



CORPORATE SOCIAL INNOVATION IN DEVELOPING COUNTRIES BY JOINT VENTURES

*How co-creation of capabilities, CSI motives and strategic alignment of CSI
jointly create the conditions for CSI success*

A master thesis in International Business

Abstract

Corporations can potentially attain social goals in developing countries through collaborative efforts with private partners. However, not all social innovation projects by companies are successful. The aim of this research is to puzzle together the configuration of conditions that will cause the outcome of corporate social innovation success by international joint ventures of Dutch SMEs in developing countries. While studies of corporate social innovation in developing countries recognize the relevance of motives, strategic alignment, and co-creation of capabilities in achieving social goals, they ignore how they interact with each other to facilitate successful outcomes. This thesis fills this gap by investigating the interaction between these success factors in developing countries that is conducive to achieving both business and social interests. The sample consists of data derived from the Private Sector Initiative Program (PSI) where small and medium-sized enterprise (SME) from the Netherlands have formed a joint venture in developing countries with a local partner. The results propose that Corporate social innovation success can be facilitated when the absence of the co-creation of capabilities is substituted with the alignment of CSI with the core business strategy and a combined moral and strategic motive.

Name: Bobbie Peters

Student number: s1065363

Study: International Business - Business Administration

Supervisor: prof. A.U. Saka-Helmhout

Second examiner: dr. N. S. Erkama

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Abstract

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1. Introduction

This chapter will give an introduction of this thesis' topic which is followed by a problem statement to address the research gap. Furthermore, the research question will be provided, followed by the academic and practical significance of this thesis. Lastly, the thesis outline will be illustrated.

1.1 Introduction Topic

Corporate Social Innovation has increasingly become more relevant in global strategy (Dionisio & de Vargas, 2020). The reason for this is twofold. Firstly, it is well-acknowledged that social innovation plays a critical role in social progress and change, which is often seen as a precursor to economic development in developing countries (Saka-Helmhout et al, 2021). Corporate social innovation can tackle societal issues, often described as Grand Societal Challenges (GSC) or 'wicked problems' (Voegtlin & Scherer, 2021; Dentoni, 2016).

Secondly, globalization caused an increasing reputational risk of global visibility (Dionisio & de Vargas, 2020). The emphasis on the social aspects of corporate behavior and the need to integrate social concerns into business operations (Buckley et al., 2017; Candi et al., 2019; Martí, 2018), has led to society expecting international corporations to be socially responsible (Dionisio & de Vargas, 2020). These developments have led to the conceptualization of Corporate Social Innovation (CSI) (Dionisio & de Vargas, 2020). This conceptualization was created in 1999 and is mostly derived from the literature of Corporate Social Responsibility (CSR) and the literature of Creating Shared Value (CSV) (Dionisio & de Vargas, 2020). Although CSR, CSV, and CSI share significant similarities and overlap in some areas, Dionisio & de Vargas (2020) suggest that CSI is a broader concept that encompasses both internal and external changes, which also includes the need to establish partnerships with external stakeholders in order to adopt a strategic way to attain competitive advantages and achieve both economic and social returns.

CSR has been more focused on philanthropic or generic initiatives to respond to external pressures to improve the reputation of MNCs while CSI is more about representing a strategic investment, "applying its full assets and expertise through deeper collaboration across functions within a firm and external parties (NGOs, Government, etc.) to co-create something new that provides a sustainable solution to social needs" (Dionisio & de Vargas, 2020: (1)). The CSV concept that was composed by Porter & Kramer (2011) is similar to

CSI, but it is limited to policies and operating practices with an explicit focus on economic success (Dionisio & de Vargas, 2020).

1.2 Problem Statement

This study adopts the main implication of the study of Saka-Helmhout et al., (2021): “Corporations can potentially attain social goals in developing countries through collaborative efforts with private partners”. However, not all social innovation projects by companies are successful (Osburg, 2013). Especially in the case of social innovation, that is known to be often dominated by passionate and enthusiastic Social Entrepreneurs who are advocating for their solutions, while too little attention is given to the next steps: how to implement, how to find needed resources, and how to build a network of collaborating organizations that help to scale (Osburg, 2013). This suggests that there are critical relevant conditions that drive corporate social innovation success. Corporate social innovation literature contributes to identifying relevant conditions that will advance the understanding of SMEs’ decisions to address social problems. Although CSI scholars acknowledge the importance of these success facilitators in social innovation efforts, many neglect the interdependency between them as well as the implications for CSI consequences. To unravel these interactions in practice, the PSI (Private Sector Investeringsprogramma) database of 46 social innovations of Dutch joint ventures in 26 developing countries is used.

Firstly, this study will focus on identifying the drivers of social innovation success by international joint ventures of Dutch SMEs in developing countries. There is a need to develop new theories to explain this emerging phenomenon of CSI within actors other than MNCs, such as SMEs, that requires skills, competences, revised business models, and new ways of making, selling, and distributing products and services (Dionisio & de Vargas, 2022). The literature provides enough evidence to identify which conditions could together produce this outcome, but there is a research gap on how these different conditions interact with each other. Hence, the aim of this thesis is to puzzle together the configuration of conditions that will cause the outcome of corporate social innovation success. This configuration will exist of three conditions which are selected through a combination of theory and empirics of available information on social innovation projects in PSI database.

One of the conditions that will be used in this thesis is the presence of a combined strategic and moral motive for engaging in CSI. Motives are identified in the CSI literature as significant in the creation of social and economic value (Brøn & Vivader-Cohen, 2009).

Furthermore, innovative efforts built on corporate commitment to social purpose (“know why”) have an added boost of motivation that can yield perseverance and resilience that organizations need for a deeper knowledge exchange and co-creation (Mirvis et al., 2016).

A recent development in CSI has been the creation of strategic alliances and value co-creation (Babu et al., 2020). Corporations are encouraged to form strategic alliances to make a capitalization on social opportunities (Babu et al., 2020) and has shed light on the importance of affective bonds for the success of a partnership (Sanzo, et al. 2015). Moreover, CSI often involves work in a context of competing beliefs, rules, and practices by partnering with stakeholders, formally and informally around a common goal, to create value for the business and society (Dentoni et al., 2016). This has led to the second condition: the co-creation of capabilities. The third condition is derived from the recent implications that the development of business models with incorporated elements that will allow the formalization of CSI, will lead to the success of corporate social innovation (Herrera, 2015).

The companies that will be assessed in this thesis will be in the context of a strategic alliance in order to capture the co-creation of capabilities. Applicants of Dutch joint ventures will be studied within the boundaries of an SME. In the case of a joint venture, Dutch SMEs are able to benefit from new market and partner knowledge and minimize risk exposure (Brouthers et al, 2008). This is essential because of the possible cultural distance between the home and host country of the corporate social innovation project (Beugelsijk, 2018). SMEs are typically older than 3 years and have between 10 and 250 fte staff (Meijer et al, 2019). Another characteristic of a SME is that this type of organization is well-known for assisting local economies in growing, and they are considered as "actors in generating, applying, and presenting innovations” (Ioanid et al., 2017, p. 938). According to Dionisio & de Vargas (2020, p. 2), the aim of CSI is to “produce new sources of revenue and to generate a more socially relevant innovation system and corporate culture that can be a source of competitive advantage” to effectively create both economic and social value (Saka-Helmhout et al, 2021) and thus is consistent with the focus on CSI by joint ventures.

In this thesis, the CSI research in developing countries has been deepened by explaining the drivers of social innovation success through investigating the interactions between success-facilitating conditions by undertaking a Qualitative Comparative Analysis of data collected from small and medium-sized enterprise (SME) managers in the Netherlands that have formed a joint venture in developing countries.

1.3 Research Question

Taking into consideration the developments regarding CSI and the complex interaction among the conditions with corporate social innovation success as outcome, a configurational approach led to the following research question:

“Which (configurations of) conditions of SMEs by Dutch joint ventures influence the success of corporate social innovation projects in developing countries?”

1.4 Academic and Practical Significance of the Study

This thesis' contributions to the CSI literature are that a new theory will be developed by exploring configurations of conditions that are conducive to CSI. The theoretical underpinnings of CSI and the recent developments are the formation of strategic alliances and value co-creation (Babu et al., 2020). Another recent development is the participation by stakeholders in the definition and implementation of a corporation's values (Dionisio & de Vargas, 2020). However, the knowledge related to the formulation of the latter form of an alliance and its impact on CSI is a gap which this empirical study is aiming to fill. This thesis is intending to unpack the knowledge related to innovative partnerships between for-profit firms in the context of developing countries. This includes the set of distinct conditions, such as the co-creation of capabilities through partnerships, the motives that lie behind the engagement in social innovation and the creation of economic and social value through a development business models that are consistent with the strategic alignment of CSI. By integrating the insights on the chosen conditions on the social dimension of innovation in developing countries, this thesis will be able to demonstrate and provide evidence that CSI is likely to be achieved through multiple combinations of these. This thesis will perform a configurational analysis of CSI in developing countries which is an academic addition to studies that adopt a linear, net-effects perspective. This analysis stands out by capturing the complexity of interactions among conditions (Fiss et al., 2013) to solve or lighten up social problems.

