A study of non-profit organisations in cause-related marketing
Stakeholder concerns and safeguarding strategies

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Abstract

Purpose – Cause-related marketing (CRM) involves firms working in partnership with non-profit organizations (NPOs). While CRM offers a range of potential benefits to NPOs, some managers are reluctant to partake in these ventures. The purpose of this paper is to uncover their concerns and highlight what can be done to improve their experience of CRM.

Design/methodology/approach – This paper uses semi-structured interviews with 160 UK NPO managers and a stakeholder theory framework to document their experience of the CRM process and investigate what they can do to improve it.

Findings – It identifies three types of concerns relating to issues of: organizational identity, alliance risks, and the prioritization of NPO stakeholders. The analyses also uncover a number of strategies used by NPO managers to safeguard their organisations.

Research limitations/implications – By focusing not only on the measurable outcomes of CRM but also on its processes, the authors provide a more thorough analysis of CRM and its impact on NPOs.

Practical implications – By emphasizing potential NPO stakeholder dissent, the authors' study provides a list of pitfalls that may help NPO managers select more suitable corporate partners, come better prepared to the negotiation table, improve the selection and training of negotiators, and generally manage the CRM process more efficiently.

Originality/value – Studies of CRM have been predominantly from the corporate perspective. Consequently, the understanding of CRM from an NPO viewpoint remains limited both theoretically and empirically. The authors' paper complements this literature by investigating NPO managers' concerns about the process of CRM.

Keywords Cause marketing, Non-profit organizations, Stakeholders, Marketing

Paper type Research paper

Introduction

Firms increasingly rely on cause-related marketing (CRM) to manage public expectations of their corporate social responsibilities (Kotler and Lee, 2005; Polonsky and Speed, 2001). CRM in its traditional sense refers to marketing campaigns "in which a firm commits to making a contribution or donating a percentage of revenues to a specific cause based on product sales" (Kotler and Lee, 2005, p. 81).

Studies of CRM have been predominantly from the corporate rather than the non-profit organization's (NPO) viewpoint and focus on how firms can improve their return (financial and non-financial) from the partnership (Himmelstein, 1997; Kotler and Lee, 2005). Of those that consider the NPO dimension, we find studies that conceptualise and locate CRM within the wider spectrum of social alliances (Berger *et al.*, 2004, 2006; Andreasen and Drumwright, 2001; Wymer and Samu, 2003), those that focus on issues of partner selection (Liston-Heyes and Liu, 2010; Daw, 2006; Liu and Ko, 2011), and a smaller stream that addresses CRM managerial issues. The latter entails "toolkits" with helpful dos and don'ts for NPO managers (Andreasen and Drumwright, 2001; Daw, 2006; Wymer *et al.*, 2006), a study of governance issues (Simpson *et al.*, 2011), and an investigation of conceptual (Gourville and Rangan, 2004) and empirical CRM-related benefits for NPOs (Runté *et al.*, 2009). Consequently, our understanding of CRM from an NPO management perspective remains limited both theoretically and empirically. We hope to complement it by investigating NPO perceptions of the overall experience of CRM.

More concretely, after recognizing that CRM offers a range of potential benefits to NPOs extending far beyond raising funds (e.g. increasing public awareness and developing networks), we focus on uncovering the concerns CRM creates for NPO managers and the strategies they use to alleviate them. Our analysis uses elements of stakeholder theory to examine NPO manager expectations, perceived costs, and the prioritization of stakeholders within CRM partnerships. We argue that stakeholder theory, in its ability to represent various claimant groups, offers a useful conceptual framework to study the multiple obligations and pressures faced by NPOs (beyond those of maximizing funds raised).

Moreover, we note that the stakeholder perspective does not always permeate marketing departments even in firms where the concept of stakeholders has been embraced in other functions. According to Maignan *et al.* (2011) marketing departments (where CRM campaigns are designed, implemented, and managed – Kotler and Lee (2005)) tend to position customers as the stakeholder group of most interest. Our underlying research proposition is that the "narrower" stakeholder view adopted by marketing department clashes with the more embracing stakeholder perspective used by NPOs. This discrepancy, we posit, may be at the heart of the CRM-resistance experienced by some NPO managers.

To investigate this possibility we use semi-structured interviews with 160 NPOs operating in the UK to explore stakeholder concerns about CRM and the strategies managers use to safeguard their organisations. In doing so, our paper addresses five gaps in the literature. First, it contributes to the small but growing conceptual development of CRM partnerships from an NPO perspective. More specifically it is the first study to examine UK NPO managers' experience of CRM. Second, it is also the first to focus explicitly on sources of concerns. Given the substantial gains up for grabs, it is useful to understand why some NPO managers are reluctant to embrace CRM. Third, by using stakeholder theory to frame these concerns, we uncover new insights into the potential sources of conflict in these cross-sector partnerships and propose ways to overcome them. Fourth, our study documents the strategies used by NPO managers to protect their organisations. Some of these strategies enhance the overall performance of CRM campaigns while some reduce the extent of engagement and/or the net benefits. We argue that recognising the concerns at the heart of

safeguarding strategies can improve negotiations and the overall success of CRM. Finally, by focusing not only on the measurable outcomes of the CRM campaign but also on its processes, we provide a more thorough analysis of CRM and its impact on NPOs. The findings of the paper allow us to draw policy implications on partner selection and fit, partnership management, management style and the role of "cause-vs-NPO" in corporate dealings.

Second and third sections provide an overview of the CRM literature and its relationship to corporate social responsibility followed by a brief account of how stakeholder theory can be applied to the NPO perspective. Fourth and fifth sections give details of the interviews with NPO managers, the analyses and the findings. Sixth section contains brief conclusions, managerial implications, future research topics and limitations.

