings. This section presents and discusses a conceptual framework for examining firm-nonprofit relations in the context of innovation identification.

Figure 7.1 below illustrates the framework, previously presented in section three, for addressing the research question "When do companies use engagement with social stakeholders as a source innovation, and what preconditions or moderators can be identified?" From the literature analysis above, key attributes have been determined which are intended to serve as a mechanism for studying the concept. In addition, key moderators have been identified which impact the engagement process, drawn from the stakeholder engagement and cross-sector collaboration literature; and those which moderate the innovation context of the engagement, drawn from the innovation literature reviewed earlier. A discussion of this conceptual model makes up the remainder of this section.
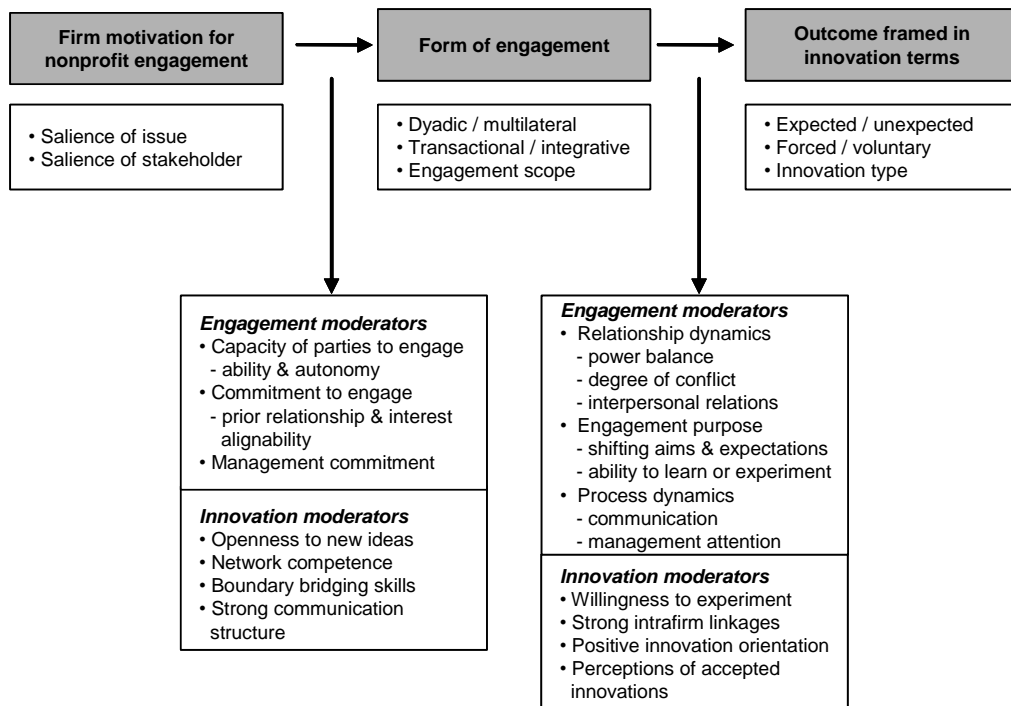
*Figure 7.1: conceptual framework*

*Firm motivation for engagement:* It is assumed that a company will engage with a nonprofit organisation based on the inter-related attributes of the perceived salience of issue to the firm, and the perceived salience of the stakeholder. From the literature, three issue categories can be identified. The issue can be predominantly firm-centric (of primary concern to the firm), stakeholder-centric, (of primary concern to the stakeholder) or social-domain centric (an issue with which the focal organisation and nonprofit group share a mutual interest). In addition, it is broadly agreed within the stakeholder literature that an organisation's decision on whether to engage with a group is based on managers' perceptions of that group's power, legitimacy and urgency of their claim (Mitchell et al, 1997).

*Form of engagement:* This can be studied along three dimensions. Firstly, whether the engagement is dyadic or multilateral. The challenges to deliver effective multilateral alliances are significant; their workings frequently involve complex structures and working arrangements which can lead to collaborative inertia (Huxham & Vangen, 2000), and considerable effort is needed to keep the collaboration together through an understanding of the partner dynamics (Waddock & Bannister, 1991). Multilateral engagements are therefore more complex than dyadic relationships and this is assumed to have an impact on any innovative outcome for the focal organisation. Secondly, the degree of integration between the parties consistent with Austin's (2000) framework of transactional and integrative relationships. Austin (2000) considered the more integrative the relationship, the more likely learning and innovation would result from it. Finally, the scope of the engagement in terms of its focus may be a narrow, discreet project or an open ended, multifaceted initiative (Mandell & Steelman, 2003; Waddock,1991).

*Engagement moderators:* the key moderators of the engagement are the capacity of the nonprofit stakeholder groups to engage with the focal organisation and the commitment of those groups to do so. From a synthesis of the cross-sector engagement and collaboration literatures, it is

suggested that capacity can be evaluated on the scale and resources of the nonprofit group (Rondinelli & London, 2003) and its autonomy; that is, does it have the authority to engage? (Heugens & van Oosterhout, 2002). Commitment can be determined on a relational level, depending on whether the two parties are already known to each other, and on an interest level, in terms of whether there is some alignability of interests (Berger et al, 2004; Logsdon, 1991). The literature also suggests that commitment to the engagement process by senior management of the focal organisation is also a critical requirement (Hood et al, 1993; Wei-Skillern, 2004).

*Innovation context moderators:* it is assumed that developing awareness of an innovation opportunity through the engagement process, will be moderated by the capacity of the focal organisation to tap into knowledge available within external parties (in this instance, nonprofit stakeholders). As previously identified, attributes which facilitate this, are managerial openness to new ideas (eg. Fey & Birkinshaw, 2005) and the skills to develop relationships (building network competence) with parties within the firm's network (Ritter & Gemunden, 2003). Additional moderators include having the communication and boundary bridging skills and processes to facilitate dialogue with these external parties (Conway, 1995; Linder et al., 2003).

*Outcomes:* Three dimensions of an innovation outcome are suggested by the literature, or are inferred from it.

The innovation resulting from engagement may be expected or unexpected: that is, the focal organisation was either actively searching for a solution or a new way of addressing an issue, as suggested in the cases discussed by Kanter (1999); or the innovation was emergent from the engagement, or an ancillary benefit from the relationship; for example those discussed by Perret (2003) and Taylor et al. (2003). The innovation may be forced or unforced: stakeholder salience and institutional pressures may force the organisation to adapt or change – for example, the much discussed case of Shell and Brent Spar. Alternatively, the innovation may be identified voluntarily through engagement, and its introduction in the organisation generally perceived as a benefit. The final dimension identified is that of innovation type, which follows generally accepted classifications of innovations in terms of scope (incremental / radical) and category (product, service, process).

*Engagement outcome moderators:* once again, the engagement and collaboration literatures suggest key moderating influences of the engagement outcome. These, however, proved the most difficult to synthesise due to the proliferation of explanations advanced. The relationship dynamic is assumed to moderate the outcome and is considered in terms of interpersonal relations, the relative power of the parties and the degree of antagonism between them. Austin (2000) suggests that good personal relations can be a powerful facilitator of engagement, whilst Parker & Selsky (2004) show how members of the engagement can develop their own shared culture which identifies them with the initiative and drives commitment to it. Authors suggest that power imbalances can have an adverse affect on innovative outcomes as partners who perceive they have no power will not contribute to the relationship (Waddock & Bannister, 1991) and compliant relationships, where one party is dependent on the other, will produce limited innovations (Hardy & Phillips, 1998). Stakeholder engagement studies have illustrated that conflict-based relationships can produce innovative solutions (Hardy & Phillips, 1998), although antagonism in stakeholder-firm relations can also have a negative impact as managers are less likely to frame the engagement in positive terms (Sharma, 2004), reducing the likelihood of identifying innovations from the engagement. Managerial capacity for constructive dialogue with adversarial groups is key to enabling ideas to flow from adversarial relations (Heugens, 2003; Perret, 2003) and therefore the dialogue process will be central in determining whether the initial level of

antagonism has a positive or negative effect on an innovation outcome. This highlights the central role of communication in the process – frequent dialogue, coupled with continued management attention to the engagement initiative (Austin, 2000), is needed to prevent inertia. Whilst it is advised to set clear goals for the engagement (Rondinelli & London, 2003), parties involved need to be able to respond to changing aims and expectations as the engagement develops (Waddock, 1988), and the focal organisation must be able to learn from the relationship and experiment with the findings (Wei-Skillern, 2004).

*Innovation outcome moderators:* as discussed, some of the engagement outcome moderators have implications for the identification of innovations from the process. Considered from a perspective of knowledge flows, it is assumed that the assimilation of knowledge generated through the engagement process, will be moderated by the strength of intrafirm linkages within in the focal organisation and a willingness to experiment with new ideas (Koberg et al., 2000); also identified as necessary for successful engagements. Managerial perceptions of the knowledge generated by the engagement will be a factor, depending on whether managers interpret it as an innovation opportunity or as a threat (Howell & Shea, 2001). This may depend, in part, on the perceived social or organisational norm to engage in innovation (Montalvo, 2006) with nonprofit groups, as they may not be viewed as legitimate sources of innovation, (Van de Ven, 1996).

## 7.2 Discussion

This is an initial attempt to identify elements which are pertinent to exploring firm-nonprofit stakeholder engagement as a source of innovation, and to create a framework by which to do so. Clearly, further work is needed to refine the developmental model that is presented here. The synthesised list of moderators included in the framework, were identified for their possible impact on innovation identification as an outcome of the engagement, and were based on my interpretation of the literature. It may be that ongoing research will lead to a refinement of factors identified.

As presented, the framework does not integrate moderators identified from the innovation literature into the engagement moderators. The model also assumes the knowledge awareness phase of innovation initiation (following Zaltman et al's 1973 model) is arrived at before the engagement commences, and the attitude formation stage is concurrent with the engagement process (i.e. attitudes to a potential innovation opportunity are shaped by the engagement). This is potentially too linear, as it precludes the possibility of knowledge awareness being generated during the engagement. This is a key limitation of the framework as currently envisaged which needs to be addressed. The final section of this paper considers further limitations of the findings and the method.

# 8. Conclusions

The literature that made up the focus of this review has been interrogated in-depth to enable the development of the framework outlined in section seven. Discussed here are the limitations of the review's findings; an outline of subsequent empirical research and a reflection of some of the key learning points from this exercise.

## 8.1 Limitations of findings

Three aspects of the limitations of this systematic literature review are considered. Firstly, those posed by the content of the literature examined. Secondly, limitations of the process based on my personal biases; and, finally, the limitations of the method used.

The stakeholder engagement literature reviewed here did not provide the same level of granularity as that on cross-sector collaboration and consequently, some of the findings drawn from it do not appear to be based on extensive research. Similarly there is no discussion in the papers about direct versus indirect stakeholder engagement and the model developed here assumes face-to-face interaction. The synthesis demonstrated the limitations of bringing together disparate literature sets; whilst my analysis has attempted to integrate facets of the innovation literature into the literature informing the stakeholder engagement process, it is not an obvious 'fit', as reflected in the previous section.

The inherent bias present in my approach to the research issue is that company consideration of nonprofit issues is a beneficial activity (although, this appears to be the inherent bias in the majority of the papers on stakeholder engagement and cross sector collaboration that have been reviewed). Consequently, I have possibly focused too heavily on the literatures that address the firm-nonprofit dynamic at the expense of the innovation literature which is outside my comfort zone, but of key importance as it is considered as the 'output' of a collaborative process.

Finally, the limitation with the method is its reliance on search strings to interrogate databases. Whilst a familiarity with the literature ensures the creation of relevant search terms, the seeming different logic of individual databases means search strings yield widely different results when used to search the various databases. In hindsight, branching methods and manual citation searches should have been employed more rigorously.

Given the limitations discussed, I propose undertaking a subsequent limited search in the next few months to see if I can augment the systematic review findings. In addition to widening the scope of the search into innovation sources, I will revisit the stakeholder engagement literature as the body of work on it reviewed here intuitively feels rather thin.

## 8.2 Further research

This review has enabled the development of a conceptual framework for studying the topic, although, as noted above, it has limitations due to the difficulty of synthesising differing genres. While a further search of the literature may prove of some use, I believe empirical study is needed for greater clarity.

Outlined here are initial proposals for my first empirical project. These will be developed fully in the coming weeks to incorporate the outcome of discussions on this review paper. The research question requires identifying companies that consider to have used engagement with social

stakeholders as a source of innovation.   Companies for inclusion in the study will selected from those who entered two categories in the award scheme run by Business in the Community (BITC) in the last two years.  The relevant categories are "marketplace innovation" for companies who consider they have developed a service or product which addresses a social or environmental issue; and "cause related business" category, for companies that have delivered significant impact on a key social issue through a partnership with a charity.

The intention would be to conduct a series of semi-structured interviews with at least 2 representatives from each company and their nonprofit partner or partners with the aim of completing approximately 24-30 interviews which would enable me to study 6-8 companies.  The framework developed in this paper would be used to help create a skeleton set of questions for those interviews, but the research is intended to be inductive and exploratory.   The data will be analysed qualitatively with the aim of producing a redeveloped conceptual model.  The table below provides a summary of my first empirical research project.

| Researcher perspective | Somewhere between social constructionist and critical realist |
|---|---|
| Research subject | Representatives from 6-8 companies self-selected by their entry to BITC award categories on social or environmental innovation, and social partnerships; plus their nonprofit partners |
| Research method | Semi structured interviews <br> At least two interviews per company and corresponding nonprofit group or groups <br> Number of interviews limited by practicalities to 24-30 |
| Analysis | Qualitative methods |
| Envisaged outcome | Redeveloped conceptual model |

*Table 8.1: empirical project summary*

## 8.3  Learning points

The focus of this review as originally laid out in the scoping study has broadly remained the same: the aim was to identify preconditions, determinants and moderators of stakeholder engagement, cross sector collaboration, and innovation identification from external sources, with the view to developing a conceptual framework to assist empirical examination.  The learning points noted here from undertaking a systematic literature review are based on two sets of tensions.  Firstly, that of acknowledging the iterative process of such a review, whilst being mindful of the completion timeframe; and, secondly, the need to make the process manageable and transparent, whilst still being receptive to new ideas that could enrich the research topic.

Clearly, my own visioning of the research topic impacted the selection of articles for inclusion.  I conducted my literature searches over a three month period and, as I became more familiar with the literatures, selecting papers became easier, potentially because I was simply reinforcing my conceptual bias of the issue.  The size of the literature search task can appear quite daunting, and, mindful of deadlines and containable scope, limiting factors need to be set.  While these limiting factors can be justified, they may not be in the best interests of the review topic.

The data interpretation and analysis is bounded by the effort that has been expended on contextualising, framing and conducting the literature search. Such a reductive process makes it very difficult to see patterns in the literature that are not contained within the framing that has been imposed. Alternatively, if such patterns are seen they may be discounted as they potentially create a new set of research issues.

Finally, a note needs to be made about the practical considerations of managing such a task, which has implications for the subsequent research projects. It is important to establish systems for recording and filing data, as far as possible, at the outset. I developed data recording processes as I went along which made analysis more difficult and did not file data consistently which, again, impeded the analysis. In short, I need to be more systematic in keeping a track of the research process and not just focus on the outcomes.

These learning points have implications for my subsequent research projects. As I propose to use an inductive approach to the research, I need to resist the urge to attempt to structure the data too early, or to force the data to fit any conceptual frameworks already developed. The intention of the systematic review was to give me a robust focus for my empirical enquiry; but I must not let that focus uncritically dictate the findings of further research.

## Appendix I: Studies included in systematic review

- Studies recorded by genre and listed by publication year
- 'P' next to author's name denotes practitioner paper

### Stakeholder literature

| Author(s) | Title | Year | Location / industry | Context & focus | Participants | Summary |
|---|---|---|---|---|---|---|
| Miles, Robert | Managing the corporate social environment: a grounded theory | 1987 | USA Insurance | Industry with high exposure to external environment | 8 insurance companies | Found companies with institution-oriented belief systems were more likely to adopt a collaborative problem-solving approach and interact more with external stakeholders. |
| Nasi, Juha, Nasi, Salme, Phillips, Nelson, and Zyglidopoulos, Stelios | The evolution of corporate social responsiveness: an exploratory study of Finnish and Canadian forestry companies | 1997 | Canada, Finland Forestry | Firm response to social issues Power, managerial agency, and issue specifity as focus. | 4 forestry companies | Longitudinal study of the response to social issues by 4 forestry companies examined from 3 different theoretical standpoints (issues lifecycle, social legitimacy and stakeholder framework). |
| Waddock, Sandra A. and Graves, Samuel B. | Quality of management and quality of stakeholder relations: are they synonymous? | 1997 | USA Various | Considering CSP in terms of treatment of stakeholders | Firms on KLD Database | Examines link between management quality and quality of primary stakeholder relations. Finds perceived management qualities related to relations with owners, employees, customers, and, marginally communities. |
| Wheeler, David and Sillanpaa, Maria | Including the stakeholders: the business case | 1998 | Europe / US / Asia Generic | Instrumental arguments Stakeholder dialogue | Body Shop | Argues companies that adopt a stakeholder-inclusive approach are more likely to prosper and survive. Presents a model for stakeholder inclusion based on consultation and dialogue. |
| Abzug, R and Webb, NJ | Relationships between nonprofit and for-profit organizations: a stakeholder perspective | 1999 | Theoretical | Uses stakeholder perspective as a unifying theory, incorporating resource dependency, institutionalism, population ecology, social network theory. | N/A | Takes stakeholder groupings and recasts them in the nonprofit arena (trade unions, supplier trade bodies ,nonprofit consumer groups etc). Uses co-operation threat matrix to suggest management strategies. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Hearit, Keith Michael | Newsgroups, activist publics, and corporate apologia: the case of Intel and its Pentium chip | 1999 | USA Computing / high tech | Crisis management Impact of online activist groups | Intel Online activist groups | Internet and use of online newsgroups increased the speed by which latent publics are likely to become active ones and facilitated the rise of single issue groups who are principled rather than pragmatic. |
| Hallahan, Kirk | Inactive publics: the forgotten publics in public relations | 2000 | N/A – Theoretical | Stakeholder response strategies Instrumental stakeholder management | N/A | Groups stakeholders (or publics) according to their level of involvement and knowledge of an organisation. Suggest different ways to respond to the various groups. |
| Driscoll, Cathy and Crombie, Annie | Stakeholder legitimacy management and the qualified good neighbor: the case of Nova Nada and JDI | 2001 | Canada Forestry | Bi-lateral stakeholder relations Argued from stakeholder position | JDI (pulp & paper company Nova Nada, a retreat for monks | Concludes that a company can manage the legitimacy of a stakeholder and this ability is based on the interplay of broader legitimation contexts, local legitimation factors and company legitimating activities. |
| Winn, Monika I. | Building Stakeholder Theory With a Decision Modeling Methodology | 2001 | Canada Forestry | Descriptive stakeholder theory. Hierarchies of issues analysis applied to sustainability case | Forestry corporation management, shareholders and Greenpeace | Case study analysis methodology aimed at understanding firm-stakeholder relations and their contextual impact on firm actions and decisions. |
| Beierle, Thomas C | The Quality of Stakeholder Based Decisions | 2002 | USA Environmental decision-making | Cases from local, state and federal level. Problem solving as determinant of quality | Survey of 239 published case studies on environmental decision making | Found that stakeholders positively contributed to decision-making process, adding new information ideas and analysis. Concludes the more intensive stakeholder engagement processes are more likely to result in higher-quality decisions. |
| Andriof, Jorg and Waddock, Sandra | Unfolding stakeholder engagement | 2002 | N/A Theoretical | Uses CSR, social capital stakeholder and strategic relationship literature as framework for analysis of engagement | | Engagement is a process for managing social risk connecting with network stakeholders and building social capital. |
| Heugens, Pursey P M A R and van Oosterhout, Hans | The confines of stakeholder management: evidence from the Dutch manufacturing sector | 2002 | Netherlands Manufacturing | Contractual stakeholder theory Necessary failure of contractual relations | Procurement managers from 30 companies | Contracts between firm and stakeholders require 3 boundary conditions to work - the parties should be autonomous, their interests need to be alignable and they should be capable of living up to their commitments. |

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| Kaptein, Muel and Van Tulder, Rob | Toward effective stakeholder dialogue | 2003 | Europe Telecoms, chemicals, transport and financial services | Bilateral or multilateral stakeholder relations. Preconditions for effective dialogue | Focal organization | 4 cases demonstrating formal, proactive dialogue with a wide range of stakeholders, dialogue with a limited number of stakeholders to discuss an issue, reactive dialogue in response to adverse comment, and defensive dialogue with a pressure group over a single issue. |
| Welcomer, Stephanie A., Cochran, Philip L., Rands, Gordon, & Haggerty, Mark | Constructing a Web: Effects of Power and Social Responsiveness on Firm-Stakeholder Relationships | 2003 | USA Forestry – company-stakeholder relations | The power of the stakeholder to have influence over the firm  and the social responsiveness of the firm toward the stakeholder | 12 Firms 11 Stakeholder organisations | Hypothesises that stakeholder power and corporate social responsiveness affect stakeholder relations. Concludes that organisations work with stakeholders for both normative and instrumental reasons. |
| Kent, Michael L., Taylor, Maureen, and White, William J. | The relationship between Web site design and organizational responsiveness to stakeholders | 2003 | USA Nonprofit groups | Use of the web as a stakeholder dialogue channel | Activist environmental groups "Watchdog" groups | Responsive organizations are more likely to display dialogic principles in their website design which is evidence of organisational responsiveness to stakeholder information seeking behaviours. |
| Perret, Anthony (P) | BNFL National Stakeholder Dialogue: A case study in public affairs | 2003 | UK Nuclear fuel | Focal organisation's relationship with environmental groups | BNFL, environmental NGOs, Environment Council | Practitioner case study focusing on how BNFL opened up engagement with its stakeholder groups, notably the green NGOs. |
| Taylor, Maureen, Vasquez, Gabriel M., and Doorley, John | Merck and AIDS activists: engagement as a framework for extending issues management | 2003 | Theoretical | Publics viewed as resources on which organisation is dependant Social issues | Merck AIDS groups (for illustration only) | Argues adopting an engagement approach (focusing on relationships and ongoing dialogue between an organisation and its publics) provides an unifying framework for exploring issues management. |
| Johnson-Cramer, Michael E, Berman, Shawn, and Post, James E | Re-examining the concept of 'stakeholder management' | 2003 | Theoretical | One-to-one or one-to-many stakeholder relations Process of stakeholder management and content of the management | N/A | Identifies 4 aspects of stakeholder management based on the locus of action (within relationships or across relationships) and the quality of actions (procedural terms or substantive terms). |

| Author | Title | Year | Country/Context | Focus | Data | Findings |
|---|---|---|---|---|---|---|
| Bendell, Jem | Talking for change: reflections on effective stakeholder dialogue | 2003 | UK Business-NGO relations | Increase in dialogue initiatives Managerial understanding and actions 4 typologies | Examples of relationships by typology category | Provides guidelines for successful stakeholder dialogue based on managers understanding of why they are entering into the dialogue, a view that is shaped by their' understanding of CR drivers. |
| Bronn, Peggy and Bronn, Carl | A reflective stakeholder approach: co-orientation as a basis for communication and learning | 2003 | N/A Theoretical | Managerial sensemaking and cognition Stakeholder communication driven by issue | N/A | Model works by understanding mental model of the stakeholder or organisation. Has to be agreement of the issue by firm and stakeholder first. Model operationalised through the use of communication skills or reflection, inquiry, and advocacy. |
| Weber, James and Wasieleski, David | Managing corporate stakeholders: subjecting Miles's 1987 data-collection framework to tests of validation | 2003 | USA Health, manufacturing, utilities, transport, retail, financial | Focal organisation and one-to-one or one-to-many stakeholder relations | Public data on 300 companies | Replicates Miles's study in six industry sectors and concludes his framework for the determinants of managing stakeholders is valid. Identifies organisation size as an additional variable to the framework. |
| Wicks, Andrew and Berman, Shawn | The effects of trust in firm-stakeholder relationships: the institutional environment, trust creation and firm performance | 2004 | N/A – Theoretical | Instrumental stakeholder position Role of trust in stakeholder relations | N/A | Contends that the level of trust between a firm and its stakeholders is moderated by the context of that relationship. |
| Heugens, Pursey, Kaptein, Muel, and van Oosterhout, J. | Ties That Grind? Corroborating a Typology of Social Contracting Problems | 2004 | Netherlands Financial services | Contractual stakeholder theory Contracting problems | Managers from FS companies | Applies a contractualist perspective to firm-stakeholder relations and empirically tests a typology of 4 contracting problems in the context of the financial services industry. Study suggests limitations to the typology. |
| Mattingly, James E. | Stakeholder salience, structural development, and firm performance: structural and performance correlates of sociopolitical stakeholder management strategies | 2004 | USA Various | Assessing affect of firm-sociopolitical relations on firm financial and social performance | Firms on KLD database | Found firms tended to adopt cooperative relationships with sociopolitical stakeholders (government, community interest groups and trade unions and that this cooperativeness had little effect on financial performance but in some cases had positive effects on social performance. |

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| Wei-Skillern, Jane | The evolution of Shell's stakeholder approach: a case study | 2004 | UK Energy Sector | Stakeholder interaction development Managerial actions to develop stakeholder management strategy | Shell executives | Descriptive article looking at emergence of Shell's stakeholder management strategy and factors critical to implementing it. |
| Payne, Stephen L. and Calton, Jerry. M | Exploring Research Potentials and Applications for Multi-stakeholder Learning Dialogues | 2004 | N/A Theoretical | Interaction between organisations within a domain addressing social or environmental issues. | N/A | Discusses multi-stakeholder learning dialogues (MSLDs) which emphasise goals of dialogic learning and relationship building. Argues for more research into antecedents, processes and outcomes of MSLDs. |
| Friedman, Andrew and Miles, Samantha | Debate papers: stakeholder theory and communication practice | 2004 | Theoretical | Bilateral relations Stakeholder relationships as unit of analysis | N/A | Present model suggesting degree of compatibility between the firm and its stakeholder ,and the necessary or contingent nature of their relationship, could predict relationship outcome. |
| Preble, John F | Toward a Comprehensive Model of Stakeholder Management | 2005 | N/A – Theoretical | Identifying and managing stakeholders Managerial processes | Nike, Shell, McDonald's, BP cited as examples | Develops a 6 step process model for identifying and managing stakeholders. |
| Lozano, Josep M | Towards the relational corporation: from managing stakeholder relationships to building stakeholder relationships | 2005 | N/A – Theoretical | Stakeholder management Movement from dyadic management to network relations | N/A | Argues for reorientation of the stakeholder approach from an organisation-centred (where the world is viewed from inside out) to a network perspective, where the various actors see themselves and their practices from within a system of interdependence. |
| Stephens, Keri, Malone, Patty, and Bailey, Christine | Communicating with stakeholder during a crisis: evaluating message strategies | 2005 | USA / France Examples of various crisis types | Company responses to crises Communication strategies used | Firestone, Perrier, Amtrack, TWA, Johnson & Johnson | Set out to examine whether companies 'translated' technical information to stakeholders during a crisis. Found that different message strategies were used for different stakeholder groups. |
| Maurer, Marc and Sachs, Sybille | Implementing the stakeholder view: learning processes for a changed stakeholder orientation | 2005 | Europe Insurance, Oil & Telecoms | Organisational evolution Corporate attitudes to stakeholders | Swiss Re, Shell, Sunrise Telecoms | Develops a model linking events (the learning stimulus) with different types of organisational learning (moderated by external and internal selection forces) which leads to an organisation adapting or preserving its stakeholder orientation. |

