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Exploring Local Cross-Sector Partnership Formation: Motivational Factors

Adrian Pryce

University of Northampton

Samer Mashlah

University of Northampton

Title

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Adrian Pryce DL (Associate Professor)

Adrian.pryce@northampton.ac.uk

Dr Samer Mashlah

samer.mashlah@northampton.ac.uk

**University of Northampton
Faculty of Business & Law (FBL)
University Drive
Northampton NN15PH**

Tel 01604 892036 / 07720297402

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Summary

This paper consolidates recent literature on the background to the formation of cross-sectoral social partnerships, highlighting developments across various disciplines for organizational researchers. It explores the literature on the stages of collaboration and the motivational factors for SMEs engaging in corporate social responsibility (CSR) as a first step in the 'Collaboration Spectrum', moving from initial CSR motivations to the formation of goal-focused cross sector social partnerships, in order to understand why and how SME businesses and local non-profit organizations come together to address social issues using a Theory of Change approach.

The study proposes a systematic literature review (SLR) to address the research aims, as well as primary research to be conducted using mixed research methods, including focus groups and a survey. Initial findings show that there is still lack of empirical research/studies that have addressed the formation of cross-sectoral partnership, and what are the motivational factors for SMEs to enter into more collaborative partnerships with charities. Whilst the benefits are well-established, these do not yet translate into motives and drivers of SME engagement.

Track:

Corporate Governance

Key words:

Collaborative value creation, Cross-sector partnerships; CSR; Drivers; Motivational factors; Shared value; Social impact; Social value.

Word count: 1990 (excluding tables and references)

Introduction

According to the Partnerships Resource Centre (2012), a cross-sector partnership is ‘a collaborative effort in which parties from different societal sectors pool resources to provide solutions to (perceived) common problems’. They often address complex issues, take place under conditions of great uncertainty and bring together parties with different vocabularies, cultures, interests and strategies. These factors have not been well understood, nor have the drivers of the formation of partnerships.

Research into the potential for engagement of SMEs in transformational cross-sector social partnerships (CSSPs) at the local / community level is at a relatively early stage. In the discourse around CSR (corporate social responsibility) there is a misconception that CSR activities are only carried out by large and profitable businesses (Jansson et al 2017). They are considered to have the knowledge, understanding and resources to dedicate to charity-business partnerships.

Whilst the majority of research has focused on CSR by large companies, according to Bifeke et al, (2020) SMEs have a great role to play in terms of impact. Globally they represent about 95% of businesses and account for around 50% of both employment and GDP (OECD, 2017, United Nations 2019, World Bank 2019) so their collective impact is significant.

Cross sector collaborations are normally described in the literature as ‘non-traditional alliances’ because of their ‘complexity’ (Kanter, 1999, p. 126), inherent ‘contradictions and conflicts between incompatible objectives, ideas and values’ (Holzer, 2001, p. 9). Thus, developing a serious, critical awareness of each other’s organisations can enlighten their decisions and opportunities (Seitanidi, et al, 2010). In line with this research which aims to explore the challenges and the motives for more positive cross sector partnership formation.

For any exploration of the motives of SMEs to engage with local CSSPs, there would appear to be a need to look for the initial motives of SMEs to enter into a relationship with locally-based charities, which may evolve into a partnership that focuses on a clear goal.

The main aim of the study will focus on the following three points:

- 1. To understand the steps that lead to cross sectoral partnership formation**
- 2. To investigate the motivational factors that play a key role in the formation process**
- 3. To explore the collaboration stages and challenges and how these are understood by all stakeholders in shaping cross-sectoral partnerships**