Cause-related marketing

As firms face increasing pressures to become more socially responsible, corporate managers are developing CRM strategies that exploit the firm's social initiatives to its advantage (Kotler and Lee, 2005; Liston-Heyes and Liu, 2010). The explicit economic benefits inherent in CRM campaigns sets them apart from other social marketing initiatives that focus on encouraging behaviour changes (e.g. wearing seat belts) in the name of social welfare (Andreasen and Drumwright, 2001; Kotler and Lee, 2005)[1]. CRM campaigns can take on different formats than conventional sales promotions (i.e. when donations are proportional to product sales) including licensing agreements, sponsorships, joint issue promotions and in-kind contributions (Liu and Ko, 2011; Wymer and Samu, 2003). In licensing agreements, NPOs allow firms to use their names in advertising their products in return for a flat fee or royalty. Sponsorships require the firm to pay a fee for promoting its brand in NPOs' advertisements or other external communications. Joint issue promotions involve collaborative agreements where the firm and NPOs work together to support a cause (e.g. distributing products and promotional materials directly). In such cases, the firm is directly involved in the delivery of NPO services as oppose to donating funds for the NPO to do so. In-kind contributions involve the firm donating existing resources (e.g. produce/service, volunteers) in exchange for the use of the NPO brand.

There is substantial evidence that CRM can enhance corporate performance by helping firms attract new customers, reach niche markets, increase product sales, develop favourable publicity, improve stakeholder relations and build/maintain a positive brand identity (Kotler and Lee, 2005; Liu and Ko, 2011). For instance, recent studies report that consumers (US) have a much more positive image of a product when the firm supports a cause they care about. Evidence also suggests that CRM is instrumental in developing positive attitudes towards a corporate brand (BITC, 2004).

From the NPO perspective, the primary motivation is often assumed to be short-term funding (Wymer et al., 2006). This conjecture has been analysed, first conceptually by Gourville and Rangan (2004) and empirically by Runté et al. (2009) who report that NPOs do indeed engage in corporate partnerships to gain first-order benefits, i.e. short-term gains emanating directly from the purchasing relationship inherent in the CRM approach. They also found however that NPOs engage in partnerships to further their mission through cause-recognition and non-financial gains. These second-order benefits, such as heightened community profile and cause

awareness can lead to greater understanding of the NPO mission within a broader community than would be experienced without the partnership. Consumer perception of the cause and the partnering NPO is also identified as salient to the benefits accrued by the NPO and the business. Partnerships between corporations with strong reputations and NPOs with little prior public awareness stimulate an increase in trust, awareness, and support for the NPO, whereas an NPO with a priori high awareness may not gain such benefit (Nowak and Washburn, 2000). Some authors argued that for the NPO, CRM constitutes a more risky proposition due to fundamental differences in management styles (Andreasen and Drumwright, 2001). Yet NPOs have much to gain from partaking in CRM campaigns. A comprehensive list of expected gains was compiled by Runté et al. (2009) and includes the following items in decreasing order of importance: public awareness of the NPO; long-term relationship with corporations; event support; contacts and networking; short-term funding (including in-kind donations); public donations; long-term funding; helping NPOs meet their mandate; attracting volunteers; new managerial skills; improved internal procedures.

Despite the potential win-win gains, there are also reports that CRM can fail to perform to NPO expectations, particularly in terms of funding, networking and raising awareness (Runté et al., 2009)[2]. There is also evidence that corporate partners can damage NPO reputation thereby reducing its future ability to secure alternative corporate and private funding (Liston-Heyes and Liu, 2010; Polonsky and Wood, 2001). CRM also entails governance risk when firms behave opportunistically by withdrawing or reducing funding unexpectedly and/or weakening other terms of the agreement (Simpson et al., 2011; Wymer and Samu, 2003). Himmelstein (1997) suggest that this is largely due to corporate short sightedness and expectations of immediate short-term improvements in public image. If these take too long to materialize, corporate managers weaken their commitment to CRM at the expense of NPOs.

In summary, CRM has much to offer NPOs but not all partnerships are successful. Our goal is to develop a more thorough understanding of what can go "wrong" with these partnerships from a UK NPO perspective while emphasizing that there are also many success stories. We use a stakeholder perspective to uncover and frame sources of concerns NPO managers have about CRM and the strategies they use to deal with them.

NPO stakeholders
Our conceptual framework uses elements of stakeholder theory to illustrate issues relevant to NPOs and to frame the analyses. Stakeholder theory was originally designed to study interests groups and actors who affect or are in turn affected by the corporation (Freeman, 1984). The concept of stakeholders is now widely embraced by businesses. Marketing scholars have used it to investigate corporate motives and strategies in the development of corporate social responsibility initiatives (Maignan and Ferrell, 2004; Maignan et al., 2005) as well as in the identification and prioritization of stakeholder demands on the firm (Ferrell et al., 2010).

Yet in practice many marketing departments prioritise customers and are mainly concerned about stakeholders that influence customer buying habits and financial outcomes (Maignan et al., 2011). We posit that this organizational characteristic generates tensions within CRM partnerships. Firms that adopt a wider stakeholder orientation in their marketing function are more focused on organizational social

responsibility and the development of positive solutions to address all stakeholder issues (Galan-Ladero, 2012; Ferrell *et al.*, 2010; Maignan and Ferrell, 2004). These, we argue, may prove to be more suitable partners for NPOs.

A number of authors have also applied stakeholder theory to NPOs after recognizing that they are subjected to various stakeholder pressures when making managerial decisions (Knox and Gruar, 2007; Simpson *et al.*, 2011). We follow in their footsteps although we recognize that aspects of stakeholder theory may not be suitable to the analysis of NPOs. The assumption underlying stakeholder management is that it is the responsibility of managers to select activities and allocate resources so as to maximize benefits to legitimate stakeholders. Stakeholder identification and prioritization are therefore key to the success of the organization and a number of typologies have been proposed to identify and prioritize a firm's stakeholder groups (Maignan *et al.*, 2005; Reynolds *et al.*, 2006). However, there are concerns that the complexity of relationships in NPOs prevents simple extrapolations from the business sector. Knox and Gruar (2007) for instance argue that the nature of NPOs is such that stakeholder identification and prioritization is best performed on a case-by-case basis and will not necessarily conform to a priori classifications typically used in corporate studies.

