

# **Management Challenges in Cross-Sector Collaboration: Elderly Care Case Study**

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### **ABSTRACT**

Using a case study for the collaboration between the public, private and third sectors in elderly care, the purpose of this research is to create new knowledge on cross-sector collaboration management. Cross-sector collaboration leads to innovations in governance. It creates social value and provides reduction of costs and benefits for society. Effective collaboration between the public, private, and third sector requires innovative thinking, leading, and acting. New skills and forms of cooperation between partners are needed.

The main purpose of this study is to investigate what kind of challenges to expect and what dynamics and attributes must be emphasized when preparing for combined actions from different leaders. Individual and group interviews with representatives of elderly care services suppliers from the public, private, and third sectors were carried out in order to identify the challenges in cross-sector collaboration. The findings confirm that most of the challenges encountered in the management of cross-sector collaboration in the field of elderly care are related to two dimensions of collaboration: governance and administration. This suggests that the management of cross-sector collaboration should focus on social innovation: how partners' resources and capabilities may interact in a more efficient way in order to create social value.

**Keywords:** Cross-sector collaboration, management challenges, social innovation, social value creation, elderly care

### **Background of the study**

In order to meet complex social needs, the interdependence between people and organizations from different domains has continuously increased (Handy, 1996; Lipman-Blumen, 1996; Cleveland, 2002). Be they from the world of business, government, or non-profit, all organizations need to engage in collaboration across sectors to solve complex and challenging social problems. Cross-sector collaboration requires careful attention from researchers and practitioners dealing with social issues.

The continuous growth of the elderly population is one of the most serious social challenges encountered today in many developed countries. In Finland, the situation is even more challenging because its rate of aging is higher than the European Union average. According to Statistics Finland (2009), the proportion of the Finnish population aged over 65 years is currently 17% of the population as a whole, and is estimated to rise to 23% by 2020 and 27% by 2030. Although Finnish municipalities are legally responsible to provide welfare services to the elderly, the private and third sectors have also been involved in welfare service provision.

Each year every elderly welfare service professional and organization is expected to function more effectively with fewer resources. Currently, welfare services for the elderly are highly resource-oriented and do not always satisfy the customers' needs. In the future, the main goal is to provide customer-oriented services for elderly people. The welfare service system is also currently decentralized. If the aim is to achieve cost reduction, effective usage of resources, and quality improvement, an integrated service system is needed. In order to meet all the previous goals, cross-sector collaboration (among the public, private, and third sector) is crucial.

In the current welfare service system, the collaboration among the public, private, and third sectors is unplanned and several gaps can be found in the collaboration process. Many challenges also exist in cross-sector collaboration in the provision of welfare services for the elderly. A solid partnership among the three sectors is crucial in order to respond to the current challenges. Optimized usage of resources, integration of the service system, and improvement of customer satisfaction can be attained via partnership to enhance the quality of life of the elderly. In order to assure an effective collaboration and to create social value, the partnership among all three sectors has to be well managed. The management of partnership in cross-sector collaboration implies numerous specific challenges that must be identified.

### ***Objectives and benefits of the study***

Cross-sector collaborations are increasingly seen as the best approach when dealing with social challenges and stimulating innovation (Jupp, 2000). Furthermore, cross-sector collaborations create social value through social innovations (Le Ber and Branzei, 2010). Although cross-sector collaboration has reached an increasing interest in practice, its management is often left unconsidered (Frisby, Thibault and Kikulis, 2004). When it is considered, managing cross-sector collaboration is extremely challenging (Jupp, 2000). There is no one model that can be applied to all domains because environment and circumstances are quite different from one domain to another (Jupp, 2000).

Even though challenges in collaborative relationships have been addressed in earlier studies and in different domains (Carroll and Steane, 2000; Jupp, 2000; Coulson, 2005; Frisby, Thibault and Kikulis, 2004; Bryson, Crosby and Stone, 2006; Roux et al, 2008), the challenges of cross-sector collaboration management in elderly care have not yet been discussed. The growing aging population is a huge global social challenge that requires special attention.

Therefore, the aim of this study is, generally, to identify the challenges that arise in cross-sector collaboration, specifically in the area of welfare service provision for the elderly, and to identify

solutions to overcome these challenges. Thus, our research question is: what are the challenges in the management of cross-sector collaboration in elderly care, and how can they be overcome?

We will begin our study with a literature review. First, we want to define the collaboration dimensions and then identify the general challenges that are encountered in cross-sector collaboration. In the empirical part of the study, we will investigate the specific challenges for cross-sector collaboration in welfare services for the elderly. While recognizing and identifying challenges in cross-sector collaboration management, we will classify the challenges according to their collaborative dimensions. This will allow us to more deeply analyze the challenges. We will then investigate the drivers for an effective collaboration. Finally, we will provide analysis and discussion to improve management, using the Force Field Analysis method, showing and explaining the drivers for better collaboration.

We are proposing to contribute to the literature on cross-sector partnerships by addressing the collaboration challenges collectively, in different domains, and by analyzing the challenges identified by the empirical part of the study, emphasizing the process of social value creation. Furthermore, we will compare the challenges shown by our case study to the challenges presented in the literature review, addressing the specificity of the elder care field.

The results of the study will serve as a guide for an effective cross-sector collaboration management of welfare service delivery for the elderly. Furthermore, it will allow managers to understand how to enhance social value creation and social innovations through cross-sector collaboration.

