Ending business-non-profit partnerships: The spinout of social enterprises

Keywords:
cross-sector partnership
social enterprise spinoff
partnership termination
partnership exit strategy
relationship ending process
Abstract

Business-non-profit partnerships are expected to create sustained impact, yet they often remain temporary or episodic. By using relationship ending theory and drawing on partnership types from Austin and Seitanidi (2012a), we explore the termination of business-non-profit partnerships and connect how partnerships end to their potential long-term impact. Specifically, we ask: How and why do business-non-profit partnerships end? And, what is the relationship between partnership type and partnership endings? Through interviews and focus groups, we identify two partnership endings: ‘exit’ and ‘spinout.’ The former is the expected severance of ties due to dissatisfaction or the accomplishment of an intended outcome. The latter is more intriguing. As illustrated through two case examples, successful partnerships can create financially self-sustaining social enterprises that continue tackling the chosen problems independently. We argue that spinning out a social enterprise offers a pragmatic pathway that precludes deeper integration between partners – contrary to what is often proposed in the partnership literature – and is best understood as a relationship ending process.
Introduction

There is a growing realisation that corporations, non-profits and governments cannot independently solve the problems of people and planet; greater progress can be made by working around a common agenda to create collective impact (Kania & Kramer, 2011; Margolis & Walsh, 2003; Austin, 2000; Selsky & Parker, 2005). Business-non-profit partnerships are inspiring when they open possibilities for novel solutions to societal and environmental problems. For example, World Wildlife Fund (WWF) partnered with Coca-Cola to maintain watersheds (Senge, 2008) and with Unilever for sustainable fish production (Elkington, 1998; Fowler & Heap, 1998). Extensive academic attention has been devoted to understanding how successful partnerships are to be initiated and nurtured (Jamali & Keshishian, 2009; Waddock, 1989). However, such business-non-profit partnerships are difficult to sustain over extended periods of time; as engagement increases, so do the management challenges (Googins & Rochlin, 2000: 140).

The importance of business-non-profit partnerships brings urgency to the study of partnership management and, in particular, how their interventions and impact can be maintained over the long-term. Partnership research suffers from ‘survivorship bias’ (Gazley & Guo, 2015) and ‘partnerism’ (Bendell et al., 2010), preferring to explore successful cases and focus on the partnership’s proximate impact. This avoids exploring whether the partnership model was sustained or how the partnership ended. The limited research conducted on partnership-dissolution has viewed this temporality or time-bounded nature of partnerships as caused by barriers and challenges that need to be mitigated (Berger et al., 2004; Samuel et al., 2013); the literature favours deeper integration and synergy between the partners (Ashraf et al., 2017).

This paper takes a different view. We recognise that dissolving business-non-profit partnerships is an integral and normal part of the partnerships life-cycle; is also a managerial challenge (Berger et al., 2004) and of strategic significance (Al-Tabbaa et al., 2014). In order to better understand the dissolution of business-non-profit partnerships, this paper engages with work on relationship ending (Halinen & Tähtinen, 2002; Tähtinen, 2002), which has largely focused on inter-business relationships but may be usefully extended to business-non-profit partnerships. Key contributions from this literature include the identification of factors that influence managers to end their relationships, the definition of different ending types, and attention to ending processes. This offers an appropriate analytical lens for our study of ending business-non-profit partnerships.

Using this lens, this paper pursues two key questions. Firstly, we ask how and why do partnerships end? We identify two types of partnership ending: ‘exit’ and ‘spinout.’ We distinguish between these types based on the ending process and how they configure the partners’ relationship following dissolution. ‘Exit’ describes the expected ending whereby partners sever ties due to dissatisfaction, the conclusion of an agreement or contract period, or to accomplishment of an intended outcome. Following exit, the partnership is dissolved. The latter, ‘spinout,’ is more intriguing. The term ‘spinout’ is our own and emphasises the separation of the new organisation from the founding partners. It captures what Austin and Seitanidi (2012a) describe as new hybrid organisations formed through partnerships, but do not name. In ‘spinout,’ the partners terminate their existing partnership yet remain engaged with the new spinout which sustains the partnership’s mission. This requires an extended and carefully managed process.

Secondly, we ask: What is the relationship between partnership type and partnership ending outcomes? Here we again draw upon work by Austin and Seitanidi (2012a), who distinguish between partnerships that are philanthropic, transactional, integrative, and transformational. These partnership types are locations on a continuum, as partnerships become more (or less) integrated and engaged in co-creation. This dynamic typology is useful, as it helps us to connect the way the partnership works to the way it ends. In particular, we connect more transactional partnerships
with ‘exit’ and more integrated, transformational partnerships with ‘spinout.’ Indeed, we argue that, to the extent that transformational partnerships result in the co-creation of spinouts, as a form of external systems change, transformational partnerships may be understood as a form of relationship-ending.

To explore the ending of business-non-profit partnerships, this article draws on interviews with partnership managers, from both the private sector and non-profits, which included discussions of their experiences of partnership termination. This phase involved 17 interviews and four focus group discussions with the interview participants. These conversations are used to identify the two types of partnership ending. Due to the significance of partnership spinouts for creating sustained impact and their rarity in the partnership literature, we focus on this type. We select two examples of partnership spinouts to further examine: one from a partnership between carpet-manufacturer Interface and the Zoological Society London and the other between Timberland and the Haitian non-profit Smallholder Farmers Alliance.

From this updated understanding of partnership ending, we seek to make two contributions to interorganisational research. Firstly, in examining partnerships through the lens of the relationship-ending literature, we respond to Halinen and Tähtinen’s (2002: 177) call to expand this work outside professional services. Business-non-profit partnerships differ from business-business relationships in terms of financial model, organisational practices, and purpose; these shape the attenuating and predisposing factors for relationship ending. For example, business-non-profit partnerships pursue social or environmental impact (Bies et al., 2007). They often have stakeholders who are particularly vulnerable or who are negatively affected when partnerships end. This factor creates pressure to manage the impact of partnership termination, consider mechanisms for sustaining the interventions, and explore avenues for transferring governance and benefits to stakeholders.

Our second contribution, is to bring a focus on relationship-ending to the partnership literature. In particular, by connecting relationship ending and partnership type we bring attention to social enterprise spinouts and add nuance to work on how partnerships seek transformational change. Austin and Seitandi (2012a) argue that transformational partnerships require strengthening the bonds between the partners bringing them closer, to even jointly create “an entirely new hybrid organisation.” By contrast, we argue, that in pursuing external systems change through spinouts, transformational partnerships sever partnership ties and normalise bonds with the new enterprise. While the process of establishing a social enterprise involves high levels of trust and collaboration, it ultimately offers a pathway for managers to extract themselves from, and end, the partnership. ‘Spinout’ is a process of carefully severing partnership bonds and forming new bonds with the new entity.

The article begins with a review of key ideas from partnership management and relationship ending literature. The next section provides an overview of the research methodology and the two-phase research exercise upon which the article is based. The findings from each phase of the research exercise are then presented separately. Contributions to partnership management research are discussed. Broader implications for partnership management are also mentioned in the conclusion.

