Business community partnerships: Understanding challenges of collaboration

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ABSTRACT
This paper addresses the question of how business and community organisations engage to develop mutually beneficial partnerships to tackle pressing social and environmental issues. Because business plays a key role in sustainable development, business organisations are under increasing pressure to consider issues of environmental protection and social equity, in addition to those of economic development. In response, a growing number of businesses are engaging in corporate citizenship initiatives that highlight joint problem solving and co-ordination with others. Business community partnerships are increasingly being promoted as important mechanisms to tackle pressing community issues. However, despite a growing body of literature on business community partnerships and considerable experimentation around the world, translating some of the underpinning concepts into practice appears problematic.

To demonstrate the complexities of business community sector engagement, this paper examines three primary costs associated with collaboration, for partners involved in seven business community partnerships in New Zealand. The findings highlight capacity building to meet collaboration demands; learning to relate to partners; and the risks of financial resource-providing partners exercising considerable power and control over the terms of the partnership, as three issues critical for understanding the micro-level workings of business community partnerships in the New Zealand context.

Keywords: corporate responsibility, stakeholder collaboration, sustainability

Business organisations have always made direct and voluntary contributions to the communities in which they operate through practices such as philanthropy, sponsorship and employee volunteering activities (Birch 2001). However, business organisations are increasingly being challenged to move beyond ad-hoc and short-term community involvement activities (Andriof and McIntosh 2001; Birch 2001; Waddock 2004). Corporate citizenship and partnerships involving business organisations were key issues at the 2002 World Summit on Sustainable Development (see www.johannesburgsummit.org). Much of the current literature stresses the substantial contributions business community partnerships can make to tackling pressing social, economic and environmental issues (Austin 2000; Tennyson 2003).

However, this characterisation of partnership as ‘desirable’ does beg the question ‘desirable for whom and in what ways?’ Within this limited notion of ‘partnership’ some commentators argue that business and community organisations may have differing expectations and organisations may attribute different meanings to these interactions (Hamann and Acutt 2003; Rundall 2000). Relationships that ensure mutual influence and shared control are significant factors in the success of most kinds of cross-sector collaboration (Saxton 1997).

This paper reports on research examining the micro-level workings of business community partnerships to address social issues in the New Zealand context. In what follows I will examine the rise of business
community partnerships, as a mechanism to tackle social issues and present the findings of research examining the dynamics of business community partnerships. This research demonstrates the complexities and challenges of business community collaboration and highlights the importance of capacity building, learning to relate to partners and power and control as three issues critical for understanding the micro-level workings of business community partnerships.

THE RISE OF BUSINESS COMMUNITY PARTNERSHIPS

In recent years the role of business in addressing community issues has changed significantly. The concept of sustainable development stresses the interdependence of economic performance and environmental quality but goes further by demonstrating that the future is uncertain unless issues of social equity are taken into account (Welford 1997; Shrivastava and Hart 1995). Some commentators argue that tackling pressing social and environmental issues requires cross-sector collaboration and cooperation, with business increasingly recognised as a key player in such collaborations (Nelson and Zadek 2000; Waddock 2004; Elkington 1998).

In response, a growing number of businesses are engaging in corporate citizenship initiatives that highlight joint problem solving to address community issues. One visible aspect of a broader corporate citizenship imperative is the forging of strategic relationships between business and community organisations to address social and environmental issues, often referred to as business community partnerships (Loza 2004; The Aspen Institute 2003) or social partnerships (Waddock 1991; Berger, Cunningham & Drumwright 2004). A number of commentators suggest that business involvement in strategic cross-sector partnerships is growing (Ashman 2001; Kanter 1999; Nelson and Zadek 2000).

The ‘win-win’ potential of partnership draws extensively on efficiency arguments - maintaining that organisations working in partnership can access broader networks, combine diverse and complimentary resources and expertise, and share good practice in order to accomplish specific tasks and achieve more with less. These synergistic benefits constitute what Huxham (1996: 1) terms “collaborative advantage” or what Nelson and Zadek (2000: 13) call “partnership alchemy” - outcomes not possible if organisations work independently.

In addition to making important contributions to social and environmental issues, cross-sector partnerships are also believed to benefit the various partners in the collaboration. Cross-sector partnerships as a community investment strategy are considered to provide a range of benefits for business including: obtaining competitive advantage; securing a licence to operate; managing external perceptions by
defending and enhancing public image and reputation; increasing attractiveness to prospective employees; and improving stakeholder relations (Warner 2004; Porter and Kramer 2002).