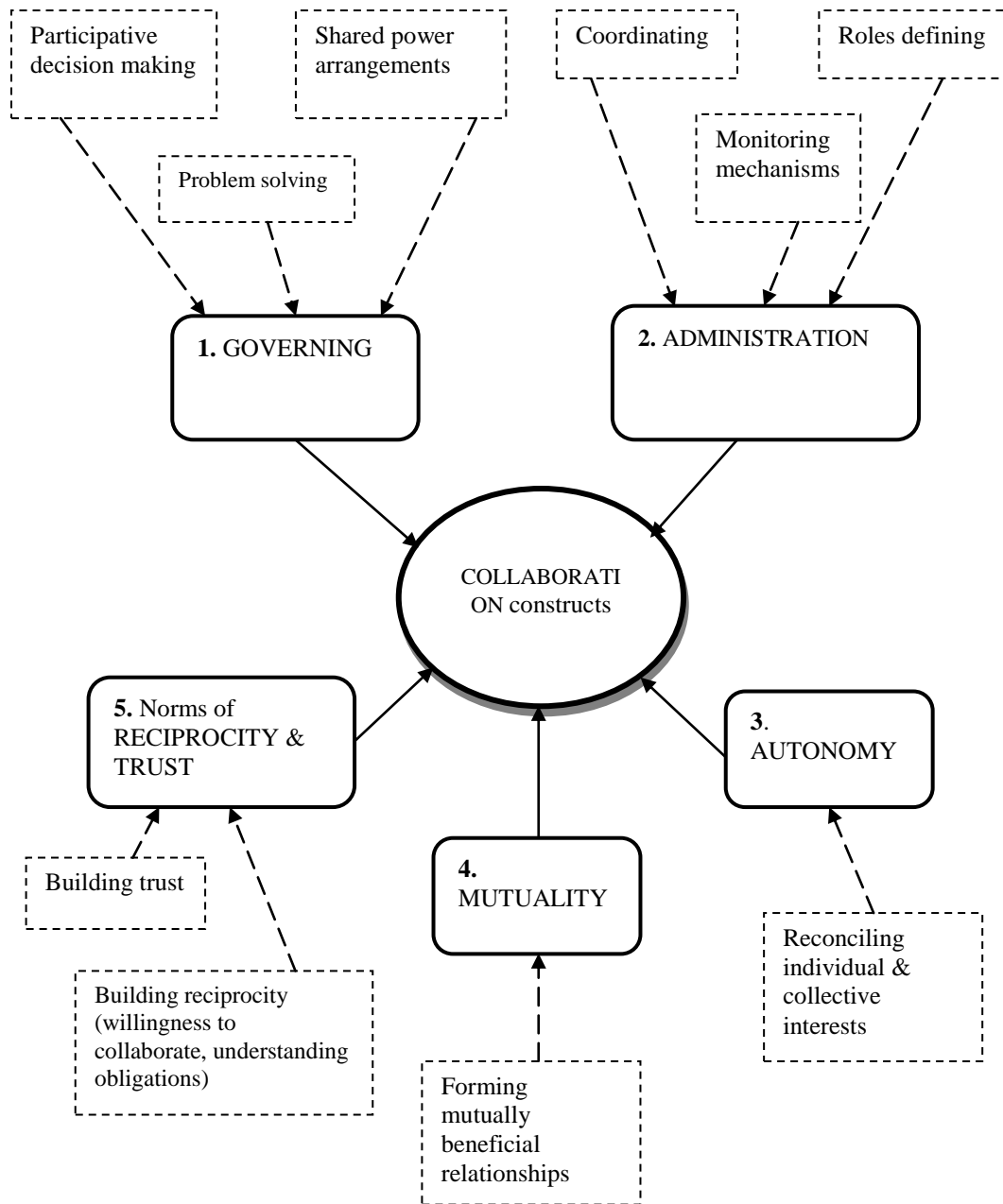
## **Theoretical background: Collaboration constructs**

Managing collaboration requires a deeper understanding of collaboration process and collaboration dimensions, because collaboration is a complex concept. In Thomson and Perry's (2006) collaboration process study, when some managers were asked to define collaboration, one of them defined it as follows:

Collaboration is when everybody brings something to the table (expertise, money, ability to grant permission). They put it on the table, take their hands off and then the team creates from there.

Although collaboration has the capacity to connect fragmented systems with the purpose of addressing multifaceted social concerns, its definition is somewhat theoretical, elusive, and inconsistent (Gajda, 2004).

**Figure 1: Collaboration Constructs and Their Elements (based on Thomson, 2001)**



Source: Daniela Grudinschi, Leena Kaljunen, Timo Hokkanen, Jukka Hallikas, Sanna Sintonen, Antti Puustinen

In her multidisciplinary research, Thomson (2001: 37) made a review and analyzed a wide variety of definitions of collaboration. She built a new definition of collaboration: “Collaboration is a process in which autonomous actors interact through formal and informal negotiation, jointly creating rules and structures governing their relationships and ways to act or decide on the issues that brought them together; it is a process involving shared norms and mutually beneficial

interactions.” She concluded that the essence of collaboration processes can be distilled into five key dimensions: (1) governing, (2) administration, (3) autonomy, (4) mutuality, and (5) norms of reciprocity and trust. Figure 1 above represents the constructs of collaboration and their components.

