
UNIT 2 INTER-AGENCY RELATIONSHIP

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2.1 INTRODUCTION

In the last unit, you learnt about the essential components that an implementing agency should constitute in order to ensure that the projects thus designed are realistic, impactful and sustainable. In implementing a CSR project, it is necessary that expectations of all stakeholders resonate such that outcomes and impact of the project are clearly defined and implementation is carried out accordingly. Differing expectations can lead to conflict at various stages of the project from planning to implementation and can cause wastage of invested resources and potential damage to the intended beneficiaries. Therefore, it is imperative that an implementing agency, when getting into an implementation partnership identifies all the modalities involved to ensure a lasting and fruitful association. What are these modalities? How should one attain synergy with everyone involved in the process? The answer to these questions lies in understanding the constituents of inter-agency relationships.

After studying this unit, you should be able to:

- Identify the various stakeholders involved in an implementation partnership related to a CSR project
- Discuss how the socio-cultural ethos of the agencies and the geographical locale of an intervention influences relationships and execution of projects
- Describe facets of inter-agency relationships that are essential for effective and smooth planning and execution of a CSR project
- Explain the dimensions to be kept in mind to ensure synergy between a funding agency and an implementing agency.

2.2 NEED FOR INTER-AGENCY RELATIONSHIPS

An organization must possess advanced organizational learning capabilities and innovation to learn and innovate on a sustainable basis. These are critically important attributes for building sustainable business models for sustained competitive advantage in future. CSR initiatives are implemented by companies, usually in partnership with non governmental organizations (NGOs) who are experienced in working with the local communities and are knowledgeable in tackling social issues specific to the area. From responsive activities to sustainable initiatives, corporations have demonstrated their ability to make a significant difference in the society and improve the overall quality of life.

Since companies want to invest in domains of their expertise, the concept of CSR has become broader based to look at society as a stakeholder. Relevant rules, regulations and laws are being considered in various countries. Every country is slowly picking up CSR as a compulsory business practice. Different kinds of companies approach CSR differently. Manufacturing companies mainly want to serve the communities around their factories. They recognize that manufacturing is inherently disruptive and have to focus on improving conditions in villages around their factories. Most seek non profit partners working with communities around their plants to execute CSR activities. Service-oriented companies might prefer to support non profits running programmes near their offices so that their employees can get involved. Non profits that understand the needs and necessities of companies can develop partnerships accordingly. Most companies are interested in specific and quantifiable outputs because it is in those terms that companies understand their impact. Corporates tend to bring their skills such as project management, technical skills, and output orientation to their CSR work (Venkateswaran, 2017). Many companies do not have the bandwidth such as number of staff members, consultants, experts for supervision to undertake consistent CSR implementation. These companies not only need to spend on CSR, but also on CSR training for their employees and add to the work force dedicated to CSR capability. NGOs in India pitch a streamlined, customized solution to these corporations. For NGOs, corporates are not only a source of consistent funding but also access to strategic resources (Save the Children, 2016).

Many CSR initiatives are executed by companies in partnership with NGOs who possess knowledge and experience of local conditions (Gupta, 2014). SAP India, in partnership with Hope Foundation, has been working throughout India on initiatives for short and long-term rehabilitation of the tsunami victims. In a joint initiative, they started the SAP Labs Center of HOPE in Bangalore which provides food, clothing, shelter, medical care and education for street children. Though CSR is supposed to be a voluntary initiative, the onus of ethical and transparent CSR falls on companies. Corporations can apply their expertise, strategic thinking abilities, work force, money and material resources to facilitate extensive social change. Organizations like Bharat Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited, focus on holistic development in the villages they have adopted. Their projects aim

to provide better medical and sanitation facilities, build schools and houses, and help villagers become self-reliant by building their vocational and business capabilities. GlaxoSmithKline Pharmaceuticals' CSR programmes primarily focus on health and healthy living. They work in tribal villages where they provide medical check-ups and treatment, health camps and health awareness programmes. They also provide financial support, medicines and equipment to non profit organizations who work towards improving health and education in underserved communities.