This thesis will suggest implications for managers or CEOs of SMEs for considerations that have to be taken into account when investing in CSI in developing countries. The findings could help them to form a strategy that will help them to succeed by attaining their CSI objectives and goals. Furthermore, by conducting this thesis, awareness on this emerging topic will be advanced. Creating awareness and enhancing our understanding

of the drivers of CSI success and the interaction amongst these conditions could potentially result in less failed projects and minimize sunk costs.

1.5 Outline Thesis

In the next chapters, first the theoretical framework will elaborate on the relevant theories, theoretical background and concepts that are used to develop the research model. Second, the data analysis method will be stated. Furthermore, the results of the analysis and the complementary discussion will follow, after which this thesis will provide the conclusions and further recommendations.

2. Theoretical Background

This chapter attempts to review the relevant literature and research related to the antecedents that influence corporate social innovation success.

2.1 Corporate social innovation and related theories

To advance our understanding of corporate social innovation, the concept will be defined and supported by the related theories.

2.1.1 Wicked problems and grand challenges

Grand Societal Challenges (GSC) are massive social and environmental issues that could have a global impact. Due to the complexity and the size of these challenges, they often require efforts by various actors to overcome them (Voegtlin & Scherer, 2021). Voegtlin & Scherer (2021) noted that businesses are relevant actors in this regard, as they present a source of innovation. These challenges could be issues such as climate change, inequality, disruptive migration, and global pandemics which have (potential) negative effects on large numbers of individuals and communities (Voegtlin et al., 2022). There are three defining characteristics of GSCs: their complexity, uncertainty, and value-laden character (Ferraro et al., 2015). Another way to describe these kinds of issues can be done by using the concept of ‘wicked problems’. Wicked problems emerge from complex systems in which cause, and effect relationships are either unknown or highly uncertain and are characterized by having multiple stakeholders which have strongly held and conflicting values related to the issue (Dentoni, 2016).

2.1.2 Defining corporate social innovation

This thesis adopts the following definition of social innovation: “Social innovation is a measurable, replicable initiative that uses a new concept or a new application of an existing concept to create shareholder and social value” (Herrera, 2015, p. 1469). “CSI is a strategy that combines a unique set of corporate assets (innovation capacities, marketing skills, managerial acumen, employee engagement, scale, etc.) in collaboration with other sectors and firms to co-create breakthrough solutions to complex economic, social, and environmental issues that bear on the sustainability of both business and society” (Mirvis & Googins, 2017; p. 2). This concept appeared in 1999 when it proposed to develop strategic alliances between companies and civil society by the promotion of sustainable changes

(Kanter, 1999). This was further advanced by building on traditional CSR activities, which Porter & Kramer (2011) characterized by some as having “only a limited connection to business” (p. 76). All types of companies were engaged in developing and scaling up strategies, processes, and initiatives that would consider persisting shareholder value and social issues, which reviewed the role of businesses in society (Dionisio & de Vargas, 2022). Drawing on the CSI literature (Candi et al., 2019; Dembek et al., 2016; Russo Spina et al., 2017), this thesis will focus on “innovation that addresses the needs of both businesses and society by generating shared value for shareholders and stakeholders” (Saka-Helmhout, 2021, p.2).

2.1.3 Social innovation domains and criteria

According to prior research, there are multiple ways to determine social innovation success. Social results seem easier to measure and demonstrate the positive impact that CSI can provide as they represent new jobs, social inclusion, generation of income, health solutions, and housing improvements that impact thousands of people in many different countries. Nevertheless, social impact results must be treated differently than commercial results as they are more long-term oriented, sometimes not scalable, and based on subjective factors (Dionisio & de Vargas, 2022). This thesis will identify social innovation based on Bund et al. (2013, p. 47) who distinguished seven social innovation fields: education, health & care, employment, housing, social capital & networks, political participation, and environment. The operationalization regarding the measurements of social innovation success will be further discussed in chapter 3. Additionally, the literature defined the following criteria that should be met when it comes to determining if a project could be considered as social innovation (European Platform for Rehabilitation, 2012; Normand, 2012; Neumeier et al., 2012): (a) it is innovative with regard to the user, context or application, (b) it meets needs more effectively than pre-existing alternatives; (c.) it provides long-term solutions; and (b) it is adopted beyond the initial group/network that developed it.

2.1.4 Stakeholder Theory

Stakeholder orientation is critical in the context of wicked problems or societal grand challenges, as organizations are being forced to cross their traditional relationship boundaries and interact with multiple stakeholders that could have different goals and cultures (Dentoni et al., 2016). This means that organizations should stop viewing stakeholders as opponents and start valuing them as complements (Freeman, 2010). Dentoni et al. (2016) derived from

the literature that stakeholder orientation is becoming an essential dynamic capability due to companies' increased realization that they need to understand, interact, and adapt to the pressures of stakeholders in the context of managing wicked problems. The stakeholder theory views organizations to be at the centre of a network of stakeholders who can affect or are affected by the achievement of the organization's objectives (Freeman, 2010). Hence, the strategic value of collaboration is recognized in this theory (Dentoni et al., 2016).

Stakeholders can be defined by their relation to the focal organization. Recognizing that the long-term sustainability of their business is dependent on the co-operative relations with stakeholders, is resulting in the challenge for companies to accommodate the claims of their stakeholders (Freeman, 2010; Donaldson & Preston, 1995).

2.2 Critical success factors defined by the literature

The conditions that are used for the configurational analysis are derived from the literature where authors emphasize on these distinct critical success factors for corporate social innovation (e.g., Dionisio & de Vargas, 2022; Dentoni et al., 2016; Brønn & Vidaver-Cohen, 2008; Herrera, 2015).

2.2.1 Co-creation of capabilities

Due to the growing demand from stakeholders and society claiming that businesses ought to better balance corporate interests with local realities and their social needs, companies are increasingly applying their core competences to help solve persisting social issues (Dionisio & de Vargas, 2022). This has led to them changing the way they relate with their supply chains, civil society and governments while pursuing the generation of financial and social results (Dionisio & de Vargas, 2022). A recent development in CSI has been the creation of strategic alliances and value co-creation (Babu et al., 2020). Corporations are encouraged to form strategic alliances to make a capitalization on social opportunities (Babu et al., 2020). An example of a strategic alliance is the form of a joint venture. Murray & Siehl (1989) define a joint venture as “a contractual arrangement that creates a separate legal entity in which the parent firms hold ownership interests under conditions and provisions that are specified by a legal document” (Park & Ungson, 1997, p.281). Studies have shown that interorganizational relationships such as alliances or joint ventures have benefits in terms of market power, efficiency, access to resources and markets, learning or flexibility (Cuypers & Martin, 2010; Kale & Singh, 2009).

Addressing societal issues, such as wicked problems and societal grand challenges, increasingly requires multi stakeholder collaboration (Bode et al., 2019). This can be established by participating organizations through processes of engagement, knowledge exchange, and inter-organizational learning (Austin & Seitanidi, 2012). In this context “Resources are strengths, advantages, or assets, including technical know-how, management skills, human capital, and reputation, which organizations can use to conceive of and implement their strategies” (Dentoni et al., 2016, p. 37). Capabilities describe the ability to adapt, integrate, and reconfigure an organizations’ internal and external skills, resources, and functional competencies (Teece et al., 1997). Starting a cross collaboration partnership with diverse resources and capabilities can make it possible to generate collaborative advantage and shared value by gaining and sharing information, knowledge, and skills (Dentoni et al., 2016). When each of the partners can receive access to resources and capabilities that they would not have in the case of operating alone, collaboration is likely to emerge because of the ‘win-win’ potential (Dentoni et al., 2016).

2.2.2 Motives for corporate social initiative

Motives are identified in the CSI literature as significant in the creation of social and economic value (Zahra et al., 2009). The role that businesses play in society when it comes to addressing social issues is changing, which led Vivader-Cohen and Simcic Brønn (2008) to argue that the parameters of legitimacy for many businesses have changed in the new millennium, and that there could be both moral and strategic imperatives for corporate efforts to strengthen the communities in which they operate. Thus, Vivader-Cohen and Simcic Brønn (2008) explain that the motives for engaging in CSR may be changing to a more strategic function and are embedded into the values of the organization. Building on Brønn & Vidaver-Cohen (2008) who examined corporate motives for engaging in social initiatives, led to two different perspectives that will be used in this thesis: the strategic and moral perspective.

The strategic perspective

Numerous studies have demonstrated that managers in countries around the globe do perceive a strong strategic business case for engaging in social initiatives (Brønn & Vidaver-Cohen, 2008). These studies support two key motivational themes implied in Davis's analysis, labelled by other scholars as ‘Instrumental Motives and Institutional Motives’ (Brønn & Vidaver-Cohen, 2008).