For these reasons we do not formally investigate stakeholder group membership or their salience in the respective NPO by postulating that CRM should meet *a priori* stakeholder performance targets. The NPO managers we interviewed discussed a number of stakeholder groups as they saw fit and relevant including: corporate partners, the community, volunteers, aid recipients, employees, donors, government agencies, and trustees. Stakeholder theory enables us to frame NPO concerns and safeguarding strategies in terms that facilitate the discussion and the development of practical implications.

Research methods
We used "elite" interviews to gather views from UK NPO managers (Goldstein, 2002). The respondent selection process began with a search of UK-based NPOs listed in the official publications of FTSE 100 firms as having taken part in CRM with one or more of these firms between 1999 and 2009. This produced a list of organisations that was reduced by eliminating NPOs that were not registered with the UK Charity Commission and/or had annual revenues below £500,000, the benchmark used by the commission to identify "large" NPOs. We chose large NPOs because they were more likely to have adopted formal processes in the management of corporate relationships (Stone *et al.*, 1999). We sent letters of introduction describing the study to 253 NPOs and followed these by a phone call. We offered a choice between face-to-face and telephone interviews. A total of 160 NPOs representatives responded positively, yielding a response rate of 63.2 percent (Appendix 1). We conducted 128 telephone (80 percent) and 32 face-to-face (20 percent) interviews between September 2006 and June 2009 with average length of 53 min.

We began the interviews by asking background questions about the NPO, its social mission, fundraising strategies, and collaborations with the corporate sector. We highlighted differences between CRM and other corporate activities and emphasized that it is their general experience with CRM we are interested in. The remainder of the interviews was inspired by three sets of questions and supporting

organization-specific probes aimed at understanding NPOs' perceptions of CRM (Appendix 2). The first investigates NPO managers' expectations of CRM. The second revolves around the consequences of embarking in CRM while the third focusses on NPOs' perceptions of social dilemmas potentially arising from CRM. The interviews were recorded on an MP3 and coded with NVIVO 7 software. Anonymity was offered to increase the response rate.

The identification of themes was conducted by reading and re-reading the responses and identifying "significant" reflections. These items were subsequently coded using higher levels of interpretations. This is an adaptation of the hybrid approach described in Fereday and Muir-Cochrane (2008) which combines both a data-driven inductive approach (the themes emerged from the interview data) and a deductive *a priori* interpretive template (the semi-structured questions were centred on a known theoretical framework).

More concretely, the coding process involved identifying key ideas and creating an inventory of similar responses to the questions – the first-order themes. We subsequently grouped these within categories of responses referring to either "concerns", "safeguarding strategies", or "neither". Once this process was completed we further synthesized the data into second-order themes using known theoretical concepts associated with organisational relationships. The final step involved aggregating the second-order themes into more general theoretical dimensions linking the concerns and strategies themes. Despite the step-by-step description of the process, we went through several iterations, fine-tuning interpretations and linkages between the themes. The size of the database (160 interviews) meant that each iteration produced slightly different memberships to the first-order these but differences were minor and did not affect second-order themes. To facilitate the presentation of the data, we selected representative quotes from each first-order theme and attempted to quantify their empirical relevance in our sample by providing frequency counts (i.e. number of respondents making similar responses).

Findings
Figure 1 shows the final data structure, highlighting the first and second-order themes from which we developed our findings and the relationship between them. We identified three categories of concerns associated with CRM relating to issues of:

(1) organizational identity;

(2) alliance risks; and

(3) the prioritization of corporate stakeholders.

We also found that NPO managers developed strategies that could either help reduce these concerns and/or safeguard the NPO against harm (actual or perceived) from CRM. These include strategies that mediate organizational identity clashes between stakeholder groups, strategies for managing alliance risks and communication strategies that promote and publicize organizational priorities.

Concerns over organizational identity
An organization's identity is developed through iterative negotiations between an organization and its stakeholders. It is difficult therefore for an organization to alter its cognitive image without the support of its stakeholders (Brickson, 2007). Berger *et al.*
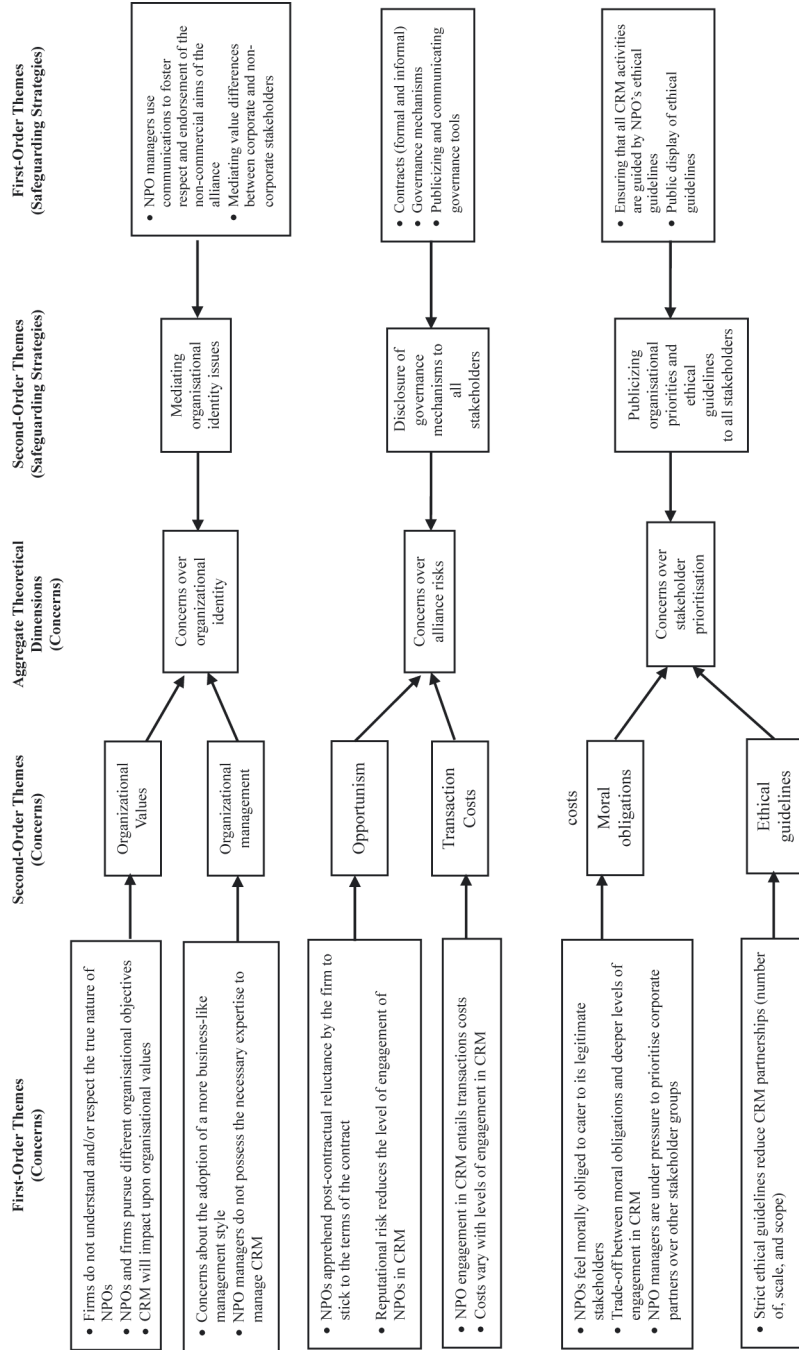
Figure 1.
Data structure

