Universitat Ramon Llull

DOCTORAL THESIS

Title	**CROSS-SECTOR SOCIAL PARTNERSHIPS: VALUE CREATION AND CAPABILITIES**
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Dedication

This thesis is dedicated to my parents, Gwen and Wayne Murphy, whose love, support, and generosity allowed me to pursue every dream I ever had with the full confidence that I could achieve anything that I set my mind to.

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Contributions to Scientific Knowledge: Academic Publications and Conferences

Table 1, below, summarizes the contribution to scientific knowledge of this thesis by providing information regarding the articles' publication status and conferences where they have been presented. In addition to the articles that form part of the thesis, an additional article published in the Journal of Management Development during the period of my Ph.D., "Acciona: A Process of Transformation towards Sustainability" (Arenas, Fosse, and Murphy, 2011), and two articles under review for separate special issues of the Journal of Business Ethics, "The Different Paths of Business-Civil Society Interaction: Confrontation, Triads and Emergent Strategies" (Arenas, Sanchez, and Murphy, under review), and "Leading Social Innovation with Care and Compassion" (Pless, Murphy, and Maak, under review), are also shown in the table. The article published in the Journal of Management Development can be accessed via the following link:

http://www.emeraldinsight.com/journals.htm?articleid=1958883&show=abstract.

TABLE 1: Contributions to Scientific Knowledge

Title	Peer-Reviewed	Journal	Status / Issue	Publisher	Other information and conferences
Through Indigenous Lenses: Cross-Sector Collaborations with Fringe Stakeholders	Yes	Journal of Business Ethics ISSN: 0167-4544 (1)	2011, Vol. 94, Supplement 1, pp. 103-121	Springer	Presented at European Academy of Business in Society (EABIS) 8th Annual Colloquium, Barcelona, 23 September, 2009
New Perspectives on Learning and Innovation in Cross-Sector Collaboration	Yes	Journal of Business Research ISSN: 0148-2963 (2)	Accepted 14 July, 2011 for publication by Editor of the Special Issue – Cheryl Nakata	Elsevier	Presented at the 3rd Subsistence Marketplaces Conference, Chicago, 10 July, 2010
Value Creation in Cross-Sector Collaborations: The Roles of Alignment and Prior Experience	Yes	Business & Society ISSN: 0007-6503 (3)	Submitted 29 December, 2011	SAGE	
Acciona: A Process of Transformation towards Sustainability	Yes	Journal of Management Development ISSN: 0262-1711 (4)	2011, Vol. 30 Iss: 10, pp. 1027-1048	Emerald	Presented at the GOLDEN for Sustainability 2nd Development Workshop, Milan, 6 January, 2011
The Different Paths of Business-Civil Society Interaction: Confrontation, Triads and Emergent Strategies	Yes	Journal of Business Ethics ISSN: 0167-4544 (1)	Submitted 29 November, 2011. Under Review 15 January, 2012	Springer	Presented at the annual conference of the European Group of Organizational Studies (EGOS), Gothenburg, Sweden, 7 July, 2011
Leading Social Innovation with Care and Compassion	Yes	Journal of Business Ethics ISSN: 0167-4544 (1)	Submitted 05 June, 2011. Under Review 07 December, 2011	Springer	Presented at the annual conference of the European Business Ethics Network (EBEN), Antwerp, Belgium, 16 September, 2011

The source of impact factors and rankings provided below is the 2010 Journal Citation Reports® published by Thompson Reuters in 2011.

(1) About the Journal of Business Ethics:

The Journal of Business Ethics is one of the 40 journals used by the Financial Times in compiling the prestigious Business School research rank.

2010 Impact Factor: 1.125

5-Year Impact Factor: 1.603

Ranked 59th out of 103 in Business

Ranked 10th out of 39 in Ethics

(2) About the Journal of Business Research:

2010 Impact Factor: 1.773

5-Year Impact Factor: 2.484

Ranked 33rd out of 103 in Business

(3) About Business & Society

2010 Impact Factor: 1.220

5-Year Impact Factor: N/A

Ranked 57th out of 103 in Business

(4) About the Journal of Management Development

The Journal of Management Development is a peer-reviewed academic journal published through Emerald since 1982 that disseminates articles in the subject area of Human Resource Management. The journal's key focus is on conceptual innovation and practical application to enhance the field of management development thinking, practice and research.

Chapter 1: General Introduction

This research focuses on various aspects of cross-sector inter-organizational relationships (IORs), where alliances between firms and civil-society organizations are formed to address complex societal dilemmas. The overall goal of this work is to contribute to the literature on cross-sector alliances by exploring the specificities of capabilities required to engage effectively in IORs where partners and alliance goals differ greatly from business-to-business alliances.

The core contributions of this thesis are based upon three individual, though interrelated, articles. Before presenting the articles, the introduction situates the research within the relevant literatures, highlights gaps in the literature and related research questions, and provides a brief overview of each of the articles, including hypotheses or propositions proposed, key contributions to the literature, and limitations of the research findings. Following the presentation of the articles in their complete form, a conclusion section summarizes findings from the thesis and outlines directions for future research.

1.1 The Relevance of Cross-Sector Collaboration

Cross-sector collaborations[1] cover a wide range of IORs along a continuum from those with aims of conflict-resolution (Gray, 1989), to those with philanthropic purposes (Austin, 2000), to transactional oriented relationships which rely on a business-case for legitimization (Nijhof, Bruijn, and Honders, 2008), and finally, to integrative alliances in which partners combine competencies and resources in a process of systematic learning with the goal of creating social value (Austin, 2000; Murphy and Arenas, 2011). Such relationships between governments,

[1] This thesis uses the terms 'alliance', 'collaboration', 'partnership', 'relationship', and 'engagement' interchangeably to avoid repetition of the same word. In all cases, these terms refer broadly to relationships between organizations that are or have been ongoing, for at least a period of time, as opposed to once-off interactions.

businesses, and civil society organizations (CSOs) have proliferated over the past twenty-five years, coinciding with a parallel trend of governmental downsizing and privatization, a growing awareness of businesses' responsibility to society, and the efforts of CSOs to locate solutions to a myriad of complex social issues (Austin, 2000; Gray, 1996; Hart, 2007; Seitanidi, 2007; Selsky and Parker, 2005; Waddock, 1991).

The study of cross-sector alliances can be divided into two broad categories. A large body of research concentrates on public-private partnerships (PPPs). PPPs are cooperative institutional arrangements between government bodies and private sector actors (either business or non-profit organizations) to provide public goods and services (Boase, 2000; Peters, 1998; Ysa, 2007) or to address policy issues. Another body of research concentrates on alliances that may include two or more organizations from different sectors, with an emphasis on collaborations between CSOs and businesses. These alliances have been referred to as cross-sector social-oriented partnerships (CSSPs) (Selsky and Parker, 2005) because their aims most often include addressing social or ecological problems that cross sectoral boundaries (Selsky and Parker, 2005; Waddock and McIntosh, 2011). CSSPs may take the form of multi-sector/stakeholder action networks or more focused dyadic or triadic alliances. This latter category of cross-sector social-oriented partnerships, CSSPs, is the focus of this thesis. In particular, the thesis focuses on CSSPs in which businesses and CSOs are the primary – although not the only – actors in the alliance.

Business and CSOs have various reasons – both altruistic and instrumental – for wishing to collaborate. In general, cross-sector collaborations form in order to address a social or environmental issue (Alvord, Brown and Letts, 2004; Murphy and Bendell, 1999; Teegen, Doh and Vachani, 2004). Yet, these collaborations frequently serve multiple purposes. On one hand, they serve society in some way, but on the other, they may also create value for the alliance partners through benefits such as improved legitimacy or reputation, improved employee recruitment, retention or morale, or as a way of improving investor or funder relations, just to name a few (Dahan, Doh, and Teegen, 2010; Greening and Turban, 2000; Inkpen, 2001; Rodrigo and Arenas, 2008).

Businesses frequently enter cross-sector partnerships with CSOs as part of corporate social responsibility (CSR) programs designed to connect with stakeholders. For example, Red Electrica de España (REE), a company that manages the power transmission grid in Spain, entered into collaboration with Fundación Migres, a local ecologist CSO, to consult stakeholders in Campo de Gibraltar County prior to implementation of a project that would have environmental consequences in the area (Arenas, Sanchez, Murphy and Vives, 2011). This collaboration served to include the input of local stakeholders in the project planning process and resulted in them providing a license to operate to the company, thus clearly benefiting both public interests and those of REE.

While businesses may partner with CSOs to engage with and influence their stakeholders, CSOs also enter cross-sector partnerships to influence business. One example of such a relationship is that of Intermon Oxfam’s (IO) engagement with Repsol, a major Spanish oil and gas company. A part of its effort to support the rights of indigenous communities affected by the extractive industries, IO first publicly denounced Repsol’s human rights record in Latin America, then entered into an ongoing dialogue process in which IO advised the company on what its policy on relations with indigenous communities should include and, in some respects, how it could be implemented (Arenas et al., 2011).

In addition to providing a path to influence organizations in other sectors, cross-sector alliances are increasingly seen as a means to innovate and/or gain access to new resources and markets (Hart and Sharma, 2004; Le Ber and Branzei, 2010). For example, engagement with fringe stakeholders – those who are "typically disconnected from or invisible to the firm because they are remote, weak, poor, disinterested, isolated, non-legitimate, or non-human" (Hart and Sharma, 2004, p.10) – has been advocated as a means to achieve creative destruction and innovation beneficial to both business and society (Gardetti, 2007; Gupta and Westney, 2003; Hart and Sharma, 2004; Tennyson, 2003). The idea, supported by innovation studies (e.g., von Hippel, 1988) and literature on open-innovation (e.g., Chesbrough, 2003), is that the knowledge essential to disruptive innovations is located outside the boundary of the firm and its most powerful stakeholders. An example of this is Danone's collaboration with the non-profit Grameen Group in Bangladesh. By working closely with Grameen and members of extremely poor local communities, Danone and Grameen created a social business[2], Grameen Danone Foods, which improved the nutrition and economic welfare of many people in the local area. Through this process, Danone also identified numerous product, process and manufacturing innovations that the company is able to use in other segments of its business as well as to enter emerging markets where the infrastructure for refrigerated dairy products is extremely limited, such as India's (Murphy, Perrot, and Rivera-Santos, Forthcoming).

Unlike the literature related to the broader discipline of strategic management (e.g. Chandler, 1962; Drucker, 1954, Selznick, 1957), the literature on CSSPs is fairly recent, with early foundational studies appearing in the late 1980's (e.g. Gray, 1989; Waddock, 1989). Despite the

[2] Mohammad Yunus defines a social business as "a no-loss, no-dividend, self-sustaining company that sells goods or services and repays investments to its owners, but whose primary purpose is to serve society and improve the lot of the poor" (Yunus, 2010).

proliferation of cross-sector collaborations, such as those described above, and their growing importance to the field of organizational studies and society in general, our understanding of how such alliances work is underdeveloped. More research is required in order to identify what their outcomes are, what causes them to generate value (or not), and what capabilities are required in order to successfully manage and reap value from them (Austin, 2000; Selsky & Parker, 2005).

The importance of CSSPs is underscored at a time when globalization and weak regulatory systems have resulted in a situation where extremely powerful multinational corporations (MNCs) are called upon to self-regulate and, in many cases, offer public goods (Scherer and Palazzo, 2011). The wellbeing of society is ever-more dependent on the ability of CSSPs to define and implement rules and programs that protect society and the environment and address complex societal dilemmas. Although our understanding of the capabilities required for the successful functioning of CSSPs is still quite limited, the importance of these collaborations to society and the environment has never been greater.

Given the relative lack of concepts that help us understand the capabilities necessary to flourish in this domain, the study of CSSPs offers many important open and, perhaps, unasked questions that present an interesting and vital field for further investigation. Before moving on to describe gaps in the literature and research questions that this thesis intends to address, a brief overview of extant cross-sector collaboration literature is provided in the following section.

1.2 Conceptual Platforms

In their 2005 literature review on CSSPs, John Selsky and Barbara Parker noted the broad dispersion of research on CSSPs across academic disciplines and outlined three conceptual platforms, distinguished by differing goal and interest orientations of the research, under which these studies could be aggregated. These were labeled as *resource dependence*, *social issues*, and *societal sector* platforms. The *resource dependence* platform is characterized by research that approaches the study of CSSPs by examining how these partnerships relate to meeting organizational needs or solving organizational problems (Selsky and Parker, 2005: p. 851). The *social issues* platform approaches the study of CSSPs from the perspective of how these partnerships relate to particular social issues rather than organizations (p. 852). Finally, the *societal sector* platform characterizes research on the blurring of boundaries between sectors (p. 853).

A more recent literature review (Kourula and Laasonen, 2010) focused exclusively on studies of non-governmental organization (NGO)[3]-Business relationships between 1998 and 2007 (i.e. public sector partners were not included in the analysis). Rather than categorize studies by conceptual platforms, Kourula and Laasonen (2010) examined how CSSPs have been studied in various areas of "business" research, including the business and society, management, and international business literatures. Of a total of 88 articles on NGO-Business relations published during the focal period of their study, they find that 71 of these were published in the business and society literature, 15 in the management literature, and only 2 articles were published in the area of international business (IB). Given the increased importance of cross-sector relations to the field of business in general, and the fact that twelve of the seventeen articles in the management and IB literatures were published during the last two years of the ten year period studied, it appears likely that there will be a greater demand for research on CSSPs in the mainstream management and IB literatures over the coming years.

[3] This thesis uses the terms non-governmental organization (NGO), non-profit organization (NPO), and civil society organization (CSO) interchangeably. In all instances, these terms refer to organizations that are not part of the government and not conventional for-profit businesses.

1.2.1 Gaps in the Literature

Throughout the various ´conceptual platforms´ and fields of research mentioned above, theories of resource dependence, social exchange, legitimization, efficiency, strategic management, and corporate social performance have primarily sought to explain the motives for collaborations and their ongoing dynamics (Austin, 2000). However, few studies have explored the distinctiveness of CSSPs relative to within-sector partnerships due to differences among sector goal orientations, culture, language, and other factors (Selsky and Parker, 2005). Likewise, extant research has offered little insight into how partners overcome or exploit sector differences in order to learn from each other or learn about the social issues they wish to confront (*ibid*). And, although collaborations between partners from different countries that address transnational or global issues are becoming more frequent, the study of cross-cultural issues in CSSPs has received very little attention (*ibid*).

In addition to these topics that remain to be addressed in the CSSP literature, the conceptual underpinnings of the field need to be strengthened (Kourula and Laasonen, 2010; Selsky and Parker, 2005). One approach to improving the theoretical foundations of the field is to explore how extant theories from closely related areas of study may apply to CSSPs. Many well established theories from organizational studies, and in particular, the field of within-sector alliances, have been absent or infrequently employed in the study of CSSPs (*ibid*), thus presenting plentiful opportunities for further research. Finally, not only does CSSP theory need to be strengthened, but the research methods employed to study CSSPs need further development (Kourula and Laasonen, 2010; Selsky and Parker, 2005). Thus far, the field has been largely reliant on the case study method and this has been appropriate for a new and emerging area of research in need of rich, descriptive, studies that serve to reveal many of the complexities inherent in the wide variety of CSSPs. Nonetheless, after two decades of such research, it is widely recognized that the field is now ripe for theory building by way of large-scale empirical research (*ibid*).

1.2.3 Research Questions

This thesis seeks to address a number of gaps in the literature that have been summarized above and to explore the specificities of capabilities required to engage effectively in IORs where partners and alliance goals differ greatly from business-to-business alliances. The article "Through Indigenous Lenses: Cross-Sector Collaborations with Fringe Stakeholders" (Murphy and Arenas, 2011) includes a review of relevant literature and three-case studies of indigenous-business engagements to explore the questions:

- *How may concepts found in the related but until now, distinct, literatures of cross-sector collaboration and indigenous-business relations inform each other?*
- *What leads to value creation in cross-sector collaborations with fringe stakeholders?*

The second article, "Value Creation in Cross-Sector Collaborations: The Roles of Experience and Alignment" (Murphy, Arenas, and Batista, under review), tests and builds on a theoretical model proposed in the first article, "Through Indigenous Lenses". It uses a survey of organizations in Spain that received 362 complete responses to test and extend theory on the relationships between value creation, prior collaboration experience, and the alignment of partners' missions, strategies, and values in cross-sector collaborations. The article aims to answer the following questions:

- *What type of benefits do businesses and non-profit organizations in Spain expect from cross-sector collaborations?*

- *What are the relationships between prior alliance management experience, alignment of partners, and value creation in cross-sector collaborations?*

Finally, answering the call to explore the fit of extant theories in the within-sector alliance literature to the field of cross-sector collaborations, and to delve more deeply into the capabilities required to learn and innovate via cross-sector alliances, the article, "New Perspectives on Learning and Innovation in Cross-Sector Collaborations" (Murphy, Perrot, and Rivera-Santos, forthcoming) explores the fit of absorptive capacity (ACAP), a concept important to inter-organizational learning and innovation in business alliances, to the context of cross-sector collaborations that operate at the base of the economic pyramid. Addressing another gap outlined above, the article also examines the distinctiveness of CSSPs relative to within-sector partnerships due to differences among sector goal orientations, culture, language, and other factors.

Extant theories of ACAP imply that considerable differences between partners hinder their ability to recognize the value of and acquire the other's knowledge (Cohen and Levinthal, 1990; Todorova and Durisin, 2007). This study considers whether the concept of ACAP is directly transposable to CSSPs, or whether it needs to be adapted to the specificities of such collaborations. The article aims to answer the following questions:

- *In what ways (if any) do differences between cross-sector and business-to-business alliances affect ACAP?*
- *What explains successful processes of learning and innovation in cross-sector collaborations?*

1.3 Supporting Literatures

The articles in this thesis deal with cross-sector collaborations that frequently require organizations to learn and innovate in order to improve social wellbeing and address conflicts between corporations and indigenous communities. Therefore, it is relevant to provide an introduction to subjects that are prevalent in one or more of the articles. These are indigenous-corporate relations, social innovation, and absorptive capacity. This section begins with the primarily descriptive explanation of indigenous-corporate relations, which provides the reader with an overview of the context of CSSPs operating in such settings, and moves on to the more conceptual notion of social innovation before, finally, describing the theoretical notion of absorptive capacity. As each article reviews the literature relevant to its research questions, I only briefly elaborate on each concept here in order to provide a more complete background for the thesis prior to introducing the individual articles.

1.3.1 Indigenous-Corporate Relations

Globalization and the doubling of world GDP (Jackson, 2009) over the past twenty-five years have led to a search for natural resources needed to fuel rapid economic growth. As a result, corporations have come into more frequent contact with indigenous peoples whose territories are perceived in economic terms as untapped natural resources waiting for the taking (Seton, 1999). In spite of attempts by the World Bank and IFC to link the extractive industry to development (World Bank, 2004), there is little evidence to suggest that businesses involved in extractive projects affecting indigenous communities contribute to the reduction of poverty or to positively shaping and implementing policies that benefit these groups (Sawyer and Gomez, 2008; Seton, 1999). To the contrary, the environmental and social costs of extractive activities often outweigh potential benefits (McPhail, 2000).

In addition to the extraction of natural resources from indigenous territories, corporations have sought innovations in consumer products and pharmaceuticals based upon indigenous intellectual property. Some businesses have also engaged in “gene harvesting” in order to find treatments for Western illnesses. Meanwhile, little, if any, of the profits made from such innovations are shared with the indigenous communities from which they originate (Ostergard et al., 2001). Processes of accretion of natural resources and both intellectual and biological property represent the appropriation of valuable assets at deeply discounted rates from economically and politically weak or marginalized populations (Harvey, 2003, p.145).

This practice of “accumulation by dispossession” (*ibid*) has resulted in struggles between corporations, who often have the backing of national governments and international development agencies, and indigenous peoples who, over time, have fashioned various forms of organization to protect their interests. In recent decades, some indigenous groups, recognizing similarities in their historical experiences, have coalesced into a broad-based social movement (Hodgson, 2002). This movement connects local disputes to supportive global campaigns for the protection of the environment and human rights in ways that amplify the abilities of indigenous people to assert and lobby for their own interests. However, in doing so, the indigenous rights movement also risks being co-opted by parallel social movements which may not accurately represent its interests.

In parallel to corporate misappropriation of indigenous assets, some businesses have attempted to engage and partner with indigenous populations, often via established corporate social responsibility (CSR) programs with a focus on stakeholder management. Through infrastructure and development projects and offers of employment, corporations have attempted to gain indigenous consent for projects in their territories. However, such efforts have often served to neutralize and depoliticize indigenous resistance to business activity while ensuring that firms maintain a license to operate in indigenous territories (Sawyer and Gomez, 2008; Seton, 1999).

In general, when businesses have engaged with indigenous communities, local social and environmental concerns have been secondary to the firm's economic interests (Sawyer and Gomez, 2008). Furthermore, seemingly well-intentioned CSR programs are often products of a mind-set that presupposes the superiority of the corporation and the industrialized world over indigenous peoples who are perceived as in need of help and 'development'. Western science and rationality are assumed to be more advanced or simply the norm (Escobar, 1995), while the value of indigenous knowledge is often dismissed.

Indigenous peoples' identity and knowledge systems, closely tied to the ecosystems which they inhabit (Lertzman and Vredenburg, 2005; Seton, 1999; Sawyer and Gomez, 2008), tend to be compatible with long-term environmental sustainability. Despite many cases of abuse of indigenous rights, some cases have shown that collaborations with indigenous communities offer the opportunity to improve environmental plans and assessments by triangulating Western science with indigenous traditional knowledge (Lertzman and Vredenburg, 2005). Rather than remaining mired in perpetual conflict, it is possible that relationships with indigenous communities contain the potential for mutually beneficial innovation rather than merely enabling businesses to anticipate latent sources of problems (Hart and Sharma, 2004; Kanter, 1999). In short, mutual and sustainable benefits may arise from culturally balanced indigenous-business collaborations. The article "Through Indigenous Lenses: Cross-sector Collaborations with Fringe Stakeholders", explores how such relationships could be formed and nurtured.

1.3.2 Social Innovation

The concept of social innovation has gained recent attention in the literature (e.g. Bright & Godwin, 2010; Dawson & Daniel, 2010; Lettice & Parekh, 2010; Mulgan, 2006; Phills et al., 2008), yet the term 'social innovation' is still not widely understood. While the word 'social' is generally understood as having to do with companionship with others[4], 'innovation' refers to something new (such as a product or service) or a new way of doing something that represents a positive and substantial improvement over what came before (Barras, 1986). However, when combined into the term *social innovation*, the purpose of the word 'social' is to describe a class of needs and problems; for example problems of justice, fairness, environmental preservation, better education, or improved health (Phills et al., 2008: 38).

Oxford's Skoll Centre for Social Entrepreneurship and Stanford's Center for Social Innovation, offer helpful clarifications of the concept. Scholars from the Skoll Centre maintain that social innovation refers to "innovative activities and services that are motivated by a goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social" (Mulgan et al., 2007: 8). Meanwhile, scholars from Stanford submit that social innovation is "a novel solution to a social problem that is more effective, efficient, sustainable, or just than present solutions and for which the value created accrues primarily to society as a whole rather than private individuals" (Phills et al., 2008: 36). Ultimately, it is when 'social innovation' is compared to the term 'business innovation' that one may clearly distinguish its character (see table 1 below). The goals, beneficiaries, and originators of social

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[4] American Psychological Association (APA): social. (n.d.). *Dictionary.com Unabridged*. Retrieved March 07, 2010, from Dictionary.com website: http://dictionary.reference.com/browse/social

innovations contrast sharply with business innovations, defined as the multi-stage process whereby organizations transform ideas into new/improved products, services or processes, in order to advance, compete and differentiate themselves successfully in their marketplace (Baregheh, Rowley, and Sambrook, 2009). While social innovation prioritizes bringing benefits to society, business innovation places priority on improving the competitive position of the organization.

While the phenomenon of social innovation resides predominantly within the domain of the public and non-profit sectors (Mulgan et al., 2007), it is as a trend unbound to any single sector, but occurring most often as a result of interaction between and among various sectors of society, including the business sector (Phills et al., 2008). Thus, CSSPs and social innovation share in common the prioritization of social goals over economic ones and combine the knowledge and resources from multiple sectors to tackle *wicked* societal dilemmas, defined as ‘that class of social system problems which are ill-formulated, where the information is confusing, where there are many clients and decision makers with conflicting values, and where the ramifications in the whole system are thoroughly confusing’ (Churchman 1967: B141). In other terms, it is through CSSPs that social innovations are frequently, although not exclusively, created. While CSSPs are a recognized as common means of pursuing social innovation, the BOP and subsistence marketplace literatures suggest that learning from and innovating with non-traditional partners is a necessity in markets characterized by poverty, leading some scholars to argue that BOP innovations are inter-partner co-creations (Sánchez, Ricart, and Rodríguez, 2006; Simanis and Hart, 2008). Due to the inherent association between CSSPs and social innovation, especially CSSPs operating at the BOP, the article “New Perspectives of Learning and Innovation in Cross-Sector Alliances” (Murphy, Perrot, and Rivera-Santos, forthcoming) considers the processes and capabilities necessary to learn and innovate in pursuit of social innovation in subsistence marketplaces.

1.3.3 Absorptive Capacity – A Dynamic Capability

The resource based view (RBV) of strategic management examines the link between the firm's idiosyncratic attributes and performance (Barney, 1991). RBV assumes that the strategic resources of firms within the same industry may be heterogeneous and may not be perfectly mobile, potentially leading to long-lasting competitive advantages for certain firms (*ibid*).

Bearing in mind that the basis for competitive advantage lies primarily in the application of a bundle of valuable resources that are at the firm's disposal (Wernerfelt, 1984; Rumelt, 1984), scholars of strategy (e.g., Eisenhardt and Martin, 2000; Zollo and Winter, 2002) and organizational theory (e.g., Weick and Roberts, 1993; Orlikowski, 2002) point out that organizations develop ways of organizing that result in the development of capabilities which allow competent action in particular domains (Frost et al., 2006: 60). As market circumstances change or attempts are made to enter new markets, organizations need the ability to innovate and adapt in order to compete and survive. Dynamic capabilities have been theorized as the capabilities necessary to integrate, build and reconfigure internal and external competences and resources (Teece, Pisano and Shuen, 1997; Zhara et al., 2006), thus leading to adaptation, innovation, and potentially to competitive advantage.

