

Partnerships for CSR

Dream Wish or Necessity?

[research paper]

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The paper stems from a research project implemented by a consortium led by the University of Twente in the Netherlands. Through the project, instruments and strategies are identified that companies can use to strengthen their CSR. The focus of the project is on the development of collective competencies for CSR. Next to a conceptual phase the project involves in-depth case studies in Dutch SMEs and multinationals.

Partnerships for CSR; *Dream Wish or Necessity?*

Paper for the Greening of Industry Network Conference 2004 Hong Kong

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Abstract

In the conceptualization of Corporate Social Responsibility (CSR) there is a, sometimes almost dogmatic, believe in the necessity of involving stakeholders in embedding societal issues in the strategies and day-to-day operations of organizations. This believe is also expressed in many (inter)national programs on sustainable development stressing the role of partnerships between companies, governments and NGO's. This article claims however that the role of stakeholder involvement should be nuanced. First of all, because many companies that are active in the field of CSR are attaining considerable environmental and societal results without significant involvement of external parties. But also from a conceptual point of view the role of stakeholders should be differentiated according to the approaches taken towards CSR. For companies approaching CSR from a risk orientation the role of stakeholders is obvious. In this perspective anticipating on the expectations and claims of external parties is fundamental for managing issues and preventing reputation damage. Yet CSR can also be approached with a focus on the identity of an organisation. In this perspectives the role of external parties is limited because it are primarily managers of these companies that determine the borders of CSR and the associated strategies, policies and actions to be undertaken. The distinction between different approaches of CSR highlights the different roles and impact of stakeholders and partnerships. Still, the question remains whether in the long run an integrated approach is recommendable combining the internal and external expectations towards corporate social responsibilities. This article ends with some conclusions on the role of stakeholders in CSR and several implications for management, policy makers and future research.

Key Words

Corporate social responsibility, partnerships, issue management, stakeholders, organizational identity

Introduction

Corporate Social Responsibility (CSR) is taken up by an increasing number of businesses. They realize that they are held accountable for more than just their economic performance. CSR requires that organizations develop new competencies in order to integrate the new responsibilities into their (management) processes. Moreover, they need to position themselves in the changing interaction processes with NGO's and private and public actors through which the new responsibilities are articulated. CSR is not only rele-

vant to the business community. It is related to the fundamental debate on the institutional set up of society and the roles and responsibilities of public and private parties in it. If CSR is to develop from solid ground, it is necessary to foster its future development through embedding societal issues and expectations raised by legitimate stakeholders in the day-to-day strategies, policies and operations of the organization. By most scholars it is, therefore, assumed that CSR can only be fully developed in partnership; partnerships in which the exploration of new roles is a central element. Empirical research suggests, however, that companies in their search for a new identity often act self-referential and do not necessarily involve a broad range of stakeholders. What does this suggest? Are we wrong in assuming a central role for partnerships in CSR? Or are companies missing central competences for CSR? This paper will address the question to what extent stakeholder involvement is a necessity for CSR conceptually, drawing on institutional and stakeholder theory, as well as empirically.

1. Partnerships in CSR

Background of CSR

Looking at social aspects is not a new phenomenon for private firms. Industrialists have for a long time already been looking at broader issues than just profits, whether it is the housing for employees, their cultural development or employment in general. Henry Ford in the beginning of the former century already paid wages above market value. Of course, one of his aims was paying his workers enough to enable him to buy his product. In the Netherlands a famous example is Philips. In the city of Eindhoven, where the multinational originates, there are still numerous examples that remember the company's social values: residential areas originally built for their workers, sports facilities, college grants for the children of their employees, cultural halls, etc. Examples are even available of businesses in England that built towns, schools and libraries for families and workers as early as the 18th century. Including social and environmental issues on the business agenda is, therefore, not a new phenomenon. What is new, though, is the intensity and breadth of the efforts made by private firms as well as the increasingly strong societal demand for behaving more ethically and responsibly and the complexity and dynamics of the networks of stakeholders companies have to interact with (SER, 2001). As a result the social agenda has become much more strategic for companies. It is no longer a strictly voluntary effort by companies with a strong sense of responsibility by the founder of an organisation. More and more, paying attention to issues that are not *automatically* on the company's agenda becomes a factor that contributes to the long-term survival of that company and a factor that can give companies a competitive edge.

