Master's thesis

NTNU
Norwegian University of Science and Technology
Faculty of Economics and Management
Dept. of Industrial Economics and Technology Management

Hanna Synnøve Solberg
Jenni Susanne Skaara
Signe Ralsted Buhl

Exploring Motivational Drivers in Strategic Partner Selection: Circularity Startups and Incumbents in the Construction Industry

A multiple-case study and proposed practical frameworks

Master's thesis in NTNU School of Entrepreneurship
Supervisor: Dag Håkon Haneberg
June 2023

OpenAI. (2023). DALL·E2 [Computer software]. Retrieved from https://www.openai.com/dall-e

NTNU
Norwegian University of Science and Technology

NTNU SCHOOL of ENTREPRENEURSHIP

Hanna Synnøve Solberg
Jenni Susanne Skaara
Signe Ralsted Buhl

Exploring Motivational Drivers in Strategic Partner Selection: Circularity Startups and Incumbents in the Construction Industry

A multiple-case study and proposed practical frameworks

Master's thesis in NTNU School of Entrepreneurship
Supervisor: Dag Håkon Haneberg
June 2023

Norwegian University of Science and Technology
Faculty of Economics and Management
Dept. of Industrial Economics and Technology Management

NTNU
Norwegian University of
Science and Technology

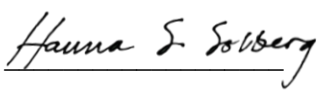
Preface

Undertaking this thesis has been a remarkable learning experience, one that has required determination, perseverance, and at times, the ability of navigating some healthy doses of uncertainty. We would like to begin by expressing our deepest gratitude to our supervisor, Dag Håkon Haneberg, for his invaluable guidance and support throughout the journey of completing this master thesis. Dag Håkon's unwavering dedication, patience, and expertise have played an instrumental role in shaping our research and helping us navigate the challenges that arose along the way. Thank you for always being willing to listen to our questions and for assisting us whenever we found ourselves unsure of our path.

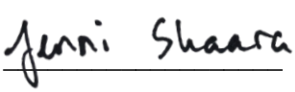
Lastly, we want to acknowledge the support of our friends, family, and both staff and students at the NTNU School of Entrepreneurship, who have provided encouragement, understanding, and a much-needed balance throughout this demanding process. Your belief in our abilities has been a constant source of motivation.

The basis for this research stemmed from the authors' joint interest in how startups can scale sustainable innovations, a topic which we investigated in our project thesis. As we present this master thesis, we humbly recognize that it would not have been possible without the collective support and guidance of those mentioned above. We hope that our work contributes meaningfully to the field of entrepreneurship research and inspires further exploration in the areas affected by motivational drivers.

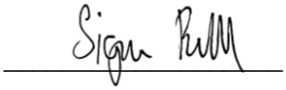
Trondheim, 2023



Hanna S. Solberg



Jenni S. Skaara



Signe R. Buhl

Abstract

The purpose of this research paper is to gain insight on the motivational drivers in the partner selection process of strategic partnerships between startups and incumbents, with a specific focus on the construction industry's transition towards circularity. The study formulates three research questions to address the gaps in the existing literature; (RQ1) What are the motivational drivers in startups and incumbents in a strategic partner selection process?**;** (RQ2) How do startups and incumbents identify each other's motivational drivers in the partner selection process, and to which degree do they understand each other's drivers?; and (RQ3) Why is it important to understand motivational drivers of potential partners in the partner selection process of strategic partnerships between startups and incumbents? In order to answer these research questions, an extensive research study on strategic partnerships between startups and incumbents in the Norwegian construction industry was conducted. The research included conducting a literature review, developing one conceptual framework for identifying motivational drivers in a partner selection process between two firms, developing two prescriptive frameworks for motivational drivers in startups and incumbents, respectively, conducting interviews with four partnerships, and conducting an abductive multiple case study.

The study reveals that startups have a good understanding of incumbents' motivational drivers due to their need for resources, their relational nature, and their focus on product or service development. Startups' ability to identify incumbents' drivers can lower barriers and facilitate the integration of sustainable innovations into the construction industry. On the other hand, incumbents' understanding of startups' motivational drivers is limited due to their emphasis on cost-benefit analysis, reliance on external entities for strategic problem-solving, and asymmetric power dynamics. To foster circular innovation in startup-incumbent partnerships, incumbents should make efforts to understand startups' motivational drivers and thus improve the partner selection process. Furthermore, the study provides practitioners with two prescriptive frameworks of motivational drivers in circularity startups and incumbents during a partner selection process, which provide valuable insights to evaluate potential circularity startup-incumbent partnerships and can support decision-making in such partnerships.

The contributions of this research lie in filling the gaps in the literature on partner selection and collaboration between startups and incumbents. It provides a comprehensive view of the partner selection process and identifies motivational drivers in both startups and incumbents. Moreover, the study contributes to the understanding of strategic partnerships in circularity startups and incumbents in the construction industry and their impact on implementing circular economy practices.

Keywords: Strategic partnerships, startups, incumbents, partner selection, circularity, construction industry, motivational drivers, sustainability transitions, collaboration, innovation.

Sammendrag

Formålet med denne forskningsrapporten er å få innsikt i motivasjonsdrivere som opptrer i partnerutvelgelsesprosessen i strategiske partnerskap mellom oppstartsbedrifter og etablerte aktører, med fokus på byggebransjens overgang til sirkulær økonomi. Studien formulerer tre forskningsspørsmål [FS) for å adressere mangler i eksisterende litteratur; (FS1) Hva er motivasjonsdriverne i oppstartsbedrifter og etablerte selskaper i en strategisk partnerutvelgelsesprosess? (FS2) Hvordan identifiserer oppstartsbedrifter og etablerte selskaper hverandres motivasjonsdrivere i partnerutvelgelsesprosessen, og i hvilken grad forstår de hverandres motivasjonsdrivere? og (FS3) Hvorfor er det viktig å forstå motivasjonsdriverne til potensielle partnere i partnerutvelgelsesprosessen for strategiske partnerskap mellom oppstartsbedrifter og etablerte selskaper? For å svare på disse spørsmålene har vi gjennomført en omfattende forskningsstudie på strategiske partnerskap mellom oppstartsbedrifter og etablerte aktører i den norske byggebransjen. Dette innebærte et litteratursøk, utvikling av et teoribasert konseptuelt rammeverk for å identifisere motivasjonsdrivere i en partnerskapsutvelgelsesprosess mellom to bedrifter, utvikling av to preskriptive rammeverk for motivasjonsdrivere i henholdsvis oppstartsbedrifter og etablerte bedrifter, gjennomføring av intervjuer med fire partnerskap, og en abduktiv multippel casestudie.

Studien viser at oppstartsbedrifter har en god forståelse av de etablerte bedriftenes motivasjonsdrivere på grunn av deres behov for ressurser, deres tendens til å vektlegge relasjonelle aspekter i et forretningsforhold, og deres fokus på utvikling av produkter og tjenester. Oppstartsbedriftenes evne til å identifisere de etablerte aktørenes drivkrefter kan redusere eksisterende barrierer og dermed gjøre det lettere å integrere bærekraftige innovasjoner i byggebransjen. På den annen side har de etablerte aktørene begrenset forståelse for oppstartsbedriftenes motivasjonsdrivere på grunn av deres vektlegging av kost-nytte-analyser, avhengighet av eksterne aktører for strategisk problemløsning, samt på grunn av asymmetrisk maktdynamikk mellom oppstartsbedrifter og etablerte aktører. For å fremme sirkulær innovasjon gjennom partnerskap mellom oppstartsbedrifter og etablerte selskaper bør de etablerte selskapene arbeide for å bedre forstå oppstartsbedriftenes motivasjonsfaktorer, og dermed forbedre partnerutvelgelsesprosessen. Videre gir studien praktiserende forskere to preskriptive rammeverk for motivasjonsdrivere i oppstartsbedrifter og etablerte selskaper under en partnerutvelgelsesprosess, som gir verdifull innsikt i hvordan man kan evaluere potensielle strategiske partnerskap mellom oppstartsbedrifter og etablerte selskaper, og som kan støtte beslutningsprosesser i slike partnerskap.

Denne forskningen bidrar til å fylle hull i litteraturen om valg av strategiske partnerskap og samarbeid mellom oppstartsbedrifter og etablerte selskaper. Studien gir et helhetlig bilde av partnerutvelgelsesprosessen og identifiserer motivasjonsfaktorer hos både oppstartsbedrifter og etablerte selskaper. I tillegg bidrar studien til forståelsen av strategiske partnerskap mellom

oppstartsbedrifter og etablerte aktører i byggebransjen, og innvirkningen slike partnerskap har på implementeringen av sirkulær økonomi.

Nøkkelord: Strategiske partnerskap, oppstartsbedrifter, etablerte selskaper, partnervalg, sirkulæritet, byggebransjen, motivasjonsdrivere, bærekraftig omstilling, samarbeid, innovasjon.

List of Contents

List of Tables

List of Figures

1. Introduction

Between now and 2060, across the world the equivalent of the city of Paris will be built each week (EMF, 2023). Strategic partnerships between startups and incumbent firms play an important role in making sure these "Paris"-es are built sustainably on circular economy practices.

The climate crisis is an existential challenge to the world (EC priorities, n.d). Since the 1980's human activities have been the main driver of climate change, and climate change is primarily driven by greenhouse gas emissions (UN, n.d). One of the major emitters is the construction-industry, also called the "40 percent industry", which is responsible for 40% of the world's carbon emissions (Carlin, 2022), 40% of the world's materials use and 40% of the world's energy consumption (Deloitte, 2019). Additionally, the construction industry contributes to the destruction and contamination of ecosystems, putting the industry at "the core of the climate change debate" (Müller et al., 2020, p. 1). These emissions are rooted in the linear 'take-make-waste' paradigm that still predominates in the industry (Nilsen & Aursand, 2020; Wautelet, 2018). The construction industry has been identified as a key sector where a circular economy approach could have a significant impact on environmental sustainability (EMF, 2016). A circular economy is defined "as a regenerative system in which resource input and waste, emission, and energy leakage are minimized by slowing, closing, and narrowing material and energy loops." (Geissdoerfer et al., 2017, 759). Improving the circular economy in the construction industry is said to be restorative in nature, aiming "to maintain the utility of products, components and materials for as long as possible while also retaining their value" (EEA, 2020). It is thus imperative that improving the circular economy in the construction industry is crucial in order to reduce the negative impact the construction industry has on nature and climate. Furthermore, strong and sustained reductions in greenhouse gas emissions can limit climate change, and human actions still have a potential of determining the future course of the climate (IPCC, 2021).

"Collaboration has been identified as a key requirement for progressing the circular economy."

- Adams et al. (2017, p.14)

Important enablers of accelerating the transition to a circular economy in the construction industry are, amongst others, collaboration between actors in the industry, knowledge sharing on circular economy

practices, policy making, leadership and financing (Acharya et al., 2018). “Collaboration has been identified as a key requirement for progressing the circular economy.” (Adams et al., 2017, p.14; Chamberlin et al., 2013; Preston, 2012). However, today there exist political and regulatory barriers, economic barriers, knowledge and cultural barriers, technological barriers and structural barriers that slow the transitioning to a circular economy in the construction industry (i.e., Adams et al., 2017; Hart et al., 2019). Due to the construction industry being a fragmented and conservative industry with a low degree of innovation and a highly competitive environment, there has traditionally been little collaboration throughout the industry value chain (Acharya et al., 2018; Hart et al., 2019; Leising et. al., 2018; Wuni 2022), challenging the progression towards circularity.

The entrepreneurial role in technical and societal transitions has been widely acknowledged, and entrepreneurship research shows that entrepreneurs are an important source of sustainable innovation and development (Trautwein, 2021). Entrepreneurship plays an important role in the diffusion of sustainable innovations (Trautwein, 2021). Moreover, scaling up sustainability startups[1] is important in order to make a significant difference on environmental and social sustainability on a global scale, and accelerate industries into sustainability (Bocken et al., 2014). A sustainability startup that works on a specific product or service that will enhance circularity, is in this paper referred to as a *circularity startup*. A circular startup can make a significant impact on the social and environmental sustainability in the construction industry as a whole, if the circularity startup is successful in scaling up (Bocken et al., 2014). *Collaborative approaches* are emphasized as a means for sustainability pioneers in niches to scale beyond their initial niches and reach mass markets without compromising too much of their sustainability quality (Schaltegger et al., 2016). In general, the literature agrees that cooperative and collaborative strategies are beneficial for scaling of sustainability startups (i.e., Bocken et al., 2022; Hultberg & Pal, 2021; Sandberg & Hultberg, 2021). Moreover, startups’ characteristics make them interesting innovation partners for incumbent firms[2], also referred to as incumbents, that are looking to accelerate and improve their innovation processes and outputs, as well as their access to new technologies (Marion and Friar, 2012). Collaborative approaches between sustainability startups and incumbent firms could thus promote a win-win-win situation, where the environment, the startups and the incumbents benefit from the collaboration.

One of the ways in which companies can pursue mutual benefits greater than those by individual efforts is through *strategic partnerships* (Yu et al., 2019). Through joint efforts, firms in strategic partnerships pursue common strategic goals (i.e., Forrest, 1990; Mandal et al., 2003; Yoshino & Rangan, 1995) and

[1]Building on Hockerts and Wüstenhagen (2010, p.482) definition of sustainable entrepreneurship, we define sustainability startups as startups that discover and exploit “economic opportunities through the generation of market disequilibria that initiate the transformation of a sector towards an environmentally and socially more sustainable state.”

[2]An incumbent firm is a firm which already is in position in a market (Oxford reference, n.d).

gain competitive advantage (i.e., Mockler et al, 1997; Standifer & Bluedorn, 2006; Wei, 2007). Firms will pool their resources in order to achieve their respective goals for the strategic partnership, and these goals will drive firms to work together to improve relationship performance (Munksgaard et al., 2014). Startups often collaborate with incumbent firms in strategic partnerships to overcome *liabilities of smallness* and *newness* (e.g., De Groote & Backmann, 2020). Startups' liabilities of smallness and newness refers to the startups' lack of resources and legitimacy, respectively (e.g., Partanen et al., 2014; Hoang & Antoncic, 2003; Stuart, 2000). Startups must overcome these liabilities, which arises from their need to acquire new skills, establish trust within and outside their organizations, and gain legitimacy with resource providers and stakeholders, all while introducing innovative ideas (Stinchcombe, 1965). These liabilities become even more pronounced for sustainability startups due to their unique dual objective of delivering societal benefits while also generating profitability for shareholders (Wang & Bansal, 2012).