Linking individual and organizational levels, the concept of absorptive capacity (ACAP) emphasizes the cumulative and path-dependent nature of learning, and highlights the processes, policies, and procedures that enable learning in an organization. First introduced by Cohen and Levinthal (1989, 1990), ACAP has been conceptualized as a particular dynamic capability

(Zahra & George, 2002) which determines the firm's ability to recognize the value of new knowledge, assimilate it, and apply it to commercial ends. This concept has been regarded as one of the most important to emerge in organizational research in recent decades and has been used in over 900 peer-reviewed academic papers (Lane et al., 2006). Moreover, because ACAP deals with learning from external sources of knowledge, it is often studied in the context of strategic alliances. As a prerequisite for learning and innovation through alliances to occur, partner organizations require a given degree of ACAP (Cohen and Levinthal, 1990).

Although sources of innovation have historically been manufacturer or user driven (von Hippel, 1988), today scholars tend to agree that innovation happens more frequently at the boundaries between disciplines or specializations. Therefore, working across boundaries facilitates innovation and the creation of competitive advantage (Leonard-Barton, 1995; Carlile, 2004; Powell & Grodal, 2005) and as a result, collaborations are increasingly necessary to support innovative activities (Teece, 1992). Hagedoorn's (2002) survey of the period 1960-98 reveals a rapid increase in the number of R&D collaborations beginning in the late '70s and continuing through the mid-'90s. Collaborations hold advantages with respect to information diffusion, status, resource sharing, access to specialized assets and inter-organizational learning (Powell & Grodall, 2005). The heterogeneity of partners expands the total base of knowledge which they have to draw from. Broad networks bring exposure to a wider range of experiences, different competencies, and additional opportunities (Beckman & Haunschild, 2002) creating the space for what Leonard-Barton (1995) calls creative abrasion. However, a key challenge to ACAP in learning from alliances is the issue of proximity, or, in other words, the overlap of partners' knowledge. A lack of social, cognitive, organizational, and institutional proximity between partners impedes learning (Boschma, 2005; Carlile, 2004; Lane and Lubatkin, 1998). Therefore, in order for learning and innovation to occur, the concept of ACAP predicts that the right balance is needed between the heterogeneity and overlap of partners' knowledge.

The wide differences in the types of organizations that come together in CSSPs, and the purposes of CSSPs (which often combine social and economic objectives) versus within-sector alliances, indicate that learning and innovation via such alliances would be difficult. While the business-to-business alliance literature has extensively applied the concept of ACAP to explain inter-partner learning dynamics (e.g., Lane and Lubatkin, 1998; Simonin, 2004, among many others), no study has explored whether the concept can be directly transposed to cross-sector alliances and, in particular, those alliances that operate at the Base of the (economic) Pyramid (BOP) or, in other words, in subsistence marketplaces – defined as markets where consumers barely have sufficient resources for day-to-day living (Viswanathan, Sridharan, and Richie, 2010). The purpose of the article "New Perspectives of Learning and Innovation in Cross-Sector Alliances" (Murphy, Perrot, and Rivera-Santos, forthcoming), is to explore the fit of ACAP to the context of CSSPs operating at the BOP.

1.4 Research Methods

Two of the articles in this thesis – "Through Indigenous Lenses: Cross-Sector Collaborations with Fringe Stakeholders" (Murphy and Arenas, 2010) and "New Perspectives on Learning and Innovation in Cross-Sector Collaborations" (Murphy, Perrot, and Rivera-Santos, forthcoming) are primarily of a conceptual nature, but rely on case studies to illustrate the proposed frameworks. The other article, "Value Creation in Cross-Sector Collaborations: The Roles of Alignment and Prior Experience" (Murphy, Arenas, and Batista, under review), relies on the survey method in order to test and build upon particular aspects of the model proposed in the "Through Indigenous Lenses" article. Thus, the articles herein employ a mixture of methods including deductive theory building based on an analysis of extant literature and hypothesis testing by way of a survey. Below, the case study and survey methods are described further.

1.4.1 Illustrating Theory through Case Studies

Case studies are used in this thesis primarily for the purpose of illustrating the proposed conceptual frameworks rather than as a means of inducting theory. However, in spite of the apparent hard distinction made above between deductive and inductive theory building, as it happened, knowledge of particular cases did shape my thinking in regard to the theories to be explored in the literature and how these theories might need to be adjusted. Therefore, although I do not argue that I have induced theory based on case studies, it is fair to say that on the whole my research has vacillated between deductive and inductive inquiry, as extant theory has informed the questions asked and conclusions drawn from case study data and, vice versa, case study data has informed the questions explored in the extant literature.

Given that case studies have played an important role in this research, it is then useful to describe how these case studies have been developed and used. The cases employed in this research follow a comparative case-study design using extreme and polar cases that have been selected in order to reveal aspects of cross-sector collaborations that might not be as visible in less extreme cases (Eisenhardt, 1989) – an approach characterized as theoretical sampling by Glaser and Strauss (1967). The unit of analysis is the organization. However, given that the focus of this thesis is on partnerships, both organizations in the form of the partnership as well as the individual partner organizations are considered.

Extreme cases have been chosen because they can be useful for the purpose of illustrating aspects of cross-sector collaborations that would not be so readily apparent in other cases

(Eisenhardt, 1989; Stake, 1995), such as the often-overlooked aspect of cross-cultural issues in CSSPs (Selsky and Parker, 2005). For the article "Through Indigenous Lenses: Cross-Sector Collaborations with Fringe Stakeholders", cases of collaborations between corporations and indigenous communities – partner types that hold extremely different cultural values – were chosen because the cross-cultural issues that arise in such cases are starkly evident and more open to examination than in cases where cultural difference between partners may exist, but in less obvious ways. Likewise, for the article "New Perspectives on Learning and Innovation in Cross-Sector Collaborations", cases of partnerships operating in subsistence marketplaces were chosen because such markets are considered to be an extreme environment – in contrast to that of highly industrialized economies – in which cross-sector collaborations are necessary for social innovation (London and Hart, 2004; London, 2007; Simanis and Hart, 2008).

In addition to selecting extreme cases, the cases in this study were selected in order to facilitate observation of contrasting patterns in the data by way of comparison between cases (Eisenhardt and Graebner, 2007: 27). This sampling technique "leads to very clear pattern recognition of the central constructs, relationships, and logic of the focal phenomenon" (*ibid*). In "Through Indigenous Lenses", a typology of collaboration types and framework for cross-cultural bridge building are proposed. Three cases were chosen that illustrate distinctly different categories found in the typology as well as contrasting ways in which cross-cultural issues inherent in the partnerships were approached, thus leading to different outcomes in each instance.

In "New Perspectives on Learning and Innovation in Cross-Sector Collaborations", two cases that illustrate differing approaches to social innovation through cross-sector collaboration in subsistence marketplaces were chosen in order to reveal how the different approaches resulted in divergent outcomes. The case that most closely follows the proposed concept of *Relational*

Capacity for Social Innovation (RCSI), results in a rich learning experience for the business partner and a broad range of significant benefits for both society and the firm. In contrast, the case that only partially adheres to the RCSI concept results in fewer benefits and less learning for the firm while also producing a more limited range of social benefits. In summary, we selected extreme cases which not only illustrate aspects of cross-sector collaborations that would be less apparent in more common circumstances, but that also contrasted significantly in the approaches taken, and results generated by the partners, thus simplifying the identification of contrasting patterns in the data.

1.4.2 Survey Method

In early 2011, using a convenience sample based on a contact database held by ESADE Business School, an invitation to participate in a web-based survey was sent via email to 3,486 individuals in Spain who represented organizations in a variety of sectors. A total of 362 complete responses were received resulting in a 10.4% response rate. This response rate is comparable to those of mail surveys involving senior executives and reflects the typically lower response rates of electronic vs. paper-based surveys (Kriauciunas, Parmigiani and Rivera-Santos, 2011). Fifty-five percent of responses were from the non-profit sector, twenty percent from the business sector, and twenty-five percent from a variety of other sectors (e.g. government, consultants and academia).

The survey consisted of a questionnaire that asked respondents: (a) to identify the type of organization they worked for; (b) to identify their organization's level of prior cross-sector collaboration experience; (c) to indicate the type and importance of benefits sought by rating a battery of 20 potential benefits on an 11-point Likert scale; (d) to indicate the degree to which the expected benefits had been achieved using an 11-point Likert Scale; (e) to identify the importance of the alliance to their strategy and mission and the degree to which they shared values with their partner; and (f) to make any other comments they wished about the opportunities and/or challenges presented by cross-sector collaborations. Respondents who answered that they had no alliance experience received a similar set of questions as those with experience, but the battery of benefits was re-worded to ask what benefits “would be” expected from a cross-sector alliance rather than what benefits “were” expected. Respondents with no experience were not asked the questions about the degree to which they shared their partner’s values or the degree to which expected benefits were achieved because such questions could not be answered without reference to an actual alliance experience.

The survey items were originally written in English by the author of this thesis, a native English speaker, then translated into Spanish and Catalan through a professional translation service. One bilingual researcher – the thesis author, who also speaks Spanish – and two tri-lingual researchers (English-Spanish-Catalan) with knowledge of the particular subject area then reverse translated the questions from Spanish and Catalan back into English and agreed on minor changes to the original translations to improve clarity. Respondents were given the option of answering the survey in English, Spanish or Catalan. A total of 346 complete responses were received in Spanish, eleven in English, and five in Catalan.

1.5 Overview of Articles

Following is a brief overview of each of the articles that form part of this thesis, including the key focus of the article, hypotheses or propositions made, key contributions to the literature, and limitations of the research findings.

1.5.1 Through Indigenous Lenses: Cross-Sector Collaborations with Fringe Stakeholders

By considering cross-sector collaborations through the lens of indigenous-corporate engagements, this article yields a more comprehensive understanding of the range of existing cross-sector collaboration types than offered by extant typologies and highlights the importance of cross-cultural bridge building in partnerships with fringe stakeholders.

Based on an analysis of extant literature and illustrated by three case studies, we argue that where collaborations with fringe stakeholders reflect the principles proposed in the 'framework for cross-cultural bridge building', innovation, the promotion of rights, and the sharing of knowledge for mutual benefit are more likely to occur. To the contrary, where the proposed principles are not adhered to, engagements with fringe stakeholders are at risk of following familiar patterns of mistrust and conflict which may be damaging to both the well-being of communities and to the reputations of businesses. Therefore, we suggest that this framework provides a valuable guide to practitioners who wish to develop generative and sustainable relationships with fringe stakeholders. Likewise, we view cross-cultural bridge building as an important contributor to value creation in cross-sector collaborations, which has been absent from previous research. Finally, we propose that where power asymmetry or prior conflict exists in business relationships with fringe stakeholders, it is in the long-term interests of both businesses and such stakeholders to involve a respected and independent third party as a facilitator, as reflected by the sixth principle in the proposed framework for cross-cultural bridge building.

This study contributes to the literature by offering a more overarching typology of cross-sector collaborations than found elsewhere in the literature, by illustrating a model of value creation in cross-sector collaborations with fringe stakeholders which takes into account the importance of cross-cultural bridge building, and by presenting a framework for cross-cultural bridge building with fringe stakeholders.

1.5.2 Value Creation in Cross-Sector Collaborations: The Roles of Experience and Alignment

Extant literature finds that prior alliance management experience (Anand and Khanna, 2000; Kale, Dyer and Singh, 2002; Spekman, Forbes, Isabella and MacAvoy, 1998) and the alignment of partners' missions, strategies, and values (Austin, 2000; Murphy and Arenas, 2011; SEKN, 2004) improve the probability of successful outcomes, i.e. value creation, through alliances. However, empirical studies have not tested these findings on a large scale in the context of cross-sector alliances. Therefore, using a survey, we test and extend theory proposed by extant research on the relationships between value creation, prior collaboration experience, and the alignment of partners' missions, strategies, and values in cross-sector collaborations.

The survey received 362 responses from managers from non-profit organizations (55%), businesses (20%), and a variety of other sectors such as government, consultants, and academia (25%). Based on responses about the benefits sought from CSSPs, the article provides rankings of the key benefits sought from non-profit organizations and businesses with prior experience of cross-sector collaboration, and compares these to benefits of CSSPs expected from organizations that have no prior experience of cross-sector collaboration. In regard to relationships between alignment, prior experience, and value creation, our findings support theory and prior studies that suggest positive effects of alignment and experience on value creation. In particular, we find that prior experience and alignment lead to greater value creation when partners seek to gain influence over other sectors in order to differentiate themselves from their competition (i.e. to gain a competitive advantage). In addition to directly effecting value creation, prior cross-collaboration experience leads to greater degrees of alignment. Moreover, prior experience is found to moderate the effect of alignment on value creation. Therefore, with the benefit of prior experience, alliances report greater degrees of alignment and, ultimately, greater degrees of value creation than in cases where partners are strongly aligned but have no prior experience. Prior experience also influences the type and complexity of benefits sought from cross-sector alliances. That is, organizations with more cross-sector alliance experience tend to set more challenging goals for their alliances, such as addressing societal needs.

This research contributes to the cross-sector collaboration literature in three primary ways. First, as extant empirical research in this field is largely case based and few studies with large sample sizes have been published in peer-reviewed journals, the article contributes to the literature by applying a new method (i.e. a survey) and empirical research based on a large sample size to the context of cross-sector collaboration. In addition, this research contributes to the literature by testing and lending empirical support to earlier conceptual and case-based research (e.g. Austin, 2000; Murphy and Arenas, 2011; SEKN, 2004) that provided propositions regarding relationships between value creation, prior collaboration experience, and the alignment of partners' missions, strategies, and values in cross-sector collaborations. Finally, the research contributes to the cross-sector alliance literature by making the unexpected finding that prior experience moderates the effect of alignment on value creation.

1.5.3 New Perspectives on Learning and Innovation in Cross-Sector Collaborations

This study explores whether absorptive capacity (ACAP), one of the most important concepts in the literature on inter-partner learning and innovation in alliances, can be directly transposed to cross-sector alliances. Because the concept of ACAP has been developed with business-to-business (B2B) alliances in mind, we explore the differences between B2B and business-to-nonprofit (B2N) alliances and consider how these differences may impact the concept of ACAP. Based on the differences identified, a series of propositions are proposed.

The analysis of differences between B2B alliances and B2N alliances operating at the BoP suggests that ACAP is not directly transposable to B2N alliances. Therefore, the concept of Relational Capacity for Social Innovation (RCSI) is proposed as a model better suited to the analysis of learning and innovation in the context of cross-sector alliances, especially those operating at the BoP.

The contributions of this work to the literature are threefold. First, the article contributes to the cross-sector partnership literature by proposing a construct that helps explain inter-partner learning and innovation in B2N alliances. Second, it contributes to the BOP and subsistence marketplace literatures by providing a framework to better understand the process of co-creation and co-innovation in markets characterized by poverty. Finally, the article contributes to the broader inter-partner learning and innovation literatures by analyzing the impact of the type of partners and of the overall goal of the alliance on learning and innovation.

Chapter 2: (Article 1)

Through Indigenous Lenses: Cross-sector collaborations with fringe stakeholders

This article was written by Matthew Murphy and Daniel Arenas. It has been published in the Journal of Business Ethics, ISSN: 0167-4544, in 2011, Volume 94, Supplement 1, pages 103 – 121.

2.1 Abstract

This paper argues that considering cross-sector collaborations through the lens of indigenous-corporate engagements yields a more comprehensive understanding of the range of cross-sector engagement types, emphasizes the importance of cross-cultural bridge building which has received little attention in the literature (Selsky and Parker, 2005), and highlights the potential for innovation via collaborations with fringe stakeholders. The study offers a more overarching typology of cross-sector collaborations and, building on an ethical approach to sustainable development with indigenous peoples (Lertzman and Vredenburg, 2005), proposes a theoretical framework for cross-cultural bridge building between businesses and fringe stakeholders. By incorporating this framework into the literature on value creation in cross-sector collaborations, we suggest a model for value creation in cross-sector collaborations with fringe stakeholders. Finally, using case studies to illustrate the paper's theoretical arguments, we demonstrate the model's usefulness for the analysis and development of indigenous-corporate collaborations.

Keywords: Cross-sector Collaboration; Fringe Stakeholders, Indigenous Peoples, Innovation, Partnerships

2.2 Introduction

The consequences of globalization for indigenous peoples have been twofold. On one hand, the search for natural resources required to fuel global economic growth has resulted in further encroachment into indigenous territories and, in many cases, destruction of both their natural habitat as well as of their culture.[1] In addition, repeated misappropriation of indigenous traditional knowledge, particularly by the biotechnology industry, has benefited corporations and the public in Western societies without a share of the profits returning to originators of the knowledge (Ostergard, et al, 2001). On the other hand, increased opportunities for communication and collaboration have empowered indigenous peoples with the tools to build networks and share knowledge among other indigenous groups and with civil society organizations (CSOs)[2], scholars, activists and, occasionally, with businesses that share their interests (Sawyer and Gomez, 2008). This has subsequently resulted in more visibility for indigenous peoples while strengthening the transnational indigenous rights movement and fostering greater participation in the global arena.

Before continuing, it is important to clarify what the term ‘indigenous peoples’ entails.[3] Like other forms of identity, indigenous identity is a historically contingent, complex, and relational experience (Sawyer and Gomez, 2008: p.8). Thus, it is critical to recognize that indigenous identity is closely connected with the history of colonialism (Purcell, 1998; Seton, 1999). Linda Tuhiwai Smith, in her book *Decolonizing Methodologies: Research and Indigenous Peoples*’ (1999), points out that indigenous populations “share experiences as peoples who have been subjected to the colonialization of their lands and cultures and the denial of their sovereignty, by a colonizing society that has come to dominate and determine the shape and quality of their lives” (p. 7).

The ‘s’ at the end of the term ‘indigenous peoples’ results in an intentionally heterogeneous expression, signifying that those who view themselves as indigenous claim the right of self-determination (Smith, 1999). As such, many groups prefer to use names other than indigenous, such as first nations/peoples, aboriginal, natives, tribes, Fourth World (Seton, 1999), or more particular terms such as Mayan or Maori. Individuals in indigenous communities self-identify as a member and are also accepted as such by the community (UNPFII, 2006). In identifying indigenous peoples, international institutions have generally focused on the “distinctiveness” of their culture and economy and their special attachment to and historical continuity with the lands they have traditionally used or occupied (Sawyer and Gomez, 2008: p. 12).[4]

Returning to our discussion of the consequences of globalization for indigenous peoples, where indigenous groups have the ability to control resources on which businesses are dependent, they may be considered as powerful stakeholders. Yet this is often not the case. Historically, indigenous peoples have been among the most marginalized members of society (Blaser, et al, 2004; Seton, 1999) and, from the perspective of business, they are commonly viewed as “fringe” stakeholders – those who are “typically disconnected from or invisible to the firm because they are remote, weak, poor, disinterested, isolated, non-legitimate, or non-human" (Hart and Sharma, 2004, p.10). However, the push for responsible corporate citizenship by international organizations, transnational civil society, and business-sector initiatives (Waddock, 1988) is having an impact on how businesses interact with indigenous peoples. Additionally, advocates of sustainable development (e.g., Greenall and Rovere, 1999), corporate social responsibility (CSR) (e.g., Nijhof et al., 2004) and social entrepreneurship (e.g., Prahalad and Hart, 2002; Seelos and Mair, 2006) argue that collaborative relationships with fringe groups, such as indigenous communities, may result in shared benefits including improved management of disruptive change, innovative new business ideas (Hart and Sharma, 2004; Tennyson, 2003), and improved planning and assessment of ecosystem-based projects (Lertzman and Vredenburg, 2005).

Collaborations[5] between businesses and CSOs generally exist for the purpose of creating social value (SEKN, 2004) and have been an instrumental mechanism for implementing CSR in recent years (Seitanidi and Ryan, 2007; Seitanidi and Crane, 2009). Such relationships, dubbed by Selsky and Parker (2005) as cross-sector social-oriented partnerships, have sought to address a wide range of social issues, such as environmental sustainability, poverty reduction, economic development, health care, sanitation, and community capacity building (Austin, 2000; Reed and Reed, 2008; SEKN, 2004; Selsky and Parker, 2005). While the field of cross-sector collaborations has begun to receive attention in the management literature (Austin, 2000; Gray, 1989; Gray, 1996; Nijhof et al., 2007; Reed and Reed, 2008; Seitanidi, 2007; Seitanidi and Crane, 2009; Selsky and Parker, 2005; Waddock, 1988), little attention has been directed to cross-cultural aspects of collaborations including partners from different nations (Selsky and Parker, 2005) or to those between corporations and fringe stakeholder groups (Hart and Sharma, 2004) such as indigenous peoples.

The purpose of this paper is to juxtapose literature from the field of cross-sector collaborations with literature and case studies of indigenous-business engagements in order to reveal how each field may be informed by the other. It is our hope that this study will make a contribution to the literature in three ways. First, by considering extant typologies of cross-sector collaborations in light of cases of engagements between businesses and indigenous groups, we propose a typology of cross-sector collaborations that we view as more comprehensive than others found in the literature. Our proposed *Cross-Sector Collaboration Matrix* (Table 1) incorporates a wider range of possibilities than any single extant typology, moving from collaborations focused on conflict resolution to those based on integrative relationships requiring the capabilities of organizations across sectors and cultures to achieve innovative solutions to social problems. Second, through the lens of indigenous-business engagements, the paper offers a framework for cross-cultural bridge building in partnerships between businesses and fringe stakeholders. Finally, by incorporating the framework of cross-cultural bridge building into the literature on cross-sector collaborations, we present a model for developing more sustainable and beneficial relationships between businesses and fringe stakeholders, including indigenous communities.

The paper is organized in the following manner. After the introduction, the second section provides a brief overview of the context in which indigenous-business engagements take place. The third section proposes an overarching typology of cross-sector collaborations before elaborating a model of value creation in cross-sector collaborations. The fourth section uses three cases as examples to illustrate the paper's theoretical arguments. Following the cases, the discussion section reflects on learnings derived from juxtaposing indigenous-business engagements with the field of cross-sector collaborations. Finally, in the conclusion of the paper, we discuss implications of this study for researchers and practitioners and suggest areas for future research.

2.3 Indigenous-Corporate Engagement

> "The needs and interests of political states and indigenous groups are in many ways diametrically opposed to one another. Political states view uncontrolled growth and progress as the highest ideals, while indigenous groups regard balance and limited growth essential to their livelihood. From all appearances these ideas cannot be reconciled. We must reconcile the differences or a great deal of humankind will not survive (World Council of Indigenous Peoples, 1979)."

While the phenomenon of globalization over the past twenty-five years has resulted in the doubling of world GDP (Jackson, 2009), the search for natural resources required to fuel this growth has led to environmental and cultural degradation in regions inhabited by indigenous peoples. As a result of globalization, corporations have come into more frequent contact with indigenous peoples whose territories are perceived in economic terms as "untapped natural resources" waiting for the taking (Seton, 1999). In spite of attempts by the World Bank and IFC to link the extractive industry to development (World Bank, 2004), there is little evidence to suggest that businesses involved in extractive projects affecting indigenous communities contribute to the reduction of poverty or to positively shaping and implementing policies that benefit these groups (Sawyer and Gomez, 2008; Seton, 1999). To the contrary, there is evidence that the implementation of jointly undertaken projects has contributed to the creation of a “new poor” (Sawyer and Gomez, 2008), as the environmental and social costs of extractive activities often outweigh potential benefits (McPhail, 2000).

In addition to the extraction of natural resources from indigenous territories, corporations have sought innovations in consumer products and pharmaceuticals based upon indigenous intellectual property. Some have also engaged in “gene harvesting” in search of unique genetic characteristics of indigenous people that may be useful for the development of treatments for Western illnesses. Meanwhile, little, if any, of the profits made from such innovations are shared with the indigenous communities from which they originate (Ostergard et al., 2001). Such processes of accretion of natural resources and both intellectual and biological property form part of a historical trend which David Harvey has characterized as “accumulation by dispossession” – a range of practices that ultimately enables the powerful to appropriate valuable assets at deeply discounted rates from weak or marginalized populations (2003, p.145).

The practice of accumulation by dispossession has resulted in struggles between corporations, often with the backing of national governments, and indigenous peoples who, over time, have fashioned various forms of organization to protect their interests. In recent decades, ‘local’ indigenous groups, recognizing similarities in their historical experiences, have coalesced into a broad-based social movement (Hodgson, 2002). The formation of this viable, visible, and effective transnational indigenous rights movement has been facilitated by some of the same forces responsible for globalization in general – the increasingly more-affordable, yet uneven, access to transportation and communications technologies that enable the exchange of ideas, experiences, and strategies via international meetings and networks (ibid.). As we will see in the cases that follow, the indigenous rights movement connects ‘domestic’ disputes to supportive global campaigns for the protection of the environment and human rights in ways that amplify the abilities of indigenous people to assert and lobby for their own interests. However, in doing so, the indigenous rights movement also risks being co-opted by parallel social movements which may not accurately represent its interests.

Despite the above criticisms of corporate misappropriation of indigenous assets, some businesses have made attempts to engage and partner with indigenous populations in various ways, often via established CSR programs with a focus on stakeholder management (SM). In some cases, corporations have funded infrastructure and economic development projects. In others, they have attempted to gain indigenous consent by providing social works and services, such as schools and medical clinics. Some have also sought to integrate the indigenous population into the economic venture by providing employment. However, rather than providing compelling examples of collaboration, these efforts have often been considered as serving primarily to neutralize and depoliticize indigenous resistance to business activity while ensuring that firms maintain a license to operate in indigenous territories (Sawyer and Gomez, 2008; Seton, 1999).