(2006) claim that collaboration between a firm and an NPO allows employees to realign their commercial with their social and moral identities thereby strengthening the organization's legitimacy. Our findings show that this may not always be the case for NPOs. More concretely, NPO concerns regarding how CRM will impact on organizational values and the management style of the NPO substantially restricts engagement in CRM (Table I).

Organizational values. Ospina *et al.* (2002) argue that NPO managers spend a lot of time in negotiations over identity issues. Our findings support this. A total of 63 percent of respondents feel that their corporate partners do not understand and/or respect the true nature of their organization, while 65 percent feel pressured by their stakeholder groups to focus on NPO organisational goals. Many also emphasized differences in values between corporate and NPO stakeholders. NPO managers are constrained by who their stakeholders are and this limits the extent to which they can engage in CRM activities.

A total of 71 percent of respondents are uncomfortable with the competitive and hierarchical values of corporate partners and are generally concerned about how CRM will impact upon NPO organizational values and its stakeholder relationships. As in Berger *et al.* (2006) we remark that cross-sector collaborations (such as CRM) involve organizations from two different sectors joining forces and making the organizational identification process more complex and nuanced than other identity processes.

Organisational management. When a company establishes a relationship with an NPO, it effectively becomes a legitimate stakeholder (Knox and Gruar, 2007). We found that 68 percent of NPOs feel short of the necessary experience required to deal with this "new" corporate stakeholder. This corroborates recent findings from Seitanidi and Crane (2009) suggesting that CRM involves flexible arrangements with very little legal definition, requiring new management skills that can facilitate the transactions that take place within these partnerships. As foreseen by authors discussing the "commercialisation" of the sector (Eikenberry, 2009), the majority of respondents (57 percent) also report various levels of non-corporate stakeholder discontent regarding the adoption of a more business-like management style (e.g. paid staff) which they associate with a for-profit organizational structure.

Concerns over alliance risks
Firms, in exchange for providing NPOs with resources to carry out their missions, participate in CRM to enhance their social image and legitimacy (Liston-Heyes and Liu, 2010). However, this is not a risk-free venture for the NPOs who report regular management interference by firms and misuse of NPO brands (Himmelstein, 1997; Polonsky and Wood, 2001). More concretely, NPOs apprehend firms renegotiating the terms of the agreement (opportunism) and resent the costs involved in safeguarding their organisations against such practices (transactions costs) (Table II).

Opportunism. The majority (61 percent) of respondents suggest that NPOs apprehend post-contractual reluctance by the firm to stick to the terms – often vaguely specified – of the agreement. Most (70 percent) also contend that firms will sometimes use the NPO brand in ways that devalues the image of the NPO with its other stakeholders, its (non-corporate) donor base in particular. An NPO's ability to survive is highly dependent on its brand reputation and its ability to raise funds in support of

Representative quotes	Themes
Organisational values	
"I think some of my (corporate) colleagues forget what and who we really are. We are social organizations, not trade organizations. We need to put our efforts into serving the community. They (firms) can work with us if they like, but they cannot expect me to put a lot of staffs into their programme" (General Administration, Animal Welfare)	Firms do not understand/respect the true nature of NPOs (63 percent)
"Many of our corporate partners misunderstand the nature of our organization. We are not here to make a big profit. We are a NPO and commercial activities are not our first priority. They cannot ask us to perform like normal business partners. I don't think that our donors and volunteers will allow us to do so" (External Relation/Affair, Disability)	NPOs and firms pursue different organisational objectives (65 percent)
"We will reject any company whose business activities either directly or indirectly contradicts our cause. For example, we tell our supporters that we want to prevent companies conducting tests on animals. We never work with companies that are involved in this act even if what they are proposing is very attractive [...] our supporters will leave us if we do" (Fundraising/Event Organizing, Animal Welfare)	How will the relationship impact organizational values? (71 percent)
"XXX is a Christian charity. I know that this has shut down a lot of doors for us. For instance, one of our missions is to encourage people not to smoke or drink. It doesn't make sense for us to associate with companies that made profits selling cigarettes or alcohol" (External Relation/Affair, Poverty Relief)	
Organisational management	
"We faced some resistance from some of our long-term volunteers. They believe that NPOs should be staffed by volunteers. They think there are too many paid staffs working in our charity" (General Administration, Art/Culture)	A more business-like management style (57 percent)
"If we operate more like a business [in terms of management style] and get too involved with corporations, our supporters will think that we are a for-profit business not a charitable organization" (General Administration, Art/Culture)	
"The past few years have been difficult for us. We have changed the way we deal with corporations and CRM. When companies first approached us we did not have any one in our organization who knew how to deal with them. But now, we have extended the functions of our fundraising department and hired someone who has this kind of experience and can help us deal with companies" (Fundraising/Event Organizing, Health/Aid Relief)	NPO managers do not possess the expertise to manage CRM (68 percent)
"I think it [CRM] is very helpful for us and for the corporation – we can both benefit from this arrangement. However, it does present some management challenges for us. Our staffs have little experience of dealing with corporations" (Marketing/Communication, Housing/Accommodation)	