For community organisations, the need to access funds and technical resources can be a strong driver for engaging with business organisations (Froelich 1999). Community organisations may be able to obtain greater visibility for their programmes and more opportunities to influence business leaders’ thinking on social issues (Parker 2003). Community organisations may also view partnerships as ways to become more important institutional actors (Teegen and Doh 2003) or to influence social change (Fabig and Boele 1999).

However, these positive views of business community partnerships are not uncontested. While the term partnership may imply common interests and mutual benefits for partners, some writers argue that these assumptions can potentially obscure the underlying tensions and conflicts often present in multi-sector partnerships (Mandell and Steelman 2003; Lister 2000). Tensions around power and control in the specific context of business community partnerships are rarely acknowledged. Issues such as adapting organisations to the demands of collaboration are infrequently discussed (Hardy and Phillips 1998; Selsky and Parker 2005).

In the following section I discuss the findings of research examining within seven business community partnerships that address social issues in the New Zealand context. This research highlights the importance of capacity building, learning to relate to partners and power and control issues as key factors in understanding the workings of business community partnerships.

THE PRESENT STUDY – RESEARCH APPROACH

This paper specifically reports on results of qualitative research undertaken in 2004-2006, exploring the dynamics of partnership working within seven established business community partnerships, involving six businesses and six community organisations¹. Eighteen in-depth, semi-structured interviews were conducted in total. Sixteen interviews were held with key managers from both business and community organisations directly involved in managing and implementing activities in the seven partnerships. The research was also informed by two additional interviews with community managers from two community organisations extensively involved in partnership relationships with business organisations. These two community organisations were supplementary to the original sample of seven business community partnerships.

¹ One business had two partnerships – one with a community organisation and another with a government agency, both of which were included in the study.
partnerships, making a total of eight community organisations, one government agency and six businesses that participated in this research.

**Research participants**

All of the six businesses that took part in this study were large enterprises\(^2\) (including four multinational enterprises), with the exception of one SME\(^3\). The businesses represent a variety of industries, primarily in the secondary sector (mostly manufacturing) and tertiary sector (mostly service). All of the eight community organisations were agencies active in range of social issues, with the exception of one community agency that addressed environmental issues. Community organisations in this study focused on social issues including education, the needs of families, people with disabilities, services for youth, crime and trauma and mental health issues. Seven of the eight community organisations involved in this study were large, national organisations providing a diverse range of services and operating through a national network of offices throughout New Zealand. One community organisation was a small, local community group providing services for people with mental health issues.

The interviewees were all involved directly with the management of business community partnership activities. Interviewees included CEOs, dedicated business managers responsible for corporate responsibility or community programmes, and managers working in areas such as community relations, public relations, fund-raising and sponsorship.

**The partnerships**

The business and community organisations were purposively selected on the basis that they were involved in what they termed as business community partnerships, where shared long-term goals for partnership activities focused on improving social outcomes. Partnership goals focused on youth development, health, environment, community welfare (x2), disability issues and support services for children and families. The business community partnerships included in the study ranged in age from eighteen months to four years, with the average age being 2 ½ years. The business community partnerships encompassed a range of exchange mechanisms including financial assistance, in-kind donations, employee volunteering, and cause-related marketing.

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\(^2\) Large enterprise = 100+ employees  
\(^3\) Small and Medium sized enterprise = fewer than 20 employees
The interviews
The community and business managers were interviewed using a semi-structured interview schedule which was designed to help the interviewee:

- describe how and why the business community partnership started – motivations & drivers
- identify the defining characteristics of the business community partnership relationship ie how is partnership work understood and experienced by those involved
- identify factors critical to successful business community partnerships

Transcripts of the interviews were analysed using elements of content and narrative analysis to examine themes relating to how the nature of ‘partnership’ is understood and defined by those actively involved in business community partnerships and what characteristics, factors or circumstances enable effective partnerships that are mutually beneficial. In addition I used secondary data available on websites, in business reports and newspapers relating to the specific partnerships to help generate lines of inquiry.

This section examines the empirical data specifically relating to three primary costs associated with collaboration, for partners involved in seven business community partnerships in New Zealand. The discussion highlights the importance of capacity building, power and control as issues critical for understanding the micro-level workings of business community partnerships.

