Inter-sectorial engagement: Multiplexing between business and nonprofit organisations in Australia

Mel Edwards
Jenny Onyx
University of Technology, Sydney

Abstract
Building upon the models for inter-sectoral relationships proposed by Austin (1999) and Lyons (1998) within the Australian context of business and nonprofit relationships, this inductive research seeks to uncover empirical evidence of the type and level of integrations between these sectors. Additionally, the dimensions of social capital are explored as important integrative mechanisms to facilitate the benefits of the social outcome beyond that of the economic benefit. Finally, this research builds extant literature regarding the proliferous nature of inter-sectoral relationships. Evidence suggests that both business and nonprofit organisations are increasingly engaging with multiple partners. We consider some of the implications of this trend to be tested in future research.

Contextual Relevance and Theoretical Framework
Traditionally, there has been a preoccupation with the state as the sole provider of public policy, service delivery and funding and therefore the best partner to work with third sector organisations. A prevailing view is that the role of business is business; government or charities have sole responsibility for addressing social and environmental problems. Government’s role is to regulate the behaviour of firms (though as little as possible), to reduce negative externalities and for the firms’ owners to spend their returns on good causes, if they wish. Similarly, nonprofits have been equally reluctant to engage with business. Within the ideological framework of the welfare state, it is regarded as the state’s responsibility to fund all welfare and community social services, including those with an advocacy role. Nonetheless the extent of contribution by private sector companies to nonprofit or public benefit in Australia is significant. While the available evidence of the total amount and type of donations is limited, Lyons (1999) estimates that corporate support of nonprofits was worth $1.65 billion in 1996/97 with another $0.15 billion going to public benefit government organizations (Lyons, 1999:78). This compares with $8.5 billion in government grants to nonprofits and just under $3 billion in individual gifts. Whilst government expenditure exceeds private investment there is evidence of the changing nature of relationships between nonprofits and business, reflecting an international trend to adopt new forms of collaborative ventures to address community and social problems (Goyder, 1998).

Three prior studies have focused upon the types of business/nonprofit relationships. The original models espoused by Austin (1999) and Lyons (1998) proposed a developmental model of social partnerships involving three stages of development. The stages of the relationship between business and nonprofits are argued to differ along at least two dimensions; the time frame involved and the terms of the relationship itself. While some relationships are limited to a narrow economically conceived transaction operating in a short time frame, others involve a more complex relationship extending over a much longer time frame, entailing a multiplex relationship involving both social and economic dimensions. However, while Austin (1999) identifies his taxonomy as a continuum, Lyons (1998) sees his as categorically discreet. Lyons (1998) study also suggests a historical trend in Australia has emerged with relationships shifting from model one to model two, with the possibility of model three now emerging; raising questions concerning whether the relationship between organisations may mature through the complete stages from model one to model three.

More recently, the work of Peters (2001) contradicted the findings of Austin (1999) as Australian case studies revealed limited evidence of a continuum. Nor did the case studies of “successful partnerships” display the characteristics of the integrative stage on the multidimensional engagement. A key paradox,
inspiring this research was found in a case study example of the successful partnership between the Mildura Fruit Company and Mallee Family Care given by Peters (2001). Unlike the dense integration involving multiple dimensions of interactions, this relationship did not move much beyond the marketing of the nonprofit by the business for fundraising purposes, yet the returns to both were substantial and included more than a financial transaction. Despite reporting increased employee morale and some change in productivity for the nonprofit, there was no drive to increase the number, type, or participation in further relationships. Cases such as this appear to be typical. This evidence challenges the partnerships model for development where business and nonprofits work together to form more integrative relationships.

Given these considerations a key focus of this research seeks to establish:

1. What types of relationships exist in inter-sectoral relationships between business and nonprofit organisations in Australia? Are there examples of multiplexing arrangements?
2. Are these organisations engaged in multiple relationships and if so, what are the implications for development of dense ties between these sectors?
3. What differences are evident between the varying types of integrative relationships in terms of the development of social capital between and within the organisations?

