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CROSS-SECTOR COLLABORATION: RESULTS THROUGH UNDERSTANDING AND APPLICATION

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BBA (Finance)
May, 2016

Faculty Advisor: Dr. John Inman

Essay completed in partial fulfillment of the requirements for graduation with Global Honors,
University of Washington, Tacoma

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Abstract

Cross-sector collaboration is an underutilized source of competitive advantage in the modern economy. Though it is a complex and dynamic system, collaboration can be rendered more manageable through an organized framework. In this paper, a literature review was conducted to survey the research landscape, searching particularly for productive models that may be practically used in forming and maintaining successful cross-sector collaborations. The literature suggests that aspects of collaborative relationships can be categorized for use in analysis and practical navigation. The thought that collaborative relationships have commonalities in form and behavior is corroborated amongst the literature, allowing for some amount of planning and analysis to take place through a framework. This opportunity suggests that increased understanding and a more disciplined approach can produce better results in cross-sector collaborations. A possible framework is introduced. Discussion is introduced and areas for further study are offered.

Keywords: cross-sector collaboration, co-creation, collaborative framework

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Cross-Sector Collaboration: Results Through Understanding and Application

"In the long history of humankind (and animal kind, too) those who learned to collaborate and improvise most effectively have prevailed." - *Charles Darwin*

Collaboration is essential to the sustainable competitiveness of the modern organization (Tamm, 2015). Note the irony of this statement: by working in a joint effort with others, an organization can secure its success as an individual in a competitive environment. By commingling effort and resources, a collaborative pair can unlock value within their organizations and produce results beyond their individual abilities combined (Austin & Seitanidi, 2012a). Collaborative ability grants an organization entry to opportunities and resources that would otherwise not be accessible (Edmonson et al., 2012), and by reaching across sector boundaries to collaborate, unique power is given to those that are willing and able to navigate these relationships. Though more accessible than ever through communication and process technology, collaboration occurs less often than is prudent because competencies to collaborate across sectors are not widely developed among individuals and organizations (Stibbe, 2013).

A Working Understanding is Essential

The knowledge that collaboration is essential to the competitiveness of most modern organizations is not enough to establish or maintain a capability that drives competitive advantage - practitioners must establish a deeper understanding of the concepts underlying cross-sector collaboration and operationalize a dynamic strategy. A sustainable collaborative relationship that produces maximum value for its stakeholders requires planning, focused effort, and has shifting dynamics to be navigated (Austin & Seitanidi, 2012a).

Merriam-Webster defines “collaboration” as: “work with another person or group in order to achieve or do something,” though this definition is deceptively straightforward and causal. For the scope of this paper, collaboration will be reduced to joint-efforts initiated on the organizational level and across sectors. “Sectors” refers to segments of the economy comprised of business, nonprofit, academic, and governmental organizations.

Each entity can achieve greater impact through co-creation, as well as cover strategic weaknesses such as resource dependence (Austin & Seitanidi, 2012a). Cross-sector collaboration is a complex system, however, and to establish a working system is an involved effort. Aligning incentives, finding agreement on the channels and methods of cooperation, building trust, and curating reciprocity are all challenges faced by collaborators. Many potentially profitable cross-sector collaborations are forgone because of these difficulties, perceived or real.

Better Collaborative Outcomes are Possible

While collaboration can be challenging and costly if navigated poorly, developing a framework for understanding cross-sector organizational collaboration can help practitioners to produce better outcomes, resulting in lasting competitive advantage for organizations. This is achieved by providing access to novel resources beyond conventional acquisition abilities, providing a powerful source of innovation, and by co-creating novel value to stakeholders through the relationship.

Collaborations can also be assessed to determine the likelihood of success, what form of joint-effort is best, and in what way to most effectively pursue the endeavor (Foster & Meinhard, 2002; Austin & Seitanidi, 2012a). An amount of collaborative literacy and competency should be

in place to choose collaborations that will work, last, and produce the most value. “Value” is realization of the goal of the organization. If a nonprofit’s mission is to provide clean drinking water for people, for example, creating value in this organization translates to ultimately being able to give more clean water to more people, more reliably.

Methods

An academic and general domain literature review was conducted to explore cross-sector collaboration for better understanding. Academic articles were of primary focus and have been referenced in this paper, followed by more general media on the subject, which better-inform understanding of the landscape. The findings were then synthesized through application of a theoretical framework to analysis of cross-sector collaborative situations. Finally, gathered insights and areas for further study are offered in the final sections of this paper.

Global Relevance

Conceptually, the relationship of cross-sector collaboration to globalization is inherent. In harmonizing with a backdrop landscape of cooperation between self-interested individuals, cross-sector teamwork between businesses, nonprofits, academia, and governments provides the mechanism for the physical manifestation of globalization, which is rendered almost entirely conceptual without these two channels. Through the value and innovation that is created, organizations are incentivised to collaborate and, in doing so, become further connected and interdependent, advancing the process of globalization.

What is “global?” “Globality” is a meta-concept that may be defined by the relationships that an entity has with others and the channels through which the entity operates.

Globality is essentially a characteristic, indicating that the impact of the reference entity exceeds the national, or even international, level; the term is reserved for those concepts, movements, entities, organizations, trends, and other flows that do or have the potential to affect anyone on the globe. Inherent in this potential is the ability to transcend boundaries, geographic, political, or ideological, through adaptation and exchange within the new context foreign to its source. To better understand the essence of global, follow the path flows from an individual to local, to national, to international, to national, to local, and finally back to the individual. The global flow is translated at each step to make sense within its new context, like an international game of telephone (see [Appendix A](#)).

Collaboration's global relevance. Globalization is driven by collaboration in a major way. Entities work together, utilizing their individual competitive advantages to generate value for both parties. Because of the aggregation of independent agents and organizations working together and producing flows of technology, culture, and economy, humanity grows ever more interconnected. Even rival forces can occasionally find a way to co-exist and bring a practical peace through pragmatic collaboration, “where groups work together because they see no other way of accomplishing particular tasks” (Reay & Hinings, 2009, p. 631), both sides sharing influence on the outcome. Collaboration is not always voluntary for all stakeholders, however; colonialism is also a darker form of cooperation between nation-level entities. Some stakeholders will be negatively affected through high-level cooperation, such as in the example of free trade agreements. The full realm of collaboration is far too broad, however, to discuss here, and this study will restrict its analysis to voluntary and positive partnership behavior and value creation.

Literary Context

Within collaboration, there are helpful frameworks for understanding value (Austin & Seitanidi, 2012), best practice (Pertuze, Calder, Greitzer, & Lucas, 2010), and complexity of networks (Cooper & Shumate, 2012). Most literary works are unique to specific cross-sector collaborations, such as those between business and nonprofits, but offer generalizable concepts, such as the works by Austin & Seitanidi. Motives and perceptions have also been explored (D'Este & Perkmann, n.d.), which will be helpful in understanding the human aspect of collaboration - individual humans being the ultimate creators, initiators, and drivers of organizational strategy. The situation and characters that come together in collaboration have been studied in some depth, offering a model to inform what ingredients are most needed for success (Foster & Meinhard, 2002). The concept of institutional logics have been offered, and as well as the idea that competing ideologies can co-exist through collaboration (Reay & Hinings, 2009). There is also literature suggesting possible modes of action to encourage joint-effort, such as government interaction (Guimón, 2013), and assessment tools as to how collaboration initiatives are proceeding (Borrell-Damian, Morais, & Smith, 2014). Edmondson, Valigra, Kenward, Belfield, & Koekoek offer a list of case studies from which to build on intuition (2012).

Literature Review

After conducting a literature review of academic articles and media resources on collaboration, several commonalities of understanding were identified. The media sources tend to be generalized statements of the way collaboration works, commonly lacking in depth and

novelty, while the academic sources are much more detailed and contain highly detailed methods of analysis. With the goal of the study being to construct a framework through which to better understand the workings of inter-sector collaboration, the results within this paper work to produce a categorical system that may be used to provide a conceptual framework for discussion, analysis, or intentional information retrieval.

The Goal of Collaboration: Co-Creation of Value

Two fundamental reasons for collaboration exist: self-interest and the service of others. Both reasons are served through the result of joint-effort, co-creation of value (Austin & Seitanidi, 2012a). Collaboration is the input, co-creation of value is the intended output. The result of an alliance is determined by many factors, such as the essence and form of the relationship and the similarities and differences between the organizations. When collaboration evidently produces more value than the sum of its parts for the participants, self-interest impels teamwork. Indeed, collaboration can be profitable even in its more preliminary stages (Edmondson et al., 2012). Once this initial self-interest threshold is met, the collaboration can establish sustainability, and value begins to accrue to individuals, the organization(s), and society (Austin & Seitanidi, 2012a). As Austin & Seitanidi further state, when a collaborative alliance produces value for society, the participating organizations are additionally benefitted by creating a positive feedback loop. Thus, through collaboration, individuals, organizations, and society can all benefit to a greater extent than the same effort and resources would produce in siloed organizations acting alone, both requiring and empowering the service of others.