On the part of NGOs, lack of capacities of local and regional NGOs results in a dearth of trained staff and resources that could help in the execution of CSR. This compromises efforts to scale CSR initiatives which consequently limits the scope of a company's CSR initiatives. Lack of transparency is one of the key issues in the execution of CSR. There is a perception that partner NGOs or local implementation agencies neither share adequate information nor make efforts to disclose information on their programs and utilization of funds. This perceived and real lack of transparency has a negative impact on the process of trust building between companies and local communities, which is a key to the success of any CSR initiative. Another large challenge faced in the execution of CSR is a lack of consensus among local agencies regarding CSR project needs and priorities. This lack of consensus often results in duplication of activities by corporates in their intervention regions. The consequential result is unhealthy competition among local implementing agencies, which goes against the need for collaborative approach on important issues. This factor also limits an organization from undertaking any assessment of their initiatives.

Thus, the need to understand and streamline inter agency relationships is critical to ensure that the larger intended objective of CSR is realized leading to sustainable development nationwide. The first step in this regard will be to map all the stakeholders involved in an implementation partnership.

2.3 STAKEHOLDER IDENTIFICATION

The key to a successful CSR project that is impactful, sustainable and replicable lies in mapping, involving and managing the key stakeholders. Earlier, CSR was largely perceived as a tick box activity by companies. However, in recent times, it is increasingly being seen as a medium to create shared value for the company and its brand image. Thus, companies are taking greater interest in investing into CSR and also generating impact that simultaneously facilitates their social image building. Creating this shared value is possible only when the key stakeholders in the process of CSR are identified and their roles defined. A critical driver of CSR practice comes from corporate leaders. Corporations are organizations governed and led by individuals and anchored in the societies in which they conduct their businesses. Corporate social responsibility schemes reflect the human side of corporations and their leaders' personal commitments to contribute to the community and society. Some corporate leaders feel a compulsion to serve their community or society in the course of their business practice, while others sponsor CSR programs to express and support their employees' community values. Additionally, business leaders are well aware of the need to gain goodwill and society's permission to operate within the communities

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where they conduct their business. Civil society organizations (CSOs) and NGOs are key stakeholders in CSR practice and often act as a compelling force pushing corporations to attend to the social and environmental impacts of their business operations (Rangan, Chase and Karim, 2012). Hence, some of the motivators for CSR are reactive, in response to community concerns. Given that CSR projects are meant for the communities that are underserved or lag on key development indices, communities also are identified as key drivers guiding the CSR focus. Simultaneously, any CSR project is expected to align with the government schemes and policies already in place such that there is complementarity and efficient usage of available resources. Therefore, government emerges as another important stakeholder. Besides these critical stakeholders, the entire value chain of a company comprising of its shareholders, suppliers, consumers also play an important role as a company decides to be socially responsive and responsible.

Corporations, NGOs, CSOs, government and communities are key stakeholders in CSR. With corporations being legally bound to undertake CSR, the onus to plan and execute a good CSR project lies on them. The reality however remains that the government, NGOs and communities are equally important stakeholders in the process. CSR practice is to essentially be witnessed as an inter-agency process where two or more agencies work in coordination towards the same objective and using the same approach to address a common concern. The corporation provides strategic insight into programme designing narrowing down on the domains it wants to focus upon. The NGO or implementing agency proposes a development programme with interventions that are designed based on the strategic focus from the corporation and the corresponding needs of the communities for whom the project is being designed. This is done through roping in the community members at the design phase to instill a sense of ownership. Communities play a critical role in articulating the needs correctly such that programmes can create impact. They are critical role players in ensuring that the project impact sustains beyond its implementation duration. An important predecessor to the success of any CSR project also relies on the socio- cultural value systems of the region for which the project is planned. The next section will give you an insight into this aspect.

Activity 1

Visit a CSR programme being implemented in your vicinity. Identify the various stakeholders of the programme.

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Check Your Progress - 1

Notes: a) Write your answers in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1. Why are inter agency relationships required in CSR?

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2. What are the key challenges faced while establishing a CSR partnership?

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3. Who are the important stakeholders in a CSR collaboration?

