

# **Toward Collaborative Cross-sector Business Models for Sustainability**

Pedersen, Esben Rahbek Gjerdrum ; Lüdeke-Freund, Florian; Henrigues, Irene; Seitanidi, M. May

**Document Version** Accepted author manuscript

Published in: **Business & Society** 

DOI: 10.1177/0007650320959027

Publication date: 2021

License Unspecified

Citation for published version (APA): Pedersen, E. R. G., Lüdeke-Freund, F., Henriques, I., & Seitanidi, M. M. (2021). Toward Collaborative Cross-sector Business Models for Sustainability. *Business & Society*, *60*(5), 1039-1058. https://doi.org/10.1177/0007650320959027

Link to publication in CBS Research Portal

#### **General rights**

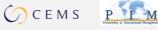
Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

Take down policy If you believe that this document breaches copyright please contact us (research.lib@cbs.dk) providing details, and we will remove access to the work immediately and investigate your claim.

Download date: 04. Jul. 2025









## Towards Collaborative Cross-Sector Business Models for Sustainability

## Esben Rahbek Gjerdrum Pedersen<sup>1</sup>, Florian Lüdeke-Freund<sup>2</sup>, Irene Henriques<sup>3</sup> and M. May Seitanidi<sup>4</sup>

- 1 Copenhagen Business School, Denmark
- 2 ESCP Business School Berlin, Germany
- 3 Schulich School of Business, York University, Canada
- 4 Kent Business School, University of Kent, United Kingdom

## Abstract

Sustainability challenges typically occur across sectoral boundaries, calling the state, market, and civil society to action. While consensus exists on the merits of cross-sector collaboration, our understanding of whether and how it can create value for various, collaborating stakeholders is still limited. This Special Issue focuses on how new combined knowledge on cross-sector collaboration and business models for sustainability can inform the academic and practitioner debates about sustainability challenges and solutions. We discuss how cross-sector collaboration can play an important role for the transition to new and potentially sustainability-driving business models given that value creation, delivery and capture of organizations are intimately related to the collaborative ties with their stakeholders. Sustainable alternatives to conventional business models tend to adopt a more holistic perspective of business by broadening the spectrum of solutions and stakeholders and, when aligned with cross-sector collaboration, can contribute new ways of addressing the wicked sustainability problems humanity faces.

## Keywords

Collaboration, cross-sector, business models, sustainability

#### The 'Wickedness' of Sustainability Challenges

Sustainability is increasingly becoming a strategic priority across industries and sectors. From a business perspective, the sustainability concept is essentially about "creating long-term value by adopting a business approach that is equally mindful of economic, social, and environmental implications" (Caprar & Neville, 2012, p. 231). The sustainability concept itself relates to a company's activities, operations and interactions with stakeholders that address a multitude of interdependent objectives at the organizational, environmental and societal levels (Hahn, Figge, Aragón-Correa & Sharma, 2017). According to a recent study by Accenture (2019), no less than 99 percent of CEOs in large companies today believe that sustainability will be important for future market success. Likewise, policy makers at all levels are increasingly addressing the sustainability agenda by introducing laws, regulations, action plans and guidelines on sustainability for business. Lastly, markets for sustainable products and services are growing, and civil society organizations and social movements have been successful in raising public awareness about sustainability challenges.

Not all the news is good, however. At the company level, it is well-known that, in practice, sustainability is not without its share of tensions, trade-offs, paradoxes, and conflicts (Kok, de Bakker, & Groenewegen, 2019; Van der Byl & Slawinski, 2015). Businesses continue to struggle with the operationalization of sustainability and face many internal and external obstacles, including limited management buy-in, insufficient knowledge and skills, lack of consumer demand, competing priorities, strict investment requirements, poor accounting systems, competitive pressures or supplier noncompliance. More generally, neither businesses nor governments are on track to delivering on their sustainability promises, let alone the

Sustainable Development Goals (SDGs) (Accenture, 2019; Sachs, Schmidt-Traub, Kroll, Lafortune, & Fuller, 2019).

The reality is that environmental issues are not all alike. Some, like certain types of waste and water pollution which originate from a specific source and can be solved by the emitter choosing to curtail such activities are tame problems. Other environmental issues such as climate change, which originate from multiple sources and cannot be reduced unless all sources agree to reduce their emissions, are wicked problems (Barnett, Henriques & Husted, 2018). Wicked problems occur within what Rittel and Webber (1973, p.160) call an open societal system where problems are ill-defined, dynamically complex, and "rely on elusive political judgment for resolution." Their wicked nature "stems not only from their biophysical complexity but also from multiple stakeholders' perceptions of them and of potential trade-offs associated with problem solving" (Batie, 2008, p.1176). Such 'wicked problems' or 'grand challenges' are large, complex, multi-dimensional challenges, which cut across boundaries, lack clear-cut solutions and cannot be solved by one actor alone (Henriques, 2018; Doh, Tashman, & Benischke, 2019; Barnett, Henriques & Husted, 2018). As noted by Austin and Seitanidi (2012a, p. 727): "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 adequately".

Wicked sustainability issues require a different approach. Unlike a tame problem where the problem and solution can be defined, solved and confined to a small group of primary stakeholders, a wicked problem is not well-defined or accepted and tensions exist between the long-term and the short-term impacts (Slawinski & Bansal, 2015). As a result, a wicked problem

requires that stakeholders to the problem co-create the knowledge necessary to bridge the resulting social, environmental, and economic tensions (Barnett, Henriques & Husted, 2018).

#### **Towards Collaborative Cross-Sector Business Models for Sustainability**

Sustainability can be analyzed from a variety of perspectives. Social and environmental transformations involve changes on all levels (products, processes, organizations, business models, sectors, fields, and ecosystems) and in all parts of society (business operations, private consumption, governmental polices). Without denying the importance of alternative analytical lenses, this Special Issue focuses on how newly combined knowledge on cross-sector collaboration and business models for sustainability can inform the debate about sustainability challenges and solutions and offer new pathways to study and implement cross-sector business models for sustainability.

