Heike Schirmer

Combined Forces for Social Impact

Investigating Partnership Dynamics between Social Ventures and Corporations

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Heike Schirmer

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Abbreviations

CEO	Chief Executive Officer
cf.	confer (compare)
CSR	Corporate Social Responsibility
e.g.	exempli gratia (for example)
ed(s).	editor(s)
et al.	et alii (and others)
etc.	et cetera (and so on)
GEM	Global Entrepreneurship Monitor
HS	Heike Schirmer *(indicating author's notes)*
ibid.	ibidem (the same place)
i.e.	id est (that is)
MoU	Memorandum of Understanding
NGO	Non-governmental organization
PR	Public Relations
Q	Quote
UK	United Kingdom
US	United States (of America)

1   Introduction

Social entrepreneurship, a term that has emerged to describe the phenomenon of addressing social needs by using entrepreneurial (innovative) approaches and means, has gained increasing attention in the last decade. Although the phenomenon itself is not new, the interests in and the role of social entrepreneurship has changed – in academia as well as in practice (cf. Drayton, 2006, pp. 82–83; Edwards, 2008, pp. 15–16; Volkmann et al., 2012, pp. 5–12). Its current attention might be justified in a number of impressive examples and recent success stories; for instance, in the area of microfinance, work integration, or education and in the hope that social entrepreneurship could address yet unmet social and ecological challenges (Beckmann, 2012, p. 236; Huybrechts and Nicholls, 2012, p. 32).

By using unconventional, innovative methods social entrepreneurs tackle social problems and in this way often provide alternatives where established actors from the private, the public, or the civil sector seem to reach their limitations (cf. Stiftung Mercator, 2012b, p. 5). Or, as put by Beckmann (2012, p. 239), social entrepreneurship is often the second-best solution when "idealized solutions of charitable NGOs, the state, and for-profit companies […] fail". While charitable NGOs (non-governmental organizations) can be powerful in addressing short-term and singular problems, long-term and large-scale problems often require more systematic solutions. For some of these problems, for-profit companies may be the first-best solution as they can deliver needed goods and services more efficiently; for other problems, well-functioning governments may be best as they are suitable for providing public goods. However, in situations of market or government failure, thus in situations where "the first-best solutions are absent or failing, this second-best choice is highly important" (ibid., p. 251, see also ibid., pp. 239−246).

1.1   Relevance of Social Venture Partnerships

Although social entrepreneurs may engage in areas where other actors may have withdrawn, this does not mean that social entrepreneurs and their organizations (referred to as social ventures in the following) are isolated from these actors.

Partnerships among actors from different sectors have not only gained growing attention, there is also a wide recognition that such partnerships can provide both innovative and powerful solutions to social problems (cf., e.g., Die Bundesregie- rung, 2011, pp. 235–239; World Economic Forum, 2005; Social Edge, 2004; Austin and Seitanidi, 2012b, p. 728). For social entrepreneurs, who often "operate under conditions of resource scarcity" (Di Domenico et al., 2010, p. 683), part- nerships offer the potential to generate social impact "far beyond what the individual contributors could achieve independently" (Wei-Skillern et al., 2007, p. 191). Especially with regard to scaling, a term used to describe the expansion of social impact (cf. Bloom and Smith, 2010, p. 126), numerous authors high- light the importance of collaborative actions and recommend social entrepre- neurs to further explore this strategy (see, e.g., Müller, 2012, p. 106; Seelos and Mair, 2005, p. 245; Mair and Ganly, 2008, p. 83; Osberg, 2009, p. 7; Meyskens et al., 2010c, pp. 671−674; Sud et al., 2009, p. 201; VanSandt et al., 2009, pp. 422–427). Additionally, some empirical evidence for the impact of partnerships can be found. Meyskens et al. (2010c, pp. 671−673), who have quantitatively in- vestigated the relationships of 70 social ventures, find that the number of partnerships is significantly and positively related to financial capital, which is calculated based on the number of different types of funding sources. The authors conclude that partnerships enable social ventures to acquire and manage resources more efficiently. Further empirical evidence is provided by a Germany- wide research effort which was supported by the Mercator Foundation and conducted between 2010 and 2012. Interviews with about 150 organizations and quantitative surveys with about 2.400 participants reveal, inter alia, that social entrepreneurs are especially successful when they cooperate with other organ- izations (Stiftung Mercator, 2012a).

A variety of different actors exist as potential partners for social ventures such as government authorities, welfare and charitable organizations, (company) foundations, educational institutions, public health insurances, small businesses, and large corporations (see Schirmer and Cameron, 2012, pp. 86–93 for concrete examples). Regarding partnerships with corporations, examples can be found both in developing and industrialized countries. The joint ventures between Grameen[1] and various (western) companies such as Danone and Veolia Water Ltd. are famous examples focusing on the region of Bangladesh. In industrialized

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1 Grameen has been established by Mohammad Yunus and is a multi-faceted group of non- and for-profit organizations including the Grameen Bank, which received jointly with Yunus the Nobel Peace Prize in 2006. See http://www.muhammadyunus.org for further details on the existing partnerships.

countries such partnerships can be found in the field of fair-trade, financial services, or job creation (c.f. Drayton and Budinich, 2010; Huybrechts and Nicholls, 2011, p. 1).

Social venture corporation partnerships appear interesting for various reasons. From a societal perspective they can be important due to their potential impact. From a social entrepreneur's perspective they are relevant because such partnerships can provide essential resources, particularly financial and human capital (Meyskens et al., 2010b, p. 450). From a corporation's perspective they are attractive because they represent an alternative strategy for implementing corporate social responsibility (CSR) initiatives (Di Domenico et al., 2009, p. 888; Schaub and Schirmer, 2011; Peloza and Hassay, 2008, pp. 76–78). Finally, they are also relevant from an academic perspective because, besides the values these partnerships can have for each member, particular antithetic forces and sources of tensions can be inherent within the relationships due to the different nature and intentions of the partners; as these issues must be resolved for partnerships to be sustained, these partnerships become interesting 'objects' of study (cf. Di Domenico et al., 2009, pp. 896–903).

1.2   Research Questions, Scope, and Contribution

Despite their apparent benefits and successes, to date social venture corporation partnerships have been investigated little. The call for partner-ships by some of the scholars named above seems rather a general recommendation than the result of empirical studies or theoretical considerations. Only a few studies seem to particularly examine the interaction of social ventures and corporations, whereof a large part focuses on the outcomes and effects of these partnerships (see section 2.3.3 for a detailed discussion). Consequently, it appears that little is known about how these partnerships are built, implemented, and maintained. Or as put by Lyon (2012, p. 157):

> "Much literature describes the benefits of collaboration without examining the processes by which social enterprises reach it. There is an assumption that co-operation should appear when there are clear benefits in terms of reducing costs and maximizing impact. This ignores the importance of context and how the actions of individuals or their organizations are embedded in existing social relations."

He pronounces this even more clearly as he highlights the need

> "to go beyond the empty rhetoric of terms such as 'partnership', 'collaboration' and 'co-operation', and understand how these complex forms of organizing are built and maintained" (ibid., p. 139).

Understanding the formation and implementation process of partnerships is important in understanding how stable and sustaining partnerships can be reached, which is in turn, a requirement for partnerships to reach their expected outcomes and impact. This research projects aims to contribute to this understanding. Thus, the first two research questions this thesis focuses on are:

(1) How do partnerships between social ventures and corporations form?

(2) How are these partnerships governed?

While partnerships between social ventures and corporations appear to be a quite new and fairly unexamined phenomenon, inter-organizational partnerships in general have been investigated intensively. They have been examined both in general management studies (between for-profit organizations), and between different actors, such as public-private-partnerships, or partnerships between 'traditional' non-profit organizations and businesses, called cross-sector partnerships (see section 2.3.1 and 2.3.2 for further details). Although some of the generated knowledge in these studies is of great relevance for this research project, the question also arises whether or not partnerships between social ventures and corporations are distinct from other inter-organizational and cross-sector partnerships. This thesis approaches this question from a corporation's perspective. Thus, the third research question is:

(3) From a corporation's perspective, how does the fact that a corporation is partnering with a social venture differentiate this partnership from other types of partnerships?

To investigate these three questions this research project uses an empirical approach and examines partnership processes of selected case studies from Germany. It appears that such partnerships may face particular challenges in this national context. As these influences limit the comparison of case studies from different geographical areas only *one* national context is considered (see chapter 2 for a detailed reasoning).

The objectives of this thesis are to inductively develop a conceptual understanding of the partnership processes between social ventures and corporations and to gain insights about what influences their development. In this way, this study aims to contribute both to the *partnership* and the *social entrepreneurship* literature. Furthermore, this study offers potential implications for practitioners – both for social entrepreneurs and for corporate managers.

1.3   Relevance of this Research Project for the Field of Education

This research project is also relevant for the field of education as both the importance of social entrepreneurship, and of partnerships among different actors seem to increase in this field. Regarding the former, in 2005 the *Current Issues in Comparative Education* published an issue on "Social entrepreneurship and education", where the approaches of individual social entrepreneurs that engage in different areas of education are presented and discussed (see Teachers College, 2005). That these examples are not isolated cases becomes apparent when investigating, for example, the field of activities of social entrepreneurs distinguished by the Schwab Foundation between 1998 and 2011. This data shows that education represents the largest group, and about 30% of these social entrepreneurs engage in this field (Müller, 2012, p. 107). Similar numbers can be found when investigating the fields of activities of social entrepreneurs distinguished by Ashoka.[2] Some potential explanations are provided by Heinze et al. (2011, pp. 87–90), who claim that in the area of child and youth welfare recent demographical and socio-structural changes have created a need for additional support and require the expansion of the range of involved actors. It can be argued that for particular challenges social entrepreneurs could be an appropriate second-best solution (as described above) to fill this gap. *How* social entrepreneurs can engage in this area is demonstrated in an exemplary way within this thesis by two of the investigated case studies which focus on youth development.

Regarding partnerships, and using German schools as an example to illustrate its increasing importance in the field of education, a Germany-wide study on the development of all-day schools (StEG)[3] found that the number of schools that cooperate with non-school partners has noticeably grown from 2005 to 2009 and so did the number of partners per school (Arnoldt, 2011a, pp. 317–318). Such non-school partners are, for example, employment agencies, sports clubs, corporations, and museums (cf. Arnoldt and Züchner, 2008, p. 635). The increasing need for partnerships within schools can be explained by the need for additional resources to ensure that all-day schools are kept running, the need for specific competences that can be gained through external partners, and/or the need for a greater integration of schools and real-life situations (Olk et al., 2011, pp. 65–66). But despite the increasing need and increasing number of partnerships, specific

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2   See section 2.1 or http://www.schwabfound.org and http://www.ashoka.org for further information about these two supporting organizations.

3   This quantitative longitudinal study was carried out in 14 federal states from 2005 until 2009 to observe and support the development of all-day schools in Germany (see http://www.projekt-steg.de).

challenges exist within these interactions that seem to be based, inter alia, in the different nature of the partnering organizations (cf. Lipski, 2006, pp. 40–42; Arnoldt, 2011b, pp. 320–329; Olk et al., 2011, pp. 75–77). Similar to social venture corporation partnerships it can also be argued that in these partnerships antithetic forces and sources of tensions may exist among the partners due to their different nature and intentions that need to be resolved in order to reach a stable partnership stage. Due to these similarities, the findings of this research project may also prove relevant for partnerships in the field of education.

1.4   Structure of this Work

This thesis is structured as follows:

Chapter 2 focuses on the key terms of this research project by clarifying the terms *social entrepreneurship*, *corporation*, and *partnership*. Starting with social entrepreneurship, section 2.1 examines the emergence of this term and (research) field, investigates its historical roots, and presents different streams in the on-going definition debate. Afterwards, specifics of the German context are considered in the construction of an adequate definition for social entrepreneurship for this study. Section 2.2 focuses on corporations as participants in socially-oriented partnerships. It mainly investigates social engagements of corporations in general and in this regard takes German specifics into account to understand why corporations engage in social initiatives. Based on this, section 2.3 investigates the reasons for particularly choosing partnerships as exchange relations for social initiatives by drawing on theoretical concepts of partnerships in general management studies and cross-sector partnerships. In this way, this section investigates the (general) motives of both parties to engage in partnerships. This section also summarizes the current status of research on partnerships, particularly between social ventures and corporations.

Chapter 3 introduces two theoretical frameworks that later guide the data analysis of the case studies. Section 3.1 introduces the logic of effectuation and causation that focuses on decision making principles in entrepreneurial processes. The two opposing logics function as theoretical basis for analyzing the formation process of the investigated partnerships. Section 3.2 focuses on the governance mechanisms trust and control. An integrated framework of trust, control, and perceived risk is introduced that supports the investigation of governance and its efficiency in the selected case studies.

Chapter 4 focuses on the research methodology. First, the general design of the qualitative, multiple case study approach is presented (section 4.1), before each research step is described in detail in section 4.2. In this way, this section presents the criteria and approach for selecting the case studies, introduces the different data collection methods, and describes the qualitative content analysis that is used to analyze the data. Furthermore, quality criteria for qualitative research are introduced, and their adherence is reviewed constantly throughout the research processes.

Chapter 5 introduces the four selected case studies by providing background information about each partner and each partnership.

Chapter 6 focuses on analyzing, interpreting, and discussing the findings. The first research question is addressed within section 6.1 which investigates how the selected partnerships formed and evolved. Data reveals two opposing partnership formation processes: on the one hand, so called means-driven partnerships, dominated by elements of effectuation, started with generalized aspirations and evolved over time. On the other hand, so called goal-driven partnerships, dominated by elements of causation, started with pre-determined goals and followed a strategic, systematic implementation. Section 6.2 focuses on the second research question and investigates how the partnerships have been governed. Data reveals that the formation processes and the governance mechanisms might be interlinked. While in the means-driven partnerships social control, in combination with a high level of trust, appears dominant, in the goal-driven partnerships formal control, particularly behavior control, appears more relevant. Section 6.3 focuses on the third research question and investigates the role of social ventures within the partnerships. While in all case studies the social orientation of the social venture seemed essential for the partnership (from the corporation's perspective), only in some cases did entrepreneurial aspects of the social ventures appear to have been of importance. Section 6.4 focuses on overarching aspects of the findings and investigates factors influencing the formation process as well as the sustainability of the partnerships.

Chapter 7 summarizes the findings and focuses on the contributions of this study to the literature and its implications for practitioners. With the limitations of the study in mind, suggestions for further research are made.

2   Relevant Fundamentals

To analyze *partnerships* between *social ventures* and *corporations* all three terms need to be defined and clarified. The goal of this chapter is, first, to clarify the term *social entrepreneurship* and to highlight the specific characteristics that are implied when it is referred to this relatively new phenomenon (section 2.1). Secondly, the focus is on *corporations* – however, not in general terms; in this section corporations are viewed from the perspectives as, so to say, counterparts of social ventures, and a particular focus is on their social responsibility and engagements (section 2.2). In the last part, the term *partnership* is explained. The focus is on introducing relevant theoretical approaches to understand their formation, presenting different forms and stages of it, and investigating the participants' motivation (section 2.3).

2.1   Social Entrepreneurship – Clarifying Terms

Unfortunately, there is no clear definition of the term *social entrepreneurship* (cf., e.g., Dacin et al., 2010, pp. 38–42; Hill et al., 2010, p. 6; Trivedi, 2010b, pp. 66–68). The intention of this section to find a common understanding of this term, which will be the basis for this thesis, requires reaching back to the historical development of this phenomenon and taking national characteristics into consideration.

First, this section focuses on the emergence of this field in academia as well as in practice (section 2.1.1). This review reveals that different historical roots of social entrepreneurship exist that (still) influence the current definition debate (section 2.1.2). To find a definition of social entrepreneurship that is most adequate for this thesis, the German context and its national specifics with regard to social service provisions and entrepreneurial culture are taken into account (section 2.1.3). Based on this a definition is chosen that is presented and discussed in section 2.1.4.

2.1.1   Historical Development of this Phenomenon

Social entrepreneurs, who can generally be described as persons aiming to address social needs by using entrepreneurial, innovative approaches and means (cf. Zeyen and Beckmann, 2011, p. 4) and their organizations (social ventures) have always existed. Examples such as Florence Nightingale, a pioneer of professional nursing, St. Francis of Assisi, the founder of the Franciscan Order, or Maria Montessori, the inventor of a new approach in early childhood education, are often cited as famous historical cases (Ahlert et al., p. 11; Drayton, 2006, p. 83; Edwards, 2008, p. 16; Nicholls, 2005, p. 2). Additionally, many of today's organizations have emerged from social entrepreneurial activities (Faltin, 2011, p. 75; Stiftung Mercator, 2012b, p. 7). Nevertheless, from a practitioner's as well as from an academic point of view, the interest in and the role of social entrepreneurs has changed significantly since the 1990s and the term has grown significantly in importance (Nicholls, 2006, pp. 2–6; Achleitner, 2007, p. 59; Huybrechts and Nicholls, 2012, p. 32; Zeyen et al., 2012, p. 2).

2.1.1.1   Historical Development of Social Entrepreneurship *in Practice*

Nicholls (2006, pp. 1–3) attributes the recent growing importance of social entrepreneurship to changing social and economic conditions affecting the *demand* and *supply* side of this phenomenon. He argues that, on the one hand, drivers such as the rising economic inequality, the systematic withdrawal of government from social service delivery, and increasing challenges in the provision of health care have increased the demand for new models that create social values and meet social needs. On the other hand, Nicholls recognizes that drivers such as a gradual dissemination of new technologies or improved global communications have positive effects on the supply side of the growth of social entrepreneurship. Together, these changing social and economic conditions have led to the emergence of this field.

    In recent articles, scholars have described two different reactions to these changing conditions when analyzing different historical landscapes from which this phenomenon has evolved (Dees and Anderson, 2006, pp. 41–45). Although these reactions originated in the 1970s and 1980s in the US, they later influenced the emergence of social entrepreneurship in Europe and continue to influence today's discussion over the definition of social entrepreneurship (see, e.g., Bacq and Janssen, 2011, pp. 379–391; Defourny and Nyssens, 2010, p. 38).

The first reaction is that in the US, the cutback of federal funding[4] due to the economic downturn in the late 1970s, led to an increase of commercial activities of non-profit organizations. Partnerships between the government and non-profit organizations, which had bloomed before the downturn, had "given way in the 1980s to a system whose principal characteristic [was] the dominance of market-type relationship" (Salamon, 1993, p. 16). In order to fill gaps in their budgets, sales of goods and services – both directly and indirectly related to their mission – became a principle source of income for non-profit organizations and actually accounted for significant growth of this sector in the US (ibid, p. 16−24; Defourny and Nyssens, 2010, p. 38). Similarly, although somewhat later, it also occurred in European countries that governmental cutbacks put greater financial pressure on traditional social service providers leading to increased professionalism and commercialization of non-profit organizations[5] (Anheier and Seibel, 2001, pp. 196–197; Balgar, 2011, pp. 88–89). In sum, this movement set the ground for social entrepreneurship in the 'earned income' school of thought.[6]

The foundation of Ashoka[7], created by Bill Drayton in 1980, can be identified as the second reaction to the above mentioned changing conditions. With the mission of Ashoka "to find and support outstanding individuals with pattern setting ideas for social change" (Drayton and MacDonald, 1993, p. 1 as cited by Dees et al., 2004, p. 44), Ashoka focuses on very specific individuals rather than on forms of organizations to bring about social innovations (Cameron, 2012, pp. 201–202). With the expansion of Ashoka within the last decades this approach has expanded in many regions and presents the root for the 'social innovation' school of thought (Dees and Anderson, 2006, pp. 44–45; Defourny and Nyssens, 2010, p. 38).

The earned income and social innovation schools of thought represent two main ways in which social entrepreneurship can be classified, and are explained in more depth later in this chapter.

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4   The federal spending for social services, for example, was decreased by 29% between 1977 and 1982 in the US (see Salamon, 1993, pp. 22−23 for detailed information).

5   A detailed overview of different national landscapes with regard to social service provision in Europe and their current challenges influencing the growth of social entrepreneurship can be found in Defourny and Nyssens (2010, pp. 34–37).

6   It should be mentioned that some scholars have mentioned doubts concerning the causality of decreasing public spending and an increase of social entrepreneurship (see Dey and Steyaert, 2012, pp. 259–261). Instead, they suggest institutional theory and changes in acceptances to explain increasing commercial activities by non-profit organizations (see Kerlin and Pollak, 2011, pp. 15–16). However, this should not be considered further at this point.

7   Today, Ashoka is the largest non-profit organization to support social entrepreneurship worldwide. The organization supports selected social entrepreneurs ('Ashoka Fellows') with monetary and non-monetary benefits. Until now, over 2,000 fellows have been selected in over 70 countries (see http://www.ashoka.org/).

Both reactions or roots of social entrepreneurship, albeit relatively different, have led to an active promotion and growth of social entrepreneurs (Nicholls, 2005, pp. 2–3); first in the US, where more and more supporting or membership organizations emerged in the 1990s such as the Roberts Enterprise Development Fund, the Skoll Foundation, and the Social Enterprise Alliance (cf., e.g., Martin, 2004, p. 7; Hackl, 2009, p. 7). Later, the social entrepreneurship movement became a phenomenon of increasing interest in European countries as well[8] (Young, 2008, p. 175; Balgar, 2011, p. 87); however, with the exception of the UK, this occurred nearly two decades later than in the US (Achleitner, 2007, p. 59; Defourny and Nyssens, 2010, p. 40). In the UK in the 1990s changes in the social service provisions assigned a new role to local authorities favoring the formation of social entrepreneurship (ibid., pp. 35–36; Hackl, 2009, p. 8). In contrast to the US, it was mainly the government (instead of private foundations) who actively supported the growth of social entrepreneurship by e.g., creating an own legal form for social ventures, the Community Interest Company, or by supporting them financially through the foundation UnLtd or the 'Big Society Bank'¸ which were specially created for that purpose (Linklaters, 2006, pp. 48–50; Grenier, 2003; Schirmer and Cameron, 2012, pp. 88–89). In continental Europe within the last decade, supporting organizations, such as Ashoka or the Schwab Foundation, have established and started to actively promote social entrepreneurship (Martin, 2004, p. 7; Nicholls, 2010, pp. 617–627; Leppert, 2008, pp. 1–5). Various European governments support its growth, for example, by passing new laws and creating new legal forms (Defourny and Nyssens, 2010, p. 33). The result is that social entrepreneurship is now attributed major importance in many European countries (Birkhölzer, 2011, pp. 28–29).

Summing up the practitioner's side of social entrepreneurship, which has been influenced by changing social and environment conditions, the current social entrepreneurship movement can be traced back to two different roots: *increasing commercialization of the non-profit sector* on the one hand and the active *promotion of social innovations* on the other hand. Both roots have developed and contributed to the fact that over the last decade social entrepreneurship has become an important phenomenon across continents (cf., e.g., Dacin et al., 2011, p. 1203).

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8   Of course, the social entrepreneurship movement has also taken place outside the US and Europe (see, e.g., Mair and Martí, 2009; Sperandio, 2005; Sharir and Lerner, 2006). In particular, social entrepreneurship plays an important role in developing countries, e.g., with Muhammad Yunus being one of the most famous contemporary social entrepreneurs. However, differences, e.g., in institutional landscapes or in the role of governments (see, e.g., Mair and Martí, 2009), influence the approaches and field of activity of social entrepreneurs and their organizations that is why the emphasis here is on social entrepreneurship in industrialized countries.

2.1.1.2   Historical Development of Social Entrepreneurship *in Academia*

Early active promotion of social entrepreneurship in the US and UK also inspired the research of this field in these countries. In the late 1990s, the first (scientific) articles were published by American (e.g., Boschee, 1995; Dees 1998[9]) and British authors (e.g., Leadbeater, 1997). Not long after, a number of dedicated research and teaching centers for social entrepreneurship emerged in these countries. In the US, the Social Enterprise Initiative at Harvard Business School (1993), the Center for Social Innovation at Stanford University (2000), and the Center for Advancement of Social Entrepreneurship at Duke University (2002) were founded; in the UK, in 2003 the Skoll Centre for Social Entrepreneurship at Saïd Business School in Oxford was founded. Over time, more and more universities and business schools, also in other European and Non-European countries, started to include social entrepreneurship topics into their curriculum (see, e.g., Nicholls, 2006, pp. 8−9 for a detailed overview)[10]. In 2006 Nicholls, first lecturer at the Skoll Centre concluded that

> "social entrepreneurship is clearly no longer a marginal activity, pigeon-holed under the headings of 'not-for-profit-management' or 'charity governance' but rather a driver of significant social change that is developing rapidly into an autonomous field of research and practice." (Ibid, p. 5)

'Visible' hints for such "an autonomous research field of research" can be found when looking at the number of published articles in this area, which has greatly increased within the last twelve years (see Figure 2.1) or when investigating the landscape of scientific journals. More and more journals have emerged that are dedicated exclusively to social innovation and social entrepreneurship topics such as the Social Innovation Review (founded in 2003), the Journal of Social Entrepreneurship (founded in 2010), and the International Journal of Social Entrepreneurship and Innovation (founded in 2011).

Nevertheless, although the academic interest in social entrepreneurship has grown rapidly and extensively, social entrepreneurship as a research field is still in an early stage (Short et al., 2009, p. 173; Young, 2008, pp. 175–177; Dacin et al., 2011, p. 1203; Bacq and Janssen, 2011, p. 377).

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9   Paper revised in 2001. It can be found in the references as Dees (2001).
10   The roles of universities with regard to social entrepreneurship is investigated by Cameron (2012). She claims that they can function as "meeting place, legitimator, and knowledge producer" (ibid., p. 199) in the field of social entrepreneurship.
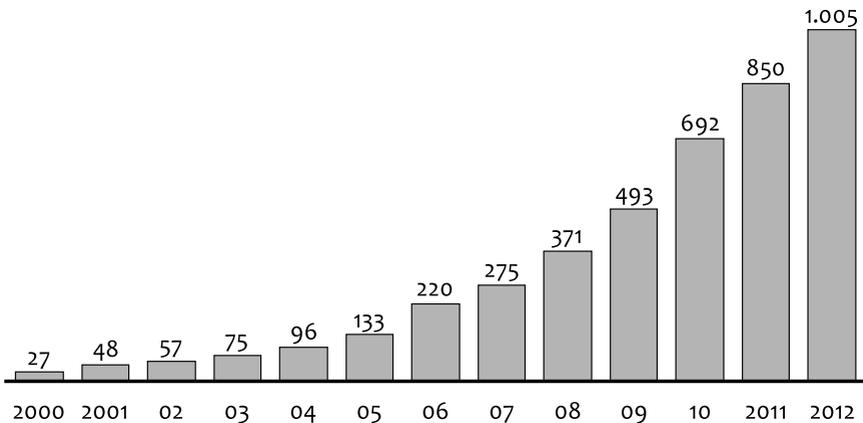
Figure 2.1:   Number of publications on social entrepreneurship in academic
              journals[11]

Source: Own illustration based on results from EBSCO search (29. 11. 2012)

A frequently cited reason is the ongoing and still unsolved debate on the defini-
tion of social entrepreneurship. The lack of a unified definition hinders the
development of consistent theory as well as the establishment of legitimacy for
this field. Similarly, scholars argue that the fact that a large part of the research
conducted so far is based on selected case studies, often "largely descriptive and
atheoretical" (Dacin et al., 2011, p. 1205) makes it difficult to draw general con-
clusions (Hill et al., 2010, pp. 5–6; Dacin et al., 2011, p. 1205; Short et al., 2009,
p. 173−185; Meyskens et al., 2010c, p. 662). Therefore, many researchers em-
phasize the need for multivariate methods, in particular large-scale quantitative
studies (e.g., Mair and Martí, 2006, p. 42; Short et al., 2009, p. 176; Dacin et al.,
2011, p. 120).

   Despite all the criticism, for a new field of study that follows the practitioner's
side and focuses on better understanding the emerging empirical phenomenon
(Seelos and Mair, 2005, p. 243), it is not unusual that the early days of such a
research area are largely phenomenon-driven (Mair and Martí, 2006, p. 36).

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11   The graphic was created by searching in the online research database EBSCO for academic
      journals from 1962 to the respective year that included the term 'social entrepreneur' or 'social
      entrepreneurship'.

Another debate, highlighting the not yet mature stage of social entrepreneurship research, is the recurring question of whether social entrepreneurship is a research area on its own (see, e.g., Dey, 2006, pp. 121–122 as cited by Dacin et al., 2011, p. 1203), or if it is 'solely' a subset of general entrepreneurship research (see, e.g., Mair and Martí, 2006, p. 42; Austin et al., 2006). This has resulted in some researchers questioning "how the study of (yet another) type of entrepreneurship adds theoretical value" (Dacin et al., 2011, p. 1203). In other words, social entrepreneurship still needs to articulate its unique place within existing research domains (ibid., pp. 1203–1204). In particular in Germany, the academic debate on social entrepreneurship has only very recently begun (Leppert, 2008, p. 5; Stiftung Mercator, 2010)[12].

In summary, following and inspired by the growth of social entrepreneurship in practice, the academic interest of social entrepreneurship has flourished within the last decade. Starting in the US and the UK, it is now an international academic field of study. Nevertheless, it is still in an early stage with the need for further "methodological and theoretical virtuosity" (Hill et al., 2010, p. 25).

Excursus: The term *social entrepreneur*
The term *social entrepreneur* appeared the first time in 1972 in a publication called "The Sociology of Social Movements" by Banks (cf. Gatzweiler et al., 2011, p. 10; Trivedi, 2010a, p. 81).

The popularity of this term accelerated with the establishment and increasing awareness level of Ashoka starting in 1980. Though Bill Drayton and Ashoka occasionally used the term *social entrepreneurship*, they first referred to *public entrepreneurs* until Ashoka officially adopted the term *social entrepreneur* in the mid-1990s (Dees and Anderson, 2006, p. 44). In the academic world, the term was established in the late 1990s with the first publications in this field by pioneers such as Boschee (1995) and Leadbeater (1997) (cf. Bacq and Janssen, 2011, p. 375).

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12   This is reflected, e.g., when looking at the foundation year of various, relatively new social entrepreneurship research centers: As one of the first universities, the University of Heidelberg founded the *Center for Social Investment* in 2006. The Leuphana University of Lüneburg established a chair for social entrepreneurship in 2009. The European Business School launched the *Competence Center for Social Innovation and Social Entrepreneurship* in 2010, and in Munich, four universities collaborated and founded the *Social Entrepreneurship Akademie* in 2011.

2.1.2   *Different Streams in the Current Definition Debate*

Some scholars refer to social entrepreneurship as a "contested concept" (e.g., Ziegler, 2009, p. 8) and almost every research project focusing on social entrepreneurship starts with emphasizing the absence of a unified, widely accepted definition of this term (as is the case for this work). In this debate, general consensus seems to exist about the important role of the social mission of an organization or a person – but other than that many different opinions can be found (see, e.g., Leppert, 2011, p. 135). Practitioners and scholars have developed numerous different definitions, and various attempts to cluster or differentiate these definitions exist. An extended review is waived at this point. Instead it is referred to existing overviews and comparisons of different definitions as they can be found, for example, in works of Dacin et al. (2010, pp. 38–42), Hill et al. (2010, pp. 15–20), Zahra et al. (2009, pp. 521–527), and Weerawardena and Mort (2006, pp. 22–25).

In the following, a classification developed by Dees and Anderson (2006) and extended by Defourny and Nyssens (2010) is presented[13]. This classification divides the world of social entrepreneurship into two schools of thought: a school of 'earned income' and a school of 'social innovation' based on the different roots from which social entrepreneurship has emerged[14].

While before it appeared that the issue of financial self-sustainability or the question of how 'innovative' a social entrepreneur needs to be led to much discussion in the definition debate, Dees and Anderson's conceptualization allows two historically grounded streams, that were in apparent conflict, to exist simultaneously (cf., e.g., Boschee, 2007). That may be one reason why this conceptualization gained increasing acceptance in academia (see, e.g., Partzsch and Ziegler, 2011, pp. 66−67; Bacq and Janssen, 2011, pp. 379−391; Huybrechts and Defourny, 2008, pp. 188−189; Zeyen and Beckmann, 2011, p. 5).

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[13]   Defourny and Nyssens (2010, pp. 42−44) also identified 'the EMES approach of Social Enterprise', which has emerged based on research within the EMES European Research Network. However, the European school of thought appears to contain many elements of the two other schools of thought (cf. Bacq and Janssen, 2011, pp. 387−391; Lehner and Kaniskas, 2012, p. 32). Purposely, only the 'extreme ends' of the definition spectrum are presented in the following as they seem to be sufficient to finding a definition for this thesis.

[14]   Although these roots as presented have emerged primary in the US, they later also influenced the social entrepreneurship movement in Europe. Bacq and Janssens (2011, p. 387) came to the conclusion, after investigating various definitions of social entrepreneurship in the US and in Europe in depth, that there is "no clear-cut transatlantic device in the way approaching and defining social entrepreneurship".

Both schools are presented briefly below before making the case as to why this research project follows the social innovation school of thought. Positioning the definition underlying this thesis within the two prominent, but fairly different, schools of thought is important to become aware of potentially limited comparability between different research projects and results. In other words, the earned income school of thought has a different understanding of a social entrepreneur and their organizations than the social innovation school of thought, which is relevant for further investigations and the derivation of a suitable definition.

2.1.2.1   The Earned Income School of Thought

The commercialization of non-profit organizations, as described in the last section, lays the groundwork for the school of earned income[15]. An earned-income-strategy for non-profit organizations to support their mission became a key element of this stream (Defourny and Nyssens, 2010, pp. 40–41).

Over time, the "commercial non-profit approach" (ibid., p. 41) was complemented by the "mission-driven business approach" (ibid., p. 41). An increased "moral pressure" (Balgar, 2011, p. 90 [translation HS]) led other organizations, such as commercial players, to adopt the integration of social and economic values[16]. As a consequence, the term 'social enterprise' was expanded to incorporate a wider set of organizations, including for-profit companies[17] (Defourny and Nyssens, 2010, p. 41; Dees and Anderson, 2006, p. 42).

A common understanding of many adherents following this school of thought is that a social entrepreneur is someone who uses business methods and generates his/her own income to pursue a social objective (Huybrechts and Defourny, 2008, p. 188). Underlying here is a broad understanding of the term 'entrepreneur' as a person starting and operating his own business[18] (see, e.g., Bhidé, 2000, p. 29

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15 This school was originally named the "social enterprise school of thought" by Dees and Anderson (2006, p. 41). Defourny and Nyssens (2010, p. 41) changed the term to "school of earned income" to enable a broader use of the term 'social enterprise'.

16 See Defourny and Nyssens (2010, p. 42) for a detailed account on this development.

17 With the increasing desire of traditional for-profit businesses to take on social responsibility this expansion of the term 'social enterprise' went even further and some scholar also started to include social activities of large corporations under this arising concept of social entrepreneurship (see, e.g., Nicholls, 2005, p. 3; Hackl, 2009, pp. 11–12; Trivedi, 2010b, pp. 63–68).

18 Also in the 'classical' entrepreneurship research a uniform definition for 'entrepreneur' does not exists. The span ranges from very broad definitions such as the one by Bhidé (2000, p. 25): "I call individuals who start their own businesses entrepreneurs", to narrower, more specific definitions such as the one by Schumpeter (described below).

Excursus: Hybrid spectrum

Alter (2007, pp. 14–20) has developed a hybrid spectrum for organizations generating both social and economic value, often referred to as double bottom line. Although the spectrum belongs to the earned income school of thought (and therefore it is not in line with the school of thought used in this thesis) it is presented briefly since it gives an overview of how to embed social enterprises in a bigger picture of hybrid organizations, but also, how to differentiate them from other hybrid organizations.

| Traditional non-profit organization | Non-profit organizations with income generating activities | Social enterprise | Socially responsible business | Business practicing social responsibility | Traditional (for-profit) business |

Following a social logic →

← Following an economic logic
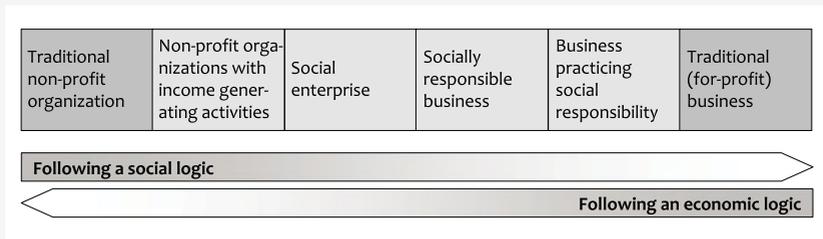
Figure 2.2: Spectrum of hybrid organizations
Source: Based on Alter (2007, pp. 14-15)

The spectrum ranges from organizations using purely social logics to organizations using pure economic logics with regard to motive, accountability, and use of income. In-between are hybrid organizations. Alter distinguishes between four types of hybrid organizations (see Figure 2.2): non-profit organizations with income generating activities, social enterprises, socially responsible businesses, and businesses practicing social responsibility. On the one hand, social enterprises differ from socially responsible businesses by giving the social mission a relatively higher importance. On the other hand, social enterprises differ from income generating non-profit organizations by operating with the financial discipline, the strategic orientation, and determination of a private sector business (Alter, 2007, pp. 13–20, see also Bacq and Janssen, 2011, p. 378).

cited by Dees and Anderson, 2006, p. 41). A prominent representative of the earned income school, in particular the mission-driven business branch, is the Department for Industry and Trade, which is responsible for promoting social entrepreneurship in the UK. It defines a social enterprise as "a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners" (Kerlin, 2006, p. 250). Other advocates of the earned income school are, for example, Alter (2007), Boschee (1995), and Tracey and Jarvis (2007) (see Bacq and Janssen, 2011, pp. 397–403 for detailed overview of different representatives and their definition).

2.1.2.2   The Social Innovation School of Thought

One of the driving forces of the social innovation school of thought has been, as described previously, the foundation and expansion of Ashoka. In this school of thought, the focus is on innovation[19] rather than on generating income. Underlying here is an understanding of 'entrepreneur' more in line with a Schumpeterian meaning of this term (Defourny and Nyssens, 2010, pp. 41–45; Dees and Anderson, 2006, p. 44).

   Schumpeter sees entrepreneurs and entrepreneurship as the driver for economic development and highlights the aspect of innovation. For him, innovation requires a 'new combination' and with this regard he identifies five typical opportunities for entrepreneurs: new products, new production modes, new forms of industrial organizations, new markets, and new sources of supply (see, e.g., Enders and Wood, 2010, p. 586; Dees, 2001, pp. 1–4; Partzsch and Ziegler, 2011, p. 67).

   Transferred to social entrepreneurship, adherents of this school emphasize the systematic nature of innovations to create social change (Mair and Martí, 2006, p. 37; Kramer, 2005, p. 1; Alvord et al., 2004, p. 262). The definition developed by Dees about a decade ago is a widely accepted and often cited definition for advocates of this school of thought (see, e.g., Partzsch and Ziegler, 2011, p. 66; Peredo and McLean, 2006, p. 57; Light, 2008, p. 4):

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19   An extensive description of the term *social innovation* and various different definitions can be found, for example, in Christmann (2011, pp. 195–204). At this point it is referred to the end of this chapter where the term *innovation* is considered separately.

"Social entrepreneurs play the role of change agents in the social sector, by adopting a mission to create and sustain social value (not just private value), recognizing and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation, and learning, acting boldly without being limited by resources currently in hand, and exhibiting heightened accountability to the constituencies served and for the outcomes created." (Dees, 2001, p. 4)

To highlight some of the key differences between these two different schools of thought (a summary can be found in Figure 2.3), in contrast to the earned income school, the social innovations school highlights the *individual profile* of the social entrepreneur and focuses on his/her characteristics (Bacq and Janssen, 2011, p. 389; Defourny and Nyssens, 2010, p. 47). Furthermore, unlike the earned income school, the social innovation school neither determines the *legal form* of social entrepreneurship nor is the *generation of own income* an explicit part of the definition (e.g., Bacq and Janssen, 2011, p. 386; Defourny and Nyssens, 2010, pp. 46–48; Lehner and Kansikas, 2012, p. 32). Nevertheless, financial stability is required *implicitly* to ensure social change and to sustainably meet social needs in the social innovation school. To ensure financial stability, within this school social entrepreneurs and their organizations have a wide range of possibilities reaching from grants and donations (also non-monetary) to public funds and to income generation[20]. In other words, financial sustainability in the social innovation school of thought refers to a stable, and often balanced, financing concept but not necessarily to a fully financially self-sustainable business model as required by some adherents of the earned income school (see Defourny and Nyssens, 2010, p. 41), or in Yunus' social business approach (Yunus, 2008, p. 28)[21].

In summary, it can be argued that by identifying the different schools of thought, embedding them in a historical context, and understanding their different underlying meanings of the term entrepreneur, Dees and Anderson created space for both schools to exist next to each other. Next, taking a look at the context of social entrepreneurship in Germany is important to find the school of thought, and therefore a definition, that is most adequate for this thesis.[22]

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20 See Achleitner et al. (2011) or Spiess-Knafl and Achleitner (2012) for an overview of different financing possibilities for social entrepreneurs and their organizations

21 For Yunus' social business approach, a self-sustainable cost-covering business model based on own generated income is a mandatory condition (Yunus, 2008, p. 28, see also Leppert, 2011, pp. 137–138; Huybrechts and Nicholls, 2012, pp. 37–38).

22 The need to take the national context into account, in particular in Germany, when investigating social entrepreneurship has been highlighted by several authors, e.g., Balgar (2011, pp. 94–96) and Leppert (2011, pp. 142–144).

	Earned income school of thought	Social innovation school of thought
Description	Initially, focus on earned-income-strategies of non-profit organizations, later mission-driven businesses included	Innovative activity with explicit aim to solve a social problem or meet a social need
Social mission	Primary objective	Primary objective
Role of social entrepreneur	Figure of social entrepreneur of secondary importance; social entrepreneur more seen as organizer and manager of socially-oriented organization	Figure of social entrepreneur central; "visionary individual" (Bacq and Janssen, 2011, p. 382)
Organizational characteristics	Non- or for-profit organization; profit distribution very limited	Not limited to any specific legal form; no constrains on profit distribution
Resource mobilization	Promotion of financial self-sustainability; no link required between social mission and productive activities	No explicit focus on origin of income; link between productive activities and social mission required

Figure 2.3: Key characteristics of different schools of thought
Source: Own illustration based on Bacq and Janssen (2011, pp. 381–389) and
Defourny and Nyssens (2010, pp. 44–50)

2.1.3   Specifics Influencing Social Entrepreneurship in Germany

To some extent changing social and environmental conditions as described by Nicholls (see section 2.1.1) also affected Germany. As a consequence, within recent years social entrepreneurship has become increasingly important (Stiftung Mercator, 2012b, p. 5). The immense media attention and the number of supporting programs and research institutes in Germany give evidence to this statement (Leppert, 2011, p. 144, see also footnote 12). Nevertheless, compared to other countries, Germany is at the beginning of this development (Leppert, 2011, p. 144) and faces specific (historically developed) challenges (Leppert, 2008, pp. 11–18; Linklaters, 2006, pp. 18–23; Achleitner, 2007, pp. 63–64). In the following, factors that have influenced, and continue to influence, the development of social entrepreneurship in Germany are presented to understand the consequences, and therefore the current state of social entrepreneurs in Germany.

2.1.3.1   Influencing Factors

A strong influencing factor in the social entrepreneurship landscape is the German welfare state. It has long been considered as an ideal type of conservative welfare state and reaches back to the 19th century giving it a longer tradition than in many other countries (Leppert, 2008, pp. 12–13; Achleitner et al., 2007b, pp. 12–13; Heinze et al., 2011, pp. 86–90). The state, e.g. through the social reforms introduced by Bismarck in the late 19th century, and the churches, e.g., creating their own welfare associations ('Wohlfahrtsverbände')[23], played an important role in providing social services (Linklaters, 2006, p. 23). For a long time, the large welfare associations[24] have covered the greatest share of social services and employed more than 1.5 million people in 2008 (Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege e. V., 2009, p. 16) making them one of the largest employers in Germany (Heinze et al., 2011, p. 89). This traditionally high degree of institutionalization of social service provision is not necessarily beneficial for new actors and new approaches as represented and pursued by social entrepreneurs argues Leppert (2008, pp. 12−13).

Another influencing factor, which is related to the previous point, is the closeness of the state to the third sector[25] (Zimmer and Priller, 2007, p. 45). This becomes particularly noticeable in an international comparison as identified by the John Hopkins Comparative Nonprofit Sector Project[26]. When analyzing the financing structure[27] of the third sector across countries around the world it appeared that in Germany 64 % of the revenue of the third sector came from public grants (the remaining revenue

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23   The *German Caritasverband*, the umbrella entity of the welfare organizations of the Catholic Church, was founded in 1897 (see http://www.caritas.de); the Protestant Church started to combine and link various social initiatives in 1849, which became the forerunner of today's *Diakonisches Werk* (see http://www.diakonie-geschichte.de).

24   In addition to the church-related welfare associations several others exist as well, such as the Deutsches Rotes Kreuz, Arbeiterwohlfahrt, Paritätische Wohlfahrtsverband, or the Zentral-wohlfahrtsstelle der Juden in Deutschland.

25   In addition to welfare associations the third sector in Germany includes various other organizations, such as foundations, self-help groups, voluntary agencies, and citizen initiatives – just to name a few. See Priller and Zimmer (2001, p. 12) for the extended list of organizations included in the German study of the John Hopkins Comparative Nonprofit Sector project; see footnote 59 regarding the term 'sector'/'third sector'.

26   The John Hopkins Comparative Nonprofit Sector project is a large scale international project to capture in a quantitative and comparable manner, the size and relevance of third sectors in countries around the world. The project began in 1990 investigating 13 countries. By now it has been extended to more than 40 countries spanning around the world. The study in Germany took place in the 1990s. http://www.ccss.jhu.edu/index.php?section=content&view=9&sub=3&tri=7

27   The financing structure is only one indicator of the "closeness" of the third sector and the state. Further indications (e.g., state influences through legal structures), reasons and historical development can be found in chapter 4.1. of Zimmer's and Priller's book (2007).

came from donations and sponsoring (3%) and self-generated income (32%)); in contrast, the international average (based on 19 countries) was 42 % (Zimmer and Priller, 2007, p. 61). Also absolute numbers support this argument: when comparing all social benefits paid by the government, Germany belongs to one of the countries with the highest spending for in this area on a European level.[28] The strong role of the state in financially supporting social services leads to difficult conditions for new actors, such as social entrepreneurs and social ventures, in raising funds.

The John Hopkins Comparative Nonprofit Sector also identified another factor within the German third sector, which is relevant for the social entrepreneurship landscape. It is "a strong demarcation of the third sector and its organizations towards economic activities" (Zimmer and Priller, 2007, p. 53, [translation HS]) – or, in the words of Defourny and Pestoff (2008, p. 20), an: "overall strict separation of the economic and the social". This is shown, on the one hand, in legal regulations, where currently rather narrow limits are set for non-profit organizations to generate income (Zimmer and Priller, 2007, pp. 53–54; Rummel, 2011, pp. 76–77). On the other hand, the reservations towards economic activities or self-generated income in the third sector can also be seen in the ongoing controversial discussion in Germany regarding the commercialization of the third sector (Achleitner et al., 2007a, p. 13; Zimmer and Priller, 2007; pp. 63–64; Leppert, 2011, p. 143). Also this factor leads to difficult conditions for social entrepreneurs, who often combine private sector activities with social service provision.

A hesitation towards entrepreneurship activities in general in Germany can be seen as another factor influencing the social entrepreneurship context (Achleitner, 2007, pp. 66–67; Leppert, 2008, p. 14). The Global Entrepreneurship Monitor (GEM)[29], for example, shows that Germany ranks low among comparable GEM countries with regard to the nascent entrepreneurship rate and young business ownership rate (Kelley et al., 2011, p. 23). The report also reveals that

> "Germany's adult population is more pessimistic than the citizens of comparable GEM countries as regards future entrepreneurial opportunities, and fear of failure is relatively frequently claimed to prevent them from starting a business at all." (Brixy et al., 2011, p. 4)[30]

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28   See European statistics at Eurostat:
     http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=1&language=en&pcode=tec00026
29   The GEM investigates and compares entrepreneurial activities and framework conditions in different countries around the world. In 2010 the 12th annual report was completed investigated 59 countries including Germany.
30   It has to be mentioned that not all insights from GEM, i.e., the commercial entrepreneurship perspective, can easily be transferred to the area of social entrepreneurship. Nevertheless it can be argued that the relatively weak start-up culture does also affect entrepreneurial activities in the social sector (cf. Leppert, 2008, p. 14). See Vollmann (2008) for a detailed discussion on the transferability of GEM results to the area of social entrepreneurship

In particular, 44 % of the respondents from Germans would *not* start their own business due to this fear of failure – making this number (or this fear) considerably higher than in many other comparable GEM countries (Brixy et al., 2011, p. 16). However, if the willingness to start an enterprise to secure one's own existence is already low, why should such a willingness exist to support the public good, asks Leppert (2008, p. 14).

In sum, the last paragraphs have shown that social entrepreneurship faces particular challenges in Germany. The traditional and extensive welfare state and the strong involvement of the state have led to a mentality in Germany that the state (and the churches) is responsible for social affairs (Achleitner et al., 2007b, p. 12). Together with the strict separation of the third sector and economic activities and the missing entrepreneurial culture, scholars have come to the conclusion that there is a difficult environment for social entrepreneurship in Germany (Leppert, 2008, p. 10; 2011, pp. 142–143; Oldenburg, 2011b, p. 119).

2.1.3.2   Consequences

A consequence for social entrepreneurs and their organizations in Germany is that compared to other countries the supporting conditions are relatively weak (Oldenburg, 2011a, p. 155). First, this refers to the limited access to finances. A study by the global law firm Linklaters (2006), for example, came to the conclusion after comparing supporting conditions for social entrepreneurs in Brazil, Germany, India, Poland, the UK, and the US, that social entrepreneurs in Germany face a particular "[un]established culture of charitable giving" (ibid., p. 23). As mentioned in the previous section, with public grants in the third sector being traditionally above average in Germany, social service providers depend less on donations and voluntary contributions than in other countries. The general public tends to view the taxes paid for maintaining the welfare state as sufficient contribution (Linklaters, 2006, p. 23). Comparable low per capita donations in Germany (e.g., ten times lower than in the US) fit into this picture (Leppert, 2008, p. 14).

Second, the missing supporting conditions also apply to the legal situations in Germany. Unlike in countries such as Italy, France, Belgium, or the UK, no legal form exists for social ventures in Germany (Birkhölzer, 2011, p. 29; Defourny and Nyssens, 2010, p. 36; Huybrechts and Nicholls, 2012, p. 41). Rooted in the strict separation of economic activities and social services, this circumstance often requires creative solutions for social entrepreneurs to find an adequate legal status (Oldenburg, 2011a, p. 158).

The ultimate consequence is that social entrepreneurship has not (yet) emerged as a widespread phenomenon in Germany (see also Stiftung Mercator 2012b, pp. 5−7). These limiting factors and the missing supporting conditions have contributed to the fact that Germany "has relatively few social entrepreneurs" compared to other countries as found out by Linklaters (2006, p. 4). Similarly, Defourny et al. conclude that, compared to the UK or the US, in Germany social entrepreneurs and their organizations have not been recognized as a specific group with their own identity (Defourny and Nyssens, 2008, p. 207; Defourny and Pestoff, 2008, p. 20). Instead, the German social entrepreneurship landscape is mainly shaped by a few prominent "lighthouse examples" (Leppert, 2011, p. 140, [translation HS]). Those are award-winning social entrepreneurs and social ventures selected and promoted by organizations such as Ashoka or Schwab foundation, often with outstanding personalities and high media attention (Leppert, 2011, pp. 140–142; Balgar, 2011, p. 87). And although these lighthouse examples play an important role in promoting and pushing social entrepreneurship in Germany, Leppert (2001, pp. 140–143) points out the need for a wider promotion of social entrepreneurship.

2.1.3.3   Implications for this Research Project

The specifics Germany is facing with regard to social entrepreneurship are relevant for this thesis in various ways (see Figure 2.4 for a summary of influencing factors and consequences for social entrepreneurship in Germany, and the implications for this research project).

(1) A definition needs to be found that is embedded in the national context and that considers the specific challenges. A simple transfer of, e.g., Anglo-American terms might not be sufficient (Balgar, 2011, p. 96). This might also be the case for the transfer of further existing studies and findings throughout this research project, which have to be checked before applying them to the German context.

(2) The characteristics of the social entrepreneurship landscape in Germany also influence the selection of an adequate methodology. In a country where not only social entrepreneurs and social ventures but furthermore partnerships between them and corporations seem to be difficult to identify (see description of case selection process in section 4.2.1.2), large-scale quantitative studies seem unrealistic. In depth analysis of well selected case studies – despite the criticism of other researchers of an overuse of this methodology – seem to be more appropriate in the particular national context.
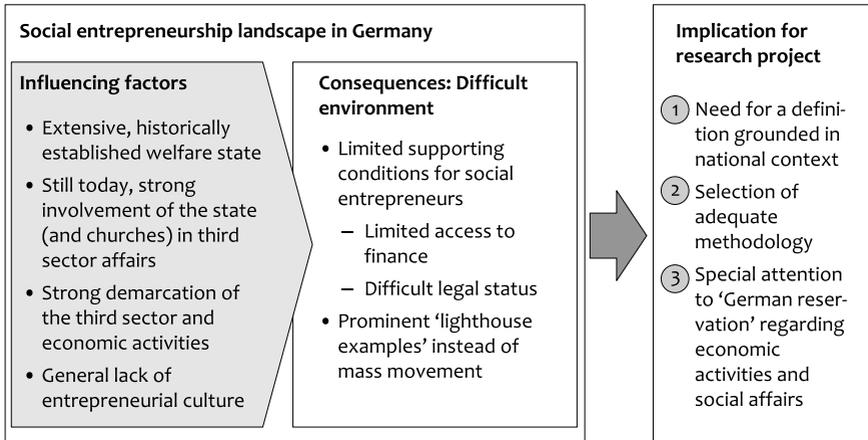
Figure 2.4: Social entrepreneurship in Germany – influencing factors,
             consequences and implications
             Source: Own illustration

(3) The described 'German reservation' of economic activities with regard to social affairs might not only be relevant for social entrepreneurs themselves. When looking at partnerships between social entrepreneurs and corporations this reservation might be intensified and influences the research context. It can be argued that the German mentality that the state is responsible for social services means in return that both private sector methods as well as private sector actors may lead to controversial debates in connection with social services. Potential consequences for this research project reach from a small number of existing case examples to reluctant attitudes of different stakeholders. Therefore, special attention should be given to this point when collecting and analyzing the data.

