

Types of corporate responsibility and engagement with NGOs: an exploration of business and societal outcomes

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Abstract

Purpose – This paper aims to classify different corporate responsibility (CR) actions into three types – philanthropy, CR integration and CR innovation – and examines different forms of corporate engagement with nongovernmental organizations (NGOs) through this categorization. The focus is on the societal and business outcomes of engagement.

Design/methodology/approach – The study analyzes 20 business-NGO collaborations of three case companies – Hindustan Unilever, Nokia and Stora Enso. Cases are chosen based on revelatory sampling and data are gathered through documentary research of corporate sustainability reports, project reports and websites. Data analysis focuses on engagement forms, business and societal outcomes of engagement and utilizes a categorization of CR.

Findings – Different CR types involve different forms of cooperation ranging from sponsorship to partnership. Furthermore, CR integration and CR innovation seem to have more potential for long-term positive business outcomes than philanthropy. In terms of societal outcomes, CR innovation seems to have the highest potential in creating local income-generating mechanisms and supporting local self-sufficiency. A main suggestion of the study is that more in-depth case studies of CR projects should be conducted to develop and improve indicators for business and societal outcomes.

Originality/value – First, the paper applies a new pragmatic categorization of CR types. Second, it studies empirically a topic that has received relatively little attention – business-NGO collaboration. Third, it analyzes the business and societal outcomes of different types of business-NGO engagement.

Keywords Corporate social responsibility, Non-governmental organizations, Philanthropy, Integration, Innovation

Paper type Research paper

Introduction

Businesses and non-governmental organizations (NGOs) have become key players in global governance alongside governments. This development can be termed as “new governance” (Moon, 2002) or “relational governance” (Midttun, 2005), where the public, private and third sectors come together to discuss and develop private sector regulation. This paper focuses on the interaction of two of the three key actors – business and NGOs.

Businesses are increasingly interested in defining their corporate responsibility (CR). From a governance perspective, this involves taking part in the development of new forms of voluntary self-regulation, participating in multi-stakeholder initiatives, developing successful cross-sector partnerships and learning how to manage relations with stakeholders. One stakeholder group in particular has received growing company interest – NGOs. This interest towards NGOs is due to their rapid growth in number and international influence (Boli and Thomas, 1997; Doh and Teegen, 2003; Powell and Steinberg, 2006). Kaldor (2000) discusses this phenomenon as the rise of a global civil society.

However, there are still relatively few studies on interaction between businesses and NGOs (see Holmes and Moir, 2007), especially on the business and societal outcomes of this

engagement. This paper will take steps in bridging the research gap by grounding itself in corporate responsibility literature and examining this interaction and its outcomes utilizing a new pragmatic categorization of CR. Therefore the focus is not only on governance-related cooperation forms, but on all types of forms, which can be described as corporate responsibility. The main research questions of the study are the following:

- How can companies' engagement with NGOs be examined through the lens of corporate responsibility?
- What are the business and societal outcomes of different types of business-NGO engagement forms?

To answer these questions, three case companies' engagement with NGOs – Hindustan Unilever, Nokia and Stora Enso – is examined. Data are gathered through documentary research of corporate sustainability reports, project reports and websites, and analyzed using a categorization of CR.

In the following sections, we review different approaches to corporate responsibility, suggest an action-oriented categorization of CR, examine the business and societal outcomes of CR, discuss the business-NGO engagement as the empirical context, evaluate the methodological choices made, present the main findings and conclusions as well as suggest avenues for further research.

Suggestion for an action-oriented corporate responsibility typology

Regardless of the specific label, corporate responsibility is a concept that not only defines the duties of business enterprises towards societal stakeholders and natural environment, but also describes how managers should handle these duties (see Windsor, 2006). It assumes that companies have responsibilities that sometimes go beyond legal compliance and that they have responsibility for others with whom they do business with (Blowfield and Frynas, 2005). Beyond this general level, interpretations of CR vastly differ. In this article, CR is treated as policies and activities that go beyond mandatory obligations such as the economic responsibility (being profitable) and legal responsibility (obeying the law and adhering to regulations).

Previous corporate responsibility typologies

In this paper, we examine what are the business and societal outcomes of different types of CR. The data consist of 20 business-NGO collaborations. In order to ground the analysis on existing knowledge of CR, we develop a framework of CR type and outcomes. There are multiple typologies used to describe CR, but most often these typologies seem to serve research purposes and thus do not easily translate to practitioners interested or involved in the CR efforts of companies. Next three main types of CR typologies are briefly reviewed: motivation-based, expected responsibility-based and stage typologies.