There are also many good reasons to discuss alternative approaches to structuring, organizing, and managing sustainability transitions collaboratively. This Special Issue aims to explore the theoretical, conceptual and practical areas where collaborative business models can stimulate, manage and lead to outcomes that are beneficial for both business and society. Special emphasis is put on cross-sector collaboration, where business models addressing societal issues are based on partnerships between public, private and/or nonprofit actors (see e.g. McDonald & Young, 2012; van Tulder, Seitanidi, Crane & Brammer, 2016). It is assumed that such cross-sector collaborations can co-create the knowledge and momentum that is needed to deal with wicked sustainability problems. Cross-sector collaborations have the potential of providing voice to new stakeholder groups whose needs and wants are often underrepresented in conventional business-led sustainability interventions. We still know little about how, why and when multiple

sectoral actors in cross-sector collaborations for sustainability co-create value (Freudenreich, Lüdeke-Freund & Schaltegger, 2019; Schaltegger, Hörisch & Freeman, 2019).

Below we discuss how cross-sector collaboration and partnerships can play an important role in the transition to new sustainability-driven business models. Figure 1 succinctly depicts the theme of our Special Issue.

#### <Figure 1 Here>

### The Case for Cross-Sector Collaboration

The importance of cross-sector collaboration and partnership as a vehicle for sustainability transformations are widely acknowledged in practice and academia (see e.g. Accenture, 2019; Austin & Seitanidi, 2012a; Doh et al., 2019). Addressing sustainability collaboratively increases the complexity due to the involvement of multiple organizational actors and hence requires the consideration of a broader range of stakeholders, needs, and forms of value creation (Freudenreich et al. 2019; Schaltegger et al., 2019). The shortcomings of the individual sectors (state, market, civil society) combined with the systemic nature of sustainability challenges necessitate concerted and collaborative action by organizations across industries, sectors, and geographies. As noted by Accenture (2019, p. 63): "CEOs recognize that collective action is essential to driving transformation. Especially in the absence of global regulatory incentives that would force transition, coordinated effort across industries and sectors will be a key factor in building the economic foundations that create 'tipping points' for systemslevel transitions".

As such, scholarly endeavors to develop business models for sustainability almost always contain the inclusion of a broader range of stakeholders from the state, market, and civil society (Bocken, Rana, & Short, 2015; Freudenreich et al., 2019; Lüdeke-Freund & Dembek, 2017;

Yang, Evans, Vladimirova, & Rana, 2017). Transitioning to sustainability is a collaborative affair that requires considering the management and organization of the cross-sector interactions between the multiple stakeholders involved in the adapted or new business models. For instance, Colaner, Imanaka and Prussia (2018, p. 530) argue that: "Market-based solutions that ignore or minimize the important contributions that may be made by government, academia, and civil society organizations must give way to new models of collaboration across sectors".

While consensus exists on the merits of cross-sector collaboration, the literature is also well-aware of the multiple challenges emerging when organizations have to translate the rhetorical partnership aspirations into concrete projects, procedures, and day-to-day practices. Cross-sector collaboration comes in many shapes and forms, ranging from philanthropic projects to high-level partnerships with strategic, transformational potential (Austin & Seitanidi, 2012a). Moreover, the collaboration may differ over time and depend on the issues and stakeholders in question. Lastly, a variety of individual, organizational, and contextual factors can influence the planning and implementation of cross-sector collaboration (Austin & Seitanidi, 2012b). Here, more research is still needed on how to better orchestrate the bricolage of collaborations between partners representing different organizations and sectors involved in sustainability transitions.

#### **Collaborating for Sustainability**

Despite the long history of cross-sector interactions dating back to the 5<sup>th</sup> century BC (Seitanidi & Ryan, 2007), their expanding scope (local, national, global) (Gray & Stites, 2013) and continuous evolution of forms facilitating multiple types of value creation and capture (Crosby, Hart, &, Torfing, 2017; Bryson, Sancino, Benington, & Sørensen, 2017), the explicit focus on sustainability has only recently appeared in the cross-sector partnership literature. In fact, a literature search of the EBSCO database on 'partnerships for sustainability' resulted in

only 176 academic articles, the oldest published in 1993; similarly a search using 'partnerships and sustainability' resulted in 1,334 articles, of which more than 1/3 were published in the last five years. With the global adoption of the UN Agenda 2030 in 2015, we expect that research on sustainability partnerships/collaborations will continue to increase in importance and further strengthen the movement of sectorial relations toward collaborative, as opposed to complementary or confrontational relations. Such a movement will inevitably increase interdependence across organizations (Seitanidi, Ebrahim & Austin, 2020).

Nevertheless, there is significant fragmentation in the fields of the cross-sector collaboration literature (business-nonprofit; government-business; government-nonprofit; trisector partnerships) (Selsky & Parker, 2005), associated with different theoretical domains (public administration, business and management, nonprofit and social movement literatures), and journals with limited dialogue across these fields. In addition, as most empirical studies employ case studies, a significant amount of contextual detail is available. However, there is a lack of systematic comparisons across studies that would allow for rapid transferability of practices (Seitanidi & Crane, 2009) that could facilitate the conceptual development of the field. One way to address this gap is to focus on a specific high-level outcome, namely cross-sector collaborations for sustainability, and employ a secondary lens that allows for systematic comparisons, i.e. business models for sustainability. As the literature on business models focuses on value creation, flows and capture, it provides an appropriate lens to study the value creation logic of the collaborative efforts of organizations across sectors and its effects on multiple levels of analysis.