In general, when businesses have engaged with indigenous communities, they have primarily done so for instrumental reasons. Meanwhile, local social and environmental concerns have been secondary to the firm's economic interests (Sawyer and Gomez, 2008) and to the concerns of consumers in the industrialized world. Furthermore, in spite of perhaps well-intentioned CSR programs, such endeavors are often launched from a mind-set that presupposes the superiority of the corporation and the industrialized world over indigenous peoples who are perceived as in need of help and 'development'. Western science and rationality are assumed to be more advanced or simply the norm (Escobar, 1995), while the value of indigenous knowledge is too often dismissed.

Such views of cultural superiority and development are in opposition to a notion of sustainable development which recognizes the value and interdependence of biological and cultural diversity (Lertzman and Vredenburg, 2005). Kathy Seton (1999, p.17) sums up the situation with the following provocative rules: "(1) 'The Rule of Indigenous Environments' – "where there are still indigenous peoples with homelands there are still biologically rich environments" (Nietschmann, 1992, p.3; 1994, p.239); and conversely, and strikingly, (2) 'The Rule of State Environments' – non-indigenous environments are almost always destructive of generic and biological diversity (Nietschmann, 1994)."

As indigenous peoples' identity and knowledge systems are closely tied to the ecosystems which they inhabit (Lertzman and Vredenburg, 2005; Seton, 1999; Sawyer and Gomez, 2008), their use of natural resources tends to be compatible with long-term environmental sustainability. Given that the capitalist economic system espoused by many multinational firms and development 'experts' is inherently short-term focused and unsustainable (Hart, 2004; Jackson, 2009), it would be both desirable and wise for firms engaging with indigenous peoples to respect their traditional knowledge (TK). Indeed, collaborations with indigenous peoples offer the opportunity to improve environmental plans and assessments by triangulating Western science with indigenous TK. In their study of a scientific panel comprised of both indigenous tribal elders and internationally recognized Western scientists, Lertzman and Vredenburg (2005) found that not only was the panel successful at arriving at innovative solutions welcomed by both the indigenous and business community but panel members also came to the profound epistemological conclusion that the indigenous peoples' traditional ecological knowledge (TEK) systems provided an external, independently derived reference standard useful for validating, or refuting, Western science.

In short, there may be mutual, sustainable benefits in culturally balanced indigenous-business collaborations. Such relationships contain the potential for innovation rather than merely enabling businesses to anticipate latent sources of problems (Hart and Sharma, 2004; Kanter, 1999). When culturally sensitive managers are able to suspend their common beliefs and accept perspectives that disconfirm the existing shared mental models of the firm, they open themselves up to the potential for incubating, operationalizing, and implementing radical innovations and new business models (Hart and Sharma, 2004).

Thus far, we have provided the context of indigenous-business engagements and put forward the case for relationships based upon respect for indigenous traditional knowledge. The following section focuses on cross-sector collaborations for social purposes. We propose that such partnerships may be enlightened by indigenous-business engagements and, likewise, that the framework for value creation in cross-sector collaborations may also be useful for evaluating indigenous-business engagements.

2.4 Cross-Sector Collaboration

Cross-sector and multi-sector partnerships between governments, businesses, and CSOs have proliferated over the past twenty-five years. This expansion has coincided with a parallel trend of governmental downsizing and privatization, a growing awareness of businesses' responsibility to society, and the efforts of CSOs to locate solutions to a myriad of complex social issues (Austin, 2000; Gray, 1996; Hart, 2007; Seitanidi, 2007; Selsky and Parker, 2005). Businesses have frequently entered cross-sector partnerships as part of CSR programs designed to connect with stakeholders. Recently, engagement with fringe stakeholders has been advocated as a means to achieve creative destruction and innovation beneficial to both business and society (Gardetti, 2007; Gupta and Westney, 2003; Hart and Sharma, 2004; Tennyson, 2003). The idea, supported by innovation studies (e.g., von Hippel, 1988) and literature on open-innovation (e.g., Chesbrough, 2003), is that the knowledge essential to disruptive innovations is located outside the boundary of the firm and its most powerful stakeholders.

The study of cross-sector collaborations is associated with the field of interorganizational relationships (IORs) where theories of resource dependence, social exchange, legitimization, efficiency, strategic management, and corporate social performance have primarily sought to explain the motives for collaborations and their ongoing dynamics (Austin, 2000). Without pretending to be exhaustive, a number of studies (see Appendix 1 for a table summarizing a selection of these contributions) have proposed frameworks to classify cross-sector collaborations based on these differing IOR theories (Austin, 2000; Gray, 1989; Nijhof et al., 2008; Reed and Reed, 2008; Selsky and Parker, 2005). Typologies such as Gray's (1989) consider engagements ranging from conflict to negotiated settlements, neglecting the difference between risk control and innovative solutions to social problems. Meanwhile, others, such as Austin's (2000), extend from philanthropy to integrative relationships, overlooking conflict resolution. However, none include the full range of engagement types, from conflict to integration, observed in relationships with fringe stakeholders.

For the purpose of analyzing cross-sector collaborations, including those between businesses and fringe stakeholders, we build upon the work of the scholars mentioned above to present an overarching Cross-Sector Collaboration Matrix (Table 1) incorporating a broader range of collaborations than existing typologies. The categories, based upon the nature of the relationships formed (Austin, 2000), represent the normative logics, or 'orientations,' of the CSR initiatives of business organizations involved in cross-sector collaboration (Berger et al., 2007). To further illustrate each orientation, we specify some possible motivations and purposes for cross-sector collaboration from the perspective of business and describe potential outcomes for each category. While the matrix represents types of collaborations along a continuum, moving from less-collaborative relationships distinguished by conflicting interests at one end of the spectrum to more-collaborative relationships distinguished by converging interests at the other (Covey and Brown, 2001), this does not imply a sequential progression from one point on the continuum to the next. As relationships develop, or CSR orientations evolve, collaborations may advance from one stage to another without passing through intermediate phases (Austin, 2000; Seitanidi and Ryan, 2007).

Table 1 – Cross-Sector Collaboration Matrix

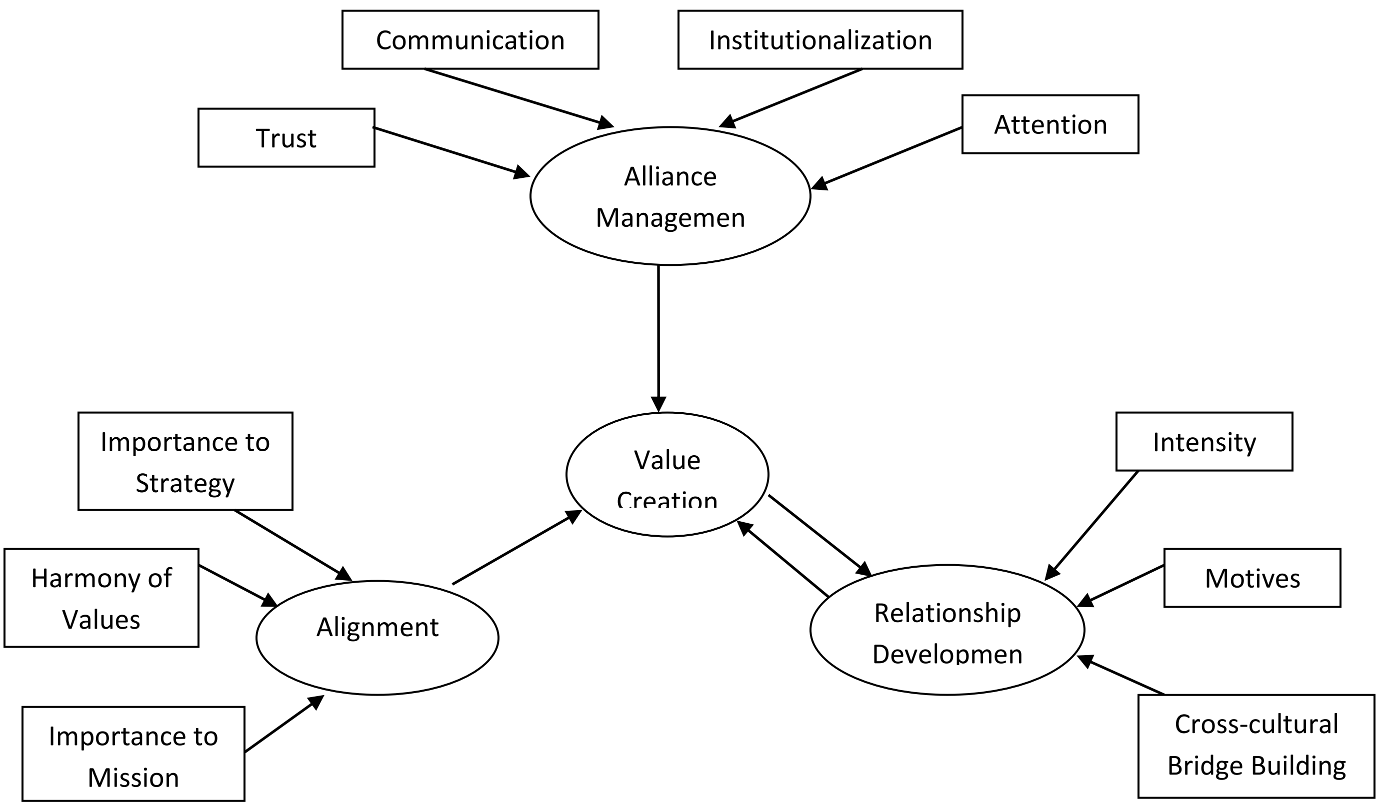
	Categories	Motivation	Purpose	Outcomes
Less Collaborative	**Conflict Resolving Orientation**	Resolution of conflict	Overcoming differences	Negotiated settlement
	Philanthropic Orientation	Values-based Charity	Helping others without expectation of anything in return	Transfer of resources
	Business Case Orientation	Risk control Strategic positioning Process improvement	Stakeholder mgmt Enhancing legitimacy Capacity building	Improved stakeholder relations, public profile, and management processes
More Collaborative	**Integrative Orientation**	Collective action	Achieving innovative solutions to social problems that require capabilities of organizations from multiple sectors / cultures	Innovation Sustainable, mutual benefits Improved validity of environmental assessments by triangulating ways of knowing

Source: The authors

While most studies of cross-sector collaboration have explained the motives for and ongoing dynamics of these partnerships, fewer have dealt with how such partnerships create value. James Austin (2000) and the Social Enterprise Knowledge Network (SEKN) (SEKN, 2004) endeavored to provide an analytical framework and substantiating empirical examples to clarify how cross-sector collaborations arise and evolve. Their studies highlight key factors found to increase the probability for value creation in such relationships.

In Figure 1, we present a model inspired largely by the work of Austin and SEKN. Four factors are identified as being important to the success of cross-sector collaborations: starting and building the relationship; achieving alignment between the organization's missions, strategies, and values; managing the partner interface; and generating value to the partners and the larger society (SEKN, 2004). As represented by the arrows in the diagram, it is conjectured that relationship development, achieving alignment, and alliance management affect value creation. Meanwhile, the creation of value has a reinforcing effect on relationship development. The diagram also presents how different variables contribute to the factors of alliance management, alignment, and relationship development. For example, as symbolized by the arrows in the diagram and explained in more detail later, intensity, motives, and cross-cultural bridge building all contribute to relationship development.

FIGURE 1: Cross-Sector Collaboration Value Creation Model



Source: The authors; inspired by Austin (2000) and SEKN (2004)

Although, due to space limitations, we will not elaborate extensively on each of these factors, it is necessary to highlight some key features of the value-creation model.

Value Creation Value creation refers to the amount and quality of value created for both the firms and CSOs engaged in a partnership, as well as the communities in which the collaboration takes action (Austin, 2000; SEKN, 2004; Tennyson, 2003). As represented by arrows pointing in both directions, value generation is both a product of strong cross-sector relationships and a driver for continued collaboration between the partners – i.e. value creation tends to improve the relationship between the partners involved (SEKN, 2004).

Forms of value created for partners may include a wide range of benefits including, but not limited to, access to new knowledge, expertise, or networks; increased financial or technological resources; improved reputation and name recognition; higher employee morale and retention; and increased consumer patronage (Austin, 2000; Krick et al., 2005; Richter, 2004; SEKN, 2004; Tennyson, 2003). Ultimately, each organization determines for itself what value has been achieved, and, for the collaboration to receive continuous internal support, the benefits must be regarded as useful (Austin, 2000; Tennyson, 2003; Zadek et al., 2002).

Relationship Development A wide range and mix of motivations may exist within and among partners in cross-sector collaborations (Austin, 2000; SEKN, 2004; Tennyson, 2003). More important than the alignment of motivations is their intensity (SEKN, 2004). When intensity is low, a partnership has the least chance of sustainability. In addition to the influence of motivations and intensity on the factor of relationship building, our cases of indigenous-business engagements support other research (Greenall and Rovere, 1999; Krick et al., 2005; Lertzman and Vredenburg, 2005) which finds that cross-cultural bridge building is an essential element for successful relationship development. We conjecture that this will be the case in most collaborations among businesses and fringe stakeholders, given the gulf that is likely to exist between their organizational cultures. Based on the ethical criteria for indigenous-white organizational collaboration presented by Crawley and Sinclair (2003), Lertzman and Vredenburg (2005) suggested seven principles for applying an ethical approach to cross-cultural interactions which promote sustainable development with indigenous people.[6]

By adapting these principles to be more generic, rather than focused specifically on indigenous-business partnerships, and informing them with cross-cultural collaboration literature and our own analysis of indigenous-corporate case studies (Arenas, Sanchez and Murphy, 2009), we propose the following six principles as a theoretical *framework for cross-cultural bridge building* in partnerships between businesses and fringe stakeholders:

1. It is necessary for each organization to have respected individuals as representatives in the collaboration.

2. People who possess strong communication skills and who are culturally literate, empathetic, and open minded are a necessary element of effective cross-sector interaction. Referred to as "Boundary Spanners" (Ansett, 2005; Hart and Sharma, 2004), they play an important role in communication and in educating others.

3. It is necessary to validate outcomes using verification standards that reflect the knowledge systems of all partners involved. This improves measurement validity and fosters acceptance of the outcomes by all partners.

4. Agreements must be informed by the cultural values of communities and CSOs involved.

5. Social institutions particular to the communities and CSOs involved are a crucial component for the co-management of resources and organizational regimes which govern cross-sector collaborations.

6. Where collaborations have been preceded by conflict between the organizations involved and/or power asymmetry between partners exists, respected and independent third-party organizations should be involved as facilitators.

Achieving alignment In general, the closer collaborations fit with the missions, values, and strategies of each partner, the more likely the relationship will be to create value (Austin, 2000; Krick et al., 2005). When collaborating organizations are closely aligned in their causes, they tend to allocate more resources to the project and have fewer incompatibilities throughout their relationship (SEKN, 2004).

Alliance management Focused attention, institutionalization of the collaboration's objectives (Tennyson, 2003), quality and frequency of communication (SEKN, 2004), and high levels of trust (Greenall and Rovere, 1999) are all fundamental for partnership management to thrive. Focused attention refers to the requisite investment of time and energy by top management, as well as to clearly defined responsibility for daily operation of the collaboration by specific individuals in each organization (Krick et al., 2005; SEKN, 2004; Tennyson, 2003).

Clear top management commitment, job descriptions, and incentive structures reflecting the partnership's goals foster improved institutionalization, ensuring that the collaboration does not become overly associated with specific individuals (SEKN, 2004).

Open and clear communication channels between partners are important throughout the life span of the collaboration. Leaders should be easily accessible by their counterparts (SEKN, 2004; Tennyson and Harrison, 2008), and policies should be in place to ensure that internal and external communications about the collaboration, designed to fit the particular needs of each individual audience, are made on a regular basis (Tennyson, 2003).

Finally, trust is fundamental to cross-sector collaborations (Greenall and Rovere, 1999; Krick et al., 2005; SEKN, 2004; Tennyson, 2003). Trust may initially be developed through cross-cultural bridge building activities but must also be present throughout the management of the partnership. Keeping promises, showing verifiable results, providing transparency (Tennyson, 2003), creating accountability, establishing a routine of joint work, and, finally, making long-term commitments to one another are all important variables for establishing and maintaining trust (SEKN, 2004).

In the following cases, we will describe a selection of cross-sector engagements, in various forms, between businesses and indigenous communities. As we examine the successes and challenges in these relationships, it will be useful to bear in mind the categories of cross-sector collaborations shown in Table 1, as well as the framework for cross-cultural bridge building in collaborations among businesses and fringe stakeholders.

2.5 Cases

In the previous section, we have proposed a model for value creation and a theoretical framework for cross-cultural bridge building between businesses and fringe stakeholders, including indigenous communities. In the tradition of theory construction as disciplined imagination (Weick, 1989), this paper is mainly conceptual in nature, with a literature review and theoretical analysis as the main methods for developing the argument. However, we also consider it informative to draw on case studies of relationships between indigenous groups and corporations for illustrative purposes, as they represent extreme examples of cross-sector collaborations. Extreme cases can be useful for the purpose of illustrating aspects of cross-sector collaborations that would not be so readily apparent in other cases (Eisenhardt, 1989; Stake, 1995), such as the often-overlooked aspect of cross-cultural issues in cross-sector collaborations (Selsky and Parker, 2005).

Furthermore, the cases in this study were selected in order to facilitate observation of contrasting patterns in the data (Eisenhardt and Graebner, 2007: 27), as they illustrate three distinct categories of cross-sector collaborations as shown in Table 1 above. The selection of cases also allows the comparison of how corporations from distinctly different industries may approach collaborations with fringe stakeholders. Two cases involve corporations from the extractive industry, a sector dependent on access to natural resources and therefore in need of a license to operate from local communities and/or national governments which regulate the use of these resources. As alluded to in the quotation above from the World Council of Indigenous Peoples (1979), the interests of companies in the extractive industry and indigenous communities are in many ways diametrically opposed to one another, yet, for the survival of both, these differences must be reconciled. In contrast, the third case concerns a collaboration initiated by an indigenous community and involving a company in the fashion industry, a sector where issues of commodity chains, market power, property rights, and knowledge are more prevalent.[7] Rather than merely requiring a license to operate, such a collaboration necessitates a relationship where knowledge is openly shared and jointly transformed in order to co-create a product that neither organization would have been able to produce on its own. By its nature, this type of relationship is one in which partners come to the table on more equal terms, resulting in a qualitatively different type of collaboration. Despite different motivations for collaboration and the obvious differences between industries, lessons drawn from this more-integrative type of engagement may be useful for companies of different sectors, perhaps even for the extractive industry, rather than being exclusive to commodity chains or sectors where knowledge and property rights are at stake.

The first case, below, describes the relationship between BHP Billiton and indigenous communities in Peru, which resulted in a facilitated dialogue process. The second case follows the engagement between Goldcorp Inc. and indigenous communities in Guatemala, which was intended to result in meaningful contributions to long-term poverty alleviation in the region, while meeting appropriate environmental and social guidelines. The final case illustrates a collaboration established between a Spanish fashion company and a Panamanian indigenous community, with the dual purpose of co-creating an innovative fashion brand while establishing a mechanism for the protection of indigenous traditional knowledge in international markets. While the first two cases are based upon secondary research,[8] the final case is based upon ongoing primary,[9] longitudinal research.

2.5.1 BHP Billiton and Indigenous Communities in Peru

With 2008 revenues of $59.5 billion and profit of $15.4 billion, BHP Billiton (BHP) is one of the world's largest diversified resources companies. In 2000, a group of seven Peruvian indigenous communities, the Tintaya Marquiri, Huisa, Alto Huarca, Alto Huancane, Huano Huano, Bajo Hunacane, and the Yauri township forged an alliance with domestic and international NGOs to build a case against BHP’s Tintaya Copper Mine. They accused BHP of unfairly expropriating land, causing water and air pollution leading to the illness of animals and people, and causing a loss of traditional livelihoods while offering few employment opportunities at the mine. Following an inspection of the local situation, the Oxfam Mining Ombudsman outlined community concerns and recommendations to BHP. In 2002, with the facilitation of Oxfam, a "Dialogue Table" was established including BHP, the seven indigenous communities, and two community support groups. Separate commissions were established to deal with concerns regarding land rights, environmental issues, human rights, and sustainable development. As a prerequisite for reducing potential problems, the commissions agreed at the outset that actions could only be taken once consensus had been reached among community members. In December

2004, after three years of negotiation, BHP and five indigenous communities signed an agreement to crystallize advancements that had been made, and BHP agreed to compensate families for lost land and livelihoods and to establish a local environmental monitoring team and community development fund.

The engagement between indigenous communities and BHP, in the form of the Dialogue Table, represents what we categorize in Table 1 as collaboration with a conflict resolving orientation. It arose from the motivation to address grievances raised by local communities, and the purpose of the relationship, "characterized by dialogue and mutual collaboration in which sustainable development is a guiding principle" (Oxfam, 2003, p. 34), was to overcome differences. This was achieved in the form of a negotiated settlement (Gray, 1989), and – adhering to several of the key variables in the Cross-Sector Collaboration Value Creation Model (Fig. 1 above) – the benefits of this process were made possible by the sustained intensity of the partners' motivation to collaborate over a three-year period, their alignment, as represented by each party's desire for solutions grounded in principles of sustainable development, and the open and clear communication channels established as part of the dialogue process. The collaboration also reflects adherence to some of the principles proposed above in the framework for cross-cultural bridge building. Of particular importance was the inclusion of respected individuals as cultural representatives of the communities involved in the dialogue process and the requirement for consensus among all community members before taking actions. Together, these elements of the dialogue process show respect for the social institutions of the indigenous communities. Recognition of Oxfam's role in the dialogue process, as an independent and respected third-party facilitator, is also important. Power asymmetry between partners often leads to a need for intervention by third parties (Reed and Reed, 2008), either in the form of respected independent

CSOs or government agencies. Oxfam's reputation, high international profile, and culturally literate capabilities were instrumental for facilitation of the dialogue process between the indigenous groups and BHP, where a significant power asymmetry existed.

2.5.2 Goldcorp Inc. and Indigenous Communities in Guatemala

Goldcorp is one of world's largest gold producers, with mines in Canada, the U.S., Guatemala, Mexico, Honduras, Dominican Republic, and Argentina. Goldcorp's Marlin Mine is located in the highlands of western Guatemala, an area populated almost exclusively by Mayans. In order to mitigate the political risks associated with establishing the first commercial gold mine in Guatemala to open in recent years, Goldcorp established relationships with the International Finance Corporation (IFC) and a Washington-based NGO, Citizen's Development Corps (CDC). With the support of a USD $45 million loan from the IFC, Goldcorp and CDC founded a Guatemalan NGO, Fundación Sierra Madre (FSM). After receiving the required approvals from the government to open mining operations, Goldcorp, with the assistance of FSM, held numerous consultations with local communities. FSM then established programs to provide health services, increase economic opportunities by supporting microloans, promote environmental awareness, and develop local community capacity.

Despite these efforts, members of one of the affected indigenous communities, Sipacapa, have protested its operations and overwhelmingly voted in favor of stopping mining operations in a local referendum. Environmental NGOs and the local community also mounted evidence of water pollution emanating from the mine. Then, in September 2008, an international tribunal (Tribunal Latinoamericano del Agua) condemned the company for environmental damage and accused the Guatemalan government of ignoring its obligation to gain the prior consent of local indigenous communities required by International Labor Organization (ILO) Convention 169.

Meanwhile, Goldcorp continued mining activity while denying the legitimacy of the local referendum and claims of water contamination made against the company.

This engagement arose from what we categorize in Table 1 as a business-case orientation (Nijhof et al. 2008). Goldcorp's motivation for initiating the collaboration with local communities was driven from a risk-control perspective, and their purpose was to manage stakeholders in the local community and gain a license to operate. In spite of Goldcorp's attempt to do all the right things in terms of stakeholder engagement, controversy arose due to the lack of a transparent process for gaining the consent of the community to establish mining operations. Relating this case back to the Cross-Sector Collaboration Value Creation Model (Fig. 1), the partners in the project appear to lack harmonious values, and, as a consequence, their interests are not aligned. Trust and clear-and-open lines of communication are also lacking, resulting in weak alliance management. Finally, contrary to our proposed principles for cross-cultural bridge building, Goldcorp's approach neither recognized the crucial role that indigenous social institutions would play in the process nor accepted bicultural standards of verification of the environmental impact of their operations. As a result, relationship development has suffered. It is also interesting to note that, among the IMF's own list of lessons learned from the Marlin Mine project (Zevallos et al., 2007, p.10), they state that companies should invite appropriate government agencies and other third parties to join key consultation meetings with local indigenous communities in order to add credibility to the process and facilitate the delivery of information on certain subjects, such as the legal obligations of private companies. It is reasonable to conclude that if a respected third-party organization with a strong reputation and cross-cultural bridge building capabilities were involved in the consultation process from the outset, Goldcorp might have established a more equitable and sustainable collaboration with the indigenous communities and, thus, might have received a better return on its CSR investment.

However, it is relevant to question why third parties involved in this case were unable to facilitate a successful relationship between the indigenous community in Sipacapa and Goldcorp. Community resistance to mining was supported and, some would argue, was fomented by a broad collection of local and international NGOs such as Colectivo Madre Selva, Friends of the Earth, Mining Watch, Rights Action, Global Response, Oxfam America, and the Bank Information Center. Together, these organizations aroused significant opposition to the mine at local, national, and international levels, culminating in a formal request to the World Bank and its Compliance Advisor Ombudsman (CAO),[10] based primarily on the aforementioned violation of ILO 169, to rescind the IFC loan to Goldcorp. Following an investigation, the CAO found no proof that ILO 169 was adhered to by the government of Guatemala and stated, “There has been no genuinely credible neutral voice of informed reason to whom people could turn” (CAO, 2005, p. 38). However, rather than accede to the request to revoke the IFC loan, the World Bank determined that Goldcorp’s own consultation process with the local community was adequate and accused NGOs of spreading rumors “giving misleading views of the effects of the mine on local communities and the environment” (World Bank, date unknown). Given the legitimacy and, as a result, the power granted to Goldcorp by the World Bank and the Guatemalan government, asymmetry between Goldcorp, NGOs, and local indigenous communities persisted. Thus, the company had less incentive to negotiate with local indigenous communities.