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| Valand, Terje and Heide, Morten | Corporate Social Responsiveness: Exploring the Dynamics of "Bad Episodes" | 2005 | International Oil & Gas industry | CSR Crises – environmental, ethical, human rights issues<br>Management of crises | 3 x energy companies (secondary sources only) | Details 3 strategies for companies dealing with CSR crises. Crises moderated by drivers (media attention, stakeholder awareness) and CSR enablers (codes of conduct etc). |
| Deegan, Craig and Blomquist, Christopher | Stakeholder influence on corporate reporting: an exploration of the interaction between WWF-Australia and the Australian minerals industry | In press | Australia Mining / extraction | NGO pressure on corporate behaviour. Role of NGO in pushing for change | Australian mining corporations, Mineral council of Australia (regulator), WWF | Examines WWF's attempts to get the Australian mineral industry to change its code of conduct for reporting at a time when the industry's regulatory body was reviewing the code. |

## Cross-sector collaboration literature

| Author(s) | Title | Year | Location / industry | Context & focus | Participants | Summary |
|---|---|---|---|---|---|---|
| Waddock, Sandra | Building successful social partnerships | 1988 | USA<br>Job creation scheme | Collaboration between private and public or nonprofit organisations to tackle a social issue. | Local businesses, chamber of commerce, education establishments | Looks at the issues around the formation of cross-sector partnerships to tackle social problems |
| Waddock, Sandra | Understanding social partnerships: an evolutionary model of partnership organizations | 1989 | USA<br>Job training initiatives | Multilateral collaboration<br>Stages in partnership development and their differences to organisations | Private industry councils (PIC) made up of business leaders, govt agencies community groups etc. | Presents a 4-stage model of the evolutionary process of developing social partnerships - recognition of the partnership need, partnership initiation, establishment, and maturity. |
| Sharfman, Mark P, Gray, Barbara, and Yan, Almin | The context of interorganizatonal collaboration in the garment industry: an institutional perspective | 1991 | USA<br>Social partnership | Formation and operation of a multilateral cross-sector alliance | Garment manufacturers, local vocational training institution, nonprofit industrial development group | Argues collaborations are dynamic phenomena which are shaped by both institutional and competitive forces and alliances must coevolve with their environmental context |
| Waddock, Sandra A. and Bannister, Brendan D. | Correlates of Effectiveness and Partner Satisfaction in Social Partnerships | 1991 | USA<br>Social partnership to provide training | Multilateral collaboration<br>Govt agency brokers relations between educational institution and company | Local company, education provider and local government body | Examines effectiveness of social partnerships in terms of process and partner interaction. Analysis based on competing values model and 13 dimensions of organisation satisfaction with the partnership. |
| Waddock, Sandra | A typology of social partnership organizations | 1991 | USA<br>Local, state, and national social partnerships | Social partnerships = business and public organisations.<br>Dyadic & multilateral relations | GM and local college; Boston manufacturers & educators; US advertising agencies + anti-drugs groups | Identifies 2 key determinants of partnership type (degree of interdependence and organisational level where partnership issue is most salient). Uses these to develop three "ideal" types where there is congruence between these two determinants. |

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| Hood, Jacqueline N, Logsdon, Jeanne M, and Thompson, Judith Kenner | Collaboration for social problem-solving: A process model | 1993 | Theoretical Examples drawn from US education sector | Development of process model for social problem solving Inter-organisational, organizational and individual factors considered | N/A | Model incorporating problem characteristics, institutional context, and organizational characteristics. The model moves on to look at group interaction factors and outcomes at group, sub-group and personal level. |
| Hartman, Cathy and Stafford, Edwin | Green alliances: building new business with environmental groups | 1997 | UK & USA Various conservation projects | Green alliances (dyadic & multilateral) Typology and success factors | Various corporates and NGOs | Discusses concept of market-based environmentalism (i.e. market incentives that make ecology strategically attractive to businesses) and outlines various typologies of business-green alliances and factors that can affect their success. |
| Fowler, Penny and Heap, Simon (P) | Learning from the Marine Stewardship Council: A Business-NGO Partnership for Sustainable Marine Fisheries | 1998 | UK / Netherlands | Background to the creation of the sustainable fisheries initiative | WWF & Unilever | Discussion of drivers and factors in the formation of the WWF - Unilever sustainable fisheries alliance and implications for other NGO-business collaborations |
| Plante, Christopher S and Bendell, J | The art of collaboration: lessons from emerging environmental Business-NGO partnerships in Asia | 1998 | India Sustainability initiatives between businesses and NGOs | Bilateral collaboration from company perspective | Cases drawn from partnerships supported by the Asia Foundation which awards grants to cross-sector alliances | Outlines six recommendations for managers setting up sustainability-focused business-NGO partnerships based on a series of examples in Asia. Argues that good partnering establishes trust and reduces misunderstandings. |
| Schneidewind, Uwe and Petersen, Holger | Changing the rules: Business-NGO partnerships and structuration theory | 1998 | Germany NGO-business partnerships | Dyadic and multilateral partnerships in the sustainability arena Impact of partnerships on change in structures | Foron-Greenpeace alliance Various other company-NGO relations | Applies structuration theory to green NGO-business relationships arguing that this type of collaboration can increase the reflexivity of action, which affects norms of behaviour potentially leading to a restructuration. |
| Crane, Andrew | Culture clash and mediation: exploring the cultural dynamics of business-NGO collaboration | 1998 | UK Forestry partnership | Large multilateral collaborative effort Setting up and operation of the Plus Group, alliance between businesses and the WWF on sustainable forestry. | 75 businesses and WWF - Very diverse range of partners | Applies organisational culture perspective to business-NGO alliances, focusing on how those involved in the collaboration interpret and explain cultural distinctions at organisational sub-group and individual level. |

| Austin, JE | Strategic collaboration between nonprofits and businesses | 2000 | USA Various | Bi-lateral alliances between companies and non-profits focusing on social action issues (egg literacy, inner-city schools) | 15 profits and 15 nonprofit organisations | Examines varying levels of bi-lateral collaboration between corporates and non-profit groups and assesses the collaboration value to each party. |
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| Googins, Bradley and Rochlin, Steven | Creating the partnership society: understanding the rhetoric and reality of cross-sectoral partnerships | 2000 | USA Various | Benefits to business and nonprofits of collaboration | None – synthesis of literature | Critical success factors for creating cross-sector relations include clear definition of goals, senior level commitment frequent communication professionals to lead the work sharing commitment of resources and evaluating progress. |
| O'Regan, KM and Oster, SM | Nonprofit and for-profit partnerships: rationale and challenges of cross-sector contracting | 2000 | USA Higher education, welfare system | Contracting out of services Difficulties in collaborating across sectors | Private contractors, public bodies and nonprofit organization (YMCA) | Contractual and management problems that arise in cross sector contracting, particularly minimizing transaction costs and problems of opportunism and imperfect information. |
| Heap, Simon (P) | NGO-Business partnerships | 2000 | UK Various NGOs | Second part of survey from INTRAC looking at changing business-NGO relations | TNCS and BINGOs (Big international NGOs) | Practitioner survey of NGOs suggests increased partnerships with business and less antagonism in NGO-corporate relations. Reason put forward for change is the growing use of stakeholder dialogue, |
| Huxham, Chris and Vangen, Siv | Ambiguity, complexity and dynamics in the membership of collaboration | 2000 | UK Various social partnerships | Multilateral collaboration from organizational and individual perspective | Various - govt depts. and local interest groups, local businesses, education providers etc. | Collaborative structures need to be understood as ambiguous, complex and dynamic. Lack of clarity of membership contributes to collaborative inertia. |
| Faerman, Sue R., Mccaffrey, David P., and Slyke, David M. Van | Understanding Interorganizational Cooperation: Public-Private Collaboration in Regulating Financial Market Innovation | 2001 | USA Creation of Derivatives Policy Group | Based on analysis of factors from the collaboration literature, and the interaction between them | 6 financial services firms and 2 government agencies | Found predisposition to cooperation, issues and incentives, leadership, and number and variety of organisations involved, were pivotal in shaping the development and consequences of cross sector group. |

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| Juniper, Christopher and Moore, Maggie (P) | Synergies and Best Practices of Corporate Partnerships for Sustainability | 2002 | USA, UK Business-environmental alliances | Bilateral and multilateral collaboration Success factors for partnerships from corporate perspective | Corporations, conservationists, local & federal govt | Outlines 4 strategies corporations have adopted to develop sustainability partnerships with NGOs state bodies or other nonprofit organisations. |
| Walker, Catherine (P) | Philanthropy, social capital or strategic alliance? The involvement of senior UK business executives with the voluntary sector and implications for corporate fundraising. | 2002 | UK FTSE 350 companies | Personal involvement of senior execs with charities | Senior managers | Reports first UK survey of the personal involvement of senior executives with charities. Suggests business leaders are reluctant to talk about the corporate benefits of third sector involvement. |
| Williams, Paul | The Competent Boundary Spanner | 2002 | UK Public Sector | Skills perceived as necessary by boundary spanners | Local authorities and local health authorities | Highlights importance of building effective personal relationships and the ability to negotiate and broker solutions and reinforces the image of boundary spanner as network manager. |
| Mandell, Myrna P. and Steelman, Toddi A. | Understanding what can be accomplished through interorganizational innovations | 2003 | Theoretical | Bilateral and multilateral collaboration | n/a | Develops a typology of interorganisational collaborations based on functional characteristics and identifies a series of contextual factors which impact on workings of these collaborative efforts |
| Walter W Wymer Jr and Sridhar Samu | Dimensions of business and nonprofit collaborative relationships | 2003 | Mainly USA Dyadic business-nonprofit relations | Dyadic relations examined from business and nonprofit viewpoint | Secondary sources only Unilever-WWF alliance as example, Drug Free America initiative | Develops a typology of 7 business-nonprofit relationships based on commitment and risk, ranging from corporate philanthropy to joint ventures. |
| Yaziji, Michael | Turning Gadflies into Allies | 2004 | N America, Europe Business-NGO relations | Corporate competitive advantage Benefits to business of NGO collaboration | Various MNEs and NGOs | Looks at benefits to businesses in developing partnerships with NGOs. Outlines risks and downsides. |

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| Berger, Ida E., Cunningham, Peggy H., and Drumwright, Minette E. | Social Alliances: company/nonprofit collaboration | 2004 | USA 11 social alliances | Problems of alliances and ways to mitigate them | 26 organizations (10 profits / 11 nonprofits / 5 consulting firms). Alliance age ranging from 4 - 14 years | Identifies series of problems which can arise from social alliances and identifies how these can be mitigated by focusing on aspects of partner 'fit', and the structural characteristics of the alliance. |
| Millar, Carla, Choi, Chong Ju, and Chen, Stephen | Global strategic partnerships between MNEs and NGOs: drivers of change and ethical issues | 2004 | N/A Theoretical | Multinational focus, developing countries | Focus on MNEs & BINGOs | NGOs have a market as well as an institutional identity in the global business environment. In networked environment, MNEs and NGOs must recognise their interdependence and work with this if they are both to achieve their aims. |
| Argenti, Paul A. | Collaborating with Activists: how Starbucks works with NGOs | 2004 | USA Coffee retailer | From corporation's perspective. | Starbucks Global Exchange | Analysis of NGO-business relations based on Starbucks's experience of negotiating with an antagonistic group and its subsequent multi-lateral collaborate partnership with a different set of NGOs. |
| Polonsky, Michael J., Garma, Romana, and Chia, Norman | Australian environmental alliances from an environmental NGOs perspective | 2004 | Australia NGOs Mining | Perceived effectiveness of alliances | Green NGOs and alliance partners (govt and businesses) | Examines green NGO alliances (both cross sector and within sector). Found that perceptions of alliance effectiveness did not differ between cross-sector and within sector alliances which is inconsistent with the literature. |
| Parker, B and Selsky, J | Interface dynamics in cause-based partnerships: an exploration of emergent culture | 2004 | USA Business-nonprofit partnerships | Dyadic, or multilateral relations between profit organisation and nonprofit | Boeing and 2 local nonprofits; Restaurant and nonprofit; Exxon, Dow & NWF | Argues that the behavioural dynamics between boundary-spanning employees involved in a cause-based partnerships (CBPs) shape the culture of these CBPs. |
| Ahlstrom, Jenny and Sjostrom, Emma | CSOs and business partnerships: strategies for interaction | 2005 | Sweden Voluntary Sector | Typology of cross sector interactions from NGO perspective | 10 International NGOs operating in Sweden | Examines drivers of NGO interaction with commercial organizations and develops typology of 4 interaction strategies |

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| Selsky, John W and Parker, Barbara | Cross-sector partnerships to address social issues: challenges to theory and practice | 2005 | N/A – Theoretical | Literature review on project based partnerships to address social issues | N/A | Identifies research platform into CSSP as based on resource dependence, social issues or what they have termed the societal sector platform. Analyses literature along accepted process of formation implementation outcome. |
| Crosby, Barbara and Bryson, John | A leadership framework for cross-sector collaboration. | 2005 | USA Social project | Multilateral collaboration / social partnerships | Actors involved in creation of racial inequality project in Minnesota | Framework for management of successful social partnerships based on power-sharing, consultation effective handling of response development and exhibition of eight leadership traits. |
| London, T, Rondinelli, D, and O'Neill, H. | Strange bedfellows: alliances between corporations and nonprofits. | 2005 | N/A Theoretical | Threat driven v. opportunity driven alliances Analysis from corporate perspective | Uses examples from authors' previous studies | Puts forward 3 stage model (rationale, formation, performance) and identifies key issues for each stage. Implications for difference threat driven and opportunity driven alliances. |

## Innovation literature

| Author(s) | Title | Year | Location / industry | Context & focus | Participants | Summary |
|---|---|---|---|---|---|---|
| Von Hippel, Eric | Has a customer already developed your next product? | 1977 | USA Electronics Industrial products | Collecting product need and design information from external sources | R&D, product development managers | Found in 26% of cases, firms did not ask for data that was available to them to help develop products. Argues for need to establish relationship with users and structure internally to allow information to flow. |
| Von Hippel, Eric | New product ideas from lead users | 1989 | USA High tech engineering | Collecting and using need data from lead users | Engineers & designers | Suggests benefits of using lead user information and outlines 4 steps to ensure data is captured: identify trends, identify lead users, collect and analyse lead user data, test value of data |
| Conway, Steve | Informal boundary-spanning communication in the innovation process: an empirical study | 1995 | UK Various | Role of external information sourced informally in innovation process | Project managers Winners of Queen's Award or Design Award | Examines the importance of informal communication with external actors in creating an innovative product. Found 2/3s of projects examined benefited. |
| Goes, James B. & Park, Seung Ho | Interorganizational links and innovation: the case of hospital services | 1997 | USA Hospitals | Service innovations in hospitals | 388 acute care hospitals | Found service innovations were more likely in organisations that develop organisational links (structural and institutional). |
| Koberg, Christine S., Detienne, Dawn R., and Heppard, Kurt A. | An empirical test of environmental, organizational, and process factors affecting incremental and radical innovation | 2000 | USA Aerospace, electronics, and telecoms | Determinants of innovation CEO perceptions of factors (environmental & organizational) | CEOS | Looks at series of factors that influence the degree of incremental or radical innovation in a company. Incremental innovations reported more frequently than radical innovations. |
| Korsching, Peter F., El-Ghamrini, Sami, and Peter, Gregory | Rural telephone companies: offering technology innovations to enhance the economic development of communities | 2001 | USA Telecommunications in rural areas | Innovation and company's participation in community Determinants of innovation | Rural telephony managers in Iowa | Looks at why some rural telephone companies offer greater levels of service than others. Key determinant of innovative behaviour is degree to which the organization is an integral part of and contributes to the social capital of the community. |

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| Howell, Jane M. and Shea, Christine M. | Individual differences, environmental scanning, innovation framing, and champion behavior: key predictors of project performance | 2001 | USA Manufacturing firms involved in new product design | Managerial focus | Project champions, team members top management | Examines relationships between breadth of interest, environmental scanning, innovation framing and champion behaviour. Found breadth of interest positively related to environmental scanning and internal locus of control positively related to framing innovation as an opportunity. |
| Linder, Jane C, Jarvenpaa, Sirkka, and Davenport, Thomas | Toward an innovation sourcing strategy | 2003 | USA, Europe, Asia Various industries | Use of external innovation sourcing channels and management of external innovation sources | Executives with responsibility for some facet of innovation | External innovation should be sourced according to a deliberate strategy rather than on an ad-hoc, transactional basis to enable a firm to manage the risks and realise the benefits |
| Ritter, Thomas and Gemunden, Hans Georg | Network competence: its impact on innovation success and its antecedents | 2003 | Germany Mechanical and electrical engineering | Network theory Individual actions and organizational processes | CEO, head of R&D, or person responsible for organizational innovation | Argues the importance of a firm's ability to initiate, handle and use a portfolio of interorganisational relationships as this 'network competence' is a significant factor in successful innovation. |
| Segelod, Esbjorn and Jordan, Gary | The use and importance of external sources of knowledge in the software development process | 2004 | Europe, N America Software industry | External actors in software development and importance ascribed to them by managers | Project managers of software development projects | Finds information from market-oriented external sources (customers, suppliers affiliated companies) are identified by project managers as being key to software development projects. |
| Schibbye, Thomas and Verreynne, Martie-Louise | Where and how do innovative firms find new business opportunities? An exploratory study of New Zealand firms | 2005 | New Zealand Innovative organisations | Sources grouped as macro-environmental, industry & firm level, and cross over | Managers from 8 innovative firms | Identifies 20 sources of new business opportunities that firms can examine to find ideas. Study found innovative firms use wide range of sources in search for new ideas. |
| Fey, Carl and Birkinshaw, Julian | External sources of Knowledge, Governance Mode, and R&D Performance | 2005 | UK & Sweden R&D intensive firms | External relations and knowledge flows | R&D directors | How a firm structures its external relationships has implications for the knowledge flows across the firm boundary which in turn impacts the use of external information for R&D knowledge which affects R&D performance. |

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| Faems, D, Van Looy, B, and Debackere, K | Interorganizational collaboration and innovation: toward a portfolio approach | 2005 | Belgium Manufacturing | Role of external collaboration Link between collaboration partners and innovation type | R&D managers | Different collaboration partners are likely to produce different types of innovation outcomes. Exploitative-oriented collaboration projects will produce improvements to existing innovations, while explorative collaborations are more likely to lead to new products. |
| Howell, Jane M. | The right stuff: identifying and developing effective champions of innovation. | 2005 | USA Technology firms | Managerial focus. Attributes of behaviour | Project champions, team members and executives | Identifies how effective champions identify potential innovations and how they promote them to gain the support needed for realisation. |
| Laursen, Keld and Salter, Ammon | Open for innovation: the role of openness in explaining innovation performance among UK manufacturing firms | 2006 | UK Various sectors | Evolutionary economics perspective | Various – data from UK innovation survey | Considers breadth and depth of firms' external search for new ideas and link these to innovative performance. Find firms who search widely and deeply tend to be more innovative, but that benefits of open searching are subject to diminishing returns. |
| Montalvo, Carlos | What triggers change and innovation? | 2006 | USA Plastics, metal and electronics. | Development of cleaner technological processes Managerial perceptions and influence on innovation Behavioural model development | CEOs or COOs | Presents a behavioural model to explain and predict the propensity of a firm to engage in innovative activities based on cognitive, motivational and instrumental aspects that may affect the firm's behaviour. |

## Cross over literature – stakeholder/cross-sector collaboration

| Author(s) | Title | Year | Location / industry | Context & focus | Participants | Summary |
|---|---|---|---|---|---|---|
| Harrison, Jeffrey, and St. John, Caron | Managing and partnering with external stakeholders | 1995 | Theoretical | Includes normative as well as instrumental arguments. Stakeholder relations driven by strategy and stakeholder power | Examples given of community involvement, activist collaboration | Suggests firms should form partnerships with strategically important stakeholders and use traditional stakeholder management techniques for others. |
| Westley, Frances and Vredenburg, Harrie | Strategic bridging: collaboration between environmentalists and business in the marketing of green products | 1991 | Canada Corporate-nonprofit relations | Sustainability as problem domain. Relationship between grocery chain and environmental group and conflict with Greenpeace | Loblaws, Pollution Probe, Greenpeace | Discuss concept of strategic bridging as particular form of collaboration which involves a third party negotiating bilaterally with key stakeholders and engage in the incremental creation of a negotiated order. |
| Hardy, Cynthia and Phillips, Nelson | Strategies of engagement: lessons from the critical examination of collaboration and conflict in an interorganizational domain | 1998 | UK Refugee system | Multi-lateral collaboration in inter-organizational domain Strategies of engagement in that domain | UK Government 4 x NGOs working for refugees | Analyse collaboration in terms of who has formal authority who has the key to resources and who is able to discursively manage legitimacy. |
| Clarke S and Roome N | Sustainable business: learning-action networks as organizational assets | 1999 | Canada Energy | Energy company introducing more sustainable practices in response to demands Learning networks | Energy company managers, environmental specialists | Examines the relationship between strategic planning, response to environmental issues and learning from stakeholder networks. |
| Stafford, E , Polonsky, M, and Hartman, C | Environmental NGO-business collaboration and strategic bridging: a case analysis of the Greenpeace-Foron alliance | 2000 | Europe Environmental NGO-business collaboration | Introduction of CFC-free refrigerator. Role of strategic bridger in restoring balance of power & trust | Foron (fridge maker) Greenpeace | Looks at the role of strategic bridging, where one party links diverse constituencies to address some problem domain. |
| Wootliff, Jonathan and Deri, Christopher | NGOs: the new super brands | 2001 | USA, Australia, Europe | Reputational risk | Voters | Survey of voters in USA, Europe and Australia found NGOs were more trusted than government corporations or the media. Outlines ways for companies to foster links with NGOs and enhance their reputation. |

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|---|---|---|---|---|---|---|
| Lawrence, AT | The drivers of stakeholder engagement: reflections on the case of Royal Dutch Shell | 2002 | Nigeria, Europe Energy | Engagement synonymous with collaboration<br><br>Looks at relationship from both company and NGO viewpoint | Shell<br>NGOs (Amnesty, Pax Christi) | Identifies successful engagement as based on motivation by both company and stakeholder group, goals that can only be achieved with the participation of the other party, and the organisational capacity to engage with each other. |
| Heugens, Pursey Van Den Bosch, Frans A. J., and Van Riel, Cees B. | Stakeholder Integration: Building Mutually Enforcing Relationships. | 2002 | Netherlands Food sector | The food industry's response to the issue of genetically modified food | Food industry firms, government, consumer groups and the media | Develops typology of four stakeholder integration mechanisms based on the mode of integration (structural adaptation v. informal interaction) and the form of relationship (dyadic v. multilateral). |
| Bliss, Tamara | Citizen advocacy groups: corporate friend or foe? | 2002 | USA<br>Various company / nonprofit relations | Focus on advocacy group rather than organisation | Drawn from data on 100 issue campaigns | Identifies six types of issue campaigns run by advocacy (or pressure) group to press for change. Notes that there are growing examples of collaborative campaigns, as opposed to the traditional adversarial campaigns. |
| Rondinelli, Denis A and London, Ted | Stakeholder and corporate responsibilities in cross-sectoral environmental collaborations | 2002 | Primarily USA Dyadic relations between business and 'green' NGOs | Firm and NGO responsibilities to the partnership | Managers involved in the collaborative effort | Effective NGO-business collaborations where the primary benefit flows to the corporate partner, rest on each partner's ability to create mutual value through learning from each other and establish legitimacy for the venture, and develop trust. |
| Cohen, Jonathan | State of the union: NGO-business partnership stakeholders | 2003 | Global NGO-business partnerships | Focus on NGO and business goals by partnership stage | Various social and environmental partnerships | Partnerships examined along project lifecycle and success dimensions (expressed in terms of people, goals and capacity building). Balancing partner goals was viewed as greatest challenge. Trust identified as additional characteristic of partnership success. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Robbins, Julia (P) | Stakeholders and conflict management: corporate perspectives on collaborative approaches | 2003 | Canada Natural resources | Sustainability issues Bilateral or multilateral relations | Executives from 20 companies | Once companies experience a successful collaborative experience they prefer to use collaboration as a first tactic when faced with other controversies and conflicts. |
| Heugens, Pursey | Capability building through adversarial relationships: a replication and extension of Clarke and Roome (1999) | 2003 | Netherlands Food production | Sustainability / environmental management Learning through stakeholder networks | Unilever managers, Consumer groups NGOs Media | Examines how adversarial relationships (as opposed to cooperative ones) in a stakeholder network impact on capability development. |
| Butterfield, Kenneth, Reed, Richard, and Lemak, David | An inductive model of collaboration from the stakeholder's perspective | 2004 | USA Cleanup of US Nuclear Weapons sites | Multilateral stakeholder collaboration | Public sector bodies, Community groups Private companies | Develops descriptive model (based on Gray &Wood's collaboration model) for understanding collaboration between stakeholders when dealing with a focal organization. |
| Salk, Jane E. and Arya, Bindu | Social Performance Learning in Multinational Corporations: Multicultural Teams, their Social Capital and Use of Cross-Sector Alliances | 2005 | Global MNC – nonprofit relations | Use of social capital and team work strategies Internal skills needed to benefit from cross sector alliances | Starbucks and Conservation International in Mexico used as example | Examines how cross sector alliances can provide MNCs with learning opportunities within a CSR orientation. |
| LaFrance, Julie and Lehmann, Martin | Corporate awakening - why (some) corporations embrace public-private partnerships | 2005 | Myanmar Oil | Collaboration viewed in terms of stakeholder needs | Total Oil Burmese Govt NGOs Community groups | Looking at what motivates corporations to enter into partnerships with public sector bodies from a legitimacy perspective and a stakeholder perspective, placing the corporation within a network of stakeholders |
| Svendsen, Ann C. and Laberge, Myriam | Convening Stakeholder Networks. | 2005 | Canada Various | Focal organisation and its networked stakeholders. Multilateral stakeholder collaboration to address social issues | Glaxo + hospices Forestry co + green pressure groups Nike + cotton farming green groups | Argues for shift from traditional (bilateral) stakeholder management to multilateral networked stakeholder relationships and outlines differences between approaches in terms of organisational thinking, behaviour and stakeholder engagement processes. |

