# Cross–sector Partnerships are Doomed? Not Necessarily!

by Mohamad Sadri, Angela Aristidou, Davide Ravasi | May 9, 2024 | Management Insights

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## Summary

*Why do Cross-sector partnerships (hereafter: XSPs) fail to deliver social good and what can companies and NGOs do about it? To answer these questions, we propose a framework of XSPs' different phases and theoretical perspectives and also how they each inform and interact with another. Our work,* published in the Journal of Management Studies, *helps*

*managers better understand how to avoid XSPs' failure, and deliver on their promise.*

**What are the main XSPs' phases?**

There are three *main phases in XSPs*: formation; management; value creation, dissemination and expansion. The likelihood and type of partnership formed among firms and NGOs are influenced by different factors, such as institutional and market conditions, partners' needs and values, and problem characteristics influence. In the management phase, managers try to resolve different types of conflicts (e.g., practice differences or power imbalances) through different strategies such as frame management, practice demarcation and improved monitoring. Finally, the creation and dissemination of value within XSPs can be influenced by myriad of factors e.g., partners' capabilities and experience. However, XSP outcomes can go beyond the boundaries of the partnership and its intended beneficiaries and lead to outcomes such as capability development or partnership scale up.

**Which perspectives have focused on XSPs?**

*Five dominant theoretical perspectives* have examined XSP processes: institutional, micro-economic behavior, capabilities and resources, managerial and organizational cognition, and stakeholder and social evaluations. While the institutional perspective examines various elements of the institutional context e.g., uncertainty and entry barriers, the micro-economic behavior view considers the costs involved in organizing the partnership and the ones associated with the risk of opportunistic behavior of partners and stakeholders. The resource view focuses on how partners can generate or share different types of resources and capabilities within XSPs. Finally, while the focus of the cognition perspective is on understanding the overlap and incompatibilities among identities, values, and emotions, the stakeholder perspective's main concern is the social evaluations of external stakeholders (e.g., communities,

social activists, media).

**How can researchers benefit from our study?**

We highlight the risks of overlooking complexities and their likely outcomes on understanding XSPs' failures. By uncovering the scope and range of possibilities through the cross-phase, theoretical cross-pollination, we allow researchers to select from more and more robust choices, and to avoid historical research pathways, theoretical blind spots, and the application of ill-suited theories and frameworks. What we contribute, in essence, is a diversified and pluralistic approach to the study of XSPs, which requires researchers to upskill themselves to adequately understand and synthesize perspectives and their intersections. The notion of 'theoretical interstices' which we put forward in this paper, might be generative for scholars across academic communities and interests.

**Why do managers need an integrative mindset across XSP phases/perspectives to avoid failure?**

Our work brings forward the overly complex nature of XSPs by highlighting the informative and interactive nature of perspectives about XSPs. We shed light to questions such as why certain groups/partners may being marginalized and not invited to partnerships because, e.g., managers assume choosing the right partner is a simple task that can be formed based on straightforward attributes such as resource complementarity. Since insights from such research would generate tangible implications for managers in coping with such complexities, it is also important for managers to allow themselves to embrace multidimensional views of XSPs and their insights.

**How can our framework advance policy debates about XSPs?**

We contribute to open debates and policy discussions on artificialintelligence and bigdata and how an integrative perspective on XSPs may impact these. The most prominent
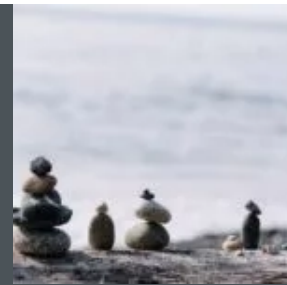
policy debate centers on the open question of whether XSPs may be rendered mandatory in certain instances, such as when the need for addressing the grand challenge is pressing. We may locate examples when mandated XSPs have generated positive outcomes by overcoming the monopolies of established dominant actors in, typically, the private sector (such as the technical, processing and talent resource advantage of technology companies in the Artificial Intelligence field) or where partnerships are 'semi-mandated' e.g., 'Ontario Health Teams' in Canada (work currently in progress and co-authored with colleague Andrew Sarta). If, however, the magnitude of the aimed 'shared good' and the urgency of the grand challenge may be theoretically leveraged to relax the voluntary assumption in XSP research, as these possibilities implicitly suggest, then we are required to first critically examine what constitutes "shared public good" and "grand challenge".

A related debate, which we propose should be central to any conversation on the future of XSPs, concerns the future of the third sector in a world where 'data' becomes a key resource. The role of "big data"-powered algorithms in transforming the public sector is celebrated and this generates new opportunities for cross-sector partnering. While moving in this new direction for XSPs, concerns are raised that the large datasets required to train algorithms are predominantly in the public and private sectors, thus rendering third sector organizations less desirable XSP partners compared to previously. In regard to large datasets of sensitive data, e.g., such as those required to co-deliver a health service, the data holders (typically the state) may not have enough evidence yet to trust third sector organizations with data access. In order to address these concerns, the third sector could self-organize to self-regulate and legitimize themselves in regard to data-rich XSPs.

**Conclusion**

Future scholarly work on XSPs and XSP managers in firms and NGOs can benefit from adopting a cross-pollinating view

on XSPs' phases and perspectives. This cross-pollination—through informing and interacting at the theoretical interstices—is critical in understanding why XSPs fail frequently because of ignoring the complexities rooted in multi-level interdependencies among different aspects of partnerships.

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He is and Assistant Professor of Strategy at Beedie School of Business and a Senior Honorary Research Fellow at UCL School of Management. He received my Ph.D. in Strategy from IE Business School in 2021 his research lies at the intersection of strategy and organization theory with a specific focus on the interactions among firms and their stakeholders. His work has been published in top management journals such as the Strategic Management Journal, Journal of Management, and Journal of Management Studies.

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# 1 Comment

**Kai R.** on 11th December 2024 at 12:00 pm

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*Your comment is awaiting moderation.*
I wish I had read this earlier.

The full manuscript is inspirational. The sections on Artificial Intelligence and the third/nonprofit sector are novel and I hope to read more of the authors' work in that direction. Great job!

**LP** on 29th May 2024 at 10:24 pm

What a meaningful piece of research! The policy implications are eye-opening

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