REFLECTIONS ON PARTNERSHIP WORKING – COSTS AND CHALLENGES
A central tenet of collaboration theory is that the transaction costs associated with partnership, such as the money, time, and energy spent on achieving collective action, are outweighed by benefits that would otherwise be difficult to attain (Gray 1989). Managers’ accounts in this study suggest three primary costs associated with collaboration in the seven partnerships:

- Capacity building to meet collaboration demands
- Learning to relate to partners
- Risks of financial resource-providing partners exercising considerable power and control over the terms of the partnership

Capacity Building
Community managers in this study emphasised the extensive internal work that was required to work effectively in sustained partnerships with business organisations. Community managers stressed the importance of developing a clear understanding of what community organisations could offer potential business partners.
Having your house in order, understanding your work, enough community profile so you are on the radar screen and then the ability to respond in a pretty business-like sort of way (Community 2).

In this study community managers stressed the importance and difficulties of building internal understanding of the concept of cross-sector partnerships involving business organisations:

*I think from the non-profit side it’s that level of buy-in and understanding. Some of the internal challenges are about understanding what I’ve got myself into and appreciating the realities of a corporate partnership (Community 6).*

However, developing a degree of ‘comfort’ in relation to working with business in more interactive and sustained ways was not easy to achieve. Some community managers were critical of what they perceived as a charity view, emphasising traditional business community sector philanthropic relationships, perpetuated both in and outside the community sector

*It’s that mindset – ‘you should look after me because I’m doing important work’...The biggest challenge for the not-for-profit sector is that we’re competing in a more cynical environment, we’re going to be out there looking to achieve corporate partnerships in a more competitive environment (Community 6).*

Some community managers suggested that developing centralised organisational structures with clear lines of authority and adopting ‘business-like’ management practices had been necessary before they could develop sustained and interactive partnerships with business.

For all the businesses in this study it was important for relationships with community organisations to have clear relevance to business objectives. Sources of value sought by the businesses included brand value, reputation, risk management and increased employee satisfaction. However, defining a clear business strategy in relation to corporate citizenship or sustainability initiatives, and communicating the relevance of the strategy to stakeholders, both in and outside the organisation, presented significant challenges for the managers. An ongoing concern was how to integrate sustained engagement with a limited number of community organisations, into broader corporate citizenship or sustainability strategies. Implementing corporate citizenship strategies across a range of business policies and practices presented significant challenges for business managers.
That’s probably the biggest challenge for all corporates and that’s to be expected in the sense that people have always got limited resources, limited time, limited enthusiasm…I believe embedding it in the business is the key challenge (Business 5).

Internal stakeholders, such as senior management, employees and Board members, can resist or encourage negotiated partnership arrangements (Westley and Vredenburg 1991). Managers in this study stressed the importance of operational level managers understanding the significance of partnership relationships to the organisations involved:

Partnerships require ownership internally....the project managers need to take ownership so that they understand they have real deliverables, so they understand they are part of it from the start (Community 6).

Business and community managers’ accounts in this study indicated that organisational factors (policies, practices and processes) that fostered open communication and information sharing, clear management and reporting hierarchies and operational management buy-in were instrumental in solidifying effective partnership relationships involving business and community organisations.

Another key challenge within partnership working was the time and energy required in learning to relate to partners.

Learning To Relate To Partners

Handling risk and working with different organisational cultures is a key part of cross-sector partnership working (Tett 2005; Waddock 1991). In this study managers from both business and community organisations commented on challenges presented by differences in world views and organisational cultures.

I think personally it’s about trying to get into the head space of completely different types of organisations because they just operate differently, their language is different, their approach is different. So you’re trying to understand that and realise that our view of the world is different and for them it’s difficult (Business 1)

There can be misunderstandings about the contexts within which partners operate and uncertainties about organisation objectives within the partnership (Tennyson 2003). For example, one business manager spoke of the difficulties of managing expectations:
Sometimes managing expectations can be difficult. Despite having a contract and talking about specific budgets, the number of times we get asked for more... As a business you're probably seen as quite a big coffer. The more you put your name out there for doing this, you open yourself up to higher expectations and more approaches from community organisations as well (Business 2).

