Master Thesis U.S.E.

The Value of Social Partnerships for Multinational Enterprises

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Work Count: 12,820

Acknowledgments

First and foremost, I would like to thank my supervisor Dr. Bell for his continuous support and insightful feedback within the past four months. I would also like to thank all the interviewees for their participation in my research and for their time and effort in providing me with critical and practical insights. Beyond everything, my highest gratitude goes to my family and, particularly, my aunt Kelly Marividou for her selfless guidance and endless support throughout this journey.

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Abstract

Multinational enterprises are taking a step beyond traditional CSR practices and pursue activities together with social enterprises in order to create shared value. Although cross-sector social partnerships are the *modus operandi* for multinationals to address social challenges, we know little about what sort of value arises from their partnerships with social enterprises. This thesis covers this knowledge gap by building on the existing literature around cross-sector social partnerships and extending the previous research on Collaborative Value Creation (CVC). We followed a qualitative multiple case-study research with data collection through semi-structured in-depth interviews and archival data of the multinationals' annual reports in order to investigate the value and the setting of social partnerships for multinational enterprises. To produce results, we expanded on prior research, created a hybrid Skeletal Framework and used both inductive and deductive coding techniques. We found evidence that social partnerships entail transformative effects for the meso, micro and macro environments of the partnerships and MNEs obtain synergistic value. This study has important implications for future social partnership research since it serves as a stepping stone to explore and further develop a framework around partnerships with social enterprises.

The Value of Social Partnerships for Multinational Enterprises

1. Introduction

Today, we are confronted with extremely complex environmental and social issues, which public, private and other organisations cannot solve on their own. These problems are deeply rooted and are often interlinked with many other issues, making them difficult to address. For example, the percentage of child labour is strongly linked to poverty and inaccessible education for many children around the globe. Thus, the biggest challenge for organisations which attempt to find solutions is to detect the source of the problems and terminate the interdependent relationship between them (Loseke, 2017).

Based on this reasoning, the United Nations identified the need for collective action and announced the 17 Sustainable Development Goals (SDGs) in 2015. These SDGs address the challenges that need to be overcome by 2030 to reach a sustainable future and enable worldwide involvement of all types of organisations. U.N.'s goal-setting can only be realised when international actors who intend to promote sustainability share the common purpose of sustainable development and take pertinent affirmative action. Therefore, it helps make the process more dynamic and collective.

As a concept, Corporate Social Responsibility (CSR) is rooted in a substantial body of literature. Until the 1980s, in line with Milton Friedman's *Shareholder Model*, a company's responsibility was widely interpreted to engage its resources exclusively in profit maximisation activities. The implication of this model is that the sole social responsibility of a firm at that time was limited to the increase of employment, investments and employees' wages (Smith, 2003). Since the mid-80's, the *Stakeholder Model* gained increasing support, where in addition, businesses were also responsible for the amelioration of the social conditions of their 'stakeholders', meaning their employees, collaborators, investors and the immediate environment where the business operated. It was not until the 1990s that Carroll (1991) set a framework that determined the essence of businesses' responsibility towards society.

Despite companies' progress in taking more social responsibility, corporate scandals with adverse social and environmental effects were still evident. For instance, in 2015 the Volkswagen Group rigged their diesel vehicles with software to swindle the U.S. Environmental Protection Agency (EPA) and their emission tests. It was only until recently that the idea of a *Shared Value* creation was conceptualised. It involves a new way of achieving economic value by addressing society's needs through attempting to solve social problems and it additionally contributes to the competitive advantage of the firm (Porter & Kramer, 2011). It is worth noting that social responsibility, although important, is not yet the norm for commercial markets. However, increasingly more companies are revising their strategy and mobilising their resources for the advancement of social causes. For example, the Volkswagen Group are now making active changes in their business model, embracing new sustainable technologies in the automotive industry, and take social action through their Corporate Social Responsibility (CSR) Department.

A recent reoccurring theme in literature is the strong rise in the number of social enterprises worldwide. Social enterprises' main objective is to employ market means in order to generate social value and tackle social issues. They rely on their commercial activity to sustain their operations, although this could lead to them falling prey to becoming too commercialised. That is the reason why social enterprises cannot always achieve their objectives by working independently (Ebrahim et. al, 2014). Similarly, multinationals are still reluctant to take action, despite the growing awareness of their responsibilities to the community. This provides the setting for the increasing number of partnerships that emerge between social enterprises and commercial businesses.

Whilst the review of partnerships between similar types of organisations is extensive in the literature, there is little evidence about social partnerships of multinational organisations with social enterprises. Also, the partnerships between commercial enterprises and Non-

Governmental Organisations (NGOs) in addressing social issues are broadly discussed in the academic literature counting hundreds successful collaborations both for business and their external exposure as well as society.

The focus of this study goes beyond the contribution of NGOs on the social responsibility of businesses, as their impact is limited to the promotion of SDGs. CSR is slowly moving away from the UN's goals set out in 2015, trying to encompass the idea of Shared Value. The emergence of social enterprises as significant players in the domain of social responsibility allows for this change, as it additionally promotes the scaling of social impact, and thus paves the way for longer-term sustainability.

This research is concerned with the processes within the business-social enterprise collaboration and examine whether it indeed generates more value for all parties involved. Furthermore, the study emphasises the strong justifications for promoting this type of cooperation. The next portion of the research sets out the core concepts which entail a better understanding around multinational and social enterprises.

2. Literature Review

The core concepts of this research are discussed in the following sections. The first section will discuss how the academic debate towards social and corporate responsibility has progressed, followed by the increasing importance of establishing partnerships to achieve these CSR objectives. The third section explores the types of partnerships that businesses are involved in and their relevance for cross-sector social partnerships. The last part delves deeper into a framework which encompasses the value creation, partnership stages and processes, as well as the outcomes.

2.1 The Transition Towards Social Responsibility

In 1970's, Milton Friedman proposed the normative theory of the Shareholder Model for value creation, known as the *"Friedman doctrine"*, where the responsibility of a company should be the engagement of their resources in activities that maximise profits. This model implies that the only social responsibility of the firm is towards their shareholders and relies in supporting employment, investments and wages (Smith, 2003). Yet, the *Friedman doctrine* gained many opponents who criticised the theory's morality, since only the elite business world was benefitted and the vast majority of the population was devastated (Doom, 2019).

Later, in the mid-80's, another model was introduced where businesses have an additional responsibility of satisfying society's interests and having a positive relationship with them. This is known as the *Stakeholder Model,* where the stakeholders of businesses driven by their need to sustain their identity (Rowley, 1997). Today, the businesses' interest in their influence on public perception deepened, and most of them adapted their strategies to create *Shared Value*. This is a new approach of achieving economic value by addressing society's demands and seeking to solve social problems, while it contributes to the firm's competitive position (Porter & Kramer, 2011). Both models will be further explained below.

2.1.1 The Stakeholder Perspective

Adapting a stakeholder perspective can deliver a strategic framework for value creation to firms. In previous literature it is argued that close relationships with essential stakeholders empowers the development of competitive resources, since a stakeholder network is suitable to be a source for the firm's competitive advantage in value creation efforts (Barney, 1991). Moreover, a proficient alignment of stakeholder relationships is advantageous for the company, since they address questions regarding shared value creation, as well as potential harms and benefits for the stakeholder's greater environment (Phillips, 2003).

Businesses that adopt a stakeholder mindset perceive a great range of benefits. Primarily, there is empirical evidence that a company achieves a trustworthy relationship with their essential stakeholders, whilst a good handling of stakeholders is positively related to the firm's financial performance (Choi & Wang, 2009). Furthermore, stakeholder integration is strictly linked to the creation of *Corporate Social Strategy* (CSS) and competitive advantage that can be created to increase profitability and exaggerated publicity. This competitive advantage results from the adequate and persistent CSS fit to the essential stakeholders' environment (Bryan et. al, 2007).

2.1.2 Shared Value Creation

Private sector can be a major player to generate *Shared Value* in the society and some authors state that especially multinational enterprises have the responsibility to be involved in social value creation. Attributes of multinationals comprise innovation, provision, sufficient resources and noble leadership abilities (Scheyvens et. al, 2016). Particularly, progressive multinational enterprises are capable to develop business models with compliance to ethical standards while mobilising their resources for a profitable and sustainable performance (Barney, 1991). This ability to build workable business models, conditional to the

forementioned attributes leads to a conclusion that private sector companies are the most proficient to address social problems through their activities (Lucci, 2012).

Collective action is required for the organisations to adopt a *Shared Value* orientation (Gioia et.al, 2010). Although corporate activities have negatively impacted society, the last years there is a growing attention from the multinationals towards the social responsibility of their business (Matinheikki et. al, 2017). In particular, for the last decade the governance and management of such businesses move beyond corporate responsibility and emphasise on the *Shared Value* creation which supplements the firm's competitive advantage for their benefits (Porter & Kramer, 2011).