**Business-non-profit partnerships and relationship-ending**

**Business-non-profit partnerships**

Business-non-profit partnerships combine the relative strengths and resources of corporations and non-profit organisations to achieve solutions to societal or environmental issues that neither institution could have tackled independently (Dahan et al., 2010; Pedersen & Pedersen, 2013;
Schuster & Holtbrügge, 2014). There are significant benefits from partnering. Austin and Seitanidi (2012b, 2012a) list 15 benefits to non-profits and 23 benefits to corporations from partnering, ranging from better corporate risk management to access to expertise for the non-profit. Non-profits also benefit from partnerships, accessing new forms of funding as well as new skills and networks (Elkington & Fennell, 2000).

Research on business-non-profit partnerships has also extensively explored their emergence and advancement, particularly for mobilising complementary resources to bear upon a mutually agreed problem (see e.g. Eweje & Palakshappa, 2009; Fontana, 2018; Herlin, 2015). Building on wide partnership literature (see Austin, 2010; Bowen et al., 2010; Bryson et al., 2006; Rondinelli & London, 2003), Austin and Seitanidi (2012a, 2012b) propose four stages through which business-non-profit partnerships may progress: philanthropic, transactional, integrative and transformational stages (also see Kolk & Lenfant, 2012). From one stage to the next, there is an increase in engagement and the scope of activities between the partners; this also increases the strategic value of the partnership to the organisations. Not all partnerships progress through these stages, some remain philanthropic, for examples, and so they may also be understood as partnership types.

This framework has the benefits of bringing attention to the intensity of engagement of the partners and their focus on co-creation – factors that we are interested in when looking at different forms of partnership endings. It also usefully captures the paradox of partnership: they become more complex and difficult to manage with greater integration, yet with greater integration comes greater value creation. The stage types are described below:

- **Philanthropic partnership**: Corporations make charitable contributions either in cash or in kind to non-profit organisations establishing a donor-doer relationship (Austin & Seitanidi, 2012a). The corporations benefit from reputational enhancement and employee motivation through volunteering opportunities (Deng et al., 2019; Jones et al., 2014). The non-profit is supported to continue its activities through this unilateral transfer of resources. This is the most common starting arrangement for business-non-profit partnerships.

- **Transactional partnership**: There is reciprocal exchange of resources between the organisations, structured around specific projects with clear objectives. The corporation benefits from revenue enhancement through competitive advantage (Liu & Ko, 2011). The corporate employees offer their expertise rather than time and manual labour, enabling them to develop their own skills (Samuel et al., 2013; Vian et al., 2007). The partners benefits from the wider reach of each other’s networks while reducing their cost for engagements (Idemudia, 2017). The non-profit benefits through internal capacity building, and credibility to attract other partners for its cause (Idemudia, 2017).

- **Integrative partnership**: At this stage, the partnership is integral to the strategic success of the partners, requiring congruence of missions and institutional values, and strategic alignment between the organisations. There is an opportunity for radical innovation given the open-ended search for co-creation of societal value (Holmes & Moir, 2007; also see Cisco example in Porter & Kramer, 2002). Other examples include the member of one organisation joining on the board of the other, reflecting the congruence of their missions (Austin & Seitanidi, 2012a).
• **Transformational partnership:** In this final stage (Austin & Seitanidi, 2012a), the objective is to deliver disruptive social innovations for large-scale transformational benefit to society at large (Christensen et al., 2006; Martin & Osberg, 2007). It has been proposed that external system change can occur through increased interdependence and the emergence of a new hybrid organisation (Austin & Seitanidi, 2012a); in this paper we identify social enterprise spinouts as one such type of new hybrid organisation.

Austin and Seitanidi argue that transformational partnerships might require expanding into “multiparty, multisector collaborations” to address the social or environmental problem more effectively and co-creating new hybrid organisations (Austin & Seitanidi, 2012a, p 744). This would also “change each organization and its people in profound, structural, and irreversible ways” (Austin & Seitanidi, 2012a, p 744). Such transformational partnerships would create collaborative networks for external system change (Svendsen & Laberge, 2006; Waddell, 2011). While not all transformational partnerships may generate a new hybrid organisation or social enterprise, we approach the creation of a spinout as indicative of a transformational partnership.

Transformational partnerships have been under-examined in the partnership literature – they are described as a ‘theoretical than an empirically based conceptualization’ (Austin and Seitanidi, 2013: 736). The example of transformational partnerships provided is of Pfizer and Edna McConnell Clark Foundation co-founding the International Trachoma Institute in 1998 (Barrett et al., 2000); Pfizer has committed to donate antibiotics to this Initiative until 2025 for the elimination of trachoma around the world. Initiatives like the International Trachoma Institute serve market-creating functions, where societal and environmental issues have persisted due to market failure and policy failure (Bryson et al., 2006; Googins & Rochlin, 2000; Schuster & Holtbrügge, 2014).

Transformative partnerships may also result in the creation of social enterprise spinouts, as are the focus of this paper. Social enterprises are self-funded organisations that operate to achieve a social purpose through system change (Nicholls, 2008); this system change is brought about through new offerings, new methods of production, targeting new markets or through new forms of organisation (Defourny & Nyssens, 2010). Social enterprises have been studied as an ‘ideal type of hybrid organisations’ because they bring together dual organisational logics, tying together their commercial performance and ability to create a positive impact (Battilana, J., & Lee, M., 2014: 399; Doherty et al., 2014). Spinout is the process by which a new corporatized entity is formed from a parent organisation through the transfer and commercialisation of innovations (Carayannis et al., 1998; Smilor et al., 1990).

The potential for impactful partnerships has led much of the literature to encourage their perpetuation through ever-deepening integration and commitment from both partners, arguing the benefits of innovation and value co-creation in doing so. However, other scholars have noted that, though inspiring, business-non-profit partnerships remain unstable and strategically precarious (Idemudia, 2017; Stafford et al., 2000; Das 2012). Partnerships can be challenging due to failures of internal and external consistency, and may suffer from “collaboration failure, collaboration cost, and damage of image” (Al-Tabbaa, et al. 2014: 672). Even successful partnerships may be taxing for both partners. With expectations of greater integration come challenges of governance structures and policies (Babiak & Thibault, 2009), as well as the potential for greater cultural conflict and issues with organisational compatibility. Factors that end partnerships are studied as barriers and challenges in partnership management (Babiak & Thibault, 2009; Hodge & Greve, 2005).

A wide variety of challenges and barriers exist that either discourage partnerships from emerging or cause them to fail or fade away. The most prominent factor is the traditional adversarial position
(of advocacy and activism) between corporations and non-profits (Baur & Schmitz, 2012; Stafford & Hartman, 1998). Hostility, mistrust, and postures of conflict (Ostrom, 1990; Heuer, 2011) reflect their different organisational norms, cultures (Babiak & Thibault, 2009; Le Ber & Branzei, 2010) and policies (Babiak & Thibault, 2009). Managers are expected to overcome these barriers in constructing a collective identity and sustain them for the duration of the partnership (Ybema et al., 2012).

