

# Challenges of collaboration between social enterprises and for-profit organizations

*A study in the national context of the Netherlands*

*Daan Dijkstra, 5675545*

## Abstract

This research was among the first to investigate the challenges between social enterprises and for-profit organizations in the Netherlands looking at two sides of the collaboration. A lot about those partnerships remains unknown. Semi structured in-depth interviews were performed among 11 social enterprises and 8 for-profit organizations and analyzed using the coding program NVivo. Challenges at social enterprises included several cultural challenges, challenges related to different interest, practical challenges and challenges of dealing with misconceptions. Looking at for-profit organizations, challenges were found to be process related, content related, outcome related and related to working with the social target group. Challenges were found to differ per type of collaboration and the most important reason for collaborating turned out to be the quality of your product or service. Focus points were indicted for both parties to be able to improve their cooperation.



Universiteit Utrecht

## Keywords

Cross-sector collaboration, social enterprises, for-profit organizations, challenges, inter-organizational collaboration, trust

## JEL:

P12 (Capitalist enterprises), P13 (Cooperative Enterprises), P31 (Social enterprises and their transitions)

Supervisor: Mirella Schrijvers, m.t.schrijvers@uu.nl

Second Grader: Leendert de Bell, l.a.debell@uu.nl

Student Master Business Development and Entrepreneurship

Utrecht University

The copyright of this thesis rests with the author. The author is responsible for its contents and opinions expressed in the thesis. U.S.E. is only responsible for the academic coaching and supervision and cannot be held liable for the content.

## Table of contents

<b>1. Introduction</b>	3
1.1 Main question	4
1.2 Contribution	4
1.3 Course of action	5
<b>2. Theoretical framework</b>	7
2.1 Social enterprises	7
2.2 Literature on collaboration between social enterprises and for-profit organizations	7
2.3 Theory on challenges	8
<b>3. Empirical Strategy</b>	12
3.1 Operational definitions	12
3.2 Research Design	12
3.3 Empirical Setting	12
3.4 Case selection	13
3.5 Data Collection	14
3.6 Data Analysis	14
3.7 Strengths and weaknesses of the method	14
<b>4. Results</b>	16
4.1 Overview of respondents and case descriptions	16
4.2 Reason of collaboration	17
4.3 Experience of working together	19
4.4 Challenges within the collaboration	20
4.4.1 From the side of social enterprises	20
4.4.1.1 Different interests	20
4.4.1.2 Cultural challenges	20
4.4.1.3 Practical challenges in the process of collaborating	21
4.4.1.4 Experienced misunderstandings at for-profit organizations	23
4.3.2 From the side of for-profit organizations	23
4.3.2.1 Content related challenges	23
4.3.2.2 Process related challenges	24
4.3.2.3 Outcome related challenges	25
4.3.2.4 Working with the social target group	25
4.5 The control case	25
4.6 Advice from the respondents	26
4.4.1 Advice given to for-profit companies	26
4.4.1.1 Process related advice	26
4.4.1.2 Advice on achieving social goals	27
4.4.2 Advice given to social companies	27
4.4.2.1 Related to being commercially oriented	27
4.4.2.2 Process related advice	28
4.4.2.3 Practical related advice	29
4.5 Advice to both parties	30
<b>5. Conclusion</b>	32
<b>6. Discussion</b>	35
6.1 Theoretical implications	35
6.2 Practical implications	37
6.3 Limitations	38
6.4 Concluding	39



<b>References</b>	40
<b>Appendices</b>	45
Appendix A: Overview tables from results section	45
A1. Overview of respondents and case descriptions	45
A2. Different reasons to collaborate	46
A3. Main challenges on the side of social enterprises	47
A4. Main challenges on the side of for-profit organizations	48
A5. Advice to for-profit companies	48
A6. Advice to social enterprises	48
A7. Advice to both parties	49
Appendix B: Interview protocol social enterprises	50
Appendix C: Interview protocol for-profit organizations	54
Appendix D: Coding scheme NVivo	57

## 1. Introduction

Looking at the hundred largest firms worldwide, research has found that on average those firms invest in eighteen cross-sector partnerships each (PrC, 2010). Partnerships between companies which bridge different sectors are growing worldwide and are thriving, thousands of cross-sector partnerships are active and a large increase in management and policy research in this area is shown over the world (Gray and Stites 2013; Branzei and Le Ber 2014). Especially for non-profit companies or partly non-profit companies, cross-sectional collaborations are becoming more important than ever (Babiak, 2009).

A cross-sector partnership includes the fact that formal autonomous actors operating in different sectors, each with their own objectives and resources, choose to provide services to each other or decide to make (contractual) collaboration efforts (Oppen et al., 2005). It contains purposive strategic relationships where the parties involved strive for mutual benefit. The goal behind forming these partnerships aims at both gaining commercial value and solving economic, social, and environmental problems through collaboration. They are therefore important in increasing economic and societal wellbeing (Crane, 1998). These cross-sector collaborations can be seen as a “novel form of political-economic arrangement seeking to balance the efficient functioning of markets with the welfare of communities” (Di Domenico et al, 2009).

The literature agrees upon the potential of collaboration between social enterprises and regular (for-profit) organizations to jointly address complex social problems, in a way that would not be feasible for individual companies (Austin et al, 2012; Di Domenico et al, 2009).

The reasons for forming these collaborations between social enterprises and regular for-profit companies are also clear. Social enterprises (which we define in this paper as “partly non-profit organizations that pursue social objectives through the sale of goods or services” (Pearce 2003)), have a goal to move away from reliance on subsidies and donations and are looking for a way to scale their impact and their viability as a business. The social enterprise may gain in collaboration with a for-profit organization from access to resources, may have more market engagement which will improve the financial position, and legitimacy will be improved due to gain in intangible benefits (Peattie & Morley, 2008). In contrast, more and more for-profit companies are under pressure by events of corporate scandals, government regulation and rising expectations from customers and society to be socially responsible (Di Domenico, 2009). We define for-profit organizations as business owned by shareholders, with the primary aim to maximize profits, in spite of their corporate social responsibility (CSR), and competing in mainstream markets (Huybrechts et al., 2017). Forming a partnership with a social enterprise can send a message to the outside world that the for-profit company is actively involved in acting more socially responsible. In this way, the commercial company may gain reputational benefits, improved access to expertise and future talent and increased employee motivation because of links with a social enterprise (Peattie & Morley, 2008).

It is important to keep on enhancing our knowledge about these cross-sector partnerships as those partnerships aim at increasing both economic growth and societal wellbeing and do have a large value for both parties involved.

However, a lot about those partnerships in the Netherlands remains unknown. In literature, the question has shifted from whether such a collaboration with actors from other sectors of society are relevant, to how such collaborations should be formed, organized, extended, governed, and intensified (Tulder et al., 2016). Especially as research indicates that negative outcomes of cross-sector collaboration are often neglected, such as loss of autonomy in decision making, the issues of self-interest, power, conflict and control. Those may create challenges and hamper a beneficial outcome (Child & Faulkner, 1998; Gray, 1989; Hardy & Phillips, 1998; Linden, 2002; Oliver, 1990; Park, 1996). Shortcomings in the literature thus indicate that more explorative research is needed into the specific challenges that are at play in cross-sector collaborations.

The context of the Netherlands is chosen because for decades Dutch inhabitants have been involved in socially oriented initiatives, including civic engagement and voluntary activities (Pape & Brandsen, 2016). Also from a historical perspective, many of the principles of social entrepreneurship are embedded in the Dutch economy, as many businesses have explicitly paid attention to social and inclusive goals (Bosma, 2019). The Netherlands is among the top countries in international comparison when we look at citizens involvement in volunteering activities (Salamon & Sokolowski, 2001). The social enterprise sector is large in the Netherlands and despite the growing interest in the field by practitioners, scholar and public authorities, the literature which does specifically address collaborations between social enterprises and mainstream businesses is still scarce (Di Domenico et al., 2009; Huybrechts and Nicholls, 2013; Nicholls and Huybrechts, 2016).

### *1.1 Main question*

Combining all those insights, this research will try to investigate the gap in the literature concerning the challenges in collaborations between social enterprises and for-profit organizations in the Netherlands.

Therefore, the main question of this research will be:

*Which main challenges do social enterprises and for-profit organizations in the Netherlands face in their collaboration?*

Sub questions will include the following:

- *What are the main challenges from the side of social enterprises and what do they advise for successful collaboration with for-profit companies in the Netherlands?*
- *What are the main challenges from the side of for-profit organizations and what do they advise for successful collaboration with social enterprises in the Netherlands?*

### *1.2 Contribution*

Investigating cross-sectional collaborations is a phenomenon which has gained increased academic interest. Considering scientific relevance, this paper will contribute to a rather new domain of exploring the different challenges in collaborations between social enterprises and for-profit organizations, as well as contributing to the division in the literature to whether such a collaboration is something desirable. Previous studies described that there are still a lot of challenges in this collaboration which need further investigation. Next, this paper will make an academic contribution by contributing to theory about cross-sector collaboration, how resources

in collaborations are shared, and how the collaboration can be best organized, governed and intensified. It will also contribute to literature about value creation within cross sector collaborations. Also, a theoretical contribution can be made to management theories on successfully maintaining, increasing and promoting collaborations between social enterprises and for-profit organizations.

Looking at social relevance, if the challenges of collaborations between social enterprises and for-profit companies are better understood, the overall quality of those collaborations will be improved and could prevent failures within collaboration. Ineffective management of those collaborations can lead to wasted resources, loss of organizational flexibility and structural atrophy (which refers to the fact that having a partnership could diminish the efforts to search for a better situation or better partnership) (Babiak, 2009). It is crucial to understand the balance between gaining the benefits and avoiding the disadvantages of partnerships. More understanding of the challenges and outcomes of the described collaborations could help social entrepreneurs in growing their social impact and to be able to scale up faster. This in the end will benefit society as more social enterprises will be able to scale and grow, and in doing so deliver socially desirable outcomes. For-profit companies can use the results of this paper for managerial purposes, as it will help them make more societal impact by successfully engaging in collaborations with a social enterprise.

Next to this, it was found that such partnerships as described above are liable to vary considerably between countries (Pearce, 2003). This study adds a different national context in which little research has been done to the described relationship.

### *1.3 Course of action*

This paper will address the issue stated above by comparing different collaborations between social enterprises and for-profit organizations. This research will thus be explorative in nature. First, documented collaborations between social enterprises and for profit-organizations will be explored and a selection of companies which are involved in those cross-sectional partnerships will be interviewed about the challenges they face. The research is set to take place in the Netherlands. This is chosen because over the last years cross-sector cooperation have been growing and most research has been done in the United States and the UK (Gray and Stites, 2013; Branzei and Le Ber, 2014; Di Domenico et al., 2009). It could thus be important to extend the literature in the Netherlands and look at if a comparison with other countries can be made. Next to this, the Netherlands is chosen because it has become one of the best start-up ecosystems of the world (Startup genome, 2021). However, there are relatively few start-ups who transform into scale-ups or unicorns. This is referred to as ‘the Dutch Entrepreneurship Paradox’, which describes the fact that a lot of businesses are started in the Netherlands, but there appears to be less focus on scaling up and create large economic and societal value (Stam, 2021). Although there are more factors at play which determine if a social enterprise is able to scale, one of them could be their successful collaboration with bigger (for-profit) companies. This study could thus also point out some directions for future research to contribute to this practical issue.

This research will be inductive as in the literature it remains yet largely unknown what the main specific challenges within the described cross-sector collaboration are. Although few, there are some challenges identified in other countries, only the results remain of limited use as it is

expected that this will differ in the Netherlands. The use of an inductive approach has the benefit of potentially amplifying our knowledge and understanding about the described phenomenon by making conclusions that are more than a restatement of existing theories (Gregory & Muntermann, 2011). In order to shed light on those challenges an exploratory approach will be greatly beneficial as it allows the researcher to begin with specific observations and measures, and after moving to detecting patterns and themes in the data (Soiferman, 2010). After the exploration phase this research may lead to general conclusions or theory (Creswell, 2007). As will be explained in the method part, multiple cases will be considered.

This paper is set up using the following structure: in the theory section the main concepts are introduced, and theory is provided. In the method section the operational definitions, research design, empirical setting, case selection, data collection and data analysis are described. Subsequently results are presented, split up in multiple parts to make it more comprehensible and lastly, we conclude and discuss the findings of this paper.

## 2. Theoretical framework

### 2.1 Social enterprises

As was stated above, we define social enterprises in this paper as: “partly non-profit organizations that pursue social objectives through the sale of goods or services” (Pearce 2003). Their primary goal is socially aimed, this does not mean that social enterprises do not make profit, it means that they use that profit for another goal than for-profit organizations. The difference between a social enterprise and a for-profit organization is that for-profit organizations have economic opportunity at its heart, while socio-environmental problems are the core of a social enterprise (Trivedi & Stokols, 2011). For-profit organizations will see an opportunity viable when there is a growing demand or market size. For social enterprises the reasons to pursue the social goal are recognized social needs, market failure and the repeated unsuccessful attempts by the government to address socio-environmental problems (Austin, 2006). It is stated that market failure often describes a situation where people who are in need of a service, however they are not able to pay or get access to those services. This means that the functioning of the market does not meet social demand (Austin, 2006). Although governmental institutions attempt to solve this by integrating public programs and services, there are still underdeveloped public approaches to address some of the most pressing socio-environmental problems (Wei-Skillern et al., 2007). This gap of traditional market failures and underdeveloped public approaches is largely why the functioning of social enterprises is so important. Market failure can thus be described as a problem for for-profit organizations, but an opportunity for social enterprises (Austin, 2006). In order to meet social demand and increase wellbeing, it is important that social enterprises can thrive. In working together with for-profit organizations social enterprises are able to jointly address complex social problems, in a way that would not be feasible for individual companies (Austin et al, 2012; Di Domenico et al, 2009). That is why it is important that both parties can flourish in this collaboration.