2.1.3. Corporate Social Responsibility

Talking about social responsibility, Carroll (1991) analysed through a framework the four dimensions of CSR and the responsibilities of a company. Society requires, expects and desires that corporates perform with respect towards them in all four areas (see **Figure 1**). According to this model, society requires that companies have economic responsibility, meaning that they should be financially effective towards all their operations and be profitable in order to benefit their stakeholders (e.g., owners, investors, workers) and, thus, sustain their business for their future activities. Throughout their operations, businesses have legal responsibilities and should comply to the federal and local rules and regulations, meaning all the "codified ethics" that are mandated by law. However, businesses are more than simply entities that generate revenue in a legal manner, and should also operate in an ethical way. Their practices and activities should accommodate the standards that society expects or prohibits, making the business a moral actor in the community. Lastly, companies are expected to have philanthropic, also called discretionary, responsibilities, meaning that they should contribute to the community by various giving forms. In a metaphorical sense, even if

businesses are not designated as "unethical" if they do not act voluntarily towards the society, the public expects that they will engage to the community and prove their responsible "citizenship".
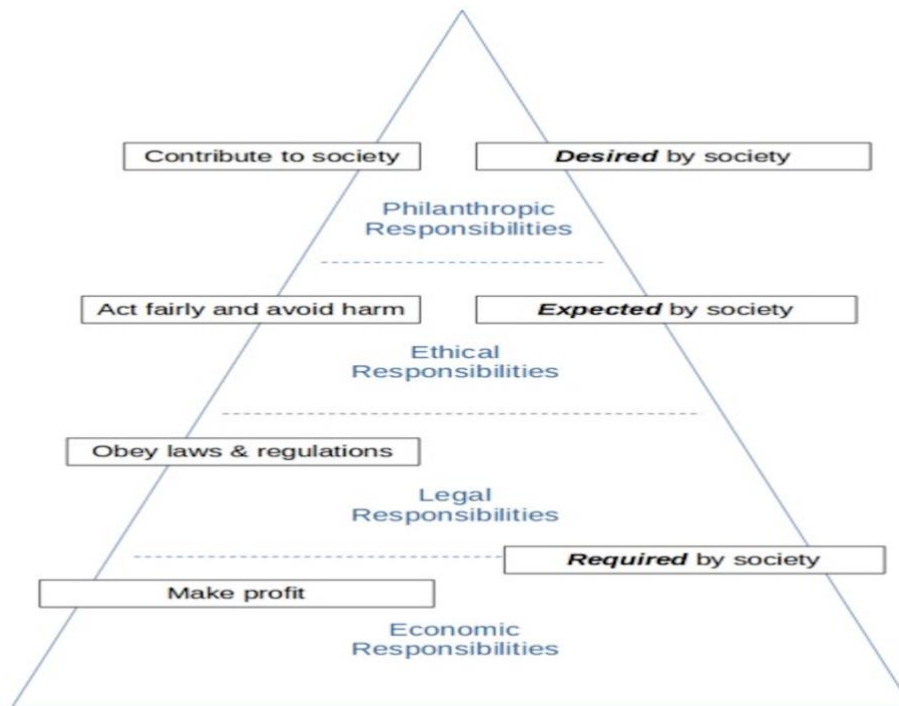
Figure 1: Carroll's Pyramid of CSR; Own Illustration

2.1.4 Motivations for Partnerships

Since business philanthropy responsibilities are voluntary, not all organisations are keen to participate in CSR activities. However, some businesses have discovered that the social and environmental harm they have created must be anticipated by including social activities into their commercial strategy and their motivation is twofold: On one hand, they realised that it is difficult to address social issues on their own, whilst sustainable development is a movement relevant to them, making them intrinsically motivated to pursue social partnerships. On the other hand, as examined previously, society desires that companies have philanthropic responsibilities and prove their good citizenship (Carroll, 1991). This stands as an extrinsic

motivation for them to pursue partnerships with different organisations and mitigate any harm caused by them to the society, whilst receiving positive feedback from the environment they operate (Wildridge et al., 2004).

Simultaneously, there are many different opportunities arising to satisfy these desires by differentiating and integrating company success together with social improvement especially in developing and advanced economies (Porter & Kramer, 2011). With partnerships, organisations make a long-term commitment to work together and combine their resources in order to accomplish common objectives, whilst both partners establish their formal ways of working, such as building a team and use performance indicators, to foster the spirit of cooperation and mutual trust (Brensen & Marshall, 2000).

2.2. Types of Partnerships

Occasional sustainable efforts triggered by one organisation only, do not result in long-term sustainability of the society. These efforts need to go beyond the conventional actions we already know and more actors need to be involved (Matinheikki et. al, 2017). Collective action is fundamentally based on organisational actors from different sectors who form partnerships and make multi-stakeholder arrangements. Businesses, have the knowhow to overcome obstacles and are more efficient than governments in highlighting areas for improvement. Especially, if they do that through partnerships, great outcomes can occur (Glasbergen, 2010).

2.2.1 Interorganisational Relationships (IORs)

Most commonly, multinational enterprises form *Interorganisational Relationships* (IORs). IORs are defined in literature as partnerships between two or more for-profit entities which are targeting to profitability, improved efficiency and optimisation of the use of their resources (Parmigiani & Rivera-Santos, 2011). Multinational companies are, therefore, angling

for a partner with sufficient resources to jointly yield results in favour of profitability, efficiency and supplementary resources (Barney, 1991). IORs are considered as a source of innovation, since multinational enterprises are developing a partnership with a creative organisation with whom they can build strong ties - for instance their supplier (Agostini & Nosella, 2017). Multinationals make partnerships with other for-profit entities owing to the demanding global competition and the need for innovation. They strategically plan and co-create value with the partnering company in order to strengthen their competitive position by diversifying and broadening their activity (Felin & Zenger, 2014).

2.2.2. Cross-Sector Social Partnerships (CSSPs)

This part of the review of prior literature briefly narrows down the most relevant evidence regarding the forms of *Social Partnerships* and Cross-Sector Social Partnerships (CSSPs), where businesses are involved for shared value creation. In particular, Cross-Sector Social Partnerships are strategic alliances aiming to create shared value that cannot be generated by a single organisation (Selsky & Parker, 2005; Glasbergen, 2010), and according to Austin (2000), they are the "*21st century cooperation model*" which "*exceed the capabilities of any single sector*". CSSPs require collaborative planning as well as high engagement and good understanding of both parties in order to cautiously grow their mission (Seitanidi et.al, 2014). These partnerships are usually affected by external factors such as public policies and the complex nature of the problem being addressed (Bryson et.al, 2015). Hence, they are formed in three types, as mentioned below:

First, *business - non-profit* partnerships usually aim to solve a specific social or environmental problem (Seitanidi & Crane, 2009). In these partnerships, for-profit entities develop a strategy by using the non-profit's resources and specific knowledge that they lack

(Rondinelli & London, 2003). In such partnerships, they also attempt to enhance their reputation through the implementation of CSR strategies (Austin, 2000).

Following that, *business – government* partnerships are also defined in the literature as Public-Private Partnerships (PPPs). In these partnerships, the business sets sufficient managerial capabilities into practice and the government has all the necessary financial resources that increase task efficiency, while enabling both partners with both the benefit of risk sharing and transfer of resources (Brinkerhoff & Brinkerhoff, 2011).

Lastly, *Tripartite Partnerships* (TPPs) are formed by businesses, governments and non-profit actors who jointly tackle a social problem. They have a mutual concern for which they mobilise their resources, enhance knowledge sharing and closely interact with each other (Seitanidi et.al 2014). In TPPs, businesses clearly aim to increase their influence and reputation to their external environment, however, the three-sector interdependence implies excessive uncertainty (Stadtler, 2016).
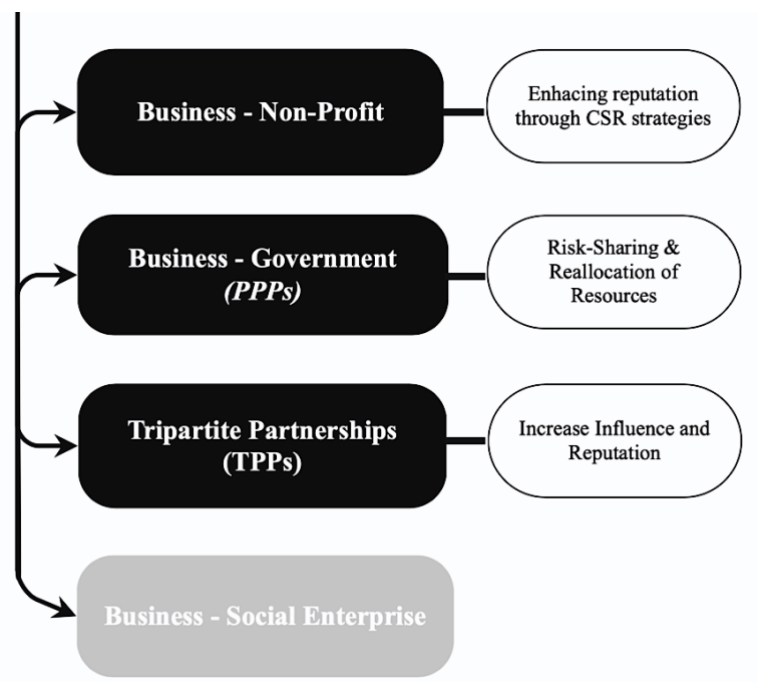

Chart 1: Types of Cross-Sector Social Partnerships (CSSPs) & Benefits for MNE; Author's Own Illustration

2.2.3 Partnerships with Social Enterprises

Today, there are even more types of partnerships that multinational enterprises participate in, and academia has contributed to conceptualise them. On one hand, although businesses have been partnering for years with governmental entities and NGOs, they have been seen as the problem rather than the solution to social issues, since the progress is incremental but minimal. On the other hand, the purpose of social enterprises is to scale social impact which is a continuous activity of making both direct and indirect positive changes in society by solving individual or systemic social problems.

