

Scaling social impact. A framework for collaboration between social enterprises and for-profit enterprises

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Abstract

Purpose – The purpose of this study is to contribute to a better understanding of innovative forms of collaboration between different types of enterprises – aimed at scaling social impact – and address the challenges and complexities inherent to these specific types of partnerships. The particular focus is on strategic collaboration between work-integration social enterprises (WISEs) and mainstream, or for-profit enterprises (FPEs) with the shared objective to create more and better employment opportunities for disadvantaged individuals in the labour market.

Design/methodology/approach – This study used a qualitative research design. The total sample consisted of 16 small- and medium-sized enterprises (both WISEs and FPEs), which were selected for their proven, business-to-business revenue model and their explicit ambition to create more inclusive jobs for disadvantaged individuals. Data collection and analysis took place between 2021 and 2023 and consisted of: semi-structured interviews with representatives of the participating enterprises to get a better understanding of the way in which current partnerships operate; and co-creative research methods to facilitate change processes – within and outside these partnerships – aimed at creating more social impact.

Findings – Most collaborations between WISEs and FPEs start purely transactional, with the exchange of products or services, but once they become more familiarised with each other, the realisation of (joint) social impact becomes more significant. The ambition to further coordinate and integrate operations is prominent, but the partnership process is not without challenges and requires time, commitment and trust. So far, only few collaborations can be considered truly transformational.

Originality/value – This study contributes to the discussion on strategic alliances and cross-sector collaborations by providing a conceptual framework and a practical instrument to shape strategic collaboration between social enterprises and FPEs that aim to create more social impact.

Keywords Scaling social impact, Strategic alliances, Cross-sector collaboration, Strategic collaboration, Work-integration social enterprises, For-profit enterprises, Framework for collaboration

Paper type Research paper



Introduction

The potential of strategic collaboration between social enterprises and mainstream, or for-profit enterprises (FPEs), is increasingly recognised as a powerful means for tackling complex social problems, in a way and scale that would not be feasible for individual organisations (Pedersen *et al.*, 2021; Bode *et al.*, 2019; Le Pennec and Raufflet, 2018). Broadening one's resources and value creation opportunities by building and consolidating partnerships appear to be at hand (Liu *et al.*, 2021; Voltan and de Fuentes, 2016). For social enterprises, scaling social impact – or “increasing the magnitude of both quantitative and qualitative positive changes in society by addressing pressing social problems at individual and/or systemic levels through one or more scaling paths” (Islam, 2020, p. 2) – is widely considered the single most important criterion to judge their performance (Ebrahim *et al.*, 2014; Lyon and Fernandez, 2012). Typically, FPEs bring market legitimacy into strategic collaborations with social enterprises (Huybrechts and Nicholls, 2013; Di Domenico *et al.*, 2009), while social enterprises may also benefit from gaining economies of scale and efficiency that they would not have enjoyed without the collaboration (Ciulli *et al.*, 2022; Elkington *et al.*, 2010). The added value for FPEs is mainly rooted in the specific (local) knowledge of social enterprises (Seelos *et al.*, 2011) – for instance in working with disadvantaged individuals – in combination with their social legitimacy (Sakarya *et al.*, 2012; Di Domenico *et al.*, 2009).

This study aims to contribute to a better understanding of innovative forms of collaboration between different types of enterprises, aimed at scaling social impact [1]. Specifically, this study focuses on strategic collaboration between social enterprises that are active in the impact area of labour participation – so called work-integration social enterprises (WISEs) – and mainstream enterprises, or FPEs, that primarily have an economic objective but have expressed the ambition to become more inclusive employers. The joint objective of these type of strategic collaborations is to improve labour market opportunities for disadvantaged individuals, at risk of social exclusion and poverty (e.g. persons with physical or mental disabilities, young people without a school degree, long-term unemployed, older people, persons with a migrant or ethnic minority background, refugees or ex-convicts), to become gainfully employed workers. WISEs are autonomous economic entities whose main objective is to enable the professional integration of these individuals, within the WISE itself or in mainstream enterprises, by providing appropriate tasks, training and all the necessary support on the job (Lysaght *et al.*, 2018).

With an estimated total of 1.1 million persons who are willing to work, but for various reasons are currently marginalised in the Dutch labour market (CBS, 2023), the societal challenge by far exceeds the absorption capacity of WISEs alone. Prompted by the unprecedented shortages on the Dutch labour market, more coercive labour legislation regarding diversity and inclusion and/or intrinsic motivation, FPEs are now much more receptive to employing disadvantaged individuals. In practice, many FPEs face numerous difficulties to successfully incorporate individuals with support needs in their current organisations. As such, there may be various potential benefits if WISEs and FPEs partnered up, at the individual, the organisational and at societal level. At the same time, because we are looking at organisations with substantively different goals and objectives, there may also be several unanswered questions and hurdles to overcome to effectively create such joint value. For instance: how do you find the right partner? What would be the intended outcome of such collaboration? And how do you organise such a strategic partnership in an effective way?