On the other hand, startups' flexibility and openness to disruptive innovations make them attractive partners for incumbents (Hyytinen et al., 2015). However, their high level of innovativeness can negatively impact their survival (Hyytinen et al., 2015), ultimately affecting the viability of a startup-incumbent strategic partnership. In fact, while research has shown that although strategic partnerships can be a source of competitive advantage there is a high rate of partnership failure (Gerwin, 2004; Langfield-Smith, 2008; de Rond, 2003). The high rate of startup-incumbent strategic partnerships failure indicates that there are several sustainability innovations that do not realize their potential, thus limiting the positive effect that startups' sustainability innovations have on the environment. Furthermore, in the *partner selection process* between traditional firms, research has shown that selection of an ideal partner is crucial to the partnership's success (i.e., Geringer et al., 1991; Hitt et al., 2000).

Research on asymmetric relationships between startups and bigger firms shows that the inherent *asymmetry* shapes the process of partner selection (e.g., Aaboen & Aarikka-Stenros, 2017). Asymmetry refers to the differences in terms for instance size, novelty, power, trust and mutuality that exist between incumbents and startups (Aaboen & Aarikka-Stenros, 2017). The partner selection process relates to the period prior to a partnership agreement. In this process of forming strategic partnerships between startups and incumbents, the two firms will agree on partnership governance structures (e.g., Duisters et al., 2011). In the partner selection process, a level of power over one another's beliefs and behavior will be established, based on the two firms' authority and dependence (Dwyer et al., 1987). This level of power will affect the norms and expectations that reside in the partnership after formation (Dwyer et al., 1987). Furthermore, the degree to which cognitions, expectations, mindsets, norms and values coincide between a startup and an incumbent firm (O'Reilly et al., 1991), are emphasized as important success criteria for strategic alliances. In a partner selection process, firms have certain criteria for

selecting complementary partners (Geringer, 1991). Furthermore, these criteria are intertwined with strategic motives and motivation (e.g., Dong & Glaister, 2006). A *motivational driver* refers to the underlying force or incentive that drives individuals to engage in specific behaviors or actions, influencing their choices and driving them towards particular goals or outcomes (see. subsection 3.2.4).

The partner selection process can both positively and negatively affect both the startup and the incumbent in the strategic partnership after its establishment. For instance, strategic partnerships in a startup's early stages are important for the development of the startup's resources and capabilities, as well as for product/service development (e.g., De Groote & Backmann, 2020; Aaboen & Aarikka-Stenros, 2017). Research studies on customer partnerships often show that in early interactions startups learn how to cope with the customer's resources, as well as how to interact with customers (e.g., Aaboen et al., 2011, Aaboen & Aarikka-Stenros, 2017). Another important aspect of early business relationships for startups is that the product idea often is transformed into the first product during initial customer relationships (Aaboen & Aarikka-Stenros, 2017). However, in asymmetric relationships, the smaller partner may invest in a large number of relation-specific assets in order to win the trust of the larger partner, thereby becoming a hostage to the relationship (Chen & Chen, 2002). Furthermore, in asymmetric relationships, the bigger party's interests tend to influence the collective interest (Medlin, 2006; Munksgaard et al., 2015), and research has shown that there is a great risk that an incumbent firm behaves opportunistically and exploits the knowledge of startups (Alvarez & Barney, 2001). From an incumbent perspective, startups can be a stream of new technologies (Alvarez & Barney, 2001), and incumbents are more likely to commit to partnerships on sustainable development opportunities if the partnership is likely to enhance the firms' competitive advantage. Furthermore, an incumbent firm is more likely to invest heavily in a partnership where believed outcomes of the partnership are equal or greater to what the incumbent believes it deserves (e.g., Dwyer et al., 1987). Thus, incumbents face a transactional risk of partnership failure with startups. This implies that there is a great level of risk associated with alliance making, both for the startup and the incumbent firm (e.g., Langfield-Smith, 2008). The formation of strategic partnerships is thus a crucial part of developing well-functioning partnerships. Careful consideration, by for instance identifying motivational drivers, during the initiating phase of strategic alliances is important for building successful partnerships (e.g., Slowinski & Sagal, 2005; Hogenhuis et al., 2016), thus ensuring that sustainable innovations reach the market and contribute to transitioning industries towards sustainability.

Due to the urgency of transitioning the construction industry into sustainability, as well as the existing barriers related to collaboration in the industry, it is important to investigate the motivational drivers in the partner selection process in startup-incumbent strategic partnerships. The primary objective of this paper is to examine the partner selection processes within asymmetric strategic partnerships between startups and incumbents. The main focus will be on analyzing the motivational drivers that influence

the decision-making process in selecting partners. The context of this investigation will be the ongoing transition of the construction industry towards circularity.

The purpose of this paper is to gain insight on motivational drivers in the partner selection process of startup-incumbent strategic partnerships, in light of the construction industry's transition towards circularity.

Furthermore, it is important that startups find trusting strategic partners that contribute to the startups' sustainability mission, and that incumbent firms identify feasible strategic partnerships with startups. To address the challenges of the partner selection process in strategic partnerships between startups and incumbent firms, we identify several gaps in the existing literature.

The research focusing on selection and collaboration between incumbents and startups is sparse (Aaboen & Arikka-Stenroos, 2017; De Groote & Backmann, 2020). The existing literature on partner selection between firms focus either on outlining the process of partner selection, or on identifying a set of selection criteria for successful partnership selection (e.g., De Groote & Backmann, 2020; Duisters et al., 2011; Solesvik & Gulbrandsen, 2013; Solesvik & Westhead, 2010). However, there is a lack of holistic literature, emphasizing both dimensions of partner selection; both the process and the underlying motives residing in the initiating firms (e.g., De Groote & Backman, 2020). Although research in the context have begun to identify drivers that differentiate in incumbent firms and startups (e.g., Das & He, 2006), there is a lack of research on which drivers in startups and incumbents, respectively, are present during the search and selection process of strategic partnerships between incumbents and startups (De Groote & Backmann, 2020, Hogenhuis et al., 2016). Finally, there is an overall lack of empirical studies on the initiating phase of a partnership (i.e., Aaboen & Aarikka-Stenros, 2017; Edvardsson et al., 2008; Valtakoski, 2015).

In order to fill in the gaps in the literature on holistic models on strategic partner selection process, and the lack of literature on motivational drivers in startups and incumbent firms in partner selection processes, we propose the following research question; What are the motivational drivers in startups and incumbents in a strategic partner selection process? In regard to sustainability transitions, we are particularly interested in how specific motivational drivers relate to the circular transition of industries, and whether there exist distinct motivational drivers related to circularity in startup-incumbent partner selection process.

RQ1 What are the motivational drivers in startups and incumbents in a strategic partner selection process?

Following the argument that understanding a partner's motivational drivers during partners selection can be useful in terms of establishing successful partnerships, we found that there is a need for investigating to which degree startups and incumbents understand each other's motivational drivers in the partner selection process. We thus propose the second research question; How do startups and incumbents identify each other's motivational drivers in the partner selection process, and to which degree do they understand each other's drivers?

RQ2 How do startups and incumbents identify each other's motivational drivers in the partner selection process, and to what degree do they understand each other's drivers?

Stadtler and Lindt (2017) stress that there is a need for analyzing incumbents' awareness of critical patterns, their strategic motivation and their capability to respond in a specific way in depth through qualitative research. To our knowledge, there is also a lack of qualitative studies investigating motivational awareness and emphasis in startups. To investigate the relevance of the field of study, we propose a third research question; Why is it important to understand motivational drivers of potential partners in the partner selection process of strategic partnerships between startups and incumbents?

RQ3 Why is it important to understand motivational drivers of potential partners in the partner selection process of strategic partnerships between startups and incumbents?

We will develop a conceptual framework for identifying motives for initiating strategic partnerships between firms, and we will use this framework to develop two prescriptive frameworks explaining motivational drivers in the circularity startup-incumbent strategic partner selection process. We will explore the partner selection process through an abductive qualitative case study. By identifying motives and studying the selection process, we will discuss opportunities and challenges related to establishing strategic partnerships for circularity transitions, in light of the industry context. Furthermore, using the findings, we will further develop the two prescriptive frameworks into two

practical frameworks that practitioners can use to support decision making in a partner selection process for circularity startup-incumbent strategic partnerships.

Current literature has largely focused on analyzing each side of strategic partnerships separately however relationships between incumbents and startups are better understood by exploring the partner selection process of the strategic partnerships as a whole, before integrating the views of both sides into the proposed models (De Groote & Backmann, 2020),. Most of the literature on strategic partnerships has been focused on collaboration between established organizations (e.g., Aaboen & Aarikka-Steenros, 2017). Our empirical research fills gaps in the literature on partner selection and collaboration between startups and incumbents. It highlights the importance of understanding the process and underlying motives in partner selection. We provide a holistic view by addressing the drivers in both startups and incumbents, contributing to the understanding of partner selection in startup-incumbent strategic partnerships. Additionally, we contribute to the literature on strategic partnerships between circularity startups and incumbents in the construction industry, exploring how motivational drivers impact the ability to overcome barriers and implement circular economy practices. This thesis thus contributes, as one of very few, to the field of selection processes in strategic partnerships between startups and incumbents.

The paper is structured as follows: Chapter 2 will give an overview of the circular economy in the construction industry, as well as the barriers related to implementing circular economy in the construction industry. Chapter 3 will give an overview of the literature background on inter-firm relationships and partner selection processes, propose a conceptual framework that we will use in our method and to analyze our findings. Furthermore, we will discuss literature on strategic partnerships between startups and incumbents and synthesize two prescriptive frameworks of the partner selection process. Chapter 4 will provide an overview of the methods used to answer our research question. Following, we will present our findings in chapter 5, and discuss the findings and our proposed framework in chapter 6. Limitations to our research, implications for further practice and fields for further research will also be presented in the discussion. Central findings are summarized together with the conclusion in chapter 7.

2. The construction industry context

In order to provide relevant context to the strategic partnerships that are being investigated through our case study, this chapter introduces circular economy in the construction industry, followed by barriers to implementing circular economy in the industry. By doing so, we provide a solid foundation for discussing how the partner selection process in incumbent-startup strategic partnerships is influenced by the barriers to implementing circular solutions in the construction industry. Key insights from this chapter will be summarized in Table 2.1.

The construction industry is considered to be one of the main contributors to carbon emissions, energy consumption and materials use, contributing to global warming (EPRA, 2021; Müller et al., 2020). Several regulations laws and regulations[3] and certifications[4] have been introduced to the industry in order to steer the construction industry towards climate mitigation and climate adaptation. With regulations such as the EU-taxonomy, investments are being funneled into sustainable economic activities, where the construction industry is being incentivized towards adopting more circular solutions and reducing its climate footprint (EC finance, n.d.). These industry trends promote a transition towards a more sustainable industry. As we will see in the following sections, the transitioning of the construction industry into circularity is said to have a major impact on the industry's sustainability performance (EMF, 2016). However, there exist barriers to transitioning the industry into circularity.

2.1 Circular economy in the construction industry

The concept of Circular Economy has gained momentum since the 1970s (EMF, 2013; Geissdoerfer et al., 2017), and has received support from policymakers, "influencing governments and intergovernmental agencies at the local, regional, national, and international level." (Geissdoerfer et al., 2017, p. 759). Prior to this, the established discourse was linear economy, where natural resources were extracted from the earth's surface, produced into products that would be consumed, or used, until the product was at the end of its life, and disposed (Nilsen & Aursand, 2020) a "take-make-waste" -paradigm (Wautelet, 2018).

[3] Regulations such as the EU-taxonomy, building acts and regulations, as well as laws on greenhouse gas monitoring, sets the legal grounds in the construction industry.
[4] Certifications such as Futurebuilt, BREEAM, CEEQUAL, Svanemerket, Fyrtårn and ISO stimulate contractors to make greener decisions during construction.

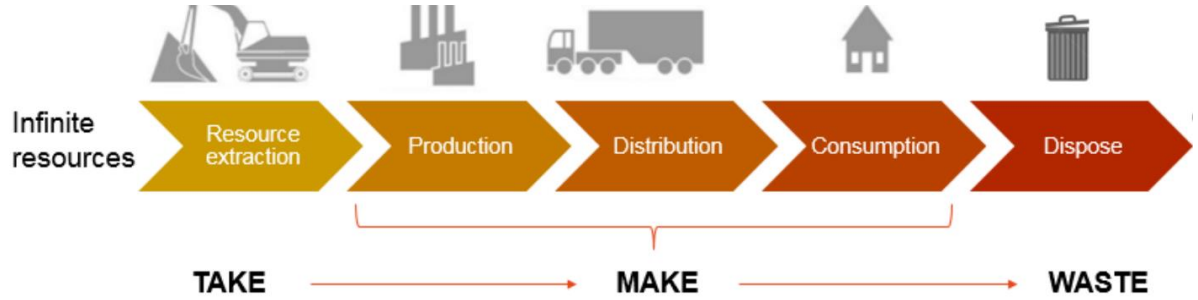


Figure 2.1: “Take-make-waste” material handling. Taken from Wautelet (2018).

The linear economy, which follows a "take-make-waste" model, see Figure 2.1, is harmful to the climate for several reasons. Firstly, it relies on the extraction of finite natural resources, which contribute to greenhouse gas emissions when extracted and processed (UNEP, 2019). Secondly, it generates significant waste, which may contain hazardous materials that can be released into the environment, contributing to pollution and climate change (UNEP, 2019). Finally, it relies on the consumption of energy, which is primarily generated from non-renewable sources such as coal and gas, further exacerbating climate change (UNEP, 2019).

The circular economy is a concept that involves waste prevention, resource efficiency, dematerializing, and regional job creation (Stahel & Reday, 1976). It thus enhances the triple bottom line of environmental, societal, and economic sustainability. The Ellen MacArthur Foundation (EMF, 2013) defines it as an industrial economy that is restorative or regenerative by intention and design. Central to the circular economy are closed material flows and high-quality product design that promotes the longevity of materials and components (e.g., Geng & Doberstein, 2008; Webster, 2015). The circular economy focuses on reducing, reusing, and recycling materials for products. Bocken et al. (2016, p. 309) provide a terminology for circular economy in business model strategy: (1) slowing resource loops through the design of long-life goods and product-life extension; (2) closing resource loops through recycling; and (3) resource efficiency or narrowing resource flows aimed at using fewer resources per product.