This case raises serious concerns for the protection of human rights of indigenous peoples (and marginalized groups in general) when governments and international institutions choose to disregard international conventions such as ILO 169. This results in a situation where NGOs become the primary providers of information to, as well as claim to be the voice of, local communities. Yet, when some NGOs are funded solely by corporations who wish to gain access to resources in the community and others pursue objectives which may be more aligned with their own missions rather than local concerns, communities risk becoming pawns in a game where third parties distort the interests of the communities rather than represent them.[11]

2.5.3 The Kuna of Panama and Victorio & Lucchino

Internationally, the Kuna people are perhaps most famous for the production of *molas* – intricate artisanal textiles which are worn as traditional clothing by Kuna women and sold to foreign tourists in the form of blouses, bags, purses, pillows, or flat panels. Sales of *molas* to tourists and to foreign markets such as the U.S., Europe, and Japan make them one of the top three sources of income for the Kuna, along with tourism and the trade of coconuts (Tice, K, 2008). However, the ability to increase sales proceeds has been limited by the Kuna's inability to design garments to foreign tastes, as well as by competition from non-Kuna businesses that have stolen and mass-produced *mola* designs.

Recently, in an effort to augment their economic development and protect their collective intellectual property rights over the fabrication of *molas*, the Kuna have entered into an alliance with a Spanish fashion company, Victorio & Lucchino (V&L). The collaboration is also supported by respected third parties such as the Panamanian Chamber of Commerce, the Panamanian Ministry of Economy and Finance, the Inter-American Development Bank, the World Intellectual Property Organization, and ESADE Business School, who provide educational, commercial, and legal support.

The central objective of the collaboration is to facilitate access to markets with high purchasing power for producers of *molas*. In order to do this, the Kuna and V&L will co-create a line of high-fashion, ready-to-wear garments while utilizing legal mechanisms that will permit the protection of their innovations and Kuna Traditional Knowledge (TK) in countries outside Panama, where indigenous TK is already protected by Law 20. V&L will transfer important knowledge about high-fashion design and the international fashion industry to the Kuna while benefiting from co-branding and marketing of products developed by their partnership.

The approach of the partnership is unique from the perspective of innovation in three ways. First, the project provides a mechanism to protect collective indigenous TK through a series of patents that will be held by an indigenous-owned business whose shareholders are the indigenous community itself. Second, the Kuna will acquire knowledge from the "first world" and fuse it with their particular TK to develop innovative product designs. Until now, it has been common for businesses from the "first world" to use indigenous TK or creations to develop new products for distribution in Western markets while the indigenous communities have rarely shared in the economic value generated from such strategies. However, in this partnership, the indigenous community will use its access to Western knowledge to develop and internationalize its own brand in markets with high purchasing power.

The engagement between the Kuna and V&L represents what we categorize in Table 1, above, as collaboration with an *Integrative Orientation* (Austin, 2000). In contrast to the other cases, it was an indigenous organization, rather than a business, which instigated the collaboration. From V&L's perspective, they agreed to engage in the partnership not as part of an existing CSR program or strategy based upon a business case but because they found the concept of combining the Kuna's traditional knowledge of *mola* designs with high fashion compelling from the perspective of innovation and because they believed in the importance of establishing mechanisms to protect indigenous TK. Although the relationship is still in its formative stage, many of the principles proposed above for cross-cultural bridge building can be identified. Chiefs from the Kuna community, as well as leading women from local associations of *mola* producers, have been involved in the decision making process regarding the project since its conception. Respect for protocols of the TK and social institutions of the Kuna have also been continuously present in the project. Fitting with Austin's definition of integrative collaboration (2000) and positively contributing to the factors labeled *Alignment* and *Alliance Management* in the Cross-Sector Collaboration Value Creation Model (Fig. 1), the partners share missions, people, and activities and are creating a relationship characterized by the terms "we" and "us," rather than of "otherness." While it is too early to determine if the partnership will create the benefits hoped for, it appears that many of the variables contributing positively to value creation are in place. Finally, as a point of comparison with the cases described above, it is important to note that respected third-party organizations are involved with the project for the primary purpose of building the necessary commercial capacities within the Kuna community that are required in order to engage in such a collaboration.

2.6 Challenges and Opportunities for Cross-Cultural Bridge Building

We find that an analysis of engagements between indigenous communities and corporations is useful for highlighting issues in the study of cross-sector collaborations between businesses and fringe stakeholders that have been lacking in the literature. Conversely, awareness of factors important to value creation in cross-sector collaborations is also informative for evaluating and improving indigenous-business relationships. In particular, our analysis of the literature and case studies of indigenous-business engagements leads us to identify a more overarching typology of cross-sector collaborations (see Table 1) and assists in locating the importance of, and mechanisms for, cross-cultural bridge building as part of the relationship development process in collaborations between businesses and fringe stakeholders.

Bridge building between businesses from Western cultures and communities from non-industrialized or indigenous cultures is a feature of the study of cross-sector collaborations which has not been sufficiently studied. As noted by Selsky and Parker (2005), the area of cross-cultural issues in cross-sector collaborations is practically untouched. The analysis of indigenous-corporate collaborations reveals that cross-cultural bridging is an essential ingredient for the sustainability and success of collaborations that include partners from distinctly different cultures. The emphasis on culture as an important factor impacting indigenous-corporate engagements may also be extended to collaborations between corporations and fringe stakeholders in general (Hart and Sharma, 2004). Additionally, a notable element illustrated in the cases outlined above and in other similar engagements studied (e.g., Arenas, Sanchez, and Murphy, 2009) is that collaborations tend to enjoy more success when respected and independent third-party organizations are involved as facilitators and capacity builders. We conjecture that this will also be the case in cross-sector collaborations in general when conflict has preceded collaboration and power imbalances exist between partners.

While cross-cultural bridge building has been identified as a key ingredient for developing sustainable relationships in indigenous-business collaborations, cultural preparation for such relationships does not apply to business organizations alone. For indigenous-business collaborations to be successful, not only should representatives of the corporation be culturally prepared to engage with indigenous organizations on an equal footing, but indigenous communities must also have, or develop, competencies and capabilities necessary to effectively engage in collaborations with businesses (Greenall and Rovere, 1999; Krick et al, 2005). As some indigenous communities, such as the Kuna, have a long history of interaction with Western society, they may be better prepared to comprehend fully the potential short- and long-term benefits and drawbacks of collaboration with businesses, while indigenous communities with less experience in engagement with businesses may be unaware of the myriad implications of such relationships. Therefore, in some situations, it may be beneficial that capacity-building take place within indigenous communities prior to negotiations or partnerships with businesses. However, as the case of Goldcorp in Guatemala illustrates, the form that this capacity-building takes can also lead to controversy and provoke new difficulties. Corporations may be suspected of wielding undue influence when they fund or manage capacity-building efforts themselves. This again reinforces the benefit that respected and independent third parties, be they from government or civil society, can bring to bear on cross-sector collaborations.

An additional finding from our review of the literature on indigenous-business engagements, and also illustrated in the cases presented above, is that the ability of international institutions and national governments to act as honest brokers and protectors of indigenous rights has a significant impact on both the indigenous and business communities. Where government oversight is weak or a government lacks trust, businesses may use their power to gain unfair advantages over indigenous communities. At a time when 46 private companies have annual revenues greater than the GDP of 131 of the worlds 186 countries,[12] the prospect of corporations circumventing democratic processes and wielding unjustified influence over national governments and international financial institutions (IFIs) is an issue of genuine concern. In many democracies, political parties and individual politicians rely heavily on funding from leading corporate figures and corporations, thus leaving politicians indebted to corporate interests and creating an environment ripe for ‘institutional capture’ – a situation which enables large corporations to promote policies and projects that are beneficial to themselves (Sawyer and Gomez, 2008, p. 24). Meanwhile, IFIs such as the World Bank are strongly influenced by participating member countries (such as the U.S., which appoints the World Bank’s president) that provide the majority of their funding. Thus, through politicians reliant on donations from business, corporations may gain considerable indirect influence over IFIs which themselves influence the governments of developing countries that are reliant on their aid and loans (Sawyer and Gomez, 2008). Whereas institutional capture may result in the circumvention of democratic processes, at the same time, businesses operating in such an environment risk a backlash from CSOs and local communities when the government fails to deliver services to the community. As we have seen in the cases involving BHP and Goldcorp, indigenous communities were successful in mustering support from NGOs representing a variety of social movements (from environmental protection, to poverty reduction, to the defense of human rights) and from organizations at local, national, and global levels, in order to protect their interests by placing pressure on these businesses to negotiate in good faith and adapt business practices. We hypothesize that in situations where weak national governments exist, the involvement of respected, independent third-party organizations acting as facilitators, monitors, and capacity builders takes on increased importance. Yet, when international institutions such as the World Bank disregard international conventions and join businesses in calling into question the legitimacy of concerns raised by NGOs, as we have seen in the case of Goldcorp in Guatemala, vulnerable communities may be left with no credible and independent source of information to turn to.

Finally, the Kuna case study adds additional support to the argument that innovation can arise from collaborations with indigenous groups and other fringe stakeholders. Innovation in such collaborations has taken several forms: improved planning and assessment of 'ecosystem-based projects' by triangulating indigenous and Western scientific knowledge (Lertzman and Vredenburg, 2005); the design of new products for markets in both developing and high-value markets (Hart and Sharma, 2004; Prahalad and Hart, 2002); the protection of indigenous TK using Western legal mechanisms; and the internationalization of an indigenous-owned brand developed by borrowing technical and industrial knowledge from the West.

2.7 Conclusion and Limitations

Considering cross-sector collaborations through the lens of indigenous-corporate engagements yields a more comprehensive understanding of the range of existing cross-sector collaboration types than offered by extant typologies and highlights the importance of cross-cultural bridge building in partnerships with fringe stakeholders.

Based on the literature reviewed and also illustrated by the cases presented, we conclude that where collaborations with fringe stakeholders reflect the principles proposed in the framework for cross-cultural bridge building, innovation, the promotion of rights, and the sharing of knowledge for mutual benefit are more likely to occur. To the contrary, where the proposed principles are not adhered to, engagements with fringe stakeholders are at risk of following familiar patterns of mistrust and conflict which may be damaging to both the well-being of communities and to the reputations of businesses. Therefore, we suggest that this framework provides a valuable guide to practitioners who wish to develop generative and sustainable relationships with fringe stakeholders. Likewise, we view cross-cultural bridge building as an important contributor to value creation in cross-sector collaborations, which has been absent from previous research.

In addition, our analysis of the related literature and illustrative case studies highlights the dynamic nature of fringe stakeholders. Both the BHP and Goldcorp cases demonstrate that groups which may have initially been perceived as powerless or generally of little interest to the business can, in time, become stakeholders whose demands must be dealt with seriously. The emergence of global networks of NGOs and civil society organizations enabled by the Internet and other communications technologies (Hart and Sharma, 2004) have the ability to rapidly transform weak or peripheral groups into legitimate stakeholders with urgent demands. This dynamic requires companies that wish to protect their reputations to develop capabilities that enable them to identify fringe groups that may be impacted by commercial activities and to understand their concerns, cultural values, and social institutions in order to build relationships that facilitate sustainable and mutual benefits.

As well as the dynamic nature of relationships with fringe stakeholders, the cases illustrate the importance of transparency for building and maintaining trust – a key variable impacting *Alliance Management*, as discussed in regard to the Cross-Sector Collaboration Value Creation Model (Fig. 1). Lack of transparency – an issue of contention in the consultation process of Goldcorp with communities near the Marlin Mine – erodes trust and may lead to conflictive engagements. On the other hand, while transparency alone does not guarantee a lack of differences, it does improve the ability to make informed decisions based on more complete information, while also illuminating the integrity, or lack thereof, between rhetoric and actions.

The cases also illustrate the importance of point four in the proposed framework for cross-cultural bridge building, which calls for agreements informed by the cultural values of communities involved in cross-sector collaborations. Development programs, if desired at all, should be selected by indigenous communities rather than imposed by businesses, national governments, or NGOs. This principle is espoused by Article 7 of ILO Convention 169, which declares the fundamental right of indigenous peoples to control their own economic, social, and cultural development in accordance with their own needs and interests. Respecting and supporting this right, as evidenced by the BHP and Kuna cases, demonstrates a sincere desire by businesses to work in collaboration with indigenous communities. Moreover, such support contributes to creating a *Harmony of Values* and thus reinforces the factor of *Alignment* as illustrated in the Cross-Sector Collaboration Value Creation Model (Fig. 1). In contrast, ignoring the right to self-determination perpetuates a system of colonialism that has resulted in the dispossession of indigenous lands, rights, and other assets, with devastating effects on the well-being of indigenous peoples.

Where governments do not ensure that indigenous rights are protected, as demonstrated by the case of the Sipacapa community whose vote against mining in their territory was dismissed as irrelevant by Goldcorp and the Guatemalan government, rather than taking advantage of weak governance for their own benefits, businesses with genuine intentions to collaborate should support and, if necessary, persuade governments to fulfill their obligations under international conventions such as ILO 169. In instances where governments do not enjoy positive relationships with indigenous communities or other fringe stakeholders, it is in the long-term interests of both businesses and their stakeholders to involve a respected and independent third party as a facilitator, as reflected by the sixth principle in the proposed framework for cross-cultural bridge building. However, our call for more independent, third-party facilitation of collaborations, where conflict and power imbalances have preceded collaboration, raises both practical and theoretical challenges and questions. It is questionable whether a sufficient capacity of widely respected, independent, third-party facilitators, who possess the necessary cross-cultural bridging skills, actually exists. Moreover, it is unclear how such facilitators should be funded and what the boundaries of their roles should be. Further empirical research is suggested to better understand issues around third-party facilitators in cross-sector collaborations and the mechanisms for effectively incorporating them into alliances.

In summary, we argue that this study contributes to the literature by offering a more overarching typology of cross-sector collaborations than found elsewhere in the literature, by illustrating a model of value creation in cross-sector collaborations with fringe stakeholders which takes into account the importance of cross-cultural bridge building, and by presenting a framework for cross-cultural bridge building with fringe stakeholders. The paper relies on three cases for illustrative purposes, but supporting empirical evidence would be necessary to enable generalization. We suggest further empirical studies in the form of case studies or surveys to validate and enhance the proposed framework for cross-cultural bridge building with fringe stakeholders and the associated value creation model for cross-sector collaborations.

2.8 Appendix 1

		Gray (1989)	Selsky and Parker (2005)	Nijhof, Bruijn and Honders (2008)	Austin (2000)	Reed and Reed (2008)
Less Collaborative	Categories	Appreciative Planning	Resource Dependence	Identity Orientation	Philanthropic	Conventional Business
↕		Dialogues	Social Issues	Business-Case Orientation	Transactional	Corporate Social Responsibility
		Collective Strategies	Societal Sector	Stewardship Orientation	Integrative	Corporate Accountability
More Collaborative		Negotiated Settlements				Social Economy

2.9 NOTES:

[1] When using the term 'culture', we refer to the "transmission from one generation to the next, via teaching and imitation of knowledge, values, and other factors that influence behavior" (Boyd and Richerson, 1985, p.2). Culture imposes informal institutional constraints on individuals and organizations including "(1) extensions, elaborations, and modifications of formal rules, (2) socially sanctioned norms of behavior, and (3) internally enforced standards of conduct" (North, 1990, p.40).

[2] Rather than using the terms non-governmental organizations (NGOs) or non-profit organizations (NPOs), we choose to use the more overarching term civil society organizations (CSOs) as defined by the Centre for Civil Society at the London School of Economics.

[3] The authors would like to thank one of the anonymous reviewers for suggesting that we make this clarification.

[4] Considering the diversity of indigenous peoples and their cultures, the UN System has not adopted an official definition of "indigenous" but instead has developed an understanding of the term based on inclusion of the following seven elements (UNPFII, 2006): (i) self-identification as indigenous people at the individual level and accepted by the community as their member; (ii) historical continuity with that of pre-colonial and/or pre-settler societies; (iii) strong links to territories and surrounding natural resources; (iv) distinct social, economic, or political systems; (v) distinct language, culture, and beliefs; (vi) form nondominant groups of society; (vii) resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities.

[5] For the purpose of this article we use the terms ‘collaboration’, ‘engagement’, ‘partnership’, and ‘alliance’ interchangeably to avoid repetition of the same word. As illustrated in Table 1, we use these terms in their broadest sense to encompass a range of relationships formed for the purpose of resolving conflicts, which may be limited to a sharing of information (Gray, 1989), to those that adopt an ‘integrative’ orientation characterized by partnering to address broad societal issues.

[6] Lertzman and Vredenburg’s (2005) seven principles are the following:

1. It is necessary to have respected individuals as cultural representatives.
2. Culturally literate people are a necessary element of effective bicultural interaction. (They play a role in communication and in educating others.)
3. It is necessary to set bicultural standards of verification.
4. Protocols of indigenous traditional knowledge are vital resources which offer important procedural tools for processes of sustainable development.
5. Agreements must be informed by the cultural values and teachings of indigenous peoples.
6. Social institutions of indigenous communities are crucial elements of the co-management of natural resources and the organizational regimes which govern bicultural agreements and institutions.
7. Ecosystem-based approaches are an excellent common ground for building application paradigms of Western science and indigenous ecological traditional knowledge.

[7] The authors wish to thank an anonymous reviewer for suggesting this distinction between the industries involved in the cases.

[8] Data used to develop the BHP Billiton and Goldcorp cases were gathered from secondary sources accessible via the Internet.

The principal sources of data for the BHP Billiton case were as follows:

- Oxfam, Mining Ombudsman Annual Report, 2003, Case 3A – Tintaya. Available at http://www.oxfam.org.au/resources/filestore/originals/OAus-Case3ATintaya-0903.pdf

- Oxfam, Mining Ombudsman Case Updates, 2005, p. 7-9. Available at http://www.oxfam.org.au/resources/filestore/originals/OAus-MiningOmbudsmanCaseUpdate-0806.pdf

- Barton, Brooke D., 2005, "A Global/Local Approach to Conflict Resolution in the Mining Sector: The Case of the Tintaya Dialogue Table", The Fletcher School, Tufts University. Available at http://fletcher.tufts.edu.

Principle sources of data for the Goldcorp case were as follows:

- Goldcorp Documents accessed from the following:

- http://www.goldcorp.com/operations/marlin/project_summary/

- http://www.goldcorp.com/operations/marlin/sustainability/

- 'Breaching Indigenous Law: Canadian Mining in Guatemala', *Indigenous Law Journal*, Vol. 6, Issue 1, 2007.

- 'ILO Convention 169 and the Private Sector: *Questions and Answers for IFC Clients*', IFC, March 2007.

http://www.ifc.org/ifcext/spiwebsite1.nsf/1ca07340e47a35cd85256efb00700cee/9E42E13DF0FF8B3485256E61006D226A

- "Annex to CAO Report (2005)", *supra* note 47 at 21. The first recorded protest event against the Marlin mine in Sipacapa was in February 2004.

- Paley, Dawn. 2007, "Turning Down a Gold Mine", The Tyee. Available online at http://thetyee.ca/News/2007/02/07/MarlinProject/

[9] Dr. Eusebi Nomen of ESADE Business School (Barcelona, Spain) has conducted action research in the development of the collaboration between the Kuna of Panama and the Spanish fashion company Victorio & Lucchino. To gather data for this case, one of the authors held multiple interviews with Dr. Nomen and, separately, with the leader of the local team in Panama responsible for development of the commercial capacities of the Kuna women engaged in the collaboration. Internal documents relevant to the formation of the collaboration were also made available to the authors. The authors wish to thank Dr. Eusebi Nomen for the time dedicated and material provided for the realization of this case.

[10] The CAO is an independent recourse mechanism of the World Bank that addresses complaints by people affected by IFC and Multilateral Investment Guarantee Agency (MIGA) lending projects.

[11] The authors wish to thank one of the anonymous reviewers for highlighting this issue.

[12] 2008 corporate revenues from Forbes, http://www.forbes.com/lists/2009/18/global-09_The-Global-2000_Sales.html; 2008 GDP rankings from World Bank; http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf

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Chapter 3: (Article 2)

Value Creation in Cross-Sector Collaborations: The Roles of Experience and Alignment

This paper was written by Matthew Murphy, Daniel Arenas, and Joan Manuel Batista-Foguet. It was submitted to the journal Business & Society, ISSN:0007-6503, on December 29, 2011.

3.1 Abstract

This research uses a survey (*N* = 362) to analyze the types of benefits sought by partners in cross-sector collaborations in Spain and to test and build upon theories that indicate prior cross-sector collaboration experience and the alignment of partners in terms of shared values and the importance of the collaboration to their organization's mission and strategy will positively affect value creation through the collaboration. Using exploratory factor analysis to operationalize a broad range of potential benefits into more specific concepts, the results of this study identify distinct factors that characterize the types of benefits sought by businesses and civil society organizations engaged in cross-sector collaborations. The study finds that prior experience and alignment positively affect value creation when partners seek to gain influence over other sectors and gain a competitive advantage vis-à-vis their rivals. Prior experience is also found to influence the type of benefits sought from cross-sector collaborations and to positively affect alignment when organizations have a great deal of prior experience. Unexpectedly, the study also finds that prior experience moderates the effect of alignment on value creation.

Keywords: Cross-sector collaboration (partnerships); alignment; prior experience; value creation; survey

3.2 Introduction

Collaborations between businesses and civil society organizations (CSOs)[5] generally exist for the purpose of creating social value (SEKN, 2004) and have been an instrumental mechanism for implementing CSR in recent years (Doh & Teegen, 2003; Seitanidi and Ryan, 2007; Seitanidi and Crane, 2009). Such relationships have sought to address a wide range of social issues while also frequently providing benefits to the partners' own organizations (Austin, 2000; Krick et al., 2005; Reed and Reed, 2009; Richter, 2004; SEKN, 2004; Selsky and Parker, 2005). Yet, while the field of cross-sector collaborations has received much attention in the management literature (e.g. Austin, 2000; Gray, 1989; Murphy and Arenas, 2011; Nijhof, de Bruijn and Honders, 2008; Reed and Reed, 2008; Seitanidi, 2007; Seitanidi and Crane, 2009; Waddock, 1989), to date, most empirical research has been of a qualitative nature, based primarily on case studies (Selsky and Parker, 2005; Kourula and Laasonen, 2010).

Recent literature reviews on cross-sector partnerships have emphasized that the methods used to study cross-sector collaborations need further development and that "the field is ripe for theory building by way of large-scale empirical research" (Selsky & Parker, 2005: 866; Kourula and Laasonen, 2010). Thus, the primary purpose of this paper is to answer these calls. Using a survey, we test and extend theory proposed by extant research (e.g. Austin, 2000; Murphy and Arenas, 2011; SEKN, 2004) on the relationships between value creation, prior collaboration experience, and the alignment of partners' missions, strategies, and values in cross-sector collaborations.

[5] We use the terms CSO and non-profit interchangeably throughout the paper.

Theory built on case studies has identified four dimensions as being important to the success of cross-sector collaborations: how relationships are established and developed; achieving alignment between the organization's missions, strategies, and values; managing the partner interface; and generating value to the partners and the larger society (Austin, 2000; Murphy and Arenas, 2011; SEKN, 2004). Meanwhile, empirical studies in the business-to-business alliance context demonstrate that prior alliance management experience significantly improves the efficient functioning and successful outcomes of alliances (Anand and Khanna, 2000; Kale, Dyer and Singh, 2002; Spekman, Forbes, Isabella and MacAvoy, 1998). Given that repeated experience and routinization leads to improved performance of complex tasks (Zollo, Reuer and Singh, 2002), we make the assumption that this will also be the case in the context of cross-sector alliances.

By the term 'value creation', we are referring to the amount and quality of value created for firms and CSOs engaged in a partnership as well as the communities engaged by the collaboration (Austin, 2000; SEKN, 2004; Tennyson, 2003). Forms of value created for partners and society may include a wide range of different benefits in the context of cross-sector alliances where profits and market share are not typically key alliance goals. Given that the meanings attributed to the term 'value creation' in this context may be complex and heterogeneous, successful alliances are deemed to be those that fulfill the alliance objectives (Inkpen and Tsang, 2007). Ultimately, each organization determines for itself what type and degree of value has been achieved (Austin, 2000; Tennyson, 2003; Zadek et al., 2002).

By 'alignment', we refer to the closeness of fit between partners' missions, values, and strategies. The more closely aligned partners are, the more likely the relationship will be to create value (Austin, 2000; Krick et al., 2005). Likewise, the more prior alliance management experience partners have, the more likely the alliance will be to create value (Anand and Khanna, 2000; Ireland, Hitt, and Vaidyanath, 2002; Kale, Dyer, and Singh, 2002). Therefore, this study aims to determine how partners from the business and non-profit sectors in Spain perceive the type and degree of benefits created through their cross-sector collaborations and how the achievement of these benefits is related to the alignment of partners' missions, strategies, and values as well as to prior cross-sector alliance management experience.

Our findings support theory and prior studies that suggest positive effects of alignment and experience on value creation. In particular, we find that prior experience and alignment lead to greater value creation when partners seek to gain influence over other sectors in order to differentiate themselves from their competition (i.e. to gain a competitive advantage). In addition to directly effecting value creation, prior cross-collaboration experience leads to greater degrees of alignment. Moreover, prior experience is found to moderate the effect of alignment on value creation. Therefore, with the benefit of prior experience, alliances report greater degrees of alignment and, ultimately, greater degrees of value creation than in cases where partners are strongly aligned but have no prior experience. Prior experience also influences the type and complexity of benefits sought from cross-sector alliances. That is, organizations with more cross-sector alliance experience tend to set more challenging goals for their alliances, such as addressing societal needs.

In the sections that follow, we first review literature on cross-sector collaboration, with particular attention to the concepts of value creation, alignment and the effect of prior collaborative experience on alliance success. Following this, we discuss the methods and survey sample used in the study before presenting the findings of the survey. Finally, we discuss implications for theory and practice as well as the limitations of this study and avenues for future research.