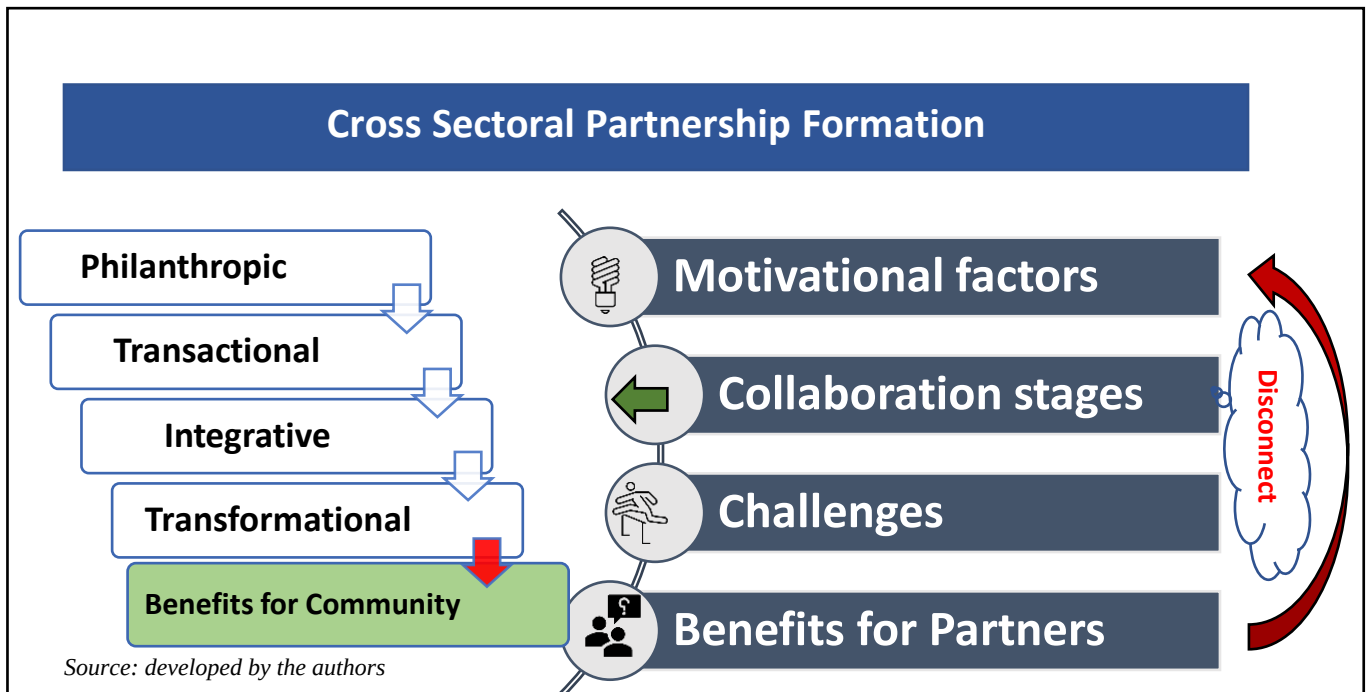
Our conceptual framework is shown as Fig 1 below.

Cross-sector partnerships

Pryce and Mashlah (2022) state that cross-sector partnerships are one of the most recent dynamic areas of research and practice within business and society relations. Over the past decade there has been an increase in the management and policy literature on cross-sector

partnerships. Austin (2000) was the first to label these alliances the collaborative concept of the twenty-first century.