## Cross over literature – innovation/stakeholder and innovation/collaboration

| Author(s) | Title | Year | Location / industry | Context & focus | Participants | Summary |
|---|---|---|---|---|---|---|
| Sharma, Sanjay and Vredenburg, Harrie | Proactive corporate environmental strategy and the development of valuable organizational capabilities | 1998 | Canada Oil & Gas | Type of stakeholder relationship and effects of that relationship | Senior & middle managers | Found link between environmental strategies adopted by oil and gas firms and the development of distinct organisational capabilities and competitive benefits. |
| Polonsky, M and Ottman, J | Stakeholders' contribution to the green new product development process | 1998 | Australia, USA Varied industries | Instrumental stakeholder approach. Working with stakeholders. | Marketers | Considers 2 groups of marketing managers and asks them their perceptions of various stakeholder groups in terms of the power they hold, their likelihood to cooperate and the indirect influence they wield in relation to developing new products. |
| Sabapathy, John (P) | Community enabled innovation | 2003 | UK / USA Various Business – community relations | Bilateral engagement with communities Benefits to organisations | Insurance, technology, retail, communication firms | Argues that engagement with local communities can enable business innovation when the engagement is geared towards generating new insights into companies' interaction with society. |
| Hart, Stuart and Sharma, Sanjay | Engaging fringe stakeholders for competitive imagination | 2004 | N/A Conceptual | Networked world and voluble NGOs Knowledge transfer from fringe stakeholders | Examples drawn from Monsanto & corporate initiatives in India | Looks at the process and benefits of engaging stakeholders at the very edge of an organisation's operations and how their knowledge can be used to help the company succeed and survive. |
| Smith, Anne M. and Fischbacher, Moira | New service development: a stakeholder perspective | 2005 | UK Financial services, healthcare | New service provision (project based) in context of stakeholder management | Stakeholders of the service development | New services, as provided to customers are an amalgam of stakeholder interests which are expressed within a series of relationships and bargaining processes and filtered through permanent or temporary coordinating structures. Managers select stakeholder groups for involvement in NSD by their salience centrality to the process and power to influence the final service design. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Sharma, Sanjay | Stakeholder engagement for organizational innovation | 2005 | N/A Theoretical | Focuses on stakeholder engagement capability, managerial interpretation and altered knowledge capability in respect to sustainability issues | N/A | Examines the organisational capabilities that enable a firm to channel the external knowledge flows created by stakeholder engagement into sustainable organisational innovation. |
| Kanter, RM | From spare change to real change: the social sector as beta site for business innovation | 1999 | USA Corporate-community partnerships | Business benefits of corporate-community relations | Bell Atlantic, IBM Marriott, Bank Boston, United Airlines | Focuses on corporate social innovation where companies can assist communities and develop new ideas at the same time. |
| Kong, Nancy , Salzmann, Oliver, Steger, Ulrich, and Ionescu-Somers, Aileen | Moving business/industry toward sustainable consumption: the role of NGOs | 2002 | Asia, US, Europe Environmental NGOs and various corporates | Bilateral collaborations for innovative solutions to 'green' issues | Various environmental groups, Johnson & Johnson and Unilever, local housing organisations | Looks at business-NGO partnership initiatives to increase sustainable household consumption via greening the supply of products of services |
| Hattori, Ruth Ann and Lapidus, Todd (P) | Collaboration, trust and innovative change | 2004 | USA Food producer | Bilateral interfirm relations Antecedent of innovative outcome of collaboration | Tropicana and logistics company | Argues trust is critical precondition for collaborative innovation. Develops organisational relationship matrix with state of trust between parties against potential outcomes of the relationship. |

## Appendix II: excluded articles

| Author(s) | Title | Year | Reason for exclusion |
|---|---|---|---|
| Austin, James | Marketing's role in cross-sector collaboration | 2003 | Does not extend relevance of ideas from his 2000 article |
| Bunn, Michele, Savage, Grant, & Holloway, Betsy | Stakeholder analysis for multisector innovations | 2002 | Application of stakeholder framework to industry setting |
| Clement, Ronald | The lessons from stakeholder theory for US business leaders | 2005 | Generic discussion of stakeholder concept / framework |
| Cooper, Stuart Martin | Stakeholder communication and the internet in UK electricity companies | 2003 | Quality concerns – sampling |
| Dewhurst, Sue & Fitzpatrick, Liam | Turning stakeholders into advocates | 2005 | Quality concerns – lack of theory |
| Downey, Peter R | The essential stakeholder dialogue | 2002 | Application of stakeholder framework to industry setting |
| Elias AA, Cavana R, & Jackson, L | Stakeholder analysis for R&D project management | 2002 | Application of stakeholder framework to industry setting |
| Fletcher, Anne, Guthrie, James & Steane, Peter | Mapping stakeholder perceptions for a third sector organization | 2003 | Application of stakeholder framework to industry setting |
| Franke, Nikolaus & Shah, Sonali | How communities support innovative activities: an exploration of assistance and sharing among end users | 2003 | Innovation development within user communities |
| Goodijk, Rienk | Partnership at corporate level: the meaning of the stakeholder model | 2003 | Generic discussion of stakeholder concept / framework |
| Heung-Fu, Dennis, & Sankaran, Shankar | An effective project management-based application model for sustainable urban renewal in Hong Kong | 2004 | Application of stakeholder framework to industry setting |
| Henderson, Hazel | Social innovation and citizen movements | 1993 | Societal level discussion |
| Hillman, Amy & Keim, Gerald | Shareholder value, stakeholder management and social issues: what's the bottom line | 2001 | Generic discussion of stakeholder concept / framework |
| Isset, Kimberley & Provan, Keith | The evolution of dyadic interorganizational relationships in publicly funded nonprofit agencies | 2005 | Not concerned with cross-sector collaboration |
| Jallat, Frederic & Wood, Elliot | Exploring deep & wide stakeholder relations in service activity | 2005 | Application of stakeholder framework to industry setting |
| Maignan, Isabelle | Stakeholder orientation: integrating marketing and stakeholder management | 2004 | Conference paper – could not locate |
| McAdam, Rodney & McClelland, John | Sources of new product ideas and creativity practices in the UK textile industry | 2002 | Quality concerns - sampling |
| McVea, John & Freeman, R E | A names-and-faces approach to stakeholder management | 2005 | Generic discussion of stakeholder framework |
| Meyer, Carrie | Public-nonprofit partnerships in North-South green finance | 1997 | Not concerned with cross-sector collaboration |
| Nelson, Paul, Phillip, Tracey & Haugh, Helen | Beyond philanthropy: community enterprise as a basis for corporate citizenship | 2005 | Journal article – could not locate |

| O'Conner, Gina & McDermott, Christopher | The human side of radical innovation | 2004 | Focuses on intra-firm capabilities only |
|---|---|---|---|
| Olden, Peter | Hospital and community health: going from stakeholder management to stakeholder collaboration | 2003 | Application of stakeholder framework to industry setting |
| Presas, Teresa | Interdependence & partnership: building blocks for sustainable development | 2001 | Societal level discussion |
| Preston, Lee & Donaldson, Thomas | Stakeholder management & organizational wealth | 1999 | Generic discussion of stakeholder concept /framework |
| Raman, S Raghu | Managing secondary stakeholders: lessons form the Monsanto case study | 2004 | Quality concerns – lack of rigorous analysis |
| Ronde, Patrick & Hussler, Caroline | Innovation in regions: what does really matter | 2005 | Regional focus, not firm level discussions |
| Sautter, Elise & Leisen, Brigit | Managing stakeholders: a tourism planning model | 1999 | Application of stakeholder framework to industry setting |
| Conti, Tito | Stakeholder-based strategies to enhance corporate performance | 2002 | Conference paper - could not locate |
| Ulmer, Robert | Effective crisis management through established stakeholder relationships | 2001 | Quality concerns – lack of theory |
| Van Marrewijk, Marcel | A value-based approach to organization types: towards a coherent set of stakeholder-oriented tools | 2004 | Generic discussion of stakeholder concept / framework |
| Van de Ven, Andrew | A community perspective on the emergence of innovation | 1993 | Societal level discussion |
| Welcomer, Stephanie | Firm-stakeholder networks (Dissertation abstract) | 2002 | Duplicate of author's ideas from 2003 paper reviewed |
| Wolfe, Richard & Putler, Daniel | How tight are the ties that bind stakeholder groups? | 2002 | Generic discussion of stakeholder concept / framework |

# Project 2: First empirical research study, July 2007

*"Emergent innovations from dyadic voluntary engagement between firms and nonprofits: developing an explanatory framework"*

## Abstract
This paper presents the findings of a qualitative study into voluntary dyadic partnerships between companies and nonprofits which have resulted in an innovation for the corporate partner. Seven company-nonprofit dyads were studied and the resulting data analysed from the company's perspective.

The research identified six relationship factors which facilitate innovation generation from the collaboration. These factors also appear to be positively linked to any expansion in the scope of collaborative activities undertaken by the partnership as it develops. Key attributes identified include the role of the company boundary spanner in implementing outcomes of the collaboration, or facilitating access by the nonprofit to relevant areas of the business where they can be implemented; and the company's focus on creating a tangible demonstration of its social responsiveness from the relationship.

The study found that companies whose main motivation to engage with a nonprofit is the legitimacy this association can bring, are involved in a collaboration which is highly relevant to the company's main business and this, in turn, results in an innovation which has a direct impact on the company's core operations. By contrast, engagements driven by other corporate motivations, such as employee volunteering opportunities, were found to have limited direct relevance to the company's main business and result in an innovation which has limited significance.

# 1. Introduction

This study addresses the question: *under what conditions do firms generate innovations through dyadic voluntary engagement with nonprofit organisations*?  UK companies involved in collaborative relationships with charities and community groups are keen to demonstrate the value these alliances deliver the company, as well as highlighting the benefits the nonprofit sees as a result of the collaboration, and this can be seen in the increasing number of Corporate Responsibility reports produced by corporations.  However, to date, there has been little research into how the creation and operation of these alliances can assist corporate innovation.

This report presents the findings of an exploratory study into voluntary dyadic collaboration between companies and nonprofits which has resulted in an innovation for the corporate partner. Seven corporate-nonprofit dyads were studied, with the aim of identifying patterns in these relationships that can be used to develop an explanatory model, linking engagement motivation, engagement characteristics and innovation outcome from the engagement.

This initial section presents the conclusions from an earlier literature review on cross-sector collaboration and stakeholder engagement, which provided a framework for focusing the empirical research, and moves on to discuss the project aims and scope in greater detail in Section 2.  The philosophical approach underpinning the study is described in Section 3, which informed the research methods presented in Section 4.  Case comparison data are presented in Section 5, considering similarities and differences in attributes of the seven relationships, and these findings are synthesized in the following section.  Finally, in Section 7, the implications of the study with respect to the literature are discussed, the limitations of the study are outlined, and suggestions are made for further research.  Some personal reflections on the process have also been included in the final section.

## 1.1 Overview of the research topic

The number of UK companies reporting their involvement with voluntary organisations has been growing steadily and community involvement is a recognised plank of a company's corporate responsibility strategy.  Societal and mimetic isomorphic pressure on firms to position themselves as responsible corporate citizens have been identified as a key driver of the increase in collaborative relationships between corporations and nonprofit organisations and their expected continued growth (Berger, Cunningham & Drumwright, 2004; Rondinelli & London, 2003).   A recent review of the extant literature found that the formation and operation of these cross-sector alliances have been widely discussed (eg Hood, Logsdon & Thompson, 1993; Selsky & Parker, 2005; Wood & Gray, 1991) with outcomes from such collaborations being framed in terms of organisational learning, corporate legitimacy, or social problem solving.  Other authors have noted how developing proactive relations with stakeholders can have a positive impact on firm innovation (Sharma, 2004; Sharma & Vredenburg, 1998), but, with the notable exception of Austin (2000) who identifies conditions for value-creation in cross-sector dyads, none of the literature reviewed gives consideration to specific factors which can foster (or impede) firm innovation from dyadic engagement or collaboration with a nonprofit organisation.

A diagrammatic representation of the research topic is given in Figure 1.1 below. It is assumed companies have two main motivations for engaging with a nonprofit organisation[17] which are in keeping with distinctions in the literature. The first assumes that a firm develops a voluntary association with a nonprofit organisation: this community involvement is part of a corporation's discretionary responsibility (Caroll, 1979) or philanthropic responsibility (Caroll, 1989). The second motivation assumes firms are required to develop an association with a nonprofit in response to a particular social issue due to stakeholder pressure and / or reputational concerns (eg Heugens, 2002; Mahon & Waddock, 1992), and such involuntary engagement is the focus of the issues management literature (see, for example, Greening & Gray, 1994; Wartick & Rude, 1986).
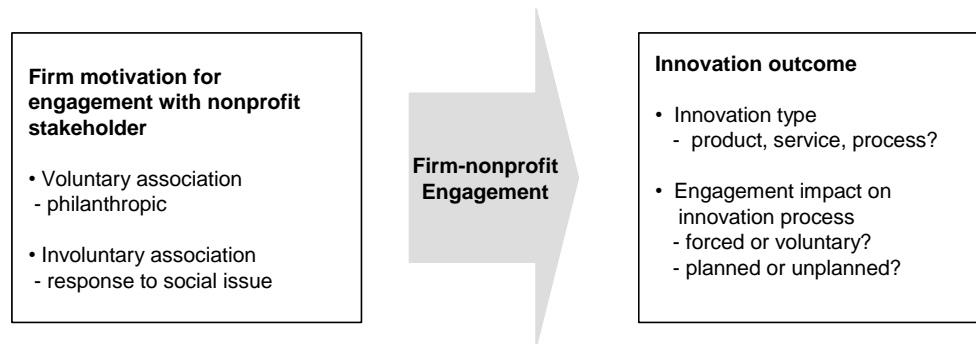
**Firm motivation for engagement with nonprofit stakeholder**

• Voluntary association
  - philanthropic

• Involuntary association
  - response to social issue

**Firm-nonprofit Engagement**

**Innovation outcome**

• Innovation type
  - product, service, process?

• Engagement impact on innovation process
  - forced or voluntary?
  - planned or unplanned?

*Figure 1.1: schematic of research interest*

The resulting engagement with the nonprofit organisation leads to an innovation outcome for the firm. This can be categorised as a product, service, or process innovation. The innovation will have been shaped by the engagement: a change may be forced on the company through nonprofit activism, or it could be adopted voluntarily. Similarly, the innovative benefit may have been identified at the outset of the engagement, or it may be an unplanned bi-product of the collaboration.

Using this framework, it can intuitively be anticipated that a voluntary association with a nonprofit organisation, driven by philanthropic intent will result in a voluntary innovation which is likely to be unplanned, as the emphasis of the relationship for the company is on 'doing good'; and 'doing well' out the alliance is of incidental benefit. By contrast, an involuntary association with a nonprofit, driven by the need to react to a social issue, could be expected to result in a forced innovation for the company. Once again, this innovation is unlikely to be planned.

The intention of this research is to replace the intuitive assumptions surrounding the voluntary association between a firm and a nonprofit with a better understanding of the relationship that exists (if any) between the firm's engagement motivation, characteristics of the engagement and the innovation outcome.

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[17] The philanthropic / social issue distinction was challenged by participants at the 2006 EABIS conference as being too value-laden. However, within the practitioner field, I believe this distinction is more useful than the neutral voluntary / involuntary alternative and I plan to gauge responses at further conferences before finalising firm motivation terminology.

## 1.2 Outcome of the literature review

To inform the research interest, literature focused on stakeholder engagement, cross-sector collaboration, and innovation sources was reviewed using a systematic approach (Tranfield, Denyer & Smart, 2003). The resulting model shown in Figure 1.2 synthesizes concepts that appear most likely to moderate innovation from nonprofit engagement. These fall into two categories: the inter-organisational context – manifested through the firm-nonprofit engagement – and the intra-firm context.
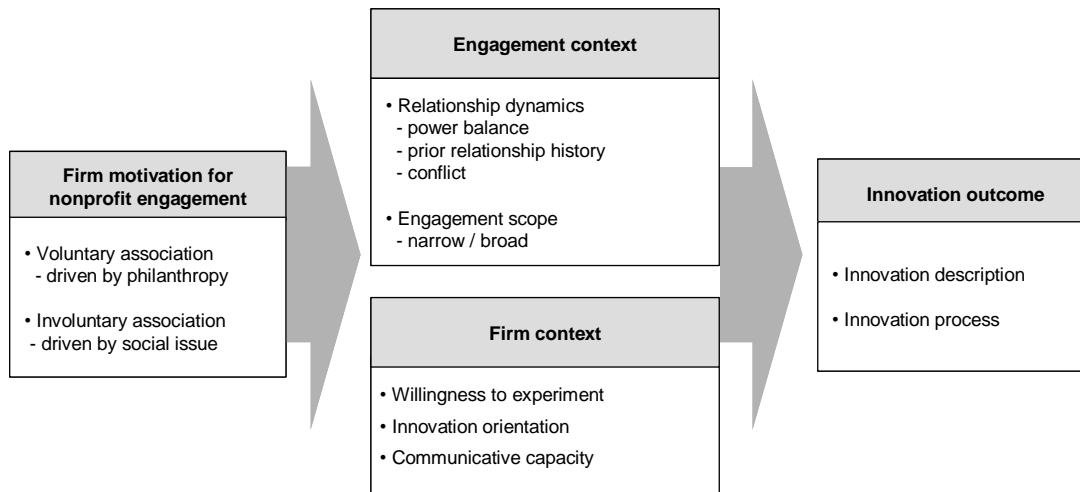
**Firm motivation for nonprofit engagement**

• Voluntary association
 - driven by philanthropy

• Involuntary association
 - driven by social issue

**Engagement context**

• Relationship dynamics
 - power balance
 - prior relationship history
 - conflict

• Engagement scope
 - narrow / broad

**Firm context**

• Willingness to experiment
• Innovation orientation
• Communicative capacity

**Innovation outcome**

• Innovation description

• Innovation process

*Figure 1.2: research framework suggested by literature review*

*Engagement context*

The engagement context is considered in terms of the relationship between the parties, and the focus of their collaboration. Three aspects of firm-stakeholder relations are assumed to affect the outcome: prior relationship history, the relative power of the parties, and the degree of antagonism between them.

Austin (2000) demonstrated how benefits of collaboration increased as the intensity of engagement increased, which happened over a period of time. As the partners got to know each other and worked more closely together, more value was created through resource transfer and core competencies exchange (Austin, 2000). Thus the increased knowledge flows and new perspectives obtained from increasing cooperation would be a positive impact on an innovation outcome. Additionally, firms get better at generating knowledge from engagement as they gain more experience in interorganisational relationships (Dyer & Singh, 1998). This would suggest that the more relationships companies have and the more integrative those relationships, the more likely that learning and innovation will result.

Authors suggest that power imbalances can have an adverse affect on innovative outcomes as partners who perceive they have no power will not contribute to the relationship (Waddock & Bannister, 1991) and compliant relationships, where one party is dependent on the other, will produce limited innovations (Hardy & Phillips, 1998). Stakeholder engagement studies have illustrated that conflict-based relationships can produce innovative solutions (Hardy & Phillips,

1998), although antagonism in stakeholder-firm relations can also have a negative impact as managers are less likely to frame the engagement in positive terms (Sharma, 2004), reducing the likelihood of identifying innovations from the engagement.

Finally, the scope of the engagement is assumed to impact the innovative outcome. Its focus may be a narrow, discrete project or an open ended, multifaceted initiative (Mandell & Steelman, 2003; Waddock,1991). The suggestion being that the former is more likely to lead to an incremental, planned innovation, while the latter has the potential to produce more radical, unexpected change.


*Firm Context*

The framework assumes that the capacity of the focal organisation to identify an innovation opportunity through nonprofit engagement, will be influenced by three intra-firm factors. Firstly, the willingness of the organisation to experiment; secondly, the innovation orientation of its managers, and thirdly by its communicative capacity. Openness to new ideas is widely identified as a critical component of innovation (Fey & Birkinshaw, 2005; Howell & Shea, 2001; Sharma & Vredenburg, 1998). It is assumed this is manifested through the focal organisation's willingness to respond to the changing aims and expectations of the developing engagement (Waddock, 1988), and its ability to learn from the relationship and experiment with the findings (Wei-Skillern, 2004).

While a willingness to experiment has been identified as a factor in how firms assimilate external information (Koberg et al, 2000), managerial perceptions of the knowledge generated by the engagement is also key to any innovative outcome, depending on whether managers interpret the knowledge as an innovation opportunity or as a threat (Howell & Shea, 2001). This may depend, in part, on the perceived social or organisational norm to engage in innovation, characterised as the firm's innovation orientation (Montalvo, 2006) and nonprofit groups may not be viewed as legitimate sources of innovation (Van de Ven 1986). Many business managers claim to interact with nonprofit groups as a means of "putting something back" into the community (Walker, 2002). Kanter (1999) argues for a change in perspective for organisations to view charities as sources of innovation rather than philanthropic targets. A strong innovation orientation, makes an innovation outcome more likely. A weak innovation orientation requires managers to be able to recognise the value of the information coming from the engagement, assimilate it, and, subsequently, apply it (Cohen & Levinthal, 1990).

In order to be able to extract information from their environments – in this case nonprofit organisations – firms need to have the processes in place to bridge the boundaries with other organisations, (Linder, Jarvenpaa & Davenport, 2003). Good communication is seen as crucial for productive stakeholder engagement (Kaptein & Van Tulder, 2003) and, in addition, managerial capacity for constructive dialogue with adversarial groups is key to enabling ideas to flow from adversarial relations (Heugens, 2003; Perret, 2003). Therefore the dialogue process will be central in determining whether an initial level of antagonism in a firm-nonprofit relationship has a positive or negative effect on an innovation outcome.

## 2. Project aims and scope

The object of this first empirical research project is to gain a more granular understanding of the relationship between voluntary / philanthropically-motivated engagement by a firm with a nonprofit organisation and an innovative outcome for the firm which results from the collaboration with the nonprofit. It is also looking to identify whether there are specific factors which can facilitate an innovation outcome. The scope of the project is diagrammatically shown in Figure 2.1 below.
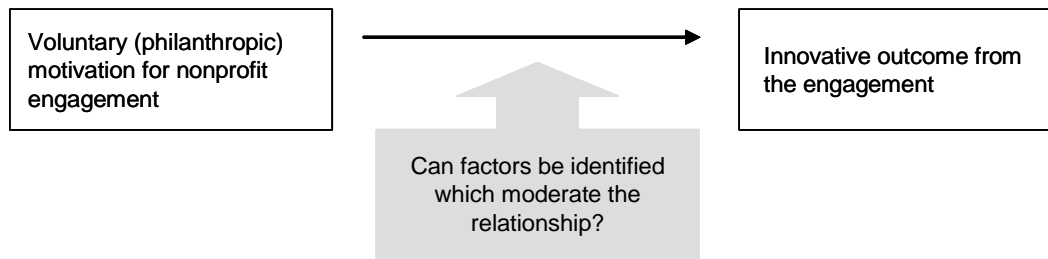


*Figure 2.1: project framework*

As noted in section one, there has been much discussion about the attributes of cross-sector relationships. To facilitate an exploration of the data with particular reference to innovation generation (as opposed to other outcomes, such as impact on organisational legitimacy) a framework has been developed to assist conceptualization and focus the analysis. Figure 2.2 assumes that the company and nonprofit both have motivations for entering into the engagement, and that they make contributions to the collaboration in terms of knowledge and resources. The engagement can be examined in terms of the relationship development between the partners and the scope of activities developed. Finally, each partner receives benefits from the collaboration which have been categorized in terms of innovation and learning. Using this framework, the scope of this project is to examine each dyad from the perspective of the corporate partner in the relationship.[18]
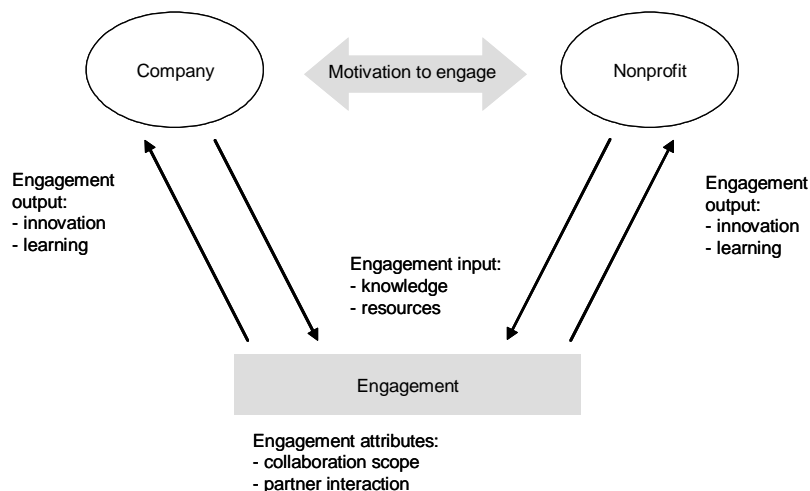


*Figure 2.2: framework for categorisation of thematic analysis*

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[18] It is anticipated that the subsequent project will examine the relationship from the nonprofits' viewpoint, enabling comparisons to be drawn between the corporate and nonprofit perspectives.

Within the project framework shown in Figure 2.2 are questions that the research is looking to address, all of which relate to developing a more detailed understanding of voluntary nonprofit engagement and resulting firm innovation. The questions focus on 'unpicking' the corporate motivations for nonprofit engagement; identifying factors which determine relationship inputs; exploring engagement attributes to uncover factors which could facilitate innovation generation; and uncovering dimensions of the resulting innovation outcome. Particular areas of interest are listed below.

- Can specific drivers for nonprofit engagement be identified - e.g. employee volunteering opportunities, 'charity of the year' involvement, etc – and does this have an impact on the innovation outcome?

- All the cases in the study have an identified innovation outcome for the corporate partner. What similarities can be seen between these cases in terms of motivations, and/or engagement dynamics which could help explain the outcome?

- Dimensions of the innovation outcome have been suggested by the literature review. Do these fit what is seen empirically, or should different dimensions be used to describe the characteristics of the innovation?

- Will data patterns found by the research be able to support the development of a typology of such relationships (as shown in Figure 2.2 below) or will only a broader framework be supported?
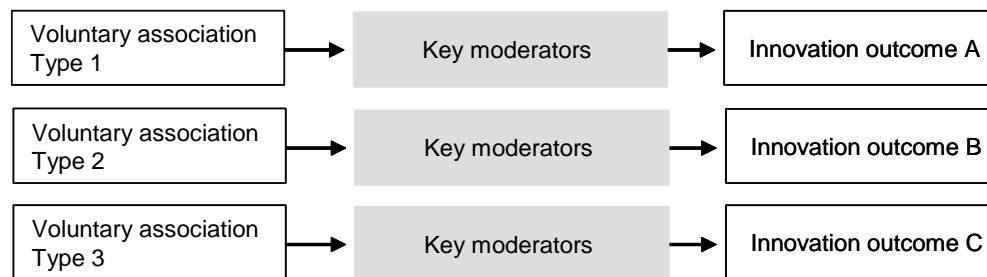


*Figure 2.3: outline of research aim*

Having outlined the scope and focus of the study, this paper now considers the philosophical approach underpinning the research.

# 3. The research approach

This short section sets out my underlying assumptions about the nature of the world which will unconsciously bias the interpretation of data and resulting theory development.  It is important to try to make these beliefs as explicit as possible to ensure that my understanding of the nature of reality is congruent with the research design (the next section discusses congruency between the topic to be studied and the research design adopted).