In order to implement a circular economy in the construction industry there has to be made improvements in handling all stages of a construction's life cycles (see Figure 2.2). For instance, in order to contribute to a more circular industry, construction companies should (i) choose raw materials that are of high quality and preferably of recycled materials, (ii) the constructions should be designed for assembly, (iii) the materials and their properties should be traced throughout the construction life cycle, (iv) the lifespan of the construction should be extended and (v) good procedures for the

construction end-of-life should be in place. See illustration in Figure 2.2 of the 5 stages from the European Environment Agency (EEA, 2020).

The concept of circular economy in the construction industry has been around for a while, but it has gained more attention in recent years. According to a report by the Ellen MacArthur Foundation, the construction industry has been identified as a key sector where a circular economy approach could have a significant impact (EMF, 2016). The report highlights that the construction industry is responsible for a significant amount of waste, with up to 40% of all materials used in the industry ending up in landfill (EMF, 2016). This waste not only has significant environmental impacts but also represents a significant economic loss for the industry (EMF, 2016). Efforts related to producing high-grade products with high-recycled content, design constructions for disassembly, tracking materials and their material information, extending the construction's life and selectively demolish hazardous materials at the construction's end of life are viewed as positive circular economy principles in the construction industry (see Figure 2.2).

Efforts to promote a circular economy in the construction industry have been gaining momentum in recent years. In 2017, the European Commission launched a Circular Economy Package, which includes measures to promote resource efficiency and reduce waste in the construction sector (EC, 2017). In addition, several initiatives have been launched to promote circularity in the construction industry, such as the Nordic Network for Circular Construction[5] and the Building as Material Banks project[6]. These initiatives aim to promote the reuse of building materials and reduce waste in the construction industry. Despite efforts to transition to circularity, the industry still has a long way to go when it comes to transitioning the "take-make-waste" paradigm into circularity.

[5] https://nordiccircularconstruction.com/
[6] https://www.bamb2020.eu/about-bamb/

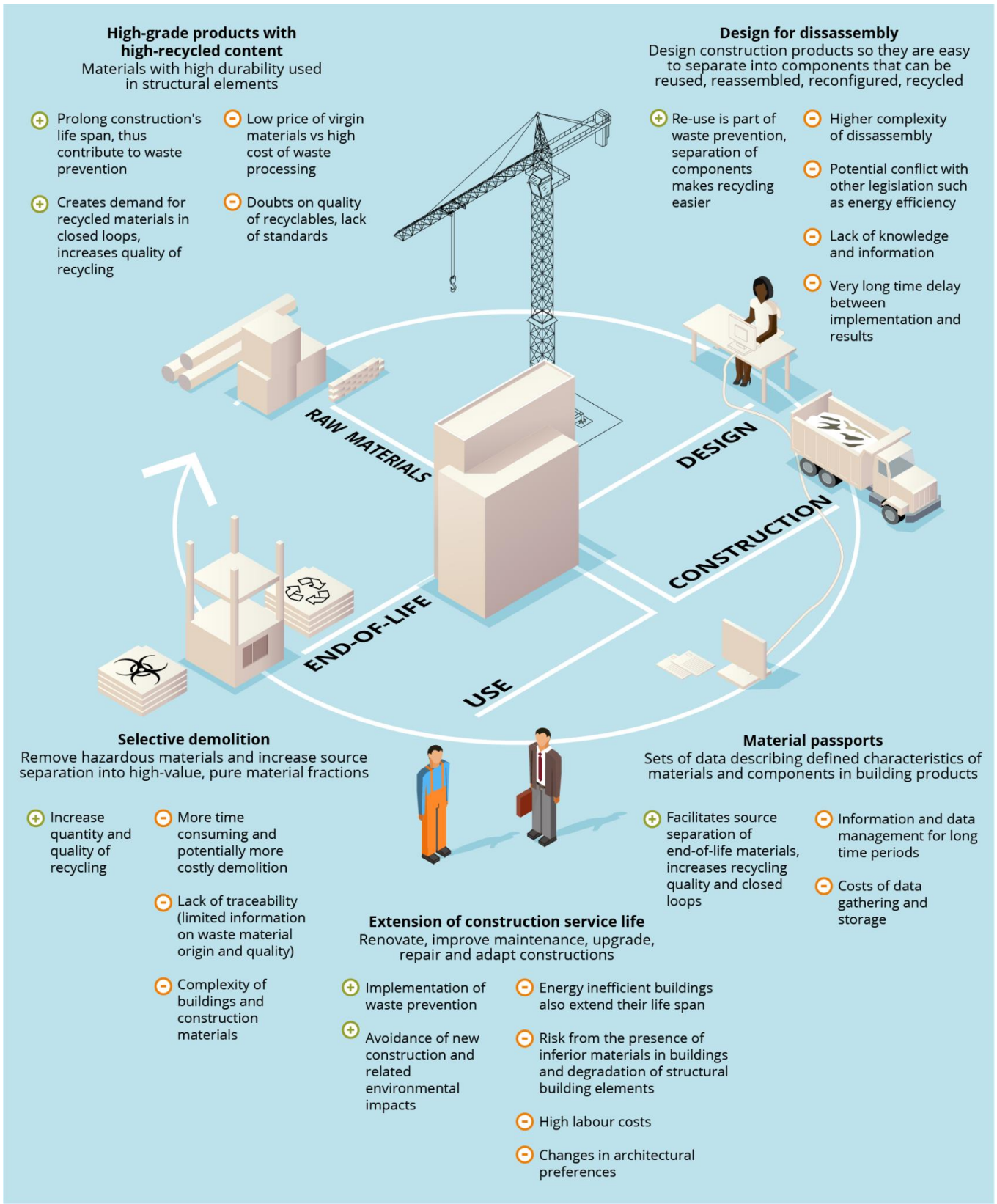


Figure 2.2: Five stages of a material life cycle in the construction industry. Taken from European Environment Agency (EEA, 2020).

2.2 Barriers to implementing circular economy in the construction industry

There exist political and regulatory barriers, economic barriers, barriers related to knowledge and culture, technological barriers, and structural barriers to implementing circularity in the construction industry, which we will present in the following paragraphs.

Political and regulatory barriers

The literature emphasizes lack of regulatory instruments (Munaro & Tavares, 2023), obstructing or ambiguous regulatories (Adams et al., 2017; Hart et al., 2019) and lack of government financial support mechanisms and tax incentives for circular business models (Wuni, 2022; Hart et al., 2019; Munaro & Tavares, 2023), as major political and regulatory barriers in the construction industry. When it comes to regulatory instruments, the literature emphasizes lack of regulatory framework and standards, appropriate policies, common circularity metrics and sound legislations for circular economy in construction (Adams et al., 2017; Charef et al., 2021; Wuni, 2022). Obstructing or ambiguous regulatories is also true for Norway and Europe, with current regulations preventing a more circular construction industry (Deloitte, 2020)

> *Regulatory barriers in both Norwegian regulations and EU regulations prevent a more circular building, construction and real estate sectors. For example, the industry feels that current building technical regulations do not provide sufficient incentives for rehabilitation and more efficient land use. Reference is also made to EU regulations related to the reuse of building materials and accounting rules that stand in the way of maintenance and rehabilitation.*
>
> (Deloitte, 2020, p. 4)

Economic barriers

The theory highlights many of the economic barriers of implementing circular economy in the construction industry. Businesses operating in the circular economy in the construction industry experience a lack of business grants, financial aid and funding for circular business models (Hart et al., 2019; Munaro & Tavares, 2023; Wuni, 2022). This could be due to the unclear financial case, which is the case of many circular business models (Adams et al., 2017; Hart et al., 2019), as well as unconvincing case studies (Hart et al., 2019). Capital expenditure is prioritized over operational expenditure, and rapid returns on investment are expected (Hart et al., 2019). Higher upfront investment costs for circular business models (Hart et al., 2019; Wuni et al., 2022) and high costs for work force

(Deloitte, 2020), compared to lower costs for primary/raw materials (Deloitte, 2020; Hart et al., 2019) contributes to constructing poor financial cases for businesses in the circular economy. An important aspect related to returns on investments is that cost and associated profit is seen to be the dominant factor in any decision-making process, which can be largely caused by many clients' short-termism (Adams et al., 2017), and due to long product life cycles of buildings (Hart et al., 2019) and reduction of material value at the end of life (Adams et al., 2017) makes it complex to state a feasible financial case for a circular economy for investors.

Knowledge and cultural barriers

One of the most apparent cultural barrier in implementing circular economy in the construction industry is that there today exist a strong linear paradigm in the construction industry (Charef et al., 2021; Deloitte , 2020; Hart et al., 2019; Wuni, 2022), meaning that there lacks a culture for thinking about resource/material optimisation and -streamlining. This could be due to lack of research, education, and information about circular economy, as well as technical capabilities and expertise regarding construction with circular materials (Adams et al., 2017; Charef et al., 2021; Munaro & Tavares, 2023; Wuni, 2022). This strong linear paradigm is arguably supported by a lack of strategic vision and collaborative platforms related to implementing circular economy (Hart et al., 2019; Munaro & Tavares, 2023). Other factors preventing circularity are limited stakeholder awareness of circular materials, products, services, business models and strategies; a lack of top management commitment, support, and leadership; as well as a lack of collaborative approaches across business entities (Deloitte, 2020; Wuni, 2022).

Technological barriers

Today, there is a general lack of construction and demolition waste management processes, tools, and circular economy practices (Charef et al., 2021; Munaro & Tavares, 2023; Wuni, 2022). There seems to be a general lack of digital tools that can be used to enhance data and information management, and that provides insight on emissions data, available materials, and the quality of these materials (Charef et al, 2021; Hart et al., 2019; Deloitte, 2020). The lack of such tools could also be a factor in the barrier of designing buildings for end-of-life and material recovery (Charef et al., 2022; Adams et al., 2017; Hart et al., 2019). Other technical barriers are related to site constraints (limited space), building scale, construction methods, operating buildings and lacking standardizations (Adams et al., 2017; Hart et al, 2019; Charef et al., 2021).

Structural barriers

The construction industry is known to be a conservative industry with a low innovation degree (Hart et al., 2019; Leising, 2018). Poor interest, knowledge, skills, communication, collaboration, and cooperation throughout the value chain in the industry, as well as competition and differing interests and motives among industry actors is a big structural barrier to implementing circular economy (Deloitte, 2020; Hart et al., 2019; Leising, 2018; Wuni 2022). The industry can be described as complex, with confused incentives among the actors (Adams et al., 2017; Hart et al., 2019).

> *The various complexities of buildings and the industry are frequently discussed. Areas of interest include lack of accountability and split incentives [12], with a sequence of decision-makers being divorced from the consequences of their choices; fragmented supply chains [16]; a multiplicity of actors with perverse or conflicting incentives.*
>
> (Hart et al., 2019, p. 622)

Other structural barriers for implementing circular economy in the construction industry are landfill diversion (although in Europe, a focus on recycling has in many cases led to downcycling), a lack of market mechanisms to aid recovery, a fragmented supply chain and a lack of a holistic approach (which might be due to high competition among industry actors) (Adams et al., 2017).

The barriers are summarized in Table 2.1.

Table 2.1: Overview of barriers for implementing circularity in the construction industry

Barriers for implementing circularity in the construction industry.	
Political and regulatory barriers	● Lack of regulatory instruments ● Lack of government financial support mechanisms ● Lack of tax incentives ● Lack of regulatory framework and standards ● Lack of appropriate policies, common circularity metrics and sound legislations
Economic barriers	● Lack of business grants, financial aid and funding ● Unclear financial case ● High upfront investment costs ● Rapid return on investment returned ● Lower costs for raw materials ● "Short-term-ism" ● Long product life cycles ● Reduction of material value at the end of life
Knowledge and cultural barriers	● Strong linear paradigm ● Lack of research, education and information ● Lack of technical capabilities and expertise within circular materials ● Lack of strategic vision and collaborative platforms ● Limited stakeholder awareness ● Lack of top management commitment, support, and leadership ● Lack of collaborative approaches across business entities
Technological barriers	● Lack of construction and demolition waste management processes, tools, and circular economy practices ● Lack of digital tools for information and material handling ● Designing buildings for end-of-life and material recovery ● Site constraints (limited space) ● Building scale ● Construction methods ● Operating buildings ● Lacking standardizations
Structural barriers	● Conservative industry with low innovation degree ● Poor interest, knowledge, skills, communication, collaboration and cooperation throughout the value chain ● Competition and differing interests and motives among industry actors ● Lack of landfill diversion ● Lack of market mechanisms to aid recovery ● Fragmented supply chain ● Lack of holistic approaches

Through an examination of literature on circularity in the construction industry, we have identified barriers to implementing a circular economy in this industry-specific context. These insights serve as a point of reference when discussing findings on the process of selecting partnerships between circularity startups and incumbents in the construction industry, which will be done in chapter 6.

3. Literature background

The purpose of this chapter is to present the findings derived from our literature review on the subject of strategic partnerships between incumbents and startups. Section 3.1 provides a comprehensive exploration of the literature background, emphasizing the vital role played by collaborative efforts between startups and incumbents in facilitating the transition of industries towards sustainability. Further, section 3.2 presents the literature background on strategic partnerships and the partner selection process, from which a conceptual framework is synthesized. Section 3.3 presents literature concerning the motivations driving startups and incumbents to establish partnerships. These insights are then synthesized with our conceptual framework, enabling the development of two prescriptive frameworks that offer valuable insights into the motives of startups and incumbents during the partner selection process.