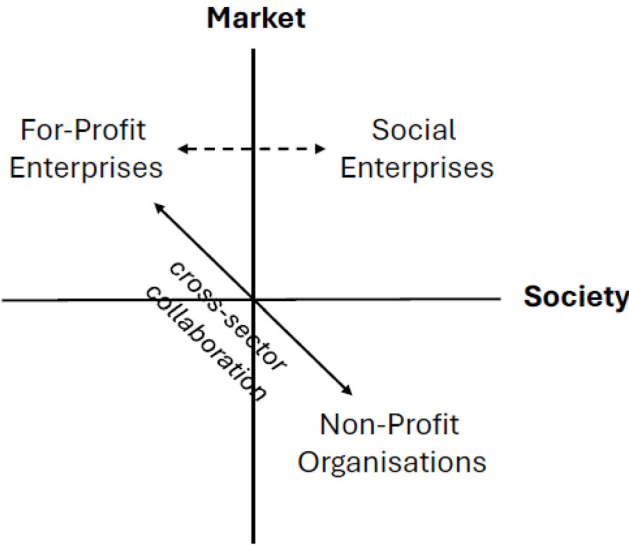
This study used a qualitative research design to answer our main research question: How can strategic collaborations between WISEs and FPEs best be organised to create more inclusive employment for disadvantaged individuals? During the timeframe 2021–2023, a total of 16 small- and medium-sized enterprises – ten WISEs and six FPEs – participated in this research. In the next section, we first briefly discuss the most relevant literature, leading

up to our conceptual framework. We then present our research methodology. The main findings are presented in the subsequent section, followed by a discussion of our results and our contribution to the literature, practice and society. We conclude with a brief summary, the limitations of this study and suggestions for further research.

Literature review and conceptual framework

Academic literature on strategic alliances or partnerships between companies is ample, in particular in disciplines such as business administration, organisational studies and public administration (see for instance: [Ireland et al., 2002](#); [Child and Faulkner, 1998](#)). Next to the motives for forming such strategic alliances, much attention goes out to the dynamics of managing collaborative relationships between organisations that may also be in competition, which often proves to be quite challenging in practice ([Schruijer, 2020](#)). The complexity increases even further in partnerships between social enterprises and mainstream businesses, as they have to deal with different governance mechanisms and accountability structures ([Huybrechts et al., 2017](#)). Social enterprises operate at the intersection of two institutional domains – the market and society – and are therefore often referred to as “hybrid” organisations ([Pache and Santos, 2021](#); [Battilana et al., 2015](#); [Doherty et al., 2014](#)). These complexities have not yet been sufficiently taken into account in the extant literature on inter-organisational strategic alliances between companies.

Rather than seeing partnerships simply in terms of organisation-level outcomes, a broad interdisciplinary literature has emerged in the past two decades around so-called cross-sector collaboration ([Bryson et al., 2015](#)). These partnerships specifically refer to collaboration between organisations with different types of logic, for instance between private and civil society partners, and most commonly with the objective to achieve broader systemic or system-level change ([Savarese et al., 2021](#); [Siemieniako et al., 2021](#); [Bode et al., 2019](#); [Voltan and de Fuentes, 2016](#); [Selsky and Parker, 2005](#); [Berger et al., 2004](#)). Figure 1 shows a



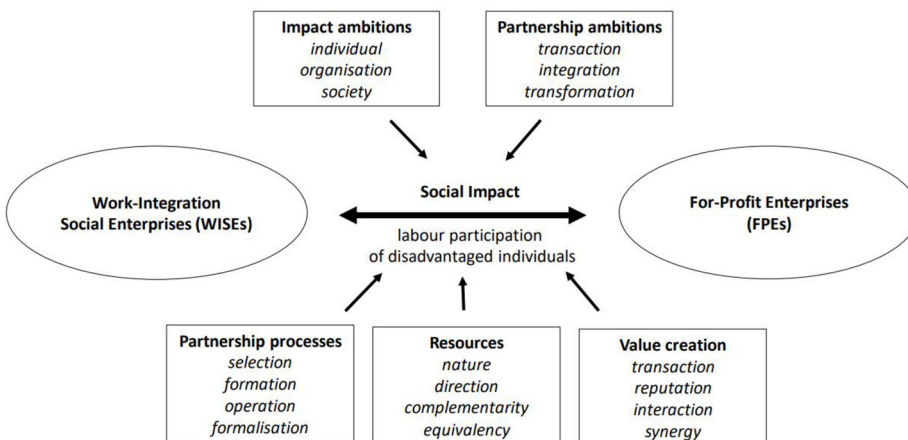
Source: Authors' own creation
Figure 1. Organisational collaboration between domains

graphic representation of different forms of organisational collaboration between two domains.

While technically, collaboration between social enterprises and FPEs involves two private sector partners – also referred to as “same sector” partnerships (Gutiérrez *et al.*, 2016) – the existing frameworks of analysis for strategic alliances between firms do not pay attention to social value creation. To improve our understanding into how these collaborations can best be shaped and organised to increase their (joint) social impact, the lens of cross-sector collaboration may therefore provide a better starting point than the more established literature on strategic alliances (Weber *et al.*, 2022; Clarke and Crane, 2018; van Tulder *et al.*, 2016). So far, the literature on cross-sector collaboration has addressed a range of conceptual, empirical, practical and methodological issues (Clarke and Crane, 2018), and is now increasingly applied to assess strategic alliances between companies that address sustainability challenges (Pedersen *et al.*, 2021; Bode *et al.*, 2019; van Hille *et al.*, 2019).

Collaboration between social enterprises and FPEs jointly addressing social problems is increasingly acknowledged as an important phenomenon that deserves further study. Sakarya *et al.* (2012), for instance, make an appeal for further field-based research to expand the empirical database on such collaborations. Le Pennec and Raufflet (2018) stress that while the organisational motivations and key success factors for these collaborations have been frequently addressed, the nature and processes of value creation in these inter-organisational collaborations have yet to be examined. For this study, we use key elements from the collaborative value creation (CVC) framework – as elaborated by Austin and Seitanidi (2012a, b) in their review of cross-sector collaborations between non-profit organisations and the private sector – to construct a conceptual framework for shaping more innovative types of collaboration between social enterprises and FPEs that aim for social impact, in this specific study focused on increasing labour participation of disadvantaged individuals (Figure 2).