“Performance,” based on the ability of an organization to transform resources into value, also understood as the maximization of utility, is the fundamental measuring stick of economics. “Ability to collaborate” can be a source of sustainable competitive advantage for organizations and is increasingly becoming core to the academic, nonprofit, business, and governmental models of the 21st century (Guimón, 2013). Resources ultimately flow from low performing organizations to those that are high performers (Porter & Kramer, 2002). Through collaboration, social and economic profits are realized when increased organizational performance in the form of additional value creation is realized. Therefore, collaboration as a source of value will continue to grow and be utilized in the long run as collaborating organizations outcompete those that are ill-adapted for such cross-sector interaction.

Cardinal Aspects

Through the study of literature addressing cross-sector collaboration, several cardinal aspects materialized. These can be categorized into essence and form of the collaboration, similarity and difference of the participants, and the organizational logic of the participants.

Essence and form. Essence and form encapsulate the “why” and the “how” of collaboration (Blanchard, 2012). Researchers agree that the “essence” of the collaboration - the “why” - must be mutual and articulated in order to produce a successful collaborative relationship. If the goals of the two organizations are fundamentally different and incompatible with a shared vision for the joint effort, the partnership is unsustainable (Austin & Seitanidi, 2012a). Other less invested forms of cooperation may be accessible, however. The essence can

be broken down into conceptual parts, done expertly by researchers such as Austin, Seitanidi, and Blanchard, and acknowledged in the following sections.

The “form,” or the “how,” of collaboration is comprised of the mechanics of the process of collaboration and also requires mutual understanding and agreement, but should only be established after the essence of the partnership exists in a shared vision (Blanchard, 2012). Form is secondary in importance to the essence of the relationship because “the details can always be worked out” (Blanchard, 2012). The form can also be broken down into parts, similarly outlined in later sections.

Similarity and difference. The next general foundation for collaboration is organizational similarity and difference. If organizations are too similar, options for the co-creation of value are limited and the organizations likely compete for resources (Porter & Kramer, 2002). Often, third party organizations are formed to facilitate the collaboration between similar parties, like trade associations, but direct collaboration is rare. If potential partners are too different, however, they lack common ground and are unlikely to produce positive outcomes (Austin & Seitanidi, 2012a). What matters, of course, is the specific ways the organizations differ. The greatest amount of value can be co-created when there are differences in organizational competencies and resources, but similarities in values, organizational structures, and institutional logics (see [Appendix B](#)). When self-interests between organizations align and a sense of service to partners is established, collaboration can thrive (see [Appendix C](#)).

Sources of Value

In *Collaborative Value Creation: A Review of Partnering Between Nonprofits and Businesses: Part I. Value Creation Spectrum and Collaboration Stages* (CVC Part I), Austin & Seitanidi (2012a) define four principal sources from which value originates in collaboration: resource complementarity, resource nature, resource directionality and use, and linked interests. These value sources are the basis for the cardinal aspect of similarity and difference: different enough to have something to exchange, but similar in interests and institutional logics to work well with one another (see [Appendix D](#)).

Resource complementarity. Two entities exhibit resource complementarity when they control resources in relative abundance that the other organization has in relative scarcity. Thus, by trading one resource of abundance for a resource of scarcity, both organization are better off and combined value is increased. The higher the resource complementarity, the greater potential for co-creation of value (Austin & Seitanidi, 2012a).

Resource nature. Partners can contribute generic resources such as money or positive reputation or can leverage more valuable organization-specific resources that drive competitive advantage such as knowledge, capabilities, infrastructure, and key relationships. The nature of resources brought to the relationship, if also complementary, have a large effect on the resulting value. The more partners deploy distinctive competencies, the greater the potential for value creation (Austin & Seitanidi, 2012a).

Resource directionality. The method of deployment is a factor in addition to the nature of resources brought to a partnership. The resource flow can be unilateral, bilateral, parallel, or

conjoined. Parallel but separate inputs can create value, but conjoined intermingling of complementary and distinctive resources that produce new services or activities co-creates new value. The more both partners integrate their resources conjointly, the greater the potential for value creation (Austin & Seitanidi, 2012a; see [Appendix E](#)).

Linked interests. Self-interest powerfully shapes organizational behavior and is understood as the basic foundation for human action alike. Unlike single-sector partnerships, collaborators in cross-sector alliances may have distinct objective functions and no common currency to assess value (Austin and Seitanidi, 2012a). Therefore, it is essential to “first understand clearly how partners view value; second to reconcile any divergent value creation frames; and third to perceive the value exchange as fair” (Austin and Seitanidi, 2012a, p. 730). The more collaborators view their self-interests as linked to the value created through the relationship and the greater the “perceived fairness in the sharing of that value,” the greater the potential for co-creating value (Austin & Seitanidi, 2012a, p. 730). Establishing linked interests creates trust, which may be the single greatest predictor of collaborative success (Austin & Seitanidi, 2012a).

Types of Value

In *CVC Part I*, Austin and Seitanidi (2012a) define collaborative value as “the transitory and enduring benefits relative to the costs that are generated due to the interaction of the collaborators and that accrue to organizations, individuals, and society” (p. 728). A “successful collaboration,” then, can be defined as a mature, functional, sustainable relationship that produces positive collaborative value. Austin & Seitanidi (2102a) further define the four main

types of value that exist within a collaboration: associational, transferred resource, interaction, and synergistic value (see [Appendix D](#)).

Associational. “Associational value” is a derived benefit accruing to a partner simply from having a collaborative relationship with the other organization; credibility is projected between partners. “Reputational enhancement and increased affinity of employees and other stakeholders are manifestations of associational value” (Austin & Seitanidi, 2012a, p. 739).

Transferred resource. Transferred resource value is the “benefit derived by a partner from the receipt of a resource from the other partner” (Austin & Seitanidi, 2012a, p. 731). The nature of the transferred resources and how they are used will determine the significance of the value. Some assets are expendable like a cash or product donation, while other assets are durable like the teaching of new skills. To maintain an attractive ongoing value proposition after initial resource transfer, the partnership needs to “repeat the transfer of more or different assets that are perceived as valuable by the receiving partner” (Austin & Seitanidi, 2012a, p. 731). Essentially, value renewal is essential to collaborative longevity and is the foundation of a sustainable relationship.

Interaction. “Interaction value” is the intangible benefits that are created from the processes of partners working together. Co-creating value both requires and produces these intangibles, for example, “reputation, trust, relational capital, learning, knowledge, joint problem solving, communication, coordination, transparency, accountability, and conflict resolution” (Austin & Seitanidi, 2012a, p. 731).

Synergistic. “Synergistic value” arises from the underlying premise of all collaborations that combining partners’ resources enable them to “accomplish more together than they could have separately” (Austin & Seitanidi, 2012a, p. 731). This value is apparent in the results of the joint effort, and the explicit goal of the relationship usually exists in this type of value.

Synergistic value creation is often greatly driven by innovation that produces entirely new forms of change within the organization due to the commingling of the collaborators’ unique assets, serving as a genesis of significant organizational transformation (Austin & Seitanidi, 2012a).

Porter and Kramer (2002) offer that the ability to find linked interests between organizations and communities “greatly determines an [organization]’s ability to compete” and support emphasis on stakeholder value creation because “social and economic goals are not inherently conflicting but integrally connected” (p. 7).

Motivations for Collaboration

The greatest aspect comprising the essence of a collaboration is motivation. The collaborative value created by linked interests originates in the motivations for cooperation; two organizations working toward the same goal find physical efficiencies and psychological advantages. Organizations in different sectors have distinct core missions: to pursue impact, profit, learning, or to support their constituency. Though core motivations may differ, sub-motives exist that are common across sectors, because sub-motives ultimately produce sustainability and work to support the core motivation. Linked interests are found and cross-sector collaborations exist in this shared motivation space. The understanding of

motivation is important when approaching a partnership because a mismatch here may result in a lack of sustainability in the relationship (Foster & Meinhard, 2002) (see [Appendix F](#)).

Learning. Learning is the primary motivation for academia (D’Este & Perkmann, n.d.) and a subordinate motivation for other sectors. Research suggests that most academics engage with industry to further their research rather than to commercialize their knowledge (D’Este & Perkmann, n.d.). Powerfully stated, “For an elite group of world-class research universities ...strategic collaboration is a top priority. The benefits have long been obvious to these institutions: substantial streams of external funding, enhanced opportunities for professors and [students] to work on groundbreaking research, vital inputs to keep teaching and learning on the cutting edge of a discipline, and the impact of delivering solutions for pressing global challenges” (Edmondson et al., 2012). For higher education as well as for K-12 and the private sector, collaboration empowers the motivation for learning.

Impact. Impact is the primary motivation for the nonprofit sector and a subordinate motivation for other sectors. For nonprofits, alliances with businesses increase their ability to pursue their missions more effectively through receipt of generic resources such as cash, as well as organizationally-specific resources such as infrastructure and know-how (Austin & Seitanidi, 2012a). A 2012 survey done in California reported that three-quarters of nonprofit survey respondents had corporate partnerships, and over four-fifth of companies partnered with nonprofits (Burtch, 2012). Nonprofits can also gain early-stage credibility and enhance their reputations through selection as partners by prominent companies for explicit funding

(Galaskiewicz & Wasserman, 1989). Both parties pursue their impact mission further through collaboration.