A study by McKinsey & Company found that in the Netherlands there are about 5000 to 6000 social enterprises (Keizer et al., 2016). Those are employing between 65.000 and 80.000 people with a joint turnover of 3.5 billion euros. The study also showed a 10-year potential and indicated that around 2026 there would be 10.000 social enterprises, with 100.000 people employed and a turnover of 5.4 billion euros (Bosma, 2019). The potential for social enterprises is huge, and research to what works in successfully scaling up will be important in achieving more and more societal goals. As said, one of those ways to scale up is looking for partnerships with bigger for-profit organizations. Below, theory regarding the collaboration between social enterprises and for-profit organizations will be considered.

### 2.2 Literature on collaboration between social enterprises and for-profit organizations

The collaboration between social enterprises and for-profit organizations looks promising in the beginning and has great potential to be beneficial to both parties. However, previous studies described that there are still a lot of challenges in this collaboration which need further investigation. There is a lack of research to what extent resources are shared, how the partnership is organized, and which value is generated within the collaborations (Austin et al.,



2012). Tulder et al. (2016) also stated that “there is an urgent need for cross-sector partnerships within the monitoring, reporting and evaluation of the outcomes and impacts on social problems of partnerships”. There appears to be a thin line between gaining the benefits of cross sector collaboration and making the situation worse. As stated above, lots of research described the merits and benefits of collaborations between organizations (Austin et al, 2012; Di Domenico et al, 2009; Kanter, 1994; Doz & Hamel; Child & Faulkner, 1998). Most research has focused on beneficial parts of cross-sector collaborations which include being better able to capitalize opportunities and reduce uncertainty. However, there are more and more studies who warn leaders and managers and state the complexities and difficulties within these types of partnerships and show negative outcomes (Frisby et al., 2004; Hodge & Greve, 2005; Huxham, 1996; Provan et al., 2005; Wondolleck & Yaffee, 2000). Risks involved in the partnership can include reputational damage when the collaboration is unsuccessful, loss of control or independence as a consequence of power imbalances (Peattie & Morley, 2008). As is stated above, there is a gap in the literature in determining the outcome of the described collaborations and more importantly in explaining why some partnerships work and others do not.

### *2.3 Theory on challenges*

A recent study by Urmanavičienė et al. (2021) investigated the challenges of cross-sector collaboration for social enterprises in the Baltic States, which includes Estonia, Latvia and Lithuania.

Many of the collaborations between social enterprises and for-profit organizations involve either fixed-term contracts, fixed price contracts or both (Urmanavičienė et al., 2021).

A commonly found problem within collaborations is that those contracts are not inclusive enough to prevent one party using the other party to their own advantage. This is in line with agency theory. An important core assumption of agency theory is that each party is motivated by self-interest and that both parties face different views towards risk and are accompanied with different goals and different decision-making preferences (Eisenhard, 1989). The agency theory is closely related to the concept of free riding, in the collaboration between social enterprises and for-profit organizations it means that a party uses the strengths of the other party without giving much back in return. There is always the risk that one party is using the know-how of the other party for its own gain, for example, using specific information or beneficiaries to market a new product or new service which is not part of the agreement (Urmanavičienė et al., 2021). This also refers to cultural differences where both sides of the collaboration should be aware of. In order to solve this issue, it should be clear why the two parties are working together and what is expected of each other, this should be done with defined deadlines and deliverables, including clear expectation management (Urmanavičienė et al., 2021). In this way neither the social aim from the social enterprise side, nor the profits and the status from the for-profit organization has to be harmed.

Next to the legal written agreement, it was found that a lot of challenges or struggles within collaboration can also involve more relational aspects. Here we can use social capital theory. Social capital theory states that its core elements, trust and cooperation, can be established over time by repeated interaction of people involved in a long-lasting relationship (Kreuter & Lezin, 2002). The relationship between people within the social enterprise and the for-profit

organization can allow for a bridging function (access to more resources from each other) as well as a bonding function (which indicates the willingness to cooperate) (Cumberland & Litalien, 2018). Interactions do also create social norms of expectations that function as the driving social mechanism behind greater cooperation (Koka & Prescott, 2002). This is closely related to trust, as the definition of trust is the following: ‘The willingness of a party to be vulnerable to the actions of the other party, based on the expectation that the other will perform an action important to the trustor (first person who places trust), irrespective of the ability to monitor that other party (De Cremer, Snyder & DeWitte, 2001). The latter in that definition is important here, irrespective of the ability to monitor that other party, because when there is enough trust the parties can count on that the other party will show cooperative behavior.

Related to the more relational challenges facing a cooperation, previous research has shown that it is important that the social entrepreneur speaks a business language, indicating the more profit related side of operations instead of the social goal (Urmanavičienė et al., 2021). This will increase business confidence and will present a professional image. The study in the Baltic states found specific challenges to be located in three stages: before establishing the collaboration, the initial stage of the collaboration and the continuance of the collaboration. In the stage before establishing the collaboration it is a challenge to search for partners from the private sector that fit the needs and match goals of the social enterprise and to find out what their motives are. In the initial stage of collaboration, it is a challenge to make a clear and structured proposal that it is based on mutual benefit, and it was found here especially important to communicate with people with decision power within the organization. In the continuance stage it is a challenge to gain trust by investing time and effort and to maintain structured communication with the private sector company and let the for-profit companies stay informed about the social enterprise and its achievements (Urmanavičienė et al., 2021).

This research however contained a limited sample size, as only 7 respondents were found to be interviewed in the Baltic states and only social enterprises were selected in the sample. Next to this, the start-up ecosystem in the Baltic states is very different than that in the Netherlands, as was described that the landscape for promoting social enterprises in the Baltic States is still very much underdeveloped. Social enterprises also face changes in the political landscape in a much different way than in the Netherlands. Although differences can be expected, it will be interesting to see if the challenges are in some way comparable in the Netherlands.

Di Domenico et al. (2009) propose a framework between dialectical analyses of social exchange between a for-profit organization and social enterprise. They describe that within the collaboration a state needs to be achieved of synthesis. This is most easily achieved by harmonizing organizational goals and practices. However, the ease of this process depends upon the nature of participating organizations and the context in which collaborations take place (Di Domenico et al., 2009).

Stages which come before this stage are thesis, which is a stage which describes exchanging assets and resources perceived as mutually advantageous. After, a collaboration can make it to the antithesis stage, where dialectical tensions lead to conflict between partners. Then lastly,

the final stage of synthesis includes a reconciliation of the tensions and the making of a new set of inter-organizational arrangements.

Within their study, they stated that it is unlikely that most collaborations between social enterprises and for-profit organizations have reached synthesis, given the emergent nature of social enterprise. This research focused on collaborations between social enterprises and corporations in the UK in 2009, and since this is now 13 years ago and this study investigates another national context, it is interesting to see if the collaborations under study in the Netherlands have reached synthesis.

In their study in the UK, Di Dominco et al. (2009) found multiple challenges to be present between social enterprises and for-profit organizations. They define multiple terrains which include goals and logic, ownership, governance and accountability.

When looking at goals and logic, we see that social enterprises and for-profit organizations completely differ. For for-profit organizations, the goal is to maximize profits and wealth for their owners. While social enterprises also engage in commercial activity, this is to create a sustainable venture which tries to achieve social objectives, rather than commercial profit. This can mean that for-profit organizations see strategic decisions within the collaboration from a market logic and that social enterprises see strategic decisions from a social/community logic (what the community needs). This is likely to cause tensions between both parties. Secondly, the companies have a different ownership structure which makes contradictions easier. A for-profit organization distributes its surpluses to owners or reinvests it in the organization to gain competitive advantage. A social enterprise, however, can have a variety of legal structures as charity, company limited by guarantee, community interest company, and surplus is mostly used to achieve social/community goals or otherwise reinvested in the company. There will likely be tensions about how to reinvest returns, as the for-profit organization does want to stimulate further growth with activities as recruitment or marketing and is likely not willing to invest in more costly activities, as for example socially oriented community initiatives.

Thirdly, it can be expected that governance will play a big factor in upcoming challenges, as for-profit organizations face more hierarchical mechanisms which are internally oriented. This contradicts with more community engagement as a central governance mechanism. Both parties can get frustrated by this, the for-profit organization by the pressure to engage with external stakeholders, and the social enterprise by the effort it has to take to ensure that participative principles of governance are maintained. In this paper we define stakeholders using the stakeholder theory, which describes that businesses can be seen as a set of relationships among groups that have a stake in the activities of which define the business (Parmar et al., 2010).

Lastly, accountability can form a contradiction in the collaboration. Social enterprises value horizontal accountability, they argue that the community has a right to know what social or sustainable benefits or dis-benefits an organization is involved in. This delivers a complex set of procedures and mechanisms for reporting social performance (Pearce, 2003). For-profit organizations are accountable only to their shareholders. This means that the stakeholder priorities are different, and this can lead to conflict on what is the most important in collaborating. It will be interesting to see if those four factors will be found in this study as well.

In line with the contradictions described above previous research states that it is not likely to find collaborations between social enterprises and for-profit organizations when goals and values of both organizations differ fundamentally (Di Domenico, 2009). However, it is still unclear on what bases social enterprises and corporations choose potential partners. If we look at the social enterprise, the social goal is the most important and a social enterprise will not collaborate if the goal of a for-profit organization is too far away from that goal, regardless of the economic goals. In contrast, a for-profit organization will collaborate only if the partnership is most likely to bring reputational gains and more customers, regardless of the local legitimacy and social capital (Di Domenico, 2009). However, it will be interesting to find if this will be confirmed by this study.

To sum up, we have seen that for-profit companies and social enterprises have an ability to jointly address complex social problems, in a way that would not be feasible for the individual companies. However, a lot about the collaboration and its challenges remains unknown. There are some challenges identified by existing studies. Challenges are that contracts are not inclusive enough and that there are relational challenges in the process of collaborating where it is important that the social entrepreneur speaks a business language. It is a challenge to remain a trustful relationship and to structure the collaboration. Further identified challenges are on the domains of goals and logic, different ownership structure, governance and accountability. Previous studies also state it to be unlikely to find collaborations if goals are far apart.

The next section will look at how this study will investigate the challenges within the described relationship.

### 3. Empirical Strategy

Looking at data available for investigating the proposed research question, we found that data on numbers and activities of social enterprises in the Netherlands remain rather limited, as well as for collaborations between social enterprises and for-profit organizations (Bosma, 2019).

Qualitative research is therefore favored here as it allows for a more in-depth analysis and is most suitable for the research question of investigating the challenges of the collaboration and how these are created. Our goal is to form an understanding of why collaborations do or do not work and thus look for specific challenges, which is in line with qualitative research goals (Levitt et al., 2018).

#### 3.1 Operational definitions

Throughout this paper we define social enterprises as “partly non-profit organizations that pursue social objectives through the sale of goods or services” (Pearce, 2003). It includes that a social enterprise is present in the social economy and sees making social impact as the main objective. It operates by providing goods and services in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social goals. Next, it involves employees, consumers and stakeholders in an open and responsible way by its commercial activities. We define for-profit organizations as business owned by shareholders, with the primary aim to maximize profits, in spite of their corporate social responsibility (CSR), and competing in mainstream markets (Huybrechts et al., 2017).

#### 3.2 Research Design

This study investigated the collaboration between social enterprises and for-profit organizations and has set up case studies. A multiple case study was chosen over a single case study to be able to understand similarities and differences between the cases (Gustafsson, 2017). Because of the search for specific people who are either in a social enterprise or a for-profit organization, a non-probability, purposive sampling strategy is chosen. This is a technique which enables the researcher to select samples based on subjective judgement of the researcher. Due to the nature of this research and the variety of collaborations that exist, non-probability sampling allows us to better select organizations who are involved in the described collaboration.

#### 3.3 Empirical Setting

The unit of analysis in this study are stakeholders who enter into a collaboration as described above. This includes people from the perspective of the social enterprise as people from the perspective of the for-profit organization. The persons are chosen on the level of contact and engagement in establishing and maintaining successful collaboration. The persons with the highest level of engagement, involvement and contact in the collaboration were chosen as interviewee. This was chosen because it can be expected that those persons will contain the most knowledge and useful information about potential challenges. As will be seen in the result part, the function of the respondent can differ. To the best of our knowledge, this study will be among the first to investigate challenges at both sides of the collaboration between social enterprises and for-profit organizations. This enhances the usefulness of this research, as one-

sided information could produce a biased picture of the actual situation. The setting was the Netherlands. As stated before, it is interesting to compare the outcomes we find within companies in the Netherlands to those in earlier studies. This enables the findings to be placed in a broader scope of collaborations between social enterprises and for-profit organizations worldwide.

### *3.4 Case selection*

This research was performed by combining the findings of multiple case studies into collaborations between social enterprises and for-profit organizations. As there are a lot of social enterprises in the Netherlands operating in different impact areas, it was chosen to make a selection of companies to increase comparability. In order to help identify the companies active in such a cooperation, a selection of companies listed on the Social Enterprise Monitor website was sent an email containing questions that ask if they are cooperating with a for-profit organization and if they were able to do an interview. Social Enterprise NL is an organization which tries to form a network which connects and strengthens the position of social enterprises, a lot of social enterprises in the Netherlands are member at Social Enterprise NL. The company is providing insights into developments within social enterprises in the Netherlands, publishing yearly updates about developments. They aim at increasing the impact and pool of social enterprises. Based on the definition of social enterprises given above, there were roughly 5,000 social enterprises in 2019 in the Netherlands, of which a lot are connected to Social Enterprise Monitor (Social Enterprise Monitor, 2019). As Social Enterprise Monitor indicated that 34% of all researched social enterprises in 2020 in the Netherlands engage in collaboration with bigger companies, finding enough companies to do interviews with was experienced to be doable (Social Enterprise Monitor, 2020).

