Chapter 10
Value Creation through Social Alliances:
Theoretical Considerations in Partnership Relationships

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ABSTRACT

As social problems have grown in magnitude and complexity, social alliances have brought businesses, nonprofit organizations, and governments together. Alliances between nonprofits and businesses have been increasing and becoming more strategically important. This research aims to explore (a) types of social alliances between nonprofit organizations and for profit organizations and, (b) the patterns of social alliances types which defined by Austin (2000), philanthropic, transactional, and integrative. Social alliances differ from other types of alliances due to their structural differences. Hence, it is important both for the partners of the alliance and society that the value created in the social alliance is determined and increased. Knowing which factors create value and which factors increase or decrease the created value make it possible for the social alliances to be managed.

INTRODUCTION

Much of the strategic alliances literature on performance (Yan & Gray, 1994; Sampson, 2007), success factors (Monczka, Petersen, & Handfield, 1998; Mitsuhashi & Greve, 2009), building competitive advantage (Murray 2001; Silverman & Baum, 2002), alliance management (Ireland, Hitt, & Vaidyanath, 2002; Schreiner, Kale, & Corsten, 2009), learning (Hamel, 1991) and networks (Gulati, 1998; 1999) has focused on business alliances between firms. Considerable research has addressed strategic alliance between the businesses and businesses; less research has focused on social alliances between the businesses, nonprofits, and governments. These new partnerships between cross sectors have drastically different interests, expectations, realities, strategical and structural. Social and environmental issue variables and the interactions between alliance have attracted increasing attention in empirical and theoretical stud-

ies (Austin, 2000; Rondinelli & London, 2003; Berger, Cunningham, & Drumwright, 2004; Seitanidi, 2008; Selsky & Parker, 2010).

Social alliances are being designated by different authors and by different ways. Some authors analyzed them under the title of cause-related marketing (Andreasen, 1996), on the other hand some authors specify as cross-sector collaboration (Austin, 2000; Rondinelli & London, 2003), cross-sector social partnerships (Selsky & Parker 2010), social alliance (Berger et al., 2004), strategic partnerships (Eweje, 2007), constructive partnerships (Rangan, Samii, & Van Wassenhove, 2006), social partnerships (Eweje & Palakshappa, 2009), nongovernmental organization corporate alliance (Shumate & O'Connor, 2010), and cross-sector social partnership (Selsky & Parker, 2010; Seitanidi, 2008).

This type of alliance is a voluntary strategic alliance that is nonprofit between the businesses and nonprofit organizations. Because of this alliance, while businesses provide benefit about image and prestige, non-profit organizations are gaining financial and technological sources and these sources will provide benefits when they are contributing to the development of society (Farache, Perks, Wanderley, & Filho, 2008). Firms' economic aims generally include marketing purposes. On the other hand, non-profit organizations aim to raise their funds instead of economic aims. These kinds of alliances present a mixture of corporate strategy and social responsibilities for businesses. On the other hand, for non-profit organizations, managerial recommendation provides to reach highly qualified voluntary workers and technological and communication support (Berger et al., 2004). Businesses and nonprofits work together to achieve a successful outcome initiated primarily to address social needs that will improve the wellness of communities and society at large (Eweje & Palakshappa, 2009). It illustrates that when partners from different sectors focus on the same issue they are likely to think about it differently, be motivated by different aims and employ different approaches to addressing what is, in fact, the same challenge (Selsky & Parker 2010).

This research investigated that how to achieve value creation through social alliances and type of social alliances and the pattern of social alliances through three principal types: philanthropic, transactional, and integrative. Because there is less research on the social alliances, the research about social alliances are mostly theoretical, and generally between the same type of organizations (such as between the firm and firm, between the nonprofit organization and non-profit organization). All these facts demonstrate the importance of this research.

BACKGROUND

While strategic alliances are voluntary collaborations to improve the competitive position and performance of firms (Koljatic & Silva, 2008), social alliances are a type of strategic alliance and voluntary partnerships to address environmental and social issues that single organizations have difficulty in solving alone. Social alliances are partnerships between two or more organizations with different governance structures and missions between a corporation and a noncorporate entity such as a non-profit organization, government agency, or quasi-governmental organization (Rondinelli & London, 2003). Social alliances have evolved beyond philanthropy; they have the sharing of resources, knowledge and capabilities (Berger, Cunningham, & Drumwright, 1999).

The difference of social alliance from a business alliance stems from across structure. While aiming of alliances between firms is economic, alliances with nonprofit organization establish to solve social problems. The differences of social alliance from business alliance stem from two main characteristics.

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