Multiplexing refers to a relationship that incorporates both the economic dimensions of a financial, in-kind or probono donation, with the social dimensions such as volunteering and cooperative participation by members of both organisations in the planning, formulation and execution of the relationship. Multiplexing relationships are densely integrated in terms of the functions that facilitate their relationship. Additionally, there is more contact between the members of both organisations implying a greater level of value transfer and understanding of the social problem they are seeking to address. Seven preliminary characteristics are identified as important for the formation of multiplexing relationships found in the studies by Peters (2001) and the Cosboa (2001) report are: the length of the relationship, a positive outcome, the number of other partners, indication of mutual benefit, the number of staff involved, evidence of continued learning and the degree of strategic objective alignment. These act as initial indicators for the data analysis phase.

The third research question is motivated by the emergent theory of social capital (Onyx and Bullen, 1997). It seeks to establish a link between economic and social policy, by an implied extension of the metaphor of ‘capital’ to the social domain. In broad terms, social capital posits a direct link between economic development, stable government and robust civil society. That is, to the extent that organisations are able to form collaborative relationships, there will be an enhanced capacity to solve mutual and domain level problems and a more favorable economic climate (Putnam, 1993). While its concern is broad, the key explanatory variables in social capital theory are at the level of micro-social mechanisms between individuals and organisations.

It is within this theoretical framework that corporate citizenship and sustainable social partnerships can be conceived as operating. While each partner to the collaboration may stand to gain specific increasing returns as social capital is accumulated, it is put to purposes relating to the common interest of the partnership and the wider community in which it is embedded. It is proposed that as relationships between organisations become more integrated and the networks more dense like those under the multiplexing arrangement, the generation and use of social capital becomes increasingly operationalised. The suggestion is that as in a marriage, the development of a long-term meaningful relationship, one that is complex and multidimensional, is more sustaining and productive of social capital. Where organisations engage in a series of multiple, short term relationships, which are where they are "promiscuous", these superficial or one-dimensional encounters are less likely to generate social capital in the long-term. This suggestion remains to be tested.
Methodology

Data was collected and analysed through an inductive, three step ‘funneling’ process involving broad data collection, focused data extraction according to variables emergent from extant literature and finally specific analysis through primary source data resulting in the construction of case studies for cross-comparative theory development. Firstly, a review of Internet search engines and government reports was conducted to establish the names of business and nonprofit organisations involved in inter-sectoral relationships. Prime sources included the PM Community Business Partnership (CBP), the COSBOA report, the ‘Go Volunteer’ Website. Organisations were not limited in terms of size or type of ownership. The sample aimed to include fifty broadly defined partnerships over as broad a range as possible. Thus the sample was not representative but one of maximum scope. Due to confidentiality agreements and political sensitivities with the sourcing of information, some organisations within the sample derived from the COSBOA and CBP reports could not be directly contacted. Their information was used in aggregate only and where data was insufficient these partnerships were disregarded and replaced with others form the ‘Go Volunteer’ website.

Secondly, after this initial sampling process, secondary source material including press releases, government reports, company brochures and organisational websites were analysed to establish the characteristics of the relationships. Where secondary sources provided incomplete data, the organisation was contacted and an interview conducted one member of each organisation that was directly involved in the establishment, planning and execution of the relationship. For the remaining organisations the interview schedule provided a template for the extraction of data from the secondary sources. A database of these fifty relationships was then established according to variables relating to the type of engagement (See Table 2). Of the sample of fifty relationships compiled in the database, we established an emergent typology according to level and type of integration that characterises the relationship. Stemming from type one relationships that are simple one-dimensional relationships to those of type five which best represent the dense interlocking relationship typical of the multiplexing arrangement.

Finally, “purposive sampling” affirmed the selection of one relationship which could be sourced through primary means, from each prototypical category. Follow-up interviews were conducted with members of these organisations to form the descriptive case study examples. This data was used to form the descriptive case studies illustrative of each relationship type used for cross-comparison in light of the social capital indicators.

Results

Analysis of the database according to the preliminary characteristics of multiplexing relationships facilitates understanding in response to the first research question. Table 1 provides a brief statistical summary of the fifty partnerships according to this typology. In this section a brief overview of each typology is provided consisting of qualitative descriptions in regards to the effects and the major characteristics of each partnership. Additionally, case studies for each type are briefly summarized.