While point two and three are discussed more in depth in the following chapters, the first point, finding a definition for social entrepreneurship embedded in national context, is approached in the following.

2.1.4   *Understanding Underlying this Thesis*

This research project follows the social innovation school of thought. The reasons for doing so are provided first, before the definition underlying this thesis is presented.

2.1.4.1   Reasons for Following the Social Innovation School of Thought

Both (1) the nature of the national context and (2) the concrete 'object of study' influence the choice for this school of thought.

(1) Due to the historically high involvement of the state in social service provisions in Germany, the self-generated income of non-profit organizations in general, and social ventures in particular, has been, and still is, low (see, e.g., Stiftung Mercator, 2012b, pp. 5−8). The relatively strong demarcation of the third sector towards economic activities comes in addition. These characteristics specifically distinguish Germany from, e.g., the US or the UK context – national contexts where the school of earned income is more widespread. Putting it differently, the root causes for the earned income school, i.e., the increasing commercialization of non-profit organizations, are less pronounced in Germany. Instead, the relatively important role Ashoka and the Schwab Foundation (both adherents of the school of social innovation) play in promoting social entrepreneurship in Germany (Leppert, 2011, pp. 140–141) appears to have supported the expansion of the social innovation approach, small as the expansion may be.

This does not mean that no adherents and examples of the earned income school can be found in Germany. It can be argued that with an increasing withdrawal of the state from social service provisions, in the future the need for market-based income potentially needs to be explored further and therefore could lead to an expansion of the earned income stream (see, e.g., Boschee, 2007, p. 2). Nevertheless, it can be claimed that *currently* the social innovation approach mainly shapes the German social entrepreneurship landscape.

(2) Turning to the 'object of study' (i.e., partnerships between social ventures and corporations), it also seems to suggest to follow the school of social innovation. Partnerships between corporations and "change agents", the term adherents of the school of social innovation often use to refer to social entrepreneurs (e.g., Dees, 2001, p.4; Sharir and Lerner, 2006, p. 7), appear to present a new and little investigated research area (see the status of the current literature in section 2.3.3). Often, the differences between 'traditional' non-profit organizations and

social ventures that are in line with the earned-income school seem to be limited to the generation of market-based income. However, partnerships between non-profit organizations and corporations have been investigated intensively (see section 2.3.2). It is assumed that the emphasis of social *innovation* (instead of earned-income) can lead to new insights with regard to corporation-partnerships.

Additionally, scaling up a social innovation is a central concern of this school of thought (Defourny and Nyssens, 2010, pp. 48–50)[31]. In contrast to organizational growth – sometimes called *direct* growth (Sherman, 2005, p. 11) – scaling also includes the *indirect* spread of a social innovation, which can be achieved by influencing other people or organizations. It can be argued that organizational growth is more in line with a dissemination strategy of the earned income school of thought while the social innovation school of thought pursues both: direct and indirect growth. Working together with another entity (without incorporating it) in order to spread a social mission may therefore lend itself better to adherents of the latter school.

2.1.4.2   Definition of Social Entrepreneurship Underlying this Thesis

Within this thesis partnerships are understood as the interaction between two independent entities, or *organizations*. This requires that social entrepreneur-ship occurs in the form of an organization. Although this includes various forms of organization (non-profit, for-profit, hybrid organization), this required feature of social entrepreneurship is narrower than what is common in the school of social innovation, where the legal form or governance structure is in general not imposed (as argued above); or in other words, elements which in general are included in the social innovation definition of social entrepreneurship, are excluded within this thesis (i.e., individuals, (isolated) approaches and projects, or social entre-preneurship/initiatives within an existing organization).

Ultimately, the following definition, which is based on the definition developed by Mair and Martí (2006, p. 37), is chosen for this research project:

> *Social entrepreneurship is the process of creating value by combining resources in new ways. These resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social need. For the sake of this thesis, social entrepreneurship involves the creation of a new organization.*

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31   See also selection criteria for Ashoka fellows; potential for scalability and large-scale implementation is a mandatory requirement (see, e.g., Ashoka, 2010, p. 18).

The term *social entrepreneur* is used to refer to the founder of said new organizations (which was in three of the four investigated case studies also the current head of this organization). The term *social venture* is used to refer to an organization that has been created by a social entrepreneur to realize the above mentioned social value creation.

Some last remarks on the definition and on some specific terms used here: the first sentence of this definition highlights the Schumpeterian understanding of *entrepreneur* (as described in section 2.1.2.2) and its associated understanding of innovation. To complement this concept of innovation it should be mentioned that *innovative* is less understood as an objective system changing development, but refers more to the "novelty of the subjective perception" (Hauschildt, 2004, p. 4 as cited by Leppert, 2008, p. 18, [translation HS]); in essence this means that an idea can be described as new and therefore innovative if it is new for the acting or the affected person (Leppert, 2008, p. 18).

The second sentence in the above definition focuses on the *social mission*. 'Social' can be understood as oriented to the common good. However, this assessment will always be largely subjective (Achleitner et al., 2009, p. 16). Leppert (2008, p. 18), therefore suggests that what is oriented to the common good and what is not should be aligned with the current societal consensus[32], emphasizing that this changes over time.

The emphasis on '*primarily*' in this context highlights that the social mission has priority over the economic mission. This is one of the key differences between social entrepreneurs and socially responsible (for-profit) businesses (Jähnke et al., 2011, p. 9; Hackl, 2009, p. 14; Huybrechts and Nicholls, 2012, pp. 34-35; 38; Mair et al., 2012, p. 1).

2.2   Social Engagement of (For-Profit) Corporations

After focusing on social entrepreneurs and social ventures within the last section, the focus of this section is on corporations as they are the counterparts to social ventures in the investigated partnerships. The main purpose is to understand *why* corporations participate in such partnerships. By reviewing existing literature on social engagement of corporations in general (mainly summarized under the term *corporate social responsibility – CSR),* this question is attempted to be answered.

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32   Leppert (2008, p. 18) also suggests that the German tax code 'Abgabeordnung' can be a potential guidance since it describes what is accepted as 'for the common good' and therefore receives tax benefits.

This is done in four steps. First, the general term *corporation* is briefly explained (section 2.2.1). Secondly, different areas of responsibilities and resulting forms of CSR are presented (section 2.2.2).This is done to ensure a common understanding of what CSR means, includes, and excludes. Then, perspectives on and assumptions behind CSR are investigated to understand why corporations engage in social initiatives (section 2.2.3). Finally, special focus is given to the German context as – similar to the discussion about social entrepreneurship – differences in the understanding of CSR exist on national levels (section 2.2.4).

2.2.1   Clarification of the Term 'Corporation'

A corporation can mainly be defined by its legal status and the ownership of assets[33] (Crane and Matten, 2007, p. 42). Legally, a corporation is a separate, independent entity that is distinct from its owners, the shareholders. The shareholders own shares in the company; however, the assets (e.g., inventory, patents, and brand names) belong to the corporation. Like a person, a corporation can buy and sell assets, enter a contract, sue a person or another legal entity and can be sued by them. It has perpetual succession, meaning that it can exist beyond the life spans and capacity of its owners since its ownership can be transferred. In general the corporation, as well as its owners, are limited in their liability to creditors and other obligors only up the resources own by the corporation.[34]

Based on this understanding of corporations, Crane and Matten (2007, p. 43) summarize three implications that are, in their opinion, important for the debate on responsibility of corporations:

- Legally, a corporation is an "artificial person" (ibid., p. 43). That means that it has the same rights and responsibilities in society as other members of society[35].
- A corporation is owned by shareholders but exists independent of them. This also means that due to the limited liability, shareholders are not responsible for the debt and damage caused by the corporation.

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33   An exact definition of the term corporation is omitted here. A detailed description of specific legal features of different forms of organizations (such as differences between the German legal forms GmbH and AG) would not be conducive at this point.

34   See, e.g., http://www.businessdictionary.com/definition/corporation.html

35   The role of corporations in society and the resulting consequences are actually discussed controversially in the current debate. See 'political perspective' in section 2.2.3.3 for further information.

- Managers have a "fiduciary responsibility" (ibid., p. 43) to protect the invest-
  ment of the shareholders. That means that they are expected to act in the
  shareholder's best interest.

How these implications influence the debate on CSR is shown in section 2.2.3.

   The above description of corporation does not include profit-orientation (see,
e.g., Crane and Matten, 2007, p. 42). For the purpose of this research project, the
term *corporation* is used in the following *specifically to refer to an organization
with a profit-generating purpose* and at the same time includes the above
mentioned characteristics.

2.2.2   *Understanding of CSR and Different Areas of Responsibility*

In recent years corporations have increasingly engaged in areas that go beyond
the conventional image of a purely economic player. In doing so, the spectrum of
activities corporations took on appeared to be wide and diverse (cf., e.g., Beck-
mann, 2007, pp. 2–4). This is reflected in the understanding of CSR and what it
is associated with, as it varies significantly: to some it means legal responsibility,
others understand it as charitable contributions, some equate it with the gener-
ation of jobs, and to some others it means responsible behavior in the ethical
sense – just to name a few (see, e.g., Garriga and Melé, 2004, p. 52). Neither in
practice nor in academia has a unified definition prevailed (see, e.g., Schaltegger
and Müller, 2008, p. 17; Matten and Moon, 2008, p. 405; Beckmann, 2007, p. 6).
To generate a common understanding, a systematization of CSR developed by
Hiss (2006, pp. 36–94) can be applied that helps to categorize different types of
social engagement and activities of corporations. Influenced by the CSR-frame-
work developed by Carroll[36] (1991, pp. 40–43) and verified with empirical find-
ings, Hiss distinguishes between three different spheres of responsibilities for
corporations as shown in Figure 2.5: the inner, the middle, and the outer sphere

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36   Carroll (1991, p. 42) has developed "the pyramid for corporate social responsibility", which
     consists of four components that are *required*, *expected*, or *desired* from corporations by
     society. At the bottom of the pyramid is the *required* economic responsibility ("Be profitable"),
     followed by the − also *required* − legal responsibility ("Obey the law"). The next level, the
     ethical responsibility ("Be ethical"), is *expected* by society while the level at the top of the
     pyramid, the philanthropic responsibility ("Be a good corporate citizen"), is *desired*. It is a
     widely accepted and wide-spread systematization of CSR (Crane and Matten, 2007, p. 49;
     Schaltegger and Müller, 2008, p. 20). However, the point of criticism, and therefore the
     motivation for Hiss (2006) to develop her own framework, has mainly been the strong
     analytical separation between the different layers making this framework only partially suitable
     for practical application (ibid., p. 37).

of responsibility.[37] Showing how social initiatives are interlinked (or not) with
business processes helps to classify different forms of CSR within the investi-
gated case studies.
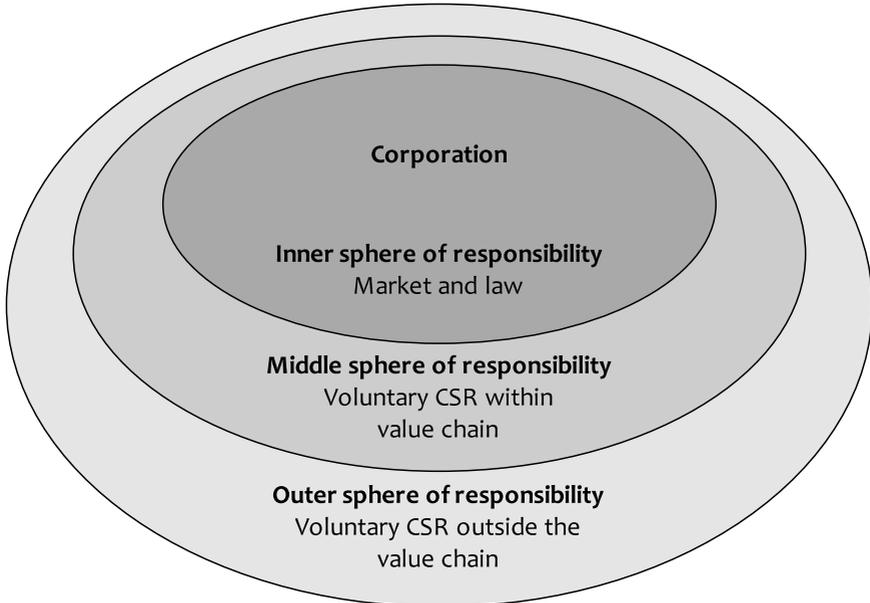
Figure 2.5: Different spheres of responsibility for corporations
Source: Hiss (2006, p. 38) [translation HS]

2.2.2.1   The Inner Sphere of Responsibility

The inner sphere of responsibility refers to corporations fulfilling their economic
function and being compliant with laws and binding agreements; in other words,
fulfilling the obligation of market and law. The intention to meet shareholder's
interest and to generate profit provides orientation for action. In this sphere, inter-
ests of other stakeholders (see below for a definition of this term) are only included
if they contribute to economic benefits or if it is legally required. Hiss (2006, p. 39)

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37   As mentioned by Hiss (2006, pp. 41, 89), a sharp distinction between these spheres is actually *not*
     possible since there is a certain overlap between, and influence within, the different spheres.

refers to it as "involuntary CSR"[38] ([translation HS]). She justifies the use of the term CSR based on Friedman's understanding (see below) that corporations contribute to society in the way they provide goods and services, generate wealth, provide jobs, and comply with agreements, conventions, and laws (ibid., p. 39).

2.2.2.2   The Middle Sphere of Responsibility

This sphere refers to voluntary CSR activities that involve core business processes, and therefore take place within the value chain. Examples are compliance with optional environmental standards, codes of conduct, and self-imposed employment protection. In any case, the pursuit of these CSR activities is voluntary, meaning they are beyond that which is legally required (ibid., p. 40).

Until recently a relatively frequently cited definition of CSR[39], developed by the Commission of European Communities (2001, p.6), represents an applicable description for the CSR-understanding that is meant in this (middle) sphere: CSR can be described "as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."[40]

2.2.2.3   The Outer Sphere of Responsibility

The outer sphere summarizes all social engagements and activities of a corporation that are not directly related to business processes and therefore take place outside the value chain. This means that the social initiatives are mainly detached activities with no direct connection to economic activities. Examples are corporate philan-

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38   Although this sphere seems to be defined by existing laws and regulations Hiss emphasizes that corporations actually do have room for action. In particular, large multinational corporations often have such a bargaining power that they can influence national laws, e.g., by threatening with relocation of production sites. Therefore, Hiss argues, there is a remaining voluntary aspect in this inner sphere, namely the adherence of the regulatory environment (see Hiss, 2006, pp. 39–58 for further information).

39   Although this definition enjoys a certain degree of acceptance within Europe, it should not obscure the fact there (still) is no global consensus in this field of study on the fundamental terms (see, e.g., Beckmann, 2007, p. 6).

40   In 2011, the European Commission published a new policy on CSR with a new definition that waives the need for 'voluntary'. Here, CSR is defined as: "the responsibility of enterprises for their impacts on society" (ibid., p. 6). This new definition can no longer be assigned to the understanding of CSR in the middle sphere of responsibility. It is more in line with a general understanding of CSR that summarizing all spheres of responsibility.

thropy, donations, corporate volunteering, or social investments – representing a large portion of the activities, which can be summarized under 'the limited view of corporate citizenship' as described in the next section (Hiss, 2006, pp. 40–41, see also Schaltegger and Müller, 2008, pp. 21–22).

Excursus: CSR under criticism

In the last years, there has been increasing criticism that corporations would use CSR only for marketing and PR purposes and not integrating ethical concerns sufficiently with business processes[41] (see, e.g., Walter, 2010, p. 43; Painter-Morland, 2006, p. 352; Corporate watch report, 2006, p. 14). For example, this criticism refers to corporations that, on the one hand, launch detached social initiatives – often combined with significant media attention. On the other hand, they do not integrate social and environmental standards into their operations[42]. The allegation here is that corporations spend more energy disseminating a good image than actually contributing to social value creation (Walter, 2010, p. 43). In this context terms such as 'white-washing', 'green-washing', and 'window-dressing' have emerged (Laufer, 2003, pp. 255–258; Painter-Morland, 2006, p. 353; Walter, 2010, pp. 43–44; Graf and Rothlauf, 2011, p. 15).

   Hiss' framework presented above helps to capture some aspects of this criticism: in particular, corporations who show little responsibility in the middle sphere (CSR activities that are incorporated into business processes) but instead focus predominately on the outer sphere of responsibility (CSR activities that are detached from business processes) are often affected by such criticism due to a lack of credibility.

For this research project, mainly the middle and the outer sphere of responsibility are relevant since partnerships as a voluntary association represent a voluntary CSR activity. In other words, within this research project the term *CSR* is used as a general term to refer to:

   voluntary activities of a corporation that address social and environmental concerns both integrated into business processes and separated from them.

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41   This is only one point of criticism regarding the concept of CSR. Other points can be found, for example, at Assländer (2010, pp. 194–198) and Walter (2010, pp. 32–33).

42   Examples can be found at CorpWatch. The research groups gives out 'Greenwash Award' on a bimonthly basis (see http://www.corpwatch.org/section.php?id=102).

Responsibility within the inner sphere, i.e., fulfilling the obligations of market and law, is implicitly assumed.

Similarly, as argued in the section on the definition of social entrepreneurship, the term *social* can be understood as oriented to the common good (see section 2.1.4). However, to emphasize it once again, what is part of this understanding, and what is not, changes over time making CSR a dynamic phenomenon (see, e.g., Matten and Moon, 2008, p. 405).

As a concluding mark, the framework above presents a descriptive framework that tries to capture different existing understandings and forms of appearance of CSR rather than a normative framework of requirements for corporations (Hiss, 2006, p. 38). So far, no explanations have been given as to *why* corporations would act socially responsible; this is the focus of the following section.

2.2.3   Perspectives on and Assumptions behind CSR

Why do corporations engage in social initiatives or take on social responsibility in general? This question is a central question in the research area of CSR – and a series of different answers exist in the current debate (Joyner and Payne, 2002, p. 298; Garriga and Melé, 2004, p. 51). Various perspectives influenced by, and found in, different disciplines such as business ethics, sociology, political science, and economics and management currently exist (Hiss, 2006, pp. 15–16; Schaltegger and Müller, 2008, pp. 22–23).

The discussion about CSR has been rather fragmented (see, e.g., Ketola, 2008, p. 419) and an extended overview of approaches and theories used to investigate CSR would go beyond the scope of this work. In the following, four fundamental perspectives are briefly introduced that can be found in the literature used to explain the emergence of social engagement by corporations, and represent an attempt to summarize different arguments. This classification is mainly influenced by the work of Garriga and Melé (2004) and includes an instrumental, a societal, a political, and an ethical perspective (see Figure 2.6).[43]

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43 The work of Garriga and Melé goes beyond of what is presented here. The authors briefly describe over a dozen different theories that have been used to investigate CSR. They try to "map the territory" (ibid., 2004, p. 51) by classifying these theories in the four groups mentioned above and incorporate descriptive as well as normative approaches in their review. For the purpose of this overview only selected descriptive theories and approaches are presented that help in pointing out the arguments used to explain the emergence of CSR.

Perspective	Assumption	Arguments used to explain CSR
Instrumental perspective	Corporation as an instrument to create wealth	CSR seen as a potential approach to achieving economic benefits
Societal perspective	Mutual relation between business and society	Necessity for corporations to integrate social demands to achieve social legitimacy, greater acceptance, and prestige
Political perspective	Corporations as a participating element of society with political power	CSR as a contribution to society resulting from corporations' rights and duties as a member of society
Ethical perspective	Relationship between business and society embedded with ethical values	CSR as an ethical obligation for corporations to contribute to a good society

Figure 2.6: Different perspectives on CSR
Source: Own illustration based on Garriga and Melé (2004)

Before introducing the different perspectives, it has to be pointed out that large parts of the CSR research focuses on *normative* conceptualization of CSR (see, e.g., ibid, pp. 60–61), meaning the focus is on the question why corporations *should* engage in social activities. Since the purpose of this section is to understand why corporations *do* engage in social activities, the focus primarily on *descriptive* conceptualizations (although such a separation is sometimes difficult to carry out)[44].

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44   A statement by Freeman (2004, p. 230) highlights the difficult separation of descriptive and normative approaches: "I never had interest in the question, 'Are you doing something that is descriptive of the way companies act, or are you prescribing how they should act, or are you suggesting that if they act in this way it will lead to these results?' Donaldson and Preston (1995) have suggested that stakeholder theory can be separated into descriptive, prescriptive, and instrumental categories. I thought I was doing all three and that any good theory or narrative ought to do all three."

2.2.3.1   The Instrumental Perspective

This perspective sees CSR as a strategic approach to achieving economic benefits, e.g., by maximizing shareholders' value or by achieving a competitive advantage. This perspective is closely linked to a view such that "the management's obligation [is] to act in the shareholder's own best self-interest […] to husband organizational strength and generate a growth environment, for the continued maximization of shareholder wealth" (Joyner and Payne, 2002, p. 298). The American economist, Milton Friedman, is probably one of the most well-known representatives of this view[45]. It is assumed that the corporation's purpose and therefore also its social responsibility is to generate wealth, i.e., profit, and to supply society with goods and services (Quazi and O'Brien, 2000, p. 33; Hiss, 2006, p. 25). That implies, in turn, that corporations only take on voluntary social initiatives if a positive correlation between the social activity and the economic benefit can be expected (Schaltegger and Müller, 2008, p. 23). In other words, CSR is seen as a strategic tool.

Many authors have investigated such a correlation (see, e.g., Margolis and Walsh, 2003, pp. 273–277 for an overview), and in a large part of these studies a positive relationships can be found[46]. This positive correlation can be explained, among others, by an increased employee motivation, reputational benefits, increased consumer loyalty, and reduction of risks (Collier and Esteban, 2007; Weber, 2008b, pp. 248−250; Joyner and Payne, 2002, p. 298). However, if this positive correlation would be as clear and as described by some researchers, social engagement of corporations would be much more widespread than it is today, argues Hiss (2006, p. 96). For many researchers, as well as practitioners, this (often short-term) profit-oriented perspective seems to not be sufficient enough to describe today's interaction between businesses and society and to explain the full spectrum of demonstrated corporate social engagement (see, e.g., Hiss, 2006, p. 16; Schaltegger and Müller, 2008, p. 23). Therefore, additional perspectives are necessary to explain existing corporate social engagement (Garriga and Melé, 2004, pp. 52−53).

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[45] In 1970, he published the article "The social responsibility of business is to increase its profits", which was much (and controversially) discussed.

[46] However, many researchers advise to interpret such correlations carefully (see, e.g., Hiss 2006, p. 96; Crane and Matten, 2007, pp. 47–48). Garriga and Melé (2004, p. 53), for example, warn that these numbers need "to be read with caution since such correlation is difficult to measure".

2.2.3.2   The Societal Perspective

The second perspective assumes that there is a mutual interrelation between corporations and society. Not only does society depend on corporations to provide goods and services and to generate wealth, corporations also depend on society. Taking social demands into account, to interact with society gives corporations a certain social legitimacy and prestige, which is important for a corporation's existence, continuity, and growth. This, in turn, means that corporations need to detect and scan for social demands (ibid., pp. 57−59). One of the approaches[47] focusing on this aspect is the stakeholder approach, which has originally been detailed by Freeman in the 1970s. Freeman (1984, p. 46) defines a stakeholder as "any group or individual who can affect, or is affected by, the achievement of the organization's objective". The stakeholder approach focuses on integrating various stakeholder groups into managerial decision making, e.g., in the form of stakeholder dialogues, to coordinate stakeholders' interests and corporation's objectives (see excursus below for further details on this approach).

   In a somewhat similar manner, Hiss (2006, p. 17) argues that corporations depend on society in the way that social legitimization is an essential element to surviving on the market. In her dissertation she analyzes how pressure generated by society – she refers to it as the "power of myths" (ibid., p. 305, [translation HS]) – can tie corporations' action to societal expectations and can lead to the implementation of (occasionally economically inefficient) CSR activities.

   To sum up the societal perspective, the assumption that there is a mutual interrelation between corporation and society leads to the argument that corporations integrate social demands to achieve social legitimacy, greater acceptance, and prestige, which is essential for their existence and growth (Garriga and Melé, 2004, p. 57 -59). [48]

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47   Another approach is the social responsiveness concept, which had been developed in the 1970s and incorporated over time with the issue management concept. It focuses in particular on the process of how societal expectations are identified and integrated into business practices. In contrast to the stakeholder approach this concept focuses mainly on the implementation of CSR rather than on outcomes (see, e.g., Garriga and Melé, 2004, p. 58; Crane and Matten, 2007, pp. 55–56; Vorbohle, 2008, pp. 56–61 for further details).

48   It can be argued that similar to the instrumental perspective in the societal perspective, the remaining argument is that corporations engage in social activities to achieve economic benefits in the long-run. And actually the boundaries between the two perspectives are blurry (see end of this section). To further highlight some distinctions: a first difference between these perspectives is that the instrumental perspective only considers CSR activities if they have a direct (short-term) effect on economic measures. The societal perspective also includes CSR activities with a long-term effect (such as effects on legitimacy and prestige) that might be economically inefficient in the short-term. A second difference is that, from a societal perspective social activities are not as opportunistically selectable. While the instrumental perspective suggests that corporation can *choose* to engage in social activities, the societal perspective *requires* that corporations respond to social demand to ensure existence, continuity, and growth.

2.2.3.3 The Political Perspective

The third perspective is shaped by the idea to consider corporations as a participating element of society, meaning that they have rights and duties[49] as well as a certain power in the community they operate in. This idea has gained increasing interest within recent years, especially as ongoing changes in the social and economic conditions have contributed to the fact that some large (multinational) corporations have more economic and social power than some governments. Also the withdrawal of governments from social services provisions has contributed to the spread of this view (ibid., pp. 55−57).

In this context the term corporate citizenship has evolved, whereof Matten and Crane (2005, pp. 168−174) have distinguished three conventional uses of this term: the *limited view*, the *equivalent view*, and the *extended view* of corporate citizenship.[50]

In the *limited view* corporate citizenship refers to discrete social activities such as charitable donations, corporate philanthropy, local community involvement, and social investments mainly driven by the idea to give something back to the community (Matten and Crane, 2005, p. 168).[51] In this view, for some researchers, corporate citizenship represents a subcategory of CSR, namely the social engagement of a corporation in a local community (see, e.g., Hiss, 2006, pp. 40–41; Weber, 2008a, p. 41; Janes and Schneider, 2010, p. 50). Other researchers have used (almost) equivalent definitions for corporate citizenship and CSR, and thus have been named the *equivalent view*, with a slight refocus on emphasizing "meeting" the responsibilities that exist due to the role corporations have in society (Matten and Crane, 2005, p. 169). In the *extended view* corporate citizenship refers to corporations taking over some function traditionally provided by the state (ibid., pp. 174–176). In particular, in areas where governments fail in

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49 The question if corporations as an 'artificial person' (see section 2.2.1) do have rights and duties is actually discussed controversially (see, e.g., Janes and Schneider, 2010, pp. 55–56; Néron, 2010, p. 333). In the political perspective it is assumed they do.

50 It has to be mentioned that even more understandings exist for the term *corporate citizenship* and the relation between corporations and politics. Néron (2010, pp. 333−335), for example, describes different 'waves' within the theory of corporate citizenship that go beyond the classification of Matten and Crane (2005, pp. 168−174). Another understanding can be found in the report by Loew et al., where corporate citizenship is used to highlight the mutual benefit of business and social objectives of certain activities ("win-win-situations") (Loew et al., 2004, p. 50, see also Beckmann, 2007, pp. 71–76, for further information). However, these understandings are not considered further at this point.

51 In this view the difference between 'pure' philanthropy and corporate citizenship is the strategic focus of the latter (Matten and Crane, 2005, p. 168).

facilitating citizenship, corporations can take, and have taken[52], over public services. The role of corporations in this view can be described as "administrating citizenship rights for individuals" (ibid., p. 173).[53]

Although in each of these views the resulting role of corporations in society differs, the common ground of this political perspective is the argument for why corporations take over social responsibility: the role and power corporations have in society (or in the local community they are operating) is connected with rights and duties. Since the corporate citizenship approach (as part of the political perspective) represents a "descriptive conceptualization of what *does* happen rather than a normative conventionalization of what *should* happen" (ibid., p. 174 [emphasized by HS]) it can be argued that these duties have motivated corporations to take on more responsibility than required by their stakeholders (Ketola, 2008, p. 421; Garriga and Melé, 2004, pp. 52; 55–57).

2.2.3.4   The Ethical Perspective

In contrast to the previous perspectives, the fourth, the ethical perspective assumes that corporations have moral obligations to contribute to society (Weber, 2008a, p. 33) based on the assumption that the business-society-relationship is embedded with ethical values (Garriga and Melé, 2004, p. 53). From this perspective, corporations "*ought* to accept social responsibility as an ethical obligation above any other consideration" (ibid., 2004, p. 53, [emphasized by HS]). However, the applicability of the ethical perspective for this argumentation, i.e., why corporations *do* engage in social activities, is difficult because often normative and descriptive approaches are hard to ascertain. Indeed, many theories and approaches used in this context are normative, such as the normative aspect of stakeholder approach (see following excursus) or the common good approach. On the other hand, the acceptance of universal rights such as the UN Global Compact, which consists of a series of principles in the areas of human rights, labor, environment, and anti-corruption that has been excepted by more than

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52   Matten and Crane (2005, p. 175) name Shell as an example that had provided public services, e.g., facilitating schools or hospitals. Ketola (2007, p. 421) refers to historical examples, e.g., English companies providing housing and health care in the 19th century to their employees.

53   It is referred to the work of Pies et al (2009; pp. 1−10) for explanations of *why* corporations participate as political actors and administrate rights in situations the state either fail setting adequate rules or falls short enforcing them.

6,000 businesses around the world[54] could be used to argue that empirical evidence of CSR activities originating from corporations' moral obligations do exist (see Garriga and Melé, 2004, pp. 60–62).

2.2.3.5   Conclusion from the Different Perspectives

To sum up, it has been shown that different perspectives and arguments exist for explaining the existence of CSR[55]. Be it the wealth creation purpose of corporations, their interrelations with society, their rights and duties as a member of society with political power, or their moral obligation – for various (different) reasons corporations engage in social activities. The range of different perspectives and arguments also shows, however, that the assumption of purely rational actors that are narrowly self-interested (known as *homo economicus*) reaches limits in the CSR debate (see, e.g., Hiss, 2006, pp. 101–102; Robins, 2008, p. 332). While it can be argued that the instrumental perspective is in line with neo-classical assumptions, and the concept of *homo economicus,* the other perspectives increasingly dissociate from purely self-interested, rational actors. In other words, taking on responsibility for other people, future generation, or the environment due to e.g., ethical reasons cannot be explained with the concept of *homo economicus* (see also Siebenhüner, 2000, p. 18). Since at this point alternative concepts should not be elaborated, the introduction of different perspectives and arguments used to understand the existence of CSR should be sufficient for now.

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54   The UN Global Compact was first introduced by Kofi Annan at the World Economic Forum in Davos in 1999. See http://www.unglobalcompact.org for further information.

55   In conclusion it has to be mentioned that this four-perspectives-framework is solely a (theoretical) attempt to capture different answers to the question why corporations engage in social activities. However, as it has partially been indicated within the last section, these perspectives are not mutually exclusive. Boundaries between the different perspectives are blurry. For example, the instrumental perspective, which justifies CSR due to its possibility to achieve (often short-term) economic benefits, cannot be distinguished sharply from the societal perspective, which justifies CSR as a way to achieve social legitimacy, greater acceptance, and prestige – factors that ultimately are also important for the corporation's (economic) well-being (see footnote 48). Similarly, the political perspective justifying CSR as a required duty of corporations, as they are a participating member of society, is also somehow connected to the attempt to achieve greater social acceptance. Furthermore, theories and approaches focusing on CSR exist that actually consider two or more of these perspectives, e.g., considering social legitimacy and political power at the same time as motivation for corporations to engage in social initiatives Garriga and Melé (2004, p. 65). This emphasizes again that this framework only serves as a theoretical support to identify different views explaining CSR.

Excursus: Stakeholder approach

As mentioned above with Freeman's definition of stakeholder[56] as "any group or individual who can affect, or is affected by, the achievement of the organization's objective" (1984, p. 46), he set the groundwork for the stakeholder approach. This definition highlights that the range of stakeholders depends strongly on the context, differs from corporation to corporation, and even from project to project (Crane and Matten, 2007, p. 58). The new approach, based on this definition, is that not only stakeholders with transactional relationships with corporations be taken into account (such as customer, employees, and suppliers) in corporations' decision making processes, but also stakeholders from the external environment (see figure below) need to be incorporated (Freeman, 1984, pp. 3–27).

Important questions within the stakeholder approach are on the one hand: who is considered a stakeholder and who is not (cf., e.g., Ulrich, 2008, p. 477)? On the other hand: how can corporations balance and integrate the interests of different stakeholder groups (often referred to as stakeholder management (cf., e.g., Beschorner, 2004, p. 256))? Partnerships (e.g., with social ventures) can be understood as one form of stakeholder management in this context (cf. Vorbohle, 2010, p. 32).

Since the development of the stakeholder approach, different streams have emerged that approach these questions from different perspectives. According to Donaldson and Preston (1995, p. 66–71) one can distinguish between a descriptive, an instrumental, and a normative concept of the stakeholder approach. While the descriptive concept has been used to describe the corporation's behavior from empirical findings, the instrumental concept focuses on how to link stakeholder's management with the achievement of the corporation's objectives, such as profitability and growth. In other words, the instrumental concept comes from a corporation's perspective and focuses on balancing stakeholders' interests in a way that is ideal for the corporation. The normative concept assumes that each person that has a legitimate interest in the corporation's activity is considered a stakeholder and therefore each group of stakeholders merits consideration of its own sake (independent of the corporation's interest in the stakeholder). Here, particular emphasis is on analyzing the moral obligation and requirements of corporations that might go beyond obligations of market and law. Following the normative concept of the stakeholder approach, a corporation should give "simultaneous attention to the legitimate interests of all appropriate stakeholders" (Garriga and Melé, 2004, p. 60) and therefore

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56   It has to be mentioned that this is only one of many existing definitions for *stakeholder* (see, e.g., Miles, 2012, p. 185, Crane and Matten, 2007, pp. 57–58). It is used in the following because it is one of the broadest and most prominent definitions (ibid., p. 57).

has to balance multiple interests.[57] (Donaldson and Preston, 1995, pp. 66−82, see also, e.g., Ulrich, 2008, pp. 476–479, Weber, 2008a, p. 47)

For the purpose of this section, which tries to explain why corporations do engage in social activities, the descriptive and instrumental aspect of the stakeholder theory are relevant: the former because it represents observations from reality; the latter because it provides a supporting argument and offers guidance for corporations on how to integrate social demands – in this case multiple stakeholder's interests – with the corporation's objectives (Donaldson and Preston, 1995, p. 74; Weber, 2008a, p. 48).
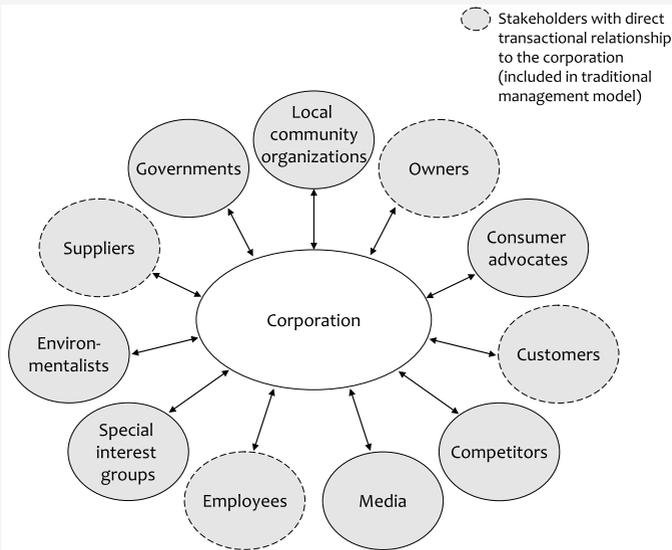
Figure 2.7: Map of stakeholders – from a corporation's perspective
           Source: Freeman (1984, p. 25)

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57   According to Ulrich (2008, pp. 477−481) the normative concept of the stakeholder approach is not compatible with Freeman's definition of a stakeholder. Ulrich argues that Freeman considers only those groups as stakeholders that have potential influence and therefore a certain power towards a corporation. In line with the descriptive and instrumental concept of this approach the focus here is to align and balance the different interests due to strategic reasons. The normative concept, however, assumes that *all* groups that have a legitimate claim against a corporation have to be considered as stakeholder. That is why Freeman's definition of stakeholder is not sufficient in the normative concept of stakeholder theory argued Ulrich (see ibid., pp. 477−485 for further details).

To conclude this section, the different arguments used to explain CSR are associated with the different spheres of responsibility described in the previous section. It can be argued that in general, all arguments could be relevant to explain CSR independent of the sphere of responsibility. Putting it differently, the reason for corporations to fulfill binding social standards (inner sphere) could be, on the one hand, simply to avoid potential penalties (instrumental perspective). On the other hand, it could also be due to moral obligation (ethical perspective) that corporations accept and comply with such standards instead of using their potential bargaining power to avoid or influence of such standards in their favor. In particular, such power can play a role for large multinational corporations in developing countries (see, e.g., Hiss, 2006, pp. 42–49). Similarly, in the middle and outer sphere it can be argued that in general all arguments and perspectives could be relevant to explain the respective CSR activities. Overall, all four perspectives are relevant to understanding the (demonstrated) social engagement of corporations.

2.2.4   German Specifics Regarding CSR

The debate regarding CSR is a global debate and has its origin in the US in the 1980s. In Europe this debate first arose in the 1990s; in Germany it started even later (Backhaus-Maul, 2010, p. 66; see Hiss, 2006, pp. 29–34 for a historical overview of the development of CSR). Due to this pioneering role of the US, for a long time the CSR research has been significantly influenced by the US context. However, recently researchers argued that there are a series of differences between the US and Europe, in particular Germany, that need to be taken into account when analyzing the role and duties of corporations in society (Janes and Schneider, 2010, p. 50; Matten and Moon, 2008, p. 404). In the following, some key differences between the CSR debate in the US and in Europe as well as some German specifics are presented to understand what influences the CSR debate in this country.

Starting with German specifics, the traditionally strong involvement of the German state in social service provisions (as discussed in detail in the previous section) does not only influence the environment for social entrepreneurs and their organizations in Germany, it also influences the societal expectation of corporations. First, it can be argued that for a long time the mentality that the state (and churches) is responsible for social affairs has resulted in relatively low expectations of customers and the public in terms of social engagement of corporations (Janes and Schneider, 2010, p. 60). With regard to social service provisions corporations would hold the role of tax and contribution payers (Backhaus-Maul, 2010, p. 73).

Second, the strong involvement of the state has also led to a relatively good coverage of selected social services, which therefore do not need to be provided by other actors, such as corporations (discussed in more detail below).

Matten and Moon (2008) have actually identified systematic differences in the social engagement of corporations within the US and Europe and created the terms "explicit CSR" and "implicit CSR" (ibid., p. 404 and p. 405). Explicit CSR, which mainly refers to the US context, means "corporate policies that assume and articulate responsibility for some societal interests" (ibid., p. 409). Implicit CSR, which mainly refers to the European context, means "corporations' role within the wider formal and informal institutions for society's interest and concerns" (ibid., p. 409). In other words, the authors identified a series of areas where mandatory guidelines exist for corporations in Europe, such as providing health insurance for employees and environmental regulations that do not exist in the US. Therefore, providing health care benefits for uninsured employees can be fundamental to a US corporation's social engagement, while in Europe, it would not fall under the category of CSR (if this is defined as a voluntary activity) since the membership in a health insurance is mandatory (cf., e.g., Janes and Schneider, 2010, pp. 52–53; Matten and Moon, 2008, p. 412). In particular in Germany, a wide set of (mandatory) guidelines exists for corporations, be it the employment of disabled people, wage agreements with unions, or social security contributions (Backhaus-Maul, 2010, p. 74). Therefore, referring to explicit and implicit CSR provides a framework to compare the social engagement of corporations in the different continents and also provides explanation as to why the CSR debate has only recently taken place outside of the US (Matten and Moon, 2008, p. 405).

What Matten and Moon (2008, pp. 415–417) have further identified is, that recently, explicit CSR is also spreading in Europe. The authors argue that changes in the political, the financial, the labor, and the cultural systems have led to corporations taking on explicit responsibility. Politically, for example, the ongoing withdrawal of the state from social service provisions has led government to specifically encourage CSR (see, e.g., the Green Paper the European Commission has published in 2001). Culturally, it can be claimed that an increasing awareness of the impact of large corporations' actions have led to an increased engagement of customers and the public with regard to social and environmental topics, which occasionally resulted in effective social reactions such as boycotts of selected corporations (see Matten and Moon, 2008, p. 416 for concrete examples).

With this information in mind, some results from a large scale quantitative survey on CSR seem to support this. In 2006, Braun asked around 500 companies in Germany about their social engagement (see Braun, 2010, pp. 90–101).

First, Braun found that corporations prefer to engage in "non-political fields of action" (ibid., p. 97, [translation HS]). The survey showed that corporations favor to engage in areas such as sport and leisure instead of education or community activities. Given the traditionally strong state involvement in Germany these results seem unsurprising. Second, two thirds of the surveyed corporations that engage in social initiatives said that their engagement is not part of their business strategy. Instead, social initiatives are launched more spontaneous and uncoordinated and are more personalized and informal than centralized and standardized (ibid., pp. 97–98). When assuming that this kind of engagement (which mainly falls in the outer sphere of responsibility) is part of the 'new' explicit CSR movement in Europe it can be argued that this might be the initial reaction of the corporations to the changing conditions. A systematic connection of CSR with business processes and a strategic alignment (part of the middle sphere of responsibility) is surely more complex.

To conclude, this section has shown that the social engagement of corporations is influenced by its national context. In particular in Germany, different societal expectations towards CSR and a wider set of existing mandatory guidelines lead to the assumption that (explicit) CSR plays a narrower role in this national context. Assuming that partnerships with socially-oriented organizations are part of an explicit CSR approach, this section provides attempts to explain (from the corporation's perspective) why partnerships with social ventures seem to be difficult to identify – in particular those in an integrative[58] stage (section 4.2.1.2).

2.3   Same- and Cross-Sector Partnerships

After focusing on the participating actors, social ventures and corporations, the third part of this chapter on relevant fundamentals focuses on partnerships. In very general terms, a partnership can be understood as "the relationship between two organizations that engage in one or more exchanges" (Sagawa and Segal, 2000, p. 112). *Exchanges* can be further described as the "linking or sharing of information, resources, activities, and capabilities" (Bryson et al., 2006, p. 44).

This section starts with a brief general classification of partnerships as it has emerged in general management studies (section 2.3.1). Partnerships can be understood as an intermediate organization form within a spectrum ranging from market to hierarchy. The transaction cost approach, briefly introduced in this first

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58   This term refers to a partnership stage where the (socially-oriented) partnership has high strategic value and is important for the mission of *both* the socially-oriented organization and the corporation. It is explained in more detail in section 2.3.2.

part, can help to find the most adequate organization form within this spectrum for a particular exchange relation. The focus then turns to partnerships that explicitly address a social issue, in the following referred to as *socially-oriented partnerships*, and involve partners from different sectors[59] (section 2.3.2). Here, different stages of such partnerships are introduced and the motives[60] for the different actors to participate in such partnerships are discussed. The last part of this section summarizes the current status of research on partnerships, particularly between social ventures and corporations (section 2.3.3).

2.3.1   Partnerships in General Management Studies

Partnerships between actors from the private sector have been investigated intensively within the last two decades (see, e.g., Reid et al., 2001, p. 79; Zentes et al., 2005, pp. 7–12). Since emerging approaches such as the market-hierarchy-framework (section 2.3.1.1), the transaction cost approach (section 2.3.1.2), and the social exchange theory (section 2.3.1.3) seem to also be useful for socially-oriented partnerships, a brief introduction is given in the following.

2.3.1.1   Partnerships as Hybrid Exchange Relations between Market and Hierarchy

In 1937 the economist Ronald H. Coase published the fairly influential article: "The nature of the firm" that focused, inter alia, on explaining the existence of businesses. According to Coase (1937, pp. 388–398), firms have two possibilities of how to organize their economic activities: either within the firm (also referred to as *hierarchy*) or by using the (free) *market*. Decades later other researchers

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59   Within this thesis the term *sector* is used to classify different actors. Researchers distinguish between the public, private, and civil sectors. However, this classification has some shortcomings. First, the definition of boundaries between these three sectors is difficult – in particular when 'hybrid' organizations are considered. These are organizations that combine characteristics and resources that are in general attributed the public, private, or civil sector, such as social ventures. Second, especially for the civil sector, also referred to as the third, the social, or the non-profit-sector, various different understandings exist of what is part of this sector and what is not (cf., e.g., Evers and Ewert, 2010; Muukkonen, 2009; Brandsen, van de Donk, and Putters, 2005). Nevertheless, the term sector is used here in combination with partnerships to emphasize interactions that occur between the same type of actors ('same-sector partnerships'), or between different types of actors ('cross-sector partnerships').

60   Since the empirical part of this study only investigates *how* partnerships between social ventures and corporations emerge, the '*why*' is investigated from a theoretical perspective and therefore within this chapter.

further developed this approach and included *partnerships* as a hybrid form of exchange relation lying in-between market and hierarchy (Williamson, 1975; 1991; Powell, 1990; Liebhart, 2002, pp. 77–78).

In this context, the term *market* refers to "a spontaneous coordination mechanism that imparts rationality and consistency to the self-interested action of individuals and firms" (Powell, 1990, p. 302). Interactions on the market are discrete transactions of (ex-ante) well-defined goods and services based on the mechanism of price (Sydow and Duschek, 2011, pp. 66−80). It is the participant's own decision to enter and leave the market (Kippelt, 2009, p. 10).

Interactions in *hierarchical structures* are based on organizational rules and instructions from the management (or a superior institution) towards, and in general for a limited number of, organization members. In contrast to market relations, not the mechanism of price but rather hierarchical authority coordinates the relation. Here the exchanged goods and services are less specific, while the interactions are intended to be more long-term (Kippelt, 2009, p. 10; Sydow and Duschek, 2011, pp. 111−117).

Partnerships[61]*,* lying in-between these two exchange relations, include elements of both market and hierarchical relations (Morschett, 2005, p. 380; Sydow, 2005, pp. 98–102). Different to market relations, partnerships require some alternative negotiation other than the price mechanism. In contrast to hierarchical structures, no legitimate authority is in place that could convince the participants to comply with the agreements; instead, rules and responsibilities need to be negotiated. The participants remain relatively autonomous (Phillips et al., 2000, pp. 24−25).

Sydow (2005, pp. 104−105) developed a framework, where market relations present one end of a spectrum and hierarchical relations present the other end. Within these two extremes various different hybrid forms, or forms of partnerships, exist such as long-term supply contracts, franchising agreement, and joint ventures; (the order of theses hybrid forms corresponds to an increasing amount of hierarchical coordination, see Figure 2.8).[62]

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[61]   In the literature different terms are used for this hybrid form. Sydow (2005), for example, uses the term *network;* Phillips et al. (2000) refer to *collaboration*. Within this research project, the term *partnership* is used for this hybrid form of exchange relations.

[62]   It has to be mentioned that there is an ongoing debate questioning whether market and hierarchy span a continuum with partnerships being an intermediate form (e.g., Sydow, 2005, pp. 98–102; Rese, 2006, pp. 73−74) or if partnerships include attitudes that are fundamentally different from market and hierarchy and therefore represent their own form of organization (e.g., Powell, 1990; Entwistle et al., 2007, pp. 65–66; see, e.g., Sydow and Duschek (2011, pp. 41−47) and Häussler (2005, p. 6) for further details on this debate). Without deepening this discussion this research project follows Sydow's approach (2005, p. 102) considering partnerships as an intermediate form between market and hierarchy.
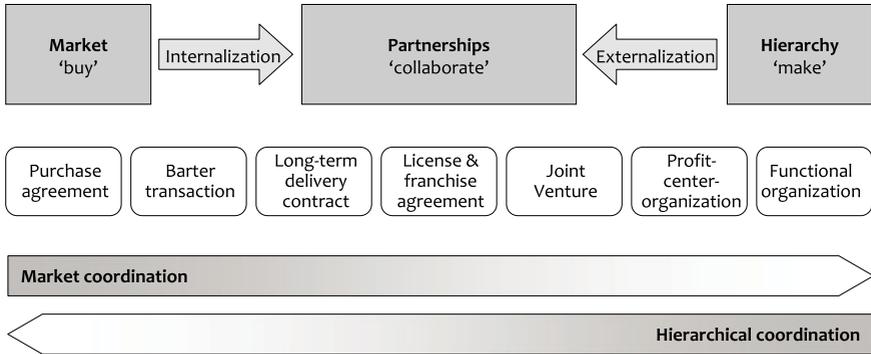
Figure 2.8: Different organization forms for economic activities
Source: Own illustration based on Sydow (2005, p. 105)

2.3.1.2   Identifying the Optimal Exchange Relation Using the Transaction Cost Approach

For a specific activity or initiative organizations can choose the exchange relation within this spectrum that is most appropriate.[63] To find this optimal exchange relation the *transaction cost approach* is helpful.

Within this approach the unit of analysis is a *transaction*, which can be understood as "a unit of transfer of legal control" (Commons, 1934, p. 6 as cited by Sydow, 2005, p. 130). A transaction includes the process of initiation, negotiation, control, and adaption. Transaction costs are all costs incurred within these processes, such as costs for information procurement, cost for (contract) negotiations, and cost for ensuring compliance with agreements, etc. (Sydow, 2005, p. 130).[64] Transaction costs occur in any organizational form (market, partnership,

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63   An example from an automobile manufacturer described by Peloza and Hassay (2008, p. 74) helps illustrate this choice: When deciding to source parts an automobile manufacturer has the option to purchase these parts externally, which presents the *market* option. The *hierarchical* option would be to manufacture these parts by building their own plant. A *hybrid* option would be a partnership, such as a long-term contract or a joint venture, with a part supplier to produce the parts jointly.

64   Williamson (1985, p. 20) distinguishes between *ex-ante* transaction costs, which are all costs arising *up to* the transaction (e.g., costs for initiation, information, negotiation, agreement), and *ex-post* transaction costs, which are all arising costs *after* the transaction (e.g., costs for monitoring, (quality) control, renegotiation).

hierarchy) – albeit with different amounts depending on the specificity of the transferred goods or services, the uncertainty and complexity of a transaction, and its frequency (Liebhart, 2002, p. 79). Assuming that production costs are the same in alternative organization forms, the transaction cost approach focuses on finding the most efficient organization form for a specific transaction by identifying the option with *minimal* transaction costs (Sydow, 2005, p. 130). Therefore, the transaction cost approach aims on estimating and comparing transaction costs of different forms of organization or exchange relations.

When analyzing the motives of a corporation to participate in a socially-oriented partnership (section 2.3.2.2), this approach is referred back to.

2.3.1.3   Relationship Commitment and Trust in the Perspective of Social Exchange Theory

Although the transaction cost approach supports the explanation of why certain exchange relations are used, it is limited in its capacity; first, in explaining how partnerships can evolve (or change) over time, and second, in explaining relationship governance – two aspects that are relevant for this research project. In this context, scholars often draw on social exchange theory, a theory[65] from general management studies that has initially been introduced by Homans (1958) and can be applied to the context of partnerships (Lambe et al., 2001, pp. 2–3; Cropanzano and Mitchell, 2005, p. 875).

The social exchange theory analyzes social interactions from an exchange perspective and has been used for interpersonal, intra-organizational, as well as inter-organizational exchanges (Di Domenico et al., 2009, pp. 890–891). Social exchange theorists assume that the social context, in which the exchange takes place, is important for the understanding of the exchange relation (Young-Ybarra and Wiersema, 1999, p. 441).

It is assumed that interactions are based on (subjective) estimates of *benefits* and *costs*; particularly, on the differences between these two aspects, i.e., outcome. Benefits are elements of an exchange with positive value, costs with negative value. The theory focuses both on *economic* outcomes and rewards, such as money, goods, and information, and on *social* outcomes, such as companionship and emotional satisfaction. The theory assumes that each party in an exchange

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65   Some scholars highlight that social exchange theory is rather a collection of interrelated set of ideas, explanations, and propositions than a unified or coherent theory (cf. Emerson, 1976, p. 336; Di Domenico et al., 2009, p. 891).

relation compares (both economic and social) outcomes from one interaction with outcomes from alternative exchanges. This determines the dependence on the particular exchange relation. If, for example, no alternative exchange can provide greater outcomes, the parties will have a degree of dependence on the existing relation. Negative outcomes (or existing alternative exchanges with greater outcomes) can result in the termination of an exchange relation. Positive outcomes, in contrast, increase the trust in the partner and the commitment to enter or continue the interaction. In particular, trust is assumed to be an important aspect as social exchange is often governed by social "obligations" (Blau, 1968, p. 454 as cited by Lambe 2001, p. 10). When providing a benefit to the other party, it is necessary to trust that the other will return the benefit. The "mutual reciprocation of beneficial action" (Lambe et al., 2001, p. 10) that can develop over time does not only require, it also creates trust. This, in turn, contributes to the partners' commitment[66] and can result in a (further) development of an existing partnership (Lambe et al., 2001, pp. 4–11, see also Cook and Rice, 2006, pp. 53–55; Prestby et al., 1990, pp. 119–122; Di Domenico et al., 2009, pp. 890–891).

From a social exchange theory perspective, inter-organizational partnerships are assumed to be motivated by the mutual recognition of both partners that the outcomes of the particular partnership exceed those of other exchange relations (either those of with a different form of exchange relations or those with a different *partner*) (Lambe et al., 2001, pp. 12; 21-22). The high importance of trust within this theory is further considered when discussing partnership governance mechanisms (section 3.2 and section 6.2).