This research thus made use of contacting members within Social Enterprise NL and has looked specifically at two impact areas for social enterprises: labor participation & food transition and nature conservation. Previous theory has not indicated that one impact area will be more important in investigating the collaboration between social enterprises and for-profit organizations, and in order to select from a very large pool of social enterprises and to increase comparability, those two impact sectors are chosen, which resulted in 129 social enterprises to contact. Those consisted of 90 social enterprises in the field of labor participation and 39 social enterprises in the field of food transition and nature conservation. Because of this, it was expected to have a larger respondent base consisting of organizations operating in the impact area of labor participation. Regarding contacting for-profit organizations, the snowball sampling method was chosen. This meant that this research tried to contact the for-profit organizations who are in direct collaboration with the selected social enterprises by using the network of the social entrepreneur. The method is a non-probability sampling technique in which the sample includes traits which are hard to find, which is the case in finding specific for-profit organizations in collaboration with a social enterprise. This method was chosen in order to be able to increase comparability in results, as challenges and outcomes can be evaluated from both sides of the cooperation. A further argumentation was that the chances of speaking to for-profit organizations were increased as it was more likely that such a large organization would respond to a company they collaborate with, rather than to a student they

have never heard of. This means that after an interview with a social enterprise was finished, the interviewee was asked if he/she was able function as connector to a for-profit organization within their network.

### *3.5 Data Collection*

The primary data in this investigation consisted of semi structured in-depth interviews. This is efficient for this research as it is able to look for patterns, the main disadvantage is the biases of the interviewees. They can give favorable answers once they know that they are interviewed. However, by anonymizing the results it will be more likely that they will speak fairly as data cannot be referred to them. This study aimed to conduct 20 interviews with 20 participants within 10 collaborations. Due to convenience and distance problems those interviews were held online. Interviews were held using an interview protocol and by relying on the interview guidelines of Patton (2002). The interview started with questions about what the respondents do value in the collaboration, what the outcomes are of this collaboration and how it started. Thereafter, the interview dived into challenges there are and what can be improved in the collaboration. In a last section, the respondent could think of improving certain situations in the collaboration and what advice he/she would give to companies thinking of entering such a cross-sectional partnership. A detailed overview of asked questions can be found in Appendix B and C. As is usual for qualitative research, the questions were open-ended and there was room for deviation of the content of the questions. Based upon the literature in the theory section, a few questions were added to the interview protocol, including questions about the presence of a written agreement and the outcome of it, the quality of interactions between both parties, the level of trust, the content of communications and when a social enterprise or for-profit organization is willing to cooperate with the other party.

### *3.6 Data Analysis*

The analysis of the data was done by transcribing the interviews and using the coding software NVivo for analyzing and encoding the results (Bryman, 2016). Beforehand, different codes were made in order to connect the answers of the interviewees to the different categories. The coding scheme can be seen in Appendix D. This was done in order to increase interpretability of the results and prevent the researcher from making his own theory.

### *3.7 Strengths and weaknesses of the method*

A key strength of this paper, thanks to the sampling method, contained that it was possible to investigate both sides of the collaboration, where other found studies only regarded one sided information, containing the side of social entrepreneurs. This enables us to compare if challenges are experienced in the same way at both sides of the collaboration. A further strength of this paper includes the high validity, this is because of the sampling choice and the quality of the participant. Because we could aim for specific collaborations and chose to interview the parties relevant to our research question, we actually test what we intended to test building to a high internal validity. Another strength will be the detailed information which was assessed due to the semi structured in-depth interviews.

A weakness from the purposive sampling strategy is that we will most likely have low external validity. External validity describes the extent to which a study is representative for a larger population, if it is generalizable to different experiments, subjects and settings (Bracht & Glass, 1968). As is normal for case studies, they are, because of their small scope, less generalizable than more quantitative research (Gregory & Muntermann, 2011). This research can only be done over a couple of months and that restricts the possible database. However, it is also not the aim of this research to make generalizable claims, as the aim is to investigate the challenges in the described collaboration.



## 4. Results

This chapter will dive into the findings of the interviews. It is divided in multiple sections, of which the most important section will contain the challenges found in the cooperation between for-profit organizations and social enterprises. The other sections serve to better understand the context in which the statements are made.

### *4.1 Overview of respondents and case descriptions*

The respondents interviewed will remain anonymous, as this is beneficial for the validity of this study. Without it, respondents might be more likely to present socially favorable answers or develop a too positive view of the reality in order not to show any negativity of its own or other companies. For interpretability of the findings, we do consider some context of the participants, as there are some differences between the participants which could be of influence in this study. This includes the function of the respondent, the industry, structure and size of the company, and the type of collaboration between for-profit organizations and social enterprises. This is important as it can be argued that specific challenges will differ between different industries and different functions within companies. Also, the size of a company most likely influences the way in which an organization is organized, which could indicate differences in challenges and outcomes. In total 19 interviews were done, of which 11 consisted of social enterprises and 8 consisted of for-profit organizations. All organizations are (mainly) operating in the situational context of the Netherlands and as this is the context of this study, the size of the company is measured by the number of employees in the Netherlands. Some organizations interviewed would have a larger employee base if we would consider a larger context, as they are international organizations. However, for the aims of this study, we will focus only on the organizational structure and size in the Netherlands.

To be able to create a structured overview, table 1 in Appendix A1 provides information about the main differences between the respondents.

As can be seen in table 1 in Appendix A1, if we look at social enterprises, we see that most respondents consisted of top-level employees within a firm, 70% consisted of either CEO's, founders or co-founders. The other respondents consisted of managerial positions. Next, we see that the size of the social enterprises indicates small-to-medium enterprises (SME), as the size differs from less than 25 employees to less than 250 employees. All were found to be either a Private Company (7) or a foundation of some kind (4). Social enterprises with Private Company structure did not pay dividend to their shareholders. The foundations interviewed had no aim to make profit and if it was made it went to the social aim or to grow the business. For for-profit companies we see that most respondents do have a middle level to top level function, as 1 out of 8 consisted of an owner, and 6 out of 8 consisted of partners or managers and 1 consisted of a coordinator. We see that the organizations have a company limited or private company structure and range in size from 35 to 6.500 employees. The industry included a lot of areas: retail, audit, tax, consultancy, assurance, logistic, textile production, metalworking as well as asset and financial servicing. The type of collaboration between a social enterprise and a for-profit organization differs from detachment collaboration, where the social enterprise provided workers with a distance to the labor market to for-profit companies, networking and events collaboration, production collaboration, logistic cooperation or pro bono collaboration

(indicating that it is work or advice offered to the social company which is voluntary and without payment).

If we look at impact areas, we see that 10 out of 11 social companies work in the impact area of labor participation, and only one in food transition and nature conservation. This is because in most cases we found limited availability of companies contacted, and due to the fact that not more than 39 companies were listed on the impact area of food transition and nature conservation on the Social Enterprise NL website, compared to 90 in the area of labor participation. We could choose to leave that specific case out of the sample because it deviates from the other cases. However, in order to increase external validity of the results, it was chosen to use that one social enterprise and corresponding collaborating for-profit organization as a control case. As was found by Pearce (2003) that challenges can differ across countries, this could also be true for impact areas, which we could test using the control case. Information about the control case is displayed in table 2 in Appendix A1.

#### 4.2 Reason of collaboration

In order to further investigate the context in which challenges can occur, this study also investigated the reason of collaboration. This is done as it is important to understand why social enterprises and for-profit organizations are entering in such a collaboration in the first place. This will help position challenges in a later stadium. A detailed overview of topics and interview questions can be found in Appendix B and C. A detailed overview of the coding scheme can be found in Appendix D.

From the findings we can conclude that there are multiple reasons why such collaborations occur. In 7 out of 19 interviews we found that the social or sustainable goal of the social enterprise does not play a role in the main reason of collaborating. Instead, the collaboration arises because of (temporary) demand for more personnel, and a social enterprise happened to be found, or for-profit companies are just looking for a good product and service. The social goal is seen as a convenient side effect.

*Some eight to ten years ago, I had the need to hire more working force (..) to accommodate additional demand and I started googling (..) and there was \*Name social enterprise\* on the top (..) and since we are working together. (..) The social part is a nice addition because I know how they work and that is appealing. Lately, we are also busier with topics as social and sustainable and want to move more in that direction in the future. – Respondent 11*

*This is just a natural collaboration because companies are just looking for good services and products. The social aspect, most won't think of it, maybe they see it as a nice extra, but they are not willing to pay only one euro extra for it. – Respondent 2*

This is interesting as it indicates that an important factor in the collaboration between for-profit organizations and social enterprises is that the service or product the social enterprise is offering has to be of high quality to attract for-profit companies.

Next to this, in two interviews was found that for-profit companies explicitly want to contribute to social goals as main reason for the collaboration.

*Well, I noticed that some for-profit organizations do it admittedly in order to fulfill their Social Return of Investment (SROI) obligations. Also, some do it because they are really interested and only by themselves, they don't succeed, because they are too commercially focused. So, they want a collaboration with us, the impact makers, in order to achieve way more impact together. – Respondent 7*

In another two interviews was found that the main reason for collaboration indicated to be able to make more impact together, as both the social enterprises as for-profit organization were not able to make that kind of impact on their own.

*I think it is really valuable that we are involved in such collaborations and that those arise furthermore. On the one hand, to force for-profit organizations to achieve more societal goals (...) where before they did less. I think it is important as you see that those larger companies have more investment opportunities (...) making it possible to make way more impact than with other projects. – Respondent 10*

Also, another reason found in three interviews, all consisting of large for-profit organizations, is that they see this form of collaboration as part of their responsible role in society. Because of the fact that they are large organizations they can have a large social and ecological footprint. They describe that it is important to move to a more social and sustainable world and integrate the Sustainable Development Goals (SDG) in their vision. The type of collaboration where this explanation was mentioned contained mostly of Pro Bono relationships with social enterprises. They did include paid services with larger social companies, but to a far lesser extent.

*We have seen that being such a large organization results in making a lot of impact, so we think it is part our responsibility to do good and give something back to society. We want to work with integrity (...). We committed ourselves to four sustainable development goals, and we help those companies who are contributing to those goals or if they align with our strategy. – Respondent 14*

A further reason for the collaboration, mentioned in three interviews, included the fact that times have changed, and in order to be able to get personnel as a commercial company, you have to make it more attractive for employees to be involved in your company. Especially young people are more interested in social and sustainable dynamics and expect to see that in their job at an employer. Next to this, a last reason which was mentioned in two interviews included that commercial companies have social return obligations and social and sustainable targets they have to make and working together with a social enterprise helps them in achieving that goal.

*If they hear about what we do with entrepreneurship and about sustainability, then they are interested. (...). Also, predominantly young colleagues who are just graduated are busier on that subject and it is an extra impulse to work with us.- Respondent 13*

*It is not enough anymore to have a profit-oriented purpose as organization. No, at the labor market people look at which organization is committed in what way and how does the personnel fit in. – Respondent 12*

It was also asked what requirements respondents had in order to be able to work together. In 2 interviews was found that there is no specific requirement, but a preference for an organization who is likeminded. In 2 other interviews a requirement was that the other party should not have a negative effect on social or sustainable issues.

Looking at further demands, we see that respondents were willing to engage in collaboration, as long as:

- There is a win-win situation and mutual respect
- An organization contributes to specific SDG's
- An organization positively guides the social target group
- The price and quality are right
- There is willingness to cooperate
- An organization wants to talk about making impact
- An organization is professionally structured
- An organization is connected to the social aim and matches culture wise.

#### *4.3 Experience of working together*

Besides the reason to work together, the respondents were also asked what their opinion is working together with a for-profit organization or social enterprise. An interesting finding is that all companies had mostly positive experiences in their cooperation and when talked about trust, all respondents answered to have developed a form of trust with the companies with whom they work together. If that would not be present, most stated it to be a reason to terminate the collaboration.

It was also asked if the respondents do prefer working together with for-profit organizations or social enterprises. In the majority of interviews (11) was found that there was no specific preference to work with for-profit companies or social enterprises.

*And to be honest, I don't have a preference, each branch of clients that we work with, they all have their advantages and disadvantages (...) Almost always, we can work with all parties in a pleasant way and eventually achieve beautiful things. – Respondent 10*

It was interesting to find that among the four companies which preferred to work with social enterprises, three of them were for-profit organizations. The reasons were based on the fact that collaborating with social enterprises is more informal, which is preferred over formal and more relational than pure transaction wise. Also, in working together with social enterprises, for-profit organizations appreciated that the impact they made was far more concrete and far less abstract than in their other activities.

*Well, that process at social enterprises far more enables to think creatively about products, people and production lines (..) At commercial companies it's just rock hard. And yes is, it's more from the profit eye and how can we make as much money as possible, say, with the transaction than with the relationship.– Respondent 17*

And if we look at companies who prefer to work with for-profit organizations, we found all three to be social enterprises. The mentioned reason is that with for-profit companies you can achieve more because they are action driven. The respondents stated that the mindset is the

same among other social enterprises, however social enterprises experience that there are no concrete steps made and the contact is going way too slow with social enterprises.

