

(CS)²V – Cross Sectorial Collaborative Shared Value – Strategy

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Intel Israel

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This essay proposes a new strategy – Cross Sectorial Collaborative Shared Value - (CS)²V – which aims to increase the impact of the business organization or company's social investments and the effectiveness of Corporate Social Responsibility (CSR), that traditionally bridge between the corporate and its external environments (i.e., other first, second and third sector organizations). The (CS)²V strategy directs the company's CSR to connect the company's core business needs, from the corporate perspective, with the society's core needs, from the social and/or public administration perspective. This is done by addressing *a national/regional social problem that intersects with a business concern*. In other words, a company can adopt the (CS)²V strategy to fulfill their goals more meaningfully, by tightly and clearly connecting their core business, from the corporate perspective, with a society's core need, from the social perspective.

We illustrate the (CS)²V strategy by Intel Israel's community relations in general and contribution to STEM (Science, Technology, Engineering and Mathematics) education in particular, which is a guiding value of Intel Corporation's mission since its inception. Acknowledging that reciprocal relations between a business organization and the society are beneficial for both parties and create mutual value, Intel is continually searching for creative ways to contribute to the development of the communities around its campuses. Over the years, Intel has realized that random activities, even when they are focused, have a limited impact. Accordingly, leaders at Intel have begun looking for a strategy and model that would enable making the most of their Company's social investment. It is in this spirit that this essay proposes a new strategy – Cross Sectorial Collaborative Shared Value - (CS)²V – which aims to create cross-sectorial shared value.

This model is based on the understanding that various sectors – public, private and NGOs – typically tend to work in isolated silos and not necessarily look for collaborations. Most of the time, the relationship between different sectors are limited to donor-beneficiary relationships: usually the private sector donates to the two other sectors. Under certain circumstances, the public sector donates to the NGO sector too.

We also found that the NGO sector is characterized by strong redundancy with many entities involved in performing similar actions for identical target audiences and goals.

This paper identifies the vision of all three sectors for STEM education (Science, Technology, Engineering and Mathematics) in general, and in particular the conception and implementation of the 5*2 National STEM Initiative in Israel and the drafting of a national multi-annual plan as a

result. This paper also describes the impact and outcomes of the 5*2 National STEM Initiative. It concludes with a list of the premises at the basis of the model.

Introduction

The traditional role of corporate social responsibility (CSR) activities is mediating between an organization and its exogenous environment, namely with other organizations from the three sectors. The Cross-Sectorial Collaborative Shared Value model, also referred to as (CS)²V is meant to amplify the impact of investments made by a business entity in social causes. Based on the “Shared Value model”¹. The (CS)²V strategy guides business organizations’ CSR strategies to connect their core business needs, from the corporate perspective, with society’s core needs, from the social and/or public administration perspective. This is done by addressing *a national/regional social problem that intersects with a business challenge of the company*.

Intel Israel leads a change in STEM education at national level

We illustrate how Intel Israel implemented (CS)²V. In recent years, Intel Israel has modified its CSR strategy in a way that allows it to respond to their business needs concurrently with addressing the social needs of the community in which it operates.

Focusing on STEM education, this paper shows how Intel Israel has implemented (CS)²V strategy in a manner that serves its core business.

The declining numbers of high-school students in STEM subjects was identified in 2011 as posing a major barrier and becoming a major risk for Israel's society and economy - “The Startup Nation” (Senor and Singer, 2011). Consequently, the critical importance of investing in STEM education in the whole country was observed and aligned with the Ministry of Education’s goals.

As a significant contributor to Israel’s economy, Israel’s technology sector depends on large numbers of graduates with high STEM qualifications. However, Israel saw a significant drop in high-school graduates with high-level math, the foundation for any scientific endeavor. According to the MoE, the number of school students studying high-level Math fell from almost 13,000 students in 2006 to less than 9,000 in 2012.