However, social problems are being tackled by various types of organisations, which motivates the examination of different attributes of social enterprises compared to such organisations. Primarily, they seek trading-based income creation tactics, to enhance their autonomy and flexibility and satisfy the needs of their communities, while being innovative in their business models (Austin et.al, 2006). Following that, they seek to fulfil social as well as environmental objectives beyond the profit creation of their organisation. Next, they intend to engage their stakeholders in the organisation's governance, architecture and processes to maintain their accountability in their communities (Di Domenico et. al, 2010).

In general, businesses make partnerships to benefit. When a for-profit entity collaborates with a social enterprise, aims to create a *Social Partnership*. As stated by Waddock, in *Social Partnerships* both parties agree to commit time and effort resources to tackle issues which go beyond organisational boundaries and are related to social matters (1988, p.18). Thus, both sides give emphasis on the strategic purpose of this partnership and its relationships. In particular for social enterprises, partnership is a characteristic of an organisation which aims to be prevailing in their communities and enhance their reputation (Pearce & Kay, 2003). Specifically, for their partnerships with a multinational enterprise, an

impression is being created that both sides are on the lookout for benefits towards their organisation.

There are some strengths of multinational enterprises that social enterprises lack, and based on this reasoning, there is a necessity for such a corporation to create *Shared Value* with a social enterprise (Trivedi & Stokols, 2011). Mainly, multinational companies reach numerous forms of financial resources, while achieving hybrid leadership. Hence, the reputational benefit they get is organic and comes from the inside of the organisation as well as from the outside. Furthermore, they design strategic long term financial planning. Simultaneously, social enterprises need this strategic planning to assure that income will be generated for long-term viability and sustainability of their business. The absence of sufficient financial resources and mindset might jeopardise a social enterprise's social objective and mission (Bull, 2008).

2.3 Collaborative Value Creation

A detailed analysis in the literature is given to the Collaborative Value Creation (CVC) of the nonprofit – business partnerships. A conceptual framework was developed by Austin and Seitanidi (2012) with four components for most effective partnerships and analyses the *Value Creation Spectrum*, the *Relationship Stages,* the *Partnering Processes* and the *Collaboration Outcomes*. This very detailed overview provides insights for the nonprofit – business partnerships, but it can be used as a guide to discover more on the business – social enterprise partnerships. Other scholars' insights are also considered in parallel, contributing to our understanding of each component independently.

2.3.1 Value Creation

The *Value Creation Spectrum* examines four distinct forms of value with both tangible and intangible benefits to variable degrees. First, the *Associational Value* is linked to a

superficial benefit that implies value only resulting from partnering with another organisation, such as good public perception. Secondly, the *Transferred Resource Value* is related to the value obtained from the transaction of resource by the other partner, such as cash or product donation. Following that, *Interaction Value* entails intangible benefits resulting from the collaboration of partners, including reputation, openness, trust and learning. Lastly, *Synergistic Value* arises from the basic idea that merging the partners' resources allows them to do more jointly than they could individually (Austin & Seitanidi, 2012a).

Furthermore, the *cross-sector collaboration value creation model* by Murphy et. al (2015), explores the value creation of a partnership in three dimensions. The first is the *relationship development* which encompasses the motivation, the intensity and the culture-bridge building. Although motivation varies in cross-sector partnerships, the intensity is a critical factor, since the stronger the intensity of the interaction, the more probable the partnership's sustainability. A crucial factor in such partnerships is the culture-bridge building which is analysed through a framework (Lertzman & Vredenburg 2005). This framework suggests some principles for both partners, stating that representatives from both sides should be present and reveal strong communication skills as well as empathy towards the other partner.

The second dimension is the *alignment* which requires both partners to align closely to the strategy and mission of the partnership, while harmonising their values. The last measurement is the *alliance management*, where clear and transparent communication is essential for the feasibility of the partnership. The partnership's goals should reflect on the senior management's commitment and clearly defined roles and responsibilities. Mutual trust is fundamental in order to build a collaborative work routine and allow partners to align better to generate value.

2.3.2 Relationship Stages

"Value creation is a dynamic process that changes as the relationship between partners evolves" (Austin & Seitanidi, 2012a)

Austin and Seitanidi (2012a) highlight that partnerships are dynamic and evolve towards different stages. Thus, an important component we need to consider is the *Relationship Levels* which are based on Austin's *Collaboration Continuum* (2000), but further developed in the CVC Framework. We need to dive deeper into those stages and their implications in order to understand the broader value created from social partnerships in our research.

The first level is the *Philanthropic,* where the business makes a charitable donation to the non-profit organisation. The second level is the *Transactional*, in which the two partners trade increasingly valued resources through financial transactions. The third level is the *Integrative*, wherein missions, strategies, activities and values are infused into the organisation. The last level added by Austin and Seitanidi is the *Transformational* which goes beyond the integrative and suggests a higher level of confluence. In this degree of convergence, partners collaborate to bring about transformational societal change (Austin & Seitanidi, 2012a). Below, **Figure 2** illustrates how the nature of the relationship changes with regards to intensity and interaction over the four levels:

Figure 2: The Collaboration Continuum; Own Illustration

2.3.3 Partnering Processes

The conceptualisation of relationship levels' five measures is further explained on the CVC framework literature with the *Partnership Processes*, while providing a better understanding on how these partnerships are structured. Since the partnership's long-term value potential for the parties and society is more significant, the *Partnership Formation* comprises an initial assessment method that decides the collaboration's sustainability to become *Integrative* or *Transformational*. Thus, it is suggested that in order to achieve the full potential of the partnership, managers should consider five benchmarks. First, the costs and potential negative consequences of ineffective organisational partnering. Then, the compatibility of the two organisations as well as differences they may have are also considered, since they may allow for varied resource combinations which may be advantageous to both partners and society. Following that, the partners' mutual interests may also provide indication of the collaboration's transformational purpose, leading to a valuable collaboration. Finally, the prior experience of the possible partner as well as the senior stakeholders must be assessed ahead of time in order to determine how positively this partner has engaged in the past in other partnerships (Austin & Seitanidi, 2012b).

Austin and Seitanidi (2012b), also suggest that both partners consider the *Partnership Fit Potential* to achieve a great *organisational fit.* First, they ascertain the social problem and the linked interests and resources which are prerequisite for the social betterment. Moving forward, they pinpoint the partner's motives and objectives, while identifying the history of their interactions and visibility fit. Finally, they both share the pre-partnership senior managers who will play a significant role in developing the teams for the partnership.

For a great *organisational fit*, both parties must have access to the partner's resources that they did not previously have. Furthermore, the type of these resources is seen as valuable for the partnership in the literature, thus resources such as knowledge and other organisation-

specific competencies provide higher possibility for organisational fit than cash or land. All of the aforesaid are contingent on how these resources are employed, thus both partners must mutually combine their resources to maximise the potential for value creation.

Meanwhile, there has been another division of criteria, naming *first order* and *second order* criteria for partner selection. *First order* conditions are associated with potential profitability, while *second order* criteria relate to the interactional value towards a common mission and, hence, indicate linked interests and organisational compatibility regarding the mutual mission fit (Gourville & Ragan, 2004). In any case, building a strong partnership is a process that takes time, due to several prerequisites that need consensus by both sides. The commercial and the social enterprises need to share a common ability to compromise and be adaptable and agile (Mattessich et al., 2001). Respectively, partners who target to reach a common ground in terms of jointly building social value, need to adjust their *"social value frames"* in order to create a *"frame fusion"* (Le Ber & Branzei, 2010). It is explained that *"frame fusion"* is a new, co-created and evolving frame which motivates both partners to reach a common ground that is sustainable for the future.

2.3.4 Collaboration Outcomes

Social partnerships can create value at many levels, simultaneously. The Collaboration Outcomes component encompasses all the different settings where value is created; in the *meso*, *micro* and *macro* level, suggesting that both the partners and their individuals experience the value from their partnership, as well as the external community or the society. The value created in the three levels, is reflected to the four types of value analysed in the *Value Creation Spectrum* for the business and the NGO (Austin & Seitanidi 2012b).