3.1 The role of startup-incumbent collaboration in transitioning industries towards sustainability

The transitioning of industries from current linear models, which have proven to be unsustainable, to more sustainable solutions, is a topic which has received plenty of attention by researchers. Transition research addresses sustainable transitioning by analyzing "the institutional, organizational, technical, social, and political aspects of far-reaching changes in existing socio-technical systems (e.g., transportation and energy supply), which are related to more sustainable or environmentally friendly modes of production and consumption." (Markard et al., 2012, p. 959). Thus, the discipline views sustainability transitions as consisting of multilevel transitions combined (Geels, 2010). The development, implementation, and diffusion of radically new or significantly improved products, services, processes, or practices that reduce the use of natural resources or increase societal inclusion are key components in the facilitation of multilevel sustainability transitions (Geels, 2010). An essential part of this process may be played by businesses and entrepreneurs that develop sustainability solutions that emphasize the triple bottom line of social, environmental and financial sustainability (Köhler et al., 2019; Olteanu & Fichter, 2022; Van De Poel, 2000).

The discipline emphasizes that sustainable entrepreneurship serves as a driving force for sustainable development by connecting "entrepreneurial processes, market transformations as well as large-scale societal developments" (Johnson & Schaltegger, 2019, p. 1), and it is well established that new businesses play a significant role in the spread and adoption of sustainable innovations on a larger scale (Bidmon & Knab, 2018; Hockerts & Wüstenhagen, 2010; Horne & Fichter, 2022). In addition to the

recognition that new entrants or startups often drive radical innovation (Lauber & Jacobsson, 2016; Wesseling et al., 2014) ”it is also acknowledged that they often play the role of introducing the market to radical environmental product and service innovations, while incumbents focus more on incremental environmental innovation” (Fichter & Clausen, 2013, as cited in Olteanu & Fichter, 2022, p. 3084). This is also reflected by the fact that startups are crucial to the emerging and early stages of market expansion, whereas established, larger enterprises play a more significant role in the growth and mature stages of an industry (Hockerts & Wüstenhagen, 2010; Trautwein, 2021). This dynamic may be explained by the different characteristics, and the subsequent resources and capabilities of incumbent firms and startups, as will be further discussed in subsection 3.3.1.

Moreover, research that has looked into the collaboration between startups and incumbents suggests that the collaboration between startups and incumbent firms acts as an important driver in bringing about socio-technical transitions. Geels et al. (2016) investigated pathways leading to sustainable transitions in socio-technical regimes, namely 1) the substitution pathway, where new firms overthrow incumbent firms, with startups acting as a main driver in introducing and scaling disruptive innovations substituting normative technologies; 2) the reconfiguration pathway, where the transition process is driven by the establishment of alliances between incumbent firms and new entrants such as startups; the 3) dealignment and 4) realignment pathways where the collapse of incumbents, driven by pressures in the landscape, results in market gaps and opportunities for new entrants. Through the reconfiguration pathway, this research highlights the role of strategic partnerships between new entrants such as startups, and larger corporations, in initiating sustainable transitions of socio-technical regimes. (Geels et al., 2016). This suggests that collaboration between startups and incumbents may play as a driving force in transitioning to more sustainable or circular industries.

3.2 Literature background and conceptual framework on strategic partnerships

The purpose of this section is to provide literature background on the concept of strategic partnerships, as well as to introduce literature on models used to analyze the process of establishing interfirm strategic partnerships, which is referred to as the partner selection process. Following this, literature is used to synthesize a conceptual model in subsection 3.2.4, which we build on in section 3.3 in order to propose our two prescriptive frameworks for the partner selection process.

3.2.1 Strategic partnerships as a collaborative approach

One of the ways in which companies can pursue benefits greater than those by individual efforts is through strategic partnerships (Yu et al., 2019). A strategic partnership is in the literature referred to as

a strategic alliance between two entities (e.g., Amin & Ibn Boamah, 2023), and businesses may establish alliances in order to benefit from the synergies between their operations (Amin & Ibn Boamah, 2023). This section provides an overview of the term strategic partnership in order to provide a frame of reference for our research.

Partnerships are established by companies to increase their market share and generate higher profits through mutual cooperation and coordination to determine market prices (Chauhan & Proth, 2005). Agarwal and Ergun (2008) found that individual businesses make their own profit-maximizing decisions, and only part of the alliance's operations are determined jointly. The study also revealed that collaboration among businesses in a multicommodity flow game leads to decisions that result in the collaborative optimal flow (Agarwal and Ergun, 2008). Choosing appropriate partners for a strategic alliance is thus crucial for companies to work together to satisfy their customers and achieve business excellence (Buyukozkana et al., 2008; Kale & Singh, 2009).

The literature holds various definitions of the term strategic partnerships, which is used interchangeably with the term strategic alliances (Kinderis & Jucevicius, 2013). The literature characterizes the term “a strategic alliance” as an agreement (Barringer and Harrison, 2000; Gulati, 1998), an agreement to cooperate/collaborate (Cobianchi, 1994; Pellicelli, 2003), a partnership (Wei, 2007; Yoshino & Rangan, 1995), a cooperation (Forrest 1990; Mockler et al, 1997), a mutual reliance (Standifer & Bluedorn, 2006), a particular regime of organizational relations (Faulkner, 1995), a process (Frankel et al., 1996), mutual efforts (Faulkner, 1995), a contractual action (Contractor & Ra, 2000), a contractual arrangement (Yu et al., 2019), or as an intention to plan future activity in order to achieve the strategic goals (Mandal et al., 2003).

Common for many the definitions is that strategic alliances may set out to realize objectives (i.e., Cobianchi, 1994; Faulkner, 1995; Mockler et al., 1997; Wei, 2007; Yoshino and Rangan, 1995), strategic alliances creates mutual benefits (i.e., Cobianchi, 1994; Frankel et al., 1994; Standifer and Bluedorn, 2006; Wei, 2007; Yu et al., 2019), they are formed in order to attain strategic goals (i.e., Forrest, 1990; Mandal et al., 2003; Yoshino and Rangan, 1995) or to gain competitive advantage (i.e., Mockler et al, 1997; Standifer and Bluedorn, 2006; Wei, 2007). Whether these alliances are contractual or non-contractual is not agreed upon in the literature (e.g., Edvardsson et al., 2008). We will discuss different governance systems, discrete and relational transactions later in this paper (see subsection 3.2.3). Drawing on the literature, we put together the central aspects of strategic partnerships that the literature agrees upon, and believe that a fitting definition, which we will use for this paper is;

Definition: Strategic partnership

In a strategic partnership, two firms come together to create mutual benefits through exchanging, sharing or co-developing resources, in order to realize strategic goals and gain competitive advantage.

The literature defines types of strategic partnerships at different scopes, where some definitions are scoped at a rather conceptual level, whilst other definitions are specific. Kale and Singh (2009) have adapted and developed a model from Yoshino and Randang (1995) on the scope of interfirm relationship, dividing strategic alliances into non-equity arrangements and equity arrangements, and highlighting which types of non-equity and equity arrangements that can be categorized as a strategic alliance. Based on Kale and Singh's (2009) model, strategic partnerships can be grouped into three categories, with activities related to nontraditional partnership agreements termed *non-equity strategic alliances*, equity arrangements which do not include creation of new firms as *equity strategic alliance* and equity arrangements which includes creation of separate entities as *joint ventures*[7]. This grouping created a terminology for three different types of strategic partnerships, see Table 3.1.

Table 3.1: Type of strategic alliances and typical activities, adapted from Kale & Singh (2009)

Strategic alliances	Typical activities
Non-equity strategic alliances	● Joint R&D, joint manufacturing or joint marketing ● Arrangements to access mutually complementary assets or skills ● Standard setting or R&D firm consortia
Equity strategic alliances	● Minority equity investment ● Equity swaps
Joint ventures	● 50-50 joint venture ● Unequal joint venture

3.2.2 Type of models on inter-firm relationships

The purpose of this section is to provide a synthesis of the theory on models for establishing strategic partnerships in order to provide a frame of reference when proposing our conceptual framework for

[7] Joint ventures are another type of alliance. As a result, much of the literature on strategic alliances that we discuss is also relevant to joint ventures. However, because joint ventures require the creation of a separate entity by the partners involved, which is not the case with other kinds of alliances, they have specific issues and challenges that must be addressed. See Beamish and Lupton (2009) for a more comprehensive review of the problems unique to joint venture management.

mapping motivational drivers in the partner selection process. The literature presents different models for analyzing partnerships, such as stage models (i.e., Dwyer et al., 1987; Ford, 1980), state models (i.e., Batona & Perry, 2003; Halinen, 1997), status models (i.e., Edvardsson et al., 2008; Polonsky et al., 2010), phase models (i.e., Kale & Singh, 2009) and process models (i.e., Aaboen & Aarikka-Stenros, 2017). The literature distinguishes between *stage models* and *state models,* as we will elaborate on in this subsection.

Stage models

Early research on partnerships and relationships presented linear models (i.e., Dwyer et al., 1987; Ford, 1980) with stages that companies go through when building relationships with other companies. The stage theory focuses on the establishment of inter-firm networks through stages of change processes. (e.g., Batonda & Perry, 2003). According to this perspective, partnership development evolves and advances sequentially as resource commitments and interdependence rise. (Dwyer et al., 1987; Ford, 1980). Stage models can be divided into life cycle models and growth stage models. Life cycle models suggest that the change process consists of "a number of inevitable stages of birth, growth, maturity, and decline" analogous to biological life cycles" (Porter, 1980, p. 157-8), while the main emphasis in growth-stage models has been that inter-firm relationship development takes place in sequential, incremental, and irreversible stages (Batonda & Perry, 2003). However, several authors have since criticized linear stage models, and emphasize that relationships are an "evolution of unpredictable states rather than a predetermined sequence of irreversible stages", which Batonda & Perry makes clear in their research (2003, p. 1457). First, it is highly dubious that inter-firm network development processes occur in a series of irreversible, incremental, and sequential stages as assumed by stage models (Bell, 1995; Lindert, 1986; Quinn & Cameron, 1983), as the processes influencing the outcomes might be too intricate and uncertain to predict. In fact, studies have shown that inter-firm relationships rarely follow a clear, step-by-step development process (Ford et al., 1996), making a stages model somewhat insufficient. According to Larson (1992), firms enter relationships gradually and cautiously while sending signals along the way. The results of stage models appear to be influenced by interactions between economic actors and network members as well as by outside parties like a network broker (Batona & Perry, 2003).

The lack of specificity in the real-world relationships also makes it difficult for stages models to adequately explain how development occurs at the boundaries between stages; according to Porter (1980, p. 164), they provide "little explanation for the transition from one stage to another and some changes may be causes of change rather than the process of change." (Batonda & Perry, 2003; Palmer and Bejou, 1994). In other words, they do not provide an explanation of the causes behind the process or provide guidance on how to anticipate the transition between stages (Andersen, 1993). It's significant that stage models don't address variables that might affect the intensensities of activities that are

reflected when relationships transition between stages (Batonda & Perry, 2003). It would be oversimplified to claim that inter-firm relationships can or should grow along a continuum of activities given how complicated these relationships are (Batonda & Perry, 2003; Ford et al., 1996).

State models

Newer research presents state models, status models or process models that presents the development of strategic partnerships as more dynamic models (i.e., Aaboen & Aarikka-Stenros, 2017; Batona & Perry, 2003; Edvardsson et al., 2008). The states theory, in contrast to stage theory, focuses on the strategic actions of trade participants which happen in an unpredictable and unstructured manner at any given time. (Batona & Perry, 2003; Ford and Rosson, 1982; Ford et al., 1996). “Actors move from one state to another in random fashion particularly between the starting point and the end point” (Ford and Rosson, 1982, as cited in Ford, 1997, p. 70). The word "state" refer the sense that the condition at a given time and the phase in the development process is just one of several conceivable situations, in contrast to the term "stage." In other words, the process of developing a relationship is not always systematic or progressive over time (Batonda & Perry, 2003; Ford and Rosson, 1982; Ford, 1997).

This section has provided a comprehensive synthesis of the existing theoretical models pertaining to the establishment of strategic partnerships, which will serve as a frame of reference for understanding how the literature emphasizes the selection process, which will be discussed in the next sub-section.

3.2.3 The partner selection process

The literature on partnership selection emphasizes the importance of understanding why and how firms seek to initiate exchange relationships (e.g., Frazier, 1983). As mentioned in the introduction, the literature have put an emphasis on the lack of holistic understanding of partnership selection, where both the process of partnership selection, as well as the selection criterias, or rather motivational drivers, are understood together (i.e., Aaboen & Aarikka-Stenros, 2017; De Groote & Backmann, 2020). Due to the lack of literature on partner selection processes within strategic partnerships, we will draw on literature from the fields of marketing, strategic partnerships, open innovation alliances, buyer-seller relationships and other types of literature on inter-firm relationships. The purpose of this subsection is thus to review literature on partnership selection, i.e., searching for potential partners, identifying desirable partner and deciding to ally with a partner in a mutually beneficial partnership that shares resources (e.g., De Groote & Backmann, 2020), in order to synthesize a generalized conceptual model on the partner selection process.

When does a business relationship start? This question can be approached in a variety of ways. Some authors (e.g., Borys & Jemison, 1989; Ford et al., 1998; Frazier et al., 1988; Holmen et al., 2005a;

Oliver, 1990; Van de Ven, 1976; Wilson & Jantrania, 1996) opt not to describe it and avoid giving a definition or point-in-time for it. Definitions can be categorized along a continuum, from unclear, one-sided beliefs or actions to cooperating in mutual understanding (Edvardsson et al., 2008). As a result, researchers now use a somewhat vague definition of the start of a relationship (Edvardsson et al., 2008). For instance, Yorke (1990) views relationships as started when an interest is sparked (e.g., Yorke, 1990), or when searching for a partner (e.g., Styles & Hersch, 2005). Others emphasize that in addition to having considered each other, the two companies must have been in contact with each other. For instance, some researchers (Dibben & Harris, 2001; Halinen & Salmi, 2001) begin with pre-existing social relationships in which business opportunities are explored and ultimately result in a business relationship. Other researchers define the beginning of the relationship as the time that the initial contact was made (Batonda & Perry, 2003; Holmen et al., 2005b). Another starting point is when the two businesses have met and started evaluate each other (Ford, 1980) or negotiate with each other (e.g., Ring & Van de Ven, 1994).