The top part of the framework provides insight into the impact ambitions of the individual companies with respect to getting more disadvantaged individuals to the labour market, as well as the ambitions regarding the degree of collaboration between the companies that would allow



Source: Adapted by the authors from Austin and Seitanidi (2012a, b)

Figure 2. Conceptual framework

more disadvantaged individuals to enter the labour market. The bottom part of the model provides insight into the way in which the partnership is organised, the exchange of resources between the two partners, and which type of value is created by the collaboration. This conceptual framework will be further operationalised in the methodology section.

Methodology

To answer our main research question – How can strategic collaborations between WISEs and FPEs best be organised to create more inclusive employment for disadvantaged individuals? – this study used a qualitative research design. The sampling process was purposive. All participating enterprises – ten WISEs and six FPEs – were selected for their proven, business-to-business (B2B) revenue model and their explicit ambition to create more sustainable, inclusive jobs for disadvantaged individuals in the labour market, but varied in size and age, and operated in different economic sectors (Table 1). As a result of the B2B revenue models, every participating company already had a number of strategic collaborations with key partners, either purely transactional or more integrative. These key partners were not necessarily part of the original research sample – and are consequently not included in Table 1 – but became actively engaged in the second stage of this research after invitation of the participating enterprises.

The data collection took place during the period 2021–2023 and was divided into two stages. During the first stage of the research (2021–2022), we conducted semi-structured interviews with representatives – usually the founder/owner or managing director – of each participating enterprise. The objective of these interviews was to obtain a better understanding regarding current collaborations of the participating enterprises. For the interviews, the participating enterprises were asked to focus on one of their current partners with whom they already had a (long-term) collaboration, and with whom they wanted to create more (joint) value.

The interview questions were structured according to our conceptual framework (Figure 2), focusing on:

Table 1. Sample selection

Participant	Type of enterprise	Main economic activity	No. of employees	In operation since
1	WISE	Logistic services	50–100	2000
2	WISE	IT services	50–100	2009
3	WISE	Electronics assembly	>250	2002
4	WISE	Construction services	<50	2016
5	WISE	Textile repair services	<50	2015
6	WISE	Catering services	100–150	2008
7	WISE	Mobility services	100–150	1986
8	WISE	Facility services	>250	2015
9	WISE	Outdoor activities	<50	2016
10	WISE	Intermediary services	<50	2020
11	FPE	Construction	100–150	1991
12	FPE	Printing	100–150	1857
13	FPE	Construction	100–150	1934
14	FPE	Indoor climate services	100–150	1991
15	FPE	Digital services	>250	1997
16	FPE	Staff services	50–100	2004

Source: Authors' own creation

- the respective *impact ambitions* of the participating enterprises (“What do they aim to achieve for the individual, the organization, and/or society?”), as well as the challenges in achieving these; and
- their respective *partnership ambitions* (“Are these mainly aimed at (more) transactions between the companies; at a (better) integration of mutual operational processes; and/or at transforming the way in which the labour market itself is organised?”).

The current collaborations were assessed on:

- the way in which the *partnership processes* itself are shaped (in terms of “Selection”, “Formation”, “Operation” and “Formalisation”);
- the exchange of *resources* that takes place (in terms of “Nature”, “Direction”, “Complementarity” and “Equivalency”); and
- the type(s) of *value* that is created between the selected partners (in terms of “Transaction”, “Reputation”, “Interaction” or “Synergy”).

Table 2 provides further insight into the way in which these different components were operationalised in the interviews.

Table 2. Components and operationalisation to assess current collaborations (per domain)

Domain	Components	Operationalisation
Partnership processes	Selection	Was the other partner selected because of their capacity to provide specific resources or are these more commonly available?
	Formation	Did the collaboration come about naturally or did (one of) the partners actively look to collaborate with the other partner?
	Operation	Is the collaboration with the other partner of a structural nature or do they only collaborate on an occasional basis?
	Formalisation	To what extent has the collaboration between the partners been (contractually) formalised?
Resources	Nature	Are the resources provided by the other partner mainly of a general nature (e.g. capital, goods) or of a specific nature (e.g. knowledge, unique method)?
	Direction	Is the exchange of resources between the partners mainly one-directional or two-directional?
	Complementarity	Does one of the partners depend on the resources of the other partner to create value or do their resources complement each other?
	Equivalency	Do the partners experience the exchange of resources with the other partner as equal?
Value creation	Transaction	Does the collaboration mainly consist of an exchange of products or services with the other partner for a fee?
	Reputation	Does the collaboration mainly contribute to the reputation of one of the partners, or both?
	Interaction	Does the collaboration actively aim to align operations between the partners to create more value?
	Synergy	Does the collaboration manage to create more joint value than both partners could create individually?

Source: Adapted by the authors from [Austin and Seitanidi \(2012a, b\)](#)

All interviews were conducted in person, and the average duration of each interview was 1 hour. All interviews were conducted in Dutch, except for one (in English) [2]. All interviews were audio-recorded – after signed consent of the respondents – and manually transcribed. The *verbatim* transcripts have been analysed by conducting thematic analysis. An *a priori* coding scheme was created based on the conceptual framework, which was enriched with new themes that emerged from the data. For the thematic analysis, the researchers have made use of the qualitative analysis software ATLAS.ti.

