VALUE CREATION IN BUSINESS – NONPROFIT COLLABORATIONS

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PURPOSE & CONTENT

This focused review of theoretical and empirical research findings in the corporate social responsibility (CSR) and business-nonprofit collaboration literature aims to develop an analytical framework for and a deeper understanding of the interactions between nonprofit organizations and businesses that contribute to the co-creation of value. Our research question is: How can collaboration between businesses and NPOs most effectively co-create significant economic and social value, including environmental value, for society, organizations, and individuals?

More specifically, we will:

- elaborate a Collaborative Value Creation (CVC) framework for analyzing social partnerships between businesses and nonprofits;
- review how the evolving CSR literature has dealt with value creation and collaboration;
- analyze how collaborative value creation occurs across different stages and types of collaborative relationships: philanthropic, transactional, integrative, transformational;
- examine the nature of value creation processes in collaboration formation and implementation and the resultant outcomes for the societal [macro], organizational [meso], and individual [micro] levels;
- identify knowledge gaps and research needs.

IMPORTANCE OF THE COLLABORATION PHENOMENON

The growing magnitude and complexity of socioeconomic problems facing societies throughout the world transcend the capacities of individual organizations and sectors to deal with them. As Visser (2011, p. 5) stated, “Being responsible also does not mean doing it all ourselves. Responsibility is a form of sharing, a way of recognizing that we’re all in this together. ‘Sole responsibility’ is an oxymoron.” Cross-sector partnering, and in particular collaboration between businesses and NPOs, has increased significantly and is viewed by academics and by business and nonprofit practitioners as an inescapable and powerful vehicle for implementing CSR and for achieving social and economic missions. Our starting premise is that creating value for collaborators and society is the central justification for such cross-sector partnering, and closer scrutiny and greater knowledge of the processes for and extent of value creation in general and co-creation more specifically are required for needed theoretical advancement and practitioner guidance.
ANALYTICAL FRAMEWORK: COLLABORATIVE VALUE CREATION

The CVC Framework is a conceptual and analytical vehicle for viewing more clearly and understanding more systematically the phenomenon of value creation through collaboration (Austin, 2010). We define collaborative value as the transitory and enduring benefits relative to the costs that are generated due to the interaction of the collaborators and that accrue to the organizations, individuals, and society. Thus, the focus is on the value creating processes of and results from partnering, in this case, between businesses and nonprofits. There are two main types of value, economic and social (including environmental), but to examine more thoroughly value creation within the collaboration context the Framework elaborates further dimensions. The four components of the Framework are: the Value Creation Spectrum, Collaboration Stages, Partnering Processes, and Collaboration Outcomes. Each component provides a different window through which to examine the co-creation process. We will elaborate the Value Creation Spectrum as it is a new conceptualization and is a reference point for the other three components that have received attention in the literature and will only be briefly described here and expanded on in their subsequent respective sections.

CVC Component I: Value Creation Spectrum

Within the construct of collaboration, value can be created by the independent actions of one of the partners, which we label as “sole creation,” or it can be created by the conjoined actions of the partners, which we label as “co-creation”. While there is always some level of interaction within a collaborative arrangement, the degree and form can vary greatly and this carries significant implications for value creation. To provide a richer understanding of the multiple dimensions of social and economic value, the Framework posits four potential sources of value and identifies four types of collaboration value that reflect different ways in which benefits arise. Our overall hypothesis is that greater value is created at the meso, micro, and macro levels as collaboration moves across the Value Creation Spectrum from sole creation toward co-creation.

The four sources of value are:

Resource Complementarity – The Resource Dependency literature stresses that a fundamental basis for collaboration is obtaining access to needed resources that are different than those it possesses. However, the realization of the potential value of resource complementarity is dependent on achieving organizational fit. The multitude of sectoral differences between businesses and nonprofits are simultaneously impediments to collaboration and sources of value creation. Organizational fit helps overcome barriers and enable collaboration. We hypothesize that greater the resource complementarity and the closer the organizational fit between the partners, the greater the potential for co-creation of value.

Resource Type – The partners can contribute to the collaboration either generic assets, i.e., those that any company has, e.g., money, or any nonprofit, e.g., a positive reputation; or, they can mobilize and leverage more valuable organization-specific assets, such as, knowledge, capabilities, infrastructure, and relationships, i.e., those assets key to the organization’s success. We hypothesize that the more an organization mobilizes for the collaboration its distinctive competencies, the greater the potential for value creation.
Resource Directionality and Use – Beyond the type of the resources brought to the partnership is the issue of how they are used. The resource flow can be largely unilateral, coming primarily from one of the partners, or it could be a bilateral and reciprocal exchange between the partners, or it could be a conjoined intermingling of their resources. Parallel but separate inputs or exchanges can each create value, but combining complementary and distinctive resources to produce a new service or activity that neither organization could have created alone or in parallel co-creates new value. The most leveraged form of these resource combinations produces economic and social innovations. We hypothesize that the more the partners integrate their key resources into distinctive combinations, the greater the potential for value creation.

Linked Interests – Although collaboration motivations are often a mixture of altruism and utilitarianism, self-interest – organizational or individual – is a powerful shaper of behaviour. Unlike single sector partnerships, collaborators in cross-sector alliances may have distinct objective functions; there is often no common currency or price with which to assess value. The value is dependent on its particular utility to the recipient. Therefore, it is essential to understand clearly how partners view value – both benefits and costs- and to reconcile any divergent value creation frames. The collaborators must perceive that the value exchange -their respective shares of the co-created value- is fair, otherwise, the motivation for continuing the collaboration erodes. We hypothesize that the more collaborators perceive their self-interests as linked to the value they create for each other and for the larger social good and the greater the perceived fairness in the sharing of that value, the greater the potential for co-creating synergistic economic and social value.

The combinations of the above value sources produce the following four different types of value in varying degrees:

“Associational Value“ is a derived benefit accruing to another partner simply from having a collaborative relationship with the other organization. For example, one global survey of public attitudes revealed that over 2/3 of the respondents agreed with the statement “My respect for a company would go up if it partnered with an NGO to help solve social problems.” (GlobeScan, 2003)

“Transferred Resource Value“ is the benefit derived by a partner from the receipt of an asset from the other partner. The significance of the value will depend on the nature of the assets transferred and how they are used. Some assets are depreciable, for example, a cash or product donation gets used up, and other assets are durable, for example, a new skill learned from a partner becomes an on-going improvement in capability. In either case, once the asset is transferred, to remain an attractive on-going value proposition the partnership needs to repeat the transfer of more or different assets that are perceived as valuable by the receiving partner. In effect, value renewal is essential to longevity.

“Interaction Value“ is the benefits that derive from the processes of interacting with one’s partner. It is the actual working together that produces benefits in the form of intangibles. Co-creating value both requires and produces intangibles. In effect, these special assets are both enablers of and benefits from the collaborative value creation process. Intangibles are a form of economic and social value and include, e.g., reputation, trust, relational capital, learning, knowledge, joint problem-solving, communication, coordination, transparency, accountability, and conflict resolution.

“Synergistic Value” arises from the underlying premise of all collaborations that combining partners’ resources enables them to accomplish more together than they could have separately. Our more
specific focus is the recognition that the collaborative creation of social value can generate economic value and vice versa, either sequentially or simultaneously. Innovation, as an outcome of the synergistic value creation is one of perhaps the highest forms of value creation because it produces a completely new form of change due to the combination of the collaborators' distinctive assets, thereby holding the potential for significant organizational and systemic advancement at the micro, meso, and macro levels. There is a virtuous value circle. Kanter (1983, p. 20) states that all innovations require change, associated with the disruption of pre-existing routines and defining innovation as “the generation, acceptance, and implementation of new ideas, processes, products, or services”.

**CVC Component II: Relationship Stages**

Value creation is a dynamic process that changes as the relationship between partners evolves. To describe the changing nature of the collaborative relationship across the spectrum we draw on Austin’s Collaboration Continuum with its three relationship categories of philanthropic, transactional, and integrative (Austin, 2000a; 2000b), and we add a fourth stage – transformational. Within each stage there can exist different types of collaboration with varying value creation processes. We hypothesize that as the relationship moves toward the integrative and transformational stages, the greater the potential for co-creation of value, particularly societal value.

**CVC Component III: Partnering Processes**

The realization of the potential collaborative value depends on the partnering processes that occur during the formation, selection, and implementation phases. It is these processes that tap the four sources of value and produce the four forms of value. The dynamic nature of social problems (McCann, 1983) on one hand and the complexities of partnership implementation on the other can result in a multitude of problems including early termination and hence inability to materialize their potential by providing solutions to social problems. Understanding the formation and implementation process in partnerships is important in order to overcome value creation difficulties during the implementation stage (Seitanidi & Crane, 2009) but also to unpack the process of co-creation of synergistic value.

**CVC Component IV: Partnering Outcomes**

The focus in this element of the framework is on who benefits from the collaboration. Collaborations generate value at multiple levels—meso, micro, and macro—often simultaneously. For our purpose of examining value, we distinguish two loci: within the collaboration and external to it. Internally, we examine value accruing at the meso and micro levels for the partnering organizations and the individuals within those organizations. Externally, we focus on the macro or societal level where social welfare is improved by the collaboration in the form of benefits at the micro (to individual recipients), meso (other organizations), and macro (systemic changes) levels. The benefits accruing to the partnering organizations and their individuals internal to the collaboration are ultimately largely due to the value created external to the social alliance. Ironically, while societal betterment is the fundamental
justification for cross-sector collaborative value creation, this is the value dimension that is least thoroughly dealt with in the literature and in practice.

**CSR & VALUE CREATION**

As a precursor to our examination of collaborative value creation, it is relevant to examine how the evolving CSR literature has positioned value creation and collaboration with nonprofits. Corporate Social Responsibility can be defined as discretionary business actions aimed at increasing social welfare, but CSR has been in a state of conceptual evolution for decades (Bowen, 1953; Carroll, 2006). This is reflected in the variety of additional labels that have emerged, such as Corporate Social Performance, Corporate Citizenship, Triple Bottom Line, and Sustainability that incorporated environmental concerns (Elkington, 1997; 2004). The bibliometric analysis of three decades of CSR research by de Bakker, Groenewegen and den Hond (2005), which builds on earlier reviews of the literature (Rowley & Berman, 2000; Carroll, 1999; Gerde & Wokutch, 1998; Griffen & Mahon, 1997), provides a comprehensive view of the evolving theoretical, prescriptive, and descriptive work in this field. Garriga and Melé (2004) categorize CSR theories and approaches into four categories: instrumental, political, integrative, and ethical. These and other more recent CSR reviewers (Lockett, Moon, & Visser, 2006; Googins, Mirvis & Rochlin, 2007; Egri & Ralston, 2008) conclude that CSR is deeply established as a field of study and practice but still lacks definitional and theoretical consensus. The field continues to evolve conceptually and in implementation. Our purpose is not to add yet another general review of the CSR literature but rather to focus on the following **five central themes** that emerged from the literature review on CSR and how it has dealt with collaborative value creation: Primacy of Business Value vs. Stakeholder Approach, Empirical Emphasis, Evolving Practice and Motivations, Integration of Economic and Social Value, and CSR Stages.

**Primacy of Business Value vs. Stakeholder Approach**

The most referenced anchor argument against CSR is that set forth by Friedman that pitted social actions and their moral justifications by managers as contrary to the primary function of generating profits and returns to shareholders. His stated position is: “there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” (Friedman, 1962; 1970)

The intellectual current flowing against this argument of incompatibility of social and business value came from the broadening conceptualization of relevant stakeholders beyond investors to include consumers (Green & Peloza, 2011), employees, communities, governments, the environment, among others (Freeman, 1984; Neville & Menguc, 2006). This approach also opened the relational door for nonprofits as a type of stakeholder from communities or civil society. While for some academics this theory placed stakeholders as alternative claimants on company value (wealth redistribution), embedded in this approach was the argument that attending to stakeholders other than just investors was not incompatible with profitability but rather contributed to it through a variety of ways. Various researchers stressed the instrumental value of stakeholder engagement (Donaldson & Preston, 1995;
Jones & Wicks, 1999; Freeman, 1999). In effect, creating social value – benefits to other stakeholders - produced business value, such as, better risk management; enhanced reputation, legitimacy and license to operate; improved employee recruitment, motivation, retention, skill development, and productivity; consumer preference and loyalty; product innovation and market development; preferential regulatory treatment (Makower, 1994; Burke & Logsdon, 1996; Googins, Mirvis & Rochlin 2007). This is what we have labelled in the CVC Framework “Synergistic Value Creation.”

Jensen (2002), a pioneering thinker on agency theory, recognized that “we cannot maximize the long-term market value of an organization if we ignore or mistreat any important constituency,” but he also specified that under “enlightened value maximization” “managers can choose among competing stakeholder demands by”...spending “an additional dollar on any constituency to the extent that the long-term value added to the firm from such expenditure is a dollar or more.” Jensen adds, “enlightened stakeholder theorists can see that although stockholders are not some special constituency that ranks above all others, long-term stock value is an important determinant...of total long-term firm value. They would see that value creation gives management a way to assess the tradeoffs that must be made among competing constituencies, and that it allows for principled decision making independent of the personal preferences of managers and directors.” Recognizing the complexity of value measurement, Jensen notes that “none of the above arguments depend on value being easily observable. Nor do they depend on perfect knowledge of the effects on value of decisions regarding any of a firm's constituencies” (Jensen, 2002). This approach to value creation and assessment through CSR and stakeholder interaction is primarily instrumental (Jones, 1995; Hill & Jones, 1985). Even though there has been this broadening view of the business benefits derived from benefitting other stakeholders, Halal (2001, p. 28) asserts that “corporations still favour financial interests rather than the balanced treatment of current stakeholder theory”. Margolis and Walsh (2003, p. 282) express the concern that “if corporate responses to social misery are evaluated only in terms of their instrumental benefits for the firm and its shareholders, we never learn about their impact on society, most notably on the intended beneficiaries of these initiatives.”

**Empirical Emphasis: Corporate Social Performance & Corporate Financial Performance**

The emergence of the asserted “Business Case” for CSR (Makower, 1994) led to a stream of research aimed at empirically testing whether in the aggregate Corporate Social Performance (CSP) contributed positively or negatively to Corporate Financial Performance (CFP), i.e., the link between social value and economic value (Margolis & Walsh, 2003). While this literature over the decades yielded ambiguous and conflicting conclusions, the most recent and comprehensive meta-analysis of 52 studies with a sample size of 33,878 observations by Orlitzky, Schmidt and Rynes (2003) found a positive association.

Barnett (2007) asserts that assessing the business case for CSR must recognize that financial results are dependent on the specific historical relationship pathways between companies and their stakeholders, and thus will vary across firms and time. The special capabilities of a firm “to identify, act on, and profit from opportunities to improve stakeholder relationships through CSR” (Barnett, 2007, p. 803) and the perceptions and responses of stakeholders, including consumers (Schuler & Cording, 2006), to new CSR
actions produce unique value outcomes. Looking at the macro level of value creation, Barnett (2007, p. 805) also adds: “‘Does CSR improve social welfare?’ Oddly enough, this question is seldom asked or answered.”

This consolidated view of CSR does not disaggregate the value contributed from collaborative activities in particular, but it is important in moving the debate from the “should we” to the “how” and “so what” perspectives, which is where collaborations enter the socio-economic value equation. As Margolis and Walsh (2003, p. 238) put it: “the work leaves unexplored questions about what it is firms are actually doing in response to social misery and what effects corporate actions have, not only on the bottom line but also on society.” However, they also state that examples of partnering with nonprofits abound and are increasing and “may be the option of choice when the firm has something to give and gain from others when it makes its social investments” (p. 289). Andrioff and Waddock (2002, p. 42) stress the mutual dependency in their definition: “Stakeholder engagements and partnerships are defined as trust-based collaboration between individuals and/or social institutions with different objectives that can only be achieved together.” Finn (1996) emphasizes how stakeholder strategies can create collaborative advantage.

**Evolving Practice & Multiple Motivations**

Even in advance of the researchers’ empirical validation, practitioners perceived value in CSR and broadly and increasingly have been taking actions to implement it, although the degree and form vary across firms and over time. Recent surveys of more than a thousand executives by Boston College’s Center for Corporate Community Relations revealed that over 60% saw “as very important that their company treat workers fairly and well, protect consumers and the environment, improve conditions in communities, and, in larger companies, attend to ethical operation of their supply chain” (Googins, Mirvis & Rochlin, 2007, p. 22). Research exploring the motivations behind this increased practice suggests that it is not entirely instrumental, but rather is a varying mix of altruism (“doing the right thing”) and utilitarianism (Galaskiewicz, 1997; Donnelly, 2001; Austin, Reficco, Berger, Fischer, Gutierrez, Koljatic, Lozano, Ogliastri & SEKN team, 2004; Goodpaster & Matthews, 1982). Aguilera, Rupp, Williams and Ganapathi (2007) present an integrative theoretical model that contends that “organizations are pressured to engage in CSR by many different actors, each driven by instrumental, relational, and moral motives.” Among these actors are nonprofit organizations acting as societal watchdogs to counter adverse business practices and agitate for positive corporate social actions, which we elaborate on in a subsequent section. Marquis, Glynn and Davis (2007) point to institutional pressures at the community level as key shapers of the nature and level of corporations’ social actions. Campbell (2007) also stresses contextual factors but emphasizes economic and competitive conditions as the determiners of CSR, but with the effects being mediated by actions of stakeholders. Some have asserted that societies’ growing expectations (GlobeScan, 2005) that business should assume a more significant responsibility for solving social problems have created a “new standard of corporate performance—one that encompasses both moral and financial dimensions” (Paine, 2003). The argument is that values – personal and corporate – have intrinsic and social worth but are also a source of economic value for the company. Martin (2002) asserts that the potential for value creation is greater when the motivation is intrinsic rather than instrumental.
Integrating Economic and Social Value

This movement toward a merged value construct has most recently been extended into a repositioning of the very purpose of corporations and capitalism. Porter and Kramer (2011), while putting forth the same premise of producing economic and social value previously discussed extensively in the literature and referred to in our CVC Framework as “Synergistic Value Creation”, give emphasis to making this central to corporate purpose, strategy, and operations. It is asserted that such an approach will stimulate and expand business and social innovation and value as well as restore credibility in business, in effect, reversing the Friedman position of Thou shalt not! to Thou must! Walsh, Weber and Margolis (2003) also signalled the growing importance of double value: “Attending to social welfare may soon match economic performance as a condition for securing resources and legitimacy.” Growing investor interest in social along with economic returns has been manifested by the emergence of several social rating indicators such as Dow Jones Sustainability Indexes, FTSE4Good Indexes, Calvert Social Index, Social Investment Index.

This dual value perspective is found in companies around the world, such as the Mexican-headquartered multinational FEMSA: “our commitment to social responsibility is an integral part of our corporate culture. We recognize the importance of operating our businesses to create economic and social value for our employees and the communities where we operate, and to preserve the planet for future generations” (www.femsa.com/es/social). In the 2009 ‘Report to Society’ (De Beers, 2009, p. 2) the Chairman of the De Beers Group highlights their search for the “new normal” that will stem from exploiting the synergies that exist between “running a sustainable and responsible business, and a profitable one” that in some cases, he admits, will represent a departure from their past practices. Such an open plea for change is not an isolated nor a surprising statement as gradually companies realize that the ability to anticipate, manage, and mitigate long-term risks, address difficult situations at exceptionally challenging and turbulent times (Selsky & Parker, 2011), and develop new capabilities will be achieved through deepening their collaboration with stakeholders including employees, customers, governments, local communities and developing inter-organizational capabilities (Porter & Kramer, 2011; Austin, 2000a). Central to the development of the ‘new normal’ of intense interactions is the call for business to demonstrate strong intent in playing a substantial role not only in social issues management but co-creating solutions with wide and deep impacts. NPOs are key-actors with deep levels of expertise in fields such as health, education, biodiversity, poverty, and social inclusion. In addition, their expertise is embedded across local communities (Kolk, Van Tulder & Westdijk, 2006) and global networks on social issues (Crane & Matten, 2007; Pearce & Doh, 2005; Heath, 1997; Salamon & Anheier, 1997). Hence, NPOs represent substantial opportunities for corporations intentionally to co-create local and potentially global value by providing solutions to social problems (Van Tulder & Kolk, 2007) or by designing social innovations that will deliver social betterment (Austin & Reavis, 2002).

Porter and Kramer (2011) see this happening by (1) developing new and profitable products, services, and markets that meet in superior ways societal needs; (2) improving processes related to, for example, worker welfare, environment, resource use in the value chain that simultaneously enhance productivity and social well-being; and (3) strengthening the surrounding community’s physical and service infrastructure that is essential for cluster and company competitiveness. They, along with several business leaders, have also emphasized the need for business to escape the narrow sightedness caused by fixation on short-term financial results and shift to a longer-term orientation within which to build
mutually reinforcing social and economic value (Barton, 2011). Porter and Kramer’s conception contends that “Not all profit is equal. Profits involving social purpose represent a higher form of capitalism, one that creates a positive cycle of company and community prosperity” (p. 15). To achieve this they emphasize as a critical element the “ability to collaborate across profit/nonprofit boundaries” (p. 4). Unilever’s CEO Roger Polman (2010) has called for a shift to “collaborative capitalism.” Halal (2001) earlier had urged “viewing stakeholders as partners who create economic and social value through collaborative problem-solving.” Zadek (2001) similarly called for collaboration with the increasingly important nonprofit sector as the way to move beyond traditional corporate philanthropy. Ryuzaburo Kaku, the former chairman of Cannon, stated that the way for companies to reconcile economic and social obligations is kyosei, “‘spirit of cooperation,’ in which individuals and organizations live and work together for the common good” (1997, p. 55).

This approach of integrating social and economic value generation into the business strategy and operations is also the central premise of the “Base of the Pyramid” movement that has emerged over the last decade aimed at incorporating into the value chain the low income sector as consumers, suppliers, producers, distributors, and entrepreneurs (Prahalad, 2005; Prahalad & Hammond, 2002; Prahalad & Hart, 2002; Rangan, Quelch, Herrero & Barton, 2007; Hammond, Kramer, Katz, Tran & Walker, 2007). The fundamental socioeconomic value being sought is poverty alleviation through market-based initiatives. Recent research has shifted the focus from “finding a fortune” in the business opportunities of the mass low income markets to “creating a fortune” with the low income actors (London & Hart, 2011). Recent research has also highlighted the critical roles that not for profit organizations frequently play in building these ventures and co-creating value (Márquez, Reficco & Berger, 2010). Portocarrero and Delgado (2010), based on 33 case studies throughout Latin America and Spain, provide further elaboration of the concept of social value produced by socially inclusive, market-based initiatives involving the low income sector, starting from the Social Enterprise Knowledge Network’s earlier definition of social value (Social Enterprise Knowledge Network, 2006): “the pursuit of societal betterment through the removal of barriers that hinder social inclusion, the assistance to those temporarily weakened or lacking a voice, and the mitigation of undesirable side effects of economic activity.” They posit four categories of social value: (1) increasing income and expanding life options resulting from inclusion as productive agents into market value chains; (2) expanding access to goods and services that improve living conditions; (3) building political, economic, and environmental citizenship through restoring rights and duties; and (4) developing social capital through constructing networks and alliances.

