

Social Business Collaboration Locally and Globally: Advancing Entrepreneurial Initiatives through Cross-Sector Collaboration

Tackling social problems such as poverty, hunger, health, education, and the environment does not only require innovative approaches but also finding ways to size initiatives to the scale of the problem. Social problems are usually in a large-scale (**Introduction, Problems, Organizations, & Work, n.d.**). Solving them requires a holistic approach with the participation of several actors or stakeholders (Masri, Mohd, & Sh, 2015). They form a cluster of actors that collaborates. In the case when there are many sectors involved, collaboration becomes Cross-Sector Collaboration (CSC) (Babiak & Thibault, 2007). Collaboration will most likely include governments, commercial businesses, nonprofit organizations, foundations, education institutions and community groups. Collaboration occurs in the midrange of how organizations work on public problems (Bryson, Crosby, & Stone, 2006). Rather than working separately or fully merging their capabilities and authority, organizations in collaboration share information, coordinate activities, and share decision-making to address problems together.

A social business is defined as a a non-loss, non-dividend company designed to address a social problem. The profits are used to expand the company's reach and improve the product/service.

The first aim of social business is to achieve the social objective in a financially sustainable way. It should not give up a social objective to make profit beyond sustainability. Making profit without sacrificing social objective is welcome. Social businesses do not give dividends to the investors, all the profit is reinvested in the company for expansion and improving the quality of the product or service. (Yunus, 2010).

The principles of social business include: (1) Business objective will be to overcome poverty, or one or more problems (such as education, health, technology access, and environment) which threaten people and society. (2) Financial and economic sustainability. (3) Investors get back their investment amount only; no dividend is given beyond investment money. (4) When investment amount is paid back, company profit stays with the company for expansion and improvement. (5) Gender sensitive and environmentally conscious. (6) Workforce gets market wage with better working conditions. (7) Do it with joy.

In the search for new resources social businesses adopt strategic alliances and cross-sector collaboration as a potential survival

strategy (Millar, Choi, & Chen, 2004). Although the number of social businesses is increasing, these organizations still face several challenges such as limited networks, governance problems, and often poorly understood or misrepresented social missions. SBs deal with those issues by employing appropriate business strategies. A common strategy consists of engaging in collaboration with organizations in the private and governmental sectors. Positive effects of collaboration have been well received and embraced by entrepreneurs.

Although we know a lot about CSC, scholars suggest (Bryson et al. 2006; Selsky and Parker 2010) further research in areas such as governance, auditing the CSC, influence of geographical factors, competition within the CSC, human resources and legal requirements, running the CSC, and social business perspective. Taking the above into account, the purpose of this paper is to propose how to investigate and quantitatively analyze the dynamics of cross-sector collaboration using a stochastic modeling approach. The proposed research methodology in this paper will be based on the implication of Markov chains model and Dynamic Bayesian network models.

Cross sector collaboration

Within the CSC, two or more organizations from different sectors link or share information, resources, activities, and capabilities to jointly achieve an outcome that could not be achieved by a single organization or by organizations collaborating within one sector (Bryson et al. 2006).

This paper proposes analyzing the relationships among social businesses and different stakeholders within the CSC using the implication of hybrid model: Markov chains model and Bayesian network models. Bayesian statistics, widely used across multiple disciplines, uses historical data as a base to ascertain and estimate the value of the estimation or forecast parameters.

Markov chain model describes different states and their conditions, which together with other behaviors could form a "state space": a list of all possible states. Also, on top of the state space, a Markov chain tells the probability of hopping, or "transitioning," from one state to any other

state. Markov chains model is used to describe an experiment that is performed many times, where the outcome of each trial will be one of the several specified possible outcomes, and where the outcome of one trial depends only on the immediately preceding trial. This type of analysis makes it possible to predict behavioral patterns of the system in a past period are known. Some researchers define three types or stages: philanthropic, transactional, and integrative (Austin 2000). In the philanthropic stage, the nature of the relationship is largely that of charitable donor and recipient (Austin 2000). This characterizes most nonprofit–business relationships today, but increasing numbers are migrating to the next level. In the transactional stage, there are explicit resource exchanges focused on specific activities; for example, cause related marketing, event sponsorships, and contractual service arrangements would fall into this category (Austin 2000). Some collaborations have moved to the integrative stage in which the partners' missions, people, and activities begin to merge into more Collective Action and organizational integration (Austin 2000).