Another major factor is the constrain of resources. Corporations and non-profits risk wasting time and money (Cowen, 2004) while being diverted from critical stakeholders (Kuijpers & Meershoek, 2013). There are also reputational risks to both organisations. There is also an asymmetry of power between them (Berger et al., 2004). In the longer term, it is challenging to sustain partnerships that are not aligned to the strategic development of the partners, despite secondary benefits of donations and volunteering opportunities (Samuel et al., 2013). However, beyond identifying these factors as ‘barriers’ or ‘challenges’ to overcome, the ending process itself has received limited attention in partnership research. There remains little appreciation of the ways in which partnership ending emerges as a response to these factors, and, in particular, how partnership ending practices, such as the creation of a spinout, is used to mediate the tensions between the costs of integration and the promises of transformation.

**Relationship ending theory**

The dissolution of partnerships has been the focus of relationship ending theory (Halinen & Tähtinen, 2002; Tahtinen, 2002), albeit conceptualised for business-business partnerships. The foci have been on ending business relationships (Tähtinen, 2002), communicating exit to partners (Möller, Tähtinen, & Alajoutsijärvi, 2000; Pressey & Mathews, 2003), and re-entering relationships (Hurmelinna, 2018). Most importantly, this work structures the ending of a relationship as a process rather than an event. The process of relationship ending involves disconnecting the activity links, actor bonds and the resource ties between former partners. The theory outlines the typology, influencing factors and the stages of relationship ending. It explains why and how a business relationship ending process unfolds.

First, from a dissolution process perspective, relationships can be categorised into continuous, terminal or episodic, each with corresponding types of ending (Halinen & Tähtinen, 2002). Continuous relationships end when a partner decides to leave the relationship (chosen ending), or an external event forces an end (forced ending), or the relationship fizzles away due to obsolescence (natural ending). Terminal relationships are among reluctant partners forced into a relationship and terminates as the desired ending of the partners. An episodic relationship has a predetermined endpoint when its objective has been achieved or the set time period has elapsed ((Halinen & Tähtinen, 2002: 168).

Secondly, three types of factors can influence the ending process. Predisposing factors such as organisational culture are inherent to certain situations and incline the relationship to end. Attenuating factors – such as existing bonds and high switching costs – dissuade partners from ending their relationship. Finally, there can be precipitating events which change the context of the relationship and necessitate an end to it.

Finally, the relationship ending literature encourages us to consider how the dissolution of a relationship flows through various stages, including consideration, communication, restoration, enabling, disengagement, sensemaking and aftermath (Halinen & Tähtinen, 2002; Tahtinen, 2002). These stages help analyse the ending process for business-business relationships (Tahtinen, 2002); their applicability has also been demonstrated for business-non-profit relationships (Ryan &
Tähtinen, 2012). More broadly, relationship ending research also explores how to minimise damage to organisations when exiting relationships (Möller et al., 2000) and how to re-enter relationships (Hurmelinna, 2018).

**Linking partnerships and relationship ending**

This paper seeks to bring together the above literatures, leveraging work on relationship ending to shed light on the dissolution of business-non-profit partnerships. To this end, we propose the following model, which brings together Austin and Seitanidi’s (2012a) partnership types and different forms of relationship dissolution. In doing so, it identifies transformational partnerships, whereby the partnership is reconfigured around the creation of a new hybrid organisation, as also a form of relationship ending.

![Figure 1: Ending business-non-profit partnerships](image)

As discussed above, Austin and Seitanidi (2012a) argue that partnerships can be philanthropic, transactional, integrative or transformational; as a partnership moves from one to the next, it graduates from a less ambitious project into, potentially, an intervention for system change (these stages from partnership literature are shown shaded in grey in Figure 1). In this figure, we link partnership ending outcomes – ‘exit’ and ‘spinout’ – with the partnership type (philanthropic, transactional, integrative or transformational). In our notion of ‘exit’ we acknowledge and include relationship-ending literature’s typology of continuous, terminal, and episodic relationships; we find that most business-non-profit relationships are designed around a set goal or time-period, and are thus episodic.

Crucially, we re-frame the transition of a partnership into a transformational phase, which results on a spinout, as a relationship ending process. ‘Spinout’ provides an interesting case, as the parties work both to dissolve the existing relationship and to build a new organisation through which work continues. This involves the creation of new resource ties to reflect the independence of the emerging social enterprise and the linkages are built to support the independent activities of the institutions. As the creation of a ‘spinout’ can usefully be studied as extended, careful processes of dissolution that seek to sustain and support, rather than destroy, the joint work of the precipitating partnership.

Relationship-ending theory, in addition to informing the dissolution typology and process view, also draws attention to the push and pull between predisposing and attenuating factors for
relationship dissolution. As described above, the partnership literature has looked at the costs and benefits of partnerships, and these factors, ranging from cultural clashes and reputational risks to resource mobilisation and value creation, may usefully be analysed in this light. This is particularly important for transformational relationships, whereby the high level of integration and joint value raise the stakes for both sustaining and exiting the relationship; ‘spinout,’ we argue, provides a way to reconcile these opposing forces.

Finally, this paper marks an expansion of the relationship-ending literature beyond business-to-business partnerships. Both business-to-business and business-non-profit partnerships share characteristics including the benefits of complementary skills, the need for mutual value creation, and the potential for culture clash. However, business-non-profit partnerships have unique characteristics, such as the role of a social or environmental purpose, and other differences, such as in organisational culture, reputational risks, and power imbalances, may be more pronounced (see Al-Tabbaa et al., 2014). In particular, the role of partnership purpose complexity to partnership dissolution, as the work may involve a range of vulnerable stakeholders who would be adversely affected. Due to these differences, not all insights from intra-sector partnership termination may be transferable for cross-sector partnerships.

Research approach and structure

In order to probe and explore this model, we analysed the data from the interviews and focus group discussions by partnership type, enabling us to identify the various types of relationship endings as outlined in relationship ending theory. In this exploration of partnership ending, we engaged in an abductive process that unfolded through two phases of research. Abduction iteratively engages with the exploration of data and theory, pragmatically connecting observations and framework-construction (see Shepherd & Suddaby, 2017, 80; Van Maanen et al., 2007). This approach is well-suited for early work in under-explored areas, as it involves “connecting what you see in the empirical world with theoretical ideas, which are also out there and can be further developed” (Gehman et al., 2018).

In the first phase, we gathered and analysed data from partnership managers though a series of interviews and focus group discussions; notably, these combined perspectives from both businesses and non-profits. This, in addition to a review of extant theoretical and empirical work on partnership-dissolution, enabled us to develop the framework discussed in the next section. When the analysis highlighted that transformational partnerships that take the form of spinouts represent a decoupling of the organisations, it motivated a second phase of research exclusively on spinout as a partnership ending. In this second phase, described in detail below, we developed two short illustrative cases, which provide greater richness (see Eisenhardt & Graebner, 2007).

Interviews and focus groups

To first understand why and how managers chose to end their partnerships, we conducted interviews and focus group discussions with 17 partnership managers about their diverse projects in working for corporations and non-profits; these conversations included but were not limited to partnership dissolution. Respondents represented eight large multinational corporations and five large, international non-profit organisations; some organisations provided more than one participant. Due to the sensitivities around partnerships, all organisation and participant names were anonymised. The participating organisations are described in the below table, Table 1.