During the second stage of the research (2022–2023), we used co-creative research methods to facilitate change processes among the participating enterprises and their selected partners: either “deepen” their existing collaboration – taking it to the next level – or “broaden” their collaboration by engaging new partners, with the overall objective to create more and better job opportunities for disadvantaged individuals in the labour market. Co-creative methods are particularly useful for facilitating knowledge sharing and collaborative learning experiences among stakeholders, directed at solving problems with innovative and validated solutions. We applied design thinking principles to structure this process. Design thinking is a co-creative and iterative approach to innovation and problem solving, based on understanding and defining needs, generating creative ideas and testing these by using rapid prototyping (Brown, 2019).

We organised five joint sessions where we brought together all participating enterprises, as well as their selected partners. Each session took place in a physical location, and lasted 3 hours on average. Each session focused on one of the five consecutive stages of the design thinking process (“Emphasise”, “Define”, “Ideate”, “Prototype” and “Test”) and every session built on the outcomes of the previous one. Notes were taken during every step of the process, which were processed by the researchers immediately afterwards and shared with all participants for feedback to guarantee a correct representation and account of the proceedings.

This helped the participating enterprises and their selected partners to address their respective ambitions and challenges in a structured and solution-oriented manner. At the same time, this allowed us to conceptualise the most relevant topics of discussion in these specific types of collaboration, on the basis of which we were able to develop a more appropriate framework that can help shape both existing and new strategic collaborations between social enterprises and FPEs to create more social impact.

Collaborating for social impact

Next, we present the most important research findings that we retrieved from the interviews with the selected enterprises during the first stage of the study. Following our conceptual framework (Figure 2), we first introduce the impact ambitions of the participating enterprises, as well as the challenges they experience in realising these ambitions, followed by their partnership ambitions that should ideally help to overcome these challenges. We then present the ways in which current collaborations are formed and organised, which resources are exchanged and what type(s) of value is created by these collaborations (corresponding to the different components of Table 2).

Impact ambitions

Although there is a large diversity between the participating companies – in terms of size, sector, experience and approaches to inclusive employment practices – the starting point for WISEs is always addressing the specific needs of the individual, while at the same time delivering a high-quality product or service to their customers. By deploying disadvantaged people in the labour market, WISEs aim to create both social value and economic value. As

such, all WISEs expressed an explicit ambition to achieve impact on three levels. Firstly, at the level of the individual employee, an important goal is to offer these individuals appropriate and sustainable job opportunities – whether within or outside their own organisation – and thereby demonstrating: “*You are valuable*” (WISE-5), in the words of one of the participating social entrepreneurs. Most WISEs have a task-oriented way of looking at jobs, instead of function-oriented way, whereby the focus is on one’s abilities and talents, not on one’s limitations. Secondly, at the organisational level, this inclusive approach requires the necessary adjustments in organising tasks and providing optimal support to address the individual needs of these employees. “*We start with the person itself: resilience, self-esteem, self-confidence, stability, structure...*” (WISE-6), said a social entrepreneur. But WISEs do not stop here. Thirdly, WISEs also have clear ambitions at the societal level, as their efforts ideally also contribute to (systemic) changes towards a more inclusive labour market for those who are still standing on the sideline. Concerning this, a social entrepreneur mentioned the following: “*What would happen if you help successful companies become more impactful, by helping impactful companies become more successful?*” (WISE-6). While FPEs generally have less explicit social impact ambitions, they are currently – prompted by the unprecedented shortages on the Dutch labour market and more coercive labour legislation regarding inclusion – much more receptive to employing disadvantaged individuals. With regard to the impact ambitions of FPEs, these generally focus on the individual and organisational level, and usually not so explicitly at the societal level. One of the entrepreneurs commented: “*It is not like we don’t do anything [for disadvantaged people in the labour market]. But it is not of a structural nature. There are still many more people walking around like that*” (FPE-13).

Challenges

Effectively realising these impact ambitions does not come without the necessary challenges. Specific challenges for WISEs often relate to how to sustainably create both social and economic value. According to one of the social entrepreneurs: “*[Our] target group [often has to deal] with multiple problems, you really have to make reservations about that. It’s not all moonlight and roses*” (WISE-8). FPEs on their part – in contrast to WISEs – generally have little or no experience in successfully incorporating individuals with support needs into their current organisations, and often face numerous challenges with regard to how to organise the work and how to address specific needs. “*We are consciously incompetent*” (FPE-15), according to one of the entrepreneurs. In addition, FPEs also often struggle with the bureaucratic complexity surrounding these individuals (e.g. regulations regarding probationary placement, remuneration with or without retention of benefits, wage-cost subsidies, and more). One entrepreneur mentioned: “*It is very difficult to get good access or a structural inflow [of disadvantaged people in the labour market]*” (FPE-12).

Partnership ambitions

An important incentive of both WISEs and FPEs to look for strategic collaboration is to overcome (some of) these challenges. All WISEs in our research sample provide either products or services to FPEs. Consequently, most partnerships under study have started transactionally. In many cases, however, this proved to be the starting point for more strategic collaboration on other levels. “*We try to inspire our customers and show them that you can also do it differently*” (WISE-1), said a social entrepreneur. When asked about their partnership ambitions, both WISEs and FPEs see important potential benefits. Given the challenges discussed above, WISEs actively look for more long-term and structural (customer) relationships with FPEs, to be less vulnerable to cyclical shocks and to provide

