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Social alliances: Business and social enterprise collaboration for social transformation

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ABSTRACT

Social alliances are voluntary collaborations between business and social enterprises addressing social problems too complex to be solved by unilateral organizational action. The present study adopts a systems approach to the study of social alliances and concurrently analyzes the objectives instrumental in the formation of the cross-sector collaboration, the inputs provided by the partners and the outcomes and social transformation impact of the social alliances in a subsistence market place context. The research questions addressed by the study are "Why and with what consequences do business and social enterprises establish alliances?" The exploratory research follows the methodological tradition of using case studies in collaborations. Comparative analyses of the six social alliance cases indicate patterns regarding the adoption and prioritization of alliance- and partner-level objectives, provision of resources by partners, intended scope and social transformation impact, and measurement of results. Some of the observed patterns support prior research and are in line with the resource dependence and institutional perspectives. Despite their limited capacity for significant social change, the results highlight the potential of incremental contributions of social alliances in social transformation in subsistence market places.

1. Introduction

Social, economic and environmental dimensions of development continue to be the greatest challenges in the 21st century. Governments, international organizations, business and civil society can fulfill only one-third of the need to realize international goals focused on human and sustainable development (World Economic Forum, 2004). Many countries are caught in a dilemma of implementing a model that promises strong economic growth with a social vision that incorporates their poor millions into the system and its benefits (Hartigan, 2004).

The convergence of economic, social and political pressures is fostering collaboration across various sectors of society (Austin, 2000; Gray, 1985) as a viable and necessary approach to dealing with complex social problems (Trist, 1983). Cross-sector alliances between business and social enterprises are formed explicitly to address social issues and causes that actively engage the partners on an ongoing basis (Selsky & Parker, 2005). These partnerships have become more prevalent in the recent years. United Nations Office for Partnerships alone partially funded about 500 cross-sector projects in 2009 with a total value of more than USD one billion (United Nations Office for Partnerships, 2009).

As a form of cross-sector partnerships, social alliances are voluntary collaborations between business and social enterprises to address social causes and they emerge as tools for tackling complex, indivisible social problems that single organizations find difficult to cope with alone (Waddock, 1991). Distinct from other types of cross-sector collaborations, they adopt non-economic objectives that focus on improving social welfare (Berger, Cunningham, & Drumwright, 2004). Faced with coercive, normative and cognitive pressures from various stakeholders for being good corporate citizens, corporations assume roles beyond that of purely economic actors and engage in social activities that positively impact the societies in which they operate (Brown, Vetterlein, & Mahler, 2010; Dimaggio & Powell, 1983, Smith, 2003). Corporate social engagement through collaboration is providing an opportunity and medium for corporate social performance. Proliferating social enterprises formed to address growing multidimensional social problems and insufficient resources also bring in the need for collaboration (Prakash, 2002). From a resource dependence perspective (Pfeffer & Salancik, 1978), the resource complementarities between business and social enterprises motivate them to cooperate.

Previous research on collaboration and social alliances contributed to issues like the need for (Brooks, Liebman, & Schelling, 1984; Gray, 1985), the process of creating (Gricar & Brown, 1981; McCann, 1983; Susskind & Madigan, 1984), the structural characteristics of, the fit between partners, factors and circumstances that enable or impede as well as evolution, collaboration value, drivers and enablers of collaborative alliances (Austin, 2000; Berger et al., 2004). Additionally, success and innovation in (Austrom & Paterson, 1989; Dimancescu &

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Botkin, 1986; Hallisey, Sanabria, & Salter, 1987), and the potential of collaboration (Gricar & Baratta, 1983; Logsdon, 1989; Taber, Walsch, & Cook, 1979) have been studied.

There is however, a relative paucity of field-based studies on alliances between businesses and social enterprises (Austin, 2000). Furthermore, scarcity of empirical studies on the objectives, resources and outcomes of social alliance projects, as well as on the social transformative impact they create remain to be a shortcoming of the literature. Another limitation of extant literature has been approaching the issue of social alliances from the business enterprise perspective only. Past studies adopt an organization-set framework characterizing a single organization as focal (Evan, 1966). Finally, most research on social alliances has been conducted in developed country contexts (e.g. Austin, 2000, Berger et al., 2004). Even though there are numerous examples of studies on commercially derived cross-sectors collaborations targeting the poor as consumers at the base of the pyramid (e.g., Crawford-Mathis, Darr, & Farmer, 2010; Dahan, Doh, Oetzel, & Yaziji, 2010; Johnson, 2007; London, Rondinelli, & O'Neill, 2006; Perez-Aleman & Sandilands, 2008; Prahalad, 2005a; Rashid & Rahman, 2009; Sanchez, Ricart, & Rodriguez, 2007; Seelos & Mair, 2007; Singer, 2006; Webb, Kistruck, Ireland, & Ketchen, 2010; Weiser, 2007; Whitney & Kelkar, 2004), research on social alliances in subsistence marketplaces is limited.