*I experience that with commercial firms you have to understand each other, and you have to find common ground. But when we connect to social firms I really feel like, we're too abstract in the collaboration and there is a lack of goal orientation. Nice, we're going to work together? There is no action plan. With commercial companies it is more like, we are going to deploy people now, we're going to help people, we're going to bring 100 people here. We're going to train those and we're going to put those away not like oh, another conversation and nice. – Respondent 7*

#### 4.4 Challenges within the collaboration

In order to interpretate the results within the different challenges, we decided to split this part in challenges perceived by social enterprises and challenges perceived by for-profit organizations.

##### 4.4.1 From the side of social enterprises

For the social enterprises, the main challenges in their collaboration include having different interest, cultural challenges that are experienced within both organizations, practical challenges in the process of collaborating, the management of expectations, the perceived misconceptions about how things work and working with the social target group.

###### 4.4.1.1 Different interests

It was often found that social enterprises and for-profit organizations have both different interest in engaging the collaboration. It is reported as a challenge to get those different views together and social enterprises perceive having to fight for their social interest.

*Well, sometimes it is fighting for our social objectives, in the sense that for us it's just that society comes first, and logically that is not always the case with commercial parties. They still have a higher goal which they want to achieve. So sometimes they see things slightly differently. – Respondent 9*

It is also reported as a challenge to get for-profit organizations, as a whole organization, fully to be engaged in the goal of the social enterprise. However, the social enterprises did say they understood that this is more difficult for a for-profit organization as they have more commercial targets to make. It was also considered important to be able to negotiate strongly, as for-profit organizations will try to reduce the price.

*The most important challenge is always (..) although a person within a for-profit company could be fully connected to the social or sustainable aim. (..) It is important to be able to link this to the whole company. (..), so that the whole company will support it in one way or another. And that last step is really the most difficult because, yes, commercial interests always come first. – Respondent 5*

###### 4.4.1.2 Cultural challenges

One of the challenges referred to in four interviews among social enterprises is that it is challenging to work with the different mindset of commercial companies, and to get that

mindset into a more social one. Most of the time this is because there are certain mechanisms, which give less room for social goals and objectives. One of those mechanisms at for-profit companies implicates that tasks are organized to focus on commercial targets and making the most profit. It was found here that it is important for the social enterprise to fully understand the different organizational structure of the for-profit-organization and try to empathize with it. It was stated that through cooperation this challenge is diminished over time, as an organic learning process is created on both sides, where social enterprises can get for-profit companies more to look at people instead of results.

*In our culture, the result is not paramount. We just see that if the human being functions well the result comes naturally. So, we focus on the people and in a commercial company it's the other way around, the result is paramount, and the people have to adapt to that. And both can be successful models. But for us it's not a successful model. So, we always have to transfer this very well, but the funny thing is that through the cooperation, an organic learning process is actually created on both sides, which also allows the commercial company to adopt that kind of approach. – Respondent 1*

A further challenge within the cultural domain, which was found in four interviews had to do with working with the social target group. This finding is specific for social enterprises who detach workers with a distance to the labor market at for-profit organizations. This refers to the different culture there exist within social enterprises and within for-profit organizations. Social enterprises experience that for-profit find it difficult to work with people with a distance to the labor market. Also, some social enterprises stated that for-profit organizations just do not provide enough guidance and time for the social target group. Interesting here is to find that those challenges decrease over time when the for-profit organization has learned how to deal with the social target group. Some respondents stated that this culture gap resulted in social enterprises not wanted to work with for-profit companies as their culture doesn't suit the social workers.

*Looking at commercial organizations where we detach our people with a distance to the labor market, I notice that there are team leaders who are very commercially focused (..) So, it does happen that such a team leader is very critical towards one of our people by saying: 'How is it possible that you don't know this?'. In that way workers are approached, while we work in a way where we explain what the rules are, try to guide such a person and create a learning experience, instead of only addressing the mistakes made by him/her. – Respondent 7*

#### 4.4.1.3 Practical challenges in the process of collaborating

If we look at the more practical challenges in the process of collaborating, we find that social enterprises experience that it takes long before decisions for new agreements are made. Large for-profit companies have a difficult hierarchy structure. Most of the time the contact person for the collaboration, is not somebody within the for-profit organization who is authorized to make a decision and talk about strategy. This means that social enterprises experience the communication lines to be longer in for-profit organizations.

*I especially find challenges, well, that may have to do with the size of the organization, but I think that is also where many people run into, in the somewhat larger corporates, that you would of course like to work with each other in terms of volume, but that the lines of*

*communication are very long and that it cannot be decided so quickly to just do something when we think it is a good idea (..) the easiest is if you can switch immediately with the person who can decide, the longer that process is, the more complicated it is. – Respondent 4*

Next, in a couple of interviews was stated that it can be a challenge to manage clear expectations, both planning wise as making structural appointments. If structural appointments are not made, it is experienced that for-profit organizations only collaborate in times that they have more demand and need workers. In times of less demand, they don't consider collaborating. This was found among organizations who find themselves in the logistic area and detachment of personnel area.

*And that's in the area of transport, because one moment we're 30 cars short and the next moment it comes to a standstill at many companies and then we just have drivers sitting here twiddling their thumbs. So, in order to achieve this stability, you have to find structural customers who simply say: you know, in the coming years I'll need four drivers a day, but they also stick to it. And that is the biggest challenge. So, if you are used as a flexible shell, they often abuse it. – Respondent 2*

A similar challenge is to negotiate well enough in order to prevent this from happening.

*So, we have to see through very carefully what we are taking on then. And in that sense, it's no different than any other commercial relationship. Because look, they may also have an interest in getting rid of a job (..) you have to be able to negotiate with the for-profit organization. So that's a challenge sometimes, that you can see that they are willing to pay less for the job than we are willing to do. – Respondent 1*

Also, a practical challenge is social enterprises perceive that big for-profit organizations expect too much of them. According to a respondent, a possible solution is that a social enterprise could partner up with another company in a tender to meet high requirements.

*What you run up against is with the really big ones (...) So, then you get a very formal process and you do run into that as a somewhat smaller organization, which we still are of course, you can't live up to a number of guarantees because they set too high requirements, which we as a not yet such a large party can live up to, but that's when you're actually already at the level of tendering. – Respondent 4*

An unexpected finding was that contract wise there seemed to be no challenges, all except two social enterprises were using contracts in their collaboration with for-profit organizations. They all experience this to be positive, although they mentioned that it was important that clear agreements were made. In one case the response to having no contract was positive as both the commercial party and the social enterprise wanted to pursue the same social goal and had a great informal relationship. Here, the for-profit company provided production for cost price to the social enterprise. Only in one case where no contracts were present, there was a negative experience as is indicated by the following quote:

*There is one company we really worked for years. Eventually we ran the production department for them. Yes, at their inhouse, so we just sent people there, arranged all that and in the end, they did the trick, and they did it all themselves and we were thanked. Well, and you*

*know things like that at a certain point, then you think: yes, I would never have done it that way. It just doesn't feel right, so you just try to cover up a bit more – Respondent 2*

#### *4.4.1.4 Experienced misunderstandings at for-profit organizations*

As all social enterprises, except for the control case, do find themselves in the impact area of labor participation, it does not come as a surprise that one of the challenges includes working together with the social target group. In three interviews was found that social entrepreneurs appear to experience misjudgment placed by for-profit organizations about the quality of workers with a distance to the labor market. They view that the social target group is quickly labeled, which they perceive as unfair. It is stated that this challenge diminishes as collaboration progresses.

*They say that they don't have trust in it, "all the good ones are already taken." Well, that is just not true. Every time new persons enter the labor market. How can it then be that all the good ones are taken? Well, that kind of stigmas and preconceptions are present within some for-profit organizations. However, if we get past the HR department and show how such a person really works, it is no problem anymore. – Respondent 9*

Next to this, multiple social enterprises perceived that for-profit organizations had misconceptions about their use of subsidy, as social enterprises would be socially aimed because of the subsidy they get for it. Also, social enterprises perceive misconception about the social value they add.

*And yes, people don't always see what we do in return and so I find that difficult. In the end, people say to us that we also have to do that rate, just as well as another commercial party does. But I think we do more to get that rate than others. Surplus value is not seen by every organization. – Respondent 8*

An overview of the challenges found on the side of social enterprises can be found in Appendix A3.

#### *4.3.2 From the side of for-profit organizations*

Now that we have seen the challenges that have been described by social enterprises, this section will dive into the perceived challenges described by the for-profit organizations. It will be split into content related challenges, process related challenges and challenges that occur in working with the social target group.

##### *4.3.2.1 Content related challenges*

As can be seen in table 1 from Appendix A1, for-profit organizations are almost all larger in structure than the social enterprises, and this means they have another way of organizing their business. We found that this resulted in some challenges, one of them is that both organizations are living in a completely different world if we look at technical terms, and the way in which they run their business. Regarding for-profit organizations it is a challenge to fit in well with the world of the social entrepreneur. This also means that advice given to a social entrepreneur has to be well translated to become practical applicable. This finding was specific for pro bono collaborations.



*It's really a completely different world. I think it already starts with certain terminology that you use. So, you really need to kind of change your way of thinking (..) you have to make sure that you can connect to their world (..) They are still starting up, so you do have to make sure that your advice is very much in line with that and that it's also practical. From more strategic advice to what do you really do? So, what are the steps you take in practice? That can still be really tricky sometimes. – Respondent 14*

Next, it was found that it is a challenge to determine how much one can help each other, because it was stated that you also don't want to overdo it. This was especially found in a pro bono collaboration.

*Yes, promoting social inclusion in events is a great goal, but that it then costs 3 tons extra. Yes, at a certain point you also have to look at it. How realistic is that and can't we solve it differently? I think that's always a bit of a search: what are the limits? What are the boundaries within which you do certain things? – Respondent 15*

As was found to be relevant for a pro bono collaboration as well, it was a challenge to clarify the question the social enterprise has and what it is they are really seeking help for.

*Because what is the questions behind the question, where a social enterprise is struggling with? That takes time and energy, and you also have to build up a relationship, so it is a long-term relationship over multiple years, the entrepreneur has to gain confidence in the relationship. – Respondent 13*

#### 4.3.2.2 Process related challenges

Based on process related challenges we found in two interviews that contact with social enterprises is difficult, as the contact is often slow and interrupted, and the quality of contact can be perceived to be less good than with for-profit organizations. To place this finding into context, this occurred in pro bono relationships.

*You have to ask a little bit more questions sometimes and there's also just a little bit more time between or before things get done. That's not a bad thing. I understand, that sometimes differs from a relation with a commercial partner (...) at one social enterprise, we thought, we'll do it for a month. Well, we ended up spending three months on it, I believe. – Respondent 12*

In addition, it was found in multiple interviews that social enterprises are perceived to be less mature and less professional, which is closely related to the challenge to work efficiently and in a structured way with social enterprises. In multiple interviews was found that it takes extra effort to manage this. More specific, it was found that in remaining contact the social enterprise was less professional than commercial organizations.

*Look, social enterprises by nature are a little less mature in terms of organization. That just has purely to do with the size, with the knowledge and experience that is sometimes present or not present in that kind of enterprise.(..) If you want to set up your organization properly you also need money. And the moment you want to give most of your money to charity, which is admirable, you also have to make choices about how professionally to set up an organization in a commercial organization, perhaps saying, if I earn so much money, I must also attract an*

*extra person (..) So, we try to structure that ultimately everything you deploy is also efficient and effective.* – Respondent 12

#### 4.3.2.3 Outcome related challenges

Another challenge is that for-profit companies want to prevent reputational damages. When they do commit to collaborate and there are negative effects, it can be bad publicity for their organization.

*To be in the newspaper with your image, so to speak, the moment things go wrong somewhere else (..) Well, I think, there is a tension and that is on the internal side. If you commit to something, you have to do it.* - Respondent 12

A further challenge is to measure how much impact for-profit organizations are making, as in some interviews was found that they like to report their impact.

*We are in the process of mapping this out more effectively at the moment, for example by sending questionnaires afterwards to projects to see to what extent we really have an impact. But that is quite a challenge. Yes, because how do you measure your impact and what kind of question do you ask about that?* – Respondent 14

#### 4.3.2.4 Working with the social target group

A last part of challenges, which is specific for working together with social enterprises who focus on labor participation, is about the uncertainty of the quality of the social target group. It was mentioned that you can't count enough on some social enterprises because they don't face pressure to finish things on time. This was found in the detachment and production industry. Here the focus lies on social enterprises where impact is first, finance is second. This indicates that social enterprises invest mainly in their societal goal, without improving the financial situation of the company or do things more efficiently with when earning more money. In multiple interviews was found that for-profit organizations would rather see it the other way around, as they believe that with scaling you can make more impact.

*Well, the tricky thing for me is when you look at social workplaces, you have to take into account the sometimes limited quality of the people that are working there. You can't really set production goals. (..) That is kind of tricky, because as a production company we are not outsourcing this because we love it so much for you guys. No, we're really waiting for those products.* - Respondent 16

All the different challenges are summarized in Appendix A4.

#### 4.5 The control case

The control case was added to see if challenges would be different in another impact area. If we look at the social enterprise the main challenges found in the control case did also refer to different interests, cultural challenges, and practical challenges. More specific, one challenge was about making exploitation discussable when different interests could arise.

We found that it is challenging to work with the different mindset of commercial companies, and to get that mindset into a more social one. This refers to cultural challenges found before.

In this specific case the only difference was that it was about sustainable goals instead of social goals.