Profit. Profit is the primary motivation for companies and a subordinate motivation for other sectors (described as “resource acquisition through operation” in other sectors). “Legitimacy, awareness of social forces, distinct networks, and specialized technical expertise that can head off trouble for the business, accelerate innovation, spot future demand shifts, shape legislation, and set industry standards” are all resources that nonprofits can bring to a company through collaboration (Austin & Seitanidi, 2012a, p. 735). A 2011 study suggests that over a tenth of U.S. companies’ reputations are attributable to corporate citizenship efforts (Reputation Institute, 2011), better known as Corporate Social Responsibility (CSR). Research has documented that philanthropic activities provide “an insurance policy mitigating negative publicity” (Godfrey, Merrill, & Hansen, 2009), though much greater value is derived through higher level integrational CSR efforts. Companies also engage in cross-sector collaboration to attract, retain, and motivate employees (Boston College Center for Corporate Citizenship & Points of Light Foundation, 2005). According to a 2004 survey, nine out of ten consumers report that between comparable brands, they would hold a more positive attitude toward a product or company and over four out of five state that they would likely switch brands to one that supports a social cause (Cone, 2004) The firm’s social commitment was also relevant to individuals for which companies to work for, invest in, welcome into their communities, and recommend to others. Through these channels the profit motivation can also be furthered through collaboration.

Constituency. Constituency is the primary motivation for governmental organizations and a subordinate motivation for other sectors. Resources to government agencies are committed through legislation, and the effort must be directed to furthering specific communities and causes. Specific channels, capabilities, infrastructures, innovative capacity, and networks of nongovernmental organizations can be utilized or subsidized by government organizations to provide broad spectrum benefit to their constituency, which may overlap with the target market of businesses, researchers, or nonprofits. Through efficient collaboration with businesses, nonprofits, and academia, a government can leverage existing infrastructure and tender an immense amount of value to its constituency.

Parameters of Collaboration

The parameters of collaboration are those aspects of collaborative form that deal with a situation's capacity for joint-effort and may limit the ability for the entities to produce higher levels of co-created value. Not all organizations are functionally able to collaborate, despite linked interests that may be present. These limits to collaboration include timeframe, resource complementarity, and organizational fit as defined by Austin & Seitanidi (2012a) in their work, *CVC Part I*.

Timeframe. The natural timeframe of each organization's domain may constrain the nature of the relationship. For example, industry and academia do research on markedly different timeframes as Pertuze et al. (2010) report, "industry is driven by economic and product cycles while academic research project duration depends largely on the time required for a full-time graduate degree program" (p. 88; around two years for a master's degree, four to eight or more

years for a doctorate depending on the field). This potential mismatch of expectations and desired project timelines would require a partnership to cope with the conflicting timeframes of its participants or evolve accordingly.

Resource complementarity. This subject was discussed in the above section titled, “Sources of Value,” which addressed where value is derived in collaboration. To no surprise, if resources are not complementary and value cannot be created through resource or capability exchange, the ability to collaborate is limited.

Organizational fit. The concept of organizational fit includes, “missions, resources, management, workforce, target market, product, culture, business cycle, evaluation, and cause” and the similarities or differences between them (Berger et al., 2004, p. 70). Gourville and Rangan’s (2004) model shows how appropriate fit allows the partners to generate value beyond the ‘first-order’ direct benefits of enhanced revenues for the company and fees for the nonprofit, to produce ‘second-order’ associational benefits, including strengthening relationships with employees, investors, and the larger community, and for the nonprofit greater name recognition and a widening of its donor base. Good fit is an essential component that enables (or restricts) the generation of synergistic value, and the better the fit, the greater the value creation (Austin & Seitanidi, 2012a; see [Appendix G](#)).

Levels of Resulting Value

Value from collaboration can be best understood to accrue on distinct levels, appropriately called “micro,” “meso,” and “macro,” (defined below) referring to the level of the individual, the organization, and the society, respectively (Austin & Seitanidi, 2012b). This

concept was mainly presented in Austin & Seitanidi's (2012b) *Collaborative Value Creation: A Review of Partnering Between Nonprofits and Businesses. Part 2: Partnership Processes and Outcomes* (CVC Part II; see [Appendix H](#)).

Micro. Collaboration can produce benefits for individuals in two ways: instrumental and psychological. For example, instrumental benefits can include “new or strengthened managerial skills, leadership opportunities, technical and sector knowledge, and broadened perspectives while psychological benefits encompass the individual’s satisfaction from contributing to social betterment and developing new friendships with colleagues from the partner organization” (Austin & Seitanidi, 2012b, p. 948). The micro-level benefits are largely underexplored in the literature, despite the broad acceptance that implementing collaborative programs benefit a broad range of stakeholders beyond the partner agents (Austin & Seitanidi, 2012b). Any interaction between individuals or value that accrues to individuals is considered to be on the “micro” level, which can also be seen as the internal effect within organizations.

Meso. The meso level of the collaboration framework involves inter-organizational efforts to collaborate, as well as the value that accrues to the participating organizations. Organizations benefit from most of the value that accrues to its individual members because happier, healthier, more inspired, and better-educated workers are good workers, though not all value that is appreciated by members affects the organization. The overall targets and motivations that drive inter-organizational collaboration, like working together to produce additional impact, profit, or learning exist at this level.

Macro. The “macro” level is concerned with action and value on the societal level. Society is made up of individuals and organizations, so any value that accrues to them can be considered as benefiting society, less any external costs that result from the action (Porter & Kramer, 2002). The ultimate effect of collaborations, however, is to benefit society as a whole. Individuals completely unconnected with the collaborating organizations receive the benefit of their work, as the results perpetuate past first-order relationships to the second and third-order, like a wave rippling outward from the collaboration through society (Gourville and Rangan, 2004). Macro effects can be seen as the effects that accrue “externally” to the collaborating organizations.

Stages of a Collaborative Relationship

As in normal human relationships, collaborations naturally progress as trust is gained and the benefit of the relationship becomes understood. Trust allows collaborators to justify the commitment of greater amounts and quality of resources and responsibilities to the relationship and receive more commitment from their partner, and the relationship moves along Austin & Seitanidi’s (2012a) *Collaborative Continuum* ([Appendix I](#)). These stages are defined well in Austin & Seitanidi’s (2012a) *CVC Part I* (see [Appendix J](#)).

Philanthropic. In philanthropic collaborations, resource flow is primarily unilateral (Austin & Seitanidi, 2012a). Though philanthropy invokes skepticism as a collaborative act, researchers have labeled it as such because of the resulting furtherment of both parties goals, done in a way that wasn’t possible alone. This transferred resource value enables the nonprofit or academic organization to pursue its mission, the completion of which generates social value or

learning, as the donor improves its competitive landscape (Porter & Kramer, 2002). As the most basic form of collaboration, philanthropy produces the least amount of co-created value. Porter and Kramer (2002) assert, “Philanthropy can often be the most cost-effective way to improve its competitive context, enabling [organizations] to leverage the efforts and infrastructure of nonprofits and other institutions” (p. 9).

Transactional. In the transactional stage, resource flow shifts from unilateral to bilateral, and the partners have an explicit reciprocal exchange of more valuable resources (Austin & Seitanidi, 2012a). The types of collaborations that characterize this stage include, “highly developed employee volunteer programs, CRM, event and other sponsorships, name and logo licensing agreements, various certification arrangements, and other specific projects with clear objectives, assigned responsibilities, programmed activities, and predetermined timetables” (Austin & Seitanidi, 2012a, p. 739). There is higher resource complementarity between partners, and the nature of transferred resources the partners’ are deploying are more specialized, with greater value-generating potential. The partners have linked interests in that creating value for oneself is dependent on creating value for the other. Collaborative value creation tends to be “more quantifiable and the benefits to the organizations more direct; however, there is less certainty regarding the realization of improved societal welfare” (Austin & Seitanidi, 2012a, p. 739). Selsky and Parker (2010) consider transactional collaborations as arising from a “resource dependency platform,” primarily for self-interest and secondarily for social good.

Integrative. Austin & Seitanidi (2012b) state, “A collaboration that evolves into the integrative stage changes the relationship in many fundamental ways, including the value

creation process. Organizational fit becomes more synchronous: partners' missions, values, and strategies find much more significant congruency as a result of working together successfully and developing deeper relationships and greater trust" (p. 742). Though benefits to the partners remain a priority and the partnership is seen as integral to the strategic success of each organization, a higher priority is placed on producing societal betterment, this growing emphasis emerging from core values and a socially integrated value chain. Good collaboration produces better collaboration, creating a virtuous cycle in which positive feedback encourages further investment, which produces better results, and so on. A complementary value frame fit within the relationship occurs as the relationship progresses over time on Austin & Seitanidi's (2012a) *Collaboration Continuum* and value creation logics are reconciled.

Partners increasingly use more of their key assets and core competencies in a combined fashion rather than isolated or in parallel (Austin & Seitanidi, 2012a). There is immense organizational work in integration, but the rewards can be tremendous as the "[conjoined resources] create an entirely new constellation of productive resources, which in turn holds potential for co-creating greater value for the partners and society through synergistic innovative solutions" (Austin & Seitanidi, 2012a, p. 742). Whereas transactional collaborations tend to be clearly defined and for a specified period, in the integrative stage continuous innovative co-creation has a different dynamic, requiring "sustained commitment" to deal with the "inherent uncertainty of innovation" (Kanter, 1999, p. 130). The intangible assets that are produced include "trust, learning, knowledge, communication, [innovation], transparency, conflict management, social capital, social issues sensitivity, have intrinsic value to partnering organizations,

individuals, and the larger society but, in addition, are enablers of integrative collaboration and seen by many as essential to co-creation of value” (Austin & Seitanidi, 2012a, p. 731).