Yunus Social Business Centre as a Cross Sector Collaboration Initiator

The goal of the Yunus Social Business Centre @ Becker College (YSBC @ BC) is to educate students and the

surrounding community in addressing social problems by developing and implementing sustainable solutions which have measurable, positive social impact. We seek to combine business principles with social objectives to transform lives. Students learn to approach problems using an Agile Mindset which responds to the question: How do I develop learning agility? Through the following four components in the Agile Mindset college students and local business/community leaders can interface with various sectors in a collaborative way:

(1) Empathy (when professionals allow a deep emotional understanding of people's needs to inspire them, they unlock the creative capacity for innovation. The top 10 companies in the Global Empathy Index 2015 increased in value more than twice as much as the bottom 10 and generated 50% more earnings. Students learn to ask: How do I understand what people need and find new opportunities?

(2) Divergent thinking (the ability to both understand problems from many possible perspectives and the capacity to generate diverse potential solutions; essential for

innovation). Students learn to ask: How do I understand new problems and all the possible solutions?

(3) Entrepreneurial outlook: (not about getting a job but creating one; as Dr. Yunus asserts, "Do not be a job seeker but be a job creator.") Students learn to ask: How do I create a job or create new value as my job changes?

(4) Social and emotional intelligence (interpersonal skills used to collaborate with others) Students learn to ask: "How do I work effectively in interdisciplinary teams?"

Overall, the Agile Mindset aligns with social business theory and practice by focusing on identifying the needs in an organization or community, generating creative ways to solve those needs, turning needs into value, and working as part of a team - collaborating. Three of the top 10 skills in 2020 listed by the Future of Jobs Report, World Economic Forum, include creativity, emotional intelligence, and cognitive flexibility. Our institution has affirmed the Agile Mindset as the academic foundation that equips students to navigate change and to create value in the community, locally and globally. We have used these four components to frame our collaborative work across schools within the college and in the business and non-profit sectors. One of our global partnerships is collaboration with an orphanage in Haiti, home to 66 boys and girls. To help fulfill the mission of the orphanage vision to Raise the Next Generation of Leaders in Haiti, the YSBC launched, "Dreams: Educating the Future of Haiti" for staff living and working in Grand Goave. Eleven teachers and caregivers were accepted into a two-semester, six module (hybrid) education and training program, and received a certificate upon successful completion of module objectives. This new program complements training for staff in leadership positions at the orphanage.

Teaching modules consist of theory and practice in leadership, child and adolescent psychology, social and emotional intelligence, and learning and social competence. Social impact metrics are utilized throughout the program. This project is considered a social enterprise under the YSBC, focusing on building the social good, the common good, and addressing social issues to create positive community change. Goals of social enterprise include generating revenue to pursue a

mission (such as Be Like Brit's commitment to raising the next generation of leaders in Haiti), and the training and/or employment of people who are typically excluded from the mainstream economy (Be Like Brit staff).

The initiative aligns with Dr. Yunus' call to alleviate poverty and unemployment worldwide through education and the development of social business and social enterprise. We are committed to achieving a more prosperous, equitable and sustainable world by addressing the following United Nation's Sustainable Development Goals (SDG's):

Goal #1: No poverty

Goal #4: Quality education

Goal #8: Good jobs and economic growth

Qualitative and quantitative data were collected at the end of the program consisting of staff testimonies on how their interactions with children changed because of their learning in child development. Charts showing a decrease in the number of behavioral incidents (social and emotional) were also noted.

A second cohort consisting of 24 staff members at the orphanage will be taught the same curriculum in Creole by a Haitian instructor using a sustainable, train the trainer model beginning in September 2017.

