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COLLABORATIVE APPROACHES TO TURBULENCE IN THE SOCIOPOLITICAL ENVIRONMENT: THE EMERGENCE OF ISSUES MANAGEMENT ALLIANCES

by

Douglas R. Austrom and Lawrence Lad

Increasing turbulence in the sociopolitical environment is reshaping the environmental management strategies employed by business and other institutions. New expectations of the role of business in society, changing demographics, critical social problems such as spiraling health care costs, educational reform and child care, and environmental degradation are posing serious challenges to business organizations and society as a whole. Private, public, and independent sector institutions have initiated a wide variety of collaborative, multi-organizational approaches to issues management which we describe as issues management alliances (IMAs). Known by a myriad of labels such as public-private partnerships, innovating organizations, community development corporations, and self-regulatory agencies, issues management alliances appear to be an adaptive mode of response to a turbulent sociopolitical environment: specifically, they address complex issues and problems that are not being managed adequately by organizations acting alone. To date, however, our understanding of issues management alliances has been fragmented. The primary purpose of this paper is to foster a more systematic appreciation of this robust phenomenon. First, we provide a definition of issues management alliance and organize the disparate examples of IMAs using Cummings' (1984) model of transorganizational systems. Second, we discuss the necessary conditions for the emergence and maintenance of this mode of response in terms of their effectiveness and differential efficiency. Finally, we conclude with a discussion of the implications of this phenomenon.

CONTEXTUAL FACTORS

Congruence between the external environment and organizational response is a hallmark of organizational effectiveness (Nadler & Tushman, 1977). Until recently, the focus of research on organization-environment relations has been the strategic management process, and the positioning of the firm in the competitive environ-

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ment in response to marketplace forces and technological advances. Ansoff (1984) contends, however, that business strategies increasingly need to be augmented with issues management and other strategies to address mismatches between the enterprise and the sociopolitical environment and to provide "real-time" responses to sudden changes (Preston, 1986). Traditionally, the field of issues management has been concerned with the responses of business to the largely non-economic or social and political forces in the external environment: in particular, the relationship between business and society, and more recently the interaction of business and government (Preston, 1986; Vogel, 1986). While numerous attempts have been made to define the scope, methods, and activities of issues management (cf. Ansoff, 1984; Arrington and Sawaya, 1984; Chase, 1982; Coates, et al., 1986), most researchers and practitioners have been unable to reach agreement about what this field actually encompasses. In general, issues management is the proactive process of identifying and shaping social issues and emergent trends likely to affect the organization, as well as the deployment of the necessary resources toward their effective and timely resolution. Relevant activities include public affairs management, corporate social responsibility and business ethics, futures studies, business and public affairs, corporate philanthropy, and social issues management. In essentially the same way that strategic management attempts to co-align the firm with the economic and technological forces in the competitive environment (Lenz, 1980), issues management seeks to co-align the organization with the sociopolitical environment.

THE TURBULENT ENVIRONMENT

The salient characteristics of the turbulent environment are rapid change, uncertainty as a function of the complex and unpredictable changes in the task, social, and geopolitical environment, and unprecedented levels of interdependence and complexity caused by an extremely dense population of organizations pursuing independent, short-term goals (Emery and Trist, 1973; Trist, 1980). Issues emerging under conditions of rapid change are muddled together (Schon, 1971) and seldom arise as solitary problems with single causes. As the rate of change has accelerated, the issues confronting organizations have emerged as "indivisible" problems (Aldrich, 1976) or "messes" (Ackoff, 1974). Contemporary issues and social problems are now so complexly interdependent that they tax, and often exceed, the response capacity of individual firms and single sectors working on their own (Miles, 1980). As a result, traditional modes of response and institutional forms are becoming less effective. Our institutions, especially large-scale, bureaucratic organizations, have not been able to cope effectively with the contingencies of a turbulent environment (Williams, 1982). In response, business,