Figure 1: The research conceptual framework

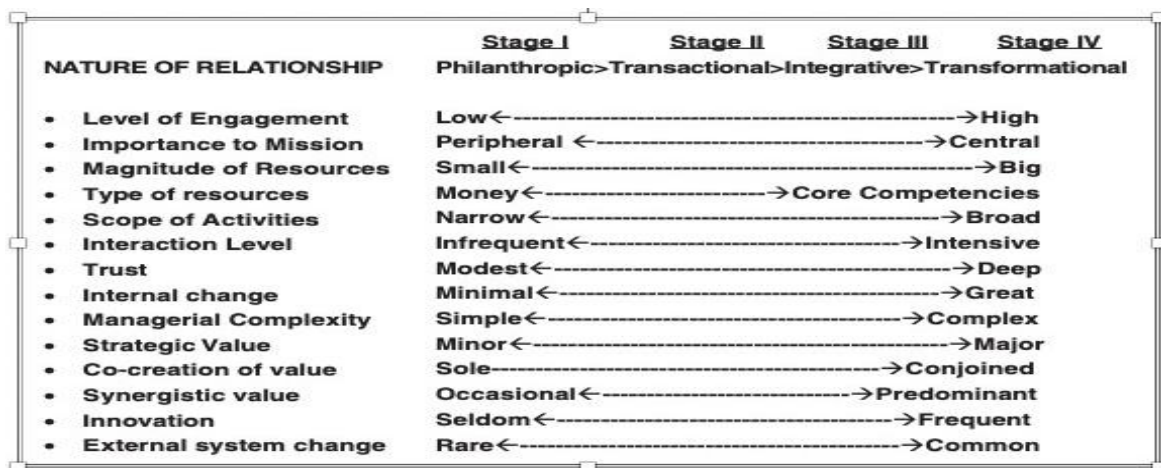


The purpose of cross-sector partnerships is to focus on economic, social and environmental problems through collaboration for greater ‘collective impact’ (Kania & Kramer, 2011) and the creation of ‘shared value’ (Porter and Kramer, 2011). Cross-sector partnerships create value and benefits for the wider community rather than for special interests of the partners.

Cross-sector social partnerships involve working towards a common goal. One of the theoretical foundations of this research is the ‘Collaborative Value Creation’ (CVC) framework proposed by (Austin & Seitanidi, 2012a). The CVC consists of four components:

- 1. The Value Creation Spectrum**
- 2. Collaboration Stages**
 - a. Philanthropic
 - b. Transactional
 - c. Integrative
 - d. Transformational

Fig 2 : The Collaboration Continuum: Source



Source: Derived from Austin, J (2000a, 2000b)

3. Partnership Process

- Formation
- Selection
- Implementation
- Design and processes
- Institutionalisation

4. Collaboration Outcomes

- Internal
- External

For the purposes of this research, the focus will be on **formation** in the partnership process, and the motives of SMEs to engage. The benefits have often been documented, and drawing on Austin and Seitanidi (2014) assessment of types of value creation, these include

- Credibility, brand reputation and legitimacy
- Media exposure and public support
- Increased stakeholder loyalty and communication
- Improved community & government relations
- Increased employee morale, reduced recruitment costs
- Better risk management

Are these actually the real drivers of SME engagement? Do benefits convert into motives? Why should business care? The growing pressure from government, suppliers, employees and customers cannot be ignored. As the Better Business Act campaign gathers momentum, a change to S.172 of the Companies Act is ever more likely. This will oblige company directors to take into account people and planet as well as profit.

Partnership formation

Primary conditions (Bryson et al., 2006), problem setting methods (McCann, 1983), coalition structure (Waddock, 1989), requirements for partnerships (Waddell and Brown, 1997) are some of the aspects the literature describes as “partnership formation” (Selsky and Parker, 2005).

Partial evidence is offered on how managers evaluate the critical stage of partnership formation (Seitanidi, et al, 2010). One of the challenges in forming the social partnership as it appears in the literature propose that managers do not participate in systematic development and preparation (Jamali and Keshishian, 2009).