The key issue for a social researcher to address is whether they consider there is a single reality in the world that can be discovered, or whether there are many realities based on individual perceptions (Easterby-Smith et al, 2002).  From this follows the related question of the role of the researcher in the study: do they view themselves as detached observer with no impact on the outcome of the study, or as an involved actor collaboratively shaping the study findings?   Against these starkly contrasting ontological and epistemological positions, authors (eg Blaikie 1993; Easterby-Smith et al, 2002) have mapped the main philosophical approaches to enquiring about society.

Burrell and Morgan (1979) juxtaposed contrasting assumptions about the nature of social science with contrasting views about the nature of society, producing four paradigms for analyzing social and organizational theory.   Although criticized for being over simplistic, (see, for example, Willmott, 1993), as Laughlin (1995) notes, Burrell and Morgan identified the key domains of choice for a social science researcher incorporating ontology, the role of the researcher, perceptions about society, epistemology and methodology. Laughlin (1995) clusters these concepts under the headings of theory, methodology and change and they form the broad areas of choice for a researcher before beginning an empirical investigation.  The theory dimension considers the degree to which prior levels of theorization are used in the investigation (high or low?), while the methodology dimension is concerned with the degree to which theoretical closure is achieved by the study (high or low?). Finally, the change dimension relates to the attitudes of the researcher towards maintaining the status quo or pressing for change in regard to their area of study – as far as this is practicable: (high or low degree of change?).  Laughlin (1995) argues for taking a mid point on all of these dimensions and refers to this as middle-range thinking.  The characteristics of this are set out in table 3.1 below, and are presented here, as they broadly represent my own approach to this study.

| Theory characteristics | Ontological belief | "Skeletal" generalizations possible |
|---|---|---|
| | Role of theory | "Skeletal" theory with some broad understanding of relationships |
| Methodology characteristics | Role of observer and human nature belief | Observer important and always part of the process of discovery |
| | Nature of method | Definable approach but subject to refinement in actual situations, invariably qualitative |
| | Data sought | Longitudinal, case study based. Heavily descriptive but also analytical |
| | Conclusions derived | Reasonably conclusive tied to "skeletal" theory and empirical richness |
| | Validity criteria | Meanings: researchers & researched |
| Change characteristics | | Medium emphasis open to radical change *and* maintenance of status quo |

*Table 3.1: Characteristics of middle range theory (adapted from Laughlin, 1995)*

I consider the approach to this research project is congruent with the characteristics of middle range theory as presented here. The study has been shaped by a 'skeletal' theoretical framework which is open to wide interpretation and refinement. The following section discusses the characteristics of the methodology.

## 4. Project design and methods

This section details the approach to the study and how it was conducted, with particular attention to the research design, data selection process and the analysis techniques applied. The section concludes with a brief discussion on the limitations of the approach.

### 4.1 Research design

Given the lack of previous research into the topic, a qualitative exploratory research design  is considered suitable for examining areas about which little is known (Stern, 1980). The aim of the project is to develop theory which is grounded in empirical research (eg Strauss & Corbin, 1994): in this case, developing an explanatory framework of the characteristics of firm-nonprofit dyads and innovation outcomes from these dyads. This suggests an inductive research strategy is appropriate, which enables theory to be developed from field data.   However, the first step in the research project has been to develop a high-level theoretical framework, reproduced in Figure 4.1 below, which is intended to bound the research and facilitate data collection, as well as to avoid information overload as the study was looking for cross-case applicability (Miles & Huberman, 1994).   In this sense the research cannot be said to following a completely inductive path or 'bottom up' approach, as the development of a prior theoretical framework suggests a more retroductive strategy (Blaikie, 1993). Nevertheless, the framework provides a guide only, and semi-structured interviews were used to enable organizational actors to describe their experiences with a minimum of direction from the interviewer. For this reason, the research design is considered closer to an inductive, rather than retroductive approach, as the research framework did not provide a firm hypothesis against which empirical data gathered can be compared.
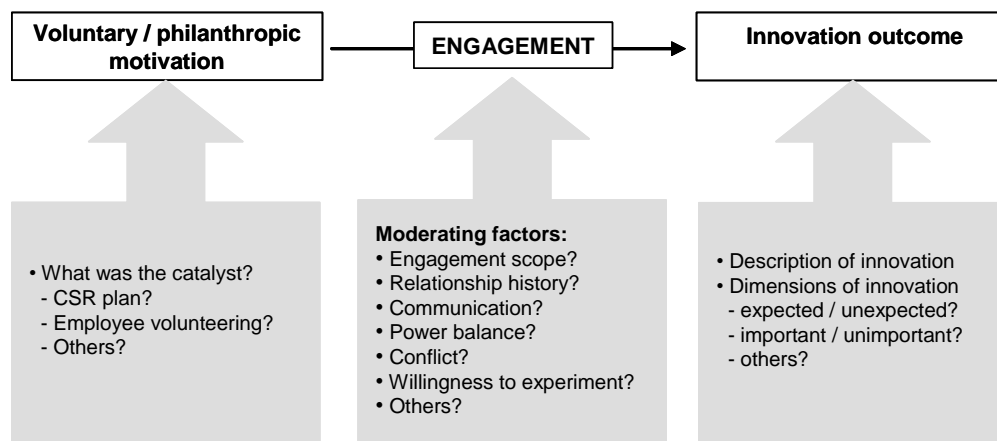


**Figure 4.1: research framework and potential constructs**

**4.2 Collective case study**

The research is concerned with the formation and operation of corporate-nonprofit dyads and given its qualitative, exploratory design, is grounded in the perceptions and experiences of organizational actors who have been involved in dyadic relations.   To this end the collective case study (Stake, 2000) was chosen as the research method, as it enables comparisons to be made between each case (in this research, the workings of each dyad).

"Individual cases in the collection may or may not be known in advance to manifest some common characteristic…. They are chosen because it is believed that understanding them will lead to better understanding, perhaps better theorizing about a larger collection of cases."  (Stake, 2000; in Denzin & Linoln p437).

As the research is comparing company-nonprofit dyads which have resulted in an innovation for the firm, the first step was to identify dyads which appeared to demonstrate this.  In addition to personal contacts, two main sources were used to locate potential examples: the website of Business in the Community, which provides write-ups of corporate responsibility initiatives by UK companies; and 'Third Sector' magazine, which produces a regular column on corporate-nonprofit relationships. The cases selected were limited to UK-specific examples to mitigate against national and cultural differences in firm-nonprofit relations.  Dyads covering sustainability or 'green' issues were not included as the focus of the study was community engagement, rather than environmental engagement.  Companies were selected from a diverse range of industry sectors so that any patterns found in the workings of these cross-sector dyads could not be attributed to a specific industry context.   The research base consists of seven dyads as shown in Table 4.1.[19]

| Company | Nonprofit partner | Innovation |
|---|---|---|
| Retailer 1 | Breast cancer charity | Post operative lingerie |
| Retailer 2 | Cerebral palsy charity | Staff disability training |
| Energy supplier | Learning disabilities charity | Vulnerable customer handling |
| Communications Co | Children's charity | Telephony solutions |
| Technology Co | Pre-school organisation | Product commercialization |
| Broadcaster | Pan-disability organisation | New call centre; remodeled TV handset |
| Gaming Co | Children's charity | New marketing channel |

*Table 4.1: Study participants*

*Interviews*

Given the qualitative nature of the research and the grounded approach adopted, interviews with participants in company-nonprofit dyadic relations were used to uncover detailed information about the formation, operation and outcomes of these relations.  As Burgess (1982) notes, the interview is "the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience" (Burgess, 1982 p107 quoted in Easterby-Smith et al, 2002).  In order to avoid bias interviews were conducted with at least two respondents in the company and one respondent in the nonprofit.  The interviewees selected were those who were most closely involved in the creation and development of the dyads and, as such, had rich experience of the way they worked.  A single respondent from the nonprofit organisation was considered acceptable for this project as the research is concerned

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[19]  While it is possible to justify the seven cases presented as representing a diverse range of sectors, the intention is to augment the research base with 2-3 additional cases in the next phase, ideally incorporating other sectors, such as financial services, which would make the research base more robust.

with trying to understand the formation and workings of the dyadic relationship, and its outcome, from the firm's perspective. The nonprofit respondent provided a means of triangulating the data, as the interviewee had a different bias and interpretation (Miles & Huberman, 1994). In some instances this helped increase the data's reliability from the primary source, and in others it provided a challenge for interpretation.

Face-to-face interviews were the preferred method for collecting information, as this provides additional non-verbal information which can help shape data interpretation. In a couple of instances, this method was not possible: one due to diary constraints, and the other as the respondent was about to go on maternity leave. The interview schedule is summarized in Table 4.2 below and, as noted, there is one outstanding interview which needs to be completed. With each case a small amount of supporting material was used only for background reference due to impression management concerns; as can be seen from the table, the majority of supporting material was focused on favourable presentation of the dyad to third parties.

| Dyad | Interview dates | Location | No. interviews | Supporting information |
|------|----------------|----------|----------------|------------------------|
| Retailer 1 / Breast cancer charity | 24.11.06 9.2.07 | Telephone int. London | 1 company* 1 nonprofit | BITC case study write-up |
| Retailer 2/ Cerebral palsy charity | 21.11.06 | Halifax | 3 company 1 nonprofit | In-house magazine write-up |
| Energy supplier / Learning disabilities charity | 16.1.07 1.2.07 29.3.07 | London London Birmingham | 2 company 2 nonprofit | Charity presentation to company |
| Communications Co / children's charity | 27.2.07 28.3.07 5.7.03 | Telephone int. Southampton London | 2 company 1 nonprofit** | BITC case study write-up / IPR award write-up |
| Technology Co / Preschool organisation | 17.1.07 30.1.07 21.3.07 | London London London | 2 company 2 nonprofit | Educationalist study on impact of initiative / BITC case study write-up |
| Broadcaster / pan-disability group | 21.3.07 4.4.07 20.4.07 | London London London | 2 company 1 nonprofit | BITC case study write-up |
| Gaming Co / children's charity | 23.1.07 14.03.07 | Milton Keynes Warrington | 2 company 1 nonprofit | Press articles and event material |

\*    Still waiting to conduct additional interview with company
\*\*   Data not transcribed

**Table 4.2: Interview schedule**

The interviews were semi-structured and open ended, running approximately 50 minutes each. Two question checklists were developed using the research framework outlined earlier in Figure 4.1. The first checklist covered general questions about the formation, operation and outcome of the dyad which were intended to uncover general information and give the respondents an opportunity to

discuss aspects of the relationship which they considered most relevant. The second consisted of specific questions, focusing particularly on constructs suggested by the literature review. Questions from the second checklist were only used if it was felt that the respondent provided insufficient information on the topic when questions from the first checklist had been completed. The checklists were evaluated following each interview and adapted accordingly. The final protocol used is given in Appendix I.

All interviewees were assured that the information would be treated in confidence and only used the purpose of the research. All were happy for the discussions to be recorded. A common difficulty with all the interviewees was getting them to talk about the relationship in granular detail. As the interview scheduled progressed, I became more adept at getting respondents to focus on the daily processes and routines and the interviews became richer as I asked for more specific examples.

## 4.3 Analysis

The data was analyzed following Strauss & Corbin's (1998) process of description, conceptual ordering and theorizing. Audio transcripts from the 23 interviews were transcribed, and a descriptive account of the case written up. The main aim here was to draw out information about the drivers for the engagement; the characteristics of the collaboration and dimensions of the resulting innovation. The conceptual ordering process began by drawing out themes in the data, and I found Lofland & Lofland's (1985) eight forms of propositions very useful in terms of understanding my interpretation of the significance of an identified theme. Their distinctions enabled me to interrogate the data more closely to understand if I was interested only in the fact the construct was present in the data, or whether I was concerned with other dimensions of it; for example, frequency, magnitude, causes or consequences.

As I was looking for cross-case data comparison, I used a form of analytic induction to compare constructs across cases. Analytic induction has been defined as "a non-experimental qualitative sociological method that employs an exhaustive examination of cases in order to prove universal, causal generalizations." (Manning, 1982; in Manning & Smith: p. 280). The method entails a sequential analysis of cases; theoretical propositions generated from the initial case are considered against the next to see if they hold. If not, the propositions are modified and thus repeated examination of the data is used to challenge the development of emerging theory (Manning, 1982). Following Wilson's (2004) method for developing multiple propositions across multiple cases shown in Figure 4.2 below, I generated propositions from the first case relating to the motivations and operations of the collaboration which had resulted in an innovative outcome for the company. These propositions were considered against subsequent cases and support for a proposition within each case (for example, senior management support moderates the innovation outcome) was evaluated using a scoring system to show the strength of presence of the factor. Finally, I synthesized the outcome of the analytic induction process to develop a theoretical explanatory framework relating to innovations from cross-sector voluntary engagement.
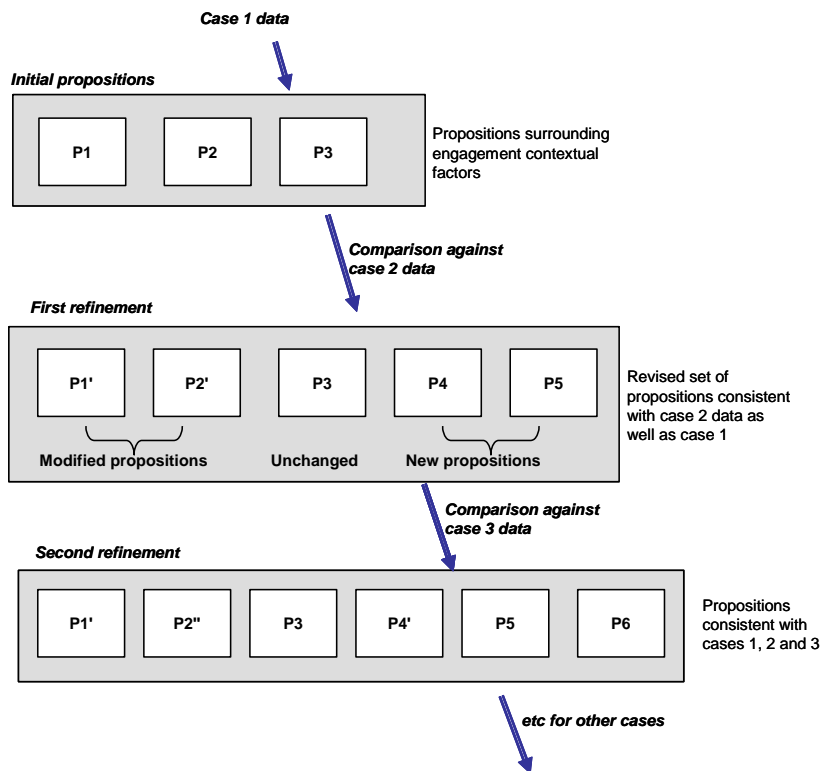
**Figure 4.2: Analytic induction: developing multiple propositions across multiple cases (adapted from Wilson, 2004)**

## Data coding

To facilitate the analysis process, the transcribed interview data was then coded on a case-by-case basis using NVivo software. Data was initially categorized using the framework outlined earlier in Figure 2.2, breaking the 'story' of the collaboration into motivations, relationship inputs, engagement characteristics, collaboration themes moderating an innovative outcome, and aspects of the resulting innovation; as summarized in Table 4.3.

| Data category | Types of data sought / questions to address |
|---|---|
| **Motivations to engage** | What were the drivers of engagement? Why engage with this particular nonprofit organisation? Did the engagement seemed planned or unplanned? |
| **Inputs into relationship** | What skills and / or resources did the company make available to the relationship? |
| **Engagement characteristics** | Analysis focus here is on the dyadic engagement itself in terms of duration, status, relevance to company activities, degree of partner integration and scope of activities. |
| **Moderators of an innovative outcome** | Can any factors be identified in the cases which could help explain the innovation outcome? |
| **Dimensions of resulting innovation** | What was the role of the engagement in shaping the innovation? How did the nonprofit partner contribute to the innovation? What relevance does the innovation have for the company? |

**Table 4.3: Data categorization 'baskets'**

Individual nodes in each of the cases were then grouped together by theme into subgroups, and so arriving at a final categorization which had cross-case applicability. An illustration of this process is given in Table 4.4.[20]

| Node listings by dyad | | Groupings | Final theme |
|---|---|---|---|
| 1 | Pride in relationship.<br>Valuing relationship.<br>Understanding partner commitment. | Making relationship work | Commitment to relationship |
| 2 | Personal commitment.<br>Wanting to deliver for nonprofit.<br>Appreciating partner aims. | | |
| 3 | Watching out for each other.<br>Company loyalty to nonprofit.<br>Overcoming challenges.<br>Pride in achievements. | Personal identification with relationship | |
| 4 | Championing nonprofit aims.<br>Belief in company support. | | |
| 5 | Involving nonprofit in decisions.<br>Valuing relations.<br>Respect for partner. | | |
| 6 | Personal commitment to nonprofit.<br>Respect for partner.<br>Identification with nonprofit. | Commitment to partner | |
| 7 | Nonprofit loyalty to corporate.<br>Corporate protective of nonprofit.<br>Wanting to deliver for nonprofit. | | |

*Table 4.4: Example of development of data themes*

Finally, the data in these categories were cross-referenced to extract unifying themes and create theoretical propositions which are set out in Section 6. Before describing the detailed findings of the study, the limitations of the approach adopted are briefly considered, together with the steps taken to mitigate them.

## 4.4 Limitations

The qualitative approach for the study was selected on the basis that little previous research has been done on the topic and a series of mini-cases, relying on information from in-depth interviews would produce rich data which could facilitate our understanding of innovations from cross-sector engagement. Nevertheless, such an approach is open to the bias of the researcher and the interpretive accounts of the interviewees. Interviews do not replicate reality, but are respondents' representations of the world (Silverman, 2006); furthermore, they are collaboratively produced accounts as the interviewer plays an active part (Silverman, 2006). Conducting multiple interviews is a way of trying to find some commonality about the representation of reality in each case, but it

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[20] In re-reading this, it would probably be useful to attach the complete list of how I amalgamated nodes into themes as an appendix.

cannot mitigate the problem completely. Similarly, the researcher is inherently biased in the data analysis, and unconscious preferences will direct how the information gained through the interviews is interpreted. Using analytic induction as a method can help ensure robustness and transparency in how the data is analyzed, but cannot influence what is analyzed. In a single-researcher study such as this one, the effects of researcher bias are greater as all steps of the data collection and analysis are carried out by the same person, thus enabling bias to be embedded at every step.

Clearly, researcher bias has to be acknowledged, along with the limitations of the qualitative research method selected. The goal of this paper is to convince the reader of the validity and robustness of the research and its conclusions. To this end I am attempting to follow Silverman's (2000) ten tests regarding the presentation of this research, in terms of approach, methods, data collection and analysis.

# 5. Findings

This section presents the detailed findings from the study. The findings are structured in accordance with Figure 5.1 which assumes the company has a motivation to engage with the nonprofit and makes certain inputs into the relationship. A dyadic relationship occurs, and an innovation results for the company. The data analysis is concerned with both the characteristics of the dyad, and factors within the relationship that appear to facilitate an innovation outcome for the corporate partner.
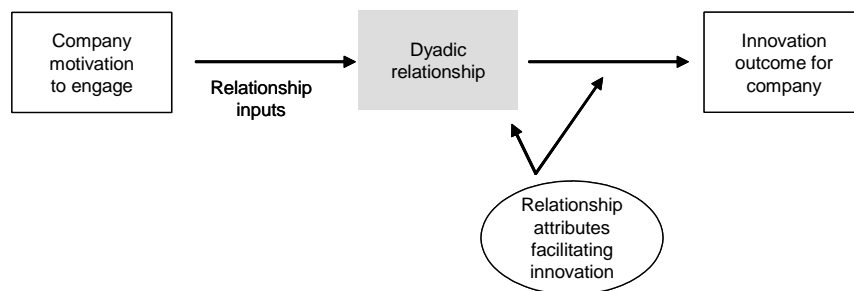


*Figure 5.1: framework for presentation of data analysis*

The focus of the research is on cross-case comparability, and so the individual narrative descriptions of each of the seven cases have been set out at the back of this report. Appendix II contains a case-by-case account of the formation and operation of each dyad and draws out key aspects of their development. This section now presents and discusses data in accordance with the model shown in Figure 5.1

## 5.1 Engagement motivations
Corporate motivations to engage with the nonprofit are summarized in Table 5.1, with illustrative quotations from the data shown in Table 5.2. Further detail on the data interpretation discussed here is given in Appendix III. Four motivations for the firms to engage with the respective nonprofit were identified: access to the skills and / or the membership network that the nonprofit could provide; the opportunity to improve employee satisfaction within the company or access the benefits of employee volunteering with the nonprofit; benefiting from the increased organizational legitimacy that association with the charity could offer; and, finally, engaging due to a desire to help

out a local charity.   Primary and secondary motivations to engage were identified in the data, based on the frequency of appearances of each theme and data consistency between respondents.

| Dyad | | Access to nonprofit skills and/or network | Employee volunteering and/ or satisfaction | Organisational legitimacy | Local philanthropy |
|---|---|---|---|---|---|
| 1 | Retailer 1 / breast cancer charity | - | - | XX | - |
| 2 | Retailer 2 / cerebral palsy org | - | XX | - | - |
| 3 | Energy co / mental health charity | - | XX | XX | - |
| 4 | Telco / children's charity | - | X | XX | - |
| 5 | Technology co / pre-school org | XX | - | X | - |
| 6 | Broadcaster / pan-disability org | X | - | XX | - |
| 7 | Gaming co / children's charity | - | X | - | XX |

**Key**
*XX*     Strong evidence of factor as primary motivation to engage: based on data consistency between
         interviewees; repeated appearances of the factor in interview data; contextual interpretation.
X        Evidence of factor as motivation to engage: based on some data consistency between interviewees and at
         least two appearances of factor in each individual data set.
-        No evidence of motivation found in interview data

*Table 5.1: motivations for corporate engagement with nonprofit*

The perceived benefits of increased legitimacy from linking with a particular nonprofit partner were primary motivations in four of the dyads.  Retailer 1 reacted favourably to approaches by the breast cancer charity, due to the positive response from customers which impacted on the company's image.  The telecommunication company's increased association with the children's charity was driven by a wide-ranging survey of the company's stakeholder network on the remit of its community involvement – although in this instance, the telco's legitimacy is improved through its ongoing support of the nonprofit, as opposed to the company benefiting from the nonprofit's association with the company, as is the case in the other dyads.  The broadcaster's engagement with the pan-disability group was primarily due to the credence this gave to the company's wide-ranging disability access initiative, and its secondary motivation was accessing the charity's knowledge and skills.  By contrast, access to skills was deemed to be the primary motivating factor for the technology firm, with legitimacy as a secondary motivation.

| Motivation category | Illustrative quotations |
|---|---|
| Legitimacy | "Because you know, when they said us, 'We want to be recognised, we want our customers to know this, we want them to, to trust us for doing this, we want them to recognise us doing it more than any other charity, any other retailer'." (Dyad 1)<br><br>"..so it's all aligned to the nature of our business, so people expect you to contribute around what you do best. And in out case that is enabling err, communications. … So from research if you err support some key charitable causes that relate to communications that would also help to err, to err manage your, your perception" (Dyad 4) |
| Employee volunteering / satisfaction | "at the time I was really trying to promote Business in the Community within, erm my group, the really thing that appealed was there were three half day challenges there. So I hoped that I could get, you know a variety of people to do the three challenges.." (Dyad 2)<br>One of our big call centres… they've got 1,200 staff. They do something [fundraising event] almost, definitely every month, almost every week in some, in some months, you know… so much all the time. But that's because of the type of staff they have, and they have to do it. It's all about employee retention." (Dyad 3) |
| Accessing skills | "So we commissioned them effectively to provide a service for us to help manage the implementation programme…so they were useful to us in many respects." (Dyad 5) |
| Philanthropy | "And I think at times they feel quite guilty as well because like you know we, we, apart from the financial support and err, and the man power it's, we spend a fair bit of money on them really. And err, you know and, and we get no, we get nothing out of it in terms of PR 'cause we're not allowed to exploit that." (Dyad 6) |

*Table 5.2: illustrative quotations demonstrating corporate motivations to engage*

Out of all the companies in the study, the energy supplier was the only one where it was difficult to select a primary motivation.  This is due to the circumstances of the case, where the initial year-long relationship focusing on employee volunteering opportunities, was extended to enable a wider range of activities focused on demonstrating the company's awareness of disability.

Engaging to improve employee satisfaction, or offer employee volunteering opportunities, was the primary, and only, motivating factor for retailer 2's relationship with a cerebral palsy charity.  It appeared to be a secondary motivating factor in the case of the gaming firm, which was the only company that appeared to get involved with a local charity primarily for philanthropic reasons after responding to a request to assist with a fundraising event.

## 5.2 Relationship inputs
The corporate partners can be viewed as providing four kinds of resources to the relationship which are noted in Table 5.3.  Examination of case data showed that these themes are either apparent in each dyad, or not, and so no attempt has been made here to evaluate the degree to which each theme is present. (See Appendix III for data examples of each theme).

| Dyad | | Dedicated relationship management | Funding assistance for nonprofit | Access to products / services | Providing employee volunteers |
|---|---|---|---|---|---|
| 1 | Retailer 1 / breast cancer charity | ✓ | ✓ | ✓ | |
| 2 | Retailer 2 / cerebral palsy org | | | | ✓ |
| 3 | Energy co / mental health charity | ✓ | ✓ | | ✓ |
| 4 | Telco / children's charity | ✓ | ✓ | ✓ | ✓ |
| 5 | Technology co / pre-school org | ✓ | | | ✓ |
| 6 | Broadcaster / pan-disability org | | ✓ | | |
| 7 | Gaming co / children's charity | ✓ | ✓ | ✓ | ✓ |

*Table 5.3: corporate inputs into relationship*

The majority of corporate partners provided a small team dedicated to managing the relationship, only two of the organizations in the study did not have this. Five organizations, committed funds to their nonprofit partners through corporate donations and fundraising initiatives, and three provided access to their products and services enabling the nonprofit to deliver its own objectives. Finally, the majority of companies offered additional resources to the nonprofits through the use of staff volunteers.

## 5.3 Dyad characteristics

As the research is looking to uncover the conditions under which companies identify innovations from engagement with nonprofits, the data was first interrogated to ascertain if any similarities could be noted in terms of the characteristics of each dyadic relationship.