2.3.2   *Cross-Sector, Socially-Oriented Partnerships*

The theories and approaches presented so far have originally been developed for inter-organizational partnerships within the private sector, therefore between organizations from the *same* sector. Inter-organizational partnerships also exist between organizations from *different* sectors. Often, partnerships that focus on a social purpose or address a social issue occur between actors from the civil sector, therefore socially-oriented organizations, and actors from the private or

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66   The causal relationship between trust and commitment is explained in social exchange theory through the principle of "generalized reciprocity", which says that "mistrust breeds mistrust and as such would also serve to decrease commitment in the relationship and shift the transaction to one of more direct, short-term exchanges." (McDonald, 1981, p. 834)

the public sector. When referring to cross-sector partnerships in the following, it is assumed that these partnerships are socially-oriented.[67]

In particular, cross-sector partnerships between ('traditional') non-profit organizations and corporations have been investigated extensively within the last decade (see, e.g., Abzug and Webb, 1999; Austin, 2000a; Selsky and Parker, 2005, pp. 855–858; Vernis et al., 2006; Seitanidi and Crane, 2009; Vorbohle, 2010; Le Ber and Branzei, 2010a; Le Ber and Branzei, 2010b; Austin and Seitanidi, 2012a and 2012b). Findings and insights from this research field are particularly relevant for this present research project due to the similarity of the partnership's participants. However, some distinct features also exist between 'traditional' non-profit organizations and social ventures that can be relevant for the investigation of their partnerships (see the following excursus). Therefore, when presenting some insights and frameworks from the non-profit-corporation-partnership-research their transferability to partnerships between social ventures and corporations needs to be assessed.

Within this section Austin's collaboration continuum is introduced first (section 2.3.2.1), which distinguishes between different partnership stages. Then, the focus is on understanding why corporations and social ventures engage in (socially-oriented) partnerships (section 2.3.2.2 and 2.3.2.3).

2.3.2.1   Different Forms of Socially-Oriented Partnerships

Austin (2000b, pp. 20−36) developed the collaboration continuum to describe different stages of socially-oriented partnerships. Based on the intensity and scope of a partnership he describes three typical stages: the stage consisting of a low level of interaction and engagement is called the *philanthropic* stage. It is comparable to a relationship between a charitable donor and a recipient. Besides an exchange of monetary or in-kind benefits, the interaction between the organizations is limited. In the next stage, the *transactional* stage, in addition to funds, specific joint activities (e.g., cause-related marketing, event sponsoring, corporate

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67 Of course, socially-oriented partnerships can also occur between partners from the same sector (such as between two non-profit organizations). Moreover, not all cross-sector partnerships are necessarily socially-oriented. For example, some partnerships between corporations and governments (also known as public-private-partnerships) do not directly address a social issue; instead, they focus more on infrastructure development or the provision of public services (cf., e.g., Selsky and Parker, 2005, p. 854). To equalize cross-sector partnerships with a social orientation is done within the thesis for reasons of simplifications. However, it seems that such an equation is often assumed in the cross-sector partnership literature.

volunteering) are realized. In the transactional stage the level of engagement of the organizations is higher than in the philanthropic stage; resources deployed expand and joint value creation is relevant. The third stage, the *integrative* stage, can be compared with a 'classical' joint venture that is central to both organizations. Here, collaborative action and organizational integration is experienced and resource exchange increases, which also means that the managerial complexity increases. The stages are not discrete points. It is more a continuum with many points in between the stages. Various characteristics help to indicate the position of a partnership and are summarized in Figure 2.9.

Criteria	Collaboration stage		
	Philanthropic stage	Transactional stage	Integrative stage
Level of engagement	Low	→	High
Importance to mission	Peripheral	→	Central
Magnitude of resources	Small	→	Big
Scope of activities	Narrow	→	Broad
Interaction level	Infrequent	→	Intensive
Managerial complexity	Simple	→	Complex
Strategic value	Minor	→	Major

Figure 2.9: Collaboration continuum

Source: Based on Austin (2000a, p. 72)

Empirical findings indicate that partnerships can start in different stages and can develop and therefore change the stage throughout the interaction (Austin, 2000a, pp. 71–79; 2000b, pp. 20–39; 2003, pp. 50–52).

This research project is in particular interested in partnerships that involve repeated and reciprocal exchanges of resources; in other words, partnerships that are at least in a transactional stage for the following reasons: in pure philanthropic relationships the interactions between social ventures and corporations are usually very limited, and so are the options of actions for the social venture whose role is mainly limited to being the recipient. Transactional stages require a higher interaction level and offer more courses of action for both parties. The

choice to not focus entirely on integrative partnerships in this research project is due to missing existing evidence, since not many social venture corporation partnerships could be identified (see case selection process as described in section 4.2.1.2).

2.3.2.2   Motives for Corporations to Participate in Socially-Oriented Partnerships

The stage of a partnership is influenced by the expectations and intentions of each partner, which is investigated in the following, starting with the corporation's perspective.

Section 2.2 attempted to explain why corporations take on social responsibility and engage in social initiatives in general. The following question is to understand why some corporations choose in particular *partnerships* with socially-oriented organizations as their form of engagement. As shown in section 2.3.1 different forms of exchange relations exist (market, partnership, hierarchy) and the transaction cost approach provides a useful framework for identifying the exchange relation that is most appropriate for a particular situation. Although it is grounded in 'classical' management studies (cf. Rindfleisch and Heide, 1997, pp. 31–40), researchers have started to expand this approach to the area of social initiatives (Margolis and Walsh, 2003, pp. 288–289; Peloza and Hassay, 2008; Walters and Anagnostopoulos, 2012, p. 418; Schaub and Schirmer, 2011). Peloza and Hassay (2008, pp. 76–84), for example, have developed a *make-collaborate-buy scheme* for corporate philanthropy (the strategy 'make' refers to 'hierarchy'; 'collaborate' to 'partnership', 'buy' to 'market', see Figure 2.8). This scheme ranges from the support of external charitable organizations ('buy'), to co-branded partnerships ('collaborate'), to wholly-owned, self-branded charitable organizations ('make').

The question arises: in which situations are partnerships chosen (over a hierarchical or market option)? Similar to the argumentation about the transaction cost approach, it can be argued that depending on the respective transaction cost for each option, the corporation can choose the organizational form that is most efficient for a particular initiative.

Excursus: Similarities and differences between 'traditional' non-profit organizations and social ventures

According to the John Hopkins Comparative Nonprofit Sector Project (see section 2.1.3.1), structurally or operationally a non-profit organization can be defined as an organization that is formal, private (i.e., organizationally independent from the government), not-profit-distributing, self-governing, and voluntary at least in parts (i.e., involving some degree of voluntary participations) (cf. Anheier and Seibel, 2001, p. 20; Zimmer and Priller, 2007, p. 32).[68] Considering its purpose, it can be assumed that a non-profit organization's goal is to fulfill its social mission, wherefore it was founded (Vorbohle, 2010, p. 35).

Therefore, in regard to pursuing a social mission social ventures and non-profit organizations do not differ. Furthermore, social ventures exist that fulfill all structural criteria of a non-profit organization (formal, private, non-profit-distributing, self-governing, voluntary). Nevertheless, there are some specific differences between the two types of organization:

(1) *Not all social ventures are non-profit organizations*: As the type of organization is not essential for defining social entrepreneurship, social ventures exist that have established a for-profit or hybrid organization.

(2) *Non-profit organizations are not automatically social ventures*: The definition of social entrepreneurship includes specific features that are not necessarily required for 'traditional' non-profit organizations. This is mainly the emphasis on the innovativeness and the stimulation of social change (see section 2.1.4).

(3) *Different standing of non-profit organizations and social ventures*: In particular in Germany, established non-profit organizations might have a different societal standing and legitimacy than the fairly new phenomenon of social entrepreneurship, which, for example, (still) has limited awareness in Germany (see section 2.1.3.2).

All three differences can potentially limit the degree of transferability of findings from partnerships including non-profit organizations to the area of social entrepreneurship. Therefore, it has to be carefully assessed in each case which aspects can be transferred and which ones cannot.

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[68] It has to be mentioned that this is only one attempt to define non-profit organizations. Many more exist using different characteristics and attributes of non-profit organizations (see, e.g., Vorbohle, 2010, p. 32). However, these different definitions are not discussed further here.

More concrete, compared to the hierarchical option ('make') partnerships can be less expensive and complex than implementing one's own social initiatives if critical capabilities and specific know-how are missing within the corporation; take for example, knowledge about a certain (customer) group or a community (see, e.g., Selsky and Parker, 2005, p. 852). Furthermore, partnerships have the potential to offer legitimacy for social initiatives of corporations that would otherwise be difficult to gain (see, e.g., Di Domenico et al., 2009, p. 888).

Market options ('buy'), in contrast, seem to 'solely' allow charitable contributions to existing social initiatives. If a more active involvement in, and co-development of, a social initiative is important to a corporation the partnership option ('collaborate') seems to represent a more adequate form of exchange relation.

To sum up, while the different perspectives (instrumental, societal, political, and ethical – see section 2.2.2) seem to provide answers as to why corporations engage in social initiatives in general, it is argued that the make-collaborate-buy-approach[69] can support the understanding as to why partnerships are chosen to implement social engagements by corporations. However, this approach only works for *external* initiatives that involve relationships with other stakeholders. Internal CSR practices, such as compliance with codes of conduct, are excluded from this approach (cf. Di Domenico et al., 2009, p. 904). Nevertheless, for the scope and purpose of this research project focusing on external social initiatives is sufficient.

2.3.2.3 Motives for Social Ventures to Participate in Partnerships

To understand why social ventures engage in partnerships a different approach is necessary.

First, from a social venture's perspective very different modes of interaction with corporations exist. After analyzing different strategies of socially-oriented organizations towards corporations, Ebinger (2007) developed a spectrum that ranges from a confronting strategy (also called 'watchdog-strategy') on the one

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69   It also needs to be mentioned that in the make-collaborate-buy-approach, which is based on the transaction cost approach, *efficiency* plays a central role (Peloza and Hassay, 2008, p. 74; Liebhart, 2002, pp. 77–78). Aligning this approach with the instrumental perspective on CSR seems relatively feasible since in both cases it is assumed that corporations view social initiatives as a strategic tool to achieve economic benefits (Peloza and Hassay, 2008, p. 72). The other perspectives, however, go beyond direct economic benefits and might also assume some altruistic behavior of corporations. Therefore, a combination with the efficiency-focused transaction cost approach is not as straightforward. Nevertheless, it can be argued that although corporations can decide to engage in social initiatives based on various reasons, when choosing a format for their social engagement, efficiency considerations might still be relevant.

end of the spectrum to cooperating strategy (also called 'strategic challenging strategy') on the other end (ibid, p. 35, see also Vorbohle, 2010, pp. 36–38). Socially-oriented organizations following a confronting strategy focus on calling attention to grievance and unfair conduct of corporations with the purpose of sanction and boycott. Those who follow a cooperating strategy focus on jointly developing solutions and eliminating grievances in this way. In both strategies fulfilling a social mission is central; the difference between the cooperating and the confronting strategy is the active participation of the socially-oriented organization in the solution generating process.[70] In between these two extreme strategies different intermediate alternatives exist, e.g., dialogues or single projects with corporations (Ebinger, 2007, pp. 35–38). Empirical evidence has shown that depending on specific situations some socially-oriented organizations use multiple strategies in their interaction with corporations (Vorbohle, 2008, p. 38). In sum, from such a perspective partnerships represent one mode of interaction to work with corporations and to spread a social mission.

Further arguments for partnering can be found from a resource-based perspective. Meyskens (2010a, pp. 44−47) claims, for example, that in many cases, partnerships present the only possibility for social ventures to acquire resources outside organizational boundaries. She further concludes that partnerships with corporations can provide in particular financial, human, and social resources to social ventures (Meyskens et al., 2010b, pp. 439−442). Moreover, she finds empirical evidence that partnerships can augment dynamic capabilities and support innovativeness (Meyskens et al., 2010c, pp. 670−674; Meyskens' studies are discussed in more detail below). Similar arguments are provided by Haugh (2009, pp. 112). When investigating three social ventures over several years she found that, especially in early stages, social ventures often have a low resource base; however, they can use existing resources, in particular social networks, to acquire more resources and to reach long-term financial stability.

Di Domenico et al. (2009, p. 895) provide a third motive for social ventures to partner with corporation. The authors assume that a corporation's legitimacy among key actors of the market transaction can be valuable for social ventures that may have a lack of awareness as an organizational form.

To sum up, reasons for social ventures to partner with corporations can be the generation of joint solutions, the access to required resources and capabilities, and the gain of (market) legitimacy.

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70 Greenpeace is an often cited example for a non-profit organization that follows a confronting strategy. The World Wildlife Fund (WWF) is often cited as a representative of the cooperating strategy (cf. Ebinger, 2007, p. 35).

2.3.3   *Current Research Status of Social Venture Partnerships*

The last part of this section focuses on considering and summarizing the current state of research regarding partnerships between social ventures and corporations.

As mentioned earlier, since social entrepreneurship as its own field of research is relatively young, it is not surprising that not many studies can be found that focus, in particular, on partnerships in this field. Although various researchers have emphasized the importance of partnerships for social entrepreneurship (see chapter 1), a systematic search in the academic database EBSCO and in Google Scholar[71] reveals that only a very limited number of studies currently exist that specifically investigate partnerships in this area.

Below, four articles are presented briefly that seem to be close to, and relevant for, this research project. Two of these articles have been published by Meyskens together with other researchers in 2010, and are introduced first. Both articles focus partially on partnerships between corporations and social ventures and analyze the acquisition and exchange of resources using a resource-based perspective.

In the first paper, Meyskens and her colleagues (2010b) investigate in an exploratory study how social ventures interact with other organizations including corporations, government, and other social ventures in a (social engagement) network to acquire resources. For the interaction with corporations, more precisely with financial institutions (as all interviewed corporation were financial institutions), the researchers develop four propositions: (1) Partnerships with financial institutions can enable social ventures to attain human, social, and financial resources for the duration of the partnership. (2) For financial institutions, partnerships with social ventures can provide access to potential clients and improve the corporations' brand and legitimacy in their community for the duration of the partnership[72]. (3) A partnership between a social venture and a financial institution "will continue as long as both entities are meeting their corresponding strategic objectives of perceived social and economic value creation in communities" (ibid., p. 442). (4) The duration and strength of such a partnership is determined by the relationship of the individuals from each participating organization. These propositions are based on interviews with ten members of a social engagement network (ibid., pp. 441–451).

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71   The search, conducted in December 2011, focused on scholarly articles by linking the terms *partnership* and *collaboration* with *social entrepreneurship*, *social entrepreneur,* and *social venture.* The search results were briefly scanned for adequacy. The remaining papers are briefly presented.

72   The authors also include that partnerships with social ventures can support corporations in fulfilling regulatory obligations (Meyskens et al., 2010b, p. 441). However, since this result seems to be specific to the research context (specific obligations of financial institutions in the US), it has not been listed above.

In the second paper, Meyskens et al. (2010c) quantitatively investigate the correlation between the measures *partnerships*, *financial capital*, and *innovativeness* for social ventures[73]. The measure partnership is calculated based on the number of different types of partners, financial capital is based on the number of different funding sources, and innovativeness is based on the number of innovative strategies being utilized. The authors find that both financial capital and innovativeness are positively related to partnerships. For the positive correlation between partnerships and financial capital (which can be compared to financial stability) they argue that in the one direction diversified funding supports the attraction and retention of partners. In the other direction, funding becomes more diversified when partnerships with different entities are created. In other words, financial resources "provide both the needs and the opportunities for partnership formation" (ibid., p. 671). In a similar manner, the authors explain the positive correlation between innovativeness and partnerships: the more innovative strategies a social venture utilizes, the more attractive it becomes for partners. And, in reverse, the more partners a social venture has "the more possibilities for uncovering new operational processes can be identified" (ibid, p. 671).[74]

Although both papers by Meyskens et al. demonstrate the benefits of partnerships between social ventures and corporations, and provide valuable insights for this research project, they both focus primarily on the outcomes of partnerships. How these partnerships evolve and develop over time, which is in the focus of this research project, is not considered in these studies.

A paper closer to the focus of this research project has been published by Maase and Bossink in 2010. The researchers investigate inhibiting factors in the partnering process of start-up social ventures including partnerships with the public, the private, and the non-profit sector. Based on four Dutch case studies, and a qualitative research approach, the authors find that there are two types of inhibiting factors: some that are related to the characteristics of the social venture and some that are related to the collaboration between the social venture and the partnering organization. For a start-up social venture to set up successful and

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73   The study uses the publicly available profiles of 70 Ashoka Fellows and a content analysis to classify these profiles. Besides the three measures listed above, the authors also include the measures *organizational structure* and *knowledge transferability* into their investigations and conduct a correlation analysis. However, these two additional measures do not offer relevant results for this particular research project.

74   It has to be mentioned that the results summarize all partnerships of social ventures (e.g., corporations, government, foundations, other social ventures). The data do not allow a distinction between different types of partners or to extract the findings that involve corporations.

sustainable partnerships capabilities need to be developed to control both types of these inhibiting factors, argue the authors (ibid., pp. 81–82).

A study that draws more upon on theoretical concepts, than on empirical evidence, is the research project published by Di Domenico, Tracey, and Haugh in 2009. In their article "The dialectic of social exchange: Theorizing corporate-social enterprise collaboration" the authors develop a framework to examine such partnerships. In particular, they conclude that based on different values, practices, and expected benefits of each partner, antithetical forces or "a series of tensions" (p. 888) exist that have to be resolved within the partnership to reach a synthesized state. For a partnership to be sustainable, such a synthesized state needs to emerge (Di Domenico et al., 2009, p. 900).

Although both studies of Masse and Bossink and Di Domenico et al. address aspects that are relevant for the partnership formation and are discussed further in chapter 6, they do not provide an extensive consideration about the formation process.

In sum, two conclusions can be drawn from this literature review. On the one hand, the fact that all of the above mentioned papers have been published very recently demonstrates that partnerships in the area of social entrepreneurship are gaining increasing academic attention. On the other hand, despite potential benefits of partnerships, as shown in the last paragraph, such partnerships have been systematically investigated very little. Especially, further understanding on the evolution and development of such partnerships seems to make new contributions to the social entrepreneurship literature. Furthermore, none of the studies listed above investigated partnerships in the German context. As such partnerships might face particular challenges (as discussed in the previous chapter) an explicit investigation of this national context may be relevant.

Nevertheless, the extensive literature on partnerships between corporations and 'traditional' non-profit organizations should not be ignored here. With the specific differences of social ventures and non-profit organizations in mind (see excursus on p. 69) much can be learned from these findings. Instead of an extended overview of findings at this point, results from research on these partnerships is included selectively when discussing the findings of this study in chapter 6.

3   Theoretical Frameworks

To systematically analyze the empirical data an adequate reference system is necessary. Therefore, within this chapter different theoretical concepts are presented that build the theoretical framework for the empirical part of this thesis. These different theoretical concepts thus are not meant to provide answers to the research questions but to prepare the analysis of the empirical data, which addresses the research questions.

Two different concepts are presented in the following. Section 3.1 focuses on decision making principles in entrepreneurial processes that mainly support analyzing the formation process of partnerships (focus of first research question). Here, the logics of effectuation and causation are introduced. Section 3.2 focuses on the governance mechanisms trust and control and investigates their interplay in partnerships. This supports addressing the second research question, which focuses on partnership governance.

3.1   Effectuation and Causation

The logic of effectuation is a relatively new perspective in entrepreneurship research[75] and has provided new approaches and insights into decision making and opportunity identification processes. Although it has its origin in the area of commercial entrepreneurship the logic seems to be applicable for the area of social entrepreneurship as well. In particular, this logic seems to provide an adequate conceptual framework for this thesis to investigate the formation of partnerships between social ventures and corporations (see section 6.1).

To reveal the conceptual framework used for the data analysis, first, the logic of effectuation is introduced in general terms (section 3.1.1). Then, relevant principles and processes are presented (section 3.1.2) and underlying assumptions are laid out (section 3.1.3). In the last section (section 3.1.4), effectuation in the area of social entrepreneurship is addressed.

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[75]   Although the logic of effectuation has its origin in entrepreneurship research it is not limited to the creation of new ventures. It can also be applied to specific issues in established firms such as the creation of strategies (see, e.g., Wiltbank et al., 2006) and for addressing finance or innovation questions (cf. Read et al., 2009, p. 576).

3.1.1   *Introduction to the Logic of Effectuation and Causation*

The logic of effectuation was essentially developed by Sarasvathy in collaboration with other researchers. Her paper "Causation and effectuation: Toward a theoretical shift form economic inevitability to entrepreneurial contingency" in 2001 set an important foundation for this logic (cf., e.g., Chandler et al., 2011, p. 375).

Up to that point, entrepreneurship research mainly focused on rational decision making models and rational goal-driven behavior (e.g., Bird, 1989; Shane and Venkataraman, 2000) – referred to as *causation* logic by Sarasvathy. The *effectuation* logic, in contrast, assumes a means-driven behavior, where "the focus is on selecting between possible effects that can be created with that set of means" (Sarasvathy, 2001, p. 245).

When individuals employ effectuation processes to pursue an entrepreneurial opportunity, the overall objective is not fully envisioned at the beginning; instead the process starts with a "generalized aspiration" (ibid., p. 247). To satisfy this aspiration, the entrepreneur uses immediate resources, takes environmental contingencies into account, and involves various stakeholders. He/she combines these new means and information to pursue one of many possible outcomes. In this way, the effectuation logic provides a counterbalance to an overly rational view on the entrepreneurial processes (ibid, pp. 249–254; see also Perry et al., 2012, p. 837; Corner and Ho, 2010, p. 638; Kraaijenbrink, 2008, p. 2).

In her groundwork paper Sarasvathy (2001, p. 245) gives an illustrative example of a chef assigned to the task of preparing a dinner to demonstrate the differences between effectuation and causation. In a first case – an example for a causation process – the host picks a menu and asks the cook to prepare it. The cook then creates a list of all ingredients needed, organizes these ingredients, and cooks the meal. In a second case – an example for an effectuation process – the host asks the chef to look for existing ingredients and to cook a meal out of it. The cook then takes stocks, considers possible menus he or she could create with the existing ingredients, selects one, and cooks it.

Even though this is an oversimplified example, it highlights that although the overall aspiration is the same in each case (i.e., to cook a meal), the set of choices varies. While entrepreneurs following the causation logic choose between means to create a certain effect, entrepreneurs following the effectuation logic choose between many "possible effects using a particular set of means" (ibid., p. 245).

3.1.2   *Principles and Processes of Effectuation Versus Causation*

Sarasvathy defines 'classical' decision making processes (i.e., *causation*) as pro-
cesses that "take a particular effect as given and focus on selecting between
means to create that effect" (2001, p. 245). Looking, for example, at a 'classical'
entrepreneurial process of discovering a business opportunity, scholars broadly
agree that such a process consists of different phases comprising of opportunity
recognition, opportunity evaluation, and opportunity exploration as illustrated in
Figure 3.1 (cf., e.g., Volery, 2007, p. 36; Fueglistaller et al., 2012, pp. 33–34; Nab
et al., 2008, pp. 190–191).

   Here, it is assumed that in an initial step the entrepreneur *discovers* or *finds*
an opportunity (i.e., opportunity recognition). The discovery is followed by the
evaluation, which is an assessment of different directions and options based on
all information available to the entrepreneur. The option that is – from the deci-
sion maker's point of view – most predictable and high-scoring in terms of
expected return is then exploited (Sarasvathy and Dew, 2005, p. 542; Read et al.,
2009, p. 573).

Entrepreneurial process
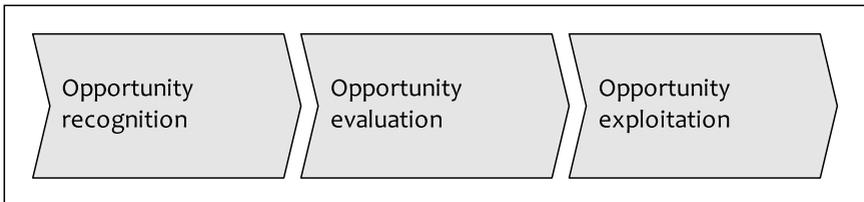
Figure 3.1: 'Classical' entrepreneurial process
           Source: Based on Volery (2007, p. 36)

Overall, causation processes are "consistent with planned strategy approaches"
(Chandler et al., 2011, p. 375). The theoretical foundation for causation is based
on rational decision making models developed in neo-classical micro-economics.
These imply that individuals make rational choices, which can be understood as
calculating "the likely costs and benefits of any action before deciding what to
do" (Scott, 1999, p. 126; see also Sarasvathy and Dew, 2005, p. 352; Perry et al.,
2012, p. 837; Chandler et al., 2011, p. 377).

Turning to *effectuation* processes, as mentioned above, these processes focus on sets of given means and the selection of possible outcomes that can be created with these available means. The dynamic model that has been developed by Sarasvathy and Drews (2005, pp. 542−544) and further specified by Wiltbank et al. (2006, pp. 991−992), as shown in Figure 3.2, illustrates such a process.
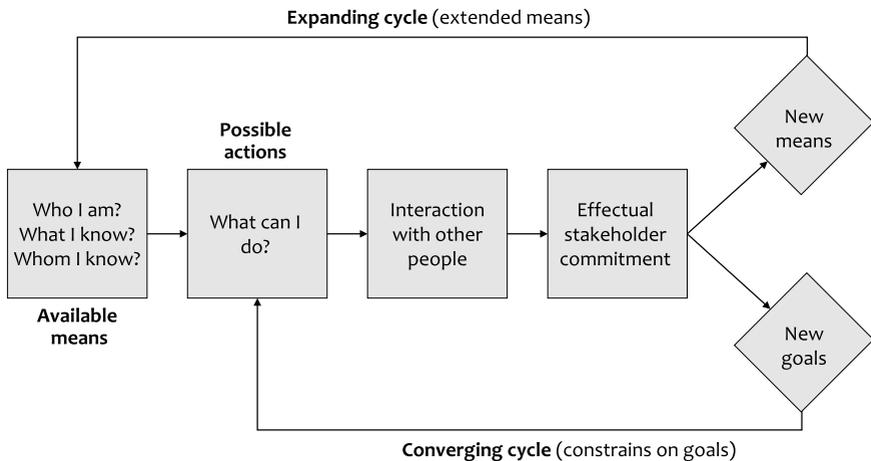
Figure 3.2: Dynamic model of an effectuation process
Source: Based on Sarasvathy and Dew (2005, p. 543) and Wiltbank et al. (2006, p. 992)

The process starts with three categories of means: *identity* ("Who am I?"), *knowledge* ("What do I know?"), and *network* ("Whom do I know?") – means, which are distinctive to the entrepreneur him-/herself. Thence, possible actions based on these available means are derived ("What can I do?"). Relatively early in the process the entrepreneur reaches out to other people for input and potential resources. By discussing preliminary goals and the counterpart's potential role in the process of building "something"[76] (Wiltbank et al., 2006, p. 992), these people can turn into potential stakeholders and possible commitments can be obtained from these new participants. In this way, the new participants may commit resources and may further influence the process by shaping the overall vision and goals as well as by contributing to achieving it.

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76   Wiltbank et al. (2006, p. 992) emphasize that this "something" can be fairly vague at this point or already concrete but in any case open to change.

These commitments can trigger two different cycles as indicated in the figure above. In the first cycle, the *expanding* cycle, the available means are increased by the additional stakeholder commitments. Due to the new situation new possible actions and outcomes can emerge. At some point a *converging* set of constrains on the goals, the second circle, arises. At this point, the acquisition of stakeholders ends, specific goals converge, and the shape of what will be created becomes visible (Sarasvathy and Dew, 2005, pp. 543–544; Wiltbank et al., 2006, pp. 991–992; Sarasvathy, 2001, p. 250).

Delineating the two different entrepreneurial processes, it becomes apparent that in contrast to causation processes, in effectuation processes opportunities are not *discovered* or *found* but rather *emerge* over time and are created by the entrepreneur and his/her partners (Read et al., 2009, p. 573; Corner and Ho, 2010, p. 638; Sarasvathy and Dew, 2005, pp. 537–538).

To further highlight the differences between causation and effectuation processes, Sarasvathy (2008, pp. 15-16) has developed five behavioral principles[77] that are summarized in Figure 3.3 (see also Perry et al., 2012, p. 839 and Dew et al., 2009, pp. 290–293).

Although effectuation and causation represent two apparently contrary approaches for entrepreneurial processes, they exist next to each other rather than being mutually exclusive. Depending on the situational context, market, environment, or personality and experience of the entrepreneur one approach will be more favorable than the other as outlined in the following.

In situations where a market already exists and potential customer preferences are known, causation processes often offer the preferred logic when developing new products or services. However, in situations where new products or new services are introduced to a new market, causation processes – such as developing a strategy based on market research – fail (Sarasvathy, 2001, pp. 246–252; 2005, pp. 6–8).

In addition, more and more studies focus on the entrepreneur him-/herself and investigate how, for example, his/her personality or his/her experience influence decision making processes (see, e.g., Dew et al., 2009; Bean, 2010, Cantner et al., 2011). Thereby, Dew and his colleagues (2009, p. 288) found that expert entrepreneurs have a higher preference of following an effectuation logic in decision making than novices (similarly, see Sarasvathy, 2008, pp. 131−134).

However, these are solely preferences and, as pointed out by Sarasvathy (2005, p. 2), depending on the circumstances the same person can use both causation and effectuation logic at different times or in different situations.

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[77] While the first three principles become apparent in the description of the two different entrepreneurial processes above, the last two principles are further explained in the following section.

Causation		Effectuation
Principle 1: Basis for taking action		
Entrepreneurial processes start with **given goals** from where sub-goals and actions are determined		Entrepreneurial processes start with a **set of given means** and focus on generating new ends
Principle 2: Basis for decision making		
Decisions are founded on (estimated or calculated) **expected returns**		Decisions are based on decision maker's barriers of **affordable losses**
Principle 3: Attitude toward outsiders		
The entrepreneur focuses on limiting dilution of ownership as far as possible and conducts **competitive analysis**		The entrepreneur uses and forms (social) networks and **partnerships** to develop business models jointly
Principle 4: Attitude toward unexpected contingencies		
The entrepreneur prepares for unpredictable events and eventualities and tries to **avoid** or overcome **contingencies**		The entrepreneur tries to **leverage contingencies** and reacts in a flexible manner to changes in the environment
Principle 5: View of future		
The entrepreneur tries to **predict** and **plan for a risky future**		The entrepreneur tries to **shape** an **unpredictable future**

Figure 3.3:   Behavioral principles of effectuation and causation logic

Source: Own illustration based on Sarasvathy (2008, pp. 15–16), Perry et al. (2012, p. 839), and Dew et al. (2009, pp. 290–293)

Excursus: The role of means in causation and effectuation processes
As highlighted above *means* play a different role in causation and effectuation processes. Causation processes, as described earlier, begin with a pre-determined goal and the entrepreneur selects between a given set of means to achieve this goal (illustrated on the left hand side of the figure below). A variation of this kind of reasoning is, according to Sarasvathy (2005, pp. 1–2), creative causation processes. Here, new means are created if necessary for achieving a pre-determined goal (illustrated in the middle of the figure below). In effectuation processes the given set of means leads to the imagination of possible ends and therefore allows goals to emerge (right hand side).

Figure 3.4: Role of means in causation and effectuation processes
Source: Own illustration based on Sarasvathy (2005, p. 2)
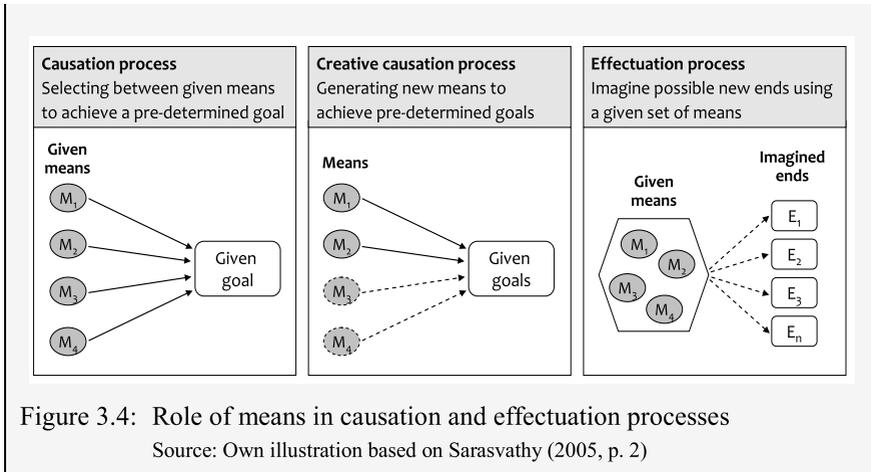
3.1.3   Assumptions behind Effectuation and Causation

To better understand influencing factors of, and the assumptions behind, the different logics of effectuation and causation, a framework developed by Wiltbank et al. (2006, pp. 983−991) seems helpful. These scholars have put the two logics into a bigger picture by viewing them in terms of the dimensions *prediction* and *control*; however – and this was the main contribution of Wiltbank and his colleagues – these dimensions can be regarded as *independent*. In their paper "What to do next? The case for non-predictive strategy" the authors have reviewed strategic management research to investigate what kind of different approaches for firms[78] can be found in the literature on how to create strategy in uncertain situations. They identified four different types of strategy development which can be arranged in a two by two matrix spanned by the axes of prediction and control (see Figure 3.5). These strategies can be clustered into a group called *positioning* (left hand side of the matrix), where "opportunities are found", and a group called *construction*, where "opportunities are made" (Read et al., 2009, p. 574).

    These two groups, and the four types of strategy development, are introduced and discussed in the following.

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[78]   Within their paper, Wiltbank et al. (2006) were one of the first scholars, who discussed the logic of effectuation in the area of established firms. As discussed above, previously, scholars mainly focused on nascent entrepreneurs and new ventures (cf. Perry et al., 2012, p. 843).
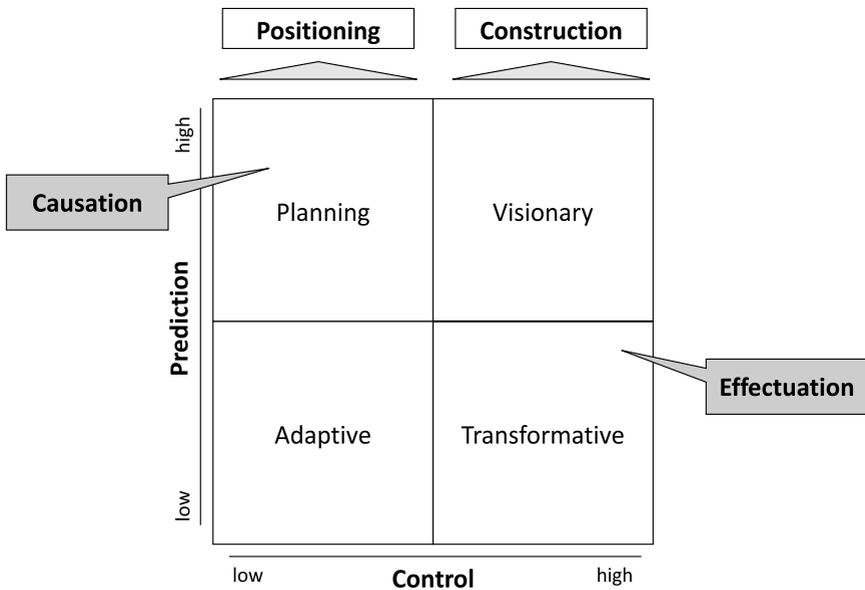
Figure 3.5: Framework on prediction and control
Source: Own illustration based on Wiltbank et al. (2006, pp. 983−984)

3.1.3.1   Positioning Strategies

By scanning key articles focusing on strategy making processes the scholars drew the conclusion that most studies in mainstream strategic management fall either into the category *planning* (such as "try harder to predict better") or into the category *adaptive* (such as "move faster to adapt better") (ibid., p. 983). Both types of strategies assume a given environment, meaning that exogenous circumstances are set and therefore cannot be influenced; in other words, the future cannot be *controlled* (therefore, they are positioned at the left hand side of the matrix). However, these two positioning strategies differ in the way they deal with the given uncertainty (ibid., pp. 983–987).

The *planning* strategy is based on the assumption that the future is beyond the decision maker's control but predictable; therefore, much effort is put into precise planning and intensive (market) analysis to identify favorable opportunities. It is assumed that extensive analysis and accurate prediction can enable

firms to outperform those that do not use such methods. The causation logic introduced in the previous section is part of this strategy[79] (ibid., p. 985).

In contrast to the planning strategy, the *adaptive* strategy, also called the learning school, suggests to minimize the effort of prediction and instead to experiment and move quickly to capture new opportunities. By being flexible and adaptive, organizations can respond quickly to uncertain situations und unpredictable events as they emerge. Here, the assumption behind is that the future is neither predictable nor controllable, however, by shortening the planning horizon and investing in flexible organizational design it is possible to react effectively to changes in the environment (ibid., 2006, pp. 985–986).

In conclusion, the positioning perspective of a non-controllable future for strategy creation processes explains the assumption that (business) opportunities exist *independently* from the entrepreneur (and are not made or co-created by him/her). According to these strategies the entrepreneur's role is to notice and exploit it – either through planning or through adaption (Read et al., 2009, pp. 573–574; Corner and Ho, 2010, p. 638).

3.1.3.2   Construction Strategies

Both the planning and the adaptive strategies focus on positioning within an environment that is "*exogenous* to the efforts of the organization" (Wiltbank et al., 2006, p. 987 [emphasis HS]). The *construction* side (right hand side of the matrix) comes from a different angle: here, the environment is seen as "*endogenous* to the efforts of actors/organizations" (ibid., p. 987 [emphasis HS]). For example, innovating new products or influencing consumers' preferences can create new markets. Instead of predicting the future, it is directly shaped by the action of an organization or entrepreneur. Several examples in the industry of information technology (e.g., the Internet, Google, Facebook, ipods) are sound sources of evidence. Influencing an endogenous environment can lead to favorable outcomes even without prediction (and thus contradicts the general assumption that only "what can be predicted can be controlled" (ibid, p. 983)). These observations led Wiltbank and his colleagues to the assumption that the dimensions *prediction* and *control* can be considered as independent[80], and therefore led to the matrix shown above (Figure 3.5). Those strategies that emphasize control are referred to as *construction*

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79   See also, e.g., http://www.effectuation.at.
80   According to Wiltbank et al. (2006, p. 987), prediction and control have been considered as interlinked for a long time.

strategies as they focus on efforts actors may pursue to create and shape (parts of) their future. Depending on the emphasis on prediction, the scholars distinguished between the *visionary* and *transformation* strategy (cf. ibid., pp. 987–989).

The *visionary* strategy is characterized by a high emphasis on control and prediction (such as "imagining future possibilities and proactively bringing them to fruition" (ibid., p. 990)). Entrepreneurs or organizations using this approach consciously prognosticate future scenarios and focus on controlling it by shaping the environment to construct favorable outcomes. Putting it differently, the future appears controllable because visionary leaders choose to create it in the way they envision it. But while the goals are clear, the means are flexible and selected in the way to construct the favorable outcomes (ibid, pp. 990–991).

The clarity of goals is the main difference between the visionary and the *transformative* approach. For transformative approaches the emphasis is on control rather than on prediction. Wiltbank et al. (2006, p. 683) describe it as "transform[ing] current means into co-created goals with others who commit to building a possible future". By combining resources and capabilities, and exchanging with others goals are reshaped. This corresponds directly to the effectuation process presented in section 3.1.2. In other words, the effectuation logic presents a strategy where it is assumed that future events are not predictable but nevertheless can be controlled (see effectuation principle 4 and 5 in Figure 3.3)

To sum up, the findings of Wiltbank et al. show that different approaches for creating strategies exist based on different assumptions regarding prediction and control; dimensions that actually can be considered as independent. In light of this prediction-control-framework the causation logic assumes predictable future events that cannot be influenced or controlled, while the effectuation logic emphasizes control for future events that cannot be predicted.

3.1.4   *Effectuation and Social Entrepreneurship*

Up until now, the logic of effectuation has mainly focused on decision making in the area of 'classical' entrepreneurship and 'classical' strategy development – meaning in the profit-oriented, commercial area. That effectuation logic might also be applicable for social entrepreneurs has been investigated in recent studies as well, as claimed by a series of researchers.

For example, Corner and Ho (2010) analyze opportunity identification processes in social ventures and develop an opportunity development spectrum ranging from an effectuation approach on one end (where opportunities are

mostly *created*), to a causation approach on the other end (where opportunities are mostly *discovered*). The case studies investigated by the scholars show that, first, social entrepreneurs use both extremes of this spectrum in the opportunity development process. Secondly, the scholars also identified a mixed or balanced segment in this spectrum. In this case, elements from both the effectuation and the causation logic are used in the process of opportunity development (ibid., pp. 643−651).

VanSandt and his colleagues (2009) explored various levers that can serve as catalysts for social entrepreneurs to scale and expand their social innovation. One of these catalysts they identified is the use of effectual logic. The authors argue that social entrepreneurs, who follow an effectual mindset and begin with theirs means, can continuously expand their networks, increase their resources base, and therefore ultimately have greater impact. To provide some evidence to their conceptual findings the authors present two case studies that illustrate how social entrepreneurs have successfully put these catalysts to use (VanSandt et al., 2009, pp. 422−427).

Although the number of existing studies using effectuation logic in the area of social entrepreneurship seems limited up to this point, various other scholars have highlighted the meaning of effectuation for this research area. For example, when suggesting future research directions for social entrepreneurship, Dacin et al. (2011, p. 1206) suggest "that cognitive approaches in general, and effectuation theory in particular, also offer considerable promise for building a stronger theoretical basis for social entrepreneurship research." Similarly, Di Domenico et al. (2011, p. 684) highlight the potential relevance of effectuation beyond commercial entrepreneurship. Haugh (2007, pp. 162−163) also emphasizes the application of effectuation logics in the area of social venture creation. The scholars argue that the high level of uncertainty that exists in the context of social entrepreneurship can support the use of this logic.

All in all, effectuation seems to be a promising approach to providing new insights into decision making processes in social ventures. That effectuation logic might also be applicable when investigating different formation processes in partnerships involving social ventures is discussed in section 6.1.

3.2   Governance Mechanisms in Inter-Organizational Relations

The second part of this chapter focuses on theoretical assumptions regarding governance mechanisms[81] in partnerships. Similar to the purpose of presenting the logic of effectuation and causation, the goal is to provide a conceptual framework that guides the data analysis – here with regard to the second research question, which focuses on the partnership's governance.

Many scholars have investigated inter-organizational governance issues – in same-sector partnerships, mainly between (for-profit) businesses (e.g., Eisenhardt, 1985; Vlaar et al., 2007; Blomqvist et al., 2005), as well as in cross-sector partnerships (e.g., Le Ber and Branzei, 2010a; Rivera-Santos and Rufín, 2010). It is assumed that governance mechanisms are important in ensuring an effective partnership performance and in managing risk within inter-organizational relations (Das and Teng, 2001, p. 251). According to Rivera-Santos and Rufín (2010, p. 57):

> "governance mechanisms influence the partners' behavior by increasing the cost of opportunistic behavior and aligning the interests of each partner with the success of the alliance".

While for a long time much attention was given to the governance mechanism *control*[82], *trust* became increasingly recognized as an additional mechanism central to coordinating expectations, interactions, and behaviors in inter-organizational relations (Costa and Bijlsma-Frankema, 2007, p. 392; Sengün and Wasti, 2007, pp. 430–431).

Since the identification of trust and control as relevant mechanisms, a particular focus has been on the interplay of these two concepts (see, e.g., Das and Teng, 1998; 2001; Bachmann, 2001; Inkpen and Currall, 2004; Vlaar et al., 2007; Costa and Bijlsma-Frankema, 2007). However, while most scholars agree that both concepts are essential for an effective partnership performance, and recognize their mutual influence, different opinions and frameworks exist as to *how* they influence and affect each other (cf., e.g., Vlaar et al., 2007, p. 408; Costa and Bijlsma-Frankema, 2007, pp. 393–397). As reflecting the current debate and discussing different streams, opinions, and frameworks would go beyond the scope of this research project, for the particular purpose of this study a framework developed by Das and Teng (2001) is chosen to function as basis for the investigation of the governance mechanisms (reasons why this framework has been chosen are discussed below).

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81   Referring to trust and control as *governance mechanisms* is based on the work of Costa and Bijlsma-Frankema (2007).

82   The meaning of control as governance mechanism differs from the understanding of control with regard to "controlling an unpredictable future" (see previous section). Within this section control refers to processes within partnerships and is defined below.

This section is structured as followed: first, the concept of *control* and its different dimensions (formal and informal control) are introduced (section 3.2.1), followed by the presentation of the concept of *trust* and its dimensions (goodwill and competence trust) in section 3.2.2. Both constructs are introduced in detail as their different dimensions appear to have different effects with regard to partnership governance. How these dimensions are interlinked is discussed in section 3.2.3, where Das and Teng's integrated framework is presented. The last section (3.2.4) focuses on governance mechanisms in cross-sector partnerships.

3.2.1   The Governance Mechanism Control

3.2.1.1   Definition and Aspects of Control

As mentioned above, control as a governance mechanism in inter-organizational relations has received attention for some time now (cf., e.g., Ouchi and Maguire, 1975; Eisenhardt, 1985). According to Leifer and Mills (1996, p. 117 as cited by Das and Teng, 1998, p. 493) *control* can be understood as

> "a regulatory process by which the elements of a system are made more predictable through the establishment of standards in the pursuit of some desired objective or state".

There is a broad consensus that there are mainly two approaches for control: *formal* and *informal* control – the latter is generally called *social* control (cf. Costa and Bijlsma-Frankema, 2007, p. 396; Das and Teng, 2001, p. 259; Dekker, 2004, pp. 31–32). Formal control refers to control based on *external measures*. It is the establishment and utilization of formal rules, policies, and procedures with the purpose to monitor and reward desirable performance and can be further divided into behavior and output control (Dekker, 2004, pp. 31–32; Costa and Bijlsma-Frankema, 2007, p. 397; Das and Teng, 2001, p. 259; Ouchi and Maguire, 1975).

Behavior control is about measuring (and controlling) behavior that is assumed to lead to desirable output. It focuses on the process rather than the output (and therefore, it is also called process control). Examples of ex-ante mechanisms of behavior control are upfront planning, explicitly setting rules and regulations, and defining partnership procedures. Examples of ex-post mechanisms are the establishment of reporting structures, behavior monitoring, and rewarding.

Output control is the assessment and monitoring of the partner's and the partnership's performance and focuses on the intended goals. Examples of ex-ante mechanisms are setting up (measurable) objectives, incentive systems, and performance indicators during the partnership formation; ex-post mechanisms are, for example, performance evaluation and performance rewarding throughout the partnership.

Besides controlling behavior or output, both types of formal control can also fulfill a coordination function. As emphasized by Vlaar et al. (2007, p. 411), defining behavior and output can support alignment and establishment of activities, and in this way support the coordination of a partnership.

Social control, on the other hand, is an *internal-value based* control. This type of control relies on the establishment and regulatory power of organizational norms, culture, values, and the internalization of goals with the purpose of encouraging desirable outcomes and behaviors. Or, putting it differently, when organizational goals are internalized, it is assumed that the member's commitment and motivation to achieve these goals is high. Therefore, social control focuses on reducing discrepancies in preferences among partners. A partner selection process that pays much attention to the compatibility of organizational cultures and values is an example for an ex-ante mechanism of social control. Joint problem-solving and collective decision-/consensus-making processes throughout the partnership are examples of ex-post control mechanisms (cf. Costa and Bijlsma-Frankema, 2007, p. 396; Das and Teng, 2001, pp. 259–262; 273–276; Eisenhardt, 1985, pp. 135–136; Dekker, 2004, p. 32; Sengün and Wasti, 2007, p. 449).

3.2.1.2   Choosing the Appropriate Control Mechanism

As originally suggested by Ouchi (1979, pp. 843–845), and further developed by Eisenhardt (1985, pp. 135–136), the type of control that is most appropriate in a specific situation depends on two characteristics of a given task: *task programmability* and *output measurability*. The former refers to the degree to which the involved partners understand, or know, the transformation process and therefore can define (and measure) appropriate behaviors. The latter refers to the ability to measure outputs.

If tasks can be programmed, behaviors are then defined and can be measured and evaluated. In this case, behavior control is the appropriate control mechanism. If goals are defined clearly, output can then be measured in a precise and objective manner and performance evaluation can be implemented; in this case,

output control is the appropriate mechanism. If both outputs and behaviors can be measured, than either formal control mechanism can be used. Lastly, if both of these tasks characteristics are low, social control seems to be the appropriate control mode (see Figure 3.6). In sum, the characteristics of a given task determine the appropriate, or possible, control mechanism (Eisenhardt, 1985, pp. 135–136; Ouchi, 1979, pp. 843–845; Das and Teng, 2001, pp. 259–260).
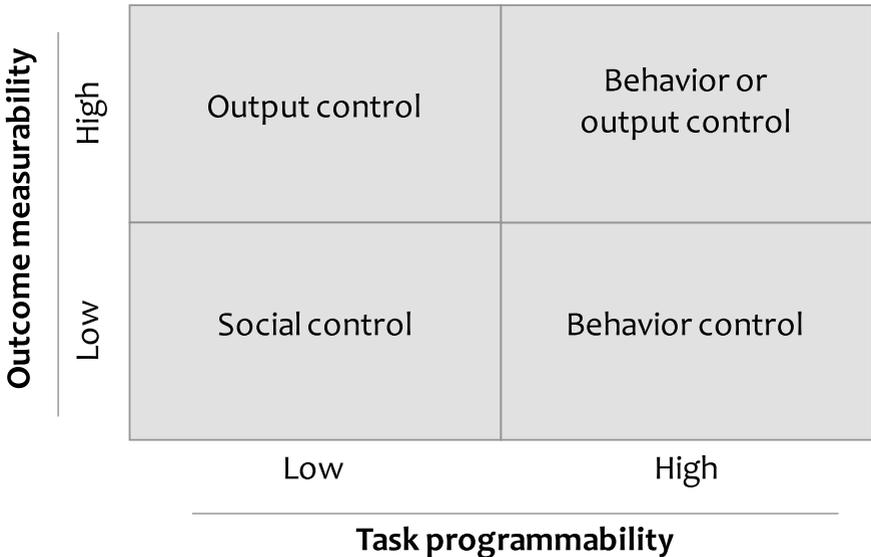
Figure 3.6: Different control mechanisms and their appropriateness
Source: Adopted from Eisenhardt (1985, p. 135)

3.2.2   The Governance Mechanism Trust

3.2.2.1   Definition and Aspects of Trust

As stated by Das and Teng (2001, p. 255): "Trust is a multilevel phenomenon that exists at the personal, organizational, inter-organizational, and even international levels." Regarding inter-organizational relations researchers agree, almost unanimously, that without a minimum of trust cooperative relationships

would not form and function over a longer period of time (cf. Das and Teng, 1998, p. 494; Bachmann et al., 2001, p. v; Costa and Bijlsma-Frankema, 2007, p. 400; Seppänen et al., 2007, p. 249).

Although numerous definitions of trust can be found in the literature (see, e.g., Seppänen et al., 2007, pp. 252–254 for an overview) a certain consensus exists that it has something to do with a positive expectation regarding the other's likely behavior in a risky situation[83] (Gambetta, 1988, p. 217; Faems et al., 2008, pp. 1054–1055; Das and Teng, 2001, pp. 254–255). For example, Mayer et al. (1995, p. 712) define *trust* as

> "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party."[84]

An increasing number of scholars assume trust between organizations as a multi-dimensional concept and various attempts to conceptualize it exist (see, e.g., Das and Teng, 2001, pp. 255–265 or Seppänen et al., 2007, pp. 252–256 for an overview). Based on previous considerations by Nooteboom (1996, p. 990), Das and Teng (2001, p. 252; 256) suggest to distinguish between *goodwill trust* and *competence trust*[85].

Goodwill trust is based on an organization's good intention, its integrity, and responsibility to deal with a partner organization in a fair and caring manner. Therefore, it is expected that the partner organization has the intention to perform in the agreed way without unfairly exploiting the other organization and shows concern for the other's interests. *Competence trust* refers to trust that is based on the resources and capabilities of an organization. In other words, it is the expectation of, or confidence in, one organization that the partner organization can accomplish its task successfully within the partnership due to its competences or abilities (Das and Teng, 2001, p. 256; Walker, 2007, p. 286).

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83 Das and Teng (2001, p. 256) emphasize that trust is only relevant in risky situations as without uncertainty in the outputs, the role of trust has no consequences.

84 This definition intends to illustrate that *trust* is understood as a subjective state of mind rather than behavioral consequences resulting from trust. Latter is often referred to as *trusting* (cf. Das and Teng, 2001, p. 255).

85 Other classifications of trust, in addition to competence and goodwill trust, include behavior trust (Blomqvist and Ståhle, 2000, p. 3) or contract trust (Sako and Helper, 1998, p. 388). Other scholars distinguish between entirely different dimensions such as credibility and benevolence (see, Seppänen et al., 2007, p. 252). Due to the multiple differences in the conceptualization of inter-organizational trust, Seppänen et al. (2007, pp. 260−261) actually come to the conclusion that research and theory regarding inter-organizational trust is still in an early stage and the authors highlight the need for further research and coherent approaches.

Nooteboom (1996, p. 990) provides a precise summary by saying: "Trust may concern a partner's *ability* to perform according to agreements (competence trust), or his *intentions* to do so (goodwill trust)".

3.2.2.2   Objects and Sources of Trust

As mentioned above, trust occurs on multiple levels. When investigating trust in inter-organizational relationships the question of who trusts whom often arises – or putting it differently, does trust occur between organizations or between the individuals of the organizations? (See, e.g., Vlaar et al., 2007, p. 410; Zaheer et al., 1998, p. 141; Das and Teng, 2001, p. 272) Although it is argued that in partnerships both persons and organizations can be *objects of trust* (Blomqvist and Ståhle, 2000, p. 12), scholars seem to agree that it is (solely) the individuals (as members of organizations) who can build trust and evaluate trustworthiness (see, e.g., Zaheer et al., 1998, p. 141; Vlaar et al., 2007, p. 410). For example, Zaheer et al. (1998, p. 142) investigated the role of trust between the individual members of an organization, referred to as *interpersonal trust*, and the trust "placed in the partner organization by the member of a focal organization", referred to as *inter-organizational trust*. They found out that interpersonal and inter-organizational trust are distinct constructs, but they are also related as they can reinforce or diminish each other (ibid., pp. 153−156). Blomqvist and Ståhle (2000, pp. 4–12) and Sydow (1998, pp. 42−47) come to similar conclusions.

When analyzing the case study data of this research project, any kind of "positive expectation regarding the other's likely behavior in a risky situation" (see above) is incorporated – both when "other" is referring to the individual members of the partner organization and when referring to the partner organization itself.

Focusing on *sources of trust*, Zucker (1986, pp. 60−65) identified three distinct sources: process-based trust, characteristic-based trust, and institutional-based trust. Process-based trust is tied to past exchanges and concrete experiences (for example reputation). The second source is independent of concrete experiences and is tied to specific characteristics and social similarities between the actors. These characteristics can be family backgrounds, age, or ethnicity. Institutional-based trust is tied to formal societal structures such as memberships of association, use of bureaucracy, and (legal) regulations. The three sources of trust can be interlinked and therefore influence each other (see also Möllering, 2006, pp. 359–360; Sydow, 1998, pp. 42–43). Also, the three sources of trust can be both sources for interpersonal and inter-organizational trust (Sydow, 1998, pp. 42–43).