*Yes, they want of course to make it as easy and convenient as possible for their customers. However, they do not care to educate and steer their customer in the direction of sustainability, they just want to acquire a customer. (...) For example, a lot of almost empty boxes are delivered, they use too large boxes for the stuff. We want to educate them, like don't do that, that is not sustainable.* – Respondent 18

If we look at the for-profit side of the control case it is found challenging to help social entrepreneurs become more commercially oriented in how they organize their processes, which does refer to the challenge of making the collaboration more structured and efficient, as we have seen before.

*You notice when you collaborate with the person who makes all the appointments, that they are all super enthusiastic and so on. But then, at the beginning, you have to get the staff on board, and you have to help them see the added value. And if at a certain point they see that it really works faster, it's really better and more efficient, then you have them convinced, but sometimes it's still a struggle to get them to see that.* – Respondent 19

Also here, no challenges contract wise were found to be present.

This means that in general, no additional challenges were found in the control case, and this indicates that challenges among the impact areas of labor participation and nature conservation appear to be comparable. The only big difference is that within the impact area of labor participation more challenges have been found, especially on the areas of working with the social target group and perceived misconceptions.

#### 4.6 Advice from the respondents

##### 4.4.1 Advice given to for-profit companies

As can be seen in Appendix B and C, respondents were also asked what they would advise social enterprises or for-profit organizations to grow better in cooperating with each other.

###### 4.4.1.1 Process related advice

The advice given to for-profit companies which was found the most (in four interviews) was that they should invest in a structural, long-term and stable relationship with a social enterprise in order to achieve more impact and trust in both parties as can be seen from the following quotation.

*We deploy them structurally now (..) We have made the mistake to do it differently in the past, we only collaborated if we had a lack of workers. However, we had no certainty that next time they again would have workers for us (..) and now we entered into a longer lasting cooperation, by drawing up contracts that give you some certainty about each other.* – Respondent 11

The second most heard advice was about providing extra guidance for the social target group. As the social enterprises have focus on making impact by integrating people with a distance from to the labor market, it was found that it is important that for-profit organizations do provide

more care and guidance for their own people to work with the social target group. They should really empathize with what works and what does not work for the social enterprise. It is shown that it helps if more meetups are organized where awareness is created about working with the social target group.

*Steps are already being taken, for example by allowing the teams to get to know each other. But people with autism, for example, generally need a slightly different approach. So, a number of colleagues will have to be involved in this (..) So they will get a bit more experienced* .– Respondent 13

Further, it was advised that for-profit companies should make clear agreements and follow up on them. This in order to prevent frustration and to be able to make the collaboration efficient. This should be a responsibility for the for-profit organization, as they have more knowledge on how to effectively structure contact.

*I think that you have to make clear agreements and keep them. And if it doesn't work out and there could be a very good reason for it, right? (...).clear communication is of the utmost importance.* – Respondent 14

#### 4.4.1.2 Advice on achieving social goals

In order to be better able to achieve social goals, for profit-organizations were advised to be:

- More open to be really intrinsically motivated to contribute to social and sustainable goals. It is considered by social enterprises that this is more done lately.

*And a commercial party like that must be open to that social goal and therefore intrinsically motivated to make something beautiful out of it and not just do it for the money and to get sponsorship, so to speak.* – Respondent 10

- There should be a lesser focus on a corporate mindset and really provide care in taking time to understand what questions the social enterprise has. This was especially found in pro bono collaborations.

*Yes, just put aside the arrogant corporate mindset (..) And by asking what exactly do they need? (..) Break it down into steps that they can follow and do it together (..) make sure that you have very frequent contact with them about this and make sure that you ask them very carefully whether they recognize it and whether it's right.* – Respondent 14

An overview of advice given to commercial companies can be found in Appendix A5.

#### 4.4.2 Advice given to social companies

##### 4.4.2.1 Related to being commercially oriented

The most important advice, which was found at a majority of respondents (11 respondents), was that social enterprises may act way more commercial than that some do now. This is advised from both for-profit companies as social enterprises. Social enterprises experienced it to help a lot in how effective the collaboration is. The result is that many organizations interviewed perceive it as a mindset that needs to be changed. It was found that changing this

mindset helps the social entrepreneur becomes more creative and will help in growing bigger as a company.

*In general, looking at social enterprises, there are in my opinion too many who find profit a dirty term, dirty in the sense: that it doesn't fit with what we strive for. I think if there is more entrepreneurship among the impact entrepreneurs you will be able to make even more impact from a good business model and earn more regardless of what the outside world thinks. (..) Moreover that is a mindset that is changing. – Respondent 13*

Next to this it was advised:

- Being busy with your social goal should be as important as making money. Finance might even go first in order to develop a healthy organization.

*That's why I don't agree 100 percent with Social Enterprise's statement of impact first. No, it's impact, at the same time as profitability and profitability is perhaps just as important. – Respondent 2*

- You have to understand commercial mindset and talk for 80% about the problem you solve and only 20% about the social component.

*As an entrepreneur, I also think it's important that you don't just talk only about the social component, it's about the work that has to be done. Or about the problem that you solve, I have learned that for 80% you have to talk about the problem that has to be solved and 20% about the social impact. – Respondent 6*

- You get more quality and make more social impact if you invest more money in getting the right experienced people.

*I also understand that the financial position of a social enterprise is very different from that of large commercial parties. But I do notice that sometimes quality goes hand in hand with knowledge and skills and sometimes, as a social enterprise, you may have to invest in those to benefit yourself. Because it pays off in the end. – Respondent 15*

- Another advice was to be proactive in contacting for-profit organizations.

*If you really have a lot of knowledge and experience in a certain area. Be proactive in contacting large companies because they are really open to that. – Respondent 15*

- A further advice is that social enterprises should earn from a good product, not from the social goal or social target group. A good story is important, but it is perceived more important to have a good product or service.

*How many products do they really sell a day? Can they make a living off of that? No, they live actually on what their employees bring in with subsidy – Respondent 9*

#### 4.4.2.2 Process related advice

Another advice which was mentioned by 6 respondents, for both social enterprises as for-profit organizations, was that the collaboration could be improved if communication was more structured. There should be clear agreements and more clear contact moments. It was also found that transparency about goals is important, it was reported best to set up clear contracts.

*Before we did it without contracts, but we are now going to a service level agreement*

*where we're going to mutually define the agreements with each other. What do we want from them and what can they expect from us? And so, a little bit more officially we're trying to lay these things down, we noticed that this was important. – Respondent 2*

In order to promote this communication structure, it was found necessary:

- That there should be more hard agreements, and that both parties live up to it, or otherwise there should be a consequence. Social enterprises should be prepared to be hard on the other party if agreements are violated. This was found among 4 respondents. *It has to be in your drive to really go after parties that don't pay on time. They don't like that among social enterprises, I get that. But it's very important for yourself as a company. And I think if we don't do that, maybe we can't fulfill our social objectives. – Respondent 3*

- It should be more stimulated to work effectively in social enterprises, and to set targets for production results as well. In that way communication with for-profit organizations about targets can be managed easier.

*At the moment you can stimulate and give those people a reward if they achieve more results in the process, the same as in commercial companies, then you get much more involvement from the social towards the commercial. Now it's often at social companies more that they don't care if a product is made in half an hour or an hour - Respondent 17*

- Results should be evaluated in order to keep improving the collaboration. Make clear KPI's and evaluate those every now and then.

*It is important that we monitor, measure, adjust and evaluate all our results, so to speak, to be able to see that we're actually contributing to something. – Respondent 10*

#### 4.4.2.3 Practical related advice

As we have seen in the part about challenges, practical challenges included expectation management. It was found in multiple interviews that it is very important to work with transparency about what the goals are and how both parties will get there. It was found that it is important that both parties are flexible in their expectations and develop a long-term vision.

*I think, communication is very important in the cooperation (..) Being transparent to each other, being clear to each other what the ultimate goals are. - Respondent 13*

When there is understanding and mutual respect between parties, it was perceived to be easier to form clear expectations. A further practical advice was to think ahead of all the challenges which could arise in the collaboration.

*You just have to make sure that what you want to achieve you describe well and that you have a good strategic plan (...) So, then you try to get mutual understanding. And once you have that understanding, then you can make good arrangements (..) you also have to think very negatively from time to time, what could go wrong? (..) you can at least try to think of solutions in advance, because in the beginning it's all very well, but as soon as problems arise, then you really get to know each other. – Respondent 2*

Further practical advice included:

- That you have to be sharp on the agreements you make and dare to demand things from the for-profit organization and defend your social goals. It was also found that social enterprises should dare to earn more money, to take themselves serious as entrepreneur. This was found in 4 interviews.  
*Be keen on the agreement you make with a commercial company. (..) I think in general, but maybe to a social entrepreneur, that applies even more (..) You have to be super sharp about it (..) and you may, as a social entrepreneur, you're just a business, you may also demand things. – Respondent 3*
- That collaboration with a for-profit organization appears to be easier when both parties share the same values.  
*I think you will find most companies do make their values and standards public. So, my first step would be to find a company where you recognize each other, in the values and standards that you live by, I think at the time you can at least make the connection on that level. – Respondent 12*
- That social enterprises should start looking at family businesses to collaborate with. This was found in 1 interview. That is a domain where a lot is possible and where people are open minded. Family businesses are not listed on the stock exchange and that is why it could be easier to convince that sort of companies for cooperation.  
*I would also advise to start with family businesses and don't start with publicly traded companies (..) at for-profit companies it's very shareholders driven (..) Family businesses, there are really a lot of them, and they are large. They're together full of billions and billions (..) and that's a gigantic part of the world economy and that's where the change has to come from, I think. – Respondent 5*
- That in the process of collaborating, it is wise to look for smart people who are experienced in the business field as an advisory board. This was found in 2 interviews.  
*Gather people around you who you can spar with and ultimately determine what decision you have to make. – Respondent 2*

A last advice given in 2 interviews was that in cross sector collaborations it is important that both companies visit each other's workplaces/organizations and see how things are organized.

*And if you also let your suppliers see your workplace with workers, that they can also see for themselves, that it is important that we can deliver on time. – Respondent 16*

An overview of advice given to social enterprises can be found in Appendix A6.

#### 4.5 Advice to both parties

As we have just seen advice from the respondents to both social enterprises and for-profit organizations in how they could improve the collaboration, there were also a few more general advises on what works in the collaboration between social enterprises and for-profit organizations.

The most important finding in being able to get for-profit organizations in a more social mindset and to convince them to collaborate was to organize inspiration sessions or even inspiration

trips, to show what the problem is the social enterprise tries to solve or shows what it does exactly. This solution was found in 8 interviews as an important contributor to mutual understanding and inspiration.

*And finally, I went on an inspiration trip where I saw what the social enterprise did for the social target group and then I was moved even more how things are working there and that gave me extra energy to make more use of my network and resources. – Respondent 17*

As was found in 2 interviews, the collaboration often occurred as a result of networking activities by the respondents. As most of the time for-profit companies are willing to contribute to societal goals and social enterprises want to scale, the only thing left is for them to meet up. That is why networking events are of key importance to stimulate the collaboration.

*I think that if they just meet each other more often, that the social companies will follow the commercial path a bit more and that it's not just about the social, but eventually also about making some money and from the other side, say from the commercial companies can be more about the social, that it's not just about money and the cash register, but that there is also another aspect to it and that is the social aspect - Respondent 17*

Lastly, it was also mentioned that it is important to have commitment from lower parts of the organizations as well as you need commitment from the top, you need clear agreements and clear communication and clear goals and evaluation moments with each other.

An overview of this can be found in Appendix A7.



## 5. Conclusion

This research has dived into an area where research remains rather limited, and this study has gone towards understanding the challenges between social enterprises and for-profit organizations in the Netherlands. The main question of this study was:

*Which main challenges do social enterprises and for-profit organizations in the Netherlands face in their collaboration?*

If we look at social enterprises, challenges are found in 4 different areas. The most important one contained cultural challenges, which include changing the way of thinking of the for-profit organization into more social thinking, to fully understand the different organizational structures of the for profit-organization and try to empathize with it. Next, social enterprises experience that for-profit organizations do not provide enough guidance to the social target group and find it difficult to work with people with a distance to the labor market. The presence of cultural challenges diminished when more contact took place. This was most applicable to detachment collaborations.

A corresponding second area had to do with different interests both parties have. Challenges are to get commercial and social goals together and to prevent the for-profit organization to exploit the knowledge and resources of the social enterprise. Social enterprises need to negotiate well to prevent this from happening. Further it is a challenge to get the for-profit organization, as a whole organization, fully to contribute to the social goal.

A third area consisted of practical challenges in the process of collaboration, which come from the feeling that communication lines within for-profit organizations are too long, it takes a lot of time before decisions for new agreements are made. Next, it was difficult to manage clear expectations and to create stability by making structural appointments. This was most applicable to logistic and detachment collaborations. A fourth area consisted of the challenge to deal with perceived misconceptions about working with the social target group and the quality of the social target group, as well as misconceptions about the structure of social enterprises. This challenge diminished as the collaboration progresses. This was most applicable to detachment and production collaborations.

Looking at for-profit organizations, we have seen that challenges were found in 4 areas. The most important challenges were process related, where contact with social enterprises was perceived to be less mature and going slow, the quality less good, less structured and efficient. This was most applicable to pro bono collaborations. A second area was about the content of collaboration. The challenge is to fit well in the world of the social entrepreneur and translate advise to make it applicable. This was also most applicable to pro bono collaborations. Third, outcome challenges included preventing reputational damage and measuring impact. A fourth area consisted of challenges in working with the social target group and being uncertain about the quality of the social target group. This was found most applicable to detachment and production collaborations.

