

# **Nonprofit organizations and social-alliance portfolio size: Evidence from website content analysis**

## **Abstract**

Business-Nonprofit Partnership (BNP) has been widely regarded as a vital approach for public value creation and social innovation. At the same time, many studies show a positive association between the size of an organization's portfolio of partners and its overall performance and innovation. Building on these insights, we contribute to the BNP literature by drawing on the relational view to theorize and empirically examine the conditions that underpin the effectiveness of nonprofit organizations (NPOs) in establishing collaborative linkages with the private sector (i.e. to determine the size of their portfolio of business partners). Data were compiled from the websites of NPOs (n = 102) that were collaborating with FTSE 100 companies. The results of regression analysis show that the ability of NPOs to deliver economic rent (to business partners) and to establish calculative trust (pre-collaboration trust) positively predicts their portfolio size. Furthermore, the results indicate that the ability to create social value also positively predicts portfolio size but only for larger NPOs, and that the delivery of collaboration options negatively predicts portfolio size. We discuss these findings in relation to their implications for research and practice.

## **Keywords**

Nonprofit-business collaboration; Website content analysis; Relational view, Social innovation, Organizational sustainability

## 1 Introduction

The social, economic and environmental challenges that societies have to manage are becoming more complex and serious (Weber et al., 2017). These challenges have stimulated researchers, policy-makers and managers to rethink existing tools and practices typically used in addressing societal problems, which represents the origin of the term 'social innovation'. Social innovation is widely regarded as the attempt to create "a novel solution to a social problem that is more effective, efficient, sustainable" (Phills et al., 2008, p. 39). Due to its potential impact (Christensen et al., 2006, Hartman and Stafford, 1997, Holmes and Smart, 2009, Kohler and Chesbrough, 2019), social innovation has been investigated from different perspectives including stakeholder management (Segarra-Oña et al., 2017), dynamic capabilities (De Silva et al., 2019), institutional theory (van Wijk et al., 2019), and cross-sector collaboration, in particular business-nonprofit partnerships (BNP hereafter) (Kolk and Lenfant, 2015, Le Ber and Branzei, 2010, Sanzo et al., 2015), which is the focus of this study.

BNP has attracted prominent attention in recent years because the difficulties posed by societal problems (e.g., poverty alleviation, healthcare improvement, sustainable development) transcends the capacity of a single sector to tackle these effectively (Austin and Seitanidi, 2012). In principle, BNP is a discretionary relationship between for-profit businesses and nonprofit organizations (NPOs hereafter) to share information, resources, activities and capabilities embedded in their sectors to "achieve jointly an outcome that could not be achieved by organizations in one sector separately" (Bryson et al., 2006, p. 44). The crux, therefore, of BNP is public value creation rather than maximizing shareholder wealth (Koschmann et al., 2012, Selsky and Parker, 2005a). By working together, businesses and NPOs can combine forces to create much needed synergetic effects to tackle social and environmental challenges (Herlin, 2015). In fact, this collective effort can spur social innovation (Herlin, 2015, Parker and Selsky, 2004), as partners fuse their sector-specific advantages to create novel interdisciplinary insights, knowledge, and technology (Kodama, 1991, Kohtamäki et al., 2018). The previous discussion highlights the critical role of NPOs in BNP. NPOs have typically accumulated experience and in-depth understanding of the nature and context of society's chronic problems (Dahan et al., 2010) as a fundamental component of their mission (Kong, 2008). In addition, they possess ad hoc social and environmental capabilities that are unique to their working domain. These resources and capabilities are an essential prerequisite for building collaborations that can create innovative solutions for 'wicked' problems in society (Austin and Seitanidi, 2012, Cabral et al., 2019, Tulder et al., 2016). In recognizing this role, a distinctive research stream that focuses on NPOs in BNP has started to materialize in the literature (e.g., Arantes et al., 2020, Bouchard and Raufflet, 2019, Shumate et al., 2018b). However, in comparison to the volume of research that examines the business perspective, this stream is still in its infancy (Cantrell et al., 2008, Harris, 2012, Schiller and Almog-Bar,

2013, Simo and Bies, 2007). In particular, we lack clarity on how NPOs can engage actively in BNP to achieve their potential (Harris, 2012, Herlin, 2015), where it is noticeable that the factors that determine the success of NPOs in developing collaborative linkages with the business sector have been under-studied (Al-Tabbaa et al., 2019, Mirońska and Zaborek, 2019, Sharma and Bansal, 2017). Investigating these factors and their potential effect would help to improve our understanding of how NPOs can develop forward thinking in regard to BNP. This is a timely topic because the environment in which NPOs operate has become increasingly challenging (Gras and Mendoza-Abarca, 2014), whereby the rising uncertainty over government funding policy (Lecy and Van Slyke, 2012) and an intensification in rivalry in the third sector (Chew and Osborne, 2009) represent a threat to their sustainability and survival. Furthermore, it is evident that most of the existing research on cross-sector collaborations is qualitative, based on case studies (Murphy et al., 2015, Selsky and Parker, 2005a). This highlights the need for more systematic quantitative large-scale studies to examine and understand the phenomenon from a wider perspective.

Therefore, in this study, we address the above gaps by empirically investigating the factors that are likely to determine the success of NPOs in attracting business partners. As such, we move away from the extant literature by quantitatively examining which NPO characteristics are most important in establishing BNP, using a unique dataset compiled from the websites of 102 NPOs actively collaborating with FTSE 100 companies. Underpinning our analysis, we draw on relational theory (Dyer and Singh, 1998) to conceptualize the model and hypotheses of the study. This theory provides useful insights into the different mechanisms that support an organization's capacity to acquire relational rent when engaging in inter-organizational relationships (Dyer et al., 2018).

Overall, we offer two key contributions to the literature. First, the paper advances our understanding of the BNP phenomenon by shifting the agenda from the predominate focus on businesses to consider NPOs as an essential actor in the collaboration. In particular, studies of proactive NPO communications that seek to establish collaborative partnerships are still limited (Harris, 2012, Shumate et al., 2018a). Drawing from the relational view and analysis of NPO websites, our theorizing found that specific factors predict the size of the portfolio of business partners. These factors constitute a framework that advances the literature on the relationship between organizational characteristics and alliance portfolio size in cross-sector collaboration (Gutiérrez et al., 2016). In fact, unpacking the nature of this relationship is timely and much needed to understand the contingencies underpinning BNP impact and social innovation potentials, whereby the literature highlights the positive association between portfolio size and accessing new resources, reducing risk and uncertainty, and enhancing learning and knowledge transfer (Hoffmann, 2007, Wassmer, 2010). The latter advantages, in turn, have been found necessary to boost collective value-creation and co-innovation potentials (Al-Tabbaa and

Ankrah, 2018, Saadatyar et al., 2020, Wadhwa et al., 2016). Second, we make a methodological contribution by developing and documenting a systemized procedure for analyzing website content, a technique that typically lacks detailed discussion in the literature (Bruyaka et al., 2012).

Next, we critically review the cross-sector collaboration phenomenon (offering a nonprofit-centric perspective), following which we present the relational view theory as the theoretical framework that underpins our hypotheses. This is followed by the research methodology adopted to test the hypotheses and an account of the findings. The paper ends with a discussion of the findings, including theoretical and managerial implications and study limitations.

## **2 The role of NPOs in cross-sector collaboration: A critical review**

Over the last two decades, the phenomenon of BNP has received significant scholarly attention (Austin and Seitanidi, 2012, Stekelorum et al., 2019), where two research perspectives can be identified. The first concerns the formation of and conditions under which the collaboration can deliver value to society in terms of providing solutions to complex social problems (e.g., Austin, 2000a, Berger et al., 2004, Selsky and Parker, 2005b, Waddock, 1989). This perspective also includes attempts to understand the nature of BNP as a chronological process, exploring and explaining its attributes and dynamics (e.g., Bouchard and Raufflet, 2019, Koschmann et al., 2012, Rondinelli and London, 2003, Yaziji and Doh, 2009). The second research perspective, on the other hand, builds on the notion that businesses can utilize their collaboration with the nonprofit sector as a means to create economic value, in addition to social value (e.g. Kourula, 2010, Dahan et al., 2010, Holmes and Smart, 2009, Kourula, 2009, Pelozo and Falkenberg, 2009). Studies on this perspective investigate how firms can leverage the interaction with the nonprofit sector to enhance their social innovation capacity (Holmes and Smart, 2009), reduce potential conflicts with community stakeholders (Bowen et al., 2010, Yaziji and Doh, 2009), and enhance legitimacy which in turn can yield short- or/and long-term economic benefits (Elkington and Fennell, 2000, Hond et al., 2015, Yaziji, 2004).