The growing attention for CSR during the last two decades coincided with the development of the concept of sustainable development. Where during the seventies of the last century governments built media specific legislation mostly based on permit systems (direct regulation), soon they realised that the effectiveness of these policies was insufficient (for instance Schuddeboom, 1994). In the model of direct regulation governments keep the sole responsibility for the quality of the environment. They give form and meaning to this responsibility by defining strict limits within which companies must act. 'Compli-

ance to regulation' is, however, not an adequate approach to achieving sustainability.¹ Rather, environmental policy must focus on how to use the creativity of all the actors involved beyond the level that has been stimulated by command-and-control strategies. As a result there is an international trend in environmental policies towards dialogue and consultation, collaboration and the formation of new partnerships (De Bruijn and Tukker 2002; Hart 1995; Hartman, Hofman et al. 1999). Over the past decade, governments worldwide have increasingly recognized that industry is not only a key contributor to environmental degradation, but also can be part of the solution through the development of new processes, technologies and products (CEC, 1993). There is a trend visible from direct regulation towards co-regulation in which governments and industry share the responsibility (e.g. ISO 14.001) (Lévêque 1996). The (environmental) role of companies in society, thus, is changing and the classic divide between state and market is fading. Private firms realise that they cannot ignore the societal and governmental demand for broader responsibility. They realise too that they might benefit themselves from doing so too. A similar development has taken place in the social policy of many companies. The responsibility of companies no longer ends at the gate. Companies are more and more aware of the chains and networks in which they operate. Many organisations have changed their attitudes towards subjects as child labour or being active within local communities. Many companies nowadays condemn child labour, many companies are active in local communities (., 19..). Not only because of external pressures of consumer organisations or NGO's but also because of value changes within the company. Companies changed from a political and social *factor* to a political and social *actor*.

Defining CSR

The increased attention for the corporate social and environmental agenda has led to a wealth of activities, mostly by forerunners though, and, consequently, there are many different definitions of CSR available. CSR has become a concept with many different meanings in a multidimensional field. On a global level CSR means looking at the triple bottom line: taking care of social, environmental, economic issues (Elkington, 19..). More specifically it means incorporating such different issues as human rights, labour rights, environmental protection, consumer protection, fight of corruption etc. A well-known definition of CSR is given by the World Business Council on Sustainable Development (WBCSD 2000): "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large". Through this definition the WBCSD stresses the fact that CSR involves a continuous process, that it is based on ethics and that it concerns the workforce as well as the local and global community. It also makes a specific link between the economic performance and CSR. CSR, thus, moves beyond philanthropy. It is essentially based on responsibilities related to the products, services and primary processes of an organisation (SER, 2001). CSR is about the challenge to take into account more values and responsibilities. In this line of reason-

¹ Critiques of the existing regulatory system came from a variety of sources. In the United States, the high-profile multi-stakeholder processes included the President's Council on Sustainable Development (PCSD 1996). In Europe the Fifth Environmental Action Plan made a plea for a considerable change of environmental policies both in terms of objectiveness and strategy (CEC 1993).

ing Karssing (2002) proposes that responsible behaviour can be strengthened in four different dimensions:

- ❖ *Broader*, when more values are respected and realised in order to take into account the interests of more parties involved and more perspectives and alternatives are taken into account
- ❖ *Deeper*, when the past and the consequences in the long term are better taken into account
- ❖ *Richer*, when more arguments are used to underpin decisions
- ❖ *Better defensible*, when behavior is better based on sound arguments taking into account the expectations of others involved.

In this article, the conceptualisation of Karssing is taken as the central view on CSR. CSR is, then, about the challenge to take into account multiple perspectives including the values and responsibilities related to these perspectives. Managers and the stakeholders of a company are continuously in debate about the responsibilities a company should address. In this dynamic view on CSR there is an important role for the interactions between managers, employees and other stakeholders resulting in possible partnerships between them.

