WHY WORK WITH OTHERS IN HARD TIMES? THE IMPACT OF PARTNERSHIPS ON INNOVATION AND EARNED INCOME STRATEGIES OF NASCENT SOCIAL VENTURES (SUMMARY)

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SUMMARY

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Principal Topic

Social ventures are entrepreneurial ventures whose primary purpose is to address unmet social needs and create social value (Dees, 1998; Mair & Marti, 2006). This study uses resource based theory to provide insights into how partnerships facilitate the development of innovation and earned income strategies that lead to a competitive advantage and the creation of value in social ventures. Partnerships help in the transfer of existing knowledge from one organization to another (Dyer & Nobeoka, 2000; Grant & Baden-Fuller, 1995; Mowery, Oxley & Silverman, 1996). A diversity of partnerships with entities from the public, private and social sectors provides important human and financial capital resources that assist in the development of innovative solutions and earned income strategies (Doz & Hamel, 1998; Meyskens, Robb-Post, Stamp, Carsrud & Reynolds, 2010). Innovation strategies solve social problems through pioneering technologies, processes or outcomes, and by scaling novel solutions (Dees & Anderson, 2006; Drayton, 2002). Earned income strategies develop financial revenues for services, programs or products and often enable social venture beneficiaries or clients to improve their own standard of living (Dees & Anderson, 2006; Nicholls, 2005).

Method

These relationships are analyzed in the context of nascent social ventures that participated in business plan competitions. The sample includes 179 social ventures, 72 of which also completed a follow-up survey. Business plans are coded using content analysis and a follow-up survey assesses if these ventures actually launched and their stage in development.

Results and Implications

This study provides important insight into how social ventures attain a competitive advantage. The findings suggest that resource strapped social ventures engage in a broad range of partnerships to attain knowledge-based, human and financial capital resources that assist in the development of earned income and innovation strategies. Innovative social ventures have more appeal to the market and potential funders, and can diffuse more rapidly through the use of an innovative technology. At the same time, a wide variety of earned income strategies facilitates the development and launch of a social venture. The development of innovation and earned income strategies is important to the creation of economic and social value, and ultimately in benefiting society.

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