Interesting was that contract wise no challenges appear to be found at both sides of the collaboration. The addition of the control case, which included the impact area of nature reservation, did not result in any additional challenges.

The most important advice to for-profit companies is that they should look for stable, continuous and long-term relationships. They should make clear agreements and structural contact; for-profit organizations should take the lead in making contact as they have more knowledge on this. For-profit organizations should be flexible in their commercial goals and take time to understand what is important for the social enterprise. Lastly, for-profit organizations should provide extra guidance for the social target group which will result in higher levels of trust. If we look at advice to social enterprises, we see that it is most important that social enterprises become more commercial and professional in how their organization is run. For-profit organizations state that they like that contact with social enterprises is more informal and personal than with for-profit organizations, however they would like to make it more professional by structuring communication and making hard agreements. This can be done by social enterprises being more commercially oriented, putting finance on the first place, without losing their social value. Further advice includes more courage in the demands on social targets and clear management of expectations.

We can state that most challenges in the Netherlands seem to be located in two domains: relational and organizational. Interesting is that some challenges are more found in certain types of collaboration.

Relational challenges, such as cultural differences, but also perceived misconceptions, tend to be less when more contact is made. This is found especially on the side of social enterprises and found mostly in the detachment and production industry. Although for-profit organizations like to change the mindset of social enterprises to a more commercial one, the relational challenges were less found to be an issue. This implies that companies should visit each other's workplaces more often in order to limit misconceptions. Most collaborations between social enterprises and for-profit organizations often occurred as a result of networking activities by respondents, so it is important that both parties should aim for improving this network by organizing network events, visiting network events and being proactive in searching for collaboration with companies who align in the same norms and values.

Looking at the organizational domain, we see that the collaboration can gain a lot by professionalizing and structuralizing their mutual contact, making clear agreements, clear goals and evaluation moments. This is especially experienced by for-profit organizations. This was most applicable to pro bono collaborations. Making structural appointments was also applicable to logistic collaborations.

From the reasons to collaborate we can learn that multiple respondents experience that for-profit organizations really want to contribute to societal goals and that a positive change is seen over the last years. However, we would advise social enterprises to try to get collaboration with for-profit organizations by having a good quality product or service. That was the most important reason we found for engaging in collaboration, the social goal was mostly perceived to be extra benefit. For-profit companies do also have SDG targets and targets for Corporate Social Responsibility, so that could also be a way to position the social enterprise. We would advise to talk 80% about the problem that must be solved and 20% about the social goal. Next, it is advisable to create platforms, inspiration events and network events to trigger the intrinsic motivation of the for-profit organizations to cooperate on an even further level, as mutual

understanding is more quickly formed when both parties know what it is like to work at the other company.

## 6. Discussion

### 6.1 Theoretical implications

Considering theoretical implications, this research contributes to existing literature in a couple of ways.

If we look at the reasons to collaborate, it was promising to see that in most cases the main reason to collaborate did not include having the same interest and desire to work on social goals. This contradicts existing studies who state that a collaboration between social enterprises and for-profit organizations is only likely to arise if goals and values of the for-profit organization do not fundamentally conflict with the social aims of the company, regardless of the potential economic gains (Di Domenico, 2009). For for-profit organizations, collaboration is only likely if the partnership delivers commercial benefits (Di Domenico, 2009). However, in this study it was seen that social enterprises do work with for-profit organizations, even if their goals and values do differ. Next, for-profit organizations do collaborate with social enterprises, even if there is no commercial gain. A few contextual factors in the Netherlands could have contributed to this finding. At the moment of study, in the Netherlands there is a shortage of employees. Especially logistic and producing companies are in the need of workers and this makes social enterprises who detach workers more interesting. In line with this reasoning, young people who are looking for jobs are more social and environmental orientated. Because of the shortage of workers, for-profit organizations want to increase their attractiveness as a company by collaborating with social enterprises, as can be seen in pro bono collaborations. It would be interesting if future research would investigate those possible relationships.

In line with Urmanavičienė et al. (2021) and social capital theory, this study confirms that the challenges in collaboration between social enterprises and for-profit organizations contain mostly relational aspects. As stated in the conclusion, those relational challenges were found to decline when contact gets more intense. This is in line with the core elements of social capital, trust and cooperation, which is established over time by repeated interaction of people involved in a long-lasting relationship (Kreuter & Lezin, 2002). Next to this, it was also confirmed that the social entrepreneur needs to speak a business language to achieve successful collaboration. This will increase business confidence and will present a professional image. This finding is extended in this study by stating that the social entrepreneur needs not only to speak the right business language, but also has to integrate business structures and efficiency in his company. There was one for-profit company who even required that a social enterprise had to be professional in how they handle their processes.

The study of Urmanavičienė et al. (2021) found challenges in three stages: before establishing the collaboration, the initial stage of the collaboration and the continuance of the collaboration. This study does not confirm challenges in the first stage. Although it was advised to look for companies who align in the same norms and values at the beginning of the collaboration, it was not perceived to be a challenge. Challenges in the initial stage were partly confirmed, as this research also stated that it is important to find people in for-profit companies who have decision making power, as communication lines are experienced to be too long. In line with challenges in the continuance of the collaboration stage, this study also found it to be a challenge for social enterprises to maintain structured communication with for-profit organizations.

Surprisingly, this study did not find challenges in contracts being not inclusive enough, or any challenge with contracts. This contradicts with the study of Urmanavičienė et al. (2021). This could be caused by the specific context of the Netherlands in comparison with the study of Urmanavičienė et al. (2021) done in the Baltic states. Social enterprises in the Netherlands are more developed than in the Baltic states. Also, the Netherlands have a more promoting start-up ecosystem and a more stable government. So, it could be that challenges with defining contracts are less an issue in the Netherlands. Future research should investigate if this is true and generalizable by investigating those collaborations on a larger scale.

In line with Peattie & Morley (2008) risks involved in the partnership can include reputational damage when the collaboration is unsuccessful, also loss of control or independence as a consequence of power imbalances. This has also been confirmed by this study as we noticed that for-profit organizations experience risks of reputational damage. The risk of power imbalances and accompanying loss of control was found to be present in one interview, where the bigger for-profit company used the knowledge of the smaller social enterprise and ended the collaboration. However, this was only found once when no contract was present and turned out not to be a risk when clear contractual agreements were made. This could indicate that the risk described by Peattie & Morley (2008) decreases as the collaboration progresses and clear contracts are made. However, future research will be needed to make valid statements about this relationship.

Also, in line with Peattie & Morley (2008) it was found that the for-profit organization may gain reputational benefits, improved access to expertise and future talent and increased employee motivation because of links with a social enterprise. In some cases, acquiring future talent was even found to be the main reason for collaborating. It was also found in most cases, in line with Peattie & Morley (2008), that the social enterprise gained market engagement from collaborating with the for-profit organization.

In line with the work of Di Domenico et al. (2009), it was confirmed by this study that for-profit companies are under rising expectations of customers, and that makes them more eager to search for this kind of collaborations.

Concerning the dialectical framework of Di Domenico et al. (2009) of social exchange we can state that most collaborations in this study were visible in the synthesis stage and some in thesis stage. Some collaborations already have experienced minor conflicts, which led to new inter-organizational arrangements. A majority of collaborations had reached the synthesis stage as most had experienced tensions in collaboration in the past, leading to new agreements. This is different from the finding of Di Domenico et al. (2009) where most companies had not yet reached the synthesis stage. One possible explanation is that at the time of that research, in 2009, the social enterprises in the United Kingdom were still in their infant phase, compared to a strong social entrepreneurship culture in the Netherlands for at least the past 10 years in this study.

Next, this research contributes to the four different findings of Di Domenico et al. (2009), all four were found in this study.

In line with the first challenge of goals and logic, strategic decisions were different at both sides and led to challenges in how much both parties wanted to invest in the social goal.

Second, different ownership structure challenges were found to be present as well in collaborations in the national context of the Netherlands, as multiple respondents mentioned a frustration that both parties would invest their money in a wrong way.

Third, governance challenges, indicating challenges in how both organizations are organized, were found as communication lines were perceived to be long at for-profit organizations. And for-profit organizations stated that the organizational structure of social enterprises makes them more inefficient and slower in communication.

Lastly, accountability was also found to be a challenge, although to a somewhat lesser extent, as stakeholder priorities were found to be different to the extent to how much both parties valued pursuing the social or sustainable goal. In line with Di Domenico et al. (2009) it was found that for-profit companies prefer efficiency over contributing more directly to the social goal.

If we look at the control case, it was promising to see that no specific additional main challenges were found. Comparable cultural challenges, challenges in having different interest and practical challenges were also identified in the field of labor participation. The only difference was that no challenges were found to be present in working with the social target group or challenges about misconceptions. However, this is logical, as the collaboration in the control case did not deal with people with a distance to the labor market, or at least to a far lesser extent than in the other collaborations. This finding could indicate that the found challenges are to some extent generalizable to multiple impact areas. Although no additional challenges were found, we should be careful in generalizing this result as only one collaboration case in the impact area of nature conservation was investigated. It would be really interesting if future research would look at a larger sample with social enterprises in the impact area of nature conservation. It is advised, as this research is among the first in the Netherlands to specifically address the stated two-sided collaboration, to perform more explorative research into the field of potential challenges at other impact areas.

Lastly, this study found differences in challenges based on the different types of collaborating. As was stated, some process challenges and content challenges were found to be specifically applicable to pro bono collaborations. Future research should investigate if those findings can be generalized by investigating this type and other types of collaboration on a larger scale.

## *6.2 Practical implications*

Regarding practical implications, the results of this study can be beneficial to any social enterprise that aims to overcome obstacles they face and enhance their current and future collaboration with for-profit organizations. The results of this study can be applied so that social enterprises are better able to move away from a reliance on subsidy and use collaborations with for-profit organizations in order to scale up, and in that way more social enterprises can become scale-ups and unicorns, reducing in the end the ‘Dutch Entrepreneurship Paradox’. A social entrepreneur could organize their social enterprise into one more commercial and professional focused and make finance as important as the impact they make, in order to be more attractive

for collaborating. This would practically mean hiring skilled persons who can contribute to this goal. For-profit organizations can use the insights in this study in order to make managerial programs on how to collaborate with a social enterprise, they could set up learning teams where they explain how to structure contact and make agreements with social enterprises. Also, they could teach their workforce in how to deal with the social target group. This will make them more effective in collaborating and in achieving economic goals and reputational goals. This in the end can benefit society as those collaboration aims at increasing economic and societal wellbeing.

### *6.3 Limitations*

This study also has its limitations.

First, and most important, the chosen sampling method resulted in social enterprises who found themselves only in the impact area of labor participation. Although this did increase comparability, it could be that challenges will be different if we look at other impact areas. This research at least partly tried to cover this by adding the control case about a logistic collaboration between a social enterprise operating in the impact area of nature reservation and a for-profit organization. However, future research is needed to be able to make valid claims about the generalizability of the found challenges. It would be interesting to also look at other impact areas in the Netherlands and look if comparable challenges are found.

A second weakness was external validity as the respondents are likely not to be representative to the population. However, it was also not the aim of this research to make generalizable claims, as the aim was to investigate the challenges in the described collaboration.

A third limitation is the period over which it was possible to gather data. This research can only be done over a couple of months and that restricts the possible database, which makes it impossible to perform a long-term investigation and reach a larger target group. It would be valuable if future research were to repeat this study with even more social enterprises and for-profit organizations and perform quantitative analyses when more data comes available.

A fourth limitation consists of the chosen method to reach for-profit companies. As we used the network of social entrepreneurs to contact for-profit organizations, it could have been that social entrepreneurs only referred us to those companies with which they experience no challenges. However, we tried to solve this by asking for-profit organizations also about other relationships they had with social enterprises.

Fifth, a limitation typical for qualitative research, includes that the respondent gives favorable answers as they don't want to speak in a negative way about their partner or are afraid of reputational harm to the company. This research tried to integrate this by anonymizing the results, in order for the respondent to speak up freely about opinions and challenges.

A sixth limitation also included a typical limitation accompanied with the use of a qualitative method. It is the researcher's bias in developing his own theory. Because the researcher most likely has ideas about what he expects to find, it will be more likely that those results will be described. However, this was tried to be diminished, by using the coding program NVivo in order to interpretate findings, next to having considered existing theories in literature.

An interesting angle for future research consists of performing the sampling method reversed. This research first selected a social enterprise based on impact area and thereafter selected for-profit companies based on the network of the social enterprise. It could be interesting to first

select an industry of for-profit companies and then use the network of the for-profit organization to find social enterprises. In that way it would also be possible to explore if challenges are different among different industries.

#### *6.4 Concluding*

This study was among the first in investigating both sides of challenges between social enterprises and for-profit organizations in the Netherlands. As indicated, several challenges were found to be present, and a lot of points are discussed which can lead to better cooperation. Further research in the national context of the Netherlands is recommended in order to validate the results of this study, however it would be exciting to also see more research done in other national contexts. If we keep on elaborating our knowledge on those specific challenges in the collaboration between social enterprises and for-profit organizations, in the end we are able to create a more social and sustainable world.



## References

Anderson, E., & Jap, S. D. (2005). The dark side of close relationships. *MIT Sloan Management Review*, 46(3), 75.

Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: same, different, or both?. *Entrepreneurship theory and practice*, 30(1), 1-22.

Austin, J. E., & Seitanidi, M. M. (2012). *Collaborative value creation: A review of partnering between nonprofits and businesses: Part I. Value creation spectrum and collaboration stages. Non-profit and voluntary sector quarterly*, 41(5), 726-758.