Type 1: Single Dimension Financial or CRM or In-Kind

These involve a relationship that is restricted to transference of economic capital between the nonprofit and business organisations, from a single transaction or a series of transactions over a sustained time period. Corresponding with Austin’s (1999) philanthropic model or Lyons (1998) business support as philanthropy, thirty per cent of relationships in this study are characterized as type one. Primarily this means the type of integration between organisations is one-dimensional through either, cause-related marketing, financial or pro-bono expertise assistance. Fifty-three percent of these relationships are characterized by a single transaction of finance or expertise. All those involving an on-going relationship are based upon financial transactions of regular frequency.
Type One Case: Fresh Start and Cool Air
Fresh Start is a nonprofit organisation that receives sponsorship and donations from many sources. Cool Air is a small business specialising in air-conditioning/heating systems. According to Fresh Start project manager the relationship is viewed as “just a transaction” with no real effect on the organisation apart from the financial capital that was gained in the process of the relationship. Cool Air reports some effect as a result of the transaction in the way of some increased publicity and raised public profile. Only one member from each organization was involved in the relationship. Both organisations express that they would not seek to extend the existing relationship to include any other aspects of their organisations. Some network linkages are established between these organisations; however this link was transient, based on formal contractual mechanisms and the exchange of financial capital with little or no effect on the social capital of either organisation.

Type 2: Financial + In-kind + other staff involvement
Eight per cent of relationships in this study fall under this category, exhibiting slightly higher levels of integration particularly in terms of the type of engagement and the length of the relationship. Exchanges of several types indicate an integrated relationship with greater connection between organisations. Additionally, these relationships involve the participation of more staff members on behalf of both the organisations. Increased staff involvement from either or both of the organisations suggests personal contact between organizational members and hence greater understanding of individual core objectives. Through this participation an integrated personal relationship is more likely to develop. As with type one, relationships in this category are highly characterized by giving on behalf of the business to facilitate the objectives of the nonprofit organisations. Unlike those of type one, the relationship between these organisations are long-term focused with a demonstrated capacity for creating shared meaning between the organisations.

Type Two Case: The Fellowship and Medicine Company
This type two relationship indicates a more profound impact upon the social capital of both organisations. The Fellowship was established in 1991 to provide support and information, increase understanding and influence government policy about issues related to those sufferers of the associated disease. According to The Fellowship’s executive director this relationship is a win-win situation for both organisations through direct sponsorship and the provision of public relation services. Perhaps this is attributable to involvement of other staff in the relationship. Five members of the medicine company are directly involved in the relationship providing media education strategies, web site creation and conference assistance on behalf of the nonprofit. While the Medicine Company nominates public credibility as the major attraction in the relationship, they also state their involvement has generated sensitivity to the issues of the nonprofit: “We understand their issues, they understand ours, the relationship is for long haul”. The Fellowship reports, the benefit of developing a personal relationship with their business partner is that there is a greater commitment on behalf of the business organisation, whereby they are less likely to “pull the plug”. The relationship between these two organisations has stemmed ten years fostering close bonds and informal social interactions such as drinks at others homes and sharing coffee between those members involved. Evidence from this case demonstrates that the involvement of other staff can have a profound impact upon the development of social capital between the two organisations based upon shared norms, mutual expectations and reciprocal exchange of services.

Type 3: Financial and/or In-kind and/or CRM with Volunteer Involvement
Relationships in this category have greater integration in terms of the exchange mechanisms forming the relationship base. These are a combination of any types of integrative exchanges with the addition of volunteer involvement. The later is indicative of a level of integration beyond that of the type three as volunteer involvement is unpaid time spent by members of either organisation to facilitate the development of the relationship. Thirty-eight percent of the relationships analysed in the database fall within this category. While characterised by similar types of integration as type two, these relationships
form under two sub-categories based upon the outcomes of the relationship; those predominantly reliant upon financial exchange as in the type one relationship and those that entail a more integrative component whereby there is evidence of some value transfer between the organisations in terms of knowledge transfer or expert technical assistance.