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2.4 SOCIO-CULTURAL ETHOS

The central principle of CSR is to further the growth and development of the underdeveloped and marginalized groups in the country while also operating in ways to protect the environment. Adherence to the legislation governs and protects this principle. Responsible and supportive relationships need to be established with all key stakeholders to ensure sustenance of efforts. However, that is only possible when the value systems of all stakeholders are in sync with each other. Every company or organization has its own cultural framework in which it operates and accordingly, its relationship with internal and external stakeholders is established. Commitment of an employee towards the society is heavily influenced by whether the cultural ethos of a corporation favours or disfavours development responsibility and responsiveness. When corporations engage NGOs to implement CSR projects, the cultural framework of the NGO is likely to be very different. This can potentially lead to conflicts and difference in opinions negatively impacting the relationship and the project eventually. It is therefore imperative that agencies align their organizational culture and not envision projects or their impacts in silos. As Shetty (2019) puts it, “A fruitful

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association with a corporate partner is key to successfully implementing community focused empowerment initiatives through equitable sharing of time, knowledge, technical know-how, resources and efforts”. Ethical approach and responsiveness to the developmental needs of involved stakeholders should essentially be the guiding factors in an inter-agency collaboration.

Besides aligning the cultural and social values of agencies, it is important to ensure that the programmes thus designed fit well with the socio-cultural ethos of the targeted communities. Programmes that contradict the socio-cultural value systems of a population group are likely to fail or not yield the intended impact. Globally, there are several examples to showcase that programmes mismatching the socio-cultural milieu of a region can derail CSR projects. Box 2.1 details one such example from South Africa which proves that lack of cultural understanding and responsiveness of a company’s CSR project led to grave animosity with the communities.

Box 2.1: The Marikana Massacre

The mining company Lonmin had a dispute with its labour force which led to the death of 34 miners after the police open fired on the demonstrating labourers. Even though, Lonmin offered to create alternative housing for the workers and the displaced population at large, research shows considerable gaps in what was promised and what was undertaken. It also highlights serious gaps in the CSR strategy of Lonmin.

In the South African context where the Marikana massacre happened in 2012, land in select communities is considered central to people’s identity. Traditions and customs are closely attached to the land. In the backdrop of this cultural practice, for mining activities, the government can appropriate the land from the local populations and the mining companies are expected to compensate and relocate them. Research shows that aspects such as acquiring graveyards and compensating families who want to re-bury their ancestors is not considered to be of any cultural relevance to the businesses but may be perceived as a taboo or a cultural malpractice by the local population thus leading to the conflict. The Marikana massacre is a direct example of lack of communication and cultural insensitivity of the business towards the communities that were affected by the work (Samuel, 2018). In 2013 Lonmin has radically change its discourse and crisis response strategy. The organization has started to show accountability and commitment to address the issues raised by the crisis (Alves and Branco, 2020)

Different cultures have different expectations regarding social responsibility of corporations (Burton et al., 2000). As White (2008) puts it, “intersections of cultural traditions and business practices are discernible in other emerging economies as in the developed world. In India, the Gandhian tradition of trusteeship toward community, and in South Africa, the tradition of Ubuntu (humanity toward others expressed through mutual responsibility), have subtle but enduring effects on how business views its role in society”. This intersectionality becomes especially relevant in the backdrop of globalization of businesses and a lot of MNCs expanding their work in different countries. Bartlett and Ghoshal (1998, 2000) emphasize that MNCs are oriented to interpreting CSR based on their ‘administrative heritage’ which can result

in cultural conflicts in a country other than their country of origin (as cited in Arthaud-Day, 2005). Thus, the companies are required to culturally adapt their CSR practice to suit the socio-cultural ethos of the region they are operating in.