Role of partnerships

A central element in the aforementioned definitions of CSR is the readiness to respond to legitimate expectations of stakeholders (Mitchell, Agle and Wood, 19..). The expectations and demands of stakeholders require to a certain extent what actions are needed by an organisation and what responsibilities are to be included. Stakeholder relations are, thus, a crucial element of CSR. An organisation can only through the dialogue with society at large (employees, governments, customers, NGOs, etc.) establish the balance between its corporate governance and public governance. CSR therefore implies a continuous learning process through which organisations learn how to deal with increasingly complex issues, in interaction with an increasingly wide range of stakeholders. Companies must learn how far they need to stretch their responsibilities, what issues to take up, how to give meaning to those issues and how to successfully combine economic, social and environmental strategies. Roome states in this respect (2001: 3): “moving up the innovation hierarchy increases the complexity of the issues, the numbers of actors involved in change, and the number of linked, multiple technological and social options, the innovations and new practices that need to be undertaken and the uncertainties that have to be considered”. Where companies formally interacted mainly with shareholders, its customers and local regulators, CSR requires the involvement of all kinds of actors, probably from other than their usual production and consumption systems. This is not a move a company can make in one step; it needs to gradually learn how to cope with increasingly complex issues.

2. The changing position of iNGO's

As stated in the previous section organizations working on CSR have to deal with increasingly complex situations resulting in a tendency to handle these uncertain situations

by multi-stakeholder dialogues and/or by setting up partnerships with NGOs. Therefore it is widely agreed that the concepts of stakeholder and multistakeholder dialogue ought to play a central role in the debate around CSR. In this section the increase in number of international operating NGO's (iNGO's) is discussed together with the different roles of NGO's in stimulating social responsible behaviour of companies.

In the past decades, the role of NGO's has been rapidly changing and has become more and more apparent. Throughout the nineties, the emancipation of NGO's has been accelerating through a series of big conferences organized by the United Nations. The first and far most famous conference is the conference on environment and development in Rio de Janeiro in 1992. Many spectators claim that the conference in Rio de Janeiro represented a turning point. Not only did a substantial amount of NGO's give 'act de presence', also the role of NGO's changed form being the lobbyist acting in corridors to a much more visible player in the field (Pauw and Hondong, 2004).

In these global conferences on CSR there is also an increasing emphasis on creating partnerships between companies, governments and NGO's. A major impulse for this was given at the World Summit on Sustainable Development (WSSD), that took place in Johannesburg from 26th August to 4th September, 2002. The goal of this summit was to review and advance the implementation of the recommendations and promises of the 1992 UN Conference on Environment and Development (UNCED). For the implementation of the UNCED recommendations the focus is on creating partnerships for the future in the sense that the WSSD "is expected to be a catalytic event that should motivate governments, NGOs, business and multilateral institutions about new ways of creating a network of action on behalf of sustainable development". In line with this global conference also many national governments stress the importance of creating partnerships for making progress in the field of CSR.

The emphasis on the role of NGO's is also reflected in the enormous increase in the number of NGO's. In 1900, a rough estimation of the World Bank and the Union of International Organizations stated that roughly 100 international NGO's existed (like the Red Cross and Anti-Slavery Society). In 1990, new measurements showed a substantial increase up to 6000 International NGO's (like Greenpeace, Amnesty, etc). After 1990, this amount has literally exploded to about 26.000 international NGO's in 2000 (Labohm 2000) or even 50.000 estimated by the Union of International Associations (Willets, 1998). An overview of the different backgrounds of NGO's is given in figure 1.