The first type, Instrumental motives, revolve fundamentally around the managerial beliefs that engaging in social initiatives could have a direct impact on an organizations' profitability. There are several studies that have shown that companies develop a social portfolio because managers believe that these kinds of social activities can build a strong competitive advantage, provide new business opportunities, insulate the firm from costly regulation or help to meet shareholder value (Brønn & Vidaver-Cohen, 2008). This could also be described as 'the profitability factor'.

The second type of motive, Institutional motives, suggests that companies engage in social initiatives primarily due to institutional pressures (Brønn & Vidaver-Cohen, 2008). Campbell (2007) believed there was a need to 'pay more attention to the institutional mechanisms that may influence whether corporations act in socially responsible ways or not'. Using the institutional theory may be useful in understanding the adoption and implementation of CSR behaviors (Campbell, 2007). Studies have identified a range of institutional forces that push companies to strengthen their social agendas, which include growing customer intolerance for corporate practices that are harmful for the environment or neglect human rights, increasing public scrutiny of corporate governance activities that are lacking transparency (Brønn & Vidaver-Cohen, 2008). Furthermore, these institutional pressures cause stakeholder insistence that companies impose swift, together with meaningful sanctions on executives who are engaging in misconduct (Brønn & Vidaver-Cohen, 2008). This could also be described as 'the legitimacy factor'.

The moral perspective

The motives from this perspective are anchored in the idea that businesses have an ethical duty to "give back" to society (Brønn & Vidaver-Cohen, 2008). Even though researchers have replaced these altruistic motives for corporate social engagement, there is still evidence that personal moral values continue to be powerful drivers of the corporate social agenda (Brønn & Vidaver-Cohen, 2008). "Doing the right thing" appears to be a stronger motive for social initiative than the practical benefits these activities can generate, some studies documented (Brønn & Vidaver-Cohen, 2008). Furthermore, innovative efforts built on corporate commitment to social purpose ("know why") have an added boost of motivation that can yield perseverance and resilience that organizations need for a deeper knowledge exchange and co-creation (Mirvis et al., 2016). A study by Teasdale et al (2020) argues that the very vagueness of the approach to social innovation serves a particular function. If the moral grounding of "social change" or "social innovation" are not clearly articulated then

they can command affective thrust from individuals with a wide range of interests and values, since they represent a positively connoted aspect of western common sense, while detracting attention from the lack of clear moral grounding (Teasdale et al., 2020).

2.2.3 The strategic alignment of CSI in business models

Herrera (2015) and Mirvis & Googins (2017) argued that companies moving toward CSI need to rethink their existing business models and integrate totally new ones, while developing elements that will allow the institutionalization of CSI, which involves the interconnection of strategic intent and purpose, partnerships, new processes, and results that benefit both business and society. To develop the business strategy from a shared value viewpoint, companies must integrate a social perspective into the core frameworks (Michelini, 2012). To come to this business strategy, there are some general strategic considerations which are including the company's general situation, core values, philosophies, resources, and competencies (Herrera, 2015). Herrera (2015) states that using the social lens during strategic assessment ensures that strategy favors opportunities for social innovation and ensures that social innovation assessment is strategic. Furthermore, the study concluded that private companies could engage in social innovation in many ways, but to increase the likelihood that companies successfully implement social solutions, a consistent approach is needed.

Social systems and corporations are observed to be interrelated elements since the advent of modernity (Li et al., 2018). Li et al., (2018) stated in support that sufficient value is created when social, economic, or environmental variables are incorporated into a company's strategy. Fiorina (2004) stated that significant business innovations can result from integrating environmental and social issues into corporate strategy (Herrera, 2015), which is in this thesis defined as CSI. Christensen et al. (2006) noted the importance of assessing the business model by stating that "just because an organization has come up with a good idea for systemic social change does not mean that it will succeed in implementing the change" (p.101).

Sánchez and Ricart (2010) identified two types of business model configurations that could be implemented in the low-income market, which accounts for the context of developing countries in this thesis:

- *isolated business models*: characterized by an exploitation strategy, which leverages the firm's own resources and capabilities of seeking efficiency;

- *interactive business models*: characterized by an exploration strategy, which leverages on external resources and fosters learning and innovation processes.

Sánchez and Ricart (2010) conclude that the value creation in the low-income market depends on the nature of the business model. Because of the context of this thesis, social innovation projects in developing countries by joint ventures, the focus will be on interactive business models, hence they are prominently focused on learning and innovating, and the value created emerges from the combination of firm's resources and capabilities with those of the ecosystem (Sánchez and Ricart, 2010).

3. Methodology

This chapter will justify the method that is used to conduct this research and provide information on the data collection. Furthermore, the calibration of the conditions and the outcome will be given. Lastly, the data analysis will be described followed by the research ethics.

3.1 Method

QCA was developed by Charles Ragin as a third way between the quantifying variables approach on the one hand and the qualitative approach on the other hand, in order to try to overcome the shortcomings of the usual research methods (Ragin, 2014). This method strives to ‘gather in-depth insight into the different cases, capturing the complexity of the cases and to produce some level of generalization’ (Rihoux and Lobe, 2009). QCA enables the researcher to compare different cases in a systematically and in an effective way.

Furthermore, causal complexity can be unravelled (Marx et al., 2014). Knowing that CSI success is achieved through the co-creation of capabilities within partnerships, motives and the alignment of CSI to the core business strategy, the methodology for this thesis is designed to capture the complexity of the interactions among the conditions (Fiss et al., 2013).

The intention of this thesis is to combine theory and empirics; hence this method is justified. This method is rolled out by conducting a crisp-set Qualitative Comparative Analysis (cs/QCA) that qualitatively distinguishes full membership and full non-membership (Misangyi et al., 2017). In the case of a QCA, the relation between the conditions and the outcome will be based on set membership (Fiss et al., 2013). In this thesis, the set membership will be either 1 (fully in) or 0 (fully out). The features of QCA include the following: a) conjunction, which means that outcomes result from the interdependence of multiple conditions; b) equifinality, which entails more than one pathway to a given outcome; and c) asymmetry, which suggests that attributes “found to be causally related in one configuration may be unrelated or even inversely related in another” (Misangyi et al., 2017, p. 256).

3.2 Data collection

The data that is used to conduct this research is derived from the Private Sector Initiative Program (PSI). The program's goal was to stimulate investment projects that would not have been executed otherwise due to high product/market risks. The programme provided a

subsidy of 50% or 60% of the project costs, depending on the country and the fragility of the state. The PSI program aimed to stimulate private sector investments in innovative business in specifically selected developing countries to also contribute to the local social development there. One of the goals was the formation of international joint ventures between partners from the Netherlands and developing countries. To evaluate the venture performance, The Ministry of Economic Affairs offered a periodic evaluation and technical and financial advice.

Within the joint venture, both of the partners were obliged to meet the requirements to be able to join in on the program. They had to comply with the OECD guidelines regarding sustainability goals. Furthermore, they should have the aim to improve the local economy by developing the private sector by using new technology transfer, and by doing this they should not compete directly with the products or services of the local firms in the same market. As such, market distortion is expected to be avoided. Lastly, the joint ventures should provide evidence of their competence in dealing with risks. For example, the capability to handle new technology and automated machinery.

The PSI dataset was put together based on the information that was offered by the joint venture partners on a structured form. This form was designed by the Agentschap NL employees. This dataset was derived from professor Ayse Saka-Helmhout, who got access to this dataset when working on her own paper, which was published in 2021. This unique dataset includes information on 205 projects that were developed by international joint ventures. The joint ventures are formed between 2006 and 2011 in 44 countries. The projects consisted for 55% of agriculture/agroprocessing and for 40% of other types of industry. Because the Dutch government had plans to change the rules of the PSOM-PSI policies in 2013 (Saka-Helmhout et al., 2021), the sample of the projects developed between 2006 and 2011 ensure that the data can be compared in terms of project performance. To be able to measure the project outcomes and determine if they were successful or not, only the finalized projects were included. As a result of this, the dataset was reduced to 114 projects.

Given the understanding that the focus of this thesis is about the success in social innovation projects, only projects with a clearly defined social innovation goal have been included in the dataset to limit the scope. Based on the information that was found under the columns 'project description', the 'innovative aspects', the 'company info' and the 'business plan', all the projects were coded to determine if they fitted within the scope of CSI. The selection of projects after coding is reduced to 49 projects which were be used for calibration. This dataset is suitable and relevant for this thesis because it contains a very broad range of

information on the different social innovation projects. The data contains, amongst other things, a clear project description, its innovative aspects, the project's purpose, the joint venture and the partner description, the challenges that were faced and the project outcomes.

3.3. Outcome Condition

The outcome condition for this thesis is Successful Corporate Social Innovation. Given the understanding CSI aims to create both economic and social value (Dionisio & de Vargas, 2020), the outcome will include both an economic and social dimension. To capture the economic dimension, the expected Internal Rate of Return (IRR) will be used, which was successfully operationalized by Saka-Helmhout et al (2021). This is a typical assessment of the profit and risks that are associated with a project (Saka-Helmhout et al., 2021). The average IRR and thus the cut-off value was 13%. Projects that had an expected IRR of >13%, were considered as having a high economic outcome and therefore a full membership was assigned.