2.5 WORK STYLES AND VALUES

As matching of social and cultural frameworks of partnering organizations is essential to make a CSR collaboration workable and impactful, aligning work values and styles is also important to ensure that all stakeholders in the process have coherent expectations and work in coordination such that intended impacts are generated. While there are several examples of how this alignment is being brought to reality, there are certain key components that need to be kept in mind. These are detailed below:

- a) Sharing best practices: defining best practices to follow in a process helps create uniform expectations and also helps establish yardsticks or standards for all involved stakeholders to adhere to. A best practices document can be effective in aligning processes.
- b) Setting work flows: designing work flow diagrams before the start of any project helps eliminate ambiguity and streamlines tracking of project progress while highlighting challenges which may result in delays.
- c) Defining and sharing values related to social responsibility: it is necessary that a corporation and the collaborating NGO relays value framework especially pertaining to social responsibility. This is necessary to ensure congruence of perspectives between collaborators that will eventually trickle down to the targeted beneficiary population.
- d) Increasing involvement: companies tend to consider NGOs as the 'doers' in a CSR partnership which leads to gaps in understanding processes, outputs and outcomes. If companies engage their employees more intensively in a CSR partnership, it can help bridge this gap and also lead to a more fruitful collaboration.

Defining and relaying all these parameters ensure consistency in messaging and practice even if there are internal changes in leadership in any of the collaborating organizations.

Activity 2

Visit a CSR programme being implemented in your vicinity and discuss the following issues: who are the partnering organizations in that programme? What steps have been taken to ensure alignment of work styles and value among the partnering organizations?

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Check Your Progress - 2

Notes: a) Write your answers in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1. What can result from a mismatch of socio-cultural values in a community-NGO-corporation relationship?

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2. What are the essential pre-requisites related to work values that should be considered before entering into a CSR collaboration?

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2.6 ATTAINING SYNERGY

There is no element of denial in the fact that there are fundamental differences in how corporations undertake businesses to obtain profits, how NGOs operate to address pressing social problems and bring sustainable change and how communities respond to these interventions and operate in their socio-cultural ecosystem. Given that there are fundamental differences among key stakeholders, for any project or activity to bring positive change, synergizing processes and perceptions is important. As Rajeev et. al. (2017) points out, there are several obstacles in the way of a fruitful and effective corporate- NGO partnership. These range from trust deficit to gap in expectations on return on investment that a company has and an NGO can deliver. There are capacity doubts which are reaffirmed by research. For instance, Mukherjee (2015) states that India has only around 100,000 CSR ready NGOs with an average annual absorptive capacity of 20 lakh Indian rupees. Thus, several companies decide to implement projects through their own foundations and trusts.

In this backdrop, there is an urgent need for NGOs to prepare themselves to fulfil the role expected of them in the wake of the CSR provision in the Companies Act. There are select guiding parameters that should be considered by all stakeholders before entering into a collaboration. These are as follows:

a) Alignment with vision and mission: it is common for NGOs to have a vision and mission statement guiding their day to day activities and broad thematic focus. It is necessary that the NGO only accepts projects that align with the vision and mission. Taking up

an assortment of projects that do not fall in the ambit of expertise of an NGO can result in underperformance leading to the inability to deliver impactful projects. A study of about 100 Indian NGOs by Rajeev et al. (2017) points out that 93% NGOs had a clear vision and mission but about 27% agreed to accept projects not aligning with their vision and mission.

- b) **Structural capacity:** Majority of Indian NGOs are small sized ones started with the vision of an individual. In the wake of CSR bill, there has been a huge influx of funds in the development sector. However, a majority lack the structural capacity to handle the quantum of work required in large projects. A mismatch in the size of the project envisioned and the size of the NGO can yield negative results for all stakeholders. Therefore, it is necessary that an NGO accepts projects corresponding to its structural and personnel capacity and a corporation also selects an NGO based on its size and structural capacity.
- c) **Functional capability:** There can be NGOs that may qualify on the structural capacity aspect but may not have the functional expertise to deliver on project goals. Due to erratic funding sources, a large number of NGOs also tend to operate on part time volunteers who may not be as experienced or interested to see a project through completion. Erratic workforce also results in not having clear work flows in place which are necessary to synergize expectations among collaborators.