"Teach a Man to Fish," a rural social entrepreneurship curriculum for children will be introduced to the staff in the fall and then taught to middle-school aged children at the orphanage. Children and staff will be engaged in small projects to develop entrepreneurial skills so they may be better equipped to lead a viable lifestyle as young adults. This is one example of how an educational institution, the YSBC, and a foundation collaborated to achieve maximum social impact.

Local collaborative partnerships are prevalent in our refugee/immigrant community. For example, students in our Social Business class partnered with local refugee artisans to learn about the culture, needs of families, and to assist in developing sustainable business plans to increase the sale of indigenous crafts. Our institution hosted an event, "Students and Refugee Artists Together: A Celebration of Indigenous Crafts and Social Business." The celebration

featured local refugee artisans and their crafts, a silent auction, music, dedicated art space for the artisans, and student presentations. Students continue to work on shared projects during the fall semester and to generate social businesses.

The Yunus Social Business Centre partnered with our Business Department to create a minor in Social Business and Innovation. The 18 credit minor will provide students opportunities to develop their knowledge of socially responsible business models, and the present and future roles of social innovation. The emerging field of social business and social innovation is focused on the concept of implementing business principles and practices to achieve positive social change creating new value.

The minor, based on United Nations Principles for Responsible Management Education (PRME), will equip students to assess the success and challenges of an existing social business at the local, national, or international level. Students will learn how to drive business awareness and action in support of achieving the United Nation's Sustainable Development Goals (SDG's). PRME is the UN Global Compact's initiative to transform management education, research and thought leadership globally by developing learning communities and promoting awareness about the United Nations' SDG's.

Required courses for the minor include the following: (1) Social Problems, (2) Social Business, (3) Introduction to Project Management, and (4) Social Entrepreneurship Lab.

Students may choose three courses from the following electives: (1) Global Poverty and Economic Inequality, (2) Ethics and Social Responsibility, (3) Women of the World: Health, Social Challenges, and Solutions, (4) Managing Diversity in the Workplace, (5) Small Business Management, or (6) Innovation for Sustainability. Students who complete the minor will be well-equipped to participate in student capstone projects identifying a social problem and generating a creative and sustainable solution. Examples of student work will be presented.

Our institution has partnered with the College for Social Innovation in Boston where students participate in a semester-long internship that allows them to address current social issues while developing essential skills and network that prepares them for life after graduation. Students intern four days a week with a nonprofit, social mission business or government agency. One day a week interns participate in workshops to learn social science methodology for data collection and analysis.

Another example of cross-sector collaboration is our partnership with The Talloires Network, a global coalition of engaged universities. Mobilizing their human and intellectual resources, engaged universities around the world are directly tackling community problems and social issues for the greater good. This network has grown to more than 340 member institutions in 75 countries and our college is proud to partner representing the Yunus Social Business Centre. The Talloires Network activates university professors and students to address pressing social challenges, to combat poverty and to improve public health.

The YSBC also collaborates with Action!Worcester, a non-profit with the mission to connect students and young professionals in the city to promote social responsibility driving economic and community growth. Our students and faculty have opportunities to educate local businesses on the concept of social business and to assist in promoting the social business model.

Our last example to present is our collaboration with the city's Chamber of Commerce, specifically the Worcester Business Resource Alliance. Our YSBC is currently working with local businesses in the area on the steps to starting a social business to improve the lives of residents and employees. This is one way that we can effectively navigate and collaborate with the business community via the Chamber.

New cross-sector collaboration initiatives in the fall of 2017 include the Ascentria Health Alliance and the United Way of central Massachusetts. At Ascentria, we are partnering with their New Americans Program and the micro-enterprise development program to develop entrepreneurial competencies. We share common goals with United Way's Family Stability program in reducing child poverty by 10% in 2020 and to reducing unemployment by 10% in 2020 in the area. Clearly, cross-sector collaboration is vital and critical in being able to improve the lives of those in need, rather than businesses and

nonprofits working as silos. The YSBC serves as a model and as a bridge in taking creative, compassionate and sustainable actions to solve social issues.