The *meso* level, represents the outcomes of the partnership to the both partners. In particular for the business, the benefits of the partnership when *associational value* is created

comprises reliability, meliorated external image and support of the business' external environment, stakeholder communication and loyalty and strengthened sales of products or services. Accordingly, when *transferred value* is created the company is more competitive, holds market intelligence and, consequently attracts more customers. When *interaction value* is generated, the company's benefits are greater, since they have access to more networks, are exposed to other organisational cultures, have increased political power within the nonprofit sector. Employees are more motivated and competent and productive, whilst investors become more loyal and customers are delighted. Lastly, when synergistic value is created, the company has developed different risk management practices and an advanced knowhow of products and processes. Owing to their partnership networks they enhance the potential for long-term value and profitability as well as political power.

Even if the employee engagement in the partnerships of the business can impact the customers positively or negatively, at the *micro* level, the benefits for the individuals within the partnering organisations can imply instrumental benefits, such as possible career growth, better leadership skills and technical expertise, or psychological benefits, such as employee satisfaction coming from their commitment to the partnership's activities. Moreover, by the company's participation in such initiatives, the employees can feel stress relief, since they feel a sense of community responsibility. Lastly the company's increased reputation can have recruitment benefits, since the community is aware of the partnership's initiatives, making the business an attractive employer.

Since the partnership's objective is to create social betterment for the community, the *macro* level implies broader benefits beyond the two partnering organisations. Thus, there is improved health and wellbeing for the individuals outside the partnering organisations who also become more aware of the social problems and can prevent their potential impediments. Moreover, other organisations gain access to technological and social innovations and can

expand their activities to new markets which implies long-term value potential. Following that, the society is favoured by the socioeconomic value of all the activities coming from the partnership, but also, they have different global governance mechanisms owing to the adoption of new practices. Lastly, the external value creation implies systemic changes such as amended cross-sector relationships and adoption of new technologies in the industry that the partnership is taking place (Austin & Seitanidi 2012b).

3. Methodology

While social partnerships are the *modus operandi* for businesses and NGOs, there anecdotal evidence on how business-social enterprise partnerships are organised as well as the value that is created for MNEs, even now when these partnerships are emergent (Seitanidi & Ryan, 2007). Hence, this research attempts to investigate this problem through MNE-social enterprise partnerships that already take place in the market and acknowledge the degree to which the given literature around value creation is true to the case of partnerships between multinational and social enterprises. Such a complex topic can be partially untangled by answering the main research question:

What sort of value is created for Multinational Enterprises when working with Social Enterprises to jointly create Shared Value?

The main research question is followed by three sub-questions which will help in the analysis of the core problem and will provide a better understanding on the operationalisation of social partnerships between multinationals and social enterprises:

a. *How are these partnerships organised?*

b. *What sort of resources are exchanged between the two partners?*

c. *What additional value is created and for whom?*

The purpose of this research is to detail out the value for multinational enterprises when making partnerships with social enterprises. To answer this, a qualitative approach in a form of multiple case study analysis is more likely than quantitative to capture the context of a newly and exploratory phenomenon as well as to identify its underlying motives (Weil, 2017).

Inductive methods, which are determined by the exploratory nature of the main research question, allow to create further development of the existing theories described above and study the phenomenon in depth with the given definitions. As a result, qualitative research is the most appropriate to help discover what happens when past study fails to answer a specific topic. The following sections go over the case selection, data collection, and analysis processes.

3.1 Case Selection

While attempting to discover exploratory phenomena in dynamic areas, we must generate knowledge through the pragmatic world's perspectives. Case study research is considered most relevant to capture the real-life settings in such complex problems, however, a multiple case study approach enables the researcher for various evaluations such as drawing links, making comparisons and detecting replications among the cases (Yin, 2014). The reasoning behind choosing multinationals globally primarily lies on their ability to give multiple useful perspectives in the research context of their partnerships with social enterprises. Particularly, they can provide a wide understanding of their partnerships with social enterprises, including how they are applied in different cultures and markets and how they promote sustainable and inclusive development. They can also shed new light on how different regions contribute to the resolution of social problems and how to tackle a problem from a global perspective.

The case selection process will be careful owing to the global range of this research. This is a phenomenon that emerges in recent years so the range of such collaborations to be selected is limited. Primarily, this research aims to explore firms that are relevant to answer the research question and are promising for fruitful insights (Yin, 2014). The reasoning behind choosing multinational enterprises globally, is that we wish to examine this particular

phenomenon in the diverse ways it occurs. Thus, cases will be selected based on the possibility to provide fruitful and varied insights.

To substantially enhance understanding around the problem, this case selection process is carried out by purposefully sampling five prominent multinational enterprises from different sectors, globally. This criterion is prerequisite to justify the companies' relevance and applicability to the studied topic. To select the cases, we considered three criteria to maximise the validity of the sampling. Primarily, we targeted for companies that have multinational activity and operate in a variety of locations to ensure that they had a comprehensive awareness of social issues. Following that, we gathered information on their social activities, the areas they wish to influence and the ideology behind their activities. Lastly, we considered the social partnerships they pursue together with social enterprises and the impact they make to the communities or the society.

The sampling process resulted in the desired number of MNEs around the globe, operating in various sectors. More specifically, the sample consists of five multinational enterprises operating in the domains of furnishing, manufacture of mattresses, disposable consumer products, food and beverage as well as technology and consultancy services. However, in order to reliably draw links amongst the cases and make comparisons that yield relevant results, it is important that we evaluate with criteria which are generally used and not industry-specific. The most suitable individuals to interview would be experienced professionals of the Corporate Social Responsibility departments or similar who have been acquainted with the companies' strategic approaches that will participate in this research. Yet, the selection was inclined by the individuals' availability and wiliness to engage and reflect upon their experiences and knowledge on the topic (Palinkas et. al, 2015). Below, an abbreviated outline of the interview sample is represented in **Table 1**.

3.2 Data Collection

Primary instruments to collect data for this research were semi-structured in-depth interviews with open-ended questions to the interviewed representatives of the of the multinational enterprises. Semi-structured in-depth interviews with open-ended questions, are one of the most interactive methods to extract information by the interested parties. The first main advantage of in-depth interviews for this research is that follow-up questions occur in the process. With such a technique, a researcher can have a deeper understanding of the phenomenon and the unit of analysis and, thus, gather detailed results. Following that, in-depth interviews are interactive and cheer the interviewee to dive into details and not respond in a rush (Legard et. al, 2003). Finally, the nature of open-ended questions enables the respondent to be keen to give liberate thoughts (Yin, 2014).

Secondary data was gathered by existing sources, meaning companies' annual and sustainability public reports. These reports are published for the year of 2021 and provide a broader understanding of each company's objective in social sustainability and a preview of the social partnerships with social enterprises. Yet, secondary data collection was limited because the quantity of explicit and thorough reporting on partnership documents differed across the cases.

The final interview sample is presented in **Table 1**. Based on their roles and their responsibilities inside the organisation, the interviewees had the required expertise with the strategy and execution of the social partnerships with social enterprises. Thus, they were the most suitable individuals to provide the research with a comprehensive understanding around the resources exchanged with their respective partners, the ways that they organise the partnerships, value created and subsequent benefits that occur for the company.

Date	Industry	Activity	Country	Role of the Interviewee	Duration
14/6/22	Furnishing (Interviewee 1)	Social Entrepreneurship	The Netherlands	Monitoring, Education and Learning	30'
27/5/22	Disposable Consumer Goods (Interviewee 2)	Creativity and Human Expression	India	General Counsel - Board Member of Foundation	30'
31/5/22	Technology & Consulting Services (Interviewee 3)	Labor Market Empowerment	The Netherlands	Program Lead	25'
16/6/22	Food & Beverage (Interviewee 4)	Mediterranean Clean-up	Greece	Media Relations Manager	30'
20/6/22	Mattresses Manufacturer (Interviewee 5)	Circular Economy	Greece	Junior Manager – Social Responsibility	30'

Table 1: Overview of conducted interviews; Own Illustration

For the purpose of our research, the interviewees are representatives from five multinationals' CSR departments or similar who have a great awareness of the partnership initiatives. Owing to their involvement in fostering partnerships amongst social enterprises, all of the respondents were deemed to be eligible for our study.

The interviews lasted on average 30 minutes and were held virtually through Microsoft Teams or Google Meet platforms, but before starting an interview, we secured each participant's consent. Considering that the participation in the interviews was voluntary and the companies we focused were multinational, we decided to follow the *Informed Consent for Data Sharing* guidelines of Utrecht University[1]. Hence, participation, archiving and sharing of all data should be agreed upon the way they would be handled by the interviewer. The declaration of consent was distributed by the interviewer to the participants and was returned signed at least one hour prior to the scheduled interview. This form, informs completely the

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[1] Link to the Informed Consent for Data Sharing guidelines of Utrecht University:
https://www.uu.nl/en/research/research-data-management/guides/informed-consent-for-data-sharing

participants regarding the voluntary nature of their participation as well as the data evaluation and data protection, while ensuring their anonymity and their ability to withdraw at any time.