**Type Three Case: Food Cooperative and Trucking Company**

Whilst the relationship between the Trucking Company and the Food Cooperative is based upon financial transaction, and the donation of volunteer time and services, the impact of this upon the social capital mobilisation in the nonprofit and its affiliated network is immense. The nonprofit organisation acts as a facilitator in the provision of a food distribution service for a network of affiliated nonprofit organisations. Food is purchased wholesale by the Food Cooperative and distributed free of charge by the business organisation, avoiding add-on costs associated with transportation, packaging and distribution of food product; a vital component of the function of the nonprofit organisation. The network between the organisations is formal, and while there is personal contact between organizational members there is little evidence of shared norms or mobilisation of social capital between the organisations; it is within the third sector that the benefits of social capital mobilization are largely generated and utilized. According to the Host Site Developer, the amount and type of work individuals perform is based upon goodwill and trust. In return these community members receive a box of food once a month that averages approximately $42 in value. At the Food warehouse members from a wide range of suburbs and racial backgrounds meet to swap stories and socialise, this diversity tolerance is one of the key features of the Food Cooperative: 

"It creates a warm feeling in your stomach. The barriers are overcome when they see the old, disabled, indigenous, Indian, mothers and those from all walks of life working together, it reaches inside them, makes them feel good and they want to be part of it". All participants "feel as if they are just one group, the barriers are broken and we're like a family" (Host Site Developer).

The food cooperative is unique as it provides a means for community members to "build their self esteem, pride and devotion to develop their own community .. .it builds an honest community". According to the managing director the scheme is 'a hand-up not a hand-down program'; it is an empowered way for individuals to gain access to a cheap food source while performing vital tasks within their local communities.

**Type Four: Financial and In-kind and/or CRM with Volunteer Involvement and other staff involvement**

Twenty per cent of relationships analysed in this sample fall under this category combining the elements of both type two and three relationships. Similar to Lyons' (1998) model of support as Corporate Citizen and Austin's (1999) Integrative stage, there is a two-way value stream between the two, yet the core strategic objectives of each partner remain separate. This means that while the objectives of the relationship are shared, they are not central to the individual operation of each organisation.

**Type Four Case: The Australian Women's Cancer Foundation (AWCF) and Bread Makers**

The AWCF was established in 1998 to provide support and raise awareness of issues associated with women suffering from cancer. Bread Makers is a franchised bakery business providing nutritious products for the health of Australian families. Bread Makers provides the ACWF with free, fully furnished office space, IT support, accounting assistance, corporate advice, marketing, volunteers and a host web site. Specifically, this shared office space fosters strong bonding dimensions between these organisations as it: 

"Allows for the organic development of the relationship, mutual respect and understanding which has led to many activities that may not have happened under a more formal relationship".

There are high levels of trust between the organisations, with no formal contracts, the relationship is based upon informal connections. Bread Makers offered the support and also promotes active staff participation such that members at all levels of the organisation (national, local and retail) are involved in developing the relationship. According to the Bread Makers Executive Director this:
"Has been in line with our philosophy that our support of community groups should be through active participation, rather than merely donating money."

This high level of personal face-to-face contact facilitated by the shared office space, trust based reciprocity and dense networking at all levels of the organisations are typical indicators of high levels of bonding social capital. For the AWCF the relationship makes work possible and for Bread Makers, the employees receive increased morale. The AWCF is also involved in other relationships with a sponsorship focus. Thus while the mutual benefits of this relationship are important for each individual organisation there are no centrally shared objectives between the organisations.

**Type 5: Money + In-Kind + Volunteers + Staff Involvement + Common Objective**

Only four per cent of the relationships recorded in the database fall in the category of the most integrated form of relationship. From the indicators developed in the database for types of integration, these relationships represent the ‘highest, most complex form of collaboration’ or the multiplex relationship. These relationships have the same level of ‘high complex integration’ as type four but also share common objectives, integral to the operation of each organisation. Through the development of a partnership these core values are complementarily enhanced for mutual outcomes.

**Type Five Case: End Exploitation and Responsible Travel**

End Exploitation is a nonprofit organisation that aims to raise awareness and provide solutions for sexual exploitation with a particular focus upon developing Asian countries. Responsible Travel is a tourism business dedicated to “responsible travel” that allows “every traveler to make a positive contribution to the people and places they visit”. This relationship was instigated in 1993 when End Exploitation was looking for a sympathetic travel industry people, members from both organisations work together closely on a regular basis to establish the needs for continuing programs. Responsible travel funds brochures, provides End Exploitation with travel guides who disseminate information, sends their staff to training programs with End Exploitation and six of the staff from Responsible Travel have volunteered with End Exploitation. These activities build the travel guides' abilities to deal with child sex tourism abuse when they are confronted with tours groups. They have collaborated on the development of a brochure to give to tourists. Both organisations view the relationship very positively. According to an End Exploitation staff member:

“They (Responsible Travel) are one of the rare tourism companies that put their responsible tourism policies into practice. They have been very supportive over the years and provided funds for different education campaigns. We hope to continue this and work closely together into the future’.