3.3 Cross-Sector Collaboration

The study of cross-sector collaborations is associated with the field of interorganizational relationships (IORs) where theories of resource dependence, social exchange, legitimization, efficiency, strategic management, and corporate social performance have primarily sought to explain the motives for collaborations and their ongoing dynamics (Austin, 2000). Such alliances cover a wide range of inter-organizational relationships along a continuum from conflict-resolution to integrative alliances in which partners combine competencies and resources in a process of systematic learning with the goal of creating social value (Austin, 2000; Murphy and Arenas, 2011).

Partnerships between governments, businesses, and CSOs have proliferated over the past twenty-five years in parallel with a trend of governmental downsizing and privatization, a growing awareness of businesses' responsibility to society, and the efforts of CSOs to locate solutions to a myriad of complex social issues (Austin, 2000; Gray, 1996; Hart, 2007; Seitanidi, 2007; Selsky and Parker, 2005; Waddock, 1991). In addition to altruistic drivers for entering cross-sector collaborations, businesses and CSOs are also motivated to do so for instrumental reasons which we discuss below under the heading of Value Creation.

For the purpose of analyzing cross-sector collaborations, in a previous study (Murphy and Arenas, 2011) we presented an overarching Cross-Sector Collaboration Matrix (Table 1) incorporating a broader range of collaborations than previous typologies. The categories, based upon the nature of the relationships formed (Austin, 2000), represent the normative logics, or 'orientations,' of the CSR initiatives of business organizations involved in cross-sector collaboration (Berger, Cunningham and Drumwright 2004). To further illustrate each orientation, we specify some possible motivations and purposes for cross-sector collaboration from the perspective of business and describe potential outcomes for each category. While the matrix represents types of collaborations along a continuum, moving from less-collaborative relationships distinguished by conflicting interests at one end of the spectrum to more-collaborative relationships distinguished by converging interests at the other (Covey and Brown, 2001), this does not imply a sequential progression from one point on the continuum to the next. As relationships develop, or CSR orientations evolve, collaborations may advance from one stage to another without passing through intermediate phases (Austin, 2000; Seitanidi and Ryan, 2007).

Table 1 – Cross-Sector Collaboration Matrix

	Categories	**Motivation**	**Purpose**	**Outcomes**
Less Collaborative	**Conflict Resolving Orientation**	Resolution of conflict	Overcoming differences	Negotiated settlement
	Philanthropic Orientation	Values-based Charity	Helping others without expectation of anything in return	Transfer of resources
	Business Case Orientation	Risk control Strategic positioning Process improvement	Stakeholder mgmt Enhancing legitimacy Capacity building	Improved stakeholder relations, public profile, and management processes
More Collaborative	**Integrative Orientation**	Collective action	Achieving innovative solutions to social problems that require capabilities of organizations from multiple sectors / cultures	Innovation Sustainable, mutual benefits Improved validity of environmental assessments by triangulating ways of knowing

Source: Murphy and Arenas, 2011

Although most studies of cross-sector collaboration explain the motives for and ongoing dynamics of these partnerships, fewer have dealt with how such partnerships create value. James Austin (2000) and the Social Enterprise Knowledge Network (SEKN) (SEKN, 2004) endeavored to provide an analytical framework and substantiating empirical examples to clarify how cross-sector collaborations arise and evolve. Their studies highlight key factors found to increase the probability for value creation in such relationships.

Four dimensions are identified as being important to the success of cross-sector collaborations: establishing and developing the relationship; achieving alignment between the organization's missions, strategies, and values; managing the partner interface; and generating benefits for the partners and society (SEKN, 2004). It is conjectured that establishing and developing the relationship, achieving alignment, and alliance management affect achievement of benefits (i.e. value creation). Meanwhile, the creation of value has a reinforcing effect on relationship development. Furthermore, extant literature on business-to-business alliances has established a positive relationship between prior alliance management experience and alliance success (Anand and Khanna, 2000; Ireland, Hitt, and Vaidyanath, 2002; Kale, Dyer, and Singh, 2002). Given that repeated experience and routinization leads to improved performance of complex tasks (Zollo et al., 2002), we expect these findings will also apply to the context of cross-sector collaboration.

Because the dimensions of establishing and developing relationships and managing the partner interface are broad and vague concepts, in this research we have chosen to focus on three dimensions that are more easily measured and believed to be of major importance to the success of cross-sector alliances – alignment of partners' missions, values and strategies; prior alliance management experience; and generating befits for the partners and society. In the remainder of this section, we discuss these dimensions in greater detail.

Value Creation Value creation, or in other words, the achievement of benefits, refers to the amount and quality of value created for the firms and CSOs engaged in a partnership, as well as the communities in which the collaboration takes action (Austin, 2000; SEKN, 2004;

Tennyson, 2003). Value generation is both a product of strong cross-sector relationships and a driver for continued collaboration between the partners – i.e. value creation tends to improve the relationship between the partners involved (SEKN, 2004).

While value creation may take many shapes, in general, cross-sector collaborations form in order to address a social or environmental issue (Alvord, Brown and Letts, 2004; Murphy and Bendell, 1999; Teegen, Doh and Vachani, 2004). Yet, beyond addressing a societal issue, the participating organizations may also have other reasons for engaging in cross-sector collaborations. Businesses have frequently entered cross-sector partnerships to gain recognition (Stuart, 2000) or an improved reputation (Dahan, Doh, and Teegen, 2010; Oliver, 1990), as part of CSR programs (Jamali and Keshishian, 2009; Seitanidi and Crane, 2009; Seitanidi and Ryan, 2007) which might help them connect with stakeholders (Andriof, Waddock, Husted and Sutherland-Rahman, 2002), to raise employee motivation and identification with the firm (Rodrigo and Arenas, 2008) or attract quality employees (Greening and Turban, 2000), to increase legitimacy (Inkpen, 2001), to differentiate themselves from the competition (Andriof and Waddock, 2002), learn (Arya and Salk, 2006; Vilanova, Lozano and Arenas, 2009), and in some cases, to innovate with partners who possess distinctly different types of knowledge (Hart and Sharma, 2004; Le Ber and Branzei, 2010; Murphy and Arenas, 2011; Murphy, Perrot and Rivera-Santos, Forthcoming).

Meanwhile, CSOs are found to enter cross-sector collaborations in order to augment their scarce resources (Berger et al., 2004; Lucea, 2010; Milne, Iyer and Williams, 1996; Wymer and Samu, 2003), improve management competence and efficiency (C&E, 2010; Jamali and Keshishian, 2009; Selsky and Parker, 2005), and acquire new knowledge (Dahan, Doh, and Teegen, 2010; Berger et al., 2004; Le Ber and Branzei, 2010; Macdonald and Piekkari, 2005). All of these benefits may provide ways for CSOs to become more influential (Arya and Salk, 2006; Murphy and Bendell, 1999) and therefore more important institutional actors (Dahan, Doh, and Teegen, 2010; Doh and Teegen, 2002; Teegen et al., 2004).

As this survey was conducted in Spain, we also consider the context of cross-sector collaborations for Spanish businesses and CSOs. In their study of CSR practices in the 117 largest manufacturing firms in Spain, Prado-Lorenzo and colleagues (2008) found that there is extensive implementation of practices geared towards reducing environmental impact and ensuring safe, comfortable workforces. This finding lends further support to two studies of CSR in small Spanish firms, which account for the vast majority of business activity in Spain. Both highlight that the key motivation for socially responsible practices in small firms is their concern for employees' health and welfare (Murillo and Lozano, 2006; Spence and Lozano, 2000).

In addition to reducing environmental impact and improving employees' welfare, Spanish companies have often used CSR to integrate different stakeholders into the business context in order to identify their needs and interests (Prado-Lorenzo et al., 2008; Arenas, Sanchez and Murphy, 2009; Arenas, Sanchez, Murphy and Vives, 2011). For example, Red Electrica de España, a company that manages the power transmission grid in Spain, entered into collaboration with Fundación Migres, a local ecologist CSO, to consult stakeholders in Campo de Gibraltar County prior to implementation of a project that would have environmental consequences in the area (Arenas et al., 2011). A further significant motivation for Spanish companies to engage in CSR has been companies' search for competitive differentiation and improving the firm's image, implying that businesses seek economic advantages as an outcome of CSR practice (Mele, 2004; Prado-Lorenzo et al., 2008).

From the perspective of CSOs, recent studies have confirmed that Spanish CSOs used relationships with businesses as a way to influence the businesses to become more socially or environmentally responsible (Spence & Lozano, 2000; Arenas et al., 2011). Yet, this desire to influence corporate practices is balanced with a need for corporate financial support, as Spanish CSO's have also become more dependent on working together with corporations in order to source new funding (Martinez, 2003). Based on the findings of the recent studies discussed above, we expected that respondents to this survey would prioritize benefits associated with the reduction of environmental impact, access to funds (for CSOs), improved employee welfare, engagement with stakeholders, competitive differentiation, and improved image.

In summary, forms of value created for partners may include a wide range of benefits including, but not limited to, access to new knowledge, expertise, or networks; increased financial or technological resources; improved legitimacy, reputation and name recognition; improved stakeholder relations (including increased employee morale and retention); reduced environmental impact; and increased consumer patronage – all of which may lead to competitive advantages of one sort or another.

In our survey, we asked respondents to identify the most important benefits their organizations expected to gain from the partnership at its outset by rating the level of importance of twenty different potential benefits taken from the literature reviewed above (See Appendix 1). We then conducted exploratory factor analysis on the responses in order to operationalize the broad construct of value creation into a few more specific concepts. Regardless of what type of benefits organizations seek to gain from cross-sector alliances, ultimately, each organization determines for itself what degree of value has been achieved. Therefore, we also asked respondents to identify the degree to which the expected benefits were realized. The respondents' answers reflect their subjective perceptions of benefits sought and achieved.

Alignment The alignment of partner interests and goals is a crucial factor for alliance success (Ireland et al., 2002; Kale et al., 2002). Yet, alignment in cross-sector collaborations may be difficult to achieve because the partners have much less in common with each other than with organizations from their own sectors (Murphy et al, Forthcoming). They tend to share less in terms of organizational culture (Austin, 2000; Berger et al., 2004; Waddell and Brown, 1997), views about what constitutes performance and social value (Hardy, Lawrence, and Phillips, 2006; Le Ber and Branzei, 2010), mindsets and professional language (Austin, 2000; Lucea, 2007), compensation practices (Preston, 1989; Weisbrod, 1983), organizational structures (Berger et al., 2004), governance structures (Doh and Teegen, 2003; Leete, 2000; Rivera-Santos and Rufin, 2011; Rondinelli and London, 2003), and, most importantly, missions (Kanter, 1999; Rondinelli and London, 2003; Waddell and Brown, 1997) and organizational goals (Anheier and Ben-Ner, 2003). In studies of business-to-business alliances, empirical research has shown that mutual equity investments lead to alignment of partner interests and greater alliance effectiveness (Das and Teng, 2000; Pangarkar and Klein, 2001). However, joint equity investments are less common in cross-sector alliances because significant asymmetries exist between the capital bases of for-profit and non-profit organizations. Therefore, in the setting of cross-sector collaborations, alignment is based less on equity investments than on the missions, values and strategies of partner organizations. Case-based research on cross-sector collaboration finds that when the alliance is important to the missions and strategies of both partners, and when partners share values, their relationship will be more likely to create value (Austin, 2000; Krick et al., 2005; Murphy and Arenas, 2011). Therefore, we operationalize alignment as a construct that consists of a combination of the importance of an alliance to partners' missions and strategies and the degree to which partners share common values.

When an alliance is important to the strategies and missions of the partners and consistent with their values, they tend to allocate more resources to the project and have fewer incompatibilities throughout their relationship (SEKN, 2004). However, alignment is not a fixed condition as much as it is a dynamic and evolving status. Le Ber and Branzei (2010: 6) demonstrate that (re)alignment occurs as a continuous, iterative, and relational process that occurs as partners constantly (re)appraise progress toward their own goals and the shared purpose of the partnership. While we cannot capture the fluid nature of alignment in a survey that measures a respondent's subjective perception of alignment at a fixed point in time, we do attempt to measure perceptions of alignment in order to test the concept's link to the achievement of benefits sought from the collaboration (i.e. value creation).

The reasoning above leads to the following hypothesis:

> **H1:** Greater degrees of alignment between partners engaged in cross-sector collaboration will lead to increased levels of value creation (i.e. achievement of desired benefits).

Prior Experience The accumulation of alliance management experience has been closely linked to alliance effectiveness in the business-to-business collaboration literature (Ireland, Hitt and Vaidyanath, 2002). However, with the exception of one recent article (Reast, Lindgreen, Vanhamme, and Maon, 2010), extant literature on cross-sector collaborations has not considered the importance of prior experience on the success of new initiatives (Selsky and Parker, 2005).

The business-to-business literature suggests that prior alliance management experience may lead to the creation of alliance management routines that contribute to competitive advantage (Ireland et al., 2002). Moreover, prior alliance management experience is associated with an improved ability to build trust with alliance partners. Considered a ‘cooperative competency’ (Sivadas and Dwyer, 2000), building trust strongly influences alliance performance (Dyer and Chu, 2003; Kanter, 1994; Mohr and Spekman, 1994; Zaheer, McEvily, and Perrone, 1998).

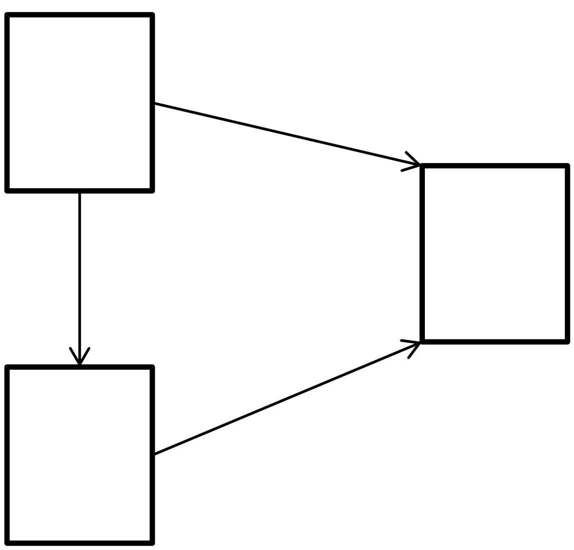
Two recent studies find that prior experience in cross-sector collaborations may lead to an appreciation of the long-term benefits of such projects (C&E, 2010; Reast et al., 2010). This experience also results in an improved ability to plan and manage more complex, broadly oriented and enduring cross-sector collaborations (*ibid*). Moreover, based on the analysis from Table 1 (above), with accumulated experience of cross-sector collaborations, partners are more likely to progress from participation in singular, narrowly defined, short-term projects to more integrative, innovative and sustainable collaborations that take on more complex challenges, such as addressing a societal dilemma (Austin, 2000).

As with many skills, the more practice organizations have, the more able they are to perform competently. Based on the conclusions from previous studies discussed above, we conjecture that more cross-sector collaboration experience will lead both to the pursuit of different types of benefits from cross-sector collaborations and to greater value creation via such relationships. Whereas partners with little or no experience of participation in cross-sector collaborations may expect benefits of a simple, transactional nature, those with more experience may seek to innovate and address complex problems together. We also expect that more cross-sector alliance management experience will increase the likelihood that organizations either select partners with whom they are closely aligned or will be better at developing close alignment with their partners in terms of mission, strategy and values. This reasoning leads to the following hypotheses:

> **H2a:** More cross-sector collaboration experience will lead to higher levels of value creation.
>
> **H2b:** More cross-sector collaboration experience will lead to greater levels of alignment between partners.
>
> **H2c:** More cross-sector collaboration experience will lead to the pursuit of more complex benefits from cross-sector collaborations.

The model in Figure 1 (below) illustrates the relationships between alignment, experience, and value creation described in hypotheses H1, H2a, and H2b. Thus, this research aims to test the links between prior cross-sector collaboration experience, the degree of alignment between partners, and the achievement of expected benefits from cross-sector collaborations.

Figure 1: Alignment, Experience & Value Creation Model



E = Prior Experiences of Cross-Sector Collaboration
A = Alignment of partners in terms of importance of the collaboration to their organization's mission and strategy, and shared values with their partner
VC = Value creation in terms of partner's perceptions of the benefits achieved through the collaboration

3.4 Methods

In early 2011, using a convenience sample based on a contact database held by the Institute for Social Innovation at ESADE Business School, an invitation to participate in a web-based survey was sent via email to 3,486 individuals in Spain who represented organizations in a variety of sectors. A total of 362 complete responses were received resulting in a 10.4% response rate. This response rate is comparable to those of mail surveys involving senior executives and reflects the typically lower response rates of electronic vs. paper-based surveys (Kriauciunas, Parmigiani and Rivera-Santos, 2011). Fifty-five percent of responses were from the non-profit sector, twenty percent from the business sector, and twenty-five percent from a variety of other sectors (e.g. government, consultants and academia).

The survey consisted of a questionnaire that asked respondents: (a) to identify the type of organization they worked for; (b) to identify their organization's level of prior cross-sector collaboration experience; (c) to indicate the type and importance of benefits sought by rating a battery of 20 potential benefits on an 11-point scale (Batista-Foguet et al, 2009); (d) to indicate the degree to which the expected benefits had been achieved using an 11-point Scale; (e) to identify the importance of the alliance to their strategy and mission and the degree to which they shared values with their partner; and (f) to make any other comments they wished about the opportunities and/or challenges presented by cross-sector collaborations. Respondents who answered that they had no alliance experience received a similar set of questions as those with experience, but the battery of benefits was re-worded to ask what benefits "would be" expected from a cross-sector alliance rather than what benefits "were" expected. Respondents with no experience were not asked the questions about the degree to which they shared their partner's values or the degree to which expected benefits were achieved because such questions could not be answered without reference to an actual alliance experience.

The survey items were originally written in English by a native English speaker, then translated into Spanish and Catalan through a professional translation service. One bilingual researcher (English-Spanish) and two tri-lingual researchers (English-Spanish-Catalan) with knowledge of the particular subject area then reverse translated the questions from Spanish and Catalan back into English and agreed on minor changes to the original translations to improve clarity. Respondents were given the option of answering the survey in English, Spanish or Catalan. A total of 346 complete responses were received in Spanish, 11 in English, and 5 in Catalan.

3.5 Results

Benefits Expected from Cross-Sector Collaboration Responses revealed a high level of heterogeneity on the evaluation of the perceived importance of benefits, with standard deviations ranging from 1.97 to 3.47. However, there were consistencies in terms of the ranking of which benefits were most and least important (see Table 2 below). Among respondents with some degree of prior cross-sector collaboration experience, individuals from both CSOs and businesses rated "addressing a societal need" as the most important benefit expected from engaging in cross-sector collaboration. The second most important benefit expected is to obtain resources which they are lacking – financial resources in the case of CSOs and improved reputation or name recognition in the case of businesses. Contrasting with Greening and Turban's (2000) finding that firms use corporate social performance to attract quality employees, staff recruitment ranked last among expected benefits for both businesses with prior cross-sector collaboration experience and all respondents who had no such previous experience.

Table 2: Rankings of Expected Benefits from Cross-Sector Collaboration:
Note: Mean values are provided with each expected benefit

Rank	CSOs (w/Exp)	BUSINESSES (w/Exp)	No Experience*
1.	Address a societal need 8.15	Address a societal need 8.20	Access to other organizations 5.88
2.	Financial Resources 7.65	Name Recognition / Reputation 7.54	Communication w/ Influential Parties 5.69
3.	Communication w/ Influential Parties 7.34	Communication w/ Influential Parties 7.54	Competitive Advantage 5.59
4.	Access to Expertise / Technology 7.09	Staff motivation 7.44	Name Recognition & Reputation 5.55
5.	Access to other organizations 6.92	Access to other organizations 6.88	Financial Resources 5.29
6.	Capacity to influence other sectors 6.86	Competitive Advantage 6.86	Staff skills development 5.21
7.	Competitive Advantage 6.75	Capacity to influence other sectors 6.64	Address a societal need 5.07
8.	Name Recognition / Reputation 6.66	Access to Expertise / Technology 6.49	(=7) Strengthen organizational values/culture 5.07
Lowest	Staff Retention 4.55	Staff Recruitment 4.23	Staff Recruitment 3.74

Underlying Dimensions of Expected Benefits Respondents were asked to evaluate the importance of twenty different expected benefits from cross-sector collaboration (see Appendix 1). Due to the wide range of different benefits that might be expected (i.e. types of value creation), we performed exploratory factor analysis in order to operationalize the construct of value creation into a few more specific concepts. Because we expected businesses and CSOs to pursue cross-sector collaborations for different reasons – and confirmed this through the ranking shown in Table 2 – we used Maximum Likelihood extraction and Promax Kaiser Normalization rotation methods to run the factor analysis separately on responses from businesses with prior cross-sector collaboration experience vs. CSOs with experience. Responses from organizations with no experience were not included in the factor analysis because we would not be able to measure the effect of prior experience on value creation for this set of respondents.

After running the factor analysis, we grouped benefits that loaded on the same factor with a loading equal to or greater than 0.6 (i.e. highly desired benefits). We then omitted any benefits if there were no substantive reasons that they should be related to other benefits loaded on the same factor. Five distinct factors were identified for each organization type (business or CSO), although some of these factors shared many benefits across both businesses and CSOs. By identifying these factors, we can conclude that certain respondents were looking for particular sets of benefits from cross-sector collaborations. Below, we describe the benefits associated with these factors and assign each a name based on the common features of benefit types sought. We then discuss the factors that were largely shared between businesses and CSOs as well as factors that are not held in common.

Business Factors

Factor 1 – *Access to Knowledge & Technology Development*: This factor includes expected benefits of access to expertise and technology, and technology development.

Factor 2 – *Addressing Environmental or Social Issues*: This factor includes expected benefits of solving an environmental problem, alleviating a social conflict or tension, and gaining investor approval.

Factor 3 – *Influence & Competitive Advantage*: This factor includes increasing the organizations capacity to influence other sectors and gaining a competitive advantage.

Factor 4 – *Appeal to Staff*: This factor includes staff retention and staff recruitment.

Factor 5 – *Improved Recognition/Reputation*: This factor includes the benefit of increased name recognition and reputation and the benefit of staff motivation.

CSO Factors

Factor 1 – *Access, Influence & Competitive Advantage*: This factor included expected benefits of gaining access to other organizations, communication with influential external parties, increasing the organization’s capacity to influence other sectors, and gaining a competitive advantage

Factor 2 – *Staff Benefits*: This factor includes staff skills development, staff retention, staff recruitment, and staff motivation.

Factor 3 – *Strengthen Values, Culture and Loyalty*: This factor includes expected benefits of increasing client or member loyalty, and strengthening organizational values or culture

Factor 4 – *Addressing Environmental or Social Issues*: This factor included alleviating a social conflict or tension and solving an environmental problem.

Factor 5 – *Access to Knowledge & Technology Development*: This factor includes expected benefits of access to expertise and technology, and technology development.

Shared and Distinct Factors

In large part, several factors are shared between CSOs and businesses. The business factors of *Access to Knowledge & Technology Development; Influence & Competitive Advantage; Appeal to Staff; and Addressing Environmental or Social Issues* share many of the same benefits as the CSO factors *Access to Knowledge & Technology Development*, *Access, Influence & Competitive Advantage*, *Staff Benefits*, and *Addressing Environmental or Social Issues*. Meanwhile, both businesses and CSOs had one factor that was distinct from those shared with the other organization type. These factors are *Strengthen Values, Culture and Loyalty* (distinct to CSOs) and *Improved Recognition/Reputation* (distinct to businesses).

After identifying the factors above that shared many common benefits, for the purpose of testing the effects of alignment and experience on value creation (i.e. achieving the expected benefits associated with each factor) we created four factors that included only the benefits shared by both CSOs and businesses (see Table 3 below). These factors represent different types of value sought from cross-sector collaborations.

Table 3: Common factors between CSOs and Businesses

No.	Factor Name	Benefits Expected
1.	Access to Knowledge & Technology Development	Access to Expertise & Technology; Technology Development
2.	Influence & Competitive Advantage	Increasing capacity to influence other sectors; Gaining Competitive Advantage
3.	Appealing to Staff	Staff Retention; Staff Recruitment
4.	Addressing Environmental or Social Issues	Solving an environmental problem; Alleviating a social conflict or tension

It is notable that businesses and CSOs share so many factors in common. While these organization types have different purposes and their own particular objectives, they share in common organizational needs for developing new technologies, gaining influence over other sectors to differentiate themselves vis-à-vis competitors, as well as hiring, retaining and developing staff. Both CSOs and businesses with prior experience of cross-sector collaboration recognize that there are opportunities to address these needs through such alliances while also working to address environmental and/or social issues.

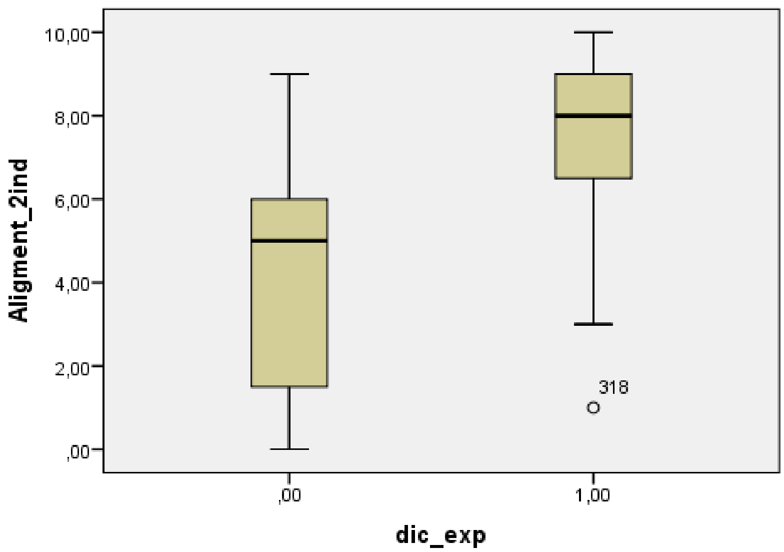
Regarding factors distinct to each organization type, it is unsurprising that businesses seek alliances with CSOs in order to improve their reputation or recognition, given that CSOs are generally believed to already possess strong reputational assets relative to businesses. Likewise, we conjecture that the common perception that CSOs need to become more professionalized in order to improve their effectiveness and efficiency may explain why some CSOs enter collaborations with businesses in pursuit of benefits related to strengthening client or member loyalty or organizational values or culture.