**CSR Stages**

The foregoing movement toward integration is part of the evolution of theory and practice. Various scholars have attempted to categorize into stages the wide and evolving range of corporate approaches to CSR. These stage conceptualizations are relevant to our co-creation model because where a corporation has been and is heading is a precursor conditioning factor shaping the potential for and nature of collaborative value creation.
Zadek (2004) conceptualized corporations’ learning about CSR as passing through five stages: (1) Defensive (Deny practices, outcomes, or responsibilities), (2) Compliance (Adopt a policy-based compliance approach as a cost of doing business), (3) Managerial (Embed the societal issue in their core management processes), (4) Strategic (Integrate the societal issue into their core business strategies), (5) Civil (Promote broad industry participation in corporate responsibility). Googins, Mirvis and Rochlin (2007) – based on examination of company practices - have created a more elaborated 5 stage model, with each stage having a distinct “Strategic Intent,” which expresses the value being sought at each stage: (1) Elementary (Legal Compliance)->(2) Engaged (License to Operate)->(3) Innovative (Business Case)->(4) Integrated (Value Proposition)->(5) Transforming (Market Creation or Social Change). Across these 5 stages, stakeholder relationships also evolve: Unilateral->Interactive->Mutual Influence->Partnership/Alliances->Multi-Organization. The authors assert that for the emerging generation of partnerships between businesses and nonprofits “the next big challenge is to co-create value for business and society” (p. 8).

In effect, at higher levels of CSR, collaboration becomes more important in the value creation process. As creating synergistic value becomes integrated and institutionalized into a company’s mission, values, strategy, and operations, engaging in the co-creation of value with nonprofits and other stakeholders becomes an imperative. Hence, co-creation of value indicates a higher degree of CSR institutionalization.

NONPROFITS’ MIGRATION TOWARD ENGAGEMENT WITH BUSINESS

Just as businesses have increasingly turned to nonprofits as collaborators to implement their CSR and to produce social value, several factors have also been moving nonprofits toward a greater engagement with companies. Parallel to the increasing integration of social value into business strategy there has emerged a growing emphasis in nonprofits on incorporating economic value into their organizational equation. The field of social enterprise and social entrepreneurship emerged as an organizational concept, with some conceptualizations referring to the application of business expertise and market-based skills to the social sector, such as when nonprofit organizations operate revenue-generating enterprises. (Reis, 1999; Thompson, 2008; Boschee & McClurg, 2003). Broader conceptualizations of social entrepreneurship refer to innovative activity with a social purpose in either the business or nonprofit sectors or as hybrid structural forms which mix for-profit and nonprofit activities. (Dees, 1998a; 1998b; Austin, Stevenson & Wei-Skillern, 2006; Bromberger, 2011). Social entrepreneurship has also been applied to corporations and can include cross-sector collaborations (Austin, Leonard, Reficco & Wei-Skillern, 2006). Emerson (2003) has emphasized generation of “blended” social and economic value.

The field of social marketing emerged as the application of marketing concepts and techniques to change behaviour to achieve social betterment (Kotler & Zaltman, 1971). It is a set of tools that can be used independently by either businesses or nonprofits as part of their strategies. However, Kotler and Lee (2009) have recently highlighted the importance of cross-sector collaboration in its application.
Many academics and practitioners have commented on the “blurring of boundaries” between the sectors (Dees & Anderson, 2003; Glasbergen, Biermann & Mol, 2007; Crane, 2010), and some researchers have empirically documented this “convergence” (Social Enterprise Knowledge Network, 2006; Austin, Gutiérrez, Ogliastri & Reficco, 2007). While this overlap of purposes reflects an increasingly common appreciation and pursuit of social and economic value creation and fosters collaboration across the sector, this is not a comfortable move for all nonprofits. Many advocacy nonprofits, in fact, view themselves as in opposition to corporations and fight against practices that they deem as detrimental to society (Groß, 1998; Waygood & Wehrmeyer, 2003; Rehbein, Waddock & Graves, 2004; Hendry, 2006). While this can serve as a healthy social mechanism of checks and balances, it is interesting to note that many nonprofits that have traditionally been antagonists of corporations have increasingly discovered common ground and joint benefits through alliances with companies (Yaziji & Doh, 2009; Åhlström & Sjöström, 2005; Stafford, Polonsky & Hartman, 2000). Heugens (2003) found that even from adversarial relationships with NGOs a company could develop “integrative and communication skills.”

Similarly, many business leaders have shifted their conflictive posture with activist nonprofits and viewed them as important stakeholders with whom constructive interaction is possible and desirable (Argenti, 2004). John Mackey, founder and CEO of Whole Foods Market, stated, “I perceived them as our enemies. Now the best way to argue with your opponents is to completely understand their point of view,” adding, “To extend our love and care beyond our narrow self-interest is antithetical to neither our human nature nor our financial success. Rather, it leads to the further fulfilment of both” (Koehn & Miller, 2007). Porter and Kramer (2006) contend “Leaders in both business and civil society have focused too much on the friction between them and not enough on the points of intersection. The mutual dependence of corporations and society implies that both business decisions and social policies must follow the principle of shared value. That is, choices must benefit both sides. If either a business or a society pursues policies that benefit its interests at the expense of the other, it will find itself on a dangerous path. A temporary gain to one will undermine the long-term prosperity of both.”

A recent illustration of this interface is when Greenpeace attacked the outdoor apparel maker Timberland with the accusation that leather for its boots came from Brazilian cattle growers who were deforesting the Amazon. CEO Jeff Swartz, who received 65,000 emails from Greenpeace supporters, engaged with the nonprofit and ensured with its suppliers that none of its leather would be sourced from the Amazon area. Nike made a similar agreement. Reflecting on the experience with the activist NGO, Swartz observed, “You may not agree with their tactics, but they may be asking legitimate questions you should have been asking yourself. And if you can find at least one common goal-in this case, a solution to deforestation- you've also found at least one reason for working with each other, not against” (Swartz, 2010, p. 43). Eccles, Newquist and Schatz's (2007) advice on managing reputational risk echoed Swartz's perspective: “Many executives are skeptical about whether such organizations are genuinely interested in working collaboratively with companies to achieve change for the public good. But NGOs are a fact of life and must be engaged. Interviews with them can also be a good way of identifying issues that may not yet have appeared on the company’s radar screen” (p. 113). In a similar vein, Yaziji (2004) documents the valuable types of resources that nonprofits can bring: legitimacy, awareness of social forces, distinct networks, and specialized technical expertise that can head off
trouble for the business, accelerate innovation, spot future shifts in demand, shape legislation, and set industry standards.

One of the bridging areas between nonprofit advocacy and collaboration with businesses has been corporate codes of conduct. Arya and Salk (2006) point out how nonprofits have compelled the adoption of such codes but also help corporations by providing knowledge that enables compliance. Conroy (2007) has labeled this phenomenon as the “Certification Revolution” wherein nonprofits and companies have established standards and external verification systems across a wide array of socially desirable business practices and sectors, e.g., forestry, fishing, mining, textiles, and apparel. The resultant Fair Trade movement has experienced rapid and significant growth, resulting in improved economic and social benefits to producers and workers while also giving companies a vehicle for differentiating and enriching their brands due to the social value they are co-creating. Providing consumers with more information on a company’s social practices, such as labor conditions for apparel products, can positively affect “willingness-to-pay” (Hustvedt & Bernard, 2010). Various more general standards and social reporting systems have emerged, such as AA 1000 on Stakeholder Management (www.accountability21.net), SA 8000 on Labor Issues (www.sa-intl.org), ISO 14000 Series of Standards on Environmental Management and ISO 26000 on Corporate Social Responsibility (www.ISO.org); Global Reporting Initiative (GRI) on economic, environmental, and social performance (www.globalreporting.org).

NPO - BUSINESS COLLABORATION AND VALUE CREATION

Businesses and nonprofit organizations can and do create economic and social value on their own. However, as is clear from the stakeholder literature discussed and from resource dependency theory (Pfeffer & Salancik, 1978; Wood & Gray, 1991) and from various major articles and books with ample examples of practice, cross-sector collaboration is the organizational vehicle of choice for both businesses and nonprofits to create more value together than they could have done separately (Kanter, 1999; Austin, 2000a,b; Sagawa & Segal, 2000; Googins & Rochlin, 2000; Jackson & Nelson, 2004; Selsky & Parker, 2005; Galaskiewicz & Sinclair Colman, 2006; Googins, Mirvis & Rochlin, 2007; Seitaniidi, 2010; Austin, 2010). For companies, as the foregoing sections have revealed, collaborating with NPOs is a primary means of implementing their CSR.

For nonprofits, alliances with businesses increase their ability to pursue more effectively their missions. The calls for heightened social legitimacy for corporations (Porter & Kramer, 2011; Manusco Brehm, 2001; Wood, 1991), corporate accountability (Newell, 2002; Bendell, 2004; Bendell, 2000b) and increased accountability for nonprofit organizations (Meadowcroft, 2007; Ebrahim, 2003; Najam, 1996) signalled the equal importance of process and outcomes (Seitanidi & Ryan, 2007) while paying attention to the role of multiple stakeholders, such as employees and beneficiaries (Le Ber & Branzei, 2010a; Seitaniidi & Crane, 2009). Interestingly, Mitchell, Agle and Wood, (1997: 862) remarked in their chronology and stakeholder identification rationales that there was no stakeholder definition “emphasising mutual power”, a balance required for the process of co-creation. The previous role of NPOs as influence seekers (Oliver, 1990) has moved beyond the need to demonstrate power, legitimacy, and urgency to business managers (Mitchell, Agle & Wood, 1997) as their new found salience stems from their ability to be value producers (Austin, 2010; Le Ber & Branzei, 2010b) and from the extreme urgency of social problems (Porter & Kramer, 2011). The involvement of nonprofit organizations as a source of value creation ranges from their potential to co-produce intangible resources such as new capabilities through employee volunteering programmes (Muthuri, Matten & Moon, 2009), and new
production methods as a result of the adoption of advanced technology held by nonprofit organizations (Stafford & Hartman, 2001). Salamon (2007) stresses the role of the nonprofit sector as a “massive economic force, making far more significant contributions to the solution of public problems than existing official statistics suggest” based on mobilizing millions of volunteers, engaging grass-roots energies, building cross-sector partnerships, and reinvigorating democratic governance and practice. All the above constitute the un-tapped potential of the nonprofit sector. Evidence is provided by Salamon (2007) in a country scale suggesting that the nonprofit sector “exceeds the overall growth of the economy in many countries. Thus, between 2000 and 2003, the sector’s average annual rate of growth in Belgium outdistanced that of the overall economy by a factor of 2:1 (6.7 versus 3.2 per cent). In the United States, between 1996 and 2004, the non-profit sector grew at a rate that was 20 per cent faster than the overall GDP.” The above demonstrate the value potential but also the difficulties in understanding and unpacking the value creation that stems from the nonprofit sector during the partnership implementation. The role of the partners is to act as facilitators and enablers of the value creation process, understand how to add value to their partner (Andreasen, 1996), and design appropriate mechanisms to enhance the co-creation processes.

The fundamental reason for the proliferation of nonprofit-business partnerships is the recognition that how businesses interact with nonprofits can have a direct effect in their success due to the connection of social and financial value (Austin, 2003). Equally, nonprofits are required to work with other organizations to achieve and defend their missions against financial cuts, a shrinking pool of donors, fierce competition by demonstrating efficiency and effectiveness in delivering value for money. Coupled with the realization that nonprofits are of significant value to business is the acceptance that nonprofits can also achieve mutual benefit through the collaboration with companies (Austin, 2003). The Corporate-NGO Partnership Barometer Summary Report (C&E, 2010) confirms the above, indicating that 87% of NGOs consider partnerships important, particularly for the generation of resources; similarly, 96% of businesses consider partnerships with NGOs important in order to meet their CSR agendas (ibid, p. 4-5). Interestingly, 59% of the respondents confirmed that they are engaged in approximately 11-50 or more partnerships (C&E, 2010, p. 7), indicating the necessity for partnership portfolio management in order to achieve portfolio balance (Austin, 2003). The most frequently identified (52%) challenge for business in a partnership is “the lack of clear processes for reviewing and measuring performance” (C&E, 2010: 13). Only 21% of nonprofit organizations consider the above as a key-challenge, as their most pressing challenge remains (52%) “lack of resources on our part” (ibid).

There is a significant literature on economic value creation and capture for businesses dealing with other businesses or even co-creating value with their consumers (Brouthers, Brouthers & Wilkerson, 1995; Bowman & Ambrosini, 2000; Foresstrom, 2005; O’Cass & Ngo, 2010; Lepak, Smith & Taylor, 2007), and similarly nonprofits collaborating with other nonprofits (Cairns, Harris & Hutchinson, 2010; McLaughlin, 1998). Additionally, there is much written about cross-sector collaborations by business and/or nonprofits with government (Bryson, Crosby & Middleton Stone, 2006; Cooper, Bryer & Meek, 2006). While there are commonalities and differences in value creation processes across all types of intra and inter-sector collaborations that are worthy of analysis (Selsky & Parker, 2005; Milne, Iyer & Gooding-Williams, 1996), the scope of our inquiry is limited to business-nonprofit dyads. We will now examine collaborative value creation from three dimensions: collaboration relationship stages, partnering processes, and collaboration outcomes.
**Relationship Stages and Value Creation**

The collaborative relationships between NPOs and businesses take distinct forms and can evolve over time through different stages. Our focus is on understanding how the value creation process can vary across these stages. To facilitate this analysis, we will use Austin’s (2000a; 2000b) conceptualization of a *Collaboration Continuum*, given that this work seems to be amply referenced by various cross-sector scholars in significant reviews and publications (e.g., Selsky & Parker 2010; 2005; LeBer & Branzei 2010b; 2010c; Seitanidi & Lindgreen, 2010; Bowen, Newenham-Kahindi & Herremans, 2010; Seitanidi, 2010; Kourula & Laasonen, 2010; Jamali & Keshishian, 2009; Setanidi & Crane, 2009; Glasbergen, Biermann & Mol, 2007; Brickson, 2007; Googins, Mirvis & Rochlin, 2007; Seitanidi & Ryan, 2007; Galaskiewicz & Sinclair Colman, 2006; Berger, Cunningham & Drumwright, 2004; Rondinelli & London, 2003; Wymer & Samu, 2003; Margolis & Walsh, 2003). Seitanidi (2010, p.13) explained that Austin (2000) “positioned previous forms of associational activity between the profit and the non-profit sectors in a continuum...This was an important conceptual contribution, as it allowed for a systematic and cohesive examination of previously disparate associational forms. The ‘Collaboration Continuum’ is a dynamic conceptual framework that contains two parameters of the associational activity: the degree, referring to the intensity of the relationship, and the form of interaction, referring to the structural arrangement between nonprofits and corporations (ibid, p. 21), which he based on the recognition that cross-sector relationships come in many forms and evolve over time. In fact, he termed the three stages that a relationship between the sectors may pass through as: philanthropic, transactional and integrative.”

We will present this conceptualization, relate it to other scholars’ takes on relationship stages and typologies, and then examine the nature of value creation in each stage.

The *Collaboration Continuum (CC)* has three relationship stages: Philanthropic (charitable corporate donor and NPO recipient, largely a unilateral transfer of resources), Transactional (the partners exchange more valuable resources through specific activities, sponsorships, cause-related marketing, personnel engagements), and Integrative (where missions, strategies, values, personnel, and activities experience organizational integration and co-creation of value). Figure 1 suggests how the nature of the relationship changes across those stages in terms of the following descriptors: level of engagement, importance to mission, magnitude of resources, scope of activities, interaction level, managerial complexity, strategic value, and co-creation of value.
Figure 1. The Collaboration Continuum

<table>
<thead>
<tr>
<th>NATURE OF RELATIONSHIP</th>
<th>Stage I</th>
<th>Stage II</th>
<th>Stage III</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Philanthropic&gt;&gt;&gt;</td>
<td>Transactional&gt;&gt;&gt;</td>
<td>Integrative&gt;&gt;&gt;</td>
</tr>
<tr>
<td>Level of Engagement</td>
<td>Low</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Importance to Mission</td>
<td>Peripheral</td>
<td>Central</td>
<td></td>
</tr>
<tr>
<td>Magnitude of Resources</td>
<td>Small</td>
<td>Big</td>
<td></td>
</tr>
<tr>
<td>Type of resources</td>
<td>Money</td>
<td>Core Competencies</td>
<td></td>
</tr>
<tr>
<td>Scope of Activities</td>
<td>Narrow</td>
<td>Broad</td>
<td></td>
</tr>
<tr>
<td>Interaction Level</td>
<td>Infrequent</td>
<td>Intensive</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>Modest</td>
<td>Deep</td>
<td></td>
</tr>
<tr>
<td>Managerial Complexity</td>
<td>Simple</td>
<td>Complex</td>
<td></td>
</tr>
<tr>
<td>Strategic Value</td>
<td>Minor</td>
<td>Major</td>
<td></td>
</tr>
<tr>
<td>Co-creation of value</td>
<td>Sole</td>
<td>Conjoined</td>
<td></td>
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</tbody>
</table>


The use of a continuum is important analytically because it recognizes that the stages are not discrete points; conceptually and in practice a collaborative relationship is multifaceted and some characteristics may be closer to one reference stage while other traits are closer to another. Nor does a relationship automatically pass from one stage to another; movement, in either direction, is a function of decisions and actions by the collaborators. Furthermore, one need not pass through each stage, but rather could begin at a different stage, e.g., creating a transactional relationship without having had a prior philanthropic relationship. A continuum captures more usefully the dynamic nature and heterogeneity of evolving relationships and the corresponding value creation process.

Several researchers have also found useful the concept of a continuum, although they have depicted the content somewhat differently than used in the CC. Bryson, Crosby and Middleton Stone (2006) use a collaboration continuum construct, with one end for organizations that only barely relate to each other regarding a social problem (as in the CC’s Philanthropic stage), and the other end for “organizations that have merged into a new entity to handle problems through merged authority and capabilities,” (p. 44) as in the CC’s Integrative stage. Rondinelli and London (2003) similarly use a continuum of the relationship’s “intensity,” moving from low intensity “arm’s-length” (similar to the CC’s Philanthropic stage), to moderate intensity “interactive collaborations” (similar to the Transactional stage), to high intensity “management alliances” (similar to the Integrative stage).
Bowen, Newenham-Kahindi & Herremans’ (2010) review of 200 academic and practitioner sources on cross-sector collaboration uses a “continuum of community engagement” concept and offers a typology of three engagement strategies: transactional, transitional, and transformational. Their descriptions of the three strategies are different in definition than in the CC. Their “transactional” strategy of “giving back” is close to the definition of the Philanthropic stage in the CC. Their “transitional” strategy points to increasing collaborative behaviour but lacks definitional power as it is seen as a phase of moving from philanthropic activities to a “transformational” phase, which has some of the characteristics of the CC’s Integrative stage of joint problem-solving, decision-making, management, learning, and creating conjoined benefits. They point to difficulties in “distinguishing between ‘collaboration and partnership’ and truly transformational engagement” (p. 307). Googins, Mirvis & Rochlin (2007) characterize company relationships with stakeholders as moving from unilateral, which corresponds to Austin’s Philanthropic stage, to mutual influence, which is close to the Transactional stage, to partnerships and alliances, which have integrative characteristics, and then to multi-organization, which is “transforming” and seems to depict a more aspirational stage that achieves significant social change. The identification by these researchers of a transformational stage offers an opportunity to enrich the CC, so we will make that elaboration below.

Galaskiewicz and Sinclair Colman’s (2006) major review of business-NPO collaboration does not explicitly use a continuum, but the underlying differentiator in its typology is motivation and destination of the benefits generated. Their collaboration types can be connected to the CC framework. The review’s primary focus and exhaustive treatment is on the philanthropic relationship. This first stage in the CC is the most common collaborative relationship and is characterized as predominantly motivated by altruism, although some indirect benefits for the company are hoped for. Additionally, but with much less elaboration, they pointed to “strategic collaborations” involving event sponsorships and in-kind donations aimed at generating direct benefits for the company and the NPO. Similarly, they point to “commercial collaborations” involving cause-related marketing, licensing, and scientific cooperation, also aimed at producing direct benefits. The asserted distinctions between these two categories are that in the latter the benefits are easier to measure and the “activity is unrelated to the social mission.” It is unclear why the former would be “strategic” but not the latter, as both could be part of an explicit strategy. Some researchers have even labelled philanthropy as “strategic” based on how it is focused (Porter & Kramer, 2002). In relationship to the CC, the strategic and the commercial categories correspond to the Transactional Stage. Galaskiewicz and Sinclair Colman also refer to “political collaboration” that aims at influencing other entities, social or governmental; depending on the precise nature of the relationship in carrying out this purpose, this type could be placed in any of the 3 stages of the CC, but would seem closest to a transactional relationship.

We will now examine value creation in each of the three stages of the CC: Philanthropic, Transactional, Integrative, and also add a fourth stage, Transformational.
Philanthropic Collaborations

As Lim (2010) points out in introducing his helpful review on assessing the value of corporate philanthropy, “How to measure the value and results of corporate philanthropy remains one of corporate giving professionals’ greatest challenges. Social and business benefits are often long-term or intangible, which make systematic measurement complex. And yet: Corporate philanthropy faces increasing pressures to show it is as strategic, cost-effective, and value-enhancing as possible.”

In philanthropic collaborations, the directionality of the resource flow is primarily unilateral, flowing from the company to the nonprofit. In the USA corporations donated $14.1 billion in cash and goods in 2009, up 5.9% from 2008 in inflation adjusted dollars (Giving USA Foundation, 2010). About 31% of these donations come via company foundations, of which there were an estimated 2,745 in 2009 (Lawrence & Mukai, 2010). This “transferred resource value” accrues to the nonprofit. It is an economic value that enables the nonprofit to pursue its mission, the completion of which creates social value. Margolis and Walsh (2003, p. 289) depict these donations as the “buy” option for implementing CSR. The nonprofit has the organizational capabilities lacking in the company to address a particular social need and the company has the funds that the nonprofit lacks. This is basic resource complementarity but the resource type is generic – cash. It enables the nonprofit to do more of what it already does, but it does not add any more value than what would come from any other cash donor.