These key informants (see Kumar et al., 1993) were selected to capture experience with well-supported, large-scale partnering; this reflects the authors’ interest in long-term solutions to wicked problems. In their partnership-management roles, the respondents were responsible for the
relationships with their counterparts in partner-organisations and for delivering results to their
own organisations from those partnerships. They facilitated the project-coordination, managed the
operations, and proposed course-correction to the partners when necessary.

Respondents participated in individual in-depth semi-structured interviews for approximately an
hour. The questions focused on with organisational resources and how ties were established and
maintained. Topics covered thus included: investment allocation for tasks within that partnership,
data sharing between organisations, acting as first point-of-contact for the other organisation,
shielding the partner from the complexity of their own parent organisation, connecting appropriate
persons in one organisation to the counterpart in the other, and escalating concerns within their
parent-organisation management team when necessary. Insights from the interviews were used to
develop questions for the focus group discussions.

For the focus group discussions, respondents were separated out into four groups, reflecting both
logistical needs and to limit group size. The focus groups were convened by sector – two for
corporations and two for non-profits. These discussions were guided by the interviewer, but were
more free-flowing and less structured than the interviews. Using both interviews and focus group
discussions allowed us to benefit from the strengths of each methodology: the specific perspective
and individual reflections captured in the interviews, and the group dynamics and creation of
shared knowledge and meaning, as recognised in feminist scholarship (see Wilkinson, 1998),
offered by focus groups. The interviews also provided an opportunity to begin the conversation
with the respondent and build trust, resulting, we believe, in more candid focus group discussions.

Table 1: Interview and focus group participants

<table>
<thead>
<tr>
<th>Sector</th>
<th>Institution</th>
<th>Respondent description</th>
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<tbody>
<tr>
<td><strong>Multinational Corporation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food &amp; Beverage A</td>
<td>Partnership manager at a UK-based beverage company, over £12bn in yearly revenue.</td>
<td></td>
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<tr>
<td>Food &amp; Beverage B</td>
<td>Partnership manager at a US-based, privately-held multinational; over 35bn USD in yearly revenue.</td>
<td></td>
</tr>
<tr>
<td>Textiles</td>
<td>Partnership manager at a US-based, publicly-traded multinational; over 1bn USD in yearly revenue.</td>
<td></td>
</tr>
<tr>
<td>Pharmaceutical</td>
<td>Partnership manager at a Danish publicly-traded multinational; markets products in 180 countries.</td>
<td></td>
</tr>
<tr>
<td>Food &amp; Beverage C</td>
<td>Partnership manager at a US-based, publicly-traded multinational; over 65bn USD in yearly revenue.</td>
<td></td>
</tr>
<tr>
<td>Food &amp; Beverage D</td>
<td>Partnership manager at a French privately-held multinational; over 20bn EUR in yearly revenue.</td>
<td></td>
</tr>
<tr>
<td>Food &amp; Beverage E</td>
<td>Partnership manager at the social enterprise arm of Food &amp; Beverage D, which funds local partners in the firm’s supply chain; over 180m EUR in funding.</td>
<td></td>
</tr>
<tr>
<td><strong>Non-profit Organisation</strong></td>
<td>Non-profit A</td>
<td>Partnership manager at a major international humanitarian and development organisation; working in over 90 countries.</td>
</tr>
</tbody>
</table>
Non-profit B Partnership manager at a confederation of charity organisations; working in over 90 countries.

Non-profit C Partnership manager at a global health NGO; recognised for private sector partnerships.

Non-profit D Partnership manager at a faith-based NGO, working in 21 countries.

Non-profit E Partnership manager at a faith-based NGO, working in over 90 countries.

The transcripts' from the interviews and focus group discussion were analysed by researchers using a combination of both open and closed coding, following Gioia et al.’s (2013) widely used protocols. We coded for: organisation’s role in partnership, articulation of goals, concepts of success, and specific descriptions of partnership dissolution. It is significant to note that the goals and success for the partnership needed to be understood separately alongside the goals and success for the individual partners from that partnership. The benefits to partner organisations were also identified – these were in accordance with partnership literature (listed in Austin & Seitanidi, 2012b, 2012a). The findings from the coding were then integrated into a coherent understanding among all the researchers. From the broader themes, we then developed an additional set of codes and themes, through which the two partnership endings were identified.

**Illustrative cases**

In order to deepen our understanding of spinout as partnership ending, we developed two short illustrative cases. Exploring two examples of spinouts in the second phase, rather than cases of both spinouts and exit, firstly enabled us to focus on models for sustained impact – a core motivation of this research. This connects to the promise of new hybrid organisations resulting from the partnership as vehicles for systems change (Austin & Seitanidi, 2012: 731, 744). Focusing on these cases also enabled us to examine suggestion from the first phase of research that spinouts provided an avenue for reducing and normalising inter-organisational ties.

The choice to include cases both reflects the descriptive and exploratory advantages of using cases, as well as follows Eisenhardt’s (1989) argument that case are “useful in early stages of research on a topic or when a fresh perspective is needed.” Rather than seeking to provide ‘representative’ results, these cases follow what Small celebrates in his discussion of the rise of pressures on qualitative researchers to emulate quantitative practices, as the ability of cases to “justifiably state that a particular process, phenomenon, mechanism, tendency, type, relationship, dynamic, or practice exists” and thus relating to “the possibility of truly emergent knowledge” (2009, 24). As such these cases are designed to identify an under-explored phenomenon and link it back to our knowledge of partnerships and their dissolution.

The cases were drawn from the ‘Mutuality in Business – Case Studies’ (SBS, 2019), a database on responsible business practices. This case database was developed by the authors and other members of the Saïd Business School’s (University of Oxford) Mutuality in Business research group over three years for the use of business students and interested practitioners. These cases can be understood as tier 2 literature, including working papers, think tank reports and unpublished theses (Kepes et al., 2012: 627). These cases were developed through a combination of interviews

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1 Individual interviews of about 17 hours provided transcripts of 328 pages; 7.5 hours audio from 4 focus groups provided an additional 109 pages of transcripts for analysis.
with key stakeholders and secondary source material; they were reviewed by participating organisations for accuracy. While these short cases have the shortcoming of not being peer reviewed, and the approval by the participating partner organisations may introduce some positive bias, they provide a detailed view of core practices.

As illustrations, these cases were knowingly selected on the dependent variable – spinout – and are used to help explore nuance and variation, rather than to provide theoretical leverage. The cases are analysed with attention to the conditions and process by which the spinouts were established and the implications for resources within both partner organisations. As an example of variation, one of the social enterprises was housed within the corporation before spinout while the social enterprise in the other case was primarily housed within the non-profit organisation before spinout. In both cases, we begin with a description of the partners and their partnership, followed by the factors influencing the consideration or spinout, and finally the outlook for aftermath stage.

Ending business-non-profit partnerships

*Philanthropic, transactional partnerships and exit*

In examining philanthropic and transactional partnerships, we find that partnership managers are focused on the achievement of a defined goal. Within these episodic relationships, which are tied to a key timeframe or purpose, respondents describe a range of outcomes including chosen ending, forced ending, for example due to political conflict, and predetermined ending. Managers are also keenly aware of the unintended consequences of engaging in a partnership that is finite. Exit from the partnership is considered from the start, and shapes choices about whether or not to engage due to the presence of stakeholders – a factor that is less relevant in business-to-business relations. Following partnership exit, the parties may retain a relationship, but they are no longer in a partnership and their joint work has ceased.