Transformational. The transformational stage of collaboration moves beyond the integrative stage to an even higher level of convergence, the focus shifting to co-create transformative change at the societal level. There is shared learning about social needs and partners’ roles in meeting those needs within the relationship, and partners not only agree on the social issue relevant to both but also on their “intention to deliver transformation through social innovation” (Austin & Seitanidi, 2012a, p. 743). The external stakeholders actively participate in the transformation process, and the group aims to create “disruptive social innovations,” representing collaborative social moonshot entrepreneurship that “aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large” (Austin & Seitanidi, 2012a, p. 744).

The partners level of trust allows for much greater interdependence and transformational collaborative relationships can even result in an entirely new, technically third party hybrid organization. Austin & Seitanidi (2012a) capture the reason for such a high level of collaboration well, “the collaboration’s transformative effects would not only be in social, economic, or political systems but also change each organization and its people in profound, structural, and irreversible ways” (p. 744). They also offer a big thinking paradigm for collaboration, “as the social problems being addressed become more urgent or complex, the need to involve other organizations in the solution also increases, giving rise to multi-party, multi-sector collaborations” (p. 744).

Collaborative Dynamic

The collaborative dynamic is an aspect of form that exists somewhere between the lines in the literature and amounts to the primary sense of the state of the relationship. The relationship is in one of three primary dynamics: formational, co-creation of value, and institutionalization. Austin & Seitanidi's (2012b) *CVC Part II* offers the operational stages of formation, co-creation, and institutionalization that can be related by what leadership is primarily focused on within the relationship, amounting to the group's general dynamic.

Formation. The formation dynamic is when a stage of the relationship is new and a “feeling out” occurs, which includes the assessment of partners, initial investment, buy-in, and risk management (Austin & Seitanidi, 2012b). This kind of dynamic between organizations has the effect of identifying and mitigating risks before a deeper investment is undertaken, as well as assessing whether the organization's values and goals are compatible. The initial investment establishes the collaboration as real, and the partners begin to share more information with one another. Initial skepticism reduces the potential for damage if incompatibilities are found between organizations. Skepticism by members of the organization is reduced over time by collaborative champions that work to assure their peers that the complex situation will produce positive results; this establishes buy-in by other organization members. Boundaries are established that are designed to manage reputational and tangible risks associated with collaboration (Austin & Seitanidi, 2012b) and trust is built. This dynamic is symptomatic of early stage collaborations, more so in the philanthropic or transactional stages (see [Appendix K](#)).

Co-creation. This dynamic is when the collaborative participants have established a working trust and are getting on with the business of co-creating value. This dynamic is symptomatic of transactional and integrative stages of collaboration that are effectively content with the current extent of their relationship (see [Appendix L](#)).

Institutionalization. Should collaborative partners find that they provide each other a significant amount of value and organizational fit exists, the two may work to institutionalize the relationship. Institutionalization is a more formal agreement where the two begin to invest greater resources over longer durations. This dynamic is symptomatic of collaborations in the integrative and transformational stages, becoming more interdependent as the two work to develop a deeper relationship and co-create more value (Austin & Seitanidi, 2012b). This may include the changing of an organizational model to incorporate the collaborative relationship within the value chain (see [Appendix M](#)).

Conclusion: A Collaborative Framework

In accordance with the goal of this study to produce a practical tool to be used by practitioners to navigate cross-sectoral collaboration in response to the literature, a framework for enhanced understanding is here introduced. Cross-sector collaboration is a vast and complicated topic, but productive models to approach the subject can be formed.

As uncovered in the literature, the characteristics and considerations of a collaborative relationship include the generalized cardinal aspects of essence and form, and similarity and difference, which can be broken down into and/or supplemented by the concepts of: sources of value, types of value, motivation, parameters, levels of value, stages, and dynamic. The sources

of value originate from resource complementarity, resource nature, resource directionality, and linked interests. The types of value consist of associational, transferred resource, interactional, and synergistic value. The motivations for collaboration differ between the academic, business, nonprofit, and governmental worlds. The constraining parameters of a joint-effort include timeframe, resource complementarity (comprised of resource nature, resource directionality, and resource use), and organizational fit (comprised of linked interests and organizational structure). The value produced in collaboration accrues to the micro, meso, and macro levels. The stages of collaboration include the philanthropic, transactional, integrative, and transformational stages. The dynamics of collaboration include formation, which consists of assessment, initial investment, and buy-in; co-creation of value; and institutionalization. By doing an evaluation of these aspects of a target collaboration, an analyst can gain a higher-level understanding of where the collaborative relationship is and where the relationship is headed. With this understanding, reasonable expectations can be set for the joint-effort and strategies can be developed to avoid potential roadblocks and maximize the co-creation of value.

The Cross-Sector Collaboration Workbook. The assessment of collaborative relationships is an in-depth process, prompting the creation of *The Cross-Sector Collaboration Workbook: A Framework for Successful Collaborations* as a guide to practitioners and participants in collaborative relationships (see [Appendix N](#)). The goal in studying collaboration was to understand joint-effort better and to discover how to improve collaborative outcomes. To make the greatest impact, action supplemental to an academic literature review was taken. The format was chosen as a practical guide that academics, for-profit business people, nonprofit leaders, or public sector workers could utilize to better understand the value of collaboration and

to better inform their collaborative decisionmaking. The guide is designed to inform the reader, then to walk him through a diagnostic process that empowers action. The intended result is positive collaborative outcomes. Rumelt & Thompson's *Steps in Strategic Thinking* and Austin and Seitanidi's (2102a) *Collaborative Value Creation Framework* are integrated and leveraged to produce a logical step-by-step process to analyze potential collaborative relationships.

Areas for Further Study

Once a strong cross-sector generalized framework has been established and peer reviewed, quantitative analysis can be conducted. Clear next steps would be to find and consult a database of collaborations, likely through government or industry membership organizations, and code the qualitative aspects of the organizations and relationships. Statistical analysis can then be carried out on historical data for insights. These quantitative results may be more motivating to certain practitioners and more easily communicated, where qualitative reports require a greater investment and time to put into local context. A library of cross-sector collaborative case studies modeling those found in publications such as the Harvard Business Review would provide an excellent platform to share analysis, educate future researchers, and illuminate areas of interest.

Conclusion

Joint efforts can be complex and involve risk, though much can be mitigated through proper initial analysis of possible partners and prudent planning with the help of a framework. Further risk mitigation is incorporated through iterative processes of formation, co-creation, and institutionalization of the parties over time. Greater value can be created for individuals, organizations, and society when the timeframe, resource complementarity, and organizational fit

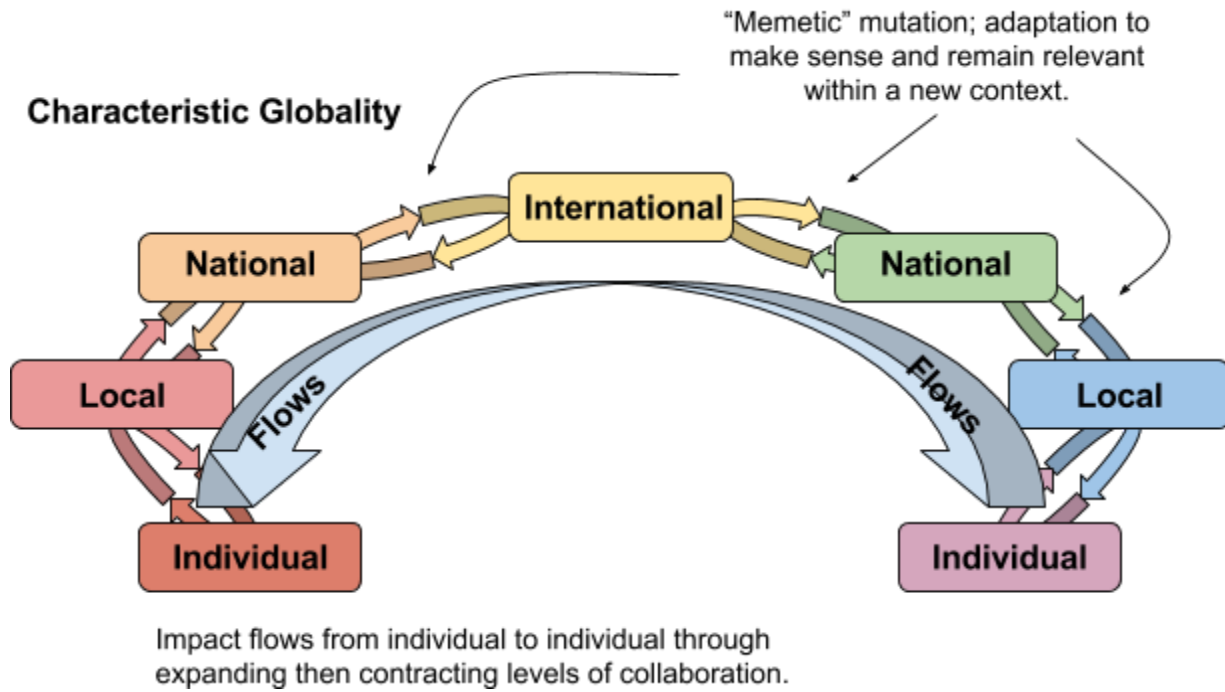
of partners are conducive to success. As the positive feedback cycle of collaboration turns, relationships move toward deeper levels of trust and commitment, integrating the alliance into institutional value chains or even acting as a genesis of organizational transformation. Higher levels of collaboration result in greater co-creation of novel value for stakeholders. Through this process, cross-sector collaboration provides a powerful source of competitive advantage and value creation for organizations in all sectors.