Babiak, K., & Thibault, L. (2009). Challenges in multiple cross-sector partnerships. *Nonprofit and voluntary sector quarterly*, 38(1), 117-143.

Backman, K., & Kyngäs, H. A. (1999). Challenges of the grounded theory approach to a novice researcher. *Nursing & health sciences*, 1(3), 147-153.

Bosma, N. (2019). *Social enterprises and their ecosystems in Europe. Updated country report: The Netherlands*. European Commission. Luxembourg: Publications Office of the European Union. Retrieved from: <https://ec.europa.eu/social/BlobServlet?docId=21133&langId=en>

Bracht, G. H., & Glass, G. V. (1968). The external validity of experiments. *American educational research journal*, 5(4), 437-474.

Branzei, O., & Le Ber, M. J. (2014). *Theory-method interfaces in cross-sector partnership research*. In M. M. Seitanidi & A. Crane (Eds.), *Social partnerships and responsible business*. Routledge: A Research Handbook.

Bryman, A. (2016). *Social research methods*. Oxford university press.

Child, J., & Faulkner, D. (1998). *Strategies of cooperation: Managing alliances, networks, and joint ventures*. Oxford University.

Cumberland, D. M., & Litalien, B.C. (2018) Socialfranchising: A systematic review, *Journal of Marketing Channels*, 25:3, 137-156. Retrieved on 28<sup>th</sup> of March from: <https://www.tandfonline.com/doi/pdf/10.1080/1046669X.2019.1657757>

Crane, A. (1998). Exploring green alliances. *Journal of Marketing Management*, 14(6), 559–579.

Creswell, J.W., & Plano Clark, V.L. (2007). *Designing and conducting mixed methods research*. Thousand Oaks, CA: Sage Publications

De Cremer, D., Snyder, M., & Dewitte, S. (2001). 'The less I trust, the less I contribute (or not)?' The effects of trust, accountability and self-monitoring in social dilemmas. *European Journal of Social Psychology*, 31(1), 93-107.

Domenico, M., Tracey, P., & Haugh, H. (2009). The dialectic of social exchange: Theorizing corporate—social enterprise collaboration. *Organization studies*, 30(8), 887-907.

Doz, Y. L., & Hamel, G. (1998). *Alliance advantage: The art of creating value through partnering*. Harvard Business Press.

Eisenhardt, K. (1989). Agency theory: An assessment and review. *Academy of Management Review*, 14(1), 57–74. Retrieved on the 28<sup>th</sup> of March from: <https://www.jstor.org/stable/pdf/258557.pdf>

European Commission, Directorate-General for Employment, Social Affairs and Inclusion (2015) *A map of social enterprises and their eco-systems in Europe*, Luxembourg: Publications Office of the European Union. Available at: <http://ec.europa.eu/social/BlobServlet?docId=12987&langId=en>

Frisby, W., Thibault, L., & Kikulis, L. (2004). The organizational dynamics of under-managed partnerships in leisure service departments. *Leisure studies*, 23(2), 109-126.

Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking qualitative rigor in inductive research: Notes on the Gioia methodology. *Organizational research methods*, 16(1), 15-31.

Gray, B., & Stites, J. (2013). Sustainability through partnerships. Capitalizing on collaboration. Network for business sustainability, case study.

Gregory, R., & Muntermann, J. (2011). Theorizing in design science research: inductive versus deductive approaches.

Gustafsson, J. (2017). *Single case studies vs. multiple case studies: A comparative study*.

Hardy, C., & Phillips, N. (1998). *Strategies of engagement: Lessons from the critical examination of collaboration and conflict in an interorganizational domain*. *Organization science*, 9(2), 217-230.

Hodge, G., & Greve, C. (2005). 17. Public—private partnerships: a policy for all seasons? *The challenge of public-private partnerships: learning from international experience*, 332.

Huybrechts, B., & Nicholls, A. (2013). The role of legitimacy in social enterprise-corporate collaboration. *Social enterprise journal*.

Huybrechts, B., Nicholls, A., & Edinger, K. (2017). Sacred alliance or pact with the devil? How and why social enterprises collaborate with mainstream businesses in the fair-trade sector. *Entrepreneurship & Regional Development*, 29(7-8), 586-608.

Huxham, C. (Ed.). (1996). *Creating collaborative advantage*. Sage.

Kanter, R. M. (1994). Collaborative advantage. *Harvard business review*, 72(4), 96-108.

Keizer, A., Stickers, A., Heijmans, H., Carsouw, R., & Aanholt, W. (2016). *Scaling the impact of the social enterprise sector*, McKinsey&Company.

Kreuter, M. W., & Lezin, N. (2002). Social capital theory. *Emerging theories in health promotion practice and research: Strategies for improving public health*, 15, 228.

Koka, B. R., & Prescott, J. E. (2002). Strategic alliances as social capital: A multidimensional view. *Strategic management journal*, 23(9), 795-816.

Levitt, H. M., Bamberg, M., Creswell, J. W., Frost, D. M., Josselson, R., & Suárez-Orozco, C. (2018). Journal article reporting standards for qualitative primary, qualitative meta-analytic, and mixed methods research in psychology: The APA Publications and Communications Board task force report. *American Psychologist*, 73(1), 26.

Linden, R. M. (2002). *Working across Boundaries: Making Collaboration Work in Government and Nonprofit Organizations*. San Francisco: Jossey-Bass.

Mohr, J., & Spekman, R. (1994). Characteristics of partnership success: partnership attributes, communication behavior, and conflict resolution techniques. *Strategic management journal*, 15(2), 135-152.

Nicholls, A., & Huybrechts, B. (2016). *Sustaining inter-organizational relationships across institutional logics and power asymmetries: The case of fair trade*. *Journal of Business Ethics*, 135(4), 699-714.

Oliver, C. (1990). *Determinants of interorganizational relationships: Integration and future directions*. *Academy of Management Review*, 15(2), 241-265.

Oppen, M., Sack, D., & Wegener, A. (2005). 14. German public-private partnerships in personal social services: new directions in a corporatist environment1. *The challenge of public-private partnerships: Learning from international experience*, 269.

Parmar, B. L., Freeman, R. E., Harrison, J. S., Wicks, A. C., Purnell, L., & De Colle, S. (2010). Stakeholder theory: The state of the art. *Academy of Management Annals*, 4(1), 403-445.

Pape, U. D., & Brandsen, T. (2016). Identifying external and internal barriers to third sector development in the Netherlands.

Park, S. H. (1996). *Managing an interorganizational network: A framework of the institutional mechanism for network control*. *Organization Studies*, 17(5), 795-824.

Partnerships Resource Centre (PrC). (2010). *The state of partnerships report 2010: Firms and their partnership portfolio*. Rotterdam: The Partnerships Resource Centre.

Patton, M.Q. (2002) *Qualitative Research & Evaluation Methods*, 3rd edn. Thousand Oaks: Sage.

Pearce, J. (2003). *Social Enterprise in anytown*. London: Calouste Gulbenkian Foundation.

Peattie, K., & Morley, A. S. (2008). Social enterprises: diversity and dynamics, contexts and contributions.

Provan, K. G., Veazie, M. A., Staten, L. K., & Teufel-Shone, N. I. (2005). The use of network analysis to strengthen community partnerships. *Public administration review*, 65(5), 603-613.

Salamon, L. M., & Sokolowski, W. (2001). *Volunteering in cross-national perspective: Evidence from 24 countries*. Baltimore: Johns Hopkins Center for Civil Society Studies.

Stam, E. (2021). Start Thinking bigger about entrepreneurship in The Netherlands. Retrieved on the 5<sup>th</sup> of April 2022 from: <https://www.uu.nl/en/news/start-thinking-bigger-about-entrepreneurship-in-the-netherlands>

Startup Genome Ecosystem Ranking 2021. *The growth of the Amsterdam delta start-up*. Retrieved at 17 April from: <https://startupgenome.com/article/the-explosive-growth-of-the-amsterdam-delta-startup-ecosystem>

Social Enterprise Monitor (2019). *Het onderzoek naar de ontwikkelingen van sociale ondernemingen in Nederland*.

Retrieved from: [https://www.social-enterprise.nl/application/files/8615/7165/8222/362\\_Publicatie\\_SE\\_monitor2019\\_web.pdf](https://www.social-enterprise.nl/application/files/8615/7165/8222/362_Publicatie_SE_monitor2019_web.pdf)

Soiferman, L. K. (2010). *Compare and Contrast Inductive and Deductive Research Approaches*. Online Submission.

Stam, E. (2017). Start Thinking bigger about entrepreneurship in The Netherlands. Retrieved from: <https://www.uu.nl/en/news/start-thinking-bigger-about-entrepreneurship-in-the-netherlands>

Trivedi, C., & Stokols, D. (2011). Social enterprises and corporate enterprises: Fundamental differences and defining features. *The Journal of Entrepreneurship*, 20(1), 1-32.

Urmanaviciene, A., Chantzi, K., & Tambari, B. (2021). Challenges of cross-sectoral collaboration of social enterprises in the Baltic states. *European Journal of Social Impact and Circular Economy*, 2(2), 59-75.

Van Tulder, R., Seitanidi, M. M., Crane, A., & Brammer, S. (2016). Enhancing the impact of cross-sector partnerships. *Journal of Business Ethics*, 135(1), 1-17.

Wei-Skillern, J., Austin, J. E., Leonard, H., & Stevenson, H. (2007). *Entrepreneurship in the social sector* (Vol. 13). Sage.

Wondolleck, J. M., & Yaffee, S. L. (2000). *Making collaboration work: Lessons from innovation in natural resource management*. Island Press.

## Appendices

### Appendix A: Overview tables from results section

#### A1. Overview of respondents and case descriptions

<i>Respondent</i>	<i>Type organization</i>	<i>Function of respondent</i>	<i>Industry of company / Impact area</i>	<i>Structure</i>	<i>Size</i>	<i>Type of collaboration investigated</i>
1	Social enterprise	Branch Manager	Labor participation	B.V	<100 employees	Detachment cooperation
2	Social enterprise	Owner	Labor participation	B.V	<100 employees	Logistic cooperation
3	Social enterprise	CEO	Labor participation	Foundation with ANBI status	<100 trajectory employees	Logistic cooperation
4	Social enterprise	Founder	Labor participation	BV & Foundation	<50 employees	Pro Bono / customer collaborations
5	Social enterprise	Founder	Labor participation	Foundation with AMBI status	<50 employees	Production collaboration / Pro Bono
6	Social enterprise	General manager	Labor participation	B.V	<50 employees	Detachment collaboration / Pro Bono
7	Social enterprise	Owner and CEO	Labor participation	B.V	<100 employees	Detachment collaboration
8	Social enterprise	Owner and CEO	Labor participation	B.V	<250 employees	Detachment collaboration
9	Social enterprise	Co-founder	Labor participation	Foundation	<10 employees	Detachment collaboration
10	Social enterprise	Program manager	Labor participation	B.V	<25 employees	Networking and sports events collaboration
11	For-profit organization	Partner	Assurance, tax and advisory industry	N.V	>2.500 employees	Pro Bono collaboration
12	For-profit organization	Senior manager & program manager social return	Assurance, tax and advisory industry	N.V	>5.000 employees	Pro Bono collaboration

13	For-profit organization	Partner	Logistic industry	B.V	<50 employees	Logistics collaboration
14	For-profit organization	Lead Community Program manager	Assurance, tax and advisory industry	N.V	>5.000 employees	Pro Bono collaboration
15	For-profit organization	Brand and sponsoring manager	Financial insurance and asset services	N.V	>5.000 employees	Networking and sports events collaboration
16	For-profit organization	Senior production manager	Textile production industry	B.V	>2.500 employees	Detachment collaboration
17	For-profit organization	Director/ Owner	Metalworking industry	B.V	<50 employees	Production cooperation

Table 1: Overview of participants and case description

<i>Respondent</i>	<i>Type organization</i>	<i>Function of respondent</i>	<i>Industry of company / Impact area</i>	<i>Structure</i>	<i>Size</i>	<i>Type of collaboration investigated</i>
18	Social enterprise	Owner and CEO	Nature conservation	B.V	<50 employees	Logistics cooperation
19	For-profit organization	Partner	Logistic industry	B.V	<50 employees	Logistics collaboration

Table 2: Control case description

## A2. Different reasons to collaborate

---

### Reason to collaborate

---

The social or sustainable goal of the social enterprise does not play a role in the main reason of collaborating. Instead, the collaboration arises because of (temporary) demand for more personnel, and a social enterprise happened to be found, or for-profit companies are just looking for a good product and service. The social goal is seen as nice benefit. Found in 7 interviews

---

For-profit companies explicitly want to contribute to social goals as main reason for the collaboration Found in 2 interviews

---

Main reason for collaboration indicated to be able to make more impact together, as both the social enterprises as for-profit organization were not able to make that kind of impact on their own. Found in 2 interviews

---

Is that they see this form of collaboration as part of their responsible role in society.	Found in 3 interviews
In order to be able to get personnel as a commercial company, you have to make it more attractive for employees to be involved in your company. Reputation benefits	Found in 3 interviews
Social return obligations and social and sustainable targets they have to make and working together with a social enterprise helps them in achieving that goal.	Found in 2 interviews