First, it is possible to make distinctions between firms or their management based on the motivation to undertake CR efforts, i.e. "the reason why a firm engages in CR". For instance, Husted and Salazar (2006) distinguish three CSR types based on the motivation of the firm. They differentiate between altruism, enforced egoism and strategic intent. Windsor (2006), on the other hand, makes a distinction between economic and ethical CSR, and corporate citizenship conception. Second, the so-called normative responsibility typologies scrutinize responsibilities that a firm is expected to accomplish. Perhaps the most well-known of such typologies is Carroll's (1991, 1996) four-part pyramid classification, which includes economic, legal, ethical and philanthropic responsibilities. Third, the stage typologies are based on the idea that companies can be at different levels or stages of their CR development or awareness of CR. These models tend to begin with a stage labeled as "defensive" or "reactive/compliance" and then move towards the other stages characterized by strategic and transformative orientation to CR (Post and Altman, 1992; Zadek, 2004; Mirvis and Googins, 2006).

For a variety of reasons discussed in Halme and Laurila (2008), these typologies most often encountered in corporate responsibility literature do not easily lend themselves for

empirically observable linkages with business or societal outcomes. Consequently, if we aspire to compare the business and societal outcomes of different types of corporate responsibility we need a CR typology that is developed from a more pragmatic perspective. In order to assess the impact of different corporate responsibility types on the firm's business and societal outcomes, the content of categories should be empirically observable. To that end we suggest an action-oriented CR typology in the following section.

Action-oriented corporate responsibility typology

To sketch a basis against which to assess the business and societal outcomes of CR, this article extends the existing CR typologies by suggesting a typology that is based on the dominant mode of CR activities practiced by the firm (Halme and Laurila, 2008). This is done by combining three dimensions on which CR activities practiced by the firm may differ: relationship of CR to core business (Porter and Kramer, 2006); target of responsibility actions, and benefits expected from CR activities (Zadek, 2004). It is possible to distinguish at least the following three CR types that differ from each other with regard to the above listed dimensions:

1. Philanthropy (emphasis on charity, sponsorships and employee voluntarism).
2. CR Integration (emphasis on conducting existing business operations more responsibly).
3. CR Innovation (emphasis on developing new business models for solving social and environmental problems).

These three types are presented in Table I.

We may present the three CR types in a condensed form as follows. The primary CR orientation of the firms that conform to philanthropy is on charitable actions and using corporate resources for "doing good" (i.e. donations, other charitable activities, or encouraging personnel to engage in voluntary work). In essence, the philanthropic activities take place outside of the firm's immediate own business and no direct business benefits are sought from them. They are extra activities, not a part of the core business. Indirectly, a company can seek to minimize intrusive public policy or improve corporate reputation and market opportunities (Godfrey, 2005).

On the contrary, firms characterized by CR integration attempt to combine responsibility aspects into their core business operations. This type of responsibility is characterized by actions like ensuring high product quality and investments to R&D (responsibility toward customers), paying just wages and avoiding overcompensation to top managers at the cost of other employees, taking diversity-oriented measures (responsibility toward employees), paying in time to suppliers, supplier training programs, supporting responsibility measures of the supply chain (e.g. no child labor; responsibility toward suppliers) and applying environmentally benign practices and policies (responsibility toward the local community). In other words, in CR Integration the responsibility considerations are integrated into the business operations of the company in question. As to the expected benefits, the company

Table I Comparison of CR types

		<i>Philanthropy</i>	<i>CR type</i> <i>CR integration</i>	<i>CR innovation</i>
Dimension of action	Relationship to core business	Outside of firm's core business	Close to existing core business	Enlarging core business or developing new business
	Target of responsibility	Extra activities	Environmental and social performance of existing business operations	New product or service development
	Expected benefit	Image improvement and other reputation impacts	Improvements of environmental and social aspects of core business	Alleviation of social or environmental problem

may simultaneously seek benefits related to corporate reputation, cost-savings, risk reduction, or anticipation of legislation.

The third CR type, CR innovation, is different from the two previous ones in several respects. It is based on a recent trend that entails seeing CR as a source of business innovations. The key manifestation of this trend is the base-of-the-pyramid (BOP) approach that especially seeks to solve problems of socially disadvantaged groups within a society while simultaneously creating new businesses or at least a lucrative business opportunities for companies (Prahalad, 2005; Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Fox, 2004; Bendell and Visser, 2005; WBCSD, 2004). Another parallel indication of the same trend are the new service business models based on energy or material efficiency opportunities and sustainable energy technologies (Lovins *et al.*, 1999). In essence, a business enterprise takes an environmental or social problem as a source of business innovation and seeks to develop new products or services, which provide a solution to the problem. Contrary to Philanthropy, however, this kind of CR should fulfill the win-win condition. While the company tries to develop new business that would alleviate an environmental problem or benefit a chosen poor market segment, it aims to simultaneously also create revenue for the enterprise. The underlying idea is to cater an underserved market or to benefit the environment so that it also makes business sense (Halme and Laurila, 2008).