more stability – in terms of guaranteeing jobs and continuous workflows – for their employees. By obtaining more or larger orders, or by broadening their range of products and services, WISEs can potentially offer more jobs to disadvantaged individuals. This requires better coordination and integration of mutual operations. However, the growth of job opportunities for disadvantaged individuals does not necessarily have to be realised within WISEs themselves. While some WISEs provide permanent employment to as many people as possible, others offer dedicated training trajectories that facilitate the (re)integration of disadvantaged individuals into the “regular” labour market. In particular for the latter type of WISEs, more strategic collaboration with FPEs can potentially generate much bigger volumes of jobs for disadvantaged individuals. In the words of a social entrepreneur: “*We are a speedboat, so we are agile and go faster. They are a mammoth tanker, it takes a while, but once on course, you can’t get them off course easily*” (WISE-6). FPEs, in turn, also actively look at WISEs for knowledge and expertise on how to effectively create more appropriate job opportunities for disadvantaged individuals, and to get better access to adequate candidates. “[*We*] *do not have access to that knowledge. So [for us] it is very valuable how we can fulfill our social task*” (FPE-13), according to one of the entrepreneurs. Consequently, in this study, most partnership ambitions – both of WISEs and FPEs – primarily focus on how the interaction between two (or more) partners could be strengthened or “deepened” at organisational levels. When successful, others could ideally follow suit, thereby contributing to a wider – or “broader” – transformation towards a more inclusive labour market.

Partnership processes

When asked about the selection and formation process of the partnerships, most enterprises indicate that they had not actively searched for a specific partner, but instead, that these collaborations often have come about naturally. A social entrepreneur mentioned: “*It all happened quite informal. These activities were built up step by step. But precisely because it gradually built up, it has never been necessary to completely change everything at once*” (WISE-4). Nevertheless, more than half of the respondents – predominantly FPEs – indicate that an important reason for collaboration was that their partner brings specific resources (e.g. knowledge or a unique method) into the partnership. From the perspective of WISEs, most important in the partnership formation process is a long-term, structural nature of the collaboration, because this guarantees stability and continuity in offering appropriate employment opportunities for disadvantaged individuals. Although the vast majority of the collaborations under study indeed operate structurally, only a few of these are (somewhat) formalised, and if so, usually only at a later stage in the partnership. Most of the collaborations under discussion are built on personal contacts and a high degree of trust. As one of the social entrepreneurs commented: “*We have a five-year contract, but it is probably not bulletproof if you look at it from a legal perspective. There is also a lot of trust here*” (WISE-3).

Resources

At first glance, the nature of most collaborations appear to be centred around regular transactions of goods or services – most commonly from WISEs to FPEs – in return for financial compensation. As such, the exchange of resources in most partnerships is generally two-directional. In addition, however, half of the respondents indicated that the exchange of resources is more specific in nature, rather than just generic (e.g. financial resources). In most cases, this relates to specific knowledge and/or a unique method or approach of WISEs with regard to creating appropriate and sustainable labour market opportunities for disadvantaged individuals. Although the nature of the resources that are exchanged may not necessarily be

the same or equal in value in purely economic terms, all respondents unanimously agree that the exchange of resources are complementary to create the intended value. Consequently, and perhaps most importantly, these collaborations are generally perceived as being equal. According to one of the entrepreneurs: *“For me, collaboration equals equality. It means that we start a process together because it has added value”* (FPE-15).

Value creation

Transactional value creation appears to be an essential precondition amongst most of the strategic collaborations under study here, but it is generally considered to be only the starting point for other types of value creation. Most collaborations are actively in pursuit of more (strategic) interaction between the enterprises, looking to further align activities and processes. One social entrepreneur illustrated this as follows: *“We always try to offer as many services to customers – so not just assembly, but also some transport or storage – so that you become an extension of each other’s company. We always think along”* (WISE-1). Though most respondents indicated that they ultimately would like to create synergy – where the joint value creation exceeds that of the individual organisations – there are currently only very few examples within our sample of truly synergetic collaborations that actually can contribute to transformation and systemic change. Lastly, the reputational value resulting from collaboration with a WISE of FPE is admittedly considered relevant, but it is not considered to be a goal in itself in the partnerships in this study.

More impact through collaboration

The first stage of our research provided valuable insights into the current collaborations of the participating enterprises. Our conceptual framework – originally designed to assess cross-sector collaborations – proved helpful to structure our initial process of data collection and analysis. During the second stage of our study, we used design thinking principles to facilitate the participating enterprises and their selected partners to actively work together on realising their respective partnership and impact ambitions, with the overall objective to create more and better job opportunities for disadvantaged individuals in the labour market. This could either involve a process of “deepening” their existing collaboration and taking it to a next level, or “broadening” their collaboration by engaging new partners that could offer new opportunities for more joint value creation. These co-creative research methods also provided new inputs that allowed us to conceptualise a more appropriate framework for collaboration between social enterprises and FPEs that aim to create more social impact. Some components from our initial conceptual framework continued to be relevant, some new elements and aspects were added, others were dropped. Below, we will first discuss the most important results of the second stage of our research, followed by a concise introduction of the instrument that emerged from it.

Deepening or broadening strategic collaborations

The first step in the design thinking process aimed to provide the participating enterprises with a better understanding of each other’s impact – and partnership ambitions and the type of value they would like to create together (“Empathise”). All participants – both from WISEs and FPEs – indicated that they wanted to create multiple value: for the customer (*“quality products or services”*), for disadvantaged individuals (*“providing appropriate jobs with the necessary coaching and support needs”*), and for society (*“contributing to a more inclusive labour market”*). When subsequently asked to jointly “Define” the main challenges that needed to be addressed, the following issues were raised: *“finding or creating more appropriate workplaces for disadvantaged individuals [within the current organisation]”*;

“broadening the range of products or services [with the objective to create more appropriate job opportunities for disadvantaged individuals]”; and “inspiring other entrepreneurs to also create more job opportunities for disadvantaged people in the labour market”.