To capture the social dimension this thesis used education and employment, which are two of the seven distinguished social innovation fields by Bund et al (2013), which are particularly relevant in the context of this thesis. Therefore, the following social outcomes are included: increase in income (employment), direct jobs created (employment), and trained labor (education). These outcomes are all measured at the end of the project pilot. Because this thesis used a crisp set, the value of these social outcomes will be 0 or 1. *The increase of income* is identified by a social innovation project resulting in an increase of income above the country average. This means that the projects that obtained incomes above the national average are regarded to have a high income (thus, 1), and projects with no increase were regarded as offering beneficiaries a low income (thus, 0).

To measure *the number of jobs created*, the jobs that are created over the firm size of the partner in the developing country is used. These are reported in the database under "employees recipient (local)". Since the partner companies are uneven in firm size, a relative measure is used to be able to compare the creation of jobs with other projects. When the relative number of jobs created is at least 1 or larger this has been regarded as a high number of jobs created (thus, 1). When the relative number of jobs created compared to the partner company in the developing country is below 1, this has been regarded as a low creation of jobs (thus, 0).

To measure *the trained labor*, which is regarding the beneficiaries that have received training and thus knowledge transfer within the project, the number of trained staff over

direct jobs created is used. This information was collected in the database under the column “knowledge transfer actual (trainings)”. Whenever this value is 1, the number of people trained was at least the same as number of jobs created and thus will be considered as a high number of trained labor. Whenever this value is 0, this will be considered as low number of trained labor. The project was calibrated as successful (value of 1) when the economic and all three social outcomes were high. In order to avoid the exclusion of generally good project outcomes, the outcomes were also coded as successful when 3 out of the 4 mentioned outcomes were above the thresholds. Thus, whenever a project had a low economic outcome and three high social outcomes (3/4) or whenever a project had a high economic outcome but only two high social outcomes (3/4), the project was considered to be more in than out the set membership and got a full membership. Whenever a project only obtained two or one out of four success criteria, the project was considered to be unsuccessful.

3.4 Causal Conditions

For **the co-creation of capabilities**, this thesis operationalized by looking for the support of the Dutch embassy. When the Dutch Embassy recognized the partners’ expertise and supported their cooperation, complementary resources and the co-creation of social and economic value is established (value 1). However, when the Dutch Embassy recognized the partners expertise prior to a project, this does not necessarily mean that the co-creation of capabilities was established. In the column “lessons learned” and other evaluations, there was evaluated if the cooperation was indeed successful and if there were any tensions between the project partners. Whenever there is no recognition of the partners’ expertise, or in the case of negative reports about the cooperation, a non-membership was assigned (value 0). A few statements derived from the PSI database provide an example for this calibration:

PSOM06MZ22: *“Partners, however, are complementary to each other and have abundant experience and expertise in their respective fields of operation. Applicant will take care of the marketing of the produce, recipient will take care of the processing of the beans, while partner will be responsible for the growing of castor beans.”*

PSOM06UG23: *“The complementary expertise of the partners enables them to pursue the envisaged approach since they have expertise from coffee growing to roasting, [applicant] has an extensive network amongst smallholders and [recipient] has specific knowledge of central wet processing.”*

PSOM07CV21: “The evaluation committee proposes to select the project proposal on basis of the following arguments: The strategic interest for both consortium partners is although not similar clear and complementary.”

PSOM06GH01: "*The consortium has enough expertise and knowledge to carry out the project...*" However, the project evaluation stated: "The organic pineapple project failed because of phytophthora-fungus, *partly due to lack of sufficient agronomic knowledge at [Recipient].*" This suggests that the partners' expertise was not complementary enough to attain the co-creation of capabilities. Hence, a non-membership is assigned (value 0).

For **the motives** of the SME and partner, the mission and vision of the joint venture have been studied in combination with the purpose of their project. Building on the theory which distinguishes a strategic and moral perspective, the type of motive has been determined. The statements in the PSI database contained moral positions that are not openly stated but have been identified from the way that this thesis frames the motivations of the joint venture, for instance by mentioning the gain for the stakeholders in their motivation. A study by Teasdale et al (2020) emphasizes that the very vagueness of the approach to social innovation serves a particular function. If the motive for social innovation is not clearly articulated then they can command affective thrust from individuals with a wide range of interests and values, since they represent a positively connoted aspect of western common sense, while detracting attention from the lack of clear moral grounding (Teasdale et al., 2020).

Furthermore, innovative efforts built on corporate commitment to social purpose have an added boost of motivation that can yield perseverance and resilience that organizations need for a deeper knowledge exchange and co-creation (Mirvis et al., 2016). Since one of the outcomes will be knowledge transfer, these implications indicate that attention should be given to the presence of moral grounding in the motives of the joint ventures. This involves reading quotes to gain understanding of not just *what* they seek to accomplish, but also interpret *why*. The value for motives has been determined by the presence of a strategic and/or moral motive. Whenever a combined strategic and moral motive has been identified in the database, this has been considered as a strong motive which facilitates CSI success (value 1). Whenever only a strategic motive has been identified, value 0 was assigned. A few statements derived from the PSI database provide an example for this calibration:

PSOM06RW21: Company information: "[Applicant] sees it as its social responsibility to invest part of their profit in improved access to safe drinking water for the poor but by the conviction that only a business like long term approach will result in sustainable development." = moral and strategic

Company information: "As export of animal feed has become too expensive, [applicant] focuses on the development and export of feed concentrates by actively participating in market development in emerging markets." = only a strategic motive

To measure **the alignment of CSI with the core business portfolio**, the SI initiative has been checked on being part of the core business portfolio or not, building on the understanding of Herrera (2015) that to increase the likelihood of companies successfully implementing social solutions, a consistent approach is needed. Hence, the company's general situation, core values, philosophies, resources, and competencies have been assessed in the PSI database (Herrera, 2015). This information has been collected from the labels "Company information" and "Project description". The perspective of the Dutch applicant has been used for this calibration due to the more extensive information that has been provided on them in the database. The characteristics of CSI have been taken in consideration during this process. A few statements derived from the PSI database provide an example for this calibration:

Company info: "[Applicant] is a new agribusiness company in Ethiopia, which recently has been established by a group of Dutch investors in collaboration with [recipient]. *The group is part of the Business Platform of the foundation Woord & Daad, which aims to combine and organise funds and expertise from Dutch companies to stimulate SMEs in developing countries.*" = strategic alignment of CSI (value 1)

Company info: "The mission of [applicant] (established in 1984) is to make durable energy available to everyone. It has several operating companies (like [operating company]) all living this mission. = strategic alignment of CSI (value 1)

Project description: "[Applicant] is a modern wholesaler, supplying the food catering and retail sector in Vietnam with high quality products." Project evaluation: "The project partners are highly committed, and the project requires [applicant] for the first time in its history to become active in an earlier stage of the supply chain and to invest into upgrading the current

levels of vegetable smallholders." = for the first time in history, so no earlier alignment of CSI with the core business strategy (value 0)

3.5 Data analysis

For the analysis the software 'fs/QCA 3.0' has been used. First, csQCA will focus on necessary and sufficient conditions. Whenever a condition is always present when the outcome is observed, the condition will be a necessary. Whenever the outcome is observed when the condition is present, the condition will be sufficient with a score of 1 (Rihoux & Ragin, 2008). This is called Boolean minimization, which divides the universe of cases into two parts: those that meet the condition (value 1) and those that do not (value 0) (Rihoux & Ragin, 2008). This thesis has three conditions:

- RIGHT (1 value) versus not-right (0 value)
- BELOW (1 value) versus not-below (0 value)
- INSIDE (1 value) versus not-inside (0 value)

Because each of the conditions divides the universe into two separate parts, the set of the three conditions will be divided into $2*2*2=8$ zones, which are called "elementary zones" This data has been represented in a *Venn Diagram* (Rihoux & Ragin, 2008). The three condition variables (R, B, and I) and outcome variable (O) will lead to the following formula:
 $R*B*I + R*B*\bar{I} \rightarrow O$

The three conditions that are used in this thesis have been dichotomized according to the relevant thresholds. To do this, theoretical and empirical (case-based) knowledge is used. In table 2, the raw data will be presented.

- [COCA]: Co-creation of capabilities: 0 if partner recognition not present; 1 if partner recognition present
- [CSIM]: CSI motives: 0 if strategic OR moral motive; 1 if strategic AND moral motive
- [ACSICBS]: Alignment of CSI with core business strategy: 0 if SI initiative is not part of the core business strategy; 1 if SI initiative is part of the core business strategy
- [CASEID]: Project number with clearly stated social aim
- [CSISUCCESS]: Outcome condition

CASEID	COCA	CSIM	ACSICBS	CSISUCCESS
PSOM#				
PSOM#				
PSOM#				
PSOM#				
PSOM#				
PSOM#				

Table 1: Raw Data calibrated (3 Conditions)

After collecting the raw data, a truth table has been constructed. The csQCA proper has been used to correspond to a first synthesis of the raw data table. These configurations may correspond to none, one or more than one case. Rihoux & Ragin (2008) defined five types of configurations:

- Configurations with a [1] outcome (among the observed cases)
- Configurations with a [0] outcome (among the observed cases)
- Configurations with a “- (“don’t care”) outcome (among the observed cases)
- Configurations with a C (contradiction) outcome, called contradictory configurations. This must be resolved before engaging further in the csQCA
- Configurations with an “L” or “R” (“logical remainder”) outcome, which are logically possible combinations of conditions that have not been observed among the empirical cases.