Ensuring that these parameters are followed before entering into a collaboration can ensure that synergies are attained such that the collaboration yields the intended impact. Additionally, an important stakeholder in this collaboration is the government. Even though, the government may not directly have a role to play in the collaboration, it does have an important influence on the projects that are designed and the way they are implemented. As has been described previously, the purpose of introducing CSR in the Companies Act and mandating profit-making corporations to invest in development is to complement the development work being undertaken by the government. This implies that the projects thus planned have to align with the schemes and policies of the government. Non alignment can result in conflict with the local government administration and may further yield hostility from the targeted communities. To eliminate this possibility, it is necessary that the NGO designs interventions in consensus with the most localized government institution, that is the ‘panchayat’ or the village council. Attaining synergy with the government and the community is essential to ensure project success and sustainability.

2.7 INTER-AGENCY DYNAMICS

The concept of creating ‘shared value’ through CSR is not limited to a corporation. It can only be realized and brought to reality if all stakeholders add value to the process. In common parlance, it is widely perceived that in the pursuit of CSR, private sector brings a lot of value to the social sector. However, there is a parallel set of evidence based literature to prove that NGOs or the social sector in general also brings a lot of value to the

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private sector (Montes, 2017). In practice however, it is the funder- receiver relationship that prevents effective communication between a corporation and an NGO. As Montes, 2017 puts it, “mutual mistrust, knowledge and skill gaps and embedded power dynamics inhibit NGOs from communicating openly with companies which also prevents corporations from gauging the benefits they can derive from the social sector.”

Inter-agency relationships should be founded on the sustainability framework where there is mutual trust and benefit and stakeholders are partners in the process. CSR practice should be able to operationalize this framework such that outputs and outcomes are measured and there are clear sustainability goals attached to every activity that is undertaken. Effective inter-agency dynamics can result in the following outputs:

- a) Establishment of social capital: an impactful CSR project realized through effective partnership can yield social capital for all partners. For the corporation, it implies generating a congenial relationship with the society at large, establishing a socially responsible and positive brand image. For the NGO, it means more responsiveness and trust of the communities leading to better sustainability outcomes of development interventions. Establishment of social capital yields establishment of economic and natural capital for all stakeholders.
- b) Innovation: effective inter-agency relationships can improve information flow between stakeholders leading to unleashing newer business opportunities and also obtaining quicker and rooted feedback on the company’s products in the market. For the NGO, better communication with a corporation can result in using the corporation’s expertise in finding technology driven solutions to grassroots problems.
- c) Sustainability: synergized relationship between stakeholders helps devise programs that are sustainable. Synergy promotes worthwhile contribution of every stakeholder in the project thereby ensuring ownership. When the funding partner, the implementing partner and the beneficiary partner work towards a common goal, the objectives are likely to be met.

Unless all strands of corporate responsibility are brought together under a common management framework, CSR and its sustainability is bound to remain as a peripheral activity and its impact is likely to remain below required levels to achieve the SDGs (Gupta, 2014). Corporate Governance must establish the legal framework which will protect a company’s stakeholders, the relative emphasis being dependent on national models. CSR is aimed at extending the legal requirements to promote ethical practice, philanthropy and social reporting to satisfy stakeholder concerns. To ensure corporate sustainability, there needs to be a focus on the long-term economic and social stakeholder expectations both by optimizing their sustainability performance and by participating in networks with governments, NGOs and other stakeholders. Such an arrangement will significantly enhance the capacities of all stakeholders and lead to sustainable development. Bhaskar Chakravorti (2018) highlights certain challenges in establishing and sustaining partnerships:

- a) Compatibility of goals and cultures of all partners.
- b) Measures to assess success of the relationship and the impact with respect to tangible business value outputs for the company and NGOs social purpose.
- c) Any dimensions that may be contradicting with the fundamental value systems of the partnering organizations that can result in friction.
- d) Extent of dependency on individuals or representatives from the partnering agencies that guide the future prospects of the relationship.
- e) Aspects of priority shift from the corporation that can prevent a lasting relationship between the partnering agencies.

Essentially, the underlying principle for inter-agency relationships should be transformational in nature instead of being transactional. The collaboration continuum by Austin (2001) describes the evolution of collaboration between a corporation and an NGO where at the philanthropic stage, there is minimal interaction between the agencies as NGOs are considered to be mere recipients for undertaking charitable activities. The next stage is the transactional stage where the interactions increase due to resource exchanges. This may progress to the integrative stage where firms and NGOs begin to merge their missions and activities. It is the integrative stage that results in transformation and therefore, it is necessary that the NGO and the corporation work in an integrative manner right from the point of establishing the partnership.