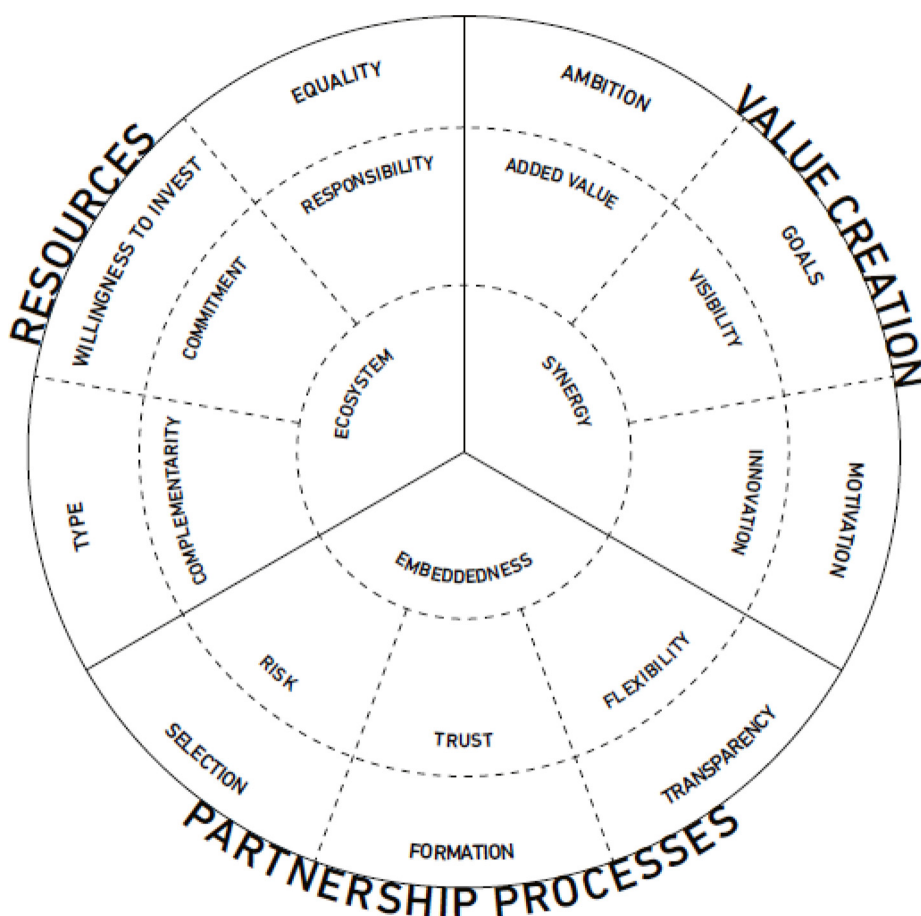
In the next step, we invited the participants to jointly “Ideate” on possible ways in which the issues that were defined during the previous session could be addressed. At the end of this session, all ideas have been clustered into three broad categories. Firstly, increasing the “*knowledge exchange*” between WISEs and FPEs. For instance, about the (different) ways in which enterprises can get access to disadvantaged individuals and arrange the inflow of these people in the workplace; about specific ways in which work can be organised alternatively to allow more job opportunities for disadvantaged individuals; and about ways to design an inclusive workplace, not just by addressing specific support needs and facilitating job coaching, but also actively involving current employees and staff in the process. Secondly, strengthening the collaboration between “*direct partners in the value chain*”. The rationale behind this idea is that it would not only provide job opportunities to disadvantaged individuals, but could also guarantee better opportunities for their personal and career development. Thirdly, promoting better collaboration between “*indirect partners within the ecosystem*”. Besides the candidates and the employers, there are often (many) more stakeholders involved in the process towards sustainable labour participation of disadvantaged individuals, for instance (local) governments, public and/or private training centres and sometimes also non-governmental organisations. Although their general objective may be the same, differences in interests, resources and approaches often hamper an effective “*journey*” of these disadvantaged individuals towards appropriate jobs. This requires better coordination and collaboration, for instance via a sector-oriented approach.

On the basis of these categories, we invited the participants and their partners to visualise, or “*Prototype*”, one of the suggested solutions that was most relevant to their current strategic collaboration, using various building blocks, including LEGO®. Based on these designs, we have asked the participating companies and their selected partners to formulate what is needed to either deepen or broaden the strategic collaboration. In order for these collaborations to be successful, several entrepreneurs stressed the importance of intrinsic motivation, willingness to invest and transparency in the partnership.

Based on the collected input during the second stage of our research, we developed a concept instrument that aimed to identify the most relevant topics, issues and questions that may emerge when trying to establish or strengthen strategic collaborations for social impact. For the final step in the design thinking process, we put our “*Minimum Viable Product*” (MVP) to the “*Test*” and collected feedback from the participants on the recognisability, completeness, comprehensibility and usability of the instrument. Our MVP related to the three domains of our original conceptual framework – “*Value creation*”, “*Resources*” and “*Partnership processes*” – but the topics and type of questions that guided the conversation varied, depending on the maturity and ambitions of the collaboration. The original design of the instrument was adjusted after feedback from the participants: elements that were invalidated were left out or reformulated, other elements that the entrepreneurs felt were still missing were added.

The “impact through collaboration” wheel

Based on the outcomes of the validation process with the participating enterprises and their selected partners, we have subsequently processed the domains, stages and topics into a tool that can help shape strategic collaborations between social enterprises and FPEs that aim to create (more) social impact: the “*Impact through Collaboration*” wheel (Figure 3). The circular design is deliberate to indicate that there is no specific starting (or end) point. This



Source: Authors' own creation

Figure 3. "Impact through collaboration" wheel

instrument can be used by entrepreneurs at various stages of collaboration – whether one wants to develop a new strategic collaboration that aims for social impact, or deepens a yet existing collaboration to create more social impact. The outer ring of the canvas – “the Orientation stage” – contains the most relevant topics for creating the necessary baseline for strategic collaboration. The second ring – “the Integration stage” – contains topics related to organising the strategic collaboration. The topics at the core of the wheel – “the Transformation stage” – focus on embedding the social value creation for the long term.