Despite the rich literature on these two perspectives, we still lack adequate understanding of the role of NPOs in establishing and managing these collaborative linkages (Harris, 2012, Schiller and Almog-Bar, 2013). This underexplored topic may stem from the perception that NPOs and society form a single entity (cf. Wood and Gray, 1991). However, with growing attention on how 'mainstream' for-profit organizations can generate both economic and social benefits from collaborating with NPOs (Bouchard and Raufflet, 2019), it has become increasingly important to better appreciate the specifics of NPOs in this context: "model[s] framed by theories of the public and private sectors often lack sufficient appreciation for the exigent circumstances of nonprofit partnerships" (Mendel and Brudney, 2018, p. 2). More specifically, both partners have expectations concerning the outcomes of the

collaboration. Any mismatch in this regard could cause perceptions of injustice (Austin, 2000a, Rondinelli and London, 2003) that might undermine the chance of developing a successful long-term partnership (Kolk 2014).

Accordingly, researchers have started to examine BNP from the nonprofit perspective, or by considering these organizations as the main unit of analysis. Andreasen (1996) is arguably the first to explicitly discuss the nonprofit standpoint, suggesting that NPOs should be active in searching for appropriate partners from the business world by becoming 'proficient' in marketing their brand and image. Similarly, Cantrell et al. (2008) contend that NPOs need to better understand corporate giving behavior in order to show their fit with CSR policies. Research should lead to the discovery of how this 'fit' can be achieved. Furthermore, Cantrell, Rumsey and White (2009) suggest that NPOs have started to appreciate the advantages that can be exchanged with the business sector, transforming the typical model of business philanthropy (i.e. a relationship that is based on business donation) into a win-win relationship.

Extending extant literature, several researchers have started to investigate collaboration motives, types, effects and power from the NPO standpoint. For example, Schiller and Almog-Bar (2013) question the potential of strategic alliance to deliver value to NPOs. Others highlight the impact of NPO attributes on the scale of involvement in BNP. Interestingly, O'Connor and Shumate (2011) analyze the "about us" statements of different NPOs which showed that attributes such as organization structure, scope of operations (local vs. international) and mission affect the extent to which a NPO is an active collaborator. In this respect, other studies have highlighted issues such as stakeholder management, mission alignment, and proactive management of power imbalance as critical enablers for NPOs to think more positively about collaboration with the private sector (Mirońska and Zaborek, 2019).

Research on this perspective has also looked at BNP risks to the NPOs, which can be clustered around two themes. The first comprises the impact of BNP on NPO legitimacy (e.g., Winston, 2002, Baur and Palazzo, 2011). In principle, losing legitimacy might happen gradually if the business partner is perceived as shifting the NPO's attention from their core stakeholders (e.g., beneficiaries) to the fulfilling of business objectives (Baur and Schmitz, 2012). Such a risk can also be exaggerated in cases where there is an imbalance of power between the two partners, where the business might use this situation to impose abusive conditions to serve its own agenda (Martínez, 2003). The second theme concerns the negative effect of BNP on traditional NPO income streams. In this regard, some studies suggest that, when NPOs engage in BNP, they might face a decline in individuals' support as the latter might perceive their donations as 'marginal' in comparison to business input (Bennett et al., 2012). In line with the previous issue, Krishna (2011) reports that the same risk (i.e. drop in public support) can

be caused by an altruistic factor: individuals might refrain from supporting a NPO (e.g., buy sponsored products) if they consider this a selfish behavior in comparison to direct charitable giving.

In conclusion, with the above discussion in mind, it is clear that understanding of NPOs as key players in cross-sector collaboration is still evolving. Importantly, questions on their capacity to attract prospective partners and to initiate the relationship, and the extent to which their characteristics (e.g., being mission-centric organizations, having non-business core competencies, facing sensitive stakeholders) affect their capacity to collaborate with the business sector, reflect critical gaps in the literature. In addressing such gaps, it would be better for NPOs to realize their own advantage in terms of the potential value realized from the collaboration. In other words, an appraisal of these issues might help to avoid disappointment (i.e. the return from the collaboration is less valuable than expected) and consequential perceptions of injustice (e.g., Austin, 2000a, Rondinelli and London, 2003) that might undermine the chance of developing a successful long-term partnership (Bryson et al., 2006, Huxham and Vangen, 2005, Wood and Gray, 1991). Next, we develop our model and hypotheses, which we applied in addressing the above gaps.

### **3 Theory and hypotheses development**

This study investigates the factors that can boost NPOs' success in securing and establishing collaborative linkages with the business sector. By being involved more actively in such relationships and expanding their portfolio of partners, we contend that NPOs can increase and cross-fertilize their resources, experience and knowledge (Austin, 2000b), thereby enhancing their social innovation and impact (Doh et al., 2018, Sakarya et al., 2012). This argument is consistent with general research on alliance performance, where Lahiri and Narayanan (2013a) assert that increasing portfolio size can

*“increase the number of alliances from which firms can draw resources, ...learn to attribute outcomes to changes in inputs and processes, allowing better identification of cause and effect, ...enable firms to learn and utilize diverse knowledge from partners better over time ... [where] firms with larger alliance portfolios are likely to see greater survival rates of their alliances (ranging from 40 to 60 percent)”* (pp. 1042-1043).

In developing our model and hypotheses, we build upon the relational view (Dyer and Singh, 1998) as our main theoretical foundation. In principle, this theory explains how organizations can create and capture value from inter-organizational relationships (Dyer et al., 2018). The theory specifies four different mechanisms for attaining relational rent: complementarity of resources; relationship-specific asset; knowledge-sharing routines; and effective governance. Indeed, these mechanisms have been widely perceived as vital components for network and alliance value creation (Eisenhardt and Schoonhoven, 1996, Lavie, 2006). Therefore, we extend this theory to the BNP setting to inform our conceptualization of the factors that enable NPOs to successfully attract business interest in

collaboration. In other words, our overarching argument is that the more the NPOs can demonstrate the capacity to engage in these value creation mechanisms the more likely they will become a preference for BNP and therefore consolidate a larger portfolio of business partners.

### **3.1 Delivering value through resource complementarity**

In general, NPOs are increasing in number, pursuing similar missions, and seeking fixed or even deteriorating traditional funding sources (Inaba, 2011, Keller et al., 2010). These conditions have created a highly competitive sector (Mosley et al., 2012) in which the economic sustainability of NPOs has become a real challenge (Gras and Mendoza-Abarca, 2014). Against this backdrop, it is suggested that the ability to be unique (i.e. different) is vital for NPO survival (Chew and Osborne, 2009). That is, empirical research has found a positive correlation between NPO visibility (i.e. the extent to which a NPO is recognized by the public) and the scale of resources they received from different sources (Frumkin and Kim, 2001, Saebi et al., 2018).