The Effect of Prior Experience on Alignment The following results, related to H2b, describe the relationship between experience and alignment across all potential benefit types. With these results we attempt to answer three questions: (1) Is there a relationship?; (2) Is the relationship significant?; and (3) What is the strength of the relationship?

To answer the first question "Is there a relationship?" we use parallel box-plots to illustrate the relationship between experience as a dichotomous variable and experience as an ordinal variable (i.e. different levels of experience) and levels of alignment (Figures 2 and 3 respectively). When we refer to experience as a dichotomous variable, we measure alignment based on two, rather than three, indicators (importance of cross-sector collaboration to the organization's mission; and importance of cross-sector collaboration to the organization's strategy) because respondents with no experience are unable to answer the question related to the third indicator of alignment (the degree to which partners share values).

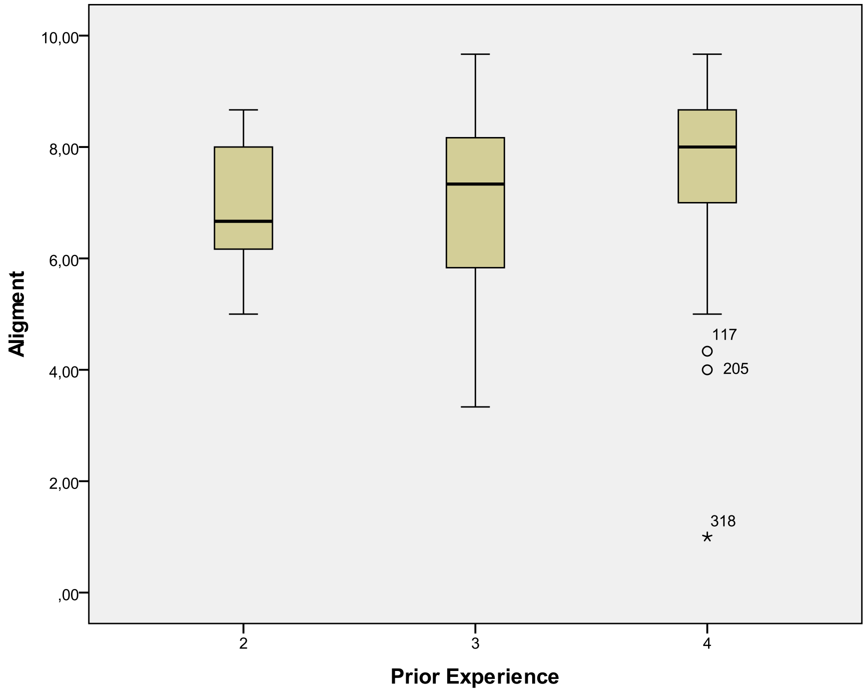
The degree of alignment, defined as the importance of cross-sector collaborations to an organization's mission and strategy (i.e. two indicators), is clearly higher among respondents with some degree of prior experience compared to those with no experience (see Figure 2 below). However, the conditional distribution of the perceived degree of alignment between partners is much less heterogeneous and evenly distributed around the median for those that already had experience (see Figure 3 below). The results show that the degree of alignment between partners does not change significantly when an organization has participated in only one or a few cross-sector collaborations. Yet, significantly greater degrees of alignment (with p-values of 0.008 and 0.000 respectively) are found when organizations have participated in many cross-sector collaborations when compared to those who have only participated in one or a few.

Figure 2: Prior Experience's Effect on Alignment



Note: dic_exp .00 = No Experience; dic_exp 1.00 = Some Degree of Experience

Figure 3: Levels of Experience's Effect on Alignment



Note: Prior experience: 2 = once; 3 = a few; 4 = many

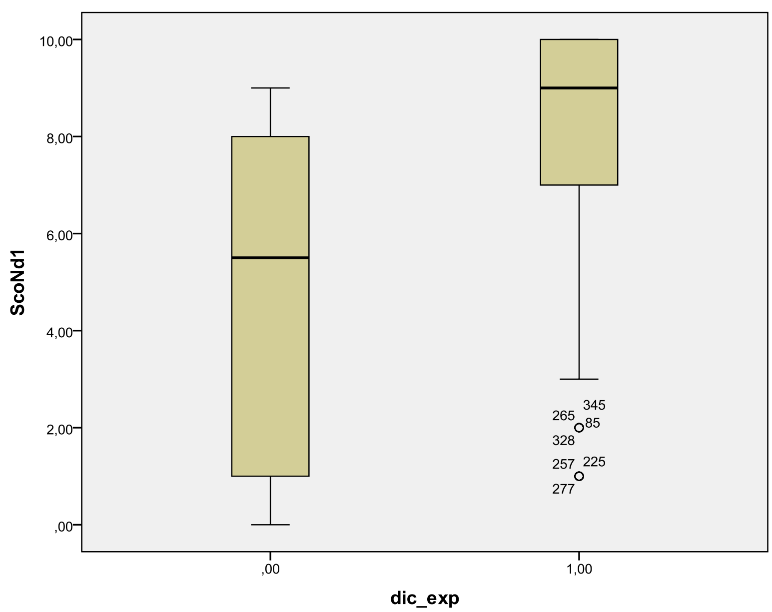
To answer the second question "Is the relationship significant?" we use parametric (ANOVA) and nonparametric (Kruskal-Wallis and Jonckheere-Terpstra) tests to assess the significance of the relationship between experience as an ordinal variable (i.e. different levels of experience) and alignment. All tests lead to the same conclusion – that the relationship of prior experience to alignment is significant at levels of 0.001 or lower. Using experience as a dichotomous variable, our findings show the direct effect of prior experience on alignment (standardized coefficient) is 0.359 with a p-value of 0.000 and an R^2 of 0.21.

Finally, to identify the strength of the relationship between prior experience and alignment, we calculated the effect sizes (Cohen, 1988) related to different levels of experience. The difference between having prior experience of a single collaboration compared to having experience of a few collaborations is insignificant. However, the difference between having a single or a few prior collaboration experiences compared to having many collaboration experiences is significant. The effect sizes of prior experience of a single collaboration or a few collaborations compared to experience of many collaborations are 1.07 and 0.55 respectively. An effect size of 1.07 is considered large while 0.55 is considered medium according to Cohen's "Rule of Thumb"; which also corresponds to the distribution of effects across meta-analysis found by Lipsey and Wilson (2001). Overall, these results yield significant, but nuanced support for H2b. Lending further support to this finding, by creating a dichotomous variable between those having many experiences vs. all other levels of experience (none; once; or a few times), we find that the effect size of experience on alignment is 0.228.

The Effect of Experience on Benefits Expected from Cross-Sector Collaborations H2c infers that organizations with more experience in cross-sector collaborations will pursue more complex goals through such alliances. As illustrated by the ranking of expected benefits sought from organizations with and without prior experience of cross-sector collaborations (see Table 2 above), respondents with prior experience report that the most important benefit sought is that of addressing a societal issue. Meanwhile, respondents with no experience indicate that the most important benefit expected from cross-sector collaboration is gaining access to other organizations, while expectation of achieving such a complex benefit as addressing a societal need ranks only 7th with a mean value of 5.07. Given the strength attributed to addressing a societal need by respondents with experience (see mean values in Table 1), and that addressing a societal issue is a more complex expected benefit than gaining access to another organization, this finding lends support to H2c.

To further test this hypothesis, we portrayed the parallel box-plots of the distributions of the respondents' likelihood to perceive addressing a societal issue as an important expected outcome of engagement in a cross-sector collaboration (see Figure 4) according to their prior experience (as a dichotomous variable). The result clearly illustrates that organizations with experience are more likely to expect that addressing a societal need will be an outcome of cross-sector collaboration. Moreover, the direct effect (standardized coefficient) of prior experience on a respondent's likelihood to expect to address a societal need is 0.388 with a p-value of 0.000 and an R^2 of 0.15. Taken together, the findings above strongly support H2c.

Figure 4: The Effect of Experience on Addressing a Societal Need



Note: dic_exp .00 = No Experience; dic_exp 1.00 = Some Degree of Experience

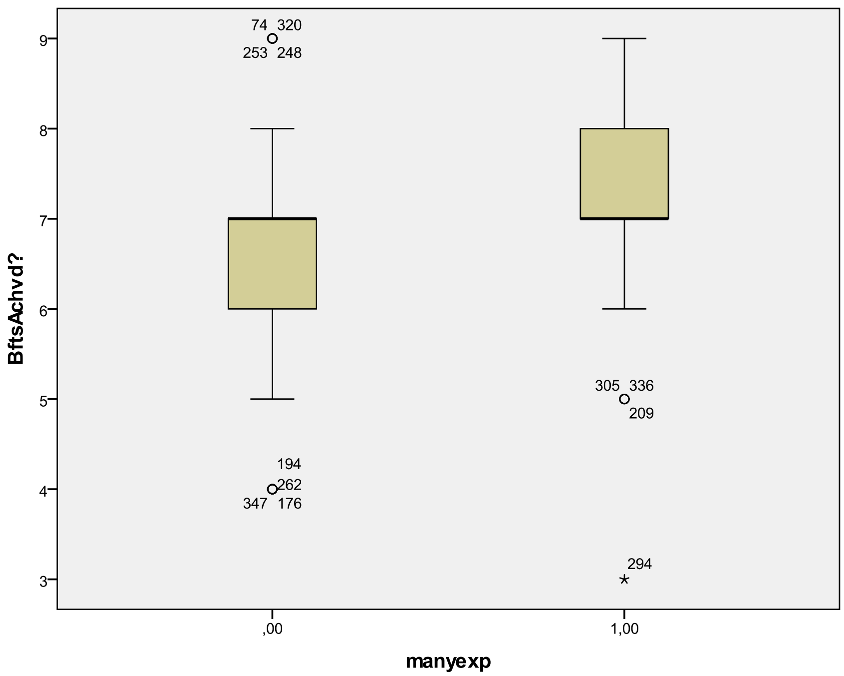
Effects of Alignment and Prior Experience on Value Creation After identifying the factors that shared many common expected benefits from cross-sector collaboration, we created four factors that included only the benefits shared by both CSOs and businesses (see Table 3 above). These factors represent different types of value sought from cross-sector collaborations. We then conducted regression analysis on the factors in order to determine the effects of alignment and experience on achieving the expected benefits (i.e. value creation) for each factor. For the factors of *Access to Knowledge & Technology Development* and *Influence & Competitive Advantage*, alignment had a direct (positive) effect on value creation and experience had both a direct (positive) effect on value creation and also moderated the effect that alignment had on value creation. These results are discussed further below. However, for the other factors, results of the regression analysis were too ambiguous to draw conclusions about the effects of alignment and experience on value creation.

Because benefits associated with the factor *Access to Knowledge & Technology Development* were unimportant to most respondents (i.e. *Technology Development* does not rank among the top 8 benefits expected for either CSOs or businesses - see Table 2), unless noted otherwise, in the remainder of this section we limit the analysis of the effects of alignment and experience on value creation to responses related to the factor of *Influence & Competitive Advantage*. Furthermore, as the focus of this paper is primarily on collaborations between CSOs and businesses, unless noted otherwise, we discuss results that include only responses from CSOs and businesses (i.e. excluding responses from academia, government and consultants).

In support of H1, we find the direct effect (i.e. standardized coefficient) of alignment on value creation – conceived of as achieving benefits associated with the factor of *Influence & Competitive Advantage*) – is 0.283 with a p-value of 0.000. In other words, alignment has a significant direct (positive) effect on value creation.

Results for the effect of experience on value creation (H2a) indicate that only having experience of one or a few prior collaborations has no significant effect. However, respondents who reported having many experiences of collaborations reported significantly higher levels of value creation (see Figure 5 below). The standardized direct effect of having many experiences of cross-sector collaboration on value creation is 0.192 with a p-value of 0.008.

Figure 5: Effect of Experience on Value Creation*

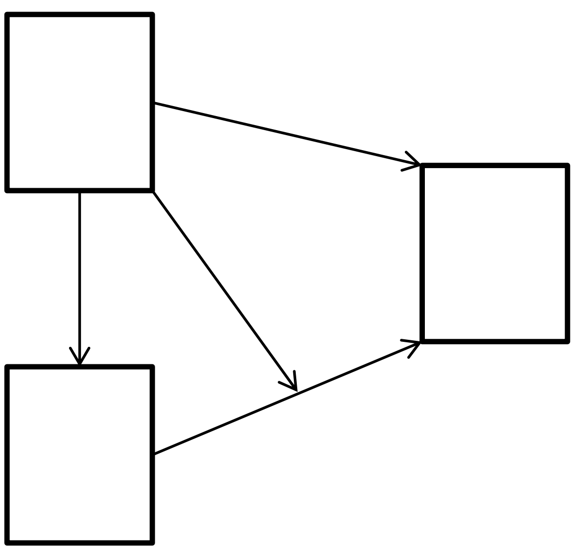


Note: manyexp .00 = Only One or a Few Experiences; manyexp 1.00 = Many Prior Experiences
* Value creation relates to the factor *Influence & Competitive Advantage*

Experience and alignment explain 14.3% of the variance for value creation among all organization types surveyed. However, if we only consider responses from CSOs and businesses R^2 is 11.9%. While 14.3% does not represent an exceptionally high explained variation, this finding is valuable given that the concept of value creation is complex and consists of a number of dimensions, such as establishing and developing the relationship, managing the partner interface on an ongoing basis, and the re-enforcing effect of value generation for partners and society (Austin, 2000; SEKN, 2004).

Figure 6 (below), shows that in addition to the direct effect that prior experience has on value creation, we also find that this experience moderates the effect that alignment has on value creation. That is, alignment's effect on value creation is conditional on whether an organization has prior partnering experience or not. If an organization has only a few (or less) prior experiences of collaboration, the effect of alignment on value creation is 0.262. In contrast, if an organization has many prior collaboration experiences, then the effect of alignment on value creation is 0.385.

Figure 6: Alignment, Experience & Value Creation Model



E = Many Prior Experiences of Cross-Sector Collaboration
A = Alignment of partners in terms of importance of the collaboration to their organization's mission and strategy and shared values with their partner
VC = Benefits achieved related to increasing influence over other sectors and gaining a competitive advantage

3.6 Discussion

In large part, the findings from our analysis of the survey results lend support to our hypotheses. Below, we discuss the implication of the results for each hypothesis. For results related to the effects of alignment and experience on value creation, value creation has been operationalized as achievement of expected benefits related to the common factor of *Influence & Competitive Advantage* (see Table 3).

H1 is supported by our findings. Alignment has a significant and positive effect on the achievement of expected benefits from cross-sector collaborations.

H2a is partially supported by our findings. The amount of variance (R^2) explained by prior experience is particularly low, meaning that when not combined with the effect of alignment, prior experience doesn't explain much about what leads to value creation. However, when we consider the total effect of prior experience and alignment on value creation, we realize that experience is important due to the interactive effect of experience and alignment discussed below. Furthermore, the effect of increasing levels of experience does not make a notable impact on value creation until one has many experiences of cross-sector collaboration. That is, the effect of having only one or a few experiences of cross-sector collaboration has a negligible effect on value creation. However, the effect of having many prior experiences of cross-sector collaborations on value creation is significant and positive (see Figure 5 above).

An unexpected finding from our analysis was that prior experience moderates the effect of alignment on value creation. Prior experience positively affects degrees of alignment and when combined, prior experience and alignment have a large and positive effect on value creation.

H2b is partially supported by our findings. Respondents from organizations with some degree of experience report significantly higher levels of alignment, defined as the importance of cross-sector collaboration to the organization's mission and strategy, than organizations with no prior experience. However, among respondents with only some degree of prior experience, our findings are more nuanced. While we don't find a significant effect on alignment for those respondents who participated in a single collaboration compared to those who participated in a few collaborations, respondents with many experiences of cross-sector collaboration do report significantly greater levels of alignment. Therefore, we can conclude that for organizations with many experiences of cross-sector collaboration, this experience has a significant and positive effect on levels of alignment. We expect this may be due to repeated experience of working with the same partners, more carefully choosing new partners, better understanding of how their organization can contribute to cross-sector collaborations, or as a result of becoming better at fostering alignment with partners.

H2c is supported by our findings. In contrast to respondents with experience, who ranked addressing a societal need as the most important benefit expected from cross-sector collaboration with mean values of 8.15 for CSOs and 8.20 for businesses, respondents with no experience rated access to other organizations as the most important expected benefit. Respondents with no experience ranked addressing a societal need only seventh among expected benefits, with a mean value of 5.07. Distributions of respondents' likelihood to perceive addressing a societal issue as an important expected outcome of engagement in a cross-sector collaboration (see Figure 4) also illustrate that organizations with experience are more likely to expect that addressing a societal need will be an outcome of cross-sector collaboration.

While gaining access to organizations from another sector represents a relatively simple expected benefit of entering cross-sector collaborations, addressing societal needs clearly represents a more complex objective. As empirical studies have demonstrated that prior alliance management experience improves the efficiency, ability to perform complex tasks, and successful outcomes of alliances (Anand and Khanna, 2000; Kale, Dyer and Singh, 2002; Spekman, Forbes, Isabella and MacAvoy, 1998; Zollo, Reuer and Singh, 2002), we expect that organizations with prior cross-sector collaboration experience will be more likely to take on more challenging goals because of a greater sense of efficacy related to such collaborations.

3.7 Conclusions

In summary, hypotheses H1 and H2c are supported by our findings while hypotheses H2a and H2b are partially supported. Moreover, perhaps most interesting among the results of the survey was the unexpected finding that experience acts moderates the effect of alignment on value creation. In other words, alignment's effect on value creation is conditional on whether an organization has prior partnering experience or not. When an organization has many instances of prior experience in cross-sector collaborations, the combined effect of alignment and experience on value creation is greater than the sum of their individual effects.

While the findings of this survey largely support our hypotheses, several limitations prevent one from drawing broad generalizations from these results. First of all, this survey was conducted among organizations based mostly in Spain. Similar surveys conducted in other countries or regions may yield different results. Also, the effects of alignment and experience on value creation were limited to two general types of value pursued by cross-sector collaborations – that is, value achieved related to the factors of *Access to Knowledge & Technology Development* and *Influence & Competitive Advantage*. Therefore, these findings cannot determine the effects of alignment and prior experience on value creation in general. A further limitation of this survey is the possibility of self-reporting bias. As we were not able to confirm perceptions of the achievement of benefits with other partners or the recipients of the alliance’s products or services, it is possible that perceptions related to the value created by collaborations (or not) were biased. Finally, because the population for our survey is derived from an existing contact database held by the Institute for Social Innovation at ESADE Business School (i.e. a convenience sample), the population does not represent a randomized sample of all organizations in Spain.

While taking into account the limitations mentioned above, this research does contribute to the literature by employing a new method (i.e. a survey) and empirical research based on a large sample size to the context of cross-sector collaboration. To date, little research of this type on the topic of cross-sector collaboration has been published in peer-reviewed journals (Selsky and Parker, 2005; Kourula and Laasonen, 2010). In addition, this research contributes to the literature by testing and lending empirical support to earlier conceptual and case-based research (e.g. Austin, 2000; Murphy and Arenas, 2011; SEKN, 2004) that provided propositions related to value creation in cross-sector collaborations. Furthermore, this study contributes to the cross-sector collaboration literature by examining the influence that prior experience has on the type of benefits sought from cross-sector collaborations and the achievement those benefits. Finally, this research contributes to inter-organizational alliance literature in general by making the unexpected finding that prior experience moderates the effect of alignment on value creation.

We hope this work will encourage and facilitate practitioners to create more effective cross-sector alliances by emphasizing the particular importance of alignment and the advantage that learning from many prior collaboration experiences brings. While one or even a few experiences of cross-sector collaboration may or may not lead to more effective alliances, the results of this survey suggest that the learning that takes place from many collaboration experiences will lead to both significantly higher levels of alignment and value creation. This work should also encourage scholars to carry out further large-N empirical studies to continue testing and refining extant theories on the design and practice of cross-sector collaboration.

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3.9 Appendix 1: Types of Benefits Sought from Cross-Sector Collaboration

Address a societal need

Solve an environmental problem

Alleviate a social conflict or tension

Approval of investors or funders

Additional financial resources

Services or goods

Staff skills development

Staff retention

Staff recruitment

Staff motivation

Strengthen organizational values and culture

Technology Development

More sustainable products and services

Access to expertise and technology

Name recognition and reputation

Advantage in relation to other organizations

Customer, client or member loyalty

Capacity to influence other sectors

Communication with influential external parties

Access to other organizations

Chapter 4: (Article 3)

New Perspectives on Learning and Innovation in Cross-Sector Collaborations

This article was written by Matthew Murphy, Francois Perrot, and Miguel Rivera-Santos. It was accepted by the Editor of the Special Issue of the 2010, 3rd Subsistence Marketplaces Conference for publication in the Journal of Business Research, ISSN: 0148-2963.

4.1 Abstract

This study explores whether absorptive capacity, one of the most important concepts in the literature on inter-partner learning and innovation in alliances, can be directly transposed to cross-sector alliances. The results of the analysis suggest that current models of absorptive capacity only imperfectly reflect the learning and innovation dynamics characteristic of cross-sector alliances, due to differences in alliance partners, their goals, and the type of innovations they pursue. This article introduces the concept of relational capacity for Social Innovation, a model better suited to the analysis of learning and innovation in the context of cross-sector alliances, especially those operating at the base of the economic pyramid.

Keywords: Absorptive capacity; cross-sector alliances; social innovation; innovation; base-of-the-pyramid

4.2 Introduction

Absorptive capacity (ACAP), a concept developed by Cohen and Levinthal (1990, p. 128) to explain why some firms learn and innovate more than others, is defined as the "ability to recognize the value of new, external information, assimilate it, and apply it to commercial ends." The alliance literature has extensively applied this concept to explain inter-partner learning dynamics (e.g., Lane and Lubatkin, 1998; Simonin, 2004, among many others).

While ACAP provides important insights to the business-to-business (B2B) alliance literature, no study has explored whether the concept can be directly transposed to cross-sector alliances (henceforth B2N alliances), defined as collaborations between for-profit businesses and non-profit organizations (NPOs). Yet, the literature on B2N alliances suggests that many partners enter these alliances with aims of learning and innovation (London, Rondinelli, and O'Neill, 2005; Selsky and Parker, 2005; Teegen, Doh, and Vachani, 2004; Waddell, 1999). In particular, the base-of-the-pyramid (BOP) and subsistence marketplace literatures suggest that learning from and innovating with non-traditional partners is a necessity in markets characterized by poverty, leading some scholars to argue that BOP innovations are inter-partner co-creations (Sánchez, Ricart, and Rodríguez, 2006; Simanis and Hart, 2008).

At the same time, significant differences between B2B and B2N alliances are likely to impact ACAP. First, partners in B2N alliances have fundamentally different goals, dominant logics, and governance structures (Austin, 2000; Berger, Cunningham, and Drumwright, 2004; Doh and Teegen, 2003; Hardy, Lawrence, and Phillips, 2006; Kanter, 1999; LeBer and Branzei, 2010; Rondinelli and London, 2003; Waddell and Brown, 1997). Second, the objectives of B2N and B2B alliances are distinct, as cross-sector alliances typically prioritize creation of social value over economic value (Berger et al., 2004; LeBer and Branzei, 2010; Nelson and Zadek, 2000;

Teegen, et al., 2004; Waddell and Brown, 1997; Waddock, 1991). This is particularly true at the BOP, where business models tend to explicitly combine social and economic goals (London, Anupindi, and Sheth, 2010; Prahalad, 2005; Simanis and Hart, 2008).

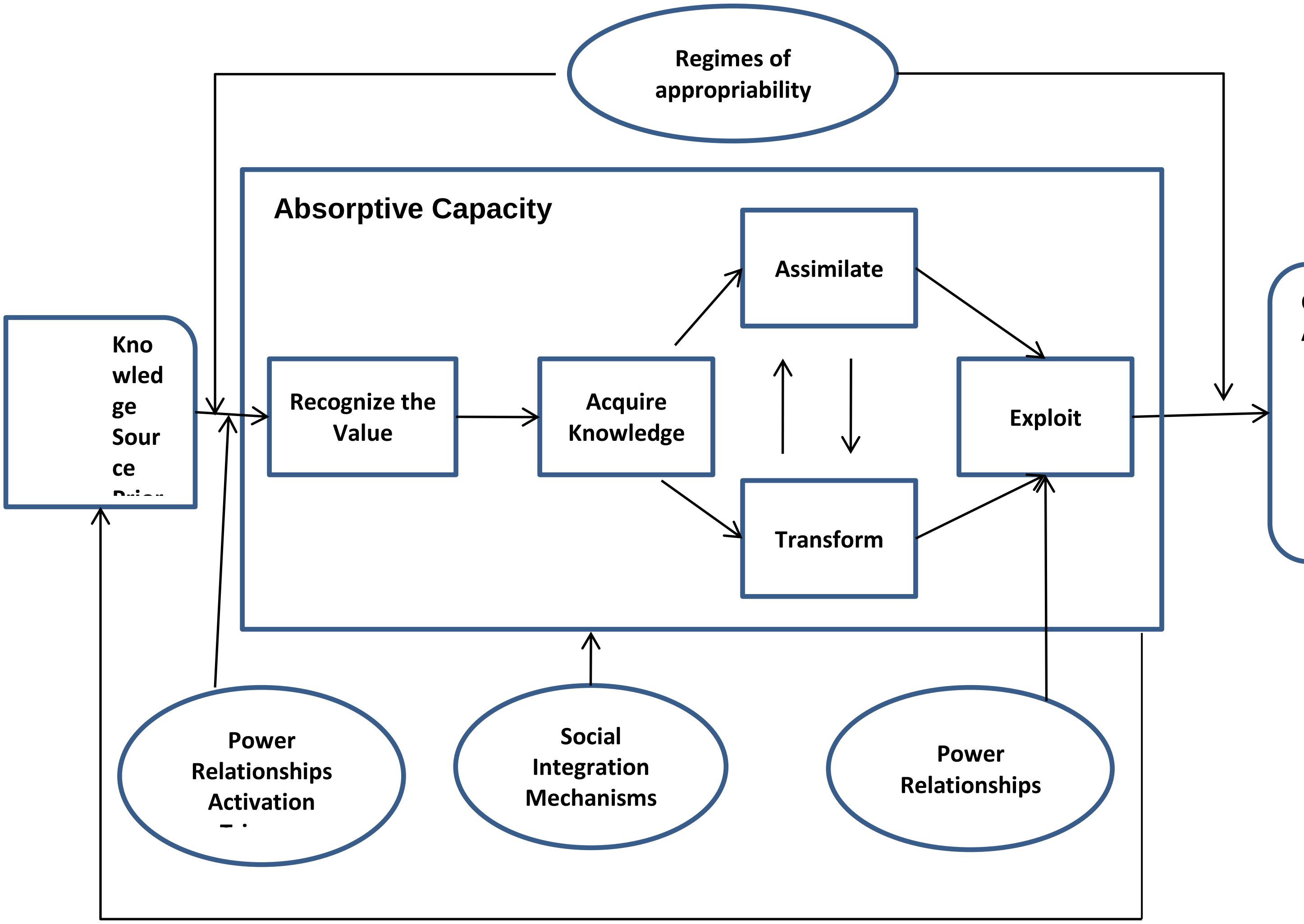
The goal of this paper is to explore whether the concept of ACAP, previously applied in the context of B2B alliances, is directly transposable to B2N alliances, or whether it needs to be adapted to the specificities of these alliances. Thus, this research seeks to answer the following question: *In what ways (if any) does ACAP differ in the context of B2N alliances?* The results of this analysis suggest that models of ACAP developed for B2B alliances imperfectly reflect learning and innovation dynamics characteristic of cross-sector alliances. Therefore, this article introduces the concept of relational capacity for Social Innovation (RCSI), a model better suited to the analysis of learning and innovation in the context of cross-sector alliances, especially those at the BOP. The contributions of this work are threefold. First, the article contributes to the cross-sector partnership literature by proposing a construct that helps to explain inter-partner learning and innovation in B2N alliances. Second, this work contributes to the BOP and subsistence marketplace literatures by providing a framework to better understand processes of co-creation and co-innovation in markets characterized by poverty. Third, this article contributes to the broader inter-partner learning and innovation literatures by analyzing the impacts of the type of partners and overall goal of the alliance on learning and innovation.