In this study some community managers expressed considerable scepticism about the motives of businesses involved in social responsibility initiatives:

*When you read the stuff prepared for business it’s like ‘this makes perfect business sense to do this, you will see returns if you behave in this way’...so the businesses are saying we need to participate in society and help to make this a better place to live and then they have this little tag, not because it’s a good thing to do, because we want to be part of a caring society but because it will improve our bottom line (Community 4).*

Some community managers in this study also questioned whether the language of corporate social responsibility was used by some businesses to justify decisions that might be viewed in essence as pragmatic, bottom-line business decisions.

Partners in all sectors experience the transaction costs associated with learning to collaborate across sectors (Koppenjan and Klijn 2004). Each partner must invest considerable resources of time and staff in developing relationships with other organisations, when the potential return on such an investment is often uncertain and intangible. A key feature of learning to relate to partners is contending with issues of power and control.

**Power and Control**

Issues of power, control and conflict are critical facets of the dynamics of cross-sector partnership working. Some writers suggest conflict plays a key role in challenging existing frameworks and forcing change in directions considered positive by at least some partners. Failure to recognise the importance of tension and disagreements may lead to a preference for the status quo and the implicit adoption of the viewpoint of more powerful stakeholders (Hardy and Phillips 1998).

Where the majority of financial resources in a partnership are contributed by a single partner, imbalances of influence and control may be engendered amongst partner organisations (Lister 2000; Wymer and Samu 2003). Organisations enter into partnership arrangements with both individual and collective interests. Mayo and Taylor argue that, the closer these interests are to the strategic part of the
organisation’s business or function, the more control is required by that partner (2001). Community organisations often do not have financial resources to contribute to partnership initiatives. In this study the greater the dependence on business for funding partnership initiatives, the less likely community organisations were to feel they were equal partners, as one community manager commented:

*Both sectors don’t understand each other and there’s a certain amount of mistrust and cynicism and what is each of us getting out of this. The power relationship is just phenomenal….In our relationship X holds the power because they have the money, at any moment they could say, ‘this is not useful for us anymore, we’re walking off’ (Community 4).*

Partners that contribute critical resources (often defined as financial resources) will make assumptions that their priorities, timelines and processes should take precedence. This can result in what partners perceive to be unreasonable demands. Partnerships with business organisations can quickly place significant burdens on community organisations which often have fewer resources and tighter constraints than large businesses (Berger et al. 2004). In this study, resourcing relationships with business organisations involved considerable work for community managers. Community managers commented on difficulties in attracting and keeping staff with the ‘business savvy’ required for fostering and developing effective partnerships with business.

Cross-sector partnerships require an understanding of the differing expectations partners bring to the partnership (Gray 1989). The most powerful members in terms of formal authority and control of scarce resources in a relationship are frequently in a stronger position to be able to set agendas (Tett 2005). Results from this study indicate that the importance of satisfying business priorities and meeting business needs was strong in both business and community organisation managers’ accounts of partnership working. Overwhelmingly community organisation managers expressed a need to appeal to business self-interest. There was a strong feeling that an important source of investment and business expertise was more likely to open up where community organisations demonstrated direct benefits to business.

Manifestations of control in business community partnerships often involve issues of ownership and exclusivity (Berger et al. 2004). In this study community managers stressed the importance of clarifying expectations in relation to branding issues and problems that can arise in partnership working if this is not done.
Shared Control?

However, financial resources are not the only resources needed for effective partnership working to address community issues. Participants in partnership draw from different power bases – they have differing abilities to control or leverage resources for collaboration (Huxham 2003). Other potential partnership assets include staff, facilities, knowledge, experience, power and legitimacy (Tett 2005). A critical factor associated with shared control is the valuing of community organisation contributions to the partnership.

While perhaps having fewer tangible resources, community organisations have knowledge in addressing the social issues that are the focus of the shared concerns within a business community partnership – knowledge of how particular social ‘problems’ are experienced and the realities faced by individuals and communities in trying to gain services, what members see as priorities and knowledge of what is likely to work (Ashman 2001).

The benefits of partnership for community organisations will be greatest when community organisations can bring their own distinctive resources, skills and expertise to the partnership table. But these partnership assets also need to be recognised and valued by partners, as Mayo and Taylor argue “This knowledge needs to be validated from above and below – respected and acknowledged from the power holders and recognised as a basis for empowerment by communities” (2001: 50).

In this research there were indications that some community organisations were learning to leverage their distinctive non-financial resources, providing a stronger basis for shared control and empowerment of the community partners. Community organisations contribute a variety of resources to a partnership including relationships with donors, community organisations and the general public. A reflection of strong links with these groups can be seen in the strong brand values associated with community organisations and the broad based legitimacy many community organisations have in relation to community issues.