Extending this argument to the cross-sector collaboration setting, NPOs are also in competition for limited collaboration opportunities. As such, the increasing numbers of NPOs that seek new funding approaches (Inaba, 2011, Keller et al., 2010) cause the demand for collaboration to exceed its supply (i.e. collaboration opportunities made available by the business sector). At the same time, it is noticeable that the business sector is becoming more strategic in regard to the resources allocated for partnerships, demanding higher returns on such investments (Godfrey, 2005, Mitchell and Coles, 2003, Porter and Kramer, 2002). Therefore, we posit that, to initiate business interest in collaboration, a NPO needs to establish a distinguishable position of having the capacity to create significant value for society through collaboration. This argument is consistent with the complementarity of resources and capabilities mechanism proposed by the relational view. In particular, the theory indicates that the organization would be interested in collaboration when realizing an opportunity to leverage the specific resources that reside with their potential partners, which cannot be obtained through the typical market transaction (Mesquita et al., 2008). Through this mechanism, organizations would blend their non-overlapping contributions, such as differences in capabilities, processes and experiences (Laasch, 2018), to achieve a synergetic effect (Lavie, 2006), thus realizing a greater return compared to if they used their resources individually (Mawdsley and Somaya, 2018). Therefore, we argue that businesses would be interested in collaborating with NPOs that have the potential to generate specific social/environmental value (Porter and Kramer, 2002) that they cannot achieve on their own (Laasch, 2018). In other words, by collaborating with a NPO, a business would generate a higher impact from the same resources that were allocated internally for typical social responsibility schemes (Yaziji, 2004). NPOs are experts in their field (social or environmental) and have developed a

deep understanding of the chronic problems that exist (Kramer and Kania, 2006, Rondinelli and London, 2003). Moreover, they have built up unique technical capabilities, resources and skills to address societal problems (Den Hond et al., 2015, Wymer and Samu, 2003, Yaziji and Doh, 2009). Therefore, by combining these resources and capabilities with those of the business sector, it becomes possible to enact powerful solutions to challenge socioeconomic problems (Koschmann et al., 2012) because the interaction enables value co-creation: the impact of “conjoined actions of the collaborators” (Austin and Seitanidi, 2012, p. 729). However, NPOs vary in their effectiveness and efficiency regarding their capacity to design and execute cross-sector collaboration that can yield genuine social impact (Weber et al., 2017). Therefore, and by recognizing the competition in this field, we anticipate that businesses would be interested in those NPOs that have already developed a unique set of resources and capabilities which can be co-leveraged to create significant value to society. Accordingly:

***H1: There is a positive relationship between the ability of NPOs to create social impact through partnership and the size of their portfolio of business partners.***

However, being able to create a social impact is not the only motive here. The business sector will also be interested in NPOs that can deliver economic rent as part of the overall collaboration outcome (Porter and Kramer, 2006). This argument is supported by the change in the institutional norms of society regarding cross-sector interactions (Idemudia, 2009, Seitanidi and Ryan, 2007), where society starts accepting self-interest motives in addition to altruistic ones when addressing social needs (Sud et al., 2009). As Vurro et al. (2010, p. 44) note: “*business approaches based on the motto of doing well while doing good have started to be viewed not only as appropriate but also preferable in a number of fields...as a result, [the altruistic motive] has been progressively paralleled by a more utilitarian one*”. This institutional transformation has encouraged the business sector to rethink their traditional philanthropic activities (Seitanidi and Crane, 2009) to extract economic value while doing ‘good’ to society (Austin, 2000a, Vurro et al., 2010). In this respect, the assumption that “*there is no inherent contradiction between improving competitive context [i.e. value to business] and making a sincere commitment in bettering society*” (Porter and Kramer, 2002, p. 68) is proliferating and becoming a socially acceptable practice (McDonald and Young, 2012). Therefore, empirical research shows that, increasingly, BNP is perceived as a substantial element of CSR strategy for the business sector (Hond et al., 2015).

The literature provides several insights into the advantages that reside in the nonprofit sector, which firms can leverage through BNP to generate economic rent alongside social benefits. For instance, Hartman and Stafford (1997) examine how environmental issues could be strategically attractive to



business by creating environmental market incentives. They argue that entering into green alliances – in the form of BNP – would be effective to achieve competitive advantages (e.g., ecologically-friendly innovations) while responding to environmentalists' demands. Similarly, Yaziji (2004) suggests that partnering with NPOs can give the business an edge in a competitive market by linking the unique attributes that NPOs possess (e.g., awareness of social forces, strong communication channels with society) with potential economic value such as the prediction of changes in demands and/or setting new industry standards. Moreover, businesses can enhance their brands through collaboration because NPOs typically have a recognizable profile and reputation (Cantrell et al., 2008). From a wider viewpoint, research has found that multinational enterprises can employ collaboration with indigenous NPOs as a means to facilitate the penetration of emergent markets (Dahan et al., 2010). Focusing on innovation practices, Holmes and Smart (2009) attest that the collaboration with NPOs resulted in tacit and explicit knowledge exchanges between partners, which has delivered social innovation outcomes that are economically viable. Accordingly, we propose that:

***H2: There is a positive relationship between the ability of NPOs to deliver economic rent to partners and the size of their portfolio of business partners.***

### **3.2 Adaptability and resource allocation**

The relational view proposes that allocating relation-specific assets is one of the fundamental mechanisms for enabling an alliance to create value (Dyer and Singh, 1998). In effect, partners can drive the effectiveness of their alliance when they are willing to invest in and develop bespoke resources and capabilities that are needed to run the alliance and overcome potential operational obstacles (Pulles et al., 2016). Ideally, such investments (e.g., developing specific communication channels, dedicating alliance-specific coordination human resources, constructing shared manufacturing facilities) would reduce inconsistency distance (Asanuma, 1989) and increase cognitive proximity and mutual understanding among and across partners (Dyer et al., 2018). These, in turn, would form customized interaction processes and establish tailored platforms for effective common work (Dyer and Singh, 1998). Drawing on the previous discussion, we expect that NPOs that deliberately allocate resources to understand, design and manage the partnership would become preferred partners for businesses.

In general, a fundamental objective of inter-organizational relationships is to find a compatible approach for formal interaction between the collaborators (Austin, 2000a). Therefore, organizations interested in collaborating are likely to negotiate, explore, and modify different collaboration forms to identify optimal options (i.e. perceived as the best value creation approach) (Richardson, 2008). However, NPOs would intuitively seek to standardize their collaboration offerings, because it can be

costly to provide tailored forms of collaboration. In principle, having a standard template for collaboration can be cost-efficient (i.e. repeatable) because it minimizes variation in the organizational processes (Dalton et al., 1980) and requires “less frequent decisions and smaller volume of communication” in execution (Kumar and Dissel, 1996, p. 285). As informed by the relational view, though, we anticipate that NPOs that allocate specific resources to customize their collaboration offering would become attractive partners because they go beyond the standard ‘one-size-fits-all’ option to offer various partnering levels<sup>1</sup> that fit with a business’s aims and aspirations. Consistent with the above proposition, the literature suggest that organizations, in general, are more likely to adopt a *bridging strategy* (Malatesta and Smith, 2014, Meznar and Nigh, 1995) to overcome the competition and uncertainty within the external environment in their quest to find the most appropriate business partners. This strategy focuses on adapting “organizational activities so that they conform with external [partner] expectation” (Meznar and Nigh, 1995, p. 976).

In fact, this adaptation practice is fundamentally required to ensure that partners can engineer a strategic fit between their resource bases (Hillman et al., 2000), which includes, for example, finding the optimal form/level of interaction (Wagner and Eggert, 2016). Therefore, we expect that NPOs that are active in establishing linkages with the business sector will allocate resources for bridging (i.e. to adapt their collaborative approach to matching the needs of prospective partners) as a strategy to facilitate the establishment of the collaboration. Here, NPOs would increase their competitiveness in response to the current tough competition in their sector by offering customized and tailored collaboration options. Hence, we expect that NPOs that have the willingness to offer various forms of collaboration – including customization options – can enhance their attractiveness by signaling their capacity to meet businesses’ needs. Consequently, we hypothesize:

***H3: There is a positive relationship between the ability of NPOs to embrace a flexible approach for collaboration and the size of their portfolio of business partners.***

Extending the above line of reasoning, we also anticipate that a NPO’s mission would affect their success in recruiting business partners. More specifically, we expect that NPOs with an environmental-centric mission would be less attractive for the business sector compared to NPOs with a social-centric mission.

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<sup>1</sup> In BNP, organizations can collaborate at any of three levels (Austin, 2000): philanthropic, transactional, and integrative. We include more discussion on this point in the methodology section.