The truth table allows the synthesizing of the evidence substantially by transforming the cases into X configurations. In QCA there are three different solutions (Fiss, 2011); the complex solution, which will be presented in all possible configurations; the parsimonious solution; which will be presented after the first reduction, and the intermediate solution; which contains simplifying assumptions that are based on easy counterfactuals. According to the outcomes, contradictory configurations will be solved if this is necessary. This has been done according to the “Good Practices” (5): How to Resolve Contradictory Configurations” by Rihoux & Ragin (2008). The Enhanced Standard Analysis (ESA) by Schneider & Wagemann (2013) will be applied.

After the configurations are formed in the truth table, the configurations will be minimized according to the minimal formula. Furthermore, the “Logical Remainders” cases are brought in, which constitute a pool of potential cases that can be used by the software to produce a more parsimonious minimal formula (Rihoux & Ragin, 2008). The last step is the

interpretation of the minimal formulas to answer the research question formulated in chapter 1 of this thesis. To support the results, examples of cases where the configuration from the intermediate solution occurred were illustrated.

3.6 Ethics

On an ethical note, the Netherlands Code of Conduct for Research Integrity (2018) will be considered during the full process of this thesis. This means that the following five principles derived from the Netherlands Code of Conduct for Research Integrity (2018) will be the norm: 1) Honesty, 2) Scrupulousness, 3) Transparency, 4) Independence, and 5) Responsibility. These will be applied by being honest in reporting the findings and acting in strict regard to what is considered to be morally right. Furthermore, there will be full transparency of the research progress and methods. Any difficulties or shortcomings will be reported. The independence will be ensured by being aware of the danger of external influences and by not letting others influence the choices of the researcher during the process of this thesis. And lastly, the researcher will take full responsibility for making sure these apply. Due to privacy reasons, based on the analysis and the results will be based on aggregated data, whereas individual firms will not be identified. Furthermore, the original maker of the dataset (Agentschap NL) has given the permission to make use of this dataset which is in line with the Design code 9 of the Netherlands Code of Conduct for Research Integrity (2018).

4. Results

In this chapter the analysis will be presented, followed by the results. The complex, parsimonious and the intermediate solutions will be shown to determine the sufficient configurations. A robustness check will follow. Furthermore, the proposition and conceptual model will be given, and the minimal formula will be interpreted and explained by going back to the cases and using real examples from the data.

4.1 Analysis

For the analyses, the software fs/QCA 3.0 is used. The descriptives can be found in Table 2. As shown in the table, a total of 49 cases could be used for the analysis. There are no missing values.

Variable	Mean	Std. Dev	Minimum	Maximum	N Cases	Missing
COCA	0.7755102	0.4172459	0	1	49	0
ACSICBS	0.755102	0.4300267	0	1	49	0
CSIM	0.6530612	0.4759961	0	1	49	0
CSISUCCESS	0.4897959	0.4998959	0	1	49	0

Table 2: Descriptives

Test of necessity

To support the need to conduct a configurational analysis, the test of necessary conditions has been conducted. The score for a condition to be consistent should be 0.9 or higher (Ragin, 2006). Hence the asymmetrical feature of QCA, when investigating necessary conditions, the focus has only been on the cases for which the outcome is present, not absent (Schneider & Wagemann, 2012). Since all scores of Table 3 are below the threshold of 0.9, the analysis shows that none of the conditions independently appear to be necessary for successful CSI. Thus, the need for a configurational analysis is supported.

Causal conditions	Consistency	Coverage
COCA	0.666667	0.421053
-coca*	0.333333	0.727273
ACSICBS	0.750000	0.486486
-acsicbs*	0.250000	0.500000
CSIM	0.708333	0.531250
-csim*	0.291667	0.411765

Table 3: Analysis of Necessary Conditions

**Represents the negation of the condition*

The coverage score essentially describes how empirically relevant and important the connections between the sets are (Ragin, 2008).

The complex solution

The next step considered whether the QCA yielded sufficient configurations for the outcome condition: successful CSI. The calibrated data was incorporated into a truth table. The truth table presents all possible configurations of the three conditions (Rihoux & Ragin, 2008) together with the number of cases that are observed for each of the combinations, which is called the complex solution. As displayed in Table X, each condition can be classified as either having a high (1) or low (0) level. For each row, thus for each possible configuration, the sum of observations is calculated (Schneider & Wagemann, 2012). In this case there are 8 possible configurations. The truth tables were further reduced through the Quine-McCluskey algorithm (Ragin et al., 2017). In order to reduce the table, a frequency cut-off of 1 and a consistency threshold of 0.8 is used. The raw consistency of a specific configuration shows that the respective configurations are sufficient conditions for the occurrence of the outcome and indicates the proportion of configurations of which show the outcome (Ragin, 2006). A high raw consistency score indicates that the configuration leads to the outcome. A minimum raw consistency threshold of 0.8 (Ragin, 2006) is used and therefore two configurations can be considered sufficient.

4.2 Truth table results

Parsimonious solution

COCA	ACSICBS	CSIM	number	CSISUCCESS	cases	raw consist. ▼	PRI consist.	SYM consist
0	0	0	2	1	cases	1	1	1
0	1	1	5	1	cases	0.8	0.8	0.8
1	0	1	3	0	cases	0.666667	0.666667	0.666667
0	1	0	2	0	cases	0.5	0.5	0.5
0	0	1	2	0	cases	0.5	0.5	0.5
1	1	1	22	0	cases	0.454545	0.454545	0.454545
1	1	0	8	0	cases	0.375	0.375	0.375
1	0	0	5	0	cases	0.2	0.2	0.2

Figure 1: Truth table of the parsimonious solution

The parsimonious solution uses all simplifying assumptions, as displayed in figure 1. The two configurations that lead to the outcome of configurational success are represented in a Boolean formula. The sufficient configurations from the truth table can be expressed in Boolean terms using uppercase letters for the presence of the conditions and outcome, and lowercase for the absence. The Boolean operators AND is expressed as (*) and OR as (+).

Descriptive formula: (coca*acsicbs*csim) +(coca*ACSICBS*CSIM) → CSISUCCESS

Configuration C1 (the first pathway) represents CSI projects that were successful without the presence of any of the variables. C1 corresponds with cases PSOM08ET04 and PSOM07CH03. However, this is a counterfactual configuration, and thus the application of an ESA used (Schneider & Wagemann, 2013), building on their truth table criteria that contradictory rows should be resolved before the minimization (Schneider & Wagemann, 2007). By applying ESA, the row with the data made an untenable assumption is removed from the truth table in order to produce the intermediate solution.

Intermediate solution

Following the parsimonious solution, the intermediate solution is obtained when performing counterfactual analysis on the complex and parsimonious solutions including only theoretically plausible counterfactuals (Ragin, 2008). The decision to delete the counterfactual row is based on the theoretical knowledge that indicates all three conditions to be present for a successful CSI.

COCA	ACSICBS	CSIM	number	CSISUCCESS	cases	raw consist. ▼	PRI consist.	SYM consist
0	1	1	5	1	cases	0.8	0.8	0.8
1	0	1	3	0	cases	0.666667	0.666667	0.666667
0	1	0	2	0	cases	0.5	0.5	0.5
0	0	1	2	0	cases	0.5	0.5	0.5
1	1	1	22	0	cases	0.454545	0.454545	0.454545
1	1	0	8	0	cases	0.375	0.375	0.375
1	0	0	5	0	cases	0.2	0.2	0.2

Figure 2: Truth table of the intermediate solution

Figure 2 now displays one configuration for successful CSI with a sufficient consistency of 0.8 and a coverage of 0.17. It is important to note that this is a relatively low coverage value, which makes difficult to generalize. However, this configuration will be retained because of how it enlightens theoretically.

Descriptive formula: (coca*ACSICBS*CSIM) → CSISUCCESS

This configuration (C1) represents CSI projects that were successful without co-creation of capabilities, but with the presence of alignment of CSI with the core business strategy and a strategic and moral motive.

The intermediate solution is part of the complex solution, but also includes the parsimonious solution (Pappas & Woodside, 2021). Instead of only interpreting the results through a Boolean expression to describe the sufficient configurations, Ragin and Fiss (2008) recommended a graphical display of the solution because it is more intuitive to interpret. Table 4 provides an overview of the results and shows the intermediate solutions. The core conditions are presented in both parsimonious and intermediate solution. The presence of a condition is indicated by a full circle, whereas the absence is indicated by a crossed-out circle (⊗). The core condition signals a strong relation. In case of an empty cell, the condition can be present or absent and this can be interpreted as ‘don’t care’, however, this is not applicable here.