When conducting interviews, one should make properly articulated questions to all participants to anticipate potentially hidden biases. That is the reason why in the interviews of this research, all participants answered mainly open-ended questions which generated dialogue in the conversation and enhanced the accuracy in the responses. Consequently, any concrete set of questions was not prepared prior to the interview in order to avoid these hidden biases, yet, an interview guideline that was followed can be found in **Appendix 1**.

3.3 Data Analysis

After all the interviews were conducted and recorded, the content analysis followed. For this part, we used Computer Assisted Qualitative Data Analysis (CAQDAS) for efficiency, by using NVIVO software package. In qualitative data analysis, and particularly when conducting interviews, transcribing techniques are typically required to reduce information loss. This analysis incorporated the phases of transcription, coding and coding in groups in order to interpret the key themes of data, whilst NVIVO software helped in all three phases in analysing the information derived from the interviews.

The way that the recorded data is transcribed can change the way that the reader perceives the respective information. Based on this reasoning, the transcription format must always be predetermined and it is the interviewer's responsibility to ensure that the record is represented as accurately as possible. Oliver et. al (2005) have designed a continuum which encompasses two main directions; *naturalism* and *denaturalism*. On one hand, *naturalism* implies that the transcription is a resemble of the real conversation including non-verbal behaviour, meaning the way that the accounts were provided. On the other hand, in *denaturalism* the transcription is meant to convey the context of the conversation and not how

the information got transmitted. Thus, paralinguistic features of language and expression, were omitted in the transcription of this research, since we wanted to focus more on the content.

There are two ways we can develop our results for concepts where there is little understanding or if we are aware of the actual concept's subject. On one hand, we can deem our concept to be *immature*, for which we have a broad inquiry. In this case, we need to build a *Skeletal Framework* in order to assess the validity of our results, while making it more particular using the pre-determined sub questions. Even though much remains uncertain, we have important traits of the concept to determine where to turn our attention. On the other hand, given the concept's scope is only partially known, we can see it as *fairly mature*, therefore the sub questions that form the overall research question remain unknown to us. A *Scaffold* is necessary in this case to outline the concept by enabling inductive inquiries on the concept's sub questions (Morse & Mitcham, 2002). Yet, none of the two directions is entirely correct in our case, we opted to analyse the data using a hybrid of the two approaches.

Considering the literature in *Cross-Sector Social Partnerships* we established a hybrid *Skeletal Framework* which would help us perceive the value created for MNEs (see **Figure 3**). As Austin and Seitanidi defend, since partnerships are dynamic processes, relationship levels are determinants for the nature of the value creation in each stage (2012a). Hence, this framework, consists of the *Value Creation Spectrum* and the *Collaboration Continuum* with five metrics: level of engagement, mission importance, scope of activities, internal change, and external system change (see **2.3.1** and **2.3.2**) (Austin & Seitanidi, 2012a). These metrics are considered to represent the context of our three sub-questions on partnership organisation, resources exchanged, and value created for others, and will be evaluated by partnership processes in terms of organisational fit. Hence, for the purpose of our research, we will be able to draw links between the *Relationship Levels* and the *Value Creation Spectrum* by evaluating the partnership processes in all three levels of the collaboration outcomes in order to identify

what sort of value is created for multinational enterprises from social partnerships (see **2.3.3** and **2.3.4**).
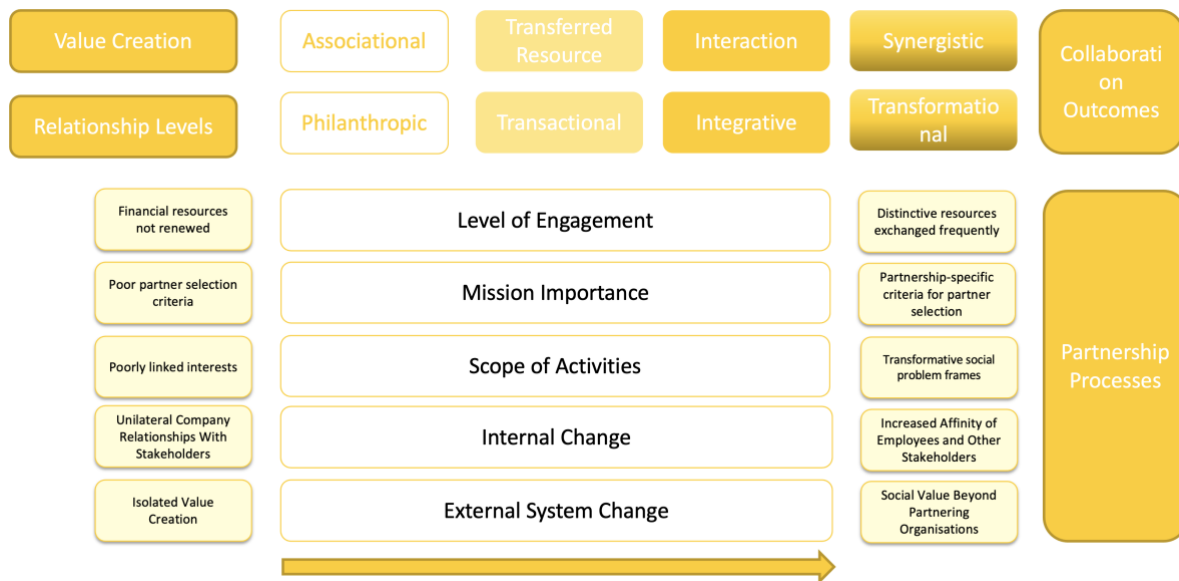

Figure 3: Hybrid Skeletal Framework; Own Illustration

These *Collaboration Continuum* metrics determine the relationship level, demonstrate the link to partnership processes, collaboration outcomes and, ultimately, value creation. Hence, nature and frequency in which resources are exchanged are referred to as the level of engagement, since frequently exchanged distinctive resources indicate high level of engagement. Moreover, mission importance is defined by the partner selection criteria and the more specific the partnership criteria, the more central the mission importance to the organisation. Following that, partners who are able to link their interests and create transformative social problem frames, are more likely to reach a broad scope of activities to achieve transformative changes for social betterment. Next, internal change is more likely to be great if employees and other stakeholders become more committed to the partnership's mission. Lastly, external system change is becoming common when shared value is created beyond the partnering organisations (**Figure 3**).

Therefore, in the first stage of our analysis we developed some initial codes deductively and then inductively looked for other codes that can be derived from the data collected. The first coding cycle, encompassed the five measures of the *Collaboration Continuum,* so the initial codes were *level of engagement, mission importance, scope of activities, internal change and external system change*, respectively. With qualitative coding, we are able to organise, analyse and interpret unstructured data, while systematically sorting excerpts to find patterns and draw links in the data for analysis. In particular, when looking for patterns we can observe things that are repeated across our different data sources. Thus, with qualitative coding we are able to consolidate that data and take quotes which can be used to back up certain findings (Azungah, 2018).

The second coding cycle included inductive descriptive codes emerging from the data which helped us group the data into common threads in order to accurately resemble the three research sub questions, while keeping in mind that we want to reach conceptual rather than statistical findings. We encompassed an overview of the data structure and coding scheme in **Appendix 2**.

4. Findings

This section presents the findings on the value created for multinationals through their partnerships with social enterprises, along with answers to the sub-questions on operationalisation, resources exchanged, and value created for others. This chapter concludes with research findings on the nature of the relationships that determine the value for multinational enterprises. **Appendix 2** provides an overview of the measures which were used to examine the *Relationship Level* with coded data and descriptive codes, accordingly. The descriptive codes include observations from individuals depending on the operationalisation of the partnerships, the resources exchanged and the value created for the social enterprise as well as the society.

4.1 Level of Engagement

We found that in terms of level of engagement, multinationals engage their resources in different ways. In these partnerships, both the multinational and the social enterprise exchange resources to support their common mission of creating value to the society. From the multinationals' perspective, there are diverse ways of giving their resources to the social enterprise in the context of the partnership to support their mission of scaling social impact. On one hand, we observed that one of the most relevant contributions made by MNEs to partnerships is financial means in the form of money donations or grants contingent on mission performance and in some cases, they even give loans (Interviewees 1,2,4 and 5):

> *"When we make an initial funding and with it, we anticipate to have a certain return in our investment with whatever this implies, such as good perception from our clients, sustainable operations and it can even be lower risk management costs, because we are getting more aware of other problems as well and we can prevent risks." (Interviewee 5)*

On the other hand, we identified that MNEs contribute by providing their products or services to facilitate the social enterprise in fulfilling their part of the social purpose. From our interviewees' answers, it is evident that they do not prefer to contribute solely with financial means, but rather wish to leave a mark of their best attributes in that collaborative endeavour. As a result, the two parties engage to grow their cooperation by leveraging the multinational's knowledge and expertise (Interviewees 1,3 and 4):

"Well, donating money is something that we did but it is an exception. The baseline is that we normally deliver our knowledge and expertise. That is what our strength is." (Interviewee 3)

As a result, while some MNEs donate financial resources simply in the form of grants, others opt to provide organisation-specific resources such as knowledge and expertise. We discovered that the resources provided by MNEs are not one-time exchanges, but regularly replenished in both cases. Finally, we discovered from our interviews that this is a reciprocal exchange and commitment of resources from both sides in the partnership. Hence, from our interviewees' statements it becomes clear that this is an integrative characteristic of level of engagement, since multilateral resources are exchanged regularly, however, the exchange of distinctive resources is not yet the norm for these partnerships.