Social-centric NPOs (that focus primarily on addressing social issues such as enhancing education, alleviating poverty, and improving public health) would seek collaboration as a means to attain resources and capabilities through any form of collaboration (Austin, 2000a, b), as long as it does not conflict with their mission or values. By contrast, environmental NPOs that typically hold a political agenda (e.g., endeavor to influence business behavior) would be more restricted in their collaboration strategy by not only seeking to engage with businesses that have a significant impact on the environment but also by considering limited collaboration forms/levels (Yaziji and Doh, 2009). For example, organizations like the Environmental Defense Fund (EDF) are likely to opt to engage in a strategic alliance (a higher collaboration level) (Ritter and Lettl, 2018) rather than in a sponsorship partnership (Keys et al., 2009). The latter would put the NPO in a vulnerable position because they have less power and control over the agreement (Doh and Guay, 2006). Instead, when engaging through a strategic alliance, the chance of achieving environmental impact increases (Hendry, 2006, Milne et al., 1996) because interaction between the staff at different organizational levels, that would eventually influence the overall business behavior, is more likely to occur (Austin and Seitanidi, 2012). Moreover, environmental NPOs may reject specific forms of collaboration such as cause-related marketing to avoid being in the position of promoting or being perceived as endorsing a particular business conduct (Berglind and Nakata, 2005). Therefore, we hypothesize:

***H4: NPOs with a social-oriented mission will have a larger portfolio of business partners in comparison to NPOs with an environmental-oriented mission.***

### **3.3 Building trust**

While being able to create social and economic value in a flexible manner (as hypothesized above) is vital in determining the attractiveness of NPOs, the level of confidence between partners plays a key role in initiating the cross-sector relationship (Weerawardena and Mort, 2006, Richardson, 2008, Bryson et al., 2006). In this respect, the relational view highlights that “governance [i.e. safeguarding and trust embedded in the relationship] plays a key role in the creation of relational rents because it influences transaction costs, as well as the willingness of alliance partners to engage in value-creation initiatives” (Dyer and Singh, 1998, p. 669). We expand this argument to the BNP domain by proposing that a NPO would need to be trustworthy and reliable to attract a business partner.

Mayer et al. (1995, p. 712) define trust in an organizational setting as the “willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party”. Therefore, trust embedded in inter-organizational relationships is necessary, not only to safeguard against opportunistic behavior (Wang and Rajagopalan, 2015), but also to initiate the

relationship in the first instance (den Hond et al., 2015). However, researchers have distinguished between two types of trust: relational vs calculative. The former emphasizes the social aspect in trust; thus, it builds on repeated interaction and past experience and arises from a strong belief in the goodwill and honesty of other parties (Poppo et al., 2016). By contrast, calculative trust relies on transactional forward-looking decisions: it involves an estimate of the potential benefits and costs (Lewicki et al., 2006). Therefore, high calculative trust encourages parties to initiate the relationship because they believe that collaboration goals will be achieved: the expected rewards exceed the potential cost of penalties (Bromiley and Harris, 2006). In other words, “the central logic underlying calculative trust is incentives, a rational assessment of well-structured rewards and punishments” (Poppo et al., 2016, p. 726). Consistent with the previous discussion, we envision that the confidence in the NPO’s capacity to deliver value through collaboration (i.e. calculative trust) is essential for attracting new business partners.

Huxham and Vangen (2005) support this argument when asserting that two factors contribute toward building trust in cross-sector collaboration; these are the formation of future expectations about the collaboration outcome and the willingness of partners to take the potential collaboration risk. This implies that the existing evidence of relationship usefulness can contribute significantly to initiating inter-organizational interactions (Das and Teng, 2000, Hond et al., 2015). Therefore, in the BNP setting, we anticipate that trust in the efficacy of a particular NPO to co-create value is an essential prerequisite for collaboration (Hond et al., 2015).

NPOs can establish such trust by providing concrete evidence of their credibility and effectiveness in collaboration. For instance, Rondinelli and London (2003) present empirical evidence on the importance of previous success in BNP for the establishment of new collaborations and/or the upgrading of existing ones. Moreover, to build trust in their capacity, NPOs can endeavor to quantify the impact of their previous collaborations. While it can be challenging to measure impact (Tulder et al., 2016) due to the lack of baseline metrics (Nurmala et al., 2017), converting impact into sets of tangible outcomes (e.g., the number of children that received better education as a result of a previous BNP) should facilitate trust-building with prospective business partners that have collaborative interest but lack general confidence in the effectiveness of NPOs. When Sagawa (2001) analyzed the collaboration between Denny’s (an American restaurant chain) and Save the Children, the author found that “demonstration of impact” and “hard numbers and scientifically valid data” were critical in showing the potential value of BNP “[b]ecause of the resources expended in most relationships, whether in cash or in kind, boards of directors and senior managers may want to see that benefits are exceeding costs” (p. 222). Put differently, as businesses become more dependent on external stakeholders to gain legitimacy and reputation (Hond et al., 2015), they would be interested in NPOs

that can provide credible evidence of their ability to combine and leverage the resources and capabilities provided by both parties to co-deliver the collaboration objectives. Accordingly:

***H5: There is a positive relationship between the ability of NPOs to establish calculative trust (prior trust in their organizational credibility) and the size of their portfolio of business partners.***

### **3.4 The moderating role of NPO size**

NPO size has been operationalized differently in the literature – for example, by using total assets (Jacobs and Marudas, 2009), total revenues (Herman and Renz, 1999), program expenses (Frumkin and Kim, 2001), or total number of staff/volunteers. Despite this range, NPO size is a critical consideration in research and practice because it affects core organizational attributes including structure, culture, resource accessibility, publicity, network, mission, and operations scope (Kim et al., 2018, Roh et al., 2010). Therefore, we anticipate that NPO size will play a significant moderating role in our model. Considering resource complementary, we expect that creating social value as well as delivering economic rent will be more important for larger NPOs than smaller ones. On one hand, larger NPOs will have a bigger public profile and extensive reach in societies, which in turn makes a partnership with them more attractive for businesses that seek economic rent such as publicity and brand gains (Porter and Kramer, 2002). On the other hand, larger NPOs are likely to be more capable of handling society problems that are grand and chronic given the scope of their capabilities and the complexity of their operations (Yaziji and Doh, 2009). As a result they are also likely to be attractive to businesses. Therefore, we suggest that smaller NPOs will find it particularly difficult to create impactful social value as sought by businesses when collaborating. Together, we anticipate that larger NPOs will benefit more from their solid resource base (e.g., extended geographical presence, strong public recognition, distinct network in society) in attracting prospective business partners. Therefore:

***H6.1: NPO size has a positive moderating effect on the relationship between creating social impact and the size of the portfolio of business partners: creating social impact has a stronger effect in larger NPOs in comparison to smaller ones.***

***H6.2: NPO size has a positive moderating effect on the relationship between delivering economic rent and the size of the portfolio of business partners: delivering economic rent has a stronger effect in larger NPOs in comparison to smaller ones.***

In addition to social and economic value, we anticipate that the NPO size will have a moderating effect on the relationship between building trust and the size of the portfolio of business partners. We proposed earlier (H5) that NPOs that can build trust in their capacity to engage effectively in the collaboration would have a larger portfolio of partners. Extending this proposition, we suggest that

building such trust can be more important for smaller NPOs than for larger ones. Smaller NPOs are generally perceived as less capable in delivering significant social change due to their limited operations and resources (Anheier and Seibel, 1990). Accordingly, prospect business partners might perceive collaboration with a large NPO as more rewarding given the scale and scope of their impact and image (Andreasen, 1996). Furthermore, larger NPOs receive more attention by society, and thus are more likely to confront greater social pressures than smaller ones (DiMaggio and Powell, 1983). Such conditions would drive these NPOs to optimize their resources when engaging in BNP to achieve the best possible return on the collaboration. Together, this suggests that smaller NPOs would need to provide systematic evidence (i.e., to establish trust) in regard to their ability to have a greater social and economic impact than larger NPOs to attract business partners, because prospective business partners might be skeptical about their effectiveness in collaborations.