The activities of the relationship are integral to the activities of both organizations. Knowledge transfer and on-going training leads to beneficial outcomes for the objectives of each organisation as well as the mutual benefits they aim to achieve for exploited peoples in Asian countries.

**Discussion**

**Developing a Typology?**

The studies of Austin (1999) and Lyons (1998) found typologies of relationships based upon the type of integration in inter-sectorial relationships. Similarly, analysis of the fifty relationships in this study derives prototypical relationships and identifies potential multiplexing relationships. Unlike these prior studies, this study highlights the complexity of relationships networks between the sectors and the effects this has upon the social outcomes. Particularly, the integrative mechanisms suggest great difficulty in the attainment of type five relationships. Arguably, while each relationship varies according to the level of integration, they all appear to meet specific outcomes for either organisation. This contention raises an important aspect warranting further investigation. There are two distinct means to view the outcomes of the relationship. Firstly, are the benefits that accrue to each organisation and secondly the mutual benefits that are a product of the relationship and specifically address the social problem. Both are important to the partnership. Of particular significance to the theory of social capital is the creation of joint value, which is
not bilateral resource transfers but rather the joint product of the alliance, and is therefore nonreplicable (Austin, 1999).

It seems true of all relationship types, regardless of the amount of other partners, that the relationship assists each organisation attain their own strategic objectives. In the first three types the relationship enables the business to meet their financial and social objectives, enhancing their public profile, and the nonprofit gains resources and expertise necessary to meet their social objective. In these cases the business organisation is the enabler, the nonprofit the facilitator and the social problem is addressed. The mutual benefit is specific to each partner yet the social benefits of the relationship are not necessarily accrued to the business organisation and there is little or no joint value creation. In the final two relationship types there are attempts for organisations to work collaboratively when addressing the social problem; the mutual benefit is both that accrued to each organisation’s individual strategic objectives and those shared objectives of the relationship. Specifically, in the type five relationships where there are shared common values there is greater potential for joint value creation as each organisation is essentially directed towards the attainment of a common objective.

According to the theoretical assumptions, these relationships focusing upon joint value creation are richer in terms of social capital creation. Yet, this study revealed some relationships, characterized as type three, where there are no attempts to create joint value creation are equally rich in terms of developing social capital. Essentially, the difference between these relationships is not the development of social capital, but rather where the outcomes of this social capital are derived negating if one model is superior to the other, or if they simply both make use of the social outcomes in different ways. If the essential outcomes in addressing the social problem are addressed through both the integrative and the functional relationship, then why is the attainment of the ‘partnership’ model necessarily the optimal arrangement?

Additionally, it seems the time dimension of the relationship may be of less significance than earlier emphasised. These findings raise doubt over Austin’s (1999) theory of a continuum, instead enforcing Lyon’s (1998) idea that each relationship type is categorically discreet. According to Austin’s findings we would expect the older relationships to fall into the type four and five categories. Instead we find that relationships of varying duration are evident across all types. Emergent from the data analysis, the two relationships with the second longest duration exhibit characteristics of type three integration. The important discovery in this respect is that there seems to be little evidence that time acts as a facilitator for a relationship to mature unless both parties actively pursue value creation.

**Types of Relationships and Involvement with Multiple Partners**

An unexpected element of the data analysis was the large amount of organisations involved in other partnerships. Table 1 provides a summary of these statistics by category type. Of the one-hundred organisations in the sample, sixty-five percent were involved in other partnerships in addition to the relationship analysed in the pilot study. This trend suggests that ‘marriage-like’ monogamous relationships that are highly formal and integrated with only one partner from each sector may not be the best solution for addressing social problems. According to the partnerships model organisations work together to form more integrative relationships, yet this preliminary analysis reveals the promiscuous nature of intersectoral relationships and emphasises the complex networks between the two sectors, raising important questions for further study. Particularly, it is important to establish what factors drive organisations in both sectors to pursue multiple relationships.

