GAINING EXTERNAL LEGITIMACY THROUGH INTERPARTNER LEGITIMACY AND RESOURCE TRANSFER – A QUANTITATIVE ANALYSIS ON SOCIAL ENTERPRISES AND THEIR MOST IMPORTANT PARTNERS (SUMMARY)

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~ SUMMARY ~

GAINING EXTERNAL LEGITIMACY THROUGH INTERPARTNER LEGITIMACY AND RESOURCE TRANSFER – A QUANTITATIVE ANALYSIS ON SOCIAL ENTERPRISES AND THEIR MOST IMPORTANT PARTNERS

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Principal Topic

External legitimacy (EL) is a social mechanism relevant for organizational survival and growth. In order to enhance EL, recent studies propose to engage in partnerships (Dacin et al., 2007). A construct specifically developed for legitimacy in alliances is interpartner legitimacy (IPL) which refers to the mutual acknowledgement by partners that their action are proper (Kumar & Das, 2007). IPL affects alliance’s performance in fostering the cooperative milieu to best realize synergies. Despite the increase in alliances, scholarship has only recently paid attention to their legitimating function. Today, there is a greater sensitivity to possible influences of IPL on EL and a growing interest in identifying the role additional effects like resource transfer play in that context. Responding to this interest, we develop hypotheses stating that IPL affects the resources transferred in a partnership and both, in turn, enhance each partner’s EL.

Method

We test our hypotheses using data of a proprietary dataset of social enterprises and their most important partners (n=242) applying structural equation modeling (SEM). Reliability and validity of the SEM are given.

Results and Implications

Our results predominantly support hypotheses: IPL impacts resource transfer, resource transfer and IPL together positively affect EL.

This paper contributes to literature in the field of legitimacy as well as social entrepreneurship: First, we develop a robust measure for IPL and highlight its importance and independency by proving that IPL affects the resource transfer. Second, our results reveal that IPL significantly influences each partner’s EL. Third, our results add to the discussion whether resource transfer is an antecedent or outcome of EL by demonstrating that in the specific case of alliances resource exchanges positively impacts EL. Thereby, this study challenges and at the same time enriches existing literature mostly stating a reverse relation between both variables. Fourth, our study contributes to social entrepreneurship literature in that for the first time legitimacy in partnerships has been investigated. Finally, from a practitioner’s point of view, organizations should strive for a high level of IPL as it eases a partnership and fosters resource exchanges. Moreover, managers can strategically make use of alliances to enhance their own EL.

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