4.2 Mission Importance

Throughout the analysis, it was revealed that multinationals' primary concern is their mission, and they place a great importance on fulfilling their societal obligations. They have established strategies at the meso level for partnership formation, and they have included individuals from the macro environment who are external to the organisation to function as

consultants. Finally, we discovered that they have made a commitment to a larger cause for which they have established long-term goals.

Before initiating a partnership, multinationals pre-determine their own criteria for partner selection. Our study revealed that partnership formation is a dynamic process that can either arise directly to the multinational or come through networks, meaning that social enterprises can either make a formal partnership proposal to the company's stakeholders or the proposal can come informally through individuals outside the organisation who serve as pipelines. Simultaneously, our interviewees equally acknowledge that the partner selection process is crucial and there is a reason why they have established criteria towards the partnership proposal. Thus, when a partnership proposal comes to the higher management of the organisation, it is evaluated on whether it meets the company-specific criteria and then the governance will determine whether the partnership will be initiated or not (Interviewees 1,2,4 and 5):

"So, the partnership can happen in a very dynamic way and come through directly us. There are social enterprises also coming and say to the Foundation that we have this project; we are doing this and we want a partnership with you. It can come also through a network, like I know someone, someone knows a social enterprise and they can come back to me and say that it can be great for us to consider this. [...] It goes to the board and the board validates the proposal. Then it is the corporation that has like a CSR Committee under the board, so the board of the company is having like ten directors and the CSR Committee will have two or three of the directors who will validate the partnership for the company, to make the funding to the social enterprise." (Interviewee 2)

One MNE highlighted that they consider three specific criteria when considering to initiate a partnership. More precisely, they primarily assess if they can link the initiative to places where they are

currently operating, after which they become more acquainted with the viewpoint of the social enterprise, and last, they consider the scalability of the social impact they wish to create. According to the interviewee, these criteria are vital critical to select the partnering social enterprise in order to ensure the longevity of their partnership (Interviewe *4):*

> *"The first thing we consider is if this activity may be related to our own priorities and implemented in locations where we are also active, in order to have a good influence where we operate. We will also speak with members of the social enterprise to get to know them better, understand their philosophy and culture, and review prior projects they have initiated, their impact area, and how they have implemented the programs. [...] We don't want to set off a firework when we form a partnership with a social enterprise. We want to ensure that we will have long-term partnerships by implementing programs that are scalable, extendable, and have the potential to multiply their social impact." (Interviewee 4)*

In many MNEs, the organisation's board members play an important role as essential stakeholders in the partnership. More precisely, they contribute to the partnership by attending crucial meetings for the establishment of the partnership, particularly those for issuing approvals and funding the partnership. Thus, from the perspective of the multinational enterprise, these partnerships are determined by the outlook of senior management in order to be approved and funded or not (Interviewees 2, 3 and 4):

> *"At the foundation we have an executive board which is headed by an executive director, who is a full-time working on the matters of the foundation and then we have non-executive board members [...] It goes to the board and the board validates the proposal. Then it is the corporation that has like a CSR Committee under the board, so the board of the*

company is having like ten directors and the CSR Committee will have two or three of the directors who will validate the partnership for the company, to make the funding to the social enterprise." (Interviewee 2)"

Apart from the key stakeholders inside the multinational corporation, there are organisations and individuals who contribute to the partnership. We discovered that their involvement is critical in determining the partnership's objectives, and they support the multinational's board of directors in governing the partnership's financial resources. These external parties are reflected as crucial stakeholders not only for the financial counselling, but also for the companies' internal considerations about their broader mission and their next steps in social partnerships. These individuals are from the social segment and have a thorough awareness of the societal setting in which the partnerships take place. Their purpose is to counsel multinational enterprises on partnership arrangements in order to positively impact their decision, thus, this is the reason why multinational enterprises consult them prior to those activities (Interviewee 2):

"From the outside, we have educators, or people who are working in the social sector who are like advisors on the board and together we discuss the mission of the foundation, what are the objectives, how do we allocate the budget of the foundation in social missions, what kind of partnerships we want to make." (Interviewee 2)

As a consequence of the thorough partnership formation process, they follow, including external individuals who consult with higher management, and the commitment they make with their employees to the broader purpose of their organisation, we conclude that multinational enterprises weigh the mission of their partnerships. Hence, we derive that the multinationals make all the necessary alignments with their stakeholders in the meso and the

macro levels to accomplish their missions and develop partnership-specific criteria for partner selection, which is an indication for mission importance to transformational relationship level.

4.3 Scope of Activities

Throughout the analysis of the secondary data, meaning the public annual reports of each company, we were acquainted with all the activities that the multinationals already in place. More specifically, MNE 1 (Interviewee 1) is committed towards a fair and inclusive society through more than 80 partnerships with social entrepreneurs. Next, MNE 2 (Interviewee 2) is pursuing social partnerships with social enterprises and NGOs to augment creativity among children around the globe as well as a high level of education. Following that, MNE 3 (Interviewee 3) has different programs around inclusion of individuals with a distance to the labour market. MNE 4 (Interviewee 4) has ongoing partnerships with different social enterprises around nutrition, circular economy and maritime ecosystem. Lastly, MNE 5 (Interviewee 5) is committed to the inclusion of minorities to the system through circular economy.

Hence, from the reports of the companies we derive that they are working in innovative ways at the meso and macro environments towards their mission. In different areas, they attempt to engage their resources and capabilities for sustainable development. We also observed that social enterprises mark their existence within the activities of the multinationals and have long-lasting partnerships with them. (Interviewees 1, 2, 3, 4 and 5):

"I have colleagues working on sustainability topics internally as well as externally, we have colleagues working in inclusion and diversity with a specific program […]" (Interviewee 3)

"[...] We work with our partners to discover solutions and innovative ideas for their use. For example, we collected plastic waste and attempted to transform it from into dumpsters, and we succeeded." (Interviewee 4)

We also found that the multinationals only pursue partnerships with social enterprises that can carry out activities related to their mission. So, the MNEs aspire to create social betterment through partnerships that are under their scope of activities as seen by the statement below (Interviewee 4):

"We may find it difficult to do anything technological because we are a food and beverage company. Our goal is to highlight the power of nutrition and improve quality of life [...] so we will also seek to find actions that are related to what we do." (Interviewee 4)

Hence, we see that partnerships are formulated on the basis that the two parties have linked interests in bringing substantial changes to the society. Furthermore, while attempting to see the scope of activities, we considered to examine the role of governments at the macro environment, on whether it would have influence to the partnerships' activities or not. We discovered that governmental entities are always involved in the partnership's activities, as they create legislation around social investments in order to regulate the financial exchanges between the multinational and the social enterprise. Therefore, partnerships are inclined by the existence of governmental regulation in the sense that they are the median step before partnership formation. However, no one of our interviewees mentioned this step as an impediment, but only mentioned their existence (Interviewees 2,3 and 5):

"Well, the government is always involved in the sense that in most countries if you are a social enterprise, you require some licence and some authorisation from the government and you also need to file certain reports about how you spend the money. Meaning that the social enterprise has to disclose how they spend the money. So, the government is always at the background from a regulation perspective." (Interviewee 2)

As a result, multinationals participate in multiple activities with different entities for various missions, but make it relevant to their scope of work and relate it to their activities as enterprises. With the governmental entities' neutral stance towards partnerships, we conclude that there is no barrier from that side to narrow the scope of activity. This similarity in responses indicates that their partnerships were established on a solid foundation of trust and linked interests. Hence, we can confidently assert that social partnerships have transformative social problem frames in their scope of activities, which indicate transformational relationship level.

4.4. Internal Change

The value that is created is not limited to activities in the external environment of the multinationals, but allows organisations to see benefits in multiple areas of the meso and micro levels. More specifically, we found that there are benefits to the individuals within the partnering organisations as well as the recruitment processes (Interviewees 1, 2, 4 and 5). Furthermore, based on their performance, multinationals make adjustments on the way that the ideas will come for future activities (Interviewee 5).