NGO EXPLOSION

Growth of International NGOs in the 1990s

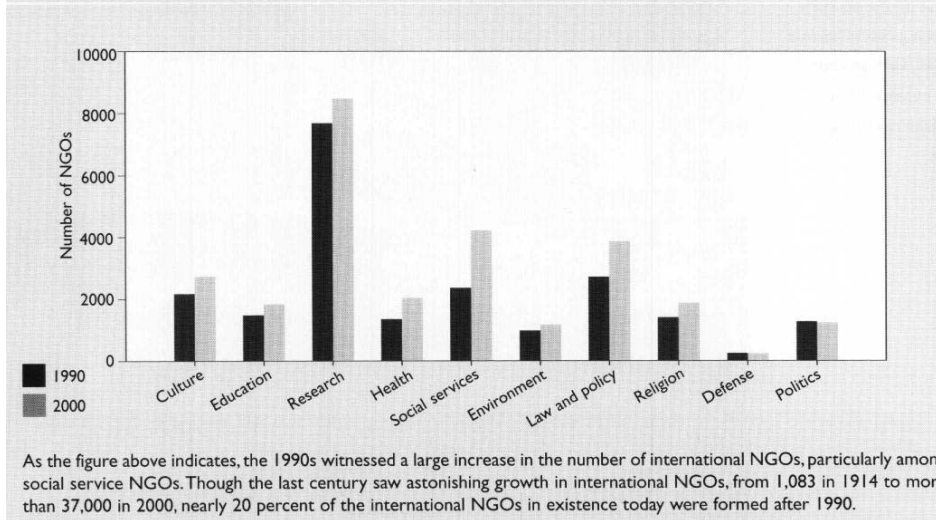


Figure 1: Growth of international NGO's in the 1990's (source: UN Human Development Report 2002)

There are several reasons for the increase in the number of iNGO's. Edwards (2000) states that the three main reasons are:

- Increasing acceptance of the position that international development has moved beyond the believe that markets and liberal democracy provided a universal recipe for growth and poverty-reduction
- Non-state actors have been accepted to play a crucial role in global governance
- Involving NGOs in innovative and societal sensitive projects is cost-effective PR

These reasons for the increase in number of NGO's reflect both a governance role for NGO's as well as a role for NGO's in giving legitimacy to sensitive projects like opening new production facilities in developing countries and introducing new technological innovations. Roughly the relationships between business and NGOs can be characterized as protest- and partnership-based relationships. Not all NGOs have the same global political access, the same intentions nor the same opportunities to influence business through partnerships (Murhphy and Bendell 1999). Hence there is a difference in the way NGOs act. John Elkington and Shelly Fennell (1997) identified four categories/metaphors that is used widely to give a typology of NGO's (figure 2).

	<p>Polarizer's Aim to achieve change by disrupting the status quo through confrontation</p>	<p>Integrators Aim to achieve change through constructive partnerships with business, governments and other stakeholders</p>
<p>Discriminators Study targets to understand how best to engage them</p>	<p>Orca</p> <ul style="list-style-type: none"> • Highly intelligent • Strategic • Independent 	<p>Dolphin</p> <ul style="list-style-type: none"> • Great capacity to learn • Adapts strategies and behaviors to context

	<ul style="list-style-type: none"> • Unpredictable • Eats both sealions and some dolphins 	<ul style="list-style-type: none"> • Creative • Fends off sharks
Non-Discriminators Do not discriminate between targets	Shark <ul style="list-style-type: none"> • Acts on instinct • Tactical at best • Attacks any target in distress • Often attacks in packs • Feeding frenzies 	Sealion <ul style="list-style-type: none"> • Keen to please • Professional and well trained • Prefers the mainstream • Uneasy if separated from groups

Figure 2: Typology of NGO's (source: Elkington and Fennel, 1997)

The typology of NGO's emphasizes that only part of the NGO's aim for partnerships to achieve the desired ends (the integrators). When NGOs engage in partnerships with companies, they bring in expertise and work together to solve dynamic issues. Pearce (2003) clearly states the reasons why NGOs engage in these partnerships:

- They found out that they can achieve their purposes through partnerships with MNEs when governments are unwilling to cooperate
- It seems that businesses provide important tools that can be more effectively used for social change than governments.
- The tactics of NGOs are getting more sophisticated and are harder to counter in traditional ways (working with or versus governments)
- It is increasingly MNEs who wield the real power, while politicians ceded more power/influence to the private sector and trade liberalization has swept away traditional instruments of public policy (Tindale 2002).

Other NGO's are much more focused on protest-based relationships (the polarizer's). This highlights that the roles for NGO's in stimulating CSR can be totally different and will not always be directed at creating partnerships. This is a first connotation to the central question of this article about 'partnerships for CSR; dream wish or necessity'. At least from the viewpoint of NGO's it is not always a dream wish because some NGO's prefer confrontation instead of partnerships in order to achieve the desired ends.