The implementation of the (CS)²V strategy led to the foundation of a National Coalition (named “5*2” – <http://www.5p2.org.il/about-the-5x2-initiative/>) that comprises organizations from the hi-tech industry, academia, the public and the third sectors, where each one brings its knowledge, skills and strengths. All of them expressed similar concerns with respect to the declining numbers of high school students studying high level STEM education. The “5*2” STEM national initiative shifted the partners from a passive to a proactive mode, redirecting some of them to refocus their

¹ Shared value refers to the creation of significant benefit for society or the environment which is also beneficial for the business. Shared value is generated by implementing business policies and management practices that increase the Firm’s competitive edge while advancing the economic and social conditions in the community in which the Firm works. <http://www.isc.hbs.edu/creating-shared-value/Pages/default.aspx>

social investments in accordance with the initiative. The collaboration yielded strong value for all parties, including breakthrough and proven improvement in related social problems that had been addressed unsuccessfully until then by some of the organizations despite many years of effort.

Intel's influential position in Israel (in economic, regulatory and cultural terms) helped it attract organizations from all sectors to the 5*2 National Coalition. During the coalition composition process, MoE pitched in to help draft the strategy and the common goals. The coalition was formed to achieve the common goal and implement a cross-sectorial strategy by expanding the definition of "shared value" into "collective impact"². In other words, it was a shift from a dual win-win relationship to an eco-system mutually-beneficial relationship. While Shared Value is a well-known concept, the shift to Collective Impact, as one application of the (CS)²V strategy, extends the yielded business value of three impact-dimensions, additional to that of the social dimension which is originally targeted:

1. Grow the business and the social values (which are part of the shared value model)
2. Collaborative work on a single problem generates a solution none of the parties could have achieved on its own.
3. On the business level, the company achieves a higher return on social investment thanks to the multiplier effect of the partners on that investment.

In addition, the coalition partners, who throughout the process build new partnerships and learnings, benefit as well from new fields knowledge, which in turn fertilizes both the academic research and the practical work. The fact that the various organizations that partnered in "5*2" came from different backgrounds and featured different profiles and motivations, made the collaboration process more complex. The process required time and resource investment in setting joint goals, agreeing on metrics, drafting work plans, creating new programs and measuring and assessing the outcomes.

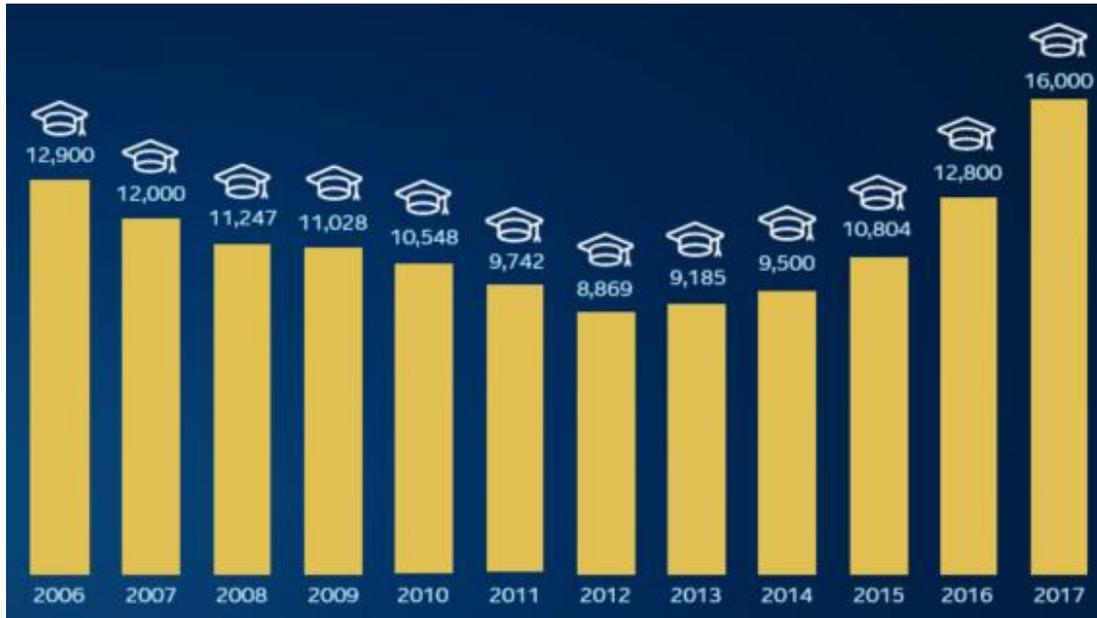
Multiple programs conceived by the partners of the "5*2" initiative were assessed with the MoE and adapted to meet the national plan needs. Concurrently, Intel and its coalition partners helped the MoE become aware of the need to reinforce public awareness of the importance of STEM education by using media channels. Increased public awareness started a national discussion around the need to help high school students understand the importance of STEM education for their future career and the choices they will be facing, as well as the significance of the well-remunerated positions they will fulfil, for themselves and for Israel's economy.

