



VALUE CREATION IN SUSTAINABILITY-ORIENTED CROSS-SECTOR PARTNERSHIPS IN POLITICALLY COMPLEX INSTITUTIONAL CONTEXTS

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EXTENDED ABSTRACT

Track 1: EXPLORING THE SYSTEM LEVEL

Sub-track 1.1: COLLABORATIVE BUSINESS MODELS FOR INCLUSIVE TRANSITION

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Short abstract

Business has evolved into a formidable transnational actor transcending cultural, political and societal boundaries over the last three decades. Examining business models through the prism of relationships and interdependencies reveals the intricacies of its operations and stakeholder interactions as well as the complex process of collaborative value creation. A system-level approach to understanding business models, particularly through Cross-Sector Partnerships (CSPs), becomes crucial due to the embeddedness of companies in value chains, stakeholder networks and inter-organizational collaborations. Further, such collaborative models are significantly influenced by the contexts within which they operate. This research adopts a theoretical lens of institutional logics, which shape beliefs and practices within organizations, and explores its interplay with the value creation process in CSPs operating in authoritarian states like China and Vietnam. While previous research has examined the influence of market and civil society logics, a gap remains in understanding the value creation perspective in authoritarian contexts. The research employs multiple case studies within the textile industry, and seeks to answer the guiding question: *How can cross-sector partnerships for sustainability between businesses and civil society organisations create value in authoritarian institutional contexts?* The significance of this research lies in its potential to unveil the process of value creation through CSPs in authoritarian states, contributing theoretical insights and practical guidance for multinational corporations operating in politically sensitive contexts. The findings promise to enrich our understanding of CSP dynamics and provide valuable guidance for optimizing such partnerships in challenging political terrains.

Introduction

The grand, intractable challenges of our times require an active engagement of business and a rearticulation of its very purpose. In the last 35 years, business has emerged as an important societal and transnational actor with its presence transcending cultural, geographical and societal boundaries. Such intricacies of business operations underscore the importance of examining business models through the lens of relationships and interdependencies (Steurer et al. 2005; Boons & Roome 2005). According to Freeman (2023), business is

essentially a set of relationships involving stakeholders like customers, suppliers, employees, financiers, communities, and managers. A comprehensive understanding of a business involves delving into the dynamics of these relationships, patterns that affect their interactions and how they collaboratively generate value.

Theoretical framework

A business model perspective allows for a system level orientation of business and consideration of how value is created, proposed, delivered and captured by it (Massa et al. 2016). Such systems perspective goes beyond individual organisations recognising their embeddedness in value chains, stakeholder networks and inter-organisational collaborations. An application of this approach is evident in Cross-Sector Partnerships (CSPs) between businesses and civil society organizations (CSOs) which have emerged as a crucial approach to address sustainability challenges (Selsky & Parker 2005). CSPs serve as a platform for innovating business models and expanding the horizon of business model research. Additionally, they act as vehicles to navigate evolving roles and responsibilities among government, business, and civil sectors (Googins & Rochlin 2000), resulting in transitions consisting of several system innovations. This includes innovations transcending organizational boundaries that drastically alter the relationships between companies, other institutions and individuals involved in the system such as an economic sector, societal domain or region (Rotmans 2005: 11).

Understanding the concept of value creation is central to the complex and dynamic nature of such CSPs, which can be better explained with the help of four hypotheses (Austin & Seitanidi 2012b)- (1) Greater the resource complementarity and organisational compatibility between partners, the greater the potential for co-creation of value, (2) The more partners mobilise distinctive competencies, the greater the potential for value creation, (3) The more both partners integrate their resources conjointly, greater the potential for value creation (4) 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 value. Further, the seminal work of Austin and Seitanidi (2012a) describes four different types of value resulting within and from such CSPs- associational value, transferred asset value, interaction value, and synergistic value.

While research abounds on the role and importance of CSPs in responding to the sustainability challenges of our times, what remains to be fully examined empirically is its performance and effectiveness. This gap becomes even more pronounced when considering politically sensitive contexts of authoritarian states like China and Vietnam. Furthermore, limited attention has been given to understanding the intersection between value creation and the prevailing institutional logics in authoritarian contexts.

According to Thornton, Ocasio and colleagues (1999, 2012, 2017), institutional logics are the patterns through which societal institutions, inclusive of the market, state, and civil society, shape the beliefs, behaviours, and practices of individuals and organisations. The concept recognises the coexistence of one or multiple logics within a given context, influencing how organisations operationalise sustainability initiatives (Vurro et al. 2010). This means organizations are embedded in multiple institutional logics which influence their actions (Greenwood et al. 2011; Thornton et al. 2012. Previous literature (e.g. Ashraf et al. 2017; Ahmadsimab & Chowdhury 2021) focused on the interplay of market/commercial and civil society/public good logics and how this influenced the functioning of and the value creation through CSPs. More recent research has examined the role of the authoritarian state on the functioning of CSPs (Chen 2022; Yin & Jamali 2021). However, the

value creation perspective has been left unaddressed. This is important to study as the value created through CSPs is contingent upon the compatibility and centrality of different logics (market, civil society & state logic) (Besharov & Smith 2014; Vurro et al. 2010). Our research aims to address the gap in the literature by empirically examining the role of the authoritarian state logic in value creation of CSPs.

About the research

The proposed research seeks to examine the interplay of institutional logics with the process of value creation within CSPs as a hybridized business model, operating in authoritarian contexts. Specifically, the research will address how the state logic in authoritarian regimes in China and Vietnam—defined by its hierarchical structure, centralised control, and regulatory frameworks (Yin 2020)—interacts with, and potentially reshapes value creation. To explore this, the study will employ multiple case studies—four CSPs of a multinational corporation (MNC) in the textile industry, headquartered in Europe with wide operations in China and Vietnam, partnering with several domestic and international CSOs. The two cases in Vietnam focus on labour rights at direct suppliers as well as environmental and human rights impacts in the deeper raw material supply chain. The two cases in China focus on climate change and the tracking of suppliers' environmental performance.

The data collection started in October 2023 and will be finalised in May 2024. Most important data sources are semi-structured interviews with key stakeholders engaged in the projects such as project managers and external stakeholders related to and affected by the CSPs. Data is triangulated with archival information, documentations and direct observations providing a comprehensive understanding of how CSPs create value within these unique political frameworks. The data is being analysed parallelly based on an abductive approach (Dubois & Gadde 2002). This approach will facilitate an in-depth analysis of the interrelationship between state institutional logics and CSP value creation. The guiding research question is: *How can cross-sector partnerships for sustainability between businesses and civil society organisations create value in authoritarian institutional contexts?* This question is essential to unpack the complexities that MNCs face when navigating the tightrope of state expectations, global sustainability agenda and their own organisational requirements and aspirations.

Research contribution

This significance of the research lies in its potential to elucidate the process and mechanisms through which CSPs as innovative business models, can yield sustainable value in authoritarian states, where political sensitivity and state ideology play critical roles. Beyond theoretical contributions, the findings aim to guide MNCs in similar political contexts, improving the effectiveness and sustainability of their cross-border operations. As such, it pushes the knowledge frontier of the scant research on CSPs in sensitive political contexts.

In conclusion, the research aims to dissect the intricate layers of value creation within CSPs through the lens of institutional logics, providing a novel perspective on how these partnerships can be optimised in authoritarian states. By doing so, it promises to enrich the understanding of CSP dynamics, offering insights that can inform both theory and the pragmatic realities of implementing CSR initiatives within the challenging terrains of China and Vietnam.

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