Approaching the integration of sustainability from a critical perspective there are two approaches for business to integrate sustainability: the *weak interpretation*, when local

stakeholders are excluded from determining whom or what needs to be sustained, and the *strong interpretation* that includes strategic consideration of the local context (Valente, 2012). The first is associated with limited levels of community interaction (Muthuri, Chapple, & Moon, 2009) and high instrumentalism (Banerjee, 2003), while the latter is associated with frequent interactions, integrated across multiple organizational functions (Austin, 2000) and incorporating high level of contextualization rather than one size fits all approach (Valente, 2012). Studying sustainability partnerships by employing a business model lens requires a strong interpretation of sustainability with high level of contextualization due to the integration of multiple partners and offers the possibility for systematic comparisons by studying the connections of value creation across actors, practices and social issues.

As value is no longer created in isolation by firms but in collaboration with partners (multi-sectoral partnerships, e.g. Austin & Seitanidi, 2012a, 2012b; Bryson et al., 2017) and stakeholders (multi-stakeholder initiatives, e.g. de Bakker, Rasche, & Ponte, 2019) a strong shift in the business logic of all organizations is required to systematically link economic, environmental and social opportunities to create an alignment of purpose. This means moving away from treating the tensions between the multiple logics as trade-offs (Santos, Pache & Birkholz, 2015) and viewing tensions as a source for transformational innovation for all partner organizations instead. The COVID-19 pandemic has made it painfully clear that we continue to lack efficient and effective collaborative models that can address sustainability challenges at multiple scales (Bapuji, de Bakker, Brown, Higgins, Rehbein, & Spicer, 2020).

Moving forward some key issues to consider are the criteria upon which value creation opportunities will be prioritized and by whom. Here the role of regulatory frameworks in setting the priorities and the respective accountabilities that will accrue are critical in handling our grand

challenges (Barnett, Henriques, & Husted, 2018). As the world becomes more complex addressing multiple accountabilities will no longer be discussed only within the nonprofit or hybrid organizational context (Ebrahim, Battilana, & Mair, 2014; Ebrahim, 2019) as business will be required to report to multiple partners and stakeholders.

#### The Call for Business Models for Sustainability

Originally, the business models literature was dominated by a commercial logic and focused primarily on value created for, and captured by, customers and profiteers respectively (Laasch, 2018, p. 158). However, the commercial perspective on business models fell short in capturing the concerns of a broader set of stakeholders and sustainability more generally (Freudenreich et al., 2019; Lüdeke-Freund, Carroux, Joyce, Massa & Breuer, 2018; Peric, Durkin & Vitezic, 2017). Therefore, business model thinking gradually evolved into a broader framework for analyzing the architecture of businesses' operations, value creation rationales and sustainability efforts (Lüdeke-Freund & Dembek, 2017; Pedersen, Gwozdz, & Hvass, 2018; Schaltegger, Hansen, & Lüdeke-Freund, 2016).

The need to better integrate sustainability into mainstream business model thinking has led to the formulation of alternatives, including triple bottom line business models (Joyce & Paquin, 2016), green business models (Bisgaard, Henriksen, & Bjerre, 2012), social business models (Yunus, Moingeon, & Lehmann-Ortega, 2010), shared value business models (Lüdeke-Freund, Massa, Bocken, Brent, & Musango, 2016), and flourishing business models (Upward & Jones, 2016). There is a growing literature on closed-loop and circular business models which break with the linear take-make-dispose logic of conventional business models by looking at value creation, value delivery, and value capture throughout the product lifecycle and the stakeholders involved in these activities (Aguiñaga, Henriques, Scheel, & Scheel, 2018; Kortmann & Piller, 2016; Linder & Williander, 2017; Pedersen, Earley & Andersen, 2019; Stål & Corvellec, 2018).

Sustainable alternatives to conventional business models adopt a more holistic perspective of business, which broaden the understanding of stakeholders and value creation (economic, social, and environmental) (Bocken, Rana, & Short, 2015; Lüdeke-Freund et al., 2018; Pedersen et al., 2018; Schaltegger et al., 2016). Embracing the resulting complexity from considering multiple stakeholders and multiple forms of value creation simultaneously is an important stepping stone towards collaborative approaches to developing and managing organizations around shared purposes. Here, research on cross-sector collaborations and business models for sustainability shows a potential overlap in terms of the phenomena that are being studied – namely the nature and outcomes of multi-stakeholder settings. In addition, it is well known that short-termism can be detrimental for sustainability efforts within and between organizations (Colaner et al., 2018; Slawinski & Bansal, 2015; Slawinski, Pinkse, Busch, & Banerjee, 2017). Therefore, the need to adopt a long-term perspective is sometimes discussed as an integrated part of business model thinking. For instance, Geissdoerfer, Vladimirova, and Evans (2018, p. 713) argue that business models for sustainability "aim at solutions for sustainable development by creating additional monetary and non-monetary value by the proactive management of multiple stakeholders and incorporate a long-term perspective". It follows that multi-stakeholder, cross-sector collaborative business models aiming at sustainable value creation face the challenge of aligning differing perceptions of time. So-called temporal tensions that occur between different stakeholders must be considered and managed.

