Business Non-Profit Partnerships as Learning Arenas

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Abstract

One of the ways how learning in partnerships between business and nonprofit organizations occurs is learning with the partner, i.e. business and non-profit organizations learn jointly and in this way create new knowledge. However, the participating organizations are extremely different in their cultures and processes and the argument of this study is that these sectoral differences affect the learning in these partnerships. Other important factors in interorganizational learning are the relationship quality, the tacitness vs. explicitness of the knowledge involved and the exploration vs. exploitation of knowledge. Together with the sectoral differences, they will shape the conditions for learning in partnerships between business and nonprofit organizations.
1 Introduction

Partnerships between business and nonprofit organizations (BUS_NPO_PAR) are a more and more common phenomenon (Crane, 2000). The main reasons for this have often been claimed to be on the side of companies a way to comply with their social responsibilities, and on the nonprofit organizations’ side a possibility to gain more funding. Companies and nonprofit organizations belong to two socio-economic sectors which organizations are quite different in their characters. On the one hand, they differ in their logics of action, i.e. business follow the market logic and price criteria, and nonprofit organizations follow a socio-communicative logic based on cultural traditions and societal determined values, and on the other hand they differ in their processes, e.g. management and governance. Whereas companies apply efficiency criteria to their activities, social organizations base their activities on reciprocity principles.

Nevertheless, the participating organizations benefit from these partnerships in terms of an exchange of resources as has been found out in various studies (Austin, 2000; Nelson and Zadek, 2000; Stafford and Hartman, 1996; Waddell, 2000). Besides, several approaches, i.e. the stakeholder approach, social capital theory, the added-value chain theory, that have appeared in the recent years, argue that closer collaboration of the two sectors would help tackling the burning issues of our times, e.g. environmental problems, health care issues, elderly care, marginalization of groups etc. Thus, the positive impact of cross-sector partnerships might go beyond mere resource transactions. They might have a more long-term and strategic effect. In this respect, learning might play a role because organizations learn in alliances (Hamel, 1991; Huber, 1991; Inkpen, 1996, 1998).

Within BUS_NPO_PAR, learning can occur at three levels: learning from the partner, learning with the partner and - with nonprofit organizations as representatives of society - learning at the societal level. The three levels embrace different learning modes - exploratory vs. exploitative learning (March, 1991) - and kinds of knowledge - tacit vs. explicit knowledge (Polanyi, 1967) - and differ in their outcomes. In this regard, I believe, that the value-based and processual differences play a role when organizations of the two sectors collaborate and learn together. However, it is not known - and this is my research question - what the conditions are that influence learning in BUS_NPO_PAR and how the sector differences affect learning.
In the following an overview will be given about the different elements of the theoretical model and the model will be introduced. The article will close with a presentation of the methodology.

2 Conceptual Framework

Taking insights from interorganizational relationships (IOR) studies and interorganizational learning (IOL) research, this investigation focuses on the conditions within BUS_NPO_PAR for learning. IOR studies provide the structural and relational background, whereas IOL research concentrates on the question of knowledge acquisition and creation. The model used for this analysis is built on these approaches and will be presented after an introduction of the research areas.

2.1 Interorganizational Relationships

Interorganizational Relationships (IORs) deal with the relationships between organizations and have been characterized through a series of dimensions by which they differ and that form the basis for learning processes within interorganizational relationships. They reach from pure ‘cooperation’ to ‘coordination’ (Mulford and Rogers, 1982), i.e. in terms of cross sector partnerships from purely philanthropic to integrated partnerships (Austin, 2000). In this relation, ‘cooperation’ is defined as

"deliberate relations between otherwise autonomous organizations for the joint accomplishments of individual operating goals" (Schermerhorn 1975, cited in Mulford and Rogers 1982, p. 13)

and ‘coordination within IOR is described as:

"the process whereby two or more organizations create and/or use existing decision rules that have been established to deal collectively with their shared task environment" (Mulford and Rogers, 1982, p. 12).

Partnerships between business and nonprofit organizations move somewhere in-between the two extremes depending on their particular objectives, e.g. the partners within social marketing collaborations have rather individual objectives and therefore can be categorized under ‘cooperation’. The partnerships under focus in this dissertation, though, usual-
ly seek to solve a social problem as Waddock (1988) states and can be therefore rather grouped under ‘coordination’.

In this context it is important to mention that the coordination in BUS_NPO_PAR follows the network modus, somewhere between market and hierarchy (Powell, 1990). This implies that the relationship quality can vary between strong and weak ties, that the interactions can be one-time actions or follow a recurring pattern and that the structural arrangements are more or less flexible.