Certain characteristics of each partnership are displayed in Table 5.4 below. The dimensions were selected to give a comprehensive picture of each relationship in terms of the length and current status of the collaboration; which party initiated the relationship and how far it had developed beyond its intended scope; the relevance of the partnership to the company's core business; the power balance between the partners; and how great the degree of integration was between each organisation based on the number of linkages between actors.

| Dyad | | Relationship length & status | Relationship initiator | Relationship relevance to company's core business | Initial engagement scope | Engagement scope development | Power balance | Degree of organisational integration |
|---|---|---|---|---|---|---|---|---|
| 1 | Retailer 1 / breast cancer charity | 6 years: mature | Nonprofit | High | Not defined: narrow | Exploratory | Company | High |
| 2 | Retailer 2 / cerebral palsy org | 1 year: mature | Company | Low | Defined: narrow | Limited | Company | Low |
| 3 | Energy co / mental health charity | 2 years: 3-yr fixed term | Company | Partial | Defined: broad | Evolved | Company | High |
| 4 | Telco / children's charity* | 5 years: developing | Company | High | Defined: broad | Evolved | Company | High |
| 5 | Technology co / pre-school org | 6 years: mature | Company | Low | Defined: narrow | Limited | Company | Low |
| 6 | Broadcaster / pan-disability org | 4 years: declining | Company | High | Defined: narrow | Limited | Company | Low |
| 7 | Gaming co / children's charity | 4 years: developing | Nonprofit | Low | Not defined: narrow | Exploratory | Company | Medium |

**\*** The original relationship between the telco & children's charity began in 1986, but was reinvigorated in 2002 and the dyad is examined from this date

***Table 5.4: Cross-case comparison of dyad characteristics***

My interpretation is based on an analysis of data in each case from both the corporate and nonprofit respondents.

*Relationship length & status*
The length of the relationships varied between a year and 6 years, although it should be noted that the collaboration between the telecommunications firm and children's charity was reinvigorated in 2002, following a re-assessment of the company's community involvement strategy and, here, the relationship is being analysed from this point. The status of the dyadic relations were considered in terms of life-cycle, which did not relate to the time-length of the relationships. Two collaborations were judged to be developing (in the case of the telco, this related to the boost the relationship received in 2002), a further three were considered mature, and one was in decline due to the nonprofit's key corporate contact moving on. In addition, one relationship was regarded as fixed term: the energy supplier had an agreed 3-year relationship with a mental health charity and at the time of data collection, was two months in to the final year of the collaboration.

*Relationship initiator*
In three out of the seven cases, the nonprofit had initiated relations with the company. In the case of dyads 4 and 7 this was because the nonprofit was seeking access to the company's products and services, whilst in the case of dyad 1, the motivation was access to the company's customer network. In the remainder of the cases, the company initiated the collaboration, and more detail on the motivations to engage are set out in section 5.2 below.

*Relevance to core business activities*

The scope of activities were considered in terms of how far they impacted the company's core business: three of the dyads were considered to address issues which were highly relevant to the corporate partner's main business, for example:

*"So it was really in, I'd say in 2005, when it really kicked-off from that kind of lingerie focus that is nice to do, to something which they were considering as a major business objective." (Dyad 1).*

A further three were judged to be of limited relevance to the company's core activities. While all respondents were enthusiastic about the initiatives, comments about the value of the activities did not relate directly to business issues, for example:

*"…[the charity] already have these events set up, but we'll go and put [the company] angle on it because it's really well received… I think [it's about] us recognising the value of these events for both our staff and the recipient charity, and the value of the brand and the fact that [the charity] really kind of respect us as a business…" (Dyad 7)*

The final dyad, the relationship between the energy supplier and the mental health charity, was deemed to be partially relevant, due the limited development of the partnership which was a result of the fixed-term collaboration, and as discussed in the previous section, due to the change in focus for the relationship after the first year of partnership.

*"I took each of their ambitions, so they've got these five corporate ambitions, and I took each of the ambitions and said how [the charity] could help them, you know, achieve those ambitions and I think the thing that really sold them was the Vulnerable Customers training." (Dyad 3)*

*"But I think the reason why the relationship is working so well is because, one, it fits with our business ambitions as well, so we have customers, we have vulnerable customers…… but I don't think it's probably the first focus on everyone's agenda for the day if that makes sense?" (Dyad 3)*

*Initial engagement scope*

The initial scope of the engagement was considered in two dimensions: whether or not it had been pre-defined, and how many activities were covered in the engagement. In the cases where the relationship had been initiated by the company, the engagement remit had been defined (not the case in the nonprofit initiated collaborations). In most cases, engagement scope was narrow (no more than one or two activities), as suggested by the following:

*"At its simplest level it started off as a donations programme into nursery schools of computers in purpose designed housing…" (Dyad 5)*

*"So then… we then arranged three [employee volunteering] challenges erm, we've completed two of them, we've got a third one to go." (Dyad 2)*

However in the case of dyads 3 and 4, engagement scope was categorised as broad, suggesting these companies were keen to get more from their nonprofit partnerships:

*"So the thing that I was really interested and excited about, was to provide this kind of brand new holistic support to a charity with a combined vision…" (Dyad 4)*

*"..in previous relationships it has been about fundraising. This relationship has been much more about awareness, employee diversity, understanding our vulnerable customers, and fundraising." (Dyad 3)*

*Engagement scope development*

The development of the initial engagement scope was assessed in terms of how it had developed during the life-time of the relationship.  In three cases, scope development was limited: the corporate actors had a clear understanding at the outset of why they were engaging with the nonprofit and did not deviate very much from this, as witnessed by comments such as this:

*"..we obviously get a budget and we have, we have to stay within that. I mean we've had, we started with not as many units and it has constantly grown, and I think it's actually reduced every so slightly this year because of increases in costs." (Dyad 5)*

*"So rather than me having to go to a plethora of… of little, but vital small disability charities and local organisations, [the charity] did that for me communicating to its members."  (Dyad 6)*

The engagement scope evolved in two cases: in dyad 3, this was due to the company responding to suggestions from the nonprofit for further collaboration initiatives; while in the case of dyad 5, this was due to a renewed investment in the relationship by the company and a stated intention to develop the collaborative scope.  Finally, two cases were judged to have exploratory scope development: these were dyads 1 and 7 where the initiative to engage came from the nonprofit:

*"…certainly when I took over the relationship, erm I don't think anybody could have dreamt of where it would be now in terms of how it, how it has evolved." (Dyad 1)*

*"… it still amazes me now that you know we had that, that almost accident, serendipity there, where somebody had come in just asking for a bit of help and we're, we're now able to really identify it as a great way to get out products out.." (Dyad 7)*

*Power balance*

This category was included as its relevance had been suggested by the literature review. In all cases, the corporate partner was regarded by respondents as having more power in the relationship, due to its discretionary involvement and role as a funder of the nonprofit, evidenced through the following comments:

*"…I'm quite confident that after four years of working with [the company….that we will retain that err support largely. But of course with new individuals coming in, erm you know they may see things in a slightly different way, which will be a real shame." (Dyad 6)*

*"…and not to over ask as well, 'cause I think there's  a tendency to do that at a charity; if a corporate's been really generous then you can keep going back. And we know that it's just Clickety Chicks that they help us with, and we wouldn't ask for anything else really, unless they ask us." (Dyad 7)*

*Degree of interorganisational integration*

The final relationship attribute examined was the degree of integration between the company and nonprofit as suggested by the number of links between organisational actors.   This ranged from low (under 5 organisational links); to high (over 50).   Reasons for few linkages were varied: dyad 2 was a local initiative with few actors involved in either side; whereas the technology firm deliberately

limited its involvement with the nonprofit to members of is community relations team. The broadcaster's relationship with the pan-disability organisation was begun for instrumental reasons to assist deliver an internal company project and relations were limited to existing personal contacts. By contrast, in dyad 1, the nonprofit's determination to build links with the retailer led to it developing an extensive network of contacts in the company; whilst the telco's long association with the children's charity, coupled with extensive senior management support for the relationship, has resulted in a high number of links between the organisations.

The broad scope of activities entered into by the energy supplier and its mental health charity partner over the duration of the partnership, ensured that links were extended considerably beyond the community relations team and the charity's account managers, numbering over 100. Finally, the gaming company's relationship with the children's charity has developed regionally, gradually increasing the number of links between the organisations (which now number around 20). These links are anticipated to grow further, following a recent agreement to develop a formal association at a national level.

### 5.4 Innovation facilitators

Six factors were identified in the data as directly, or indirectly, facilitating an innovation for the corporate partner, and these are shown in Table 5.5. A selection of quotations from the data relating to each theme is given in Table 5.6. The only direct factor identified was the role of the main boundary spanners in these relationships. In some cases these organizational actors were in a position to take forward themselves an innovation opportunity which had been generated through the relationship (the case in dyads 2 and 6); or they located a person in their organisation who could do this (the case in dyads 3,4,5, and 7).

| Dyad | | Boundary spanner as enabler | Senior management involvement | Demonstrating social responsiveness | Time for relationship to develop | Commitment to relationship | Acting on partner ideas |
|---|---|---|---|---|---|---|---|
| 1 | Retailer 1 / breast cancer charity | - | xx | xx | xx | xx | xx |
| 2 | Retailer 2 / cerebral palsy org | xx | - | - | - | xx | xx |
| 3 | Energy co / mental health charity | x | x | xx | xx | xx | xx |
| 4 | Telco / children's charity | x | xx | xx | xx | xx | - |
| 5 | Technology co / pre-school org | x | - | xx | - | x | x |
| 6 | Broadcaster / pan-disability org | xx | - | xx | - | xx | - |
| 7 | Gaming co / children's charity | x | x | - | xx | xx | x |

**Key**
*XX*     Strong evidence of factor present in the data: based on data consistency between interviewees; repeated appearances of the factor in interview data; contextual interpretation.
X     Evidence of factor as key attribute: based on some data consistency between interviewees and at least two appearances of factor in each individual data set; plus contextual interpretation
-     No evidence of factor found in interview data

**Table 5.5: factors facilitating innovation as an outcome**

The remaining five factors identified have an indirect impact on innovation as an outcome. Senior management involvement in the relationships encouraged ongoing development of the partnerships, thus creating opportunities for new ideas. In two dyads there was significant involvement by top management in the relationship activities (1 and 4), and evidence of involvement by senior management in dyads 3 and 7. In the remaining dyads, although the partnership was supported, there was no direct involvement by senior management. The corporate partners in five of the dyads were keen to demonstrate their social responsiveness, either with key groups, such as customers and shareholders, or they were looking for general marketplace recognition through industry awards schemes. This desire acted as an incentive for the companies to identify tangible benefits from their association with the nonprofit which manifested themselves in innovations.

| Innovation facilitator | Illustrative quotations |
|---|---|
| Boundary spanner as enabler | "So that made me think, 'right, OK, this is something we can do two ways here'. So I spoke to P on the phone and said what I would like to get of it is that my team are going to be skilled up enough to understand what difficulties disabled people have." (Dyad 2)<br><br>"Yeah, 'sort it out' was my total job description. 'Deal with that problem'. I just went and prodded people." (Dyad 6) |
| Senior management involvement | "It's an incredibly important part of what we do, so it's right from the top down, so from the support of [the CEO] and obviously my Director of Marketing. You know, it's something that's on their agenda" (Dyad 1)<br><br>"I will source you my Chairman. I will brief Chairman to say about the business benefits, which ou can kind of check, and then I will be there with some of my other senior people…" (Dyad 4) |
| Demonstrating social responsiveness | "[Customers] don't see us just a fundraising organisation with [the charity], they actually see us delivering more benefit because of the product ranges that we've put into play as a result" (Dyad 1)<br><br>"So I said to M, 'actually, this is an opportunity too great for us to suddenly stop' because if we had…we probably would have won our cause-related marketing award and then not got any further." (Dyad 4) |
| Time for relationship to develop | "I think its worked because we gave it three years. We really wouldn't have done half of what we've done now if it had just been a year." (Dyad 3)<br><br>"…and that's the first time we've done that really [donated money for prizes]. So you know, that demonstrates one of the ways our relationship has developed and the mutual trust there between us now. I don't think I'd have given them the money if we didn't know them like we do now." (Dyad 7) |
| Commitment to relationship | "…we try and do things on the long-term basis so we're not sort of short term fly-by-night investments, quick in and out. But you know we have major programmes which was via a significant investment… err, over a sustained period of time, so it can make real impact". (Dyad 5)<br><br>"And if a, if a complaint went through about [the company] rather than making a big hoo-ha about it, they [the charity] would just quietly give it to me and ask me to resolve it, and that kind of thing. So we had a very powerful relationship." (Dyad 6) |
| Acting on partner ideas | "And instead of being us insisting that we put people through seminars, [the company] have now changed and they're saying that one of their measurements now is the number of people that attend our seminars." (Dyad 3)<br><br>"..it's a partnership really I think, you know erm, it, it, I think it's a good, a good team work really. We don't have any problems with them, everything that we suggest is taken on board and, they really listen, and obviously what they suggest we consider and you know, I don't know, it works really well." (Dyad 5) |

*Table 5.6: data examples of innovation facilitation themes*

Time was noted as a factor facilitating innovation in four of the dyads. As the relationships developed trust between organizational actors grew along with an understanding of the partner organisation, facilitating ideas exchanges which enabled innovation generation. Evidence of this was not present in data from three of the dyads: the collaboration between retailer 2 and the cerebral

palsy charity had been going for barely a year at the time of data collection, and the engagement had a clearly defined scope at the outset. In the case of the broadcaster and the pan-disability organisation, there was already a personal connection between the main organizational actors and with it a knowledge of how the nonprofit partner worked which mitigated the need for time as an innovation facilitator. The issue was not raised by any of the interviewees in the case of dyad 5. In all but one of the dyads there was strong evidence of a commitment to the relationship from the main corporate boundary spanners. In some cases, for example dyads 1 and 7, this commitment has assisted the development of the relationship, allowing time for the innovation opportunity to be identified. In other cases, for example dyads 3 and 4, boundary spanner commitment has assisted the development of the engagement scope, enabling the identification of innovation opportunities. In the majority of the dyads there was evidence, too, that the corporate partner was responding to ideas from the nonprofit and entered into joint decision making. This suggests that the corporate partner was open to ideas from its nonprofit counterpart and, in dyads 1,3 and 7, the ideas which led to a corporate innovation came from the nonprofit. In two dyads there was no evidence of joint decision making: in the case of the broadcaster and the pan-disability group, this can be explained by the fact that the corporate boundary spanner was delivering a particular project with a pre-defined role for the nonprofit. With respect to the telco and the children's charity, additional interviews are needed to clarify this finding.

## 5.5 Innovation outcomes

The outcomes of the relationship have been examined solely in terms of the innovation resulting from the engagement process. Descriptions of the innovations are given in Table 5.7, along with an evaluation of the relevance of the innovation to the company's main business operations, and an assessment of the role the dyadic nonprofit played in developing that innovation. The table also considers which aspects of the nonprofit relationship, the corporate partner drew on to enable it to develop the innovation.

| Dyad | | Innovation description | Direct impact of innovation on core business | Role of engagement in innovation | Nonprofit partner attributes utilised to deliver innovation |
|---|---|---|---|---|---|
| 1 | Retailer 1 / breast cancer charity | Post-operative lingerie | High | Innovation opportunity realised* | Network Knowledge base |
| 2 | Retailer 2 / cerebral palsy org | Reworked staff disability training | Low | Innovation opportunity identified | Network Knowledge base |
| 3 | Energy co / mental health charity | Protocols for handling vulnerable customers | Medium | Innovation opportunity identified | Network Knowledge base |
| 4 | Telco / children's charity | Integrated data and voice solutions (in progress) | High | Innovation opportunity realised | Nonprofit as a test-bed |
| 5 | Technology co / pre-school org | Product commercialisation | Low | Innovation opportunity realised | Network Knowledge base |
| 6 | Broadcaster / pan-disability org | New call centre, remodelled TV handset | High | Innovation opportunity realised | Network Knowledge base |
| 7 | Gaming co / children's charity | New marketing channel | Low | Innovation opportunity identified | Network |

*Further interviews are needed to verify this finding as there is a discrepancy between data sets

***Table 5.7: Aspects of innovation resulting from engagement***

*Impact of innovation on core business*
As can be seen, in three cases, the innovation was considered to be highly relevant in terms of the company's main business, reflected in way the initiative was viewed by respondents; for example:

*"So we're now into a second stage development of that product for spring 2007, where we're now developing the range to take into account larger cup sizes, so what we call our DD, to G range. So that, that's an example of how that has progressed." (Dyad 1)*

*"And I also say to the sales guys, say to them [potential clients], 'And we do that for our charity free of charge.' So we are prepared to do that robust stuff for our charity, so just imagine what would happen... if you paid us." (Dyad 4)*

In a further three cases, the resulting innovation was judged of less significance as it did not directly impact the company's main business operations, although respondents still regarded the relationship as having an innovative benefit:

*"So we, we get booklets for disability training and these, these booklets are quite basic and it'll just really talk about, not really talking how to interact with, with anybody with a disability ... So that was the best disability training that I could possibly give my team." (Dyad 2)*

*"Now for instance if you take the [charity] supporters, they probably wouldn't come into a bingo club. But they still, some of these people are still opinion formers, and what it allows us to do is it allows us to go into a different market, even just for the evening. And for people to get a different perception of us." (Dyad 7)*

In one case the innovation was considered of medium significance, due to the limited scope of the initiative which lost momentum, as evidenced by the following:

*"So we talked about how perhaps we could train do some development of their material on their induction and then look at maybe a module or, or a half day, to work with them on their training material. And then train some of their trainers so they can have the capacity to carry on running that. And they were terribly excited about that. But I just had a chat with our training manager and, and I just advised her I don't think it's going anywhere, so not to worry too much." (Dyad 3)*

*Role of engagement in innovation process*
In three cases new innovation opportunities for the corporate partner were identified during the course of the dyadic collaboration, as illustrated by this quotation from Dyad 3:

*"I think from there [the disability awareness seminars] we kind of saw the opportunity that we have a priority services team that deals daily with vulnerable customers and that that training would be more tailored for them." (Dyad 3)*

In the remaining four cases (although in one case, data discrepancy means further field research is need to verify the finding), the engagement ensured the corporate partner was able to realise a previously identified opportunity, in the case of Dyad 6, improving services for disabled customers:

*"So what we did was we, we went out and we worked in partnership with [the charity] and.. we held about 12 focus groups, and they were impairment specific…… and they came up with, I can't remember now, but it was something like, 40, it was a really odd number, it was like 48 recommendations or something what we should do. And so we did them all." (Dyad 6)*

*Nonprofit attributes used to develop innovation*

In formulating the innovation, the majority of corporate partners relied on knowledge transfer from the nonprofit, coupled with access to the nonprofit's own network, as illustrated in Table 5.8; although in one case only the nonprofit's network was utilized. The exception was dyad 4, where the corporate partner is effectively using the nonprofit as a test bed to develop integrated data and voice solutions which it will then offer to corporate clients.

| Nonprofit attribute utilised | Illustrative data |
|---|---|
| Nonprofit network & knowledge base | "So we started to work with [the charity] and tap into their research groups that they have and their supporters, and actually work with them to say, 'Well guys what, what is it that you would like to see from a lingerie range?' And we got lots of feedback on that." (Dyad 1)<br><br>"So we commissioned them effectively to provide a service for us to help manage the implementation programme. And initially when we started this in the UK, there was also an element of research about it, and so what's the impact of these units, are we making them in a way small children can use them easily? So, they [the nonprofit] were useful in many respects." (Dyad 5) |
| Nonprofit network | "Now for instance if you take the [charity's] supporter at these events, they probably wouldn't come into a bingo club. But they still, some of these people are still opinion formers, and what it allows us to do is it allows us to go into a different market, even just for the evening." (Dyad 7) |
| Nonprofit as a test-bed | "We look at the kind of application of technology [at the charity]. So we will look to showcase, so some of solutions. It's about kind of using technology we've already got in place and kind of tweaking it and making it fit for business settings." (Dyad 4) |

*Table 5.8: illustrations of nonprofit attributes utilized by corporate partners*

This section was intended to give a comprehensive account of the findings of the research, key themes have been identified from these findings and this report now turns to a discussion of these themes.

# 6. Analyzing the findings

## 6.1 Extrapolating key themes

Following exploration of the data, findings were grouped in the following categories: company motivations to engage with a nonprofit; company inputs to the relationship; characteristics of the dyad; relationship factors facilitating innovation as an outcome; and an assessment of the role the nonprofit collaboration played in generating the innovation. These were discussed in the previous section and the findings are summarized in Figure 6.1.
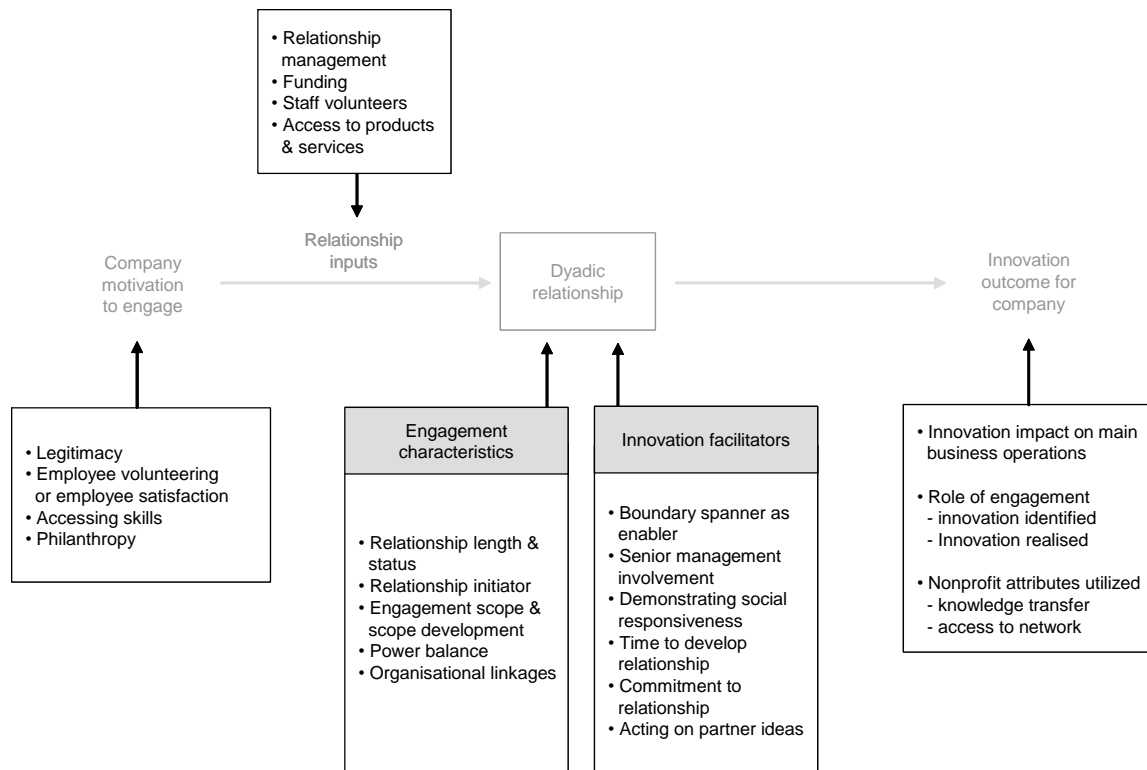
**Figure 6.1: Collated findings**

The collated findings shown in Figure 6.1 have been examined further to see if generic patterns can be found in the data which can assist in addressing the question: *under what conditions do firms generate innovations through dyadic voluntary engagement with nonprofit organisations*?
The data appears to support a link between the driving motivation by a company to engage with a nonprofit on a voluntary basis, the relevance that engagement has to the company's business operations and the impact a resulting innovation has on the company's core business. In three of the dyads, legitimacy was judged to be the key motivation for nonprofit engagement, as shown in Figure 6.2, and the engagement which followed was highly relevant to the companies' main business operations.



**Figure 6.2: Link between legitimacy as engagement motivation, engagement and innovation outcome**

The resulting innovation, too, is highly relevant to the corporations' core business. In terms of corporate involvement in the collaboration, three factors were clearly apparent in the engagement as facilitating the innovation outcome. Firstly, senior management were either directly involved in the relationship, or had fully empowered the main boundary spanner to take forward the collaboration. The main organisational actors had a clear focus on the need to demonstrate the companies' social responsiveness, and were committed to the relationship with the nonprofit partner.

Figure 6.3 below, illustrates the link found between the other main engagement motivations identified and the relevance of the resulting engagement and innovation to the corporate partner's core business. In three dyads, where legitimacy was not the main motivation, the collaboration had limited relevance to the company's core business and similarly the resulting innovation was also deemed to have limited relevance.
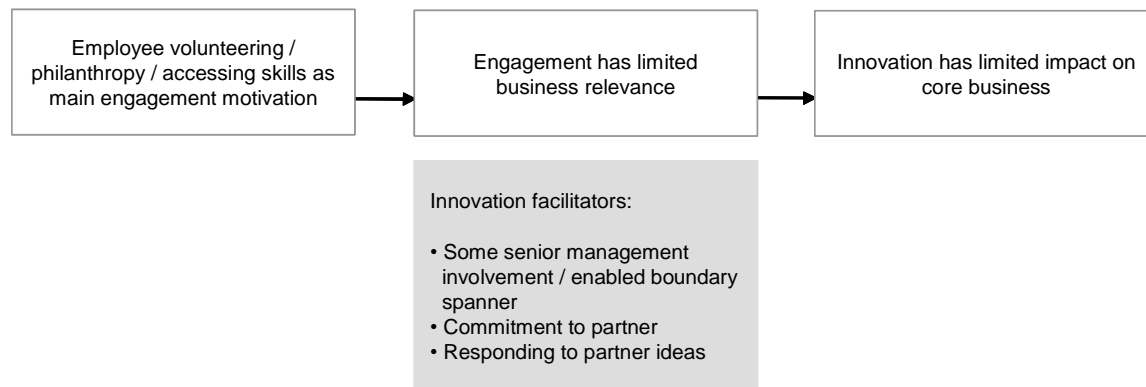


**Figure 6.3: Link between company motivation, engagement and innovation outcome**

Examination of the innovation facilitators data, showed that some senior management involvement (as opposed to CEO or board chairman level involvement, evidenced in the engagement motivated by legitimacy), and/or an empowered boundary spanner was needed. Once again, there was demonstrable commitment to the nonprofit partner and evidence that the corporate responded to ideas generated by the charity.

It should be noted that one dyad did not fall easily into the frameworks outlined in Figures 6.2 & 6.3. The relationship between the energy supplier and mental health charity was judged to be partially relevant to the company's core business and the innovation was regarded as having some impact on mainstream business operations. This can be explained by the fact the company's main motivation for engagement was hard to determine, and was judged to be both employee engagement and legitimacy, evidenced by the change of focus in the relationship after the first year from employee volunteering opportunities, to disability awareness training for frontline customer staff. This dual motivation, has blurred the focus of the collaboration and may be a reason for the resulting innovation not having a clear impact on mainstream business operations.

The other main relationship noted in the data was that between the development in the scope of collaboration between the company and nonprofit and the number of innovation facilitators identified in the collaboration. This finding is shown in Table 6.1.

| Dyad scope development | | Boundary spanner as enabler | Senior management involvement | Demonstrating social responsiveness | Time for relationship to develop | Commitment to relationship | Acting on partner ideas |
|---|---|---|---|---|---|---|---|
| 1 | Exploratory | - | xx | xx | xx | xx | xx |
| 7 | Exploratory | x | x | - | xx | xx | x |
| 3 | Evolved | x | x | xx | xx | xx | xx |
| 4 | Evolved | x | xx | xx | xx | xx | - |
| 2 | Limited | xx | - | - | - | xx | xx |
| 5 | Limited | x | - | xx | - | x | x |
| 6 | Limited | xx | - | xx | - | xx | - |

*Table 6.1: Relationship between engagement scope development and innovation facilitation factors*

In relationships where the scope of collaborative activities developed somewhat, or significantly, from the outset of the engagement, at least five out of the six factors identified as innovation facilitators were present. This suggests that these innovation facilitators also play a role in helping increase the engagement scope. This finding is further supported by the relative paucity of factors evident in relationships where there was limited scope development. In particular, these relationships did not have any direct senior management support and none of the participants seemed focused on the development of the collaboration over time.