What remains underexplored in current discussions on business models for sustainability are collaborations and partnerships which tie the multiple stakeholders (such as suppliers,

customers, universities, civil society organizations and government) together and make up the business models. While the integration of multiple stakeholders through broader conceptions of business models and value creation is a recurrent theme found in the literature (Dentchev et al., 2018; Lüdeke-Freund & Dembek, 2017) – some even argue that it is the characterizing feature of business models for sustainability – its theoretical underpinnings, insightful cases, and problems of this integration are hardly studied. Examining the possibilities and limitations of cross-sector collaboration motivating, and being motivated by, business models for sustainability is crucial for understanding the available means to facilitate sustainability transformations on different levels of business and society (Breuer & Lüdeke-Freund, 2017; Kurucz, Colbert, Lüdeke-Freund, Upward, & Willard, 2017). As noted by Rohrbeck, Konnertz and Knab (2013, p. 4): "sustainability innovations are characterized by a systemic nature and require that multiple organisations act in an orchestrated fashion." For instance, it is hard to imagine circular business models without an element of collaboration, where stakeholders can sometimes play multiple roles (Gassman, Frankenberger, & Csik, 2014; Geissdoerfer et al., 2018; Pedersen & Netter, 2015). Whether circularity is about making better use of materials, increasing the functional life of products, or stimulating smarter consumption and manufacturing practices, the development of business models around these ideas will often require collaboration between various stakeholders (material suppliers, recycling organization, public bodies, communities etc., e.g. Aguiñaga et al., 2018; Kirchherr, Reikem, & Hekkert, 2017; Lüdeke-Freund, Gold, & Bocken, 2019). The same should hold for further trends in re-organizing business and other social activities that we are currently witnessing (e.g., sharing platforms, moving from physical products to digital services, the impact of global developments such as urbanization on local

communities etc.). Therefore, aligning cross-sector collaboration with business models for sustainability can be one way of dealing with the wicked sustainability problems humanity faces.

#### Articles in the Special Issue

This Special Issue is made up by five papers addressing the intersection between crosssector collaboration, business model thinking, and sustainability. Individually and collectively, the contributions advance our knowledge about collaborative efforts to create, deliver, and capture value for business and society. The contributions also reflect a number of broader research trends relevant to the intersection between the means – cross-sector collaboration, the logic - business models, and the aspired outcome – sustainability. The contributions in the Special Issue offer support to the pressing need to move systematically beyond the study of individual organizations and look at *broader collectives of organizations* across sectors and the wider institutional conditions in order to address sustainability challenges. Moreover, addressing multiple organizations, sectors, and levels of analysis also highlights the need for exploring the *boundaries* of existing conceptualizations regarding cross-sector collaboration, business models, and sustainability. Lastly, the contributions demonstrate the complexity of sustainability challenges and solutions. The multiple paradoxes and tensions demonstrate the necessity of collaborative forms of organizing, but only if coupled with re-thinking the *logic for sustainability transitions* between actors, processes, and results to achieve at speed sustainable solutions.

Oskam, Bossink and de Man's (2020) paper "Valuing Value in Innovation Ecosystems: How Cross-Sector Actors Overcome Tensions in Collaborative Sustainable Business Model Development" studies innovation ecosystems consisting of cross-sector partners pursuing sustainability goals. The authors identify three tensions that can occur as these partners engage in joint business model development: value creation vs. value capture, mutual value vs. individual

value, and gaining value vs. losing value. By building on a comparative, multiple case study the article sheds light on how these tensions can be resolved. The authors introduce the notion of 'valuing value' that describes the discovery process through which cross-sector partners search for agreement about the kind of environmental, social, and economic value they want to create, how to share this value, and thereby how to satisfy each partner's interests. Two patterns of valuing value are identified, called 'collective orchestration' and 'continuous search.' The notion of valuing value offers a new analytical lens through which tensions between cross-sector partners related to sustainable business model development can be systematically analyzed and understood in detail.

The paper by DiVito, van Wijk and Wakkee (2020) on "*Exploring governance mechanisms and collaborative value creation: a case study of a cross-sectoral collaboration in the apparel industry*" employs a process perspective focusing on how governance mechanisms in cross-sectoral collaborations (CSCs) for sustainability affect value creation and capture in the textile industry. The paper provides a dynamic understanding of governance in CSCs for sustainability, arguing that the co-evolution of collaborative tensions and governance mechanisms is a key characteristic of CSCs and hence managing governance tensions is the CSC's raison d'etre for value creation and capture. The notion of CSC business models is articulated in the study by revealing the interconnection between the different levels of action and the evolution of value creation and capture, seen as a system, operating predominately for private value capture with social value resulting from spills over to other industry actors and society. Significantly the authors remark that although value creation takes place on the collective level and within the boundaries of the collaboration, value capture occurs on the private level and outside of the boundaries of CSCs.

Mato-Santiso, Rey and Felgueiras's paper (2020) "*Transitioning collaborative crosssector business models for sustainability innovation*" examines the institutional and interorganizational tensions unfolding in the 1990-2019 development of Spanish home telecare, which involved government, businesses, non-profits and informal actors. The case study shows that tensions linked to collaborative, cross-sector business models for sustainability can have multiple origins, address multiple issues, and touch upon multiple levels and actors. Therefore, the management of tensions is considered as a dynamic capability that can be instrumental in the successful transition of collaborative cross-sector business models, which are seen as "shifting geometries" rather than "deliberate architectures".

Ordoneze-Ponce, Clarke and Colbert's (2020) quantitative study on "*Collaborative sustainable business models: Understanding organizations partnering for community sustainability*" adopts a resource-based perspective to examine the value drivers of joining a partnership, the structural features of partnership implementation and the partners' perceptions of value of outcomes obtained during the partnership. The paper suggests that partners value intangible sustainability, human and organizational resources for learning and contributing to society's sustainability progress. As such the study contributes to the understanding of perceived partnership value for partner organizations, the perceived value created and captured, and perceived value of structural features.

Finally, Dentoni, Pinkse and Lubberink's (2020) contribution is entitled "*Linking* sustainable business models to socio-ecological resilience through cross-sector partnerships." The paper adopts the Complex Adaptive Systems (CAS) perspective as a conceptual lens to discuss how cross-sector partnerships can contribute to sustainable business models and their impact on the socio-ecological systems. The authors develop a framework outlining the key

strategic, institutional and learning dimensions supporting sustainable business models in bringing about socio-ecological resilience.