3. Different approaches to CSR

Although partnerships might not always be the choice of NGO's, from an organizational perspective partnership-based relationships seem to be more attractive than protest-based relationships. Is it therefore adequate to propose that all companies working on CSR focus on creating partnerships with external parties? In this light it is remarkable that several empirical studies within companies that are known for their efforts and results in the field of social and environmental responsibilities show a limited or sometimes even totally insignificant role of external parties (Jonker, Doove and .., 2004; ..., 19..). Also more quantitative research on the impact of stakeholder dialogues show that the number of partnerships is relatively small.

One possible reason for this limited impact of partnerships is that the creation of partnerships takes time to build relationships based on mutual understanding and trust. Advocates of this view claim that the development of setting up partnerships just needs more time to gain more impact (., 19.; ., 20.). In our view another explanation for the limited impact of partnerships seems to be more adequate. Many case studies suggest that companies working on CSR without stakeholder involvement take primarily an identity instead of a risk orientation towards CSR. Next, these orientations will be described further.

With a risk orientation towards CSR the focus is on preventing reputation damage by anticipating on expectations and claims of external parties. This orientation stems from a view on CSR where relations between the state, the market and civil society represented by NGO's set the agenda for engagement of companies in social and environmental issues (McIntosh et al, 2003). Striking examples of this approach of CSR are given in well known examples like the interactions between Shell and Greenpeace around the Brent Spar affaire or Nike Inc and Amnesty International around production facilities in developing countries making use of child labour. In this view on CSR there is an important role for external parties like NGO's because the claims of NGO's put forward certain responsibilities previously ignored or not filled in completely by companies.

Next to a risk orientation CSR can also be approached with an orientation on the identity of an organization. This has important consequences for the role of external parties. Companies approaching CSR with an identity orientation are primarily looking at their organizational values to determine the borders of corporate responsibility (Driscoll and Hoffman, 1999). Of course the outcomes of such discussions can have important consequences for external stakeholders, but the focus point for CSR is on strengthening organizational identity. The core values embedded in the organizational culture are in this view leading for taking on social responsibilities related to the primary and secondary processes of an organization (Jonker and Schoemaker, 19..). Therefore this kind of approach of CSR can be labeled 'inside-out'. There are many companies taking this viewpoint and it is even claimed that the long term success of these companies is based on holding on to the core values of an organization (Collins and Porras, 1994).

Of course these two perspectives are ideal types and in practice characteristics of both viewpoints might be present. Still, the origins of how the borders of corporate responsibility are determined are fundamentally different and therefore a combination of the two viewpoints is not to be expected. Instead of a combination organizations can evolve towards an integrated orientation. In this viewpoint the focus is no longer on the organizational identity (inside-out) nor on preventing reputation damage (outside-in) but on reflecting on the organization's position in society. In this view the origin of responsibility no longer put forward or compelled by external parties but discussed in a dialogue with all parties involved. This also requires a different role of NGO's. In the typology of Elkington (1997) the 'dolphins' are working on this kind of relationships with companies resulting in constructive partnerships. Also internally in organizations different departments are involved. Companies approaching CSR from an identity orientation have often a top-down approach where top managers set out the guidelines for a comprehensive program towards the whole organization. In an integrated approach dialogues with external

parties can emerge at every level or department within the organization resulting in actions towards the local, regional or even global relationships in the supply chain and society.

An overview of the different orientations towards CSR is presented in figure 3.

	Identity orientation	Risk orientation	Integrated orientation
Focus point	Strengthening organizational identity	Preventing reputation damage of a company	Reflecting on the organization's position in society
Perspective	Inside-out	Outside-in	Integrated
Origin of responsibility	Organizational values	External stakeholders	Dialogue with all parties involved
Role of stakeholders	Limited role for external stakeholders	Agenda setting and multi stakeholder dialogue	Partnerships
Type of NGO's	Sea lions	Sharks and orcas	Dolphins
Impact	Primary and secondary processes	Projects	Supply chain and society
Accent on functional department	Top management	Public Relations	Line management

Figure 3: Overview of the ideal type characteristics of different approaches towards CSR

This difference in orientation towards CSR shows similarities to the orientation of issues management. The concept of issues management was introduced by Jones and Chase (1979) in relation to the communication strategies of companies that are confronted with a crisis. Johnson (1983) defines issues management as the process by which the corporation can identify, evaluate and respond to those social and political issues which may impact significantly upon it. Based on this introduction three different approaches can be identified (Tulder and Van der Zwart, 2002):