Factors that encourage participation in cross-sector collaboration

Partners in a CSC have different goals and incentives to enter the partnership. Antecedents will influence CSC’s extent, functioning, and sustainability. Our findings from the literature review indicate 14 motivational factors that can significantly influence CSC formation. We classify them into two groups: 1) motivational factors that apply to all CSC partners and 2) partner specific motivational factors (see Figure 1).

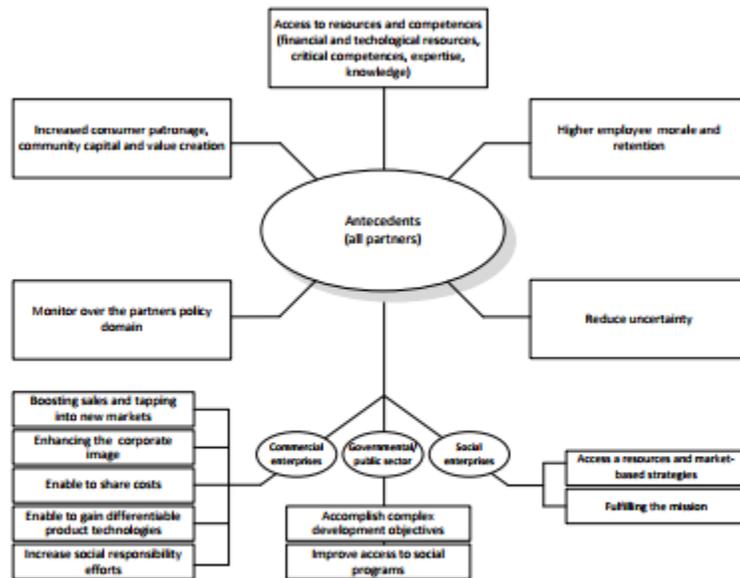


Figure 1: Cross-sector collaboration motivational factors

Based on the literature review, we found uncertainty to be one of the crucial elements where social enterprise can attract potential partners to become the members of CSC (Murphy et al. 2012). Uncertainty with CSC needs future research and attention. (NO REFERENCE LISTED FOR THIS)

Challenges of cross-sector collaboration

Relationships among different partners are complex and unpredictable. Difficulties intensify

when partners have different expectations, knowledge, cultural environment, habits and economic status. It is evident that there are multiple sources of value, and therefore collaboration motivations for each partner. Waddock (1988) noticed that members of the public, nonprofit, and private sectors often hold strong and usually negative stereotypes about each other. Defining these clearly is seen as critical (Austin, 2000). We find that in many cases, the creation of CSC is accompanied with barriers and contingencies that hinder CSC performance, sustainability, and partnership development. About factors that will affect CSC, we identify 14 major challenges that may affect the success of CSCs (Table 1).

TABLE 1: Major CSC contingencies

Contingency
Employee loyalty and morale (Selsky and Parker 2005)
Incompatible partners (Bryson et al. 2006)
Inequality of partners (Waddock 1988)
Lack of governance (Bryson et al. 2006)
Lack of innovations (Murphy et al. 2012)
Legal requirements for collaboration (McDonald and Young 2012)
Level of commitment (Waddock 1988)
Mistrust (Rondinelli and London 2003)
Non-feasible solutions (Austin 2000)
Personal relationship (Nicholls 2006)
Poor management of power imbalance and shocks (Babiak and Thibault 2007)
Timeframe (Gonzalez 2001)
To broadly or abstractly define problems (Rondinelli and London 2003)
Unclear define criteria (Gonzalez 2001)

Research finds a strong dependence of CSC on individuals (Bryson et al. 2006; Meyskens, RobbPost, et al. 2010). One especially interesting outcome is the fact that collaborations appear to be dependent on the individuals managing the partnership (Meyskens et al., 2010). In a CSC partners represent their governance style and intentions. Many social venture partnerships are based on the relationship or level of trust between individuals at different partners rather than as established relationships among the organizations themselves (Meyskens et al., 2010; Selsky,

2005; Heuer, 2011). This suggests that SEs might want to institutionalize more of their important partnerships to avoid losing or lessening important relationships that help to facilitate the creation of economic and social value (Meyskens et al., 2010).