While the aim for the win-win condition distinguishes CR innovation from philanthropy, this difference is no longer as obvious with respect to the CR integration type because the latter can also increase corporate profitability. For instance, eco-efficiency improvements cut costs while simultaneously reducing the environmental burden. Or good working conditions are likely to further employee loyalty and lessen employee turnover. The key difference between CR innovation and integration, however, is that the former is about creating new business aiming at reducing a social or environmental ill, while the CR integration is concerned about conducting existing business responsibly. In this case the added value brought about by the responsibility aim means that the business is conducted with the aim of reducing harm (necessary condition) or doing good to the involved stakeholders, if possible (additional condition). In the CR innovation, solutions to social or environmental problems are a starting point for planning new business, products or services (Halme and Laurila, 2008).

For those for whom corporate responsibility is equal to sacrifices of corporate funds may question whether CR innovation is eventually nothing but good business. For this apparently dominant view in the US, philanthropy would qualify as the truest form of CR (Godfrey, 2005; Carroll, 1996; Mirvis and Googins, 2006; Global Market Insite, 2005). We maintain, however, that if business delivers new solutions to social or environmental ills, it is justified to call it responsible.

Business and societal outcomes of CR types

The question arises: How does the CR type practiced by a company influence the financial performance of the firm and societal outcomes to one or more stakeholder groups? There is plenty of research about the CR-financial performance relationship, but business scholars in particular have dedicated little effort to investigating the value of CR to various societal stakeholders (Margolis and Walsh, 2003; McWilliams *et al.*, 2006). Next we will briefly address both business and societal outcomes of corporate responsibility and in the empirical part we will qualitatively assess both of them with a sample of business-NGO collaboration cases.

The influence of CR type on financial outcomes

After three decades of research, the aggregate results on the financial outcomes of CR remain inconclusive (Margolis and Walsh, 2003; McWilliams and Siegel, 2000; Godfrey, 2005; Aragon-Correa and Sharma, 2003; Schaltegger and Figge, 2000; Barnett and Salomon, 2006). Framing CR as monolith has been recognized as one of the main causes for the contradictory findings (Barnett and Salomon, 2006). The mixed evidence implies that most studies fail to take into account that there are different ways of practicing corporate responsibility, and that these ways may yield different outcomes (Barnett and Salomon,

2006; Hillman and Keim, 2001). Instead of asking “is CR profitable or not” we should inquire “what kind of CR is profitable?”

A rare exception is the analysis of Hillman and Keim (2001) testing the financial performance of over 300 Standard & Poor's 500 companies. It indicates that integrating responsibility in core business means investing in key stakeholder relations and accrues improved shareholder value, whereas charity-type of CR (i.e. philanthropy) is negatively associated with shareholder value. In a similar vein, the microeconomic analysis of Husted and Salazar (2006) indicates that strategic rather than altruistic CR approach is more profitable for the firm. CR can be judged as “strategic” when it supports core business activities and thereby contributes to the firm's effectiveness in accomplishing its mission. Philanthropy can also be strategic, but in practice it seldom is (Porter and Kramer, 2002, 2006; Burke and Logsdon, 1996). In this article we focus on the bulk philanthropy, not the more rare instances of strategic philanthropy. This (inconclusive) evidence suggests that integration and innovation types of CR are economically more beneficial to a company than philanthropy.

The influence of CR type on societal outcomes

Somewhat surprisingly, there is indication that such strategically oriented approaches to CR also yield more substantial societal outcomes charity and philanthropy (Porter and Kramer, 2006; Husted and Salazar, 2006; Burke and Logsdon, 1996). There are multiple reasons to this observation. Philanthropic activities tend to remain disconnected and isolated from the corporate operating units. Blowfield and Frynas (2005) and Frynas (2005) show that when interests of business are not aligned with those who should receive the benefits of corporations' CR efforts, the business case tends to override the responsibility case. This is not to say that philanthropy could not be well-targeted and long-term – it can (Godfrey, 2005). Nevertheless, much of corporate philanthropy consists of incidental initiatives toward generic social issues. The societal impacts of these initiatives are often sporadic (Porter and Kramer, 2002, 2006). On the contrary, when a company addresses its own existing business from the responsibility perspective the efforts tend to be aligned with business operations. Thus, they have also a greater potential to accrue business benefits that are more specific than, for instance, reputation enhancement. Moreover, when the societal benefits and business incentives are aligned, more managers, also the less socially attuned ones, are more likely to engage in responsible activities. It should also be taken into account, that in times of economic hardship, philanthropic activities are at risk.

In the strategic case there is less likelihood that CR activities are abandoned. CR integration would mean high standards in environmental management of production, paying fair compensation to workers in own facilities and applying similar responsibility policies for suppliers' operations. As to CR innovation, its very starting point is a social problem, which the company seeks to solve or alleviate with its own products or services. But unlike the case of philanthropy, the very essence of CR innovation is that the solution should be lucrative for the company, instead of aiding the underserved customers at the cost of the company (see e.g. Prahalad, 2005; Hart, 2005).