Our exploration builds upon two recent literature reviews, conducted by Bifeke et al (2020) and Oduro et al (2021). Bifeke et al conducted a systematic review of 62 articles covering 2010-2019, sourced from six databases with mostly peer-reviewed papers and analysing the following factors: time distribution, geographic distribution, article type, theories, themes and methodologies. In summary the findings show

- Articles peaked in 2016 and 2017 (11 articles each)
- 42 of the 62 articles were centred on Europe, with Spain the top country (9 articles) followed by Italy (5)
- 89% were empirical, and just 11% conceptual
- Just under 44% were atheoretical, 27% referring to stakeholder theory, but no other theory above 7%
- Surveys (52%) and interviews (28%) were the most popular research methods quoted, with case studies (6%) and focus groups (2%) trailing well behind
- 55% of articles focused on CSR implementation, with motivation at 29% the 2nd most common theme, followed by CSR communication (10%)

Oduro et al, on the other hand, synthesised and summarised the literature between 1970 and 2019, reviewing 166 scholarly articles, categorizing them into journal outlets, publication trends, research methodologies, themes, geographical and sectoral distributions and theory usage. Their findings show that

- CSR research of SMEs is growing with 136 of the 166 peer-reviewed articles between 2010-2019
- The studies were predominantly Europe-centric, multi-sectoral and atheoretical
- Firm performance (financial, non-financial and both) was the most prominent theme, followed by drivers/antecedents and perception/knowledge awareness

Motivations and drivers

Seitanidi, et al (2010) stated that exploring social partnerships as change processes is key in knowing the interplay of factors and dynamics that head to social transformation possible of CSR implementation practices. Seitanidi argued that previous studies had not investigated how to identify the potential for positive social change at an early stage, before the partnership formation.

Narrowing our focus down to motivations, or drivers/antecedents, these studies highlight the business case for CSR. Mohammed (2020) writes about the business case revolving around four areas:

- Cost and risk reduction
- Competitive advantage and profit maximisation
- Reputation and legitimacy
- Synergist value creation

It is this latter factor that CSSPs seek to create, ie generating win-win outcomes by seeking out and connecting stakeholder interests and creating pluralistic definitions of value for

multiple stakeholders simultaneously. These may include value-based networks and societal learning. The review by Bifeke et al (2020) identified various factors that motivate SMEs to undertake CSR, voluntarily or otherwise, including legislation, the values of the owners as well as the pursuit of profits.

Oduro et al's review noted that pre-2000, the majority of studies examined SME's level of understanding and awareness of CSR and sustainability, but from 2010-2014 studies addressed CSR performance, drivers and perception/knowledge awareness of SMEs. Performance issues dominated the past decade, with 61 out of 66 papers.

For those articles that studied drivers, there was an even split between qualitative (15) and quantitative (16) studies. Thirteen were either theory referential (7) or theory-relational (6). Qualitative studies ranged from multiple case studies to a single case study which were undertaken using semi-structured and in-depth interviews and focus groups.

Oduro et al, (2021) discovered the following primary drivers:

- Networking, peers, family & friends
- Owners belief and values
- Legislation
- Compatibility with SMEs' strategy, culture and corporate image
- Entrepreneurialism and business citizenship
- Market forces and laws
- Concern, personal feelings, financial conditions, and religion

Other drivers include seeking competitive advantage; reputation enhancement; and eco-efficiency, better social climate, or a higher profile in the local community.

Motivational factors: intrinsic and extrinsic

These results show that both internal and external motivators drive SMEs to adopt CSR and sustainability initiatives. Following Reeder's 2012 systematic literature review, the Partnerships Resource Centre (PRC) developed a Partnership Formation Process model, making a distinction between 'issue-driven' and 'opportunity-driven' partnerships.

The issue route is based on an acceptance of a complex issue affecting society that needs multiple stakeholders to address and solve – extrinsically motivated. The opportunity approach is mostly intrinsically motivated, with a shared interest or need to solve a problem. The PRC's 2012 paper explores factors to consider in the initiation phase, such as external influences, culture, partner history.

McFarlan (1999) proposes that the objectives and characteristics of non-profits are not the same as those of for-profit organisations concerning governance. Likewise, their motives, values, and types of users are different (DiMaggio and Anheier, 1990); their goals are sometimes incompatible, particularly in the case of environmental alliances (Stafford and Hartman, 2000).