## 6.2 Findings summary

Before discussing the relevance of these findings with respect to the current literature, the key conclusions drawn from the field data are briefly summarized here.

Firstly, this study of dyadic company-nonprofit relationships, has identified six factors which can facilitate innovation as an outcome for the corporate partner. Furthermore, these factors also appear to be positively linked to the expansion in the scope of collaborative activities undertaken by the partnership as it develops. As is noted in the following discussion, some of the attributes have already been identified in the literature on cross sector collaboration, but others, such as the role of the main company boundary spanner, and the corporate focus on social responsiveness, appear new to this literature.

Secondly, the study has shown that companies whose main motivation to engage with a nonprofit is the legitimacy this association can bring, appear to be involved in a collaboration which is highly relevant to the company's main business and this, in turn, results in an innovation which is also highly significant to the company's core operations. Such relationships exhibit top management (not just senior management) support, or a boundary spanner who has been empowered by top management to take forward the results of the collaboration. These companies are also keen to demonstrate their social responsiveness. By contrast engagements driven by other corporate

motivations, such as employee volunteering opportunities, are likely to have limited direct relevance to the company's main business and result in an innovation which has limited significance.

Finally, the study has identified two ways in which the corporate partner generates an innovation through the collaboration. The more common means is for the company to utilise the nonprofit's knowledge base and / or its distinct network to deliver the innovation. An alternative route is for the corporate partner to work *within* the nonprofit to find solutions to issues faced by the charity which it can then exploit in the commercial arena.


## 7. Discussion

Examination of the extant literature suggests this is the first study to consider voluntary engagement between companies and nonprofits in the context of innovation generation for the corporate partner, and, as such, it makes a contribution to the cross-sector collaboration literature and stakeholder engagement literature. This contribution is discussed below, and limitations of the study are also addressed. The section continues with suggestions for further research on the topic (including the outline for further field work in project 3) and concludes with some personal reflections on the process of conducting the research.

### 7.1 Study implications

The research identified six factors which can facilitate an innovation outcome for the corporate partner. Of these six factors, four have been acknowledged in the literature as having a positive impact on developing cross-sector partnerships or stakeholder relations, and this study supports those findings. The key role of allowing the relationship to develop over time, which engenders increased familiarity and trust has been previously noted (Waddock, 1988), as has the need for senior management involvement in the collaboration, or at very least, support for relationship (Googins & Rochlin, 2000; Hood et al, 1993; Waddock 1988). Partner commitment to the relationship by the organizational actors can been seen as a form of investment in the collaboration (Kanter, 1999) and as a reflection of partner satisfaction, which has been identified as a key ingredient of successful partnerships (Waddock & Bannister, 1991). Proactively engaging with stakeholders and being open to their ideas, as demonstrated by the corporate partners acting on suggestions from their nonprofit partners, has been noted as positively affecting the corporate competitiveness through the ability to assimilate and act on new ideas (Ayuso, Rodriguez & Ricart, 2002; Sharma & Vredenburg, 1998).

The role of the boundary spanner, however, has received much less attention, and has been seen in this study to be pivotal in enabling an innovative outcome from the relationship for the corporate partner. The findings of this research follows Williams (2002) highlighting the boundary spanner as something of an entrepreneur: utilizing their role as network manager, connecting problems and solutions, and mobilizing resources. Indeed the role played by the boundary spanners in the cases examined, is similar to that of a project champion as characterized in the product innovation literature, and the skills identified by Howell & Shea (2000) in that context fit well here: framing the ideas as an opportunity and enthusiastically promoting the ideas, as well as using their network connections.

The final factor identified: that of the company seeking ways to demonstrate social responsiveness, has not been discussed in the literature in terms of its role in generating an outcome from the engagement or collaboration. The need for societal legitimacy, or the desire by a company to be

seen as socially responsible, has been identified as a key driver for nonprofit engagement (for example, Heugens, Van den Bosch & Van Riel, 2002), and that has been supported by this study. Corporate social responsiveness, Frederick's CSR2, (1978), is the means by which a company demonstrates its corporate responsibility ethos, but this theoretical construct does not appear to have been applied the cross-sector collaboration literature, which, given the findings of this study, and the important role it plays, is a key omission.

Austin (2000) in his comprehensive study of corporate-nonprofit relationships, identified three different types of alliances based on the degree of integration between the partners, their scope of activities and the perceived importance of the collaboration, and each type of alliance exhibited different attributes. The six factors identified here which facilitated an innovation for the corporate partner, were also linked to the development the collaborative scope and can help explain how these partnerships transition from one type to the next.

The use by the company of the networks and knowledge base of the nonprofit partner in generating the innovation supports the findings of other authors exploring the outcomes of cross sector relations (eg London, Rondinelli & O'Neill, 2005; Yaziji, 2004). Similarly, the use of the nonprofit as a test bed for innovations follows Kanter (1999) who argued that "high impact business contributions to the social sector use the core competencies of a business – the things it does best…The community gets new approaches that build capabilities and improvements. The business gets bottom line benefits: new products, new solutions to critical problems and new market opportunities." (Kanter, 1999; p132).

Finally, the study demonstrated a link between social legitimacy as a driver for the engagement and a resulting emergent innovation which has direct relevance to the company's core business, facilitated by top management involvement in the relationship, and a desire by the company to demonstrate its social responsiveness.[21]

### 7.1 Research limitations
The limitations of both the findings and the research design are discussed here. The key limitation noted in terms of the conclusions drawn from the study is the lack of clarity in the relationship between the engagement motivation and the innovation facilitation factors in producing an innovation outcome for the corporate partner. As the analysis stands, it is assumed that engagement motivation is the primary reason for innovation outcome, moderated by key innovation facilitators. However, it may be that the innovation facilitation factors themselves are the key determinant of innovation outcome.

A further limitation in attempting to identify generic factors in these cases, is the bias of respondents. The findings of the research are based on the perceptions of those most closely associated with the operations of the dyads. From this, conclusions have been extrapolated at the company level, which may be an assertion that could be open to question. Furthermore, the respondents had already shaped a narrative of their perceptions of the relationships as they had already evaluated the outcomes, and in most cases, developed material to present the outcomes of the collaborations either within their organisation, or to the wider business community. Viewed in

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[21] I'm afraid I have to hold my hands up here and say, at the moment, I haven't got any great ideas about what literature to relate this finding back to, or how to position it in terms of a contribution. Personally, I think it's the most interesting finding, but I'm currently at a loss about how to discuss it.

this way, the data could be reinterpreted to uncover corporate partner perceptions about how 'beneficial' relationships with nonprofits are conducted.

As the research stands to date, it is incomplete with two cases missing interview data. This clearly has a bearing on the reliability of the findings as currently presently, but is a limitation which can rectified in the coming weeks. Similarly, not all the themes presented were discussed in the same level of detail in all the cases. Once again, this can be addressed by contacting the respondents to get their inputs into the areas which were not covered in interviews.

A noted limitation is that, to date, the research only considers the data from the perspective of the corporate partner (this is addressed below). The research was looking to uncover generic factors which facilitated the generation of innovations for the corporate partner in these voluntary dyadic relations, and was therefore concerned with cross-case applicability. While the seven dyads in the study represented a range of sectors, the omission of a case from the financial services sector, is a limitation which ought to be addressed.

### 7.2 Suggestions for further research
Some of the limitations noted above can be addressed through further research: the reliability of the findings could be tested via a survey of companies who have engaged in nonprofit collaboration; and the issue of post-relationship interpretation by respondents could be avoided by conducting a longitudinal observational study of a collaborative relationship. However, those suggestions are for future studies: the remainder of this immediate discussion is concerned with how this current piece of research will be taken forward.

*Outline of further empirical research*
The final round of field research is intended to address the deficiencies in the study as it currently stands. Further interviews will be carried out with the nonprofit respondents in the research base to enable the data to be studied from a nonprofit perspective. Currently, in five out of the seven cases, there is only one nonprofit respondent in the study and further participants are needed, which entails conducting an additional 5-7 interviews as a minimum. This will enable a comparison of corporate and nonprofit motivations, relationship facilitation factors and outcomes.

Preliminary findings in the nonprofit data collected so far suggest that, in the majority dyads studied, the nonprofit partner had extended its usual scope of the relationship or activity base, with five respondents commenting that they had not worked with a corporate partner in a similar way before, and it had opened out new opportunities for them. While it is obviously too early to draw conclusions from the findings of this proposed research, the preliminary findings from the current data suggest that it may be worth discussing the conclusions with respect to the social entrepreneurship literature (for example, Peredo & McLearn, 2006). It is intended to use the same data gathering and data analysis methods as presented in this research to facilitate comparisons between the partners in the dyads.

A secondary aim of the next stage of field research is to address some of the data gaps that are apparent in the current research base. To this end, this involves, in particular, identifying a corporate-nonprofit dyad in the financial services sector, and contacting respondents with follow up questions on areas where I believe I currently have insufficient data to make a considered interpretation (or I have made an interpretation, but am unsure about its validity). In addition, I will

take the advice of the panel on whether they consider it advisable to increase the research base further and include additional dyads.


### 7.3 Personal reflections

I have found the process of conducting field research and carrying out subsequent analysis on the data collected both challenging and stimulating.   With the benefit of hindsight, I can see the value in conducting a pilot study, or at least a couple of pilot interviews to help shape the interview protocol.  However, I did not find that it was really until the analysis was beginning to take some shape that I began to realise what questions I needed to have asked (hence the proposed follow-ups with some interviewees).

I found transitioning from individual case-study analysis, to generating generic themes, quite difficult, as I was continually questioning whether the generic could be argued to be a distillation of each specific case.  Frankly, I was not confident that anything particular would be evident in the data, and that the report would end up a triumph of creative interpretation.  However, rather to my surprise, I found that themes did emerge after I had categorised the data according to my analysis framework.  I did find managing the volume of data challenging, and am mindful that my conclusions need more explaining and more refining: I think I probably need one more go round with the analysis.

I appreciate that the presentation of my method and data in this paper may need a rework as I have found it difficult to separate out data presentation and data analysis.  Finally, as acknowledged earlier, I do need to relate the study conclusions back to the literature in more creative way.  I continually find that the one ingredient which improves the quality of thinking about the research topic is time, and so I am hopeful that I can increase the relevance of my contribution from this study with more thought over the next couple of months, because, as it stands, it feels a bit insubstantial.

# Project 2 addendum: refinement of findings, October 2007

## 1. Introduction

The purpose of this paper is to present the conclusions of a further examination of the empirical data collected so far as part of my doctoral research. I have worked to distil and refine my conclusions from those originally presented in July, and from this distillation, have developed a series of propositions which I propose to qualitatively evaluate through an additional round of field research.

In this paper I have briefly recapped the initial conclusions presented to the panel in July, before discussing my approach to further data analysis and presenting my subsequent findings. The implications of these findings are discussed and a series of propositions for further research are presented.

## 2. Background

My research is attempting to address the question "can an explanatory framework be developed to describe how companies innovate through dyadic voluntary engagement with nonprofit organisations?". As presented in my conclusions to Project 2, I developed a framework to help me make sense of the data collected, and ensure the subsequent analysis was focused on exploring how the seven company-nonprofit dyadic relationships studied resulted in an innovation for the corporate partner. This framework is reproduced in Figure 1, which assumes the company has a motivation to engage with the nonprofit and makes certain inputs into the relationship. A dyadic relationship occurs, and an innovation results for the company.



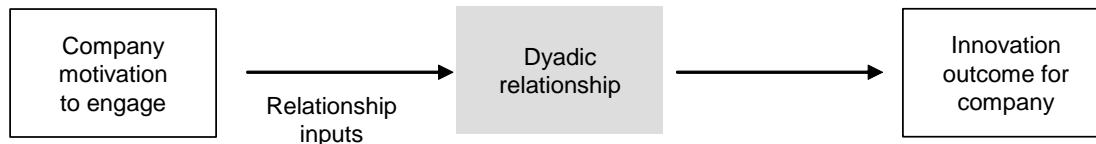Figure 1: Data analysis framework

Findings from the case data were grouped according to this model, as shown in Figure 2. Findings concerned with the dyadic relationship were grouped under two headings; characteristics of the dyad itself, and factors relating to how that dyadic relationship operated which appeared to be relevant to facilitating innovation as an outcome for the corporate partner.
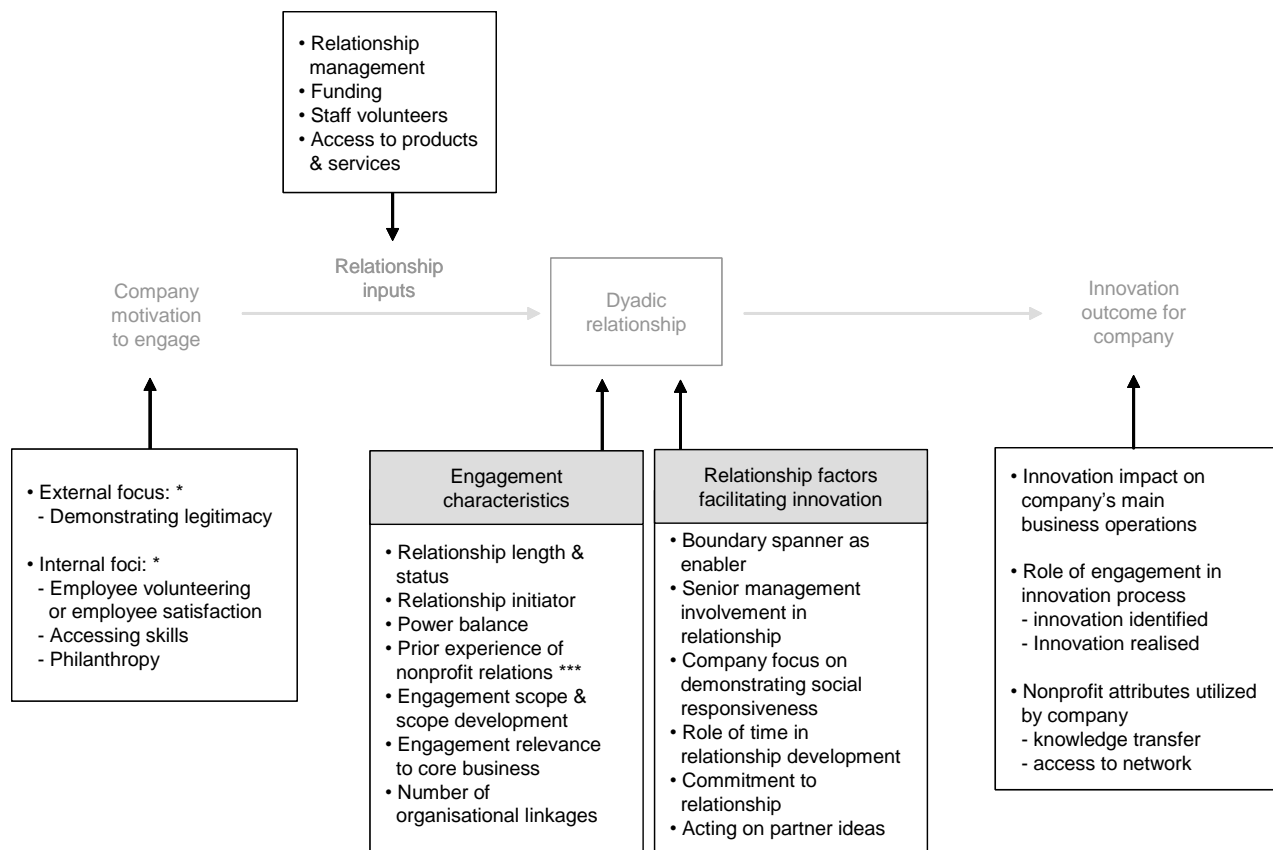
*Note:   the distinction between internal and external motivations has been added since the initial paper.   See section 4 below.

***Note:   this characteristic has been added subsequently. See section 3 below.

Figure 2:   Findings of initial data interrogation

Four motivations for a company to engage with a nonprofit were identified, and four inputs into the relationship from the corporate partner were found.  The dyads were evaluated against seven engagement characteristics, and six factors were identified in the operation of the dyads which appeared to act as factors facilitating innovation as an outcome.  The resulting innovation for the corporate partner was considered along three dimensions.

Whilst my July paper presented some high level conclusions from this first level of analysis, it stopped short of extrapolating more detailed implications.  Sections 3 and 4 discuss the additional analysis conducted subsequently, and the findings of this analysis.

### 3.   Additional data analysis

As a first step to re-immerse myself in the data, I revisited the findings shown in Figure 2, both to confirm their presence in the case data and assess my interpretation of their relevance to individual cases, in accordance with the criteria previously developed, regarding within-case and cross-case comparability.   This re-evaluation, coupled with a discussion with Lance, resulted in two refinements to the initial data interpretation.

Firstly, within the dyad characteristics I have added an additional factor: previous experience of nonprofit relations. The reason for doing this is to 'fit' the framework more closely to the suggested model that came out of my literature review and enables me to discuss the relevance of those factors identified in the literature, as well as those identified through empirical research. The second refinement was a 're-scoring' of one of the case studies on certain dimensions, as the re-appraisal of the data, coupled with answers provided by interviewees to a couple of follow-up questions designed to plug 'holes' in the data set, suggested an alternative interpretation. The re-assessment was concerned with the relevance of the nonprofit relationship to the main business operations of the company which, initially, had been thought to be marginal, due to interviewee responses. This interpretation always sat uneasily with the overall stance this company took towards nonprofit engagement, and answers to additional questions suggested that learning from the nonprofit engagement was relevant to the company's main line of business. This detail had been missed in the first instance as I had not pursued questions relating to how the information from the relationship was utilised; interview transcripts show I was more concerned with how the dyad operated.
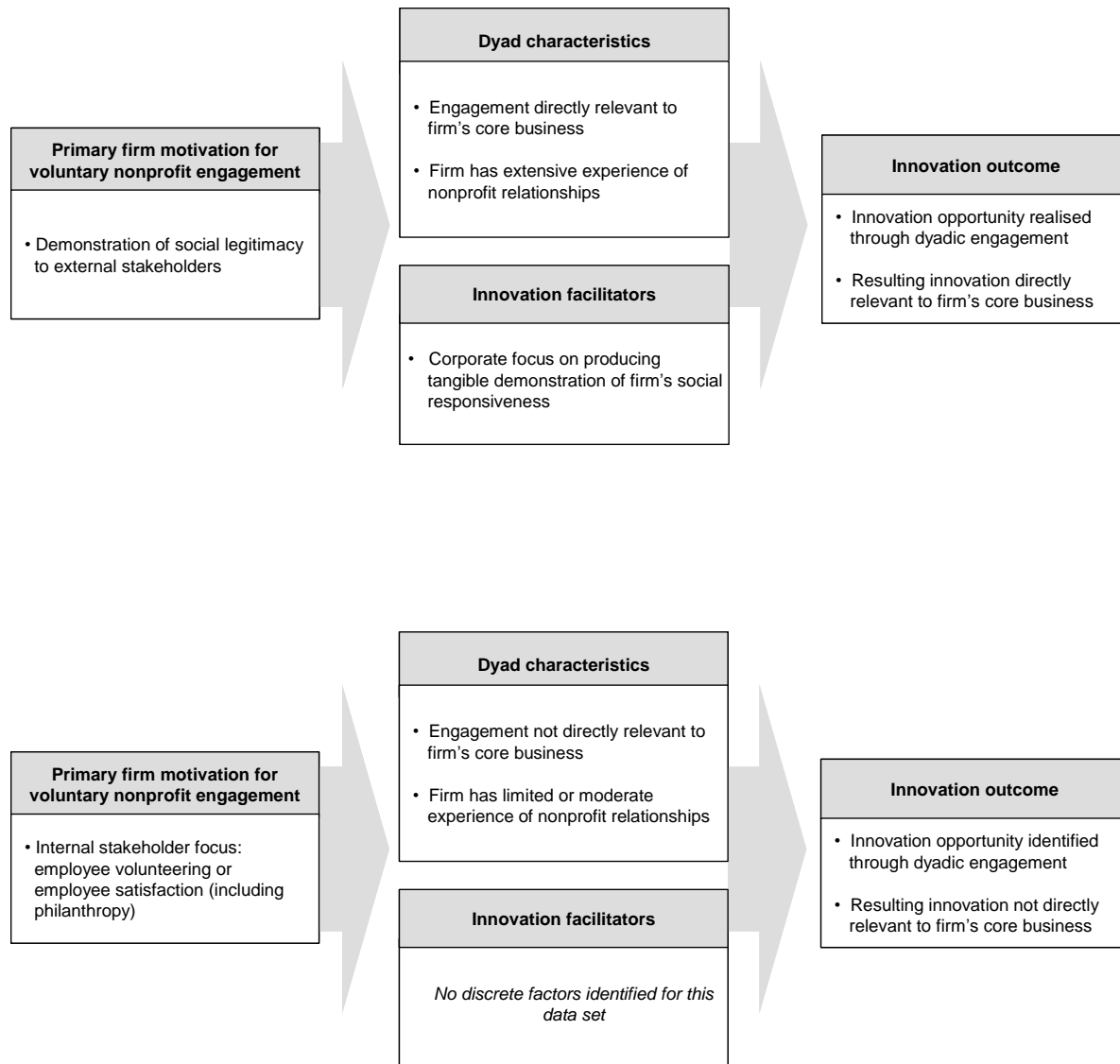
The reassessment of one case study clearly opens up concerns about the reliability of data gathered from the others, particularly in terms of information that might have been missed during the field research, and this needs to be noted as a limitation of the research method. However, in defence, this case was the only one where I did not feel comfortable with my initial interpretation, and, given the qualitative nature of the study, the researcher plays a key role in interpreting data. Whilst every effort can be made to make the interpretation process transparent and credible, 'gut feel' still plays a part. Following the data re-appraisal, I began to look for patterns in the dimensions identified in the initial analysis. Five key themes emerged and these are discussed in the next section.

## 4. Findings

My evaluation of the case data relating to company motivations for engagement, corporate inputs into the relationship, dyad characteristics, innovation facilitation factors, and the innovation outcome for the corporate partner, were entered into spreadsheet - reproduced in the appendix - and patterns in the data became evident. These patterns are summarised in various figures in this section.

First, as shown in Figure 3, in dyads where the primary motivation for the corporate partner to engage was to demonstrate its social legitimacy to external stakeholder groups, the resulting engagement was relevant to the company's core business operations. These companies had significant previous experience of nonprofit relations and the main innovation facilitator identified in these cases, was that the corporate actors were focused on delivering demonstrable expressions of their commitment to social issues as outcomes from the dyadic relation. The resulting innovation was directly related to the company's main business operation and the engagement enabled the corporate partner to realise an innovation opportunity. By contrast, in dyads where the motivation of the company to engage with the nonprofit was driven primarily by a focus on internal stakeholders (ie employees), the resulting engagement was not directly relevant to the corporate
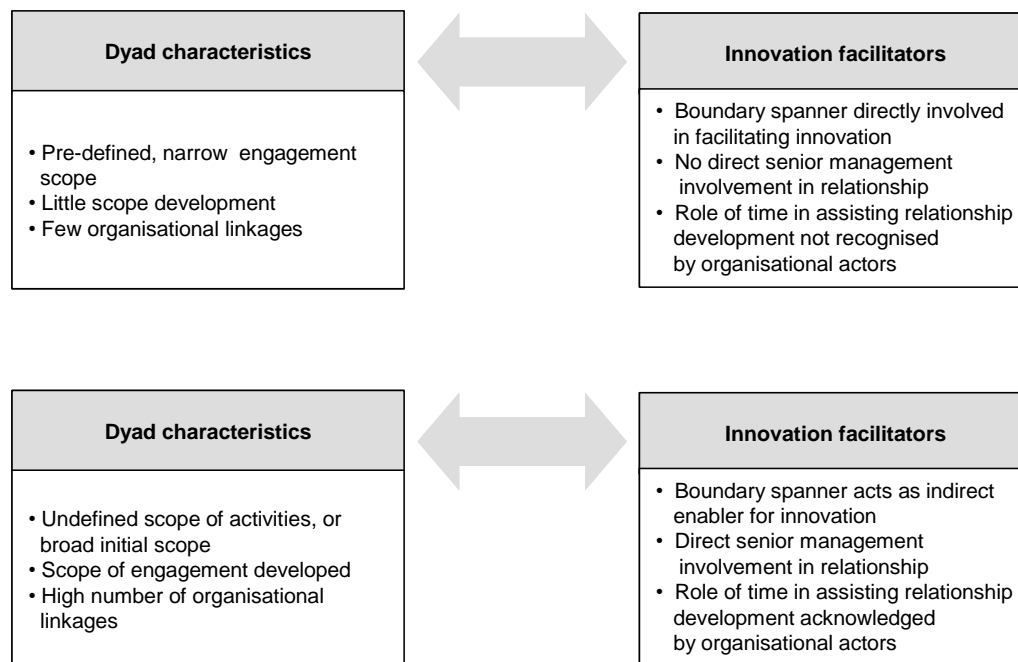
partner's core business.[22]   There was no evidence of the company having extensive previous experience of relations with nonprofits.  In these dyads, the engagement enabled the corporate partner to identify an innovation opportunity, although the resulting innovation was not directly relevant to the company's main business operation.  As can be seen in Figure 4, no innovation facilitators were identified that were specific to this data pattern grouping.

**Dyad characteristics**

- Engagement directly relevant to firm's core business
- Firm has extensive experience of nonprofit relationships

**Primary firm motivation for voluntary nonprofit engagement**

- Demonstration of social legitimacy to external stakeholders

**Innovation facilitators**

- Corporate focus on producing tangible demonstration of firm's social responsiveness

**Innovation outcome**

- Innovation opportunity realised through dyadic engagement
- Resulting innovation directly relevant to firm's core business

**Dyad characteristics**

- Engagement not directly relevant to firm's core business
- Firm has limited or moderate experience of nonprofit relationships

**Primary firm motivation for voluntary nonprofit engagement**

- Internal stakeholder focus: employee volunteering or employee satisfaction (including philanthropy)

**Innovation facilitators**

*No discrete factors identified for this data set*

**Innovation outcome**

- Innovation opportunity identified through dyadic engagement
- Resulting innovation not directly relevant to firm's core business

*Figures 3 & 4: Summary of data pattern analysis relating to firm  motivations, dyad operations, and innovation outcomes*

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[22] In the case where philanthropy was identified as the primary motivation to engage, this is considered to be an internal focus, as it was very much about making the corporate actors involved 'feel good'.  Furthermore, there was no evidence that that the company was attempting to demonstrate its social legitimacy to external stakeholders.