Table I.
Conflicts over
organizational identity

Notes: Percentages in parentheses indicate how many respondents answered along those lines; original responses are broken down into statements and subsequently into first-order themes; only one respondent statement was "counted" under any given theme

Representative quotes	Themes
Opportunism "We had a bad experience in the past when a corporation we worked for did not tell us the truth. This gave us a bad name and some of our long-term supporters left us" (General Administration, Disability)	Post-contractual reluctance by the firm to stick to the terms (61 percent)
"The companies that we worked with in the past were not always very honest. [. . .] This caused a lot of sleepless nights. We worried that if it did something bad this would destroy our creditability. [. . .] To protect our creditability we often say no to company applications [. . .] even when they offer us a lot of money" (Marketing/Communication, Health/Aid Relief)	
"One of the reasons for our late entry into this (CRM) game is because we feared the consequences. We have heard a lot through the media about what can go wrong in this kind of relationship. To protect ourselves, we want to make sure that every single movement of the company [in relation to the joint CRM venture] needs our consent" (External Relation/Affair, Housing/ Accommodation)	Reputational risk reduces engagement in CRM (70 percent)
"There can be terrible consequences if a [CRM] project goes wrong. We often turn down proposals that appear very complex from our point of view but accept those that are relatively straightforward" (Marketing/Communication, Animal)	
Transaction costs "Legal agreements are becoming more and more complicated. Their purpose is to control the risks involved but they also have a negative effect in that they are costly. For example, if a company wants to donate £20000, we can easily spend about £5000 worth of our time to get them to agree all the terms [of the contract]. It is a huge cost for us" (Fundraising/Event Organizing, Housing/ Accommodation)	CRM entails transactions costs (63 percent)
"We create our own 'memorandum of understanding' and use it as a pseudo contract. We are a small charity [. . .] legal costs are too expensive for us. We try to encourage them to sign our memo. For instance, we ask that they get our approval before they can use our name and logo in their marketing campaign" (Fundraising/Event Organizing, Education/Training)	
"We have built a very close relationship with our local community. They supply us with very high quality and loyal volunteers. I don't want to drive them away by spending too much money on professional staff and consulting services" (Fundraising/Event Organizing, Poverty Relief)	CRM entails crowding out costs (71 percent)
"I don't want our staff to spend too much of their time working on the commercial interests of our corporate partners" (General Administration, Health/Aid Relief)	

Table II.
Concerns over alliance
risks

its mission (Himmelstein, 1997). The fear of opportunism and damage to the brand reduces the number and intensity of engagement of NPOs in CRM.

Transactions costs. NPOs incur costs to protect themselves against opportunism and the threat of "holdups" by corporate partners. We find that for 63 percent of respondents, it is the fear of transaction costs that limits their participation in CRM.

Transactions costs include search costs (looking for a suitable partner that is less likely to behave opportunistically), negotiating costs (agreeing on suitable terms of exchange and breeches of contract), monitoring costs (to ensure that the terms are adhered to) and other agency costs that may arise due to the opportunism inherent in CRM (Jones, 1995). Negotiating and enforcement costs are evidently a concern, particularly for relatively smaller firms who use pseudo-legal instruments to protect their brand at lower cost. This is reminiscent of Gilbert and Rasche (2008) who observe that the cost of engaging with corporate stakeholders is greater for smaller organisations. We also found evidence (71 percent of interviewees) of a "crowding-out" effect whereby engagement with corporate partners deters other volunteers from offering their support to the organization. Opportunistic behaviour increases crowding-out costs – if an NPO loses its traditional volunteer base by engaging more actively with the corporate sector, it not only loses its day-to-day support but it also makes itself more vulnerable to hold-ups by eliminating its alternative suppliers of "goodwill". In this way the crowding-out effect creates real losses and engenders additional transactions costs through a weakening of the NPO bargaining position.

Concerns over stakeholder prioritisation

"Good" stakeholder management requires a careful identification and prioritization of stakeholder claims (Knox and Gruar, 2007; Maignan *et al.*, 2005). This is a challenging task in NPOs where various stakeholder groups are in competition with each other. We identified two second-order themes – moral obligations and ethical guidelines – in our analyses (Table III).

Moral obligations. Equal treatment of stakeholder claims is utopian. Instead Reynolds *et al.* (2006) suggests that an organization should aim for a legitimate prioritization of stakeholder interests, one that endeavours to make the organization morally appealing. Indeed, we found that most respondents (62 percent) feel morally obliged to cater to a specific set of stakeholders even if this is at the expense of CRM. Many also referred directly or indirectly to a trade-off between adhering to moral obligations and deeper levels of engagement in CRM (75 percent) recognising that this balancing act was often to the detriment of corporate partners (60 percent).

Ethical guidelines. Ethical guidelines convert moral obligations into more practical do's and don'ts that guide NPOs in the prioritization of stakeholder claims (Knox and Gruar, 2007). Most respondents report using ethical guidelines to frame CRM negotiations. We found that NPOs (73 percent) conduct a thorough background check of the firm before entering into a partnership and/or draw up admissible partner lists (larger organizations may also have a dedicated corporate ethical committee – 63 percent). Efforts are clearly made to search and attract the "right" sort of corporate partners but this invariably means fewer CRM partnerships.