The *governing* dimension is defined as the *process of collaborative governing*. Partners who engage in collaboration must understand how to *jointly* make decisions. In the scientific literature on collaboration, the governance dimension is described in different ways such as *participative decision making* (McCaffrey, Faerman and Hart, 1995; Wood and Gray, 1991), *problem solving* (Hellriegel, Slocum and Woodman, 1986), or *shared power arrangements* (Clift et al, 1995; Crosby and Bryson, 2005).

Alternatively, the *administration* dimension refers to the *process of collaborative administration*. The key administrative functions identified in the hierarchical management literature — functions such as *monitoring mechanisms, coordination, and clarity of roles and responsibilities*— are also emphasized in the collaboration research (Mattessich and Monsey, 1992; Ring and Van de Ven, 1994; Bardach, 1998). Instead, in the literature on collaboration these functions take on new meaning in light of the more symmetrical *horizontal relationships* (no hierarchies).

The *autonomy* dimension can be defined as *the process of reconciling individual and collective interests*. Partners engaged in collaboration share a dual identity: their own (organizational) identity and the collaborative identity. This reality creates a tension between *self-interest* – achieving individual organizational missions– and a *collective interest* – achieving collaboration goals and maintaining accountability to collaborative partners and their stakeholders (Van de Ven, Emmett and Koenig, 1975; Wood and Gray, 1991; Bardach, 1998; Tschirhart, Christensen and Perry, 2005). Huxham (1996: 15), referring to this tension, emphasizes that because “collaboration is voluntary, partners generally need to justify their involvement in it in terms of its contribution to their own aims” or to refrain from collaborating altogether.

Finally, the *mutuality* dimension represents the *process of forging mutually beneficial relationships*. If the partners perceive mutual benefits from the collaboration, the commitment will increase. But the commitment is unlikely without trust and reciprocity. So, with the last dimension, the norms of trust and reciprocity refer to *the process of building social capital*.

Trust is a critical component of collaboration, but trust building takes a substantial amount of time and nurturing. Additionally, trust reduces complexity and transaction costs more quickly than other forms of organization (Smith, Carroll and Ashford, 1995; Chiles and McMackin, 1996; Ostrom, 1998).

Due to the complexity of collaboration and the dynamism that collaborations can create, public managers may encounter management difficulties. Managers and individual partners who understand the variable and complex nature of these five dimensions of collaboration are better prepared to engage in collaborative activities than those who focus merely on achieving individual goals through collaboration (Thomson, 2006).

### ***Social innovation through cross-sector collaboration***

Cross-sector collaborations are themselves innovations in governance. Their main aim is to create and capture social value (King, 2007; Plowman et al, 2007; Le Ber and Branzei, 2010). The partners involved in cross-sector collaboration leverage their core capabilities to address market share (Austin, Stevenson and Wei-Skillern, 2006) or social opportunity (Crane and Matten, 2007), thus generating social innovations (Le Ber and Branzei, 2010). While addressing social challenges, social innovations have two main aspects: (1) the creation of benefits or cost reductions for society through the adoption of a new strategic repositioning, and (2) the creation of social value through novel combinations of partners' resources, capabilities, or ideas (Phills et al, 2008). These can be achieved through effective management, by powerfully governing and administrating cross-sector collaboration.

Management skills are needed to identify partners' core competencies, to be able to find the innovative combinations of those competencies, and to solve specific challenges efficiently, thus creating social value. The term *cross-sector* refers to the three primary institutional sectors of society: public (government), private (business), and third (non-profit). The reality is that a new socio-economic model is evolving, where the relationships between public, private and third sectors play a central role in achieving sustainable communities. None of the sectors have sufficient capabilities and resources to solve complex challenges in the social domain alone (Gajda, 2004). By combining each sector's unique capabilities and resources, positive social change can obtain through collaboration.

The potential of cross-sector partnership refers to two main issues. First, as stated earlier, engaging in partnership should combine each partner's unique capabilities, which allow them to gain benefits that any one of the sectors could not get by acting in isolation. Second, the partnership provides an answer and an alternative to a system marked by competition, conflict, and growing imbalance of power among sectors. In this context, the partnership is a tool for transforming divergent interests into collaboration with innovative ideas (Selsky and Parker, 2005). By focusing on these main issues, partners can formulate solutions to solve the complex social challenges that brought them together.

### ***Challenges in cross-sector collaboration***

Cross-sector collaboration has been of increasing interest in the literature. An important segment of the literature on cross-sector collaboration emphasizes the merits and benefits of organizations' collaborating (Child and Faulkner, 1998; Doz and Hamel, 1998; Kanter, 1994; Linden, 2002). On the other hand, an increasing number of studies warn leaders and managers about the complexities and difficulties of these types of organizational partnerships (Frisby, Thibault and Kikulis, 2004; Hodge and Greve, 2005; Huxham, 1996; Huxham and Vangen, 2000a; Provan, Isett and Milward, 2004; Wondolleck and Yaffee, 2000). Wondolleck and Yaffee (2000) argue that it is very important to understand the difficulties facing the development of cross-sector partnerships and to provide insight into how these challenges have been overcome in practice by managers and leaders. This is the aim of the literature review in this study.