government, and nonprofit organizations have formed a variety of innovative alliances in an effort to manage the demands of a turbulent environment. While it is true that organizations have collaborated in the past to address issues of common concern, the phenomenon has become more widespread and varied in recent years. Collaborative, multi-organizational approaches to issues management now encompass a wide variety of innovative responses to complex issues and problems that are not being addressed adequately by traditional institutions (cf. Austrom & Lad, 1986; Cummings, 1984; Gray, 1985). Literally hundreds of alliances can be found in education, transportation, job creation and training, crime control, and community improvement. Numerous labels and terms, many of them overlapping, have been advanced to describe various collaborative approaches to issues management. For example, the multi-organizational alliances upon which Trist (1979) based his theory of innovating organizations would have been labeled by other researchers as public-private partnerships (e.g., Greater Philadelphia Partnership), community renewal or third sector job creation (e.g., Sudbury 2001 and the Craigmillar Festival Society), or area labor management committees (e.g., Jamestown). The proliferation of terms has generated more confusion than clarity and progress in this field of inquiry has been hindered by the lack of consistent terminology. In many ways our current appreciation of the phenomenon is reminiscent of the parable of the three blind men who came upon an elephant. Each, from his particular vantage point, arrived at dramatically different conclusions about what they had encountered. Applying this analogy to collaborative approaches to issues management, our piecemeal appreciation of collaborative approaches to issues management appears to be a case of "not seeing the forest for the trees". In focusing on specific manifestations and examples, we have failed to recognize the larger phenomenon. As a result, our understanding of the specific case is also diminished because we are not able to place it in the larger context. In the next section, we discuss this emergent mode of response, offer a definition, and organize the various manifestations using Cummings' (1984) model of transorganizational systems.

THE PHENOMENON

The breadth and pervasiveness of collaborative approaches to issues management are illustrated in Table 1 with examples ranging from American Express' Project Hometown America to the Jamestown Area Labor Management Committee. Taken together, these examples reflect an emergent mode of response which we describe as issues management alliances. The word "alliance", which is defined as "a merging of efforts or interests by persons or institutions" (Random House, 1967), is especially appropriate because it

presumes a collaborative response yet does not delimit the form and structure of these entities as might be the case with joint ventures or partnerships which imply a loosely coupled structure.

Table 1
MANIFESTATIONS OF ISSUES MANAGEMENT ALLIANCES

MANIFESTATIONS	EXAMPLES
Interorganizational Relations	
Industry self-regulation	<ul style="list-style-type: none"> ● Direct Selling Code ● Television Advertising Standards
Business networks	<ul style="list-style-type: none"> ● Business Roundtable ● American Business Conference
R & D Consortia	<ul style="list-style-type: none"> ● Pump Research and Development Co.
Industry labor management committees	<ul style="list-style-type: none"> ● Canadian textile industry
Social Problem Solving	
Community service networks	<ul style="list-style-type: none"> ● Local foodbanks
Municipal government consortia	<ul style="list-style-type: none"> ● Downriver Community Conference
Multi-Sector Hybrids	
Public-private partnerships	<ul style="list-style-type: none"> ● Partnership for a Drug-free America
Community renewal	<ul style="list-style-type: none"> ● Project Hometown American
New Corporate Philanthropy	<ul style="list-style-type: none"> ● General Mills and the Altcare Corp.
Doing Good to Do Well	<ul style="list-style-type: none"> ● Control Data
Cause-related marketing	<ul style="list-style-type: none"> ● Statue of Liberty Campaign
Affinity credit cards	<ul style="list-style-type: none"> ● Working Assets Fund
Community capitalism	<ul style="list-style-type: none"> ● South Shore National Bank
Community Development Corporations	<ul style="list-style-type: none"> ● Bedford-Stuyvesant CDC
Innovating organizations	<ul style="list-style-type: none"> ● Sudbury 2001
Cause-specific networks	<ul style="list-style-type: none"> ● Hands Across America
R & D consortia	<ul style="list-style-type: none"> ● Project Athena (MIT)
Area labor management committees	<ul style="list-style-type: none"> ● Buffalo ALMC
Cooperative social services	<ul style="list-style-type: none"> ● California Child Care Initiative

In general, IMAs are "federative or coalitional structures whose member organizations maintain their separate identities and disparate goals, yet employ either some formal organization or informal collaboration for joint decision making" (Cummings, 1984). Cummings' work on transorganizational systems is based on two streams of relevant research, interorganizational relations and social problem solving, which provide relatively unique yet complementary perspectives on interorganizational collaboration. We use

Cummings' synthesis of the transorganizational systems literature as a starting point for organizing the various manifestations of IMAs.