The third and fourth groupings relate to the characteristics of the dyads and corresponding patterns noted in the innovation presence, or otherwise, of innovation facilitation factors, as shown in Figures 5 & 6. In dyadic engagements with a predefined narrow scope, there was little evidence of scope development and there were few linkages between organisational actors. These relationships did not have the direct involvement of corporate senior managers and it was noticeable that there were no references to the development of the collaboration over time. In such dyads, the corporate actor in the role of main boundary spanner, was directly involved in facilitating the innovative outcome for the company.

| Dyad characteristics | | Innovation facilitators |
|---|---|---|
| • Pre-defined, narrow engagement scope<br>• Little scope development<br>• Few organisational linkages | ⟷ | • Boundary spanner directly involved in facilitating innovation<br>• No direct senior management involvement in relationship<br>• Role of time in assisting relationship development not recognised by organisational actors |

| Dyad characteristics | | Innovation facilitators |
|---|---|---|
| • Undefined scope of activities, or broad initial scope<br>• Scope of engagement developed<br>• High number of organisational linkages | ⟷ | • Boundary spanner acts as indirect enabler for innovation<br>• Direct senior management involvement in relationship<br>• Role of time in assisting relationship development acknowledged by organisational actors |

*Figures 5 & 6: Data patterns relating to dyad characteristics and innovation facilitators*

Where engagements had an undefined, or broad initial scope, there was evidence of scope development. These dyads also had a high number of linkages between organisational actors. Senior managers from the corporate partner were directly involved in the relationship, and actors acknowledged the role of time as a key factor in enabling the relationship to develop. In this type of dyadic relationship, the main corporate boundary spanner acted as an innovation enabler, but did not directly facilitate the innovation outcome.

The fifth, and final, pattern grouping relates to generic factors which were common to all the dyads studied, as shown in Figure 7. Relationship inputs from the companies were similar, with all offering some level of staff involvement and, in the case of national initiatives, dedicated relationship management. The balance of power in the dyad rested with the corporate partner, who was perceived as providing funding or other benefits to the nonprofit and had ultimate discretion over the continuation of the relationship. Finally, all actors involved in the dyads expressed commitment to the operation of the relationship.
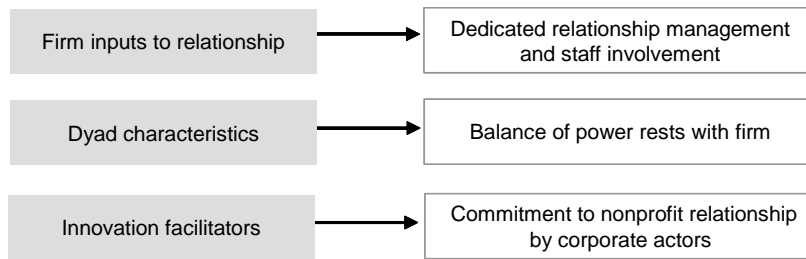
*Figure 7: factors common to all cases identified in the data set*

Finally, it should be noted that within the data patterns discussed above, there were occasional anomalies which have been explained due to the individual nature of each case and are not considered to materially impact the findings discussed above. The five discrepancies identified in the data patterns are as follows: firstly, in one case exhibiting the characteristics of collaboration motivated by an external focus on demonstrating legitimacy, this was not found to be the primary motivation for nonprofit engagement. However, the nonprofit engagement was part of a larger community initiative by the firm which *did* exhibit demonstrating legitimacy as the motivation, and the collaboration was viewed by actors as a means of achieving this. The second discrepancy relates to a case exhibiting the characteristics of internally motivated nonprofit engagement, but where demonstrating legitimacy was also found to be a strong motivating factor, and the need to show social responsiveness was noted as an innovation enabler. An explanation for this finding is that the collaboration was refocused after 12 months from an employee fundraising initiative to a broader, business oriented relationship. The third anomaly is concerned with the role of the boundary spanner in a case where, according to data patterns noted in other cases, the organisational actor in this role should have played a direct role in facilitating the innovation. A possible explanation is that the innovation had already been realised in other national markets, and there was a process in place for introducing the innovation into the UK market which did not require the direct involvement of the boundary spanner. Fourthly, in one case the main boundary spanner was found not to play a role at all in enabling innovation, which can be explained by the high levels of integration between the two organisations, and that the innovation was facilitated through these alternative linkages. Finally, one case did not have dedicated relationship management as an input, which is explained by the fact that, of all the cases included in the data set, this was the only dyad operating at a localised level.

Whilst explanations can be given for all the data-pattern discrepancies discussed, these anomalies should not be dismissed completely due to the very small size of the data set, and must be seen as a limitation of the research to date. It is hoped that the planned additional round of field research will strengthen the findings presented here and so reduce the potential significance of the data discrepancies found.

The majority of case-data evaluated was incorporated within one of the groups discussed,. However, there were five data categories which appeared to have limited applicability to any of the patterns noted and these are shown in Figure 8. Of these, the category that appears most surprising in this regard, is one of the identified innovation facilitation factors; that of corporate actors implementing ideas from the nonprofit partner. The lack of applicability of this factor could be due either to insufficient clarity in the construct itself, and / or inconsistency in the interpretation of the construct during data analysis; or it could be that the construct is not a key factor in facilitating innovation.

As with the data anomalies, it is hoped that an additional round of field research will clarify the role this factor plays.
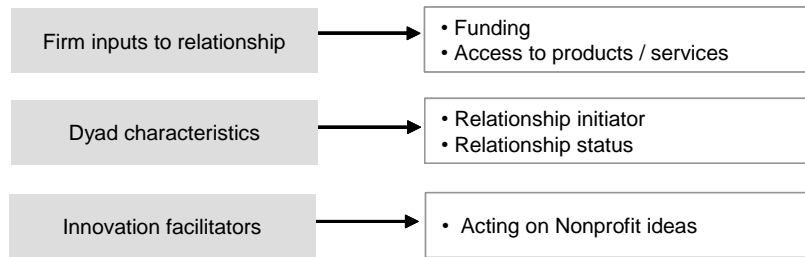


*Figure 8: data categories with lack of applicability to any data patterns*

## 5.  Discussion

The process of analysis can be viewed as a progression from identifying case specific data, to ascertaining cross-case applicability and then drawing conclusions which suggest the development of theory.  The following four draft propositions have been drawn from the collated data findings presented above.

*Proposition 1:*  Companies which are primarily motivated to voluntarily engage with nonprofit organisations as it enables them to display their social legitimacy to external stakeholders, will be seeking to demonstrate their social responsibility credentials and will embark on an engagement that is directly relevant to their main business operations and which offers the potential of realising an innovation opportunity which is also directly relevant to the core business.

*Proposition 2:*  Companies primarily motivated to voluntarily engage with nonprofit organisations due to perceived benefits for their internal stakeholders (ie employees) will embark on an engagement that is not directly related to their main business activities.  Any innovation opportunity will be identified during the course of the engagement and will not be directly related to the company's core business.

*Proposition 3:*  In engagements with a narrow predefined engagement scope which does not evolve over time, has few organisational linkages, and no direct senior management involvement, the main boundary spanner will be directly involved in facilitating the resulting innovation.

*Proposition 4:*  In engagements with an undefined, or broad initial scope, which develops over time, and which has direct senior management support and exhibits a large number of organisational linkages, the main boundary spanner will not be directly involved in facilitating the resulting innovation.

These propositions may be a 'leap too far' from the data as it is currently presented, and, whilst the analysis presented here takes the research forward from the paper presented in July, there are still issues which I believe need to be addressed.  In addition to those noted in the previous section, the following need consideration.

- The analysis has identified generic factors which appear to have a role in assisting an innovation outcome from the voluntary dyadic engagement. How do these factors fit within the other data patterns / propositions?
- Can the conclusions presented be developed further to produce an holistic explanatory model? As it stands there is no link between the first two propositions and the last two.
- Finally, some of the concepts presented and discussed are still ill-defined and require sharpening up.

## 6. Conclusion and next steps

Clearly, this research is still very much work-in-progress and requires further refinement. However, I believe I have reached a plateau with the data I already have and suggest an additional round of field research to corroborate (or otherwise) the findings I have to date; allow me to address the issues which are still outstanding; and assist in the development of a final set of theoretical propositions.

To this end, an examination of 3-4 further corporate-nonprofit dyads is proposed. The method would be similar to that employed previously: semi-structured interviews with at least two individuals from the company and one from the corresponding nonprofit. The interviews would be analysed using the framework already developed to check for pattern consistency, with additional questions aimed at addressing specific issues identified here.

| Motivations | | | | Relationship inputs | | | | Dyad characteristics / attributes | | | | | | | | | Innovation facilitation factors | | | | | | Innovation outcome | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Access skills & network | Employee | Legitimacy | Philanthropy | Rel'n mangment | Funding | Access to services | Staff involve | Relation initiator | Rl'vance to business | Initial scope | Initial scope | Scope dev'ment | Prior reln history | Power balance | Rel'n status | Integration | Boundry spanner | TMT involved | Showing soc resp | Cmtment | Acting on NP ideas | Time to develop | Impact on biz | Role of eng'ment | Nonprofit attributes |
| | | xx | | x | x | x | x | NP | H | Not defined | Narrow | Explore | Extensive | C | Mat | H | (4) | xx | xx | xx | xx | xx | High | R | Network K'ledge |
| | xx | | | (5) | | | x | Co | L | Defined | Narrow | Limited | Limited | C | Mat | L | xx | | | xx | xx | | Low | I | Network K'ledge |
| | xx | xx (2) | | x | x | x | x | Co | P | Defined | Broad | Evolved | Medium | C | Fixed | H | x | x | xx (2) | xx | xx | xx | Medium | I | Network K'ledge |
| | x | xx | | x | x | x | x | Co | H | Defined | Broad | Evolved | Extensive | C | Dev | H | x | xx | xx | xx | | xx | High | R | NP test |
| xx | | x (1) | | x | (x) | x | x | Co | H | Defined | Narrow | Limited | Extensive | C | Mat | L | x (3) | | xx | xx | x | x | High | R | Network K'ledge |
| x | | xx | | x | x | | x | Co | H | Defined | Narrow | Limited | Extensive | C | Dec | L | xx | | xx | xx | | | High | R | Network K'ledge |
| | x | | xx | x | x | x | x | NP | L | Not defined | Narrow | Explore | Limited | C | Dev | Med | x | x | | xx | x | xx | Low | I | Network |

Group 1 — Legitimacy is the main engagement driver, and the engagement is directly relevant to the company's main business. There is evidence of extensive previous involvement with nonprofit organisations and the company is keen to demonstrate social responsiveness. The resulting innovation is directly relevant to core business operations and was realised through the engagement.

Group 2 — Employee satisfaction, philanthropy, or accessing skills is the main engagement driver and the resulting engagement is not directly relevant to the company's core business. There is no evidence of extensive previous relations with nonprofits. An innovation opportunity is identified during the course of the engagement and the resulting innovation is not directly relevant to the company's core business.

Group 3 — The engagement has a predefined, narrow scope with little scope development. It does not have the direct support of the top management team and there are few linkages between the company and nonprofit. Actors do not identify the need for the relationship to develop over time. The boundary spanner has a direct impact on facilitating the resulting innovation.

Group 4 — The engagement scope is either undefined, or of broad scope and there is evidence of scope development. Actors acknowledge how the realtionship has developed over time. Top management are directly involved with the nonprofit and there are a high number of linkages between the organisations. The boundary spanner acts as innovation enabler.

Group 5 — Generic factors: Some form of dedicated relationship management and staff involvement with nonprofit. Corporate organisation is viewed as more powerful partner. Commitment by corporate actors to nonprofit.

Anomalies
Anomaly Group 1 - legitimacy not evident as driving role in relationship, although voluntary initiative itself viewed as giving company legitimacy
Possible explanation - strong corporate identity regarding work in community which does not place great emphasis on partnerships
Anomaly Group 2 - strong indications of legitimacy as a driver and need to demonstrate social responsiveness more in line with group 1 attributes
Possible explanation - engagement refocused 12 months into the relationship away from employee fundraising initiatives
Anomaly Group 3 - no obvious direct role played by boundary spanner, despite lack of TMT involvement and low level of integration
Possible explanation - innovation already realised in other national markets and viewed as separate to this nonprofit engagement
Anomaly Group 4 - no evidence of key boundary spanner as having enabling role
Possible explanation - high levels of integration with nonprofit meant innovation realised through another route
Generic charactertistics anomaly (5) - no evidence of dedicated relationship management
Possible explanation - of all the dyads explored this was the only one conducted at very localised level

# Project 3: Second empirical research study, February 2009

*"Corporate innovations from dyadic voluntary engagement between firms and nonprofits: developing an explanatory framework"*

## Abstract

This paper presents the findings from the second round of empirical research (Project 3) undertaken for my DBA which examines firm innovations from voluntary engagement with nonprofit organizations (NPOs). The fieldwork consisted of three case studies on collaboration between firms and social issues NPOs; collaboration undertaken as part of the firm's corporate responsibility activities. The data gathered from these three cases was then assessed against the findings from the previous round of empirical research (Project 2), which had resulted in the development of a framework examining the relationships between firm motivation to engage with a nonprofit, aspects of the dyadic engagement and the innovation that resulted for the firm.

Of the three additional cases examined and reported on here, two supported the findings from Project 2. The final case did not; however, this is because the firm did not engage with the nonprofit as part of its corporate responsibility activities. Instead, in this case, the nonprofit is actively seeking the expertise of the corporate partner (rather than the other way round, as is seen in all the other cases) to assist it develop products to meet the needs of the hearing-impaired users of its service. Whilst the findings from this case are extremely interesting, they do not follow the patterns observed in the previous cases for the reason noted, and I would be grateful for the Panel's views on how I should treat these findings.

# 1. Introduction

This paper presents the findings from three case studies undertaken to provide support, or otherwise, for an explanatory framework developed from previous analysis of seven cases examining dyadic voluntary engagement between firms and nonprofit organisations in the UK which has resulted in an innovation for the corporate partner. This initial round of exploratory qualitative research culminated in the development of a model which linked together corporate motivation to engage with the nonprofit (NPO), characteristics of the resulting dyadic engagement, and the innovation outcome for the corporate partner. The analysis also identified a series of factors which appeared to facilitate the innovation outcome. This explanatory model is presented in Figure 1 and has been developed from the synthesised case-data presented to my DBA panel in October 2007.
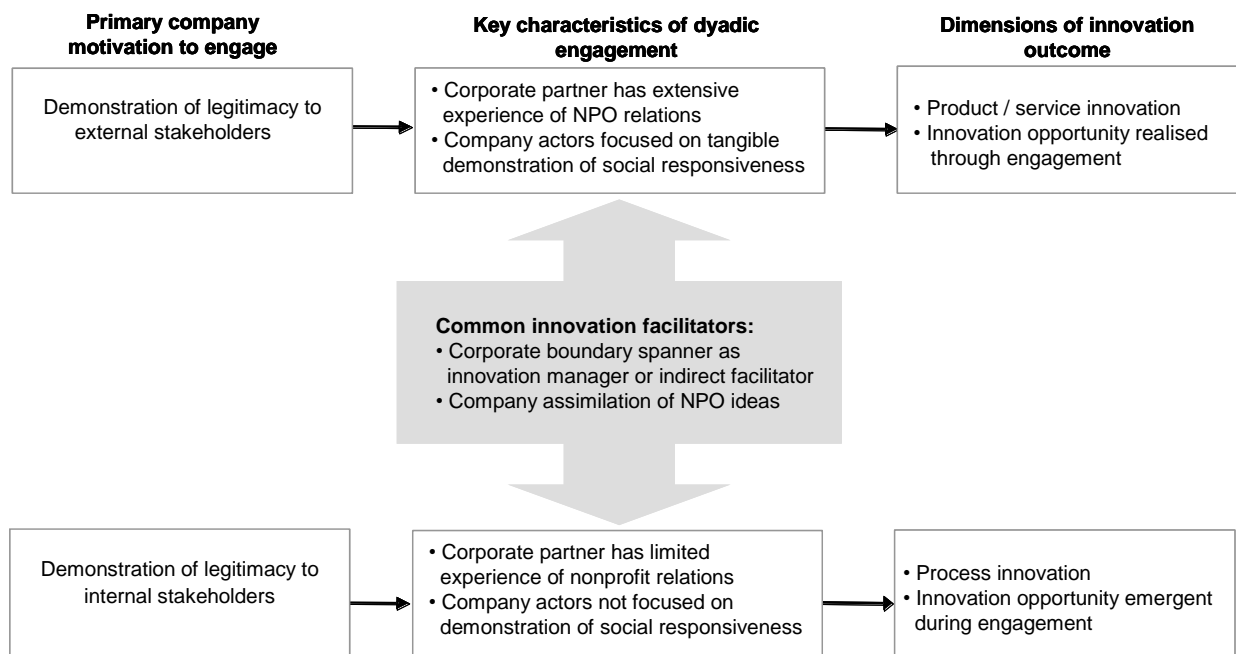


*Figure 1: explanatory model*

The model suggests that where the primary motivation for a company to engage with a nonprofit was to demonstrate its legitimacy to external stakeholders, corporate actors involved in the relationship were actively looking for the alliance to produce a tangible demonstration of their company's social responsiveness. The companies involved in this type of engagement were considered to have extensive experience of NPO relations. A product or service innovation resulted from these engagements and the engagement process with the NPO had helped the company realize an already identified innovation opportunity.

By contrast, where the firm's primary motivation for nonprofit engagement was to demonstrate its legitimacy to internal stakeholders (i.e. employees), corporate actors

involved in these relationships had limited experience of previous nonprofit dyadic relations and were not focused on creating a tangible demonstration of their firm's corporative responsiveness. This type of engagement resulted in a process innovation which was emergent from the engagement process – that is, it had not been previously identified by the company as an innovation opportunity.

In addition, the data showed certain engagement characteristics, considered to be innovation facilitators, which were common to all dyadic relations. The role of the main corporate boundary spanner who had responsibility for managing the day-to-day relationship with the NPO, was central to facilitating the innovation, whether indirectly through internal company networks, or taking the role of innovation manager and directly acting on ideas generated during the collaboration. All interviewees acknowledged that ideas from the nonprofit were taken-up by the corporate partner, suggesting that the companies were assimilating knowledge from the NPOs. Another common factor was the similar perceptions of power held by actors across the dyads. Whilst the corporate partner was regarded as having more power in the relationship, as discussed earlier, this was tempered, particularly amongst NPO respondents, by perceptions of the value the NPO delivered to the company. For example:

> "I think there's a lot more mileage and a lot more opportunity for ourselves and [the company], a lot more, and there's a lot more we can offer them, and them in turn offer us. But, overall, I think there are more benefits for [the company] from the relationship then there are for us." (Dyad 2 – High Street Retailer and Cerebral Palsy charity)

Perhaps surprisingly, no consistent patterns were found in the data relating to the length of the relationship and the degree of interorganizational integration or level of senior management involvement, which is often cited a key factor in ensuring successful collaborative outcomes (e.g. Waddock, 1988). Finally, it should be noted that the data patterns shown in Figure 1 were not replicated in one of the seven dyads studied, yet it is argued that this finding supports, rather than negates, the relevance of the synthesised explanatory model. In this dyad, the firm's motivation to engage with the NPO was initially to demonstrate legitimacy to internal stakeholders, or employees, through a 'charity of the year' fundraising scheme. However, the one-year fixed engagement was extended, and the company then began to focus on issues which were relevant to external stakeholders, in addition to continuing the employee fundraising. This duality of motivation, is interpreted as the company being in transition between the types of engagement outlined, hence the mixed results for this dyad.

My 2007 paper also identified a series of propositions, based on the model, which were intended to focus this second, smaller round, of empirical research. These propositions have been slightly refined through further analysis over the last 12 months and provide a framework for reporting my findings from the recent fieldwork:

> P1: A company primarily motivated to engage with an NPO to demonstrate its legitimacy to external stakeholders will realise a product or service innovation from the corporate--NPO engagement.

*P2:* *A company primarily motivated to engage with an NPO to demonstrate its legitimacy to external stakeholders will be looking for the engagement to produce a tangible demonstration of the company's social responsiveness.*

*P3:* *A company primarily motivated to engage with an NPO to demonstrate its legitimacy to internal stakeholders will uncover a process innovation through the corporate-NPO engagement.*

*P4:* *'Confirmatory engagement' will take place when a company realises a pre-identified innovative benefit through NPO dyadic engagement.*

*P5:* *'Catalytic engagement' will take place when a corporate innovative benefit is emergent during NPO dyadic engagement.*

Finally, the October '07 paper expressed some concerns regarding the robustness of the analysis and the synthesised findings from the first round of empirical research. Once again this has been addressed through additional data interrogation, particularly to develop aspects of the research for submission as journal articles[23]. In general, this has entailed narrowing the focus of analysis to concentrate on particular data patterns observed, rather than attempting to develop an explanatory framework which utilized all the data patterns.

Although the empirical research has been presented to my panel in two 'chunks' (Project 2 and Project 3), I should say that my intention is to write it up as a single piece of research for my thesis, presenting findings from a collective case-study of 10 firm-nonprofit voluntary dyadic relationships in the UK. I do not consider that this is misrepresenting the research process, as some of the data presented here was gathered, but not used in Project 2, and the data analysis process has been ongoing and iterative.

This paper now presents a short review of the literature informing the topic in order to put the research into context, demonstrate the gap that exists in the current knowledge of cross-sector engagements, and illustrate how the literature has informed the overall research. It then provides an overview of my approach to the research and outlines the methodology used for the data collection and interrogation. Findings from the three cases are presented and then discussed with reference to the explanatory model and propositions outlined here. The paper concludes with reflections on the limitation of the work and potential problems in developing a robust argument for a thesis.

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[23] Three papers have been submitted to journals. The first has been refused, we are still waiting for decisions on the other two papers which have been significantly revised at the request of the editors and reviewers.

## 2. Background and literature review

The number of UK corporations reporting their involvement with non-profit organizations (NPOs)[24] has been growing steadily, and such community involvement is regarded as an integral part of a company's corporate responsibility strategy.[25] Corporate Responsibility practitioners in the UK have suggested that engaging with these community and voluntary sector groups can drive innovation within corporations (Business in the Community, 2003; Institute of Social & Ethical Accountability, 2002). A small number of studies within the academic arena have supported this contention: for example, Sharma & Vredenburg's (1998) survey of 'green' initiatives amongst oil and gas firms in Canada, found that companies adopting a pro-active stakeholder engagement strategy benefited from knowledge transfer which fostered innovation. This finding was replicated in a study by Ayuso, Rodriguez & Ricart (2006) of the Spanish banking industry; and most recently supported in research by Grayson et al (2008) which suggested corporates that engage with a wide range of stakeholders, including NPOs, are better placed to develop sustainable business innovations. The aim of this research is to extend the work done in this arena to date. It accepts that pro-active engagement with NPOs can foster corporate innovation and focuses on the process of dyadic engagement to uncover factors which can help explain how companies innovate through voluntary relationships with NPOs, as this appears to have received no attention in the literature to date.

Given the diverging aims of for-profit and not-for-profit organizations, such cross-sector collaborations form a distinct subset within the alliance and collaboration literature, and are predominantly discussed from a resource dependence or social issues perspective (Selsky & Parker, 2005). From a resource dependence platform, authors discuss outcomes in terms of the benefits or value of the collaboration to either or both of the participants (e.g. Austin, 2000), and the competitive advantages these relationships offer, particularly to the corporate partner, are addressed (Yaziji, 2004). A social issues perspective, by contrast, focuses on "metaproblems", or societal issues, which can only be tackled by different organizations coming together (e.g. Waddock,1988 & 1991). From this perspective, outcomes are discussed in terms of the impact on 'solving' the social issue, as well as effects on the participating organizations.

The burgeoning CSR literature predominantly adopts a stakeholder framework to consider the interface between business and society. This literature argues that a firm needs effective engagement with its stakeholders to enable it to understand its environment, and stresses the importance of fully appreciating the drivers, values and needs of external stakeholders or groups (Freeman, 1984) if it is to survive. Stakeholder engagements can be defined as "trust based collaborations between individuals and/or social institutions with different objectives that can only be achieved together." (Andriof & Waddock, 2002; p42). From a predominantly instrumental perspective, a

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[24] Nonprofit organizations are defined as "organizations that have as their primary purpose the promotion of social and/or environmental goals" (Murphy & Bendell, 2001).

[25] Many UK companies use the employee/customer/community/environment framework produced by Business in the Community when reporting their CSR activities.

wide range of authors have discussed the benefits of engaging and managing stakeholders for financial, strategic or reputational benefits.   An organization's need to preserve or enhance its corporate reputation and social legitimacy has been identified as a key driver for stakeholder engagement, particularly with nonprofit stakeholder groups. NPOs are perceived by the public as being credible with worthwhile motives, and by forging links with them, companies can benefit from the reflected social legitimacy (Yaziji, 2004).

Innovation management studies also stress the importance of environmental scanning and interacting with a diverse range of partners for competitive advantage; enabling firms to draw on different knowledge bases, skills and values which foster innovation, and have highlighted the key role of boundary spanning activity in the innovation process (Cohen & Levinthal, 1990; Tushman, 1977; Pittaway et al, 2004).   The concept of developing peripheral vision' is concerned with a particular type of environmental scanning, that of honing in on the weak signals (Haeckel, 2004) at the very edge of managers' field of attention, and "pay attention to the part of the world you are not paying attention to" (Day & Schoemaker, 2004).  It could be argued that management attention to NPOs can lead to an organization gaining access to weak signals that may assist the development of future core business propositions.

Papers drawn from the cross-sector collaboration, stakeholder and innovation fields discussed above were reviewed for study using a systematic review protocol as outlined by Tranfield, Denyer & Smart, (2003).  The literature review collated pre-identified isolated factors relevant to a study of firm innovation from NPO engagement.  These are now discussed and are summarized in Table 1, where factors have been grouped in accordance with the research framework given in Figure 1.

| Data category | Relevant factors suggested by literature |
|---|---|
| **Company motivations to engage with NPO** | • Societal expectation or stakeholder pressure<br>• Accessing resource base provided by NPO<br>• Demonstration of corporate philanthropy |
| **Characteristics of cross-sector dyadic engagement** | • Previous corporate experience of NPO relations and of current partner<br>• Boundary-spanning processes<br>• Internal corporate support<br>• Engagement scope and scope development |
| **Innovation outcome for corporate partner** | • Typology of innovation<br>• Role of engagement in generating innovation<br>• NPO resources utilised by company |

*Table 1: Pre-identified factors relevant to research interest*

*Corporate motivation for nonprofit engagement*

Engagement drivers are drawn from resource dependence and institutional motivations with the need to engage being driven by legitimacy concerns (eg Deegan & Blomquist, 2006; LaFrance & Lehmann, 2005), or salience of the stakeholders (eg Welcomer et al, 2003). Literature on collaboration pre-conditions argues that the problem or issue to be addressed needs to be highly salient to the parties involved (Logsdon, 1991; Waddock, 1988) and partnerships are more likely to develop if there is a high degree of interdependence between the parties (Logsdon, 1991; Waddock, 1989).