The sections that follow review the concept of ACAP before exploring differences between B2B and B2N alliances. The paper then develops propositions regarding how these differences impact various dimensions of ACAP in the context of B2N alliances and proposes an alternative model, relational capacity for Social Innovation (RCSI), better suited to this context. Two B2N alliances at the BOP provide illustrations of how the model can be used to analyze learning and innovation in cross-sector alliances at the BOP. The final section concludes by discussing implications and limitations of this research for scholars and practitioners.

4.3 Absorptive Capacity

Developed by Cohen and Levinthal (1990), ACAP refers to a firm's ability to learn from its external environment and leverage new knowledge to improve performance. Linking individual and organizational levels, the concept emphasizes the cumulative and path-dependent nature of learning, and highlights the processes, policies, and procedures that enable learning in an organization. In Cohen and Levinthal's original model, ACAP incorporates three distinct, although related, facets: the firm's ability to recognize the value of new information, its ability to assimilate it into its own knowledge base, and the ability to apply it to commercial ends.

Figure 1: A Refined Model of Absorptive Capacity



(Adapted from Todorova andDurisin, 2007)

Following this foundational study, numerous scholars have applied the concept of ACAP, especially in the alliance literature. However, as established by a recent literature review, few studies have attempted to extend or refine the construct (Lane, Koka, and Pathak, 2006). Todorova and Durisin (2007) propose a model describing the components and processes comprising a firm's ACAP (Fig. 1). It places abilities to recognize the value of, acquire, assimilate, transform, and exploit external knowledge at the core of ACAP. The model also recognizes the importance of the type and source of knowledge as antecedents. Power relationships, social integration mechanisms, and regimes of appropriability are introduced as contingent factors and moderators of the relationship between knowledge, ACAP, and performance. As such, the model provides a detailed and comprehensive description of processes that build a firm's ACAP in general and in B2B alliances. However, significant differences between B2B and B2N alliances may impact ACAP. The next section explores these differences.

4.4 Cross-Sector Alliances and Social Innovation

Cross-sector alliances cover a wide range of inter-organizational relationships along a continuum from conflict-resolution to integrative alliances in which partners combine competencies and resources in a process of systematic learning with the goal of creating social value (Austin, 2000; Murphy and Arenas, 2011). In particular, B2N alliances at the Base of the Pyramid (BOP) and in subsistence marketplaces, defined as markets where consumers barely have sufficient resources for day-to-day living (Viswanathan, Sridharan, and Ritchie, 2010), typically require innovations combining both social and economic goals. Thus, two important and related aspects characterize cross-sector partnerships, especially at the BOP: the combination of for-profit and non-profit partners, and the combination of social and economic goals.

The cross-sector nature of partners has significant implications for B2N alliances. Most importantly, partners in B2N alliances have much less in common than partners in B2B alliances. They tend to share less in terms of organizational culture (Austin, 2000; Berger et al., 2004; Waddell and Brown, 1997), missions (Kanter, 1999; Rondinelli and London, 2003; Waddell and Brown, 1997), views about what constitutes performance and social value (Hardy et al., 2006; LeBer and Branzei, 2010), mindsets and professional language (Austin, 2000; Lucea, 2007), compensation practices (Preston, 1989; Weisbrod, 1983), organizational structures (Berger et al., 2004), governance structures (Doh and Teegen, 2003; Leete, 2000; Rondinelli and London, 2003), and, most importantly, organizational goals (Anheier and Ben-Ner, 2003). As a consequence, B2N alliances exhibit considerably different governance structures and pursue different objectives than B2B alliances both in developed countries (Rivera-Santos and Rufín, 2011) and at the BOP (Rivera-Santos and Rufín, 2010).

The combination of social and economic goals is the second major aspect differentiating B2N from B2B alliances. While B2B alliances typically have objectives related to creating greater economic value for their partners (Lane and Lubatkin, 1998), cross-sector alliances tend to have objectives prioritizing creation of social value through social innovation (Berger et al., 2004; LeBer and Branzei, 2010; Nelson and Zadek, 2000; Waddell and Brown, 1997; Waddock, 1991). Social innovation is “a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than to private individuals” (Phills, Deiglmeier, and Miller, 2008: 36). Social innovations thus contrast with business innovations, which are the multi-stage process whereby organizations transform ideas into new/improved products, services or processes, in order to advance, compete and differentiate themselves successfully in their marketplace (Baregheh, Rowley, and Sambrook, 2009). While social innovations place priority on bringing benefits to society, business innovation places priority on improving the competitive position of the firm. This has important implications not only in terms of goals and beneficiaries, but also in terms of inputs and where these inputs originate.

4.5 Absorptive Capacity in Cross-Sector Alliances

The previous discussion suggests that not only the nature of the partners, but also the nature of the innovations in B2N alliances, contrast sharply with their equivalents in B2B contexts. This section explores the implication of these differences for each component of ACAP. Table 1 synthesizes the analysis and highlights the differences between both types of alliances in terms of absorptive capacity by placing their contrasting features side by side.

4.5.1 External Knowledge and the Ability to Recognize its Value

Todorova and Durisin's (2007) ACAP model connects the firm's ability to recognize the value of external knowledge to two antecedents: sources of external knowledge and the extent of overlap between a firm's prior knowledge and the knowledge to be acquired. In their view, sharing basic knowledge (i.e., traditions and techniques upon which knowledge is based) with the source of external knowledge helps a learning firm to better understand and value the external knowledge (Cohen and Levinthal, 1990).

In B2N alliances, a firm's source of external knowledge is the NPO. Consequently, the basic knowledge and organizational structure in which it is embedded are significantly different than those of a for-profit firm, making it more difficult for the firm to recognize valuable knowledge. Furthermore, the type of knowledge held by an NPO tends to differ from knowledge held by firms, as NPOs typically provide public, rather than private, goods, and, accordingly, possess different sets of resources (Doh and Teegen, 2003). In other terms, the source and type of knowledge are likely to make it more difficult for firms to recognize the value of external knowledge in cross-sector alliances. This difficulty is compounded in BOP contexts, where knowledge is highly localized (Johnson, 2007; Simanis and Hart, 2008). As a result, to acquire knowledge from an NPO, a firm will need to bridge knowledge gaps by emphasizing relationship building as a way to better understand the NPO and their knowledge (Rivera-Santos and Rufín, 2011).

Proposition 1a: Compared to B2B alliances, recognizing the value of external knowledge will be less likely in B2N alliances, leading to a greater need for inter-partner relationship building.

While firms will typically find it difficult to recognize the value of external knowledge in B2N alliances, some are likely to find it more difficult than others. Indeed, a firm's identity, defined as the way in which its members perceive its central, enduring and distinctive attributes (Albert and Whetten, 1985), is likely to facilitate or hinder recognition of social value. Businesses which see themselves as offering enough to society by maximizing shareholder value are likely to pay less attention to social innovation or the knowledge possessed by NPOs. By contrast, firms which perceive their role as serving society more broadly will be more likely to recognize the value of B2N alliances and emphasize the need for alternative success metrics (Johnson, 2007; London et al., 2010; Simanis and Hart, 2008), as they will view social innovations stemming from these alliances as part of their mission.

Employees of firms emphasizing social and economic goals are more likely to find common ground with members of a partner NPO, thus decreasing the need for inter-partner relationship building. Proposition 1b: Firms viewing the creation of societal value as part of their mission are more likely to recognize the value of external knowledge in B2N alliances than firms viewing the creation of value for shareholders as their sole mission, leading to a lesser need for inter-partner relationship building.

4.5.2 Acquisition, Assimilation, and Transformation of External Knowledge

After the value of external knowledge is recognized, it may be acquired (Cohen and Levinthal, 1990; Todorova and Durisin, 2007). Acquisition refers to the act of learning itself; that is, bringing external knowledge into the knowledge base of the firm.

As mentioned above, different overall goals, governance structures, decision making processes, and compensation practices, create a wider gap between firms and NPOs than between two firms (Rivera-Santos and Rufín, 2011). This results in lower probability of acquiring external knowledge in B2N alliances. Also, due to differences in organizational culture, professional languages, and missions, misunderstandings are more common in B2N than B2B alliances (LeBer and Branzei, 2010). Thus, relationship building to overcome these differences is imperative to knowledge acquisition in cross-sector alliances. This reasoning leads to the following proposition:

> **Proposition 2a**: Compared to B2B alliances, the acquisition of external knowledge will be less likely in B2N alliances, leading to a greater need for inter-partner relationship building.

Todorova and Durisin (2007) go on to argue that after the firm acquires external knowledge, it can assimilate it with little alteration if it fits well with existing cognitive schemas, or with significant transformation of both the knowledge and cognitive schema if the new knowledge does not fit well with existing cognitive schemas. This rationale implies a higher ability to internalize new external knowledge when inter-partner overlap in terms of knowledge bases and knowledge processing systems is higher (Lane and Lubatkin, 1998).

A firm's ability to internalize new external knowledge is, therefore, greater when its knowledge processing systems, in the form of organizational structures and related compensation practices, are similar to its partner's (Lane and Lubatkin, 1998). As mentioned above, organizational structures and compensation practices of NPOs differ significantly from those of for-profit firms. Therefore, the degree of transformation knowledge will need to undergo before the firm's cognitive schema can incorporate it is likely to be substantial. Furthermore, B2N alliances combine social and economic goals, meaning that combinations of knowledge that are new to both partners are likely to be necessary to achieve alliance goals, adding to the importance of knowledge adaptation.

Finally, the complexity of societal dilemmas that cross-sector alliances seek to address (Phills et al., 2008) compounds the hurdles related to the combination and assimilation of knowledge. This is particularly true of BOP environments, where highly localized and complex solutions are typically needed (Johnson, 2007; Rivera-Santos and Rufín, 2010; Simanis and Hart, 2008). This reasoning suggests that the degree of adaptation and transformation necessary for the assimilation of new knowledge in cross-sector alliances is likely to be high. This is in line with claims that cross-sector alliances require co-creation, rather than simply innovation, especially at the BOP (London, 2007; Simanis and Hart, 2008; Webb, Kistruck, Ireland, and Ketchen, 2010).

> **Proposition 2b**: Compared to B2B alliances, the degree of knowledge adaptation and transformation will be higher in B2N alliances, leading to situations of co-creation of knowledge.

4.5.3 Exploiting External Knowledge / Outcomes

The final step in Todorova and Durisin's (2007) model of ACAP is the exploitation of new knowledge for commercial purposes. A firm's dominant logic determines how it applies knowledge for commercial ends (Lane and Lubatkin, 1998). The degree to which this logic overlaps with that of its partner will determine its ability to commercially apply new knowledge. Similarly, the more experience partners have in solving similar types of problems, the easier it will be for them to find commercial applications for newly assimilated knowledge and derive improved performance implications from this knowledge (Lane and Lubatkin, 1998).

In the case of B2N alliances, the fundamental missions and goals of both partners will be different (Kanter, 1999; Rondinelli and London, 2003; Waddell and Brown, 1997). The partners' intents in regard to who will be the primary beneficiary of learning and subsequent innovation processes will lead to different applications and outcomes of new knowledge. Due to these differences, cross-sector partners will tend to have less experience solving similar types of problems compared to partners in B2B alliances. Consequently, the commercial application of new knowledge will be more challenging in B2N than B2B alliances, and competitive advantage in the form of increased performance will be more elusive in B2N alliances. Social innovations originating from B2N alliances will emphasize the creation of social value, in combination with economic goals (Berger, et al., 2004; LeBer and Branzei, 2010; Nelson and Zadek, 2000; Waddock, 1991; Waddell and Brown 1997). Therefore, the outcomes will accrue primarily to society rather than the firm. This reasoning leads to the following propositions:

> **Proposition 3a**: Compared to B2B alliances, commercial application of new knowledge is more difficult in B2N alliances.

Proposition 3b: Compared to B2B alliances, the benefits or outcomes from learning in B2N alliances are more likely to accrue to society rather than to the firm.

4.5.4 Moderators and Contingent Factors

Several moderators and contingent factors influence the other components of ACAP in Todorova and Durisin's (2007) model. Moderators include activation triggers, defined as events that encourage a firm to respond to specific stimuli; social integration mechanisms, defined as processes facilitating effective sharing and integration of knowledge; and regimes of appropriability, the extent to which property rights protect the advantages gained via new products or processes. Power relations, a contingent factor, are defined as the external and internal relationships that involve the use of power and other resources by an actor to obtain his or her preferred outcomes. While activation triggers and power relations are likely to have similar implications for B2N and B2B alliances, as power relations will still guide organizations in particular directions and important events will evoke responses regardless of organization type, the relative importance of social integration mechanisms and regimes of appropriability are likely to differ. To varying degrees, new knowledge gained from engaging in B2N alliances will become part of a contributing organization's knowledge base via social integration mechanisms. Yet, because of wide differences in the basic knowledge and objectives of for-profit and non-profit organizations, social integration mechanisms will be more important to the integration of external knowledge for organizations participating in B2N alliances. By contrast, regimes of appropriability are likely to be less relevant in the B2N alliance context, as these alliances tend to be formed for social innovation, especially at the BOP.

Proposition 4a: The impact of activation triggers on absorptive capacity is similar in B2B and B2N alliances.

Proposition 4b: The impact of power relationships on absorptive capacity is similar in B2B and B2N alliances.

Proposition 4c: Compared to B2B alliances, the integration of external knowledge from B2N alliances relies more on the existence of processes designed to integrate new knowledge throughout the organization.

Proposition 4d: Compared to B2B alliances, regimes of appropriability have a minimal moderating effect on B2N alliances.

Table 1

Comparison and contrast of B2B and B2N alliances relative to ACAP

Components of ACAP (Todorova and Durisin, 2007)	**B2B Alliance**	**B2N Alliances**
Prior Knowledge (K) & Recognizing the Value of External K Sharing basic knowledge with the source of new knowledge facilitates recognizing the value of new external knowledge (Cohen and Levinthal, 1990).	- B2B partners share more in terms of organizational culture, professional language and views on what constitutes value and how to obtain it - B2B partners share similar missions at a fundamental level (e.g. profit) - Both partners consider economic value is at the core of their identity, helping them recognize the commercial value of partners' knowledge	- B2N partners share less in terms of organizational culture (Austin, 2000; Berger et al., 2004; Waddell and Brown, 1997), professional language (Austin, 2000; Lucea, 2007) views on what constitutes value and how to obtain it (Hardy et al., 2006; LeBer and Branzei, 2010) - B2N partners share similar missions at a fundamental level (e.g. societal) (Kanter, 1999; Rondinelli and London; 2003; Waddell and Brown, 1997) - Extent to which a firm considers social value a core part of its identity (Albert and Whetten, 1985) influences its ability to recognize value of NPO knowledge
Assimilate New External K Similar knowledge processing systems facilitate internalization of new K from external sources (Cohen and Levinthal, 1990). Compensation practices and organization structure (i.e. degree of formalization and centralization) serve as proxies for knowledge-processing systems (Lane and Lubatkin, 1998).	- Compensation and governance practices in B2B likely to be more similar - More formal and more centralized decision making in businesses - Less psychological hurdles in B2B - More likely to share missions, goals and professional language in B2B - Partners in B2B share more in terms of organizational culture	- Compensation (Preston, 1989; Weisbrod, 1983)and governance (Doh and Teegen, 2003; Leete, 2000; Rondinelli and London, 2003)in B2N likely to be different - Less formal, less centralized decision making in NPOs (Berger et al., 2004) - More psychological hurdles in B2N (e.g. mistrust, loss of control) (Rondinelli and London, 2003) - Less likely to share missions, goals (Kanter, 1999; LeBer and Branzei, 2010; Rondinelli and London; 2003; Waddell and Brown, 1997) or professional language (Austin, 2000; Lucea, 2007) in B2N - Partners in B2N share less in terms of organizational culture (Austin, 2000; Berger et al., 2004; Waddell and Brown, 1997)

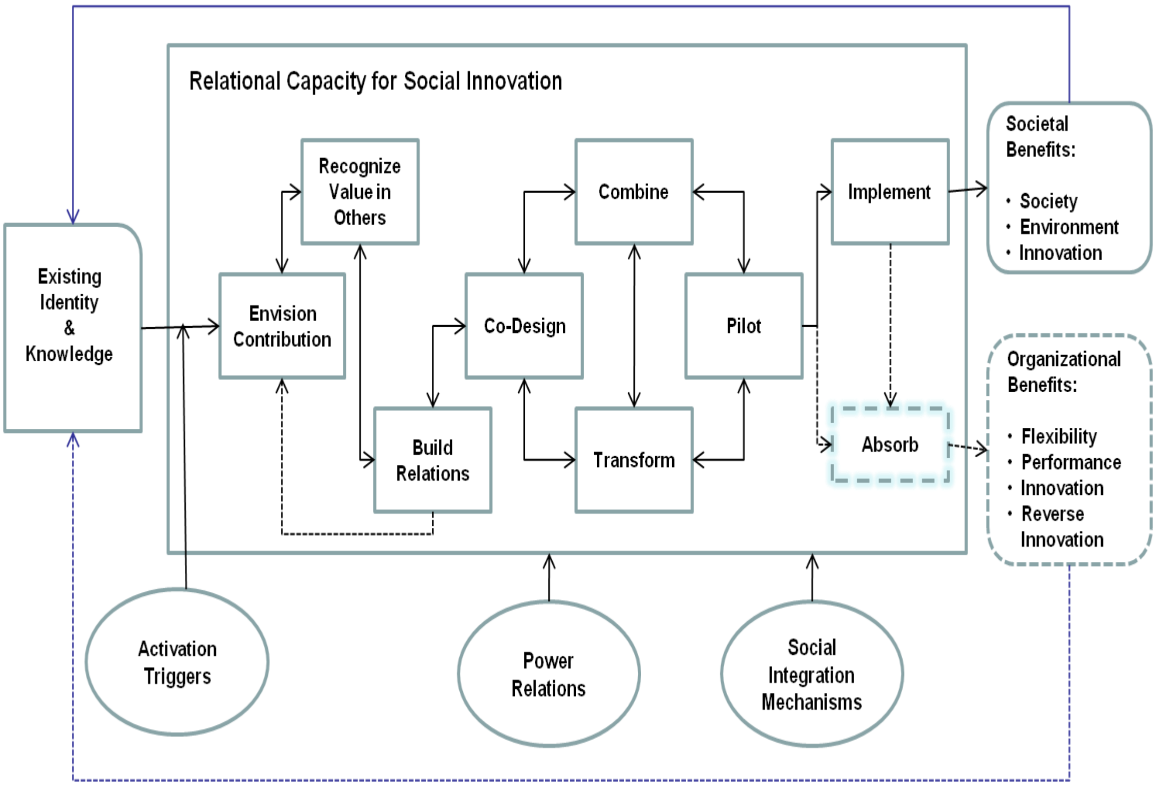
Exploit / Commercialize Similar dominant logics and experience solving similar types of problems make it easier to find commercial applications for newly assimilated knowledge (Lane and Lubatkin, 1998).	- More likely to share missions and goals in B2B (e.g. firms have more interest in prioritizing profits) - B2B partners likely to have more experience solving similar types of problems. (Rondinelli & London, 2003).	- Less likely to share missions and goals in B2N (Kanter, 1999; Rondinelli and London; 2003; Waddell and Brown, 1997) - B2N partners likely to have less experience solving similar types of problems. (Doh and Teegen, 2003).
Outcomes Competitive Advantages (e.g. flexibility, performance, innovation) (Todorova and Durisin, 2007).	B2B alliances tend to have economic objectives.	B2N alliances tend to have objectives of creating social value and, perhaps, also economic value. (Berger, et al., 2004; LeBer and Branzei, 2010; Nelson and Zadek, 2000; Waddell and Brown 1997; Waddock, 1991)
Activation Triggers Events that cause a response to specific internal or external stimuli (Todorova and Durisin, 2007).	No differences relevant to ACAP.	No differences relevant to ACAP.
Power Relations Relationships involving use of power to obtain preferred outcomes (Todorova and Durisin, 2007).	No differences relevant to ACAP.	No differences relevant to ACAP.
Social Integration Mechanisms Formal and informal means of sharing knowledge within and across organizations (Todorova and Durisin, 2007)	- B2B partners tend to share more in terms of organizational culture and professional language - Less psychological hurdles in B2B	- B2N partners tend to share less in terms of organizational culture (Austin, 2000; Berger et al., 2004; Waddell and Brown, 1997) and professional language(Austin, 2000; Lucea, 2007) - More psychological hurdles in B2N (Rondinelli and London, 2003)
Regimes of Appropriability The extent to which property rights protect the advantages gained via new products or processes (Todorova and Durisin, 2007).	B2B alliances tend to have economic objectives. Therefore, firms try to protect knowledge gained in B2B alliances.	B2N alliances tend to have objectives of creating social value and, perhaps, also economic value (Berger, et al., 2004; LeBer and Branzei, 2010; Nelson and Zadek, 2000; Waddell and Brown 1997; Waddock, 1991). Therefore, B2N partners have less incentive to protect knowledge than firms in B2B alliances.

Source: The Authors

4.6 Relational Capacity for Social Innovation in Cross-Sector Alliances: Two Illustrations

The analysis above suggests that ACAP is not directly transposable to B2N alliances. Building on the propositions above, this paper introduces a new concept, relational capacity for Social Innovation (RCSI), adapted from and adding new dimensions to ACAP, to explain an organization's ability to learn and innovate in cross-sector alliances (see Figure 2). Two cases of B2N alliances in the context of BOP projects – based on semi-structured interviews with top managers conducted in 2010, secondary sources, and archival data – serve to illustrate this model (see Appendix 2). First, Groupe Danone's alliance with the Grameen Group in Bangladesh aims to reduce both malnutrition and poverty by providing poor consumers with affordable and nutritious yogurt, while leveraging local resources, creating employment throughout the value chain, and emphasizing co-creation and co-innovation. Second, Essilor's collaboration with two renowned Indian eye hospitals, Aravind and Sankara Nethralaya (SN), addresses the lack of access to eye-care for poor people in rural areas of India by combining the partners' knowledge and resources to offer free sight tests and affordable glasses. This collaboration results in fewer innovations and limited learning, thus providing a contrast to the Danone-Grameen case in which both partners emphasize learning (see Appendix 1 for case summaries).

Figure 2: Model of Relational Capacity for Social Innovation



Source: The authors

The BOP is an extreme environment in which cross-sector collaborations are necessary for social innovation (London, 2007; London and Hart, 2004; Simanis and Hart, 2008). Extreme cases are useful because they serve to highlight aspects of phenomena which might not be so apparent in other cases (Stake, 1994). By using two cases, contrasting patterns in the data become more noticeable (Eisenhardt and Graebner, 2007), thus facilitating illustration of important aspects of the proposed model of RCSI.

4.6.1 Antecedents and Activation Triggers: Envisioning a Contribution

As with ACAP, RCSI recognizes the antecedent of existing knowledge - both internal and external. However, as discussed in Proposition 1b, organizational identity becomes crucial in

B2N alliances, as it impacts the degree to which an organization recognizes social value as relevant to its core mission. In the case of Danone, whose stated mission is to bring health through food to as many as possible, the firm's identity is closely associated with the pursuit of a dual mission combining economic and social objectives.

Based on the expectation that the identity of an organization will influence how it values social innovations, RCSI differs from extant models of ACAP by emphasizing the act of envisioning a contribution to society as an essential component of learning in pursuit of social innovation. An organization recognizing how its knowledge base might be useful for addressing a societal issue ('Envision Contribution' in Figure 2) is more likely to recognize this value in the knowledge of potential partners ('Recognize Value in Others' in Figure 2), such as NPOs. For example, Danone clearly sees how its expertise in the production of healthy foods can contribute to the alleviation of malnutrition. However, with little experience serving markets where malnutrition is rife, Danone recognized the need to establish relations with an organization such as Grameen, which has vast experience developing business models in subsistence marketplaces. Likewise, Essilor understands that its expertise in the production of lenses may help to address the need for better vision in regions where the extremely poor rarely receive eye care. Yet, with limited experience of serving customers in India, a country where millions are in need of basic eye care (Garrette, Benkirane, and Roger-Machart, 2008), Essilor sought the collaboration of Aravind and SN, Indian NPOs that share Essilor's mission of providing affordable vision to the masses.