The Intel-led initiative has led to setting of new national goals by the MoE and has made a measurable impact on math education in Israel. After two years, the fall in the number of students graduating from high level math was reversed and numbers started to climb. According to the MoE, in five years the number of graduates with high-level math rose from 8,869 to around

²Collective impact occurs when organizations from different sectors agree to solve a specific social problem using a common agenda, aligning their efforts, and using common measures of success. Source: <http://www.fsg.org/approach-areas/collective-impact>

16,000. The numbers continue to rise concurrently with the implementation of a cross-system plan defined by MoE for doubling the number of high school students enrolling in high level math by 2019. See Figure 1 below.

Figure 1. The number of high-level math (5 units) graduates in Israel's high school system



The (CS)²V strategy

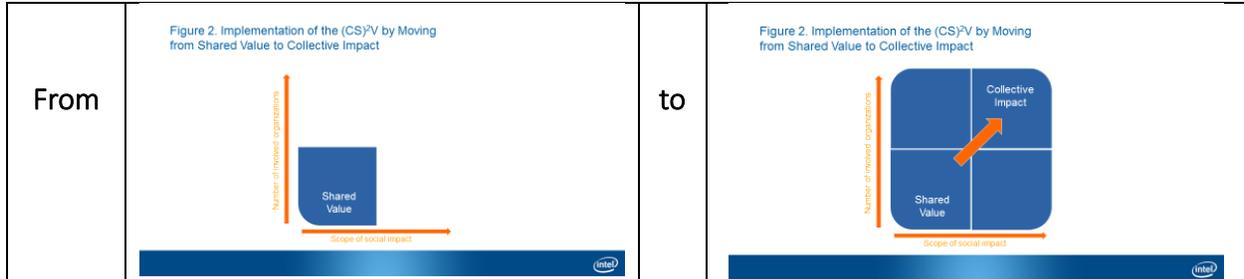
The implementation of the Cross Sectorial Collaborative Shared Value – (CS)²V strategy by Intel and its partners is aligned with a variation on Porter and Kramer's (2006) perspective on Corporate Social Responsibility (CSR), by *expanding the shared value concept (beyond the corporation between the industry and the society), to a whole eco-system benefiting from the collaboration.*

The (CS)²V strategy guides business organizations in choosing the social issue on which their CSR strategy focuses, while meeting five conditions: (a) an external social problem, defined and recognized by the public administration/authorities; (b) relatedness to the business value; (c) ability to contribute added-value to the problem solution that goes beyond budget investment; (d) an opportunity to leverage organizational capabilities and (e) a potential partnering organization, that bring professionalism and missing capabilities to the program.

One of the principles of implementing a cross-sectorial collaboration strategy is the shift from the shared value concept to the collective impact concept. This conceptual change, which is based on increasing the number and diversity of the involved organizations *expands the social impact* (compared to local and limited impact, see Figure 2); *ensures the sustainability of the collaboration*

between all organizations, both public and private and *benefits* more organizations through the collaboration (including first and third sector organizations).