Corporations' engagement with NGOs

This paper utilizes the above-described CR categorization to analyze the relationship between business and NGOs. The focus is on NGOs working in the fields of world polity, welfare, the environment and human rights. Although United Nations agencies are not NGOs *per se*, they are also included in this analysis. Political parties, trade unions, professional associations and educational or student organizations are excluded from the analysis.

The relationship between companies and NGOs has traditionally been seen as adversarial. This paper concentrates on different forms of collaboration between these two types of actors and their outcomes. In the analysis of this interaction, key research themes have included various forms of collaboration such as dialogue and partnerships (Rondinelli and London, 2003; Argenti, 2004; Millar *et al.*, 2004; MacDonald and Chrisp, 2005), the different roles and strategies adopted by NGOs and their impact on companies (Kong *et al.*, 2002; Spar and La Mure, 2003; Humphreys, 2004; Hendry, 2005; Ählström and Sjöström, 2005),

NGOs from the global governance or voluntary regulatory aspects (Christmann and Taylor, 2002; Teegen *et al.*, 2004), as well as NGOs and businesses as institutions or in different institutional contexts (Doh and Teegen, 2002; Doh and Guay, 2006). Holmes and Moir (2007) provide a theoretical framework on business-NGO engagement from the perspective of innovation.

Various forms of business NGO engagement can be distinguished. Kourula (2006) identified the following eight engagement forms in an analysis of the forest products' and energy industries:

1. *Sponsorship*. A company provides financial support or charity to an NGO, possibly including marketing cooperation.
2. *Single issue consultation*. An NGO is consulted on a specific issue, such as the environmental effect of a specific product.
3. *Research cooperation*. A company and an NGO both provide resources for a research project.
4. *Employee training and/or volunteerism*. NGO representatives are invited to train company employees on specific issues or company employees volunteer their time and work for an NGO project.
5. *Certification or eco-labeling*. An NGO certifies a company's product or service as meeting specific environmental and/or social performance measurements.
6. *Systematic dialogue*. A company has systematic forms or forums of dialogue such as roundtables with NGOs and other stakeholders.
7. *Common projects/programs*. A company and an NGO cooperate in the form of a single project with concrete actions (not only research) and goals or in the form of a program consisting of multiple projects.
8. *Strategic partnerships*. A company and an NGO can sign partnership agreements, agree on long-term common goals and combine various forms of cooperation such as the above-mentioned.

This list of engagement forms cannot be considered as exhaustive, since other types of engagement can be developed. Nonetheless, we use this categorization of engagement forms as the basis of the empirical analysis of the case companies' cooperation with NGOs. The methodological choices made in the study are described in the subsequent chapter.

Methodology

This paper analyzes three company cases' engagement with NGOs. The three cases – Hindustan Unilever, Nokia and Stora Enso – are chosen based on revelatory sampling. Thus, the aim was not to pick representative cases, but choose three companies, which have diverse and publicly reported cooperation with NGOs. The diversity criterion is needed since we want to study a variety company-NGO engagement forms that represent different CR types.

Three companies from different industries are chosen. Hindustan Unilever Limited (www.hll.com) is India's largest fast moving consumer goods company and a subsidiary of Unilever. It sells home and personal care products and foods and beverages. Hindustan Unilever's revenue in 2006 was about US\$3 billion and it has approximately 15,000 employees. The second case, Nokia (www.nokia.com), is a global leading telecommunications company based in Finland. The company provides mobile phones, broadband, IP network infrastructure and related services. At the end of 2006, its revenue was about US\$54 billion and it has approximately 68,000 employees. The third and final case, Stora Enso (www.storaenso.com), is a global forest products company based in Finland. It is a global leader in the production of a wide range of paper and wood products such as magazine paper, newsprint, fine papers, packaging boards, and sawn timber. In

2006, the company revenue was about US\$20 billion and it had approximately 44,000 employees (figures from Hoover's company records).

Data are gathered through documentary research utilizing sustainability reports, project reports and company websites. For Hindustan Lever, different sources of data included are the company sustainability report for 2006, the company website's "citizen Lever" and "investor" sections and the Unilever website "environment and society" section. For Nokia, data sources are company sustainability reports for 2005 and 2006, the company website's "corporate responsibility" section and the "Be there! Volunteer – The Nokia Helping Hands Guide on Volunteering" for 2003. For Stora Enso, data sources are company sustainability reports for 2005 and 2006, the company website's "sustainability" section and "From Russia ... with Transparency", the Tikhvin-Chalna project report.

The data was analyzed on the basis three main items. These were the forms of NGO cooperation, business outcomes and societal outcomes. In addition, the companies' NGO cooperation was evaluated using the three CR types. The following chapter presents the empirical findings of the study.