When entering into a (new) strategic collaboration, it is important to know and agree on each other's *ambitions* to formulate shared objectives and *goals*. The intrinsic *motivation* of both partners for creating *added* (social) *value* is an important starting point during the orientation stage. Some specific points of attention during the integration stage

include the extent to which both partners also want to profile themselves as such (*visibility*) and the extent to which both partners are capable to change their organisations to realise this added value (*innovation*). All of these elements proved to be important preconditions for effectively creating social value in a way and scale that would not be possible for individual organisations (*synergy*).

With regard to the exchange of resources, partners must first find out what *type* of resources they have to offer each other and to what extent they are *willing to invest* time and resources into making the partnership into a success. Although the exchange of resources does not necessarily have to be *equal*, ideally they should be *complementary*. During the integration stage, the actual *commitment* and *responsibility* (“sharing risks and rewards”) of the partners becomes more relevant. It may then also become more apparent what other resources – outside the current scope of the two partners – might still be needed to achieve the desired transformation (*ecosystem*).

As for the partnership processes, *transparency*, *flexibility* and *trust* are among the key issues that need to be in place after the *selection* and *formation* of the partnership. As the collaboration matures, it becomes more relevant to also discuss ways in which this partnership, including *risk* management, could (or should) be *embedded*, in particular when the objective is to aim for transformation.

This instrument is not necessarily limited to the impact area of work-integration or labour participation but can be used by any type of organisation seeking strategic collaboration where social value creation is central. The underlying questions to the different topics in the wheel (see [Table 3](#)) help to guide the conversation between the (potential) partners and to make sure all the

Table 3. Stages, topics and questions as input for conversation about collaboration for impact (per domain)

Domain	Stage	Topic	Question
Value creation	Orientation stage	Ambition	What economic and social impact do we want to achieve?
		Goals	What are our common impact goals?
		Motivation	Why do we want to make social impact?
	Integration stage	Added value	Do we achieve economic and social value together?
		Visibility	How do we convey the social value of our collaboration?
		Innovation	Are we able to change our organisations?
Resources	Transformation stage	Synergy	How can we create even more social value together?
	Orientation stage	Type	What do we have to offer each other?
		Willingness to invest	How much time and resources are we willing to invest?
		Equality	How do we think about equality in the collaboration?
	Integration stage	Complementarity	How do we complement each other?
		Commitment	How much time and resources do we each commit?
Partnership processes	Transformation stage	Responsibility	To what extent do we share risks and rewards?
		Ecosystem	Who else do we need to create (more) social value?
		Selection	How and where do you find a suitable partner?
	Orientation stage	Formation	What agreements do we make with each other?
		Transparency	What are we willing to be open about?
		Integration stage	Risk
	Integration stage	Trust	Where do we think collaboration can fail?
		Flexibility	Do we keep our agreements?
		Embeddedness	How do we deal with differences in methods or insights?
	Transformation stage		How do we embed the social value for the long term?

Source: Authors’ own creation

critical issues are being addressed, thereby increasing the chances of finding the right partner and to build a sustainable and successful strategic collaboration for the creation of social impact.

Discussion

This research project set out with the objective to improve our understanding of how innovative forms of collaboration between social enterprises and FPEs can best be shaped and organised to increase their (joint) social impact. Based on the results of our two-year study, we were able to develop a new conceptual framework and a practical instrument that addresses the challenges and complexities inherent to these specific types of collaboration, and which can help shape strategic collaborations between social enterprises and FPEs that aim to create more social impact. In this section, we briefly reflect on the theoretical, practical and societal implications of our study.

Strategic collaborations between social enterprises and FPEs operate at the crossroads of “same sector” and “cross-sector” collaboration, where the main objective is to generate more social impact through market forces. While increasingly acknowledged as an important phenomenon, it thus far has remained an understudied area of research (Sakarya *et al.*, 2012; Le Pennec and Raufflet, 2018). Typically, the main motive for any strategic partnership is to create value through synergy, exceeding what could have been generated through alternative organisational configurations. This value creation can be accomplished in several ways, for example, via economies of scale, cost efficiencies, risk management and learning from partners (Ireland *et al.*, 2002).

Nevertheless, the primary benefits of collaboration are access to complementary or previously unavailable resources, and the joint development of new resources through the alliance. In traditional literature on strategic alliances between firms, the main focus is on how to overcome limitations in an organisation’s resource set (e.g. through learning) to improve their performance and achieve competitive advantages (Ireland *et al.*, 2002). In cross-sector collaborations and the type of collaborations under study here, the main objective is to address complex social (and environmental) issues that exceed the capacity of a single organisation. Consequently, instead of organisation-level outcomes and their competitive advantage, in these innovative type of collaborations, most attention goes out to macro-level outcomes that contribute to broader systemic or system-level change (Clarke and Crane, 2018).

As a result of this, and in line with the literature on cross-sector collaborations (Bryson *et al.*, 2015), we found that collaborations between social enterprises and FPEs focus much attention on the partnership processes itself. Even more than in (same sector) strategic alliances, proper partner selection, unambiguous objectives and clear expectations management about the value creation (Voltan and de Fuentes, 2016) are critical to successfully achieve the social mission of the collaboration (Huybrechts *et al.*, 2017). Indeed, the complexities of inter-organisational collaborations are clearly manifest in our results, most clearly in the social dynamics between representatives of the organisations (Schruijer, 2020). Most time and effort goes out to develop and maintain effective social capital (Ireland *et al.*, 2002), which, in our study, is the product of personal relationships and trust that have developed through long-term interactions between the social enterprises and FPEs.