In order to situate each paper within the triple-focus of the Special Issue (Figure 1), we read each paper to determine and asses the position of each paper's main contributions (Figure 2). The papers by Oskam, Bossink, and de Man's (2020) and Dentoni, Pinkse, and Lubberink (2020)'s main contributions focused on the sustainability and business model innovation nexus. Mato-Santiso, Rey and Felgueiras' (2020) and DiVito, van Wijk, and Wakkee's (2020) main contributions rested on the business model innovation and cross-sector collaboration nexus. Finally, Ordoneze-Ponce, Clarke, and Colbert's (2020) main contributions focused on the sustainability and cross-sector collaboration nexus. As all papers spoke to sustainability, business model innovation, and cross-sector collaboration, they were all positioned within the triangle rather than on a single tangent. Interestingly their contributions lean towards two of the areas of the Special Issue, indicating that we are on the path to business sustainability, but we have yet to arrive at a generative combination of all three areas. Moreover, all papers follow distinct approaches to dealing with the overall Special Issue theme, making them lean a bit more towards one or another tangent (Figure 2). Seen this way, each paper can also be read as an inspiration for future research with stronger emphasis on either sustainability, business model, or cross-sector collaboration. Nevertheless, while such specialization is part of the incremental scientific progress, we should strive to develop a more integrative perspective encompassing all three areas to develop strong sustainability solutions that address successfully the wickedness of sustainability challenges.

## <Figure 2 Here>

#### Avenues for Future Research on Cross-Sector Business Models for Sustainability

This Special Issue offers various new empirical and theoretical perspectives on the phenomenon of cross-sector business models for sustainability. As discussed above, the five papers present various new cases, theoretical approaches, and new concepts and frameworks to better understand this phenomenon. Critically and constructively reviewing the Special Issue papers suggest some interesting research gaps and thus avenues for future research.

A general observation is that the business model concept itself is not always used in much detail, for example, in terms of the exact business model designs and related value creation logics applied by the involved actors. While we learn a lot about value creation in cross-sector partnerships, we lack a detailed understanding of the business model designs resulting from these partnerships or making these partnerships possible at all. Hence, an interesting question for future research is: *What types of business models are applied in cross-sector settings*? Identifying and comparing these to traditional, sector-specific business models would increase our understanding of specific collaborative designs and provide better guidance for the practical development of business models that allow organizations to enter fruitful cross-sector partnerships for sustainability.

Furthermore, diverging interests between cross-sector partners create various tensions in processes of environmental, social, and economic value creation. While collaborative business model development is a promising approach to resolve these tensions, other approaches and instruments may be required to deal with those tensions that cannot be solved by developing new business models, or that may even result from these. Possible avenues for future research may include question such as: *What can we learn from the cross-sector literature about approaches* (e.g., collaborative business development, multi-stakeholder business development) and

*instruments* (e.g., *futures workshops, scenario planning, business model design) that complement collaborative business model design as a means to resolve tensions between cross-sector partners?* Such research could lead to new methodologies and designs from various disciplines and perspectives that could add to our management 'toolbox'.

Future studies could also embrace an actor-perspective and study the role and capabilities of internal as well as external actors, including the role of orchestrators, the availability or absence of skills to deal with tensions, positive and negative emotions and their impact on the development of trust and commitment across key collaboration constituents. Furthermore, examining the interface between actors, operations and problems will allow for systematic comparisons that will hopefully reveal successful patterns of value creation for society within sustainability problem domains, which remains a significant gap in the literature. Shifting between private and collective value creation might be one of the future capabilities, not only for individuals but also for organizations and systems, i.e. developing 'value creation ambidexterity' to address multiple sustainability challenges as a core organizational capability that has the potential to safeguard human and organizational survival, as demonstrated during the COVID-19 pandemic. We suggest 'value creation ambidexterity' as a generative term that could be understood as the organizational capability that encompasses economic value for the organization, ecological value for the environment and social value for society. Adding to the aforementioned questions, we can ask: How can multi-sectoral actors manage value creation tensions stemming from their different value priorities?

Although larger collectives of value creation are currently being examined, the scale required for addressing sustainability challenges will call for unprecedented large system-scale collaboration that humanity has not yet developed. At this massive scale, the value of resources

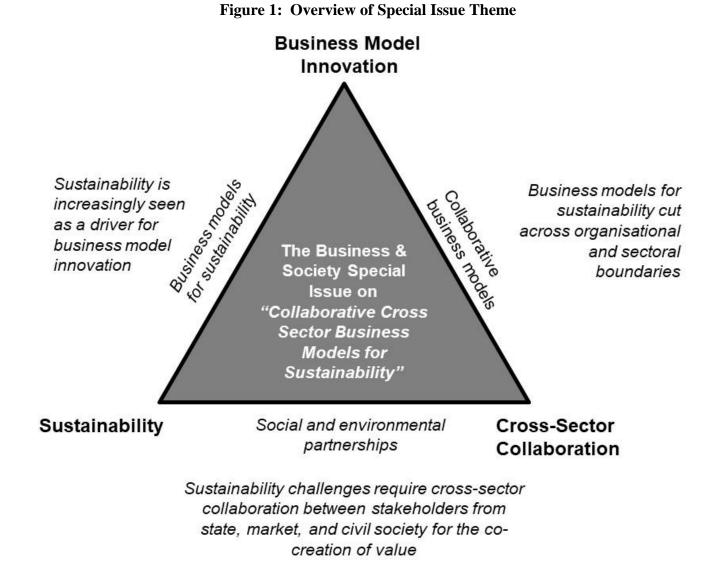
might significantly shift and hence tensions may no longer dominate the process of value creation, if collaborative business models are purposefully developed to address the central challenge of our planet's survival. In this scenario, we hope that this Special Issue would have made a contribution calling for the alignment of collaborative cross-sector business models for sustainability.