Safeguarding strategies

The responses we collected identified three types of concerns associated with CRM: concerns over organizational identity, alliance risks, and the prioritization of corporate interests. Our analyses also uncovered a number of safeguard strategies used by NPO managers to safeguard their organisations and/or alleviate stakeholder concerns about the impact of CRM. We interpret communications broadly, conceptualizing it as a

Representative quotes	Themes
Moral obligations	
"I think that we said 'no' more times than 'yes' to corporate proposals. We are a community-based charity so we have an obligation to serve the people in our community" (Fundraising/ Event Organizing, Disability)	Moral obligation to cater to stakeholders (62 percent)
"There are only so many requests we can respond to at any one time. When conflict occurs, I ask our staff to respond to community requests first. Business proposals come and go, but the community has stood by us for a long time" (General Administration, Disability)	
"Our mission is to respond to those in need [...] not the corporation. Don't get me wrong [...] I do believe that working with companies can help us raise funds and help more people. But if we are faced with the decision of 'Who comes first?' my answer will always be: 'those who need our help'" (General Administration, Poverty Relief)	
"We want our students to have priority in using this facility during peak times. Although we know this means we will sell less tickets and memberships but we feel it is the right thing to do. Companies that want to work with us on this project needs to follow our rules" (General Administration, Education/Training)	Trade-off between moral obligations and deeper levels of engagement in the CRM (75 percent)
"In this particular project, we insist that some of the vacancies be filled by people from our training facility. Although we know they may not be the most qualified, one of the objectives of our charity is to assist homeless people back to work" (External Relation/Affair, Education/Training)	
"We receive requests [from stakeholders] all the time. It is impossible to make everyone happy. Our management team tries its best to address each of them [...] We think that sometimes our corporate partners are not really satisfied with this approach and feel that we should prioritise them" (External Relation/Affair, Health/Aid Relief Cause)	Under pressure to prioritize firm's requests (60 percent)
"When a company puts its money on the line, they are usually very demanding about 'results'. [...] I think that they need to understand that we are a charity and our priority is to serve the people in our community" (Fundraising/Event Organizing, Poverty Relief)	
Ethical guidelines	
"In general we find it quite hard to get corporate support [...] we have quite strong ethical criteria (re: acceptance of corporate support). This puts off a lot of potential sponsors. For example, we won't accept support from pharmaceutical companies. We are concerned about animal welfare [...] this cuts out a lot of corporate support" (Marketing/Communication, Animal Cause)	Strict guideline reduces CRM (73 percent)
"We are really careful about the companies we work with [...] we have an ethical committee. This ethical committee will run a check on the company and decide whether or not it is appropriate for us to work with them and at what level"(Fundraising/Event Organizing, Art/Culture)	
"We have a corporate membership package – but there are certain restrictions. Corporations that fail our clearance process cannot join our network" (Marketing/Communication, Education/ Training)	

Table III.
Concerns over
stakeholder prioritisation

multidimensional construct that covers several facets of the NPO-firm relationship (Sagawa, 2001) (Table IV).

NPO managers claim that CRM generates identity issues that are difficult to surmount. Many (77 percent) suggest however that a large part of their functions within CRM is to mediate value differences between corporate and other stakeholders. This can be done by frequent internal communications (e.g. newsletters, briefings, open forums) that promote transparency, answers "frequently-asked questions" and provides an opportunity for feedback. NPO managers (65 percent) claim that communications is instrumental in fostering respect and endorsement of the non-commercial aims of CRM. NPO managers must reassure non-corporate stakeholders that the NPO identity will not be significantly altered by CRM, emphasize this stance with corporate partners, and remind stakeholders that CRM brings valuable resources to the organization. In other words, NPO managers must convince its stakeholders that organisations can exist "together and apart" within relationships with ideologically distinct objectives (Simpson *et al.*, 2011).

The second set of concerns, i.e. those relating to the opportunism and transactions costs associated with CRM, are dealt with through safeguarding strategies that use contracts (of different levels of formalities) (74 percent of respondents) supported in most cases by expert negotiators (63 percent). There is also an emphasis on publicizing (internally and externally) governance mechanisms to foster levels of trust between stakeholder groups while deterring the corporate partner from NPO brand misuse and other goal displacement attempts. Managers recognise that legal contracts, memorandum of understanding, experienced negotiators and the time spent enforcing governance mechanisms are expensive and weaken the value of CRM for NPOs.

The final set of concerns referred to trade-offs between social and corporate priorities. In most of the organizations surveyed, these trade-offs are carried out by making explicit references to the ethical guidelines endorsed by the NPO. The guidelines therefore provide a useful safeguarding strategy for NPO managers per say (i.e. 81 percent of respondents use these in negotiations) and as part of a communication strategy that publicizes organizational priorities to all stakeholder groups (68 percent).

Discussion

CRM is growing rapidly as companies realise the market value of social credentials and fund-starved NPOs try to capitalize on this trend as best they can. While there are many successful partnerships, there is also evidence that some NPO managers are disenchanted with the outcomes (Runté *et al.*, 2009). Our study of 160 UK NPOs reveal that managers struggle with three dimensions of CRM. First, they find that corporate partners do not respect who they are and what they are doing. Second, they fear that corporate partners will take advantage of their superior bargaining powers and resent the high transactions costs imposed on them for safeguarding the NPO brand. Third they struggle with corporate partners' failure to understand and keep their position in the stakeholder pecking order. We conclude that these concerns impact upon the willingness of NPOs to partake in CRM while reducing the level of engagement of those who do and/or raising costs (through increased transactions costs and stakeholder communication efforts).

