Frontiers of Entrepreneurship Research

Volume 35 | Issue 15
CHAPTER XV. SOCIAL ENTREPRENEURSHIP

Article 4

6-13-2015

CHALLENGING THE VALUE-PARADIGM OF CROSS-SECTOR PARTNERSHIPS (SUMMARY)

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SUMMARY

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Principal Topic

Organizations from the not-for-profit (NFP) sector, such as social enterprises, increasingly engage in partnerships with other organizations – either within or across sectors – to increase the social value created (Montgomery et al., 2012). Today, there is a dominant, but not empirically tested understanding of cross-sector partnerships to be more effective in creating joint social value than within-sector partnerships as the former are argued to add more different perspectives and complementary resources to an alliance than the latter (Koschmann et al., 2012). However, cross-sector partnerships are often complicated due to different priorities, practices and values, whereas partners in within-sector relationships share similar thought patterns, thereby increasing effectiveness (Di Domenico et al., 2009). Overall, a precise and empirically proven understanding of the success factors enhancing joint value created is still due (Provan et al., 2007). Our study, hence, addresses the following research questions: (1) Does partners' sector affiliation affect the partnership's performance? (2) Which are relevant success factors for increasing joint social value created in NFP partnerships?

Method and Data

Based on Austin et al. (2006) we investigate financial resources, knowledge, and opportunity costs as success factors of increasing joint value creation. We apply a dyadic perspective and analyze a proprietary dataset of 120 partnerships (73 within- and 47 cross-sector partnerships) between social enterprises and their most important partners. T-tests and ANOVAs as well as path-model analyses have been applied.

Results and Implications

As a result of our dyadic analysis, we challenge the dominant view of cross-sector-partnerships' superiority by providing empirical evidence that cross-sector partnerships do not perform any better than within-sector partnerships. Instead, we demonstrate the importance of complementary resources for partnership performance and highlight the key role of opportunity costs when evaluating each organization's social value created. In addition, we enrich research by empirically pointing out differences in the process of increasing joint social value created at the partnership-level as opposed to the organizational-level.

We conclude that scholars should investigate partnerships' performance in the NFP sector in a more differentiated manner success factors such as benefits and costs instead of advocating for cross-sector partnerships in general.

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