- Firstly, an *outside-in approach* where topics are evaluated in the perspective of public relations. The focus of this approach is on the interaction between external parties and the (different members of) the organization (Johnson, 1983)).
- Secondly, an *inside-out approach* concentrating on the internal factors necessary for a constructive management and interpretation of issues. With this approach, the external focus is transferred into an internal focus on all aspects of the business that can result in future issues and might therefore be managed differently beforehand.
- Heugens (2001) states that gradually an *integrated approach* is emerging, called strategic issues management, where an internal and external focus are combined.

Despite the similarities of the names of the different approaches, our distinction of approaches for CSR has different connotations. All approaches of issues management are labeled in our framework as risk-oriented CSR. Whether one has an internal and/or exter-

nal focus is not the crucial element, because the line of reasoning is in all cases of issues management “What are the expectations of stakeholders and what is our calculation of the associated risks?” That these risks might best be anticipated by internal actions, like in the inside-out approach of issues management, doesn’t change the origins of determining what kind of social responsibilities should be addressed by the organization.

In the next two sections we describe the two different approaches in somewhat more detail. We develop somewhat of a typology. Of course, in real life there are many different situations that do not neatly fit into either of the two approaches.

4. Identity orientation on CSR (Inside-out)

Drivers for CSR

The main issue in an inside-out approach of CSR is describing and strengthening the organizational identity, and then communicating it to the outside world. What kind of companies are likely to choose such a strategy? In a typical situation, there are no huge risks that need to be taken care of. There is no immediate urgency. The environmental emissions are not particularly harmful, poisonous or visible and the reputation of the company is not one of a huge polluter. The product or services are not likely to be very contested either. There are no major issues on for instance child labor to deal with. The typical company that chooses this approach is not likely to have many disputes with its direct surroundings. What drives such a company then into CSR? It might be the top-management, the CEO who declares that the company ‘must act responsible’. Or it might be the market that the company is active on is considered to be ‘sensitive’, for instance health care. Or maybe employees urge the company to get engaged in CSR more strongly.

Issues and questions

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

- What is our role in society?
- What are our values?
- How can we incorporate/strengthen our values in our operations?

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

Role for NGOs

CSR starts from within the company in this approach. You wouldn’t expect a lot of NGOs to be in contact with the company from the start. In case there is an active issue-based NGO that tries to influence the company, you would expect the company to go for a risk-orientation. Typically, the relevant NGOs will be non-discriminatory integrators (sealions) not looking for polarization. It might be interest groups or user panels regard-

ing the products or services the company delivers. Generally, it is also hard for NGOs to discuss CSR with a company using an inside-out approach. Of course, the company is willing to provide information as part of their CSR policy, but entering into a stakeholder dialogue is not their first priority. Rather, they spend their energy on the internal processes.

Limits to the approach

While it is valuable exploring the corporate identity, we found that companies using this approach run into difficulties defining their responsibilities. Essentially, CSR is about companies moving into the public sphere. The main question is how far should the company go. Where is the limit to the corporate responsibilities? For what kind of situations can the company be held accountable? There is no objective answer to these questions. A company with a strictly identity oriented approach runs the risk of CSR policies that are fully supported internally but missing the point stakeholders care about. The fit between the corporate strategies and the external expectations can be found through a debate with stakeholders. Their expectations might be a key to defining the boundaries of CSR.

Example

One of our case companies produces medical supplies. For about 5 years now they are active in CSR focused at the identity of the company. By making it explicit the company hopes to raise the awareness of all employees so that it may guide the day-to-day operations. Given that they are active in a very profitable market, they want to behave like a good corporate citizen and give something back to society. Strengthening the collective awareness of CSR is their prime motive. It uses so-called partner-weekends and other meetings to explore the different meanings of CSR: from charity to full integration in the primary and secondary processes. For a long time already the company has installed panels of users. Their input is used to improve their products. While it could be an obvious route to include a debate on CSR and the expectations of the different stakeholders in these panels, up till now the company has not done so.