Configuration	1
Co-creation of capabilities	⊗
Alignment of CSI with core business strategy	●
CSI motives	●
Raw coverage	0.166667
Unique coverage	0.166667
Consistency	0.8
Solution coverage	0.166667
Solution consistency	0.8
Corresponding cases	PSOM07GM01, PSOM06GH01, PSI09MN01, PSOM06BA23, PSOM08MA01

Table 4: Graphical display of the solution

The analyses presented one sufficient configuration explaining successful CSI. The solution consistency is above the threshold of 0.8 with a consistency of 0.8. The coverage is 0.17. Even though the unique coverage value is relatively low, they will be retained because these empirics enlighten us theoretically.

4.3 Analysis of the negation of the outcome

Even though the negation of the outcome is not part of the hypotheses and theory to be examined, Wagemann & Schneider (2007) recommended to conduct this separate analysis, since the analysis of negative cases could be helpful to understand the causal logic driving the positive cases and/or can generate interesting insights for future research. By conducting this analysis, asymmetries will be brought to the surface, if any.

Test of necessity for the negation of successful CSI

Causal conditions	Consistency	Coverage
COCA	0.880000	0.578947
ACSICBS	0.760000	0.513514
CSIM	0.600000	0.468750

Table 4: Test of necessity for the negation of successful CSI

Since all scores of Table 4 are below the threshold of 0.9, the analysis shows that none of the conditions independently appear to be necessary for the negation of successful CSI. This is in line with the theory that these conditions could facilitate successful CSI, not facilitate unsuccessful CSI. Thus, projects could be unsuccessful due to other conditions which is beyond the scope of this thesis. As expected, the coverage values for the causal conditions in this table are opposing the values in the test of necessity for the presence of successful CSI.

Intermediate solution for the negation of successful CSI

Because none of the conditions independently appeared to be necessary for the negation of successful CSI, the next step was a configurational approach. A frequency cut-off of 1 and consistency threshold of 0.8 is used.

COCA	ACSICBS	CSIM	number	~CSISUCCESS	cases	raw consist. ▼	PRI consist.	SYM consist
1	0	0	5	1	cases	0.8	0.8	0.8
1	1	0	8	0	cases	0.625	0.625	0.625
1	1	1	22	0	cases	0.545455	0.545455	0.545455
0	1	0	2	0	cases	0.5	0.5	0.5
0	0	1	2	0	cases	0.5	0.5	0.5
1	0	1	3	0	cases	0.333333	0.333333	0.333333
0	1	1	5	0	cases	0.2	0.2	0.2
0	0	0	2	0	cases	0	0	0

Figure 3: Truth table results for the negation of successful CSI

Figure 3 now displays the exact opposite of the positive outcome and thus, a causal symmetrical relationship. Hence, there is one sufficient configuration with a consistency score that meets the threshold of 0.8. This configuration represents CSI projects that were not successful, with the presence of the co-creation of capabilities, but in absence of the strategic alignment to the core business strategy and a combined strategic and moral motive. However, it is important to note that in the test of necessity for the negation of successful CSI, the co-creation of capabilities is not a necessary condition. Thus, this analysis does not say anything about the presence of co-creation of capabilities causing unsuccessful CSI, it only appears to

be present in that certain sufficient configuration and is interdependent to the absence of the other two conditions.

Descriptive formula: (COCA*acsicbs*csim) → csisuccess

4.4 Robustness check

A robustness assessment was performed to determine the sensitivity of the results by altering the outcome condition's calibration. In this calibration, two social outcome measures were used instead of three by removing income above the country average. The low variance in this dimension was one of the reasons for doing so, because most of the projects resulted in an increased income. The altered calibration was operationalized as followed: when the economic and two social outcomes were high, the outcome of the project was considered as successful and got a full-membership (value 1). Projects having either a high economic and one high social outcome or a low economic and two high social outcomes were regarded to be more in than out the membership and also got a full-membership (value 1). The projects that had a high economic outcome and did not have a high social outcomes or had a low economic outcome and only one high social outcome, were regarded to be more out than in the membership and got a non-membership (value 0). When the project's economic and social outcomes were both low, it was also classified as non-membership (0). After running the analysis again with the altered calibration, the results from the truth table show that the sufficient configuration is similar to the configuration in the original analysis (see appendix). Thus, robustness is confirmed. The results are summarized in table 5 below.

Configuration	C1	Robustness check C1
Co-creation of capabilities	⊗	⊗
Alignment of CSI with core business strategy	●	●
CSI motives	●	●
Raw coverage	0.166667	0.148148
Unique coverage	0.166667	0.148148
Consistency	0.8	0.8
Solution coverage	0.166667	0.148148
Solution consistency	0.8	0.8
Corresponding cases	PSOM07GM01, PSOM06GH01, PSI09MN01, PSOM06BA23, PSOM08MA01	PSOM07GM01, PSOM06GH01, PSI09MN01, PSOM06BA23, PSOM08MA01

Table 5: Graphical display of solution (compared to the negation of the outcome)

4.5 Substitutive effects

There is a substitutive relationship observed within the sufficient configuration whereas the absence of one condition can be substituted with two others to achieve CSI success. This substitutive effect was observed with configuration C1 whereas successful CSI was achieved even though there was no sufficient co-creation of capabilities between the project partners due to conflict, tension, a general mismatch, failed cooperation with the local partner, or illness. Because the absence of this condition was substituted with the alignment of CSI with the core business strategy and a motive that consisted of a moral and strategic aspect, the outcome was still successful.

The latter is observed in a project that entails the production of bio-fuel from wood waste in Bosnia-Herzegovina which contributes to the environment both by using a waste product and by producing energy from renewable sources. The project partner had gone bankrupt, which caused some equipment to disappear, and the remaining partners lost parts of the shares in project. This awkward re-division of shares has caused quite some disputes. However, with wood-waste and bio energy being the core business of the applicant, which is consistent with their approach (Herrera, 2015), and their moral and strategic motive to develop greenfield investments in the environmental sector in order to reduce environmental damages, the project was still a success.

Another case example is from PSOM07GM01 where the applicant and recipient wanted to offer Energy, ICT and Education related services to Gambian consumers by setting up a franchise of internet, communication, and energy shops. Apart from giving the local people access to knowledge provided through the ICT services, the facilities also give local people the opportunity to take basic IT courses and other educational services at low costs. They planned on basing the cafés on solar energy as the Gambia currently lacks constant and reliable power supply. Even though the project partners seemed to be very compatible and had the complementary expertise to commit to the co-creation of capabilities, the cooperation was not successful. One of the reasons is the fact that the applicant was a relatively new setup and turned out to be “non-resistant against the realities after the bioenergy bubble has been blown apart” (Dutch Embassy, z.d.), indicating some external and unforeseen difficulties. After the complicated downscaling of this project in March 2009, the project faced another major problem when the applicant went bankrupt in July 2009. The project was able to continue because the applicant was acquired by another party, but it did cause a fair share of tension between all the parties involved. This example sheds light on the risks that come along with starting a strategic alliance. Being committed to the co-creation of capabilities and having the right complementary expertise to create a win-win situation (Dentoni et al., 2016) could still fail due a weak financial position of a partner. The project was finalized successfully. The business idea was apparently strong enough to overcome the difficulties, which could be explained by the strategic alignment of CSI to the core business. Furthermore, their combined strategic and moral motive could have added a boost of motivation that can yield perseverance and resilience that organizations need for a deeper knowledge exchange and co-creation (Mirvis et al., 2016), which contributed to the successfulness of the project.

This configuration suggests that conditions can substitute each other to deliver on CSI goals where the co-creation of capabilities is absent. Therefore, the following is proposed:

P1: Corporate social innovation success can be facilitated when the absence of the co-creation of capabilities is substituted with the alignment of CSI with the core business strategy and a combined moral and strategic motive.

Drawing on the propositions, the model in figure 4 summarizes how the configurations can substitute the absence of a condition to realize corporate social innovation.

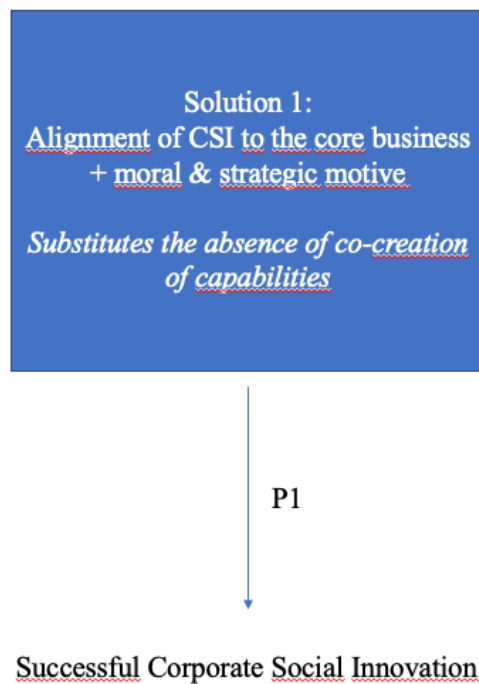


Figure 4: Configuration solution influencing successful innovation

5. Discussion

In this chapter, the key findings will be critically examined in the light of the previous state of the subject as outlined in the background theory. Furthermore, judgement as to what has been learnt will be provided and the QCA principles will be evaluated.