Regarding philanthropic partnerships, corporation managers in such partnerships expressed their preferences for a predetermined ending to the relationship, given the donor-doer arrangement between them. As one corporate manager describes:

> I think you should plan for exit and in different contexts we plan for exit. We plan to roll something out on sexual harassment in bars in South East Asia, that will be a two-year programme, at which point we won't sever our relationship [with non-profit] but it will drop to a different type of relationship, and I think that's entirely appropriate.

While the respondent suggests that the end of funding does not mark the conclusion of the relationship, the manager makes clear that exit and the end of the funding relationship is normal.

The manager views the non-profit as the implementing partner, with the core objective of resolving the issue that they were funded to address within a set time period. The respondent continued: “[Partnerships with] NGOs, by their very definition, should have an end date in their terms of reference because if they are there to campaign about something, once that issue is resolved they should disappear.” The manager suggests progress against these goals thus precipitates ending, whereas a lack of progress could be attenuating. However, this may be more complicated in practice, particularly when working on open-ended, ‘wicked’ problems such as sexual harassment. Having an end date, as the respondent suggests, provides a means of clarifying the relationship and managing its limits.

Another manager, also working in the philanthropic model, described the risks involved in establishing a partnership due to the inevitability of exit in the philanthropic model:
[with] disaster relief as well, we help in certain ways in times of disaster, … we try to avoid a circumstance where there is a critical need being provided to a community just by us and then ending the source of funding for that.

The respondent highlights how caution is needed when creating partnerships that do not, as in the philanthropic model, have the potential for long-term sustainability – there will always come an end date.

Another respondent underscores the importance of managing the relationship ending: “in general we try to avoid just ending something like cold turkey.” In these cases, managers describe giving advanced warning to non-profit partners, allowing for them to manage their withdrawal from a community or project, or even funding bridging measures. For example:

So we try to give grants up until the point at which the community has a sustainable water source. It doesn't always work out that way but we try to figure out if there's others ways, you know, like we don't just give water to a community and then take it away.

The respondent demonstrates how consideration of how these partnerships will end shape the very activities that the organisation will engage in; the over-riding concern is with establishing relationships and dependencies that are inappropriate for time-bound, limited partnerships.

In looking at transactional partnerships, whereby the corporate partner is more involved, we found a similar expectation of partnership exit, with respondents expressing consideration for the impact of the partnership dissolution on both the partner non-profit and those benefitting from the partnership’s activities. As corporate manager in a transactional partnership recounts:

Because again there's so many needs and you're not going to meet all those needs, so I think you've just got to be open and make sure the people that you're working with are open with the leaders of those communities, or else you really can get yourself in a mess. So, it's a far greater challenge the more locally you work.

The respondent emphasises that the closer and more local the relationship is, the more care is needed in managing exit from the community. The purpose of the relationship and the stakeholders mean that partnership exit needs to be handled carefully. Business-non-profit partnerships have additional set of relationships to consider, lending complexity to the relationship-ending process.

_Predisposing factors in philanthropic and transactional partnerships_

As has been discussed in work on the challenges of business-non-profit partnerships, the respondents discussed numerous challenges, including culture-mismatch, power-asymmetry and a failure of functionality. The challenges in managing these partnerships can be understood as predisposing factors for relationship ending, particularly if relations are particularly taxing or conflictual. These were echoed in our interviews and focus groups amongst those involved in transactional and philanthropic partnerships.

A non-profit manager summarised the challenge of bridging the cultural divide between the business and non-profit organisation:

[We often find there's a lot of prejudices and assumptions on both sides of the table. For them (Corporations) it is often their first time working with an NGO, for us it's often, you know, our colleagues' first time working with a company, … often our people think they have tons of money and are secretly evil, they (Corporation’s employees) think we're sort of hippy-dippy and not serious.

Other respondents similarly raised a failure of cultural and goal alignment as a key barrier. Reflecting the pressure for partnerships to succeed and the promise of such collaborations, admitting that there is a lack of alignment can be particularly difficult. As another non-profit
manager explained: “I think sometimes there is a bit of a fear of, you know, are we a bad partner because we say ‘It’s not working,’ and actually you’re not, you’re actually a better partner because you can go on and work with somebody else and so can they.” This also highlights the opportunity and other costs of taking part in a dysfunctional partnership, and they ways in which even the partnership can come to a chosen or even desired ending.

In both philanthropic and transactional partnerships, power-asymmetry also emerged as a key predisposing factor to end business-non-profit partnerships, due to the poor dyadic relationship. This asymmetry is inherent to the financial nature of their relationships. This influencing factor was voiced by non-profit managers rather than corporate managers. As one non-profit manager in a transactional partnership described:

… the tone and the style of the discussion again was adult/child discussion and there were veiled threats always that ‘If you don’t do this, your competitors are quite willing to do it.’ So, you know, you choose, are you going to do this or are you going to walk away from the business. … it is still an adult/child relationship and they never leave you under any misunderstanding as to who’s the boss and who holds the weight of power.

In this situation, the threat of losing the work kept the non-profit in the partnership, yet the poor dyad relationship makes such partnerships vulnerable.

In addition to issues with alignment and power asymmetries, respondents spoke at length about issues with performance; poor performance also is a predisposing factor. Performance appeared to be particularly important in transactional partnerships. A corporate manager in a transactional partnership described the disappointing performance of a partner as follows:

I think where it’s not successful is there’s misalignment almost completely down the path, you know, ‘Well, gee! We thought [non-profit] could do this and now we’re finding out they can’t’ and ‘Gee, we didn’t define our scope of work very well.’ That’s a recipe for everybody being dissatisfied.

Other challenges pertained to changes in personnel and strategic priorities, as well as dealing with the uncertainties of working in unstable areas (manifesting as precipitating events to end partnerships). Overall, the interviews underscored the ways in which navigating these challenges proved time-consuming and even demoralising for partners: “Sometimes it’s a relief. Trying to sort of extricate yourself from something that you know is not working. (Non-profit manager).” This respondent underscores the despite the many benefits of partnering, these relationships also carry costs for both organisations, particularly when they are not working out as planned.

**Transformational partnerships and spinout**

In interviews and the focus group discussion, respondents discussed the creation of a social enterprise spinout as a way to seek more profound and transformational systemic change whilst also stepping back from the partnership. As spinouts are a less common mode of partnership ending, our respondents had less experience with this type and primarily focused on how spinouts could address the funding challenges of business-non-profit partnerships. As discussed above, while partnership types exist on a continuum, we consider spinout to be key feature of transformational partnerships, in that they involve the co-creation of a new organisation that is designed to promote lasting change and bring together an expanded network of actors, including other corporations, governments, and community-based organisations.

Spinning out social enterprises is viewed positively within partner-organisations for driving external system change. In particular, the ways in which a spinout would address issues with short-term funding was important. As one non-profit manager explained:
We've recently challenged ourselves in thinking about how maybe not, you know, not exiting from the partnership but how do we make that initiative, whatever it is, more sustainable. … the corporates that we're working with in some cases are looking to us now to be more, to sort of us business models within our programmes to have a bit more of a returnable capital idea. And this… has led to some of our social enterprise work, so turning a project into a business.