Despite the increasing interest in cross-sector collaboration, one big concern in the literature is that the *management function is often unconsidered* by leaders (Frisby, Thibault and Kikulis, 2004). As a result, these partnerships were plagued with two major problems: (1) inadequate managerial structures (e.g., *lack of clear planning and policy guidelines, insufficient human resources, unclear roles, and information share models*); and (2) inadequate managerial process (e.g., *insufficient time devoted to partnership, lack of communication, lack of strategies, lack of evaluation, poor coordination, insufficient supervision, insufficient training*). Another set of challenges in cross-sector partnerships refers to *differences in organizations' goals and objectives*, in values, in language, in procedures, in culture, and power (Smith, Carroll and Ashford, 1995; Huxham, 1996; Coulson, 2005). Huxham (1996) argues that these challenges have prevented organizations from realizing their full collaborative advantage.

Wondolleck and Yaffee (2000) discuss other barriers to effective cross-sector partnerships. These barriers may be *constrained resources, lack of opportunity or incentive to collaborate, mistrust, inflexible policies and procedures* that do not support the partnership, *group attitudes* about each other that may not be accurate and *lack of support or commitment* to the partnership. In the context of cross-sector partnerships, Andreasen (1996) also identified consequences associated with *ineffective management*.

Along similar lines, Eisenhardt and Schoonhoven (1996) underlined the problems of *self-interest and competitions* among partners, which contribute to tensions in the coordination of multiple cross-sector partnerships. Additionally, *pressures from external agencies* to form partnerships (e.g., government) and efforts to be more efficient, cost conscious, and professional have led organizations to engage in partnerships. At the same time tensions may be introduced while trying to acquire scarce resources and seeking credibility and legitimacy in a competing manner (García-Canal, Valdés-Llaneza and Ariño, 2003; Parise and Casher, 2003).

These were the most significant challenges we found in the literature related to cross-sector collaboration. In the following section, we will present our research methods while addressing the challenges in cross-sector partnership in the case study of welfare services delivery for the elderly.

## **Research methods: Research context**

The present study is part of a research project at the Technology Business Research Center (TBRC) in Lappeenranta University of Technology, titled "From the welfare needs of the elderly to renewal of service structure." The purpose of this research project is to conceptualize a service structure based on the needs of elderly customers that promotes their wellbeing. Furthermore, it aims to create an integrated service system that is successful from the customers' standpoint and cost-effective from that of the public sector. In order to achieve all these goals, the collaboration between public, private and third sectors is imperative.

In Finland, the public sector is responsible for providing basic welfare services to elderly people. Because of its limited resources, some services are provided through public service procurement



from private and third sectors. Additionally, some specific services are provided only by the private sector (e.g., housecleaning services), or by the third sector, (e.g., spiritual services provided by churches, or friendship services provided by volunteer organizations).

In the last years, due to the need for enhanced service quality and availability of services in all areas, the collaboration between all three sectors has continuously developed. However, there are many gaps and challenges in collaboration. The management of cross-sector collaboration is challenging and requires time and effort from all participants in the collaboration process. Identifying challenges in this specific context and more generally in the management of cross-sector collaboration can provide valuable data for an effective collaboration.

### ***Data collection***

The study design incorporated three main approaches to evidence gathering: (a) document analysis (from literature review), (b) individual interviews, and (c) group interviews. We conducted individual interviews with key representative managers from all three sectors (three persons from each sector). The representatives have experience in elderly services delivery and several of them also have direct contact with elderly clients in the course of their professional activities. Further details concerning the managers interviewed will be given below.

The first stage of data analysis included the examination of all documents for any reference to, or statement made about, any partnership (e.g., alliance, cooperation, collaboration, network, or partner). All passages relating to any type of interaction between or among organizations were highlighted and transcribed into a computer file. The challenges related to collaboration were picked up and discussed in the literature review part of this study. In the second stage of the study, we interviewed key persons involved in elderly care. The aim of the individual interviews was to get a grasp of the current state of collaboration and to find out what the challenges are in welfare services co-delivery for the elderly. The representatives of the public sector were selected from mid- and lower-level management. The private sector interviewees were managers of three small- and mid-sized companies that supply services for the elderly (physiotherapy, home health care, housecleaning). From the third sector were a manager of a non-profit organization that works in elderly services delivery (a nursing home), a manager of a volunteer worker organization that provides friendship services to the elderly, and a church deacon who has direct contact with elderly clients in her daily activity (spiritual services or volunteer worker activities).

In the third stage of the study, we carried out a group interview with eight experts from all three sectors. The participants selected for the workshop session have extensive experience in welfare services delivery and they are members of the cross-sector collaboration management board. For this third stage, the public sector representatives were top-level managers. From private and third sectors, managing directors were selected. We gave a list to the group interview participants with the challenges identified during the interviews, and they were asked to complete the list of challenges. Several other challenges were also identified during the workshop session. The list of challenges identified during the individual interviews and the group interview session was very long. We tried to categorize the challenges and, for this study, we selected only the

challenges related to the management of cross-sector collaboration. Because our research emphasizes the process of value creation through social innovations, it was important to identify the partners' core capabilities and resources and to be able to combine them in a novel way. During the individual and group interviews the partners' core capabilities and the resources they could contribute to a partnership were also identified. The results are presented in the designated section below.