In sum, trust refers to positive expectations about other's likely behavior. In inter-organizational relations, it includes the positive expectations about the abilities (competence trust) and intentions (goodwill trust) of the other organization and of its members and can build based on processes, characteristics, and institutional aspects.

Excursus: Theoretical background and perspectives on trust and control
The concepts of trust and control, particularly formal control, are two very different concepts of partnership governance that have their roots in different theoretical perspectives on inter-organizational relations.

Formal control has its roots in transaction cost theory (see section 2.3.1.2), where it is assumed that partners tend to act opportunistically. A traditional interest has been particularly on contracts, which are expected to function as "safeguarding devices that can mitigate the perceived risk of opportunistic behaviour" (Faems et al., 2008, p. 1054). In this perspective, effective governance, i.e., control, specifies clear boundaries and in this way minimizes opportunism.

In the social exchange theory (see section 2.3.1.3), it is assumed that partners tend to behave in a trustworthy manner, in particular when there is a history of successful interactions and a "mutual reciprocation of beneficial action[s]" (Lambe et al., 2001, p. 10). The social context in which interactions take place are considered important and trust is assumed to be one of the most important social context factors and a mechanism for safeguarding and coordination.

Although both perspectives have been applied successfully, they both have been criticized either for neglecting the social context of a partnership (transaction cost theory) or for overemphasizing it (social exchange theory). Scholars seem to agree that combining both perspectives provides a more comprehensive explanation of partnership governance (cf. Young-Ybarra and Wiersema, 1999, p. 441; Faems et al., 2008, pp. 1053–1055; Yang et al., 2011, p. 87; Eisenhardt, 1985, pp. 136–137).

3.2.3   Interplay of Trust and Control and the Role of Perceived Risk

As mentioned in the introduction of this section, researchers largely agree that in inter-organizational relationships trust and control *do* influence each other, but *how* they influence each other is controversial. One group points out that trust and control are complements (e.g., Blomqvist et al., 2005, p. 499), others high-

light a substitution-relationship (e.g., Costa and Bijlsma-Frankema, 2007, p. 397), and a third group emphasizes self-reinforcing cycles of trust and control (e.g., Faems et al., 2008, pp. 1055−1056).

To expound the first two points of view, advocates of the 'complementary' point of view argue that trust and control can reinforce each other in the way that proper formal control can increase trust; for example, legal regulations can make partnerships more predictable. Advocates of the 'substitution' point of view argue that low trust requires high formal control and high trust lowers the need for formal control; for example, as uncertainty is reduced, information exchange is increased and therefore, less monitoring and control mechanisms are required (Costa and Bijlsma-Frankema, 2007, pp. 397–398).

Das and Teng (2001, pp. 263-265) tried to combine some of the seemingly contradicting views and developed an integrated framework that includes, in addition to trust and control, a third construct: *perceived risk*.

Perceived risk can be described as the "estimated probabilities of several outcomes", whereas risk is "often conceptualized as variances in outcomes of importance" (Das and Teng, 2001, p. 252). In other words, while risk can be objective, and in many situations can be calculated based on known outcomes and their probabilities, perceived risk is subjective to the decision maker as it is based on his/her estimate of objective risk. The authors further distinguish between *relational* and *performance risk*. The former refers to the probability and consequences of not having a satisfactory partnership as the partner could behave opportunistically. Or putting it differently, it is the perceived risk that the partner could follow own interests that are not congruent with those of the partnership. The latter refers to the probability, or consequence, that partnership's objectives are not achieved although the partners cooperate in a satisfying manner. This could be due to a new (competitive) environment, changes in demand or supply, or missing resources or competences by one of the partners (Das and Teng, 2001, pp. 252–254).

The reason for incorporating perceived risk into their framework is that, according to the authors, the governance mechanisms of trust and control are in place to reduce the perceived probability and the influence of undesirable outcomes, which is, as mentioned above, the definition of perceived risk. While trust reduces perceived risk "without doing anything about the partner […] control is a more proactive and interventionist approach" (ibid., p. 254).[86]

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[86]   Das and Teng (2001, p. 254) emphasize that trust can only reduce perceived risk (and not objective risk) as it is solely a state of mind rather than an action. Similarly, control might not always reduce (objective) risk as it may be solely an "illusion of control". This supports why perceived risk is incorporated into the framework and not objective risk.

By, first, including perceived risk into their considerations (and in this way connecting trust and control), and second, by differentiating between the different dimensions of trust and control, Das and Teng developed an "integrated framework" (ibid., p. 251). The framework consists of different propositions regarding the relations of the three constructs and their dimensions. They are listed in Table 3.1, where some underlying assumptions, which support the propositions, are provided as well. (For further explanations and background information on the propositions and their derivation see Das and Teng's article (2001)). Figure 3.7 illustrates the integrated framework and indicates the position of the propositions.

Table 3.1:   Proposition of the integrated framework of trust, control, perceived risk

Proposition	Underlying assumptions
1. A firm's *goodwill trust* in its partner firm will reduce its perceived *relational risk* in a partnership, but not its perceived performance risk	• Goodwill trust is about one's good faith, good intention, and integrity; therefore, it reduces the perceived likelihood of opportunistic behavior, which can be understood as relational risk • Goodwill trust does not correspond to a firm's *ability* to perform according to agreements (only its *intention*)
2. A firm's *competence trust* in its partner firm will reduce its perceived *performance risk* in a partnership, but not its perceived relational risk	• Competence trust gives a sense of confidence that the partner is capable of accomplishing a given task, therefore influences perceived performance risk • Competence trust does not correspond to a firm's *inten-tion* to perform according to an agreement (only its *ability*)
3. Perceived *relational risk* in a partnership will be reduced more effectively by *behavior control* than by output control	• Relational risk is about the likelihood of underhanded and surreptitious activities and the partner's opportunistic behavior; therefore, focusing on the process which turns appropriate behavior into desirable outcome (behavior control) can reduce this kind of risk • It is difficult to measure the output of opportunistic behavior therefore, output control is less relevant for relational risk
4. Perceived *performance risk* in a partnership will be reduced more effectively by *output control* than by behavior control	• Performance risk is about the achievement of the partnership's objectives and is more result oriented; therefore, performance risk can be reduced through close monitoring of performance (output control) • Behavior control is less appropriate as it is often not known what kind of supports and behavior better performance
5. *Social control* in a partnership will reduce both perceived *relational risk* and perceived *performance risk*	• Social control can reduce relational risk through the establishment of shared values and in this way can prevent partners from acting opportunistically • Social control can reduce performance risk as it can encourage partners to lay out reasonable and achievable goals for the partnership

Proposition	Underlying assumptions
6. Both *output control* and *behavior control* will undermine *goodwill trust* and *competence trust* in a partnership	• Behavior and output control supports the employment of strict rules and objectives, and therefore might reduce the autonomy of the partners and can lead to the impression that the partner's goodwill is in doubt • Checking outputs frequently against preset measures and objectives (output control) can limit the partner's leeway and therefore, competence trust will be more difficult to develop • Specifying and closely monitoring behavior and processes (behavior control) and can limit the autonomy of designing own behavior; it can become more difficult to demonstrate competence and developing competence trust
7. *Social control* will enhance both *goodwill trust* and *competence trust* in a partnership	• Social control influences people's behaviors through creating shared goals and norms, which can increase mutual understanding and therefore, goodwill trust • Shared goals and norms can lead to allowing more freedom and autonomy in deciding on desirable processes and behaviors, which can indicate trust in the partner's competence
8. *Goodwill trust* and *competence trust* will enhance the effectiveness of *all control modes* (behavior, output, and social) in a partnership	• All forms of control work better when trust is present as trust reduces the level of resistance and can support the relationship between controller and controllee • With a lack of trust motives, competences of the controlling party can be questioned
9. Control levels remaining the same: a) the lower the acceptable *relational risk* level, the higher the needed *goodwill trust* level b) the lower the acceptable *performance risk* level, the higher the needed *competence trust* level	• Every partner has an own level of acceptable risk; if perceived risk is too high, the need for relying either on trust or control emerges • As trust and control are the only two mechanisms to reduce perceived risk, then higher trust is required for a lower acceptable risk level if control is held constant • As discussed for proposition 1 and 2, only goodwill trust can affect relational risk and only competence trust can affect performance risk
10. Goodwill trust remaining the same: a) the lower the acceptable *relational risk* level, the more will be the use of *behavior control* and social control b) the lower the acceptable *performance risk* level, the more will be the use of *output control* and *social control*	• Similar to the underlying argument in principle 9 if the trust level remains the same more control is needed to lower the acceptable risk level • As discussed in proposition 3 and 4, output control can only affect performance risk and behavior control only relational risk • As discussed in proposition 5, social control can affect both types of risk

Source: Das and Teng (2001, pp. 256–266)
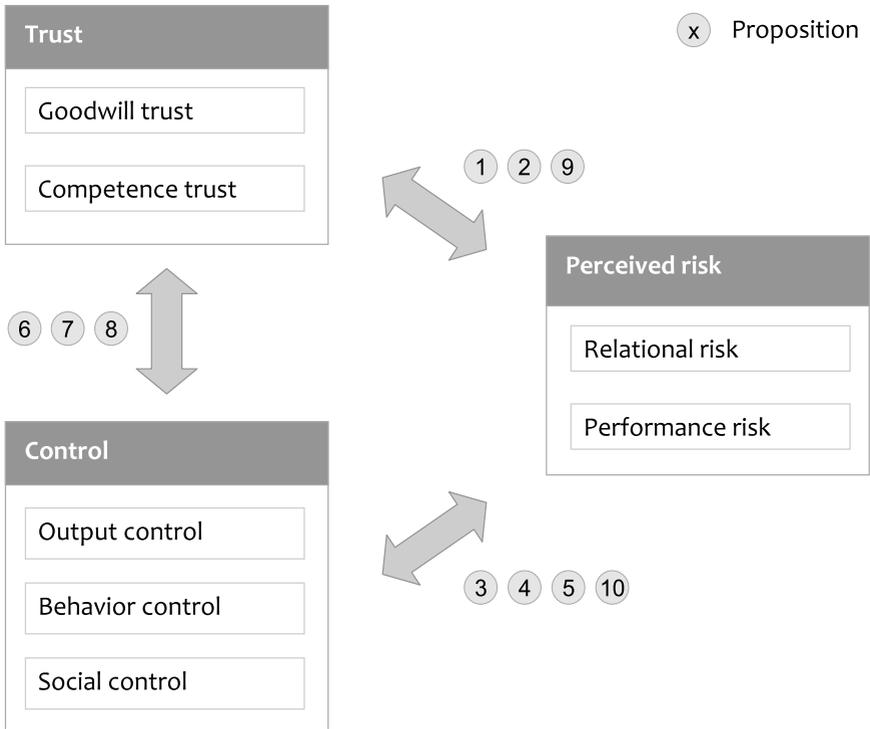
Figure 3.7: Integrated framework on trust, control, and perceived risk
           Source: Based on Das and Teng (2001, p. 257)

Both trust and control can reduce the perceived risk individually, but they can also be used jointly (which is probably closer to the reality of situations in existing partnerships). The various effects of combining the different dimensions of trust and control and the resulting perceived risk is illustrated in Figure 3.8. Das and Teng (2001, pp. 266−267) have developed this figure based on the propositions of their framework (it is referred to their paper for further explanations regarding risk reduction effects).
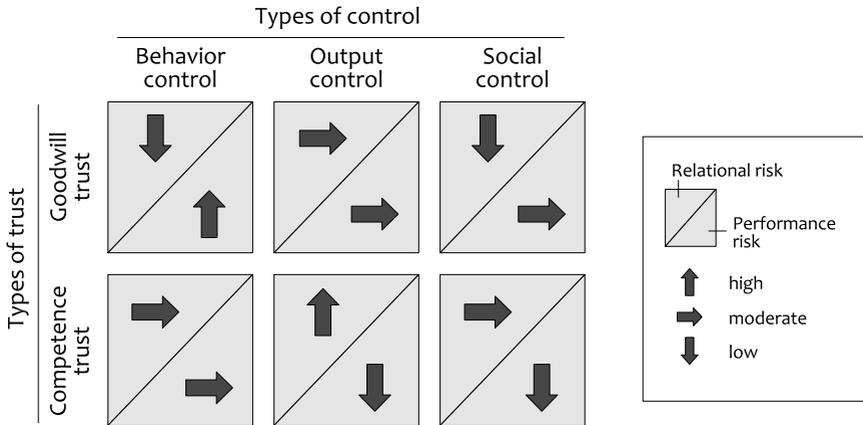
Figure 3.8:   Risk reduction effects of trust and control
Source: Own illustration based on Das and Teng (2001, p. 267)

Two aspects are worth mentioning in addition to these propositions. First, trust and control are not static phenomena. Both constructs can change throughout a partnership when, for example, outputs are achieved or relationships have developed. This can lead to changing expectations, or adapted control mechanisms, making trust and control dynamic phenomena (cf., e.g., Costa and Bijlsma-Frankema, 2007, p. 400; Vlaar et al., 2007, p. 417).

Second, although trust and control influence each other, they are (following the above definitions) two separate and distinct constructs. Some statements can be found in the literature arguing that trust is a specific type of control (as, for example, pointed out by Sengün and Wasti, 2007, p. 431 or Emsley and Kidon, 2007, pp. 831–832); and indeed, regarding social control the boundaries between control and trust can become blurred (see, e.g., Dekker, 2004, p. 32). However, according to the definitions mentioned above, trust refers to a subjective (psychological) state of mind while control describes the process, and potential activities, to influence and affect the other's behavior. Following this understanding, trust *cannot* be a control mechanism; but both constructs can contribute to the same thing, i.e., managing a partnership and reducing perceived risk and can reinforce each other (cf. Emsley and Kidon, 2007, p. 830; Das and Teng, 1998, p. 495).

As a final remark, the framework developed by Das and Teng (2001) has been chosen as a conceptual framework for this thesis for the following reasons: first, this framework enables the investigation of governance mechanisms and

their effects on partnerships in a comprehensive manner instead of examining them separately. Furthermore, by incorporating perceived risk, this framework seems to provide explanations as to why governance mechanisms can vary considerably within different partnerships – an aspect that seems to be relevant for the investigated partnerships of this study (see section 6.2). Thirdly, since its development in 2001 this framework has been applied and tested frequently in partnership research (e.g., Sengün, 2010; Sengün and Wasti, 2007; Lui and Ngo, 2004) and its area of application has not been limited to 'pure' business partnerships (e.g., Seelos and Mair, 2007; Walker, 2007).

3.2.4   Governance Mechanisms in Cross-Sector Partnerships

That which has been presented so far within this theory section has arisen in research focusing on partnerships between two, for-profit organizations. That being said, increasing attention to governance mechanisms has been also been given to cross-sector partnerships (see, e.g., Rivera-Santos and Rufín, 2010; Parker and Selsky, 2004, pp. 465-482; Lyon, 2012, pp. 142–144; Bryson et al., 2006, pp. 47–50; Maase and Bossink, 2010, pp. 73-81). And although many of these scholars seem to agree that "the sector of the partners has an important impact on alliance governance" (Rivera-Santos and Rufín, 2010, p. 55), the results of the different investigations seem to be fairly fragmented. Therefore, an overview of the different results is omitted at this point. Instead, when comparing the findings of the data analysis with existing literature (section 6.2.3) the different studies, their findings, and propositions are taken into account.

4 Research Methodology

In order to investigate and explore partnerships between social ventures and corporations, and to develop a conceptual understanding, a qualitative, multiple case study approach was used. By examining a few well-selected cases of social ventures collaborating with corporations, the formation and implementation processes of such partnerships were investigated.

Within this chapter, the general research approach and design is presented (section 4.1) and special attention is given to justifying the choice of the selected approach. Then, the individual steps are described in detail (section 4.2); here, the criteria for selecting the case studies are presented, the different methods for collecting the data are introduced, and the applied analysis method, which is based on the qualitative content analysis, is illustrated. Additionally, quality criteria for qualitative research are introduced, and their adherence is reviewed constantly throughout the research processes.

4.1 Fundamentals on the Research Approach

This research project followed a *qualitative* research design. Qualitative research has increased significantly its importance within the last few decades and is used in multiple disciplines. Although it is established, and can demonstrate multiple successes, criticisms and reservations towards qualitative research (still) exist (cf., e.g., Flick et al., 2007, p. 13; Kohlbacher, 2006, [3]). Therefore, before presenting the detailed research design, this section starts by emphasizing the reasons for choosing a *qualitative* approach in order to underline that such an approach is most promising for this particular research project (section 4.1.1). Secondly, a set of specific quality criteria are introduced (section 4.1.2); their adherence should support the development of solid results. Thirdly, the detailed research process and its individual process steps are introduced (section 4.1.3), which are described in more detail in the subsequent section 4.2.

4.1.1   *Reasons for Choosing a Qualitative Research Approach*

A *qualitative* approach was chosen for four reasons. (1) The limited number of available case studies, (2) the exploratory and (3) flexible approach qualitative research allows, and (4) the interaction with the 'object of study' seem to promote this choice.

(1) The supposed limited numbers of existing case studies did not necessarily allow quantitative investigations. As discussed in chapter 2, it seems that social ventures are not (yet?) a widespread phenomenon in Germany, but also partnerships with actors from the private sector appear to be limited. Moreover, the effect of additional 'restrictions', in the form of additional selection criteria for the case studies, further limited the number of available partnerships. Deciding to only investigate partnerships that are in a transactional or integrative stage (see section 2.3.2.1) seemed to require 'hand-picking' some promising, albeit few, case studies.

However, not just 'quantitative' arguments alone suggest a qualitative approach, as the next three arguments demonstrate.

(2) For this relatively new research area of social entrepreneurship, and social venture partnerships in particular, an open, exploratory approach suits this topic. In contrast to quantitative research, which is particularly useful for testing hypotheses (and their generalizability) that have been derived from established theories, qualitative research offers the possibility to approach more unexplored areas (Bortz and Döring, 2002, pp. 49–51; Eisenhardt, 1989, pp. 547–548; Kohlbacher, 2006, [47]). It enables investigating phenomena for which ex-ante theoretical assumptions cannot be made, or that are embedded in a complex network of variables (Wrona, 2005, pp. 10–11; Heinze, 2001, p. 27) – two aspects that seem to apply to this research project. In particular, developing (first) propositions[87] and conceptual understanding of this 'new' phenomenon, as intended here, is a classical area of qualitative research (Mayring, 2010, p. 22; Flick, 2007a, pp. 275–278).

(3) A qualitative research design provides significantly more flexibility than a quantitative one (cf. Mayring, 2002, pp. 27–28; Kohlbacher, 2006, [1]). As shown in more depth in section 4.1.3 the chosen research approach is an iterative process, which allows adaption of the originally planned research design throughout the inquiry if required. In a more concrete way, initial findings of this study influenced the selection of a further case study, as well as an adjustment of the data collection instruments (as described below), which led to further insights.

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87   Propositions can be understood as a general statement about one or more concepts drawn from theory or emerged from data. In addition to that, hypotheses can be understood as a further development of propositions that formulate the relationship of testable variables. In other words, they are an operationalization of propositions to put them in an empirical, testable form (Bailey, 1994, pp. 42–43).

In particular, in relatively unexplored areas, where important aspects might only be revealed during the inquiry, a flexible and open research process seems adequate since it allows for focusing on the subject of interest (Mayring, 2002, pp. 27–28; Wrona, 2005, p. 7).

(4) Qualitative research enables a high degree of interaction and communication between the researcher and the investigated actors (Flick et al., 2007, p. 21). For this research project standardized inquiries, such as surveys, would have not been able to capture the entire history and special circumstances of a particular partnership, which potentially influence its success or failure (cf., e.g., Lyon, 2012, p. 140). In this inquiry, interactive communication enabled the researcher to understand the (complex) situation of each investigated partnership and allowed the researcher to dwell on it. In this way, the chosen approach enabled the taking of the subjective experiences and personal perspectives of each partnership participant into account and allowed the investigation of the partnerships in a 'real world' setting (Flick et al., 2007, p. 21, see also Wrona, 2005, p. 18; Golafshani, 2003, p. 600; Lindau, 2010, p. 83).

Recapitulating, it can be said that for the particular focus of this research project, an exploratory, qualitative research design seemed to be the most appropriate approach. Focusing on a few, but well-selected, cases seems promising in identifying influencing factors and allows for the exploration of these partnerships.

4.1.2 Quality Criteria in Qualitative Research

Although qualitative research might be more flexible and adaptable during the research process than quantitative research, the quality of the process and the results needs to be assured. Therefore, as with quantitative research approaches, quality criteria need to be established and met as well. However, in comparison to quantitative research approaches, where quality criteria are well-defined, the literature on quality criteria for qualitative research is quite heterogeneous (Steinke, 2007, p. 319).[88]

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88 Steinke (2007) identified three different positions that exist in the current discussion on quality criteria for qualitative research. One group argues to transfer the central criteria of quantitative research (i.e., internal and external validity, reliability, and objectivity) to the area of qualitative research. Another group is skeptical towards the transfer of 'quantitative' quality criteria and therefore demands its own quality criteria for qualitative research. A third group refuses quality criteria for qualitative research at all (see ibid., pp. 319–321 for further details). This research project is mainly in line with the second group and demands its *own* quality criteria. It is assumed that, on the one hand, quality criteria are necessary for the acceptance and recognition of findings within and outside the scientific community. On the other hand, a simple transfer of quantitative research's criteria seems to not take the specifics of qualitative research into account (cf., e.g., ibid., pp. 321–323; Mayring, 2002, pp. 140–142; Helfferich, 2011, pp. 154–157; Lindau, 2010, p. 84).

Mayring (2002, pp. 144–148) summarized a set of six quality criteria particular for qualitative research that are used for this research project:

(1) *Documentation of procedure*: While for quantitative research it is often enough to refer to the used methods and techniques, as they are standardized, in qualitative research methods are often specifically designed to a particular project. Therefore, a detailed description of the research procedure is required to ensure traceability to others.

(2) *Argumentative validation of interpretation*: Interpretations are essential in qualitative research; however, since they cannot be proven an argumentative validation is important. This includes the exposition of the preconception as well as a conclusive argumentation. Furthermore, alternative explanations have to be considered and tested constantly.

(3) *Rule-based procedure*: As mentioned earlier qualitative research design is flexible, and the iterative process allows ongoing modification. However, a systematic approach is still required. That means that, despite flexibility, the research process should be well-defined and include clear process steps. The same counts for the individual steps, which also should be conducted systematically and be rule-based.

(4) *Proximity to the subject of study*: Proximity to the subject of study should be secured through investigations in the real-life context and ideally through matching interests between researcher and the investigated person(s). A relationship on equal terms supports fulfillment of this quality criterion.

(5) *Communicative validation*: Presenting the findings to, and discussing them with, the investigated persons can increase validity of results and interpretations. It can be an important argument for backing up the findings if the investigated persons can find themselves within the results and interpretations.

(6) *Triangulation*: Triangulation refers to the connection of different approaches during the research process. This refers to different sources of data, different interpreters, as well as different theoretical assumptions and methods used. The goal is to capture the investigated phenomenon from various positions and perspectives and in this way gain additional insights.

These quality criteria are relevant along the entire research process (although the individual criteria might have different importance and relevancy within the different phases as summarized later on in Figure 4.4). How these quality criteria were applied within this inquiry is shown in section 4.2 when each research phase is outlined in detail.

4.1.3 Introduction of the Multiple Case Study Approach

The concrete research process, a *multiple case study approach*, used within this thesis is shown in Figure 4.1[89]. It is mainly based on the approaches developed by Eisenhardt (1989) and Yin (2009). According to Yin (2009, p. 18):

> "A *case study* is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident."[90] ([emphasis and format HS])

For this research project, as partnerships between social ventures and corporations are, first, contemporary phenomena, that, secondly, are shaped by the historical and situational context out of which they emerged (therefore they cannot be investigated in an isolated manner) and, thirdly, need to be investigated individually and in depth to identify influential factors, the case study approach appears to be the most adequate research approach for this scenario. Furthermore, the case study approach seems to be a preferred approach when 'how' (or 'why') questions are being posed as it is the case for this research project (see section 1.2; cf. Yin, 2009, pp. 8−19; Eisenhardt and Graebner, 2007, p. 25).

The reasons for focusing on *multiple* case studies instead of a *single* case study were mainly based on an increasing robustness that can be reached with an increased number of studied 'objects' (cf., e.g., Yin, 2009, p. 53). In this way, similar findings arising from several case studies can provide stronger analytical conclusions. On the other hand, contrasting findings can result in deeper investigations and can potentially lead to discovering underlying reasons. In sum, the multiple case study approach enables a broader exploration of the investigated partnerships as well as deeply empirically grounded conclusions. However, the multiple case study approach requires the existence of comparable phenomena in comparable contexts as well as the existence of available resources and time to focus on more than one case study (cf. Eisenhardt and Graebner, 2007, p. 27; Yin, 2009, pp. 53−62).

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89   A case study approach is only one of many qualitative research processes. Other examples are field studies, qualitative experiments, or qualitative evaluation research (see, e.g., Mayring, 2002, pp. 40–64 for further details).

90   For the sake of completeness it has to be mentioned that Yin's definition of a case study (2009, p. 18) consists of a second part, a more technical part: "The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis".
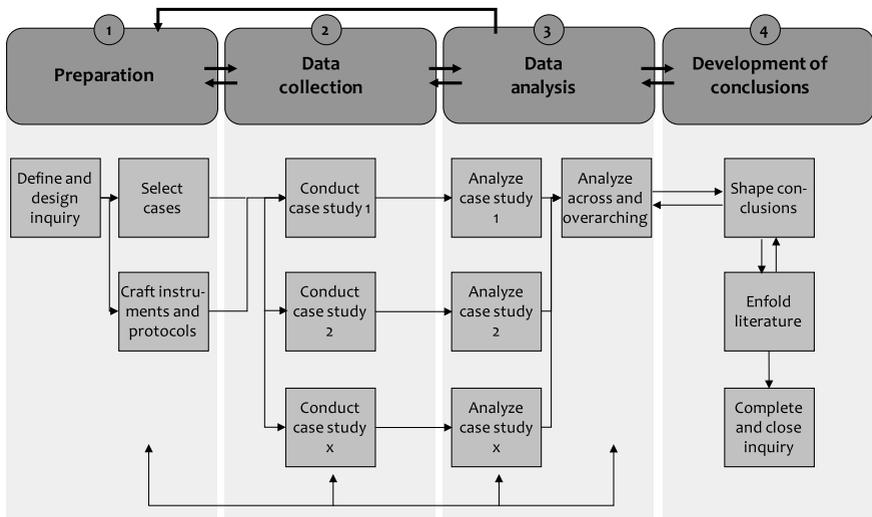
Figure 4.1: Outline of research process

Source: Own illustration based on Eisenhardt (1989, p. 533) and Yin (2009, p. 57)

A typical research process for the case study approach consists of four phases as shown in the figure above: (1) the research preparation phase, (2) the data collection phase, (3) the data analysis phase, and (4) the development of conclusions. Each phase consists of several single process steps that are described in more detail in the following section 4.2. What is important within this process is that it is an *iterative* process (as indicated by the arrows in the figure above). That means that the single process steps are not conducted successively (as is typical in quantitative research approaches, where the research process is a linear sequence of clearly separable steps). Instead, in this explorative research process the approach is more circular, where different process steps recurred and were sometimes redefined and adjusted based on first insights from other research steps (cf. Wrona, 2005, pp. 13–14).

As a final remark here, the role of existing theories is addressed with regard to explorative, qualitative approaches. Although the goal of this research process is to inductively develop an understanding of the partnership processes, this could not have been done without incorporating existing theoretical assumptions. Instead, previous theoretical knowledge was incorporated into different steps, e.g., when developing categories for the data analysis (see below). The role of previous existing knowledge and theories has been discussed controversially in

inductive, qualitative research (cf., e.g., Strübing, 2008, pp. 51–55; 57–59; Suddaby, 2006, pp. 634–635).[91] On the one hand, qualitative research should be open and explorative and therefore should not proceed in a deductive[92] manner (cf., e.g., Meinefeld, 2007, p. 266). On the other hand, when the research process is conducted without any previous theoretical knowledge the quality of the results of qualitative research could suffer due to a lack of focus or structure and might lead to a set of unrelated single observations (Wrona, 2005, pp. 19–23). To combine both perspectives, this research project followed a so-called *inductive-deductive*-approach. The overall goal was an inductive generation of conclusions. However, to do so, existing theoretical approaches, frameworks, and assumptions (such as the logic of effectuation and causation and the integrated framework of trust, control, and perceived risk) were regarded as a system of general rules and correlations that were incorporated into the research process. When detailing the individual steps in section 4.2 this approach is looked at further. In this way the often mentioned demand for "explication of previous knowledge" in qualitative research (Meinefeld, 2007, p. 266 [translations HS]) should be met.

4.2   Outline of Relevant Employed Research Steps

As shown in Figure 4.1 each of the four research phases consists of several individual research steps. This section is structured in the way that each research phase is described within its own subsection (section 4.2.1 through section 4.2.4), and within each research phase the individual employed research steps are concretized (again within their own subsections).

After the description of each of the four research phases, the role of, and the adherence with, the quality criteria for qualitative research is reflected upon briefly.

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91 Eisenhardt (1989, p. 536), for example, suggested to begin "theory-building research […] as close as possible to the ideal of no theory under consideration and no hypotheses to test". However, as argued by Wrona (2005, pp. 19–20), not only is it impossible that the researcher approaches a research question without previous theoretical knowledge and prejudice, previous theoretical assumptions are important to structure the data and to sensitize the researcher for certain aspects.

92 A deductive process starts with theory, develops hypotheses from there, makes observations, and confirms or rejects the hypotheses based on these observations. In contrast, an inductive approach starts with specific observations, identifies recurring patterns, develops hypotheses and eventually builds new theories (cf., e.g., Bortz and Döring, 2002, pp. 34-35; 299).

4.2.1   *Research Preparation*

According to Eisenhardt (1989, pp. 536–538), before entering the field and collecting data three preparation steps are required: preparing the inquiry, selecting the cases, and crafting instruments and protocols. As indicated in Figure 4.1 the last two steps can be done in parallel since they might influence each other (see also Yin, 2009, p. 57).

4.2.1.1   Preparing the Inquiry

The first step within the preparation phase includes an initial definition of the research question(s) as well as the clarification of relevant terms (Eisenhardt, 1989, p. 536). For this inquiry, the underlying research questions have been presented in chapter 0, the relevant terms (social venture, corporation, and partnership) have been explained and defined in chapter 2.

The preparation phase also includes becoming familiar with existing previous knowledge and theoretical assumptions and frameworks that are relevant for this research focus (cf., e.g., Yin, 2009, pp. 35–40; Wrona, 2005, pp. 19–22; Mayring, 2002, pp. 29–30). The theoretical frameworks that were used for analyzing the data have been presented in chapter 3 and in this way disclose the researcher's previous knowledge.

The preparation phase additionally requires the laying out of a draft of the research process and to specify the individual process steps, as done in the following (cf., e.g., Yin, 2009, pp. 27–40).

4.2.1.2   Case Selection

To find adequate case studies an initial set of *selection criteria* was defined and *theoretical sampling* was used. In comparison to *statistical* sampling, where the goal is to find a group that is representative for some larger population, *theoretical* sampling has the goal to identify case studies that offer theoretical insights in the way that they illuminate relationships, replicate findings from other cases or rebut them, eliminate alternative explanations, and elaborate propositions. It focuses on gaining a deeper understanding of the investigated phenomenon through a systematic case selection (Glaser and Strauss, 2008, pp. 53–83, see also Strübing, 2008, pp. 30–33; Eisenhardt and Graebner, 2007, p. 27; Eisenhardt, 1989, p. 537).

Within this research project the case studies were selected based on the following criteria. First, the 'object of study' (a *partnership* between a *social venture* and a *corporation*) had to be in line with the definition of these three terms as described in chapter 2 – with the addition that partnerships had to at least be in a transactional (or integrative) stage. A further selection criterion was that the sphere of action of the partnership had to be Germany, as the national context appeared to be relevant for the subject of study (see discussion in section 2.1.3 and section 2.2.4).

The procedure for selecting case studies was as follows: various organizations supporting social entrepreneurship in Germany such as Ashoka, Vodafone Foundation, Schwab Foundation, startsocial, and BMW Foundation were scanned for social ventures that appeared to have connections to, or work with, corporations. In this way, initially about 20 potential cases studies could be identified. These cases were further examined (through online research as well as through some discussions with representatives from these supporting organizations). It appeared that in many of these identified partnerships the interaction between the social venture and the corporation was limited to a donor-recipient-relationship (therefore representing a philanthropic stage). As such partnerships were of limited interest for this research project (as discussed in see section 2.3.2.1) these examples were not considered further. About seven social ventures remained, whereof three case studies (case study #1, #2, and #3) were selected based on the principle of theoretical sampling (and expected theoretical insights), and based on accessibility. (A fourth case study was selected later in the process, as described below.) Mainly, partnerships were sought out that were different from one another with regard to their field of activity and their objectives and scopes.

In two of the cases, the social venture's side was contacted at first. Their attendance at a third party's events enabled a direct approach by the researcher. In the third case, the corporation was approached at first via a personal contact. In all cases, in an initial conversation the approach and the objectives of the research project were presented. In cases where multiple partnerships existed, a joint discussion between the potential interviewee and the researcher took place to analyze which of the existing partnerships could be most relevant for this research project. After this first contact all three potential case studies agreed to participate and the participation of their counterparts was requested. With their consent, a first round of data collection was conducted incorporating both sides of each partnership.

After analyzing the gathered data of the first round, initial findings indicated that incorporating partnerships into the inquiry that were in a more intensive, i.e., in an integrative, stage, could provide additional insights. According to the principle of theoretical sampling a second round of case search was conducted focusing on

partnerships that included the exchange of key competences and a high level of engagement from both parties (see section 2.3.2.1). Three potential case studies were contacted; however, only one social venture and the corresponding corporation agree to participate in the research project. To ensure that this partnership had strategic value and included key competences from both sides, an extensive preliminary talk with the head of this social venture took place, which confirmed the assumptions. This partnership is presented here as case study #4. Further data from all four case studies were collected (as described below).

4.2.1.3   Problem-Centered Interviews and Further Data Collection Instruments

Besides answering "Where to collect from?" the question "How to collect data?" has to be answered in the preparation phase as well (see Figure 4.1). The ability to deal with different sources of data and therefore to integrate a variety of evidence is a unique strength of the case study approach (Kohlbacher, 2006, [24]).[93] This triangulation can provide stronger substantiation of the results as well as additional insights (Eisenhardt, 1989, p. 538; Yin, 2009, pp. 114–118; Flick, 2007b, p. 311). The different sources of data used for this research project are (1) interviews, (2) secondary information/documents, and (3) participant observations.

(1) Within this inquiry, *problem-centered interviews* were conducted[94]. Problem-centered interviews – the term has strongly been shaped by Witzel (2000) in the German-speaking area (cf. Mayring, 2002, p. 67) – are open, semi-structured interviews that focus on a particular issue. It uses an interview guideline and therefore ensures a certain degree of structure, while at the same time having the intention to let the respondent speak as freely as possible and allowing openness and flexibility within the conversation (Witzel, 2000, [1]-[3], see also Wrona, 2005, pp. 25–26; Mayring, 2002, pp. 67–72). This type of interview was chosen because its structure enabled the comparison of the findings of the four case studies, while the narrative elements enabled capturing the specific context of each of the investigated partnerships, as well as to gain insights into the relationship of the two partners (and therefore investigating concepts such as trust and perceived risk).

As suggested by Witzel (2000, [5]-[9]) four instruments were used for the interviews: (1) a short questionnaire to query relevant facts, (2) a recorder to

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93 Yin (2009, pp. 101–114), for example, lists six possible sources of evidence for case studies: documentation, archival records, interviews, direct observation, participant-observation, and physical artifacts.

94 See Wrona (2005, p. 25) or Helfferich (2011, pp. 35–46) for an overview of different interview methods and their characteristics.

capture what has been said, (3) an interview guideline that includes the different topics, pre-formulated questions, and ideas to explore different sub-categories, and (4) a postscript to capture non-verbal aspects as well as atmosphere and initial interpretation ideas (see also Kuckartz, 2010, p. 85).

To design the interview guideline(s) an approach developed by Helfferich (2011, pp. 102–189) was used. Helfferich suggests starting with an open brainstorm to collect all relevant questions. Then, gradually the questions are filtered, selected, and ordered, while constantly reviewing their contribution to the research question. She suggests distinguishing between different types of questions: central questions (formulated as openly as possible to stimulate the interviewee to talk freely), questions to maintain the narrative flow, and concrete questions or comprehension questions (see also Witzel, 2000, [13]).

In line with Helfferich's approach, two interview guidelines were developed for the different investigated situations: one guideline was developed for initial interviews, another one for follow-up interviews (the two points of data collection are described further below). The guideline for the initial interviews focused on understanding the partnership formation, the current scope and management, the achieved results as well as further expectations. For the follow-up interviews the focus of the guideline was mainly on *changes* in the scope, with regard to the management, and regarding further expectations. (Examples of the guidelines can be found in Appendix A.c). For each interview the guideline was slightly adjusted based on the role of the interview partner (i.e., being from the social venture's or the corporate side) and the previous knowledge the researcher had about the case study.

Although in this way rich empirical data was collected, additional sources of data were incorporated for triangulation purposes – in particular to counterbalance the bias interviews can have (cf., e.g., Yin, 2009, pp. 102).

(2) Secondary information[95] functioned as another source of data, in particular, multiple forms of documentary information. As shown in Figure 4.2, annual reports, press clipping, web page information, corporation brochures, and partnership agreements were incorporated into the inquiry. Some of these documents were publicly available (often found via a systematic online search) or given to the researcher by one of the interviewees. One advantage of using documents is that they are a stable and exact source of data – nonetheless, also here, bias can occur, in the way that they are selected or are made available in a biased way (cf., e.g., Yin, 2009, pp. 102–105).

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95   Secondary data is data that was originally collected, or 'produced', for a different purpose and are reused for the particular research project such as annual reports, web site information, and interviews conducted for a different (research) project. Primary data is data that are specifically collected for the particular research project such as interviews and participant observation (see, e.g., Hox and Boeije, 2005, p. 593).

(3) In some case studies the opportunity for participant observation existed as a third source of evidence. Participant observation means that the researcher observes the phenomena of interest while fulfilling another role in the natural environment of the participants (cf., e.g., Yin, 2009, pp. 102; 112-113; Mayring, 2002, pp. 80–84). In case study #1, the researcher had the role of a moderator in a meeting between the social venture and several corporate partners. In case study #3, the researcher attended in two workshops, where a (panel) discussion between the social venture and the corporate partner took place. In case study #4, the researcher met frequently with the social venture to discuss various strategic and financial topics, which took place at the corporation's headquarters. After each observation field notes were taken.

This collection method was included into the data collection because it enabled the observation of interpersonal behavior and relationships that could not be uncovered in interviews or via documentary information. For example, the dealing of the partners with one another, as well as personal attitudes of the individuals could be observed. However, it is important to recognize that the presence of the researcher can influence or manipulate the situation (cf., e.g., Yin, 2009, pp. 102; 112-113; Mayring, 2002, pp. 80–84).

4.2.1.4   Reflecting Quality Criteria in the Preparation Phase

Within the preparation phase, in particular the quality criterion 'documentation' (1) and 'rule-based procedure' (3) are relevant (see pp. 101–102). To satisfy the first criterion the research process has been made explicit (see section 4.2.1.1 or Figure 4.1), relevant previous theoretical knowledge has been disclosed (chapter 2 and 3), and the case selection criteria as well as the selection process has been described in detail. Furthermore, the development of the interview guidelines has been described above. Regarding criterion no. 3, following an established research process of a multiple case study approach, and implementing problem-centered interviews to collect a large part of the data, should satisfy this criterion.

4.2.2   *Data Collection from Multiple Case Studies*

Focusing now on the second research phase, the data collection phase, the three data collection methods (as described above) provided the data source for the four case studies. An overview of all collected data is shown in Figure 4.2.

Case	Interviews	Code	Documents	Observations
#1	• Founder and head of social venture (Jan 2011) • Founder and head of social venture (May 2012) • Corporation's spokes-woman (Feb 2011) • Corporation's spokes-woman (May 2012)	• Social venture A1 #1 • Social venture A2 #1 • Corporation A1 #1 • Corporation A2 #1	• Internal documents from soical venture (~10 p.) • Corporation's annual reports (2007 - 11) • Press clippings (~ 30 p.) • Corporation's and social venture's web page	• Moderator in a meeting with social venture and various corporate partners (Jun 2011)
#2	• Member of social venture's management team (Feb 2011) • Member of social venture's management team, successor of first interviewee (Feb 2012) • Corporation's key contact person (Feb 2011) • Corporation's key contact person's, successor of first interviewee (Apr 2012) • Social venture participant A (May 2011) • Social venture participant B (Apr 2012)	• Social venture A1 #2 • Social venture B1 #2 • Corporation A1 #2 • Corporation B1 #2 • Participant A1 #2 • Participant B1 #2	• 1st and 2nd partner-ship agreement • Company brochures (from corporation #2) for internal and external communication (~ 20 p.) • Corporation's annual reports (2008 - 11) • Press clippings (~ 20 p.) • Corporation's and social venture's web page	• Participant in workshop (Jul 2011) • Participant in workshop (May 2012)
#3	• Founder and head of social venture (Feb 2011) • Founder and head of social venture (Apr 2012) • Corporation's key contact person responsible for particular program (Feb 2011) • Corporation's key contact person (Nov 2011) • Corporation's employee participating in consulting activity (Feb 2011)	• Social venture A1 #3 • Social venture A2 #3 • Corporation A1 #3 • Corporation A2 #3 • Participant A1 #3	• Company brochures for internal and external communication (~ 30 p.) • Corporation's annual reports (2009 -11) • Press clippings (~ 20 p.) • Corporation's and social venture's web page	• -
#4	• Founder and head of social venture (Feb 2012) • Team member of social venture (Feb 2012) • Corporation's manager (May 2012) • Corporation's strategist (Mar 2012)	• Social venture A1 #4 • Social venture B1#4 • Corporation A1 #4 • Corporation B1 #4	• Press clippings (~ 10 p.) • Corporation's and social venture's web page	• Frequent meetings with social venture in corporation's headquarters (Aug 2011-Jul 2012)

Figure 4.2: Collected and used data for each case study

Source: Own illustration

Overall, between January 2011 and May 2012, 19 interviews were conducted, several participant observations took place, and relevant documentary information was gathered.

For the first three case studies data were collected at two different points in time – roughly one year apart. The first round of data analysis indicated that the investigated partnerships were fairly dynamic and exposed to constant change. It became apparent that it would be helpful to examine the same partnerships at a later point in time. That is why the decision for longitudinal case studies emerged. Interviewing at two points in time enabled the capture of changes in the partnership, which are discussed in chapter 6.

4.2.2.1   Conducting Interviews

Within each case study, interviews were conducted both with the social venture side and the corporate side based on the above mentioned guidelines. Interviewing both parties of a partnership counteracts the often mentioned criticism in case study research of over-relying on single respondents (cf. Kistruck and Beamish, 2010, p. 740) and allows for a 'more balanced' picture of the partnership.

Before each interview, written declarations of consent by the interviewees were obtained (cf., e.g., Helfferich, 2011, pp. 190–192; Bortz and Döring, 2002, p. 313). An example can be found in Appendix A.b. The interviews were 30-90 minutes long. All interviews were conducted in German, which was the mother tongue of all participants. 16 out of the 19 interviews took place in person, two interviews were conducted on the phone, and in one case the interviewee preferred to do the follow-up interview via email. 13 interviews were conducted at the workplace of the interviewee (see Appendix A.a). The interviews were recorded and postscripts were composed afterwards.

4.2.2.2   Reflecting Quality Criteria in the Data Collection Phase

For the data collection phase the quality criteria 'documentation' (1), 'rule-based procedure' (3), 'proximity to the subject of study' (4), and 'triangulation' (6) are relevant. For this research project, their adherence was supported in the following: the interviews were carried out in line with the procedure suggested by Witzel and Hellferich. Through postscripts the procedure of data collection was documented in detail. A large part of the interviews took place at the respondent's

working environment and therefore in the real-life context of the interviewee. This enables to tie in with the respondents' everyday world and supports proximity to the subject of study. Collecting data from different sources of evidence (interviews, secondary information, observations) as well as from multiple perspectives supported the triangulation-criterion.

4.2.3   Data Analysis Using Qualitative Content Analysis

Focusing on the third research phase, the data analysis phase, the case studies were first analyzed individually on selected topics using *the qualitative content analysis,* before cross case analysis and overarching analysis took place (see Figure 4.3).
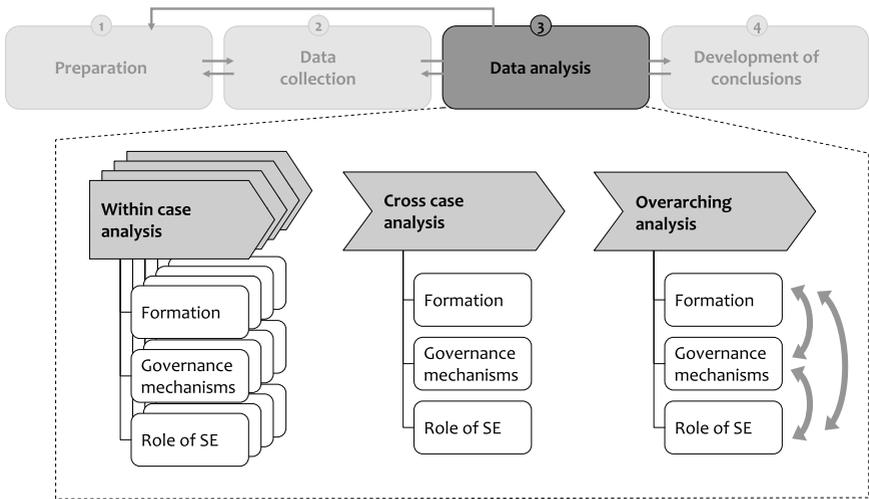
Figure 4.3: Detailed data analysis phase
Source: Own illustration

4.2.3.1   Data Preparation and Data Analysis within the Case Studies

To begin the data analysis, all sources of evidence were put into a written form. Reports were written for participant observations, and interviews were transcribed literally. Since it was more important for this research to focus on *what* was said rather than *how* it was said (as the focus was on the content of the statements), an extensive transcription that tries to consider dialects and assimilations, or focuses on capturing the phonetically accurate content was not necessary (see, e.g., Kowal and O'Connell, 2007, p. 441). Instead the interviews were transcribed in standard orthography (see, e.g., Mayring, 2002, pp. 89–91). All written sources of evidence (interview transcripts, documents, observation reports, field notes, and postscripts) were anonymized and incorporated into the data analysis.

A brief case study protocol was written to summarize the basic information about each partnership before starting the analysis (Eisenhardt, 1989, p. 540; Mayring, 2002, pp. 94–99; Yin, 2009, pp. 170-171; 180).[96]

To analyze and interpret the data a method was used for this research project that is based on the qualitative content analysis, which has mainly been developed by Mayring (2000)[97]. The approach of this method is to analyze the data step-by-step by applying a systematic, theory-guided approach using a coding frame (Mayring, 2002, p. 114). The function of the coding frame is to structure the data.

This method was used for the following reasons. First, it enabled to systematically investigate different phases and elements of the partnership (e.g., partnership initiation, partner search), which, in turn, allowed to adequately compare the different case studies. Second, this method allowed the analysis process to be guided by existing theoretical assumptions, which appeared to be particularly appropriate for the investigation of the governance mechanisms (see below). However, at the same time such an approach includes the risk that 'hastily' built coding frames can lead to missing nuances within the data (cf., e.g., Schreier, 2012, pp. 58−80).

To develop this coding frame, which is central to this analysis method, different strategies exist. A coding frame can either: emerge from the data (*inductive* strategy), be derived from existing theories, concepts, or knowledge (*deductive* strategy), or it can be a combination of both strategies (Schreier, 2012, pp. 84–90; Mayring,

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96   These comparable summaries of each case study can be found in the chapter 5.
97   The qualitative content analysis as developed by Mayring (2010, pp. 26–29) is a rule-guided text analysis that originated out of the classical quantitative content analysis and was further developed to include qualitative-interpretative steps of analysis (see also Kohlbacher (2006, [34]−[37], [50]). It has achieved popularity since its development in the beginning of the 1980s; however, mainly within the German-speaking scientific community (ibid., [6]).

2000, [9]-[17]; Kuckartz, 2010, pp. 200–202). A coding frame consists of main categories, which are the aspects the analysis focuses on, and of subcategories for each main category, which further specify the aspects of interest (Schreier, 2012, pp. 59–71) [98].

For this project different strategies were chosen for the three different research questions as previously existing (theoretical) assumption played a different role for each question.

(1) For the analysis of the partnership's formation process (first research question) a coding frame was developed from the data (*inductive approach*) with the goal to capture all relevant aspects of the formation process. The main categories that emerged were 'partner search', 'setup process', 'objectives/scope', and 'involved resources'. For each main category multiple subcategories existed. The entire coding frame is illustrated in Appendix A.d.i.

(2) For the investigation of the partnership's governance mechanisms (second research question) a *deductive* approach was used. Das and Teng's (2001) integrated framework on trust, control, and perceived risk provided the basis for an initial coding frame (these three concepts and their dimensions, as presented in section 3.2, represented the (sub)categories). This initial coding frame was further elaborated during the analysis processes, with additional sub-categories emerging from the data; in other words, a mixed approach was used here (cf. Schreier, 2012, pp. 84−106). The final coding frame can be found in Appendix A.d.ii.

(3) To investigate the role of social entrepreneurship within the partnerships (third research question), as with the first question, an *inductive* approach was used. The developed coding frame consisted of the following four main categories: 'social aspects', 'entrepreneurial aspects', 'additional aspects', 'no meaning' (see Appendix A.d.iii).

Once the coding frames were established all data were scanned, i.e., *coded* (cf., e.g., Kuckartz, 2010, pp. 64–68; Wrona, 2005, p. 28). Then, for each case study and for each (sub)category the findings were summarized and compared across the different partnerships (cf., e.g., Miles and Huberman, 1994, pp. 55–72; Mayring, 2010, pp. 84−98).[99]

The software MAXQDA, a qualitative data analysis program, was used to support the analysis process.

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98   Each subcategory can be further specified and classified; therefore the number of hierarchical levels can be greater than two in more complex coding frames.

99   For a detailed step-by-step instruction on how to create data-driven categories, assigning codes and conducting the analysis it is referred to in Schreier's book (2012): "Qualitative content analysis in practice".

4.2.3.2   Data Analysis across Case Studies

As illustrated in Figure 4.3, first, the case studies were analyzed individually, before a cross-case and an overarching analysis was carried out. In detail: first, the formation process of each partnership was investigated individually, before the formation processes of the four case studies were compared. In the same way, governance mechanisms and the role of social entrepreneurship were investigated. Finally, (potential) correlations between the investigated aspects were examined.

4.2.3.3   Reflecting Quality Criteria in the Data Analysis Phase

In the data analysis phase four of the above listed quality criteria are considered[100]: 'documentation' (1), 'argumentative validation' (2), 'rule-based procedure' (3), and 'triangulation' (6). To fulfill criteria (1) and (3) the analysis method was based on the rule-guided qualitative content analysis. The individual process steps (including transcription) were systematically developed, maintained, and documented. The developed coding frames, as well as selected interpretations, were discussed with a second researcher. This supports both the criterion (2) and (6). Additionally, analyzing the partnerships by incorporating data from multiple perspectives and different sources enabled further triangulation.

4.2.4   Development of Conclusions

The final phase of the research process is the development of conclusions and the completion of the inquiry. This phase consists of three steps: shaping propositions, enfolding literature, and closing the inquiry, which are briefly described in the following (cf., e.g., Eisenhardt, 1989, pp. 544–545; Wrona, 2005, pp. 37–38).

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[100]   It has to also be mentioned that quality criteria specifically for the qualitative content analysis have been developed. Mayring (2010, pp. 118–122), for example, suggests semantic, sampling, correlative, predictive, and construct validity as well as stability, reproducibility, and accuracy. Where adequate, these criteria were considered within the data analysis process. A detailed description of each of these criteria is omitted at this point and instead it is referred to Mayring (2010).

4.2.4.1   Shaping Propositions, Enfolding Literature, and Closing the Inquiry

Within this research project, after the overarching analysis, the developed pro-
positions were reflected once again with the data and the (original) statements
before conclusions were drawn. Then, the findings were compared to existing
literature. Here, particularly literature from same- and cross-sector partnership
research was used (as not many studies could be identified that focus particularly
on social venture corporation partnerships; see section 2.3.3). The results of the
literature comparison can be found in the sections 6.1.4, 6.2.3, and 6.3.3.

4.2.4.2   Reflection on Quality Criteria

In the phase of conclusion development the quality criteria 'argumentative
validation' (2), 'communicative validations' (5), and 'triangulation' (6) are rele-
vant. When presenting and discussing the results (chapter 6) special attention is
given to illustrate the path from data to conclusion, e.g., by including literal
statements from the interviewees and disclosing the interpretation path, in order
to ensure adherence with quality-criterion (2). For the communicative validation
of the results parts of the findings were presented to the investigated persons and
were discussed with them at the second round of data collection. In most of the
cases the interviewees could find themselves within the results and interpretations,
which can be seen as an important argument for the validity of the findings (cf.
Mayring, 2002, p. 147). Finally, attention was paid to ensure that various dif-
ferent available sources of evidence were included into the process of shaping
propositions.

   Overall, the compliance with the multiple quality criteria along the research
process (see Figure 4.4) should promote quality in the findings.

Quality criteria	① Preparation	② Data collection	③ Data analysis	④ Development of conclusions
Documentation of procedure	✔	✔	✔	
Argumentative validation			✔	✔
Rule-based process	✔	✔	✔	
Proximity to the object of study		✔		
Communicative validation				✔
Triangulation		✔	✔	✔

Figure 4.4: Adherence of quality criteria along the research process
Source: Own illustration

5   Description of Case Studies

In the following the four investigated case studies are described briefly. The goal of this section is to provide background information about each partner and each partnership before chapter 6 focuses on analyzing, interpreting, and discussing the findings. The information provided here is based on the different sources of evidence as disclosed in section 4.2.2 (see also Figure 4.2).