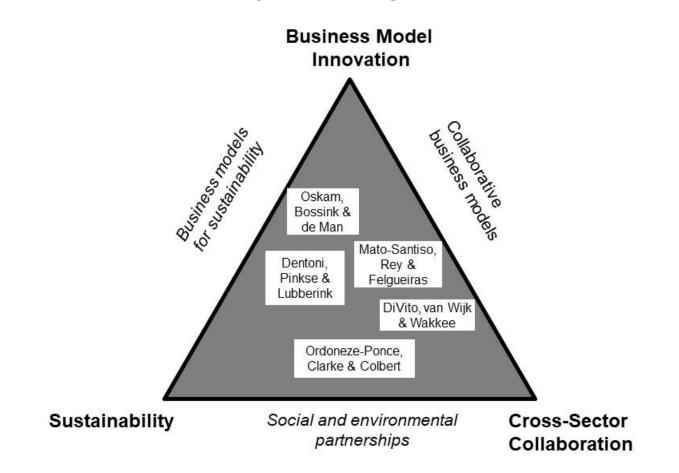
## **Declaration of Conflicting Interests**

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

## Funding

The authors received no financial support for the research, authorship and/or publication of this article.





**Figure 2: Focus of Papers within Theme** 

## References

Accenture (2019). *The Decade to Deliver: A Call to Business Action: UN Global Compact-Accenture Strategy 2019 CEO Study*. <u>https://www.accenture.com/\_acnmedia/PDF-</u> <u>109/Accenture-UNGC-CEO-Study.pdf#zoom=50</u>

Aguiñaga, E., Henriques, I., Scheel, C., & Scheel, A. (2018). Building Resilience: A Selfsustainable Community Approach to the Triple Bottom Line. *Journal of Cleaner Production*, 173: 186-196.

Austin, J. E. (2000). Strategic Collaboration Between Nonprofits and Businesses. *Nonprofit and Voluntary Sector Quarterly*, 29: 69–97.

Austin, J. E., & Seitanidi, M. M. (2012a). Collaborative Value Creation: A Review of Partnering Between Nonprofits and Businesses: Part I. Value Creation Spectrum and Collaboration Stages. *Nonprofit and Voluntary Sector Quarterly*, 41(5): 726–758.

Austin, J. E., & Seitanidi, M. M. (2012b). Collaborative Value Creation: A Review of Partnering Between Nonprofits and Businesses. Part 2: Partnership Processes and Outcomes. *Nonprofit and Voluntary Sector Quarterly*, 41(6): 929–968.

Banerjee, S. B. (2003). Who sustains whose development? Sustainable development and the reinvention of nature. *Organization Studies*, 24(1): 143-180.

Bapuji, H., de Bakker, F. G. A., Brown, J. A., Higgins, C., Rehbein, K., & Spicer, A. (2020). Business and Society Research in Times of the Corona Crisis. *Business & Society*, 59(6): 1067–1078.

Barnett, M., Henriques, I., & Husted, B. W. (2018). Governing the void between stakeholder management and sustainability. *Advances in Strategic Management*, 38: 121-143.

Batie, S. S. (2008). Wicked problems and applied economics. *American Journal of Agricultural Economics*, *90*(5): 1176–1191.

Bisgaard, T., Henriksen, K., & Bjerre, M. (2012). *Green Business Model Innovation -Conceptualisation, Next Practice and Policy*. Oslo: Nordic Innovation.

Bocken, N. M. P., Rana, P., & Short, S. (2015). Value mapping for sustainable business thinking. *Journal of Industrial and Production Engineering*, 32: 67-81.

Breuer, H., & F. Ludeke-Freund. (2017). Values-based network and business model innovation. *International Journal of Innovation Management*, 21(3): 1-35.

Bryson, J., Sancino, A., Benington, J., & Sørensen, E., (2017). Towards a multi-actor theory of public value co-creation. *Public Management Review*, 19(5): 640–654.

Caprar, D. V., & Neville, B. A. (2012). "Norming" and "conforming": Integrating cultural and institutional explanations for sustainability adoption in business. *Journal of Business Ethics*, 110: 231-245.

Colaner, N., Imanaka, J. L., & Prussia, G. E. (2018). Dialogic collaboration across sectors: Partnering for sustainability. *Business and Society Review*, 123 (3): 529–564.

Crosby, B. C., Hart, P. T., & Torfing. J. (2017). Public Value Creation through Collaborative Innovation. *Public Management Review*, 19(5): 1–15.

de Bakker, F.G., Rasche A., Ponte S. (2019) Multi-stakeholder initiatives on sustainability: a cross-disciplinary review and research agenda for business ethics. *Business Ethics Quarterly*, 29(3):1–41.

Dentchev, N., Rauter, R., Jóhannsdóttir, L., Snihur, Y., Rosano, M., Baumgartner, R., Nyberg, T., Tang, X., van Hoof, B., & Jonker, J., (2018). Embracing the variety of sustainable business models: A prolific field of research and a future research agenda. *Journal of Cleaner Production*, 194: 695–703.

Doh, J., Tashman, P., & Benischke, M. H. (2019). Adapting to grand environmental challenges through collective entrepreneurship. *Academy of Management Perspectives*, 33(4): 450-468.

Ebrahim, A. (2019). *Measuring Social Change: Performance and Accountability in a Complex World*. Stanford: Stanford University Press.

Ebrahim, A., Battilana, J., & Mair, J. (2014). The governance of social enterprises: Mission drift and accountability challenges in hybrid organizations. *Research in Organizational Behavior*, 34: 81–100.

Freudenreich, B., Lüdeke-Freund, F., & Schaltegger, S., (2019). A stakeholder theory perspective on business models: Value creation for sustainability. *Journal of Business Ethics* online first 08 February 2019. 10.1007/s10551-019-04112-z.

Gassmann O., Frankenberger K., Csik M. (2014) Revolutionizing the Business Model. In: Gassmann O., Schweitzer F. (eds) *Management of the Fuzzy Front End of Innovation*. Springer, Cham.