Our results also confirm the more recent argument made by Savarese *et al.* (2021) that these type of collaborations are not static but evolve over time. As they evolve, the types of interaction and levels of engagement of partners change. We captured this phenomenon in our “Impact through Collaboration” wheel by including three different stages: “Orientation”, “Integration” and “Transformation”. As a collaboration evolves more towards the “centre” of the wheel – “deepening” the collaboration – different topics will require more attention.

By engaging 16 small- and medium-sized enterprises over a timeframe of two years, this study is strongly rooted in practice. Our results provide a better understanding of the way in which these innovative types of collaborations that aim for social impact operate. Concurring the call of [Le Pennec and Raufflet \(2018\)](#), we went beyond the focus on identifying organisational motivations and key success factors for collaboration, but examined the nature and processes of value creation in inter-organisational collaboration. Building on the CVC framework of [Austin and Seitanidi \(2012a, b\)](#), we created and validated – in co-creation with the participating enterprises and selected partners – a practical instrument that can help organisations shape strategic collaborations with the objective to achieve more social impact. Because the social dynamics of these collaborations is of crucial importance and no two collaborations are identical, the “Impact through Collaboration” wheel can be used in several situations and in different contexts. Instead of a “how-to” guide, it offers organisations a guideline to facilitate and structure the dialogue between existing and potential partners that aim to create more social impact.

The particular focus of this study is on strategic collaboration between WISEs and FPEs with the shared objective to create more and better employment opportunities for disadvantaged individuals in the labour market. Many FPEs have expressed the ambition to become more inclusive employers but encounter numerous practical obstacles in actually doing so. As elaborated above, this study predominantly focused on the analysis of the actual processes of collaboration itself. Although measuring the outcomes of this process – in terms of the number of jobs created for disadvantaged individuals in the labour market – was outside the scope of this study, in the course of our study, we did determine both “deepening” of existing collaborations as well as a “broadening” of collaborations with new partners, which both would allow to create more and better employment opportunities for disadvantaged individuals in the labour market. In doing so, these enterprises have indeed demonstrated the great potential of strategic collaboration between social enterprises and FPEs as a powerful means for tackling complex social problems.

Conclusions

The objective of this study was to provide better insight into innovative forms of collaboration between social and regular enterprises – aimed at scaling social impact – and address the challenges and complexities inherent to these specific types of strategic collaborations, which hitherto have not been adequately addressed by the extant literature on strategic alliances or cross-sector collaborations. The particular focus was on strategic collaboration between WISEs and FPEs with the shared objective to create more and better employment opportunities for disadvantaged individuals in the labour market.

In line with the literature, we found that these collaborations are not static but evolve over time. Our findings show that most collaborations between WISEs and FPEs started out purely transactional, with the exchange of products or services, which seems to come about much more natural than often is the case in cross-sector collaborations. Once partners become more familiarised with each other, the realisation of (joint) social impact becomes more significant. The ambition to further coordinate operations to effectively realise the desired social impact is prominent, but the integration process itself requires much more time and commitment than what we find in most literature on strategic alliances. Personal relationships and trust cannot “simply” be arranged in a contract. Consequently, we also found that, so far, only few collaborations can be considered truly transformational.

Building on the CVC framework of [Austin and Seitanidi \(2012a, b\)](#), we created and validated – in co-creation with the participating enterprises – the “Impact through Collaboration” wheel, a practical instrument that can help organisations to shape strategic collaborations with the objective to achieve more social impact.

We identify the following limitations of our study. This study used a qualitative research design, with a relatively small sample. The social impact area of improving labour market opportunities for disadvantaged individuals, which is notoriously contextual, further constrained our focus. Our specific selection of WISEs and B2B enterprises in the context of The Netherlands implies that the findings of this study may not be easily transferred to other contexts. However, the applicability of the “Impact through Collaboration” wheel goes beyond the specific (Dutch) context of WISEs and is designed for collaboration between any type of partners that aim to create more social impact. As such, it has already been used and validated by a wide array of organisations that have not been involved in the original study. A further limitation is our specific focus on the collaboration process itself. Measuring the social impact – in this case, the actual number of jobs created as a result of this process – remained outside the scope of our study.

Given the above limitations, we suggest the following directions for further research. Reiterating [Clarke and Crane \(2018\)](#), we also argue to focus more critically on the conditions under which these innovative collaborations can actually achieve broader systemic or system-level change. This may require to go beyond the focus of bilateral collaborations and instead take a multi-stakeholder partnership perspective, including the roles of other actors in the “Value chain” or “Ecosystem” who may be essential for the realisation of broader systemic change. The “Transformation” stage in our “Impact through Collaboration” wheel provides a first step towards this.

Notes

1. The term “collaboration” is often used interchangeably in the literature with “(strategic) partnerships” or “(strategic) alliances”. To distinguish between the different types and objectives of inter-organisational cooperation, in this study, we use: “(strategic) collaboration” when it involves social enterprises and mainstream enterprises aimed at creating more social impact; “strategic alliances”, when it involves two mainstream or FPEs (“same sector” collaboration); and “cross-sector collaboration”, when it involves two organisations that operate in different domains. All other mentions of “partnerships” in this contribution refer to the process itself.
2. All quotes that are included in this study have been translated from Dutch.

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