Edvardsson et al. (2008) propose that a business agreement marks the end of an initiation and the start of a business relationship. “From a seller's perspective this point-in-time implies a desired and meaningful conclusion of the initiation process and the start of revenues" (Edvardsson et al., 2008, p. 341). Edvardsson et al. (2008) emphasize that the business agreement may entail signing a contract, or it can also be more casual, like a handshake. This way of understanding relationship agreements opens up a range of possibilities for agreements, from discrete transactions to relational exchanges (e.g., Dwyer et al., 1987). In some companies, entering into a business agreement instantly commits the parties to a long commercial relationship with financial benefits (Edvardsson et al., 2008). A business agreement may represent less volume and dedication for other businesses, while nonetheless mark the beginning or progression of a business partnership (Edvardsson et al., 2008). For the purpose of this thesis, we will build on Edvardsson et al. 's (2008) definition of start of a relationship, which marks the end of the partner selection process. We thus propose the following definition:

Definition: The start of a business relationship
A business agreement marks the end of an initiation process and the start of a business relationship. The business agreement that marks the start of a business relationship can be either formal, i.e., with a written contract, or informal, i.e., with a handshake.
(e.g., Edvardsson et al., 2008)

Having defined the start of a business relationship, the question arises about the period leading up to the business relationship. Although the literature does not agree on how to conceptualize the period

before an agreement to enter a business relationship into subprocesses, this period can be recognized in the literature as "forming", "building" or "creating" relationships, or as "birth" and "emergence" of relationships (e.g., Aaboen & Aarikka-Stenros, 2017; Edvardsson et al., 2008; Frazier, 1983). The partnership literature on incumbent firms and startups, as well as the literature on relationships between established firms, recognize that there are processes related to partnership selection going on internally in a firm prior to initiating a relation with a potential strategic partner (e.g., Edvardsson et al., 2008; Ford, 1980; Frazier, 1983). Such processes may, for instance, relate to identifying what kinds of resources a firm is in need of (e.g., Batonda & Perry, 2003). Building on this, Frazier (1983) emphasizes that a partner selection process starts when members of a firm perceive a need and have a motive to form an exchange relationship. It is following this identification of needs that a firm may recognize a potential strategic partner that can leverage complementarity. This can be further supported by Edvardsson et al. (2008) who state that partnerships are initiated when companies in a potential relationship recognise one another as a potential partner, and ends once a business agreement is reached. Thus, using Edvardsson et al.'s (2008) definition of partnership initiation, as well as building on Frazier (1983), we are able to divide the sub processes prior to the start of a business relationship into two conceptualisations, namely *partnership pre-initiation* and *partnership initiation*. We thus propose the following definitions:

Definition: Partnership pre-initiation

Pre-initiation starts when members of a firm perceive a need and have a motive to form an exchange relationship, and ends when companies in a potential relationship recognize each other as a potential partner.

Definition: Partnership initiation

"[Initiation] starts when the companies in a potential relationship recognize each other as a potential partner and ideally ends when a business agreement is reached".

Edvardsson et al. (2008, p. 340)

Based on these definitions, it is now possible to structure and categorize the existing literature on models for partnership selection into pre-initiation and initiation of strategic partnerships. The literature will be presented below and structured in Table 3.2. The table further indicates how the different models and how the literature overlap and differentiate. From this table, we can see a pattern in how the partner selection process have been structured in the literature until now. For instance, we found in the literature that the processes related to for instance; need identification and matching/attraction (Aaboen &

Aarikka-Stenroos, 2017); unrecognized (Edvardsson et al., 2008); potential relationship phase (Polonsky et al., 2010); partner selection (Wilsson, 1995); want and find (Slowinski & Sagal, 2010); sourcing potential partners (De Groote & Backmann, 2020); and so on in the Pre-initiation-column of table 3.2, relates to a *search* for a potential partner. Furthermore; accessing and defining exchange (Aaboen & Aarikka-Stenroos, 2017); recognized (Edvardsson et al., 2008), relationship discovery phase (Polonsky et al., 2010); defining purpose (Wilsson, 1995), relates to learning and discovering things about a potential partner, in an partnership *exploration*. Finally, in order to select (De Groote & Backmann, 2020) or get (Slowinski & Sagal, 2010) a partner, the following terms have been used to describe how firms discuss and bargain in a partnership *negotiation*; discussions/bargaining (Frazier, 1983); Design phase (Kale & Singh, 2009); building conditions and trust, as well as forming the future (Aaboen & Aarikka-Stenroos, 2017); considered (Edvardsson et al., 2008); relationship actualization phase (Polonsky et al., 2010) or setting relationship boundaries (Wilson, 1995). By using the terms search, exploration and negotiation, the theory on characteristics of these processes are described in the following paragraphs.

Table 3.2: An overview of the existing models and literature on the partner selection process, based on our literature review. The table includes reference, type of model, type of relationship (and where the literature covers strategic alliances, what type of alliance), as well as what existing literature covers in terms of partnership pre-initiation and initiation.

Author (YEAR); type of model	**Type of relationship (+ type of strategic alliance?)**	**Pre-initiation**	**Initiation**	
Frazier (1983); Process model	Inter-organizational relationships, e.g., Joint venture; Equity strategic alliance; Non-equity strategic alliance	Search → Evoked set of alternatives for partnership		Discussions/ bargaining
Ford (1980); Stage model	Buyer-seller relationship	Pre-relationship stage	The early stage	
Dwyer et al (1987); Phase model	Buyer-seller relationship		Awareness	Exploration
Kale & Singh (2009); Phase model	Strategic alliances, e.g., Joint venture; Equity strategic alliance; Non-equity strategic alliance		Alliance formation phase	Design phase

<table>
<tr><td>Batonda & Perry (2003); State model</td><td>Inter-firm networks, e.g., Non-equity strategic alliance</td><td colspan="2">Searching processes</td><td colspan="2">Starting processes</td></tr>
<tr><td rowspan="2">Aaboen & Aarikka-Stenroos (2017); Process model</td><td rowspan="2">Startup business relationships, e.g., non-equity strategic alliances</td><td>Need identification</td><td rowspan="2">Accessing</td><td rowspan="2">Defining exchange</td><td>Building conditions and trust</td></tr>
<tr><td>Matching, attraction</td><td>Forming the future</td></tr>
<tr><td>Edvardsson et al. (2008); Status model</td><td>Buyer-seller business initiation</td><td>Unrecognized</td><td colspan="2">Recognized</td><td>Considered</td></tr>
<tr><td rowspan="2">Polonsky et al. (2010); Inactivity-inclusive phase model</td><td rowspan="2">Business relationships, e.g.,
Joint venture;
Equity strategic alliance;
Non-equity strategic alliance</td><td colspan="3">Phase 1: Exploration</td><td>Phase 2: Actualization</td></tr>
<tr><td>Potential relationship phase</td><td colspan="2">Relationship discovery phase</td><td>Relationship initialization phase</td></tr>
<tr><td>Wilson (1995); Process model</td><td>Business relationships, e.g.,
Joint venture;
Equity strategic alliance;
Non-equity strategic alliance</td><td>Partner selection</td><td colspan="2">Defining purpose</td><td>Setting relationship boundaries</td></tr>
<tr><td>Slowinski & Sagal (2010); The Want, Find, Get, Manage Model</td><td>Collaborative open innovation alliances, e.g., Non-equity strategic alliance</td><td>Want</td><td>Find</td><td colspan="2">Get</td></tr>
<tr><td rowspan="3">De Groote & Backmann (2020); Process model</td><td rowspan="3">Open innovation alliances between startups and incumbents, e.g., Non-equity strategic alliance</td><td>Sourcing</td><td colspan="3">Partner selection</td></tr>
<tr><td>Sources of potential partners</td><td colspan="3">Partner-related selection criteria</td></tr>
<tr><td colspan="4">Project related criteria</td></tr>
<tr><td>Gan & Korsgaard (2022); Model of the antecedents of failure</td><td>Strategic alliances between startups & incumbents, e.g., Joint venture;
Equity strategic alliance;
Non-equity strategic alliance</td><td colspan="4">Ex ante
(prevailing conditions at the time of alliance formation)</td></tr>
<tr><td colspan="2"></td><td colspan="4">Organizational characteristics</td></tr>
</table>

Partnership pre-Initiation

Search

The partner selection process begins when members of a firm identify a need and have a desire to establish an exchange partnership (Batonda & Perry, 2003; Frazier, 1983, p. 69). In buyer-seller theory, this process can e.g., be the result of a need for a new supplier, introducing new products, changes in policies or obtaining new business (Ford, 1980). In open innovation alliances, Slowinski and Sagal (2010) explains that a need to partner with an external actor emerges from a need to meet growth objectives, where assets necessary to meet these objectives are not available inside the company. When a firm's need is perceived as severe enough, they start looking for potential exchange partners (Frazier, 1983; Slowinski & Sagal, 2010).

Firms might search their outside and inside sources for potential partners, looking for a match between the firm's needs and the potential partner's capabilities (e.g., findings from Batonda & Perry, 2003). De Groote and Backmann (2020) emphasize that companies employ a broad set of sourcing channels when searching for potential partners, and the types and number of channels being employed to source are determined by the theme of the potential partnership, and the professionalism of the partner selection process. Sourcing happens in two dimensions. The first dimension is related to specific categories, for instance companies can source partners through events, companies initiate a specified search in order to align with certain goals, companies apply broad searches for when goals are not defined up front, or companies are actively approached by potential partners (De Groote & Backmann, 2020). The other dimension is related to whether the search is directed, where potential partners actively approach the other, or if the search is undirected, where potential partners participate in environments where partners potentially can be linked, but the potential partners does not actively approach each other, like for instance business fairs or events (De Groote & Backmann, 2020).

Organizational and personal factors, as well characteristics of the macroenvironment will influence when, why and how the firm's search process goes by (e.g., Batonda & Perry, 2003; Frazier, 1983). These factors will also influence the level of deserved rewards from initiating a partnership with another firm (Frazier, 1983). For example, the experience from former relationships provides a "criteria by which the potential and performance of a new partner will be judged - a partner of which the company has no experience" (Ford, 1980, p. 341).

Partnership initiation

Exploration

Exploration follows from party A recognizing that party B is a feasible partner (Dwyer et al., 1987). A firm might establish initial contact through, for instance, a direct visit, direct contact, or through a third

party (Batonda & Perry, 2003). The parties establish relations, test each other's personalities and the compatibility of the parties (e.g., Batonda & Perry, 2003). The potential partners consider costs and benefits related to the partnership, explore possibilities of partnering, and test their goal compatibility (e.g., Batonda & Perry, 2003; Dwyer et al., 1987). During this phase attraction and communication is emphasized (Dwyer et al., 1987).

During the process of evaluating new potential partners, there will be potential costs and benefits that need to be evaluated by the company (Dwyer et al., 1987; Ford, 1980). Dwyer et al. (1987) emphasize that the exploration phase is "very fragile in the sense that minimal investment and interdependence make for simple termination" (p. 16). In addition, it is likely there will be a technological distance, as well as a considerable social distance when companies are getting to know each other (Ford, 1980).

Kale & Singh (2009, p. 47) refers to the exploration phase as "Partner selection and fit", and emphasizes that partner traits such as partner complementarity, commitment and compatibility are important for successful strategic partnerships. Partner complementarity refers to complementing and non-overlapping resources. Although research shows that complementarity increases the likelihood of alliance success, complementarity alone is insufficient (Kale & Singh, 2009). The partners must also be willing to make short-term sacrifices for long-term goals (commitment) and be compatible in terms of working cultures and styles (Kale & Singh, 2009). Others, like De Groote and Backmann (2020), emphasize that the ways of selecting an appropriate partner for open innovation alliances can be through differentiating by project-related criteria for partnering and partner-related criteria. Project-related criteria are idea-criteria, which relates to the content of the project, and organizational criteria, which relates to the execution of the project (De Groote & Backmann, 2020). Partner-related criteria are competence, attitude, relationship and resources (De Groote & Backmann, 2020). However, De Groote & Backmann (2020) found that although there exist fixed processes for partner selection in open innovation alliances, there existed no explicit selection criteria in the cases they studied, the criteria functioned implicitly during the partner selection process.

Negotiation

Once one of the parties decides that a partnership with the candidate seems attractive, discussions and negotiations on the conditions of the partnership will begin (Frazier, 1983). When an agreement to a partnership is being made, activities, responsibilities and roles will be defined (Batonda & Perry, 2003; Frazier, 1983), a level of power on another's beliefs and behavior will be established, based on the firm's authority and dependence, norms will develop, and each firm will develop aspirations and expectations for the partnership, like goals and motivations (Dwyer et al., 1987; Frazier, 1983).

A strategic alliance poses a risk to firms, for instance as Kale and Singh (2009, p. 48) emphasizes, "an alliance exposes a firm to several transaction or coordination hazards that can adversely affect the firm itself or its partner. Thus, how a firm constructs alliance governance during the design phase of the alliance life cycle is crucial to alliance success." Effective mechanisms for alliance governance are, for instance, equity sharing or ownership, contractual provisions or relational governance (i.e., Dwyer et al., 1987; Kale & Singh, 2009). The literature emphasizes that developing personal relationships, as well as mutual trust and commitment between the parties contribute to shaping the partnership process (e.g., Aaboen & Aarikka-Stenroos, 2017; Batonda & Perry, 2003; Wilson, 1995).

If the two parties have had no prior experience with each other, they will invest in human resources during negotiations, due to considerable uncertainty (Ford, 1980). At this point, there will be high distance between the parties in terms of social, cultural, technological and time distance, as the parties have had little opportunity to reduce this distance at such an early stage of the relationship (Ford, 1980). Ford (1980) also argues that at this time, both parties will be aware that there is risk associated with having "little or no evidence on which to judge their partner's commitment to the relationship" (p. 344).

3.2.4 Proposing a conceptual framework for mapping motivational drivers in the partner selection processes

Drawing from the existing literature within the field of strategic partnerships and the partner selection process, as presented earlier in section 3.2, we have developed a conceptual framework which can be used to map motivational drivers during the partner selection process of interfirm strategic partnerships. This conceptual framework will be used in order to propose the prescriptive frameworks on motivational drivers in the partner selection process in incumbent-startup strategic partnerships, as well as to analyze qualitative data (see chapter 4). The purpose of this subsection is to elaborate our synthesized framework and to provide clarity around central terms concerning the conceptual framework.