Empirical results

We start by analyzing Hindustan Unilever, then Nokia and finally Stora Enso. From the above described data, altogether 20 collaborations between the three case companies and NGOs are selected. Five of these collaborations are identified for Hindustan Unilever. They are mostly with local NGOs and focus the collaboration forms of sponsorship, dialogue, common programs and partnerships. All CR types previously described are represented. The NGOs engaged and the outcomes of this engagement are described in Table II.

When examining the outcomes of engagement, we divide the business benefits that can result for a firm from CR activities into three crude categories:

1. Reputation and brand value enhancement.
2. Improved environmental and social performance of the company.
3. Creating new business models or conquering new markets.

Table II Business and societal outcomes of Hindustan Unilever's NGO engagement forms				
<i>NGO engaged</i>	<i>Engagement form</i>	<i>Business outcomes</i>	<i>Societal outcomes</i>	<i>CR type</i>
Mother Teresa and the Missionaries of Charity (Happy Homes program)	Sponsorship	Reputation; brand value	Homes for destitute and HIV-positive people	Philanthropy
Multiple self-help groups (Shakti program)	Strategic partnership	Increase in sales of goods through a new marketing channel	Empowerment of women through income generation	Innovation
SEWA (RUDI initiative)	Common program	Better quality of grains; elimination of middle-men in procurement of food grains	Livelihood for subsistence farmer women (due to fair prices and marketing channel)	Innovation
Vanrai (Greening barren program)	Common program	Eco-efficiency in some company sites and in communities	Second crop to community makes possible increased incomes; alternate income-generating activities (e.g. forestry management, education of children, nutrition)	Integration
United Nations Global Compact (UNGC)	Systematic dialogue	Best practices and dialogue	N/A	Integration

Likewise, we categorized societal outcomes into three loose groups:

1. Support for fulfillment of basic needs and/or rise in awareness.
2. Opportunities for local populations to voice concerns and have an influence.
3. Local income generating mechanism and self-sufficiency.

The outcomes and CR types of NGO collaborations of Hindustan Lever are depicted in Figure 1. The vertical axis represents business outcomes, the horizontal axis depicts societal outcomes and the ovals represent the collaborations. The color of the oval indicates the CR type. It should be noted that the United Nations Global Compact (Unilever is a member of UNGC) is not included, since it is difficult to assess the societal benefits of memberships. All in all, Hindustan Unilever's collaboration takes various forms and the membership with UNGC is the only engagement with clear governance implications.

A similar type of analysis is conducted for Nokia. Seven NGO collaborations are identified for Nokia. They are mostly with international NGOs or UN agencies and include sponsorship, employee volunteerism, dialogue, common programs and long-term cooperation agreements. Again, all CR types previously described are represented. The NGOs engaged and the outcomes of this engagement are described in Table III.

As for the previous case company, the outcomes and CR types of NGO collaborations of Nokia are portrayed in Figure 2. Nokia cooperates with NGOs in various ways – philanthropy, CR integration and innovation. Engagement with the Red Cross is difficult to categorize, since could be viewed as strategic philanthropy – combining sponsorship and volunteering with the development of a mobile application. From a governance perspective, Nokia is involved in the development common environmental guidelines with a UNEP project, is a member of the UN Global Compact. The cooperation agreement with WWF can also be viewed as a form of voluntary governance.

The third and final case company is Stora Enso. Eight NGO collaborations are identified for Stora Enso. They are also mostly with international NGOs and multi-stakeholder forums as well as UN agencies. Cooperation forms include sponsorship, consultation, certification, systematic dialogue, common programs and long-term cooperation agreements. In terms of the CR type, this forests products company seems to emphasize the integration aspect,