Methodology

Stochastic modeling approach in this paper focus on the social business initiative. This research is proposing Markov chain as a foundation to evaluate cross-sector collaboration regarding their changing state across various cooperation stages, through deriving each transition probability of each stage to be combined with performance data, resulting in performance contribution of strategic partners to be discounted and totaled as the overall partner value as the key partnership indicator for many companies.

The model considers potential variability in the times at which the cross-sector collaboration will undergo transitions between the various stages of development, using a state transition method. Different cross-sector collaboration data may be incorporated into the model by defining appropriate statistical distributions for the transition descriptors, making the model flexible enough for use in a variety of applications important to all in cross-sector collaboration process involved stakeholders. Bayesian network models combine graph theory and Bayesian probability theory.

To find the answer to the research question and propositions data obtained from stochastic modeling will be summarized.

State transition model depicted in Figure 2 is based on cross-sector collaboration stage analysis and was developed to explain variability in the development of cross-sector collaboration. In the model, there are three stages: Pre-CSC, running the CSC, and post-CSC.

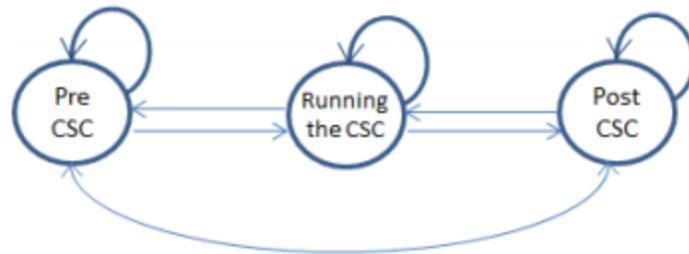


Figure 2: State transition model for CSC

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Figure 3 is the basic process flow that depicts partner relationship evaluation using Markov chain model. When evaluating partnership, we can use its previous partnership and its relationship to ascertain the partner relationship maintenance or change in the current period and future period. According to the operational definition of the transition matrix, the matrix is based on the current state, in order to derive the joint probability density function of the next state. Therefore, as long as the transition probability matrix of the strategic partner is known, it is feasible to use the current initiating state to predict behavioral states of future periods, to help companies properly evaluate partnership and its management. Using the hybrid model approach, performance of cross-sector collaboration will be analyzed on a yearly basis.