Legally, corporate donations made via their foundations cannot benefit directly the corporation, although Levy (1999) revealed many ways to capture synergies between the company and its foundation. Still, it has been asserted that beyond the tax deduction, donations are largely altruistic; the benefit flows in one direction to the nonprofit and the hoped for generation of social value. However, a variety of benefits can, in fact, accrue to the business. There is the potential for associational value, whereby the company’s reputation and goodwill with various stakeholders, including communities and regulators affecting its “License to Operate,” is enhanced due to its philanthropic association with the nonprofit and its social mission. This is in part due to the generally higher levels of trust associated with nonprofits and the value created for the business when that asset is transferred through association (Seitanidi, 2010). One survey (Deloitte, 2004) indicated that 92% of Americans think that it is important for companies to make charitable contributions or donate products and/or services to nonprofit organizations in the community.

It has been calculated that 14% of U.S. companies’ reputations is attributable to citizenship efforts (Reputation Institute, 2011). Similarly, the nonprofit can gain credibility and enhance its reputation by having been vetted and selected as a donation recipient of an important company (Galaskiewicz & Wasserman, 1989). Managing reputational risk is an important task for companies and nonprofits. Several researchers have documented that companies’ philanthropic activities provide an “insurance policy” that helps mitigate the repercussions of negative events (Godfrey, Merrill & Hansen, 2009). Both partners run the risk of being tainted by their partner’s negative actions and the corresponding bad publicity (Galaskiewicz & Sinclair Colman, 2006).
When the donation is a company’s product, it is more distinctive than a cash contribution; product donations are sometimes preferred as a way of moving inventories or promoting product usage and brand recognition. There is evidence that a company that is perceived as collaborating with nonprofits and contributing to the resolution of social problems will garner greater respect and preference from consumers (GlobeScan, 2003). However, their pathway from intention to buy to actual purchase is circuitous and requires other explicit companion actions (Bhattacharya & Sen, 2004) that are more likely to occur in the more structured collaborations found in the Transactional stage, such as Cause-Related Marketing, which we will discuss in the next section.

Another stakeholder of particular relevance in philanthropic collaborations is employees, with the perceived benefits of attracting, retaining, and motivating them (Boston College Center for Corporate Citizenship & Points of Light Foundation, 2005). Survey and experimental work has revealed that almost ¾ of those surveyed would choose to work for a company with a good philanthropic record, all other things being equal (Deloitte, 2004; Greening & Turban, 2000). CEOs have also pointed to attracting talent as a significant motivation for their corporate philanthropy (Bishop & Green, 2008; Bhattacharya, Sen & Korschun, 2008).

If the company moves beyond cash donations, including matching employee grants, and engages in employee volunteerism through outreach programs with nonprofit groups, then additional benefits can be expected. The Deloitte (2004) survey revealed that:

- 87% percent of Americans believe it is important for companies to offer volunteer opportunities to its employees;
- 73% say that workplace volunteer opportunities help companies contribute to the well being of communities;
- 61% think that they help to communicate a company’s values;
- 58% believe that workplace volunteer opportunities improve morale.

A survey of 131 major U.S. corporations revealed that 92% had formal employee volunteer programs (Lim, 2010). Research has identified benefits in terms of increased employee identification with the company and enhanced job performance (Bartel, 2001; Jones, 2007). Volunteering and interacting with the nonprofits can also foster new skill development (Peterson, 2004; Sagawa & Segal, 2000). Corporate volunteering can be relatively informal but sometimes develops into highly structured collaborative projects with the nonprofit with specific objectives, time frames, and expected exchanges of assets. For example, Timberland has a highly developed community service program with City Year and other nonprofits, including giving employees paid 40 hours of paid release time to work with nonprofits (Austin, 2000a; Austin, Leonard & Quinn, 2004; Austin & Elias, 2001). Many corporations encourage their management employees to volunteer as board members of nonprofits and some have supported formal governance training and placement (Epstein & McFarlan, 2011; Korngold, 2005; Austin, 1998). In these more elaborated forms, the collaboration migrates from the philanthropic stage towards the transactional stage.

This reveals that as the partners broaden the Resource Type from just cash to also include their employees, they can create new opportunities for value creation. The benefits accrue at the meso level for both partnering organizations and at the micro level for the employees. However, a critical
determinant of how much value is created is the type of skills the employee volunteers bring to the collaboration. If they bring specialized skills rather than just their time and manual labor, then the potential value added is greater (Kanter, 1999; Vian, Feeley, Macleod, Richards & McCoy, 2007).

To conclude this subsection, we note that traditional philanthropic collaboration largely involves sole creation rather than co-creation of value. Each partner provides inputs – the corporation gives funds and the nonprofit delivers a social service. The degree of interaction is generally quite limited and the functions rather independent. There is synergistic value in that complementary resources come together that enable the nonprofit to produce social value which in turn gives rise indirectly to economic value for the company. There are benefits at the meso, micro, and macro levels, but they are relatively less robust than at the subsequent stages in the CC. The search for greater value gave rise to a move toward “strategic philanthropy” as part of the CSR evolution. While it has taken many different forms, one of the most noted was that put forth by Porter and Kramer (2002) and was an intellectual precursor to their 2006 analysis of the links between CSR and competitive advantage (Porter & Kramer 2006), and their 2011 conceptualization of shared value discussed above in the CSR Evolution section. They emphasize the importance of having corporate philanthropy be “context focused,” aimed at strengthening their social, economic, and political operating environments that greatly determine a company’s ability to compete. In effect, they are seeking what our CVC Framework labels linked interests between companies and communities. This is tied to the creation of synergistic value, as they contend that “social and economic goals are not inherently conflicting but integrally connected.” Two further value elements in their concept concern the type of resources deployed and how they are used. They stress the importance of giving not only money but also leveraging organizations’ special capabilities to strengthen each other and their joint efforts, asserting, “Philanthropy can often be the most cost-effective way to improve its competitive context, enabling companies to leverage the efforts and infrastructure of nonprofits and other institutions” (Porter and Kramer, 2002, p. 61). These shifts move collaborations further along the value creation spectrum and toward higher stages of engagement on the Collaboration Continuum.

Transactional Collaborations

Transactional relationships differ from philanthropic along several dimensions as elaborated previously, but we focus here on the value aspects. Salient among these is that the directionality of the resource flow shifts from unilateral to bilateral. There is an explicit exchange of resources and reciprocal value creation (Googins & Rochlin, 2000). There is higher resource complementarity and the type of transferred resources the partners’ are deploying is often more specialized assets with their greater value generating potential (Waddell, 2000). The partners have linked interests in that creating value for oneself is dependent on creating it for the other. Associational value is more salient and organizational fit is more essential to value creation. The value creation tends to be more quantifiable and the benefits to the organizations more direct, however, there is less certainty regarding the realization of improved societal welfare.
The types of collaborations that characterize the Transactional stage include Cause-Related Marketing (CRM), event and other sponsorships, name and logo licensing agreements, and other specific projects with clear objectives, assigned responsibilities, programmed activities, and predetermined timetables. The various certification arrangements between businesses and nonprofits would also be encompassed within the transactional collaboration category. Selsky and Parker (2010) consider these transactional collaborations as arising from a “Resource Dependency Platform” and the partners’ motivation is primarily self-interest and secondarily the social issue. Varadarajan and Menon’s (1988) early article on CRM indicated many benefits from CRM, but pointed to revenue enhancement as the “main objective.” IEG, the leading advisory agency on event sponsorships, estimated that sponsorships in 2010 were $17.2 billion in North America and $46.3 billion globally, with Europe and Asia Pacific being the other primary areas. While sponsorship of sporting events is the largest category, social cause sponsorships grew the fastest at 6.7% and arts at 2.7% (IEG, 2011).

Cone’s (2004) longitudinal consumer survey revealed that 91% indicated they would have a more positive attitude toward a product or a company when it supports a social cause, up from 83% in 1993, because it wins their trust. Furthermore, 84% compared to 66% in 1993 indicated that they would be likely to switch brands of similar quality and price if one product was associated with a social cause. These respondents also stated that a company’s commitment to a social issue was relevant to their decisions regarding which companies to work for, have in their communities, recommend to others, and invest in. Hoeffler and Keller (2002) assert that these campaigns can increase brand awareness, image, credibility, feelings, community, and engagement. Heal’s (2008) as well as Marin, Ruiz & Rubio’s (2009) research revealed identification with the company, emotional connection, and buyer brand loyalty increased when associated with a social cause. **Associational Value** is the central benefit accruing to the company, and the various forms of CRM, sponsorships, and certifications aim to make more salient that association, with the hope that sales will be enhanced. However, intermediating variables can affect the realization of the potential **associational value**, such as, product type, perceived motivation of campaign and company’s CSR record, and size of contribution (Smith & Langford, 2009; Bhattacharya & Sen, 2004; Strahilevitz & Myers, 1998; Strahilevitz, 1999; Strahilevitz, 2003). Although buyer intentions are often not realized, some survey evidence revealed that UK consumers actually did switch brands, try a new product, or increase purchases of a product due to its association with a charity’s cause (Farquason, 2000). Hiscox and Smyth (2008) researched the following question:

“A majority of surveyed consumers say they would be willing to pay extra for products made under good working conditions rather than in sweatshops, but would they really do so?” The results from experiments that they conducted in a major retail store in New York City showed that “Sales rose by 12-26% for items labelled as being made under good labor standards. Moreover, demand for the labelled products actually rose when prices were increased. Raising prices of labelled goods by 10% actually increased their sales by an additional 21-31%.” Castaldo, Perrini, Misani and Tencati (2009) confirmed the importance of trust to consumers’ decision-making in the purchase of Fair-Trade labelled products. Certified products can even elicit a willingness to pay a premium price from environmentally conscious consumers (Thompson, Anderson, Hansen & Kahle, 2010). Collaboration with certifying organizations is one mechanism for gaining consumer trust, but the company’s CSR reputation also proved to be a key source of trust. The strength of that reputation also provides some “insurance” in the form of resistance by consumers to negative information about its CSR activities (Eisingerich, Rubera, Seifert & Bhardwaj, 2011).
The effectiveness of a CRM campaign can be enhanced or decreased depending on the specific methods used to implement it, e.g., the frequency of repetition of the CRM claims as a means of overcoming consumer skepticism (Singh, Kristensen & Villaseñor, 2009).

The primary benefit being sought by the nonprofits is the revenue from the company, often a percentage of sales if a product is being promoted around the cause in a special campaign, or a prearranged fee. American Express’s affinity marketing campaign that donated a percentage of sales or a fee for new card applications resulted in a 28% increase in card usage in the first month and a 45% rise in applications, producing $1.7 million for the restoration of the Statue of Liberty. Coca Cola’s six week promotion to support Mothers Against Drunk Driving boosted sales 490% and provided the nonprofit with 15 cents for each case sold (Gray & Hall, 1998). The associated publicity of the cause and the collaborating nonprofit can also be valuable to the nonprofit and generate some social value through the form of greater public awareness of the need.

Because the associational relationship is closer and more visible in these transactional relationships, the risks to the partners’ respective brands, i.e., the creation of negative value, is also greater (Wymer & Samu, 2003; Andreasen, 1996; Haddad & Nanda, 2001). Basil and Herr (2003) point to the risk of negative attitudes toward the nonprofit arising from inappropriate organizational fit between the partners. Berger, Cunningham and Drumwright (2004) also stress the importance of alignment of missions, resources, management, work force, target market, product/cause, culture, business cycle, and evaluation if the partners are to realize the full benefits their social alliance. Gourville and Rangan (2004) present a model and examples that show how appropriate fit allows the partners to generate value beyond the “first order” direct benefits of enhanced revenues for the company and fees for the nonprofit, to produce “second order” benefits. For the firm these could include strengthening relationships with employees, investors, and the larger community, and for the nonprofit they could include greater name recognition and a widening of its donor base. Good fit enables the generation of synergistic value, and the better the fit, the greater the value creation.

Beyond these benefits accruing at the meso level to the partnering organizations, there remains the issue of to what extent these transactional collaborations generate societal benefits. Some have asserted that these are largely commercial undertakings rather than social purpose alliances (Galskiewicz & Sinclair Colman, 2006; Porter & Kramer, 2006). It is a fact that many CRM undertakings are funded from corporate marketing budgets rather than their philanthropic funds and their effects on consumer intentions and actions are measured. This is evidence that companies recognize the business case for supporting nonprofits in this manner, and it also creates access for nonprofits to a much larger pool of corporate resources for social causes than just the philanthropy budget. However, there is little parallel effort documented in the literature to measure the presumed resultant societal benefit, although environmental collaborations seem to assess impact outcomes more often. As in the Philanthropic Stage, there exists the assumption that by channelling resources to the nonprofit social value creation will be enabled. To the extent that more resources are generated for the nonprofit via the transactional arrangements than would have occurred from a traditional donation, then the potential for greater value exists.
In assessing social value generation, it is important to differentiate among types of transactional collaborations. Seitanidi and Ryan (2007), for example, distinguish between “commercial sponsorship” and “socio-sponsorship” based on predominant purpose, with the former aimed primarily at generating revenues for the partners and the latter at meeting social needs, although benefits also accrue to the partnering organizations. At the macro level, the heightened publicity for the cause may create larger awareness of a problem and steps for remediation. For example, Avon’s social cause partnerships with breast cancer organizations in over 50 countries has resulted in $700 million being donated since 1992 to these nonprofits and over 100,000 women being educated about breast cancer early detection, diagnosis, and treatment (Avon Foundation for Women, 2011). Gourville and Rangan (2004) provide a useful methodology that is aimed at assessing the first and second order benefits of CRM to both business and nonprofit partners, which facilitates more constructive discussions in the value capture negotiations, however, they do not provide guidance for assessing the societal value generated. Lim’s useful review (2010) also provides very helpful methodologies for assessing the corporate value of transactional and other CSR efforts, but the focus is primarily on the business benefits, direct and derived. Nonetheless, he also describes a variety of approaches and methodologies for measuring social impact, including some references with examples applied to collaborations in different social sectors to which we will return to in our subsequent outcomes section.

**Integrative Collaborations**

A collaboration that evolves into the integrative stage changes the relationship in many fundamental ways including the value creation process. *Organizational fit becomes more synchronous: partners’ missions, values, and strategies find much greater congruency as a result of working together successfully and developing deeper relationships and greater trust.* The discovery of *linked interests* and *synergistic value creation* provides an incentive for collaborating ever more closely to co-create even more value. The strategic importance of the collaboration becomes significant and is seen as integral to the success of each organization, but beyond this, greater priority is placed on producing societal betterment. Good collaboration produces better collaboration, creating a virtuous cycle. But arriving at this state requires much effort and careful relational processes on many fronts, including reconciling their different value creation logics (Le Ber and Branzei, 2010a). Achieving this value frame fit can occur progressively as a relationship evolves through the stages or over time within the integrative stage on the Collaboration Continuum.

The value creation equation changes in the integrative relationship compared to the more common transactional relationships particularly in terms of the *type of resources* and *how they are used.* The partners increasingly use more of their key assets and core competencies, but rather than just using them in an isolated fashion to perform an activity that produces value for the collaboration (as often occurs in transactional collaborations), they combine these key resources. The *directionality of the resource flow* is conjoined. Jeff Swartz, CEO of Timberland and also formerly Chair of the Board of its NPO partner City Year, described their integrative relationship: “Our organization and their organization, while not completely commingled, are much more linked....While we remain separate organizations, when we come together to do things we become one organization” (Austin, 2000a, p. 27). The
importance of this intermingling is that it creates an entirely new constellation of productive resources, which in turn holds potential for co-creating greater value for the partners and for society through synergistic innovative solutions.

Kanter (1999) cited examples of each partner combining their complementary competencies to create innovative solutions, e.g., in welfare-to work programs: “while Marriott provides uniforms, lunches, training sites, program management, on the-job training, and mentoring, its partners help locate and screen candidates and assist them with housing, child care, and transportation” (p. 129). In IBM’s Reinventing Education collaboration with schools, the company’s staff had their offices in the schools and they interacted constantly with the teachers in a continuous co-creation process of feedback and development. Whereas transactional collaborations tend to be clearly defined and for a specified time period, in the integrative stage innovative co-creation has a different dynamic, as Kanter noted: “Like any R&D project, new-paradigm partnerships require sustained commitment. The inherent uncertainty of innovation - trying something that has never been done before in that particular setting - means that initial project plans are best guesses, not firm forecasts” (p. 130).

Rondinelli and London (2003) provide several examples of “highly intensive” collaborations between environmental NPOs and companies in which the partners integrated their respective expertise to co-create innovative solutions aimed at improving environmentally company products and processes. The Alliance for Environmental Innovation worked in integrated, cross-functional teams with UPS and its suppliers combining their respective technical expertise on material usage lifecycles in a collective discovery process that “created new designs and technologies, resulting in an almost 50 percent reduction in air pollution, a 15 percent decline in wastewater discharge, and 12% less in energy usage” (p. 72). These outcomes are societal benefits that simultaneously generate economic benefits to the company. Alliance’s aspiration is to create Best Practices that will be emulated throughout a sector, thereby multiplying the social value creation. There were clearly linked interests giving rise to synergistic value. Holmes and Moir (2007) suggest that when the collaboration has a narrow scope, then the innovation is likely to be incremental, whereas a more open-ended search would potentially produce more radical and even unexpected results.

In the integrative stage, while benefits to the partners remain a priority, generating societal value takes on greater importance. This emerges from the company’s values when generating social value has become an integral part of its core strategy. A company cannot undertake an integrative collaboration until its CSR has reached an integrative state. For example, as Googins, Mirvis and Rochelin (2007) report, one of IBM’s values is “innovation that matters for the world” with its corollary “collaboration that matters.” The company holds that in its “socio-commercial efforts, the community comes first. Only when the company proves its efforts in society...does it ...leverage marketing or build commercial extensions.” IBM’s CEO Sam Palmisano explained, “It’s who we are; it’s how we do business; it’s part of our values; it’s in the DNA of our culture” (p. 123). The more CSR is institutionalized the more co-creation becomes part of the value-creation process, i.e., it moves from sole creation to co-creation.

It is in the integrative stage that interaction value emerges as a more significant benefit derived from the closer and richer interrelations between partners. Bowen, Newenham-Kahindi & Herremans (2010) assert that “value is more likely to be created through engagement which is relational rather than
transactional” (p. 311). The intangible assets that are produced—e.g., trust, learning, knowledge, communication, transparency, conflict management, social capital, social issues sensitivity—have intrinsic value to partnering organizations, individuals, and the larger society, but in addition are enablers of integrative collaboration. While these intangibles and processes will be further discussed in the subsequent section on collaboration implementation, it is worth noting that various researchers have pointed to these elements as essential to co-creation of value (Austin, 2000ab; Berger, Cunningham & Drumwright, 2004; Bowen, Newenham-Kahindi & Herremans, 2010; Bryson, Crosby & Middleton Stone, 2006; Googins, Mirvis & Rochlin, 2007; Googins & Rochlin, 2000; Le Ber & Branzei, 2010b; 2011; Selsky & Parker, 2005; Selsky & Parker, 2010; Rondinelli & London, 2003; Sagawa & Segal, 2000; Seitandii, 2010; Seitandii & Ryan, 2007).

Integrative collaborations are much more complex and organic than transactional arrangements. They require deployment of more valuable resources and demand more managerial and leadership effort, and therefore entail a much deeper commitment. The compensation for these greater investments in co-creation is greater value for the partners and society. The substantiating evidence from the literature comes primarily via case studies, which is an especially appropriate methodology for describing, analyzing, and understanding the partnering processes. However, the specific pathways for the co-creation of value have not received the thoroughness of scrutiny that their importance merits, particularly, as we elaborate subsequently, the outcomes for societal welfare at the macro, meso, and micro levels.

Transformational Collaborations

We now briefly offer a possible extension of Austin’s Collaboration Continuum with the addition of this fourth stage: Transformational Collaborations. This is a theoretical rather than an empirically-based conceptualization. It would build on but move beyond the integrative stage and emerge as a yet higher level of convergence. The primary focus in this stage is to co-create transformative change at the societal level. There is shared learning about social needs and partners’ roles in meeting those needs, which Selsky and Parker (2010) refer to as a “Social Issues Platform” for the collaboration. Partners not only agree on what the social issue they want to address because it affects them both (Waddock, 1989) but they also agree that their intention is to transform their own processes or to deliver transformation through a social innovation that will change for the best the lives of those affected by the social problem. The end beneficiaries take a more active role in the transformation process (Le Ber & Branzei, 2010b). The aim is to create “disruptive social innovations” (Christensen, Baumann, Ruggles & Sadler, 2006). This stage represents collaborative social entrepreneurship which, “aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large” (Martin & Osberg 2007; Nelson & Jenkins, 2006).

Interdependence and collective action is the operational modality. One form might be the joint creation of an entirely new hybrid organization. For example, Pfizer and Edna McConnel Clark Foundation joined together to create the International Trachoma Institute as a way to most effectively achieve their goal of eliminating Trachoma (Barrett, Austin & McCarthy, 2000). As the social problems
being addressed become more urgent or complex, the need to involve other organizations in the solution also increases, giving rise to multi-party, multi-sector collaborations.

The transformative effects would not only be in social, economic, or political systems, but also be transformational for the partnering organizations. The collaboration would change each organization and its people in profound, structural, and irreversible ways.

We will now examine the third component of the CVC Framework, partnership processes, where the potential and the creation of value will be discussed.

**Partnership Processes**

This section of the paper reviews the literature on nonprofit-business partnership processes that contribute importantly to the co-creation of value in the partnership formation and implementation phases. Understanding the process of the partnership formation phase is important as it provides indications of the potential for co-creation of value which is likely to take place during the subsequent partnership implementation phase in which partners’ resources are deployed and the key interactions occur for the co-creation of value. We discuss first the key processes that indicate the potential for the co-creation of value in the partnership formation. Next we move to the examination of the partnership selection as the connecting process between partnership formation and implementation. Finally, we discuss the micro-processes and dynamics that contribute to the co-creation of value in the implementation phase where value is created by the partners.

**Partnership Formation: Potential for Co-creation of Value**

Partnership formation (Selsky & Parker, 2005) is usually expressed in the literature as initial conditions (Bryson, Crosby & Middleton Stone, 2006), problem-setting processes (McCann, 1983; Gray, 1989), coalition building (Waddock, 1989), and preconditions for partnerships (Waddell & Brown, 1997). Some scholars present formation as part of the partnership selection process (McCann, 1983; Gray, 1989; Waddock, 1989), hence the processes of formation and implementation appear to “overlap and interact” (McCann, 1983, p. 178), while others suggest that partnership formation consists of a distinct phase or a set of preconditions (Waddell & Brown, 1997; Seitanidi, Koufopoulos & Palmer, 2010). We propose that the selection stage is positioned in a grey area functioning as a bridge between partnership formation and implementation. Conceptually and analytically we follow Seitanidi, Koufopoulos and Palmer (2010) and Seitanidi and Crane (2009) by separating the two in order to discuss the co-creation of value. McCann (1983, p. 178), however, suggests “processes greatly overlap and interact”, which is observed in the extension of processes across the formation, selection and implementation. For example, it is not unusual that pre-selection of partners and due diligence are not always easy or clear and neither positioned within a discrete stage. As Vurron, Dacin and Perrini (2010) remark the time dimension in the analysis of cross sector social partnerships (Selsky & Parker, 2005) is represented by studies that examine the static characteristics of partnerships (Bryson, Crosby & Middleton Stone, 2006) and process-based views (Seitanidi & Crane, 2009) that “extend the debate to the variety of managerial
challenges and conditions affecting collaborations as they progress through stages” (Vurron, Dacin and Perrini (2010, p.41).