INTERORGANIZATIONAL RELATIONS APPROACHES

The interorganizational relations (IR) approach (Aldrich & Whetten, 1981) to issues management derives from a resource dependence framework which presumes that organizations enter into relationships to secure needed resources and to reduce uncertainty. IR approaches are consistent with organizational theorists' contentions that organizations faced with uncertain external environments engage in strategies such as coalescing, co-opting or cooperating to mitigate the uncertainty (Thompson, 1967) and manage the interdependence (Pfeffer & Salancik, 1978). IR approaches to issues management are many and varied, and range from loosely structured business networks and corporate political action committees (Maitland & Park, 1985) to tightly structured organizations such as business roundtables and self-regulatory organizations (Lad, 1985). Typically, they have emerged to address a variety of issues that the firm perceives it could not manage adequately alone. For example, networks of organizational boundary spanners from top executives to functional managers have been organized in response to a variety of issues. They may share information, receive feedback informally on business strategy, develop business positions, and access top government officials on issues of economic or business interest (Maitland, 1985; Lad, 1981). Examples of business networks include executive roundtables at the federal, state, regional, and metropolitan levels (McQuaid, 1982), "women in business" networks, and "high tech" executive networks. One of the more dramatic examples of an IR approach to issues management has been industry self-regulation, especially in light of the increasing attention to regulatory alternatives (Maitland, 1985; Lad, 1985; Gupta & Lad, 1983; Garvin, 1983; Boddewyn, 1981). Industry self-regulation has become an important subset of professional society and trade association activity. It is a regulatory process in which an interorganizational network, as opposed to a governmental or firm-level organization, sets and enforces rules and standards relating to the conduct of firms as well as individuals within the industry. Numerous examples in such industries as direct selling, bill collection, home appliances, and van conversions show evidence of cooperative and coalescing strategies for managing environmental uncertainty (Lad, 1985). Industry level collaboration between labor and business also appears to have provided a successful forum for addressing issues of common concern. Industry examples exist in construction, retail food, railroads, textiles, steel, masonry, and coal (Siegel & Weinberg, 1982; Sexton, Leclerc, & Audet, 1985; US Department of Labor, 1983). Industry labor-management commit-

tees have been formed to improve productivity, to reduce costs, to secure business and jobs, to improve labor relations, to examine ways to reduce strikes, and to promote communication on issues confronting the industry. While the degrees of institutionalization and the partners of choice may vary, the fundamental impetus of IR approaches is the same: they enable the firm to compete more effectively. According to this perspective, organizations enter into collaborative relationships with other organizations for essentially instrumental and self-interested purposes and to achieve goals that could not be accomplished alone.

SOCIAL PROBLEM SOLVING APPROACHES

Until recently, social problem solving (SPS) alliances received relatively little attention in mainstream management research, because they seldom involved for-profit organizations. Social problem solving assumes many forms and there have been numerous labels used to describe a process in which members of a community of shared interests—individuals, groups, and organizations—join together to address social goals that they cannot meet on their own. Collaborative SPS initiatives have addressed a broad spectrum of important issues at virtually every level of society, from individuals forming mutual assistance groups (Silverman, 1980) to global initiatives such as the World Commission on Environment and Development (1987). Other examples include environmental advocacy, mediating institutions, cause-related networks, community renewal, community development corporations, and the self-help movement. In virtually all cases of community-based SPS, the underlying problem being addressed has been the economic decline of the community. Members of the community are prompted to collaborate by a crisis or a series of significant events such as massive layoffs, plant closings, high unemployment, and so on. The Downriver Community Conference (DCC) illustrates the potential of this mode of response rather dramatically. The DCC is an inter-governmental consortium of 16 communities that are located "downriver" from the city of Detroit. The DCC was formed originally as a mutual aid organization to address municipal needs that cut across community boundaries. However, in the early 1980s, this heavily industrialized region suffered considerably in the wake of numerous plant closings and layoffs. The DCC developed an experimental program to retain workers displaced due to the plant closures. To accomplish this, they involved representatives from education, local industry, bankers, health care agencies, and so on. But they recognized the folly of retraining workers for non-existent jobs. In response, they became in essence defense contract brokers for the hard-hit small manufacturing businesses in their area. In their first eight months of operation, the DCC returned \$22 million in contracts to the small businesses in their region. The net result

of this collaborative venture was an overall strengthening of the region's economy with beneficiaries at all levels, including the workers who received jobs, the firms that were awarded defense contracts, other small businesses in the community, and the various social service agencies involved. SPS alliances such as the Down-river Community Conference allow communities, citizens and various agencies to manage issues they could not cope with on their own. Like IR alliances, they are an adaptive response to the uncertainty in the environment. Even though competitive advantage is not strictly speaking the objective of these alliances, they are also intent on remaining viable by providing needed social services in the face of changing environmental conditions. In contrast to the firm-centric focus of the IR approach, research on SPS approaches has focused on the domain: that is, the multiple relationships among the actors in the contextual environment. Yet, as Cummings (1984) noted:

The differences between the IR and SPS fields are somewhat exaggerated and intended mainly to distinguish the two streams of research from each other. Indeed, there has been considerable convergence between them, with the IR area moving towards collectives of organizations and network analysis of relationships among organizations, and the SPS field tending towards classification and measurement of variables and relationships. More importantly, the comparison between the two areas suggests that the two approaches complement one another.

HYBRID APPROACHES TO ISSUES MANAGEMENT

A new form of issues management alliance has emerged which defies tidy classification as either an interorganizational relations or social problem solving approach to issues management; rather, it appears to be a hybrid of both. Business involvement in a wide variety of innovative alliances with both public and independent sectors has expanded and become more visible during the past decade. Fiscal restraint coupled with changing demographics and changing demands has given rise to a variety of social needs that have not been addressed adequately through traditional institutional mechanisms: for example, health care, child care, substance abuse, food and shelter for the homeless and impoverished, education and literacy, child and spouse abuse, urban renewal, and so on. A partial list of hybrid alliances includes third sector economic renewal, public-private partnerships, community capitalism, innovating organizations, area labor management committees, "doing good and doing well", and new approaches to corporate philanthropy such as cause-related marketing and affinity credit cards.

Many of these IMAs represent new ways of doing business and new approaches to social problem solving. The California Child

Care initiative has been very successful in responding to the day care crisis in California (Hamilton & Weiner, 1987). At present, the state can serve only seven percent of the 1.5 million children whose parents claim to need child care. In 1985, a consortium of 23 corporations, state agencies, local agencies, and private foundations initiated an innovative program to train, license, and provide ongoing support so that new and existing day care workers could operate their own in-home "family day care" services. In the process, the child care capacity in California has been expanded in a cost-efficient manner and all parties appear to have benefited through this creative response to an important social issue. Parents prefer this community approach because children are taken care of in their own neighborhoods. The state has been able to exert greater quality control over an activity which already exists, albeit underground and unregulated. The day care providers, who are almost exclusively women, receive sound business advice and are protected from "unwitting liability exposure or exploitation". In effect, they become owner-operators of successful, tax-paying small businesses. Finally, the corporate sponsors benefit in two ways: the program increases day care options for employees and enhances the reputation of the participating companies in the community and in the eyes of both current and prospective employees. This multi-sector alliance has been so successful that the model may be adopted throughout North America.

The recent collaboration between the United Way of America and American Express Travel Related Services Company provides another example of a creative response to government cutbacks in social programs. American Express had already led the way in linking corporate philanthropy directly with the marketing of the company's travel-related products, through their cause-related marketing program. Non-profit organizations located in several countries have received considerable financial assistance while American Express has produced results that are often better than those of conventional marketing programs: for example, a 30 percent increase in charge volume. Project Hometown America (PHA) was an extremely innovative and, by virtually all accounts, successful example of a multi-sector alliance (Nagle, 1987). It was designed to increase community problem-solving capacity and facilitate grassroots involvement in the process. PHA was created jointly by American Express Travel Related Service Company and the United Way of America as a national, non-profit corporation to fund coalitions of groups and individuals from across the US whose programs best demonstrate an innovative, promising approach to solving a pressing human problem at the grassroots level (Nagle, 1987) and "to inspire more American citizens, both private and corporate, to actively contribute their talents to creative problem solving activities in their own hometown" (American Express, 1985).

PHA deserves considerable attention because it is a valuable source of data on the process by which successful alliances emerge. PHA was a significant departure from "standard operating procedures" for both American Express and the United Way and it required the effective meshing of two dissimilar organizational and corporate cultures. Secondly, PHA was established with the express mission to build local coalitions and community capacity for problem solving. PHA could, in fact, be described as a referent organization (Trist, 1983). Over 4400 groups applied for funding from Project Hometown America and a total of \$3,063,449 was granted to 206 projects (Nagle, 1987). The issues addressed included the problems of children and teenagers, the hungry and the homeless, community development, spouse abuse, and the elderly. In terms of the funding criteria, nearly 80 percent of the funded applications engaged local businesses in new and expanded ways; roughly 85 percent involved people who had not previously volunteered their services; and almost 90 percent represented a collaborative effort between groups and individuals who had not worked together previously (American Express, 1986). In the process, over \$6,000,000 was leveraged on behalf of these local problem solving initiatives. In 1986, American Express and the United Way received an award from the California Public-Private Partnership Commission for their unique program and its role in encouraging others to seek equally innovative successful partnership solutions.