The majority of community organisations that took part in this study were large national community organisations. A number of these community organisations were learning to leverage their unique ‘branding’, reputation and subsequent attractiveness to business, as one community manager commented:

_The big benefit and one I believe that a lot of nonprofits don’t put enough value on is the sheer value of their brand. For us we have a successful history and a great track record. This means we have equity in our brand that should never be devalued in any way. It is a key asset that needs to be protected_ (Community 5).
There were also indications in this study that both business and community managers were becoming aware of how the CSR agenda and initiatives such as business community partnerships, could be used by community groups to gain leverage and increase their own bargaining power. A prime means to do this is the strong link between CSR and business reputation and the high publicity surrounding CSR policies and practices (Hamann and Acutt 2003). In this study business managers talked of the capacity of community partners to potentially threaten or harm the business. Managers talked of the potential risks to business reputations and business brands from developing partnerships with community organisations:

_There are risks to forming partnerships...We’re incredibly precious about our brand and its reputation. So we need to be really sure that the people we’re working with are squeaky clean, well governed and have good reputations (Business 1)._ 

Comments from some community managers suggested that they were becoming aware that both negative and positive experiences community organisations have with businesses could potentially be bought to the attention of large public audiences, including government. Some commentators suggest this ability to potentially impose significant costs can be a key mechanism to address power asymmetries (Hamann and Acutt 2003).

There were also indications during the interviews that some business managers were beginning to recognise the valuable benefits that community partners can provide. Some business managers commented on the contributions community organisations make to partnership, in terms of local knowledge, knowledge of community issues and expert skills they can bring to partnership initiatives.

However, it is common for the community organisations’ contributions in cross-sector partnerships to be undervalued. Sometimes this is because business managers do not understand or appreciate the community organisation’s contribution or know how to measure it (Berger et al. 2004). At other times this is because the community managers themselves do not fully appreciate their own organisation’s strengths or know how to leverage them to create value.

The unique contributions of community organisations can easily be overlooked, given a tradition of donor-recipient mindsets. Community managers in this study perceived a need for community organisations to better articulate their distinctive resources, developing a “what do we have to offer” mindset:

_For a lot of community people they have to find the confidence in what they’re doing, to say to the corporate world, I’m not going to take this sitting down anymore, we’ve got something to offer (Community 4)._
CONCLUSIONS

In many of the research endeavours to date, the concept of partnerships involving business and community sector organisations is often associated with positive images of collective working and mutual benefit. In the literature on business community sector partnerships there seems to be a propensity to overlook the potential problems of coordination. The language of partnership tends to deny or at least obscure power relations and control issues in business community sector collaborations. This paper contributes to understanding the complexities and challenges of business community partnerships, by highlighting three issues critical to the dynamic micro-level workings of business community partnerships – capacity building to meet the demands of collaboration; transaction costs associated with learning to relate to partners; and the risks of financial resource-providing partners exercising considerable power over the terms of the partnership.

Each partner must invest considerable resources adapting to meet the challenges of developing relationships with other organisations, when the potential return on such an investment is often uncertain. However, prioritising the relationship and allowing time for it to evolve organically is not easy to do, particularly when partnerships operate in contexts strongly influenced by business models emphasising short-term results rather than long-term social outcomes. For community organisations, developing sustained interactive relationships with business organisations can be very resource intensive and pose potential challenges of trying to sustain organisation autonomy. As other observers have noted, partnerships can potentially become corporate marketing and public relations tools, providing businesses with much-needed credibility (Rundall 2000).

The results of this study suggest that investigation of business community partnerships must consider issues of power and control. Partnerships may be intended to be about cooperative working with shared control. However, often it is easy for businesses to dominate community partners. The distinctive contributions of community organisations can be easily overshadowed, with the predominance of instrumental approaches to business community sector collaboration and traditional donor-recipient mindsets. As Covey and Brown (2001: 8) argue, “Partners do not have to be of equal power - but they do have to recognise each other as capable of imposing significant costs or providing valuable benefits”.

Partnerships may potentially be one vehicle to address pressing social and environmental issues. However, if collaboration linkages are to be effective the mechanisms underpinning them have to be carefully considered. Central to this are principles of the protection of public interest, inclusiveness and stakeholder participation that ensures a clear voice for all partners.
REFERENCES