***H6.3: NPO size has a negative moderating effect on the relationship between building calculative trust and the size of the portfolio of business partners: building calculative trust has a stronger effect in smaller NPOs in comparison to larger ones.***

## **4 Methodology**

### **4.1 Data source**

In this study, we used organizations' websites as our main source of data. Analyzing organizations' websites can result in novel theoretical contributions; for example, see Du and Vieira (2012), Jaca et al, (2018) and Maignan and Ralston (2002). NPOs' websites are clearly important in communicating mission statements, value systems, market orientation, and commitments to non-business stakeholders (Park et al., 2013), all of which reflect the main features of an organization's long-term strategy (Johnson et al., 2011). For example, many researchers used content analysis of official corporate websites to investigate and conceptualize existing social responsibility practices and trends (Bruyaka et al., 2012, Maignan and Ralston, 2002). Similarly, using a website content-mining approach, other studies have provided new insights into the marketing and branding domains (Költringer and Dickinger, 2015). In the nonprofit context, this approach is also useful, for example, in analyzing fundraising strategies and investigating communication with stakeholder's policies and procedures (Waters, 2007). Likewise, Shumate et al. (2018b) analyze NPOs and business websites to identify various patterns of interaction between these organizations, and show that scrutinizing organizations' official websites can be a powerful systematic data collection technique in a situation where no secondary data are readily available (as in the case of this study).

## **4.2 Sample**

As there is no publicly available source of information on the partnership activity of NPOs, identifying the study sample posed a key challenge. Therefore, and similar to other studies that used purposeful sampling in investigating a specific phenomenon (e.g., Bruyaka et al., 2012, Shumate et al., 2018b), we adopted a novel sampling technique by examining the websites of FTSE100 companies (listed in 2016) to identify all NPOs that were mentioned as company partners. The justification for adopting this approach was twofold. First, as this study aims to examine a specific phenomenon (i.e. to identify the organizational characteristics that predict a NPO's portfolio of business partners), the inclusion of random cases can lead to meaningless analysis output (i.e. because inactive collaboration cases can be included). Consistent with this argument, when using random sampling, several survey studies of inter-organizational relationships (e.g., Hoffmann and Schlosser, 2001, Judge and Dooley, 2006, Norheim-Hansen, 2018) have excluded respondents who report nothing on their collaboration activity, and described these responses as 'invalid' (Shumate et al., 2018a). Second, many active-in-collaboration NPOs actually report nothing on their websites in regard to their partnership activity. In this respect, a recent study revealed that out of 414 NPOs, only 34 organizations (8.2%) offered information on their interaction with the private sector (Al-Tabbaa et al., 2019). Therefore, adopting a random sampling technique can yield a substantial number of cases that provide unrelated data.

While scrutinizing the FTSE100 websites, we paid attention to the social responsibility and sustainability of online content, because this content typically includes the information about the company's social activities (Maignan and Ralston, 2002). Based on our initial investigation, we identified a total number of 283 NPOs. To ensure sample consistency (i.e. NPOs with similar settings), all non-UK-based NPOs, explicit social enterprises, and corporate foundations were excluded, yielding a sample size of 102 active-in-collaboration NPOs. We then examined the websites of these 102 NPOs to search for evidence that related to each NPO's strategy and position toward BNP. All data were collected, scrutinized, and analyzed during 2016. Interestingly, 83.8% of the websites in our sample had a specific section (e.g., tab) that was dedicated to covering the BNP-related content. This suggests that active-in-collaboration NPOs (as in the research sample) have realized the importance of proactive thinking in regard to the establishment of BNP by providing detailed and accessible online content on these relationships.

## **4.3 Measures and variables**

The variables used in our study are operationalized as follows.

#### **4.3.1 Dependent variable**

The dependent variable – size of the portfolio of business partners (i.e. the number of business partners) – is a count variable (discrete and consists of non-negative integers) that captures the number of businesses that a NPO collaborated with during the year 2016. Operationalizing this variable was one of the key challenges in this study because there was no other way to measure objectively the extent of BNP (i.e. success in attracting business partners). In addition, the nature of BNP was not consistently described on the NPOs' websites, ranging from listing the name or logo without remark to providing detailed descriptions. Therefore, we built on Shumate et al.'s (2018b) approach in operationalizing this variable by counting the number of businesses that were "mentioned on the nonprofit's website in either text or by including an image of the business logo" (p. 17). On the other hand, operationalizing the dependent variable as a count variable is actually a common research practice. For example, many researchers have measured a firm's innovation capacity or effectiveness (when set as dependent variables) by counting the number of its registered patents (e.g., Howard et al., 2016) or patent citations (e.g., Petruzzelli et al., 2015 ). Similarly, other studies have measured internationalization scope (as a dependent variable) using the number of countries that a firm sells its products in (e.g., Zahra, 2003).

#### **4.3.2 Independent variables**

For all the independent variables, we followed an adapted approach of Bruyaka et al. (2012) and Maignan and Ralston (2002) as explained below.

*Economic value proposition* is a binary variable capturing whether the NPO's value proposition includes creating economic value (i.e. economic rent) to the business partner or not (cf., Austin and Seitanidi, 2012). So the score of this variable will be '1' if the NPO website includes information on the economic benefits that a firm will achieve when engaged in collaboration with this NPO. Otherwise the score will be recorded as '0'. For example, while coding the website of one NPO, a score of '1' was allocated against the economic value proposition variable because its website explained that "...through collaborating with us ... businesses can gain a competitive advantage by taking the lead on climate change".

Similarly, *social value proposition* is a binary variable capturing whether the NPO's value proposition can lead to the creation of social value (i.e. social impact) to society by collaborating with the business sector or not (cf., Austin and Seitanidi, 2012). For example, a NPO that included this statement, "...we work with companies to create partnerships which help us create lasting change and ensure that every child has the chance to fulfil their potential", was allocated the score of '1' for this variable.



*Flexibility* captures the extent to which the NPO offers various options of BNP to the business (i.e. reflects the ability of a NPO to embrace a flexible approach for collaboration). To measure this variable, we built on Austin's (2000) continuum framework, which identifies three overarching types of collaboration between businesses and nonprofits: philanthropic, transactional, and integrative. 'Philanthropic' collaboration refers to a simple one-way relationship between the donor (business) and recipient (NPO) (e.g., corporate giving), and this involves the lowest level of commitment and risk. The second form of collaboration, 'transactional', refers to when partners develop an explicit mutual exchange of benefits relationship (e.g., cause-related marketing), whereby the business provides tangible resources (mainly financial) to the NPO, and the NPO contributes to improving the publicity of the business in return. Finally, the 'integrative' type is the ultimate frontier of BNP as both partners can move to the highest level of association by integrating missions, values and strategies to reach a status of co-creation of value – strategic partnership being one example. Therefore, we set flexibility as a count variable that measures the number of options offered on each NPO website. In particular, when coding the website content, the variable would be allocated the value of '3' if all three forms were offered by the NPOs, and '0' if no information was provided on these collaboration options. To ensure the reliability of our three-item flexibility scale, we ran the Cronbach's  $\alpha$  test,  $\alpha = 0.76$ , which confirms that all the individual items that we used to construct the composite measure are conceptually related to each other.

*Environmental mission* is a binary variable capturing whether the NPO has an environmental-oriented mission or not. In general, "[the mission] *defines the value that the organization intends to produce for its stakeholders and for society*" (Moore, 2000, p. 190). Therefore, by scrutinizing their missions, we were able to identify NPOs that are environmental-centric. In particular, this variable was allocated the value of '1' if the NPO mission statement clearly addresses environment-related issues, otherwise '0'. For example, when analyzing this statement "...we want to give young people a real awareness of environmental problems, such as climate change, disappearing wildlife, the pollution of soil, air and water, the destruction of rainforests and wetlands, the spread of desert regions and the misuse of the oceans", the score of '1' was allocated to the environmental mission variable for this NPO.