Figure 1 Business and societal outcomes of CR types for Hindustan Unilever

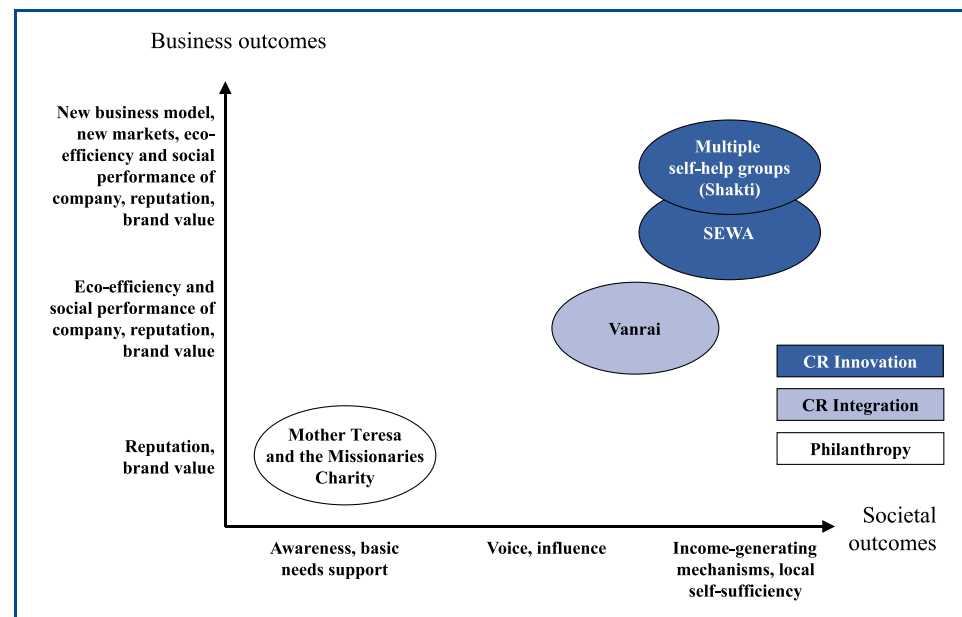
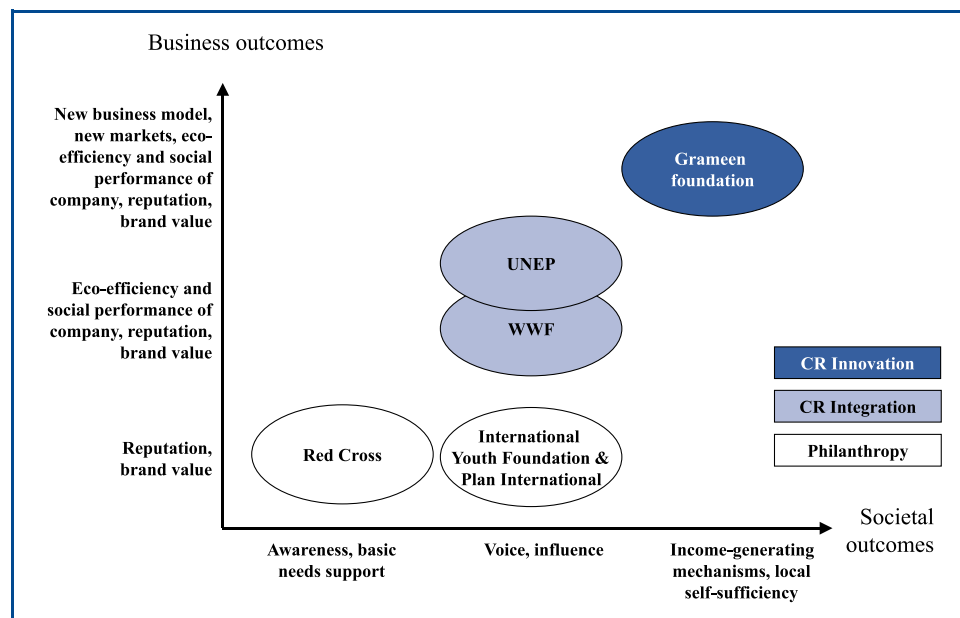


Table III Business and societal outcomes of Nokia's NGO engagement forms

NGO engaged	Engagement form	Business outcomes	Societal outcomes	CR type
Grameen Foundation	Common program	Development of new business model	Possibilities for women to start self-sustaining businesses	Innovation
International Youth Foundation	Sponsorship	Brand value; reputation	Increase in young people's engagement in their communities	Philanthropy
Plan International	Sponsorship	Brand value; reputation	Children's education in Africa	Philanthropy
Red Cross	Sponsorship; employee volunteering; common project	Brand value; reputation; added value for product	Disaster relief; development of new mobile application for emergency service personnel in first aid	Philanthropy
United Nations Environmental Program (UNEP)	Systematic dialogue	Development of common guidelines for environmentally sound management of used and end-of-life mobile phones	Reduced environmental harm from electronic waste	Integration
United Nations Global Compact (UNGC)	Systematic dialogue	Best practices and dialogue	N/A	Integration
World Wildlife Fund (WWF)	Cooperation agreement; employee volunteerism through Helping Hands program	Management training, cases, workshops, roadshows, learning websites; support for environmental strategy implementation; broader stakeholder acceptance; employee satisfaction, teamwork skill development and networking through volunteering	Challenging the conservation agenda of companies	Integration