Figure 2. Implementation of the (CS)²V Strategy by Moving from Shared Value to Collective Impact



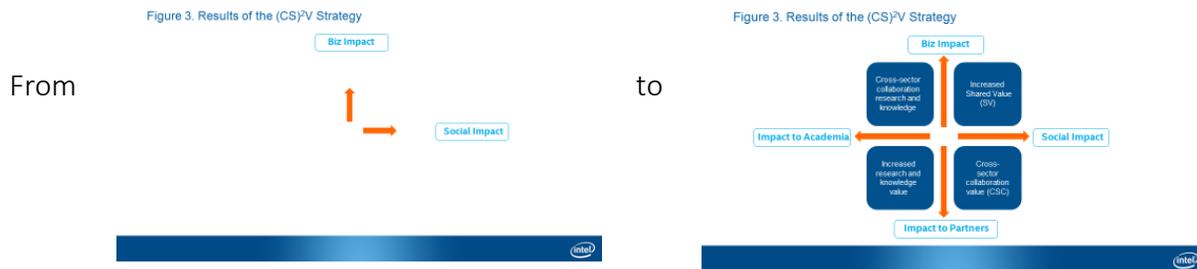
Benefits of the (CS)²V Strategy

In addition to the benefits that the society gain from the (CS)²V strategy, the business organizations and their employees as well as first and third sector organizations, gain both direct and indirect core-business benefits. From the business organization’s perspective, as described below, different players gain value, since the (CS)²V strategy allows *business organizations of all kinds* to invest their budgets allocated for social and philanthropic activities, in an alternative and more effective way that amplifies the social impact; it supports the *business organization* in achieving its financial and operational targets, by serving a need of the society and local economy that is strongly related to national imperatives, thus contributes back to the business organization; it illustrates to *managers* that by collaborating with experts and entities with different orientation, strengths and skills, they can improve the organizational results both from the business and philanthropic perspective; it fosters *employees’* satisfaction and motivation and enables them to exhaust their professional skills that once again, contribute back to the organization; it positions *CSR activities* within the framework of a structured strategy connected to that of the business organization, and therefore, becomes one of the core elements of the organization management and of its managerial goals and finally it ensures *the sustainability of the social investments & CSR activities* by aligning them organically with the business organization’s strategy.

The business organization benefits from a holistic solution to the social issue thanks to addressing all problem’s aspects by the various entities working on the required dimensions. In addition, the cross-system execution leads to synchronized actions that amplify the impact and give rise to new know-how that allows for learning and research as a foundation for similar processes on the national or regional level.

The quadrants of Figure 3 describe the business value derived from (CS)²V strategy: From two-dimensional moderate impact to a four-dimensions higher impact. As can be seen, from an eco-system perspective, the (CS)²V strategy yields an all-win situation.

Figure 3. The (CS)²V Strategy's Impact and Values



Getting back to the example of STEM education and the “5*2” National STEM Initiative, we can see that the implementation of (CS)²V strategy enabled the creation of a broad platform and a far-reaching movement that attracted the attention of both the public administration (the government) and the relevant ecosystem. This facilitated achieving the goals set forward in the roadmap define by MoE until 2019. Tracking and measuring the outcomes allowed Intel to integrate the program in its long term strategy and goals, thus making social impact an integral part of its business objectives.

Five years from the inception of the national initiative, we witness an 80%-increase in the number of high school students enrolling in high level math. This in turn, is expected to yield a similar increase in the number of candidates to academic studies relevant to high tech and science and help sustain Israel's economic growth. Of particular importance is the fact that by implementing (CS)²V for resolving national social problems, Intel benefits from a quadrupled value (Figure 3) thanks to the synchronizing of all sectors into solving a shared national social problem.

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