Partnership formation is a process originating either prior to or during the previous interactions (Bryson, Crosby & Middleton Stone, 2006) across the same or other partners, for either philanthropic or transactional relationships (Austin, 2000b). Hence, formation can be seen as an early informal assessment mechanism that evaluates the suitability of a collaboration to evolve into an integrative or transformational relationship where the long term value creation potential of the partnership for the partners and society is higher (Austin, 2000a). Underestimating the costs and negative effects of poor organizational pairing can be the result of insufficient experience in co-creation of value, planning and preparation (Berger, Cunningham & Drumwright, 2004; Jamali & Keshishian, 2009). Often managers “think about it” but they do not usually invest “a huge amount of time in that process” (Austin, 2000a, p. 50). Such neglect carries consequences, as due diligence and relationship building are key process variables that can determine the fit between the partners. This process will increase managers’ ability to anticipate and capture the full potential for the partnership for both the business and the nonprofit partner. More importantly, the steps that we discuss below will provide early indications of the benefits that are likely to be produced by both organizations collectively (i.e., at the partnership level) (Gourville & Rangan, 2004; Clarke & Fuller, 2010) indicating the co-creation of value and the potential to externalize the value to society. However, deciding which partner holds the highest potential for the production of synergistic value is time consuming and challenging.

The difficulties in undertaking cross-sectoral partnering and particularly developing integrative and transformational collaborations are extensively documented in the literature (Kolk, Van Tulder, & Kostwinder, 2008; Bryson, Crosby & Middleton Stone, 2006; Teegen, Doh & Vachani, 2004; Austin, 2000a; Crane, 2000; 1998), as well as the misunderstandings and power imbalances (Berger, Cunningham & Drumwright, 2004; Seitani & Ryan, 2007).

Achieving congruence in their mission, strategy and values during the partnership relationship has been deemed particularly significant (Austin, 2000a), however, sectoral differences across the profit and nonprofit organizations create barriers. Differences in goals and characteristics (McFarlan, 1999), values, motives and types of constituents (Di Maggio & Anheier, 1990; Crane, 1998; Milne, Iyer & Gooding-Williams, 1996; Alsop, 2004), objectives, (Heap, 1998; Stafford & Hartman, 2001), missions (Shaffer & Hillman, 2000; Westley & Venedburg, 1997), and organizational characteristics and structures (Berger, Cunningham & Drumwright, 2004) require early measures of fit that can provide indications for the potential of co-creation of value. The partners’ differences consist at the same time “both obstacles and advantages to collaboration” (Austin, 2010, p. 13) that can be the source of potential complementary value creation (Yaziji & Doh, 2009). Bryson, Crosby and Middleton Stone (2006, p. 46) suggest: “As a society, we rely on the differential strengths of the for-profit, public and non-profit sectors to overcome the weaknesses or failures of the other sectors and to contribute to the creation of public value”.

Berger, Cunningham and Drumwright (2004) suggest that many of the partnership problems, but not all, can be predictable and dealt with. Such problems include: misunderstandings, misallocation of costs and benefits, mismatches of power, lack of complementarity in skills, resources and decision making styles, mismatching of time scales and mistrust. They propose a useful set of nine measures of fit and compatibility that can assist the partners to assess the existing and potential degree of fit including mission, resources, management, work force, target market, product/cause, cultural, cycle and evaluation fit (Ibid., p. 69-76). However, they assert that the measures of fit more crucial for the initial stages are the mission fit, resource fit, management fit and evaluation fit. In the case of a new partnership it would be rather difficult to examine the management fit at the formation phase; hence
we discuss this issue in partnership implementation. We extend this fit framework by adding further measures of fit that contribute to the anticipation of problems while focusing on the maximization of the potential of the co-creation of value at the partnership formation stage.

**Partnership Fit Potential**

Partnership fit refers to the degree organizations can achieve congruence in their perceptions, interests, and strategic direction. As pointed out by Weiser, Kahane, Rochlin & Landis (2006, p. 6) “the correct partnership is everything,” hence when organizations are in the process of either deepening an existing collaboration (previously philanthropic or transactional) or experimenting with a new collaboration they should seek early indications of partnership fit. An important mechanism (Bryson, Crosby & Middleton Stone, 2006) that offers an indication of value co-creation potential is the initial *articulation of the social problem* that affects both partners (Gray, 1989; Waddock, 1986). Examining partners’ social problem frames reveals commonalities or differences on how they perceive the dimensions of a social problem (McCann, 1983). The process of articulation can identify incompatibilities signalling the need for either frame realignment or abandoning their collaborative efforts. Provided there is sufficient common ground, the partners will identify next if their individual interests are sufficiently linked (Logsdon, 1991). This process will assist partners to understand how they view value -both benefits and costs- and if required to reconcile any divergent value creation frames. Part of this process is developing an early understanding of how the social problem might be addressed through the partners’ capabilities and developing an insight into how the benefits of the partnership will escalate from the meso to the macro level, i.e., how society is going to be better off due to the partnering efforts of the business and nonprofit organizations (Austin, 2000b). This moves the concerns “beyond how the benefit pie is divided among the collaborators ... to the potential of cross sector partnerships to be a significant transformative force in society” (Austin, 2010, p. 13). Importantly, moving beyond the social problem focus to the societal level is encouraging the partners to look at the partnership’s “broader political implications” (Crane, 2010, p. 17), elevating social partnerships to global governance mechanisms (Crane, 2010). In effect, if the partners are able to **link their interests**, and also draw links with the broader *societal betterment*, it would provide an early indication of high potential for co-creation of value for the social good, i.e., synergistic value capture at the societal level. The more the social problem is linked to the interests of the organizations the higher the potential to institutionalize the co-creation process within the organizations which will lead to better value capture by the partners and intended or unintended beneficiaries (Le Ber & Branzei, 2010a).

**Resource fit** is a further step that refers to the resource complementarity, a precondition for collaboration. The compatibilities and differences across the partners allow for diverse combinations of tangible and intangible resources into unique resource amalgamations that can benefit not only the partners in new ways, but more importantly externalize the socio-economic innovation value produced to society. In order to assess the complementarity of the resources it is important to recognize the resource types that each partner has the potential to contribute, including tangible (money, land, facilities, machinery, supplies, structures, natural resources) and intangible resources (knowledge, capabilities, management practices and skills). Intangibles were considered as early as in 1987 the most valuable for a company (Itami & Roehl, 1987) together with core competencies (Prahalad & Hamel, 1990), which have a high potential to increase the value of the company (Sanchez, Chaminade & Olea, 2000) or the nonprofit organization. Galbreath suggests that what constitutes value and what the rules of value creation are is one of the most far-reaching changes in the twenty-first century. Moving from
the tradition of tangible to intangibles and relationship assets constitute a change in perceiving where the value of the organizations is positioned today: “what becomes easily apparent is that the firm’s success is ultimately derived from relationships, both internal and external” (Galbreath, 2002, p. 118). An interlinked issue to the resource fit is the resource flow across the partners, i.e., the extent the exchange of resources is unilateral or bilateral and reciprocal. During the co-creation of value the exchange of resources is required to be reciprocal and multi-directional involving both tangible and intangible resources. Familiarizing oneself with the partner organizations and their resource availability is a requirement in order to assess the type and complementarity of resources. The directionality of resources will not be easily assessed at the formation phase unless the partners had previous interactions (Goffman, 1983) or information is available from their previous interactions with other partners.

Differences across the partners include misunderstandings of each other’s motivations due to unfamiliarity (Long & Arnold, 1995; Kolk, Van Tulder, & Westdijk, 2006; Huxham & Vangen, 2000) often leading to distrust (Rondinelli & London, 2003) that can undermine the formation and implementation processes (Rondinelli & London, 2003). Examining the partners’ motivations can provide an early indication of partners’ intentions and expected benefits (Seitanidi, 2010), offering some evidence of the transformative intention of the partnership (Seitanidi, Koufopoulos & Palmer, 2010). Due to the required time horizon (Austin, 2000a; Rondinelli & London, 2003) of such integrative and transformational relationships it is important to include in the formation analysis instances of previous value creation through the production of “first” (direct transfer of monetary funds) and “second order” benefits (e.g., improved employee morale, increased productivity, better motivated sales force) (Gourville & Rangan, 2004). This process will safeguard more appropriate fit between the organizations and will enable the generation of synergistic value, which is likely to lead to greater value creation.

Linked to the motives is the mission of each partner organization. A particularly important measure to assess if the organizations are compatible is the mission fit. When the mission of each organization is strongly aligned with the partnership (Berger, Cunningham & Drumwright, 2004; Gourville & Rangan, 2004) the relationship has more potential to be important to both organizations. In the case of co-creation of value organizations might even use the partnership as a way to redefine their mission (Berger, Cunningham & Drumwright, 2004), which will develop a stronger connection with the partnership and each other. Hence the first step in assessing organizational fit is to examine the mission fit across the partner organizations.

The previous experience of the partners (Hardy, Lawrence & Phillips, 2006), including their unique organizational histories (Barnett, 2007) in developing value relations, is an important determinant for the potential partnership fit indicating the ability of the partners to uncover novel capabilities and improve their prospects for social value creation (Brickson, 2007; Plowman, Baker, Kulkarni, Solansky & Travis, 2007). This will indicate the degree of “structural embeddedness” (Bryson, Crosby & Middleton Stone, 2006, p. 46), i.e., how positively the partners have interacted in the past (Jones, Hesterly & Borgatti, 1997; Ring & Van de Ven, 1994) in producing value. Therefore, in order for the partners not to rely “on the shadow of the future” (Rondinelli & London, 2003, p. 71) the history of interactions between the two organizations or with previous partners will provide an indication of the partners’ relevant value creation experience for integrative or transformative relations (Seitanidi, Koufopoulos & Palmer, 2010). Because organizations exist in turbulent environments, their history is dynamic and reassessment becomes a continual exercise (Selsky, Goes, & Baburoglu, 2007).
One of the central motives for the formation of partnerships for both partners is to gain visibility (Gourville & Rangan, 2004) that can be expressed as reputation (Tully, 2004), public image (Heap, 1998; Rodinelli & London, 2003; Alsop, 2004), and desire to improve public relations (Milne, Iyer & Gooding-Williams, 1996). Visibility contributes to social license to operate, access to local communities (Heap, 1998; Greenall & Rovere, 1999) for high risk industries, credibility (Gourville & Rangan, 2004), and increased potential for funding from the profit sector (Heap, 1998; Seitanidi, 2010). In effect, positive visibility is a highly desired outcome for the partners. Although positive reputation is an intangible resource, we consider visibility a fit measure that takes place either explicitly or implicitly during the formation phase. Organizations consider the degree of their partners’ visibility and the extent it is positive or negative at a very early stage. In some cases a corporation may consider appropriate a partner with medium or low visibility in order to avoid attracting unnecessary publicity to its early attempts of setting up a partnership, as was the case with the Rio Tinto-Earthwatch partnership (Seitanidi, 2010). On the other hand negative visibility might create a unique opportunity for the co-creation of value for the partners and for society as it holds the potential for social innovation and change (Le Ber & Branzei, 2010a; Seitanidi, 2010). It is essential that both partners are comfortable with the potential benefits and costs of their partner’s visibility which will contribute to the organizational fit and the potential for co-creation of value.

Finally, Rondinelli and London (2003) refer to the importance of identifying pre-partnership champions, particularly senior executives with a long term commitment who will play a key-role in developing cross-functional teams within and across the partnership. The compatibility of the partnership champions in both organizations is a key-determinant for the potential partnership fit which will extend to the people they will both select as part of the members of each organization’s partnership teams.

Below we summarise the measures of fit that were discussed above.

**INSERT FIGURE 2 HERE**

**Figure 2: Partnership formation: Partnership fit potential**

**Partnership Fit Potential**

- Initial articulation of the social problem
- Identify linked interests and resources across partners and for social betterment
- Identify partners’ motives and missions
- Identify stakeholders affected by each of the partners
- Identify the history of interactions and visibility fit
- Identify Pre-partnership Champions

...
Partnership Implementation: Selection, Design, and Institutionalization for Synergistic Value Partnerships

In order to examine the value creation processes in the implementation phase we employ the micro-stage model of Seitanidi and Crane (2009) which responded to previous calls (Godfrey & Hatch, 2007; Clarke, 2007a; 2007b; Waddock, 1989) for more studies on the processes of interactions required in order to deepen our understanding. The model moves beyond the chronological progression models that define broad stages (Bryson, Crosby & Middleton Stone, 2006; Berger, Cunningham & Drumwright, 2004; Googins & Rochlin, 2000; Wilson & Charlton, 1997; Westley & Vredenburg, 1997; McCann, 1983) providing a process-based dynamic view (Vurron, Dacin & Perinni, 2010) by introducing micro-processes as a way of overcoming implementation difficulties (Pressman & Wildavsky, 1973), demonstrating the quality of partnering and allowing for a deeper understanding of the partnership implementation (McCann, 1983). As Godfrey and Hatch (2007, p. 87) remark: “in a world that is increasingly global and pluralistic, progress in our understanding of CSR must include theorizing around the micro-level processes practicing managers engage in when allocating resources toward social initiatives”.

Following the selection-design-institutionalization stages the model focuses only on the implementation of partnerships rather than incorporating outcomes as part of the examination of partnership processes (Clarke & Fuller, 2010; Hood, Logsdon & Thompson, 1993; Dalal-Clayton & Bass, 2002). We extend the model of Seitanidi and Crane (2009) by discussing processes that relate to the co-creation of synergistic value. More specifically, we focus on the opportunities for the co-creation of socio-economic value during the implementation phase of partnerships and we discuss how the dynamics between the partners can facilitate these processes. We further indicate the two levels of implementation, organizational and collaborative responding to the call of Clarke & Fuller (2010) for such a separation.

Partner Selection

Organizations often collect information or engage in preliminary discussions during the formation stage with several potential partners (Seitanidi, 2010). Only in the selection stage do they decide to proceed with more in depth collection of information that refers to the organization they wish to partner with. Despite being a common reason for partnership failure, poor partner selection (Holmberg & Cummings, 2009) has received relatively limited attention even in the more advanced strategic alliances literature (Geringer, 1991). Selecting the most appropriate partner is a decision that to a large extent determines the success of the partnership.

Having identified during the formation stage the key social issue of interest (Waddock, 1989; Selsky & Parker, 2005), the organizations theoretically make a decision whether to embark in an integrative or transformational collaboration or evolve their philanthropic or transactional relationship into these more intense strategic alliances. In the case of a transformational collaboration the partners need to affirm the intent of potential partners to co-create change that will transform their own processes and deliver externally transformation through social innovation that will change for the best the lives of
those affected by the social problem. In this case additional criteria need to be met by both organizations which we discuss below.

Simonin (1997) refers to the “collaborative know-how”, encompassing “Knowledge, skills and competences” (Draulans, deMan & Volberda, 2003), a distinctive set of skills that are important for the selection of partners. This “alliance process knowledge” requires skills in searching, negotiating as well as terminating relations early on (Kumar & Nti, 1998) that do not hold the potential for the co-creation of value. Partner selection might consist of a long process that can take years or a brief process that will last a few months (Seitanidi, 2010; London & Rondinelli, 2003). Depending on the existence of previous interactions, familiarity and trust between the partners (Selsky & Parker, 2005; 2010; Austin, 2000a), the selection can be either emergent or planned (Seitanidi & Crane, 2009). Inadequate attention to the selection of partners due to lack of detailed analysis is associated with organizational inexperience (Harbison & Pekar, 1998) which can result in short-lived collaborations. The highest potential for encompassing partnership benefits is associated with long-term collaborations, balancing the initial costs and time required during the partnership selection process (Pangarkar, 2003).

Developing partnership specific criteria facilitates the process of assessing potential partners; selection criteria may include: industry of interest, scope of operations, cost effectiveness (investment required vs. generation of potential value), time-scales of operation, personal affiliations, availability and type of resources (Holmberg & Cummings, 2009; Seitanidi & Crane, 2009; Seitanidi, 2010). The development of selection criteria will make visible the complementarity potential and point towards a strategic approach (Holmberg & Cummings, 2009) for the creation of value. When the aim is to co-create synergistic value the more compatible the criteria identified by both partners the higher the potential for operational complementarity. The transformational collaboration would require additional criteria such as: identifying the operational area for process changes and identifying the domain for innovation.

Despite partnerships being presented as mechanisms for the mitigation of risk (Selsky & Parker, 2005; Tully, 2004; Warner & Sullivan, 2004; Wymer & Samu, 2003; Bendell, 2000b; Heap, 2000; Andrioff & Waddock, 2002; Heap, 1998) and the important role of risk coupled with social value creation enabling the momentum for partnership success (Le Ber & Branzei, 2010b), models of partnership implementation do not usually incorporate risk assessment (for exceptions see Seitanidi, 2010; Seitanidi & Crane, 2009; Le Ber & Branzei, 2010b; Andrioff, 2000). The risk assessment would be a necessary micro-process, particularly in the case of high-negative visibility of one of the partners, in order to assess the potential value loss either due to exposure to public criticism or due to early termination of the partnership as a result of failure to adjust their value creation frames (Le Ber & Banzei, 2010c). Although it is the nonprofit organization’s credibility that may be more at stake by forming a partnership with a business, both are exposed to negative affiliation value (Utting, 2005). We propose a formal and an informal risk assessment process for both partners elaborated by internal and external processes. The formal internal risk assessment process aims to collect interaction intelligence across the potential partner organizations by requesting material such as: internal reports, both process and output reports, also referred as process-centric and plan-centric (Clarke & Fuller, 2010), press releases, external assessment of previous collaborative projects (Utting, 2005). The formal external process aims to collect intelligence from previous partners in order to develop an awareness of any formal incidences that took place or any serious formal concerns that may be voiced by previous partner organizations. Moving to the informal risk assessment process, we follow the suggestions of Seitanidi and Crane (2009) that include an internal process consisting of open dialogue among the constituents of each partner organization (in the case of the nonprofit organization: employees, trustees, members of the board, beneficiaries) and informal meetings between the partners and particularly the potential members of
the partnership teams. The informal external process consists of open dialogue of each partner with its peer organizations within their own sector and across other sectors in order to collect intelligence such as positive or negative ‘word of mouth’ and anecdotal evidence related to the potential partner. The above processes allow for accountable decision making mechanisms through the voicing of internal and external concerns (Hamman & Acutt, 2003), identifying sources of potential value loss, developing an appreciation of the types of resources available by partners and the outcomes that were previously achieved; hence each partner would be in a much better position to develop a strategy on how to manage potential problems during the value creation processes (London & Rondinelli, 2003) both informally and formally (Seitanidi & Crane, 2009). Figure 3 offers an overview of the process of Partnership Selection. We incorporate feedback loops (Clarke & Fuller, 2010) to demonstrate the role of the risk assessment informing the final options of potential partners.

The partnership selection consists predominately of micro-processes that take place on the organizational level of each partner. Furthermore, interactions across multiple stakeholder groups are encouraged during partnership selection as a way of managing power distribution, thereby asserting that collaboration can be a different model of political behaviour rather than being devoid of political dynamics (Gray, 1989). It is only in the next stage (partnership design) where we identify two levels of analysis: the organizational and the ‘coalition framing’ as referred by Choteau & Hicks (2003) or as referred by others the ‘inter-organizational collective’ (Astley, 1984) or collaborative level (Huxham, 1993; Clarke & Fuller, 2010).

**INSERT FIGURE 3 HERE**

Figure 3: Partnership Selection for co-creation of value
Adapted from Seitanidi & Crane, 2009
**Partnership Design & Operations**

Partnership design and operations encompass formal processes that influence the partnership implementation and are considered necessary in order to ensure desirable behavior (Geringer & Hebert, 1989) in order to arrive to the anticipated outcomes. The literature has pointed to several design parameters and operating actions that contribute to partnering effectiveness. In social partnerships, Austin, Leonard, Reficco & Wei-Skillern (2006) suggested that social value is created by missions and design. The partnership design includes the experimentation with the procedural and substantive partnership issues (Gray, 1989) by setting objectives and structural specifications (Glasbergen, 2007; Arya & Salk, 2006; Bryson, Crosby & Middleton Stone, 2006; Andreasen, 1996; Halal, 2001; Austin, 2000b; Googins & Rochlin, 2000) including rules and regulations (Das & Teng, 1998; Gray, 1989), deciding upon the commitment of resources (Bryson, Crosby & Middleton Stone, 2006; Berger, Cunningham & Drumwright, 2004; Austin, 2000a; Googins & Rochlin, 2000; Waddock, 1988), establishing leadership positions (Austin, 2000a; Waddock, 1986), deciding upon the organizational structures of the partnership (Berger, Cunningham & Drumwright, 2004; McCann, 1983) including decisions regarding the teams of each partner, drafting a Memorandum of Understanding (MoU), and agreeing on the partnership management (Seitanidi & Crane, 2009; Austin & Reavis, 2002). The above processes add structural and purpose congruency (Andreasen, 1996) to the partnership and take place both on the organizational and collective level. Each organization internally debates its own priorities and interests and considers its own structures that will generate value on the organizational level. However, partners are also discussing, debating and negotiating on the collective level processes and structures (Clarke & Fuller, 2010; Bowen, Newenham-Kahindi, & Herremans, 2010; Bryson, Crosby & Middleton Stone, 2006) and co-design mechanisms (Seitanidi, 2008) that will collectively add value to the partnership. This is the first instance that they embark on the collective implementation process that requires co-ordination mechanisms (Bryson, Crosby & Middleton Stone, 2006; Selsky & Parker, 2005; Brinkerhoff, 2002; Milne, Iyer & Gooding-Williams, 1996). The decisions gradually reach operationalization and structures are forming, passing through several adaptations due to internal or external factors (Austin, 2000a; Gray, 1989) that lead to the stabilization of partnership content, processes, and structures (Seitanidi & Crane, 2009) until the next cycle of iteration. The time required for the operationalization of processes and structures will depend in part on the resource complementarity between the partners; in case of previous interactions across the partners experimentation and adaptation might be incorporated in one step (Seitanidi & Crane, 2009; Seitanidi, 2010).