The aim of this research was to puzzle together the configuration of conditions that will cause the outcome of corporate social innovation success. The crisp-set QCA analysis revealed one sufficient configuration, which led to the following proposition: ‘Corporate social innovation success can be facilitated when the absence of the co-creation of capabilities is substituted with the alignment of CSI with the core business strategy and a combined moral and strategic motive’. There is an emphasis on the need for companies to understand how to produce and implement social innovations in an unfamiliar culture and context by experientially developing capability (“know-how”) through the co-creation of social innovations with partners (Mirvis et al., 2016). In this respect, this thesis challenges the previous insights on the role of co-creating capabilities within a strategic alliance when each of the partners can receive access to resources and capabilities that they would not have in the case of operating alone, by gaining and sharing information, knowledge, and skills (Dentoni et al., 2016).

As the literature emphasizes, forming a strategic alliance with a partner to invest in another country comes with risks (Kang et al., 2014). The empirics of this thesis revealed that there are many reasons why the co-creation of capabilities in a partnership won’t work the way initially was expected. It was an interesting finding that this does not necessarily lead to an unsuccessful outcome. The fact that the presence of the alignment of CSI to the core business strategy and the combined strategic and moral motive appeared together in a configuration, highlights that projects that failed to achieve co-creation of capabilities with their partner require to rely more on their internal strengths. However, this configuration does not mean that the co-creation of value is irrelevant in the context of corporate social innovation success. It indicates that any occurring problems or tension between project partners within a strategic alliance could be overcome with the presence of other conditions and still result in a positive outcome.

This configuration highlighted the importance of a firm’s more internally capabilities and intensions. Because, while some may argue that the motivations for corporate social initiatives are unimportant as long as significant social benefits are realized, understanding what motivates corporate decision-makers to direct a company's resources toward improving

society can be the key to encouraging more of this behavior over time (Brønn & Vidaver-Cohen, 2008). Furthermore, it is also important to note that most social innovation projects already have a naturally moral grounding, but some emerge more out of a strategic motive because globalization has led to society expecting international corporations to be socially responsible (Dionisio & de Vargas, 2020), which could also be described as a more extrinsic motivation. This thesis revealed that really wanting to improve conditions for stakeholders in the developing country, in combination with a strategic viewpoint, appears to be a stronger motive and a facilitator for the success of CSI.

As discussed in chapter 3 there are three basic principles of QCA which will be evaluated. The first is conjunction, which enables us to identify how multiple explanatory conditions combine into distinct configurations to produce organizational outcomes, CSI success. The analysis revealed one sufficient configuration where the absence of the co-creation of capabilities was substituted by a firms' strategic alliance of CSI to the core business strategy and a combined moral and strategic motive. This was an interesting finding due to the great emphasis in the literature on strategic alliances within corporate social innovation which could lead to the assumption that it is critical for success and shed light the importance of the interdependency between conditions in order to produce a positive outcome like social innovation success. Neither of the three different explanatory conditions appeared to be necessary for successful CSI, which definitely says something about the importance of the interaction between them. Although, an important note is that this cannot be generalized for all social innovation projects.

Concerning the equifinality, which means that multiple configurations are linked to the same outcome as well as the relative empirical importance of each of these configurations, this thesis only revealed one pathway within the boundaries of this research scope. Even though more configurations would have resulted in more insights, knowledge, and room to compare them, this outcome is still contributing. However, this implies that there are still more configurations of conditions to be discovered. CSI scholars reveal that another salient theme of corporate social innovation research is about the external pressures, focussing on theories that are depicting the influence on the institutional environment (Ciesielska & Iskoujina, 2017; Carberry *et al.*, 2019; Chin *et al.*, 2019;), which is not included as a condition in this thesis.

The third basic principle of QCA is asymmetry, which suggests that attributes "found to be causally related in one configuration may be unrelated or even inversely related in another" (Misangyi *et al.*, 2017, p. 256). To identify asymmetrical relationships, there was a

separate analysis conducted for the negation of the outcome. Surprisingly, there was a causal symmetrical relationship found, which is not common in QCA. Thus, the opposite of the configuration that facilitates successful CSI, holds for facilitating unsuccessful CSI. Even though the negation of CSI success was not the research question, this result supports the findings.

6. Conclusion

In this chapter, the theoretical and managerial implications will be discussed. Furthermore, the limitations will be addressed, and finally, future research directions will be recommended.

6.1 Theoretical implications

There is a great emphasis on the need to integrate social concerns into corporate operations (Buckley et al., 2017; Candi et al., 2019; Martí, 2018). Building on the theoretical underpinnings of CSI (Babu et al., 2020; Dionisio & de Vargas, 2020), this thesis has shed light on the configurations of three different conditions that facilitate successful CSI. This focus on the interaction between the co-creation of value through strategic alliances, CSI motives and the alignment of CSI with the core business strategy contributed to filling the gap in the literature of how these different conditions interact with each other in terms of implementing successful CSI. The results revealed how firms differ in their motives and strategic alignment they deploy to substitute the co-creation of capabilities by using a crisp-set QCA method and an extensive database of finalized CSI projects in developing countries by joint ventures of Dutch SMEs and their developing country-based corporate partner.

6.2 Managerial implications

To achieve both business and social aims, society expects foreign firms to reconcile corporate purpose with local realities and social requirements. However, in emerging countries, the relationship between corporations and social innovation is unclear (Dionisio & de Vargas, 2020). The findings in this thesis provide insight into how CSI operates in joint ventures and in poor countries. They demonstrate the approaches to CSI that could be used whenever a co-creation of capabilities with a partner is failing. Even though failed or difficult partnerships could possibly be harmful for the CSI projects, this thesis emphasized that this could be substituted by the internalized strengths. Thus, to successfully implement CSI, without relying too much on a partner for success, this thesis proposes a set of strategic alignment of CSI and having a combined strategic and moral motive for managers. Highlighting the importance of really integrating CSI into the core business and not only knowing “what” the firm tries to establish with social innovation, but also “why”.

6.3 Limitations of this thesis

It is important to note that the method that was used, crisp-set QCA, had some limitations. For instance, the process of dichotomizing the sets brings a risk of losing some of the more complex information. Since this dataset is qualitative, not all information is black and white, and a more nuanced approach could lead to a more accurate calibration, such as a fuzzy-set QCA approach. However, this method was not preferred over a crisp-set QCA because of the nature of the dataset. The data available for the three conditions of this research was most of the times not extensive enough to be calibrated in a fuzzy manner. Most conditions were either absent or present, with no ambiguity between the status of the condition. This fitted the binary calibration of a crisp-set. Furthermore, determining if a case is fully in or fully out can be subjective and might differ in results in the case of a different coder, since qualitative research methods contend with debates surrounding subjectivity and bias (Church, 2019). This could be avoided by using a multi-coder team, whereas the coders code individually and then discusses and resolve any differences.

Another limitation is that sometimes the data that is needed for the determination of a condition was not available. There are many other CSI success factors defined by the literature, but this consisting database restricted the scope of this thesis by the available information. As a result, this reduced the number of the included conditions which might be important to research but could not be investigated. However, they will be recommended for future research directions. Furthermore, due to the use of an existing dataset, there was no option to ask further questions. This would have been useful in some cases, especially regarding the motives condition. A motive is something that may not always be fully articulated in the data. What appears to only a strategic motive, could also be driven by morals. However, this may not always be stated by the company. In summarization, asking further questions would be useful to obtain further knowledge in the case of inconsistency of information within the projects.

6.4 Directions for future research

The findings of this thesis guide directions for future research. Something that was not analyzed in this thesis are more external influences, such as institutions, corruption, climate, or a pandemic. Since this research only included partnerships between SMEs, another suggestion would be to investigate, in a comparative analysis, if a partnership with a MNE offers specific forms of configurations of the conditions used in this thesis. SMEs, with more limited resources, have a tendency to outsource a significant percentage of their resources and

extensively leverage them, or to rely on the resources of others, while MNEs have been able to rely more on their own internal resources (Dana et al., 1999). This could overcome tension between the partnerships due to bankruptcy or financial issues, which was observed in the sample.

An article by Peerally et al (2022) emphasized that the pandemic has motivated MNEs to make unprecedented efforts to establish new business models for social value creation, which is a positive step toward solving other grand challenges related to holistic sustainable development, not only health. However, governments, international organizations, and other society stakeholders may wonder if and how long these innovative business models—and, more significantly, MNE leaders' social-conscious mentality during the pandemic—can be sustained beyond the crisis (Peerally et al., 2022). Future research could incorporate this to see how they interact with internal capabilities and additionally, how institutional pressures influence the CSI motives by Brønn & Vidaver-Cohen (2008) described in chapter 2.