Some limitations of recent studies to address the research topic

SME's perception or awareness of CSR was reported as mixed. (Oduro et al 2021). SMEs define CSR as being responsible business operators. This is in contrast to large businesses, who define the term CSR with reference to employees, customers, community and the environment. Some of the studies covered in the Oduro's literature review reported that SMEs had either limited theoretical knowledge of CSR or were unaware of the concept, and were not reporting on their initiatives, but nonetheless were still very much engaged in social actions with their stakeholders.

Whilst we can reasonably assume that awareness of CSR has grown over the past decade, there is still some way to go for CSR to become strategic in a way that leads to understanding and creating effective transformational cross-sector partnerships between SMEs and charities.

Potential benefits for partners

Businesses often used to see CSR activities as, at best, a philanthropic good deed and at worst a cost or liability. Things have moved on – modern business-charity relationships can boost social and economic performance for both parties.

Companies have a lot to gain from working with non-profits, potentially enjoying enhanced brand reputation, increased market value and greater appeal to investors and consumer, as well as benefitting from higher employee engagement and productivity.

Our 2019 desk research undertaken for Grant Thornton on the Top 100 companies in Northamptonshire reported that only 50% of companies reported any CSR activity. Of those, only 27% had a local focus or impact. None made reference to stakeholder engagement in their annual report and accounts or website.

In their shared value concept, Porter and Kramer (2011) refer to minimising the negative externalities and maximising the positive externalities of a company's business activities. They suggest that the relationship between business and society should not treat company growth and social welfare as a zero-sum game, but that CSR should be both strategic and linked to the core business strategy.

Research methods

To address the research aims, this study will be conducted in Northamptonshire, drawing on the local business networks of the authors, employing the following research methods:

- A systematic literature review (SLR) addressing the research aims for the period 2013-23, processed through review principles considering both inclusion and exclusion criteria (see the table below) followed by paper collection review method.
- Primary research via mixed research methods including
 - Focus groups: a qualitative research method in which the researcher conducts a collective interview of typically six to eight local business owners to gain an in-depth understanding of the participants and how they perceive cross sector partnership formation, the motivational factors and the stages of collaboration.

- A survey instrument that will to be sent to 6,000 companies in Northamptonshire aiming to capture participants' understanding about cross sectoral collaborations.

The systematic literature review (SLR) will be processed through review principles considering both inclusion and exclusion criteria (see the table below) followed by paper collection review method.

Table 1 Inclusion and exclusion criteria

I/E	Criteria	Criteria explanation
Exclusion	Published Date (PD)	A paper was published before 2013 unless is accepted via a snowball process
	Search engine reason (SER)	A paper only has its title, abstract, and keywords in English but the full text is in other language expect a paper with irreplaceable contribution
	Without full text (WF)	A paper without full text to be assessed
	Non-related (NR)	NR-1: A paper is not a restricted defined academic article. For instance, conference reviews, company reports, non-academic books, business news, official report except a handful of books and conference papers with outstanding contribution NR-2: A paper is not related to research area, but is able to be found with key searching words
Inclusion	Loosely related (LR)	LR-1: The title is related to key searching words, nevertheless, the text is not on the same track, or the statement is not clear
	Partially related (PR)	PR-1: A research is related to some parts of Cross- Sectoral partnership formation in Northamptonshire location and or the UK. PR-2: A research explains the drivers and motives for forming the partnerships. PR-3: A research explains the collaborative stages in forming the Cross-sectoral partnership. PR-4: A research partially explains the role of the factors in Cross-sectoral partnership formation but the main theme is not PR-5: A research explains the impact of successful Cross-sectoral partnerships on all involved players but the main theme is not
	Closely related (CR)	Paper's research efforts are specifically and explicitly dedicated to research aim

Concluding thought - only 14% of charities say they have been able to establish long term partnerships with companies (WhatCharity 2019). The challenge appears to be for SMEs to be aware of the business benefits of closer cooperation with local charities as a driver towards partnerships.

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