Geissdoerfer, M., Morioka, S. N., de Carvalho, M. M., & Evans, S. (2018). Business models and supply chains for the circular economy. *Journal of Cleaner Production*, 190: 712-721.

Geissdoerfer, M., Vladimirova, D., & Evans, S. (2018). Sustainable business model innovation: A review. *Journal of Cleaner Production*, 198: 401–416.

Gray, B., & Stites, J. (2013). *Sustainability through partnerships. Capitalizing on collaboration*. Network for business sustainability, case study.

Hahn, T., Figge, F., Aragón-Correa, J. A., & Sharma, S. (2016). Advancing research on corporate sustainability. *Business & Society*, 56(2): 155-185.

Henriques, I. (2018). Addressing wicked problems using new business models. *Economic Alternatives*, 4: 463-466.

Joyce, A., & Paquin, R. L. (2016). The triple layered business model canvas: A tool to design more sustainable business models. *Journal of Cleaner Production*, 135: 1474–1486.

Kirchherr, J., Reike, D., & Hekkert, M. (2018). Conceptualizing the circular economy: An analysis of 114 definitions. *Resources, Conversation & Recycling*, 127: 221-232.

Kok, A. M., de Bakker, F. G. A., & Groenewegen, P. (2019). Sustainability struggles: Conflicting cultures and incompatible logics. *Business & Society*, 58(8): 1496–1532.

Kortmann, S., & Piller, F. (2016). Open business models and closed-loop value chains: Redefining the firm-consumer relationship. *California Management Review*, 58(3): 88-108.

Kurucz, E. C., Colbert, B. A., Lüdeke-Freund, F., Upward, A., & Willard, B. (2017). Relational leadership for strategic sustainability: practices and capabilities to advance the design and assessment of sustainable business models. *Journal of Cleaner Production*, 140: 189-204.

Laasch, O. (2018). Beyond the purely commercial business model: Organizational value logics and the heterogeneity of sustainability business models. *Long Range Planning*, 51: 158-183.

Linder, M., & Williander, M. (2017). Circular business model innovation: inherent uncertainties. *Business Strategy and the Environment*, 26: 182–196.

Lüdeke-Freund, Carroux, S., Joyce, A., Massa, L., & Breuer, H. (2018). The sustainable business model pattern taxonomy – 45 Patterns to support sustainability-oriented business model innovation. *Sustainable Production and Consumption*, 15: 145-162.

Lüdeke-Freund, F., & Dembek, K., (2017). Sustainable business model research and practice: Emerging field or passing fancy? *Journal of Cleaner Production*, 168: 1668–1678.

Lüdeke-Freund, F., Gold, S., & Bocken, N. M. P. (2019). A review and typology of circular economy business model patterns. *Journal of Industrial Ecology*, 23(1): 36-61.

Lüdeke-Freund, F., Massa, L., Bocken, N., Brent, A., & Musango, J. (2016). *Business Models for Shared Value - Main Report*. Cape Town: Network for Business Sustainability - South Africa.

McDonald, S., & Young, S. (2012) Cross-sector collaboration shaping Corporate Social Responsibility best practice within the mining industry. *Journal of Cleaner Production*, 37: 54-67.

Muthuri, J., Chapple, W., & Moon, J. (2009). An integrated approach to implementing "community participation" in corporate community involvement: Lessons from Magadi Soda Company in Kenya. *Journal of Business Ethics*, 85: 431-444.

Peric, M., Durkin, J., & Vitezic, V. (2017). The constructs of a business model redefined: A half-century journey. *Sage Open*: 1-13.

Pedersen, E., Earley, R., & Andersen, K. (2019). From singular to plural: exploring organizational complexities and circular business model design. *Journal of Fashion Marketing and Management*, 23(3): 308-326.

Pedersen, E. R. G., Gwozdz, W., & Hvass, K. K. (2018). Exploring the relationship between business model innovation, corporate sustainability, and organizational values within the fashion industry. *Journal of Business Ethics*, 149(2): 267–284.

Pedersen, E. R. G., & Netter, S. (2015). Collaborative consumption: Business model opportunities and barriers for fashion libraries. *Journal of Fashion Marketing and Management*, 19(3): 258–273.

Rittel, H. W. J., & Webber, M. M. (1973). Dilemmas in a general theory of planning. *Policy Sciences*, 4(2): 155–169.

Rohrbeck, R., Konnertz, L., & Knab, S. (2013). Collaborative business modelling for systemic and sustainability innovations. *International Journal of Technology Management*, 63(1/2): 4-23.

Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., & Fuller, G. (2019). *Sustainable Development Report 2019*. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN).

Santos, F. M., Pache, A.-C., & Birkholz, C. (2015). Making hybrids work: Aligning business models and organizational design for social enterprises. *California Management Review*, 57: 36–58.

Schaltegger, S., Hansen, E. G., & Lüdeke-Freund, F. (2016). Business models for sustainability: Origins, present research, and future avenues. *Organization & Environment*, 29(1): 3–10.

Schaltegger, S., Hörisch, J., & Freeman, R. E. (2019). Business cases for sustainability: A stakeholder theory perspective. *Organization & Environment*, 32(3): 191-212.

Seitanidi, M. M., & Crane, A. (2009). Implementing CSR through partnerships: Understanding the selection, design and institutionalisation of nonprofit-business partnerships. *Journal of Business Ethics*, 85, 413-429.

Seitanidi, M. M., Ebrahim, A., & Austin, J. E. (2020). Civil society-business relations. In: List, R. A., Anheier, H. K., & Toepler, S. (Eds.). *International Encyclopedia of Civil Society*. Springer.

Seitanidi, M., & Ryan, A. (2007). A critical review of forms of corporate community involvement: from philanthropy to partnerships. *International Journal of Nonprofit & Voluntary Sector Marketing*, 12(3), 247-266.