### A3. Main challenges on the side of social enterprises

Challenge	More specific	
Different interests	Getting commercial targets and social targets together (2), defending social interest (1), prevent exploitation by larger commercial company (1), get the whole organization in the same interest of contributing to social goals (1)	Found in 4 interviews
Cultural challenges	Change the way of commercial thinking to more human centered and ecological (4), empathize with commercial thinking and understanding what is important there (1), culture of commercial organization does not suit social enterprise (3)	Found in 6 interviews
Practical challenges in the process	Communication lines within commercial organization are long, difficult to make decisions quick (1), negotiate the best deal (1), planning wise for-profit organizations are expecting too much (1), make more structural appointments to get stability (1), expectation management (2), high requirements which are hard to get by (1)	Found in 4 interviews
Misconceptions	Dealing with misconceptions about working together with and quality of social target group (3), misconception about use of subsidy social enterprise (1)	Found in 4 interviews
Working with social target group	Workforce does not treat a person with a distance to labor market with enough guidance (4)	Found in 4 interviews



#### A4. Main challenges on the side of for-profit organizations

<b>Challenge</b>	<b>More specific</b>	
Content related challenges	To fit in well with the world of the social entrepreneur, translate advice to make it applicable. Determination how much to help social enterprise, don't overshoot your goal. Clarify the question quickly a social enterprise has	Found in 2 interviews
Process related challenges	Contact with social enterprises is less mature and going slowly, as the contact is often interrupted, and the quality of contact can be perceived to be less good. Challenge to work in a structured and efficient way	Found in 4 interviews
Outcome related challenges	Prevent reputational damages and challenge how they can show how much impact they make	Found in 2 interviews
Working with the social target group	Uncertainty about quality of social target group, provide good guidance for social target group without making losses	Found in 2 interviews

#### A5. Advice to for-profit companies

<b>Advice</b>	
Don't help an organization once. Search for stabile, continues, long-term relationships	Found in 4 interviews
Make clear agreements and structure contact, as for-profit organizations do have more knowledge on this	Found in 2 interviews
Be flexible in commercial goals and take time to understand what is important for social enterprise	Found in 1 interview
Provide extra guidance for social target group making it easier for social companies to form level of trust	Found in 3 interviews

#### A6. Advice to social enterprises

<b>Advice</b>
---------------

Be more commercial in how the organization is ran. Finance first, impact second. Talk 80% commercial, 20% social. Proactive in persuading for-profit companies to collaborate	Found in 11 interviews
Structure communication more professional, make hard agreements and keep them	Found in 6 interviews
More courage in demands on social targets and be open for critic	Found in 4 interviews
Manage expectations more. Clear question, long term vision, transparency	Found in 3 interviews
Search for company that suits your goal and gather commercial smart people around you in the form of an advisory board	Found in 2 interviews
Start with family-owned businesses & visit each other 's organization	Found in 2 interviews

## A7. Advice to both parties

<b>Recommended action</b>	
Organize inspiration sessions and inspirational trips	Found in 8 interviews
Commitment from top and bottom layers	Found in 1 interview
Clear agreements and clear communication	Found in 1 interview
Clear goals and evaluation moments	Found in 1 interview
Organize network events	Found in 2 interviews

## **Appendix B: Interview protocol social enterprises**

Themes for the questions (35-45 min):

### ***General goal for interviewer:***

- *Create an overview of the job of the interviewee and the role one plays in the collaboration with a for-profit organization*
- *Determine what the exact conditions of the collaboration are, what is agreed on, are there any contractual agreements?*
  - *How did this collaboration start?*
- *Determine from the perspective of the employee within the social enterprise how one feels about working together with for-profit organizations.*
  - *Discover a few specific collaborations and ask for examples*
  - *Discover potential challenges*
- *Determine the outcome of a collaboration*
  - *What was the expectation, and does it align with the reality?*
  - *What is especially important in this outcome for the social enterprise?*
  - *Is the outcome eventually beneficial to both parties?*
- *Does the interviewee believe there can be improvements in the collaboration with a for-profit organization?*

### **The interview guide**

First of all, I'd like to ask you if you give permission to record this interview, for the sole purpose of thematic analysis. All answers are confidential, anonymous and will not be shared in a way they can be traced back to you as an individual or company.

Do you give permission to record this interview?

### **Introduction**

I will briefly introduce myself

- age / study background / 1 hobby
- Explain about my research

#### ***1. About you and your job/company***

*(Goal for interviewer: Identify background information to understand the job)*

- a. What is your name?
- b. What is your education and function?
- c. How long have you been working for \*company\*?
- d. Can you explain what your job is about and a short introduction into your social enterprise?
  - i. What is the most important goal of the social enterprise you work for?
  - ii. What does the business model of your social enterprise look like?

#### ***2. About the collaboration with a for-profit organization***

*(Goal for interviewer: Identify the role one plays within a collaboration with a for profit organization and determine the exact conditions of this collaboration )*

- a. In what way do you work together with for-profit organizations and in what way do you work together with social enterprises?
  - i. Why?
  - ii. What kind of for-profit organizations do you collaborate with?
- b. Can you describe me a specific collaboration you started as a company with a for-profit organization?
  - i. When and how did the collaboration start?
  - ii. Why did you start this collaboration?
    1. What was the main goal you wanted to achieve with this collaboration?
      - a. Next to own goals, was it also a goal to help change the commercial organization become more socially or sustainable aimed?
  - iii. How is the collaboration defined?
    1. Are there any contractual agreements or written expectations?
    2. Are there any control mechanisms through which expectations are empowered?
- c. Can you describe what your role is in this collaboration?
  - i. On a weekly basis, what do you do in the collaboration?
    1. How much contact is established with the for-profit organization?
    2. With whom do you have contact of the for-profit organization?
      - a. Is this enough to establish the goals you as a social enterprise have?

### **3. *The content and process of working together with a for-profit organization***

*(Goal for interviewer: Identify how the employee within the social enterprise feels about working together with for-profit organizations. Also, identifying in depth potential challenges are within the collaboration.)*

- a. What is your opinion about working together with \*specific company\*?
  - i. What is your opinion in general about working together with for-profit organizations?
    1. Are you satisfied with the process of the collaboration and how things work?
      - a. Why?
    2. What is your overall feeling of working together with for-profit organizations?
      - a. Why?
  - ii. Are you also involved in a collaboration with a social enterprise?
    1. If yes, can you describe how this collaboration differs from a collaboration with a for profit-organization?
    2. Why is this the case?

- b. In your experience, are there any challenges within working together with a for-profit organization?
  - i. If so, what are main struggles or things that could be improved?
  - ii. How did a specific struggle within collaboration arise?
    - 1. How did the company deal with this challenge?
- c. In your opinion, have you developed a level of trust with the for-profit organization?
  - i. Is this harder to accomplish then with social enterprises who also have a social or sustainable goal?
  - ii. Is it in anyway a struggle that for-profit organizations have a completely different form of doing business than social enterprises?
    - 1. Can you give an example of your experience?

#### **4. Outcome of the collaboration**

*(Goal for interviewer: Identify the outcome of the collaboration in the eyes of the employee of the social enterprise)*

- a. What is the outcome for your social enterprise within this collaboration?
  - i. Can you give an example of concrete outcomes in which your organization profited from the collaboration?
  - ii. What do you think of these outcomes and why?
- b. We talked about your initial goal in establishing the collaboration. In what way does the outcome there is now, align with the initial expectations of the collaboration?
- c. Are the outcomes for both parties equally beneficial?
  - i. What does the for-profit organization gain in the collaboration?
  - ii. Do you think the commercial party benefits more from this collaboration than you do?
    - 1. Why?
- d. If there was anything you could change about the collaboration you have with the for-profit organization, what would it be?
  - i. Why would you want to change it?

#### **5. Coming to an end**

- a. If you were to advice a social enterprise who is just entering a collaboration with a for-profit organization, what would you say?
  - i. Why?
- b. If you were to advice a for-profit organization in how they should handle working together with a social enterprise, what would you say?
  - i. Why?
- c. Looking back at all the questions asked, are there any things you still want to add or things that are unsaid?

- d. We talked about your collaboration with company X. Is it possible that you can refer me to them? In that way I can ask about their views on working together with social enterprises in general. That would really help me!
- e. I would like to thank you very much for this interview and your time!
  - i. One last question: how did you perceive this interview to be?
  - ii. Is there anything I can do better for a next interview?

## **Appendix C: Interview protocol for-profit organizations**

Themes for the questions (35-45 min): interview for .

### **General goal for interviewer:**

- *Create an overview of the job of the interviewee and the role one plays in the collaboration with a social enterprise*
- *Determine what the exact conditions of the collaboration are, what is agreed on, are there any contractual agreements?*
  - *How did this collaboration start?*
- *Determine from the perspective of the employee within the for-profit organization how one feels about working together with social enterprises.*
  - *Discover a few specific collaborations and ask for examples*
  - *Discover potential challenges*
- *Determine the outcome of a collaboration*
  - *What was the expectation, and does it align with the reality?*
  - *What is especially important within this outcome for the for-profit organization?*
  - *Is the outcome eventually beneficial to both parties?*
- *Does the interviewee believe there can be improvements within the collaboration with a social enterprise?*

### **The interview guide**

First of all, I'd like to ask you if you give permission to record this interview, for the sole purpose of thematic analysis. All answers are confidential, anonymous and will not be shared in a way they can be traced back to you as an individual or company.

Do you give permission to record this interview?

### **Introduction**

I will briefly introduce myself

- age / study background / 1 hobby
- Explain about my research

### **1. About you and your job/company**

*(Goal for interviewer: Identify background information to understand the job)*

a. What is your education and function?

How long have you been working for \*company\*?

a. Can you explain what your job is about and a short introduction into your social enterprise?

i. What is the most important goal of the company you work for?  
Mission / vision of the company

ii. What does the business model of your company look like?

### **2. About the collaboration with a for-profit organization**

*(Goal for interviewer: Identify the role one plays within a collaboration with a social enterprise and determine the exact conditions of this collaboration )*

- a. In what way do you work together with for-profit organizations and in what way do you work together with social enterprises?
  - iii. Why?
  - iv. What kind of social enterprises do you collaborate with?
- b. Can you describe me a specific collaboration you started as a company with a social enterprise?
  - i. When and how did the collaboration start?
  - ii. Why did you start this collaboration?
    1. What was the main goal you wanted to achieve with this collaboration?
    2. What is the mission for this collaboration, the reason, what do you get out of it?
  - iii. How is the collaboration defined?
    1. Are there any contractual agreements or written expectations?
    2. Are there any control mechanisms through which expectations are empowered?
- c. How important is the collaboration for you?
  1. And in terms of profit?
- d. Can you describe what your role is in this collaboration?
  - i. On a weekly basis, what do you do in the collaboration?
    1. How much contact is established with the social enterprise?
    2. With whom do you have contact of the social enterprise?
      - a. Who of your organization is involved in the process?

### **3. The content and process of working together with a for-profit organization**

*(Goal for interviewer: Identify how the employee within the for-profit organization feels about working together with social enterprises. Also, identifying in depth what potential challenges are within the collaboration.)*

- e. What is your opinion about working together with \*specific social enterprise\*?
  - i. What is your opinion in general about working together with social enterprises?
    1. Are you satisfied with the process of the collaboration and how things work?
      - a. Why?
    2. What is your overall feeling of working together with social enterprises and how does this differ from relations with other for-profit organizations?
      - a. Why is this the case?



- f. In your experience, are there any challenges within working together with a social enterprise?
  - i. If so, what are main struggles or things that could be improved?
  - ii. How did a specific struggle within collaboration arise?
    - 1. How did the company deal with this challenge?
- g. In your opinion, have you developed a level of trust with the social enterprise?
  - i. Is this harder to accomplish then with for-profit organizations who also strive for commercial goals?
  - ii. Is it in anyway a struggle that social enterprises have a completely different form of doing business than for-profit organizations?
    - 1. Can you give an example of your experience?

### **Outcome of the collaboration**

*(Goal for interviewer: Identify the outcome of the collaboration in the eyes of the employee of the social enterprise)*

- h. What is the outcome for your company within this collaboration?
  - i. Can you give an example of concrete outcomes in which your organization profited from the collaboration?
  - ii. What do you think of these outcomes and why?
- i. We talked about your initial goal in establishing the collaboration. In what way does the outcome there is now, align with the initial expectations of the collaboration?
- j. Are the outcomes for both parties equally beneficial?
  - i. What does the social enterprise gain in the collaboration?
  - ii. Do you think the social enterprise benefits more from this collaboration than you do?
    - 1. Why?
- k. If there was anything you could change about the collaboration you have with social enterprises, what would it be?
  - i. Why would you want to change it?

### **Coming to an end**

- l. If you were to advice a for-profit organization who is just entering a collaboration with a social enterprise, what would you say?
  - i. Why?
- m. Looking back at all the questions asked, are there any things you still want to add or things that are unsaid?
- n. I would like to thank you very much for this interview and your time!
  - i. One last question: how did you perceive this interview to be?
  - ii. Is there anything I can do better for a next interview?

## **Appendix D: Coding scheme NVivo**

Recommended solutions

Advice to commercial companies

Advice to social enterprises

The importance of working together is high

Main goal commercial enterprise

Main goal social business

Business model commercial organization

Social enterprise business model

Competitive position

- Competitive position better

- Competitive position worse

Contact in cooperation positive

Contact in cooperation negative

Contacts

Context factors contributing to social entrepreneurship

Objectives of commercial enterprise

Objectives social enterprise

No challenges experienced

Challenges from the social enterprise side

Challenges from the side of commercial organizations

Collaboration emerges

Development of social businesses

Reason for cooperation

Reason for social business

Types of social and commercial cooperation

Challenges internal commercial businesses

Challenges internal social businesses

Outcomes

Trust within the partnership

Desires for future collaboration

Distribution of profits

Conditions for commercial cooperation

Conditions for cooperation with social enterprise

Previous history of the entrepreneur

Structure of the social enterprise

Commercial enterprise structure