Furthermore, scholars suggest that CSI research needs to develop new theories to explain emerging phenomena (e.g. detailed organizational characteristics of firms developing CSI, the skills and abilities required to create and exploit CSI, new measuring models and methods, the role of certain internal and external stakeholders like employees and social movements) (Tabares, 2020).

Lastly, the generalizability of the findings has room for improvement. Government funding schemes, especially those with social aims, are generally aimed at supporting SME innovation (e.g., Jenson, 2015). Given that SME participation and funding programs are not unique to the Netherlands, it would be likely that developing country joint ventures of SMEs from other countries exhibit comparable interdependencies. Future researchers might find it interesting to undertake a similar study in other countries.

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APPENDIX

COMPLEX SOLUTION

COCA	ACSICBS	CSIM	number ▼	CSISUCCESS	cases	raw consist.	PRI consist.	SYM consist
1	1	1	22 (44%)		cases	0.454545	0.454545	0.454545
1	1	0	8 (61%)		cases	0.375	0.375	0.375
0	1	1	5 (71%)		cases	0.8	0.8	0.8
1	0	0	5 (81%)		cases	0.2	0.2	0.2
1	0	1	3 (87%)		cases	0.666667	0.666667	0.666667
0	0	0	2 (91%)		cases	1	1	1
0	1	0	2 (95%)		cases	0.5	0.5	0.5
0	0	1	2 (100%)		cases	0.5	0.5	0.5

PARSIMONIOUS SOLUTION

 TRUTH TABLE ANALYSIS

File: /Users/bobbiepeters/Documents/Master/QCA FINAL CODING 4 MT PSI.csv
 Model: CSISUCCESS = f(COCA, ACSICBS, CSIM)
 Algorithm: Quine-McCluskey

--- PARSIMONIOUS SOLUTION ---
 frequency cutoff: 2
 consistency cutoff: 0.8

	raw coverage	unique coverage	consistency
	-----	-----	-----
-COCA*-ACSICBS*-CSIM	0.0833333	0.0833333	1
-COCA*ACSICBS*CSIM	0.166667	0.166667	0.8

solution coverage: 0.25
 solution consistency: 0.857143

Cases with greater than 0.5 membership in term -COCA*-ACSICBS*-CSIM: PSOM08ET04 (1,1),
 PSOM07CH03 (1,1)
 Cases with greater than 0.5 membership in term -COCA*ACSICBS*CSIM: PSOM07GM01 (1,1),
 PSOM06GH01 (1,0), PSI09MN01 (1,1), PSOM06BA23 (1,1),
 PSOM08MA01 (1,1)

 TRUTH TABLE ANALYSIS

File: /Users/bobbiepeters/Documents/Master/QCA FINAL CODING 4 MT PSI.csv
 Model: CSISUCCESS = f(COCA, ACSICBS, CSIM)
 Algorithm: Quine-McCluskey

--- INTERMEDIATE SOLUTION ---
 frequency cutoff: 2
 consistency cutoff: 0.8
 Assumptions:

	raw coverage	unique coverage	consistency
	-----	-----	-----
-COCA*-ACSICBS*-CSIM	0.0833333	0.0833333	1
-COCA*ACSICBS*CSIM	0.166667	0.166667	0.8

solution coverage: 0.25
 solution consistency: 0.857143

Cases with greater than 0.5 membership in term -COCA*-ACSICBS*-CSIM: PSOM08ET04 (1,1),
 PSOM07CH03 (1,1)
 Cases with greater than 0.5 membership in term -COCA*ACSICBS*CSIM: PSOM07GM01 (1,1),
 PSOM06GH01 (1,0), PSI09MN01 (1,1), PSOM06BA23 (1,1),
 PSOM08MA01 (1,1)

INTERMEDIATE SOLUTION

TRUTH TABLE ANALYSIS

File: /Users/bobbiepeters/Documents/Master/QCA FINAL CODING 4 MT PSI.csv
Model: CSISUCCESS = f(COCA, ACSICBS, CSIM)
Algorithm: Quine-McCluskey

--- PARSIMONIOUS SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.8

	raw coverage	unique coverage	consistency
-COCA*ACSICBS*CSIM	0.166667	0.166667	0.8

solution coverage: 0.166667
solution consistency: 0.8

Cases with greater than 0.5 membership in term -COCA*ACSICBS*CSIM: PSOM07GM01 (1,1),
PSOM06GH01 (1,0), PSI09MN01 (1,1), PSOM06BA23 (1,1),
PSOM08MA01 (1,1)

TRUTH TABLE ANALYSIS

File: /Users/bobbiepeters/Documents/Master/QCA FINAL CODING 4 MT PSI.csv
Model: CSISUCCESS = f(COCA, ACSICBS, CSIM)
Algorithm: Quine-McCluskey

--- INTERMEDIATE SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.8
Assumptions:

	raw coverage	unique coverage	consistency
-COCA*ACSICBS*CSIM	0.166667	0.166667	0.8

solution coverage: 0.166667
solution consistency: 0.8

Cases with greater than 0.5 membership in term -COCA*ACSICBS*CSIM: PSOM07GM01 (1,1),
PSOM06GH01 (1,0), PSI09MN01 (1,1), PSOM06BA23 (1,1),
PSOM08MA01 (1,1)

ROBUSTNESS CHECK

Truth table parsimonious solution

COCA	ACSICBS	CSIM	number	CSISUCCESS	cases	raw consist. ▼	PRI consist.	SYM consist
0	0	0	2	1	<input type="button" value="cases"/>	1	1	1
0	1	1	5	1	<input type="button" value="cases"/>	0.8	0.8	0.8
1	0	1	3	0	<input type="button" value="cases"/>	0.666667	0.666667	0.666667
1	1	0	8	0	<input type="button" value="cases"/>	0.625	0.625	0.625
1	1	1	22	0	<input type="button" value="cases"/>	0.5	0.5	0.5
0	1	0	2	0	<input type="button" value="cases"/>	0.5	0.5	0.5
0	0	1	2	0	<input type="button" value="cases"/>	0.5	0.5	0.5
1	0	0	5	0	<input type="button" value="cases"/>	0.2	0.2	0.2

Truth table intermediate solution

COCA ▲	ACSICBS	CSIM	number	CSISUCCESS	cases	raw consist.	PRI consist.	SYM consist
0	1	1	5	1	<input type="button" value="cases"/>	0.8	0.8	0.8
0	0	1	2	0	<input type="button" value="cases"/>	0.5	0.5	0.5
1	1	0	2	0	<input type="button" value="cases"/>	0.5	0.5	0.5
1	0	1	3	0	<input type="button" value="cases"/>	0.666667	0.666667	0.666667
1	1	0	8	0	<input type="button" value="cases"/>	0.625	0.625	0.625
1	1	1	22	0	<input type="button" value="cases"/>	0.5	0.5	0.5
1	0	0	5	0	<input type="button" value="cases"/>	0.2	0.2	0.2

File: /Users/bobbiepeters/Documents/Master/ROBUSTNESS CHECK 2.csv
 Model: CSISUCCESS = f(COCA, ACSICBS, CSIM)
 Algorithm: Quine-McCluskey

--- TRUTH TABLE SOLUTION ---

frequency cutoff: 2
 consistency cutoff: 0.8
 Assumptions:

	raw coverage	unique coverage	consistency
-COCA*-ACSICBS*-CSIM	0.0740741	0.0740741	1
-COCA*ACSICBS*CSIM	*****		

TRUTH TABLE ANALYSIS

File: /Users/bobbiepeters/Documents/Master/ROBUSTNESS CHECK 2.csv
 Model: CSISUCCESS = f(COCA, ACSICBS, CSIM)
 Algorithm: Quine-McCluskey

--- TRUTH TABLE SOLUTION ---

frequency cutoff: 2
 consistency cutoff: 0.8
 Assumptions:

	raw coverage	unique coverage	consistency
-COCA*ACSICBS*CSIM	0.148148	0.148148	0.8

solution coverage: 0.148148
 solution consistency: 0.8

Cases with greater than 0.5 membership in term -COCA*ACSICBS*CSIM: PSOM07GM01 (1,1),
 PSOM06GH01 (1,0), PSI09MN01 (1,1), PSOM06BA23 (1,1),
 PSOM08MA01 (1,1)
 0.148148 0.8
 solution coverage: 0.222222
 solution consistency: 0.857143

Cases with greater than 0.5 membership in term -COCA*-ACSICBS*-CSIM: PSOM08ET04 (1,1),
 PSOM07CH03 (1,1)
 Cases with greater than 0.5 membership in term -COCA*ACSICBS*CSIM: PSOM07GM01 (1,1),
 PSOM06GH01 (1,0), PSI09MN01 (1,1), PSOM06BA23 (1,1),
 PSOM08MA01 (1,1)