### ***Data analysis***

After data collection we began data analysis. Based on the theoretical framework presented in this study, we categorized the challenges related to the management of cross-sector collaboration for elderly care according to collaboration dimensions. Then, we analyzed every category of challenges separately, using the Force Field Analysis method (Lewin, 1951), and tried to identify solutions (or driving forces) to solve challenges and to implement the change management.

When analyzing the data, the social value creation issue was emphasized. To be able to create social value, innovative combinations of partners' resources and competences must be found. Table 2 (Partner's Core Capabilities and Resources) illustrates the fruits of our efforts to find solutions to overcome the challenges (change management process) in this regard. More details are given in the section devoted to analyses for change management.

## **Results: Challenges in the management of cross-sector collaboration for elderly care**

In this section we will present the results of the analysis. The challenges in cross-sectoral collaboration are listed below, starting with the most challenging issues identified by the workshop participants.

- *Fragmentariness of services*: services are dispersed and old people have difficulties in finding service and piecing together the various components of the welfare service system. They need guidance from family and friends, or a specialized guidance provided by the service system. The need for service integration is a priority in the present service system.
- *Uncertainty relating to the activity of other organization* leads to ineffectiveness in the use of resources; information disconnects wherein no one has the information regarding the whole service system and there is little to no information flow between different service suppliers. Everyone manages his or her own job and the overall situation remains unclear. The management of partnership (leadership, strategic goals, strategies of actions, information sharing) must be planned and designed in order to assure an effective management.
- *Limited resources* (financial, personnel, leadership) mean that service providers cannot always meet the needs of their user base.

- *Keeping abreast of organizations' rules*: if the rules are unclear, an effective management cannot be assured.
- *New operation models* for the elderly services are required. These could help ensure customers lead a more active life.
- *Quality control*: developed programs for quality control are required in order to provide quality services to the customers.
- *Common rules and modes of action* are required for service effectiveness and customer satisfaction.
- *Continuity of collaborative projects* must be planned. There have been many successful short-term projects (e.g., the widow project) that have resulting from collaborative initiatives between the public sector and the third sector. The problem is that these projects have an end date, after which the needs of their user base go unmet.
- *The volunteer sector requires more support*: specifically, recruiting and commitment policies, activity expanding, and financial support.
- *Bureaucracy and hierarchies in the public sector* cause problems in the collaboration process.

### ***Structuring challenges by collaboration dimensions***

The challenges were categorized according to collaboration constructs. It was somewhat surprising to find that the challenges discovered during this study are related only to governance and administrative dimensions. The categorization of challenges is presented in Table 1. As Table 1 shows, most of the challenges are related to governance, followed by administrative challenges. The results confirm the fact that the management of collaborations among the public, private, and third sectors in elderly care does not receive enough attention from organizational leaders. There is a huge need for elaborating a strategic partnership among the three participants.

### ***Identifying partners' core capabilities and resources***

Because our study emphasizes the issue of social value creation through cross-sector collaboration, special attention is given to novel combination of partners' competences. To be able to create social value in cross-sector collaboration, it is very important to know each partner's strengths, what special resources and capabilities each can contribute (Le Ber and Branzei, 2010), and after that to ponder how some partners' strengths can compensate for the weaknesses of others. Identifying partners' strengths is a very important task for collaboration managers, as it is necessary for finding innovative solutions to different kind of challenges. Furthermore, participants can create new value for the benefit of society.

**Table 1: Challenges in The Management of Cross-Sector Collaboration for Elderly Care, Categorized by Collaboration Dimensions**

<b>1. GOVERNING</b> -problem solving -participative decision making -shared power arrangements	<b>2. ADMINISTRATION</b> -coordinating -defining roles -monitoring mechanisms
weak management initiative	fragmentariness of services
limitation of leadership	uncertainty relating the activity of others
lack of strategies of actions	lack of common rules and modes of actions
limitation of personnel resources	disconnectedness of information
limitation of financial resources	unclear organization's rules
rigid operation models	lack of quality control
no continuity of collaborative projects	-
volunteer sector operates much in isolation	-
weak position of volunteer sector	-
birocracy and hierarchy in public sector	

Table 2 presents each sector's strengths in the case of cross-sector collaboration for elderly care in Finland. Due to the limitation of this paper, we will not present each strength in detail but will rather list them.

**Table 2: Partners' Core Capabilities and Resources (Strengths)**

<i>Public sector's strengths</i>	<i>Private sector's strengths</i>	<i>Third sector's strengths</i>
Certainty of activity	Innovativeness	Timetable flexibility
Certainty of service delivery	Customer-oriented services	Regional know-how
Nearness of services to customers	Collaborative capacity	Human resources
Democratic service supply	Advanced welfare services	Customer-oriented services
Responsibility to organize services (quality control)	High educational level and technology know-how	Church is expert in spiritual needs and crisis situations
Financing/funding opportunities	Flexibility of open times	Light organization structure
Taxing power	Effectiveness of action	Free labor (volunteers)
Continuity of activity	Financing know-how	Special know-how
Legitimacy know-how, law regulation, law making	Transparency of earnings and expenses	Big collective facilities (of non-governmental organizations)
Wide collaboration network	Individuality/quality of services	Big collective spaces
Variety of know-how	Well defined core tasks	Ideology is value based
The ethic of public services	-	The pioneer role in many concepts development

### ***Analysis for change management in cross-sector collaboration in elderly care***

We used Force Field Analysis method to perform this task. Additionally, while emphasizing the process of social value creation, the strengths of each sector (Table 2) were constantly considered during analysis. The Force Field Analysis is widely used in planning and implementing change management programs. It is a simple and powerful visual tool consisting of driving and restraining forces for change, which permits examination of ways to increase the positive, driving forces and reduce the negative, resisting forces (Lewin, 1951). In this study, Force Field Analysis is used as a visual tool that foments understanding of how challenges should be approached in order to change and improve the management of cross-sector collaboration in elderly care.