The stakeholders involved are not limited to the higher management, since we found that individuals from various capacities within the organisations also influence the partnership formation and participate in the different activities depending on the program. Hereby, they are considered as internal stakeholders who contribute in certain areas of the partnership's agenda

and the MNEs are in direct cooperation with them for specific aspects programs (Interviewees 1, 2 and 5):

"There are many different stakeholders within our organisation, it's a lot of different companies, functions, different co-workers, so depending on the program, they are involved as stakeholders" (Interviewee 1)

One of the most relevant changes that the interviewees mentioned were the employee-specific benefits. We found that employees enjoy their involvement in group social activities, and multinationals will strengthen this by adjusting their strategy of proposing future initiatives. From our interviewees' statements, it becomes clear that social initiatives have an influence on employees and multinationals seize the opportunity to engage them in further ways (Interviewees 2 and 5):

"And then employer brand value, that the co-workers who contribute to this they feel they are proud and they feel that they learn something and learn something that gives a meaning on their job." (Interviewee 2)

"As I mentioned, we measure our progress towards sustainability inside our organisation […] together with HR we are going to implement a new format of employee ideas. Imagine a big box where every employee working in any of our offices will have the opportunity to propose ideas that will help to our sustainable development agenda." (Interviewee 5)

Another element we found that has evolved internally at MNEs is the recruitment processes. As a result, prospect employees evaluate the company's social commitment and are keen to learn more before joining the business. This means that the organisation has a positive

public impression as a good employer with a mission. The change we observed towards the recruitment process of the multinationals, implies a consequent benefit of the organisations' good reputation as a good employer with a mission. (Interviewee 2):

"And also, in the recruitment cycle, what we see is that a lot of people choose to work for us, because we are doing these kinds of things. So, they are more and more relevant in our recruitment processes. That is a very interesting mechanism to see how it works. If they know about the initiatives and think about, how can I add something to the initiative, they come to me and say these are the reasons to choose for your organisation." (Interviewee 2)

Furthermore, we discovered that multinationals seek to make the purpose relevant to their employees by engaging them in workshops and trainings which would acquaint them with their next steps towards organisational sustainability and established partnerships, as well as their necessity. Thus, MNEs consider to create awareness amongst their employees and familiarise them with the mission of their organisation (Interviewee 4).

"So as a company, we develop a lot of training and workshops around our commitments [...] we always start with our own people." (Interviewee 4)

Lastly, we derived that MNES make sure the employees are also engaged in a positive manner. Employee satisfaction plays a significant role in multinational environments and for this, companies allow individuals to participate in their own capacity to the activities of the partnership (Interviewees 1, 2, 3 and 4).

" [...] people are very engaged within our company for sustainability and social issues in particular, so it's been relatively possible to recruit co-workers for a program and we are working with local organisations in many countries." (Interviewee 1)

"Before any change, from any program, from any commitment, what we do as a company is to transmit it to the employees [...] the first and best ambassadors are the employees of the company, it all starts from within." (Interviewee 4)

From the MNEs reflections we see changes at the meso level which result at benefits in the micro and macro environment. First, we found that there are different stakeholders involved in the partnership processes and employees experience feelings of pride and are willing to do more within the partnership setting. Second, MNEs encourage employee engagement by organising relevant workshops and allowing for volunteer involvement, which adds value to their job and satisfaction. Lastly, individuals outside of the partnership, meaning the prospect employees are positively influenced by social partnerships and want to work for enterprises who take sustainable action. In that context, the interviewees stressed the importance that their partnerships have given these two environments. Consequently, there is increased affinity of employees and other stakeholders which indicates a transformational relationship level.

4.5 External System Change

The final parameter we considered at was the extent to which the social partnerships triggered external system change. We discovered changes in two dimensions at the meso and macro levels, in the social enterprise and the society, respectively. Primarily, the decision made by these MNEs to pursue social partnerships resulted in positive changes in the ecosystem of social businesses, allowing them to achieve their purpose and create scalable social impact. Secondly, the partners' common mission and actions resulted in societal benefits through the

changes they entail. Hence, our interviewees' accounts reveal the changes their partnerships brought, resulted in being beneficial for both the society and the social enterprise (Interviewees (1,3 and 4):

"Another value is that we hopefully create social value, that we have a social impact by helping social entrepreneurs, we hopefully support them to increase their impact." (Interviewee 1)

"For the social enterprises it is also very valuable, but it is difficult to make it countable, because finally the entrepreneurs mind the success and they run their business and they create impact by delivering our knowledge, our expertise to them, they are better and better." (Interviewee 3)

In particular, we observe that the social enterprise is able to realise its objective with the resources provided by the multinational through the partnership process. Furthermore, some MNEs acknowledge that by having a shared mission and participating in social activities together, they empower the social enterprise create new market positions and convey that success to the outside (Interviewee 3):

"It is not direct impact, but we know that the entrepreneurs create hundreds of jobs the last two years. So, it's is their success, but we know that we are part of their success and also that is value, because they say to their stakeholders how success is partly realised by what the company delivers to us and they are happy to communicate that for example via LinkedIn." (Interviewee 3)

We see that there is a consequence of changes happening in the external environment which result from the partnership existence. When the partnership takes place, there are

significant changes in the value created for the social enterprise, meaning that they offer employment opportunities and this benefits the society (Interviewee 3). In the same setting, society evolves for the better and children, for example, have access to better education and the ability to express themselves through numerous activities in the communities where Company 2 operates (Interviewee 2):

"If the purpose of the company includes a commitment to the community that you do business in, you need to invest in your future, because if there is no future, you have no business. If you don't have children who are well educated, or qualified to take care of the planet again you will have no future. So, it is really about addressing the social issues in different parts of the world." (Interviewee 2)

While the MNEs are making social partnerships, we found that a both part of the society and social enterprises are benefitted by the changes that these partnerships bring. With each multinational's focus on social betterment, we see that they participate in partnerships that are making significant changes in these two segments. As a result of these positive changes in social enterprises and society, it is evident that there are integrative aspects of external system change; yet, there is no convincing evidence for substantial systemic changes resulting from social partnerships.

Our analysis results in a transformational relationship level for social partnerships, with some metrics indicating integrative relationship (**Table 2**). First, we examined that the level of engagement is at integrative relationship level, since the financial and organisation-specific resources are frequently exchanged. Following that, we found that mission importance is in transformational relationship level, since MNEs have standardised processes before initiating the partnerships and even have pre-determined partner selection criteria. Afterwards, we found that scope of activities is in transformational relationship level, since all multinationals

participate in more than one social partnership and find linked interests with their partners to create social impact through activities which are relevant to their mission, whilst governmental entities are do not constitute an obstacle to these activities. Next, there is internal change at a transformational relationship level, as existing employees feel proud when they participate in the partnership's activities, while prospect employees are positively influenced. Finally, we observed that external system change is at an integrative relationship level, since social enterprises use the resource exchange from their partner to scale their social impact and, simultaneously, society is directly and indirectly influenced by the partnerships' activities, however, there are not systemic changes beyond the partnering organisations.

Value Creation Spectrum	Associational Value	Transferred Resource Value	Interaction Value	Synergistic Value
Relationship Level	Philanthropic	Transactional	Integrative	Transformational
Level of Engagement			Regularly Exchanged Financial & Organisation-Specific Resources	
Mission Importance				Partnership-Specific Criteria for Partner Selection & Alignment with Higher Management
Scope of Activities				Linked Interests for Activities Relevant to the Scope of Work of MNEs
Internal Change				Employees' Engagement, Pride & Positive Influence of Prospect Employees
External System Change			Positive Changes in Social Enterprises & Society, but Not Far Beyond Partnering Organisations	

Table 2: Overview of findings; Own Illustration

The nature of relationship in partnerships with social enterprises is transformational, owing to the strong linkage of interests, the resilient examination of partnership fit potential and employee involvement in partnership processes, whereas the financial nature of some resources as well as insignificant systemic changes indicate integrative relationship

characteristics. The purpose of this section was to illustrate the findings on the value creation for MNEs via social partnerships. Following our investigation, we identified that partnerships with social enterprises generate Synergistic Value, with some transformative implications for the multinational enterprise and its individuals; yet, there are integrative features on level of engagement and external system change which signify interaction value. Our findings allow interpretations of the value created for MNEs in the light of previous research on value creation and cross-sector social partnerships.

5. Discussion

Due to the novelty and complexity of social partnerships, we anticipated that multinationals would leave fulfilment of their activities for their partnering social enterprise and not engage many of their resources, since they are faced with a challenge of not knowing much around how to tackle social issues on their own and focus more on their commercial activity. This study has begun to fill our knowledge gap by building a theory on the value for MNEs when collaborating with social enterprises. The analysis led to two essential findings; the first insight deals with the nature of the relationship level, which arises from the partnership process findings. The second insight concerns the sort of value from the partnership process created for the MNEs in their collaboration with social enterprises.

5.1 Nature of Relationship Level

Our first set of insights is on the nature of the relationship level of social partnerships. Through the above-mentioned analysis of the five multinationals, we discovered the following five common metrics: Firstly, partnership processes include engagement of both tangible and intangible resources and, secondly, MNEs develop partnership-specific criteria. Moreover, the two partnering organisations have linked interests and, consequently, the scope of activities is transformative. Lastly, there is noticeable change both internally, due to employee and recruitment-specific benefits, and externally, as society and social enterprises are also benefitted.

While mission importance, scope of activities and internal change reflect a transformational relationship level, the resources engagement and external system change rather reflect an integrative nature of relationship in social partnerships.

Multinational enterprises are not limited to one single activity to accomplish their goal. Value creation is a process that takes both parties' time and effort, as well as concurrent activities (Waddock, 1988). As we found, this entails multinationals engaging in additional activities with social enterprises throughout their partnerships.