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

5. Risk orientation on CSR (Outside-in)

Drivers for CSR

Companies that choose a risk orientation towards CSR come from a different perspective. They most likely experience a high exposure on societal issues. It might be that the size of the company is such that it sees CSR as unavoidable. Visibility, therefore, is one of the reasons to opt for a risk orientation. Also, if the production process involves danger, a risk orientation is a logical choice. In these situations there will most likely be already

contact or confrontation with NGOs. It might also be that the company produces a highly contested product, such as GMO. Or it has to deal with issues regarding labor conditions in developing countries or child labor. Finally, in case of high environmental emissions a risk orientation seems to make more sense than an inside-out approach. The main drivers for CSR, therefore, are to be found in the external environment of the company. Of course, they can be completed by internal motives and drivers too.

Issues and questions

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

Typical questions that guide CSR in this approach are:

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

Role for NGOs

Stakeholders play a key role in a risk orientation. The core of the approach is that companies focus on the external demands and asks itself whether it can satisfy those. As stated, NGOs are most likely already focusing on the company. It might have been scrutinized in the past. In fact, we identified this as one of the strong motives for strengthening CSR. Typically, among the relevant NGOs will be organizations that are actively trying to change the behavior of the company (polarizers: sharks and orcas). Since their 'attacks' may be unpredictable, the company wants to gain control over their input by entering into a dialogue. The NGOs then play the role of agenda-setting by identifying relevant topics for action. The NGOs might not be interested in forming partnerships but prefer confrontation instead.

Limits to the approach

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

Examples

An example of a risk orientation is formed by a chemical plant that is located close to a residential area. The plant produces highly explosive chemicals and emits toxic chemicals as well. Over the years the emissions have been lowered substantially (>98%) due to high societal pressure. The company was among the first Dutch companies to introduce an environmental management system, as an addition to their quality system. From the early

1990s on, it also publishes environmental reports (nowadays: sustainability reports). They do so in various formats for different stakeholders. As part of their reporting system they actively seek feedback. A couple of years ago they for instance established a community panel to this end. And they approach people who ordered their sustainability report in order to learn about their expectations and their evaluation of the strategies and report.

The company has a strong motive for taking a risk-oriented approach: given the actual risks of the plant there is a real thread that it will have to close down. In fact, the most dangerous part of the production will be moved to another location soon.

6. Conclusions and discussion

In this paper we have discussed alternative approaches to CSR. In the conceptualization of CSR there is a, sometimes almost dogmatic, believe in the necessity of involving stakeholders in embedding societal issues in the strategies and day-to-day operations of organizations. We claim, however, that the role of stakeholder involvement is more nuanced. First of all, because many companies that are active in the field of CSR are attaining considerable environmental and societal results without significant involvement of external parties. Empirical evidence, therefore, exists that role of partnerships and other forms of stakeholder involvement for CSR is disputed amongst practitioners. From the viewpoint of companies forming partnerships with NGOs is not always the most obvious route to take. We have given examples of companies that focus mostly on building corporate values. From the viewpoint of NGO's partnerships are also not always preferred because some NGO's prefer confrontation instead of partnerships in order to achieve the desired ends.

But also from a conceptual point of view the role of stakeholders should be differentiated according to the approaches taken towards CSR. For companies approaching CSR from a risk orientation the role of stakeholders is obvious. In this perspective anticipating on the expectations and claims of external parties is fundamental for managing issues and preventing reputation damage. Yet CSR can also be approached with a focus on the identity of an organisation. In this perspectives the role of external parties is limited because it are primarily managers of these companies that determine the borders of CSR and the associated strategies, policies and actions to be undertaken. The distinction between different approaches of CSR highlights the different roles and impact of stakeholders and partnerships.

Both the risk oriented approach and the identify oriented approach have pros and cons. What the most logical and sensible route is for a company depends on the characteristics of that company, the type of NGOs it has to deal with and of course on the preferences of the company itself. Both approaches have deficits and risks too as we have seen. In the identity orientation the company runs the risk of not meeting the expectations that the society puts on them – maybe implicitly. By developing a risk orientation a company may end up being driven from one project to another without a strong corporate policy to back them up.