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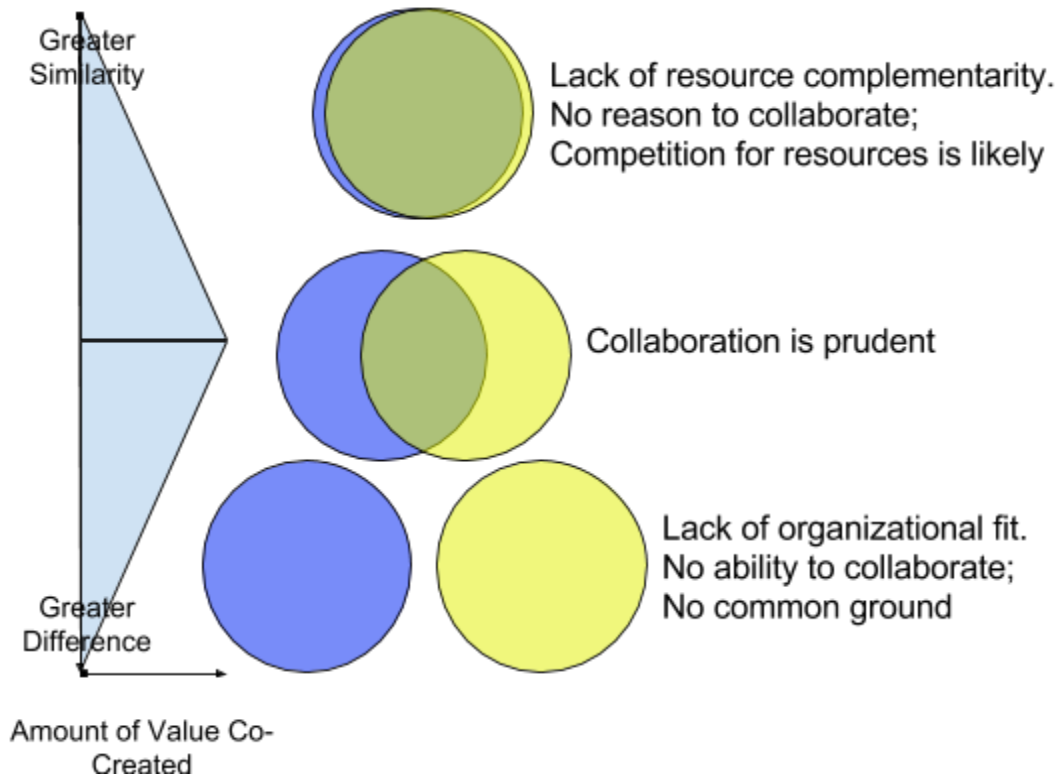
Appendices
Appendix A: Characteristic Globality



[Return to section: Global Relevance](#)

Appendix B: Organizational Difference in Collaboration

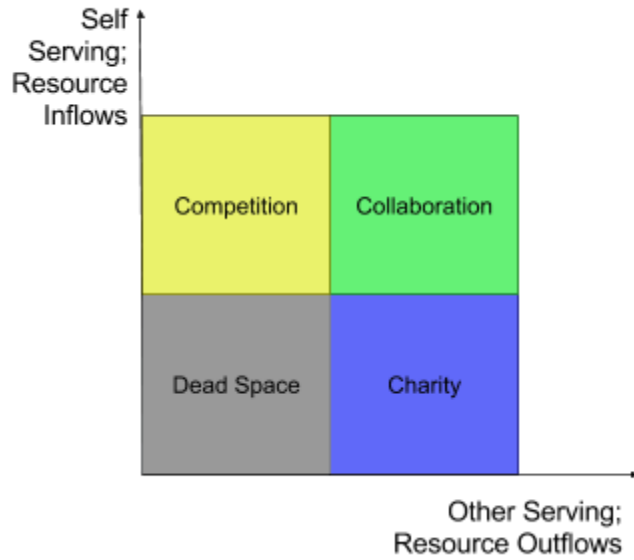
Organizational Difference in Collaboration



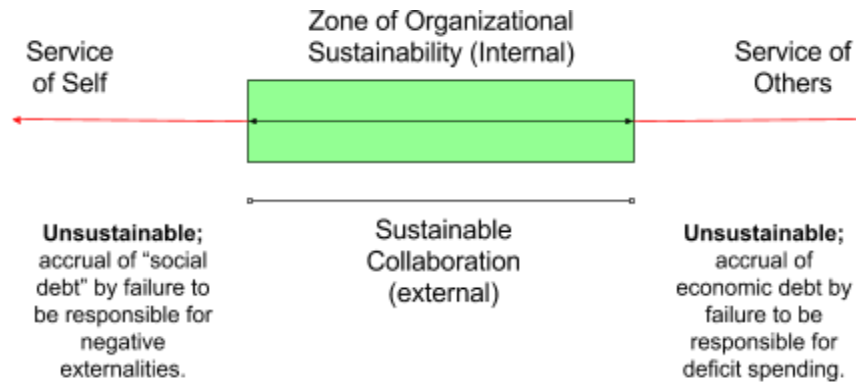
[Return to section: Cardinal Aspects](#)

Appendix C: Intersection of the Service of Self and Others

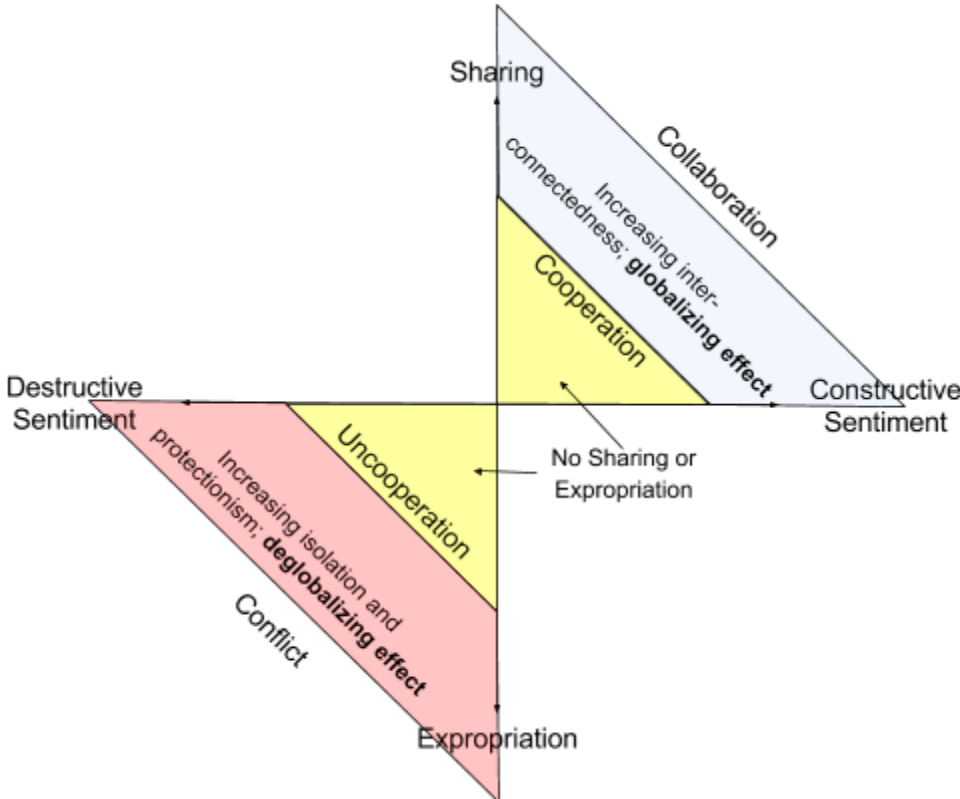
Intersection of the Service of Self and Others



a.



b.



c.