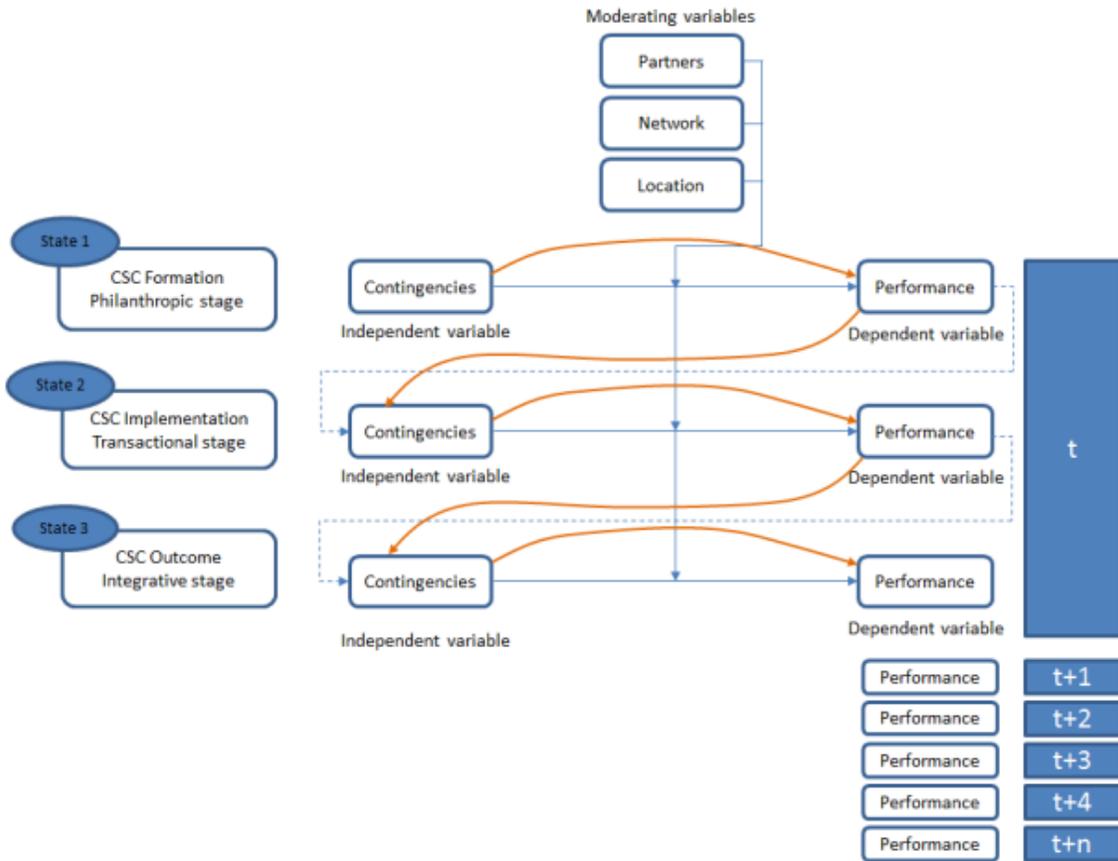


Figure 3: State transition model for CSC

Markov chain model is intended to construct partner relationship and partner value calculation because it can handle various partner states or transitions, and it can also be used to predict the uncertainty of partner relationship in the light of its future relationship with the company. Also, fuzzy theory helps deal with the problem of discrete data, such as cooperation frequency and average performance indicator, to improve effectively due to insufficient data.

Conclusion

To understand and bridge the gap between our current knowledge and research of the relationship between CSC and SB, this paper focuses on social cross sector collaboration and constraints and issues that social enterprise can confront while seeking collaboration. Our

research is concerned particularly with the role of social business presenting a leading role and/initiator in cross sector collaboration.

A central feature of our discussion is the relationship among social enterprise and its partners within a CSC. Our study indicates that performance and behavior of one partner interact other partners as well and has a strong influence on CSC performance. High-performance collaborations are about much more than giving and receiving money; they are about mobilizing and combining multiple resources and distinctive capabilities to generate benefits for each partner and social value for society (Austin 2000). We believe that future research is necessary to determine the CSC dynamics and performance determinants. During the SEs lifetime, there will be a mutual impact on governments and social enterprises. As the social enterprises will benefit from government (funding, network), governments (and local communities) will benefit from social enterprises. Influence of social enterprise on governmental policies needs more careful research in the future. Our research, based on the literature review finds a strong dependence of CSC on individuals. One especially interesting outcome is the fact that collaborations appear to be dependent on the individuals managing the partnership (Meyskens et al. 2010). In a partnership like CSC, every partner will represent their governance style and intentions. Many social venture partnerships are based on the relationship or level of trust between individuals at different entities rather than as established relationships among the organizations themselves (Meyskens et al., 2010; Selsky, 2005). We believe that further investigations are necessary to sharpen our understanding in impacting of individual factors and their relationship to CSC. To effectively capture different CSC antecedents and contingencies, future research can also tackle larger discrepancies in value logics, that is, when organizations differ in their sectorspecific frames, value chain position, organizational orientation or norms, or even national culture.

This research on CSC with the hybrid model has a potential to contribute to CSC and social entrepreneurship research in the following areas:

- predict and ascertain future CSC development through use of Markov Chain;

- measure the probability of various CSC states of transitions (formation, implementation, outcome) and uses the estimation result to measure the future value of CSC members through use of Bayesian Network; and,
- to analyze value migration path, and ascertain partner characteristics of various pathways, to further help formulate effective partner strategy with existing data on partner value and predictability of partner behavior.

Collaborations are subject to both competitive and institutional pressures that significantly affect their formation as well as long-term sustainability (Bryson et al. 2006). In particular, the formation and sustainability of cross-sector collaborations are affected by driving and constraining forces in the competitive and institutional environments (Bryson et al. 2006).

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