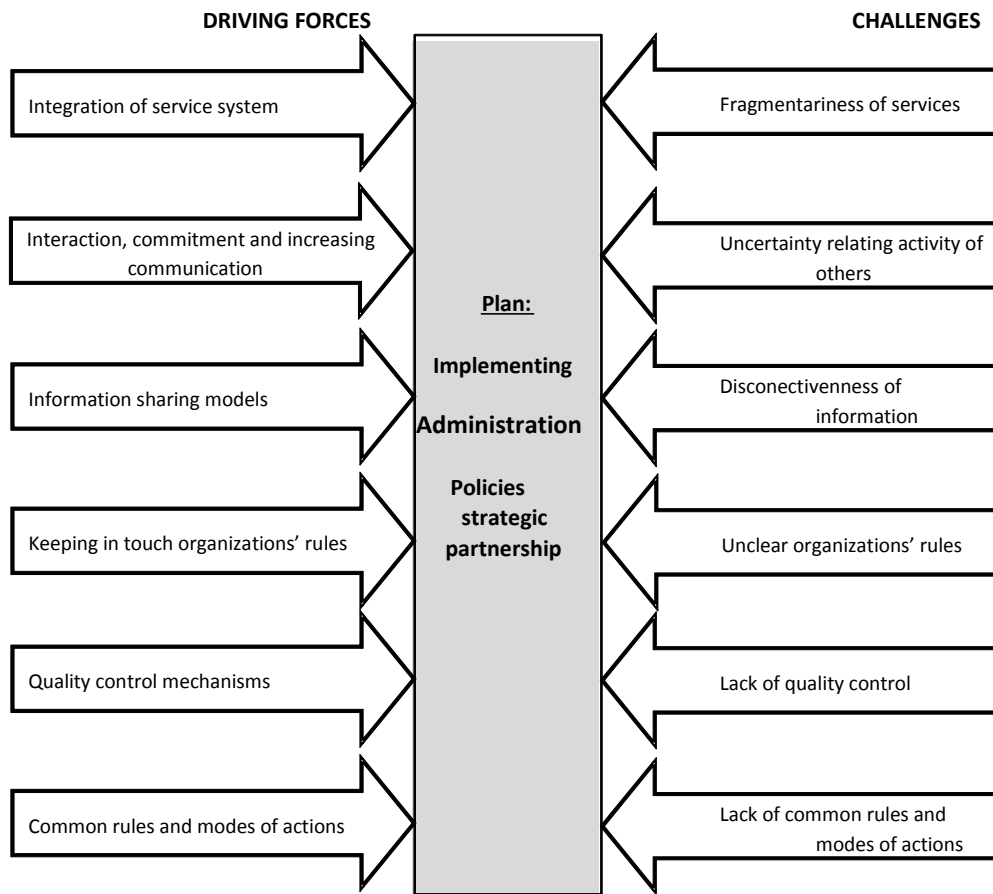
The analyses are divided into two groups: governance and administrative. The first steps in the formation of a strategic partnership are the implementation of policies for governing and for administration of the partnership. A change management plan was realized in each case, using the Force Field Analysis (Figure 2 and Figure 3).

We will explain in detail how the first three challenges could be solved, aiming to impute value to all participants, as well as creating social value. Table 2 suggests which sectors' strengths could be used to solve the specific challenges and how different strengths could be combined to achieve a given goal. Table 3 below contains the compiled data from our investigation.

For the purposes of our analysis we examined each challenge in isolation. In the first row we have the first challenge: fragmentariness of services. Using Table 2, which contains each sector's strengths, we pondered which of these strengths could be used to surmount this particular challenge. We came up with the following strengths that could be used to overcome this challenge: (a) public sector's strengths ("Responsibility to organize services", "Legitimacy know-how, law regulation, law making", and "Funding/financing opportunity"), (b) private sector's strength ("Innovativeness"), and (c) third sector's strengths ("Regional know-how" and "Special know-how").

Making use of each sector's special capabilities, efficient and innovative solutions may be found to facilitate integration of the service system. Because the public sector is responsible for organizing services for the elderly, it also is responsible for the management initiative in a partnership context. The public sector can set a good example in this regard by investing the significant time resources necessary to effectively manage a collaborative project. Additionally, the public sector has legitimacy in law regulation. In some specific cases (e.g., public services procurement), legal policies do not encourage innovation. With intensive collaboration and constructive discussions, the public sector could introduce new stipulations in legal regulations that will facilitate new action. The public sector could thus demonstrate this strength for the benefit of the private and third sectors.