*Trust* captures the extent to which a NPO can develop trust and build confidence in its credibility and effectiveness in delivering value through collaboration. As discussed earlier in the hypotheses development section, in this study we focus on calculative trust, which relies on "a rational assessment of well-structured rewards and punishments" resulting from a relationship (Poppo et al., 2016, p. 726), an estimate of the perceived potential benefit and cost (Lewicki et al., 2006). We opted to use this dimension of trust (rather than relational trust) because it influences the decision of whether to start a new inter-organizational relationships or not (Poppo et al., 2016). To operationalize this variable, we

drew on Rondinelli and London's (2003) and Sagawa's (2001) works that emphasize the importance of articulating the impact and providing "hard numbers and scientifically valid data" (Sagawa 2001, p. 222) on the effectiveness of NPO to combine and leverage the resources and capabilities provided by both parties to co-deliver the collaboration objectives.

Building on the above discussion, we followed Bruyaka et al. (2012) and Maignan and Ralston (2002) procedure in measuring the trust variable as follows. First, we started by scanning an initial NPO sample (nine websites) to search for evidence of their credibility and effectiveness in BNP. After a number of iterations and discussions within the team, we identified four categories that should facilitate the building of calculative trust: 1) Quantification of impact (to quantify the previous collaboration impact in numbers or tangible benefits); 2) Success stories (to offer success stories/case studies of previous and incumbent collaborations), 3) Testimonies (to display testimonies from business managers or other stakeholders), and 4) General statistics (to include statistics about NPO general impact – not related to BNP). Using these four categories, we operationalize trust as a count measure of the number of these categories that are present (i.e., taking a value of '4' if all four categories can be identified in the website, and '0' if none of them can be found). To ensure the reliability of our four-item trust scale, we ran the Cronbach's  $\alpha$  test,  $\alpha = 0.83$ , which confirms that all the individual items that we used to construct the composite measure are conceptually related to each other.

#### **4.3.3 Moderators and control variables**

For the study moderator, *NPO size*, this variable was measured using the number of staff employed by the NPO (Zimmermann and Stevens, 2006). We obtained these data (i.e. the number of staff in each NPO) from the Charity Commission website. The mission of the Charity Commission is to regulate the administration of all charities registered in England and Wales. The Commission's website provides access to a database that provides different information about all registered charities in these regions. Guided by previous literature and empirical evidence, we also included two control variables that can influence the collaboration process: In this respect, we use *NPO age* as one control variable, and *active BNP strategy* (a binary variable that captures whether the NPO website has a dedicated section/tab concerning BNP or not).

Descriptive statistics and correlations are presented in Table 1. Most NPOs were active in collaboration with multiple businesses as suggested by the mean (20.55) and the standard deviation (26.86) of the number of partners. Economic value proposition is positively correlated with the number of partners (and significant at a 10% level), indicating that NPOs that have an economic value proposition tend to have a larger number of partners. Similarly, the Social value proposition is positively correlated with

the number of partners (and significant at a 10% significance level), indicating that NPOs that has a Social value proposition tend to have a larger number of partners. Trust is also positively correlated with the number of partners (and significant at a 10% level), indicating that NPOs that establish calculative trust also tend to have a larger number of partners. As expected, Flexibility is positively correlated with the number of partners but the estimated correlation coefficient is very small and not significant at a 10% level. As anticipated, environmental mission is negatively correlated with the number of partners, although this estimated coefficient is not significant at a 10% level. However, these are zero-order correlations and we cannot ascertain the effect of these explanatory variables without controlling for the other determinants of the dependent variable.

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Insert Table 1 about here  
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## 5 Results

As our dependent variable is a count measure (the number of partners), we used a negative binomial regression model to estimate the results. The negative binomial regression model is a better choice over the Poisson model when there is overdispersion in the dependent variable, which was the case as suggested by the reported overdispersion parameter alpha. The chi-square test that found that alpha (overdispersion parameter) equals 0 was strongly rejected ( $p < 0.001$ ), indicating that the negative binomial model is a better choice than a Poisson model. All estimations were estimated with robust standard errors to control for heteroscedasticity.

Estimated results are reported in Table 2. In line with our hypothesis 2, the economic value proposition is positive and significant. This indicates that NPOs that can deliver an economic return to prospective business partners will have greater success in attracting partners from the private sector. However, the social value proposition is non-insignificant; therefore, we do not find support for hypothesis 1. In other words, contrary to our expectations, the NPO's value proposition focusing on creating social impact through collaboration is not positively associated with the success in attracting partners from the private sector.

In hypothesis 3, we argue that NPOs that embrace a flexible approach to collaboration would have greater success in attracting partners from the private sector. Surprisingly, our estimated results indicate that such a flexible approach is negatively associated with the success in attracting partners from the private sector. In line with our hypothesis 4, environmental mission is negative and significant. This confirms that, compared to NPOs with a social-oriented mission, NPOs with an environmental-oriented mission would have less success in attracting partners from the private sector. In line with hypothesis 5, trust is positive and significant, confirming the importance of

establishing calculative trust (i.e. prior trust in NPOs' credibility and effectiveness) to successfully attract partners from the private sector.

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Insert Table 2 about here  
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In order to examine the implications of NPO size on the above hypothesized relationships, we interacted each of our explanatory variable with the size of the NPOs. Estimated results are reported in columns 2-6 of Table 2. In column 2, the coefficient of the economic value proposition is non-significant, indicating that the effect of the economic value proposition is not significantly different from 0 for smaller NPOs. The interaction term (NPO size \* economic value) is positive and highly significant. These results indicate that the positive effect of the economic value proposition on the success of collaboration increases with increasing NPO size, thus supporting hypothesis H6.2. Figure 1 presents the plot of the marginal effect of the economic value proposition on the success of collaboration across the observed values of NPO size. We can clearly see that the marginal effect of the economic value proposition on the success of collaboration becomes positive when NPO size =2.2 (i.e. number of staff is 9) and then it becomes more positive as NPO size increases. In column 3 of Table 2 (when we interacted social value proposition and NPO size), the coefficient of the social value proposition is negative and significant, indicating that the social value proposition has a pronounced negative effect on smaller NPOs. The interaction term (NPO size \* social value) is positive and significant. These results indicate that the negative effect of social value on the success of collaboration diminishes when NPO size increases and subsequently this effect turns positive. This pattern is further corroborated when we look at Figure 2 that presents the plot of the marginal effect of the social value proposition on the success of collaboration across the observed values of NPO size. The marginal effect is initially negative and then turns positive (when NPO size is about 3.9 – i.e. number of staff is about 47) and then it becomes further positive as NPO size increases. These results suggest that, for smaller NPOs, the social value proposition is negatively associated with the success of collaboration while, for larger NPOs, social value is positively associated with the success of collaboration. The rest of the interaction terms (in columns 4-6) are non-significant; therefore, we do not find any moderating effect of NPO size on the effects of flexibility, environmental mission or trust. Concerning the control variables, NPO age is negative, indicating that younger NPOs are more successful in attracting partners from the private sector.

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Insert Figures 1 and 2 about here  
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## 6 Discussion

Researchers so far have made considerable efforts to understand the alliance between the business and nonprofit sectors as a mechanism for creating public value (Austin and Seitanidi, 2012, Tsarenko and Simpson, 2017) and fostering social/environmental innovation (Mousavi and Bossink, 2020). Despite this progress, we still lack an in-depth understanding pertaining to NPOs' involvement (Mendel and Brudney, 2018, Schiller and Almog-Bar, 2013). As such, several calls have been made to further study the perspective of NPOs as a critical, yet distinct, element in these relationships (Austin and Seitanidi, 2012, Herlin, 2015, Shumate et al., 2018b). In responding to these calls, our study offers several novel insights into this line of inquiry by identifying, discussing and testing the factors that can predict the effectiveness of NPOs in establishing BNP for social value creation.

First, while the literature suggests that NPOs need to emphasize and communicate their capabilities in delivering economic (to business) and social (to society) value to attract business interest in collaboration (Harris, 2012, Mousavi and Bossink, 2020), our empirical findings provide support only to the economic value proposition. In other words, being able to create social impact was not significant in enhancing NPOs' success in attracting business partners. However, when factoring in the moderating effect of NPOs size, the effect of social value proposition becomes positive for larger NPOs and negative for smaller NPOs. Combining these findings, we contend that the business sector is more interested in the strategic CSR<sup>2</sup> because they would collaborate more with larger NPOs that have established reputations and image in society (Bruyaka et al., 2012). Importantly, this view corroborates the argument that the noble cause (or mission) of NPOs is not always enough in building significant relationships with the business (Andreasen, 1996).