Recently the literature on social partnerships presented factors that determine the social change potential within the partnership relationship. Seitanidi (2008) suggested that in order for a partnership to increase its social change potential the partners are required to embrace their adaptive responsibilities allowing them to move away from their limiting pre-defined roles and transcend beyond a single dimension of responsibility in order to offer solutions to problems that require fundamental change. The above confirms our assertion that the company’s CSR and perception of its responsibilities need to have evolved in order to be in a position to co-produce synergistic value; similarly Le Ber and Branzei (2010b) proposed that deliberate role recalibration can tighten the coupling between social value creation and risk. As such the above research stresses the need for change within the relationship for the organizations in order to contribute to the potential for change outside the relationship.
The above processes constitute forms of formal control mechanisms in collaboration (Das & Teng, 1998). Informal measures of control such as trust-based governance may play a more important role in nonprofit-business partnerships (Rivera-Santos & Rufin, 2010) including managing alliance culture that requires blending and harmonizing two different organizational cultures (Wilkof, Brown & Selsky, 1995). Other key processes include: charismatic leadership that can inspire employees to participate in the partnership (Bhattacharya, Sen & Korschun, 2008; Berger, Cunningham & Drumwright, 2004; Andreasen, 1996) and facilitate an emotional connection with the social cause (Austin, 2000a); forms of communication that enable formation of trust (Austin, 2000a; Googins & Rochlin, 2000), mutual respect, openness and constructive criticism to both external and internal audiences (Austin, 2000a); continual learning (Bowen, Newenham-Kahindi, & Herremans, 2010; Senge, Dow & Neath, 2006; London & Rondinelli, 2003; Austin, 2000a), managing conflict (Seitanidi, 2010; Covey & Brown, 2001; Gray, 1989), and encouraging open dialogue (Elkington & Fennell, 1998). The above informal processes determine the alliance viability (Arya & Salk, 2006) and contribute to the co-creation of value.

Although the formal measures are likely to be introduced in an early stage and play an important role in developing familiarity across the organizations, the informal measures are more likely to be effective in tensions around indeterminacy, vagueness, balancing the interpretations between the partners (Ben, 2007; Orlitzky, Schmidt & Rynes, 2003), and uncertainty in the process of partnerships (Waddock, 1991) by exerting symbolic power that can influence individual organizations and industry macroculture (Harris & Crane, 2002). The above informal measures are both enablers of value contributing to the creation and capture of value as it emerges and hence play a role in preventing value erosion; they also align value closer to the intangible resources, e.g., reputation, trust, relational capital, learning, knowledge, joint problem-solving, communication, coordination, transparency, accountability, and conflict resolution contributing to the co-creation of value. As such the above constitute processes that produce benefits for both partners and society and generate interaction value.

In addition, the nonprofit sector has multiple bottom-lines and accountabilities towards their own stakeholders (Anheier & Hawkes, 2008; Mowjee, 2001; Commins, 1997; Edwards & Hulme, 1995) that are required to be respected by the profit sector during the process of engagement. Both partners are required to move their sense of responsibility from reactive and pro-active to adaptive in order to facilitate transformational interactions (Seitanidi, 2008). Such process adaptations take place both at the organizational level of each partner, during the interaction of the partners and at collaborative level (Clarke & Fuller, 2010).

Figure 4 below summarizes the partnership design and operations that set up the structures and processes that will generate value, both formal and informal, identifies and mobilizes the resources across the partners in order to recognize the resource complementarities that will determine the co-creation of value. The partners experiment with the design both individually within each organization and collectively. This is the first instance that partners identify their value distance between their resources, goals, perceptions, and capabilities. In the next step the partners will embark in the value frame fusion in order to reconcile iteratively their divergent value creation frames (Le Ber & Branzi, 2010c) and co-create synergistic value. The partnership design may be the end for some partnerships if the partners realize that their value distance is too great. The double arrows in figure 4 demonstrate feedback loops across processes that lead to redesign and adaptations.
Figure 4: Partnership Design & Operations

Partnership Design & Operations

Experimentation
Setting up structures & processes for co-creation of value

Organizational Experimentation

Collective Experimentation

Adaptations
Iterations of processes & structures

Organizational Adaptations

Collective Adaptations

Operationalization
Gradual stabilisation of processes & structures

Exit Strategy
**Partnership Institutionalization**

A partnership has reached institutionalization when its structures, processes and programmes are accepted by the partner organizations (Seitanidi & Crane, 2009) and their constituents and are embedded within the existing strategy, values, structures, and administrative systems of the profit and nonprofit organizations. Following the gradual stabilization of structures and processes (partnership operationalization) organizational and personal familiarization leads to the gradual institutionalization of the partnership relationship within both organizations. The level of institutionalization can be tested in two ways: (1) the extent the partnership remains intact regardless of crisis situations it may face and (2) the relationship sustains changes of key-people in the partnership (e.g., departure of the partnership manager) (Seitanidi & Crane, 2009).

Nonprofit-business partnerships represent contradictory value frames (Le Ber & Branzei, 2010b; Yaziji & Doh, 2009; Bryson, Crosby & Middleton Stone, 2006; Selsky & Parker, 2005; Teegen, Doh & Vachani, 2004; Austin, 2000; Gray, 1989; Waddock, 1988) due to the different sectors represented and their associated beliefs, motives, and logics. If the partners are to co-create socio-economic value, they are required to adjust their value frames to reach frame convergence (Noy, 2009) or frame fusion (Le Ber & Branzei, 2010b). Frame fusion is defined as “the construction of a new prognostic frame that motivates and disciplines partners’ cross sector interactions while preserving their distinct contribution to value creation”, preserving the identity and differences of each partner (Le Ber & Branzei, 2010b, p. 164). Achieving value frame fusion (Le Ber & Branzei, 2010b) not only assists in overcoming the partners’ differences but also allows for transformation of the “current means into co-created goals with others who commit to building a possible future” (Dew, Read, Sarasvathy, & Wiltbank, 2008, p. 983). Anticipating each partner’s frame and intentionally adjusting their own (Le Ber & Branzei, 2010c) consists of iterative processes, taking place in and as a result of interactions (Kaplan, 2008) that gradually allow for micro-adjustments that lead to alignment that increases the potential for identifying complementarities.

The above process takes place by each partner perceiving the strategic direction of the partner’s decisions (Kaplan, 2008), observing organizational change processes (Balogun & Johnson, 2004), participating in multiplayer interaction (Croteau & Hicks, 2003; Kaplan & Murray, 2008), monitoring and interpreting each other’s frames (Le Ber & Branzei, 2010c). Partners’ conceptions of the environment and perception of their own role in the partnership can lead to variations in commitment (Crane, 1998). Hence the value frame fusion plays an important role in the alignment of perceptions and the creation of a mutual language by developing a vocabulary of meaning (Crane, 1998). We position the co-creation of synergistic value within the partnership institutionalization as the value frame fusion is likely to take place within an advanced relationship stage. Stafford, Polonsky & Hartman (2000, p. 122) provide evidence on how the partners align their socio-economic value frames in order to co-create “entrepreneurial innovations that address environmental problems and result in operational efficiencies, new technologies and marketable ‘green’ products”. They demonstrate that in some cases partners may consciously decide to embark into a transformational collaboration (Stafford & Hartman, 2001); however we assume that in most cases the social change or social innovation potential emerges within the process (London & Rondinelli, 2003; Austin, 2000a). If frame fusion is not successful, then it is

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1 Diagnostic frames are encoders of individuals’ experiences that assist in the assessment of a problem and prognostic frames are the use of the experiences in order to assess a possible solution (Le Ber & Branzei, 2010c; Kaplan, 2008)
likely that frame divergence will shape the degree to which the organization will pursue its strategy, if at all, and to what degree change will be created (Kaplan, 2008). In fact, “it is the interactions of individuals in the form of framing contests” that shape the outcomes (Kaplan, 2008, p. 744). The plurality of frames and the existence of conflict (Glynn, 2000; Gray, 1989) within a partnership allows for divergent frames that can consist of opportunities for co-creation. Particularly novel tasks (Seitanidi, 2010; Le Ber & Branzei, 2010a; Heap, 2000), allow for balancing potential bias associated with power dynamics (Utting, 2005; Tully, 2004; Millar, Choi & Chen, 2004; Hamman & Acutt, 2003; Crane, 2000; Bendell & Lake, 2000). Adaptations are essential for survival (Kaplan, 2008) and present opportunities on the individual, organizational and sectoral levels (Seitanidi & Lindgreen, 2010) to unlearn and (re) learn how to frame and act collectively in order to develop a synergistic framework, essential for providing solutions to social problems. The value capture will depend on the interlinked interests of the partners which will influence the level of institutionalization of the co-creation of value (Le Ber & Branzei, 2010a).

After the frame fusion and co-creation of value, the institutionalization process enters a point of emerged collective meaning between the partner organizations, which require a re-institutionalization of partnership processes, structures and programs after each cycle of co-creation of value. When the partners have captured either unilaterally or jointly (Le Ber & Branzei, 2010a; Makadok, 2001) some value, a necessary prerequisite for the continuous co-creation of value, they are ready for the next iteration of co-creation of value. Innovation value is what reinvigorates and sustains the institutionalization of a partnership.

Despite improvements in procedural aspects of partnerships including independent monitoring of partnership initiatives (Utting, 2005) and developing informal risk assessment processes (Seitanidi, 2010), partnerships are still faced with concerns. Reed and Reed (2009) refer to: the accountability of partnerships particularly to the beneficiaries; the appropriateness of the standards developed, effectiveness and enforceability of the mechanisms they establish; and their role as mechanisms for greenwashing and legitimizing self-regulation in order to keep at bay state regulation. Furthermore, the power asymmetries associated with NPO and BUS partners (Seitanidi & Ryan, 2007) and the exercise of control of corporate partners (Reed & Reed, 2009; Le Ber & Branzei, 2010a; Utting, 2005) in the process of interaction has fuelled concern from NPOs regarding the loss of control in decision making (Brown, 1991). Hence calls for shared (Austin, 2000a; Ashman, 2000), consensus (Elbers, 2004) decision making and co-regulation (Utting, 2005) have been suggested in order to balance the power dynamics across the partners.

Decentralized control of the partnership implementation by allowing multiple stakeholders to voice concerns within the partnership implementation process and incorporating feedback loops (Clarke & Fuller, 2010) can address the previous criticisms. As such, decentralized social accountability checkpoints would need to be incorporated in the implementation of partnerships in order to increase societal determination by inviting suggestions from the ground and facilitating answerability, enforceability, and universality (Newell, 2002; Utting, 2005). In effect, the co-creation of socio-economic value would be the result of a highly engaged and decentralized community of voices and would also allow for the diffusion of outcomes pointing towards a participative, network perspective (Collier & Esteban, 1999; Heuer, 2011), including engagement with fringe stakeholders as a means to achieve creative destruction and innovation for the partners and society (Gray, 1989; Murphy & Arenas, 2010).

The above expands prioritization of a few stakeholders to the engagement of many stakeholders associated directly or indirectly with partners pointing towards what Gray (1989) termed “global interdependence”. Hence, while in the previous philanthropic, transactional and less so integrative
stages partnerships were concentrating in the nonprofit-business dyad, the more we move towards the transformational stage the partnership requires the consideration, involvement, and prioritization of a plurality of stakeholders, suggesting a network perspective of stakeholders (Collier & Esteban, 1999; Rowley, 1997; Donaldson & Preston, 1995; Nohria, 1992; Granovetter, 1985). The President and CEO of Starbucks testifies to the efforts of business to broaden the engagement with stakeholders (In Austin, Gutiérrez, Ogliastri, & Reficco, (2007: 28): “[Our stakeholders] include our partners (employees), customers, coffee growers, and the larger community”. As Austin, Gutiérrez, Ogliastri, and Reficco, (2007, p. 28) remark other companies include in their broadening definition of stakeholders “representatives of nonprofits, workers, and grassroots associations in their governance bodies, or create ad hoc bodies for them, such as advisory boards or social councils”. The more inclusive the engagement is the higher the potential for co-creation of value on multiple levels achieving plurality of frames and decreasing the accountability deficit of partnerships.

As social betterment becomes more central in the integrative and transformational stages of collaboration, the role of engagement with multiple stakeholders becomes a key component in the co-creation process and in re-shaping the dialogue (Cornelious & Wallace, 2010; Fiol, Pratt & O’ Connor, 2009; Barrett, Austin & McCarthy, 2002; Israel, Schulz, Parker, & Becker, 1998) by contributing diverse voices in the value frame fusion during the implementation process (Le Ber & Branzei, 2010c). Multi-stakeholder engagement during the partnership is the intentional maximization of interaction with diverse stakeholder groups, including latent and fringe groups (Le Ber & Branzei, 2010a; Murphy & Arenas, 2010; Mitchell, Agle & Wood, 1997), during the partnership implementation in order to increase the potential for value creation and allow for value capture on multiple levels. The co-creation process that aims to deliver social betterment (more on the transformational rather the integrative stage) will assume a much larger and diverse constituency. Embedding the partnership institutionalization across interested communities introduces a new layer of partnership institutionalization outside the dyad of the profit and nonprofit organizations.

Figure 5 below presents the partnership institutionalization process based on the above discussion of the literature. The institutionalization process commences by embedding the partnership relationship within each organization. After they reach value frame fusion a re-institutionalization of partnership processes, structures and programmes between the partners is required based on the new emerged shared perceptions. The inner circle of process change demonstrates the iterative processes of internal value creation that lead to the development of new capabilities and skills, passing through the frame fusion, identification of complementarities, and value perceptions of each partner. The external circle demonstrates the institutionalization of stakeholder and beneficiary voice in the partnership process, appearing as co-creation value in cycle 1. Partnerships have the potential to deliver several cycles of value creation depending on the quality of the processes, the evolution of the partners’ interests and capabilities, and changes in the environment. Value renewal is a prerequisite for the co-creation and capture of value. Partnerships may end unexpectedly before the value capture by the partners or beneficiaries or after one value creation cycle due to their dynamic character or due to external changes. The above testify that the relationship process is the source of value for both partners and society.
Figure 5: Partnership Institutionalization

- Partnership Institutionalization
  - Relationship Mastering
    - Managing crises, accepting differences as a source of value,
  - Personal Familiarization
    - Developing personal relations & familiarization

- Partner Frame A
  - Process change
  - Frame Fusion
    - Frame convergence while preserving differences
      - Organizational Adaptations
      - Collective Adaptations

- Identifying Complementarities
  - Use of generic & distinctive competences
  - Bilateral & reciprocal exchange of resources
  - Linking interests, aligning value perceptions (benefits & costs)

- Partner Value Perception A
  - Partner Value Perception B
  - Co-creation of Synergistic Socio-Economic Value
    - Outcomes: Social Innovation
      - Partner Value Capture A
      - Partner Value Capture B

- Stakeholder group 1
  - Value beneficiary
- Stakeholder group 2
  - Value beneficiary
- Stakeholder group 3
  - Value beneficiary

- Co-creation value cycle 1
- Exit Strategy
London and Rondinelli (2003) employ the HBS partnership case study of Austin and Reavis (2002) between Starbucks and Conservation International-CI in order to describe the partnership phases from the formation and the first meeting of the partners, the negotiation period that lasted four months, and the partnership design, i.e., setting up core partnership operations, including training provided to local growers in organic farming methods by CI and the provision of organic seeds and fertilizers to farmers at nominal prices giving them access to high quality resources which were made possible due to the funding provided by Starbucks; and setting up quality control mechanisms to sustain the required Starbucks quality for coffee. The outcomes of the partnership were: 40% on average increase in the farmers’ earnings, 100% growth in the cooperatives international coffee sales, and the provision of $200,000 to farmers in the form of loans through the local cooperatives. We used their description to unpack and describe below the co-creation process in partnerships that aim to deliver synergistic value.

During the formation, selection and the early design of the partnership the partners have originally only information about each other, i.e., who Starbucks and CI are, the industry and product/service proposition, and their interest in developing a collaboration with an organization from a different economic sector; the basic information about the key product/service proposition gradually increases, first within the members of the partnership team and later it diffuses within other departments of the organization; due to the intensification of the interactions gradually the information is transformed from information to knowledge, i.e., the meetings and intensification of interactions facilitate the transformation of information to knowledge (e.g., why Starbucks is interested in CI, how they are planning to work with a partner, under what conditions, what is unique about the partner’s product/service proposition, what are the constituent elements of the partner’s identity/product/service). The explicit knowledge about each gradually increases and is combined with the increased familiarity, due to the interactions, that incorporates tacit knowledge about each other (e.g., how the organization works, the mechanisms and processes they have in place, culture of the organization). When tacit knowledge meets positive informal conditions that lock the emotional involvement of the partners within the interactions, then a higher level of knowledge is exchanged with enthusiasm and pride and with the explicit aim to share the unique resources of the organization. As the partnership progresses the knowledge about the partner organization, its resources and use of resources becomes deeper and for the members of the partnership teams the knowledge about their partner turns into a capability, i.e., at this stage the partner is able to apply the knowledge in the context of its own organization. Having arrived at a deep mutual knowledge about each other’s organizations and the development of new capabilities, the partners are able to speak the “same language” and embark in the co-creation process that may involve the creation of new products, services and the co-creation of new skills that they will be able to apply in the domain of common interest where the collaborative strategy takes place resulting in change or social innovation.

The following figure 6 demonstrates the process that we describe above: how the sector/organization based information turns into concrete knowledge and then a capability that can be applied in the context of the partner organization and due to the multiple uses of such new capabilities partners are able to develop new products/services that constitute social innovation or change as they contribute positively to society or minimize the previous harm.
The partnership implementation is the value creation engine of cross sector interactions where the internal, external change and innovation can be either planned or emergent. The co-creation process not only requires the partners’ interests to be linked but also to be embedded in the local communities of beneficiaries and stakeholders in order to incorporate perceptions of value beyond the partnership dyad and hence facilitate the value capture and diffusion on different levels. In the next section we discuss the evaluation of the partnership implementation before proceeding to the partnership outcomes section.
Evaluation of Partnership Implementation

Process outcomes, in contrast to programmatic outcomes which we discuss in the next section, concentrate on how to improve efficiency and effectiveness of the partnership implementation process (Brinkerhoff, 2002). Continuous assessment during the implementation is an important part of the partnership process as it can improve service delivery, enhance efficiency (Brinkerhoff, 2002), assist in making tactical decisions (Schonberger, 1996), propose adjustments in the process, and importantly “explain what happened and why” (Sullivan & Skelcher, 2003). It can also encourage the involvement of beneficiaries and stakeholder groups in order to include their voices in the process (Sullivan & Skelcher, 2003). Furthermore, the process assessment can provide indications of how to strengthen the long term partnership value creation (Kaplan & Norton, 1992) and in effect avoid delays in achieving impact (Weiss, Miller Anderson & Lasker, 2002). Difficulties associated with setting, monitoring, and assessing process outcomes include measurement (e.g., articulating the level of familiarization between members of the partnership, monitoring the evolution of relations, and assessing the level of partnership institutionalization) (Shah & Singh, 2001) and attribution, i.e., “how can we know that this particular process or institutional arrangement causes this particular outcome” (Brinkerhoff, 2002, p. 216).

Hence, evaluation frameworks for the implementation of partnerships are relatively scarce (El Ansari & Weiss, 2005; Dowling, Powell & Glendinning, 2004; El Ansari, Phillips & Hammick, 2001). Frameworks exist for the evaluation of the performance in partnerships in general (Huxham & Vangen, 2000; Audit Commission, 1998; Cropper, 1996), for the assessment of public sector networks (Provan & Milward, 2001), urban regeneration (Rendon, Gans & Calleroz, 1998), and more frequently in the health field (Markwell, Watson, Speller, Platt & Younger, 2003; Hardy, Hudson & Waddington, 2000; Watson, Speller, Markwell & Platt, 2000); no framework, to our knowledge, concentrates on the nonprofit-business dyad.

Brinkerhoff (2002, p. 216) suggested that “we need to examine partnerships both as means and as end in itself”. Provan and Milward (2001) proposed a framework for the evaluation of public sector networks at the level of 1/community; 2/ network (e.g., number of partners, number of connections between organizations, range of services provided) and 3/ organization/participant. Brinkerhoff (2002) criticized the above framework suggesting that it neither examines the quality of the relationship among the partners nor offers suggestions that can improve the outcomes. Criteria for relationship evaluation in the health field include: “willingness to share ideas and resolve conflict, improve access to resources, shared responsibility for decisions and implementation, achievement of mutual and individual goals, shared accountability of outcomes, satisfaction with relationships between organizations, and cost effectiveness” (Leonard, 1998, p. 5). Interestingly the Ford Foundation Urban Partnership Program, in the education field, provided an example of partnership relationship assessment (Rendon, Gans & Calleroz, 1998) which included the partner stakeholders agreeing on their own indicators. Brinkerhoff’s (2002) assessment approach addresses two aims: “1/ improve the partnership practice in the context of programme implementation; 2/ refine and test hypothesis regarding the contribution of the partnership in the partnership performance and outcomes and 3/ suggest lessons for future partnership work in order to maximise its potential to enhance outcomes” (Brinkerhoff, 2002, p. 216). Her framework, incorporating qualitative and quantitative indicators, emphasizes relationship outcomes and addresses the evaluation challenges of integrating both process and institutional arrangements in performance measurement, allowing for continuous assessment and encouraging dialogue and a shared understanding.
With regards to the synergistic results of partnerships, which are usually not well articulated and measured (Brinkerhoff, 2002; Dobbs, 1999), an interesting quantitative study on health partnerships (Weiss, Miller Anderson & Lasker, 2002) suggested that assessing the level of synergy in partnerships provides a useful way to determine the degree that the implementation process is effective prior to measuring the impacts of partnerships. They conceptualized synergy at the partnership level “combining the perspectives, knowledge and skills of diverse partners in a way that enables a partnership to (1) think in new and better ways about how it can achieve its goals; (2) plan more comprehensive, integrated programs; and (3) strengthen its relationship to the broader community” (Weiss, Miller Anderson & Lasker, 2002, p. 684). The study examined the following dimensions of partnership functioning they hypothesized to be related to partnership synergy: leadership, administration and management, efficiency, nonfinancial resources, partner involvement challenges, and community-related challenges. The findings demonstrate that the partnership synergy is closely associated with effective leadership and partnership efficiency. Regarding leadership, high levels of synergy were associated with “facilitating productive interactions among the partners by bridging diverse cultures, sharing power, facilitating open dialogue, and revealing and challenging assumptions that limit thinking and action” (Weiss, Miller Anderson & Lasker, 2002, p. 693). These findings are in agreement with previous research suggesting that leaders who are able to understand the differences across sectors, perspectives, empower partners, and act as boundary spanners are important for partnerships (Alter & Hage, 1993; Wolff, 2001; Weiner & Alexander, 1998). Furthermore, partnership efficiency, i.e., the degree of achieving partnership optimization through the partners’ time, financial, and in-kind resources had also a significant effect on synergy. The above are some of the factors that influence the implementation and can potentially be set-up by design (Austin & Reavis, 2002). One of the most detailed assessment tools by Markwell, Watson, Speller, Platt and Younger (2003) is looking at six major areas of implementation: leadership, organization, strategy, learning, resources and programs; each element is divided into several sections providing a well elaborated tool. It assess issues such as: the level of representation of each partner within the partnership relationship, the extent to which the partnership builds on each partner’s individual way of working, if the partnership has in place a community involvement strategy, if multidisciplinary training in partnership skills is looked at, if partners have been able to manage conflict, among other issues. All of the above questions aim at addressing the process of co-creation of value and allow for re-designing the partnership operations in a more efficient and effective way.