However, before describing the case studies some parameters need to be defined through which to describe the case studies. This is done in section 5.1 before section 5.2 through section 5.5 focus on the case studies.

5.1   Definition of Parameters through which to Describe the Case Studies

Two preliminary remarks are made in this section. First, the investigation of the partnerships formation process requires defining what aspects are considered within this phase. The understanding of the formation phase underlying this research project is disclosed in section 5.1.1. Second, remarks on how governance mechanisms are presented and discussed within this thesis are made in section 5.1.2.

5.1.1   Understanding of the Partnership Formation Phase

Researchers seem to agree that partnerships can be divided into different phases to investigate them; however, *what* phases exist and *how* they are arranged does not seem to be clear (cf. Walters and Anagnostopoulos, 2012, p. 420; Seitanidi, 2010, p. 36). Some scholars distinguish formation, implementation, and outcome phases (cf. Selsky and Parker, 2005, pp. 854–855); others distinguish between a problem setting phase, a direction setting phase, and an implementation phase (cf. Westley and Vredenburg, 1997, p. 382). This research project's findings further complicate the definition of partnership phases as data reveals that some partnerships did not evolve as 'linear' as some of these stage models apparently require, or predict.

To illustrate this point, Westley and Vredenburg's model (1997) is used. These authors claim that the first phase, the problem setting phase, focuses on identifying the problem, which includes:

"finding a *common definition*, generating a variety of information, making a joint commitment to collaborate, identifying and legitimizing critical stakeholders, finding an appropriate convenor, and identifying *initial resources*" (ibid., p. 382, [emphasis HS]).

The next phase, the direction setting phase, focuses on establishing supporting processes such as defining agendas, establishing rules, and reaching agreement; while the third phase, the implementation phase, "results in action to *resolve the problem*" (ibid., p. 382, [emphasis HS]).

Now, in some of the investigated case studies within this thesis it appears that the partners met and quickly decided to work together, while throughout the interaction the scope and the objectives of the partnership changed (see section 6.1 for a detailed discussion about the partnership formation processes). Using Westley and Vredenburg's terms, it can be said that the "common definition" of the partnership as well as the "identify[ed] initial resources" changed throughout the partnership; or putting it differently, during the implementation of action to "resolve the problem" the problem itself changed[101].

Within this thesis, the goal of investigating the formation process is to understand how the partnerships reached their (current) scopes of activities and magnitudes of involved resources. Since the existing 'linear' models appear to not be suitable for the investigated case studies, such a strict phase model is waived. Instead, within this study, the formation process of a partnership is understood as the *entire* process; ranging from the activity or decision that initiated the partnership, to the implementation of *all* partnership activities that could be identified when collecting the data – changes in the scope of the partnership included. This is reflected when presenting the partnership formation of each case study in the following.

5.1.2   Presentation and Discussion of Governance Mechanisms

When presenting the governance mechanisms found in the following case studies, only existing *formal agreements* are described. The reason behind this is that this type of control mechanism can be identified fairly clearly. However, other govern-

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101   Also Westley and Vredenburg (1997) came to the conclusion that partnerships in "under-organized domains" might follow a pattern of "continual uncoordinated redesign" (ibid., p. 395). They claim that the phases described above might be "overlapping" rather "than sequential" (ibid., p. 383). Their statements are further discussed in section 6.1.4.

ance mechanisms such as social control or the existence of trust (see section 3.2), require (some) interpretations of the case studies' data. These concepts are considered in section 6.2.

5.2 Case Study #1 – a Partnership between a Social Venture Focusing on Youth Development and a Trading Company

In this case study the social entrepreneur, who had developed a concept to promote self-responsibility for pupils, approached the corporation, a trading company, in 2006 as he was looking for financial supporters. Shortly after the first contact the partnership started and it was still ongoing at the moment of the data collection (May 2012).

5.2.1 Background Information on Partnership Participants

5.2.1.1 About the Social Venture and its Model

The social venture of case study #1 was a non-profit organization that was founded in 2006 by an experienced businessman who had worked in the area of marketing and communication before developing the idea for the social initiative and implementing social venture #1.

The overall goal, and ultimately mission, of this social venture was to support pupils in taking over their own initiative and self-responsibility and in this way promoting solidarity. To approach this mission the idea of the social entrepreneur was to encourage pupils to renovate their classrooms by providing them the tools they need. The social entrepreneur created an open online-portal that included manuals and checklists and also functioned as a platform for the participants to communicate and present their projects and to exchange ideas. Over time, the social entrepreneur launched additional initiatives for pupils using the same 'do-it-yourself-approach' – all of them focusing on improving the school environment and in this way promoting self-responsibility. The regional focus of the social ventures was Germany. At the moment of data collection, nationwide, several hundred projects had been realized by pupils that had followed the instructions provided by the social venture.

The social venture consisted of a small team of employees, freelancers, and volunteers including the founder of the social venture. To fund the employees, the web site, and additional infrastructure, different sources of finance existed. First, the social ventures had established several partnerships with corporations, which financially supported the social venture. (Some of these partnerships went beyond a philanthropic relationship as the one described below). Secondly, the social venture received donations from different institutions (e.g., large foundations) and membership fees from supporting individuals and organizations. Thirdly, the social venture offered paid services to corporations such as corporate volunteering activities (described below).

The partnership between the social venture and the trading company was the first partnership the social venture had entered. Since then, additional partnerships with corporations originated – some of them still existed at the moment of the data collection, others had already ended.

5.2.1.2   About the Corporation and its Social Engagement

The corporation in case study #1 was a Germany-wide trading company. Until several years ago it was an old-established family-owned business before it was taken over by a larger European trading company that was listed in the stock exchange. Despite the acquisition, the trading company was left partly as its own entity; in particular, it kept its own brand, which represented a premium brand within its segment. Its revenue was over half a billion Euros.

The partnership with social venture #1 had been a core element of the social engagement of this trading company. In addition to this engagement the corporation focused on environmental issues within its stores and regarding its products.

Starting 2011, the parent company of corporation #1 struggled with decreasing profitability that led to a severe crisis. As a consequence, a restructuring program was launched that included personnel reductions as well as changes in the brand strategy, and a shift towards the premium brand of the trading company. At the time of the second round of interviews (the follow-up interviews) these changes had just been communicated.

5.2.2   *Outline of Partnership*

To describe partnership #1, first its formation process is presented in a chrono-logical order then the further development of this partnership is investigated. Finally, existing formal agreements are described.

5.2.2.1   Partnership Formation

The partnership in case study #1 was initiated by the social entrepreneur:

> Q1: "[The social initiative] was actually an idea I wanted to give to any company until a few people told: 'Make a non-profit construct out of it!'. And while thinking about it I realized very quickly that I had to find a partner or partners for whom it somehow makes sense to collaborate. So, not only to give money in terms of donations, instead, to get involved in something serving the public good and where something flows back." *Social venture A1 #1* [Translation HS]

Based on these thoughts, the social entrepreneur identified a certain business segment where he thought such a thematic overlap existed. Within this segment he scanned various German companies and identified corporation #1 as the pre-ferred partner. This choice was influenced, on the one hand, by the trading com-pany's brand reputation. The social entrepreneur thought that its premium brand image would be adequate for his initiative. On the other hand, local aspects also influenced the choice since the trading company had its headquarters in the same city in which the social entrepreneur lived.

   The social entrepreneur looked for different possibilities to approach the trading company and identified a third party that established a connection between the social entrepreneur and a representative of corporation #1. In 2006, he intro-duced its initiative to the corporation with the goal to gain it as a financial sup-porter. At this point the social initiative was in a conceptual stage and the venture was not (yet) officially founded. According to the spokeswoman, the corporation #1 had recently entertained enlarging its social engagement; the management liked the initiative and quickly decided to support it:

> Q2: "And we met, we liked each other. I thought the idea was great. We introduced it to the former management. […] They said immediately: 'Yes, let's do it!' They liked it and then it started." *Corporation A1 #1* [Translation HS]

At the beginning of the partnership the interaction of the parties can be described as a donor-recipient-relationship, for which the trading company provided an agreed financial contribution to the social venture. The interaction increased as

the parties sat together to discuss the social initiative. The corporation, for example, included its own experts in the idea creation process and checked the emerging ideas against existing initiatives:

> Q3: "So, we sat together with some colleagues and [social entrepreneur #1] and thought about how we could ever bring this thing to roll. What should actually happen? And, we first thought about what we could afford. [Social entrepreneur #1] had ideas. […] We checked everything we already had and what we could provide." *Corporation A1 #1*[102] [Translation HS]

One idea was to provide shopping vouchers. Corporation #1 wanted to offer these as an incentive to pupils who decided to follow the social venture's approach and planned a remodel of their classroom. A first roll-out of these vouchers quickly led to an adjustment of the voucher's amount before vouchers with an increased amount were rolled-out. Over time, a series of new ideas emerged such as the concept for a pupil's company; yet, this idea was not pursued beyond the test phase and therefore was never implemented. However, the social entrepreneur emphasized in the interview that this joint effort had substantially contributed to the development of an additional joint project, the launch of corporate volunteering activities. The concept was that some of the trading company's employees would be released from work commitments for one day to support the pupils remodeling their school. The social venture was in charge of selecting the group of pupils that this service would be offered to and for coordinating the corporate volunteering activity. For this service the social venture would receive a financial contribution from the trading company. In 2009, first corporate volunteering activities were implemented and until 2011 several such activities took place.

Additionally, another idea for a joint project regarding environmental issues emerged; however, the corporation finally decided not to participate hence the concept was never implemented.

5.2.2.2   Further Development

Potentially influenced by internal changes within corporation #1 and its parent company, in 2011, less corporate volunteering activities took place up to the point that as of the second half of 2011 no such activities had happened. The other elements of the partnership (financial support, vouchers) existed unchanged at the second round of data collection (May 2012).

5.2.2.3   Formal Agreements

A formal agreement within this partnership was the contract the partners signed at the beginning of the interaction after the corporation had decided to support the social initiative:

> Q4: "When I left the first meeting I heard [the corporation's spokes-woman] saying: 'We will do this! That is a great initiative!' And 14 days later the contract was signed. [...]. And the contract was a very simple thing." *Social venture A1 #1* [Translation HS]

The contract specified the amount of the financial contribution the corporation would provide, regulated the involvement of the corporation regarding the social initiative, and included some commitment from the social venture regarding the external presentation and communication of corporation #1 as supporter. The duration of the contract was one year and would extend automatically if no party would terminate the contract three months before the expiration. At the moment of the second round of data collection the contract had been extended five times (as the partnership was in its sixth year) without any changes to the initial conditions.

When the idea for joint corporate volunteering activities emerged the social entrepreneur drafted an offer after the parties had discussed this additional partnership element. The social entrepreneur presented this offer to the corporation:

> Q5: "Offer and acceptance of the offer is our contract." *Social venture A1 #1* [Translation HS]

Over time, the parties changed this agreement into a formal service contract which contained the general conditions of the volunteering activities, described the procedure and the responsibilities of such an activity, and included the amounts paid by the corporation for the concept and each volunteering activity. This contract did not regulate the number of volunteering activities or its limit in time. Instead, the parties agreed to conduct these activities demand-driven (which was mainly determined by the corporation).

5.3   Case Study #2 – a Partnership between a Social Venture Addressing Educational Equality and a Dax-30 Company

In this case study the corporation approached the social venture with the goal of increasing its social engagement and acquiring a partner organization. The partnership was officially announced in 2009 and was still ongoing at the moment of the data collection (May 2012).

5.3.1   Background Information on Partnership Participants

5.3.1.1   About the Social Venture and its Model

The social venture in case study #2 was initiated by a team of young professionals in 2008 as a non-profit organization following a concept that had been launched in other countries. The mission of the social venture was to create better educational opportunities through a duel focus. It focused both on making inequalities, in particular in schools, visible and on working against these inequalities. To realize this two-way approach the organization brought pupils, mainly from areas of challenging circumstances, and young, highly qualified adults together to work with and learn from each other. The social venture was active in selected areas of Germany and had affected – up to the point of data collection – several thousand pupils. An implementation of the social initiative on a wider scale, i.e., in more areas of Germany, was planned.

  In 2012, the organization consisted of about two dozen employees including some of the founders. These employees, as well as the infrastructure the social venture required, were financed by supporting partners, which were mainly corporations and foundations. Additionally, the social venture received public funding. The partnership detailed below was one of multiple partnerships with corporations; however, it represented the largest partnership (in terms of received financial benefits) the social venture had at the moment of data collection.

  Since the launch of first activities in 2009 the social venture had faced some challenges regarding the roll-out of the social initiative. Growth prognoses had to be adjusted as the planned implementation of the initiative in additional areas of Germany appeared more difficult than anticipated.

5.3.1.2   About the Corporation and its Social Engagement

The corporation in case study #2 was an international company with its headquarters located in Germany. It generated revenue of several billion Euros.

  In 2008, personnel changes on the management level entailed revising and renewing its CSR-strategy. An overall strategy was defined and central themes were determined. Existing initiatives were combined under these themes and additional activities were created to further develop the core themes. It was the partnership with social venture #2 that brought the Dax-30 company to turn

'education' into an own theme of its CSR-strategy. Since then, corporation #2 established additional partnerships with other organizations and initiated their own activities to further develop this theme.

5.3.2   Outline of Partnership

5.3.2.1   Partnership Formation

The new member of the management board of corporation #2 heard (coincidently) about social venture #2, which at this point was in the process of launching its initiative. The idea emerged to partner with this social venture and make 'education' a central theme of the CSR-strategy. The manager assigned a team of consultants to evaluate a potential partnership with the social venture.

> Q6: "Then [the consultants] worked on it. They simply made an analysis whether this actually could be a good topic and what could be done. And there was a positive result." *Corporation A1 #2* [Translation HS]

Together with the consultants, the corporation developed objectives for the partnership that were in line with the overall corporate strategy. It was clear to the corporation that it wanted to initiate a partnership that would go beyond a philanthropic partnership. One concrete objective was to combine some kind of corporate volunteering activities with the partnership. Another concrete objective was to incorporate various divisions of the corporation into the partnership:

> Q7: "And regarding additional elements of the partnership [the member of the management board] said from the beginning, he wants to have them distributed to different divisions and responsibilities, so that this does not become a pure corporate center story, this partnership, rather is alive throughout the entire group." *Corporation A1 #2* [Translation HS]

The consultants contacted the social venture to discuss a potential partnership and to learn more about the potential partner.

> Q8: "They wanted […] to know more about the project. […] And they also wanted to know if that could work, so, if that could fit between us and [corporation #2]. And presumably also, if we would be willing to engage in a partnership, that would be not just pure [financial] support, but also this idea of partnership." *Social venture A1 #2* [Translation HS]

The social venture, following international models of similar initiatives, had included partnerships with corporations into its 'business model'. As practiced in other countries, the social venture had planned to find (corporate) partners that

would engage and support the social initiative on multiple levels – financially as well as beyond.

The social venture and the Dax-30 company negotiated several months about the details of the partnership. Various meetings between the two parties took place to concretize joint activities, to define responsibilities as well as to involve additional divisions, and to formulate a contract. At the beginning of 2009, the partnership was officially announced to the public and some months later a formal partnership agreement with duration of three years was signed.

The implementation of the defined joint activities started in the second half of 2009. Besides the provision of financial support, it took several months until all agreed joint activities were implemented. This delay was partly due to the fact that the social venture itself was in a start-up phase and had to develop and implement its own internal processes before focusing on joint activities. Personnel changes within the corporation also contributed to the delay.

5.3.2.2   Further Development

In the second half of 2011, negotiations for a follow-up contract were due. Over several months the partners discussed how the partnership should continue. The fact that the social venture had faced some challenges beforehand regarding the implementation of its approach influenced the contract negotiations. Finally, the partners agreed to continue the partnership as started and signed a new contract at the end of 2011.

5.3.2.3   Formal Agreements

As mentioned above, before officially starting the partnership in 2009 the partners spent several months formulating a formal contract:

Q9: "So the contract we set up – it took ages." *Social venture A1 #2* [Translation HS]

The final contract included, inter alia, the financial support the corporation would provide to the social venture, listed the planned joint activities, defined the planning and reporting procedure, and included regulations regarding the joint communication during the partnership. The term of the contract was limited to three years and it also included how joint activities would fade out in the event that the partnership would end with the end of the contract.

The second contract the parties signed in 2011, which again was negotiated for some months, was fairly similar to the first contract. It mainly included the same elements, and had the same duration, which was three years. However, one new element of the second contract was an early exit option the corporation had insisted on including: On a yearly basis both parties had the option to cancel the contract (and therefore quit the partnership). At the time of the second round of data collection, the corporation (together with the social venture) was just in the process of developing a set of performance indicators expected to support a yearly evaluation. Based on this evaluation the corporation wanted to assess if it would avail the early exit option. Another new element of the second contract was a detailed description of status reports the social venture was committed to provide to the corporation twice a year.

5.4   Case Study #3 – a Partnership between a Work Integration Social Venture and an Insurance Company

In this case study the social entrepreneur applied for a consulting program the corporation, an insurance company, had developed specifically for social entrepreneurs and social ventures. The interaction lasted for several months in 2010 and ended with the closing of the consulting activity.

5.4.1   Background Information on Partnership Participants

5.4.1.1   About the Social Venture and its Model

In case study #3, the social entrepreneur (the founder and manager of the social venture) founded his organization in the 1990s to focus on integrating disadvantaged people into work environments. Over time, the social entrepreneur particularly concentrated on promoting self-employment for disadvantaged people, especially for unemployed young people, disabled people, and people with migrant backgrounds. Since its foundation the social venture expanded the services offered for these people. At the time of the interviews, services included consulting and coaching activities, trainings and workshops on selected topics, provisions of workspace, and micro-financing opportunities for potential founders. The social venture established different organizations and projects and became an umbrella organization for multiple non- as well as for-profit organizations focusing on work integration.

At the moment of the data collection the social venture had supported several thousand founders and was consulting several hundred customers a year. At this point in time, the regional focus had been on selected areas in Germany (in particular in regions with high structural unemployment); further roll-outs into additional areas were planned. It had several dozen salaried and freelance employees and a yearly budget of over a million Euros.

The social venture had established multiple partnerships with partners from the political field, corporations, foundations, partners from science, and different interest groups. The financing model of the social venture differed for the various organizations of this umbrella organization. Some entities of the social venture received government grants; some generated income from offered services; and others received financial support from corporations and foundations.

5.4.1.2   About the Corporation and its Social Engagement

The social venture in case study #3 partnered with an insurance company that had its headquarters located in Germany but customers and subsidiaries worldwide. It was listed in the stock exchange and generated revenue of multiple billion Euros.

In 2008, the insurance company created a new department to combine and coordinate existing social engagement and sustainability initiatives. Some of the initiatives were closely linked to the business processes; others were charitable activities with no direct connection to business processes. In addition to organizing the existing social engagements in the new department the insurance company had decided to increase its social engagement by developing its own activities. A particular focus was on incorporating employees and using existing core competencies as well as developing activities that could be carried out in different subsidiaries (therefore having a corporate theme but local implementation). Based on these considerations, in 2009, a program was developed that can be compared to a corporate volunteering activity and consisted of a consulting program corporation #3 offered especially to social entrepreneurs.

The idea was that a group of two trained senior employees from the insurance company would consult a social entrepreneur or a social venture on a particular business challenge by using an approach that was well established within the insurance company. All of the participating senior employees were trained regarding this approach. Interested social entrepreneurs from various countries could apply for this program. To select the social entrepreneurs participating in the program the insurance company had developed a set of criteria. One criterion

was a certain link between the field of activity of the social venture and the focus areas of the insurance company. Other criteria were location and maturity level:

> Q10: "On one hand, we consider the location [of the social ventures], but it is also about that they have, I would call it, a certain degree of maturity, so that this is a suitable offer for them, so that they have any kind of business challenge where we can say this makes sense, we can help." *Corporation A1 #3* [Translation HS]

Based on these criteria, every year the corporation selected a defined number of social ventures that could participate in the program. The insurance company then selected a group of senior employees within its organization to match them with the participating social ventures. After a first interaction and a briefing between the matched teams, the corporate employees (i.e., the consultants) participated in an internal multiple-day training to prepare for the upcoming consulting activity. Besides sensitizing the corporate consultants for the interaction with social entrepreneurs and discussing differences between social and for-profit ventures, the purpose of the training was the development of a roadmap on how to approach the social ventures' business challenges. Shortly after this training, the actual consulting activities took place where the corporate consultants spent five days at the social venture and worked together with the social entrepreneur and his/her team on the selected business challenge.

These consulting programs were conducted in multiple countries. In Germany, they were carried out about twice a year and each time several teams of social ventures and corporate consultants participated.

5.4.2   Outline of Partnership

5.4.2.1   Partnership Formation

As in 2010 the corporation was searching for potential participants for the next round of the consulting program, it introduced the program at a third party's event focusing on social entrepreneurship. Here, social entrepreneur #3 heard about this program and decided to apply since he had a special business challenge in mind he wanted to have an outside view on. The insurance company chose the social entrepreneur and his venture as participant because it came to the conclusion that the particular challenge of the social entrepreneur would be appropriate for the consulting program and that most of the defined selection criteria (as described in the previous paragraph) were fulfilled.

Subsequently, a few phone calls between the corporation's key contact person responsible for the particular consulting program and the social entrepreneur took place to discuss the business challenge and to align for the planned partnership.

> Q11: "He [referring to social entrepreneur #3] had pretty precise ideas. […] So, it was about delimiting the scope [of the consulting activity] and to look, ok, that seems useful." *Corporation A1 #3* [Translation HS]

The responsible person from the corporation chose two corporate employees that would function as consultants and handed social entrepreneur #3 to this team. Between these two parties further alignment took place, where the scope of the consulting activity was defined and the approach was aligned.

> Q12: "There was a preparation phase, where [the corporate consultants] visited us and had initial talks with us and where they prepared their own targets and operations based on the scope." *Social venture A1 #3* [Translation HS]

In the following, the consulting program took place as outlined by the insurance company. It started with the internal training for the corporate consultants, where they developed a detailed roadmap for the subsequent consulting activity at the social venture. In the second half of 2010, shortly after the training, the corporate consultants spent one week at the social venture. Together with a team dedicated by the social entrepreneur they worked together on the defined business challenge.

5.4.2.2   Further Development

With the closing of the consulting activity the partnership between the insurance company and the work integration social venture came to an end. About half a year later when the corporation's contact person was in the process of setting up the next round of the consulting program she asked social entrepreneur #3 if he would be interested in participating again in the program; however, he declined. Since then, "there was almost no more interaction" (*social venture A2 #3* [Translation HS]) between the parties.

5.4.2.3   Formal Agreements

As a formal agreement in partnership #3 a Memorandum of Understanding (MoU) was signed:

Q13: "We always make a MoU with the social entrepreneurs, which includes some expectation management and also some liability matters because there is, of course, always the advisor risk. And otherwise, it just simply outlines the general cooperation." *Corporation A1 #3* [Translation HS]

This general outline included the duration of the consulting program, illustrated the time and involvement required by the social entrepreneur, and regulated the feedback process.

5.5   Case Study #4 – a Partnership between an Incubator for Social Initiatives and an Online Marketplace Corporation

With the intention to increase its social engagement, the online marketplace corporation approached the social entrepreneur. The partnership started in 2011 when the social venture moved into the office building of the corporation and was still ongoing at the moment of the data collection (July 2012).

5.5.1   Background Information on Partnership Participants

5.5.1.1   About the Social Venture and its Model

The social venture in case study #4 was a non-profit organization that had been founded in 2004 by two young professionals. The goal of this organization was to create awareness for different social problems and to mobilize people to rethink and initiate social change.

The social venture had launched various initiatives. One initiative focused on reducing barriers for people with mobility restrictions by developing a map showing the accessibility of different locations. Another initiative focused on setting-up creative fundraising activities to raise money for various other social projects. Some of the initiatives had more a local focus, some existed all over Germany, and some started to spread internationally.

The social venture had a large network of volunteers that worked together on a project basis. In addition to these volunteers, the social venture had a few permanent employees and some freelancers. Also, one of the founders worked full-time for the social ventures (he is referred to as 'social entrepreneur' within this case study).

The necessary monetary and non-monetary resources for the social venture's projects were gained through prize money, from donations from private persons and from different organizations, through aid money, and through different part- nerships, e.g., with corporations and associations.

5.5.1.2   About the Corporation and its Social Engagement

The corporation in case study #4 was an online marketplace for one particular good focusing mainly on the German market. It was founded roughly a decade ago. At the moment of the data collection it had several hundred employees (all at one location in Germany) and some million users per month. It belonged to a holding company that owned various other online marketplaces, which, in turn, belonged to a larger corporation that was listed in the stock exchange.

Corporation #4 supported different external social initiatives monetarily as well as non-monetarily. To select social initiatives the corporation mainly focused on two criteria. First, a certain overlap between the field of activity of the social initiative and the business area of the corporation should exist. Second, local aspects influenced the selection, meaning that the corporation preferentially supported initiatives that were active in the location of its office. In addition to these more long-term engagements, corporation #4 had started a volunteering program and released employees from work commitments for one day every year so that they could support designated local social projects or social initiatives.

5.5.2   *Outline of Partnership*

5.5.2.1   Partnership Formation

The partnership between corporation #4 and the social venture was initiated by the CEO of the holding company, the parent company of the online marketplace corpor- ation. He had been in contact with an organization supporting social entrepreneurship as he was interested in increasing the social engagement of the (entire) holding company. Through that organization he was introduced to social venture #4. He directly approached the social entrepreneur at a conference and asked what kind of support the social venture would need. As social entrepreneur #4 was mainly looking for office space, the CEO of the holding company suggested that the online market-

place corporation should get involved since this corporation had its domicile in the same city as the social venture. Furthermore, the CEO of the holding company assumed a certain overlap between the areas these two parties focused on, and on the similarities in their approaches. At the be-ginning of 2011, a first meeting between a team from the social venture and representatives from the strategy department of the online marketplace corporation took place. Coincidentally, one of the corporate strategists had heard independently about the social venture through a third party and was about to contact the social entrepreneur himself regarding a potential partnership. Another meeting with the management of online marketplace followed before corporation #4 offered a conference room to the social venture, which its team members could use three days every week as their office. In the first half of 2011, the social venture moved in. After some time, it became apparent it was too difficult for the social venture to find different office space for the rest of the week. Subsequently, the parties agreed that the social venture could use the room for the entire week.

Over time, the corporation provided additional resources to the social venture. When the social venture had a sudden push in public attention and extra human resources were needed, the management of the corporation decided to cover portions of the cost for an additional position. Another example was the offer of the corporation that the social venture could use existing supporting function for their affairs such as payroll accounting, marketing, and the press department. Moreover, the social venture started to provide specific know-how to the corporation by conducting workshops for corporate employees in an area of expertise and by giving talks at employee assemblies. Furthermore, the social venture became an inherent part of the corporation's volunteer program. So far, every year, a series of corporate employees had decided to support social venture #4 for a day when released from work commitments.

Furthermore, some of the social venture's team members started to work at corporation #4. In some cases the corporation granted the new employees to spend some of their working hours to keep supporting the social venture.

Later on in the partnership the idea for a joint research project, potentially combined with the launch of a joint product, emerged. This project was related to the core business processes of the corporation and supported the social venture's mission. At the moment of the interviews (beginning of 2012), first meetings had taken place and first information was gathered. What path this project would take and if potentially a joint product would be developed was uncertain at the point of the interviews.

> Q14: "There are just a few questions, where we don't know today. Can this be integrated, will this fit, and can we also achieve something together on the product-side, something we want? To some part, we just don't know right now. We just have to try and see." *Corporation A1 #4* [Translation HS]

5.5.2.2   Formal Agreements

In an initial meeting, where the partners decided to cooperate in the way that the social venture could move into the corporation's office building, appropriate formalities were discussed:

> Q15: "And we also discussed to set up a contract. And I think it was me who mentioned, based on the experience […] we said it would also work without one. So, we don't need to write down … such a give and take." *Social venture B1 #4* [Translation HS]

The corporation was willing to follow this proposal but wanted to regulate some liability topics:

> Q16: "For us it was important, and that is a minimum requirement, so to say, this topic here is a subtenant, to fulfill legal requirements, simply for this reason if something is happening and the ceiling is falling on someone's head. So that it is somehow clear they are allowed to enter here. And yes, that we have a certain minimum of formalities. That was about all." *Corporation A1 #4* [Translation HS]

The parties agreed on these "minimum requirements" and the social venture signed a confidentiality and lease agreement.

Another 'formal' agreement between the parties was made with regard to the additional position the social venture needed and where the corporation decided to cover portions of the cost:

> Q17: "We were in the [manager's] office and talked about it. And then he aligned it with the entire management board and just confirmed it via email that they would pay half of this position for two years. […] Then we talked about daily rates; that was all right. There was no big negotiation and he just said: 'yes, we do. And so that you can plan a bit, for two years.' And simply by mail. There was not even an extra contract. And that was good. " *Social venture B1 #4* [Translation HS]

Other than that, no further formalities existed.

6 Results of Analysis and Interpretations

This chapter presents, interprets, and discusses the results from the qualitative data analysis with the goal to answer the research questions. Each section addresses one question: Section 6.1 focuses on partnership formation processes, section 6.2 investigates the partnerships' governance, and section 6.3 investigates how one partner being a social venture influences the partnership. Section 6.4 discusses overarching findings and focuses on partnership sustainability.

6.1 Means- and Goal-Driven Partnerships[103]

To analyze the formation processes of the different partnerships a coding frame was used that consists of the four main categories: 'partner search', 'setup process', 'objectives/scope', and 'involved resources' (see Appendix A.d). When comparing the findings across the case studies some significant differences can be identified. Case study #3 and case study #4 are used in the following to briefly illustrate these differences as they were especially pronounced in these two partnerships. (The findings from the analysis of all four case studies are discussed in more depth in the following subsections, however without discussing each category explicitly.)

- **Partner search**: While in case study #3 the corporation had systematically searched for a partner and had defined clear selection criteria, the partner search in case study #4 happened rather 'accidently'.
- **Setup process**: In case study #3, the corporation had detailed the procedure of the consulting program upfront and in this way had prepared the partnership individually and in detail. In case study #4 the partnership started soon after the first contact and without a detailed concept of the partnership being developed by either of the partners upfront.
- **Objectives/scope**: In case study #3 the objective and the scope of the partnership were clear and precisely defined at the beginning of the partnership. The

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103 An excerpt of this section has been submitted to and accepted by the Journal of Corporate Citizenship (see Schirmer, 2013).

program was executed as planned. In contrast to that, in case study #4 the initial objective of the partnership was solely the provision of office space from the corporation by the social venture. Throughout the partnership more objectives emerged and led to a change in the partnership's scope.

- **Involved resources**: In case study #3 the involved resources corresponded to the upfront agreed upon resources and did not change throughout the partnership. Similar to the change in scope, in case study #4 the resources, which both the social venture and the corporation provided to the partnership, changed and increased over time.

The findings seem to demonstrate some similarities with the different logics identified by Sarasvathy (2001) and presented in section 3.1: while case study #3 seems to be comparable to a rational goal-driven process, called causation, case study #4 seems to be more similar to a means-driven process, called effectuation. Inspired by these considerations, and by considering the results from the analysis of all case studies, two different models for partnership formation are developed within this research project: a *means-driven model* and a *goal-driven model*. These two models are introduced in the following (section 6.1.1) by using case study #3 and #4 to initially describe these models, as these two case studies seem to represent examples of 'pure' partnership formation processes[104] according to the developed models. The case studies #1 and #2 are discussed in the subsequent section 6.1.2 as these case studies seem to represent examples of 'mixed' formation models. Also within this section, a spectrum combining the different formation processes identified in the four case studies is suggested. In section 6.1.3, principles for means- and goal-driven partnerships are developed based on the principles of effectuation and causation. At the end of this section the developed models are compared with existing literature (section 6.1.4).

6.1.1   Introduction of Means- and Goal-Driven Partnerships

Within this section, first the means-driven partnership model (section 6.1.1.1) and then the goal-driven partnership model (section 6.1.1.2) is introduced. For the sake of comprehensibility the models are presented deliberately in advance within each section. Afterwards, the case studies are discussed individually to illustrate how these models have been developed.

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104   In this context, 'pure' refers to formation processes that can be reflected with *either* the developed means- *or* the developed goal-driven model alone and do *not* contain elements of the other model. This becomes clearer in section 6.1.2 when a spectrum is presented that also contains 'mixed' formation processes (illustrated in Figure 6.3).

6.1.1.1   Case Study #4 – a Means-Driven Partnership

The data from case study #4 reveals that this partnership evolved over time and that during this process the means, or resources[105], provided to the partnership, respective to the partner, played an important role in shaping this partnership. This case study's formation process can be reflected in the developed means-driven partnership formation model, illustrated in Figure 6.1, which is inspired by the dynamic and interactive process of effectuation presented in Figure 3.2 (see p.78).
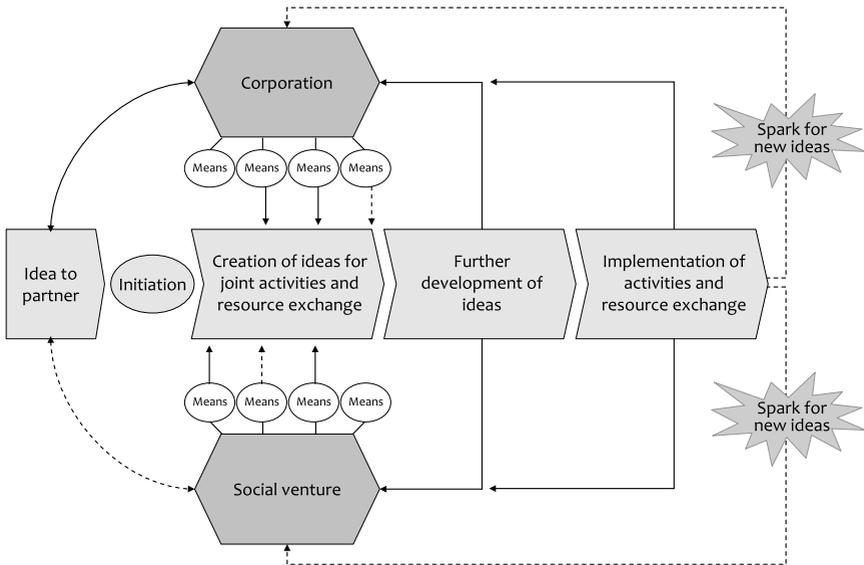
Figure 6.1: Model of a means-driven partnership
Source: Own illustration

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105   To clarify the term *means*, according to Sarasvathy (2001, p. 250), at the level of organizations *means* correspond to *resources*. In line with the resource-based view, resources are firm-specific assets, which are tied relatively permanently to and controlled by an organization. Resources can be either tangible or intangible. Tangible resources include physical assets (e.g., equipment, real estate), financial assets, human capital, and organizational assets; intangible resources include know-how, information, (management) skills, brands, and reputation (Barney, 1991, pp. 101–102; Meyskens et al., 2010b, p. 429).

As pointed out in section 5.5.2.1, when describing the formation process of partnership #4 in detail, the partnership was initiated by the CEO of the online marketplace's holding company, who 'passed it on' to the online marketplace, i.e., corporation #4. This soon led to the move-in of the social venture into the building of the corporation #4.

What the history of development highlights, is that in this partnership neither had one of the partners clearly defined upfront the parameters for forming a partnership, nor was one of them systematically searching for a partner. Corporation #4 got the idea to support the social venture from its holding company's CEO; the social venture took the opportunity to ask for office space. Similar to effectuation processes, where opportunities emerge rather than being found (see section 3.1.2), it seems that the *idea to partner* emerged as a result of the two partners meeting and was not a premeditated goal by one of the partners. (This idea to partner indicates the starting point of this partnership as illustrated in Figure 6.1.) Indeed one party, in this case the corporation, was the initiator (as indicated in Figure 6.1 by the solid line from the corporation, in contrast to the dotted line from the social venture to the "idea to partner"); nevertheless, the specific circumstances of *both* sides seem to have contributed to the development of the partnership idea. The fact that office space was a resource the corporation could easily offer, quickly led to the *partnership initiation* (see Figure 6.1). Although no further partnership elements were defined at the beginning of the partnership, it appeared that the corporation had the *generalized aspiration* to create a partnership that would go beyond the provision of office space – similar to effectuation processes (see section 3.1.1):

> Q18: "And that was exactly the goal of the [initial] conversation to find out where are concrete points, where we could help very quickly without much talking and without giant projects. And so, that was actually the result that we saw a) thematic starting points where we can develop more in the medium-term as well as [b)] direct points, so to say, such as office space, such as infrastructure, where we could help [social venture #4]" *Corporation B1 #4* [Translation HS]

Recognizing potential "thematic starting points" can be interpreted in the way that the corporation could imagine different joint projects and common activities based on the *means* a partnership with the social venture could offer, without deducing further concrete *goals* or additional actions at this point in time. The social venture, in contrast, did not have further expectations or aspirations regarding the partnership as it was mainly interested in office space.

Over time, new ideas for resource exchanges emerged, or were created (indicated by the *joint idea creation* process step in Figure 6.1). It can be argued that the parties got to know each other and became aware of each other's needs and *means*. As described in 5.5.2.1 the corporation covered portions of the cost for an additional

position when needed, or offered the social venture to use existing supporting functions; the social venture, in turn, provided specific know-how to the corporation.

> Q19: "So, until today, we try to signal that we are interested in any kind of co-operation. Also that they [referring to corporation #4], of course, benefit from us because we are eternally grateful for what we get here." *Social venture A1 #4* [Translation HS]

Furthermore, the participation of the social venture in the corporation's volunteering program can be understood as an additional idea that emerged – influenced by the means available to the partnership. With the corporation having available human resources, and the social venture having different projects in place where volunteers could participate, this led to this additional partnership element.

As indicated in Figure 6.1, the different ideas were *created*, *further developed*, and *implemented* when mutual consent could be found. For some ideas, while they were developed and initially implemented, the provided means were adjusted and sometimes expanded as indicated by the *feedback loops* in Figure 6.1. One example is the offer to use the office space the entire week instead of only three days every week as originally agreed (described in section 5.5.2.1). Another example is the increased use of the corporation's supporting functions.

It can be argued that working next to each other and interacting on a daily basis created several *sparks for new ideas* (see Figure 6.1). In this case, the idea for a joint research project emerged (described in section 5.5.2.1).

> Q20: "It is simple because we know the people here, also because of the closeness. You cross paths in the hallway, you meet each other there, and you exchange with each other. And by now, we just know the important people with whom one can implement such projects [referring to the research project], the project manager and leaders, and up to the CEO." *Social venture B1 #4* [Translation HS]

In contrast to the activities described above, which can mainly be understood as one-directional provision of resources, this research project was based on the idea to combine resources and know-how. As described in section 5.5.2.1, it can be argued that this research project was just in the phase of being further developed (see Figure 6.1) at the moment of data collection. The quote by the corporation's manager highlighting the uncertainties towards potential outcomes of this research project (see quote Q14 on p.135) can be interpreted as another indicator that projects within this partnership were initiated based on available means combined with a generalized aspiration rather than driven by clear objectives.

Overall, this partnership started as a philanthropic partnership (cf. Austin's collaboration continuum as described in section 2.3.2.1) characterized by one-directional provision of resource. Over time, resources were exchanged in *both*

directions and the magnitude of the involved resources increased as well. Additionally, the importance of the joint activities increased. The corporation's strategist assumed that this gradual increase was important for this partnership to sustain:

> Q21: "I think it is important […] to develop via tangible small milestones to a deeper and wider partnership because we can somehow describe this as a proof of concept, so to say. […] Perhaps, really, a development of the partnership across different projects, which gradually get bigger and more intense" *Corporation B1 #4* [Translation HS]

From the corporation's perspective, the fact that the research project was relevant to its core business processes can be understood as addressing different spheres of responsibility with this partnership (as discussed in section 2.2.2). As argued above, these changes in the scope of the partnership were not determined upfront but rather emerged over time.

> Q22: "We did not suspect it. It just turned out that more and more things fit." *Social venture A1 #4* [Translation HS]

Furthermore, it seems like that such a focus on emerging ideas was planned to be pursued in the future:

> Q23: "I guess we will sit together after the summer break and we will have a look what ideas we come up with on what we can do together." *Corporation A1 #4* [Translation HS]

To conclude, the following statement by the social entrepreneur seems to represent an adequate summary for this means-driven partnership:

> Q24: "I think it's like stumbling around in the fog. So, how far can you form a partnership, expand, and extend it – without that someone has to twist oneself? […] So, it's just very much a give and take with simultaneous listening." *Social venture A1 #4* [Translation HS]

6.1.1.2   Case Study #3 – a Goal-Driven Partnership

When analyzing the formation process of case study #3, the partnership between the work integration social venture and the insurance company, it appears that in contrast to case study #4, where *means* (or resources – see footnote 105) seem to have played a significant role, in this partnership, *(pre-)determined goals* seemed to have played an important role. Inspired by Sarasvathy's distinction between effectuation and causation this case study's formation process seems to be closer to a causation process and can be interpreted using the developed goal-driven partnership formation model, as illustrated in Figure 6.2.

In case study #3, as described in the sections 5.4.1.2 and 5.4.2.1, the insurance company had defined the consulting program based on the objectives to enlarge its social engagement, to integrate different subsidiaries as well as to incorporate employees in a way that involved existing core competencies. This (pre-)*determined goal* by the corporation seems to have been the starting point of this partnership (see Figure 6.2).
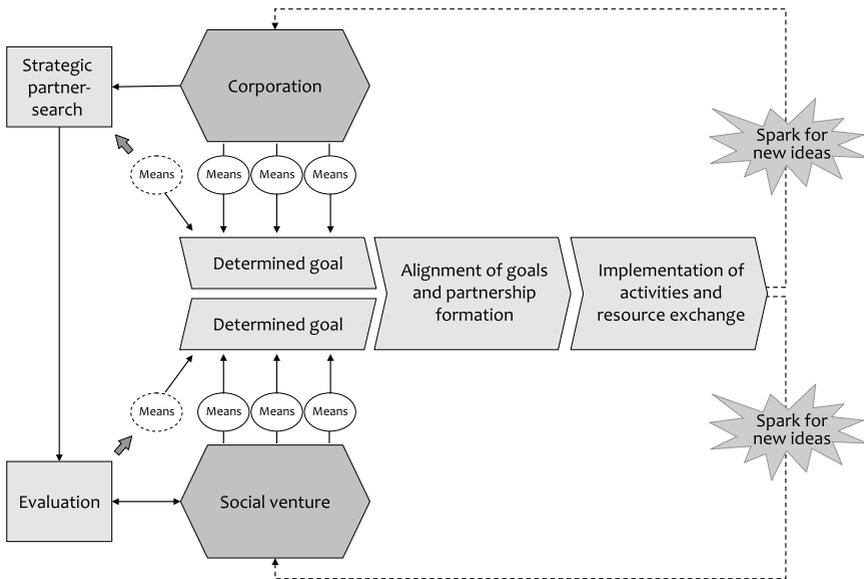
Figure 6.2: Model of a goal-driven partnership
            Source: Own illustration

To achieve its objectives the insurance company "select[ed] between given means" (Sarasvathy, 2005, p. 2) such as having particular know-how and specially trained employees in different locations. It can be argued that besides the own set of means, additional means – in this case, a participating social venture – were required to achieve the determined goal (indicated by the means with the dotted line in Figure 6.2). Searching for an adequate counterpart can be understood as 'generating new means' – similar to what Sarasvathy (2005, p. 2) describes as "creative

causation process" (see also Excursus on p. 81). Furthermore, having fairly precise ideas about the objectives and the required means seems to explain why a strategic *partner search* was conducted with clearly defined selection criteria as discussed in section 5.4.1.2.

When the social entrepreneur heard about the consulting offer he *evaluated* how such a program could support his organization, as illustrated in Figure 6.2. It seems that the partnership's offer by the insurance company, which can be understood as the offer of additional means, brought the social entrepreneur to *determine* his *own goal* (see Figure 6.2) as he identified a specific issue he wanted to focus on. This becomes apparent when reviewing the social entrepreneur's answer to the question as to why he thinks he was chosen as participant:

> Q25: "I think probably, I would say, we had the clearest idea of what we actually expected from this week or this process; and also that we were able to define this very precisely. […] And we told exactly, we are interested in this, we are interested in this, and we are interested in that." *Social venture A1 #3* [Translation HS]

The corporation's key contact person also mentioned that the social entrepreneur had "pretty precise ideas" (see quote Q11 on p. 132). As both parties had (nearly independently) determined their goals, the subsequent step was to *align* these goals (see Figure 6.2). First, this alignment took place between the social venture and the corporation's key contact person, and then between him and the corporate consultants to define the scope of the consulting program (see case description in section 5.4.2.1).

The carrying out of the consulting program can be understood as the *implementation* of the defined activity (see Figure 6.2). In this case study the interaction between the two parties ended after the planned program. The *sparks for new ideas,* as indicated in Figure 6.2, did not occur in this partnership. The fact that such sparks *can* occur (also in goal-driven partnerships) is discussed when presenting case study #2 in section 6.1.2.2.

To summarize, case study #3 reveals a partnership formation process where the objective and the scope of the partnership were clearly defined at the beginning of the partnership. From the corporation's perspective the required means, in this case a specific social venture, to achieve the pre-determined goal were systematically searched for. This partnership consisted of a two-directional exchange of resources[106], where the corporation provided know-how and specially trained employees and the social venture provided an adequate environment for the

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106 This two-directional exchange of resources has been mentioned by both parties within the interviews.

corporate employees, and access to internal resources and information. However, in contrast to case study #4, the involved resources were determined at the beginning and did not change throughout the partnership.

6.1.2   *Elaboration of a Partnership Formation Spectrum*

Analyzing case study #1 and #2 shows many similarities with case study #3 and #4; and all case studies were incorporated into the development of the two partnership models. However, although case study #1 seems to support a means-driven and case study #2 a goal-driven partnership model, both partnerships seem to contain certain elements of the other formation model as well. Inspired by the work of scholars who investigated effectuation and causation processes (see below), a spectrum for different formation models is suggested. The proposed spectrum consists of goal-driven partnerships on the one end and means-driven partnerships on the other end, with partnerships containing elements from *both* formation models lying in between. Before presenting this spectrum at the end of this section (section 6.1.2.3) the formation processes of case study #1 (section 6.1.2.1) and case study #2 (section 6.1.2.2) are discussed.

6.1.2.1   Case Study #1 – a 'Mainly' Means-Driven Partnership

Focusing on case study #1, similar to case study #4, a change in scope and provided means could be observed throughout the partnership as well as joint creation of new ideas and their stepwise implementation. However, a difference between the formation processes of case study #1 and #4 lies in the starting phase of the partnership, the initiation phase, as data from case study #1 reveals that the initiation of this partnership was driven by pre-determined *goals* combined with a systematic search for a partner.

As described in section 5.2.2.1 the social entrepreneur in case study #1 was searching for a partner "for whom it somehow [made] sense to collaborate" (see quote Q1 on p. 123). This statement reveals one of the social entrepreneur's selection criteria, i.e., a thematic overlap between the social initiative and the potential corporate partner. He conducted a systematic search, identified the trading company as a preferred partner, and used a 'strategic' approach to initiate a first contact (see section 5.2.2.1 for further details). This initiation of the partnership actually shows similarities with case study #3 and the search process of the goal-driven

partnership model as outlined in Figure 6.2 – the main difference being that in this case study the social entrepreneur was the initiator. As illustrated in Figure 6.2 the initiator, here the social entrepreneur, had *determined his goal* (to find a sponsor for its social initiative) and conducted a *strategic partner search* based on defined selection criteria. The counterpart, in this case the corporation, *evaluated* the offer to partner. As this offer was compatible with the existing intention of the corporation to increase its social engagement the two parties *aligned* their goals quickly and started the partnership.

At this point the partnership can be described as a donor-recipient-relationship, therefore being in a philanthropic stage. However, the partnership did not stay in this stage. Instead it started to further develop in the way that additional resources were exchanged (in both directions) as well as that joint activities were launched. Although the initiation process appears to be mainly driven by *goals*, it can be argued that the dynamic within the partnership changed and *means* took on a central role.

As described in section 5.2.2.1 once the partners had agreed to work together a joint idea creation process took place where the parties sat together and discussed the arising social initiative (see, e.g., quote Q3 on p. 124). One emerging idea was the shopping voucher idea that followed the process steps illustrated in the means-driven model (see Figure 6.1): The *idea emerged*, was *further developed* in the way that a pilot project was launched, and after some adjustments it was *implemented*. One adjustment was an increased voucher's amount (in this way, additional financial resources were provided by the corporation) which the corporate spokes-woman called a "learning" from the pilot project. This can be understood as a feed-back loop causing an expansion of the provided means (as illustrated in Figure 6.1). Fairly similar to the findings from the means-driven partnership from case study #4, in this partnership the implementation of joint activities and resource exchanges led to *sparks for new ideas*. As pointed out when describing the partnership formation process in detail above (see section 5.2.2.1), several ideas for joint projects emerged within the five years of partnering: the idea to set up pupil's companies, the idea to develop corporate volunteering activities, and the idea to launch a project on environmental issues. Some of the emerging ideas were further developed and implemented, other ideas were stopped earlier. Similar to the discussion regarding partnership #4, it can be argued that the close interaction between the partners provided insights into each other's needs and available resources.

Q26: "We checked who can contribute what kind of competences and especially in the beginning we worked very closely." *Corporation A1 #1* [Translation HS]

The idea for joint corporate volunteering activities, for example, appeared while working together with other corporate partners of the social venture on the pupil's company project. In close interaction this ideas was further developed and rolled-out three years after the start of the partnership.

   In summary, although the partnership started with clear intentions (to find a sponsor for the social initiative) and the initiation phase showed similarities with the goal-driven partnership model, it appears that available means as well as joint idea creation processes transformed the initial philanthropic stage and led to a further development of this partnership.

6.1.2.2   Case Study #2 – a 'Mainly' Goal-Driven Partnership

Investigating partnership #2, the partnership between a social venture focusing on better educational opportunities and a Dax-30 company, a process can be identified that shows similarities to partnership #3 and supported the development of the goal-driven partnership model. However, the initiation process shows more similarities with the means-driven partnership introduced in connection with case study #4. In this way, case study #2 seems to be just the opposite of case study #1 presented in the prior section, which showed a goal-driven initiation processes and then followed by a means-driven development.

   Describing the detailed formation process of partnership #2 (see section 5.3.2.1) illustrates that the initiator, here the corporation, did *not* pursue a pre-determined goal and was *not* searching for a partner to achieve this goal. Instead, the idea to partner *emerged* when the corporation heard about the social venture (see section 5.3.2.1 for further details). The corporation developed the idea to partner based on the *generalized aspiration* to renew its CSR-strategy and the supposed possibilities, or imagination of possible ends (Sarasvathy, 2005, p. 2), that a partnership with social venture #2 could provide. This highlights the means-driven procedure in this initiation process. However, in contrast to the 'purely' means-driven case study #4 where the partners started to jointly develop ideas for potential partnership elements, this partnership took a different path after identifying the potential partner: the corporation *individually determined goals* for the partnership, which were linked to the overall corporate strategy of the corporation. From there, concrete objectives and potential joint activities for the partnership were deduced (see, e.g., quotes Q6 and Q7 on p. 127) before the corporation contacted the social venture.

Approaching the social venture with the intention to partner led to the social venture creating its own objectives for this particular partnership since cooperating with corporations was an integral part of the social venture's 'business model' (as described in section 5.3.2.1). The following statement by a member of the social venture's management team indicates one of these concrete objectives:

Q27: "But the first meeting, or the first few meetings, we also entered with our own considerations. And a very acute topic was that we considered at this point in time how we could complete the qualification of [people participating in the social venture's activities] with a practical part […]. And at this time, independent from [corporation #2] we had researched quite a lot and had thought about possibilities […]. And so this was a point we introduced to [corporation #2]." *Social venture A1 #2* [Translation HS]

Similar to the goal-driven process seen in case study #3, the alignment of these individually pre-determined goals followed (see Figure 6.2). However, in contrast to case study #3 where the alignment was conducted in a few calls, in this case study it took the partners several months to align. It can be argued that this was due to the large magnitude of involved resources and the complexity of the partnership. And although there was the intention to define and concretize the partnership as precisely as possible at the beginning of the alignment process, after several months of negotiating the parties decided to take leave of this intention:

Q28: "I understand why we or I said at the end we just finish the contract now and clarify the details later because that is a pragmatic approach." *Social venture A1 #2* [Translation HS]

The subsequent implementation of all the defined resource exchanges and joint activities again took a few months (see section 5.3.2.1). However, in contrast to means-driven partnerships, no changes in the resource basis provided to the partnership can be observed. That is why no feedback loops are indicated in Figure 6.2.

Yet, this case study indicates one common element between means- and goal-driven partnerships – namely that the implementation of joint activities can lead to *sparks for new ideas.* For example, the interaction between the social venture and the corporation inspired the corporation to partner up with other (non-profit) organizations that also focused on creating better educational opportunities and in this way strengthening 'education' as a central theme of its CSR-strategy. In contrast to case study #1 and #4, where sparks led to the creation of new ideas for joint activities, this example shows that the spark led to the determination of new goals for the partner individually – emphasizing the goal-driven behavior of this party.

6.1.2.3 Spectrum Combining the Different Formation Processes

A spectrum is suggested to summarize and combine the four investigated formation processes described above. It is inspired by the work of scholars who investigated effectuation and causation processes (for individual, mainly commercial entrepreneurs) and proposed mixed processes lying in between the extremes of effectuation and causation (see, e.g., Corner and Ho, 2010, pp. 649–651; DeTienne and Chandler, 2010, p. 9; Kraaijenbrink, 2008, pp. 2; 7–9).