[Return to section: Cardinal Aspects](#)

Appendix D: The Collaborative Value Creation Spectrum

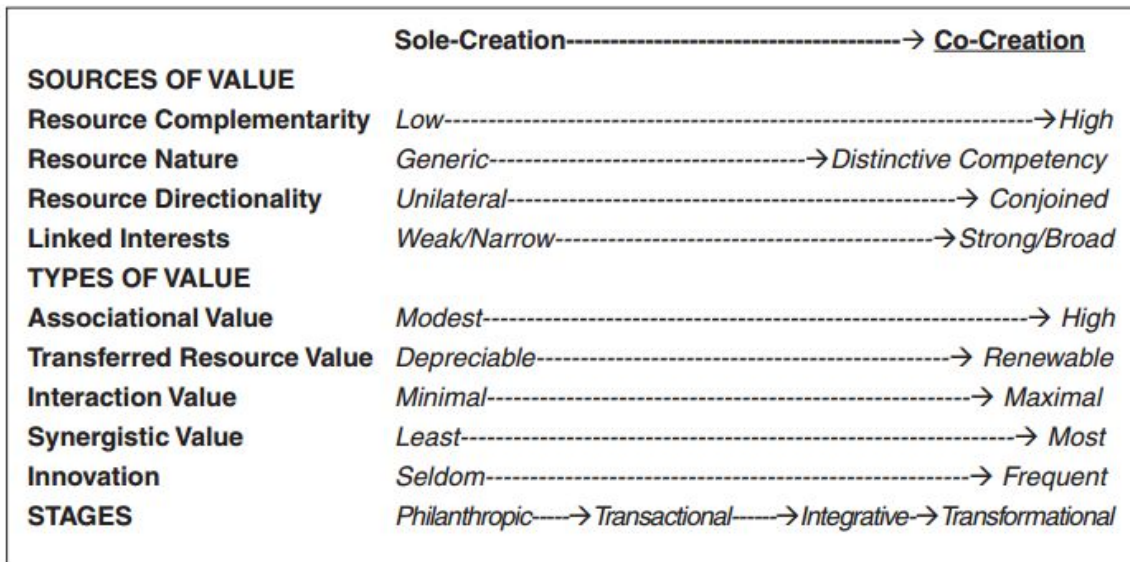
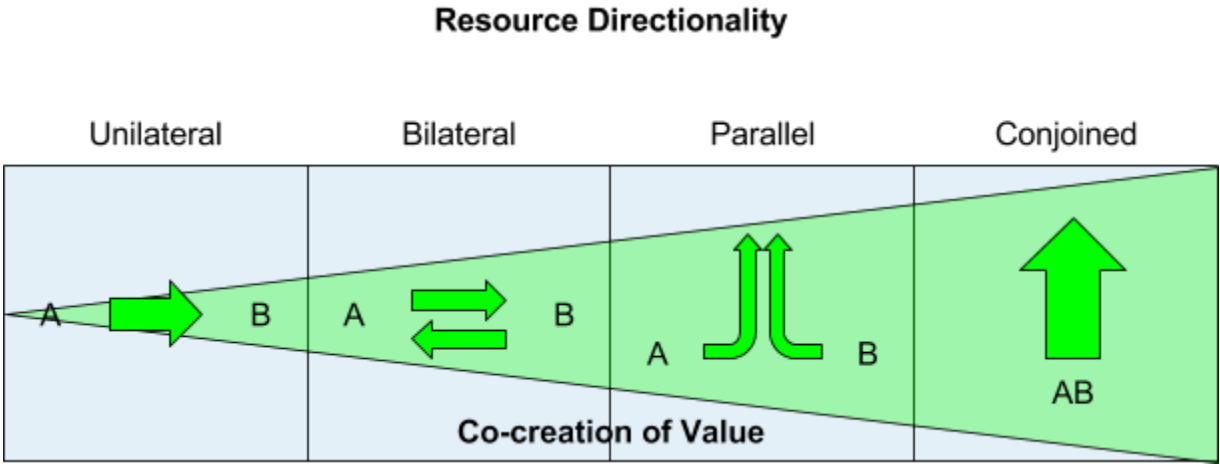


Figure 2. Collaborative value creation spectrum

Austin & Seitanidi (2012a)

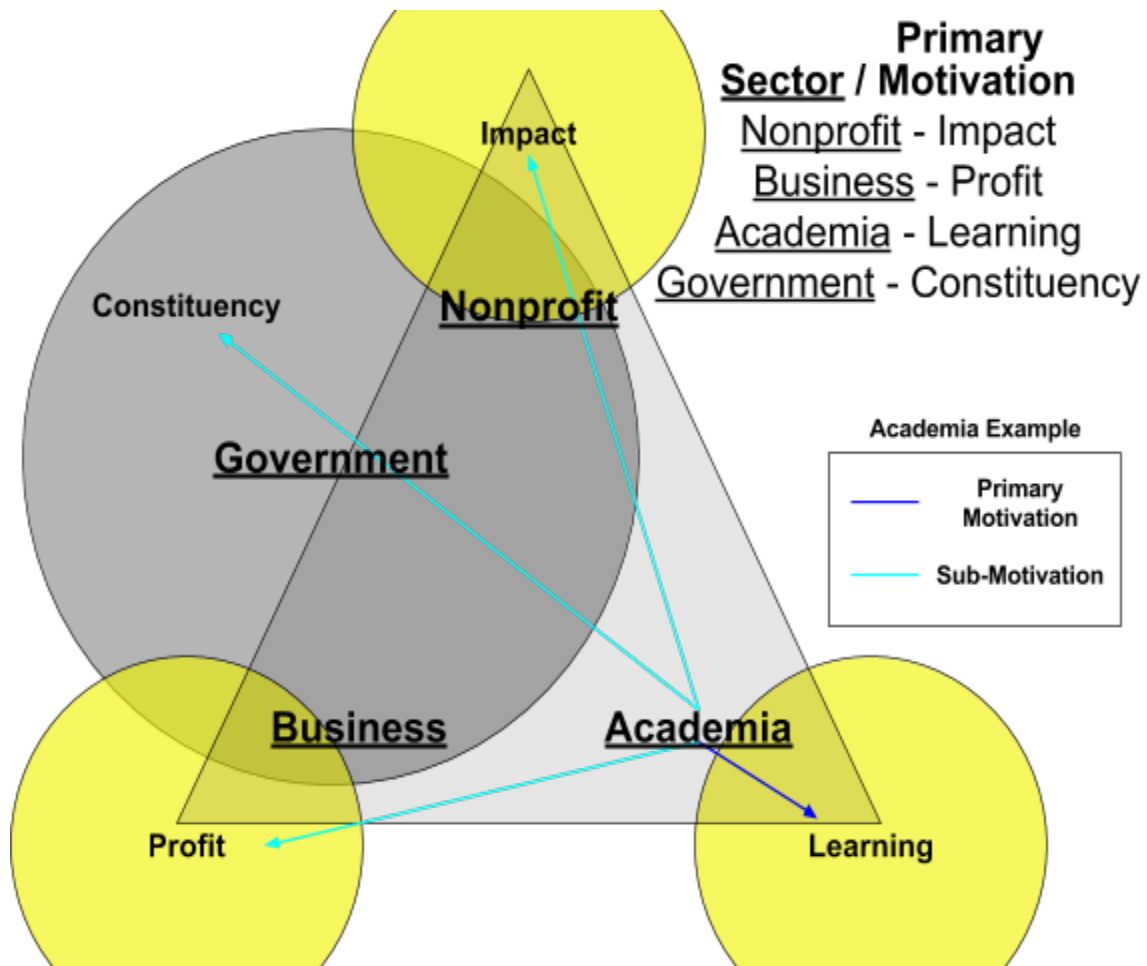
[Return to section: Sources of Value](#)

Appendix E: Resource Directionality



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Appendix F: General Sectoral Motivation Space



[Return to section: Motivations for Collaboration](#)