More specifically, it seems from the sample in this study that nonprofits are more promiscuous than businesses. In all but one category nonprofits reported more instances of multiple relationships. While the motivating factors require further investigation, several preliminary hypotheses are derived. Firstly, when nonprofits engage in relationship promiscuity they are actually expanding their options, sometimes it may be a case of accessing the correct resources to perform a particular function rather than collaborating with
a business for some long-term aim. The nonprofit may have a long-term marriage with one business where there are shared common objectives, yet for fundraising or marketing purposes may form other less integrative relationships with other business organisations as the need arises. Secondly, “sexy nonprofits” will have less difficulty in attracting business partners. Sexy nonprofit organisations can afford to be flirtatious with many businesses to gain access to a broader range of resources. Business want to be involved with their cause as it is good for their marketing and public image. For “non-sexy” nonprofits engaged in addressing a specific social problem such as drug/alcohol abuse, schizophrenia, cystic fibrosis etc., it may be virtually impossible to find the perfect business partner that shares the same core values. Nonprofits involved in advocacy where the aims are specifically anti-business will also have problems attracting business partners. Relationship terms are constantly changing, considerations of ‘a worthy cause’ are subject to popular culture and as such these hypotheses remain to be tested.

Future Directions

Intersectoral relationships are extremely diverse dependant upon the integrative mechanisms, the social and individual organisational outcomes and the alignment of objectives between the organisations. This research has uncovered many themes that challenge earlier typologies and raises questions regarding the optimal arrangement between sectors to attain the best possible social outcome. In particular, comparisons should be made of social capital mobilisation between multiplexing relationships and those of less integration. Secondly, research needs to uncover the motivational factors driving the promiscuous nature of the relationships and finally a longitudinal study may shed light upon time as a factor upon social outcomes of the relationship.

References

**TABLE 1: Typology Statistics.**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
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<tbody>
<tr>
<td>Type of Engagement</td>
<td><em>Financial Assistance</em> – From a single financial transaction to a repeated set of sustained financial transactions over an extended time frame.</td>
</tr>
<tr>
<td></td>
<td><em>In-Kind Donation</em> – Donation of equipment such as computer software, transportation vehicles or donations of professional expertise and consulting.</td>
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<tr>
<td></td>
<td><em>Volunteer Involvement</em> – Additional unpaid time spent by members of either organisation working in either the development, planning or execution phases of the relationship.</td>
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<tr>
<td></td>
<td><em>Cause-Related Marketing</em> – &quot;a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit&quot;. It is an additional tool for addressing the social issues of the day through providing resources and funding whilst at the same time addressing business marketing objectives.</td>
</tr>
<tr>
<td>Other Staff Involvement</td>
<td>Indicative of relationships where more than one member of each organisation is directly involved in the development, planning or execution of the relationship.</td>
</tr>
<tr>
<td>Other Relationships</td>
<td>Indicates if either organisation is involved with other organisations outside of the relationship studied in the sample.</td>
</tr>
<tr>
<td>Length of the Relationship</td>
<td>Indicates the duration of the focal relationship between the two organisations.</td>
</tr>
</tbody>
</table>

**TABLE 2: Integration Variables**

<table>
<thead>
<tr>
<th>Type</th>
<th>% of Relationships.</th>
<th>Involvement in Other Relationships.</th>
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<tbody>
<tr>
<td></td>
<td>% of Type Total</td>
<td>% Nonprofit</td>
</tr>
<tr>
<td>Type I</td>
<td>30% (n = 15)</td>
<td>47% (n = 13)</td>
</tr>
<tr>
<td>Type II</td>
<td>8% (n = 4)</td>
<td>88% (n = 7)</td>
</tr>
<tr>
<td>Type III</td>
<td>38% (n = 19)</td>
<td>61% (n = 23)</td>
</tr>
<tr>
<td>Type IV</td>
<td>20% (n = 10)</td>
<td>80% (n = 16)</td>
</tr>
<tr>
<td>Type V</td>
<td>4% (n = 2)</td>
<td>100% (n = 4)</td>
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