Representative quotes	Themes
Mediating between stakeholders "We sometimes receive letters from our supporters that question our relationship with certain for-profit companies [. . .] because they do not think that we should get too close to them. [. . .] As a communication manager, I think it is my job to try and explain to them why we choose to do this and the rationale behind it. In most cases, they [supporters] will agree with me" (Marketing/Communication, Art/Culture)	Communications to foster respect and endorsement of the non-commercial aims of the alliance (65 percent)
"Since our board approved this 'transformation project' (i.e. becoming more business-like) we have to regularly remind our members and volunteers that our social mission is still our first priority [. . .] and that the reason we are going ahead with this project is to ensure that we are improving our effectiveness and efficiency" (Marketing/Communication, Disability)	Mediating value differences between corporate and other stakeholders (77 percent)
"We never face the problem of donor retaliation. Our donors are still willing to donate the same amount as before. I think I have to credit our marketing manager for this. It is due to her efforts to communicate with our donors about what we are trying to get out of our cooperation with companies" (General Administration, Poverty Relief)	
Managing risks "It all comes back to the issue of communication. In our organization, we make sure that all of our support staff is fully aware of how we are working with private businesses. We also tell them exactly which part [of the CRM project] we are involved in and our role in this" (Marketing/Communication, Animal Welfare)	Information about NPO involvement in CRM and the management of potential risks (74 percent)
"Our board includes representatives from each part [stakeholders] who work very hard with our legal advisors to put together contracts for our companies to sign. I think these contracts can represent all of our [stakeholders] interests [. . .] The representatives also brief them about the outcome of these meetings, ensuring better communications" (General Administration, Poverty Relief)	
Communicating priorities "Establishing regular communication channels is critical [. . .] if we are to keep everyone happy. I think this is because they (stakeholders) need to know about our operations and what our priorities are at this moment [. . .] they need a clear picture of what is going on" (External Relation/Affair, Education/Training Cause)	Public display of NPO priorities (68 percent)
"We are in the process of revising the codes (guidelines) we use for this kind of activity (CRM). Although we are revising them (to be more corporate friendly), there are ethical principles we will never give up. It is important to let everyone know this" (Fundraising/Event Organizing, Disability)	CRM activities strictly guided by ethical guidelines (81 percent)
"There are things that we can do and things that we absolutely cannot do [. . .] such as product endorsement. When you receive this kind of request, you need to be very careful in drafting your responses. You don't want to simply keep them out. My team will try to work with them and to lead them to find different ways of collaborating with us" (External Relation/Affair, Education/Training)	

Table IV.
Safeguarding strategies

Our analyses also uncover safeguarding strategies used by NPO managers to help protect their respective organization within CRM partnerships and/or determine when the risks and expected costs of doing so are too high. To actively protect the identity of the NPO and convince non-corporate stakeholders that CRM will not impact upon it, NPO managers use internal communications to reaffirm and consolidate the NPO's identity, publicize it to corporate partners, and encourage open and frequent references to it in its interactions with stakeholders. To safeguard its brand, NPO managers report using contracts (formal and informal). Part of this strategy also involves publicizing governance mechanisms and asserting its willingness to enforce these to all stakeholders. Finally, to deal with concerns about the (over)prioritization of corporate interests, NPO managers advocate using – and be seen to be using – ethical guidelines. These, they claim, should be referred to in NPO communications to all stakeholders to alleviate concerns amongst non-corporate stakeholders and promote restraint in corporate partners.

While there is considerably work on CRM from a corporate angle, very little has been done from an NPO perspective, particularly in terms of developing a conceptual and theoretical understanding of the strategies available to NPO managers. Corporate and NPO organisations differ substantially in their risk-taking behaviour, their management and decision-making styles, and as we have argued, in their orientation (market versus stakeholder). These differences may give the upper hand to corporate partners (Andreasen and Drumwright, 2001) and reduce the appeal of CRM, at least for some NPOs. The studies by Gourville and Rangan (2004) and Runté *et al.* (2009) examine the expected gains NPOs (Canadian) anticipate from CRM while Simpson *et al.* (2011) focus on governance issues in CRM relationships (Australian). Our paper builds on these contributions by investigating sources of concerns within CRM partnerships as well as the strategies used to overcome them.

In doing so, our paper makes several contributions. First, it is the only study that emphasise NPO concerns so as to understand why some NPO managers remain reluctant to engage in CRM. Second, the approach we use highlights the pressures NPO managers are under from multiple stakeholder groups throughout the CRM process. This, we argue, is in contrast to firms who tend to delegate CRM to marketing departments where customers are given precedence over all other stakeholder groups (Maignan *et al.*, 2011; Kotler and Lee, 2005). This discrepancy makes CRM particularly demanding for NPOs who struggle to cater to stakeholder demands in a legitimate and "moral" order. It is, we advance, at the heart of NPO manager concerns with CRM. Third, our study documents the strategies used by NPO managers to protect their organisations. Some of these enhance the overall performance of CRM campaigns while some reduce the extent of engagement and/or the net benefits. We argue that recognising the concerns at the heart of safeguarding strategies can improve negotiations and the overall success of CRM. Fourth, by focusing not only on the measurable outcomes of the CRM campaign but also on its processes we provide a more thorough analysis of CRM and its impact on the NPO. Finally, our study is unique in its focus on UK-based NPOs. Differences in economic, institutional, political, and social conditions between countries may prevent straight applications of CRM lessons derived elsewhere. Our study documents UK-NPO attitudes to CRM recognising that these may differ from those conducted in other countries.

Managerial implications
A number of managerial implications can be derived from these findings:

(1) Ex ante *preparations*. By emphasizing potential NPO stakeholder dissent, our study provides a list of pitfalls that may help corporate and NPO managers come better prepared to the negotiation table. The nature of the damages to the NPO from badly run CRM campaigns are often slow to emerge and not always predictable. Some of the strategies used by NPO to protect themselves (e.g. limited engagement) can reduce the potential gains of CRM for both parties. By understanding and acknowledging the multiple stakeholder pressures faced by NPOs and the strategies used to deal with them, corporate managers are more likely to design campaigns that are sensitive to their partner's constraints while enabling NPO managers to be more specific about their expectations from the start.

(2) *A new type of consultant?* NPO managers generally feel "under-equipped" to deal with their corporate partners who they see as experienced and challenging negotiators. To safeguard the NPO's reputation, they report using contracts (formal and informal) (paid) expert negotiators, and targeted communications explaining and publicizing governance mechanisms. Hiring paid staff with the necessary "corporate" expertise alleviates some of the risk associated with CRM but raises concerns within the organization that the "volunteer" nature of the NPO is being dissipated. Previous research suggest that NPOs need to become more business-like and adopt a commercial management style to take advantage of CRM (Daw, 2006; Runté *et al.*, 2009) but from an NPO perspective this may create additional stakeholder dissent further reducing engagement. Perhaps what is needed is a new type of consultant, one that would focus on the multiple stakeholder management of the organisations participating in CRM[3].