Appendix G: Partnership Formation: Organizational Fit

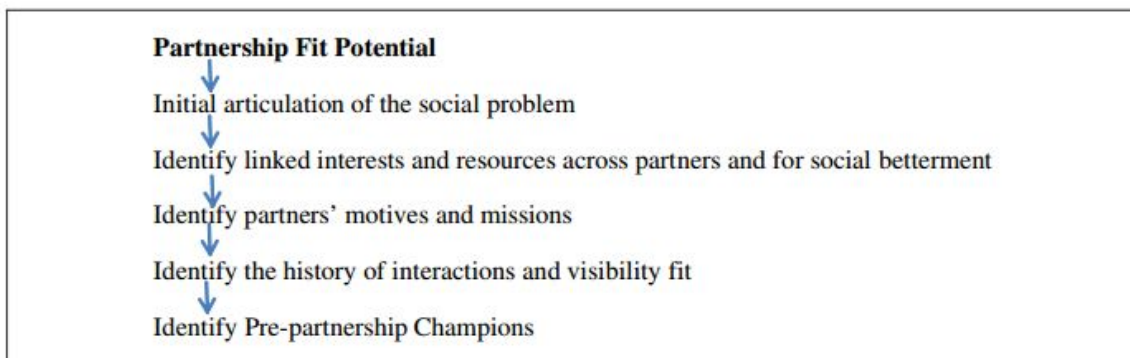
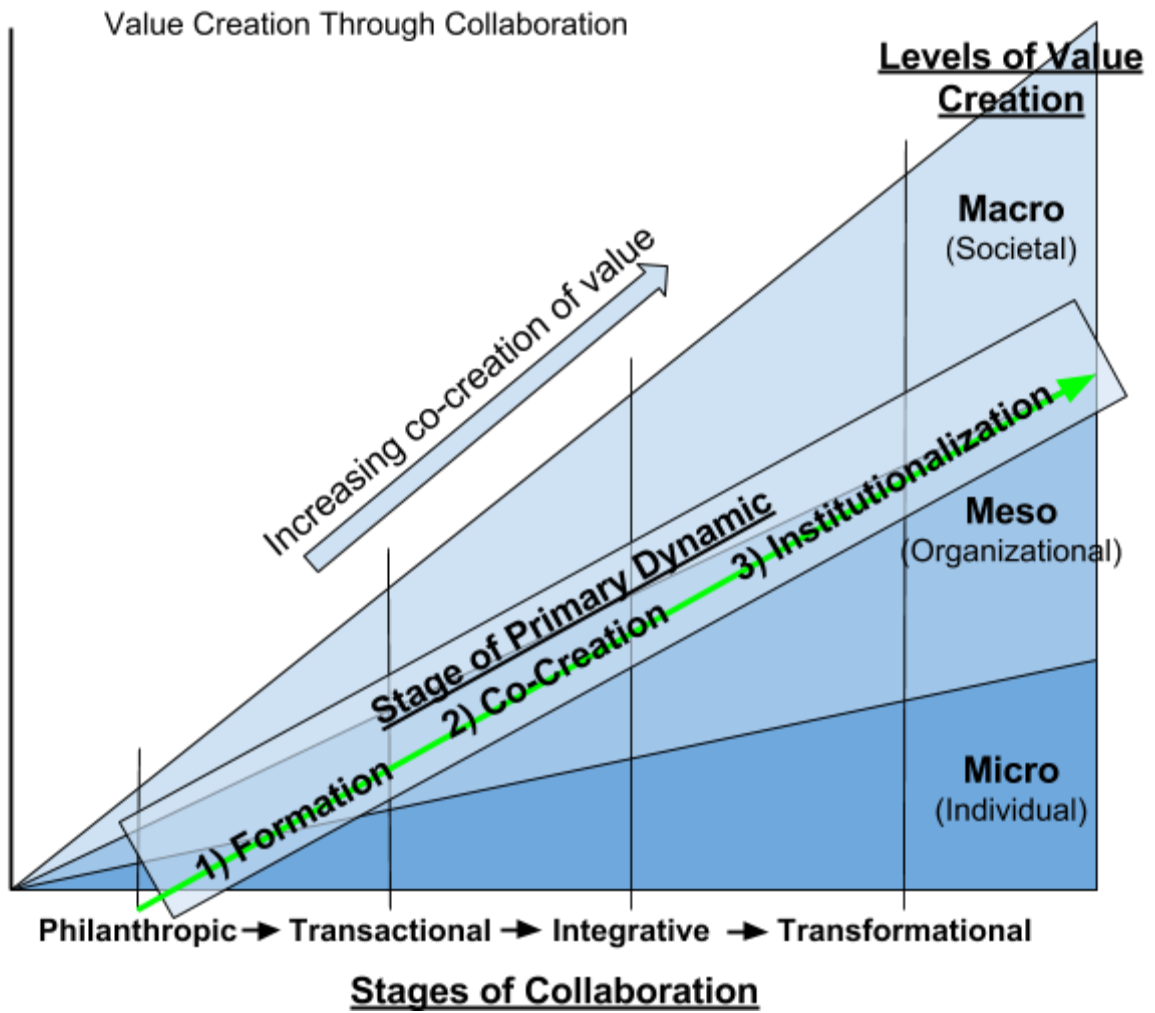


Figure 1. Partnership Formation: Organizational Fit

Austin & Seitanidi (2012b)

[Return to section: Parameters of Collaboration](#)

Appendix H: Value Creation Through Collaboration



[Return to section: Levels of Resulting Value](#)

Appendix I: The Collaboration Continuum

	<u>Stage I</u>	<u>Stage II</u>	<u>Stage III</u>	<u>Stage IV</u>
NATURE OF RELATIONSHIP	<i>Philanthropic>Transactional>Integrative>Transformational</i>			
• Level of Engagement	<i>Low←-----→High</i>			
• Importance to Mission	<i>Peripheral ←-----→Central</i>			
• Magnitude of Resources	<i>Small←-----→Big</i>			
• Type of resources	<i>Money←-----→Core Competencies</i>			
• Scope of Activities	<i>Narrow←-----→Broad</i>			
• Interaction Level	<i>Infrequent←-----→Intensive</i>			
• Trust	<i>Modest←-----→Deep</i>			
• Internal change	<i>Minimal←-----→Great</i>			
• Managerial Complexity	<i>Simple←-----→Complex</i>			
• Strategic Value	<i>Minor←-----→Major</i>			
• Co-creation of value	<i>Sole-----→Conjoined</i>			
• Synergistic value	<i>Occasional←-----→Predominant</i>			
• Innovation	<i>Seldom←-----→Frequent</i>			
• External system change	<i>Rare←-----→Common</i>			

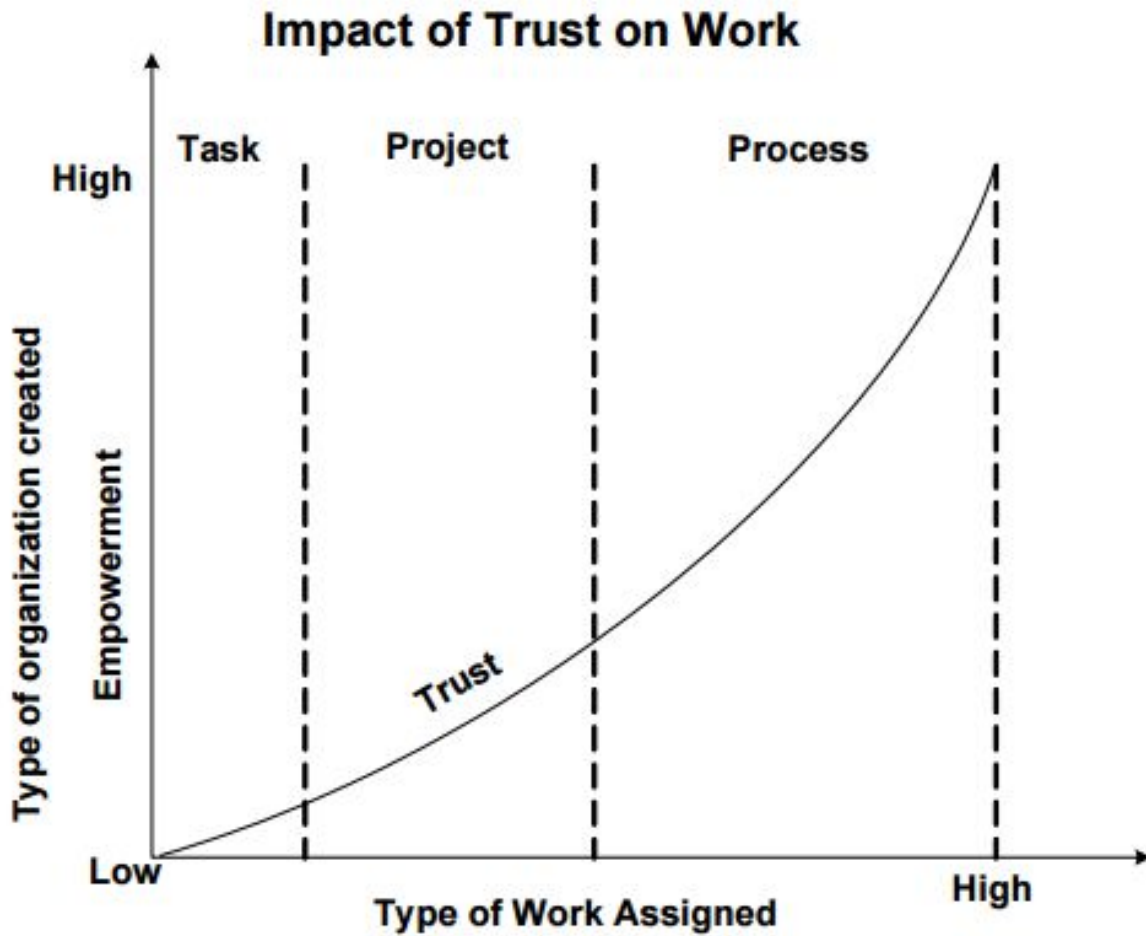
Figure 1. The collaboration continuum

Source: Derived from Austin, J. E. (2000b). *The Collaboration Challenge: How Nonprofits and Businesses Succeed Through Strategic Alliances*. San Francisco, CA: Jossey-Bass; Austin, J. E. (2000a). Strategic Alliances Between Nonprofits and Businesses. *Nonprofit & Voluntary Sector Quarterly*, 29(1), 69-97.