In the above section we looked at partnership processes, as constructive exchanges (King, 2007), that have the potential to be critically important in providing solutions to social problems. Partnerships are laboratories of social change as they have the ability to internalize externalities and transform them to solutions, innovation, and thereby social change. The basic assumption of most research in social partnerships is that organizations interact for private gain and to improve their own welfare (King, 2007). We contend that corporations and nonprofit organizations interact for private and societal gain, and this interaction improves the welfare of both parties and society.

In the next section we move to the discussion of partnership outcomes, the different level of value capture, and methods for the evaluation of outcomes.
SYNERGISTIC VALUE OUTCOMES: LOCI, EXCELLENTIA AND DISTINCTUS OF VALUE

We are experiencing an unprecedented proliferation of “accelerated interdependence” (Austin, 2000b, p. 69) across the public, profit, and nonprofit sectors due to the double devolution in functions (from central governments to the local authorities) and in sectors (from the public to the private and nonprofit) (Austin, 2000b). The increasing fiscal needs of the public and nonprofit sectors contribute to the diffusion of responsibilities promoting cross sector collaboration as an effective and efficient approach to manage assets and provide solutions to social problems (Austin, 2000b). However, the intense needs for resources can capture the critical role of the state and in some cases of the nonprofit sector (Seitanidi, 2010; Bendell, 2000a,b; Raftopoulos, 2000; Mitchell, 1998; Ndegwa, 1996). Hence, criticism towards partnerships (Reed & Reed, 2009; Biermann, Chan, Mert & Pattberg, 2007; Hartwich, Gonzalez & Vieira, 2005) and the outcomes achieved (Austin, 2010; Seitanidi, 2010; Brinkerhoff, 2007) is not a surprise, but rather a call for a paradigm change. The examination of nonprofit-business partnership outcomes (Selsky & Parker, 2005) is an evolving area in practice and research, particularly when the focus is not only on the benefits for the partners but for society (Austin, 2010; Seitanidi & Lindgreen, 2010; Margolis & Walsh, 2003; Austin, 2000). Although what makes collaboration possible is “the need and the potential” for benefit (Wood & Gray, 1991, p. 161) given that social partnerships aim to address social issues (Waddock, 1988), the definition of what constitutes positive partnership outcomes “should encompass the social value generated by the collaboration” (Austin, 2000b, p. 77) on different levels.

The shift in the literature from social partnerships (Waddock, 1988) to strategic partnerships (Warner & Sullivan, 2004; Birch, 2003; Elkington & Fennell, 2000; Andrioff, 2000) seems to be turning full circle as new found significance is assigned to collective impact (Kania & Krammer, 2010), social value measurement (Mulgan, 2010), and the very recent creation of a new class of assets, named by JP Morgan and the Rockefeller Foundation, ‘impact investment’ that aim to “create positive impact beyond the financial return” (O’Donohoe, Leijonhufvud, Saltuk, Bugg-Levine, & Brandenburg, 2010, p.5):

“... investors rejecting the notion that they face a binary choice between investing for maximum risk-adjusted returns or donating for social purpose, the impact investment market is now at a significant turning point as it enters the mainstream. ... Impact investments are investments intended to create positive impact beyond financial return. As such, they require the management of social and environmental performance (for which early industry standards are gaining traction among pioneering impact investors) in addition to financial risk and return. We distinguish impact investments from the more mature field of socially responsible investments ("SRI"), which generally seek to minimize negative impact rather than proactively create positive social or environmental benefit.”

The significance of impact investments, supported by two global institutions, a traditionally financial JP Morgan and an integrally social Rockefeller Foundation, lies in the institutionalization of the paradigm shift and in the change in the signification of the constitution of value. Reconfiguring the meaning of financial value by incorporating social value as a pre-condition for the inclusion of business in these assets is of critical importance. In the report by O’Donohoe, Leijonhufvud, Saltuk, Bugg-Levine, & Brandenburg (2010, p.7) the pre-condition reads: “The business (fund manager or company) into which, the investment is made should be designed with intent to make a positive impact. This differentiates impact investments from investments that have unintentional positive social or environmental consequences”. Socio-economic value creation enters the mainstream not only as a suggestion from philanthropy and the social sector, but also as a condition from the markets signalling what constitutes a
priori an acceptable outcome. The re-constitution of value creates a unique opportunity for intentional social change mechanisms to provide opportunities for social impact as forms of superior value creation for economic and social returns, not only for few but for many. In order to assess if nonprofit-business partnerships constitute such intentional mechanisms for social change and innovation we need to locate where value is created (loci of value creation), how the value is assessed (excellentia of value creation), and if the value created can make a difference to society (distinctus of value creation), which we discuss in the following sections.

**Where Value is created: Loci of Value Creation**

An important constituent of our framework is establishing the loci of value creation while incorporating multi-level value assessment by introducing three levels of analysis: organizational, individual and societal. The focus in this element of the framework is on who benefits from the collaboration. Collaborations generate value, often simultaneously, at multiple levels – meso, micro, and macro. For our purpose of examining value, we distinguish two loci: within the collaboration and external to it. Internally, we examine value accruing at the meso and micro levels for the partnering organizations and the individuals within those organizations. Externally, we focus on the macro or societal level where social welfare is improved by the collaboration in the form of benefits at the micro (to individual recipients), meso (other organizations), and macro (systemic changes) levels.

**Internal Value Creation**

*Meso level* - The most common focus in the literature and in practice is on the value accruing to the partners, which are the organizational benefits that enhance the performance of the company or the nonprofit. Below we discuss in turn the benefits for the business and for nonprofits.

**For companies** the cited business benefits of collaboration summarized here include enhancement of: company, brand reputation and image (Yaziji & Doh, 2009; Greenall and Rovere; 1999; Heap, 1998); legitimacy (Yaziji & Doh, 2009); corporate values (Austin, 2000b; Crane, 1997); community and government relations (Seitanidi, 2010; Pearce & Doh, 2005; Austin, 2000a); employee morale, recruitment, motivation, skills, productivity, and retention (Bishop & Green, 2008; Googins & Rochlin, 2000; Pearce & Doh, 2005; Turban & Greening, 1997); consumer preference (Heal, 1998; Brown, & Dacin, 1997); market intelligence and development (Milne, Iyer & Gooding-Williams, 1996); market, product, process innovation and learning (Austin, 2000b; Googins & Rochlin, 2000; Kanter, 1999); stakeholder communication and accountability (Bowen, Newham-Kahindi & Herremans, 2010; Pearce & Doh, 2005; Andreasen, 1996); external risk management (Selsky & Parker, 2005; Tully, 2004; Wymer & Samu, 2003; Bendell, 2000a; Das & Teng, 1998); competitiveness (Porter & Kramer, 2002); innovation (Yaziji & Doh, 2009; Stafford, Polonsky, & Hartman, 2000; Austin, 2000a); adaptation of new management practices due to the interaction with nonprofit organizations (Drucker, 1989). As a result, the financial performance and corporate sustainability can be strengthened. In the above cases the value of the partnership is located within the partner organizations.

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2 In Latin locus refers to the place, location, situation, spot; loci is the plural, i.e., where we position the value creation.

3 In Latin excellentia refers to excellence, merit, worth, i.e., what is the worth of value creation.

4 In Latin distinctus refers to difference, i.e., the difference of the value creation.
On the other hand, business can incur costs including increased need in resource allocation and skills; increased risk of losing exclusivity in social innovation (Yaziji & Doh, 2009); internal & external scepticism and scrutiny (Yaziji & Doh, 2009); potential for reduced competitiveness due to open access innovation (Stafford, Polonsky, & Hartman, 2000); increased credibility costs in case of unforeseen partnership exit or reputational damage due to missed opportunity of making a difference (Steckel, Simons, Simons & Tanen, 1999).

For nonprofits the summarized cited benefits of collaboration include: financial support received by the business (Yaziji & Doh, 2009; Brown, & Kalegaonkar, 2002; Googins & Rochlin, 2000; Galaskiewicz, 1985) increased visibility (Seitanidi, 2010; Gourville & Rangan, 2004; Austin, 2000); credibility and opportunities for learning (Yajizi & Doh, 2009; Austin, 2000b; Googins & Rochlin, 2000; Huxham, 1996); development of unique capabilities and knowledge creation (Porter & Kramer, 2011; Yaziji & Doh, 2009; Hardy, Phillips & Lawrence, 2003; Googins & Rochlin, 2000; Gray, 1989; Huxham, 1996), increased public awareness on the social issue (Gourville & Rangan, 2004; Waddock & Post, 1995); increase in support for organizational mission (Pearce & Doh, 2005); access to networks (Millar, Choi & Chen, 2004; Yaziji & Doh, 2009; Heap, 1998); technical expertise (Vock, van Dolen & Kolk, 2011; Seitanidi, 2010; Austin, 2000a); increased ability to change behaviour (Gourville & Rangan, 2004; Waddock and Post, 1995); opportunities for innovation (Holmes, & Moir, 2007; Stafford, Polonsky, & Hartman, 2000); opportunities for processes based improvements (Seitanidi, 2010); increased long term value potential (Le Ber & Branzei, 2010a, b; Austin, 2000a, b); increase in volunteer capital (Vock, van Dolen & Kolk, 2011; Googins & Rochlin, 2000); positive organizational change (Seitanidi, 2010; Glasbergen, 2007; Waddock & Post 2004; Murphy & Bendell, 1999); and sharing leadership (Bryson & Crosby, 1992). As a result, attainment of its social mission can be strengthened.

Costs for the nonprofit organizations are often reported to be more than the costs for business (Seitanidi, 2010; Yajizi & Doh, 2009; Ashman, 2001) and may include the decrease in potential donations due to the high visibility of a wealthy partner (Gourville & Rangan, 2004); increased need for resource allocation and skills (Seitanidi, 2010); internal and external scepticism ranging from decrease in volunteer and trustee support to reputational costs (Yaziji & Doh, 2009; Millar, Choi & Chen, 2004; Rundall, 2000); decrease in employee productivity; increased costs due to unforeseen partner’s exit from partnership; effectiveness and enforceability of the developed mechanisms; legitimizing mechanism of “greenwashing” (Utting, 2005).

Micro level - Collaborations can produce benefits within the partnering organizations for individuals. This value can be twofold: instrumental and psychological. From the practical side, working in cross-sector collaboration can, for example, provide new or strengthened managerial skills, leadership opportunities, technical and sector knowledge, broadened perspectives. On the emotional side, the individual can gain psychic satisfaction from contributing to social betterment and developing new friendships with colleagues from the partnering organization. The micro level benefits are largely under-explored in the literature despite the broad acceptance that implementing CSR programmes should benefit a wide range of stakeholders beyond the partner organizations (Green, & Pelzoa, 2011; Vock, van Dalen & Kolk, 2011; Bhattacharya & Sen, 2004), including employees and consumers. In a recent study Vock, van Dolen and Kolk (2011) argue that the participation of employees in partnerships can affect consumers either favorably or unfavorably. The effect on consumers will depend on how they perceive the employees’ involvement with the cause, i.e., whether they perceive that during work hours the cause distracts employees from serving customer needs well.
Bhattacharya, Sen and Korschun (2008) reported that a company’s involvement in CSR programs can satisfy several psychological needs including personal growth, the employees’ own sense of responsibility for the community and reduction in levels of stress. A precondition of the above is that employees should get involved in the relevant programs. More instrumental benefits comprise the development of new skills, building a connection between the company and the employee, particularly when there are feelings of isolation due to physical distance between the employee and the central office; potential career advancement (Burchell & Cook, 2011); using the resultant positive reputation as a “shield” for the employee when local populations are negative towards the company (Bhattacharya, Sen, & Korschun, 2008). Similar psychological mechanisms associated with the enthusiasm of employees have the potential to cause spillover effects, triggering favourable customer reactions (Kolk, Van Dolen & Vock, 2010). Employee volunteering, an important component of partnerships (Austin, 2000a), may improve the work motivation and job performance (Bartel, 2001; Jones, 2007), customer orientation, and productivity, and in effect benefit consumers (Vock, van Dolen & Kolk (2011).

The partnership literature makes extensive reference to the partnership outcomes, concentrating more on the benefits rather the costs, that contribute to the value creation internally, either for the profit or the nonprofit partners as demonstrated above. However, there is a notable lack of systematic in-depth analysis of outcomes beyond the descriptive level; in effect, the full appreciation of the benefits and costs remains unexplored. The majority of the literature discusses outcomes as part of a partnership conceptual framework or by reporting outcomes as one of the partnership findings. A limited number of studies are available on addressing outcomes as a focal issue and offering an outcomes-centred conceptualization (Hardy, Phillips & Lawrence, 2003; Austin & Reavis, 2002). The above is surprising as partnerships are related to improved outcomes; furthermore, as an interdisciplinary setting partnerships have been associated with the potential to link different levels of analysis (Seitanidi & Lindgreen, 2010), practices across sectors (Waddock, 1988), and address how society is better off as a result of the cross sector interactions (Austin, 2000a). A precondition to address the above is to study the links across levels and loci of benefits. As Bhattacharya, Korschun, & Sen, (2009) remark in order to understand the full impact of CSR initiatives we first need to understand how CSR can benefit individual stakeholders. Similarly, Waddock (2011) refers to the individual level of analysis as the “difference makers” comprising the fundamental element for the development of institutional pressures. Hence, either the effects of initiatives to individuals or the role of individuals in affecting value creation require further analysis on the micro level.

Table 1 below presents the categorization of benefits on different levels of analysis and according to the loci of value. Understanding the links across the different levels of value creation and value capture is challenging. Interestingly the most recent research on the micro level of analysis is leading in capturing the interaction level across the internal/external dimension (employees/customers) of benefits (Vock, Van Dolen & Kolk, 2011; Kolk, Van Dolen & Vock, 2010). The conceptualization of the links between employees and customers herald a new research domain that captures the missing links of cause and effect in partnerships either directly or indirectly and focuses on interaction as a level of analysis. In Table 1 value creation is divided also according to the production of ‘first’ (direct transfer of monetary funds) and ‘second order’ benefits and costs (e.g., improved employee morale, increased productivity, better motivated sales force) (Gourville & Rangan, 2004) providing a time and value dimension in the categorization.

**INSERT TABLE 1 HERE**
External Value Creation

Macro level - Beyond the partnering organizations and their individuals, collaborations aim to generate social and economic value for the broader external community or society. While actions that alleviate problems afflicting others can take countless forms, we define collaborative value creation at the macro level as societal betterment that benefits others beyond the collaborating organizations but due to their joint actions. External to the partnering organizations, the collaboration can create social value for individuals – targeted beneficiaries with needs that are attended to by the collaborative action. It can also strengthen other social, economic, or political organizations that are producers of social value, and hence increase society’s capacity to create social well-being. At a broader societal level the collaboration may also contribute to welfare enhancing systemic change in institutional arrangements, sectoral relationships, societal values and priorities, and social service and product innovations.

The benefits accruing to the partnering organizations and their individuals internal to the collaboration are ultimately due to the value created external to the social alliance. Ironically, while societal betterment is the fundamental purpose for cross-sector collaborative value creation, this is the value dimension that is least thoroughly dealt with in the literature and in practice.

We provide examples of value creation external to the partnership in Table 1. On the macro level the benefits for individuals or beneficiaries include the creation for value for customers as we have seen above, an indirect benefit (Vock, Ven Dolen & Kolk, 2011; Kolk, Van Dolen & Vock, 2010) mediated by the direct benefit that accrues to the employees as a result of partnerships. Creating direct value for customers is an important distinction between philanthropic and integrative/transformational interactions for socio-economic benefit (Reficco & Marquez, 2009). Rufin and Rivera-Santos (2008) pointed to the linearity that characterizes business value-chains, i.e., “a sequential process in which different actors members contribute to value creation in a chronological sequence, with each member receiving a product and enhancing it through the addition of value before handing to the next” (Reficco & Marquez, 2009, p. 6). However, in nonprofit-business partnerships the duality of the nature of benefits (economic and social) exhibit non-linearity (Reficco & Marquez, 2009) in the process of value creation. Hence, the isolation and attribution of socio-economic benefit is rather complex. An example of a socio-economic customer benefit derived from the collaboration of HP and an African social enterprise mPedigree. The solution they developed of cloud and mobile technology allows customers to check the genuineness of drugs in Africa and avoid taking counterfeit drugs which in effect saves lives (Bockstette & Stamp, 2011). Individuals that may benefit from partnerships include the beneficiaries of the partnership programs such as the dairy farmers receiving support in rural areas, creation of jobs for women in rural India (Bockstette & Stamp, 2011) or increasing by 40% the income of coffee farmers earnings in Mexico and the quality of coffee produced for Starbucks’s customers (Austin & Reavis, 2002). Costs might include accountability and credibility issues and possible problems with administering the solution.

The benefits for other organizations result from the complexity that surrounds social problems and the interdependence across organizations and sectors. Addressing poverty requires tackling issues in education and health, hence, administering a solution crosses other organizational domains that interface with the central issue of the partnership. For example, when the partnership between Starbucks and Conservation international aimed at improving the quality of coffee for its customers and increasing the income of the Mexican farmers it also increased 100% the growth in the local cooperatives’ coffee sales and in addition resulted in the development of another partnership between
the company and Oxfam (Austin & Reavis, 2003). Potential costs include expenses for the development of new markets and appropriateness of the standards developed.

The overall benefits, for example, of reduced pollution, deaths, increasing recycling, improved environmental standards result in value to society at large benefiting many people and organizations either directly or indirectly. For example, by reducing the drug abuse society benefits by controlling the work time loss, health problems, and crime rates related to drugs (Waddock & Post, 1995). Moving to systemic benefits for other organizations can include the adoption of technological advantage through available open innovation/intellectual property, changing processes of “doing business” that may result in industry wide changes. For example, developing environmentally friendly technology between a firm and an environmental organization in order to decrease the environmental degradation and in effect creating new industry standards (Stafford, Polonsky, & Hartman, 2000); changing a banks’ lending policies in order to facilitate job creation for socially disadvantaged young people leading to change in banking industry policies (Seitanidi, 2008); contributing to the development of community infrastructure; increasing the paid-time allocation for employee community service; developing a foundation that supports community initiatives (Austin, 2000a). In all the above examples the value is located outside the partner organizations. In cases where partners raise claims that are unable to be substantiated, possible costs can include decrease in the credibility of the institution of partnerships to deliver societal benefits, increase in cynicism, and potential decrease in institutional trust in business and nonprofit organizations.

Waddock and Post (1995) suggested that catalytic alliances focus their efforts for a brief period of time in the generation of public awareness through the media for complex and worsening social problems. Some of the characteristics of catalytic alliances are quite different from the nonprofit-business partnerships (temporary nature vs. long term; direct vs. indirect long-term shifts in public attitude). However, they have some unique characteristics that potentially can be beneficial for partnerships: they are driven by a core central vision rather than the instrumentality that predominately characterizes cross-sector partnerships (Selsky & Parker, 2005). Hence, catalytic alliances successfully link the work of previously fragmented agencies that used to work on related issues (e.g., hunger and homelessness) (Waddock & Post, 1995, p. 959). Equally they allow for an expectation gap to emerge “between the current state of action on an issue and the public’s awareness of the issue. The ‘expectations gap’ actually induces other organizations and institutions to take action on the issue. … the money paled by comparison to the organizational process stimulated” (Waddock & Post, 1995, p. 959). Social partnerships develop socio-economic value for a broad constituency. Hence, they address the societal level and function increasingly as governance mechanisms (Crane, 2010) while providing diverse and multiple benefits. In effect, they will be required to move from an instrumental to an encompassing normative approach focusing on a central vision which can assist in the engagement with internal and external stakeholders early on and produce “catalytic-or ripple-effect” (Waddock & Post, 1995) that will be beneficial on all levels of analysis directly or through the virtuous circle of value creation.

How Value is assessed: Excellentia (worth) of Value Creation

“The perceived worth of an alliance is the ultimate determinant of, first whether it will be created and second whether it will be sustained” (Austin, 2000b, p. 87). A necessary prerequisite for the continuous co-creation of value is the ability of each partner to capture some of the value either unilaterally or
jointly during value cycles (Le Ber & Branzei, 2010a; Makadok, 2001), not always proportionately to the value generation of each partner, as value capture is not dependent on the value generation (Lepak, Smith & Taylor, 2007). The co-creation of economic (EV) and social (SV) value in partnerships should be more/different than the value originally created by each organization separately as this remains a strong motivation for the partners to engage in long-term interactions.

In order to assess the socio-economic value of the partnership outcomes created the partners are required to define economic and social value. For both businesses and nonprofits EV is “defined as financial sustainability; i.e., an organization’s capacity to operate indefinitely” (Márquez, Reficco & Berger, 2010, p. 6). On the other hand SV has been associated in the context of partnerships “meet(ing) society’s broader challenges” (Porter & Kramer, 2011, p. 4); similarly “meeting social needs in ways that improve the quality of life and increase human development over time (Hitt, Ireland, Sirmon & Trahms, 2011, p. 68), including attempts “that enrich the natural environment and/or are designed to overcome or limit others’ negative influences on the physical environment” (ibid). Although previously doing well and doing good were separate functions associated with different sectors, today they are seen as “manifestations of the blended value proposition” (Emerson, 2003, p. 35) or of the more recent “shared value” (Porter & Kramer, 2011). The value capture on the different levels of analysis is dependent on the source that initiates the creation of value (Lepak & Smith, 2007) as internal and external stakeholders of the partnership may hold different perceptions as to what is valuable due to different “knowledge, goals, context conditions that affect how the novelty and appropriateness of the new value will be evaluated” (ibid, p. 191).

The outcome assessment in partnerships is likely to increase as cross sector collaborations proliferate (Sullivan & Skelcher, 2003) and there will be more pressure to understand the consequences of partnerships (Biermann, Mol, & Glasbergen, 2007). Different forms of collaboration will have varying degrees of evaluation difficulty associated with the availability and quality of data, and the experience of organizations in employing both qualitative and quantitative measures of assessment. Some of the difficulties in assessing the socio-economic value in partnerships are:

1/ the subjectivity associated with valuing the outcomes, i.e., what is considered acceptable, appropriate and of value for whom (Mulgan, 2010; Lepak & Smith, 2007; Austin, 2003; Amabile, 1996);  
2/ the variation in the valuations of stakeholders of a company’s CSR implementation programs by country and culture (Endacott, 2003);  
3/ the attribution to a particular program, particularly for companies that have a sophisticated CSR portfolio of activities (Peloza & Shang, 2010; Peloza, 200); or a portfolio of partnerships (Austin, 2003; Hoffman, 2005);  
4/ the lack of consistency in employing CSR metrics (Peloza & Shang, 2010; Peloza, 2009);  
5/ many companies lack an explicit mission statement for their social performance activities against which they would have to perform (Austin, Gutiérrez, Ogliastri & Reficco, 2007)  
6/ attribution of a particular outcome to a specific partnership program (Brinkerhoff, 2002)  
7/ combining all the elements of a partnership relationship  
8/ methodological challenges in the measurement due to the intangible character of many outcomes associated with partnerships, requirements for documented, likely, and perceived effects of partnerships (Jorgensen, 2006; Sullivan & Skelcher, 2003).  