Motivational drivers

The concept of "motivation" plays a crucial role in understanding individual behavior within organizations and its impact on organizational performance. Various studies (Deci, 1971; Deci, 1975; Deci & Ryan 1985; Lepper & Greene 1975; Frey 1992; Frey 1993) have explored this topic, highlighting that motivation revolves around the idea that individuals are driven by underlying goals that bring them a sense of satisfaction upon achievement (Deci 1976). As a result, individuals are motivated to engage in behaviors that they perceive as instrumental in reaching their goals. Motivational drivers can be divided into intrinsic and extrinsic motivation (Gottschalg & Zolio, 2006; Reiss, 2012). Intrinsic motivation relates to "doing something for your own sake", and can be distinguished as a

competence-based approach, while extrinsic motivation refers to the pursuit of an instrumental goal, which is a governance-based approach which emphasize governance structures and incentives (Gottschalg & Zolio, 2006; Reiss, 2012). It is also worth noting that according to self-determination theory, extrinsic incentives can undermine intrinsic interest (Reiss, 2012).

The motivation to act in a particular manner is influenced by two factors: (1) the "motivator" or *motivational driver*, which determines how a behavior contributes to goal attainment, and (2) individual preferences, including the significance assigned to different goals, which shape an individual's responsiveness to different motivators (Gottschalg & Zolio, 2006). In the context of partner selection for strategic partnerships, one may also draw a line between the "motivator" as described by Gottschalg and Zolio (2006) and partner criteria relating to competence, attitude, relationships and resources (e.g., De Groote & Backman, 2020; Geringer,1991). Thus, in the context of the partner selection process, we draw on Gottschalg and Zolio's (2006) term "motivator" and De Groote and Backman's (2020) partner related criteria in order to define the term motivational driver, which is used interchangeably with the terms motives, drivers, motivation and (partner) selection criteria throughout the text. Thus, we propose the following definition, which we use in this thesis; a motivational driver refers to the underlying force or incentive that drives individuals to engage in specific behaviors or actions, influencing their choices and driving them towards particular goals or outcomes.

Definition: Motivational driver
A motivational driver refers to the underlying force or incentive that drives individuals to engage in specific behaviors or actions, influencing their choices and driving them towards particular goals or outcomes.

Choosing status model for the proposed conceptual framework

In subsection 3.2.2 we elaborated on the existing criticism of using stage models as a way of conceptualizing partnership development processes. Some of this criticism is directed towards stage models representing relationship development as a linear, sequential and irreversible process, which would be an oversimplified model of relationship development process (e.g., Batonda & Perry, 2003). However, as Edvardsson et al. (2008) argues, there exist "distinct, rather stable" positions in the period prior to a business agreement, which differs in terms of closeness to a business agreement. In order to account for relationship development as unpredictable and unstructured, we adopt Edvardsson et al.'s (2008) way of modeling partnership development through these positioned, labeled statuses. The concept of status, in contrast to phase or stage, emphasizes that the process may linger at any time in a particular situation, meaning that it does not move closer or further away from an agreement

(Edvardsson et al., 2008). It also highlights that the process doesn't have to progress with a certain speed, order, or outcome (Edvardsson et al., 2008). The status models, like state models, emphasize multidirectional developments, however, status models tend to put a larger emphasis on the forces affecting which status the relationship is in (Aaboen & Aarikka-Stenroos, 2017), e.g., which drivers are affecting a relationship to move from one status to another.

The literature has tried to compensate for the linearity in stage models and have proposed dormant stages, in order to describe how relationships move into inactive phases (e.g., Batonda & Perry, 2003; Polonsky, 2010). The dormant, or inactive, phase/stage represents when the relationship is inactive, but not necessarily terminated (e.g., Batonda & Perry, 2010). However, these models (i.e., Batonda & Perry, 2003; Polonsky, 2010) do not accurately describe how the partner selection process of pre-initiation and initiation progress or regress. We thus adopt Edvardsson et al.'s (2008) conceptualization of converters and inhibitors in order to accurately describe how a partner selection process can progress, regress or linger at any status. Edvardsson et al. (2008) describes two types of forces, converters and inhibitors, one force that speeds up or slows down the process (converters) and one force that hinders the process to reverse or proceed to another status (inhibitors). These forces are illustrated with arrows for converters and lines for inhibitors in our framework (see Figure 3.1).

Search, exploration and negotiation

The proposed conceptual model describes the overall process which is termed the partner selection process, as described in subsection 3.2.3 Building on our definitions of *partnership pre-initiation*, *initiation* and *start of business relationship*, the conceptual framework illustrates the partner selection process as consisting of three rather stable positions, namely status 1 - *search*, status 2 - *exploration*, and status 3 - *negotiation*. The meaning of each status in the partner selection process will be elaborated on below and is summarized with the conceptual framework in Figure 3.1.

As mentioned in subsection 3.2.3, in the pre-initiation, where two potential partners have no prior experience with each other, there are fundamentally different processes in a company, compared to the processes occurring when two parties with former ties initiate partnerships (e.g., Edvardsson et al., 2008). In partnership pre-initiation, there is a common denominator for the literature reviewed, that when a firm experiences a need that cannot be fulfilled by their own internal resources or competencies, the firm starts searching for a potential candidate (e.g., Batonda & Perry, 2003; Frazier, 1983; De Groote & Backmann, 2020; Slowinski & Sagal, 2010). This conveys that when a firm is acting on a perceived need in partnership pre-initiation, they enter into status 1 - search. The two firms proceed to Status 2 - exploration when one of the firms recognizes the other as a potential partner (e.g., Dwyer et al., 1987). When two partners move from status 1 - search to status 2 - exploration, they start a partnership initiation. In status 2 - exploration, the firms build personal relations (Batonda & Perry, 2003), consider

costs and benefits, as well as the compatibility of the two firms (Batonda & Perry, 2003; Dwyer et al., 1987; De Groote & Backmann, 2020). When representatives from both sides of the relationship meet to discuss common objectives and the scope of the partnership, the partners progress to status 3 - negotiation. The status 3 - negotiation, resembles what Edvardsson et al. (2008) terms the "considered-status"; "More systematically than earlier, it entails meeting to exchange information and get acquainted, and build and exhibit trust towards each other, primarily on a personal and company level. Tenders and negotiations tend to be part of this status." (Edvardsson et al., 2008, p. 343). When the parties have aligned their goals and objectives for the partnership, they might progress to an agreement to a business relationship, as defined in subsection 3.2.3.

In each status, firm A will experience motivational drivers for entering a strategic partnership with firm B, similarly as De Groote and Backmann's (2020) criteria for entering alliances. In the conseptual framework, we take an holistic approach, and do not differ between types of motivational drivers such as intrinsic/extrinsic or partner/task related motivational drivers, as these might be overlapping. One example on how the motivational drivers can be placed in the framework could be that for an open innovation alliance, a sourcing firm in status 1 - search, could be driven to search for complementary R&D resources to complement their research agenda. Another example is a supplying firm in status 3 - negotiation, with a producing firm on a joint venture, which is highly motivated by equal power distribution through an equal joint venture. Mapping out drivers in different statuses of a partners selection process may provide better insights into some of the forces influencing a partner selection process. Our proposed framework is illustrated in Figure 3.1.

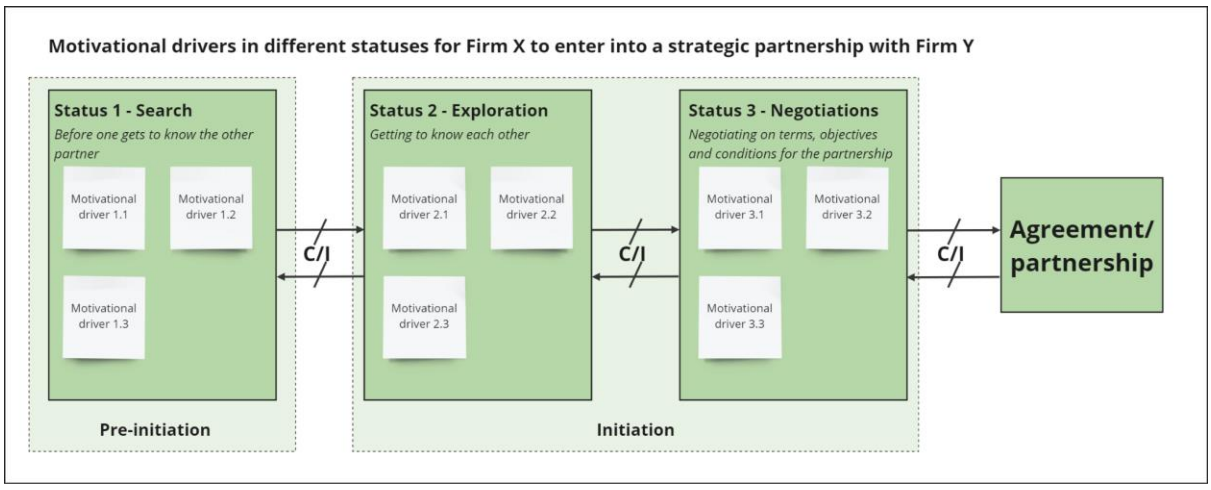


Figure 3.1**:** Proposed conceptual framework for mapping motivational drivers in different statuses of firms in a partner selection process.

3.3 Partner selection process for circularity startup-incumbent strategic partnerships

Following, we will present literature on the motivational drivers for startups and incumbents to enter strategic partnerships with one another. Due to the scarcity of literature specifically on motivational drivers in the partner selection process in startup-incumbent strategic partnerships, we have drawn from literature on other fields. In addition to literature on startup-incumbent strategic partnerships (i.e., Alvarez & Barney, 2001; Broutners et al., 1995), we have drawn on literature on open innovation partnerships (i.e., Emden et al., 2006; De Groote & Backmann, 2020; Hogenhuis et al., 2016), joint venture (Geringer, 1991), negotiation (i.e., Freytag, 2019), literature on corporate accelerators (i.e., Kohler, 2016) and international marketing literature (i.e., Dwyer et al., 1987; Ford, 1980; Frazier, 1983), as well as inter-firm network theory (i.e., Batonda & Perry, 2003), institutional theory (i.e., Bruton et al., 2010) and transition theory (i.e., Schaltegger et al., 2016). The presented literature provides an overview of motivational drivers and other relevant factors in relation to the partner selection process in startup-incumbent strategic partnerships. Furthermore, as mentioned in the introduction, we will in this study investigate whether there are specific motivational drivers in the partner selection process of *circularity* startup-incumbent strategic partnerships, related to circularity. Thus, the following subsections will comprehend these circularity-related motivational drivers. This overview will be used later in order to synthesize two prescriptive frameworks for motivational drivers in the selection process of circularity startup-incumbent strategic partnerships, which are presented in 3.3.4.

3.3.1 Why and how do startups and incumbents enter strategic partnerships with one another?

As described in section 3.2, a firm may be led to search for a potential partner when the firm experiences a need that cannot be fulfilled by their own internal resources or competencies (e.g., Batonda & Perry, 2003; Frazier, 1983; De Groote & Backmann, 2020; Slowinski & Sagal, 2010). In relation to the status 1 - search, of the partner selection process, we will in the following subsections elaborate on motives for startups and incumbents to seek out partnerships with one another, with the different motivational drivers summarized in Table 3.3 for startup and 3.3.1.b for incumbent.

Why do startups often seek collaboration with incumbents?

Startups often seek partnerships with incumbents in order to overcome the liabilities of smallness, which refer to their lack of *resources and capabilities* (Hoang & Antoncic, 2003; Partanen et al., 2014; Stuart, 2000). Through strategic partnerships with incumbents, startups can leverage their capabilities through gaining access to the incumbent's resources, such as the incumbents' developed manufacturing, marketing, sales, distribution, financial, organizational resources, expertise and broader knowledge base

(e.g., Alvarez & Barney, 2001; Hite & Hesterly, 2001; Kohler, 2016; O'Connor, 2006). "Indeed, it is these organizational capabilities that make a large firm an attractive alliance partner for an entrepreneurial firm with a new technology." (Alvarez & Barney, 2001, p. 141). Furthermore, startups might seek partnerships with incumbents in order to speed up the *commercialization* process of getting a product market fit and get to the market faster (Alvarez & Barney, 2001, Kohler, 2016). In addition to obtaining the incumbent as a customer, startups can utilize the incumbent's sales and distribution channels to gain access to the incumbent's customer base (Freytag, 2019, Kohler, 2016). In other words, partnering with incumbents can help startups expand their customer base and *scale up operations*, which can be defined as increasing sales and expanding geographically (André & Pache, 2016, p. 665; Täuscher & Abdelkafi, 2018, as cited in Ciulli et al., 2022, p. 290).

Startups need to demonstrate their legitimacy through their activities, as they lack a prior performance record (Bruton et al., 2010). Through partnerships with incumbents, startups can *increase legitimacy* in the market by increasing their credibility, influence and visibility (e.g., Kohler, 2016; Svennson et al., 2019), thus overcoming the liability of newness (e.g., Partanen et al., 2014). Legitimacy gained through partnering with established companies may help validate the startup for future customer acquisitions (Kohler, 2016), and overall strengthen the business case in the eyes of stakeholders in the market. As businesses with a strong presence in a market can provide the startup with capital *investments* in both the startup phase and in the growth phase, incumbent firms can make for promising investors for startups (Freytag, 2019). An investment in a startup might open the doors to a subsequent full acquisition of the startup, which can provide an attractive exit for the founders (Freytag, 2019).

For sustainability startups, economic goals are viewed as both means and ends (Schaltegger & Wagner, 2011). The goal of sustainability startups is to identify and seize opportunities to develop products and services that will benefit society and the environment in the future (Patzelt & Shepherd, 2011). Also, sustainability startups driven by social issues that engage in partnerships have shown to have improved business performance (Cacciolatti et al., 2020). As mentioned earlier, scholars in transition research have emphasized collaboration as a means for sustainability pioneers to scale from niche to mass markets without compromising too much of their sustainability quality (Schaltegger et al., 2016), the latter potentially being a benefit derived from reducing the liabilities of smallness through accessing an incumbent's complementary resources. Thus, we argue that sustainability startups, and thus also circularity startups, that collaborate with incumbents stand better chances of contributing to *sustainability transitions*, and that this serves as a motivational driver for sustainability startups in seeking out partnerships with incumbents.

Table 3.3: Motivational drivers for sustainability startups that seek strategic partnerships with incumbents, identified from the literature. The gray fields represent motivational drivers that the literature emphasizes as motivational drivers in all types of startup-incumbent strategic partnerships.