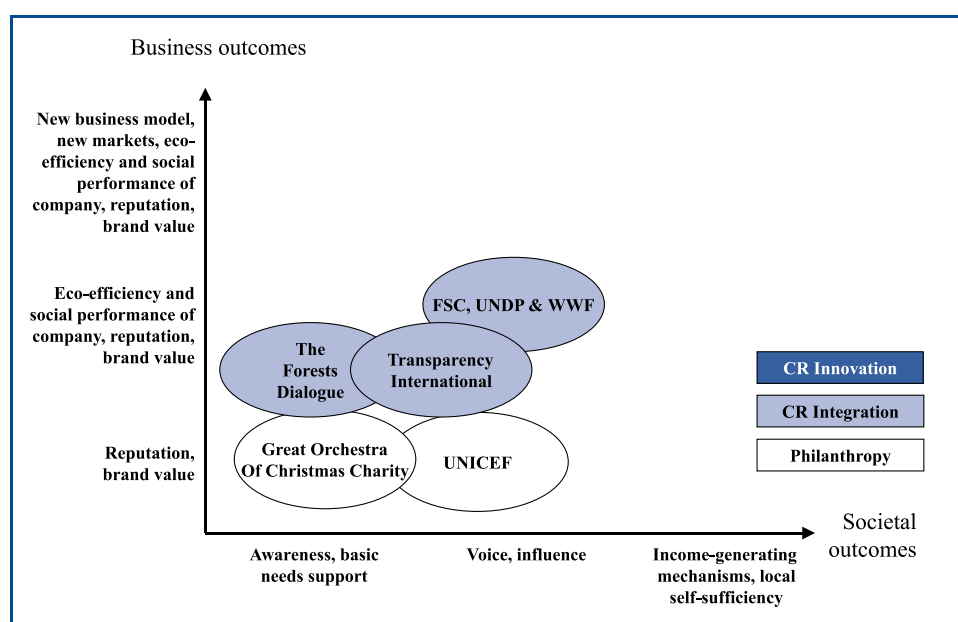
Figure 2 Business and societal outcomes of CR types for Nokia

although philanthropy is present as well. The NGOs engaged by Stora Enso and the outcomes of this engagement are described in Table IV.

As for the two previous case companies, the outcomes and CR types of NGO collaborations of Stora Enso are portrayed in Figure 3. Out of the three case companies, Stora Enso is the

Table IV Business and societal outcomes of Stora Enso's NGO engagement forms

NGO engaged	Engagement form	Business outcomes	Societal outcomes	CR type
Forest Stewardship Council (FSC)	Forest certification (eco-labeling)	Fulfilling customer requirements; potentially increased sales	Improved biodiversity of forests	Integration
Great Orchestra of Christmas Charity	Sponsorship	Brand value; reputation	Support for the purchase of medical equipment for children's wards in hospitals	Philanthropy
The Forests Dialogue (various NGOs)	Systematic dialogue	Improved stakeholder relations; best practices	Development of sustainable forestry practices	Integration
Transparency International (Tikhvin-Chalna project in Russia)	Consultation/third-party review	Advancement of business practices, improved labor conditions, improved customer relations	Environmentally and socially sustainable logging	Integration
United Nations Development Programme (UNDP)	Environmental and Social Impact Analyses; Consultation; cooperation agreement	Employment and gender issues; savings through improved water management; development of conflict management mechanisms and stakeholder participation and communication; alignment and integration of company projects with government and NGO initiatives	Improved dialogue with communities and NGOs; biodiversity, hydrological resources; tree farm compliance with environmental permits; support for rural livelihood and creation of community telecenters	Integration
United Nations Global Compact (UNGC)	Systematic dialogue	Best practices and dialogue	N/A	Integration
United Nations Children's Fund (UNICEF)	Sponsorship	Brand value; reputation	Children's education	Philanthropy
World Wildlife Fund (WWF)	Common programs; Cooperation agreement	Testing of Nordic environmental management methods in Russia; cost-efficiency in forest certification models for small-scale forest owners	Improving ecological conditions of Baltic Sea; voluntary forest conservation program in Finland	Integration

Figure 3 Business and societal outcomes of CR types for Stora Enso

only one with a clear CR integration emphasis with philanthropy playing a minor role. Especially cooperation with WWF includes innovative elements, but the focus is still on the improvement of the company's current forestry practices – it is thus seen as CR integration. From a governance perspective, engagement with Forest Stewardship Council, the various NGOs involved in The Forests Dialogue and UN Global Compact are clear forms of multi-stakeholder forums of governance and cooperation with WWF and UNDP can also be seen as a form of voluntary governance.