Austin, Stevenson and Wei-Skillern (2006) summarize the difficulties concisely: “The challenge of measuring social change is great due to nonquantifiability, multicausality, temporal dimensions, and perspective differences of the social impact created”.

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Despite the above difficulties the three key-reasons why businesses should aim to strengthen their financial metrics regarding CSP are suggested by Peloza (2009): 1/ as a method to facilitate cost effective decision making; 2/ as a measure to avoid interference in the allocation of resources due to the lack of hard data; 3/ as an instrument to enable inclusion of CSP budgets in the mainstream budgeting of companies. Similarly, demands for metrics for nonprofit organizations to measure social value have emerged due to: 1/ the need to demonstrate the effectiveness of programs to foundations; 2/ provide justification for the continuation of funding from public authorities; 3/ provide hard data to investors similar to those that are used to measure profit; 4/ to demonstrate impact to all stakeholders (funders, beneficiaries, partners). Mulgan (2010) provides a synopsis of ten methods out of hundreds that exist for calculating social value which often are competing. He notes that despite the enthusiasm that surrounds such methods, in reality they are used by few as guidance in decision making; furthermore, the fragmentation that exists in the use of different metrics by each group (group 1: NGOs & foundations, group 2: governments group 3: academics) provides an explanation of why metrics are not used in practice. He further remarks that due to the subjective nature of value the tools that are used for the assessment do not reflect this fact and in effect are misaligned with the strategic and operational priorities of an organization. Mulgan (2010) points that while in business different tools are used for “accounting to external stakeholders, managing internal operations, and assessing societal impact” (p. 40). However, when social value is measured in nonprofit organizations, measurements are conflated into one, comprising another reason for the failure of metrics to influence decisions. A further difficulty is estimating the benefit that will be produced in the future due to a recent action relative to the cost by using social return on investment (SROI). His advice for constructing value as the director of the Young Foundation is that metrics should be used for the three roles they can perform: “external accountability, internal decision making, and assessment of broader social impact” (Mulgan, 2010, p. 42). He suggests that funders must adapt their frameworks to the particular organization they are interested in assessing and, more importantly, the metrics must disclose their inherent subjectivity and need to be employed in a proportionate way depending on the size of the nonprofit organization.

Table 2 provides an overview of the methods to measure social value, providing a brief description, an example, and the problems usually associated with each method.

**INSERT TABLE 2 HERE**
<table>
<thead>
<tr>
<th>METHOD</th>
<th>DESCRIPTION</th>
<th>EXAMPLE</th>
<th>PROBLEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost-Benefit Analysis/Cost-Effectiveness Analysis</td>
<td>The most widely used family of tools: counts up costs and benefits (usually using some of the methods described below), and then applies discount rates. Often used for large public programs.</td>
<td>A recent study in the United Kingdom found that using a mix of drug treatment, surveillance, and behavioral interventions instead of prison saved taxpayers up to $100,000 per offender (and up to $300,000 if savings to victims were included).</td>
<td>Disagreements about the actual numbers and weightings in the calculation, as well as the conclusions of the analysis.</td>
</tr>
<tr>
<td>Stated Preferences</td>
<td>Asks people what they would pay for a service or outcome.</td>
<td>A typical example would ask people what they might pay to preserve an endangered species or to build a park.</td>
<td>Stated preferences often do not correlate with actual behaviors.</td>
</tr>
<tr>
<td>Revealed Preferences</td>
<td>Examines the choices that people have actually made to infer the relative worth of different options.</td>
<td>A researcher analyzes house-buying patterns and real estate prices to infer how much people value public parks.</td>
<td>Few fields have enough usable data.</td>
</tr>
<tr>
<td>Social Impact Assessment/Social Return on Investment Assessment</td>
<td>Estimates the direct costs of an action, the probability of it working, and the likely change in future outcomes, sometimes with discount rates.</td>
<td>There are literally hundreds of tools of this kind, including Acumen Fund’s Best Available Charitable Option Ratio methodology. Jed Emerson’s blended value methods; and various Center for High Impact Philanthropy methods.</td>
<td>Disagreements about numbers, weightings, and conclusions; values: how to handle time and discount rates; and intended audience of the calculation.</td>
</tr>
<tr>
<td>Public Value Assessment</td>
<td>Judges how much the public values a service.</td>
<td>The British Broadcasting Corporation assessed its public value.</td>
<td>Not rigorous enough.</td>
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<tr>
<td>Value-Added Assessment</td>
<td>In education, assesses how much a school adds to the quality of its pupils.</td>
<td>Recent uses often show that apparently successful schools are actually good at attracting clever pupils.</td>
<td>Sometimes too complex for parents or the media to understand.</td>
</tr>
<tr>
<td>Quality-Adjusted Life Years/Disability-Adjusted Life Years Assessment</td>
<td>In health care policy and research, accounts for patients’ objective health and patients’ subjective experiences.</td>
<td>Widely used set of measures. Provides a common way to judge the relative effectiveness of clinical treatments and public health measures.</td>
<td>Can be controversial when a particular treatment is not cost-effective.</td>
</tr>
<tr>
<td>Life Satisfaction Assessment</td>
<td>Judges social projects and programs by how much extra income people would need to achieve an equivalent gain in life satisfaction.</td>
<td>An imaginative study in Wales showed that modest investments in home safety, which cost about 3 percent as much as home repairs, generated four times more life satisfaction.</td>
<td>New approach that remains unproven; highly sensitive to input assumptions.</td>
</tr>
<tr>
<td>Government Accounting Measures</td>
<td>In government, accounts for government spending and its effects.</td>
<td>France’s bilan social is a set of 100 indicators showing how enterprises affect society. Italy has a similar bilancio sociale.</td>
<td>Much variability across regions; disagreements about which indicators to include.</td>
</tr>
<tr>
<td>Other field-specific assessments</td>
<td>Every field has its own cluster of metrics.</td>
<td>A recent Young Foundation study identified nearly 30 measures of value in the built environment, including artificial neural networks, hedonic price models, fuzzy logic, autoregressive integrated moving averages methods, and triple bottom line property appraisals.</td>
<td>Diversity of these measures means that they are little used for public decision making.</td>
</tr>
</tbody>
</table>

3 Paul H. Dolan and Robert M. Metcalfe, “The Impact of Subjective Wellbeing on Local Authority Interventions,” unpublished manuscript, 2008. The OECD’s Beyond GDP program has also collected a huge range of work on the measurement of well-being and societal progress.
Implicit in the above list but explicitly evident in the extant literature of social partnership and nonprofit/development is the interchangeable use of the terms outcomes and impact (Jorgensen, 2006; Sullivan & Skelcher, 2003; Vendung, 1997) which results in difficulties in the categorization, comparison, and discussion of the issues around assessment and evaluation. Most of the available literature discusses evaluation parameters and provides frameworks for evaluation that are usually associated with performance of the partnership. As Preskill and Jones (2009, p. 3) suggest: “evaluation is about asking and answering questions that matter about programs, processes, products, policies and initiatives”. When evaluation works well, it provides information to a wide range of audiences that can be used to make better decisions, develop greater appreciation and understanding, and gain insights for action”. We have discussed such issues in the section of evaluation of partnership implementation. In this section we are concerned with the assessment of outcomes. Measurement is not a frequent topic thus far as the discussion appears to have entered only recently the outcomes of partnerships. This appears also to be the case in the nonprofit-government and government-business (PPPs) “arenas of partnerships” (Selsky & Parker, 2005). Andrews and Entwistle (2010, p. 680) suggest that in the context of public sector partnerships “very few studies, however, have examined whether the benefits assumed by sectoral rationales for partnership are actually realized (for partial exceptions, see Provan and Milward 1995; Leach, Pelkey, and Sabatier 2002; Arya and Lin 2007)”.

On the other hand, assessing value in philanthropic and transactional approaches (sponsorship and cause-related marketing) is a well-established practice that involves sophisticated metrics (Bennett, 1999; Irwin & Asimakopoulos, 1992; Meenaghan, 1991; Wright, 1988; Burke Marketing Research, 1980). This is due to the following reasons: historical data are available that assist in developing objective standards; the evolution of metrics has taken place through time; the assessment involves less complicated metrics as the activities assessed can be attributed to the philanthropic or transactional interaction in more direct ways. The agency that has developed sophisticated metrics for transactional forms of interactions is IEG (2011), the leading provider of valuation and measurement research in the global sponsorship industry. Based on 25 years of experience they have developed a methodology that captures the value for the sponsorship and cause-related marketing incorporating the assessment of tangible and intangible benefits (examples of the criteria used include: impressions in measured and non-measured media, program book advertising, televised signage, tickets, level of audience loyalty, degree of category exclusivity, level of awareness of logos), the geographic research/impact (estimation of the size and value of the market where the sponsor will promote its sponsored activity), cost/benefit ratio (assessment of the costs and benefits and recognizing the risks and rewards associated with sponsorship), price adjusters/market factors (allowing for the incorporation of factors that are unique to each sponsor, length of the sponsor’s commitment and the fees for the sponsorship). As it becomes evident from the above, the assessment uses the ‘value-for-money’ analysis which tends to employ a single criterion, usually quantitative, allowing the comparison across data (Sullivan & Skelcher, 2003), but leaves unaddressed societal outcomes.

Indicators for the synergistic outcomes may include: “aspects of program performance that relate to advantages beyond what the actors could have independently produced” (Brinkerhoff, 2002, p. 225-226); developing links with other programs and actors; enhanced capacity of the individuals involved in the partnership and influence of individual partners; and multiplier effects (extension or development of new programs) (Brinkerhoff, 2002). Examples of multiplier effects could be building a degree of good will towards the BUS partner in quite important players in environmental sector, hence creating a buffer zone between the BUS and the Nonprofit sector where previously relationships were antagonistic (Seitanidi, 2010). Attribution, however, remains problematic for the CVC as it is difficult to provide
evidence for the value-added that derives from the partnership. Brinkerhoff (2002) offers that it is usually perception and consensus based and subjective, hence relates to each partner’s level of satisfaction from the relationship, which will also provide an indication of the relationship’s sustainability. Although reference is being made often to the synergistic results of partnerships, they are rarely fully articulated and measured (Dobbs, 1999; Brinkerhoff, 2002). Looking only on outcomes and ignoring the process dimension usually is linked with sacrificing long-term value creation for the benefit of short-term performance (Kaplan & Norton, 2001).

Hence, by establishing single or pluralistic criteria (i.e., stakeholder based evaluations) according to the interests involved in the partnership (Sullivan & Skelcher, 2003), deciding the standards of performance against each criterion, and measuring the performance of the collaboration, one constructs the logic of evaluation (Fournier, 1995). The achievement of process outcomes is linked with the program outcomes that are concerned with the total benefits of the partnership minus the costs. Some methods predominately prioritize the costs/benefit analysis at the expenses often of “questions of quality and appropriateness” (Sullivan & Skelcher, 2003, p. 189). Alternative methods of bottom-up evaluation include stakeholder based approaches such as a ‘theory of change approach’ defined as “a systematic and cumulative study of the links between the activities, outcomes and contexts of the initiative” (Connell & Kubisch, 1998, p. 16). This approach aims to encourage stakeholders to participate in the evaluation that assists in connecting the social problem with the context, specifying the strategies that can lead to long-term outcomes. An alternative approach is “interactive evaluation” (Owen & Rogers 1999) where the views of the stakeholders represent the “local experience and expertise in delivering change and improvement, seeing evaluation as an empowering activity for those involved in the programme and attempting to address problems not addressed before or employing approaches that are new to the organisation. The value of interactive evaluation lies in the fact that it aims to encourage a learning culture and is appropriate for use in innovative programmes” (Sullivan & Skelcher, 2003, p. 197). The more nonprofit-business partnerships will embrace their role as global governance mechanisms (Crane, 2010), the more they will be required to align their evaluation methods with public policy partnerships.

We consider that partnerships require a three point evaluation equal to social development and change (Oakley, Pratt & Clayton, 1998; Blankenberg, 1995): process outcomes, program outcomes, and impact. Process outcomes (also expressed as outputs in several frameworks) are associated with the effort in partnerships. We suggested the evaluation of partnership implementation as the point of assessment, which was discussed at the end of the implementation phase. When the point of measurement is the effectiveness we suggested above the effectiveness of the partnership by assessing the program outcomes. In the next section we examine the impact of partnerships and we associate the point of measurement with change, i.e., the difference from the original social problem that the partnership addressed.

What is the impact: Distinctus (difference) of Value Creation

Impact refers to the “long term and sustainable changes introduced by a given intervention in the lives of the beneficiaries” (Oakley, Pratt & Clayton, 1998, p. 36). They can relate to anticipated or unanticipated changes caused by the partnership to the beneficiaries or others and can range from positive to negative (Oakley, Pratt & Clayton, 1998; Blankenberg, 1995). We adapt the definition of
impact assessment for development interventions to the partnership context by Oakley, Pratt & Clayton (1998, p. 36): Partnership impact assessment refers to the evaluation of how and to what extent partnership interventions cause sustainable changes in living conditions and behaviour of beneficiaries and the effects of these changes on others and the socio-economic and political situations in society. Impacts can emerge, for example, from hiring practices, emissions and production and can respectively provide outcomes such as increased diversity in the workplace, reduction of emissions and increased safety conditions in production. Capturing the impacts, however, often requires intelligence that exceeds the abilities of single organizations and mimics the data gathering process of the government for measuring large scale phenomena such as poverty, health pandemics, and so forth. The impacts of the above examples for a company would respectively refer to improved employment rates in workforce across the world, improved air quality/biodiversity, reduction in accident rates. In the case of a nonprofit-business partnership capturing the impact of the co-creation process would require attributing the partnership effects from other related efforts of the business and the nonprofit organization. In addition, it would require developing an understanding of the expectations of the stakeholders within context (social, political, economic and environmental) (Oakley, Pratt & Clayton, 1998). Hence, it is not a surprise that even in development interventions very few evaluations move beyond outcomes to impacts (cited in: Oakley, Pratt & Clayton, 1998, p. 37).

Scholars in CSR have called for research to provide evidence not only for the existence of positive social change but to move towards how change is being achieved (Aguilera, Rupp, Williams, & Ganapathi, 2007; McWilliams & Wright, 2006). Companies initially responded by including in their CSR reports lists of their social programs and initiatives demonstrating their actions on social issues. However, CSR reports neither offered a coherent nor a strategic framework “instead they aggregate anecdotes about uncoordinated initiatives to demonstrate a company’s social sensitivity” (Porter & Kramer, 2006, p. 3). The majority of companies include: “reductions in pollution, waste, carbon emissions, or energy use, for example, may be documented for specific divisions or regions but not for the company as a whole. Philanthropic initiatives are typically described in terms of dollars or volunteer hours spent but almost never in terms of impact” (ibid). Hence, it appears that companies have been at best reporting outcomes of social and environmental initiatives, and at times suggesting they represented impacts. This is more evident in the high profile rankings such as the FTSE4GOOD and the Dow Jones Sustainability Indexes. Although they intend to present rigorous impact indicators comprising of social and environmental effects, in fact the lack of consistency, the existence of variable weighting of criteria, the lack of external verification, the statistical insignificance of the answers provided in the surveys, and often the inadequate proxies employed reveal the difficulties associated in reporting impacts systematically and consistently even for professional and large organizations (Porter & Kramer, 2006; Chatterji & Levine, 2006).

Hence, the challenge is not only finding new ways to co-create socio-economic value through partnerships in order to achieve simultaneously positive impact for both business and society (Kolk, 2004), directly or indirectly (Maas & Liket, 2010), but also to develop indicators and measure it. Despite numerous papers that refer to impact (Atkinson, 2005) either by mentioning the call for business to report on their “numerous and complex social impacts of their operations” (Rodinelli & London, 2003, p. 62) or by suggesting key principles for successful collaborative social initiatives that can contribute to the impact (Pearce II & Doh, 2005), the fact remains that there is a lack of studies that focus on impact assessment of nonprofit-business partnerships.
A recent study developed by the UK’s biggest organization for the promotion of CSR: Business in the Community and Cranfield University’s Doughty Centre for Corporate Responsibility (BITC & Doughty Report, 2011) identified 60 benefits for business that are clustered in seven areas one of which is the ‘direct financial impact’ of CSR activities. Also one of the report’s increasingly important future trends is ‘macro-level sustainable development’, defined as: “the somewhat undefined benefits from contributing to sustainable development. This relates to the impact and responsibilities an organisation has in relation to a geographically wide level of economic, social and environmental issues – at a ‘macro level’. Here, ‘macro level’ means society and nature as a whole, encompassing not just an organisation and its immediate interactions, but sustainable development in its industry, country, region and indeed planet.” Although the report does not separate the outcome from the impact level in the presentation of benefits, it provides examples of macro-level issues such as “health inequalities or access to healthcare; poor education; ageing populations; lack of investment in sciences or arts and innovation generation; the rights of workers, children and sex/race equality; and environmental issues such as climate change, deforestation, pollution, ocean health, extinction of species, and urbanisation.” (ibid, p. 17). The report further suggests that ‘macro-level sustainable development’ is a recent (in 2008/09) addition to the reported business benefits.

Studies that refer to the evaluation of collaborative networks suggest that due to the multidimensionality of the programs involved there is a need for a combination of randomized control trials in combination with more flexible forms of evaluation that involve researchers and practitioners combining their knowledge during workshops in order to establish links between actions and outcomes while using multiple criteria for measuring success based on local knowledge (Head, 2008; Schorr, 1988). In particular, Head (2008) cautions against premature judgements that may be drawn by funders that do not realize that initiatives may take 4-6 years until the beginning of the implementation phase. In collaborative environmental management Koontz and Thomas (2006) suggest as unanswered the question: “To what extent does collaboration lead to improved environmental outcomes?” (p. 111). They offer suggestions for measuring environmental impact through outcomes such as perceptions of changes in: environmental quality, in land cover, in biological diversity, in parameters appropriate to a specific resource (e.g., water biochemical oxygen demand, ambient pollution levels) (ibid, p. 115). They also recommend that academics should not attempt to pursue large impact questions but rather to collaborate with practitioners for the design, monitoring of outputs and funding of the required longitudinal and cross-sectional studies (ibid, p. 117). In the context of partnerships for development Kolk, Van Tulder & Kostwinder (2008, p. 271) group the changes, benefits, and results of partnerships to the wider society as “the final and ultimate outcomes”. Although the word outcome is used, impact is assumed as they suggest that the best way to assess the outcomes is by their “direct and indirect impact on the Millennium Development Goals.”

In fact, the Business in Development program of the Dutch national committee for international cooperation and sustainable development (NCDO) developed a methodology measuring the contribution of the private sector to the Millennium Development Goals (MDGs) (NCDO, 2006). The methodology of the report highlights the measurement of impact and indirect contributions of MNCs and stresses that the lack of availability of information was a significant factor in the scoring developed. Furthermore, it remarked that due to the differences in the nature of the participating businesses testing the measurement framework it would be impossible to compare their performance. Conclusions from the report included: that the contribution and attention given by companies to the MDGs can be measured; it is clearer where, how and why companies contribute to the MDGs; understanding the focus of a company’s MDG efforts can help it choose which NGOs to partner with to achieve even better MDG impact (NCDO, 2006: 7-12).
Currently the largest research and knowledge development initiative of the European Commission is under way aiming to measure impact. The research project commenced in March 2010 and will conclude in March 2013, the “Impact Measurement and Performance Analysis of CSR” (IMPACT) project which is hoping to break new ground in addressing questions across multiple levels and dimensions, combining four empirical methods - econometric analysis, in-depth case studies, network analysis, and Delphi analysis. The research will address how CSR impacts sustainability and competitiveness in the EU across 27 countries (Impact, 2010).

Although impact is frequently used to denote effectiveness, outcomes, or performance, it is often the case that its contextual and temporal meaning is understood in an evolutionary and interactive way. Demonstrating the importance of impact and its original response Nike stated in its 2005 CSR report: “A critical task in these last two years was to focus on impact and develop a systematic approach to measure it. We’re still working hard at this. How do we know if a worker’s experience on the contract factory floor has improved, or if our community investments helped improve a young person’s life? We’re not sure anyone has cornered the market in assessing real, qualitative social impact. We are grappling with those challenges now. In FY07-08, we will continue working with key stakeholders to determine the best measures. We aim to have a simple set of agreed upon indicators that form a baseline and then to measure in sample areas around the world” (Nike, 2005, p. 11). In its 2009 CSR report Nike acknowledged that solutions require industry-level and systemic change that will have to pass through ‘new approaches to innovation and collaboration’. Interestingly the report states: “Our aim is to measure our performance and report accurate data. At times, that means systems and methodology for gathering information need to change even as we collect data, as we learn more about whether we are asking the right questions and whether we are getting the information that will help us to answer them rather than just information. (p. 18)”. The company also reported that it aimed at developing targets and metrics around programs for excluded youth around the world, which demonstrates the policy-type-thinking required for the development of impact indicators, processes to monitor, report, and advocate, usually associated with nonprofit organizations that need to be developed as new competencies from business and their partners.

Figure 7 below demonstrates the evolution of understanding in the process of monitoring and collection of data that contribute to the understanding and reporting of impacts.

**INSERT FIGURE 7 HERE**
Figure 7: Workplace impact in factories, adopted by the Nike CSR Report (Nike, 2009, p. 37).

Flat Line

RATING

Key: ESH Compliance Visit Labor

2004 2005 2006 2007 2008

A

December 2006: Factory failed to sustain remediation work.

B

May 2006: Critical issues appear to be resolved. Factory rated C.

C

December 2006: Audit reveals critical working hours and pay issues.

Interim: Critical issues addressed and rectified.

D

Interim: Critical issues addressed and rectified.

2004 2005 2006 2007 2008

June 2007: Audit reveals hours of work and timekeeping system errors.

April 2008: Return visit shows factory failure to address critical issues.

Note: One Nike-contracted factory monitored over three years had nine different monitoring visits. Even with monitoring, it failed to make sustained improvements.

Desired Result

RATING

Key: ESH Compliance Visit Labor

2009 2010 2011 2012

A

May 2010: Follow-up labor audit reveals that critical issues appear to be resolved. Factory rated C.

B

January 2010: Labor audit reveals critical working hours and pay issues. Factory rated D.

C

December 2010: Return visit shows factory has sustained remediation efforts and working hours and pay issues no longer exist.

D

Environmental, Safety and Health (ESH) audit reveals minor issues. Factory rated B.