Why sustainability startups seek partnerships with incumbent firms
Complementary resources and capabilities *Startups are often in need of resources, making incumbents firm attractive partners.* (e.g., Alvarez & Barney, 2001; Kohler, 2016)
Increase legitimacy *By collaborating with incumbents, startups can increase their credibility, influence and visibility in the market* (e.g., Kohler, 2016; Svennson et al., 2019)
Scale up operations *By accessing an incumbent's resources, a startup might be able to scale up operations* (Freytag, 2019; Kohler, 2016)
Investments *Strategic partners may serve as promising investors and might open doors for a full acquisition* (Freytag, 2019)
Commercialization *Through collaboration with incumbents, startups might shorten their time to market* (Alvarez & Barney, 2001, Kohler, 2016)
Sustainability transitions *Startups seek incumbents that are driven by transitioning industries into sustainability.* (i.e., Schaltegger & Wagner, 2011)

Why do incumbents often seek collaboration with startups?

More and more, the knowledge required to create innovations is located beyond the bounds of the incumbent firm (Chesbrough, 2003; Freytag, 2019). Startup businesses may be a useful source of such knowledge (Dushnitsky & Lenox, 2005; Freytag, 2019). Incumbents, on the other hand, are interested in exploiting specific technologies (e.g., Marion and Friar, 2012; Rothaermel, 2001) or innovations and applying them to their products, drawing on startups as a source of innovation (Spender et al., 2017). Startups are currently creating significant advancements that are replacing dated technologies and established business structures (Kohler, 2016), making for attractive potential strategic partners for

incumbents. Through a strategic partnership with a startup, an incumbent may thus use the startup's agility and specialist expertise in spurring their own innovation activities (e.g., Hogenhuis et al., 2016).

Chesbrough and Schwartz (2007) contend that large companies looking to experiment with new business models must evaluate their own capabilities, consider potential partnerships, and decide which capabilities can be most effectively tapped into from outside partners. Hogenhuis et al. (2016) further argue that large companies considering partnerships should carefully evaluate the competencies required for certain innovation initiatives and the viability of these projects for asymmetric collaborations with young businesses is consistent with this line of thinking. The type of collaboration desired and the contribution the young venture partner should make, can be clearly defined according to this assessment (Hogenhuis et al., 2016). Asymmetric partnerships between incumbents and startups are especially beneficial for incumbents who have the capabilities to exploit the startups' complementary resources and capabilities, compared to the incumbents who just want to explore new technology (Rothaermel, 2001). Following this school of thought, incumbents who have developed a high level of absorptive capacity, which refers to the organization's capacity to acquire, absorb, and use external information (Cohen and Levinthal, 1990) benefits greater from partnering with startups, than those who have not (Dushnitsky and Lenox, 2005). For incumbents, collaborating with startups can both mean long-term financial investments, either down the line or in a more immediate manner, however it is much more common to collaborate through temporary, clearly defined partnerships (Freytag, 2019). Following are the incumbents' drivers to collaborate with startups, which are summarized in Table 3.4.

Incumbents may seek out partnerships with startups in order to perform *strategic problem solving*, due to the incumbents' need to close innovation gaps and solve business challenges (e.g., Kohler, 2016). Incumbents frequently experience intense short-term pressures that deter investments in new growth initiatives, making it unlikely that they will pursue disruptive innovations (i.e., Freytag, 2019; Kohler, 2016). Through startups, incumbents might gain access to new technologies and manage technological uncertainty they face in their competitive environment (Alvarez & Barney, 2001), and thus close innovation gaps. Through strategic problem solving, the incumbents can make startups solve business challenges for them (Kohler, 2016). For example, incumbents might want startups to build their products on top of the incumbent's product, in order to test their own product and ecosystem of product developers (e.g., Kohler, 2016). Through strategic problem solving incumbents might develop an absorptive capability and might perhaps gain access to the startups inventive capability in the long term (e.g., Alvarez & Barney, 2001).

Furthermore, incumbents may seek partnerships with startups with the intention of *exploring new markets and trends*. For instance, startups that are able to compete in recently emerging industries, and

have the ability to do so can open up new prospects for the incumbent, and make for attractive partners for incumbents in order to expand to new markets (Kohler, 2016). Additionally to using strategic partnerships with startups to expand to new markets, incumbents can use the startup as a "crystal ball" to look into the future (Freytag, 2019). By collaborating with innovative startups, incumbents can "look into the future", giving incumbents an advantage to respond accordingly to market trends (Freytag, 2019). Bringing new innovations into the incumbent can also *reduce costs* related to productivity, innovation, improved market position, better resource management, and networking (i.e., Ford, 1980; Pomponi et al., 2015).

Kohler (2016) emphasizes that incumbents use partnerships with startups to *rejuvenate their own corporate culture*. Working with startups publicly sends strong signals both to internal staff and external partners (Kohler, 2016). Rejuvenating corporate culture can result in employees being inspired to think innovatively and become effective change agents (e.g., Kohler, 2016). In terms of signaling to external parties, working with sustainability startups can increase the incumbents' environmental reputational (Albino et al., 2012), and increase their overall legitimacy. Legitimacy motives encompass the endeavors of firms to bolster their reputation and social legitimacy as a response to institutional pressures emanating from regulatory systems, industry norms, and community stakeholders (Lin & Darnall, 2014).

Another argument for incumbents to collaborate with startups, is to *retain talent* that lies within the startup (e.g., Kohler, 2016). Startups make for attractive workplaces for talented people as startups often are able to compensate employees through stock options (Alvarez & Barney, 2001). Startups thus often attract talent, such as technically competent scientists and engineers, (Alvarez & Barney, 2001). Working with startups enables incumbents to tap into the startup's talent (Kohler, 2016).

Incumbent firms may be positively affected in their environmental performance, environmental management, and environmental reputation, through involvement in environmental collaboration (Albino et al., 2012). It is acknowledged that sustainability startup-incumbent partnerships are important to drive sustainability transition into the society (i.e., Johnson & Schaltegger, 2019), and that startups drive emerging markets, while incumbents are performing significantly in the growth and maturity in industries (Hockerts & Wüstenhagen, 2010; Trautwein, 2021). We therefore propose that incumbents may be motivated to seek partnerships with sustainability startups, and thus circularity startups, to enhance their ability to take part in *sustainability transitions*.

Table 3.4: Motivational drivers for incumbents that seek strategic partnerships with sustainability startups, identified from the literature. The gray fields represent motivational drivers that the literature emphasize as motivational drivers in all types of startup-incumbent strategic partnerships.

Why incumbent firms seek strategic partnerships with sustainability startups
Strategic problem solving *Incumbents collaborate with startups to close innovation gaps and solve business challenges.* (Freytag, 2019; Kohler, 2016)
Explore new markets and trends *Incumbents use startups to identify market trends and expand to new markets.* (Freytag, 2019; Kohler, 2016)
Rejuvenate corporate culture *By working together with startups, incumbents send strong signals to both internal staff and external partners.* (Kohler, 2016)
Retain talent *Through working with startups, incumbents can tap into the talent residing within the startup.* (Alvarez & Barney, 2001; Kohler, 2016)
Cost reduction *By adopting the startups' innovations, the incumbents might be able to reduce costs.* (i.e., Ford, 1980; Pomponi et al., 2015).
Sustainability transitions *Collaborating with startups might help incumbents to drive sustainability transitioning in their industries.*

3.3.2 Partner exploration in startup-incumbent strategic partnerships

As described in section 3.2, a firm enters the status 2 - exploration, when that firm recognizes the other firm as a potential partner (e.g., Dwyer et al., 1987). As the firm changes from the status 1 - search, to the status 2 - exploration, the partnership initiation begins. Entrepreneurial characteristics, including social connections, prior managerial experience, and trust-building, influence the likelihood of startups forming partnerships (Deeds and Hill, 1999; Leyden et al., 2014; Okamuro et al., 2011; Usman and Vanhaverbeke, 2017). Startups' flexibility and openness to disruptive innovations make them attractive partners for incumbents, although their high level of innovativeness can negatively impact their survival (Hyytinen et al., 2015). Startups, with their greater flexibility and openness to radical innovations, are attractive collaboration partners for established organizations (Hyytinen et al., 2015). However, their high level of innovativeness has been found to negatively impact their survival (Hyytinen et al., 2015). Resource-rich organizations, like incumbents, are proactive in seeking collaborations, while resource-poor organizations are more reactive (Park et al., 2002). In relation to the status 2 - exploration, of the partner selection process, the following sections will elaborate on important factors for startups and incumbents when selecting potential partners for incumbent-startup partnerships, with identified motivational drivers summarized in Table 3.5.

As Yoon and Hughes (2016, para. 7) stress; “Successful collaboration between startups and established companies must go beyond financial deals: it must be personal and mission-oriented.” Ford (1980) emphasizes that during partner selection processes, there exist distances between the two firms (see subsection 3.2.3). During a partnership exploration phase, the startups and incumbents should try to identify and reduce the distance, which can be categorized into social, cultural, technological, time and geographical distance (Ford, 1984). In this paragraph we will elaborate on important factors for startups and incumbents when they are selecting partners for strategic partnerships for transitioning industries into circularity.

Research on the field of strategic partnerships between incumbents emphasize the importance of having *complementary resources and capabilities* when selecting a partner (Brouthers et al., 1995; Dwyer et al., 1987; Miotti and Sachwald, 2003; Rothaermel, 2001), which seem to be transferable to the context of incumbents and startups (e.g., Rothamel, 2001). Complementary resources and capabilities are emphasized in Emden et al. (2006) framework for partner selection process in open innovation alliances, where technological alignment is an important step towards successful partnerships. Technological alignment refers to the partners’ technical ability, the complementarity of resources and the knowledge overlap between the parties, where both high technical capability and complementarity is vital for a successful partnership (Das & Teng, 2000; Emden et al., 2006). Resource and capability complementarity is further emphasized by Geringer’s (1991) task related criteria of product-related and

market competence, and partner related criteria of financial resources and legitimacy. However, complementary resources alone are not sufficient to describe a partner selection process between startups and incumbent firms (e.g., De Groote & Backmann, 2020).

Strategic alignment is emphasized by Geringer (1991) as an important partner-related criteria. Strategic alignment refers to motivation correspondence and goal correspondence (Emden et al., 2006). The former refers to that the two partners' motives for going into a strategic partnership are aligned, while the latter refers to goal compatibility, and that the partners' goals are non-competing (Brouthers et al., 1995; Emden et al., 2006). *Relational alignment*, differing from strategic alignment, can be divided into compatible cultures, propensity, and long-term orientation (Emden et al., 2006). Compatible cultures refer to which degree cognitions, expectations, mindsets, norms, and values coincide between the startup and the incumbent firm (O'Reilly et al., 1991). Joint cooperative cultures are further emphasized by Brouthers et al. (1995) as important success criteria for strategic alliances. Furthermore, according to Geringer (1991) understanding the partner's corporate culture and procedures is an important task related criterion, while confidence between members of the management teams, their position within the industry and their commitment to the relationship, is important partner-related criteria for alliances, which underpins compatible cultures as an important aspect of relational alignment. Propensity refers to how flexible and willing partners are to change requirements during the course of the partnership and (Emden et al., 2006), and can be extended to the commensurate levels of risk which should be in place for firms to pursue strategic alliances with another firm (Brouthers et al., 1995). Finally, the long-term orientation refers to the ability to make short-term sacrifices for long-term results. (Emden et al., 2006).

The process of getting to know potential partners is usually determined by required investment in the partnership, in terms of time, effort and money, as well as expected rewards, for instance increased profits, market share or sales, and deserved rewards, e.g., the level of rewards the firm believes that they deserve (Frazier, 1983). If the expected rewards are lower than the deserved rewards, companies usually try to break off and find another partner (Frazier, 1983). What this entails is that a firm may employ a *cost-benefit* perspective on a potential partnership in order to evaluate the attractiveness of a partner (i.e., Dwyer et al., 1987).

As mentioned in chapter 2, barriers for implementing circularity are, amongst others, related to confused incentives among the actors (Adams et al., 2017; Hart et al., 2019), as well as fragmented supply chains. In order to turn industries into circularity, it is thus important that circularity startups and incumbents recognize when the partners' resources and capabilities demonstrate *circular compatibility*, in other words, are compatible with the circular product or service offering.

Table 3.5: Motivational drivers for a circularity startup-incumbent strategic partnerships in the exploration process, identified from the literature as important on startup and incumbent side. The gray fields represent motivational drivers that the literature emphasize as motivational drivers in all types of startup-incumbent strategic partnerships.

Motivational drivers when exploring circularity startup-incumbent strategic partnerships
Complementary resources and capabilities *The incumbent and startup have compatible resources and capabilities, which furthermore improves partnership performance.* (e.g., Brouthers et al., 1995; Dwyer et al., 1987; Emden et al., 2006)
Strategic alignment *The incumbent and the startup have aligned motives and non-competing goals.* (Emden et al., 2006)
Relational alignment *The incumbent and the startup have compatible cultures, share the same sense of propensity and long-term orientation.* (Brouthers et al., 1995; Emden et al., 2006; Geringer, 1991)
Cost-benefit *An incumbent and startup determines the attractiveness of a partnership based on the perceived cost-benefit, which is determined by the ratio between required investments and expected rewards.* *(Dwyer et al., 1987)*
Circular compatibility *Resources and capabilities are compatible with the circular product or service offering, in terms of overcoming barriers for implementing circularity*

3.3.3 Negotiating on startup-incumbent strategic partnership

As described in section 3.2, (e.g., Dwyer et al., 1987), two firms considering one another as partners progress from status 2 - exploration, to status 3 - negotiation, once representatives from both sides of the relationship meet to discuss common objectives and the scope of the partnership. In relation to status 3 - negotiation, of the partner selection process, the following subsections will elaborate on important factors for startups and incumbents that enter negotiating a business agreement, with key factors summarized in Table 3.6. We do so by first introducing challenges related to startup-incumbent partnerships, before presenting important motivational drivers addressed in the literature that relate to status 3 - negotiation.

What are the challenges of startup-incumbent partnerships?