UNDERSTANDING THE PHENOMENON

A common theme in these and other examples of IMAs is that corporate collaboration with the public and independent sectors "offers potentially innovative solutions to problems that loom larger than issues defined in terms of economic and competitive factors alone" (Murray, 1982). IMAs such as these not only address difficult, and otherwise intractable, social issues, they also achieve a variety of economic goals. And they represent a shift in corporate social performance and social problem solving which Drucker (1984) and others have labeled "doing good to do well". Increasingly, corporations are recognizing the benefits of working together with other sectors to address difficult social issues—through either direct experience or observation. While IMAs represent corporate acknowledgement of their responsibility to society and to the communities in which they do business (Waddock, 1986; Hocevar, 1985; Post & Lad, 1985), private participation in social problem solving goes beyond mere philanthropy. Among exemplary corporations, cooperation with other institutions is viewed as a necessary and legitimate aspect of the corporation's long range self-interest (Hocevar, 1985). Although considerable progress has been made regarding how interorganizational initiatives in general are formed and how they function (Aldrich & Whetten, 1981; Gray, 1985; Cum-

mings, 1984; McCann, 1983), our appreciation of this phenomenon is still incomplete. Gray has noted that "we recognize the limits of our ability as behavioral scientists to precisely describe which levers to pull under which circumstances for successful collaboration" (1985). But we contend that more is needed than a contingency model of the process and structural variables for effective collaboration. As the examples in Table 1 suggest, there are virtually no "pure forms" of IMAs. Each is an adaptation to specific environmental contingencies, and their structures vary from loosely coupled networks to highly structured organizations. They also demonstrate that the sufficient conditions for the survival of a particular IMA are unique. Thus, to understand IMAs more fully we must identify the necessary conditions for the general case.

NECESSARY CONDITIONS—EFFECTIVENESS AND EFFICIENCY

To achieve such an understanding requires a shift in the focus of inquiry from specific cases of IMAs to the general case: that is, IMAs as an adaptive mode of response to a turbulent environment, a new "social product" (Post, 1986; Waddock, 1986) which occurs at the domain level or the interstices between societal systems and single organizations (Trist, 1983). Appreciation of IMAs as a mode of response requires a figure/ground reversal of the traditional organization and environment relationship (Trist, 1979) and a shift from the egocentric focus on single organizations to the domain-level analysis of systems of organizations and the contextual environment itself taken as a system (Cummings, 1984). According to Williamson (1975), the two principal modes of organizing are markets and hierarchies. Hypothetically, the market is the most efficient mode of organizing, but the transaction costs associated with uncertainty, the frequency with which transactions recur, the degree to which durable transaction-specific investments are involved, and the possibility of opportunistic behavior on the part of at least some of the players often make it more costly than a hierarchical approach (Williamson, 1975). Under the current conditions of turbulence, however, hierarchical and bureaucratic responses to many societal issues have become extremely costly and increasingly less effective—witness the current crises in public education and housing. The ramifications are being experienced at all levels of society. It has become apparent to many firms that, unless issues such as these are managed more effectively, their ability to compete in the global marketplace will be adversely affected (cf. Perry, 1988). The failure of both market and hierarchical approaches of issues management has led to the emergence of alternate modes of response such as IMAs. The fundamental, necessary conditions for the emergence of alternative modes of organizing are the same as the conditions for the existence of single organizations (Jarillo, 1988).

Barnard (1938) postulated that organizations must be both an effective and an efficient response to environmental demands in order to emerge and to survive. Effectiveness is defined as the achievement of desired ends, while efficiency involves achieving these ends at lower transaction costs compared to other alternatives (Thorelli, 1986; Williamson, 1975).