The present exploratory study is on the goals of, inputs to, and impact of social alliances. The research questions addressed are "Why and with what consequences do business and social enterprises establish alliances?" The motives of social and business enterprise in forming social alliances are analyzed at both the alliance- and partner levels. The motives and input contributions of the partners are studied from resource dependence and institutional perspectives. While the former theory can be instrumental in explaining the emergence of social alliances, the latter can explain the increasing Corporate Social Responsibility (CSR) activities in general and the diffusion of social alliances in particular. Additionally, the consequences of the collaboration are studied in terms of reach and immediate results for the recipients as well as the social impact alliances create at micro, mezzo, macro scopes, and at cultural, economic, political spheres. Finally, the study also looks into the practices of the partners regarding the measurement of results.

Thus, the extant literature is complemented in several ways. First, the database is expanded by the findings on the objectives, resources and impact of social alliances in subsistence context. Furthermore, a comprehensive approach to measurement of results is introduced whereby the outcomes and social impact of the alliances as well as performance measurement practices of the partners are studied. Additionally, an organization-set framework is avoided and data on both business and social enterprise partners are collected.

The following section covers the discussions on the social engagement of business and social enterprises, social alliances, and the outcomes and social transformation impact of collaboration. The third section outlines research scope and method while the fourth provides a comparative analysis of the research cases and observed patterns. Finally, the fifth section concludes by discussing the results, the contribution and the limitations of the study and implications for future research.

2. Social engagement, collaboration and impact

Human development and the reduction of poverty remain as significant challenges of society (World Economic Forum, 2004). Alongside governments, national and international initiatives independently and/or collaboratively engage in efforts to improve the welfare and living standards of disadvantaged populations. Service delivery through non-governmental channels is increasing (Austin, 2000; Berger et al., 2004; Googins & Rochlin, 2000; Millar, Choi, & Chen, 2004; Nelson & Zadek, 2000; Wymer & Samu, 2003), and a wide variety of programs are undertaken to contribute to social transformation at economic, cultural and political spheres (Alvord, Brown, & Letts, 2004). A new model where collaboration between the private, government, and civil sectors play a central role in achieving sustainable communities is evolving (Googins & Rochlin, 2000). Collaborative alliances are inter-organizational efforts to address problems too complex and too protracted to be solved by unilateral organizational action (Gray, 1985). This study focuses on a particular type of collaborative alliance—the social alliances established by business and social enterprises to achieve non-economic objectives.

An overview of the business case for social engagement, social enterprises, a theoretical discussion of why they are motivated to collaborate through social alliances, and the outcomes and social transformation impact of alliances thereof are discussed below.

2.1. Social engagement of business enterprises

Business community's concern for society has a long history. Moral and internal drivers, the Industrial Revolution, and the emergence and the decline of the welfare state affected the way corporations engaged socially over time (Brown et al., 2010). In a parallel manner, corporate social engagement shifted from philanthropy to CSR and is increasingly used strategically as a form of social investment (Baron, 2001; Epstein, 2002; Porter & Kramer, 2002).

Although the sole responsibility of business enterprises was seen as providing the positive economic returns demanded by shareholders for a long period of time, today they are increasingly expected to provide a range of benefits valued by various constituencies (CED 1971, Freeman, 1984, Smith, 2007). For success and survival, in shaping its strategies, a business enterprise has to take into consideration its interactions with the non-market component of its environment comprising of public, stakeholders, government, media and public institutions (Baron, 1995; 2010; Hemphill, 2005). The penetration of the social realm into corporate strategy gains momentum as the awareness of the need to integrate corporate strategies and social responsibility policies increase (Berger et al., 2004).

Through strategic use of CSR, business enterprises aim at supporting core business activities and contributing to the firm's effectiveness in accomplishing its mission (Burke & Logsdon, 1996). Strategic CSR programs may result in greater customer loyalty, new products and/or productivity gains, enhanced reputation and image as well as increased sustainability (McElhaney, 2009; Pivato, Misani, & Tencati, 2008). There have been attempts to demonstrate empirical support for the commercial value of CSR, its impact on profitability however is controversial. Some findings suggest that corporate social responsibility and financial performance are generally positively related across a wide variety of industry contexts (Orlitzky, Schmidt, & Rynes, 2003; Smith, 2007), and that CSR initiatives can lead to long-term profitability (McPeak & Tooley, 2008). However, there are also studies which report a neutral or a negative relationship between CSR and financial performance (Abbott & Monsen, 1979; Alexander & Buchholz, 1978; Vance, 1975).

The diffusion of CSR activities may be explained by referring to institutional theory. From an institutional perspective, legitimacy is a vital resource for a firm and can be obtained by abiding with the normative, coercive and cognitive pressures emerging from the institutional environment (Dimaggio & Powell, 1983; Meyer & Zucker, 1989; Palmer & Biggart, 2002; Strang & Sine, 2002). Normative and coercive pressures have been instrumental in the increasing significance attributed to CSR by corporations.

Normative pressures stem from organizations which develop norms about organizational structures, processes and practices, such as professional, industrial and businessmen associations, non-governmental organizations and universities. As a response to normative pressures from supranational organizations such as United Nations (UN) and Organization for Economic Co-operation and Development (OECD), companies began to participate increasingly in schemes like Corporate Codes of Conduct (Falkner, 2003, Gulbrandsen, 2004, Mattli, 2003), accept Guidelines for Multinational Enterprises (OECD, 2004), disclose