Slawinski, N., & Bansal, P. (2015). Short on time: Intertemporal tensions in business sustainability. *Organization Science*, 26(2): 531–549.

Slawinski, N., Pinkse, J., Busch, T. & Banerjee, S. B. (2017). The role of short-termism and uncertainty avoidance in organizational inaction on climate change: A multi-level framework. *Business & Society*, 56(2): 253-282.

Stål, H.I., & Corvellec, H. (2018). A decoupling perspective on circular business model implementation: Illustrations from Swedish apparel. *Journal of Cleaner Production*, 171: 630-643.

Selsky, J. W., & Parker, B. (2005). Cross-sector partnerships to address social issues: Challenges to theory and practice. *Journal of Management*, 31(6): 849-873.

Upward, A., & Jones, P. (2016). An ontology for strongly sustainable business models: Defining an enterprise framework compatible with natural and social science. *Organization & Environment*, 29(1): 97–123.

Valente, M. (2012). Theorizing firm adoption of sustaincentrism. *Organization Studies*, 33(4): 563-591.

Van der Byl, C. A., & Slawinski, N. (2015). Embracing tensions in corporate sustainability: A review of research from win-wins and trade-offs to paradoxes and beyond. *Organization & Environment*, 28(1): 54-79.

Yang, M., Evans, S., Vladimirova, D., & Rana, P. (2017). Value uncaptured perspective for sustainable business value innovation. *Journal of Cleaner Production*, 140: 1794-1804.

Yunus, M., Moingeon, B., & Lehmann-Ortega, L. (2010). Building social business models: Lessons from the Grameen experience. *Long Range Planning*, 43: 308–325.

#### **Author Biographies**

**Esben Rahbek Gjerdrum Pedersen** (PhD, Copenhagen Business School) is Professor in Responsible Management and Organisation at Copenhagen Business School. His research focuses mainly on the operationalization of new business models and management ideas, including corporate social responsibility, circular economy, non-financial performance measurement and lean management. The results from his research have been published in a wide range of academic journals, including *Journal of Business Ethics, Journal of Cleaner Production, Management Decision*, and *International Journal of Operations and Production Management*. He serves at the boards of the Foundation for Innovation and Business Promotion (FIERS) and the Foundation for Mental Health.

Florian Lüdeke-Freund (PhD, Leuphana University) is a Professor for Corporate Sustainability at ESCP Business School, Berlin, Germany. He holds ESCP's Chair for Corporate Sustainability and serves as European Academic Director of the MSc in Sustainability Entrepreneurship and Innovation. He is a Research Fellow at ESCP's SustBusy Research Center and Leuphana University's Centre for Sustainability Management (CSM), and was a Visiting Scholar at Copenhagen Business School and the universities of St. Gallen and Stellenbosch. His research on corporate sustainability management, sustainable entrepreneurship, sustainable business models, and values-based innovation is regularly published in various journals including *Journal of Business Ethics, Organization & Environment, Journal of Industrial Ecology,* and *Business Strategy and the Environment.* 

**Irene Henriques** (PhD, Queen's University) is a Professor of Sustainability and Economics at the Schulich School of Business, York University in Toronto, Canada. She is a Distinguished Visiting

Star Professor at the EGADE Business School, Tecnológico de Monterrey, Mexico and former coeditor of *Business & Society*. Her research interests span economics, stakeholder management and sustainability. She has published numerous articles in leading economic and management journals including the *American Economic Review*, *Academy of Management Journal*, *Journal of Management Studies*, *Journal of Management* and *Strategic Management Journal*.

**M. May Seitanidi** (PhD, University of Nottingham) is a Reader in Strategy at Kent Business School, University of Kent, UK. She is a Visiting Professor in CSR at LUISS Business School, in Rome, Italy and former Editor of *The Annual Review of Social Partnerships (ARSP)*. Her research interests focus on the enabling conditions, governance processes and outcomes of cross-sector social interactions, (philanthropy, socio-sponsorship and social partnerships) in addressing complex social issues. She has published three books on partnerships and has published in academic journals including the *Journal of Business Ethics, Nonprofit Voluntary Sector Quarterly, Corporate Reputation Review, Management Decision, International Journal of Non-profit and Voluntary Sector Marketing*, and European Management Journal.

### Workshops and Reviewers for the Special Issue

We would like to thank organizers of the International Conference on New Business Models (NBM) 2018 (June 27-28, 2018, Sofia, Bulgaria) and the Cross-Sector Social Interactions Symposium (CSSI) 2018 (June 10-12, 2018, Copenhagen, Denmark) for supporting our Special Issue Paper Development Workshops. Twenty-six articles were submitted for consideration to the Special Issue, of which five were accepted for publication. We would like to take this opportunity to thank the reviewers who so generously helped us in this endeavor. We would also like to thank Frank de Bakker, Hari Bapuji, Jill Brown, Colin Higgins, Kathleen Rehbein and Andrew Spicer for their thoughtful review of this introduction to the Special Issue.

James Austin Oana Branzei Audrey Chia Nicolas Dahan Deborah De Lange Javier Delgado-Ceballos Krzysztof Dembek Monica Edwards Schachter Sophia Fu Martin Geissdoerfer Rüdiger Hahn Ralph Hamann Sveinung Jørgensen Helena Knight Anika Kozlowski Marlene Janzen Le Ber Markus Losse Adriane MacDonald **Christine Moser-Priewich** 

Asma Naimi Lucrezia Nava Jennifer Oetzel **Raymond Paquin** Lars Jacob Tynes Pedersen Hanna-Leena Pesonen Matthias Raith **Daiteng Ren** Jacob Rendtorff Paavo Ritala Francesco Rosati Annmarie Ryan Rene Schmidpeter Lea Stadtler Wendy Stubbs Koen van Bommel Doroteya Vladimirova Miying Yang