Austin & Seitanidi (2012a)

[Return to section: Stages of a Collaborative Relationship](#)

Appendix J: Impact of Trust on Work



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Inman (2013)

[Return to section: Stages of a Collaborative Relationship](#)

Appendix K: Partnership Selection for Co-Creation of Value

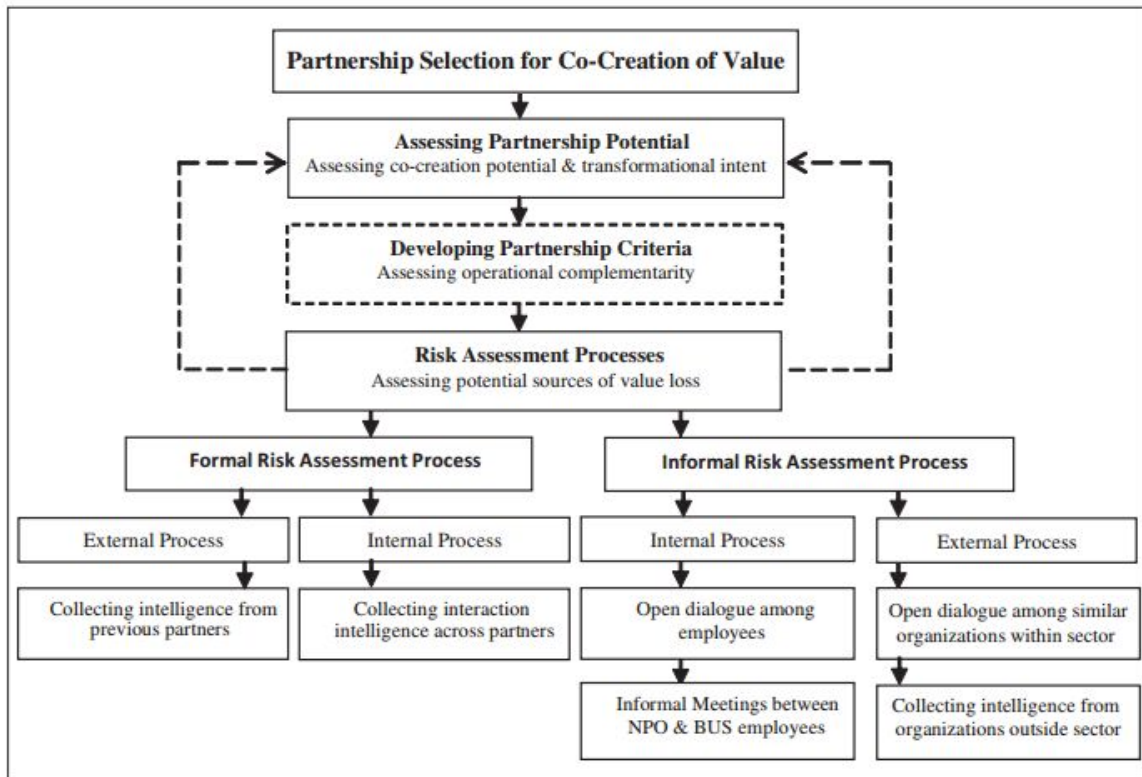


Figure 2. Partnership Selection for Co-creation of Value
Adapted From Seitanidi and Crane (2009)

Austin & Seitanidi (2012b)

[Return to section: Collaborative Dynamic](#)

Appendix L: Partnership Design & Operations

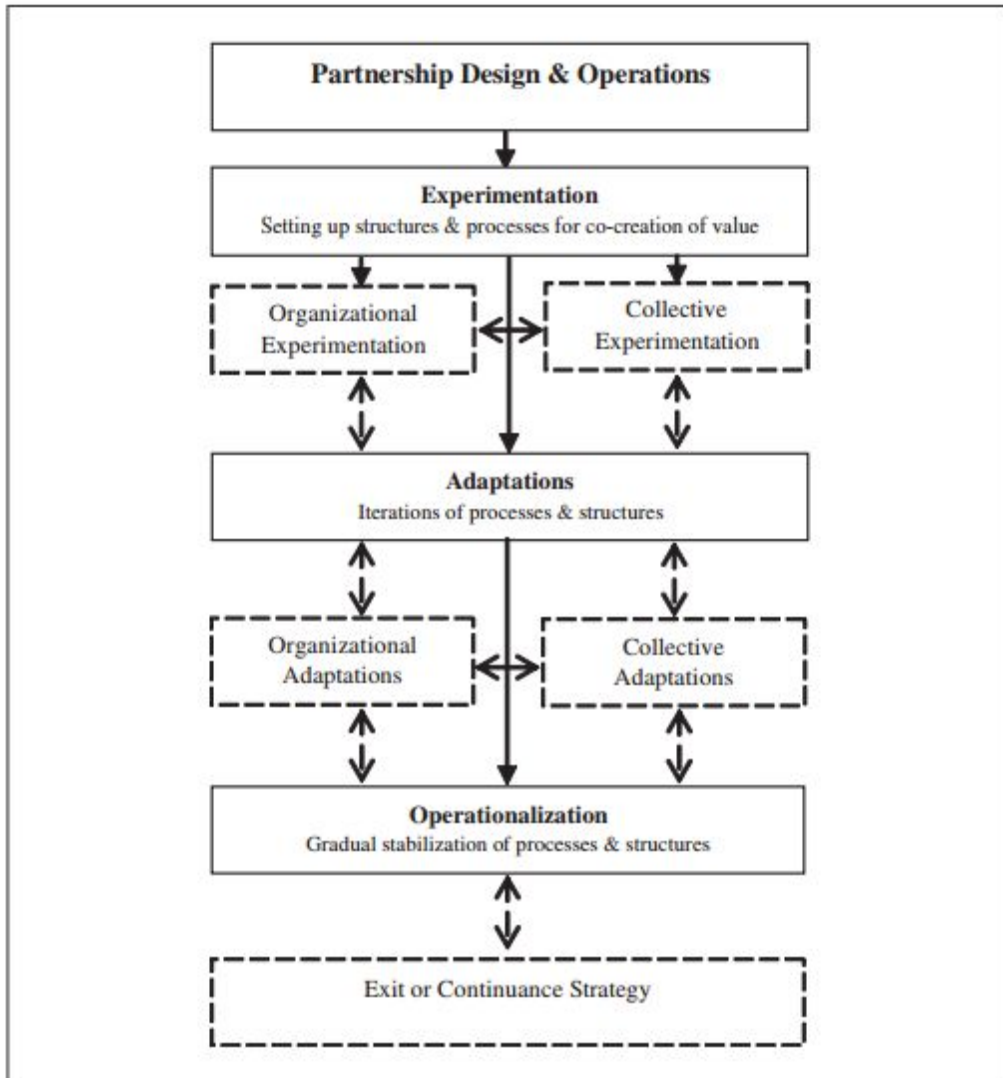
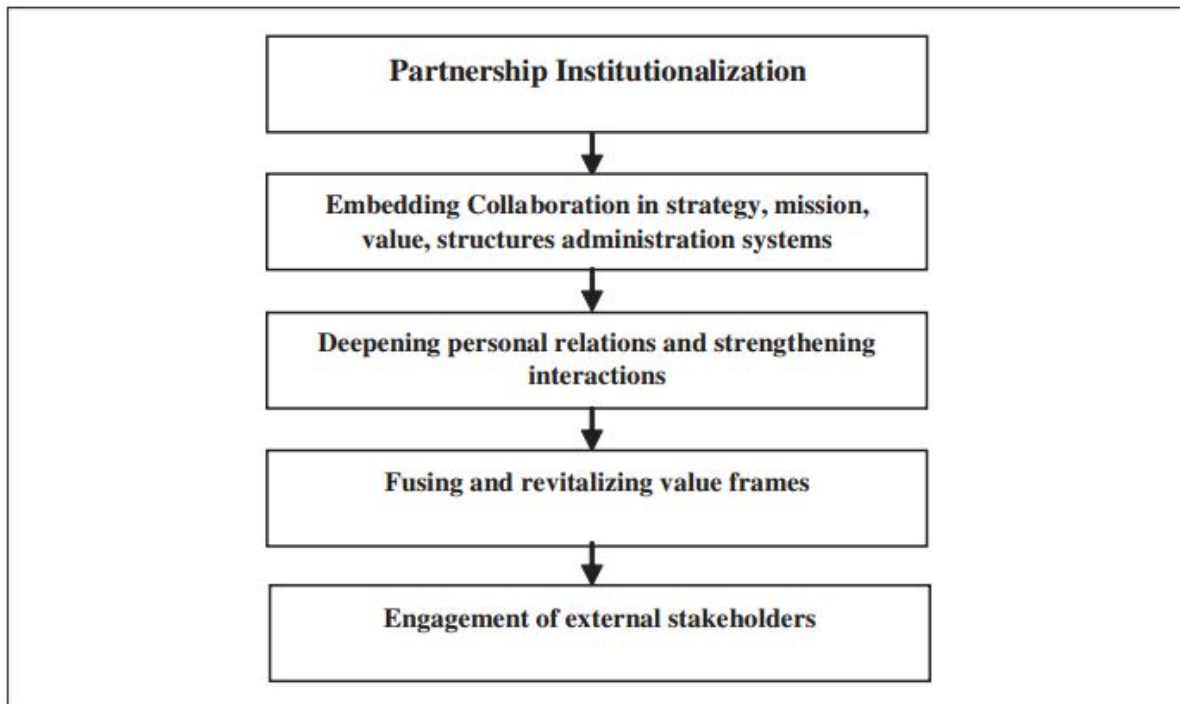


Figure 3. Partnership Design and Operations

Austin & Seitanidi (2012b)

[Return to section: Collaborative Dynamic](#)

Appendix M: Partnership Institutionalization**Figure 4.** Partnership Institutionalization

Austin & Seitanidi (2012b)

[Return to section: Collaborative Dynamic](#)

**Appendix N: The Cross-Sector Collaboration Workbook:
A Framework for Successful Collaborations**

The Cross-Sector Collaboration Workbook: A Framework for Successful Collaborations can be found and downloaded using the following link: <http://bit.ly/CollaborationWorkbook>

[Return to section: Conclusion: A Collaborative Framework](#)