Effectiveness

To determine the relative effectiveness of IMAs, it is necessary to identify the adaptive advantages of this mode of response in terms of the demand characteristics of a turbulent sociopolitical environment. Since the unprecedented rate of change muddles problems together and minimizes the ability of single organizations to impose solutions independently (Schon, 1971), collaboration may be the only feasible method for managing many of the issues arising in a turbulent sociopolitical environment. This suggests the first advantage of this mode of response relative to other alternatives: cooperation in the formation of new alliances may be the only viable response to "messes" and indivisible problems (Ackoff, 1974; Aldrich, 1976). Second, complex issues and "messes" may be more clearly understood and more directly explored at the domain level. Because no one individual or organization possesses a complete 'roadmap' for navigating a turbulent environment, the appreciative task (Vickers, 1965) is enriched if multiple perspectives are included in the search for appropriate solutions (Gary, 1985). IMAs have the potential to bring together multiple levels of understanding from expert and professional knowledge to first-hand experience. This follows from Ashby's (1960) theory of requisite variety which suggests that, for a system to cope effectively with the level of complexity in its environment, "variety equal to that found in the environment must be found within the system" (Morgan & Ramirez, 1984). A third adaptive advantage is that the acceptance of a solution and its subsequent implementation are expedited if those affected by the decision are involved also in the problem solving process (Gray, 1985). A fourth adaptive advantage is the recognition of domain-level interdependence. According to Luke (1986), interconnectedness and interdependence have emerged as the most salient characteristics of the contextual environment of contemporary society. While some may claim that interdependence has always characterized industrial society, advances in technology coupled with increased population density have spawned unprecedented levels of interconnections both domestically and globally. As Gerlach and Palmer (1981) have observed: "In the process of societal evolution, the scale of sociopolitical interdependence increased from networks of a few score people within a single sociopolitical system to networks of hundreds of thousands and millions of people". The communications infrastructure has ex-

panded dramatically the number of stakeholders capable of influencing corporate activities and public policy-making and, as a result, interdependence has replaced uncertainty as the fundamental problem for modern organizations (Luke, 1986). Coping with interdependence of this order of magnitude raises the issue of how the domain is regulated. The control systems which emerged in more placid and stable environments included hierarchical and bureaucratic mechanisms such as legislation, litigation and the judicial process. But these regulatory mechanisms are not well equipped to cope with the novel and unanticipated consequences of the new levels of interdependence (Trist, 1980), and have become increasingly dysfunctional. For example, it is virtually impossible for most governments to draft legislation—let alone monitor it—that covers adequately all present and future contingencies. In addition, the traditional mechanisms for regulating the domain are extremely slow when compared to contemporary rates of change; witness the backlog in the court system. In this sort of regulatory climate, organizations find it virtually impossible to respond to environmental changes in a timely fashion. As a result, adaptability is often enhanced if organizations are able to move towards a negotiated order in which they acknowledge their interdependence and take the purposes of other organizations into account (Emery & Trist, 1973). This explains in large part the emergence of a self-regulatory process in which the various actors recognize that maintenance of the collective good is vital to the maintenance of self. To summarize the discussion of this fundamental and necessary condition, effectiveness, it is apparent that IMAs must achieve superior performance relative to alternative modes of response in order to come into existence and survive. As organizations recognize their limits in managing the "indivisible problems" emerging in the sociopolitical environment, we can expect an increase in the formation of IMAs.

Efficiency

The second fundamental, necessary condition is concerned with the ongoing viability of IMAs and is based on the 'differential efficiency' (Masten, 1984) of this mode of organizing relative to alternative modes of organizing. Since efficiency consists in the minimization of transaction costs (Maitland, Bryson, Van de Ven, 1985), we need to assess how IMAs reduce transaction costs relative to more traditional modes of organizing such as hierarchies and markets. The marketplace, historically, has not been a particularly effective nor efficient mechanism for the equitable distribution of many public goods and services (for example, public education, public safety and law enforcement, national defense, and transportation infrastructures), especially in light of conflicting societal and political demands. Hierarchical approaches such as government agencies and regulatory commissions emerged at the domain level