2.1.1 Relationship Quality

One of the most prominent dimensions affecting IOR processes is the relationship quality (Van de Ven, 1976). The relationship between organizations can be at arm’s-length or embedded (Granovetter, 1973, 1985; Uzzi, 1997; Uzzi and Lancaster, 2003). Tie strength is defined as the “combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie” (Granovetter, 1973, p. 348). Whereas arm’s-length relationships are characteristic of rather impersonal market-like relationships, embedded relationships build on close social interactions. In arm’s-length relationships, atomistic actors have rather unrepeated contacts or interactions that are not really relevant for the organization and not seriously impacting the organization’s activities outcomes. Little effort and resources are invested in their relations and mutual obligations are low or do not exist at all. Price agreements regulate the exchanges that take place between organizations. Conversely, in embedded relationships interactions take place frequently and those relationships are characterized by a high level of trust, transfer of fine-grained information and joint problem-solving arrangements (Uzzi, 1997). Relationship quality is also relevant in the frame of interorganizational learning since it impacts the kind of learning (explorative vs. exploitative) applied and the kind of knowledge (tacit vs. explicit) involved.

2.2 Interorganizational Learning

“Interorganizational learning occurs when one organization causes a change in the capacities of another, whether through experience sharing, or by somehow stimulating innovation” (Ingram, 2002, p. 642) and in general, organizational learning (OL) has been considered to involve some kind of knowledge (Inkpen, 1998).
In the context of organizational learning, two aspects are of particular importance: the fact that learning processes involve different kinds of knowledge and learning styles. Polanyi distinguishes two knowledge styles: tacit / not-codifiable and explicit / codifiable knowledge (see also Nonaka, 1994; Polanyi, 1967). Tacit knowledge, as opposed to explicit knowledge, is the most critical to acquire and to create. It is difficult to codify since it consists of “embedded” knowledge within habits and culture, also called “know-how”, that is difficult to access and to share (Nelson and Winter, 1982; Polanyi, 1967). But it is important for the creation of new knowledge, too. Explicit knowledge, however, is codified knowledge that can be precisely articulated and communicated. Both knowledge types are not completely independent from another since they support each other, e.g. tacit knowledge facilitates understanding explicit knowledge (Dhanaraj et al., 2004).

Furthermore, learning processes entail two different learning modes: (1) exploitative learning which is defined as “the refinement and extension of existing competences, technologies, and paradigms [producing] returns [that] are positive, proximate, and predictable” and (2) explorative learning which is described as the “experimentation with new alternatives [producing] returns [that] are uncertain, distant and often negative” (March, 1991, pp. 85-86). Both aspects determine the way how and what organizations learn.

Eventually, in organizational relationships the relationship quality - arm’s length and embedded - determines and promotes the particular mode of learning and kind of knowledge, (Dhanaraj et al., 2004; Uzzi and Lancaster, 2003). Whereas “arm’s-length ties promote learning through exploitation, [enabling] organizations to enhance their current competencies and systems rather than restructure them […] embedded ties […] promote exploratory learning through the flow of private information”, which cause a change in the basic structure (Uzzi and Lancaster, 2003, p. 393). The knowledge involved in arm’s length ties is rather of a simplistic nature and novel. By contrast, in embedded ties, partners learn about each other, become more dependent on one another and develop relational trust (Larson, 1992).

As regards learning in BUS_NON_PAR, it encompasses three levels: learning from the partner, learning with the partner and societal learning. In fact, this scheme also corresponds to Selsky and Parker’s (Selsky and Parker, 2005) classification of the partnership literature into three platforms: the resource dependence, the issue-focused and the societal platform. Learning from the partner can be understood as acquiring knowledge as a resource in a transactional frame and has been discussed intensively in strategy literature, e.g. in
the frame of resource dependence approaches on an organizational level. *Learning with the partner* has been discussed in the frame of learning approaches in terms of knowledge creation about a particular issue. This is clearly a partnership approach that requires integrated relationships and implies joint learning. *Societal learning* can be identified with transformative changes occurring in the wider network of organizations and this has been explained through organizations’ influential network positions within network approaches.

I argue that the three learning levels embrace different learning modes and kinds of knowledge and that a strong factor in this frame is the relationship quality. However, the focus of this dissertation project is the joint learning in BUS_NPO_PAR since on the one hand societal changes would require a longitudinal analysis and on the other hand referring only to transactional relationships would neglect important added-value that such partnerships could bring. In the following, the research model will be presented, followed by a description of the methodology envisaged.

## 3 Research Model

As has been acknowledged above, business and nonprofit organizations differ in their processes and values (independent variable) and the key assumption of this research is that these differences - in values and processes - influence learning (dependent variable). Differences in value sharing as well as in integrating processes between partnering organizations can reach from weak to strong, which can be pictured in a four-by-four matrix (see below).