This suggests companies may engage with a nonprofit organization because they feel obliged to do so due to societal or stakeholder pressure, or because others in their competitive marketplace have done so. Authors have noted that companies may also be seeking to access to the skills and resources the nonprofit can offer (eg Yaziji, 2004). Alternatively, engagement with an NPO is viewed as part of a corporation's discretionary responsibility (Caroll, 1979) or philanthropic responsibility (Caroll, 1991) and companies may be motivated by philanthropic concerns.

*Dyadic engagement*

Austin (2000) demonstrated how benefits of collaboration increased as the intensity of engagement increased, which happened over a period of time. As the partners got to know each other and worked more closely together, more value was created through resource transfer and core competencies exchange (Austin, 2000). Thus the increased knowledge flows and new perspectives obtained from increasing cooperation suggests a positive impact on an innovation outcome. Additionally, firms get better at generating knowledge from engagement as they gain more experience in interorganizational relationships (Dyer & Singh, 1998). This would suggest that the more relationships companies have and the more integrative those relationships, the more likely that learning and innovation will result.

In order to be able to extract information from their environments – in this case NPOs – firms need to have the processes in place to bridge the boundaries with other organizations, (Linder, Jarvenpaa & Davenport, 2003), suggesting the main boundary-spanning actors will play a key role. Managerial perceptions of the knowledge generated by the engagement are also key to any innovative outcome, depending on whether managers interpret the knowledge as an innovation opportunity or as a threat (Howell & Shea, 2001). This could be influenced by the involvement and commitment of senior management to an initiative (Hood et al, 1993; Waddock, 1988) and continued management attention to the partnership (Austin 2000).

Finally, the literature suggests the scope of the engagement could impact the innovative outcome. Its focus may be a narrow, discrete project or an open ended, multifaceted initiative (Mandell & Steelman, 2003; Waddock, 1991). The suggestion being that the former is more likely to lead to an incremental, planned innovation, while the latter has the potential to produce broader, unexpected change.

*Nature of innovation outcomes*

As discussed above, company motivations for NPO engagement and characteristics of the dyadic collaboration are assumed to impact the type of innovation outcome, whether it is product, service, process or business model related (Tidd, 1997). It has been noted that through engagement with NPOs, companies can access a different skills base and network which can be utilised to drive innovation (Yaziji, 2004). Alternatively, companies can use the focus of the engagement as a test-bed, or incubator, to try out new ideas (Kanter, 1999). To innovate, companies need to be open to new ideas (Fey & Birkinshaw, 2005; Howell & Shea, 2001; Sharma & Vredenburg, 1998) which could be demonstrated by the company's willingness to respond to ideas put forward by the NPO, once again suggesting the role the engagement played in generating the innovation needs to be considered.

These factors identified in the literature were used to inform the development of the interview protocol which is discussed further in Section 4. This paper now briefly addresses the research ontology.

## 3. Research approach

This short section sets out my underlying assumptions about the nature of the world which unconsciously biases the interpretation of data and resulting theory development. It is important to try to make these beliefs as explicit as possible to ensure that my understanding of the nature of reality is congruent with the research design (the next section discusses congruency between the topic to be studied and the research design adopted).

The key issue for a social researcher to address is whether they consider there is a single reality in the world that can be discovered, or whether there are many realities based on individual perceptions (Easterby-Smith et al, 2002). From this follows the related question of the role of the researcher in the study: do they view themselves as detached observer with no impact on the outcome of the study, or as an involved actor collaboratively shaping the study findings? Against these starkly contrasting ontological and epistemological positions, authors (eg Blaikie 1993; Easterby-Smith et al, 2002) have mapped the main philosophical approaches to enquiring about society.

Burrell and Morgan (1979) juxtaposed contrasting assumptions about the nature of social science with contrasting views about the nature of society, producing four paradigms for analyzing social and organizational theory. Although criticized for being over simplistic, (see, for example, Willmott, 1993), as Laughlin (1995) notes, Burrell and Morgan identified the key domains of choice for a social science researcher incorporating ontology, the role of the researcher, perceptions about society, epistemology and methodology. Laughlin (1995) clusters these concepts under the headings of theory, methodology and change and they form the broad areas of choice for a researcher before beginning an empirical investigation. The theory dimension considers the degree to which prior levels of theorization are used in the investigation

(high or low?), while the methodology dimension is concerned with the degree to which theoretical closure is achieved by the study (high or low?). Finally, the change dimension relates to the attitudes of the researcher towards maintaining the status quo or pressing for change in regard to their area of study – as far as this is practicable: (high or low degree of change?). Laughlin (1995) argues for taking a mid point on all of these dimensions and refers to this as middle-range thinking. The characteristics of this are set out in table 3.1 below, and are presented here, as they broadly represent my own approach to this study.

| Theory characteristics | Ontological belief | "Skeletal" generalizations possible |
| | Role of theory | "Skeletal" theory with some broad understanding of relationships |
| Methodology characteristics | Role of observer and human nature belief | Observer important and always part of the process of discovery |
| | Nature of method | Definable approach but subject to refinement in actual situations, invariably qualitative |
| | Data sought | Longitudinal, case study based. Heavily descriptive but also analytical |
| | Conclusions derived | Reasonably conclusive tied to "skeletal" theory and empirical richness |
| | Validity criteria | Meanings: researchers & researched |
| Change characteristics | | Medium emphasis open to radical change *and* maintenance of status quo |

*Table 2: Characteristics of middle range theory (adapted from Laughlin, 1995)*

I consider the approach to this research project is congruent with the characteristics of middle range theory as presented here. The study has been shaped by a 'skeletal' theoretical framework which is open to wide interpretation and refinement. The following section discusses the characteristics of the methodology.

## 4. Research design and methods

Given that the research design closely followed that described in Project Two, this section contains a more concise discussion of the methods employed to avoid repetition. The research adopted a processual perspective, as it aimed to gain a more granular understanding of the relationship between firm motivation to engage with a social issues NPO, the dyadic collaboration that followed, and the resulting innovation outcome. Given the lack of previous research in this area, a qualitative, exploratory research design was considered suitable (Stern, 1980) and the study was centred in the perceptions and experiences of organizational actors involved in the formation and operation of corporate-nonprofit dyadic engagements. Collective case study (Stake, 2000) was chosen as the research method, as it facilitates comparisons between cases (in this research, the antecedents and operation of each dyad).

As the research is comparing firm-nonprofit dyads which have resulted in an innovation for the firm, the first step was to identify dyads which appeared to demonstrate this. In addition to professional contacts, two main sources were used to locate potential examples: the website of Business in the Community (BITC), which provides details of corporate responsibility initiatives by UK companies; and 'Third Sector' magazine, which produces a regular column on corporate-nonprofit relationships. The aim is to draw examples of firm engagement with social-issues NPOs from across industry sectors to mitigate suggestions of industry bias in the findings.

For this round of empirical research it was considered important to incorporate participants from financial services organizations which had been missing from the original research base. The current research participants are shown in Table 4.

| Company | Nonprofit partner | Innovation |
|---|---|---|
| Retail bank 1 | Hearing impaired organization | Customer service enhancements |
| Retail bank 2 | Financial inclusion charity | New customer segment & channel to market |
| Technology firm | Hearing impaired organization | New telephone handset with text screen |

Table 3: Study participants

## 4.1 Interviews & data collection

Given the qualitative nature of the research, face-to-face interviews with participants in firm-nonprofit dyadic relations were used as far as possible to uncover detailed information about the formation, operation and outcomes of these relations. (On two occasions this proved impractical as the respondent was either based out of the country, or reluctant to commit the time required for a meeting). The interviewees selected were those who were most closely involved in the creation and development of the dyads and, as such, had rich experience of the way they worked. Each of the companies selected had one person who acted as the relationship manager. In some instances, this organizational actor was also the main corporate decision maker for the initiative, whereas in other firms, the main decision maker was not directly involved. Interviews were conducted with the relationship manager, the main corporate decision maker (if these were not the same person) and at least one other staff member directly involved in the relationship. The NPOs also had one person acting as the project or relationship manager and an interview was conducted with them. As the research was interpreting the data from the firm's perspective, it was not considered necessary to have additional respondents in the nonprofit organizations.

The interviews were semi-structured and open ended, running approximately 40-45 minutes on average. The previously identified factors listed in Table 1 were used to inform the development of the interview protocol, which is shown in Appendix I. The protocol included both broad and specific questions about the formation, operation and outcome of the dyad which were intended to uncover general information and give the respondents an opportunity to discuss aspects of the relationship which they considered most relevant. A total of 8 hours of material was gathered and transcribed. Further details relating to the fieldwork is given in Tables 4 & 5.

| Dyad | Interview dates | Location(s) | No. interviews | Supporting information |
|---|---|---|---|---|
| Retail bank 1 / Hearing impaired charity | 28.11.07 5.12.07 12.12.07 17.01.08 | London x 3 Bristol Derby | 3 company 2 nonprofit | Corporate / charity website Company supplied information |
| Retail bank 2 / financial inclusion charity | 16.09.07 31.03.08 18.09.08 | London x 2 Telephone int | 2 company 1 nonprofit | Corporate website Nonprofit magazine article |
| Technology firm / Hearing impaired charity | 25.04.07 11.10.07 30.11.07 | London x 2 Telephone int. | 2 company 1 nonprofit | Corporate / charity website Nonprofit magazine write-up |

*Table 4: Interview schedule*

| | | | |
|---|---|---|---|
| *Number interviews* | 11 | *Data collection method* | Single respondent interviews (9 face-to-face; 2 telephone) |
| *No. Corporate interviewees* | 7 | *No. NPO interviewees* | 4 |
| *Interviewee gender* | 8 male / 3 female | *Total material collected* | 8 hours |

*Table 5: Field data information*

The interview data collected was supported by information on NPO relations gathered from the corporate websites and by printed material on the collaboration either supplied by the respondents, or gathered from 'Third Sector' magazine.

## 4.2 Data coding & analysis

The data was analyzed following Strauss & Corbin's (1998) process of description, conceptual ordering and theorizing. Audio transcripts from 10 interviews were entered into NVivo and coded by case according to theme, resulting in a total of 112 data nodes[26]. For cross-case data comparison, a form of analytic induction (Wilson, 2004) was used to compare constructs across cases. Analytic induction has been defined as "a non-experimental qualitative sociological method that employs an exhaustive examination of cases in order to prove universal, causal generalizations." (Manning, 1982; in Manning & Smith: p. 280). The method is iterative and entails a sequential analysis of cases; theoretical propositions generated from the initial case are considered against subsequent cases, and refined as necessary. The case-data nodes were grouped together by theme into subgroups, and these subgroups were then compared to the final coded themes established in the initial round of research to check for cross-case applicability. To understand the thematic patterns emerging (as not all cases exhibited every finalized coded theme), the final coding structure was compared across the cases

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[26] One of the interviewees was not happy to be recorded. In this instance, detailed notes were taken during the interview and written up the same day.

and an explanatory framework developed from the data patterns evident in this cross-case analysis.

The next section discusses the findings of the research with particular reference to how it mirrors the findings of Project 2 and then goes on to consider the applicability of the latest findings to the explanatory model and research propositions.

## 5. Case findings

This section presents the detailed findings from the study. The focus of the research is on cross-case comparability, and so individual narrative descriptions of each of the three cases can be found in Appendix II.   The findings are structured in accordance with Figure 2 which assumes the company has a motivation to engage with the nonprofit, a dyadic relationship occurs, and an innovation results for the corporate partner.  Findings are presented with reference to the data catagories identified during the first round of empirical research, although data anomalies and other findings are also discussed.
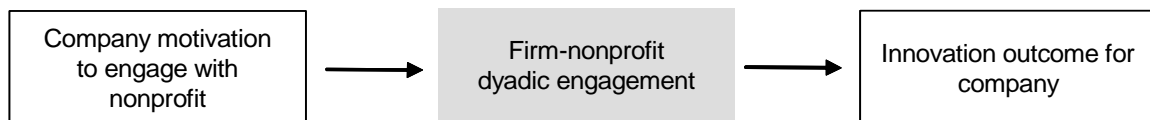
| Company motivation to engage with nonprofit | → | Firm-nonprofit dyadic engagement | → | Innovation outcome for company |

*Figure 2: framework for presentation of data analysis*

## 5.1 Engagement motivations

Four motivations for the firms to engage with the respective nonprofit were previously identified: access to the skills and / or the membership network that the nonprofit could provide; the opportunity to improve employee satisfaction within the company; benefiting from the increased organizational legitimacy that association with the charity could offer; and, finally, engaging due to regulatory or legislative requirements.  These categories proved broadly relevant to these three cases, as shown in Table 6. Primary and secondary motivations to engage were identified in the data, based on the frequency of appearances of each theme and data consistency between respondents.

| Dyad | | Promote organisational legitimacy to external stakeholders | Promote organisational legitimacy to internal stakeholders | Legal / Government pressure | Access to skills or network | Illustrative quotes |
|---|---|---|---|---|---|---|
| 1 | Retail bank 1/ hearing impaired organisation | XX | X | X | X | "There was an awareness of if we don't do this we're going to get prosecuted (and I would have got funding for that), but I wanted a bit more of a customer centred approach and got it sold on that basis, which was great really. So it was a conscious decision." (LT)<br><br>"I think our sponsorship of the charity opened the floodgates, if you like, for our staff to say 'You know, we think it's a bit', well, not not hypocritical, but they weren't always comfortable; the fact that we were supporting the charity and getting good publicity for that when actually there was a lot of work that needed to be done, for hearing impairment within the organisation." (MT)<br><br>"And for us, you know, to be honest, the business case is very much the carrot for us, because that does make sense to them in that commercial world, how they can engage with that huge consumer market." (CC) |
| 2 | Retail bank 2 / financial inclusion organisation | XX | X | X | X | "We wanted to be able to show how we could innovate in the world of micro-finance; we've taken a really innovative approach with this CDFI and are demonstrating that we can take it beyond being just about savings." (AR)<br><br>"The management are very interested in retaining their good staff, so there's a real interest for them to make them feel that they're doing something useful and positive for other types of people, because once we've explained the problem, they're very shocked and surprised." (FR)<br><br>"I think we hit it at the right time, to be honest with you, because they [the bank] were getting it from the Treasury Select Committee, and they were getting it from activists… banks have always been an easy one to attack, basically." (FR) |
| 3 | Technology Co / hearing impaired organisation | – | – | – | XX | "..[the charity] is one of, or is, the largest supplier of assisted listening devices in the UK and probably in Europe, so it was a natural place for us to be in terms of getting our products to the end user." (AG)<br><br>"The relationship initially made us think about a product that we probably wouldn't have considered on our own." (AG) |

**Key**

*XX*    Strong evidence of factor as primary motivation to engage: based on data consistency between interviewees; repeated appearances of the factor in interview data; contextual interpretation.

X    Evidence of factor as motivation to engage: based on some data consistency between interviewees and at least two appearances of factor in each individual data set.

-    No evidence of motivation found in interview data

*Table 6: motivations for corporate engagement with nonprofit*

As seen in Table 6, the main motivation of two of the firms to engage with their respective nonprofit, was to demonstrate organisational legitimacy to stakeholders outside the organization, particularly customers and the government, as in both these cases, there was government pressure to address disability issues (Dyad 1) and financial inclusion issues (Dyad 2). It was noticeable in interviewee comments that both these banks wanted to be seen to be doing more than 'just complying' with legislation for example:

*"Nobody else has done what we're doing with CDFI, it's really exciting" (Dyad 2)*
*"We'd be the only bank to have the Charter Mark, which would really set us apart." (Dyad 1)*

In these dyads, corporate interviewees also stated that in undertaking the collaborative activities with the NPO, the firm could also benefit from an enhanced reputation amongst its employees, however this was not viewed as the main motivation given their relative lack of prominence in the discussions.

It was apparent in the data for dyads 1 & 2 that a secondary motivation for engaging with the NPO was to gain access to the skills and network they offered – without these the banks would be unable to realize the resulting innovation. This was seen to be the only motivation for engagement in Dyad 3, where the corporate was looking to the nonprofit's network to provide a market for the products it had developed.

## 5.2 Engagement characteristics

Project 2 identified 10 engagement characteristics to assist explain firm innovation from nonprofit engagement and the same data categories and factors have been used here. Table 7 summarizes the findings with further data and explanation on the interpretation given in Appendix III.

| Data Category | Identified factor | Dyad 1 (Bank 1) | Dyad 2 (Bank 2) | Dyad 3 (Tech. Co) |
|---|---|---|---|---|
| Engagement context | *Prior experience of NPO engagement* | Extensive | Extensive | None |
| | *Length & status of engagement* | 5 years - mature | 7 years - developing | 6 years – mature |
| Engagement interaction | *Inter-organizational linkages* | High | Medium | Medium |
| | *Firm assimilation of NPO ideas* | Yes | Yes | Yes |
| | *Senior management involvement* | Indirect involvement | Direct involvement | Direct involvement |
| | *Role of main boundary spanner* | Innovation facilitator | Innovation facilitator | Innovation manager |
| Engagement content | *Initial engagement scope* | Defined & narrow | Defined & narrow | Defined by NPO & narrow |
| | *Scope development* | Limited | Extension | Extension |
| | *Relevance to business* | High | High | High |
| | *Firm focus on tangible CR outcome* | Yes | Yes | No |

*Table 7: Engagement characteristics*

*Engagement context factors*

The context of the engagement was considered in terms of the degree of prior experience firms had of NPO engagement, and the status of collaboration in terms of duration and life-cycle stage. Two of the firms had extensive previous experience of working with nonprofits evidenced by the presence of a dedicated community relations team to manage these relationships, documented policies governing community involvement, and comments from interviewees. The third firm had no previous experience of engaging with NPOs:

*"...[the charity] is the only non-profit organization we've had dealings with... we work with the largest high street retailers... and if you could code part of the relationship [with the charity] and superimpose it onto one with a large commercial group that would be fantastic." (Dyad 3)*

The collaborations were all well-established, ranging from 5-7 years and were considered either mature (where relations were continuing but the range of activities were not being extended) or developing (where the scope of activities was increasing).

*Engagement interaction factors*

The engagement interaction was considered in terms of the number of linkages between the company and nonprofit; the perception by actors of the organisational balance of power in the engagement; the ideas exchange between the NPO and the corporate partner; and the roles played by the main corporate boundary spanner and senior management. Interviewees were asked about the number of corporate organisational actors involved, to any extent, in the collaboration. In dyad 1 links were considered high (over 50) whilst links in dyads 2 & 3 were considered medium, with around 20 corporate actors involved.[27]

In all three dyads there was evidence that the corporate partner was responding to proposals from the nonprofit and entered into joint decision making, suggesting that the corporate partner was assimilating ideas from the NPO. For example:

*"...when we fed back and said 'if you do this, it would be better', they would change it. They would make the change and they would do things." (Dyad 3)*

All interviewees noted that the nonprofit engagement received the support of senior managers in the company, however there were differences in how involved these managers were in the relationship. Interviewees from two dyads (2 & 3) reported direct involvement by top management in the relationship activities, whilst in dyad 1 senior management involvement was indirect, typically occurring at one or two key points:

*"Oh it had backing from the top..., a deputy chief executive who has done a lot of racial opportunity, and has really taken on the diversity mantle. I was reporting directly to him on this project. He was the sponsor and was there for the ceremony, although he had no day-to-day involvement." (Dyad 3)*

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[27] I propose to re-examine data for all cases and change the way linkages are reported (growing, shrinking or static) which I believe is more informative, easier to justify, and ties in better with the relationship lifecycle data.

The main corporate boundary spanner was found to play a key role in facilitating the innovation outcome, whether directly or indirectly.  In one of the cases (dyad 3) this organisational actor, due to his role, was in a position to take forward an innovation opportunity which had been generated through the relationship and was in effect, the innovation manager.   In the remaining two cases (dyad 1 & 2) the main boundary spanner acted as an indirect innovation facilitator by locating a person, or persons, in their organisation who could implement the idea.


Engagement content factors

Four aspects relating to the content of the engagement were captured:  the initial scope of activities of the engagement, and how this scope developed; the relevance of the engagement activities to the corporate partner's core business operations; and the focus by participants on creating a tangible outcome to the engagement.   The initial engagement scope was considered in two dimensions: whether or not it had been pre-defined, and how many activities were covered.  In two dyads the engagement remit had been defined by the corporate partner at the outset, and in these cases the scope was narrow (no more than one or two activities). In dyad 3, the engagement scope was still narrow, but had been defined by the NPO.  In dyad 1, scope development was limited: the range of activities did not increase.  The engagement scope was extended in dyads 2 & 3 as the relationship developed and new activities were undertaken:

*"It started with a small project that really opened up the lines of communication with the technical and developing teams at [the charity]." (Dyad 3)*
*"So over the last three years our partnership has developed a lot. We now provide the facility to open bank accounts in our office with [the bank], and we're talking to them about other products."  (Dyad 2)*

In all cases the focus of the engagement was directly relevant to the firms' core business and both banks (dyads 1 & 2) were looking to the association to produce a tangible demonstration of their social responsiveness, witnessed by such comment as:

*"And to be completely honest, I think it was an opportunity to demonstrate that by getting the charter mark that actually they [the charity] would be promoting us [the bank], especially as no other bank was interested in doing it." (Dyad 1)*

This pattern was not seen in dyad 3, which can be explained by the fact that the firm was not engaged with the charity as part of its corporate responsibility activities, it regards the charity as a client.

*"They [the charity] are probably one of our biggest customers in the UK, given their focus, which matches our product line very well." (Dyad 3)*

## 5.3 Innovation outcomes

The outcomes of the relationship have been examined solely in terms of the innovation resulting from the engagement process. Descriptions of the innovations are given in Table 8, along with an assessment of the role the dyadic engagement with the nonprofit played in developing that innovation. The table also considers which nonprofit resources the corporate partner drew on to enable it to develop the innovation. Data supporting the findings are given in Appendix IV and further descriptions of the innovations can be found in the detailed case studies presented in Appendix II.

| Dyad | Innovation typology and description | Role of engagement | Nonprofit resources utilised by company to deliver innovation |
|---|---|---|---|
| 1 | Service innovation: introduction of text-talk service for hearing impaired customers | Innovation realised during engagement | Knowledge base |
| 2 | Market innovation: new customer market segment and new channel to market (using charity to interface with customers) | Innovation realised during engagement | Knowledge base and network |
| 3 | Product innovation: development of screen phone | Innovation realised during engagement | Knowledge base and network |

*Table 8: Aspects of innovation outcome*

In all cases, the innovation was an anticipated benefit of the dyadic collaboration: the corporate partner had entered into the relationship actively seeking to innovate and therefore the innovation is deemed to have been realised (as opposed to identified) during the engagement. All corporates drew on the nonprofit's particular knowledge base to assist them with the innovation, and in dyads 2 & 3 they also utilized the nonprofit's network.

What is noticeable, however, is the presence of a market innovation which was not seen in the data collected for Project 2. Through the association with the financial inclusion charity, the retail bank in Dyad 2 was able to access a new customer segment via a new channel and is engaged in developing new products specifically for this distinct customer group.

## 6. Discussion

This section discusses the findings of these three cases in relation to the data patterns seen in the previous seven dyads explored in Project 2, and also considers some of the limitations of the research.

## 6.1 Data fit with previous findings

Five propositions were developed from the findings of Project 2 and these are now considered with reference to the data patterns seen here.

> *P1:  A company primarily motivated to engage with an NPO to demonstrate its legitimacy to external stakeholders will realise a product or service innovation from the corporate-- NPO engagement.*

This proposition can be applied to the findings from dyads 1 & 2.  In each of these cases, a demonstration of legitimacy to external stakeholders was found to be the primary motivation for engagement and a product or service innovation resulted. Although dyad 3 did result in a product innovation, the corporate motivation to engage was not related to the firm's corporate responsibility activity, and this pattern was not evident.

> *P2:  A company primarily motivated to engage with an NPO to demonstrate its legitimacy to external stakeholders will be looking for the engagement to produce a tangible demonstration of the company's social responsiveness.*

Again, this proposition holds for dyads 1 & 2.  Interviewees from both firms were actively seeking an outcome from the collaboration which they could use as a demonstration of their firm's social responsiveness.  The finding is not supported by the data from dyad 3.

> *P3:  A company primarily motivated to engage with an NPO to demonstrate its legitimacy to internal stakeholders will uncover a process innovation through the corporate-NPO engagement.*

This finding was not present in the current data set.  Given the limited support for this proposition in the complete research data (2 out of 9 or 10 cases), it should probably be treated with caution and may need revision.  This issue is also addressed in the discussion on limitations of the research.

> *P4:  'Confirmatory engagement' will take place when a company realises a pre-identified innovative benefit through NPO dyadic engagement.*
>
> *P5:  'Catalytic engagement' will take place when a corporate innovative benefit is emergent during NPO dyadic engagement.*

These final two propositions relate to the role the engagement played in developing the innovation. In the  cases seen here, 'confirmatory engagement' is considered to have occurred, as the firms in the study had already identified an innovative benefit. However, as these propositions stand at the moment, there is insufficient clarity around what constitutes 'confirmatory' or 'catalytic' engagement.  Whilst I consider these are key findings from the research,  the constructs as currently presented need further refinement.  In addition, the framework presented in Figure 2 at the beginning of this paper, also requires revision to ensure it convincingly fits the data findings.

## 6.2 Limitations

Although these cases provide support for the findings arising from my first round of empirical research, the results only relate to 9 cases, and therefore the research must be described as exploratory, as, clearly, the patterns need to be replicated over a wider sample to have general applicability. Further, as currently presented, the findings could be undermined by the process of case selection. The research set out to examine innovations arising from nonprofit engagement, so my cases were selected on the basis that an innovation outcome was present. By sourcing cases from BITC and other relevant press, I was already selecting companies looking to demonstrate their legitimacy to external stakeholders (not that I did this consciously). The two cases in the study that demonstrate process innovations, and were focused on their internal stakeholders (employees), were found through my personal contacts. A key question for me is how should I address this issue when I come to write-up my thesis?

Another key limitation of the research is that, in focusing on the dyadic relationship, it in effect ignores any external pressures or societal expectations that could have played a role in forcing the firms to innovate. Correspondingly, the study also ignores any intra-firm factors which could affect the development and implementation of the innovation as the research concentrates on innovation search activity, displayed through the dyadic engagements.

## 7. Next steps

With this further round of empirical research, I now have nine cases, incorporating 32 interviews, that display consistent data patterns and which I propose to use to as the field-data for my thesis. I am mindful that I have an additional case that does not fit the pattern seen, due to it being a commercial relationship, and would like the panel's advice on what to do with this case when reporting my findings. As stated earlier, I do not believe that this case undermines the findings of the others, due to its commercial nature, rather than it being part of the firm's corporate responsibility activities.

Assuming the panel considers I have sufficient data on which to base an exploratory study, I intend to begin work on my final thesis document following my March Panel meeting. I am mindful that, in writing the thesis, I need to ensure the reader has confidence in my findings by making it explicit how I interpret and order the data and do not 'over claim' the results. In writing up the findings from Project 3 and referring back to Project 2, I am mindful that there are still ambiguities in constructs which need addressing as does the overall framework presented in Figure 2. However, I am confident that with another go-through the data (which I will do in order to corroborate my coding structure from the first time the interview data was interrogated) I can create a framework which is consistent and robust, if less comprehensive than presented here.