As illustrated in Figure 6.3 the spectrum proposed for this research project reaches from 'purely' goal-driven partnerships (as seen in case study #3) to 'purely' means-driven partnership (as seen in case study #4). In between are case study #2 and #1 that show elements of both suggested formation processes. Although case study #2 shows a similar initiation process to the 'purely' means-driven partnership #4, overall (pre-)determined goals seem to have played the greater relevance in the entire formation process. That is why this partnership has been labeled a 'mainly' goal-driven partnership. For case study #1, it is exactly the other way around leading to the label of a 'mainly' means-driven partnership.
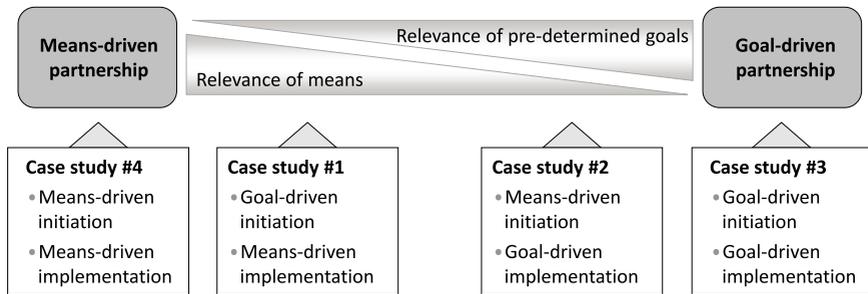
Figure 6.3: Suggested spectrum for partnership formation processes
Source: Own illustration

6.1.3 Principles for Partnership Formation Models

As mentioned when introducing the two formation models, they were initially inspired by the logic of effectuation and causation and further developed based on the case studies' data. For effectuation and causation five behavioral principles have been developed by Sarasvathy (2008, pp. 15−16) and presented in section

3.1.2 (for the sake of clarity these principles are displayed once again (see below)). In the following, it is attempted to transfer these principles to the context of partnerships. To do so, the similarities and differences between the two *resulting* models and the theoretical assumptions of causation and effectuation are investigated. Each principle is discussed individually[107] and it is examined how it can be transferred to the context of partnerships, and applied in a new way to the scope of this study. A summary of these (new) principles can be found in the figure at the end of this section.

Causation	Effectuation
Principle 1: Basis for taking action	
Entrepreneurial processes start with **given goals** from where sub-goals and actions are determined	Entrepreneurial processes start with a **set of given means** and focus on generating new ends
Principle 2: Basis for decision making	
Decisions are founded on (estimated or calculated) **expected returns**	Decisions are based on decision maker's barriers of **affordable losses**
Principle 3: Attitude toward outsiders	
The entrepreneur focuses on limiting dilution of ownership as far as possible and conducts **competitive analysis**	The entrepreneur uses and forms (social) networks and **partnerships** to develop business models jointly
Principle 4: Attitude toward unexpected contingencies	
The entrepreneur prepares for unpredictable events and eventualities and tries to **avoid** or overcome **contingencies**	The entrepreneur tries to **leverage contingencies** and reacts in a flexible manner to changes in the environment
Principle 5: View of future	
The entrepreneur tries to **predict** and **plan for a risky future**	The entrepreneur tries to **shape** an **unpredictable future**

Figure 6.4: Behavioral principles of effectuation and causation logic
Source: Own illustration based on Sarasvathy (2008, pp. 15–16); Perry et al. (2012, p. 839); and Dew et al. (2009, pp. 290–293)

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107   It has to be mentioned that these principles are not mutually exclusive as they intersect and influence each other. Nevertheless, as each principle includes its own statements, they are discussed independently in the following section with the attempt to minimize overlaps as far as possible.

6.1.3.1   Principle 1: Basis for Taking Action

Starting with principle 1, which says that effectuation processes begin with a set of given means, while causation processes proceed goal-oriented, here, the similarities with the means- and goal-driven partnership models are distinct and are made explicitly by the particular (the author's) choice of the partnership's models names. As pointed out at various points when discussing the different formation processes (section 6.1.1 and 6.1.2), in means-driven partnerships, seen in the case study #1 and #4, the *means* that were made available to the partner and the partnership played a significant role in shaping the partnership. As the partners better understood each other's capabilities and needs, and were willing to provide more resources, in this case means to the partnership, new ideas for joint activities emerged. This procedure can be compared to the "expanding cycle of resources" in effectuation processes as illustrated in Figure 3.2 "that increases the means available" (Wiltbank et al., 2006, p. 992). Similar to effectuation processes, the starting point for taking action in the means-driven partnerships was not a clearly defined goal but rather a *generalized aspiration* as discussed above (see, e.g., quote Q18 on p. 140). It can be argued that the potential available means the partner and the partnership could provide led to the imagination of possible ends that, in turn, led to the initiation of the partnership.

Turning to goal-driven partnerships, as for causation processes, the starting point and basis for taking actions is a *clearly defined goal* as the discussions about case studies #2 and #3 demonstrated. Similar to causation processes, from an overall goal, sub-goals and actions were determined (cf. Dew et al., 2009, p. 290) and missing means and resources necessary to achieving these goals were acquired. Furthermore, in both goal-driven partnerships the partnerships were carried out as planned and as defined at the beginning. Expanding cycles and changes in the resources provided to the partnership cannot be observed.

6.1.3.2   Principle 2: Basis for Decision Making

Turning to principle 2, it says that in causation processes decisions are founded on expected returns while in effectuation processes they are based on affordable losses. This principle also seems to apply in the context of partnerships.

In the means-driven partnerships #1 and #4, in particular from the corporation's side, a focus on affordable losses can be identified. In case study #1, for example, the corporate spokes-woman mentioned several times in the interview that the

corporation first considered what it could *afford* when ideas for new joint activities emerged, before they were implemented (see, e.g., quote Q3 on p. 124). In this way, the corporate volunteering activities started with the partners looking at "who can afford what" (*Corporation A1 #1,* [Translation HS]). More evidence presents the spokes-woman's summary of the partnership's development:

> Q29: "We proceeded in several steps. We first looked what we can afford. […] Every sponsoring partner or partner corporation that participates pays a certain fee. This is one part so that the entire [social venture #1] can operate. The other part is what everybody brings in addition. The big difference, the absolutely big difference compared to other sponsoring engagements is that you have to get involved on a content level as well." *Corporation A1 #1* [Translation HS]

In case study #4 a similar focus on affordable losses from the corporation's side can be observed as illustrated explicitly in the following statements, first by the corporate strategist and secondly, by the corporation's manager:

> Q30: [referring to the provision of office space] "We had something where we could just hand parts of it over, which was somehow a little effort for us. We had to empty a meeting room and sometimes meet in the coffee corner." *Corporation B1 #4* [Translation HS]

> Q31: "And I would say, one of the points why we said, man, this could be exciting having in particular them [referring to social venture #4] at our place, is simply to have other people with a very different approach in-house. And we also have thematic starting points. […] In this respect, we said it never hurts." *Corporation A1 #4* [Translation HS]

Contrarily, it can be argued that the later statement also indicates a certain focus on expected returns – in particular referring to "thematic starting points". However, as these "thematic starting points" were not refined further at the beginning of the partnership, no clear outcomes or returns existed. In this way, the initial 'investment' (i.e., providing office space) was done in a way that it would not "hurt" (see above quote) or that potential losses could be absorbed or afforded.

From the social ventures' perspectives such a focus on affordable losses cannot be observed (and neither can a focus on expected returns be observed) in these means-driven partnership case studies. This could be based in the fact that in both means-driven partnerships the initial 'investment' from the social ventures' perspective was little as these partnerships started as philanthropic partnerships where the social ventures mainly had the role of recipients.

Turning to goal-driven partnerships, parallel to causation processes, *expected returns* seem to have influenced the decision making. In case study #2, for example, the partnership with the social venture was considered a "very, very high investment" (*Corporation B1 #2* [Translation HS]) and it can be assumed that the achievement of the pre-determined goals was regarded as expected return from the corporation's perspective:

Q32: "And these goals, so the reasons why this partnership exists, they must somehow be met, of course." *Corporation A1 #2* [Translation HS]

Furthermore, it seems that the social venture shared this opinion:

Q33: "[Corporation #2] has invested heavily in us and also wants that we are successful because, I think, otherwise that would not be too good for it – also from a communication perspective, and therefore, I think, it supports us the best it can to make us successful." *Social venture A1 #2* [Translation HS]

In a similar manner, it can also be argued for case study #3 that the achievement of the pre-determined goal can be understood as the returns that were expected from the partnership – from the corporation's perspective as well as from the social venture's perspective. The following statement highlights the latter:

Q34: "One should probably have made another turn beforehand to really clarify in advance what can you offer, what can we offer, what can we achieve, what can we not achieve. Also, what are our requirements […], and what expectations can be met." *Social venture A1 #3* [Translation HS]

This statement seems to insinuate that the social entrepreneur *had* clear expectations on the outcome of the partnership that motivated his participation and in this way led to 'investing' into the partnership by providing means. However, this statement (and further statements by this social entrepreneur) also seems to indicate that his expectations were not exactly fulfilled (discussed in more detail in section 6.4.2).

To sum up, the findings illustrate that the basis for decision making can be transferred from Sarasvathy's principles to the context of partnerships: for means-driven partnerships the assumption can be made that the means provided to the partnership, or the partner, are based on what each partner assumes he/she can afford. In goal-driven partnerships, the assumption is made that the provided means are more regarded as investments with expected returns.

6.1.3.3   Principle 3: Attitude toward Outsiders

Turning to principle 3, which focuses on the attitude toward outsiders, this principle seems to be transferable to partnership settings only in a limited sense as forming a partnership, independent of means- or goal-driven, is in any case a conscious inclusion of 'outsiders'. However, the part of this principle that focuses on the development of the business model, which says that in effectuation processes *joint* development occurs while in causation processes there is a "desire to limit dilution of ownership as far as possible" (Dew et al., 2009, p. 290), seems to be transferable to partnership settings.

Starting with means-driven partnerships, the joint development of partnership elements in cooperation with the partner has been emphasized when presenting and discussion the case studies. Instead of clearly defining the partnership's objectives and approach upfront, joint idea creation processes took place. This highlights the similarities with the effectuation part of this principle which Dew et al. (2009, p. 293) describe as "bringing stakeholders on board even before clarifying […] goals for the venture".

In contrast, in goal-driven partnerships the partnership's objectives and approach were defined upfront – in case study #3, for example, even before knowing the participating social venture. Once own goals were developed independently they were aligned with the partner. As in both goal-driven partnerships, the focus throughout the partnership was on implementing the agreed joint activities and agreed resource exchanges without adjusting them during the partnership, it can be argued that this behavior is comparable 'to limiting the dilution' by others.

6.1.3.4   Principle 4: Attitude toward Unexpected Contingencies

Principle 4 focuses on different attitudes toward unexpected contingencies. It highlights that entrepreneurs who follow effectuation logic focus on leveraging unpredictable events and eventualities while entrepreneurs who follow causation logic prepare for these contingencies and try to avoid them. Similar behavior seems to be apparent in the different partnership models.

In means-driven partnerships, emerging contingencies such as the sudden public attention of the social venture as in case study #4, or its growth with regard to team members, were leveraged in the way that corporation #4 provided additional resources as needed. Similar behavior can be observed in case study #1, where, for example, the corporation's emerging wish to also incorporate employees into its social engagement, and into the existing partnership supported the creation of corporate volunteering activities. This leads to the assumption that in means-driven partnerships the focus seems to be more on *leveraging* contingencies than *avoiding* them (cf. Dew et al., 2009, p. 290). This is further supported by the fact that in both partnerships ex-ante partnership preparation and planning was to a large part neglected.

Turning to goal-driven partnerships, it can be argued that the intensive preparation phases that took place in both case studies present an attempt to minimize unexpected contingencies related to the partnership. For example, in case study #3 the corporation had prepared a detailed plan for the consulting

program as described above. Additionally, a formal agreement was signed between the two parties "to do some expectations management and a bit of liability things" (*Corporation A1 #3* [Translation HS] (see the following discussion in section 6.2.2 for further details). Similar behavior can be observed in case study #2 where, for example, a longer alignment and negotiation phase between the parties took place. During this phase, focusing on avoiding contingencies seems to have been important to the parties:

> Q35: "And then the process to setup the contract took longer, simply because there were a series of uncertainties from both sides, which I would say were never fully clarified." *Social venture A1 #2* [Translation HS]

Although this statement reveals that the uncertainties could not be fully eliminated it can be claimed that the intention existed to avoid contingencies as best as possible. Overall, the assumption is made that, similar to causation processes, for goal-driven partnerships the focus is more on *avoiding* contingencies than on *opening up* to them (cf. Dew et al., 2009, p. 293). To address this, the partners focus on preparing the partnership as well as possible.

6.1.3.5   Principle 5: View of the Future

Focusing on principle 5, it says that for effectuation processes the focus is on controlling an unpredictable future while for causation processes the focus is on planning for a risky future. To transfer this principle to partnership settings, investigating and comparing the role of formal control[108] seems relevant and of interest to the aims of this research; consequently this concept is explored extensively in the following section 6.2; however, some of these results are mentioned here briefly for the purpose of investigating this principle.

Formal control has the purpose to monitor and reward desirable performance and in this way seems comparable to dealing with a risky future by predicting output and behavior (see section 3.2.1). Data reveals that in the investigated means-driven partnership formal control played a minor role (as discussed later in more detail in 6.2.1). In particular in case study #4, detailed planning seemed to be avoided purposely:

> Q36: "We will have a look what ideas we come up with on what we can do together. We don't have a fixed roadmap or a project plan for the next year or two." *Corporation A1 #4* [Translation HS]

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108   The meaning of control is different with regard to "controlling an unpredictable future" and with regard to "formal control" (see chapter 3).

In goal-driven partnerships, however, formal control played a more important role. In case study #2, for example, a contract existed that tried to specify a series of partnership elements, frequent update calls took place, and yearly review meeting were conducted. Especially the design of the new contract in this case study that included early withdrawal options for each party, can be understood as the attempt to plan a risky future (see section 6.2.2.3).

6.1.3.6   Summary of Principles of Means- and Goal-Driven Partnerships

The developed principles for means- and goal-driven partnership based on the principles of effectuation and causation are summarized in Figure 6.5. These principles have been formulated in rather general terms, and it is important to mention that they are based on the four investigated case studies used in this research. To increase their validity further investigation would be necessary (see discussion in section 7.4).

6.1.4   Comparison of Findings with Existing Literature

Before closing this section on different partnership formation models the results are compared with exiting literature. First, the focus is on literature that is most similar to this research project, i.e., studies and theoretical concepts that focus particularly on social venture corporation partnerships before a wider range of literature, i.e., cross-sector partnership literature, is included.

An overview of the existing literature on social venture corporation partnerships has been given in section 2.3.3. What became apparent within this section was that the number of existing studies is limited and furthermore, their focus is on outcomes rather than on the formation process of partnerships (as discussed in section 2.3.3). This limits the comparison of the previously presented analysis results and the existing literature. It is solely the paper from Di Domenico et al. (2009) where there are a few text passages seeming to indicate that partnerships are assumed to be more in line with a goal-driven approach. For example, when the authors discuss partnerships in connection with the social exchange theory, they mention: "[…] exchange is guided by an expectation of return or behaviour in kind. This implies that actors engage in actions and/or interactions in order to achieve their goals after considering strategically the options available to them." (ibid., p. 891) However, more solid evidence cannot be found.

Goal-driven partnership	Causation	Effectuation	Means-driven partnership
Principle 1: Basis for taking action			
The **objectives** of the partnership are **clearly defined upfront**	Entrepreneurial processes start with **given goals** from where sub-goals and actions are determined	Entrepreneurial processes start with a **set of given means** and focus on generating new ends	The **objectives** of the partnership emerge and **evolve** over time **based on the means provided** to the partnership
Principle 2: Basis for decision making			
The means provided to the partnership are seen as **investments with expected returns**	Decisions are founded on (estimated or calculated) **expected returns**	Decisions are based on decision maker's barriers of **affordable losses**	The means provided to the partnership are based on what **each partner assumes he/she can afford**
Principle 3: Attitude toward outsiders			
The partnership's elements are **developed independently** and aligned subsequently between the partners	The entrepreneur focuses on limiting dilution of ownership as far as possible and conducts **competitive analysis**	The entrepreneur uses and forms networks and **partnerships** to develop business models jointly	**Joint idea creation processes** take place where new partnership elements can emerge
Principle 4: Attitude toward unex. contingencies			
Extensive partnership preparation takes place to minimizing contingencies as far as possible	The entrepreneur prepares for unpredictable events and eventualities and tries to **avoid** or overcome **contingencies**	The entrepreneur tries to **leverage contingencies** and reacts in a flexible manner to changes in the environment	The partnership is **designed flexible** and **contingencies** are tried to be **leveraged**
Principle 5: View of future			
Formal control plays an **important role** to govern the partnership and prepare for potential risks	The entrepreneur tries to **predict** and **plan for a risky future**	The entrepreneur tries to **shape** an **unpredictable future**	**Formal control** plays a **minor role** as the partnership is designed jointly and flexible

Figure 6.5: Principles of means- and goal-driven partnerships
Source: Own illustration

Focusing on a wider range of existing literature in a second step, and incorporating more general studies from cross-sector partnerships, additional comparisons can be drawn. It seems that in particular parallels to the goal-driven model can be found. The Drucker Foundation (2002), for example, developed a four-phase-process for non-profit organizations on how to setup partnerships with businesses, based on Austin's considerations regarding these partnerships (see section 2.3.2.1 and Austin, 2000b). The suggested individual steps of (1) 'preparation', (2) 'planning', (3) 'developing', and (4) 'renewing' indicate a "systematic process" (Peter F. Drucker, 2002, p. 2) for the development of partnerships. (1) For the preparation phase the authors suggest, among other things, that the non-profit organization clarifies that the benefits it is seeking through a partnership are in line with its mission and overall strategic goals. This seems to be comparable to determining the partnership's goal before identify the partner as seen in goal-driven partnerships. (2) The suggested action in the planning phase to search for potential partners by either "thinking strategically" (ibid., p. 18) about existing relationships or by "search[ing] systematically for other alliance partners using well-defined criteria" (ibid., p. 23), also seems to apply to the goal-driven formation model, called "strategic partner search". (3) Likewise, the proposed action of establishing clear expectations, developing (written) agreements, and designing the projects and a partnership's management plan in the development phase seems to be equivalent to the alignment and formation steps seen in the goal-driven partnerships. (4) Furthermore, it can be argued that the suggested reviewing phase that can include an expansion of the partnership elements, shows some similarities to the identified *sparks for new ideas*. These *sparks* were incorporated into the developed model of this thesis to indicate new ideas in connection with the partnership and a potential expansion of the partnership (ibid., pp. 7-44).

To summarize, although the Drucker's framework represents a guideline for non-profit organizations, the suggested phases and actions show broad similarities with the goal-driven partnership model developed within this thesis.

As Drucker's framework represents a *prescriptive* model for partnership implementation some more *descriptive* models are incorporated into the literature comparison as well. Seitanidi's book "The politics of partnerships: A critical examination of nonprofit-business partnerships" (2010) provides rich empirical data from two in-depth partnership case studies between non-profit organizations and businesses[109]. The extensive description of the partnership formation and

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[109] The author investigates the partnership between the environmental non-profit organization Earthwatch and the mining company Rio Tinto and between the youth charity The Prince's Trust and the Royal Bank of Scotland.

implementation process (Seitanidi, 2010, pp. 53−120) enables a comparison with the results of this research project as discussed in the following.

Referring to this literature, it seems that for one partnership (the partnership between Earthwatch and Rio Tinto) a series of similarities to the developed goal-driven model can be identified. The author begins with the partnership selection process, which starts with a "conscious decision" by the corporation "to develop partnerships […] in order to achieve the company's strategic objectives" (ibid., p. 93) and is followed by setting criteria for the selection process – similar to the initial steps in the goal-driven model. The selected non-profit organization, Earthwatch, "assessed the risk of partnering with the company" (ibid., p. 95), which seems to be similar to what has been called "evaluation" of a partnership in the goal-driven model. Seitanidi's case study data further reveals that the partnership selection process is followed by the partnership design phase, which includes the draft of a Memorandum of Understanding, the agreement on the partnership's objectives, the detailing of the program, and the operationalization. Although Seitanidi develops a slightly different flow chart for this partnership phase (cf. figure 4.2 in Seitanidi, 2010, p. 103) than proposed within this research project, overall, the partnership design phase seems to be comparable to the identified steps of 'goal alignment and partnership formation' and 'implementation' as illustrated in Figure 6.2.

Turning to the second partnership Seitanidi investigates, the partnership be-tween Prince's Trust and the Royal Bank of Scotland, a different picture appears. Although the overall formation process of this partnership drawn by Seitanidi cannot be compared directly to one of the developed models, several elements can be identified that seem to indicate that this partnership was less goal-oriented and may include some similarities with the means-driven model. First, this partnership started in a philanthropic and transactional stage before it became an "integrated relationship" (ibid., p. 72). This can be interpreted in the way that this partnership evolved over time. Additionally, the fact that the partnership led to some "unintentional changes" at the bank, which the author describes as "processual and driven by the people interacting rather than [being] part of some strategic plan" (Seitanidi, 2008, p. 58) can be interpreted in a similar way. Secondly, as noted by the author, "the partnership selection process was rather brief" (Seitanidi, 2010, p. 105) and neither contained setting criteria for the selection process nor a formal or informal risk assessment (see figure 4.4. in Seitanidi, 2010, p. 106) – leading to the assumption that partnership initiation was less strategic or goal-oriented (as the other partnership Seitanidi investigated). Thirdly, Seitanidi identifies review processes within this partnership that can

"feedback and inform all phases of the relationship" (ibid., p. 114, see also her figure 4.8 on p. 115) – which arguably are comparable to the different feedback loops or sparks for new ideas identified in means-driven partnerships.

To sum up the findings from this initial literature comparison, on the one hand, both Seitanidi's findings as well as Drucker's suggested approach seem to provide support for the proposed goal-driven partnership model[110]. This leads to the assumption that the developed goal-driven model may not be limited to the case studies investigated within this research project, but might have a wider range. Potentially it represents a (general?) model for partnerships between corporations and social ventures, and potentially even more generally, for cross-sector partnerships including various types of partners (e.g., between non-profit organizations and corporations). On the other hand, this initial literature review identifies isolated hints that seem to indicate that partnership formation might not be as goal-oriented as generally assumed – however, sound evidences for the means-driven model cannot be identified. Therefore, in the following the focus is on further examining the developed means-driven model by solely comparing this model with existing literature.

First, it appears that a series of studies exist (mainly investigating partnerships between non-profit organizations and businesses) that have identified that cross-sector partnership can "move along the collaboration continuum" (Le Ber and Branzei, 2010a, p. 144) and in this way further develop over time (cf., e.g., Austin, 2000b, pp. 19–41; Vorbohle, 2010, pp. 251–303; Le Ber and Branzei, 2010a, pp. 152–162). Although such observations do not provide conclusive evidence that the focus within the partnerships were on means instead of goals, they at least indicate that the partnerships' objectives have changed over time (as it can be observed in the investigated means-driven partnerships).

Secondly, that partnership processes may be more iterative and less structured and sequential as theoretically assumed, has been proposed by Westley and Vredenburg (1997). The authors investigated inter-organizational collaborations between actors from different sectors in the global biodiversity preservation domain and come to the conclusion that partnerships in "under-organized domains" might follow a pattern of "continual uncoordinated redesign" (ibid., p. 395). They suggest that "perhaps collaborative theory would be strengthened by defining the process more loosely and experimentally as a configuration of elements" (ibid.,

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110 Even more studies and authors can be identified that seem to provide support for the goal-driven partnership models, such as by Walters and Anagnostopoulos (2012, pp. 423–431) and by Googins and Rochlin (2000, pp. 133–135). However, a detailed comparison of the findings is omitted purposely.

p. 382). It can be argued that the proposed means-driven model with its resource expanding cycles (indicated, e.g., by feedback loops and sparks for new ideas) reflects this more dynamic process for partnerships.

Thirdly, Le Ber and Branzei (2010a), who investigated how partnerships between for-profit and non-profit partners (re)form by exploring the relational processes of social innovations, find flexible and dynamic partnerships. Their data further reveals that while expectations form and reform during the partnership "nonprofit and for-profit partners learn to take on new roles in response to (at times hidden or emergent) needs of their counterpart" (ibid., p. 158). This seems to be similar to what can be observed in means-driven partnerships: as the interaction between the parties increases and they get to know each other, they become aware of each other's needs and means, which inspires the creation of new partnership ideas – highlighting the role of means in these partnerships.

Fourthly, focusing on the elements "feedback loops" and "spark for new ideas" (see Figure 6.1 on p. 139) that have been identified within the means-driven model, similar elements have also been found in the study by Corner and Ho (2010, pp. 643−647)[111]. In contrast to the literature mentioned above, this study does not focus on partnerships but instead on opportunity identification in the area of social entrepreneurship. The authors identify two opposing opportunity development processes in social ventures, where one reveals many similarities to the logic of effectuation and the other one is close to the logic of causation. For the opportunity development process that is dominated by effectuation processes the authors identified a "circular flow" (ibid., p. 646) that corresponds to an experimentation process as the entrepreneur tries to implement one idea, gets feedback from the environment, and adjusts the initial idea. This seems to somehow be similar to the feedback loops identified in the means-driven partnerships: while ideas were further developed and initially implemented the provided means were adjusted. In the opportunity development process that is dominated by rational (causation) processes such a circular process cannot be identified (cf. figure 1 in Corner and Ho, 2010, p. 643) – similar to the findings in the goal-driven partnerships. Focusing on the second common element, similar to the findings within this research project, Corner and Ho also identified "sparks", which they refer to as "moment[s] of insight when the interesting idea surfaces for the potential entrepreneurs" (ibid., p. 645). The scholars identified the sparks in both opportunity development processes. However, while in the process dominated by effectuation this spark starts the opportunity creation phase; in the

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111   This study has been presented in more depth in section 2.3.3 and section 3.1.4. See there for further information about Corner and Ho's findings.

more rational (causation) process, "this spark already encompasses a manifest opportunity" (ibid., p. 647). Again, this seems to show similarities with the means- and goal-driven models. In means-driven models the sparks for new ideas led to joint idea creation processes; the spark that can be observed in the goal-driven partnership #2 led to the determination of new goals.

In sum, while existing literature provides much support for the developed goal-driven partnership model, and scholars have identified similar formation processes, the means-driven model seems to be something new, or less researched. However, *individual elements* of this model *can* be found in the existing litera- ture, as well as the appeal by scholars that partnership processes might lend itself to being less structured and more "experimental" (Westley and Vredenburg, 1997, p. 382) – providing some evidence for, and grounds for the exploration of, the means-driven partnership formation model.

6.2   Partnership Governance[112]

After analyzing and interpreting the formation process of the investigated partner- ships, the second research question is addressed in the following, which focuses on the governance of these partnerships. Das and Teng's integrated framework (as presented in section 3.2) is used to analyze the existing governance mech- anisms and their effectiveness with regard to perceived risk. The fact that the case studies' data had been collected at two different points in time allows for the implementation of a dynamic view. It is investigated how the partnerships are governed as well as how governance mechanisms might have changed through- out the partnership and what could have influenced such a change.

As data reveals that formation processes and governance mechanisms might be interlinked, this section first focuses on the governance in means-driven partner- ships (section 6.2.1), and is followed by a focus on the governance in goal-driven partnerships (section 6.2.2). For each case study, observations regarding *control*, *trust*, and *perceived risk* are described first,[113] before the choice of the established governance mechanisms and their effectiveness is discussed. In the last part of this section (section 6.2.3) the findings are compared with existing literature.

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112   An excerpt of this section has been submitted to and accepted by the Journal of Corporate Citizenship (see Schirmer, 2013).

113   As pointed out in section 5.1.2, the 'description' of control, trust, and perceived risk within partnerships already requires some interpretations. That is why the description of these constructs is placed purposely in this analysis and interpretation chapter and not in chapter 5, where only (fact) findings have been presented.

6.2.1   Governance in Means-Driven Partnerships

First, the governance in the 'purely' means-driven partnership, as identified in case study #4, is described (section 6.2.1.1) and discussed (section 6.2.1.2) before the 'mainly' means-driven partnership (case study #1) is described (section 6.2.1.3) and discussed (section 6.2.1.4). A number of similarities with regard to partnership governance can be identified in these two case studies. These similarities are discussed in the last section (section 6.2.1.5), where it is also investigated *why* a means-driven formation process might influence the partnership's governance.

6.2.1.1   Control, Trust, and Perceived Risk in Case Study #4

In investigating the existing governance mechanisms in the partnership between social venture #4 and the online marketplace corporation, starting with *control*, it seems that formal control played a subordinate role. As shown in section 5.5.2.2 when describing this partnership's existing formal agreements, at the beginning of the partnership the social venture tried to deliberately waive a formal contract and the parties agreed on "minimum requirement[s]" (see quote Q15 and Q16 on p. 136). The initial formal agreements the parties agreed on addressed the office sharing and mainly focused on liability topics. While additional partnership elements and resources exchanges emerged over time, at most stages there were no (additional) formal agreements. Solely, when the corporation offered to cover portions of the cost for an extra position the corporation's manager confirmed the duration of this cost absorption via email (see quote Q17 on p. 136) – for planning purposes as mentioned by the corporation's manager.[114]

The existence of other elements of formal control such as upfront planning, the definition of procedures (as mechanisms of behavior control), or monitoring performance (as a mechanism of output control) cannot be identified within this partnership (see section 3.2.1). Instead, additional evidence can be found that such a form of control was renounced intentionally – from the social venture's perspective (as highlighted, for example, in statement Q17 on p. 136) as well as from the corporation's perspective:

> Q37: "I think that is the key that we make less colorful slides where it says what we would like to do. But instead, we just sit together and try to find new topics." *Corporation B1 #4* [Translation HS]

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114   Although confirming via email seems less 'official' it still represents a mechanism of formal control as it specified the resource exchange and explicitly confirmed the agreement.

> Q38: "And we try to do this [referring to the partnership] with as little process as possible."
> *Corporation A1 #4* [Translation HS]

In contrast, control in the way of "developing shared values, beliefs, and goals among members so that appropriate behaviours will be reinforced and rewarded" (Das and Teng, 2001, p. 259) – referred to as social control – seems to have been central to this partnership. It seems that in this partnership, without specifying behaviors or outputs, the partners focused on ensuring appropriate behavior by meeting regularly and being informed about each other and in this way created a common understanding:

> Q39: "We try to meet regularly [with the corporation's management]. But it is not like we make a resubmission every six weeks, it is rather by feel. […] And they do that too. They sometimes demand it. […] Sometimes I have the feeling […] that we have to deliver in regular intervals. So, they want to see that we won prizes. They also want to see then that we reached milestones. And that is why they want to see us regularly." *Social venture A1 #4* [Translation HS]

> Q40: "We exchange frequently and do workshops together for different topics, and they [referring to social venture #4] participated in our [corporate volunteering program]. So, and we just always look where are further points for interaction." *Corporation A1 #4* [Translation HS]

Focusing on the governance mechanism of *trust*, it seems that both competence and goodwill trust existed in this partnership. Starting with the social venture, several statements can be found that indicate a positive expectation by the social venture's interviewees regarding the corporation's good faith, good intentions, and integrity, which is by definition goodwill trust. The following response by the social entrepreneur as to what would be the reason why corporation #4 had joined this partnership, seems to indicate different aspects of the corporation's good intention and integrity as assumed by the interviewee:

> Q41: "As far as I perceive it, [corporation #4] is a very social company, regarding, for example, the commitment to its employees and also how they promote it, of course, because they can afford it at the moment. […] And then it is also, in my perception, that the managers are really nice people. [They] look around and engage – and not by remodeling a kindergarten but rather by doing something with a thematic connection." *Social venture A1 #4* [Translation HS]

Another indicator for goodwill trust appears in the social entrepreneur's assumption that his organization could use the corporation's office space and would receive the financial support for the extra position as long as needed – even if that would go beyond the agreed two years.

Focusing on trust in the other direction, the corporation also seems to have had positive expectations regarding the social venture's ability and intentions. The latter, which refers to goodwill trust, seems to be indicated in the following statement by the corporation's manager:

> Q42: "I got the impression they are really intrinsically motivated and by now, we have known them for quite a long time." *Corporation A1 #4* [Translation HS]

Evidence for competence trust from the corporation's interviewees can be found related to concrete elements of the partnership. For example, regarding an upcoming corporate volunteering day the corporation's manager expressed his confidence that the workshops which the social venture planned for this day would be successful based on a similar workshop conducted a year before which received very good feedback from the participating employees. Another example of competence trust seems to be insinuated in the following statement where the corporation's manager talks about a particular initiative from the social venture (he refers to it as 'product') that had gained much attention:

> Q43: "It is exciting to have a social entrepreneur here in the house and also to create a different perspective for our employees how to build such a little product with little effort and so much impact and sustainability and how to be innovative in an environment that is relatively close to ours. [...] And that was certainly a goal from our side to say what can we learn from [social venture #4] at this point or how can we enrich our product." *Corporation A1 #4* [Translation HS]

This quote seems to indicate competence trust, as the intention to learn from someone can be interpreted as having positive expectations about the other's abilities – in this case the ability to successfully develop and implement an innovative product. In a similar manner, several statements can be identified that express the corporation's admiration regarding the social venture's achievements and highlight its impact.

In sum, data reveals mutual goodwill and competence trust. This mutuality is additionally emphasized by the corporation's manager:

> Q44: "So I would say it is a very relaxed relationship; of course, marked by mutual trust. They [referring to the members of social venture #4] have access to our facilities. They are kind of our employees. But that is ok. We appreciate them a lot." *Corporation A1 #4* [Translation HS]

To investigate the effectiveness of the existing governance mechanisms in partnership #4 the *risks* perceived by both partners are explored. One aspect seems to exist that indicates performance risk from the social entrepreneur's perception:

> Q45: "Regarding expectations which [corporation #4] might have, potentially towards me [...], I am afraid all the time, I think that they might be higher – even if they are not." *Social venture A1 #4* [Translation HS]

It can be assumed that this statement highlights performance risk as being afraid of not fulfilling someone's expectations can be understood as a perceived probability of not reaching satisfying partnership results (in this case not satisfying

for the corporation as assumed by the social entrepreneur) – despite full co-operation, which is by definition performance risk (see section 3.2.3).

Other than that, no further indicators for risk can be identified. Instead, both sides mentioned a general risk awareness but came to the conclusion that this would not be relevant for this particular partnership:

> Q46: "I had never worked with such a big cooperation partner beforehand. I did not have great expectations. I thought everything we take now is a benefit and I was always looking for the snag. Well, somehow you are skeptical and marked from the past. And there was never a snag – at least nothing where we said we would not do this." *Social venture A1 #4* [Translation HS]

> Q47: "So far, I have not seen any risk. We had cooperation partners in the past where nothing happened […] or we had the feeling, well, our work or our donation […] or our activities do not lead to the desired results and then we separated again. This can happen, of course. […] But no, with [social venture #4] I don't see any risk." *Corporation A1 #4* [Translation HS]

6.2.1.2   Discussion of Partnership Governance in Case Study #4

Analyzing the existing governance mechanisms in case study #4 reveals that the partners mainly used social control as control mechanism while formal control was consciously kept at a minimum. Data also reveals that there was a high level of trust on both sides in the other's abilities and intentions. According to Das and Teng (2001, pp. 256–266) a combination of social control, goodwill trust, and competence trust can be effective in reducing both performance and relational risk (see proposition 1, 2, 5, 7, and 8 in Table 3.1 as well as Figure 3.8). This seems to correspond with the findings from partnership #4, where both parties barely mentioned any kind of perceived risk.

The low level of formal control seems distinctive within this partnership and is discussed in more detail in the following. It can be argued that within this partnership both output measurability and task programmability were low, as neither the objectives nor the planned joint activities of this partnership were defined upfront. According to Eisenhardt (1985, p. 135, see Figure 3.6), in such a situation social control works best (compared to output or behavior control). Although it could be assumed that the parties were *incapable* of measuring output and programming the tasks – it seems that they *consciously waived* the option to do so. Support for this assumption can be found in the statements indicating conscious renunciation of formal control. Additionally, the fact that the corporation had the generalized aspiration at the beginning of the partnership to create a partnership that would go beyond the provision of office space (as described in section 6.1.1.1) seems to also support the argument of 'not wanting'

instead of 'not being able' to. It can be argued that outcomes, procedures, and rules were not defined upfront on purpose so as to not limit the partnership's possibilities a priori.

Throughout the partnership it seems that no need for additional formal control arose (although it can generally be argued that the increased complexity of the partnership could have increased risk). One reason for this could be that the parties realized that the established way of controlling the partnership was satisfying. Sharing office space and interacting on a daily basis conjectures that the parties had several opportunities to create shared values and a common understanding of the partnership, and consequently led to the reliance on an internal value-based control mechanism. Another reason can be that working together increased the confidence or trust in the partner as shown above. In particular, process-based trust (see section 3.2.2.2) becomes apparent in quote Q42 on p. 165. As trust enhances the effectiveness of (any) control mechanism (see proposition 8 in Table 3.) this can provide additional explanation for why the risk level seems to have been perceived as acceptable without any kind of formal control.

However, for the one aspect of performance risk, as perceived by the social entrepreneur (expressed in quote Q45 on p. 165), it can be argued that output control could have been helpful to reduce the risk. For example, predefined measurable outputs or clear aligned goals could have provided clarity to the social venture about the corporation's expectations. When asking the social venture how he would like the partnership to proceed, a desire for such an output control seems to be expressed in his answer:

> Q48: "So, what would be important to me is that we make more common agreements on what we actually provide in return, and then we actually want to be measured by that." *Social venture A1 #4* [Translation HS]

6.2.1.3   Control, Trust, and Perceived Risk in Case Study #1

Investigating the governance in case study #1, and focusing first on (formal) *control* in this partnership, formal agreements existed for individual elements of the partnership, i.e., for the financial contribution by the corporation and for the corporate volunteering activities (as described in section 5.2.2.3). Similar to the findings in case study #4, these agreements did not cover the entire partnership and as for other elements (e.g., the vouchers) no formalities existed. Besides the initial agreement, it seems that when new ideas for the partnership emerged, such as the joint pupil's company, the environment project, and the volunteering

activities (see section 5.2.2.1), the parties first elaborated the idea and then developed a concept. Only when the parties agreed to implement the new idea (e.g., because the developed concept or prototype seemed promising) a formal agreement was considered. In the case of the corporate volunteering, the parties first developed the format for this together, before the social entrepreneur drafted an offer that the corporation accepted in writing (see section 5.2.2.3).

Furthermore, it seems that not much attention was given to these formalities. First, as highlighted by the social entrepreneur, formal agreements were kept simple and were quickly aligned between the partners (see, e.g., quote Q4 and Q5 on p. 125). Secondly, the social entrepreneur disclosed that the initially agreed financial amount as written in the first contract did not represent the reality any longer as the corporation had provided more financial resources every year for the last four years. However, the parties did not change the initial contract in any way; instead, they availed the automatic extension of the contract with equal conditions every year.

The existing formal agreements can be understood as behavior control as they described the intended processes of working together (see section 5.2.2.3). Other elements of behavior control cannot be identified. When asking the social entrepreneur about existing reviews within this partnership he mentioned:

> Q49: "We did that [referring to reviews] only at our meeting for the 5-year-anniversary. But not analytical or with the flip chart, rather simply reveling in memories and how good things were and what we should repeat and what we should expand." *Social venture A2 #1* [Translation HS]

All in all, this particular meeting is understood less as (ex-post) behavior control but rather as social control as it seems to have focused not as much on monitoring behavior as more on generating a common understanding. In sum, a few formal agreements seem to have been the only element of (ex-ante) behavior control used within this partnership since no other elements could be observed.

Evidence for output control cannot be identified. When asking the corporation's key contact person if any kind of performance indicators would exist she negated it with the addition that this would simply not be possible for this particular partnership.

Similar to case study #4, social control seems to have played a more important role than formal control in this partnership. A focus on the organizations' compatibility of underlying values and attitudes seems to have existed already during the partnership initiation phase, which, according to Ouchi (1979, p. 843), indicates social control. For example, when searching for an appropriate partner the social entrepreneur focused both on 'hard' criteria (such as the partner's business segment) and on reputation (as described in section 5.2.2.1). Furthermore, throughout

the partnership the parties frequently sat together and jointly developed ideas for their cooperation (see section 6.1.2.1). It seems that the parties focused on making decisions that were based on consensus and in this way developed shared goals and generated a mutual commitment to achieving these goals. When the social entrepreneur compared the partnership with corporation #1, with other partnerships his social venture had established, these shared goals and the developed common culture became apparent, while they seem to have been missing in other partnerships:

> Q50: "We use the sponsor meeting to exchange about everything. We try to do that as open and as honest as possible with the goal to push something and to move forward […]. And now with all the other partners it is challenging. […] With [corporation #1] there is a founder feeling, it is a different feeling compared to the other partners. And we now have the task to develop a team spirit again so that we work together on achieving social impact with minimal resources." *Social venture A1 #1* [Translation HS]

This quote conjectures the social entrepreneur's assumption that – in contrast to his other corporate partners – corporation #1's intentions would be similar and compatible with the social venture's mission. In other words, the quote seems to also indicate *trust,* in particular goodwill trust, in corporation #1. In addition to that, further comparisons between corporation #1 and other corporate partners can be identified where the social entrepreneur praised corporation #1. For example, he highlighted how "consistent" corporation #1's entire sustainability concept was while criticizing other corporate partners and repeatedly mentioning the "good attitude" of corporation #1 – in this way further indicating goodwill trust. Moreover, investigating the dynamics of trust and comparing the findings of the first and the second round of data collection, data reveals that goodwill trust further increased over time. Explicit support for increased trust can be found in the following statement:

> Q51: "We noticed what an intimate thing develops in five years when you stay together for such a time. There is an emotional component to it that has taken place within the last years." *Social venture A2 #1* [Translation HS]

Regarding competence trust from the social venture's perspective, besides some statements about the premium brand of corporation #1, not many explicitly mentioned positive expectations about the corporation's abilities can be found[115].

Focusing on trust from the corporation's perspective, the following statement seems to indicate general trust in the social venture – even though it cannot be determined if this refers to goodwill, competence, or both types of trust:

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115   Not having observed any type of trust does not automatically imply that these types of trust did not exist as potentially the interviewees simply did not express it within the interview.

Q52: "I had also contacted [name of another corporation] to recommend them to partner up with [social venture #1]. I told them: 'Isn't that something for you? Don't you want to do that? You can totally trust this initiative. We are absolutely delighted and we are cooperating with them now for quite some time.'" *Corporation A1 #1* [Translation HS]

Specifically, competence trust is insinuated in the corporate spokes-woman's wording as she repeatedly described the social venture as a "very professional" and "competent" organization.

In sum, a high level of trust seems to have existed in this partnership; in particular, goodwill trust in the corporation and competence trust in the social venture were explicitly mentioned.

Investigating *perceived risk*, while it appears that no evidence for relational risk can be identified it seems that some performance risk developed over time. Based on the fact that corporation #1 had been taken over by a larger trading company that started to struggle with decreasing profitability throughout the partnership (as described in section 5.2.1.2), both the corporation's spokes-woman and the social entrepreneur were concerned that this could influence the existing partnership. While in the first round of data collection vague concerns were expressed, these concerns appeared as serious threats in the second round:

Q53: "Regarding current things with [the parent company of corporation #1] it is extremely difficult for the partnership. Just don't touch it or talk about it. Nobody [from the parent company] should notice us […] because everything that is touched could mean that the partnership tips over due to the financially difficult situation in the entire company… So, but with [spokes-woman of corporation #1] as the key contact person, there is still the best possible understanding." *Social venture A2 #1* [Translation HS]

This statement shows, on one hand, the significance of perceived risk; on the other hand, however it also highlights goodwill trust – less in the entire organization of corporation #1, rather specifically in the corporation's spokes-woman.

6.2.1.4   Discussion of Partnership Governance in Case Study #1

With regards to existing governance mechanisms, a certain dynamic can be noticed in this case study. While the parties required a formal contract at the beginning of the partnership its meaning seems to have been diminished throughout the cooperation. This can be explained with an increased level of trust that can be observed, and/or with increasing difficulties applying formal control. Regarding the latter, it can be argued that for the initial contract it was possible to program the partnership's tasks as the partnership 'solely' included the financial support by the corporation. When additional partnership elements emerged it seems that

the tasks became more complex and therefore potentially less predictable or determinable for the parties. The social entrepreneur mentioned, for example, that one reason for the success of the corporate volunteering activities was the flexible behavior the corporation demonstrated. Although the partners had tried to define responsibilities beforehand, according to both interviewees, it happened that challenges with unclear responsibilities emerged during the implementation. Nevertheless, the corporation "easily buffered everything" [Translation HS], so the social entrepreneur. Concluding, a certain challenge with regard to task programmability (and therefore behavior control) can be observed. However, the behavior seems to also indicate a certain degree of internalized goals with regard to the successful implementation of the corporate volunteering activities, which can be understood as an element of social control.

Overall, social control seems to have been the predominant type of control within this partnership – similar to case study #4. Although some mechanisms of ex-ante behavior control existed, i.e., the two formal agreements, their importance for the partnership still seemed limited. Control was supported by trust. Explicitly, goodwill trust in the corporation and competence trust in the social venture can be observed. Similar to the conclusions made when discussing case study #4, in general social control and trust can be effective in reducing perceived risk; and for most of the duration of this partnership it seems that the partners did not perceive an unacceptable level of risk. This is further supported by the fact that the partnership existed for more than five years without major (conscious or unconscious) changes in the way this partnership was governed.

However, as described above, the social entrepreneur perceived noticeable performance risk regarding the continuity of the partnership due to the challenges the parent company of corporation #1 was facing. Although this threat was caused by an external factor, the questions arise if and how different governance mechanisms could have worked to diminish this perceived risk. According to Das and Teng's integrated framework social control, output control, and/or competence trust can reduce perceived performance risk (see proposition 2, 4, and 5 in Table 3.1); whereof in this case study the last two governance mechanisms cannot be observed – at least from the social venture's perspective with regard to competence trust. Indeed, while the social entrepreneur mentioned the corporate contact person's intentions to maintain the partnership, confidence in her ability to do so cannot be identified – but such a confidence, it can be argued, could have potentially countered this risk.

6.2.1.5   Governance Mechanisms in Means-Driven Partnerships

In both means-driven partnerships, social control seemed the predominant control mechanism while formal control played a subordinate role. Emphasizing that in these kinds of partnerships objectives are not clear upfront, it can be argued that both output measurability and task programmability are low. The theoretical assumption that in such situations social control is the preferred control mechanism (see Figure 3.6) proves true within both case studies. Furthermore, the joint idea creation processes that seem typical for means-driven partnerships might themselves be mechanisms of social control. The connection between formation process and governance mechanisms becomes more apparent in Das and Teng's description of social control as they mention that "social control is often used, because agreed-upon goals do not exist" (2001, p. 262). According to their integrated framework, social control will enhance trust in a partnership (see proposition 7 in Table 3.1); and indeed, both case studies indicated first, that a high level of trust existed and second, that it increased throughout the partnership. More particularly, both case studies' data reveal that social control seems to have been a source of process-based trust.

The propositions that social control, in combination with trust, can be effective in reducing perceived risk (as argued above) seems also to be reinforced within the means-driven partnerships; in particular in case study #4 no significant perceived risk can be observed. It can be argued that in means-driven partnerships, where the goals of the partnership are not clearly defined upfront, the perceived probability that objectives cannot be achieved (which is by definition performance risk) is already bypassed in the way these partnerships form (however, this seems to exclude performance risk that is caused by external factors as seen in case study #1). The assumption can be made that means-driven partnerships emerge in a way that the perceived risk stays at an acceptable level for the participants. Increasing (social) control or increasing trust can allow a higher acceptable risk level. It can be argued that a higher level of acceptable risk might enable a higher magnitude of resources involved or exchanged within the partnership and therefore a higher collaboration stage. This would support the observations of both case studies, where the partnerships progressed along the collaboration continuum. Though, vice versa, it can also be argued that existing trust 'provokes' joint idea creation processes and in this way contributes to an evolving partnership. The argument would be that positive expectations about the partner's abilities and intentions can potentially lead to opening up to the partner, his/her ideas, means, and needs, and therefore could support the development of additional partnership elements.

6.2.2 Governance in Goal-Driven Partnerships

This section now looks at governance in goal-driven partnerships. It follows a similar format as above in that each case study is described in terms of *control*, *trust*, and *perceived risk* and is followed by a discussion section. The 'purely' goal-driven partnership, identified in case study #3, is described and discussed first (section 6.2.2.1 and section 6.2.2.2), followed by the 'mainly' goal-driven partnership, identified in case study #2 (section 6.2.2.3 and section 6.2.2.4). Finally, similarities and differences between the two case studies with regard to partnership governance are discussed in section 6.2.2.5, where it is also explored *why* a goal-driven formation process might influence the partnership's governance.

6.2.2.1 Control, Trust, and Perceived Risk in Case Study #3

Investigating existing *control* mechanisms, a Memorandum of Understanding existed in partnership #3 as described in section 5.4.2.3; this can be understood as behavior control since it influenced the cooperation and defined procedures. In addition, the fact that the corporation had developed a detailed plan for the general consulting program beforehand can be understood as behavior control itself as in this way a standardized process existed (including a selection and matching phase, a preparation phase, an on-site consulting phase, and a feedback process). Moreover, the individual phases were detailed upfront, such as the training program for the preparation phase and the standardized process the corporate consultants applied in the consulting phase (as described in section 5.4.1.2). Overall, the detailed upfront planning indicates elaborated ex-ante behavior control.

Regarding further control mechanisms, the key contact person mentioned in the second interview that she was currently in the process of developing evaluation sheets with the aim to survey the participating social entrepreneurs several months after the consulting program about the program's impact. This can be understood as an ex-post mechanism of output control.[116] Beside this planned evaluation, neither additional elements of output control nor mechanisms of social control can be identified; it therefore appears that in sum, behavior control was the predominant control mechanism within this partnership.

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116 Although the specific partnership would be completed at the moment of the evaluation, it seems to represent a control mechanism for the developed consulting program in general and would therefore be inflectional for a series of partnerships between the corporation #3 and different social entrepreneurs.

Turning to *trust*, some individual statements seem to indicate positive expectations regarding the partner's likely behaviors or intentions, such as the following, which insinuates goodwill trust:

Q54: "[Corporation #3] has had an honest and authentic interest to help – in this case – us." *Social venture A1 #3* [Translation HS]

However, the interview data does not reveal further statements on goodwill trust. Examining competence trust, at the beginning of the partnership it appears that the social entrepreneur had positive expectations about the approach that would be used throughout the consulting program; however, it seems that these expectations were not met:

Q55: "My expectations for [the specific approach] were higher than what was ultimately met. […] I had expected that more would come out. Also from the tool itself I had expected more because I was informed in advance, of course. I had looked at how it works." *Social venture A2 #3* [Translation HS]

Investigating trust from the corporation's perspective, from the corporate contact person (who coordinated the consulting program), only a few indicators for competence trust towards the social venture can be observed – mainly expressed by her desire for the social venture to participate again (see below). On the contrary, the analysis of the corporate consultant's interview revealed various statements that seem to indicate positive expectations about the social venture's intentions and abilities. For example:

Q56: "I would be excited to stay in touch just to know how it goes on there. Because I think it is really a very exciting venture, it is a highly innovative company. Also, there are highly qualified people there. […] In particular the two managers are very special personalities for my taste." *Participant A1 #3* [Translation HS]

Q57: "[The head of social venture #3] provided maximum transparency and also gave us documents where we then realized […] they are very confidential. I mean when it comes to personnel […] it brings a high level of confidence along." *Participant A1 #3* [Translation HS]

A claim can be made that the first statement indicates competence trust as the social venture's innovativeness and skilled personnel is highlighted. The second statement seems to indicate goodwill trust as it demonstrates the assumed social venture's intention to fully cooperate.

In sum, from the corporation both competence and goodwill trust in the social venture can be identified. From the social venture goodwill trust can be observed while certain doubts in the corporation #3's abilities seem to have emerged.

Turning to the effectiveness of the governance mechanisms and investigating *perceived risk*, within the first interview, which took place a few months after the consulting program, the social entrepreneur mentioned some difficulties in understanding among the partners throughout the on-site consulting activity[117]:

> Q58: "And then it was difficult for the two [corporate consultants] to understand. So, to get access to our problem – it is not easy. […] Because the logic of public funding of non-profit organizations is different than the one for private sector organizations." *Social venture A1 #3* [Translation HS]

When corporation #3 asked the social venture about a second round of participation in the consulting program (as described in section 5.4.2.2) these difficulties seem to have influenced the social entrepreneur's decision to not participate in a second time. In the second interview, which took place shortly after the corporation's follow-up request, he mentioned:

> Q59: "[Corporation #3] asked us […] if we would like to repeat it. And I said, yes, in principle, yes, but I would like to talk with them about the methodology in advance. If they would be willing to do some methodical changes I would do it, otherwise no. […] I think the tool they use […] how they use it, it showed, well, that the actors don't recognize the characteristics of non-profit organizations. And this leads to a high efficiency loss – both on their side as well as on our side." *Social venture A2 #3* [Translation HS]

It can be argued that he had doubts that a follow-up could be carried out in a satisfying manner despite full cooperation among the partners, which is by definition performance risk. Indicators for further risk, in particular relational risk, cannot be observed.

6.2.2.2   Discussion of Partnership Governance in Case Study #3

What distinguishes case study #3 from the other case studies is that this partnership was rather short and its duration was determined at the beginning of the partnerships as it was clear to the partners that the cooperation would end after the consulting program. This seems worth mentioning before discussing control, trust, and perceived risk since this might have influenced the partnership's governance mechanisms; potentially, neither the need nor the time could have existed to (consciously or unconsciously) set up control mechanisms or to develop trust.

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117   The statement itself does not reveal risk but rather a certain tension, which is discussed further in section 6.4.2. Perceived risk seems to be a consequence of these tensions as argued subsequently.

In this partnership ex-ante behavior control seems to have been the pre-dominate control mechanism. In contrast to the two partnerships discussed above, where it appears that the existing control mechanisms were jointly established, in this partnership the behavior control mechanisms were determined by the corporation through the upfront specification of the consulting program. Because the corporation had a clear idea how the consulting activities should be executed, task programmability appears high and therefore enabled the use of behavior control (see Figure 3.6). Furthermore, the corporation's focus on developing evaluation sheets, as described above, can be understood as the attempt to increase output measurability and consequently, supported the existing behavior control with (ex-post) output control. In sum, it can be stated that the use of formal control was possible because the partnership's characteristics (task programmability, output measurability) enabled it.

When assessing the effectiveness of the governance mechanisms, and focusing first on the corporation's perspective, it can be argued that from this perspective the existing mechanisms seemed sufficient as no indicators for perceived risk can be observed. Indeed, according to Das and Teng's integrated framework, behavior control together with goodwill trust can effectively decrease relational risk; behavior control together with competence trust can reduce performance risk to some extent (see Figure 3.8 or propositions 1, 2, and 3 in Table 3.1).

From the social venture's perspective, the situation seems different. While it appears that trust in the corporation's intentions, i.e., goodwill trust, existed, trust in its ability seems to have faded throughout the partnership. The existing performance risk, which the data reveals, also concludes from Das and Teng's integrated framework. According to it, behavior control and goodwill trust are *not* very effective in reducing performance risk (see Figure 3.8 or propositions 2 and 4 in Table 3.1). In addition, the social entrepreneur repeatedly expressed that he would have appreciated clear upfront expectation management, as indicated in quote Q34 on p. 153 as well as in the following quote:

> Q60: "One should have made relatively clear from the beginning on, what it is about. Either by defining target agreements or with concrete agreements so that no different expectations arise." *Social venture A1 #3* [Translation HS]

As setting up (measurable) objectives is a mechanism of ex-ante output control (see section 3.2.1.1), the statements can be interpreted as a desire for this type of control. And in fact, according to the integrated framework, output control can reduce performance risk more effectively. For this particular case, from the social entrepreneur's perspective, it would have been mainly *ex-ante* output control that could have counterbalanced the perceived performance risk.