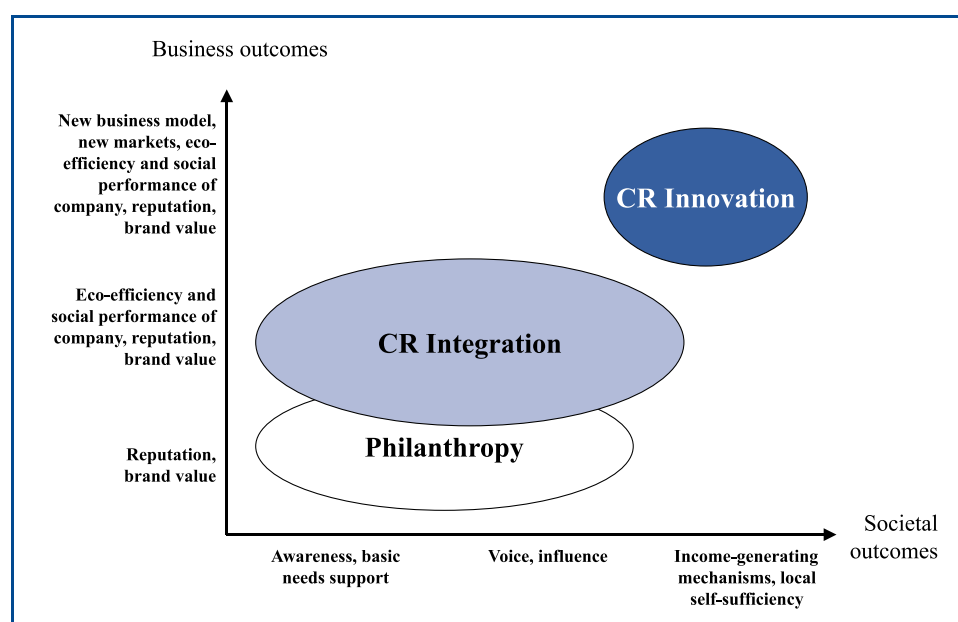
Through this analysis, we see that the three case companies collaborate in various ways with NGOs. On the one hand, Hindustan Unilever and Nokia do not focus on a specific type of cooperation and forms of NGO collaborations can be seen as philanthropy, CR integration and innovation. On the other hand, Stora Enso focuses on CR Integration type of collaboration as well as to a lesser extent philanthropy. The following chapter discusses these empirical results and presents the main findings and conclusions.

Discussion and conclusions

The forms of NGO engagement in philanthropy typically included sponsorship and employee volunteering. CR integration involved systematic dialogue, common programs, partnerships, certification, consultation and research cooperation. CR innovation emphasized a deep relationship between NGOs and companies and took the form of common programs and partnerships.

The business and societal outcomes of NGO collaboration are depicted in Figure 4. The analysis of 20 CR cases suggests that philanthropy type CR tends to produce reputational/brand value enhancement for the firm, and its societal outcomes most often support the basic needs of disadvantaged people, the rise of awareness of social and environmental issues as well as to some extent participation of local population. CR integration may enhance reputation as well, but in addition these types of activities improve environmental and social aspects of the company's product or processes in its own facilities or some part of the supply chain operations. For the company, CR integration can involve environmental guidelines, best practices, management tools, training, and can result in increased employee satisfaction, the fulfilling of customer requirements, and broader stakeholder acceptance and participation. The societal outcomes of CR integration seem in quite a few cases to have a positive influence on the possibilities of stakeholders to voice

Figure 4 Business and societal outcomes of CR types



concerns, have an opportunity to influence as well as participate in decision-making. From the company perspective, like CR integration, CR innovation is usually close to core business. Its strategic role can, however, be different from that of CR integration. Namely, CR innovation involves creating new products, services or business models that may be particularly important for the future of the company. Occasionally CR innovation also means conquering major new markets – particularly in the case of BOP approach. In sum, the analysis suggests that CR integration and CR innovation types potentially carry more long-term positive business outcomes than philanthropy. Interestingly, CR innovation type of business-NGO engagement activities seem to have highest potential in creating income-generating mechanism locally and support self-sufficiency in local communities.

All in all, the contribution of this paper is firstly in the application of a new action-oriented categorization of CR, secondly in the analysis of different forms of business-NGO engagement and thirdly, in the evaluation of business and societal outcomes of business-NGO collaboration.

Nevertheless, admittedly the study involves some limitations. The data analyzed includes only publicly available documents and a deeper analysis could be conducted through the gathering of interview data and through observation. In other words, we present here a preliminary evaluation based on thin evidence. The outcomes in reality are more complex than we are able to present in this paper. Our aim, however, is to convey an idea about how business and social outcomes could be evaluated rather than present conclusive evidence. It is interesting to note that although the case companies collaborate with many NGOs in various ways, they do not communicate much about the outcomes of this engagement. Indeed, the business or societal outcomes of specific collaborations are often unclear and can be very difficult to evaluate. It should also be noted that the data are from company sources and thus could be complemented with NGO sources to provide a more balanced view.

These limitations lead us to suggest avenues for further research. First, in-depth case studies of CR projects should be conducted to assess the business and societal outcomes of different types of actions – philanthropy, CR integration and CR innovation. Second, more precise indicators of business and societal outcomes of specific collaborations should be developed, improved and analyzed further. Thirdly, a larger amount of projects should be examined for the purposes of generalizing. Finally, studies should be conducted on the financial performance implications and societal outcomes of various forms of voluntary governance.

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