The non-profit manager identifies social enterprise spinouts – ‘turning the project into a business’ – as a means of making the project more sustainable over the long term. Of note, the manager sees the creation of a new social enterprise as distinct from exit, even if the founding partnership is dissolved.

Another non-profit manager emphasised the importance of managing the programme from the start in a manner that makes spinout possible. The respondent emphasised measurement practices and the importance of bringing together other interested actors:

[Y]ou start with measuring things that are going to allow you to exit because they're going to give you the evidence at the end of it to convince others to support it [whether] that's government adoption or, you know, turning into a business and getting investor support. So, I think that sort of measurement piece is key in the exit strategy.

This respondent underscores the importance of shaping the programme so that it speaks to audiences beyond the initial partnership, enabling other stakeholders to invest or become involved. Creating a self-sustained social business is viewed as something that ‘allows’ a party to exit.

The promise of creating a more self-sustaining model for corporate social impact was discussed by corporate managers as a means to continue to engage on issues where partnership exit would be damaging. As one corporate manager explained:

…on the philanthropic side not a lot of great long-term thinking (takes place), because people are often scrambling for grants, and in terms of impact for a community or impact for an ecosystem, for us that's not ideal. So for us, we're very much on that social enterprise (approach).

Here the respondent suggests that bringing in another organisation to help take over and build the initiative for the longer-term. This would enable to business to reduce its involvement in the programme, whilst sustaining its impact. In this case, the focus on impact is a key attenuating factor for partnership exit and a motivation for choosing a ‘spinout’ approach.

Respondents from both businesses and non-profits discussed sustainability in terms of business and funding models. Implicit in this discussion of changing funding models is the idea that were the projects to become income-generating, the ‘scrambling for grants’ and other activities involved in maintaining, building expertise in partnering, and continually seeking out partnerships would be significantly reduced if not eliminated: the projects would be independent of both parent organisations.

**Transformational partnerships: Two examples of spinning out social enterprises**

In order to better understand the phenomenon of partnership spinouts, we present two illustrative cases, summarised in Table 2. These cases discuss the genesis and purpose of using a spinout model to end partnerships. These partnerships may be considered transformational primarily because of their focus on the co-creation of a new hybrid organisation (the spinout), and their focus on the establishment of multi-stakeholder networks. As is discussed in the next section, these cases focus on external systems change through the creation of new entities that bring together new networks and resources.
### Table 2: Illustrations of social enterprise spinouts

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### Spinout example 1: Interface, Zoological Society of London and Net-Works

In 2012, Interface partnered with the Zoological Society of London (ZSL) to establish Net-Works, a programme that collects discarded fishing nets from impoverished fishing communities and recycles them into nylon yarn. This has involved a complex process of creating new supply chains that connect fishing communities with Interface’s nylon yarn manufacturer, Aquafil. As a final step, Interface then uses the nylon yarn to manufacture its carpets. Net-Works is in the process of being spun out as a social enterprise.

#### Partners

Interface is a manufacturer of modular carpets, with annual revenues of about a billion dollars. Interface targets the business-to-business market for commercial, institutional and residential carpeting. It reuses carpet nylon in a Circular Economy arrangement with its customers. An estimated 68% of the total environmental impact of yarn is created at the raw materials stage. Using recycled nylon reduces dependency on virgin materials and cuts energy consumption.

Zoological Society of London (ZSL) is an international charity for the conservation of animals, tackling challenges such as habitat-loss, illegal trade, pollution and other human effects. In this partnership ZSL brings expertise in fishing communities and ecological restoration, whereas Interface has brought expertise in supply chains and marketing, financial support, as well as critically providing a buyer for the recycled nylon yarn. ZSL was also interested in a new model that would avoid donor dependency, and allow for the project to be sustainable in the long-term.

#### Environmental concern

Lost and discarded fishing gear make up 10% of the world’s marine waste. About 640,000 tonnes of fishing gear are dumped annually in the oceans. Fishermen and fisherwomen in developing countries often discard torn nets on beaches or at sea. Such fishing nets can last for centuries, causing ‘ghost fishing,’ whereby they continue to trap and kill marine animals.

#### Partnership before spinout

In 2012, Interface joined forces with ZSL to address discarded fishing nets in some of the world's poorest coastal regions. The partnership was formed with the idea of creating a social enterprise.

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2https://www.sbs.ox.ac.uk/sites/default/files/2018-06/interface_inc._mutuality_case_study_16.10.17.pdf
to collect and transport nets for repurposing; however, as the corporate partnership manager explains, this has required new learning for both partners:

In many ways, setting up Net-Works has felt like developing a start-up. Building an inclusive business model has been something new for both Interface and ZSL. Together we’ve had to explore and innovate on everything from the laws on waste management, to quality control of the nets, to logistics, to different models of community engagement.

Developing these new competencies has stretched both organisations.

Working with local communities in the Philippines and Cameroon, their Net-Works programme buys discarded fishing nets that litter beaches, pollute the ocean and threaten marine life. In the Philippines, these nets are bought for around 14 pesos a kilogram, providing supplemental income to the fishing communities. Net-Works cleans, bundles, compresses, and ships these nets to a company called Aquafil. Aquafil is the regular supplier of nylon to Interface. Aquafil turns these nets into 100% recycled nylon yarn which is sold to Interface at market rate. This programme required Interface to work closely with ZSL, Aquafil and fishing communities to establish a product supply chain with technological and business innovations along the way.

**Multi-stakeholder success**

Net-Works has been designed to first serve the needs of Interface, and, eventually, to involve more corporate partners, expanding the network of stakeholders and increasing the venture’s financial sustainability. As the corporate manager describes: “we wanted to help kind of test Net-Works out and build it but the aim was always to bring in, and the aim is to seek to bring in other companies… So, Net-Works was designed to open up and bring in other commercial partners and other conservation partners in the future.” In this model, the partners are growing and incubating the spinout before opening it to more actors. The project currently has a range of funding partners and is seeking impact investment funds.

In addition, Net-Works is active in 36 coastal communities in The Philippines and Cameroon, collecting over 142 metric tons of discarded fishing nets. By participating in the programme, ZSL now has a platform to engage directly with communities to advocate sustainable fishing practices. In 2015, Interface was able to directly connect Net-Works to over USD 23.5 million of their sales; this is based on an investment of less than USD 1 million.

**Influencing factors: Why spinout rather than stay in-house**

Interface would like Net-Works to collect other forms of waste plastic and seek other clients to whom it may sell those types of plastic for which Interface has no use. The limited grades of nylon that Interface has use for is a key predisposing factor to end the partnership in its current configuration; Net-Works must become independent to seek out other clients for the ocean plastic it finds. This revises the linkage between Interface and Net-Works. Net-Works’ focus on selling marine plastic takes it outside the area of expertise or focus of both Interface and ZSL – this too is an important factor arguing in favour of independence. Interface and ZSL are not in the business of selling ocean-plastic to manufacturing companies, but that is where Net-Works would need to operate to tackle the problem further.