6.2.2.3   Control, Trust, and Perceived Risk in Case Study #2

Investigating the governance mechanisms in partnership #2 reveals that changes had taken place between the time period of the first round of data collection and the second round. In the meantime, the parties had negotiated a follow-up contract for the partnership, which indicates changes in the way the partnership was governed (see section 5.3.2.2). Therefore, in the following, first the situation as captured within the first round of interviews is described (which focused on the partnership formation and the first two years of the interaction), before changes are investigated (which occurred in the partnership's third year).

   As described in section 5.3.2, before starting the partnership the parties spent several months negotiating a contract. This planning, as well as the contract it- self, which described the intended joint activities and the partnership's processes (see section 5.3.2.3), can be understood as extensive ex-ante behavior control[118]. As laid out in the contract, ongoing behavior control was intended through fre- quent status reports, which the social venture had to provide to the corporation. However, throughout the first years of the partnership these reports were conducted not "as standardized as initially planned" (*social venture A1 #2* [Translation HS]). In addition, it was planned to determine the structure of these reports in the contract's attachment:

> Q61: "In the contract it is written, for example, that there should be two attachments, which were never written. They don't exist to this day. At the beginning I always said we should do it. […] But now I don't need them anymore" *Corporation A1 #2* [Translation HS]

In a similar manner, regular update calls between the two responsible contact persons were initially intended, but the two key contract persons agreed to abolish fixed interaction and chose a less standardized exchange.

> Q62: "I believe she [referring to the key contact person from corporation #2] probably talks to one of us nearly every day – not necessarily to me. I make sure that we at least have a call every two weeks. And otherwise we have quite a lot of exchange via email." *Social venture A1 #2* [Translation HS]

No considerable mechanisms of output control seem to have existed at the moment of the first round of data collection. Instead, it appears that social control was used for certain elements of the partnership. For example, the parties had agreed to jointly organize corporate volunteering activities (and had incorporated this

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118   It is described as 'extensive' because compared to the other investigated partnerships, first, considerably more attention was given to the planning process and second, it seems that a higher level of detail was pursued within the contract.

planned activity into the contract), but within the first months of the partnership nothing happened with regard to its implementation. At some point the parties decided to approach this topic together and conducted a workshop to jointly discuss how volunteering could look like:

> Q63: "We locked ourselves up for two days and thought about what meaningful things can we do regarding volunteering. Where, from [a beneficiary's] perspective, can a corporation make a useful contribution? What ideas exist from the corporation's side?" *Corporation A1 #2* [Translation HS]

Within this workshop the parties jointly developed a volunteering concept, which was implemented shortly after. It seems that for this particular activity the parties focused less on specifying behaviors or outputs, but rather on developing the mutual understanding which the social venture's contact person mentioned in her above statement. Through common problem-solving consensus emerged, which indicates social control.

Turning to *trust*, from the social venture's perspective, the statements that can be identified indicating goodwill or competence trust are mainly linked to certain individuals in corporation #2 (as opposed to the corporation as a whole). The social venture's contact persons highlighted, for example, the (assumed) good intentions of different persons as a particular strength of this partnership[119]:

> Q64: "I think what is going really well is the fact that we have a number of supporters within [corporation #2], who have a very strong personal interest in our projects […] and the topic 'education', and who are excited about our approach […] and are personally curious about the topic. It is really not just working by a set of rules." *Social venture A1 #2* [Translation HS]

Furthermore, the corporation's contact person expressed her perception that the social venture seems to have reduced its skepticism towards the corporation throughout the partnership. While at the beginning the social venture was reluctant to allow the corporation to contact members of the social venture's network, it allowed more access over time:

> Q65: "And that has changed completely. And that became a real relationship of trust, I think. So, they know that I don't do stupid things. And so by now I have the permission, so to say, to contact [members of the social venture's network] directly and that is what I do." *Corporation A1 #2* [Translation HS]

Expressed from the corporation's perspective, this implies increased goodwill trust from the social venture in the corporation (specifically in the corporation's key contact person). Investigating the other side, although no explicit statements

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119 Statements indicating goodwill or competence trust that are *not* linked to certain individuals (and instead refer to the entire corporation #2) cannot be identified. If this reflects the preference of the interviewee or the attitude towards the corporation, it cannot be determined.

from the corporation's interviewees can be found that indicate trust in the social venture, in a similar manner to that just described, explicit statements by the social venture's key contact person can be identified indicating competence trust from the corporation's side:

> Q66: "Sometimes I am really surprised by their confidence in us. I think one can notice how much support there was from … yes, really from [the chairman]. He really wanted that [referring to the partnership]. And we were really a tiny NGO when it all started." *Social venture A1 #2* [Translation HS]

Turning to *perceived risk*, at the moment of the first round of data collection two aspects were mentioned by the corporation that seem to have entailed performance risk. First, the corporation's contact person expressed some concerns regarding the social venture's internal processes and organizational setup. She mentioned, for example, the need that the social venture had to further develop its organization and had to change from a start-up to a more professional organization as "otherwise, it does not work in the long-run" (C*orporation A1 #2* [Translation HS]). The second aspect was related to the social venture's growth. As the social venture had experienced a decline in the regional expansion of its initiative in the meantime (see section 5.3.2.2), the corporate interviewee emphasized that ongoing growth would be essential to the partnership:

> Q67 [Referring to the social venture's regional expansion]: "One just does not know how it will go on. […] If nothing moves, then we have to seriously talk about if this is a model that works in Germany. If it does not work, then at some point we have to look in each other's eyes and have to say 'ok … then it does not go on'. […] So, the contract has to be renegotiated this year. I think it is totally uncontested that we will extend it; the question is for how long. That is crucially connected to their expansion." *Corporation A1 #2* [Translation HS]

While from the corporation's perspective performance risk was identified, relational risk cannot be observed. However, from the social venture's perspective perceived relational risks seem to have been more relevant – mainly referring to conflicts of interests. The question of how many concessions the social venture should provide to the corporation reveals a recurring theme.

> Q68: "There is always the danger that you move away from your own focus. I ask myself how other social entrepreneurs or NGO's do that, who cooperate with companies, if there is often the wish by the corporation to do something additional together, a special project or so. But that you lose your focus a bit." *Social venture A1 #2* [Translation HS]
>
> Q69: "It is not a thing [referring to her own organization] where corporations give us money and then they get something in return. Instead, at the end they must do it because it is a social engagement, for a cause that is important for our society." *Social venture A1 #2* [Translation HS]

However, the social venture's interviewee also mentioned such conflicts of interests were more relevant at the beginning of the partnership while throughout the partnership the partners developed "an understanding for the other's interests and priorities" (*Social venture A1 #2* [Translation HS]). She came to the conclusion that different interests were a general risk, however for this particular partnership "it has been resolved quite well" (*Social venture A1 #2* [Translation HS]).

The situation as described so far reflects the partnership at the moment of the first round of data collection. About a year later when a second round of interviews was conducted, the partnership's contact persons on both sides had changed (and therefore the interview partners). Furthermore, a second (follow-up) contract existed. The negotiations were apparently influenced by the social venture's challenges regarding growth and led to changes in the way the partnership was controlled from there on.

First, (on-going) behavior control was intensified. The frequent update calls as described above were more standardized and formalized. (However, it is also possible that this changed due to the personal preferences of the new contact persons on both sides.)

> Q70: "So, [the social venture's contact person] and I, every two weeks we have a regular call, which always lasts, I would say, one and a half hours. In principle, there is always a protocol […]. If there is something coming up in between, we, of course talk as well." *Corporation B1 #2* [Translation HS]

Furthermore, the status reports that the social venture had to provide to the corporation were detailed in the new contract in the way that its elements were specified. Additionally, the parties agreed (and included it into the contract) to create an activity plan every year that would map out the planned joint activities.

In addition, mechanisms of output control were introduced. The corporation conducted different inquiries with the attempt to measure the effect of the partnership (as well as of other CSR-activities), for example, with regard to employees' satisfaction. Furthermore, it developed concrete (quantitative) recruiting expectations (associated with the partnership) and monitored them. In addition the corporation, together with the social venture, started to develop a set of performance indicators particularly for this partnership. Based on that, the corporation planned to check every year if it would exercise the option of an early withdrawal from the partnership – an option that was included into the new contract (see section 5.3.2.2). These performance indicators were intended to mainly evaluate the social venture's performance alone (and not the outputs of the partnership).

It seems that these additional control mechanisms were the result of decreased competence trust in the social venture and an increased performance risk perceived by the corporation, which had been indicated in the first interviews and seems to have increased in the meantime.

> Q71: "And there was the point when you ask yourself, this organization – is it able to manage that? So, this is when you have doubts to some extent in the professionalism of this organization." *Corporation B1 #2* [Translation HS]

Despite these doubts, throughout the second negotiation process the corporation decided to continue with the partnership and signed the follow-up contract:

> Q72: "We still see potential. And despite all the ups and down, at the end there were still successes." *Corporation B1 #2* [Translation HS]

This statement seems to highlight that although the competence trust in the social venture seems to have decreased, the corporation's expectations in the social venture's abilities still seemed sufficient enough to continue cooperating. It can also be argued that the newly established control mechanisms diminished the corporation's perceived risk and in this way enabled the partnership extension.

6.2.2.4   Discussion of Partnership Governance in Case Study #2

At the beginning of the partnership much attention was given to ex-ante behavior control and it seems that it remained the predominant governance mechanism throughout the interaction. When over time the parties got to know each other, some of the initially intended ex-post control mechanisms (e.g., status reports, update calls) were loosened up in the first years of partnering. This leads to the assumption that perceived risk was reduced or trust had developed between the parties. Explicit evidence can be found for the latter as described above – in particular trust between the interacting people on both sides (see, e.g., quote Q64 through Q66 on p. 178–179).

Both sides seem to perceive some kind of risk (even though the type of risk differed for the partners), which changed throughout the partnership. From the social venture's perspective some relational risk was perceived initially. However, it seems that it was "resolved quite well" (*Social venture A1 #2,* see above) throughout the partnership, which might also be due to increased trust in the corporation – particularly due to increased goodwill trust as indicated in quote Q64 (see proposition 1 in Table 3.1). From the corporation's perspective performance risk existed, which, in contrast, further increased throughout the

partnership. It seems that this led to increased formal control. First, new ex-post behavior control mechanisms were introduced and existing ones were implemented more strictly. Second, output control was imposed. At the moment of the second round of data collection it seemed unclear if the existing and intended governance mechanism would enable the establishment of an acceptable risk level. On the one hand, the partners had just decided to continue with the partnership. On the other hand, the corporation's key contact person mentioned that it was planned to evaluate an early withdrawal option every year.

> Q73: "If you sign a contract that is valid for three years, to pin down the activities … we did not think that made much sense because such a partnership is also alive. And every year something new comes. And to remain flexible and to respond to changing requirements it is very, very helpful to say on a yearly basis let's stop that, let's do something new. *Corporation B1 #2* [Translation HS]

Compared to the other case studies, formal control seems to have played a considerably more important role in this case study. The reasons behind, as well the rationales for adjusting and changing the control mechanisms throughout the partnership, are further investigated in the following. It seems that before starting the partnership the parties tried to determine as many aspects of the partnership as possible by focusing on defining behaviors and processes. They spent significant time planning and negotiating the initial contract; however, after some time the parties realized that not all "uncertainties" (see quote Q35 on p. 155) could be clarified upfront (in a similar manner, also see quote Q28 on p. 148). Instead some aspects, such as the corporate volunteering activity, were jointly developed as no concrete ideas existed upfront. It can be argued that for the corporate volunteering activity both task programmability and output measurability were low and social control was used as the remaining control mechanism (see Figure 3.6).

Although both parties mentioned the success of the joint problem-solving workshop, social control seems not to have been used further. Instead, when from the corporation's perspective the perceived performance risk increased, additional formal control mechanisms were used – mechanisms focusing on appropriate behavior as well as on controlling performance.

To sum up the control mechanism, it seems that the partners tried to (formally) control the partnership as best as possible. When neither behaviors nor outputs could be controlled, social control functioned as a 'substitution', but control was predominantly based on external measures.

As a last remark, the balance of power is briefly considered. What can be observed within this partnership is that the corporation seems to have been the dominant party with regards to determining the control mechanisms. For example,

it was the corporation's idea to include output control and to intensify and stan-dardize ongoing behavior control – probably as a consequence of the corporation's perceived performance risk. From the social venture's perspective this approach seems comprehensible:

> Q74: "This external control – I think it is proper and normal. So, it is clear when you get so much money that you have to prove the path we actually take." *Social venture B1 #2* [Translation HS]

6.2.2.5   Governance Mechanisms in Goal-Driven Partnerships

In contrast to the means-driven partnerships, where social control seemed the predominant control mechanism, in both goal-driven partnerships formal control seemed predominant. While in means-driven partnership, as argued above, it seems that the absence of upfront defined goals prevented external measure-based control (i.e., formal control), it seems that conversely the very existence of upfront defined objectives provided preconditions for this type of control in goal-driven partner-ships. Nevertheless, it was mainly behavior control that was used in the goal-driven partnerships. It can be argued that despite clear partnership objectives, concrete outputs are more difficult to define upfront. This can be due to a general challenge to convert objectives into measurable and reliable outputs, or due to the particular challenge of measuring outputs (and furthermore outcomes and impact) of socially-oriented partnerships (cf. Selsky and Parker, 2005, p. 858; Seitanidi, 2010, pp. 45–50; Graf and Rothlauf, 2011, p. 4).

> Q75: "But the problem is always, especially in the area of CSR, how do you measure impact. Because the partnership does not live from how many volunteers we have, instead what do the volunteers bring about. And that is basically the crux. And that is difficult to measure and especially to get approved by number-driven executive board." *Corporation B1 #2* [Translation HS]

In contrast to the means-driven partnerships, the goal-driven partnerships did not evolve over time but rather started at a (broader) scope of activities with a (bigger) magnitude of exchanged resources that did not change throughout the partnership. It can be argued that such a partnership formation can result in a higher initial level of perceived risk as the partner's input and commitment did not gradually increase but started at the 'full stage'. Assuming that trust develops throughout the partnership (as observed in case study #2) it is not surprising why fairly extensive ex-ante formal control can be observed in goal-driven partnerships.

6.2.3   *Comparison of Findings with Existing Literature*

As studies and theoretical concepts surrounding governance in social venture corporation partnerships is limited, a wider range of literature needs to be considered (see discussion in section 2.3.3 and 6.1.4). Therefore, in the following, findings on partnership governance from (more general) cross-sector partnerships are considered. The focus is first, on comparing the findings about the individual constructs of trust, control, and perceived risk with existing literature, before the identified link between governance mechanisms and formation process is investigated.

Focusing first on the individual construct *control*, it seems that a certain consensus exists in the literature that formal control in cross-sector partnerships appears more complex than in same-sector partnerships. Rivera-Santos and Rufín (2010, pp. 60−61), for example, developed the proposition that contracts in business-NGO-partnerships are less complete and more complex than contracts in business-to-business-partnerships. They argue that sector specific attributes make it more difficult to "fully specifying the partners' behavioral contingencies" (ibid., p. 60), which results in more incomplete contracts and, in turn, in greater complexity of these contracts.

Graf and Rothlauf (2011, p. 14) argue that performance measurement is more complex in cross-sector partnerships than in same-sector partnership due to the nature of these partnerships as they often focus on complex (social and/or economic) problems. Although this research project does not allow for comparison with same-sector partnerships, difficulties regarding performance measurement, particularly output measurability, have been expressed explicitly, for example, by the corporation's key contact person in case study #2 (see quote Q75 on previous page). In means-driven partnerships however, it seems that potential challenges with regard to formal control have been bypassed by neglecting this type of control and instead, focus on informal, social control. The proposed conclusion that social control can be an effective governance mechanism in cross-sector partnerships finds support from other scholars. For example, Austin and Seitanidi (2012b, p. 10) suggest that "informal measures of control such as trust-based governance may play an important role in nonprofit–business partnerships". Dorado, Giles, and Welch (2009) emphasize the need for developing shared identity, which they describe as "values alignment and personal connection and relationships" (ibid., p. 371), as well as "shared goals" (ibid., p. 373); this overlaps with the definition of social control.

Turning to *trust*, many scholars emphasize the need for, and make claims for the benefits of, trust in (cross-sector) partnerships (e.g., Maase and Bossink, 2010,

p. 81; Meyskens et al., 2010a, pp. 434; 445; Seelos and Mair, 2007, p. 62; Parker and Selsky, 2004, pp. 465–468; Rondinelli and London, 2003, pp. 71–72; Bryson et al., 2006, pp. 47–48; Walters and Anagnostopoulos, 2012, pp. 428–431). However, this is often mentioned in rather general and without further explorations or explanations. Criticism can be found in a Special Issue Editorial by Bachmann, Knights, and Sydow (2001, p. vi), where the authors claim that "it would be wrong to assume that trust is always a convenient and simple solution" to achieving efficient and sustainable partnerships. Indeed, the research findings, as presented within this study, show that in some case studies perceived risk had emerged despite the existence of trust. Bachmann et al. emphasize that trust is only *one* element in a complex process of governing partnerships. Also the case studies' findings suggest that considering trust *together* with control *and* perceived risk *and* as a multi-dimensional construct (in other words, following Das and Teng's integrated framework) provides wider insights regarding effective governance.

Focusing on *perceived risk*, scholars argue that in cross-sector partnerships specific aspects of risk exist. Both Lyon (2012, p. 152) and Graf and Rothlauf (2011, pp. 14−16) highlight, for example, that particular reputational threats can occur. In this context, Graf and Rothlauf also describe potential conflicts of interests between the parties – similar to what has been observed in case study #2. However, within the confines of this study, this seems to be the only element of relational risk that can be identified among the investigated case studies. Furthermore, this conflict in case study #2 was "resolved quite well" (as described see above). Overall, in the four partnerships performance risk was observed the most. Particular reputational threats, or more general relational risk, seem less apparent. It is possible to assume that this might be special to the selected case.

While a series of studies and theoretical concepts exist for the individual constructs, very little literature can be found that seems to enable the comparison of the identified correlation between formation processes and governance mechanisms. The two in-depth partnership case studies composed by Seitanidi (2010, pp. 99–120) (that have been discussed already in section 6.1.4) seem to provide the possibility for some limited comparison. For the first partnership (between Earthwatch and Rio Tinto), where several similarities with the goal-driven partnership model have been identified (as argued previously), a series of formal control mechanisms can be found. The author describes, for example, a 24 months long negotiation process to develop a formal contract; the author further mentions bi-yearly review meetings with the purpose to monitor and evaluate the progress of the partnership, and describes the upfront setup of partnership structures and partnership reporting processes. As no indicators for

social control can be identified in the case description, the assumption is made that within this goal-driven partnership formal control played a predominant role. Within the second partnership (between Prince's Trust and the Royal Bank of Scotland), where some similarities with the means-driven partnership model seem to exist, indicators for less formal control can be found. The author describes, for example, that there was confusion among the interviewees about the existence of a formal agreement. While some stated that there was no legal contract, others assumed it existed. Independent of the reality, this already implies a less prevalent role of formalities. Furthermore, the author describes a "virtual team" being established with the purpose of having multiple points of references within both organizations to better operationalize the partnership, and to integrate the cultures of the two organizations. As this seems to indicate a focus on establishing common values it can also be interpreted as a mechanism of social control. As some mechanisms of formal control can still be identified, such as defined reporting processes and annual partnership review meetings, it cannot be stated that social control was the predominant control mechanism. However, it can be stated that in this partnership formal control seems to play a less dominate role than in the Earthwatch-Rio-Tinto-partnership.

Nonetheless, overall Seitanidi's case studies seem to provide further evidence for a potential link between formation processes and governance mechanisms – in particular, the combination of a goal-driven partnership and the predominant role of formal control seem to be reinforced.

6.3   Influence of Social Entrepreneurship on Partnerships

A reoccurring discussion in the social entrepreneurship research focuses on the question of whether or not social entrepreneurship represents a new and unique field of study or if it is a sub-category of existing and (well-) explored phenomena. In particular, several scholars have investigated the similarities and differences between social and commercial entrepreneurship (cf., e.g., Austin et al., 2006; Mair and Martí, 2006, pp. 37–39; Dacin et al., 2010, pp. 42–53); others have questioned if social entrepreneurship is "just the application of sound business practices to the operation of non-profit organizations" (Peredo and McLean, 2006, p. 56; see also the discussion in section 2.1.2).

To some extent this debate can be transferred to partnerships when investigating whether or not partnerships between social ventures and corporations are distinct from other inter-organizational and cross-sector partnerships (which is

the third research question of this thesis). This question is approached within this thesis from the corporation's perspective and with an empirical approach by exploring the effect and influence of social entrepreneurship in the four investigated partnerships. Putting it differently, this sections aims to investigate to what extent the 'idea' of partnering with a social venture has on the dynamics of the partnership (from the corporation's perspective).

Before doing so, the definition of social entrepreneurship underlying this thesis is briefly recapped. Social entrepreneurship has been defined as:

> "the process of creating value by combining resources in new ways. These resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social need. For the sake of this thesis, it social entrepreneurship involves the creation of a new organization." (see section 2.1.4)

While the first sentence of this definition highlights the *innovative, entrepreneurial attributes* of social entrepreneurship, the second sentence emphasizes the *social mission* primarily (as discussed in section 2.1.4). If, from a corporation's perspective both attributes of social entrepreneurship are essential to the partnership, it could be argued that these partnerships distinguish themselves, on the one hand, from partnerships with 'traditional' non-profit organizations (which mainly focus on social aspects) and, on the other hand, from 'pure' business partnerships (which mainly focus on economic aspects).

This section is structured as follows: first, empirical findings that reveal the effects and influences of social ventures in the partnerships are presented and interpreted (section 6.3.1), before results are summarized and conclusions are drawn (section 6.3.2). Section 6.3.3 focuses on existing literature to compare the findings.

6.3.1   *The Role of Social Entrepreneurship in Each Case Study*

Data that supports approaching this third research question could be found in the interviewees' statements when talking with them about the partnership intentions and the motivation behind the partner search. In addition, each interviewee was asked directly how the fact that one partner was, or was called, a social entrepreneur (or social venture) influenced the partnership. These findings are presented and interpreted for each case study individually in the following.

6.3.1.1   Empirical Findings from Case Study #1

Starting with case study #1, here both sides mentioned that the fact that one party being a social entrepreneur had only very little meaning for the particular partnership. According to both the social entrepreneur and the corporation's spokeswoman, if anything would have influenced the partnership, it seems to be the fact that throughout the course of the interaction the social venture had won prizes and awards for its approach that were associated with social entrepreneurship.

> Q76: [Referring to these prizes] "It proves a certain competence, indeed, a high level of competence and recognition. […] This, of course, gives decision makers a good feeling." *Corporation A1 #1* [Translation HS]

It is assumed that "decision makers" refers to the corporation's management that had to approve the partnership. It can be argued that these awards and prizes might have had a positive influence on the ongoing extension of the partnership from the corporation's side.

As corporation #1 participated in the partnership to increase its social engagement (see section 5.2.2.1) it can be argued that for this partnership the social mission of the social venture was in the foreground rather than its (innovative) approach. Taking the definition of social entrepreneurship underlying this thesis into account, while the creation of social value (second sentence of the definition – see above) seemed relevant, the combination of resources in new ways (first sentence of the definition) seemed less important for the particular partnership. Of course, it can be argued that the social venture's approach unconsciously influenced the partnership; for example, in the way that corporation #1 decided to financially support the social venture and to join the partnership because it was convinced by its approach. However, neither can statements be found that explicitly highlight the relevance of innovation, new approaches, or entrepreneurial orientation for this partnership, nor do the observed attitudes and behaviors imply such a relevance.

6.3.1.2   Empirical Findings from Case Study #2

In this case study the evaluation concerning the effects and influence of social entrepreneurship on the partnership differed slightly between the two sides. From the corporation's perspective, both corporate interviewees emphasized that the topic of education, therefore social aspects, were in the foreground, while entrepreneurial or organizational aspects of the partner were of minor importance. For example:

Q77: "Honestly, it does not really matter. So, for us, I think, we need external partners for the [CSR] topic of education, because we can't do that on our own […]. So, I think, we wouldn't work with a for-profit-oriented organization in this area, but that is it. […] In the area of education you have to work with charitable organizations – with whatever form." *Corporation A1 #2* [Translation HS]

In addition, one of the corporation's interviewees[120] mentioned that corporation #2 had started another, an additional, partnership with a traditional, long established non-profit organization. (This partnership was initiated between the first and second round of data collection.) The corporation's interviewee emphasized that the corporation's main goal for searching out to an additional partner was to further expand 'education' as a central CSR-theme and therefore primarily investigated potential partner's missions. This further highlights the corporation's predominant focus on social aspects. Moreover, when she compared the two partners which corporation #2 was engaged with, the social venture and the non-profit organization, she mentioned that one noticeable difference between these organizations was the fact that the social venture was a start-up, but that this fact would not have much impact on the partnership itself:

Q78: "This just has pros and cons […] But with regard to communication, to our impact, or our interaction, I would say, this is not important." *Corporation B1 #2* [Translation HS]

On the other hand, the social venture's interviewees assumed that its organization's professionalism and its "spirit" (*social venture B1 #2*) of being a start-up – and hence, the fact of being a social venture – were important for the partnership. In particular, both interviewees from the social venture assumed that being a young organization "that is fairly open" (*social venture A1 #2*) and "not yet deadlocked" (*social venture B1 #2*) influenced the interaction. However, in the second round of data collection the other partnership the corporation had initiated in the meantime (with the established non-profit organization), came into the social venture interviewee's mind and it seems that she questioned the importance of being a start-up for the partnership.

Overall, similar to case study #1, the (social) mission of the social venture, particularly the focus on education, seems to have been more important than entrepreneurial aspects and the social venture's (innovative) approach. Regarding the entrepreneurial aspects, it appears that if anything influenced the partnership it was the fact that the social venture was a start-up (in other words, the maturity level of the social venture seemed more prominent than its approach). However, both sides seem to somehow agree, that this was rather a given feature than a condition for, or an important element, of the partnership.

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120 This refers to the corporation's contact person at the *second* round of data collection. (Note that in this case study the contact persons and therefore the interviewees changed throughout the process of collecting data).

6.3.1.3   Empirical Findings from Case Study #3

The consulting program that the corporation had developed in case study #3 was particularly addressed to social entrepreneurs (see section 5.4.1.2). The reason for focusing on social entrepreneurs and social ventures was, according to the corporation's contact person, the fact that competencies of social entrepreneur such as "entrepreneurial orientation, driving change, and innovation" (*corporation A1 #3*) were expected to be important for the corporation's executives. It was assumed that employees could learn and be inspired by social entrepreneurs when working with them. Indeed, that such competencies influenced this particular partnership becomes apparent, for example, in quote Q5 (p. 173) when the corporation's consultant emphasized the innovativeness of social venture #3 as well as in her description about the social entrepreneur himself:

> Q79: "He is simply an entrepreneur. He thinks entrepreneurial and he acts entrepreneurial […]. One always thinks, these do-gooders, they are just there to do well. Yes, he does that but he is also incredibly creative and has innovative ideas, but ultimately he is an entrepreneur. […] And what really, really amazed me was how he intended to implement the decisions." *Participant A1 #3* [Translation HS]

Taking again this thesis' definition of social entrepreneurship into account it seems that a particular focus for this partnership was on *innovation* and *new combination* of resources (first part of the definition). But also social aspects (second part of this definition) seem to have been relevant for the partnership as the initial idea for the development of such a consulting program originated out of the desire to increase the corporation's social engagement. Overall, from the corporation's perspective, both characteristics of social entrepreneurship seem to have been relevant for the partnership.

An additional attribute of social entrepreneurship seems to have been important – that is the fact that social entrepreneurship was becoming a popular topic at this time in Germany[121]. One of the corporation's interviewees indicated that the idea generation process for the consulting program was affected by the increasing debate on social entrepreneurship in Germany. From the social entrepreneur's perspective similar indicators can be found; however, they seem to be associated with a certain critical assessment:

> Q80: "I can't say exactly what role [his organization being a social venture] played for [corporation #3]. Currently we have a hype regarding social entrepreneurship, whereas the term is not clearly defined in Germany at the moment. […] I think [for corporation #3] it had a communication [purpose]." *Social venture A1 #3* [Translation HS]

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[121]   See section 2.1.3 regarding the development of social entrepreneurship in Germany.

Despite the social entrepreneur's criticism it seems that from the corporation's perspective, i.e., the party who initiated the partnership, both attributes of social entrepreneurship (social orientation and innovative approaches) were relevant for the partnership. The attribute of a certain popularity associated with social entrepreneurship might have also affected the partnership.

6.3.1.4   Empirical Findings from Case Study #4

In a similar manner it seems that in partnership #4, from the corporation's perspective, *both* attributes of social entrepreneurship were relevant. The corporation's strategist mentioned, for example, that both the purpose of helping a social initiative *and* having "thematic starting points" (see quote Q18 on p. 140) were relevant. From the corporation's manager a similar statement can be found:

> Q81: "Regarding social entrepreneurship, it is certainly an interesting topic for us, beyond CSR aspects, as we started ourselves as a start-up." *Corporation A1 #4* [Translation HS]

Specifically, the particular (entrepreneurial) approach of the social venture was repeatedly stressed by both corporate interviewees as an important element for the partnership (see also quote Q43 on p.151):

> Q82: "I think [the term social entrepreneurship] puts a spotlight on an aspect, which is one of the drivers why this collaboration makes sense, namely entrepreneurship. Because entrepreneurship is something that is very important to us, something we try to promote, […] with different levers to everyone. And I think the topic of social entrepreneurship and the contact to [social entrepreneur #4] […] help us to promote entrepreneurship ideas. And that is why I think the term social entrepreneur is very significant and very, very appropriate for him." *Corporation B1 #4* [Translation HS]

> Q83: "The topic that always concerns us […] is how can we become more entrepreneurial. And that is really important to us. And in this regard, everything that helps us to set impulses […], to show [our employees] there is a small team and what they actually do … In this respect … the 'entrepreneur' in 'social entrepreneur' is certainly wanted and gives us valuable ideas" *Corporation A1 #4* [Translation HS]

The social venture's interviewees seem to agree that social aspects (see, e.g., Q41 on p. 164) and entrepreneurial characteristics, mainly the fact of being a start-up, were important elements of the partnership; however, they seemed reluctant to use the term 'social entrepreneurship'.

> Q84: "They [referring to corporation #4] made clear that they wanted to maintain this feeling of a start-up – not only with regards to technology, also in combination with social aspects. […] Basically what we share is this start-up feeling or the way we do things, this cheeky, agile way of thinking different […]. But I don't think they said: 'Now we are searching for a social entrepreneur'

and then found us. It is rather that they found us and it happened that from somewhere we are called 'social entrepreneur'. But as such, I think, social entrepreneurship is just a term for what we do, but not the defining term for identity. I think there are more important things that describe our projects […] than the term social entrepreneurship." *Social venture B1 #4* [Translation HS]

Overall this case study seems to highlight that in addition to social aspects the social venture's approach, and the hope from the corporation to learn from it, were relevant within this partnership.

6.3.2   *Distinctiveness of Social Venture Partnerships?*

This section focuses on whether or not, from a corporation's perspective, partnerships with social ventures are distinct from 'pure' business partnerships (that mainly focus on economic aspects) or from partnership with 'traditional' non-profit organizations (that mainly focusing on social aspects).

First of all, all investigated partnerships can be understood as socially-oriented partnerships as all corporations had focused around the social mission of the social venture[122] (see section 2.3.2). This is further emphasized by the fact that all partnerships were understood as CSR-projects by the corporations (and persons from the CSR or press departments were in charge of the partnerships). This social-orientation of these partnerships is a difference to 'pure' business (oriented) partnerships.

Investigating the influence of entrepreneurial attributes, the case studies findings reveal a 'mixed' answer. In both case study #1 and #2, it seems that the social-orientation of the social venture was in the foreground while entrepreneurial aspects played a subordinate or negligible role. Indicators cannot be observed that illustrate the social venture's particular *way* of addressing a social need was particularly relevant for the interaction with the corporation. It is claimed that the distinction of social ventures from 'traditional' non-profit organizations (see excursus on p.69) was hardly relevant in these partnerships, which further leads to the assumption that the partnerships themselves were not distinct from non-profit-corporation-partnerships – at least from the corporation's perspective.

The situation seems different for case study #3 and #4, where attributes of both social-orientation *and* entrepreneurial approaches appeared important for the partnership (primarily the corporate party). To further specify this, partnerships can be viewed from different perspectives. Kolk et al. (2010, pp. 124–128) dis-

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122 The fact that potentially different intentions than the creation of social value might have been underlain as well does not influence this statement. See discussion at the end of this section.

tinguish between a macro, meso, and micro perspective for cross-sector partner-
ships[123]. The macro perspective investigates the societal effect of partnerships
(such as the improvement of social welfare or better education). The meso per-
spective focuses on each partner and investigates the organizations' motivation
for and benefits of partnering. The micro perspective focuses on the specific
individuals that are involved in the partnership.

Starting with the micro perspective, both corporation #3 and #4 highlighted the
intention to inspire employees by cooperating with (social) entrepreneurs. In this
way they promote entrepreneurial orientation and innovativeness on the employee
level. The quotes from the corporate consultant #3 (e.g., Q56 on p. 174 and Q79 on
p. 190) seem to indicate evidence of this fact. It can be claimed that for individual
employees of corporation #3 and #4, and therefore from a micro perspective, these
partnerships distinguish themselves from partnerships with 'traditional' non-profit
organizations. This is based on the findings that both social and entrepreneurial
attributes seemed relevant for, and ultimately influenced, the partnerships, which
illustrates two aspects that are specifically related to characteristics of social entre-
preneurs and social ventures. In a similar manner, it can be argued that bringing
entrepreneurial competences to the corporation by cooperating with a social
venture, and at the same time engaging in a social initiative, distinguishes these
partnerships from the corporation's point of view on an organizational, i.e., meso,
level from 'traditional' non-profit-business-partnerships. From a macro perspective
however, if or how these partnerships differ from other inter-organizational re-
lations cannot be assessed with the existing data as the societal effects and
societal impact of these partnerships are not in the scope of this research project.
Or putting it differently, whether partnerships with social ventures distinguish
themselves from other socially-oriented partnerships with regard to "metagoals"
(Selsky and Parker, 2005, p. 855) cannot be judged here.

In sum, the findings of case study #3 and #4 lead to the assumption that from
a corporation's point of view partnerships with social ventures can be distinct from
other inter-organizational relations – at least from a micro and meso perspective
– as they can focus on, and evolve around, social *and* entrepreneurial aspects.

Nevertheless, the overall assumption is different: although in all selected
social ventures 'new ways of combining resources' (see social entrepreneurship
definition) could be observed[124], data reveals that this characteristic of social
entrepreneurship was not necessarily affecting or driving the partnership. The
social-orientation-characteristic, however, was important in all partnerships.

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123 Their framework is based on initial ideas from Selsky and Parker (2005, pp. 855–856).
124 This was a precondition for the case study selection (see section 4.2.1.2).

Some specific limitations regarding these findings and assumptions should be mentioned. First, the findings are to a large part the result of directly asking the involved parties about the influence of social entrepreneurship. Although additional indicators were taken into account when recognized, it is possible that unconscious effects of working with a social venture existed but were not mentioned or noticed.[125] Furthermore, the fact that every interviewee might have had his/her own understanding of social entrepreneurship should also be considered; especially since a common definition for social entrepreneurship still does not exist.

As a last remark, the reasons behind the social engagement of each corporation were intentionally not considered within this section. As discussed in section 2.2.3 corporations can have various different motivational reasons for engaging in social initiatives and for participating in socially-oriented partnerships, ranging from instrumental to ethical arguments (see, e.g., Figure 2.6). The fact that the corporations had decided to engage should be sufficient for investigating the potential distinction of social venture corporation partnerships in comparison with other inter-organizational relationships.

6.3.3 *Comparison of Findings with Existing Literature*

While there is much discussion regarding the distinctiveness of social entrepreneurship itself (as mentioned above), with regard to partnerships, this topic appears less prominent. In the existing studies focusing on social venture corporation partnerships (presented in section 2.3.3) only the article by Maase and Bossink compares partnerships with social ventures, with other same- and cross-sector partnerships. In particular, the authors focus on inhibiting factors of partnership creation (see section 2.3.3 for a more detailed description of their work). Their qualitative case studies reveal that some inhibiting factors are related to the characteristics of social entrepreneurs in general; other inhibiting factors are related to the particular partnership between the social venture and the partnering organization. The findings seem to suggest that with regard to the creation process, partnerships with social ventures are distinct from other cross- and same-sector partnership, however, further similarities or differences are not investigated.

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125 It could be, for example, that a different organizational logic of social ventures (compared to 'traditional' non-profit organizations) existed that could have affected the interaction with corporations but was not noticed by any of the participant – potentially due to missing comparisons (cf., e.g., Di Domenico et al., 2009, p. 897).

6.4   Further Remarks

In section 6.1 and 6.2 the two opposing partnership formation processes, and their respective governance mechanisms, have been presented and discussed. These findings lead to various additional questions. One question is, for example: what influences participants to follow a means-driven partnership process, and what influences a goal-driven process? This question is approached in section 6.4.1, before section 6.4.2 investigates the effect that means- and goal-driven formation processes might have on the sustainability of partnerships.

6.4.1   Aspects Influencing the Partnership Formation Process

When describing the logic of effectuation and causation in section 3.1 it is emphasized that these logics exist next to each other rather than being mutually exclusive. In the area of commercial entrepreneurship scholars have found that aspects such as the situational context, the (market) environment, and personal preferences of the entrepreneur can influence which logic is more favorable (see section 3.1.2 for further details). This section examines if the investigated case studies reveal similar aspects in a partnership context. In particular, the available data seems to allow the exploration of the influence of these two aspects with regard to promoting either means- or goal-driven formation processes. First, the role of social entrepreneurship is investigated (section 6.4.1.1) before the influence of participants' characteristics on formation processes is explored (section 6.4.1.2).

6.4.1.1   Role of Social Entrepreneurship on Partnership Formation Process

Case study #1 and #2 indicate that the social-orientation of the social venture was in the foreground and entrepreneurial aspects played a subordinate role. On the other hand it seems that in case study #3 and #4 both of these attributes of social entrepreneurship were relevant for the partnership (as argued in the previous section 6.3). These findings do *not* reveal any correlation with the partnership formation processes (as means-driven partnerships were observed in the case study #1 and #4 and goal-driven partnership were observed in case study #2 and #3). In particular, it could have been argued that, at least from a corporation's perspective, a less goal-oriented behavior could be more likely with

regard to activities that 'solely' focus on social aspects (and little on economic aspects). However, this research project's data does not provide grounds for such an assumption.

6.4.1.2   Influence of Participants' Characteristics

Following findings from commercial entrepreneurship, where scholars found that the personality and experience of entrepreneurs can lead to a preference for ef-fectuation or causation logic (see section 3.1.2), it could be assumed that parti-cular (organizational) characteristics of the participating entities could then lead to preferences regarding the partnership formation process. However, the data also does not support this assumption. When presenting initial findings (i.e., the developed formation models) to the interviewees at the second round of data collection it appeared that some organizations had founded additional partnerships, in which the contrary formation model (compared to the investigated partnership) seemed dominant.

Specifically, in case study #1, while the social entrepreneur agreed that the partnership with corporation #1 could be represented by the developed means-driven model, he concluded that two additional partnerships with other corpor-ations his organization had established could be represented with the goal-driven model. In one of these additional partnerships it was the corporation that initiated the partnership as it wanted to engage employees in a social initiative and there-fore mainly focused on corporate volunteering activities. In the other additional partnership it was the social venture that approached the corporation as it was looking for further (financial) supporters. Nonetheless, according to the social entrepreneur, in both cases the goals and scopes of the partnerships were fairly clear at the beginning and did not change throughout the interaction, and the partnerships were implemented as initially agreed.

In case study #2, in the second round of data collection the corporation's key contact person claimed that next to the existing 'mainly' goal-driven partnership (with social venture #2) corporation #2 had established different types of part-nerships with other entities. She emphasized that the partnership with the long esablished non-profit organization that also focused on the topic of education (as described in section 6.3.1.2) was driven by clearly defined goals from the beginning and therefore represented, according to her, a 'purely' goal-driven

partnership[126]. On the other hand, she mentioned that corporation #2 had initiated several "smaller partnerships" in the city of its headquarters that seemed to have evolved around *means* and became more intense than initially intended. She further assumed that the geographic proximity of the partner organizations and the resulting frequent touch points were of significance for the means-driven formation processes of these partnerships.

In case study #3, it was the social entrepreneur who told about a partnership with another corporation his social venture had recently established. According to him, this partnership had gradually developed – mainly by focusing on the means each partner could provide to the partnership. He emphasized that various joint idea creation processes took place from which additional partnership elements emerged. While the investigated partnership (case study #3) he participated in was a 'purely' goal-driven partnership, social entrepreneur #3 told about another means-driven partnership he recently established with a corporation.

In sum, although the preliminary findings of means- and goal-driven partnerships could only be discussed with some interviewees[127], the majority of these interviewees mentioned that their organizations had established other partnerships that followed both means- and goal-driven formation processes. Overall, the investigated case studies reveal *no* correlation between the formation processes and organizational characteristics (e.g., maturity level of the social venture, the size of the corporation) or characteristics of the people responsible for the partnership (e.g., experience). It can be argued that either these characteristics had no, or only minor, influences in these partnership formations or they might have been offset by other aspects, which were specific to the situation of each partnership. In any case, it seems that the partnership context is important for the formation process.

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126   While the partnership with social venture #2 started rather means-driven (as discussed in section 6.1.2.2 and 6.1.2.3) and pursued a goal-driven approach throughout the implementation, this other partnership was initiated, according to the corporation's contact person, due to pre-determined goals and after a systematic partner search by the corporation that incorporated an extensive analysis. She also mentioned that both partners had fairly precise goals at the beginning which is why the contract negotiations were intense. As this goal-driven initiation seems to be combined with a (subsequent) goal-driven implementation this other partnership represents a 'purely' goal-driven partnership.

127   In case study #1 and #3 the format of the follow-up interviews with the corporation's side did not allow the discussion of preliminary findings. For case study #4 only one round of data collection took place. And although two preliminary partnership models had been developed at the moment of the data collection, they were not discussed with the interviewees in this case.

6.4.2   Influence of Formation Process on Partnership Sustainability

Analyzing the governance of the case studies has revealed that perceived risk seemed more relevant in goal-driven partnerships (see section 6.2). The question arises if these findings might also affect the partnership's (longer-term) stability. Di Domenico et al. (2009), who particularly focus on partnerships between social ventures and corporations, examined how such partnerships can reach a stable, sustained stage (see section 2.3.3). Drawn upon social exchange theory (see section 2.3.1.3), and combined with dialectical theory, the authors develop a conceptual framework that takes the dynamic development of inter-organizational relations into account. This framework distinguishes between three partnerships stages: *thesis*, *antithesis*, and *synthesis*. The authors argue that newly formed partnerships fall within the *thesis* stage, where the "exchanging assets and resources [are] perceived as mutually advantageous" (ibid., p. 903). Partnerships may proceed into an *antithesis* stage, in which the parties can experience conflicts due to different sources of tension. These tensions can arise due to "dialectical forces which exist *a priori* between partners" (ibid., p. 897). Specifically for social venture corporation partnerships, differences in the corporation's and social venture's objectives and logics, ownership structure, governance, and accountability can create dialectical forces and therefore tensions. For a partnership to be sustained, and a *synthesis* stage to emerge, these tensions need to be resolved[128].

From this framework's perspective, the stages of the four case studies are investigated (section 6.4.2.1) before a more general correlation between partnership formation and sustainability is looked at (section 6.4.2.2).

6.4.2.1   Thesis, Antithesis, and Synthesis in the Case Studies

It can be argued that in all investigated case studies the expected resources or means of the partner were sufficiently high to (formally) establish a partnership and therefore to reach an initial *thesis* stage. That temporal maturity of a part-

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128   While the different stages can be applied to inter-organizational partnerships in general, Di Domenico et al. (2009) developed the sources of tension particularly for interactions between social ventures and corporations. However, in contrast to this research project, first, their underlying definition of social entrepreneurship follows the "earned income" school of thought (see section 2.1.2) as they describe social ventures as "non-profit organizations that pursue social objectives through the sale of goods or services" (ibid., p. 887). Second, they "focused [their] arguments mainly on the UK context" (ibid., p. 904). Without further investigating the influence of these differences, it should be kept in mind that this could lead to differences in the tensions described by Di Domenico et al. and observed in case studies of this research project.

nership can give rise to conflicts, or an *antithesis* stage (Di Domenico et al., 2009, p. 896), seems observable in some of the cases.

In case study #3, according to the social entrepreneur, different logics used by private sector organizations and by non-profit organizations have led to difficulties in understanding. He expressed this both in quote Q59 (p.175) as well as in the following statement:

> Q85: "It became clear that at certain points we could not go on because these instruments that had been developed in the private sector are only of limited use in our area." *Social venture A1 #3* [Translation HS]

The assumption is made that the existing tensions were not resolved throughout the interaction. This is supported by the fact that the social entrepreneur did not accept the follow-up offer, which can be interpreted as the consequence of not reconciling existing tensions. Furthermore, when presenting initial findings to social entrepreneur #3 at the second round of data collection and briefly introducing the thesis-antithesis-synthesis framework, it was he who concluded that this particular partnership never reached a *synthesis* state in his opinion.

In case study #2, it seems that a temporary *antithesis* stage existed. The mentioned conflicts of interest at the beginning of the partnership, described in section 6.2.2.3, can be interpreted as tensions due to different goals and intentions of the partners. Additionally, the concerns the corporation expressed with regard to the social venture's internal process (see, e.g., quote Q71 on p. 181) seem to indicate tensions due to different approaches and modes of operation. However, it seems that these tensions were resolved as mentioned explicitly by a social venture interviewee (see section 6.2.2.3) and reflected in the extension of the partnership, which indicates *synthesis*[129].

In case studies #1 and #4 such tensions were not explicitly expressed by any of the interviewees[130]. In case study #1, the social entrepreneur mentioned, for example, that "initial difficulties" and "friction losses" ([Translation HS]) existed when initiating volunteering activities with *other* corporate partners of social venture #1. However, with regard to corporation #1, he did not observe these difficulties or tensions and instead, he emphasized how good this particular relationship was:

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129   It can also be argued that the additional mechanisms of formal control that were introduced throughout the partnership (see section 6.2.2.3) also contributed to resolving these tensions.

130   The described difficulties partnership #1 experienced due to the decreasing profitability of the corporation's parent company (see section 6.2.2.1) are not understood as tensions in this context. Tensions are described as consequences due to dialectical forces that exist *a priori* and *between* the partners (see previous page) while the described difficulties seem to be *external factors* that appeared *throughout* the partnership.

Q86: "[Corporation #1] was not involved in these problems. With them, everything was going well and smoothly because there was simply the attitude that we would like to do something together." *Social venture A1 #1* [Translation HS]

Different reasons exist for not noticing tensions in these two partnerships. It can be argued that either these tensions had existed and possibly been resolved, but were not mentioned in the interviews because potentially they were less prominent. Or, they had not *yet* emerged. This could potentially be claimed for case study #4 as this partnership was rather new at the moment of data collection (the social venture had moved into the corporation's building about a year before the interviews).

6.4.2.2 Partnership Formation Processes and Sustainability

Incorporating the two formation models of means- and goal-driven partnerships, the present data and findings do *not* allow conclusions as to how partnership formation processes may be linked to the sustainability of partnerships. However, it could be argued that in means-driven partnerships the early interaction of the partners to jointly develop the partnership's elements, and the focus on social control from the beginning onward could lead to an earlier facing of potential tensions. For goal-driven partnerships, it can be argued that these tensions emerge at a later point, when partnerships are already fully established. As resolving these tensions then might be more complex, this could be a possible explanation why tensions were noticed in case study #2 and #3, the goal-driven partnerships.

It can be argued that what Sarasvathy (2008, pp. 133−137) postulates for (commercial) entrepreneurs – that failure occurs earlier for effectuate than causal entrepreneurs and at a lower level of investment – might also be applicable for partnerships.

7 Conclusion and Outlook

After a brief summary of the results (section 7.1), this last chapter focuses on the contributions of this study to academic research (section 7.2) and its implications for practitioners (section 7.3). Based on this, and with the limitations of the study in mind, suggestions for further research are made (section 7.4).

7.1 Summary of Results

The goal of this study is to investigate how partnerships between social ventures and corporations form and are maintained, as well as to identify what influences these processes. The main findings from the four investigated partnerships are reviewed briefly in the following.

Inspired by Sarasvathy's distinction between effectuation and causation logic, the qualitative analysis of the case studies indicated two opposing partnership formation processes. On the one hand, so called *means-driven partnerships*, dominated by elements of effectuation, could be identified which started with a generalized aspiration (instead of clear goals). These generalized aspirations appeared to be triggered by the specific characteristics of the potential partner organization and were sufficient to initiating the partnership. The means-driven partnerships developed and increased their scope over time – influenced by the *means* provided to the partner and the partnership. On the other hand, so called *goal-driven partnerships*, dominated by elements of causation, could be observed where *goals* were determined upfront. To meet these goals, the initiating party deduced sub-goals and concrete actions and systematically searched for an adequate partner organization. Scope and elements of the partnerships were negotiated and defined at the beginning of the partnership and did not change throughout the interaction.

Data revealed that these two formation processes were part of a *spectrum;* with 'mixed' formation processes lying in between these two identified partnership models that contained elements of both means- and goal-driven partnerships. The case studies findings enabled the transfer of five principles of effectuation and

causation, which have been developed for decision making and opportunity identification processes in the area of 'classical' entrepreneurship research, to the partnership context.

When investigating the existing *governance mechanisms* in the case studies using the integrated framework of trust, control, and perceived risk as developed by Das and Teng (2001), data revealed *correlations* between partnership *formation processes* and *governance mechanisms*. While in means-driven partnerships *social control* seemed the predominant control mechanism, in goal-driven partnerships elements of *formal control* (such as detailed upfront planning, written agreements, and behavior monitoring) appeared more predominant. The absence/presence of upfront, determined partnership objectives offered a possible explanation for this correlation. It is argued that in means-driven partnerships, where the objectives were not clear upfront, low output measurability and task programmability did not allow formal control – thus making social control the preferred control mechanism. In contrast, in goal-driven partnerships it seemed that the upfront, defined objectives provided the preconditions for formal control, particularly behavior control.

The data of the means-driven partnerships further disclosed that next to the governance mechanism of social control, a high level of *trust* existed. The proposition that social control can enhance trust (Das and Teng, 2001, p. 264) seemed to be reinforced in these partnerships. In particular the observed joint idea creation processes, which can be understood as a mechanism of social control, conceivably functioned as a source of process-based trust. Furthermore, the proposition that the combination of social control and trust can be effective in reducing *perceived risk* (Das and Teng, 2001, pp. 256–266) seemed to be supported by this data as only sporadically risk was perceived. The observation that the investigated means-driven partnerships increased in scope over time leads to the assumption that increasing social control, or increasing trust, throughout the cooperation allowed a higher level of *acceptable risk*, which, in turn, allowed a *higher magnitude of resources* involved in and exchanged within the partnership (despite minimal formal control). In contrast, in the goal-driven partnerships no change of scope throughout the interaction could be observed; instead, these partnerships started at a (broader) scope of activities and with a (bigger) magnitude of exchanged resources that did not vary throughout the interaction. It had been claimed that such partnership formation processes could lead to a higher initial level of perceived risk that requires adequate governance mechanisms to minimize it. Assuming that trust may require concrete experiences and time to develop, it became apparent why fairly extensive (ex-ante) formal control mechanisms could be observed in the goal-driven partnerships.

Investigating the influence of one party *being a social entrepreneur*, in this case a social venture, revealed that from a corporation's perspective in *all* case studies the *social orientation* of the social venture was essential for the partnership. In contrast, *entrepreneurial characteristics* of social ventures appeared to be of importance only in two case studies while in the other two case studies (from the corporation's perspective) these characteristics seemed to play a subordinate or negligible role – at least on a conscious level.

These findings seemed to not influence the type of chosen partnership formation process – and neither did organizational characteristics seem to have an effect on preferring means- or goal-driven partnerships. The fact that several interviewees mentioned that their organizations had established partnerships that followed *both* means- *and* goal-driven formation processes (outside of the investigated partnership) did not conjecture a correlation between formation processes and organizational characteristics (e.g., maturity level of the social venture, the size of the corporation), or characteristics of the people responsible for the partnership (e.g., experience). Examining the influence of the formation processes on the sustainability of partnerships led to the assumption that means-driven partnerships (compared to goal-driven partnerships) might fail earlier but potentially at a lower level of investment.

7.2   Contributions to Academic Research

The findings make several contributions to different fields of the current academic research.

(1) They contribute to the literature focusing on *cross-sector partnerships*. Regarding partnership formation, it appears that the current literature mainly focuses on strategic, goal-oriented formation processes (as discussed in section 6.1.4). While some scholars mention that the formation of cross-sector partnerships may not be as 'top-down' as generally assumed, a systematic investigation of more dynamic and 'bottom-up' partnership formation processes seems to be lacking. The developed model of means-driven partnerships provides a counterbalance to a so far mainly goal-oriented view of partnerships. Its inductive-deductive development offers both empirical evidence by drawing on the case studies' findings, and theoretical embedding by following Sarasvathy's logic of effectuation (and her distinction from causation). Furthermore, isolated hints for, and individual elements of, the developed model can also be found in other studies such as dynamic, iterative formation processes and changing partnership

scopes throughout the interaction (see section 6.1.4). This leads to the assumption that the findings are valid beyond the investigated case studies.

Furthermore, while in same-sector partnerships (primarily 'pure' business partnerships) scholars have recognized the need to investigate trust and control *simultaneously* rather than considering them as isolated constructs (see section 3.2), such combined investigations seem rare in cross-sector partnership research (see section 6.2.3). Applying Das and Teng's framework, and therefore using an integrated view that also incorporates perceived risk, provided valuable insights about the governance of the investigated (cross-sector) partnerships. Besides understanding the effectiveness of trust, control, and trust-control-combinations, this framework also enabled the investigation of dynamic governance and the effects of changing conditions. The findings suggest that the (further) application of existing knowledge on partnership governance (primarily from general management studies) could enrich the research area of cross-sector partnerships.