in response to the failure of markets effectively to allocate these public goods and services and control opportunistic behavior. In earlier, relatively stable eras, hierarchical or bureaucratic approaches were a legitimate mechanism for the distribution of public goods and services. In theory, professional bureaucracies could allocate these resources more effectively, if not always more efficiently, than the marketplace. As we discussed earlier, under conditions of environmental turbulence this is no longer the case. IMAs have emerged in response to the limitations of these other modes of organizing and, like the strategic networks discussed by Thorelli (1986) and Jarillo (1988), exist between markets and hierarchies. They resemble a clan (Ouchi, 1980) or collective (Rothschild-Whitt, 1979; Butler, 1982) mode of organizing, albeit at the domain or interorganizational level of analysis. IMAs are not based strictly on price or hierarchical mechanisms (Jarillo, 1988; Williamson, 1975); rather, the IMA is a cooperative mode of organizing based on the recognition of interdependence, superordinate goals, reciprocity, and trust. Because of the ability to merge complex interrelationships between people and organizations, collaborative control mechanisms such as the clan or collective are especially appropriate for managing complex and indefinable issues (Butler, 1983). But cooperative initiatives which rely on clan-like modes of social control survive only if the parties perceive that there will be a reciprocal exchange of both burden and benefits. The fundamental problem of cooperation is opportunistic behavior or the 'free rider' problem (Hardin, 1982; Olson, 1985; Ouchi, 1980) and the transaction costs involved in controlling this behavior.

The issue of trust is central to this discussion because "lack of trust is the quintessential cause of transactional costs" (Jarillo, 1988). Thorelli (1986) describes trust as the confidence in an ongoing "mutually satisfying relationship" and the awareness among cooperating participants regarding what is expected of them to maintain the relationship. The building of trust involves a social learning process which can be likened to a courtship ritual in which each individual attempts to ascertain whether or not the intentions of his or her partner are honorable. In the formation of alliances, the early stages of the 'courtship ritual' basically revolve around the establishment of conventions (Lewis, 1969) or tacit agreements, a common language, and a shared appreciation of the problem (McCann, 1983). Trust and the institutionalization of the process of collaboration occur after a series of successful interactions which produce a net positive benefit for all parties. As discussed earlier, the recognition of interdependency is a critical element in the formation of collaborative initiatives such as IMAs. Many of the IMAs emerged as a result of a crisis or significant unresolved issue which caused the members to recognize and acknowledge their interdependency. This process is generally consistent with well estab-

lished findings from cooperation theory regarding the importance of perceived goal interdependence (Deutsch, 1949; Johnson et al., 1981; Sherif et al., 1961; Sherif, 1966; Tjosvold, 1984). Under conditions of goal interdependence, alliance members recognize that furthering the collective goals also promotes individual goals. As a result, opportunistic behavior becomes potentially more costly than collaborative behavior in the long run. Trust also lowers transaction costs because it reduces the need explicitly to specify unforeseeable consequences, difficult under the best of circumstances and virtually impossible under turbulent conditions, because it is assumed that the decision rules followed by participants will be symbiotic (Jarillo, 1988). Perlmutter and Trust (1986) argue that the system design principle of the emergent paradigm is the symbiotic partnership. While self-interested goals may not be satisfied wholly in the short term, the gains will outweigh the losses in the long term and keep solutions in the win-win mode (Perlmutter & Trist, 1986). With regards to efficiency, the second fundamental and necessary condition for the emergence and survival of this mode of response, IMAs must provide superior performance at a net benefit relative to costs. Given that IMAs are essentially a clan or collective mode of organizing predicated on trust to reduce transaction costs, the principals must recognize that opportunistic behavior will jeopardize the long term benefits of working together.

IMPLICATIONS AND CONCLUSIONS

There are several implications of this collaborative mode of response for both the study and practice of issues management and social policy. First, IMAs represent an evolution in environmental management strategies and issues management. They provide organizations with another means of response to the changing environment; in particular, corporate collaboration with other sectors in our society "offers potentially innovative solutions to problems that loom larger than issues defined in terms of economic and competitive factors alone" (Murray, 1982). Second, as some IMAs have already demonstrated, corporate involvement with other sectors can provide unique business opportunities for all sectors. Third, recognition and acknowledgement of the pervasiveness of collaborative approaches to issues management should also serve to inform a model of emerging managerial competencies. As Murray (1982) has observed: "This (the importance of joint efforts) will put a premium on those managers who can 'bridge' their way to new information, insights, and creative solutions through negotiated, cooperative strategies". Collaboration becomes a valuable tool for policy makers faced with the changing problems which emerge in turbulent environments. It is not simply a matter of either collaboration or competition, but rather a recognition that appropriate use of both collaboration and competition can improve the viability of

the focal organization. Because policy makers are responsible for co-aligning the organization and its internal operations with the immediate task environment as well as the broader sociopolitical environment, they need a systemic appreciation of collaborative approaches to issues management so that they establish an appropriate balance between cooperative and competitive strategies.