**Ambitions for aftermath stage**

By 2020, Net-Works aims to have preserved 100,000 hectares of oceans and coastlines through establishing marine protected areas. By nurturing the local natural environment, the communities benefit from a cleaner and healthier marine environment. Both parent organisations are supporting
Net-Works to seek out other clients and funding partners – this will weaken, if not disconnect, the financial resource ties between Networks and its parent organisations.

Spinout example 2: Timberland, Smallholder Farmers Alliance and Haiti Rekót

The global outdoor brand Timberland is partnering with the non-profit Smallholder Farmers Alliance (SFA) in Haiti to re-imagine the cotton supply chain to benefit both smallholder farmers and local forests. This has resulted in Haiti Rekót, an enterprise that will sell certified cotton to Timberland.

Partners

Timberland is a global leader in outdoor lifestyle products. It has approximately 7,000 employees worldwide and generated $1.8 billion in revenues in 2017. SFA is a Haitian non-profit organisation founded in 2010 with the objective of planting trees. It applies business solutions to help feed and reforest Haiti by establishing market-based farmer cooperatives, building agricultural export markets, creating rural farm businesses and contributing to community development.

Societal and environmental concerns

Haiti is one of the most deforested countries in the world, and the severe lack of tree cover reduces agricultural productivity, raises average temperatures and makes rural areas more susceptible to flooding. Further, low agricultural productivity means that farmers turn to cutting trees and making charcoal to supplement their low incomes. This locks rural Haiti into a cycle of deforestation, low productivity and poverty.

Partnership before spinout

The partnership began as a traditional corporate social responsibility project with the corporation sponsoring SFA’s reforestation work. Rather than pay farmers in cash for planting trees, SFA offered good quality seed, basic hand tools and agricultural training. In 2015, Timberland started transitioning away from philanthropy and towards becoming a customer of organic cotton from Haiti. Although cotton has been absent from Haiti for over 30 years, a 2016 feasibility study revealed that these were due to policies rather than agricultural or climatic reasons. The first commercial planting by up to 500 farmers was set for the summer of 2018.

Multi-stakeholder success

The partnership has planted close to 7 million trees as of 2018. SFA is now established in five locations of Haiti and operates 30 tree nurseries. The farmers plant trees as living fences to stabilise deforested slopes that contributed to flooding. They have reforested large tracts of community land that will eventually be connected to form the first green belt of its kind in Haiti. The in-kind payment form SFA has resulted in a minimum yield increase of 40% for farmers, all raised using organic principles, and an average increase in household income that ranges from 50% to 100%. 46% of farmer members are women. An estimated 13,520 farmers and their family members are positively affected by the SFA’s work, including 3,000 estimated additional children in school.

Influencing factors: Why spinout rather than stay in-house

By 2017, a key factor was that the operation expanded beyond the capacity of SFA to manage in-house as a non-profit organisation. The partners decided to spin out Haiti Rekót (which translates as Haiti Harvest) in which SFA and farmer cooperatives will be minority shareholders. At the end of a five-year transition period, Haiti Rekót is expected to disconnect all funding dependence on its parent organisations and become self-sustaining. It is also encouraged to become resilient by reducing its dependence on a single client.
**Ambitions for aftermath stage**
In its new role as a potential customer for the SFA, Timberland has made a commitment to purchase - through its fabric suppliers - up to one third of its annual global cotton procurement from Haiti on the condition that it is certified organic and subject to price, quality and volume specifications. At the end of a five years transition period, Haiti Rekòt will take over the entire operation and will implement all agricultural and community services entirely from its own profits. The business model for Haiti Rekòt is based on real-world prices for cotton and other crops, with no subsidies. Haiti Rekòt is encouraged to seek out further customers for its cotton. Timberland has helped secure interest from Patagonia and Vans, which are all owned by the same parent VF Corporation, as future clients for Haiti Rekòt cotton (Locke et al., 2020).

**Discussion**
The novelty of this research was in exploring the dissolution of business-non-profit partnerships as a relationship ending process. In doing so, we contribute to expanding the scope of relationship-ending research outside of business-to-business relationships. This also brings new attention to relationship dissolution in business-non-profit partnership management, where the emphasis has been on deepening integration and survival, and a focus on relationship-ending has largely been absent. In this section we discuss the core insights from the above interviews and cases.

**The uniqueness of partnership ending**
Business-non-profit partnerships merit this examination. Based on the interviews, we find that business-non-profit partnerships have unique characteristics which shape the way they end: funding, organisational practices, and stakeholders. Each of these characteristics add new wrinkles to how relationship-ending unfolds within business-non-profit partnerships, why partnerships end via ‘exit,’ and factors that encourage their prolongation or reconfiguration through ‘spinout.’

Funding emerged as a key factor for determining the length of partnerships, regardless of performance. In this case, the end of the partnership is not related to tasks, actor relationships or networks, rather it is part of the partnership business model. Furthermore, interviewees frequently described short-term funding cycles as an impediment to creating greater impact and the deepening of relationships with the partner – the shift from an episodic to more continuous relationship. In this light, respondents viewed social enterprise spinouts, whereby the entities are self-financing, as a means of continuing work and also escaping the vicissitudes of securing philanthropic or other funding.

Secondly, in crossing sectors, the differences between these partners are likely more pronounced than in business-business partnerships. As discussed in the interviews and focus groups, the partners have different organisational cultures, timeframes, skills, and even purposes. Even language may differ; as one corporate manager noted: “So actually the processes in a larger NGO are not so dissimilar from those of a company, however the language they’re speaking and the focuses are completely different.” This makes these partnerships potential fruitful – as they can be highly complementary – but, as reflected in our research, it makes sustaining such partnerships more resources intensive and even conflictual, predisposing factors for dissolution. While the partnership may be necessary and tolerable for a given project duration, cultural mismatch and power asymmetry can be problematic for deeper integration and long-term cooperation. Of note, even excellent relationships may be taxed by these differences.

Finally, business-non-profit partnerships are often convened to tackle severe societal and environmental issues that have plagued external stakeholders – communities or the natural environment. This makes consideration of how to terminate a partnership integral to what types
of activities are undertaken. Of note, partners were highly aware of these stakes, taking how the relationship would end into account when considering whether or not to even enter the relationship. The dissolution of a business-non-profit partnerships, through either exit or spinout, reflects both the partnership’s ambition as well as a means of managing the associated demands over the longer-term. More in-depth work is needed to investigate how partners manage dissolution with stakeholders, even if an end point of the relationship is defined (planned dissolution).

**Spinouts and revisiting transformational partnerships**

Business-non-profit partnership literature proposes that transformational partnerships are the most advanced stage where the partners collaboratively create large-scale societal benefit through collective action (Austin & Seitanidi, 2012a; Martin & Osberg, 2007). The creation of hybrid organisations is proposed as one possibility (see example Barrett et al., 2000). Such transformational partnerships precipitate significant changes within the partner organisations (Austin & Seitanidi, 2012a).

We make the argument that the spinout of social enterprises is a transformational stage of the partnership since it is directed towards external system change for societal benefit; however, our cases and interviews raise questions as to the extent that the spinout of the social enterprise encourages the internal transformation of the partner organisations; this merits further research. The emergence of a social enterprise (as described in this article) fits the basic description of the emergence of a hybrid organisation (as described in partnership literature). However, spinning out from the partnership is more akin to ending a relationship rather than profoundly changing the parent organisations or bringing them closer to each other.