The findings that formation processes and partnership governance may be correlated have – according to the author's knowledge – not yet been pointed out in other studies. One reason might be that previous studies have *either* focused on partnership formation *or* on partnership governance. This becomes apparent when comparing the literature of both topics (see section 6.1.4 and 6.2.3 as well as Selsky and Parker, 2005, pp. 855–865). However, a combined view may enable further research to better understand adequate governance mechanisms; thus, this research project promotes to soften boundaries with regard to partnership phases and to investigate partnerships more holistically.

(2) This research project also makes various contributions to the *social entrepreneurship* literature. The fact that only a limited number of partnerships could be identified that were beyond philanthropic relationships (see section 4.2.1.2) seems to be a first finding of this project that is relevant for the social entrepreneurship research. It indicates that the identified German specifics of both social entrepreneurship and social engagement of corporations, as discussed in chapter 2, are of even greater relevance when it comes to partnerships between these two entities. Nevertheless, the identified case studies enabled the investigation of social venture corporation partnerships in the German context, a national context that appears to not have been considered for partnership research of this kind beforehand. According to Di Domenico et al. (2001, p. 904): "Further research examining how corporate–social enterprise collaboration manifests itself in different national contexts would make a significant contribution to current knowledge."

Moreover, while scholars seem to agree that partnerships can be an efficient and effective way for social entrepreneurs and social ventures to support their social mission, little is known how these often complex forms of exchange relation are built and maintained. However, understanding the formation and implementation process is important to understanding how stable and sustaining partnerships can be reached, which in turn, is a requirement for partnerships to reach their outcomes. The developed partnership formation models, and the corresponding modes of partnership governance, can help to fill this gap as the findings enable to deduce levers (specific to the respective formation process) that could help minimizing perceived risk and in this way support the sustainability of partnerships.

Additionally, investigating the role of social entrepreneurship in partnerships can be relevant for further research on image and identity of social entrepreneurs. While much energy has been put into finding an (academic) definition of social entrepreneurship and developing identification attributes, the issue of individuals identifying themselves as social entrepreneurs seems to have only recently been recognized and requires further investigations (Dacin et al., 2011, pp. 1209–1210, see also Cameron, 2012, p. 211). In this context, the recognition and acknowledgement by other individuals, researchers, or (partner) organizations can influence both the process of identity formation as well as the social entrepreneur's behavior "to be more in line with the expectations and stereotypes associated with that identity" (Dacin et al., 2011, p. 1209). While Dacin et al. (2011, pp. 1205−1210) seem to particularly refer to stereotypes of individual, successful social entrepreneurs (often characterized as heroic), some of the case studies indicated a different image from the corporation's perspective which creates the image of social ventures as cooperation partners being 'reduced' to social characteristics. Although the effect of such an image on the self-perception of social ventures, and on the identity formation of this field, is unclear at this point, these findings seem to introduce a new perspective on social entrepreneurship that might be worth considering further.

Finally, this research project applies the logic of effectuation to the area of social entrepreneurship – a combination that had been promoted by various researchers beforehand but applied only sporadically (see section 3.1.4). Scholars assume, for example, that the high level of uncertainty that exists in the context of social entrepreneurship enables effectuation approaches to provide important insights in decision making processes (Dacin et al., 2011, pp. 1210–1211). Indeed, the logic of effectuation (and the distinction from causation) appears to be an adequate theoretical foundation to capture the partnership formation processes observed in

the case studies. In this way, the findings support that a logic which takes the *context* into account when exploring (decision making) processes seems promising for building a stronger theoretical foundation for social entrepreneurship research.

(3) To build on the above, this thesis also contributes to the *effectuation* literature. According to the author's knowledge, so far this logic has solely focused on 'one-actor' situations. This research study's findings indicate that this logic can be transferred to the partnership context as well and in this way can provide valuable insights for 'multi-actor' situations as well.

7.3   Implications for Practitioners

The research project's findings have important implications for practitioners – both for social entrepreneurs and for corporate managers. First, contrary to what a large part of the current literature and guidebooks suggests, partnerships do not need to be outlined and specified upfront to become considerable partnerships. The means-driven case studies demonstrated that an initially limited, often one-directional resources exchange, and a loose agreement at the beginning of an interaction can be the basis for resource-intensive and strategically important partnerships. However, it appears that such a development needs both 'physical' proximity, in the way that frequent touch points between the partners can occur, and close proximity regarding organizational cultures and values. Furthermore, such a partnership formation process also requires the willingness of both parties to incorporate 'outsiders' into idea creation processes and to jointly develop partnership elements.

However, general recommendations cannot be made as to whether a focus on means instead of goals is more adequate in emerging partnerships. It seems that the formation process rather depends on the context. A consequential implication for practitioners is that although organizations may have a preferred way of setting up partnerships, a flexible use of different approaches might enable them to better adjust to situational specifics. A means-driven partnership formation process might be more adequate when setting up a partnership in an uncertain, unpredictable environments or when prognoses are difficult. A goal-driven partnership formation process seems more favorable when clear expectations towards the partnership or the partner exist, or when specific outcomes are demanded.

As 'arbitrary' as formation processes might appear, the way of governing a partnership seems to be determined by the formation process – at least to some degree. Although waiving formal control in the form of, e.g., extensive contracts, regular status reports, and frequent performance monitoring, might be difficult for

certain organizations and their decision makers, these research findings *promote* such a waiver in means-driven partnerships for two reasons. First, it seems that in these partnerships the limited predictability of outputs and behaviors may simply not enable output or behavior (therefore formal) control. Second, as argued by Das and Teng (2001, pp. 263–264) formal control can undermine *trust* – a governance mechanism that appears particularly important for these partnerships to further develop and expand in scope. This study's findings suggest, when following a means-driven partnership formation process, to concentrate on social control and to focus on aligning values and norms through participatory decision making and developing and integrating mutually acceptable directions. The situation appears different in goal-driven partnerships. Here, partnership characteristics seem to allow the use of formal control. If outputs and behaviors can be clearly expressed upfront formal control may be the lower cost alternative (Ouchi, 1979, pp. 840–844) and therefore the preferred control mechanism.

Besides the identified correlation between partnership governance and formation processes, the application of Das and Teng's integrated framework to cross-sector partnerships 'alone' has implications for practitioners. The framework provides guidance on how to manage perceived risk more effectively – and as found out – not only for 'pure' business partnerships. The framework discloses how specific types of trust and control can influence each other and how they are related to perceived risk. Depending on the type of perceived risk, a strategic combination of control mechanisms and trust development can be formulated. Furthermore, the framework also allows a grasp on how changing conditions (e.g., increased performance risk due to external factors) can be countered and thus can provide guidance for practitioners (cf. Das and Teng, 2001, pp. 277–278).

Finally, particularly for social entrepreneurs, this research project has demonstrated that the ability to inspire employees and to promote entrepreneurial attributes on a micro (employee) and meso (organizational) level may be a unique characteristic of social ventures and thus a particular advantage that they can bring to partnerships with corporations. This awareness could help social entrepreneurs to better position themselves in partnership initiation situations.

7.4   Limitation of this Study and Outlook on Future Research

Despite the findings, implications, and contributions of this research project, the study includes some limitations that are discussed briefly in the following. These limitations relate to the (1) research method, (2) the 'objects' of study, and (3)

findings. The limitations, as well as additional questions that arose throughout the research project, provide opportunities for further research, which are also discussed within this section.

(1) Starting with the research methodology, a potential bias could have occurred at different phases of the research project. Within this inquiry the researcher had a central role as she selected the case studies, conducted the interviews (and in this way influenced how questions were asked), and analyzed and interpreted the data mainly alone. Although different triangulation efforts were done to try to minimize these biases (as discussed in section 4.2), this central role of the researcher needs to be recognized as a factor influencing the inquiry. Additionally, asking about past events in the interviews can lead to getting distorted images of the investigated circumstances as impression management and retrospective sense making can lead to a recall bias by the interviewees (cf. Eisenhardt and Graebner, 2007, p. 28; Golden, 1992, pp. 848–849). Using different sources of evidence and interviewing both partners of one partnership can potentially counterbalance this effect within this inquiry to some extent; nevertheless this potential bias might still influence the findings. A multiple researcher setting and an increased use of participant observations as data collection method could bolster future (qualitative) research.

Furthermore, independent of how well quality criteria are met (see, e.g., Figure 4.4), qualitative research is not meant to produce 'generally' valid results (cf. Kohlbacher, 2006, [7]). One reason – in contrast to quantitative inquiries – is the missing replicability (Wrona, 2005, pp. 41–42). Some authors distinguish between *statistical* and *analytic* generalization[131] (see, e.g., Yin, 2009, p. 38), whereas the focus of qualitative research is on the latter. The goal is to find results that have a wider application than a specific situation. This has been addressed within this research project, first, by using theoretical sampling and focusing on investigating different case studies and second, by comparing the findings with different studies and existing literature. Nevertheless, results from qualitative research always tend to have a situational character (cf. Wrona, 2005, pp. 12, 41-42).

Follow-up studies would support to further underpin the findings and overcome some of the mentioned methodology limitations. In addition to qualitative investigations, quantitative inquiries appear promising. Such inquiries have provided an important contribution to the further development of the logic of

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131 *Statistical* generalization can be understood as the generalization of findings to a defined population on the basis of collected data from a specific sample. *Analytical* generalization refers to generalizing a developed theory of a studied phenomenon in the way that this theory might be applicable also for other phenomena (see Yin, 2009, pp. 38–39).

effectuation and causation (cf., e.g., Sarasvathy, 2008; Chandler et al., 2011; Perry et al., 2012, pp. 841–849) as well as to systematically investigating governance mechanisms (cf., e.g., Sengün and Wasti, 2007, pp. 447–458). Thus, they could enable to validate and further develop the proposed frameworks and correlations.

For investigating the partnership governance, the particular framework of Das and Teng has been used. It functioned as the basis for deductively developing the coding frame for approaching the second research question, and therefore had significant influence on how this question was approached. The question arises how other theoretical 'lenses' would have affected the findings and leads to the suggestion to use different theoretical assumptions in future studies (or potentially no theoretical assumption and to also approach this question inductively).

 (2) It was the purpose of this study to focus on *successful* partnerships with the sphere of action being in *Germany*. However, the findings suggest that investigating 'non-successful' partnerships as well as partnerships from different national contexts could also provide important insights about partnership formation and implementation processes. Regarding 'non-successful' partnerships, as discussed in section 6.4.2, all investigated partnerships had been at least in an antithesis stage and therefore had overcome a thesis stage, in which partnerships (formally) establish. Interactions that failed in a thesis stage (e.g., interactions where initial partnership intentions existed but no partnership emerged) have not been considered. But such investigations could possibly give (further) information about why only a limited number of partnerships could be identified in Germany and could support the identification of early inhibiting factors. Regarding the national context, while different (national) influencing factors on these particular partnerships have been discussed (see section 2.1.3 and 0), how the resulting partnerships differ in different national contexts remains unclear. A systematic comparison of partnerships from different countries provides an opportunity for future research.

Furthermore, the particular focus of this thesis was on partnerships with *corporations*. However, partnerships with other actors are also relevant for social ventures. In Germany, partnerships with established welfare organizations appear particularly promising (cf. Stiftung Mercator, 2012b, pp. 9–10). Similar to corporations, these organizations can provide resources and competencies that are essential to social ventures. In particular, the existing infrastructure these organizations often have established could support social ventures to scale their mission. In contrast to corporations, it can be argued that similar objectives and intentions between welfare organizations and social ventures could result in fewer tensions

and fewer antithetical forces. Therefore, particularly focusing on these types of partnerships in future research would not only contribute to the current research, it could especially be relevant for practitioners.

(3) The findings also lead to a series of new questions that seem worth investigating further. Knowing that the logic of effectuation and causation had emerged in general management studies, the question arises if the models of the means- and goal-driven partnerships are particular to cross-sector, socially-oriented partnerships, or if they might also exist in 'purely' business partnerships.

Another question arises regarding the aspects influencing the choice of the formation processes. As discussed above the available data did not allow the identification of features or (organizational) characteristics that seemed to promote means- or goal-driven partnerships. Further (quantitative and qualitative) investigations of partnerships could provide additional insights that would be relevant both for academic research and for practitioners.

Another arising question focuses on the impact of social venture corporation partnerships. In particular the question arises if on a macro (societal) level these partnerships distinguish from other socially-oriented partnerships. Investigating this aspect further would not only be of great relevance from a partnerships perspective but also for the field of social entrepreneurship.

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Appendix

a. List of Interviewees

Code	Function	Organization	Date of interview	Interview format	Interview location
Social venture A1 #1	Founder and head of social venture	Social venture (#1) focusing on youth development	19.01.2011	In person	At social venture's site
Social venture A2 #1	Founder and head of social venture	Social venture (#1) focusing on youth development	09.05.2012	In person	At social venture's site
Cor-poration A1 #1	Spokes-woman	Trading company (corporation #1)	15.02.2011	Via telephone	-
Cor-poration A2 #1	Spokes-woman	Trading company (corporation #1)	15.05.2012	Via email	-
Social venture A1 #2	Member of social venture's management team	Social venture (#2) addressing educational equality	17.02.2011	In person	At social venture's site
Social venture B1 #2	Member of social venture's management team, successor of first interviewee	Social venture (#2) addressing educational equality	28.02.2012	In person	At social venture's site
Cor-poration A1 #2	Partnership's key contact person	Dax-30 company (corporation #2)	22.02.2011	In person	Restaurant
Cor-poration B1 #2	Partnership's key contact person, successor of first interviewee	Dax-30 company (corporation #2)	17.04.2012	In person	Re-searcher's office
Participant A1 #2	Participant in social venture's program	-	30.05.2011	In person	Restaurant
Participant B1 #2	Participant in social venture's program	-	17.04.2012	In person	Participant's house

Code	Function	Organization	Date of interview	Interview format	Interview location
Social venture A1 #3	Founder and head of social venture	Work integration social ventures (#3)	17.02.2011	In person	At social venture's site
Social venture A2 #3	Founder and head of social venture	Work integration social ventures (#3)	24.04.2012	In person	At social venture's site
Cor-poration A1 #3	Key contact person responsible for consulting program	Insurance company (corporation #3)	09.02.2011	In person	At cor-poration's site
Cor-poration A2 #3	Key contact person responsible for consulting program	Insurance company (corporation #3)	18.11.2011	Via telephone	-
Participant A1 #3	Corporate consultant	Insurance company (corporation #3)	09.02.2011	In person	At cor-poration's site
Social venture A1 #4	Founder and head of social venture	Incubator for social initiatives (social ventures #4)	17.02.2012	In person	At social venture's site
Social venture B1 #4	Team member of social venture	Incubator for social initiatives (social ventures #4)	17.02.2012	In person	At social venture's site
Cor-poration A1 #4	Manager	Online marketplace corporation (#4)	22.05.2012	In person	At cor-poration's site
Cor-poration B1 #4	Strategist	Online marketplace corporation (#4)	30.03.2012	In person	At cor-poration's site

b.   Declarations of Consent

Vertraulichkeitserklärung

Zwischen Heike Schirmer (Doktorandin der FU Berlin)
und xxx

Berlin, 01. Februar 2011

Im Rahmen meines Dissertationsprojektes an der FU Berlin, das von Frau Prof. Dr. Heather Cameron betreut wird, werde ich Daten anhand von Interviews in Ihrem Unternehmen erheben. Mir ist bewusst, dass es sich dabei um sensible Informationen handeln kann. Deshalb sichere ich Ihnen strenge Vertraulichkeit beim Umgang mit diesen Daten zu.
Ich verpflichte mich, alle im Rahmen der Untersuchung erhaltenen Daten und Informationen strengvertraulich zu behandeln, d. h. sie insbesondere nicht Dritten zugänglich zu machen und davon weder vollständige noch auszugsweise Kopien anzufertigen. Außerdem verpflichte ich mich, die Informationen alleine für die Zwecke der Dissertation zu nutzen. Alle anfallenden Unterlagen inklusive der Aufzeichnungen werden spätestens bei Abnahme der Arbeit gelöscht. Ebenfalls verpflichte ich mich, Geschäftsgeheimnisse und Firmen-Know-How, welche mir zugänglich zu Kenntnis gekommen sind, streng vertraulich zu behandeln.
Die Ergebnisse der Befragungen werden in anonymisierter Form in meiner Dissertationsschrift publiziert. Wo die Anonymisierung nicht möglich oder sinnvoll erscheint, wird nur in Rücksprache und im Einverständnis mit Ihnen eine besser geeignete Form gewählt.

Herzlichen Dank für Ihre Unterstützung!

Heike Schirmer

Einverständniserklärung

Berlin, 01. Februar 2011

Ich, xxx erkläre mich damit einverstanden, dass das Interview mit Heike Schirmer am 01. Februar 2011 auf einen Tonträger aufgezeichnet wird.

Über die strengvertrauliche Behandlung der Daten, die Anonymisierung der Daten und die notwendige Rücksprache mit mir und das Einverständnis meinerseits bei der Verwendung nicht-anonymisierter Daten wurde ich informiert.

_____

Unterschrift

c.   Interview Guidelines

Interviewleitfaden
(Erstinterview – Beispiel)

Berlin, 1. Februar 2011

Einführung

- Begrüßung und Vorstellung
- Erläuterung des Forschungsthemas und Untersuchungsziel
- Erläuterung der Fallstudienauswahl
- Vertraulichkeits- und Einverständniserklärung

Vorab

- Was ist Ihre Position und Tätigkeit?
- Könnten Sie mir kurz Ihre Rolle bei der Zusammenarbeit mit XXX beschreiben?

Hauptteil

1. *Zustandekommen* der Partnerschaft

Einleitungsfrage		
Lassen Sie uns mit der Entstehung, dem Zustande der Partnerschaft anfangen. Erzählen Sie einmal, wie es dazu kam, dass Sie mit XXX zusammen arbeiten.		
	Aufrechterhaltungsfragen	Nachfragen
Entstehung	• Wie genau kam es zu der **Zusammenarbeit**? • Was würden Sie sagen, war **entscheidend** hierbei? • Beschreiben Sie einmal die **Rolle** aller beteiligten Personen! • Gab es **Herausforderung** in der „Entstehungsphase"?	• Können Sie die **erste Begegnung** im Detail beschreiben? • Wer war die **treibende Kraft**? • Wie hat die **Suche** und die Auswahl des Partners stattgefunden? • Waren **Dritte** bei der Entstehung beteiligt?
Motivation	• Was war der Hauptgrund **– also die Motivation** für die Zusammenarbeit mit XXX? • Was haben Sie sich **anfänglich** von der Zusammenarbeit **erhofft**? • Was denken Sie, **warum** XXX sich an der Zusammenarbeit **beteiligt** hat?	• Was waren anfänglich die **konkreten Ziele**? • Warum haben Sie ausgerechnet XXX **ausgewählt**? • Wieweit war die **Idee** einer Zusammenarbeit **mit einen Unternehmen** vor dem Kennenlernen von XXX entwickelt?

2. *Inhalte/Tätigkeiten* der Partnerschaft

Einleitungsfrage

Beschreiben Sie einmal den „Inhalt" der Zusammenarbeit mit XXX, also was gehört alles zur Partnerschaft!

Aufrechterhaltungsfragen	Nachfragen

	Aufrechterhaltungsfragen	Nachfragen
Inhalt	• Welche gemeinsamen **Tätigkeiten** gibt es? • Wer **stellt** was zur **Verfügung**? • Wer **bringt** was ein?	• Welche **Abmachungen** gibt es? • Fließt in irgendeiner Weise **Geld**? • Was sind/waren **einmalige** Aktionen, was findet **regelmäßig** statt?
Änderungen	• Hat sich der Inhalt im Laufe der Zeit **geändert**?	• Haben sich die **Abmachungen** **geändert**? Wenn ja, warum? • Hat sich gegenüber den anfänglich eingesetzten **Ressourcen** im Laufe der Zeit etwas **geändert**?

3. *Durchführung* der Partnerschaft

Einleitungsfrage

Wenn wir uns jetzt die bestehende Zusammenarbeit anschauen, wie wird sie umgesetzt, also was ist formal organisiert, welche täglichen Interaktionen gibt es?

Aufrechterhaltungsfragen	Nachfragen

	Aufrechterhaltungsfragen	Nachfragen
Formale Organisation	• Wer ist für was **verantwortlich**? • Was wurde **schriftlich** festgehalten? • Was ist der **zeitliche Horizont** der Zusammenarbeit?	• Gibt es konkrete **Ansprechpartner**? Wer ist das und für welches Thema? • Gibt es einen **Vertrag**? • Wer ist bei Ihnen für die Zusammenarbeit **verantwortlich**? • Wer ist an der Zusammenarbeit **noch beteiligt**? • Gibt es eine **Exitoption** (für beide Seiten)?
Management	• Welche **Interaktionen** haben Sie mit XXX? • Wie werden Entscheidungen getroffen? • Wie läuft es „**Zwischenmenschlich**"? • Hat sich das **Verhältnis** zum Kooperationspartner im Laufe der Zeit **verändert**?	• Wann und wie **treffen** Sie sich mit XXX? • Welche (zusätzlichen) **Berührungspunkte** gibt es? • Wurden **Meilensteine** vereinbart? • Gibt es eine Art der **Qualitätssicherung**? • Gibt es **Kontrolle** oder **Evaluation**?

4. *Wirkung* der Partnerschaft

Einleitungsfrage		
Wenn Sie auf die Zusammenarbeit zurückblicken, was wurde in den XXX Jahren dadurch erreicht?		
	Aufrechterhaltungsfragen	Nachfragen
Ergebnisse	• Welche **Wirkungen** und Ergebnisse hatte bzw. hat die Zusammenarbeit? • Was wäre ohne die Zusammenarbeit **heute anders**?	• Was haben Sie **konkret** durch die Zusammenarbeit erreicht? • Welche **messbaren** Ergebnisse gibt es? • Wurden zusätzliche **Kompetenzen** erworben? • Hat die Zusammenarbeit zum Wachstum bzw. **Ausweitung** der **sozialen Wirkung** beigetragen? Wie?
Nebeneffekte	• Gab es „**Nebeneffekte**" der Zusammenarbeit, also Dinge, mit denen Sie anfangs nicht gerechnet haben? • Birgt die Zusammenarbeit irgendwelche „**Schattenseiten**" für Sie?	• Welche **Risiken** hat so eine Zusammenarbeit? • Sind aufgrund dieser Zusammenarbeit **weitere Interaktionen** mit Unternehmen entstanden? • Hatte die Zusammenarbeit Einfluss auf Ihre **Mitarbeiter**? • Hat die Zusammenarbeit Ihr **Image** beeinflusst?

5. Abschließende Fragen
   Zum Schluss würde ich gerne noch auf zwei konkrete Punkte eingehen:
   • Wie wird es in der *Zukunft* mit der Zusammenarbeit weitergehen? Was *würden* Sie sich gerne *vorstellen*?
   • Welche Rolle spielt es Ihrer Meinung nach bei der Zusammenarbeit, dass Sie als „*Social Entrepreneur*" bezeichnet werden?

Abschluss

• Haben Sie noch irgendetwas in Bezug auf die Partnerschaft, was noch nicht zur Sprache gekommen ist, das Sie noch gerne ansprechen würden?
• Diskussion zum weiteren Kontakt, Mitteilung der Ergebnisse, etc.
• Danke und Verabschiedung

Interviewleitfaden
(Follow-up Interview – Beispiel)

Berlin, 1. Februar 2012

Einführung

- Begrüßung
- Rückblick (Ziel des Forschungsprojektes, Inhalte des letzten Interviews)
- Vertraulichkeits- und Einverständniserklärung

Hauptteil

1. *Änderungen* in der Partnerschaft

Einleitungsfrage		
Als wir uns das letzte Mal sprachen, hat gerade XXX stattgefunden. Würden Sie einmal erzählen, was seit dem alles passiert ist bzgl. der Zusammenarbeit mit XXX?		
	Aufrechterhaltungsfragen	Nachfragen
Inhalt	• Welche **inhaltlichen Änderungen** gibt es? • Was sind die **aktuellen Inhalte** der Zusammenarbeit?	• Wer **bringt** was mit ein? • Gibt es **nach wie vor** XXX, XXX und XXX? • Gibt es neue **gemeinsame Aktivitäten**?
Formalitäten	• Der Vertrag der Zusammenarbeit war von begrenzter Dauer. Gab es eine **Vertragsverlängerung**? • Wenn ja, wie liefen die „**Verhandlungen**" ab? • Was war Ihnen **wichtig** am neuen Vertrag?	• **Wann** begannen die Vertrags-verhandlungen und wann wurde unterschrieben? • Wer war in die **Verhandlungen involviert**? • Was ist der **zeitliche Horizont** des neuen Vertrages? • Gab es **Herausforderungen** während der Verhandlungen?

2. *Aktuelle Organisation/Durchführung* der Partnerschaft

Einleitungsfrage
Ich würde gerne mit Ihnen über die Gestaltung der Partnerschaft sprechen. Welche täglichen Interaktion gibt es? Mich würden vor allem Änderungen seit dem letzten Jahr interessieren.

	Aufrechterhaltungsfragen	Nachfragen
Organisation	• Wer ist für was **verantwortlich**? • Gab es **Änderungen** bei der Verteilung der **Rollen** und **Aufgaben**?	• Wer auf Seiten von XXX ist sonst **noch** mit XXX in **Kontakt**? • Gab es Änderungen bei den **Ansprechpartnern**?
Management	• Welche (täglichen) **Interaktionen** gibt es? Hat sich das im Laufe der Zeit **geändert**? • Wie läuft es „**Zwischenmenschlich**"? • Welche **Entscheidungen** wurden im letzten Jahr getroffen? Wie wurden sie getroffen?	• Wann und wie **treffen** Sie sich mit XXX? • Welche (zusätzlichen) **Berührungspunkte** gibt es? • Fand im letzten Jahr eine Art **Review-Meeting** statt? • Gibt es eine Art **Jour Fix**? • Gibt es **Kontrolle** oder **Evaluation**?

3. *Wirkung* der Partnerschaft

Einleitungsfrage
Wenn Sie die letzten XXX Jahre Revue passieren lassen. Was würde Sie sagen, wurde durch die Partnerschaft alles erreicht?

	Aufrechterhaltungsfragen	Nachfragen
Ergebnisse	• Welche **Wirkungen** und Ergebnisse hatte bzw. hat die Zusammenarbeit? • Was wäre ohne die Zusammenarbeit **heute anders**?	• Was haben Sie **konkret** durch die Zusammenarbeit erreicht? • Welche **messbaren** Ergebnisse gibt es? • Wurden zusätzliche **Kompetenzen** erworben? • Hat die Zusammenarbeit zum Wachstum bzw. **Ausweitung** der **sozialen Wirkung** beigetragen? Wie?
Nebeneffekte	• Gab es „**Nebeneffekte**" der Zusammenarbeit, also Dinge, mit denen Sie anfangs nicht gerechnet haben? • Birgt die Zusammenarbeit irgendwelche „**Schattenseiten**" für Sie?	• Welche **Risiken** hat so eine Zusammenarbeit? • Sind aufgrund dieser Zusammenarbeit **weitere Interaktionen** mit Unternehmen entstanden? • Hatte die Zusammenarbeit Einfluss auf Ihre **Mitarbeiter**? • Hat die Zusammenarbeit Ihr **Image** beeinflusst?

4. Abschließende Fragen

- Wie wird es in der *Zukunft* mit der Zusammenarbeit weitergehen? Was *würden* Sie sich gerne *vorstellen*?
- *Ggf. Fragen zu konkreten Punkte/Ereignissen, die im ersten Interview angesprochen wurden*

Abschluss

- Haben Sie noch irgendetwas in Bezug auf die Partnerschaft, was noch nicht zur Sprache gekommen ist, das Sie noch gerne ansprechen würden?
- Vorstellung erster Ergebnisse und gemeinsame Diskussion
- Danke und Verabschiedung

d.   Coding frame

i.   Formation

Main category	Subcategory	Explanation	Rules/Comments
Partner search			
	Initiator	the party that made the first move towards the partnership	
	Search process	explicitly mentioned activities done (by the initiator) to search for a partner or the conducted actions that let the initiator find the partner	
	Reason for searching/ seeing a partner	motivation of the initiator to look for potential partners or for both sides to view the counterpart as a potential partner	differentiation to "initial objective": reason FOR partnership (instead of: reason OF partnership), therefore potentially less concrete than "initial objective"
	Selection criteria	mentioned criteria according to which the respective partner was chosen	code even if criteria might sound "adjusted" afterwards // can stay empty if partner was identified randomly
Setup process			
	Partnership preparation	activity carried out by the partners INDIVIDUALLY to prepare for the partnership	can be before or after identifying the partner // category can include e.g., research, internal alignment, program development
	Partnership alignment	JOINT activities between the partners to move from identification of the partner to agreement of the partnership	code e.g., orientation meetings, alignment of goals, negotiations, discussion about joint approach; therefore everything where the two parties sit together
	Point of agreement	moment (and form) of agreement to partner	code noticeable elements, e.g., formal and informal fixation, oral agreements as well as point in time
	Implementation process	conducted action and the way joint activities are implemented once partnership was agreed	code joint and individual activities done to implement and realize objectives, also code the way new activities emerge during partnership
Objectives/Scope			
	Initial objective	mentioned expectation towards the partnership (before partnership was agreed)	code even if objectives are vague or if interviewee mentions that objectives were unclear // differentiation to "reason for search": reason OF partnership (instead of: reason FOR partnership), more concrete than search reason
	Realized objective / outcomes	achievement due to the partnership (individual as well as joint achievements), include outputs (tangibles results) as well as outcomes (less tangible results)	code concrete achievements /outputs (e.g., implemented activities, launched projects & services, contacts to additional partners) as well as non-tangible achievements /outcomes (e.g., self-esteem, change in behavior, estimates of saved money) // code even if they are not part of the initial objectives
	Objective not achieved / failed	mentioned objective regarding the partnership one partner (or both partners) had but were not realized (and won't probably be realized in the future)	these objectives can be part of initial objectives but can also be developed at a later point during the partnership
	Future objective	objective planned to be realized in the future (at a point after the interview)	
Involved resources			
	Provided by social venture	Resources (and capabilities) the social entrepreneur/ venture provides to the partnership or to his partner	
	Provided by corporation	Resources (and capabilities) the corporation provides to the partnership or to his partner	

ii.   Governance

Main category	Sub-category	Sub-subcategory	Explanation	Rules/Comments
**CODE ALL CATEGORIES WHEN EXISTENCE IS MENTIONED AS WELL AS WHEN NON-EXISTENCE IS MENTIONED**
Perceived risk			Perceived probability and impact of undesirable outcomes. It is the subjective estimate of the decision maker regarding the objective risk (Das, 2001, p. 254).	
	Performance risk		Perceived risk that partnership could perform unsatisfying and could not achieve its objectives despite full co-operation	also risk referring to the entire partnership and not only to other partner included here (can include "own doubts"), fear that partnership could be affected by personal changes also included
	Relational risk		Perceived risk that the partner is not cooperating in good faith and showing opportunistic behavior; opportunistic behavior is exemplified in shirking, cheating, distorting information, appropriating resources, and so on.	
	Additional risk DUE to partnership		Risk that is perceived due to the partnership (but not within the partnership) - therefore in particular relevant for one partner	
Control			a regulatory process by which the elements of a system are made more predictable through the establishment of standards in the pursuit of some	
	Social control		Control based on internal measures; relies on the establishment and regulatory power of organizational norms, (informal) culture, shared values and internalization of goals, socialization	and actions (and not state of minds) // include here: consensus-making processes, joint decision-making, problem solving, partner development
	Formal control		Control based on external measures and through formal rules, procedures, and policies (e.g., contractual obligations, formal organizational mechanisms)	agreements can also be verbal
		Behavior control	Focus on ensuring that the process is appropriate (process that turns appropriate behavior into desirable output	e.g., ex ante: structural specifications, planning, procedures, rules and regulations, ex-post: behavior monitoring and rewarding
		Output control	assessment and monitoring of the partner's performance in an accurate and reliable manner	e.g., goal setting, incentive systems/reward structures, performance monitoring and rewarding
	mode influencing factors	**Task pro-grammability**	degree to which the involved partners understand or know the transformation process and therefore can define (and measure) appropriate behaviors	
		Output measurability	ability to measure outputs; e.g., if goals are defined clearly output can be measured in a precise and objective manner	
Trust			Positive expectations regarding the other in a risky situation; subjective (psychological) state of mind (and not the behavioral consequences of trust)	State of mind (rather than actions)
	Competence trust		expectation or confidence of one organization that the partner organization can accomplish its task successfully within the partnership due to its competences or abilities	if type of trust can't be identified mark as "trust" (e.g., "this initiative is really great. You can totally trust them")
	Goodwill trust		expectation that the partner organization has intention to perform in the agreed way without unfairly exploiting the other organization; based on organization's good intensions, its integrity, and its responsibility to deal with a partner organization in a fair and caring manner	if type of trust can't be identified mark as "trust" (e.g., "this initiative is really great. You can totally trust them")
	Origin of trust	**process-based**	trust tied to expected or past exchange, e.g. reputation	
		character-based	trust tied to a person and based on social similarities between the actors	
		institution-based	trust tied to formal societal structures, e.g. memberships of association, use of bureaucracy, and	

iii.   *Role of social entrepreneurship*

Main category	Sub-category	Explanation	Rules/Comments
social aspects			
	topic	corporation has special focus on a topic that is correlated to SE's mission for its CSR approach	
	need for CSR	partnership due to need of corporation to engage in CSR-activities	include different reasons here (e.g., need for CSR from employee perspective, customer requirement, etc.)
	helping social initiative	helping one particular SOCIAL initatives as reason for partnership	
	Additional social aspects	aspects indication relevance of social orientation, but not part of categories listed above	
entrepreneurial aspects			
	start-up	fact that partner is a start-up (= young, dynamic organization, certain flair) relevant to the partnership	code when aspect of start-up is highlighted particularly
	approach in general	approach (way of working) of SE relevant for partnership	exclude start-up characteristics (own code)
	financial self-sustainability	aspect of generating own revenue relevant for partnership	
Additional aspects			
	popular topic	(increasing) popularity of SE relevant for partnership	
	communi-cation aspect	communicational aspects in combination with SE relevant for partnership	
	distinction	term 'social entrepreneur' linked with awards, distinctions	
no meaning		statements explicitly indicating that SE is a term with no relevance for partnership	

Zusammenfassung (German Summary)

Social Entrepreneurship beschreibt das Phänomen an soziale Probleme mit unternehmerischen, innovativen Ansätzen und Mitteln heranzugehen. Dieser Begriff hat im letzten Jahrzehnt stark an Aufmerksamkeit gewonnen – in der Praxis wie auch in der Wissenschaft (Volkmann, 2012, S. 5−12; Edwards, 2008, S. 15–16; Zeyen et al., 2012, S. 2). Trotz des aktuellen Interesses ist das Phänomen selbst aber nicht neu. Social Entrepreneurs, oder Sozialunternehmer, gab es schon immer und viele der heutigen Institutionen sind daraus entstanden. Häufig werden Maria Montessori oder Florence Nightingale in diesem Zusammenhang genannt (vgl. Drayton 2006, S. 82−83; Faltin 2011, S. 75; Ahlert et al., S. 11; Stiftung Mercator, 2012b, S. 7). Die gegenwärtige Aufmerksamkeit könnte sich durch eine Reihe beeindruckender Erfolgsgeschichten erklären, wie beispielsweise im Bereich der Mikrokredite und auch in der Hoffnung, dass Social Entrepreneurship dazu beitragen könnte, bisher ungelöste soziale und wirtschaftliche Herausforderungen anzugehen (Beckmann, 2012, S. 236; Huybrechts und Nicholls, 2012, S. 32).

Partnerschaften zwischen Organisationen von Sozialunternehmern (im Folgenden als „Sozialunternehmen" bezeichnet) und anderen Organisationen werden dabei von verschiedenen Seiten als ein wichtiges Element betrachtet, innovative und vielversprechende Lösungen umfangreich umzusetzen und somit zu sozialem Wandel beizutragen (vgl. Social Edge, 2004; Osberg, 2009, S. 7; Stiftung Mercator, 2012a). Viele Wissenschaftler betonen die Bedeutung von sogenannten sektorübergreifenden Partnerschaften und empfehlen Sozialunternehmern diese Art der Skalierung (weiter) zu erkunden (vgl. Seelos und Mair, 2005, S. 245; Müller, 2012, S. 106; Mair und Ganly, 2008, S. 83; Sud et al., 2009, S. 201; VanSandt et al., 2009, S. 422–427; Meyskens et al., 2010c, S. 671−674).

Gerade Partnerschaften mit kommerziellen Unternehmen (im Folgenden als „Unternehmen" bezeichnet) erscheinen aus vielen Perspektiven interessant zu sein: Aus *gesellschaftlicher* Sicht werden sie wegen ihrer potentiellen großflächigen Wirkung als wichtig erachtet (vgl. Wei-Skillern et al., 2007, S. 191). Für *Sozialunternehmen* sind solche Kooperationen relevant, weil gerade Unternehmen Ressourcen zur Verfügung stellen können, die meist wesentlich, aber häufig nur begrenzt vorhanden sind, wie beispielsweise finanzielle Mittel und Humankapital (vgl. Meysken

et al., 2010b, S. 450). Aus Sicht der *Unternehmen* sind solche Partnerschaften at-
traktiv, weil sie eine alternative Form von sozialem Engagement darstellen können
(Schaub und Schirmer, 2011; Peloza und Hassay, 2008, S. 76−77). Letztendlich sind
sie auch aus *wissenschaftlicher* Sicht interessant. Denn neben all dem Nutzen, den
solche Partnerschaften sowohl für ihre Partner als auch für die Gesellschaft haben
können, kann gerade diese Zusammenarbeit von Spannungen und gegensätzlichen
Kräften geprägt sein, die sich in der unterschiedlichen Natur und den unterschied-
lichen Absichten der beiden Partner begründen lassen (vgl. Di Domenico et al., 2009,
S. 896−903). Da für stabile und anhaltende Partnerschaften solche Spannungen
gelöst werden müssen, stellen sie ein interessantes „Untersuchungsobjekt" dar.

Trotz der offensichtlichen Vorteile und ihrer vielversprechenden Wirkung wur-
den Partnerschaften zwischen Sozialunternehmen und Unternehmen bisher selten
untersucht. Viele der oben genannten Aufforderungen zur Gründung von Partner-
schaften scheinen eher eine allgemeine Empfehlung zu sein als das Ergebnis empi-
rischer Studien oder theoretischer Überlegungen. Nur wenige Studien existieren,
die solche Partnerschaften gezielt untersuchen und dabei konzentrieren sich die
meisten auf ihre Ergebnisse und Erfolge (wie z.B. die Arbeiten von Meyksens et al.,
2010b, 2010c). Folglich ist kaum etwas darüber bekannt, wie solche Partnerschaf-
ten entstehen, wie sie sich entwickeln und wie sie aufrechterhalten werden. Lyon
(2012, S. 157) argumentiert beispielsweise, dass in der Literatur meist davon aus-
gegangen wird, dass das Bewusstsein über klare Vorteile von beiden Seiten für
die Entstehung solcher Partnerschaften ausreichend ist. Die Bedeutung des
Kontextes und die Handlungen der Einzelpersonen werden dabei ignoriert, so
Lyon. Er spricht sogar von einer „leeren Rhetorik" (ibid., S. 137, [Übersetzung HS])
und betont die Notwendigkeit, die Entstehung und Implementierung solcher
komplexer Organisationsformen zu verstehen.

An diesem Punkt setzt diese Arbeit an. Sie konzentriert sich zum einen auf die
Frage, wie (bilaterale) Partnerschaften zwischen einem Sozialunternehmen und
einem Unternehmen entstehen und zum anderen darauf, wie bestehende Partner-
schaften gesteuert („to govern") werden. Ein dritter Fokus dieser Arbeit richtet
sich auf die Rolle von Sozialunternehmen in solchen Partnerschaften selbst.
Konkret wird der Frage nachgegangen, wie sich aus Sicht eines Unternehmens,
die Tatsache, dass es mit einem Sozialunternehmen kooperiert, diese Partnerschaft
von anderen Partnerschaften unterscheidet. Insbesondere wird der Unterschied
zu „reinen" Geschäftspartnerschaften, also Partnerschaften zwischen zwei kom-
merziellen Unternehmen und zu Partnerschaften zwischen Unternehmen und
„traditionellen" gemeinnützigen Organisationen erörtert − beides Bereiche, die
bereits umfangreich untersucht wurden (vgl. Kapitel 1)

Zur Beantwortung dieser Fragen wurde ein induktiver, qualitativer Fallstudien-ansatz herangezogen. Hierfür wurden vier Partnerschaften zwischen Sozialunter-nehmen und Unternehmen aus Deutschland ausgewählt. Ein Sozialunternehmen wird dabei in dieser Arbeit als eine Organisation definiert, die Ressourcen auf eine neue Art und Weise kombiniert und diese in erster Linie dafür verwendet, Möglichkeiten zur *Schaffung von sozialem Wert* zu entdecken und zu nutzen (vgl. Mair und Martí, 2006, S. 37). Als Unternehmen werden Organisationen verstanden, die in erster Linie einen *gewinnorientierten Zweck* verfolgen. Partnerschaften können ganz allgemein als Interaktionen zwischen Organisationen verstanden werden, die sich in einem Austausch oder mehreren Austauschen engagieren (Sagawa und Segal, 2000, S. 112). Für dieses Forschungsprojekt wurden aller-dings reine Geschäftspartnerschaften von der Betrachtung ausgeschlossen; ein gewisses Interesse des Unternehmens an der sozialen Mission des Sozialunter-nehmens wurde vorausgesetzt. Zum anderen wurden nur solche Partnerschaften ausgewählt, die über eine reine Spender-Empfänger-Beziehungen hinausgingen und in denen Ressourcenaustausch in beide Richtungen erfolgte (vgl. Austin, 2000). Der Fokus wurde bewusst auf den deutschen nationalen Kontext gelegt, da hier sowohl für (1) Sozialunternehmen als auch für (2) Kooperationen zwi-schen privaten und sozialen Organisationen spezifische Bedingungen existieren.

(1) Es zeigt sich, dass in Deutschland Social Entrepreneurship noch ein „Nischenphänomen" (Stiftung Mercator, 2012b, S. 5) ist, das überwiegend von pro-minenten „Leuchtturmprojekte[n]" (Leppert, 2011, S. 140) geprägt wird. Ein Grund hierfür scheint der traditionell ausgeprägte Wohlfahrtstaat in Deutschland mit seiner „starken ausdifferenzierten Institutionalisierung" (Leppert, 2008, S. 13) zu sein. Zu-sammen mit einer (nach wie vor) überdurchschnittlich hohen Beteiligung des Staates an Sozialleistungen, scheint dieser nationale Kontext das Umfeld für Sozialunter-nehmen insofern zu beeinflussen, dass das Phänomen hier weniger schnell gewachsen ist als in Ländern, in denen es (häufig schon lange) weniger öffentliche Sozialleis-tungen gibt (vgl. Oldenburg 2011, S. 120−131). Die Tatsache, dass die „unterneh-merische Einstellung an sich in Deutschland […] deutlich weniger verankert ist als in anderen Ländern" (Achleitner, 2007, S. 66) scheint ein weiterer Grund für die (bisher?) vergleichsweise geringe Verbreitung von Social Entrepreneurship zu sein.

(2) Die hohe Beteiligung des Staates im Zusammenhang mit Sozialleistungen scheint auch für die Unternehmensseite relevant zu sein. Lange Zeit schien der Glaube vorzuherrschen, dass Staat (und Kirchen) für soziale Angelegenheiten zuständig seien. Infolgedessen waren die Erwartungen gegenüber dem sozialen Engagement von Unternehmen (häufig unter dem Begriff „Corporate Social Re-sponsibilty" (CSR) zusammenfasst) vergleichsweise lange gering. Zudem resul-

tierte die starke Beteiligung des Staates in einer relativ guten Abdeckung von
sozialen Diensten und Leistungen (vgl. Janes und Schneider, 2010, S. 60). All
diese Gründe scheinen zu erklären, warum die Debatte über CSR in Deutschland
deutlich später als beispielsweise in den USA eingesetzt hat und nach wie vor
eine geringere Rolle zu spielen scheint (vgl. Matten und Moon, 2008, S.
404−417; Backhaus-Maul, 2010, S. 66−73) (vgl. Kapitel 2).

Die daraus resultierende Vermutung, dass Partnerschaften zwischen privaten
und sozialen Organisationen in Deutschland weniger verbreitet sind, schien in der
Suche nach geeigneten Fallstudien bestätigt. Nur wenige Partnerschaften zwi-
schen Sozialunternehmen und Unternehmen konnten identifiziert werden, und
noch weniger, die über eine Spender-Empfänger-Beziehung hinausgingen. Letzt-
endlich wurden vier Fallbeispiele identifiziert, die für die Datenerhebung gewonnen
werden konnten (siehe Kapitel 5 für eine Beschreibung der Fallbeispiele).

Ein qualitativer Forschungsansatz wurde allerdings nicht nur wegen der ge-
ringen Fallstudienzahl herangezogen. Für das Ziel, sich induktiv den Forschungs-
fragen zu nähern und ein konzeptionelles Verständnis von den Partnerschaftspro-
zessen zu entwickeln, schien ein offener, explorativer und flexibler Ansatz, wie
es qualitative Forschung erlaubt, am geeignetsten. Problemzentrierte Interviews
(Witzel, 2000) mit beiden Partnern, Sekundärinformationen und teilnehmende
Beobachtung wurden als Datenquellen herangezogen. In drei der vier Partner-
schaften wurden Daten zu zwei Zeitpunkten im Abstand von etwa einem Jahr
erhoben. Die Daten wurden mit Hilfe der qualitativen Inhaltsanalyse (Mayring,
2000) ausgewertet – zuerst für jede Fallstudie im Einzelnen, dann fallstudien-
und themenübergreifend (vgl. Kapitel 4).

Die Analyse der Daten zeigte zwei entgegengesetzte Entstehungsprozesse der
Partnerschaften. Inspiriert von Sarasvathys Effectuation-Ansatz und ihrer Unter-
scheidung zu Causation (s. Kapitel 3.1) konnten zum einen sogenannte *mittel-
orientierte* Partnerschaften identifiziert werden, die Ähnlichkeiten mit der Effect-
uation-Logik aufweisen. Diese Partnerschaften begannen mit allgemeinen, häufig
vagen Absichten (statt konkreter Ziele). Im Laufe der Zeit nahmen Inhalte und
Umfang dieser Partnerschaften zu – beeinflusst von den (zunehmenden) Mitteln,
die dem Partner oder der Partnerschaft zur Verfügung gestellt wurden. Zum an-
deren konnten sogenannte *zielorientierte* Partnerschaften identifiziert werden, die
Ähnlichkeiten zur Causation-Logik aufweisen. Diese Partnerschaften begannen
mit klar, vorab definierten Zielen. Um diese Ziele zu erreichen, wurden von der
initiierenden Partei konkrete Maßnahmen abgeleitet und dann systematisch nach
geeigneten Partnern gesucht. Mit Beginn der Partnerschaft wurden Inhalte und
Umfang festgelegt, die sich im Laufe der Zeit nicht mehr änderten.

Die Fallstudiendaten zeigen, dass diese beiden Entstehungsprozesse Teil eines *Spektrums* waren. Zwischen dem „reinen" mittelorientierten Entstehungsprozess auf der einen Seite und dem „reinen" zielorientierten Entstehungsprozess auf der anderen Seite, konnten „gemischte" Entstehungsprozesse identifiziert werden, die Elemente beider Prozesse enthielten. Die Daten ermöglichten es, fünf Prinzipien, die für den Effectuation- und Causation-Ansatz im Bereich „klassischer" Entrepreneurship-Forschung entwickelt wurden, auf den Partnerschaftskontext zu übertragen (vgl. Kapitel 6.1).

Zur Untersuchung der existierenden Governance-Mechanismen in den Partnerschaften wurde ein integratives Framework von Vertrauen, Kontrolle, und wahrgenommenem Risiko herangezogen, das von Das und Teng 2001 entwickelt wurde (vgl. Kapitel 3.2). Die Fallstudien zeigten einen Zusammenhang zwischen Entstehungsprozess und Governance-Mechanismen. Während in mittelorientierten Partnerschaften *soziale Kontrolle* als vorherrschender Kontrollmechanismus identifiziert wurde, war es in zielorientierten Partnerschaften die *formale Kontrolle* (wie beispielsweise schriftliche Vereinbarungen, umfangreiche Vorausplanungen oder „Verhaltensmonitoring"). Das Fehlen bzw. das Vorhandensein vorab-definierter Ziele bietet eine mögliche Erklärung für diesen Zusammenhang. In mittelorientierten Partnerschaften, in denen zunächst keine detaillierten Zielvorstellungen existierten, scheinen Ergebnisse nur schwer messbar und Verhalten nur schwer (vorab) bestimmbar. Die theoretische Annahme, dass in solchen Situationen soziale Kontrolle der bevorzugte Kontrollmechanismus ist (Eisenhardt, 1985, S. 135), bestätigt sich in den mittelorientierten Fallbeispielen. Im Gegensatz dazu scheinen in zielorientierten Fallstudien die existierenden, klaren Zielvorgaben genau diese Eigenschaften zu ermöglichen und schafften damit die Voraussetzungen für formale Kontrolle.

Die Daten der mittelorientierten Partnerschaften zeigen außerdem, dass neben dem Governance-Mechanismus der sozialen Kontrolle auch ein hohes Maß an Vertrauen existierte. Ähnlich wie von Das und Teng (2001, S. 264) theoretisch angenommen, scheinen sich diese beiden Mechanismen zu bestärken. Elemente sozialer Kontrolle, wie die gemeinsamen Ideenfindungsprozesse und die Schaffung gemeinsamer Werte und Normen, die in mittelorientierten Partnerschaften stattgefunden haben, scheinen als Quelle von prozess-basiertem Vertrauen zu fungieren. Außerdem scheint auch die These, dass die Kombination von sozialer Kontrolle und Vertrauen wahrgenommenes Risiko effektiv verringern kann (Das und Teng, 2001, S. 256−266) von den vorliegenden Daten gestützt, da in den mittelorientierten Partnerschaften die Befragten kaum Gefahren in Bezug auf die Partnerschaft wahrnahmen. Die Beobachtung, dass die bereitgestellten Mittel in

diesen Partnerschaften kontinuierlich erhöht wurden, lässt vermuten, dass die zunehmende soziale Kontrolle oder das zunehmende Vertrauen ein höheres akzeptables Risiko erlaubten, was wiederum eine Erhöhung der involvierten Mittel ermöglichte – bei gleichzeitig einem Minimum an Formalitäten. In den zielorientierten Partnerschaften hingegen wurde keine Änderung der Mittel beobachtet, stattdessen begannen diese Partnerschaften bereits mit (erhöhtem) Tätigkeitsumfang und einer (größeren) Menge an ausgetauschten Ressourcen, die während der Zusammenarbeit nicht variierten. Es lässt sich vermuten, dass diese Art der Partnerschaftsentwicklung zu einem höheren Niveau des anfänglich wahrgenommenen Risikos führen kann. Mit der Annahme, dass die Entwicklung von Vertrauen konkrete (gemeinsame) Erfahrungen und somit Zeit benötigt, wird deutlich, warum relativ umfangreiche Elemente formaler Kontrolle in den zielorientierten Partnerschaften beobachtet werden konnten (vgl. Kapitel 6.2).

In Bezug auf die dritte Forschungsfrage verdeutlichen die Fallbeispiele, dass in allen Partnerschaften die *soziale Orientierung* des Sozialunternehmens aus Unternehmenssicht eine (bzw. die) wesentliche Rolle für die Partnerschaft spielte. *Unternehmerische Eigenschaften* von Sozialunternehmen waren hingegen nur in zwei Fällen sowohl *für* als auch *in* der Partnerschaft von Bedeutung. In den anderen beiden Fällen spielten diese Eigenschaften keine (bewusste) Rolle. Für eben diese Fälle kann angenommen werden, dass sich von Unternehmensseite diese Partnerschaften kaum von Partnerschaften mit „traditionellen" gemeinnützigen Partnerschaften unterscheiden (vgl. Kapitel 6.3).

Die Ergebnisse tragen zu verschiedenen Bereichen der aktuellen Forschung bei. In Bezug auf die Forschung im Bereich *sektorübergreifender Partnerschaften* ist die Entwicklung des mittelorientierten Entstehungsprozesses ein Gegengewicht zu einer bisher überwiegend zielorientierten Auffassung von Partnerschaften. Zudem wurden in diesem Forschungsbereich einzelne Elemente von Partnerschaften (wie deren Entwicklung und deren Steuerung) bisher meist getrennt untersucht. Die Erkenntnisse, dass Partnerschafts-Entstehungsprozesse und Partnerschaftssteuerung (bzw. Governance) in Bezug zueinander stehen können, sprechen deshalb dafür, zukünftig Partnerschaften mehr ganzheitlich zu betrachten und bisher existierende Grenzen in der Betrachtungsweise aufzuweichen.

Diese Ergebnisse sind nicht zuletzt auch für die *Social-Entrepreneurship-Forschung* relevant. Zum einen liefern die Analysen relevante Erkenntnisse über Sozialunternehmen-Unternehmen-Partnerschaften in Deutschland – ein nationaler Kontext, der bisher wenig untersucht wurde, und der spezifische Herausforderungen mit sich bringt (siehe oben). Zum anderen können die Erkenntnisse über die Entstehungs- und Steuerungsprozesse dabei helfen zu verstehen, wie stabile,

anhaltende Partnerschaften erreicht werden können, was nicht nur für die Forschung selbst sondern vor allem auch für die Praxis und aus gesellschaftlicher Sicht von Relevanz ist.

Mit Hilfe des Effectuation-Ansatzes wurde hier zudem ein theoretisches Konzept angewendet, das viele Wissenschaftler zuvor als relevant für die Social-Entrepreneurship-Forschung beschrieben haben. Allerdings wurde es bisher nur vereinzelt angewendet (vgl. Dacin et al., 2011, S. 1210−1211; Di Domenico et al., 2010, S. 684; Haugh, 2007, S. 162−163). Die Übertragung dieses Ansatzes aus dem „klassischen" Entrepreneurship-Bereich (mit einem Akteur) auf den Partnerschaftskontext (mit mehreren Akteuren) trägt somit nicht nur zur Social-Entrepreneurship-Forschung sondern auch zur Effectuation-Forschung bei (vgl. Kapitel 7).