Maybe over time, both approaches can develop into an integral approach combining the internal and external expectations towards corporate social responsibilities:

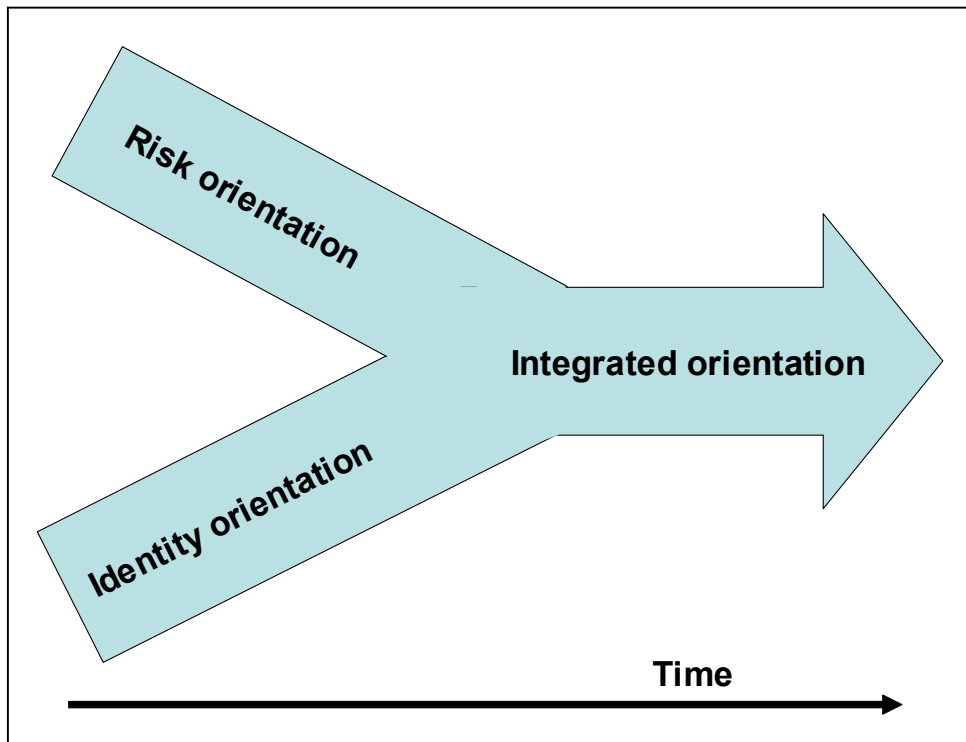


Figure 2: Possible evolution of different orientations towards CSR

Intuitively, it seems to make sense to combine both approaches. They can strengthen each other. In practice, we witness a rather big gap between both approaches. In a risk orientation companies do not develop the competency to establish corporate values. In the identity orientation a company hasn't developed the competencies to listen to external stakeholders. Since this is not part of their routines it is not easy to change. The case study of the company in medical supplies shows that although the company is aware of the deficits of its approach, it is a difficult process to change around. We expect that whether CSR will develop in the long term to an integrated approach depends upon the balance between the payoff of anticipating on expectations and claims of external parties with the increasing complexity due to the involvement of more parties.

This paper ends with some conclusions on the role of stakeholders in CSR and several implications for management, policy makers and future research.

Implications for managers

- Involving external parties in the development of strategies and policies for CSR is not in every situation an obvious.
- The specific role and impact of stakeholders depends on the approach taken towards CSR.

- Every approach has a reverse side. Being aware of the weak spots of the own approach is important to anticipate on claims associated with one of the other approaches

Implications for policy makers

- Being aware of the significant results of companies working on CSR from especially an identity orientation.
- Being aware of different approaches that companies are developing. CSR is not one practice but is an umbrella for many diverging strategies.
- Partnerships are most relevant for companies working on CSR from a risk orientation or an integrated perspective.

Implications for future research

- In theory different results can be expected from companies working on CSR from respectively an identity orientation, risk orientation or an integrated orientation. It is an important field of research to search for empirical data on what kind of results are actually achieved in order to give a clear view on what can be expected of companies working on CSR from the distinct orientations.
- This paper touched upon a discussion of a possible development of all orientations towards an integrated view on CSR. Still many questions related to this discussion can be elaborated more thoroughly. Because of the impact of this discussion on both the concept of CSR as well as the implementation of this concept in practice we would encourage further studies on this specific topic.

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