This brings nuance to Austin and Seitanidi’s above claims. Indeed, we find that spinouts were used as a means of extracting businesses and non-profits from these productive yet intensive and financially un-sustainable relationships. The spinout of a social enterprise gradually disconnects the activity links and resource ties prevalent between the actors. Financial and working relationships change, while the social mission of the partnership is maintained. Spinout organisations are designed so that their eventual relationship with parent organisations will be ‘normalised’ and come to resemble a conventional, market-mediated relationship between a buyer and supplier, for example.

Somewhat counter-intuitively, the objective of the spinout is to make the relationship between the firm and the new social enterprise more transactional rather than integration or relational; this was reflected in both the case studies where the firm’s objective was to ultimately interact with the new enterprise through normal market mechanisms, reducing transaction costs. Our cases suggest that establishing a market-based transaction with its parent corporation, while seeking out other clients, does not reflect a deeper integration of the business and non-profit parent institutions with each other. Further research is needed into the relationship between partners following the successful spinout.

Amidst the severing of ties, new activity links and new resource ties are developed to signal the freshly independent status of the social enterprise. The actor bonds are also revised. The activities are directed to make social enterprise successful – the partners help the social enterprise find new clients for its offerings such that the social enterprise is not reliant on one client alone, the parent corporation. The partnership is used as an incubation phase for the genesis of such a financially self-sustaining intervention, in what Bryson, Gibbons, and Shaye (2001) refer to as the ‘enterprise scheme’. Particularly in the early stages, while nominally ‘independent,’ spinouts may continue to
receive support; as in the case of Timberland, the parent organisation may make advanced market commitments or serve as a broker for other brands to work with the social enterprise. This suggests that as one set of formal ties dissolves (the partnership), new formal (contractual) and informal (networked) relationships are formed.

**Managing for exit**

Another finding of this work was the importance of exit for the conceptualisation and management of the partnership programmes. In our interviews, both business and non-profit managers discussed how withdrawing from communities that had benefited from these programmes was particularly fraught; they did not want to exit ‘cold turkey.’ Connecting this to relationship ending, we observed that philanthropic and transactional partnerships managed this challenge through decisions not to engage, mitigating dependence through programme design, and efforts to communicate effectively with local partners. Managers may benefit from attention to these processes, as respondents highlighted the challenges and risks involved in handling exit poorly.

Transformational partnerships managed stakeholder needs through efforts to have a programme remain in communities by transitioning it to local governments or as a self-sustained social enterprise (spinout). Non-profit managers also discussed the importance of managing for spinout, suggesting that such partnerships needed to be designed – and, as the respondent discussed, measured – in particular ways to enable a successful spinout. Here insights from the social enterprise literature may be particularly useful understanding how best to manage these new enterprises. These set of concerns are distinctive in business-non-profit partnerships, and more research into the practices and consequences of managing for either exit or spinout merit further examination, as is discussed below.

**Avenues for future research and limitations**

Firstly, in regards to avenues for further research, we believe that this work on business-non-profit partnerships provides a fruitful area of application of relationships ending theory, which has emerged in the context of business relationships. In business-business partnership research, the aftermath stage is focused on the two partners coming to terms with the ending of their relationship. While in need of further research, our work suggests that the context in which these partnerships are formed and their purpose matter. There is a need to understand the aftermath implications upon such external stakeholders, as part of relationship ending research. The spinout of social enterprises is one suggestion in that research direction. There is already an ongoing academic interest in the aftermath stage (see example Hurmelinna, 2018); this article emphasises its significance further for business-non-profit partnerships.

Furthermore, we recognise that the data and case study capture only a moment in time; questions regarding the long-term impact and efficacy of partnership spinouts is beyond the scope of this work. We believe that in-depth case analysis and longitudinal work following these partnership spinouts would yield valuable insights regarding the evolution of the relationships, particularly in regards to the presence or absence of the internal changes that are theorised in transformational relationships. As the cases that we detailed were only in the early stages, their progress, and the ultimate relationship with the parent organisations, remains unknown.

An in-depth, longitudinal study (see examples Ryan & Tähtinen, 2012; Tahtinen, 2002) would also enable researchers to better identify the sequence of events, including aftermath, whereby the social enterprise sustains the partnership’s initiative to tackle the environmental or societal issue. Such a longitudinal study can also draw insights from social entrepreneurship literature on the processes through which such enterprises emerge (Mair & Martí, 2006; Montgomery et al., 2012;
There is a need to understand whether partnership spinouts can mitigate key challenges otherwise experienced by social enterprises, namely, difficulty in securing funding, developing a network of supporters, and building a favourable reputation among stakeholders about their ability to run a profitable enterprise (Austin, Stevenson, and Wei-Skillern 2006).

In addition, the paper is limited in regards to the data and perspectives that it represents. While the respondents were drawn from a range of large-scale organisations and serve as important decision-makers, we recognise that these key informants have some limitations. Firstly, while they have an important strategic view of the partnerships, the data set would have been enriched though the inclusion of more voices – both from more levels within the partner organisations as well as beneficiaries. Secondly, while these key informants represented prominent organisations with large budgets, we recognise that their experiences may be different to experiences of smaller organisations, especially on driving organisational change. While these represent necessary limitations to the study, they also suggest exciting pathways for further, complementary research.

Conclusion

Much hope is vested in business-non-profit partnerships to tackle the wicked problems of this century, ranging from poverty to environmental degradation. Current literature acknowledges that some partnerships – such as disaster relief or collaborative event management – must have a predetermined ending. But key partnership literature (Austin & Seitanidi, 2012a) proposes that the most transformational partnerships which bring about external system change require higher engagement, resource allocation, intensity of interaction, broadening of the scope of activities, and greater internal organisational change on the part of the partners; it is suggested that such transformational partnerships may even create a new hybrid organisation. Our aim has been to identify different pathways through which business-non-profit partnerships come to an end, bringing together literatures on partnership management and relationship ending.

Using relationship ending theory, we identified two partnership endings – exit and spinout - shedding light on the reasons and pathways for managers to end their partnerships. We then focussed on the spinout of social enterprises, which are financially self-sustaining corporatized entities that operate and improve the intervention incubated by that partnership. The most important managerial implication is that partnership managers must plan from the outset to gradually end their partnerships, whether it is a short-duration disaster relief or a long-duration deforestation project. Managers can direct the activities of the partnership towards making the intervention self-sustaining as an independent enterprise. Mutual awareness among the partners about this ending process will help manage expectations and manage partnerships better.

The spinout of social enterprises corresponds to transformational partnerships as proposed in literature. However, we argue that the emergence of such a social enterprise is better understood as a relationship ending process rather than one of deepening engagement between the partners. Spinning out weakens the bonds among the organisations: it reduces the financial resource allocation by the partners, the subsequent activity linkages become market-based transactions, and the social enterprise is encouraged to become more independent and less reliant upon its parent organisations. The partners become less closely tied to each other, but their spinoff is now better suited to tackle the chosen problem of people and planet. The dissolution of a partnership is not the end of such an initiative; it is not even the beginning of the end; but it is, perhaps, the end of the beginning - of a new social enterprise.
References