(3) *Fit between organisations (and not only between brand and cause)*. There is much discussion of the "fit" between brand and cause in the eyes of corporate consumers (Webb and Mohr, 1998). This may indeed be an important factor in maximizing financial returns and publicity from a CRM campaign. Our interviews suggest that the NPO is somewhat "wider" than the cause it is championing, i.e. it must cater to multiple stakeholders including the recipients of the funds raised by the organization. Perhaps an added focus on organizational fit would enhance participation from an NPO perspective. NPOs appear to treat their corporate partners as legitimate stakeholders but the literature suggests that many marketing departments focus principally on consumers, i.e. exhibit a more instrumental philosophy that focuses on performance and financial outcomes (Maignan *et al.*, 2011). Looking for corporate partners that have a more imbedded stakeholder orientation (i.e. treat the NPO as a legitimate stakeholder) might ease the process of CRM and facilitate communications. For instance, the marketing department could extend their market research on the impact of cause-brand promotion to include the responses of NPO stakeholders. While they may not purchase the firm's product, they will, through the pressures they exert on the NPO impact upon the CRM process in potentially important ways.

(4) *The impact of the corporate brand on the cause*. Our study shows that NPO stakeholders "matter" in determining the success of CRM. While much work

has been carried out on the impact of the cause on the brand from a consumer perspective (Webb and Mohr, 1998), our study suggest that the impact of the corporate brand on the cause from the NPO perspective might also be important in containing stakeholder dissent and facilitating collaborations. This is perhaps another take on the importance of "fit" in the CRM process.

(5) *More control for NPO managers?* The NPO and corporate sector are undergoing major changes as a result of new economic realities and changing social norms, public expectations and socio activism. CRM provides a promising way of helping both sectors cater to changing organisational pressures. There is perhaps scope for NPOs to take greater control of CRM for instance by positioning themselves as the CSR arm or division of corporations. Firms with a more defined stakeholder orientation might find it easier to work in a closer and more integrated fashion with NPOs[3].

Limitations and future research
We are aware of the limitations of this study. In particular, we were unable to examine patterns of communications between stakeholders (including corporate partners) and NPOs. Our analyses use NPO managers' report of such communications and a limited set of secondary evidence from other sources. It would be interesting to use case studies tackling in particular differences between successful and unsuccessful partnerships and the role stakeholder communications plays in the overall performance of CRM. Investigating the corporate position, detailing in particular their concerns about their NPO partners would have enriched the analyses and provided more insights into the negotiations between partners.

We also point out that the interview data was collected over a period of just under three years. Gaining access proved more difficult than we anticipated. The period between 2006 and 2009 was particularly turbulent economically and may have conditioned the responses of NPO managers. The length of the data collection period may also have introduced time biases although we could not identify obvious discrepancies between those who were interviewed at the start of the period relative to those that were interviewed later.

We also note that our sample is composed of relatively "large" UK NPOs. This may have affected the nature and number of CRM campaigns experienced by our respondents. Corporations prefer to link up with more visible and known causes/NPOs, making it difficult for smaller NPOs to find suitable CRM arrangements (Gilbert and Rasche, 2008). Moreover, as Runté *et al.* (2009) observe, inexperienced NPOs tend to have less successful partnerships with firms. In so far as the number of CRM experiences may be correlated with the size of the NPO, one could expect higher levels of concerns amongst smaller NPOs. The role of NPO size in CRM partnerships thus provides another interesting research consideration.

Our sample was also limited to UK-based NPOs. It would be interesting to conduct an international comparison of NPO attitudes to CRM. In so far as corporate cultures and institutions vary across countries, we also expect differences in attitudes and concerns towards CRM by NPO managers. For instance, corporate firms that fully endorse a stakeholder (as opposed to a market) orientation may be more popular or encouraged by the social norms and institutional settings of certain countries. If, as argued above, such firms prove "easier" CRM partners for NPOs we may observe

differences in the take-up, success rate and conduct of CRM campaigns. The increasing demands for transparency from the public and the rise in consumer activism may also have a role to play in setting the balance of power between CRM partners, providing yet another interesting research topic.

Notes

1. We focus exclusively on CRM although NPOs can also partake in other types of cross-sector alliances including relationships with governments, regulatory agencies and other NPOs.

2. Runté *et al.* (2009) also state that NPOs with less CRM experience are more likely to report gaps between goal and experienced outcome. However, they reject the hypothesis that this is because NPOs with more CRM experience adjust their expectations downward in accordance with past experience and argue that self-selection may be impacting the results, i.e. NPOs that did not meet their expectations in their first CRM campaign may not enter into additional ones.

3. We are grateful to one of our referees for making this suggestion.

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Further reading

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Appendix 1. Interviewees

NPO sectors	General administrator	Fundraising/ event manager	External relations manager	Marketing/ communication manager	Total
Animal	8	6	3	6	23
Art/culture	3	4	6	2	15
Disability	7	6	4	12	29
Education/ training	4	6	9	8	27
Health/aid relief	6	2	4	2	14
Housing/ accommodation	8	9	4	2	23
Poverty relief	10	9	7	3	29
Total	46	42	37	35	160

Table AI.

Appendix 2. Interview questions

Questions	Cues/probes
Expectations	
Can the company and the NPO work together to pursue the commercial objectives of CRM?	Organizational objectives
	Stakeholders' reactions
What management issues do you face when you work with a company?	Management priorities
	Staff qualifications
	Management style
	Organizational structure
How will your organisational identity/image/ brand change if you engage with CRM?	Stakeholder reactions
	Changes in the organisational identity/image/ brand
Perceived costs	
What consequences are you likely to face when engaging in CRM?	Inherent risk of the alliance
	Impact on organisational credibility
	Wider implications for organisational legitimacy
What are the costs of CRM for your NPO?	Costs:
	Legal
	Search
	Negotiation/renegotiation
Stakeholder priorities	
Discuss your moral obligations as an NPO manager in CRM? Do these impacts upon your relationship with your corporate partner? If so, how?	Obligations to:
	Your donors
	Society
	Volunteers
	To the cause
As an NPO manager do you use or refer to an ethical code/guideline? If so, what role does it play in CRM?	Code of ethics
	By-laws
	Internal regulations
	Selection process and related procedures
What/who do your prioritize when making decisions about CRM? Do these priorities affect your relationship with corporate managers?	Priorities
	Trade-offs

Table AII.

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