RESEARCH ON COLLABORATIVE APPROACHES TO SOCIAL ISSUES MANAGEMENT

To date, research on the various manifestations of IMAs has tended to be either conceptual or descriptive with a heavy emphasis on narrative accounts and anecdotal evidence. There have been very few rigorous, comparative studies and virtually no empirical investigations of the hypotheses and propositions put forth by interested scholars. Several explanations are plausible. The field of issues management is still relatively new and until recently was viewed as a disjointed and rather eclectic set of activities. As a result, the various manifestations and innumerable examples of collaborative approaches to issues management have been studied in several disciplines including urban studies, social work, public administration, environmental affairs, sociology, community psychology, and management. Also, given the "traditionally rigid boundary lines between separate disciplines of social science" (Myrdal, 1969), there has been relatively little dissemination of findings across disciplines and an integrative model has not emerged to capture the phenomenon in its entirety. A common appreciation of the field did not exist, let alone the recognition of an emergent phenomenon within the field. As a result, researchers have tended to focus on the attributes of the issues and the response mechanisms in discipline-specific fashion. In addition, there has been a tendency among researchers in the various disciplines to assess the responses of single organizations to the sociopolitical environment. When interorganizational relations were assessed, the predominant focus was on dyadic relationships between organizations from the perspective of the single, focal organization (Cummings, 1984). As Wood (1987) has argued, this analytical focus on individual firms is useful to help clarify the firm's relation with its environment, "but it tends to oversimplify corporate-environmental relations by centering too heavily on the focal organization".

Clearly, more research is needed in order to advance our understanding of this phenomenon. But IMAs are not easily studied using traditional research methodologies. They are open systems which virtually demand macro-level analysis, a multi-sector perspective and multi-year, longitudinal research. Research on IMAs would also be enhanced by multidisciplinary approaches, and researchers will need to shift from a firm-centric to a problem or network-centric unit of analysis (Aldrich & Whetten, 1981). The

issues addressed are aptly described as 'messes' (Ackoff, 1974) and they are difficult, if not impossible, to quantify or operationalize vertically. Moreover, there does not appear to be a clear performance dependent variable providing a target for prescriptive research. Given the dynamic and complex nature of this emergent mode of response and evolving institutional form, as well as the environment in which it emerges, research on collaborative issues management alliances should incorporate the techniques of network analysis suggested by Fombrun (1982) and Benson (1975), Mintzberg's direct research approach (1979), and rigorous case studies (Post & Andrews, 1982; Yin, 1984). The focus of network analysis is the evolution and development of relationships and patterns of problem solving as well as the usual research variables such as power, structure, and resources. In contrast to a predominantly static view of a phenomenon, the direct research approach takes account of the fact that what is being observed is an evolutionary process. Direct research entails the longitudinal, in-depth observation of a social entity which itself is going through the learning process. To assess this phenomenon properly, it is necessary to follow an IMA through its life cycle. In describing the evolution and development of an alliance, both successes and failures must be documented: how the key actors learn from mistakes is as crucial as how they react to successes. In addition, comparative case studies of the various manifestations of IMAs will allow us further to explicate the common characteristics of these social innovations and the conditions under which they emerge and flourish. Since the emergence of new organizational forms is predicated on processes of 'trial and error' organizational learning, some categories and characteristics of IMAs will eventually prove more adaptive to environmental challenges than others. Some of the examples mentioned may cease to exist simply because they are so successful in responding to a particular issue. Other issues management alliances will undoubtedly falter or their form will be altered considerably as they progress through the organizational life cycle. Similarly, in certain situations and in response to specific issues, some characteristics will prove to be more robust than others.

In general, IMAs have proven to be a highly effective and adaptive mode of response to complex social issues. Taken together, IMAs represent an evolution in issues management that moves beyond the predominantly egocentric focus on the responses of for-profit institutions. The emergent literature extends the unit of analysis to more heterogeneous alliances comprised of multiple actors and stakeholders including individuals, labor groups, corporations, municipalities, and government agencies. Because of the potential of IMAs for addressing complex, often intransigent problems, it is imperative that scholars, policy makers, and managers learn as much about these multi-organizational forms as possible.

They are clearly an important domain for research on issues management as well as other environmental management strategies.

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