Activity 3

Visit a CSR programme being implemented in your vicinity. Discuss with the partnering organizations the challenges faced in establishing sustainable partnerships.

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Check Your Progress - 3

- Notes:** a) Write your answers in about 50 words.
 b) Check your answer with possible answers given at the end of the unit.

1. What are the guiding parameters that should be considered to ensure synergy among partners in a CSR collaboration?

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2. What outputs can an effective inter-agency relationships yield?

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2.8 LET US SUM UP

Compared to public companies, privately owned companies, both large and small, often have much greater freedom in allocating their funds in line with the philanthropic inclinations of their controlling owners, regardless of how the donations align with the company’s business purpose. As a company grows larger, it may seek a more disciplined approach to its philanthropic activities, either through the creation of a formal foundation to oversee the company’s charitable contributions or the creation of a “community affairs” liaison within the company to direct its activities. The company officials may also attempt to move philanthropy to a more strategic platform, creating a closer alignment with business goals. In doing so, partnerships with stakeholders become key. Such partnerships not only yield a positive brand image for the company, they also create positive impact on the ground, contributing to society. However, this is only possible if inter-agency relationships are aligned, synergized and work in coordination towards achieving a coherent vision. Mismatches occurring due to differences in expectations, work processes, capacities and/or value systems can result in wastage of resources, hostility among partnering entities and development of mistrust across sectors.

2.9 KEYWORDS

Inter-agency: Any work or activity where more than one agency is involved.

Socio-cultural ethos: The social and cultural value systems that operate in a community group or the society at large.

Work style: Parameters defining processes or work protocols of any entity.

Social capital: A network created out of relationships among people and/or institutions that enable smooth functioning of the society.

Work flow: A systematic protocol of activities defining a process that is repeatable and replicable.

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2.11 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress - 1

Answer 1: Inter-agency relationships are the need of the hour in CSR as different agencies have different sets of expertise, the exchange of which can help them in furthering each other's work. NGOs can help unleash new business opportunities for a corporation while also giving them feedback about their social image. At the same time, a corporation can help build the skill set of an NGO along with introducing technological innovations that help them maximize their impact on ground.

Answer 2: Differing expectations is one of the biggest challenge in establishing a CSR partnership. Given that the overarching mandate of an NGO is to create social capital and for a corporation is to create economic capital, it is difficult to bridge the gap between the understanding and perception of the concept of CSR. This is further magnified with issues of non-transparency and accountability in NGO operations.

Answer 3: The company, NGO, government and communities are important stakeholders in a CSR collaboration. A CSR collaboration can only lead to positive change on ground if it complements with the need of the communities and the schemes of the government. This is possible through a local NGO which has inroads into a community and has a positive rapport to make the community partners in the project. The corporation works in coordination with these stakeholders alongside providing financial capital to bring in change.

Check Your Progress - 2

Answer 1: Mismatched socio-cultural values in a CSR partnership between a community, an NGO and a corporation can result in conflict and hostility among partners. Consequentially, this can lead to economic, social and human loss to any of the stakeholders.

Answer 2: The collaboration organizations should share their best practices in the work they are responsible to undertake. Setting work flows helps streamline uniform expectations and processes. The third pre-requisite is to define and share the values related to social responsibility. Only when the values and perception towards social responsibility will match among partners will an impactful project take shape.

Check Your Progress - 3

Answer 1: Alignment of a project with the vision and mission of an NGO is important to ensure that they have the required knowledge about the project at hand. Structural capacity to handle the size of the project must also be assessed before entering into a partnership. Besides structural capacity, functional capability should also be assessed to see if the NGO has the domain expertise and knowledge to design and implement the project.

Answer 2: Effective inter-agency relationships can yield social capital for all involved stakeholders. The company generates a positive brand image; the NGO receives greater community support making the project impacts sustainable. Synergy between partnering organizations can also result in innovations to supplement development interventions at the grassroots.