We further discovered that special emphasis is given on partnership development and partner selection and that advice is obtained from external stakeholders with experience in the sector they wish to influence. Previous research on CSSPs has highlighted the importance for businesses to consider the partnership fit potential and create a "*frame fusion*" with their partners to build their future activities (Austin and Seitanidi 2012b; Le Ber & Branzei, 2010). However, our interviewees indicated that they do not adhere to explicit sets of partner selection criteria, such as checklists, but rather look to more activity-based qualifications (Interviewee 4). Nonetheless, they stressed that they align the objectives of the partnership and foster shared efforts for their activities' implementation (Interviewee 5).

MNEs combine and frequently exchange their financial and distinctive resources in the partnerships towards social betterment. In line with prior research, the acquisition of greater resources besides those of social enterprises, reveals high resource complementarity. Since collaborators are eager to employ their organisation-specific resources, their partnerships have great potential for value creation and a source of significant organisational advancement in the meso, micro and macro environments (Austin & Seitanidi 2012a). The data gathered from the interviews showed that the resources offered to the partnered social enterprises consisted of both tangible and intangible resources (Interviewee 3). The engagement of different combinations of "first order" and "second order" resources, rests on a deeper relationship nature of the partners, beyond a philanthropic and transactional level. (Gourville & Ragan, 2004). However, as a transformational relationship level is achieved when only intangible

resources are exchanged (Austin & Seitanidi, 2012a), the relationship level with regards to resources remains integrative.

Another catalyst of value beyond the partnership dyad, according to previous value creation research is innovation. Initiatives which have an innovative character are more likely to yield new combinations of change and lead to significant systemic transformation in the macro environment (Austin & Seitanidi 2012a). Our interviewees stressed the originality of initiatives they pledged with their partners, however, their activities did not surpass the integrative relationship level. To achieve transformational cooperation in the context of originality, "disruptive social innovations" would be required which would in turn result in significant external system changes (Le Ber & Branzei, 2010).

With regards to external system changes, we found evidence of considerable changes in both society and the communities in which our interviewed MNEs are involved. Apart from the partnerships' activities' outcomes, we found an increase of new employment positions in social enterprises (Interviewee 3). This societal advancement is discussed in value creation literature as a systemic change beyond the partnering organisations, representing social betterment with socioeconomic benefit (Austin & Seitanidi, 2012b).

Despite the partnerships' contribution to the society and the communities, our interviewees stressed the benefits that micro environment experiences through detailing the value there is for employees of MNEs. Moreover, we found that partnerships with social enterprises involve employee-specific incentives such as recruitment processes, which are subject to considerable changes, since prospective employees are more interested in the MNEs' societal activities. We also found that current employees of multinationals are experiencing motivation to work for the partnership's initiatives and have an own sense of responsibility. These findings are consistent with research showing employee-specific benefits in the micro

level of the partnership in which individuals experience psychological satisfaction and recruitment processes are benefitted (Austin & Seitanidi, 2012b).

Also, we discovered that MNEs contribute to the partnership endeavour in varied forms. On one hand, they incorporate their internal and external stakeholders into the partnership in different means. According to the statements of our interviewees, these partnerships have resulted in organisational learning, with important implications for the individuals inside the organisations. On the other hand, our insights underline the relevance of MNEs engaging in social partnerships in a broad scope of activities. These reinforce the partnership's Corporate Social Strategy (CSS) and show that partnership initiatives are positively related to the MNE's financial performance (Bryan et. al., 2007; Choi & Wang, 2009).

5.2 Sort of Value Created for MNEs

Apart from the relationship level, our second set of insights is on the sort of value created for the MNEs in their partnerships with social enterprises. We found that the mission importance of the pursued activities, perceived through the thorough partner selection and focus on partnership development, as well as the scope of activities of the partners through their linked interests, emphasises MNEs' progress on social responsibility. An equally notable development is the procurement of internal change, evident through the increased affinity of employees and other stakeholders. However, there is less progress in stimulation of systemic changes, as disruptive social innovations are still limited. Additionally, the combination of both tangible and intangible asset contributions does not allow for the characterisation of the level of engagement as truly transformational. Therefore, it cannot be concluded that the value creation is genuinely synergistic, which is in accordance with the most relevant literature on Austin and Seitanidi's Collaborative Value Creation CVC framework (2012a, 2012b). However, we showed that MNEs preconceive their social responsibilities to high levels, whilst

linked interests and innovation result in co-creation of synergistic value. As the nature of the relationship in most metrics is transformational, and the integrative metrics create synergistic value when combined, it is derived that the value created for multinationals when partnering with social enterprises leans towards *synergistic*. However, as the value creation is nor genuinely synergistic, neither interactive, the current state of MNEs' social responsibility exists in a limbo state - a hybrid category of value creation combining interaction and synergistic. In the next section, we will discuss how our study's limitations as well as how it benefits both academia and practice.

6. Conclusion

This study aimed to explore what kind of value MNEs derive from their partnerships with social enterprises. Owing to the exploratory nature of the phenomenon, we were also interested in the sort of resources exchanged as well as in the operationalisation processes of partnerships with social enterprises. As a consequence, we did a multiple case study analysis among MNEs to explore what kind of value is produced for multinationals. We identified that synergistic value is created for MNEs with some interaction value characteristics in the nature of resources exchanged. However, we highlight that transformational relationship outcomes in different areas surpass the integrative. Apart from the value created for multinationals, we found other players are also benefitted from these partnerships' activities, such as the partnering social enterprises, individuals internal to the partnership as well as various communities and segments of the society. Yet, systemic changes in the external environment of social partnerships require merely the trade of partners' intangible resources.

6.1 Managerial Implications

Effective development cooperation cannot be achieved by interorganisational relationships with for-profit entities without any societal impact. The external image of a multinational company is crucial to the firm's essential stakeholders' environment. Our findings confirm that *Shared Value* creation is beneficial for an organisation's competitive advantage and can provide employee-specific benefits.

On one hand, companies that do not yet pursue partnerships with social enterprises should stay open-minded to new types of partnerships, since there is a potential for great benefits. It will help managers better understand this concept through actual views obtained from the pragmatic world, as well as familiarise them with the improvements they might make to their strategies regarding partnerships.

On the other hand, governance and senior management of multinational enterprises who are on the verge of building new social partnerships can utilise this research as a starting point of their own considerations around the value created for them as well as for other stakeholder groups and their environment. Furthermore, the findings of this study indicate the need of communicating corporate sustainable initiatives to the external environment in order to activate their network for further shared value creation.

6.2 Theoretical Implications

While previous research on CSSPs has highlighted the value for large organisations, this research focuses on the advantages of *Shared Value* creation with social enterprises. We believe that our study has laid the groundwork for further research on partnerships between multinationals and social enterprises, even though it may have benefited from a more in-depth examination of only one industry. A detailed analysis of such topic will help academia build a framework around the partnerships with social enterprises, similarly to other types of cross-sector social partnerships.

The qualitative nature of this research provides a theoretical ground for future research, which could consist of a combination of qualitative and quantitative methods. The integration of a quantitative perspective would bring about a more inclusive perspective of the value created for MNEs through social partnerships.

Since our study encompasses MNEs from different regions, we anticipate that various markets and geographies may have different approaches to partnership development. Future study could therefore ascertain to what extent our findings might also vary in other settings by conducting cross-country case studies. Consequently, our framework could be a valuable source of information for future researchers in their attempt to examine cross-country case studies.

6.3 Limitations

Although this study aimed to exceed any border, it has to be seen in light of three limitations. First, the research sample was not limited to for-profit organisations globally, but to multinational enterprises with several selection criteria. Yet, the number of multinationals participating was small, owing to the challenging access to the relevant stakeholder groups and their willingness and availability to contribute to the data collection. However, we ensured that the sample selected was a virtuous representation of the pragmatic world, not limiting our scope of research in only one industry or region.

Following that, the interviewed sample was heterogenous, not considering the industry MNEs operate or country-specific criteria. However, we consolidated the value derived by all the multinationals into more generalised value creation features in order to ensure that this diversity of the sample will not influence our findings.

Thirdly, when conducting interviews in quantitative research, it is imperative to take into account the possibility of misinterpretation of information from the interviewees. To prevent an over-statement of the multinationals' social responsibility actions, the interview process included targeted sub-questions and the encouragement of the interviewees to provide specific examples. This risk was further mitigated by performing data triangulation. The data collected during the interviews was compared to these included in publicly-available resources, such as the MNEs' annual reports.

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Appendices

Appendix 1: Interview Guideline

1. Could you describe your role at the (company name) a little bit?

   o What are your main responsibilities in the (interviewee's department)?

   regarding the social partnerships?

2. In what types of partnerships have you committed to with social enterprises?

   o What is the commitment that you and your partner make in this partnership?

3. What are you looking for in this partnership?

   o Could you achieve the same results if you partnered with another social

   enterprise?

4. Who are the stakeholders involved?

   o What feedback have you gathered so far for this partnership?

5. What sort of value do you believe that is created through your partnerships with social

   enterprises?

   o What are the benefits you believe that this partnership has created to you

   and/or your stakeholders?

Appendix 2: Overview of Data Structure and Coding Scheme.