Second, our analysis reveals that providing different collaboration options can have a negative effect on the NPOs' propensity to collaborate with the business sector. This result is counterintuitive as the extant literature shows that appreciating the advantages and implications of the different collaboration levels (or types) is essential for building effective BNP (Austin and Seitanidi, 2012). We interpret this finding as showing that the provision of several alternatives or options can in general confuse the decision makers, which in turn adversely affects the motivation toward these options (Scheibehenne et al., 2010). In other words, having several collaboration options can be confusing to prospective business partners due to the complexity involved in deciding the most optimal options, which can discourage them from engaging in these relationships. On the other hand, this result can also be interpreted as an attempt by NPOs to reduce their level of investment (transaction costs) in establishing the relationship. In general, the standardization of organizational processes, or

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<sup>2</sup> Includes CSR activities that focus on maximizing the profit while enhancing the business reputation (Baur and Schmitz, 2012).

minimizing the variation between the processes to become easily repeatable (Dalton et al., 1980), would require *“less frequent decisions and smaller volume of communication during a specific period of operations”* (Kumar and Dissel, 1996, p. 285), which would reduce the overall cost of the process. Accordingly, providing several options for form of collaboration is likely to be a less economically attractive choice for NPOs that are typically under economic pressure.

Third, regarding the issue of trust, prior research highlights that the level of confidence between partners plays a key role in initiating cross-sector relationships (Bryson et al., 2006). Our findings support and expand this argument by highlighting the effect of calculative trust, suggesting that NPOs that utilize different communication tools (through their websites) are likely to be perceived as trustworthy in regard to their professionalism and credibility in implementing a collaboration project. In turn, this confidence can encourage businesses to explore new collaborating potentials.

Finally, and regarding the effect of NPOs' attributes, we found that younger NPOs are more successful in recruiting business partners. This is a surprising result as the literature suggests that established NPOs would be more attractive to business (as potential partners) due to the strength of their brand as well as their extended networks in society (Hond et al., 2015, Yaziji, 2004). A possible reason for this is that an older NPO could have a cultural barrier that may render it reluctant to engage with new strategies or approaches that are untraditional in the nonprofit domain. For example, Lindenberg (2001) explain that although NPOs are facing pressure to adopt business-like knowledge, they are skeptical about adopting these techniques because *“[NPOs] fear that too much attention to market dynamics and private and public sector techniques will destroy their value-based organizational culture”* (p. 248). Therefore, collaborating with businesses, as one of these new approaches, might be perceived by staff and volunteers as a step change in values, which in turn may generate a culture of internal resistance (i.e. a cultural barrier) because of the view that collaboration might endanger the image of their NPO (Mannell, 2010, Wilson et al., 2010). In fact, this negative attitude might result from the prejudice of incompatibility between the nonprofit culture, which is often characterized as socially driven and cooperative, and the business culture, which is widely described as profit-driven and competitive (Berger et al., 2004, Parker and Selsky, 2004).

On the other hand, the results support our expectation of the effect of a NPO size on the relevance of its potential to create social value and deliver economic rent in establishing BNP. In other words, the larger the NPO is, the more critical the potential to achieve both social and economic values becomes in determining its success in expanding the business partners portfolio. Importantly, this result supports the assumption that the business sector actually perceives BNP as a mechanism for developing economic benefits through environmental/social responsibility programs (Dahan et al., 2009, Holmes and Smart, 2009, Pelozo and Falkenberg, 2009, Porter and Kramer, 2002, Yaziji, 2004).

Through collaboration with larger NPOs, businesses can simultaneously achieve dual objectives: address society's problems and attain economic advantages. Typically, large NPOs would have legitimacy and wide acceptance by the public, are deeply nested across all society segments (and hence are aware of influential forces in the community), and have a unique range of capabilities (e.g. social experience and skills) to address effectively social and environmental concerns (den Hond et al., 2012, Wymer and Samu, 2003, Yaziji and Doh, 2009, Yaziji, 2004). Such advantages, if utilized adequately in partnerships, can make real social change, leverage business credibility in the eyes of the public, and also avoid potential conflicts with community stakeholders (Bowen et al., 2010, Yaziji and Doh, 2009, p. 129).

### **6.1 Theoretical and managerial implications**

Contrary to the mainstream research directions that focus on value creation in BNP for society and business, we investigate the NPOs' perspective as the remaining part of this tripartite value creation process (i.e. society, business, and the NPOs). In this respect, Harris (2012) emphasize that "with governmental funding to the nonprofit sector under threat in a number of countries...building partnerships with business will become increasingly attractive to NPOs. They will need research evidence to enable them to make informed choices about cross-boundary initiatives" (p. 5). Therefore, the overarching aim of this study is to advance the literature by offering theory-driven and empirically-tested evidence on the conditions that underpin NPOs' effectiveness in establishing collaborative linkages with the private sector (i.e. understanding the factors that determine the size of a NPO's business partners portfolio). To this end, we developed a model using the relational view theory (Dyer and Singh, 1998), which we tested using an original dataset that we compiled from analyzing 102 NPOs' websites which were actively collaborating with companies in the FTSE 100 list.

Importantly, this study makes an important contribution to the social alliance literature because many alliance-related studies have found a positive correlation between portfolio size and various performance measures (Cui and O'Connor, 2012, Hoffmann, 2007, Srivastava and Gnyawali, 2011). Indeed, increasing the size of the alliance portfolio can influence performance and innovation because the organization can draw more (both quantitatively and qualitatively) on the resources embedded in the portfolio due to the scale and diversity of their partners' base (Lahiri and Narayanan, 2013b). Supporting and extending this argument, several researchers have shown that many NPOs can enhance their capacity to tackle complex socio-economic problem by participating in multiple-partner collaborations (Clarke and Fuller, 2011, Simo and Bies, 2007, Stadtler, 2018). In this respect, Clarke and MacDonald (2019) identified ten different types of resource that partners can gain from engaging in a multi-stakeholder partnership for social change. Together, these studies highlight the relevance

of our contribution where we identify theory-based factors that are likely to influence the probability of a NPO to partner with the business sector.

In addition to theoretical implications, the study offers a methodological contribution. In general, organizations' websites, including social media tools (Guo and Saxton, 2013), are becoming more important as a means to enhance performance (Liao et al., 2006); they are a "form of strategic communication that is widely disseminated" (O'Connor and Shumate, 2011, p. 11). Accordingly, this emphasizes the need to find ways of formalizing the process of investigating organizations' websites. However, the literature lacks clear details about how the website content of organizations can be systematically analyzed using inductive-deductive logics. Therefore, our detailed approach reported in this study provides useful guidance in this area.

On the other hand, our study offers important insights for practitioners. First, managers in the nonprofit sector can use the theoretical framework and findings in this paper when considering collaboration with the business sector as a strategic choice. In other words, the different predicting factors suggested in this paper can be used as a roadmap to help decision-makers to strengthen their NPO's position in initial dealings with a prospective business partner, because they would know the factors that can enhance their bargaining power. For instance, the NPOs can utilize their social impact (i.e. originating from their ability to create public social value) to encounter and balance the business economic power (i.e. the power coming from controlling the flow of economic resources). Such guidance would encourage a transformation in NPO practice from reactive (i.e. respond only to business offering) to strategic (i.e. deliberately active in finding prospective partners). This change in approach should encourage NPOs to become more entrepreneurial and less skeptical about embracing a proactive (rather than passive) attitude regarding BNP. Second, the study emphasizes the importance of allocating dedicated space on the NPOs' websites to communicate with potential business partners. Therefore, our findings can be insightful for those NPOs that seek to improve their BNP-related online presence. Specifically, the identified key themes (value complementarity, adaptability and resource allocation, and trustworthiness) could form the foundation for designing effective website content that is dedicated to communication and building bridges with the business sector.