Note: Factory engaged in systems management capacity building over a multiple-year period. With capacity building and measuring impact against consistent base assessment, factory achieves sustainable improvement and performance. Factory is able to move to a model of self-governance in which oversight is characterized by less polling and more checks and balances (supplemented with worker surveys and “checks” through qualified third parties and brand collaboration partnerships). Nike believes HRM training linked to lean has the best potential for accelerating these results.
Unilever’s recent ‘Sustainable Living Plan’, launched in 2010, aims to capture holistically the company’s social, environmental and economic impacts around the world. The focus on the multidimensional effects demonstrate that some companies are moving forward for the moment with aspirational impact targets that if achieved will demonstrate a significant forward step in delivering socio-economic and environmental progress around the world. Unilever has developed 50 impact targets that are grouped under the following priorities of the plan to be achieved by 2020: (1) To help more than one billion people take action to improve their health and well-being; (2) To halve the environmental footprint of the making and use of its products; (3) To source 100% of its agricultural raw materials sustainably. The impacts are associated with increasing the positive and reducing the negative impact. Working in partnership is central as NGOs provide the local connection that facilitates the implementation of the programs (Unilever, 2010). Also, impacts are captured at the local level hence the role of local partners and government/local authorities is profound in capturing, measuring and reporting impact. However, the compilation of impact reports will be the responsibility of MNCs. Hence they will need to demonstrate transparency, accountability, and critical reflection if they wish the reports to play an important substantive role rather than just being cosmetic. Demonstrating, for example, missed impact targets and capturing the reasons behind the misses will be important in not only raising awareness of the difficulties associated with impact measurement and reporting but also calling for the assistance of other actors in pursuing more effectively impact targets in the next value capture circle.

The nonprofit sector is similarly under pressure to demonstrate “its own effectiveness as well as that of their partners. They need to be able to identify the difference their efforts (and funds) have made to the poorest and most vulnerable communities; as well as to demonstrate that these efforts are effective in bringing about change” (O’Flynn, 2010, p. 1). The UK Charity Commission, for example, requires NGOs to report against their core strategic objectives. The above are in addition to the moral obligation of nonprofits to demonstrate accountability and appreciation of their impacts (ibid). An interesting insight in O’Flynn’s (2010) paper from the nonprofit sector is that due to the distance between an organization’s initial intervention and the systems it aims to affect, it is very difficult to claim with confidence a direct impact that is attributable. Changes in complex systems are likely to be influenced by a range of factors and hence it is impossible for a nonprofit to claim attribution (ibid). Moving away from this complexity, development organizations have started working and documenting their contribution to change instead of their attribution (ibid). Based on the views of partnership practitioners that participated in a study of the ‘Partnering Initiative’, one of the priorities for the future regarding evaluation will be the need to develop tools for measuring the impact of the beneficiaries, the impact on partners, the unexpected outcomes (Serafin, Stibbe, Bustamante, & Schramme, 2008).

Moving to the transactional forms of interaction, as a proxy to examining partnership impact, Maas and Liket (2010) in a recent empirical study examined the extent to which the corporate philanthropy of 500 firms listed in the Dow Jones Sustainability Index (DJSI) is strategic as indicated by the measurement of their philanthropic activities’ impact along three dimensions: society, business and reputation/stakeholder satisfaction. The authors suggested that despite the lack of common practice in how impact is measured, it appeared that 76% of the DJSI firms measure some sort of impact of their philanthropic activities, predominately impact on society and on reputation and stakeholder satisfaction. More likely to measure impact are larger firms with substantial philanthropic budgets, from Europe and North America and from the financial sector.

Following long standing pressures for strategic corporate philanthropy to demonstrate value, Lim (2010) has produced a report that aims to offer guidance on the measurement of value of corporate philanthropy. Transactional and integrative approaches of cross sector interaction share similar
challenges in addressing questions about impact, including the long-term nature of the outcomes and impact, the complexity in measuring the results, they both aspire to affect social change which is a lengthy process and the context specific character of the interventions (Lim, 2010). We provide below (Table 3) a brief overview of the measures that can be employed for impact assessment for corporate philanthropy and partnerships.

Despite the lack of agreement on definitions on what constitutes social value and on ways to measure, Lim (2010) suggests that the attempt to measure it is beneficial in itself as it encourages rigour in the process, improvement and making explicit the assumptions of the partners. Articulating impact requires developing a ‘baseline’ as a starting point; developing indicators is associated only with some of the methods; most of the methods involve a degree of monitoring and developing a final reporting on the impacts. The illustrative methods provide a soft approach but not necessarily less effective in identifying the problems in delivering and increasing the impact of interventions. They are appropriate when it is impossible to develop indicators, or develop experimental procedures. Experimental methods are conducted to be able to explain some kind of causation. Lim (2010, p. 9) suggests that experimental methods or formal methods should be employed for (1) “reasonably mature programs that represent an innovative solution and wherein the funder and /or grantee seeks to prove to other funders or NGOs that it should be scaled-up” and (2) “programs wherein the cost of risk of failure is high (e.g., those with highly vulnerable beneficiaries)”. These are the only methods that can prove definite causation and attribution. Alternatives to experimental methods are practical methods of measuring intermediate outcomes that allow for identifying improvement opportunities. The two practical methods that we listed in Table 3 are presented by Lim (2010, each associated with different applications: the outcomes measurement: (1) “programs wherein the funder is involved in the program’s design and management and shares responsibility for its success. (2) Programs wherein funders and grantees desire frequent and early indicators in order to make real-time adjustments to interventions and strategy” (ibid). Regarding the impact achievement potential, Lim (2010) states that they are more appropriate for the start-up programs in their early stages and in interventions that the funder is not involved in the management.

**INSERT TABLE 3 HERE**

Due to the multidimensionality of nonprofit-business partnerships operating on multiple levels and producing a wide range of effects, it is difficult in most cases to set up experiments in order to establish causality due to their operation within dynamic adaptive systems of multiple interactions. We borrow the term of ‘panarchy’ of Gunderson and Holling (2001) to refer to the evolving nature of complex adaptive systems as a set of adaptive cycles. Applying to partnerships panarchy theory would suggest that the interlinked and never-ending cycles of value creation at each level and the links between them represent a nested set of adaptive cycles taking place in spatial and temporal scales. In order to increase the effectiveness of the monitoring in dynamic environments as Gunderson and Holling (2001) advocate, it might be possible to identify the points at which it is possible for the system to accept positive change. In this way the partners will acknowledge the effects the interactive and non-linear effects of the dynamics of the different levels of change. Managers can get a more in-depth understanding of the role their actions play in influencing socio-economic and environmental systems and instil in the systems positive input to further encourage positive social change. Theories of social change might also prove useful as they examine the connection between the micro and macro levels (Hernes, 1976).

In order for a partnership to address its impacts it requires identification of the social issue that the collaboration will address and the articulation of the effects of impacts on different targets. For
example, following the categorization of our outcomes model: internal/external to the partnership and on different levels: macro, meso and micro can provide a systematic organization of the impacts. The extent to which a partnership delivers synergistic impacts is the critical test of the collaboration. The partners need to ask: did our collaboration make a difference, to whom and how?

Following from our study the next section provides brief conclusions and suggestions for future explorations.

Table 3: Impact Assessment methodologies, adopted and compiled based a wide range of sources including: Cooperrider, Sorensen, Yaeger, & Whitnet, 2001; O’Flynn, 2010; Lim, 2010; Jorgensen, 2006;

<table>
<thead>
<tr>
<th>Type of Method</th>
<th>Description</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stories of Change (The Most Significant Change-MSC)</td>
<td>Stories of change are used to illustrate change rather than measure change</td>
<td>The method is employed to provide insights into the perceptions and expectation of stakeholders that participate in the process of evaluation. Selecting through the process stories allows expert panels to identify change/impact stories. MSC does not make use of pre-defined indicators, especially ones that have to be counted and measured. The technique is applicable in many different sectors, including agriculture, education and health, and especially in development programs. It is also applicable to many different cultural contexts. MSC has been used in a wide variety of countries by a range of organizations.</td>
</tr>
<tr>
<td>Appreciative Enquiry</td>
<td>Developing community maps visualisation and recording of changes in the lives of stakeholders</td>
<td>Used in place of the traditional problem solving approach-finding what is wrong and forging solutions to fix the problems. Appreciative Inquiry seeks what is &quot;right&quot; in an organization. It is a habit of mind, heart, and imagination that searches for the success, the life-giving force, the incidence of joy. It moves toward what the organization is doing right and provides a frame for creating an imagined future that builds on and expands the joyful and life-giving realities as the metaphor and organizing principle of the organization.</td>
</tr>
<tr>
<td>Future methods: Delphi Survey technique</td>
<td>Prediction based on experts</td>
<td>A panel of experts judges the timing, probability, importance and implications of factors, trends, and events regarding the problem in question by creating a list of statements/questions and applying ratings; next a first draft report is developed allowing for revisions based on feedback which is incorporating into the final report.</td>
</tr>
</tbody>
</table>

**EXPERIMENTAL METHODS**

<table>
<thead>
<tr>
<th>Type of Method</th>
<th>Description</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiments with randomized or matched controls</td>
<td>Comparison between the control and experimental group</td>
<td>It consists of a form of scientific experiment usually employed for testing the safety (adverse drug reactions), effectiveness of healthcare services, health technologies. Before the intervention to be studied subjects are randomly allocated to receive one or other of the alternative treatments under study. After randomization, the two (or more) groups of subjects are followed up in exactly the same way, and the only differences between the care they receive, is for example, the policy implementation of a partnership program. The method used in psychology and education. Matched subject design uses separate experimental groups for each particular treatment, but relies upon matching every subject in one group with an equivalent in another. The idea behind this is that it reduces the chances of an influential variable skewing the results by negating it.</td>
</tr>
<tr>
<td>Shadow Controls</td>
<td>Expert judgement</td>
<td></td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>A judgement of an expert is employed to assess the success of a programme. Such a design is useful when there is limited scope for a control group. The predictions (shadow controls) are followed by comparisons to the outcome data at the end of the programme. Important feedback is about the programme’s effectiveness is provided. The method is used in healthcare.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### PRACTICAL METHODS

<table>
<thead>
<tr>
<th>Outcome Measurement</th>
<th>Data collected on national in combination with mutually agreed assumptions between the partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funder and grantee co-design the program and measurement process. Experts may be consulted for advice; data is collected in house by the nonprofit organization with the assistance of the funder (technological or management). Instead of control groups, national databases may be used of comparison purposes. Most organizations appear to you this method.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impact achievement potential</th>
<th>Reliance on the grantees (nonprofit organization’s) measurement standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>The funder accepts the self-reporting claims as reliable, particularly in the case where the nonprofit organization might have available measures, demographics.</td>
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### FILLING THE GAPS & PUSHING THE FRONTIERS

We end by providing a few concluding observations and suggesting some avenues of further exploration to advance our collective knowledge. The Collaborative Value Creation Framework provided an analytical vehicle for reviewing the CSR and cross-sector collaboration literature relevant to the research question *How can collaboration between businesses and NPOs most effectively co-create significant economic and social value for society, organizations, and individuals?*

The analytical framework for Collaborative Value Creation allows for a deeper understanding of interactions that contribute to value creation. Building on earlier research, the purpose of the framework is twofold: first, it seeks to provide guidance to researchers and practitioners who would like to assess the success of their cross sector interactions in producing value. Second, it aims to promote consistency and maximize comparability between processes and outcomes of collaboration. The Collaborative Value Creation framework is a conceptual and analytical vehicle for the examination of partnerships as multi-dimensional and multi-level value creation vehicles and aims to assist researchers and practitioner to position and assess collaborative interactions. The intention of the framework is not to prescribe a fixed approach to value creation but to provide a frame for those seeking to maximize value creation across all levels of social reality. Practitioners should feel at liberty to adapt the framework to meet their particular requirements. Researchers should employ either the entire or elements of the CVC framework in order to examine the value creation spectrum, the relationship stages, partnering processes, and outcomes. The first CVC component aims to examine what are the sources of value employed by the partners, how they are used and to what effect (types of value produced); the second component aims to position partners’ cross sector interactions within the
collaboration continuum’s stages and examine the nature of the relationship according to the value descriptors (see figure 1); the third component answers the question how does the partnership processes contribute to the value co-creation of the partners on the macro-meso and micro levels. As such it identifies who is involved and how in the partnership and aims to maximize the interactive co-creation of value through processes. The final component of partnership outcomes positions the value of each partner per level of analysis to facilitate the assessment of the benefits and costs. It concludes with the examination of the outcomes and impact of partnerships in order to develop comparable mechanisms of value assessment both qualitative and quantitative.

Figure 8 presents a summary view of the Framework’s Value Creation Spectrum’s key variables (collaboration stages, value sources, value types) and how they change as partnerships evolve from sole-creation to co-creation. The underlying general hypothesis is that greater value is produced the more one moves toward co-creation.

**INSERT FIGURE 8 HERE**

**Figure 8: COLLABORATIVE VALUE CREATION SPECTRUM**

<table>
<thead>
<tr>
<th>Form</th>
<th>Sole-Creation</th>
<th>Co-Creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stages</td>
<td>Philanthropic</td>
<td>Integrative/Transformational</td>
</tr>
<tr>
<td>Resource Complementarity</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Resource Type</td>
<td>Generic</td>
<td>Distinctive Competency</td>
</tr>
<tr>
<td>Resource Directionality</td>
<td>Unilateral</td>
<td>Conjoined</td>
</tr>
<tr>
<td>Linked Interests</td>
<td>Weak/Narrow</td>
<td>Strong/Broad</td>
</tr>
<tr>
<td>Associational Value</td>
<td>Modest</td>
<td>High</td>
</tr>
<tr>
<td>Transferred Resource Value</td>
<td>Depreciable</td>
<td>Renewable</td>
</tr>
<tr>
<td>Interaction Value</td>
<td>Minimal</td>
<td>Maximal</td>
</tr>
<tr>
<td>Synergistic Value</td>
<td>Least</td>
<td>Most</td>
</tr>
<tr>
<td>Innovation Value</td>
<td>Seldom</td>
<td>Frequent</td>
</tr>
</tbody>
</table>
It is clear from the literature review that value creation through collaboration is recognized as a central goal, but it is equally clear that it has not been analyzed by researchers and practitioners to the extent or with the systematic rigor that its importance merits. While many of the asserted benefits (and costs) of collaboration rest on strong hypotheses, there is a need for additional empirical research – quantitative and qualitative, case study and survey – to produce greater corroborating evidence. There has been in recent years an encouraging uptake in research in this direction, as well as growing attention by practitioners.

The CVC Framework’s Value Creation Spectrum offers a set of variables and hypotheses in terms of sources and types of value that may help focus such research. Similarly, the models of the Partnering Processes identify multiple value determinants that merit additional study. There is a need for field-based research that documents specific value creation pathways. In all of this the focus is on the factors enhancing co-creation, particularly Synergistic Value. There is a need to demonstrate how and to what extent economic value creates social value and vice versa, whether simultaneously or sequentially. Understanding more deeply this virtuous value circle is at the heart of the paradigm change. It is hoped that such additional research will lead to further elaboration, revision, and refinement of the Framework’s theoretical construct.

In terms of the Collaboration Continuum there is a need to deepen our understanding of the enabling factors that permit collaborative relationships to enter into the Integrative and Transformational stages. Within these higher level collaborations, one needs to document how the co-creation process operates, renews, and grows. Given that these partnering forms are less common and more complex than earlier stages such as philanthropic and transactional, in-depth case studies are called for, with longitudinal or retrospective analyses required to capture the evolutionary dynamics (Koza, & Lewin, 2000). Of particular interest are the processes producing Innovation Value as a higher form of synergistic co-creation.

In the Outcomes area it was evident from the literature review that impact at the societal level is relatively neglected in terms of documentation. Perhaps because of measurement complexity and costs, there is a tendency to assume societal betterment rather than assess it specifically. Consequently, the core question of How is society better off due to the collaboration? remains underdocumented.

Collaborations do not always produce value as sometimes partners reach bad solutions, create new problems and may not solve the problems they originally aimed at addressing (Bryson et al, 2006; Austin, 2000a). The partnership literature is in the early stages of addressing issues of mapping the value creation road on different levels of analysis. The macro level benefits and costs would require longitudinal studies of groups of researchers collaborating across interrelated fields, across multiple organizations in order to capture how a direct social benefit has long term economic effects across organizations. Such research teams have not yet emerged as policy makers have also only recently demonstrated an interest in capturing impacts (ESRC, 2011). Furthermore, multi-level value assessment, i.e., introducing all three levels of analysis: organizational, individual and social is a recent focus in the literature (Seitanidi & Lindgreen, 2010). Examples include the study of the impact of social regeneration through partnership in disadvantaged communities (Cornelious & Wallace, 2010); studying the
orchestration of multilevel coordination that shapes relational processes of frame fusion in the process of value creation (Le Ber & Branzei, 2010c); addressing the reciprocal multi-level of change through the interplay between organizational, individual and social levels of reality in the stage of partnership formation (Seitanidi, Koufopoulos & Palmer, 2010). The empirical studies that aim to capture social, societal or systemic benefits (Seitanidi, 2010) employ the perceptions of organizational actors in the focal organizations without involving beneficiary voices, or if they make reference to the beneficiaries, they employ a theoretical perspective (Le Ber & Branzei, 2010a). Overcoming the existing limitations of research that focus on single organizations requires a shift in focus, means, and methods. Such changes will allow us to capture the interconnections of cross sector social interactions on multiple levels and possibly unlock the secrets to the ability of our societies to achieve positive social change intentionally in a short period of time.

Lastly, for CSR scholars there is the symmetry hypothesis that corporations must have advanced to the higher levels of CSR in order to engage effectively in the higher levels of collaborative value co-creation, with the latter being evidence of the former.

Table 4 below offers new avenues for research within each CVC component and it contributes possible research questions that cut across the different components of our value creation framework.

INSERT TABLE 4 HERE

This literature review and conceptual paper are intended to help partnership professionals think systematically about their partnerships as internal and external value creation mechanisms. What partners do and how they implement partnerships will have an impact on the micro-meso and macro levels whether or not partners are considering co-creation of value explicitly or implicitly during the partnership processes. Similarly, value creation will have an effect on the partners and society. The CVC framework we propose can improve the understanding of value creation processes in partnerships, and anticipate the outcomes of partnerships on different levels of analysis.

Given that our starting premise for this article was that value creation is the fundamental justification for cross-sector collaboration, our ending aspiration is that embedded in the minds of every collaboration scholar and practitioner be the following mandatory question: How will my research or my action contribute to the co-creation of value?
### Table 4: RESEARCH AVENUES BY CVC COMPONENT

<table>
<thead>
<tr>
<th>Collaborative Value Creation Components</th>
<th>Research Avenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component I: Value Creation Spectrum</td>
<td>Is resource complementarity dependent on organizational fit? And what are the factors that affect the resource complimentary for maximizing co-creation of value? How do generic and organization specific assets/competencies contribute to the co-creation of synergistic value? Which distinctive competencies of the organization contribute most to the co-creation of value? And how? How do different combinations of resource types across the partners produce economic and social value? What are the evolving patterns of value creation per resource type, resource directionality? How can partners link their interests with the social good? Does co-creation of synergistic economic and social value depend on the degree the interests of the partners are linked with each other and the social good? Are associational, transferred, interaction and synergistic value produced in different degrees across the collaboration continuum? What is the relationship between the different types of value produced? What is the role of tangible and intangible resources in co-creating social value? How can partners achieve value renewal?</td>
</tr>
<tr>
<td>Component II: Relationship Stages</td>
<td>How do the value descriptors associated with the nature of the relationship in the Collaboration Continuum relate to each stage of the continuum in different fields of partnerships? How can the Collaboration Continuum be associated with the evolution of appreciation of social responsibilities in organizations? What forms of cross sector social interactions can be grouped under the transformation stage of the Collaboration Continuum? What sources and types of value are associated with each stage of the Collaboration Continuum (Philanthropic, Transactional, Integrative and Transformational)? What are the key enablers of moving to each higher level of collaboration in the Continuum?</td>
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<tr>
<td>Component III: Partnering Processes</td>
<td>How can partners maximize their partnership fit potential? How do partners articulate social problems and how do they develop frames that connect them with their interests and the social good? Do partners’ motives link with their partnership strategies? How can we examine systematically the history of the partners’ interactions in time? What is the role of partnership champions before and during the partnership? Should partners reconcile their value frames, to what extent and how? How can partnership process increase the potential for co-creation of synergistic value? How can partnerships strengthen their accountability through their processes mechanisms? How can partnership processes enhance societal outcomes? How can the processes in partnerships facilitate the development of new capabilities and skills? How can processes in partnerships facilitate value renewal? How can evaluation of the partnership implementation strengthen the value creation process?</td>
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<td>How can the evaluation of partnership implementation improve the benefits for both partners but also for society?</td>
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<td><strong>Component IV: Partnering Outcomes</strong></td>
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<tr>
<td>How do partners view their own and each other’s benefits and costs from the collaboration?</td>
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<td>How is social value generated as a result of the partnership outcomes?</td>
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<tr>
<td>Do partnerships constitute intentional social change mechanisms? And how?</td>
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<td>How do the loci of value creation in partnerships interact?</td>
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<tr>
<td>Are the multiple levels of value creation interdependent and what are the links between the micro-meso and macro levels?</td>
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<tr>
<td>What is the relation between benefits and costs in partnerships?</td>
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<tr>
<td>What are the links between the social and economic value creation and the different types of benefits and costs in partnerships?</td>
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<td>What are the partnership benefits and the costs for the stakeholders? And the beneficiaries of partnerships?</td>
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<tr>
<td>How can we conceptualize the links between the benefits and costs in cross sector social partnerships?</td>
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<td>How does external value created in partnerships contribute to the socio economic value creation for the partners?</td>
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<td>How do partnerships’ direct and indirect benefits link to the different levels of value creation (macro-meso-micro)?</td>
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<td>What is the role of vision in producing socio economic value in partnerships?</td>
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<td>How can the different types of value be assessed in partnerships?</td>
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<tr>
<td>How can we develop a systematic and transparent value assessment in partnerships?</td>
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<td>How can assessment in partnerships strengthen decision making?</td>
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<td>How can indicators of value assessment in partnerships account for the different levels of value creation?</td>
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<tr>
<td>How can we connect the different points of evaluation in partnerships (process outcomes, program outcomes and impact) to strengthen value creation on different levels?</td>
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<tr>
<td>How can we assess the long term impact of partnerships? Which are the most appropriate methods to assess impact? To what extent do partnerships deliver synergistic impacts? For whom? And how?</td>
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<table>
<thead>
<tr>
<th>Overarching themes across components</th>
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</thead>
<tbody>
<tr>
<td>How and to what extent does economic value create social value and vice versa?</td>
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<tr>
<td>Is social and economic value being created simultaneously or sequentially?</td>
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<tr>
<td>Can we invent a new measure that assess multidimensional (economic-social-environmental) and multilevel (macro-meso-micro) value?</td>
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<tr>
<td>How do partnerships re-constitute value?</td>
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<tr>
<td>How can partnership function as global mechanisms of societal governance?</td>
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REFERENCES