4.6.2 External Knowledge and the Ability to Recognize its Value: Building Relations

As with ACAP, an ability to recognize the value of external knowledge is a crucial component of the learning process in RCSI ('Recognize Value in Others' in Fig. 2). However, learning in B2N alliances is more challenging because partners share little basic knowledge.

Propositions 1a and 2a suggest that building relationships to bridge the distance between businesses and NPOs is paramount to learning in B2N alliances. As relationships develop, an enhanced understanding and appreciation for the knowledge of others arises which, in turn, may cause an organization to re-envision its own contribution to meeting an unmet social need. Thus, the model of RCSI (see Figure 2) includes bi-directional arrows to represent processes of feedback and learning between the components of building relationships, recognizing the value of other's knowledge, and envisioning a contribution to a societal dilemma. Solid lines represent likely feedback or learning loops, while dashed lines represent loops which are considered possible or optional.

At the BOP, non-traditional partners provide multinationals with essential knowledge of existing social structures (London and Hart, 2004) and both formal and informal institutions (Webb et al., 2010). In the Grameen-Danone collaboration, a strong relationship developed between Franck Riboud, CEO of Danone Group, and Muhammad Yunus, founder of Grameen Bank. Danone also established a large team of individuals with boundary spanning capabilities in Bangladesh to develop relationships and learn from Grameen and other local organizations (Yunus, 2007). In the case of Essilor, prior to their alliance, the company had long-term transactional relationships with both partners, who it supplied lenses to (Garette et al., 2008). These relationships fostered mutual trust and a high regard for the knowledge and resources possessed by each organization.

4.6.3 Co-Designing Solutions, Combining and Transforming Knowledge, and Piloting: Co-creation

When relationships have formed, a process of learning and developing solutions to address societal needs may begin ('Co-Design' in Figure 2). Contrasting with ACAP, which focuses on the commercial application of innovations, RCSI highlights that social innovations require co-creation of new knowledge involving several sectors (Phills et al., 2008), that is, an iterative process of co-designing solutions, combining and/or transforming the knowledge and cognitive structures of the partners involved, and piloting potential solutions on a small scale.

The cases of Danone and Essilor offer contrasting examples of what this process may look like and how outcomes of B2N alliances differ when co-creation of new knowledge does not take place. In Danone's alliance with Grameen, discussions of what the organizations could do together led to the vision of a proximity-based business model that would benefit the community throughout the value chain (Yunus, 2007), in spite of the fact that neither organization had a clear understanding of how this might work in practice. Contrasting with models of ACAP which focus on the adaptation of knowledge, partners in this alliance had to combine and transform their cognitive schemas in addition to their knowledge to create a business model new to both organizations.

By contrast, Essilor's alliance with Aravind and SN resulted in little learning or co-creation of new knowledge. The partners combined resources, but kept close to their core organizational objectives. Ultimately, the alliance produced no product innovations and what Essilor learned was limited to reconfirming that its strength lies in the production, rather than the distribution, of lenses.

While the Danone-Grameen and Essilor-Aravind-SN alliances took different approaches to addressing unmet societal needs, both alliances piloted their solutions on a small scale prior to implementing them on a larger basis. While piloting solutions is not exclusive to social innovation, it is so essential to processes of learning and galvanizing support and enthusiasm for social innovations (Mulgan, Tucker, Ali, and Sanders, 2007) that it is highlighted as a distinct component of the model of RCSI.

4.6.4 Implementation, Innovation, and Outcomes

In the context of social innovation, when a pilot is perceived to reach a satisfactory level of performance it is generally implemented on a larger scale in order to provide greater social benefits and benefit from economies of scale (Webb et al., 2010). If the implementation or "exploitation", as models of ACAP refer to it, is successful, innovation and benefits accrue primarily to society ('Social Benefits' in Fig. 2) in the form of improved social or environmental welfare (Phills et al., 2008). As suggested by Proposition 4c, organizations may also realize benefits from B2N alliances – such as greater flexibility, improved performance, increased innovation, or even reverse innovation – when social integration mechanisms are put in place to integrate knowledge acquired in the alliance into their knowledge base ('Absorb' in Fig. 2). Furthermore, successfully addressing previously unmet social needs may have an impact on an organization's identity.

In the case of Danone, staff from its R&D, operations, and marketing functions co-create a new business model with Grameen which differs significantly from any that either organization has employed before. Yogurt factories are created on a micro-scale and powered by renewable energy; supplies of milk are sourced from small-scale dairy farmers near the factory; distribution includes a network of local sales ladies; yogurt is fortified with nutrients to a degree previously unattained; and containers are made of bio-degradable materials (Yunus, 2007). Meanwhile, Danone carefully designed routines and processes for spreading new knowledge developed with Grameen throughout the company, as Appendix 2 details. As a result, according to Danone Communities' General Manager, the alliance with Grameen provides the company "a proven learning experience” leading to numerous product and process innovations. Consequently, the participation of R&D staff assigned to work on Danone’s social projects has increased from a few hours of spare time to the dedication of a team of 15 staff supported by the part-time commitment of a further 60 employees. The team not only innovates for the purpose of social initiatives, but uses information gained from these projects for entering emerging markets such as India.

A process of reverse innovation brings new knowledge back from these projects into Danone’s more established markets. In contrast, in the case of Essilor-Aravind-SN, partners merely combine their knowledge and resources rather than transforming them to promote innovation. While the alliance provides a valuable service to Indian society, Essilor’s VP of Sustainable Development reports that it does not produce great benefits for Essilor itself. Essilor’s management recognizes that the marketing knowledge generated by the program is limited and has not percolated to other business units within the company. Likewise, the project did not generate any product innovations.

These examples illustrate that although B2N alliances hold the potential for both organizational and societal benefits, realizing organizational benefits is not automatic. In the RCSI model, dotted lines represent potential or optional links between piloting and/or implementing socially innovative solutions, and absorbing the new knowledge and capabilities that may arise from learning in a B2N alliance. With adequate social integration mechanisms, organizations may benefit from applications of new knowledge gained from B2N alliances. However, in the absence of such routines, this new knowledge is likely to remain with individuals or teams directly involved in the alliance, without benefitting the overall organization.

4.6.5 Moderators and Contingent Factors

Mirroring ACAP, the model of RCSI acknowledges activation triggers as important catalysts which launch efforts in pursuit of social innovation. In the context of both business and social innovation, something occurs that prompts an organization to search for external knowledge in order to learn.

RCSI also incorporates the components of power relations and social integration mechanisms present in the Todorova and Durisin (2007) model of ACAP. Power relations moderate what knowledge is valued and how stakeholders use knowledge. Power relations are a constant factor both within organizations and between alliance partners. Likewise, social integration mechanisms moderate all components of RCSI. For example, the ability to identify external knowledge or co-create new knowledge is moderated by the way social networks are employed for sharing information between and within organizations.

The case of Essilor highlights the limitations to learning and its diffusion throughout the company when social integration mechanisms are under-utilized. Conversely, the case of Danone reveals the possibilities of widespread learning when routines and processes are in place to utilize social networks and share knowledge.

Departing from ACAP, RCSI does not include the moderating factor of regimes of appropriability. As Proposition 4d suggests, such regimes are less relevant to B2N alliances due to the priority placed on the pursuit of benefits for society over those of the firm. As Danone Communities' General Manager explained, "Everything that has been learned (from the Grameen-Danone joint venture) should be shared as much as possible to bring solutions to as many people as possible." The substantial amount of information that Danone and Grameen share in publications (Yunus, 2007; Yunus, Moingeon, and Lehmann-Ortega, 2010), on web-sites, and by opening their micro-factory to thousands of visitors, reflects this spirit of openness.

4.7 Discussion and Conclusion

This paper explores whether ACAP can be directly transposed to the context of B2N alliances. The analysis suggests that, due to differences in terms of partner types and their objectives, current models of ACAP do not fully explain learning and innovation in cross-sector alliances. As a result, this study introduces the concept of RCSI, better suited to the context of B2N alliances, especially at the BOP. While RCSI shares fundamental components with ACAP, it introduces several new elements and highlights the special importance of some existing components in the context of B2N alliances. In particular, RCSI emphasizes the importance of a firm's organizational identity to recognize social value and envision social innovations; of inter-partner relationships and social integration mechanisms to bridge gaps in basic knowledge and facilitate knowledge transfer; of co-creation and the transformation of partners' cognitive schemas; and of piloting solutions to complex problems prior to implementation. Finally, RCSI de-emphasizes the importance of regimes of appropriability, which are less relevant in the context of B2N alliances. The application of the RCSI model to the Danone-Grameen and Essilor-Aravind-SN alliances suggests that it helps better understand learning and innovation dynamics specific to B2N alliances.

This study has limitations. In particular, while focusing on B2N alliances at the BOP, this study does not analyze cases in developed country contexts that might lead to further insights regarding the model of RCSI. Additionally, some scholars (e.g., Kerlin, 2006) have pointed to similarities between NPOs and social enterprises, arguing that alliances between firms and social enterprises are a form of B2N alliance. The study of RCSI in alliances between for-profit firms and social enterprises, also beyond the scope of this paper, is likely to provide important insights into how firms learn and innovate in non-traditional alliances. Finally, this is primarily a conceptual paper, relying on in-depth case study data to illustrate the proposed concept of RCSI. A quantitative study exploring the dimensions and impacts of RCSI in B2N alliances may be more generalizable, albeit most probably at the cost of a detailed understanding of the phenomenon.

This study makes three main contributions to the literature, with implications for both researchers and practitioners. First, the RCSI construct contributes to the literature on cross-sector partnerships. While prior research has emphasized the specificity of B2N alliances (e.g., Berger et al., 2004; Rivera-Santos and Rufín, 2011; Teegen, et al., 2004) and the learning opportunities that exist within them (e.g., London, et al., 2005; Selsky and Parker, 2005; Waddell, 1999), the literature has not directly examined specific learning processes in B2N alliances. This study begins to fill this gap by highlighting the importance to social innovations of not only the processes set up in B2N alliances, but also of the partner-firm's organizational identity. These findings suggest a promising avenue of research in B2N alliances exploring the interaction between the characteristics of the partners, such as their identity and learning processes, as well as inter-partner relationship building processes.

Second, this work contributes to BOP and subsistence marketplaces literatures by providing a framework that facilitates understanding of processes of co-creation and co-innovation in markets characterized by poverty. While scholars have emphasized the importance of co-creation at the BOP (e.g., Sánchez, et al., 2006; Simanis and Hart, 2008), this study highlights the conceptual link between the degree to which knowledge and cognitive schema adaptation is needed, and social innovation, thus suggesting that different degrees of co-creation may occur at the BOP depending on the type of innovation pursued and the characteristics of the partners.

Third, this study contributes to the broader inter-partner learning and innovation literatures. Through the RCSI construct, this work relaxes the implicit assumption prevalent in the literature that partners are firms and that the innovation pursued has commercial goals. The differences between ACAP and RCSI highlighted in this paper suggest that a more detailed analysis of the characteristics of partners and of the type of innovation pursued is called for in order to understand the implications for learning and innovation.

Finally, this work can help practitioners set up B2N alliances more effectively, as it emphasizes the particular importance of two processes for the success of B2N alliances: the necessity to carefully build relationships to reduce gaps in basic knowledge between partners, and the need to purposefully design routines and processes to bring learning from cross-sector collaborations back into the focal organization. In conclusion, this work should encourage other scholars and practitioners to pursue the exploration of the specificity of the dynamics of inter-partner learning in the context of B2N alliances.

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4.9 Appendix 1 – Danone and Essilor Case Summaries

Danone-Grameen Alliance	Essilor-Aravind-SN Alliance
Groupe Danone, headquartered in Paris, France, is a global food-products company with leadership positions in bottled water, dairy products, baby food, and beverages. In 2006, the company created a joint venture, Grameen Danone Foods Limited (GDFL), with the Bangladeshi Grameen Group, a coalition of four non-profit organizations founded by the Nobel Peace Prize winner Muhammad Yunus. The purpose of the collaboration is to reduce poverty and malnutrition in Bangladesh through the provision of affordable and healthy nutrition supplied via a business model which incorporates resources from local communities throughout the value chain (Yunus, 2007). To accomplish this, Danone built a low cost, green, production facility in Bogra and also developed new types of yogurts fortified with important nutrients lacking in the local diet. Grameen, on its side, developed two networks that support the value chain with, on the one hand, dairy farmers who supply milk to the plant and, on the other hand, sales ladies who visit customers door to door (Yunus, 2007). In 2010, the collaboration involved more than 800 ladies in the distribution of about 40,000 cups per day (personal communication). A second production plant is being developed to extend the program to other areas in 2011(personal communication) and GDFL aims to build 50 plants throughout Bangladesh by 2020 (Yunus, 2007). To support the development of this program, as well as other social businesses developed outside the joint venture, Danone created a fund dedicated to finance social ventures, called ‘Danone Communities’, open to all investors, from Danone employees to the public at large (Danone, 2009).	Essilor is one of the leading manufacturers of optical lenses with a global market share of about 30% and operations in developed and emerging markets. In 2007, Essilor entered a partnership with two large non-profit eye-care hospitals in India, Aravind and SN. These two hospitals are famous for conducting eye-care camps in rural India in which they identify people suffering from visual disorders before treating them in their hospitals (Garette, Benkirane, and Roger-Machart, 2008). The Essilor-Aravind-SN collaboration addresses the lack of access to eye-care for people in rural areas of India. The goal of the partnership is to add to the Aravind and SN eye camps a free sight-test and the possibility to simultaneously offer new and reliable spectacles that are assembled on-site and equipped with affordable lenses. Essilor, which was already a lens supplier for the two hospitals, provided four “refraction vans” and trained the optometrists who operate them. The two hospitals operate the vans which produce lenses on-site (Garette et al., 2008). In 2009, Essilor sold 20,000 additional lenses through this partnership and the company is now considering different ways to extend the refraction van system across India.

Source: The authors

4.10 Appendix 2 – Components of the model of RCSI in relation to the Danone and Essilor cases

Component	Definition	Danone	Essilor
Existing Organizational Identity & Knowledge	- Identity: Perceptions of central, enduring and distinctive attributes (Albert and Whetten, 1985) shared by the members of an organization. - Knowledge: Facts, information, and skills acquired through experience or education (Oxford Dictionaries Online, 2011)	- Danone's mission, "to bring health through food to as many as possible", reflects an identity focused on offering healthy foods and beverages. - Prior experience of social projects to address malnutrition (e.g. Bikaut Susu & Milkaut in Indonesia; fortified yogurt in Morocco; calcium enriched biscuits in China; Mleczny Start children's cereal in Poland). - Ability to work across cultures gained over years of expansion into emerging markets. - Ability to collaborate in pursuit of social projects (e.g. Mleczny Start in Poland). - R&D focused on healthy foods and drinks.	- Essilor defines its mission as "Seeing the World Better". The firm was created in 1849 as a cooperative. - Tradition of societal involvement: sponsorship of eye care NPOs. - Active, innovative Foundation; tagline: "Better Life through Better Sight"; free eye exams in schools; education of caregivers and community leaders about eye care. - Before entering India, offered low cost products in emerging markets such as Brazil. Since the '60s, success in Brazil was built on a low-cost product that addresses the vast majority of the market.
Activation Trigger(s)	Events that encourage or compel an organization to respond to specific internal or external stimuli (Todorova and Durisin, 2007).	- Sale of biscuit unit, LU, brought pressure to restore identity as a socially sensitive business. - Growth in emerging markets where issues of poverty and inequality are more prevalent - Commitment to economic and social progress: "We have a duty…to reduce excessive inequality in living and working conditions" (Riboud, 1972).	- Essilor's strategy to expand market share in India to match global market share (30%) (Garette et al., 2008). - As products have insignificant environmental footprint, blindness prevention is seen as an alternative focus for sustainable development efforts.
Envision Contribution	Ability to appreciate how existing knowledge and/or capabilities may be employed to address societal issues	- Recognition of how products, R&D capability, and social network may be employed to address issues of malnutrition. - Danone's Mission: "Health through food to as many as possible"	- Contributes to affordable vision for the poor by providing lenses and financing to partners. - Recognition that Aravind, SN, and Essilor share a mission - affordable vision to masses in India (Garette et al., 2008)

Recognize Value in Others	- Ability to identify others with complimentary knowledge and/or capabilities useful to address a societal issue. - Learning about others' knowledge and capabilities can influence envisioning one's own contribution.	- Danone is aware of Grameen's innovative solutions to societal dilemmas. - M. Yunus is aware of Danone's capability of producing nutritious yogurts. - F. Riboud sought M. Yunus' ideas for using Danone's knowledge and capabilities to address malnutrition in poor communities (Yunus, 2007).	- Aravind and SN experienced in rural India (since 1976 and 1987 respectively) (Garette et al., 2008). - SN and Aravind recognized Essilor as most reliable lens maker. Partnering with Essilor aligned with strategy of not proposing "second hand" or reading lenses (Garette et al., 2008). - Essilor management was impressed by leadership and charisma of entrepreneurs who founded SN and Aravind.
Build Relations	- Ability to build bridges/trust across sectors and cultures. -Envisioning may occur together as other's knowledge/capabilities become more apparent.	- F. Riboud and M. Yunus have a trustful relationship; agreed on a handshake to develop a *social business* together (Yunus, 2007). - Danone commits significant human resources to understanding the context and building a network of relationships in Bangladesh (Yunus, 2007).	- Essilor was a supplier to Aravind and SN before the collaboration. All partners already knew each other well.
Co-Design	Collaborative conception of solutions to societal issues.	- Grameen-Danone team imagines a proximity based business model to bring benefits to the community throughout the value chain: supplies, production and distribution (Yunus, 2007).	- Partners keep close to their core business. - Incremental improvements to eye camps. - No co-design of new business model or product; innovation in distribution processes.
Combine	Joining complimentary knowledge and/or capabilities to address societal dilemmas.	- Grameen contributes knowledge of local culture/ tastes; activates social network; leverages capabilities (e.g. network of sales ladies) (Yunus, 2007). - Danone contributes capabilities for food production, marketing, and management. - Creation Grameen Danone Foods Limited J.V.	- Essilor pays for refraction vans; provides low cost lenses; trains optometrists (Garette et al., 2008) - Aravind and SN operate refraction vans; bear operating costs (Garette et al., 2008). - No legal structure for this program; partners monitor progress through regular meetings
Transform	Changing new knowledge and/or perceptual schema to address societal dilemmas.	- A new type of organization, the *social business*, is established. - Danone transforms factory designs; creates a micro-factory and *proximity business model*. -Yogurt is enriched with 30% of RDA, more than previously	- Alliance exhibits no transformation of knowledge or perceptual schemas

		thought possible.	
Pilot	Testing the new product or service on a small scale for the purpose of evaluating effectiveness, learning, and enhancing future models.	- GDFL piloted products and business model on small scale; recalibrated in response to customer preferences and issues with the business model (e.g. over-reliance on Grameen sales network; fluctuation in milk prices) (Yunus, 2007).	- Pilot started with four refraction vans provided by Essilor (Garette et al., 2008).
Implement	Operationalizing the new product or service on a larger scale.	- Ramping up production to serve community within 50 km radius of the factory. - Constructing a 2nd factory in Dhaka. - Planned expansion to 50 factories by 2020.	- Operation increased to 8 vans. To reach the 600,000 villages of India, approximately 1,000 vans would be required (Garette et al., 2008).
Absorb	Recognition and integration of new knowledge to apply to organizational purposes.	- Innovations from alliance may be used for other purposes: e.g. micro-factories provide lower cost model in some markets; yogurts enriched with more nutrients than previously imagined; bio-degradable cups may be used in other markets.	- Essilor management recognizes marketing knowledge generated by the alliance is limited and has not percolated to other business units. - Program confirmed Essilor's strategy of being only a producer; not expanding into distribution.
Power Relations	Power used to obtain desired outcomes (Todorova and Durisin, 2007).	- F. Riboud and M. Yunus, both organizational leaders and well-known public figures, promoted the joint venture internally and publicly.	- Leaders had respect for the other organizations; supported the collaboration due to pre-existing relationships and shared missions.
Social Integration Mechanisms	Formal and informal means of sharing knowledge within the firm and across organizations (Todorova and Durisin, 2007)	- Social Responsibility Committee of Board of Directors dedicated to societal innovation - Social Innovation Advisory Board comprised of external advisors - Sharing good practices via "Social Innovation Lab"; "Social Innovation Network" intranet - Danone's partnerships with other NPOs and social entrepreneurs (Danone, 2009).	- Essilor did not establish any formal processes or routines related to learning or sharing experiences from this alliance.
Societal Benefits	- Social innovation may benefit society and the environment in many ways. - These innovations may be replicated or lead to	- Proximity business model resulted in: - process improvements + increased, steady sales for local dairy producers	- Training of optometrists reduces skills shortage. - Preventing poor vision or blindness with affordable glasses.

	further social innovations. - Providing benefits to society also impacts the identity of organizations.	- new stream of income for sales ladies - more local jobs due to low-tech factory design - innovations in factory design (e.g. micro-scale; uses clean energy; produces bio-gas) - Nutritious, affordable products address nutritional needs of local population - Use of bio-degradable containers - Model/inspiration for other *social businesses.* - Creation of danone.communities fund to support social businesses (Danone, 2009).	
Organizational Benefits	Competitive advantages gained from increased flexibility, performance, innovation, and reverse innovation	- Increased levels of flexibility and innovation: new factory designs, products, packaging, production processes, organizational structures, funding mechanisms (e.g. danone.communities) - Reverse innovation: use of micro-factories, enriched yogurts, bio-degradable cups in existing markets - Surveys show greater staff motivation, commitment, association with Danone's identity. - Creation of BOP department in 2009 inspired by alliance with Grameen (Danone, 2009).	- Confirmation of manufacturing position in the value chain. - Limited marketing knowledge generated through the program - Better understanding of challenges faced by optometrists and distributors in rural areas

Source: The authors

Chapter 5: Conclusion & Avenues for Future Research

CSSPs are important mechanisms for defining and implementing rules and programs that protect society and the environment. They are also formed as a means to address complex societal dilemmas such as poverty or the illegal trade in minerals that enrich oppressive regimes (e.g. conflict diamonds). For both businesses and CSOs, cross-sector collaboration may also serve as a path to organizational learning and innovation that creates new capabilities, secures new and/or different resources, and opens new markets. However, CSSPs are not a panacea for society's ills and management of CSSPs is fraught with challenges that are inadequately understood by scholars or practitioners. Many CSSPs are ill-conceived, fall short of their goals, or fail altogether. Yet, given the promise and importance of CSSPs to society and organizations, the area warrants further investigation.

This thesis has explored various aspects of CSSPs designed to address some of society's most pressing issues – such as poverty, sustainability, and protection of the human rights of indigenous communities. The focus of this work has been to contribute to the literature on cross-sector collaborations by exploring the specificities of capabilities required to engage effectively in inter-organizational relationships where partner types and alliance goals differ greatly from those in business-to-business alliances. The first article, "Through Indigenous Lenses: Cross-sector Collaborations with Fringe Stakeholders", highlighted the potential for sustainable development projects and innovation via collaborations with marginalized stakeholders. Illustrated through three case studies, the article proposed a framework for cross-cultural bridge building and a model for value creation in cross-sector collaborations between businesses and fringe stakeholders. The second article, "Value Creation in Cross-Sector Collaborations: The

Roles of Experience and Alignment", tested and built on a theoretical model proposed in the "Through Indigenous Lenses" article. Based on a survey, the results of this study identified distinct factors that characterize the types of benefits sought by businesses and CSOs engaged in cross-sector collaborations and explained the relationships between prior cross-sector collaboration experience, alignment, value creation, and the type of benefits sought from cross-sector collaborations. The final article, "New Perspectives on Learning and Innovation in Cross-sector Collaborations", explored the fit of absorptive capacity, a concept important to inter-organizational learning and innovation in business alliances, to the context of cross-sector collaborations that operate at the base of the economic pyramid, and introduced the concept of Relational Capacity for Social Innovation, a model better suited to the analysis of learning and innovation in such contexts.

This research has endeavored to improve our understanding of how cross-sector alliances work, what their outcomes are, what causes them to generate value (or not), and what capabilities organizations need in order to successfully manage and reap value from. By exploring the distinctiveness of CSSPs relative to within-sector partnerships and key drivers of value creation, the research has offered insights into how partners overcome or exploit sector differences in order to learn from each other and/or learn about the societal issues they wish to confront. The research has also played a role in strengthening the conceptual underpinnings of the field of cross-sector collaboration and, via the survey method, contributed to broadening the range of research methods typically employed in this field of study.

Much work remains to be done to further develop theory in the area of cross-sector collaboration and to empirically test and extend extant theories from the CSSP literature and related areas of study. The field of inter-organizational relationships (IORs) and, more specifically, literature related to IORs operating in cross-cultural and emerging market contexts, offers valuable concepts that may contribute to a better understanding of CSSPs. For example, a better understanding of the role of boundary spanners – a topic that has received considerable attention in the IOR literature – and third-party organizations that function to bring distinctly different types of organizations together is needed.

Further investigation is also necessary in regard to the processes and outcomes of learning at the individual level within organizations engaged in CSSPs. Additional research on the processes and outcomes of social integration mechanisms would be useful for fostering the transfer and embedding of new knowledge gained from CSSPs. Finally, longitudinal research is needed in order to more fully understand long-term outcomes of CSSPs, both for society and partner organizations.

Due to the importance of CSSPs to many organizations and the societal dilemmas they attempt to face, it is my hope that the research begun in this thesis may serve scholars and practitioners by improving our understanding of the capabilities required for success in CSSPs. It is also my desire that other scholars will advance this research agenda and the study of CSSPs in general.

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