## **6.2 Limitations and further research**

Our study suffers from some limitations, which we discuss here together with future research directions. First, the main limitation of our study pertains to the generalizability of our findings given that the sample includes only NPOs that have collaborated with FTSE100 businesses. Therefore, it would be interesting to examine these dynamics in other contexts. For instance, to what extent do



active NPOs with smaller businesses (i.e. companies outside the FTSE100) have the same strategy indicators? Furthermore, comparisons between countries (for example, US-based vs. UK-based or Western vs non-Western NPOs) would be worthwhile. Such analysis could assess how the nonprofit sector in each country perceives BNP, thus offering a wider scope of understanding about this phenomenon. Second, we used portfolio size as an indicator of NPO success in collaborating with businesses, as prior research shows a positive relationship between the number of alliances and the scale of alliance-related benefits (Lahiri and Narayanan, 2013a). However, there is a need to investigate the contingencies and conditions under which this relationship can be optimal. For example, future research could investigate the effect of heterogeneity of the portfolio of business partners, or the diversity of collaboration forms (e.g., cause-related marketing vs. strategic alliance), on the capacity of NPOs to benefit from BNP. Third, we investigated collaboration options as an independent variable rather than as an output of the collaboration process. There is a need to further investigate this variable to determine the interest in a particular collaboration option. While the literature provides useful insights on the advantages and risks of each form (Austin, 2000a, Austin and Seitanidi, 2012), there is a need for systematic research to explain how and why NPOs and businesses determine the shape/form of their collaboration. Finally, our study has been designed on the premise of how a single NPO can attract potential business partners. It would also be worthwhile to examine the factors that are relevant in the case of intra-sector alliances, or when multiple NPOs work together to secure collaboration with businesses. In particular, there is a need to understand how such cooperation would strengthen the 'strategic position' of the nonprofit group and to investigate its potential risks.

## **7 Conclusions**

The aim of this study was to investigate the factors and conditions that uniquely predict the effectiveness of NPOs in establishing collaborative linkages with the private sector (i.e. the size of their portfolio of business partners). This is an important topic as 1) BNP is increasingly regarded as a vital approach for public value creation and driving social innovation, and 2) many studies show a positive association between the size of an organization's portfolio of partners and its overall performance and innovation. The analysis shows that active-in-collaboration NPOs have several common attributes that predict their success in establishing BNP. In turn, this suggests that many NPOs have changed from being reactive to become more proactive in their communication with the business sector. Such a proactive mind-set can drive NPOs to explore and exploit the BNP approach further, which in turn can yield advantages to NPOs and society alike.

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Table 1: Descriptive statistics and correlation matrix

		Mean	S.D.	Min	Max	Correlation coefficients								
						1	2	3	4	5	6	7	8	
1	No. of partners	20.55	26.86	0	157									
2	Economic value proposition	0.73	0.45	0	1	0.22**								
3	Social value proposition	0.8	0.4	0	1	0.17*	0.53***							
4	Flexibility	1.84	1.1	0	3	0.05	0.70***	0.52***						
5	Environmental mission	0.11	0.31	0	1	-0.08	0.00	-0.07	0.02					
6	Trust	2.4	1.59	0	4	0.26***	0.69***	0.51***	0.67***	0.03				
7	NPO size	4.45	2.12	0.69	8.59	0.17*	0.32***	0.32***	0.36***	0.01	0.47***			
8	NPO age	3.6	0.71	1.61	5.02	-0.03	0.20**	0.20**	0.29***	0.02	0.30***	0.57***		
9	Active BNP strategy	0.86	0.35	0	1	0.17*	0.65***	0.66***	0.65***	-0.05	0.55***	0.33***	0.23**	

Note: \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table 2: Estimated Results

	(1)	(2)	(3)	(4)	(5)	(6)
Economic value proposition	0.620*	-0.636	0.696*	0.585	0.711*	0.697*
	(0.357)	(0.626)	(0.368)	(0.372)	(0.393)	(0.377)
Social value proposition	-0.0950	0.0724	-1.017**	-0.0637	-0.0634	-0.0124
	(0.290)	(0.309)	(0.493)	(0.295)	(0.292)	(0.305)
Flexibility	-0.226*	-0.202*	-0.220*	-0.215*	-0.432	-0.229*
	(0.124)	(0.116)	(0.121)	(0.128)	(0.307)	(0.120)
Environmental mission	-0.576***	-0.461**	-0.579***	-0.214	-0.599***	-0.555***
	(0.198)	(0.227)	(0.214)	(0.438)	(0.189)	(0.202)
Trust	0.173*	0.177*	0.169*	0.172*	0.176*	0.0178
	(0.103)	(0.102)	(0.102)	(0.103)	(0.104)	(0.212)
NPO size * Economic value proposition		0.319***				
		(0.122)				
NPO size * Social value proposition			0.273*			
			(0.145)			
NPO size * Environmental mission				-0.0801		
				(0.0835)		
NPO size * Flexibility					0.0390	
					(0.0587)	
NPO size * Trust						0.0362
						(0.0413)
NPO size	0.0625	-0.217*	-0.181	0.0700	-0.0257	-0.0492
	(0.0739)	(0.115)	(0.137)	(0.0773)	(0.132)	(0.131)
NPO age	-0.330*	-0.314*	-0.376**	-0.329*	-0.324*	-0.329*
	(0.180)	(0.168)	(0.180)	(0.179)	(0.176)	(0.177)
Active BNP strategy	0.390	0.506	0.454	0.368	0.498	0.405
	(0.403)	(0.442)	(0.407)	(0.408)	(0.428)	(0.410)
Constant	3.164***	3.812***	3.983***	3.125***	3.371***	3.450***
	(0.559)	(0.593)	(0.696)	(0.563)	(0.633)	(0.663)
Observations	102	102	102	102	102	102
chi2	30.51***	39.21***	31.46***	30.53***	31.19***	33.04***
LR test (of alpha=0)	1418.99***	1368.48***	1374.80***	1409.78***	1417.60***	1406.49***

Note: Robust standard errors in parentheses \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Figure 1: Plot of marginal effect of economic value proposition on the success of collaboration across the observed values of NPO size

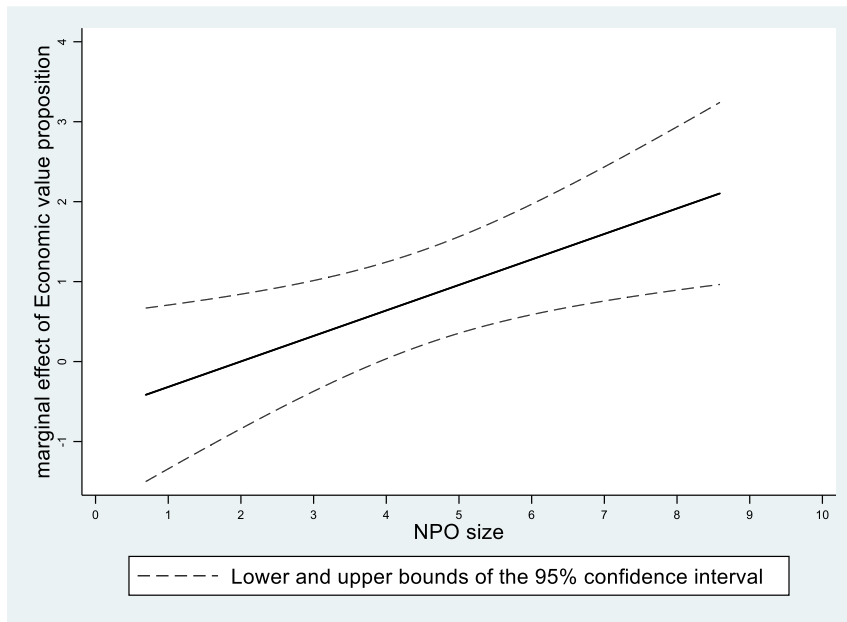


Figure 2: Plot of marginal effect of social value proposition on the success of collaboration across the observed values of NPO size