**Figure 2: Force Field Analysis to Solve Challenges Related to Administration**



Source: Daniela Grudinschi, Leena Kaljunen, Timo Hokkanen, Jukka Hallikas, Sanna Sintonen, Antti Puustinen

Before implementing the integration of the service system, several discussions and negotiations are required. The third sector has a great amount of regional and special know-how because their relationships with customers are very close and based on empathy. This knowledge is important for the public and private sectors when the aim is to build a customer-oriented integrated service system. It is essential that the representatives of the third sector who have this kind of knowledge share their experience and information with others. Furthermore, the private sector has high innovativeness potential and has huge technology know-how. The private sector participants are specialized firms that deliver security services for the elderly with innovative technological solutions. The discussions and negotiations with such firms could allow the best possible technological solutions for the integration of the service system. The public sector would have the opportunity to fund projects in such a way that each partner could derive value from others, as long as the collaboration were strategically managed. Most importantly, this private-sector strength could create social value and several social challenges could be overcome through strategic cross-sector partnership. With an integrated service system, higher-quality services

**Table 3: Creating Value While Solving Challenges**

Challenge	Strength that can be used to solve the challenge (Whose sector strength)	Value for partners (Sector which offers -> Sector which gets)	Social value
<ul style="list-style-type: none"> <li><i>fragmentariness of services</i></li> </ul>	<p>Responsibility to organize services (Public)</p> <p>Legitimacy know-how, law regulation, law making (Public)</p> <p>Innovativeness (Private)</p> <p>Funding opportunity (Public)</p> <p>Regional know-how (Third)</p> <p>Special know-how (Third)</p>	<p>Management initiative responsibility Public-&gt;Private</p> <p>Public-&gt;Third</p> <p>New required laws Public-&gt;Private</p> <p>Public-&gt;Third</p> <p>Integration system solutions Private</p> <p>-&gt; Public Private</p> <p>-&gt;Third</p> <p>Funds for integration Public-&gt;Private</p> <p>Valuable knowledge Third -&gt; Public Third -&gt; Private</p>	<p>Integration of service system</p> <p>Higher quality of service for clients</p> <p>Cost reduction</p> <p>Availability of services in all areas</p>
<ul style="list-style-type: none"> <li><i>uncertainty relating the activity of others</i></li> </ul>	<p>Responsibility to organize services(Public)</p> <p>Wide collaboration network (Public)</p> <p>Innovativeness (Private)</p>	<p>Common informative seminars Public-&gt;Private Public-&gt;Third</p> <p>Information sharing models</p>	<p>Cost reduction</p> <p>Better communication systems</p> <p>Higher service quality for clients</p>

	Technology know-how (Private)	Private->Public Private->Third Information sharing system Private->Public Private->Third	
<ul style="list-style-type: none"> <li><i>disconnectedness of information</i></li> </ul>	Innovativeness (Private) Technology know-how (Private)	Information flow system Private->Public Private->Third	Cost reduction Better communication systems Higher service quality

Source: Daniela Grudinschi, Leena Kaljunen, Timo Hokkanen, Jukka Hallikas, Sanna Sintonen, Antti Puustinen

could be provided to clients, the availability of services in all areas could be assured, and significant cost reductions could obtain (e.g., research costs while trying to find better solutions for integration).