*Learning from the partner* being a rather transactional relationship, I assume they involve weak value sharing and process integration. At the other extreme, *societal learning* would involve strong value sharing and process integration. *Learning with the partner* would be situated somewhere in between. See how they fit into the four-by-four matrix:
Setting up the conceptual frame, the question comes up what role do the procedural dimensions play. The question is which research model takes them better into account: a tripartite structure in which they represent the intermediary variable or a dual one in the sense of a simple “independent - dependent variable” causality. The tripartite structure would look like this:

![Four-by-four matrix of the Analytical Framework](image)

Figure 2: Four-by-four matrix of the Analytical Framework

The dual model would look like this:

<table>
<thead>
<tr>
<th>Independent Variable →</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Values</td>
<td>Learning Levels: Learning with the Partner</td>
</tr>
<tr>
<td>• Procedural Dimensions (Relationship Quality, Knowledge Type, Learning Modes)</td>
<td>- Process</td>
</tr>
<tr>
<td></td>
<td>- Outcome</td>
</tr>
</tbody>
</table>

![Tripartite Research Model](image)

Figure 1: Tripartite Research Model

![Dual Research Model](image)

Figure 2: Dual Research Model
I believe that the dual model considers sufficiently the variables that influence the learning within BUS_NPO_PAR and that the value-related dimension has the same impact as the procedural dimensions.

4 Methodology

I am still at the very beginning of determining the methodological proceeding. What is clear, though, is, that the investigation will be conducted in a rather postpositivist tradition starting from what is empirically available. I view collaboration in the light of the interactions taking place and as a rather open, very individual process (constructivist approach) with a strong emphasis on the outcomes (pragmatist view).

The investigation will be conducted in two phases. At first, I will conduct a survey among a set of partnerships in order to find out more about learning in BUS_NPO_PAR. In the second phase, I will then select two to four cases that will be analysed thoroughly in qualitative case studies. However, since comparability will be very limited, I rather intend to show the great variety of possibilities and to proliferate as much knowledge about BUS_NPO_PAR as possible.

4.1 Case Identification

Cases in cross-sector partnerships show usually a great variety. That is due to the immense diversity in social organizations and businesses involved but also due to the great variety in kinds of partnerships that exist. Considering the current socio-political and economic problems that most states are experiencing, the most important sectors to be dealt with are health, elderly, and child care as well as the integration of marginalized groups. Thus, I will consider these aspects when selecting the cases and will chose the case studies from these fields. I believe, it is appropriate to chose two to four cases for an in-depth qualitative case study approach that fulfill the following criteria:

- sufficiently mature partnerships (so the structures are already quite set up)
- that have a strategic importance to the partnering organizations and to some extent are integrated in the organizations’ value chains
- whose ties quality is at arm’s length vs. embedded ties
- The participating organizations not too big so that learning effects do not disappear within the largeness of the organizations
Nevertheless, the choice of the cases will in the end depend on the availability and accessibility of data.

4.2 Data Collection and Analysis

Data collection will be conducted in two phases according to the research methodology chosen: In phase 1, rather general data will be collected in the frame of a survey among partnerships that have already been considered in the frame of publications about SMEs collaborating with NPOs. The geographical focus will be on partnerships in Germany because of language reasons since the discussion about values also has a cultural component. The second phase consists of two to four indepth qualitative case studies which will facilitate to explore the topic learning in partnerships between business and nonprofit organizations. In order to gather as most data as possible, various means will be used: analysis of documents directly related to the partnerships as well as documents that may express changes within the organizations and their strategies based on the partnership activities, e.g. mission statements or similar documents. As far as available, also press and other media documentation will be used. Furthermore, (semi-structured) interviews with participating persons but also with management will be conducted. Data analysis will then take place, if possible, by means of structured methods, e.g. applying Grounded Theory methods.

5 Discussion

The sectoral differences between the two organizations are rather bigger than small and therefore, I do believe that they will play a role in learning in BUS_NPO_PAR. However, the procedural conditions will also be important. Right now, I tend to believe that it would be appropriate to integrate the intermediary (procedural) variable with the independent (value) variable.

Nevertheless, the study is limited in terms of comparability and generalizability: Case selection is problematic because on the one hand, above all nonprofit organizations differ so that in choosing a partnership for an organization satisfying a particular criterion will certainly be at the cost of other criteria. On the other hand, many projects are not known, so choosing representative cases is certainly challenging.
Eventually, since the focus of the dissertation is on the partnership learning, the study misses out on investigating learning at the societal level. The analysis of learning at the societal level is a challenge because first, it is characterized by a vast extension (which actors do we include?); and second, there is a lack of rigorous measurement criteria at this level. However, considering the socio-economic problems of today, this topic would certainly be important to follow up.

References