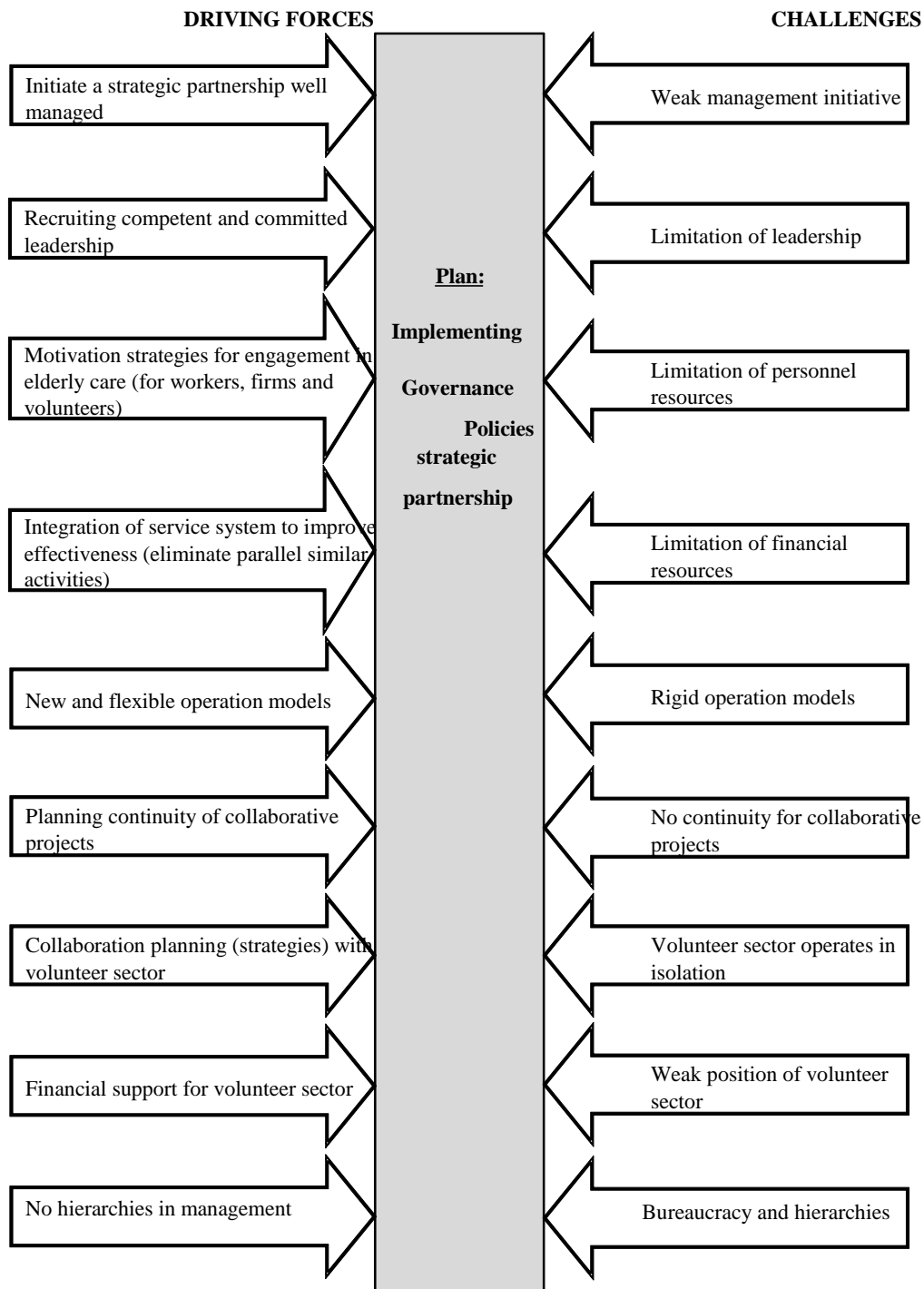
## Conclusions and discussion

During the study, we investigated what the challenges are in the management of cross-sector collaboration for elderly care. The results of the study show that the present challenges are related to the governance and administration dimensions of collaboration. There were no identified challenges related to the other three dimensions of collaboration; namely, autonomy, mutuality, and norms of reciprocity and trust. These are elements that correspond with a higher-level collaboration (Thomson and Perry, 2006). This certifies that the management of cross-sector collaboration in elderly care is currently at a low level.

At the same time, the fact that the challenges that we discovered in our case study belong only to these two dimensions of collaboration (governance and administration) indicates that they are mostly related to decision-making and organizational aspects of management. These strongly relate to the participants' strategic ability to create social value. This confirms that managers should concentrate more on strategic issues: how partners' core capabilities and resources may be combined in an innovative way in order to create social value. This is the main goal in the case of cross-sector collaboration that addresses social issues: to create social value while solving social challenges.



**Figure 3: Force Field Analysis to Solve Challenges Related to Governance**



Source: Daniela Grudinschi, Leena Kaljunen, Timo Hokkanen, Jukka Hallikas, Sanna Sintonen, Antti Puustinen

To be able to combine partners' core capabilities and resources, managers must first identify them. Based on this knowledge, every single challenge should be analyzed when making strategic decisions. The members of the management board should investigate together which partner has the best capabilities and resources to efficiently solve a specific challenge. Efficiency in this sense means creating social value, as well as value for other partners. Everyone should benefit from cross-sector collaboration: society as a whole, as well as participants involved in the collaboration process. If there are no benefits, collaboration motivation decreases or even disappears.

In the literature review, we addressed challenges in cross-sector collaboration and partnerships. Some of the challenges mentioned in the literature were also identified in our case study (e.g., those related to the management function of collaboration: ineffective management, limitations of human resources and leadership, lack of strategies, lack of monitoring mechanisms, lack of common rules and modes of actions, lack of communication, lack of incentives to communicate, inflexible policies and modes of actions) (Andreasen, 1996; Frisby, Thibault and Kikulis, 2004; Wondolleck and Yaffee, 2000). Some other challenges specified in the literature were not identified in our case study (e.g., mistrust, lack of commitment, self-interest and competition, pressure from external agencies to form a partnership) (Wondolleck and Yaffee, 2000; García-Canal, Valdés-Llaneza and Ariño, 2003; Parise and Casher, 2003).

We also identified some challenges specific to the elderly care context: the fragmentariness of services and the need for the integration of service systems, the weak position of the voluntary sector and its isolated activity, and the need to assure the continuity of efficient collaborative projects. These are specific challenges facing service delivery to the elderly. By making efforts to solve these challenges through social innovations in cross-sector collaboration, social value can be dynamically created. For example, by strategically repositioning the voluntary sector, notable cost savings can be achieved. Furthermore, higher-quality services and greater availability of services can be provided to the elderly through integration of service delivery systems, where the voluntary sector can play an important role.

This study approached the challenges of cross-sector collaboration widely, in different domains (based on literature review), underlining the specificity of the context (elderly care services), and emphasizing the importance of social value creation. This study could be used as a guideline for effective cross-sector collaboration, in the social services domain generally and in the domain of elderly care service delivery specifically. Due to its specific cultural and regional context, case study research always contains limitations. For example, in Finland, interpersonal trust is very high compared to other countries (Newton, 2001). This may be one of the reasons why trust was not identified as an obstacle to collaboration in our case study. Even if our study did not identify any challenges related to autonomy, mutuality, and norms of reciprocity and trust, special attention should be accorded separately to all possible collaborative challenges. Effective partnership management also requires finding an equilibrium among all the dimensions of collaboration (Thomson and Perry, 2006).

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