In subsection 3.3.2, we discussed important motivational drivers for when startups and incumbents are exploring the opportunity of a partnership with one another. Even though there may be advantages for both partners, choosing the right partner is crucial because of the asymmetry between them in terms of organizational factors like learning processes and organizational compatibility (Das and He, 2006, Hogenhuis et al., 2016). While technological alignment is manageable, strategic and relational alignment (e.g., Emden et al., 2006) is more intricate due to the asymmetry in the types of organizations (De Groote & Backmann, 2020). Alvarez and Barney's (2001) research even showed that in strategic partnerships, there is a great risk that the incumbent behaves opportunistically and takes advantage of the startup. Especially if the only resource a startup brings to the partnership is technology. They explain that there are two things that happen in these scenarios; (1) To the degree the technology have any market potential, the incumbent firm is frequently able to realize the potential of the startup's new technology, and; (2) In alliances with incumbent firms, startups often experience that they are unable to prosper and grow, in spite of the potential of the technology (Alvarez & Barney, 2001). This means that although the alliance creates economic value, most of it is appropriated by the incumbent firms (Alvarez & Barney, 2001). In a long-term perspective, it is important that the startup possesses an inventive capability, that is, the ability to be a stream of new technologies for the large firm into the future, while on the incumbent side it is important that the incumbent possesses an absorptive capability in order to learn from the startup (Alvarez & Barney, 2001). In summary, although strategic alliances can create mutual benefits for the startup and the incumbent firm, initiating collaborations between incumbents and startups is not straightforward, and the success rate of such collaborations is often low (Gerwin, 2004; de Rond, 2003).

Startup-incumbent strategic partnerships frequently fail (Gerwin, 2004; de Rond, 2003), as mentioned previously. As opposed to "in-house" activities, coalitions carry a higher level of risk, which is one of the reasons alliances fail (Das & Teng, 2001a). This risk is brought on by the ability for partners to

opportunistically take advantage of the dependence relationship as well as variations in partners' ambitions and attitudes (Dekker, 2004; Groot & Merchant, 2000). Numerous scholars have contended that the combination of suitable governance structures, effective management control systems, and trust can synergistically mitigate alliance risk and significantly lower the likelihood of failure in strategic alliances (Das & Teng, 2001a; Dyer et al., 2001; Langfield-Smith, 2008; Nooteboom, 2004; Speklé, 2001).

What is important for startups and incumbents when negotiating on a strategic partnership agreement?

Due to the challenges related to asymmetric startup-incumbent partnerships, it is thus reasonable to assume that startups and incumbents try to mitigate that risk during negotiating (i.e., Langfield-Smith, 2008). Furthermore, researchers suggest that the level of power on another's' belief and behavior is developed during the negotiations (e.g., Dwyer et al., 1987, see subsection 3.2.3), making the negotiations a critical part of the strategic partner selection process. In the following paragraphs, we will elaborate further on important factors for both startups and incumbents when negotiating on a partnership agreement.

Trust is emphasized by several authors as an important driver for firms to agree on a strategic partnership, both in the incumbent and startup literature (e.g., Dwyer et al., 1987; Kale & Singh, 2009; Langfield-Smith, 2008). “Trust is the decision to rely on a partner with the expectation that the partner will act according to a common agreement” (Currall and Inkpen, 2002, as cited in Ireland and Webb, 2007, p. 488). Trust is important, not only for facilitating alliance governance, but also because it makes partners work more cooperatively, which is critical for alliance success (e.g Kale & Singh, 2009). Langfield-Smith (2008, p. 348) explains that there is a strong relation between risk and trust. “It has been argued that trust is particularly relevant to alliances, as trust is important in situations where there is risk (Coleman, 1990; Luhmann, 1979; Sako, 1992), and risk management is a critical aspect of alliances (Das & Teng, 2001b; Ring & Van de Ven, 1992).” Risk can be categorized into relational risk and performance risk, where relational risk is “the probability and consequences of having a partner that does not cooperate (Das & Teng, 1996)”, whereas performance risk is “the risk of not achieving the alliance objectives, even when partners cooperate fully (Das & Teng, 2001b)” (Langfield & Smith, 2008, p. 346-347). Trust is important both in the case of contractual and non-contractual agreements, to reduce the risk of one party behaving opportunistically (Duisters et al., 2011). Trust, commitment, and communication between two or more partners may be built up and tested in the process of formalizing an agreement in a contract (Blau, 1964). For partners with prior established business relationships in the past, a foundation of trust may already be in place, facilitating the exchange of knowledge and mitigating the risk of opportunistic behavior (Bstieler, 2006; Doz, 1996; De Groote & Backmann, 2020; Li et al., 2008; Song et al., 2019). In line with these findings, Gulati (1995) conducted

research highlighting that the selection of contracts in alliances is not solely driven by the activities involved and the associated transaction costs. Instead, the decision-making process is influenced by the evolving trust between organizations, fostered through repeated interactions and connections over time (Gulati, 1995).

Dwyer et al.'s (1987) emphasis on *cost-benefit* is an important driver in exploring potential partnerships, follows on in the negotiation, where the startup and the incumbent considers each other as potential partners (e.g., Langfield-Smith, 2008, Freytag, 2019). Firms want to minimize transaction costs, which "include the search costs to find partners and the costs of preparing, executing and monitoring a contract or agreement, including the cost of enforcing and applying sanctions and the loss of specific investments if the relation is terminated." (Langfield-Smith, 2008, p. 346). Firms tend to agree on partnerships where the costs related to the relationship is outweighed by the benefits gained from it (Frazier, 1983). In terms of cost-benefit, startups should for instance, during negotiation, identify the potential costs of; (i) Change of strategy - "Beginning a partnership with an established company can induce a startup to change its basic strategy for the purpose of optimizing the benefit it derives from the partnership." (Freytag, 2019, p. 21), and; (ii) Change of options - "This happens when a startup's partnership with an established company results in a narrower or broader range of future options for the new company" (Freytag, 2019, p. 22).

When startups and incumbents negotiate on partnership agreement, the distribution of *property rights* may influence the bargaining power of both parties at later stages of the partnership (i.e., Duisters et al., 2011). According to property rights theory, participants involved in an exchange allocate residual decision rights, referred to as residual rights of control, in a manner that aligns their incentives with maximizing the economic value of the exchange (Bosse & Alvarez, 2010). In an ideal scenario, the incentive structure assigns a greater share of residual rights of control to the party that stands to benefit the most from the exchange (Hart and Moore, 1990). Nevertheless, the allocation of residual rights can be influenced by bargaining power. In instances where the party with the greatest potential gains from the alliance lacks sufficient bargaining power, the expected distribution of property rights may not materialize (Bosse & Alvarez, 2010). Bosse and Alverez (2010) found in their study on alliances between small firms/startups and incumbents in the pharmaceutical industry, that startups with "valuable technical knowledge are more likely to get their interests met in alliance governance negotiations", which indicates that bargaining power can be affected by the degree of technical knowledge in the startup.

As previously mentioned, both parties in an incumbent-startup alliance face risks when entering an alliance with each other (e.g., Ford, 1980; Kale & Singh, 2009). In the negotiation phase, both parties may reduce risks associated with entering an alliance by *establishing appropriate governance structures*

for the collaboration to formalize the level of commitment from each party (Duisters et al., 2011). There exist different governance structures for governing alliances, such as purely relational agreements, pure transactional contracts or something in between (e.g., Dwyer et al., 1987). The negotiations function as a way to formalize the commitment and reliance of both parties, which can be both non-contractual and contractual. The formalization entailed by a contractual agreement may serve as a motivational driver for incumbents as this reduces risks associated with committing to the alliance, i.e., by formulating obligations that must be met, which may mitigate potential conflict resolution (Cooter & Ulen, 2004). This formalization of commitment and reliance lowers the transaction costs related to later potential negotiations and enforcing of promises (Masten, 2000). Simultaneously, due to the trade-off between formalization of commitment and flexibility, it is plausible to assume that the way firms prioritize commitment and flexibility may vary along different cases, depending on perceived risk.

Scholars emphasize that firms, when conducting negotiations for alliances that promote environmental sustainability, often have a particular strategic orientation, or *sustainability orientation*, in mind (i.e., Riandita, 2020). Adding to this, prior studies suggest that a firm may be more likely to commit to sustainable development opportunities if this opportunity is likely to enhance the firm's competitive advantage (e.g., Menguc et al., 2010; Porter & van der Linde, 1995). Furthermore, firms operating in dynamic industries with many players may be more inclined to see sustainable development opportunities as a differentiation opportunity, and be more willing to accept short-term losses in order to gain long-term benefits, such as creation of new markets, increased sales, and the improvement of their corporate image and legitimacy (Carballo-Penela & Castromán-Diz, 2015; Russo & Fouts, 1997; Sharma & Vredenburg, 1998).

Langfield-smith's (2008) elements of management control systems are said to offer significant advantages through alignment of incentives and control mechanisms, which provide superior monitoring and control mechanisms for the parties involved. "Thus, contractual and appropriability hazards can be more effectively managed." (Langfield-Smith, 2008, p. 360). Thus, in order to be able to measure the environmental outcomes, it is reasonable to believe that circularity startups and incumbents are motivated to formulate *specific milestones related to circularity* when agreeing on a strategic partnership with each other.

Table 3.6: Motivational drivers for a circularity startup-incumbent strategic partnerships in the negotiation process, identified from the literature as important on startup and incumbent side. The gray fields represent motivational drivers that the literature emphasize as motivational drivers in all types of startup-incumbent strategic partnerships.

Important factors in negotiation between circularity startups and incumbents
Trust *Through mutual trust startups and incumbents enhance partnership efficiency and reduce the risk of one party behaving opportunistically.* (e.g., Duisters et al., 2011; Kale & Singh, 2009)
Cost-benefit *Startups and incumbents benefit from partnerships where costs related to the partnership is outweighed by the benefits from it.* (Dwyer et al., 1987; Frazier, 1983; Langfield-Smith, 2008)
Property rights *A strong incentive for startups and incumbent firms to commit to partnerships are property rights to technology and IP.* (i.e., Bosse & Barney, 2010)
Appropriate governance structures *Startups and incumbents are concerned with establishing an appropriate governance structure of the partnership in order to formalize level of commitment.* (e.g., Duisters et al., 2011)
Sustainability orientation *Startups and incumbents are motivated by the strategic alliance fit to their strategic sustainability orientation..* (e.g., Riandita, 2020)
Specific milestones related to circularity *Startups and incumbents select partners that contribute to reaching their specific milestones related to circularity.* (e.g., Langfield-Smith, 2008, on management control systems)

3.3.4 Prescriptive frameworks for motivational drivers in partner selection process in circularity startup-incumbent strategic partnerships

Through section 3.3, we have thoroughly examined the existing literature on the motivational drivers that influence circularity startups and incumbents to pursue collaboration with one another. We have also discussed the strategies employed by these entities to identify and recognize potential collaboration partners. Additionally, we have highlighted the crucial factors that come into play when selecting and negotiating with one another, aiming to overcome any potential challenges that may arise in an incumbent-startup partnership. Using these findings together with the proposed conceptual framework

(see section 3.2.4), we will in this subsection synthesize two prescriptive frameworks of motivational drivers in different statuses of the partner selection process for startups for circularity and for incumbents.

According to the literature, circularity startups are motivated to find strategic partnerships with incumbents to; gain access to complementary resources and capabilities, increase legitimacy, scale up operations, get investments, commercialize, and contribute to sustainability transitions. Scholars emphasize that incumbents are motivated to enter strategic partnerships with circularity startups to; outsource strategic problem solving, explore new markets and trends, rejuvenate corporate culture, retain talent, reduce costs, and contribute to sustainability transitions. These motivational drivers are thus put in the status 1 - search, in the prescriptive frameworks for motivational drivers in partner selection process in circularity startup-incumbent strategic partnerships.

In status 2 - exploration, both on circularity startup and incumbent side, we have found the following motivational drivers, in the literature; complementary resources and capabilities, strategic alignment, relational alignment, cost-benefit and circular compatibility. Furthermore, it's seen that the literature states the following motivational drivers as important when circularity startups and incumbents are negotiating; trust, cost-benefit, property rights, sustainability orientation and specific milestones related to circularity.

By inserting the drivers from subsection 3.3.1, 3.3.2 and 3.3.3 into the conceptual framework in subsection 3.2.4, we have derived the two prescriptive frameworks for motivational drivers during a partner selection process in a circularity startup-incumbent strategic partnership, one for the startup-side (Figure 3.2), and the other for incumbent-side (Figure 3.3).

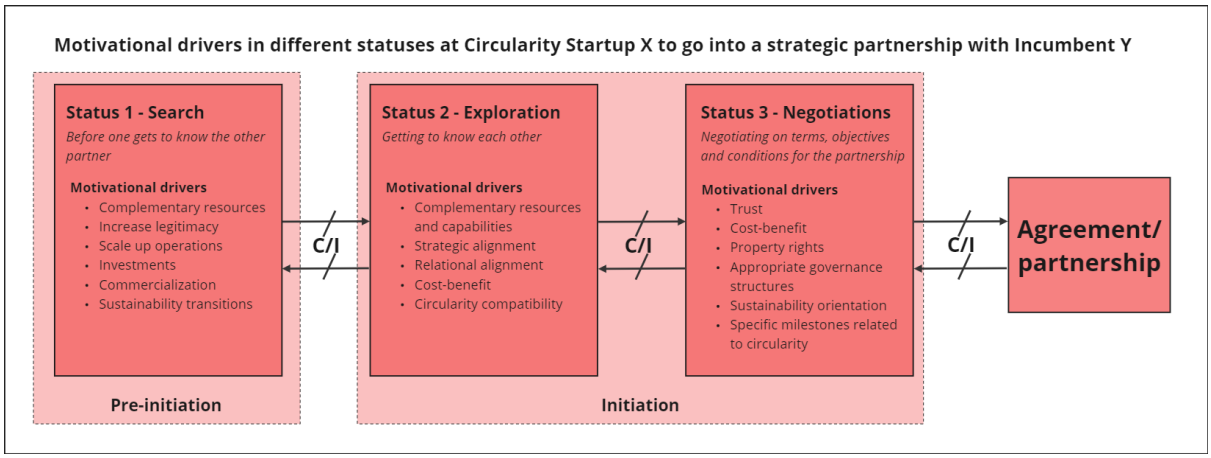


Figure 3.2: Prescriptive framework for motivational drivers in startups in a partner selection process. The motivational drivers are based on the literature review on circularity startup-incumbent strategic partnerships. Converters and inhibitors are abbreviated C and I, respectively.

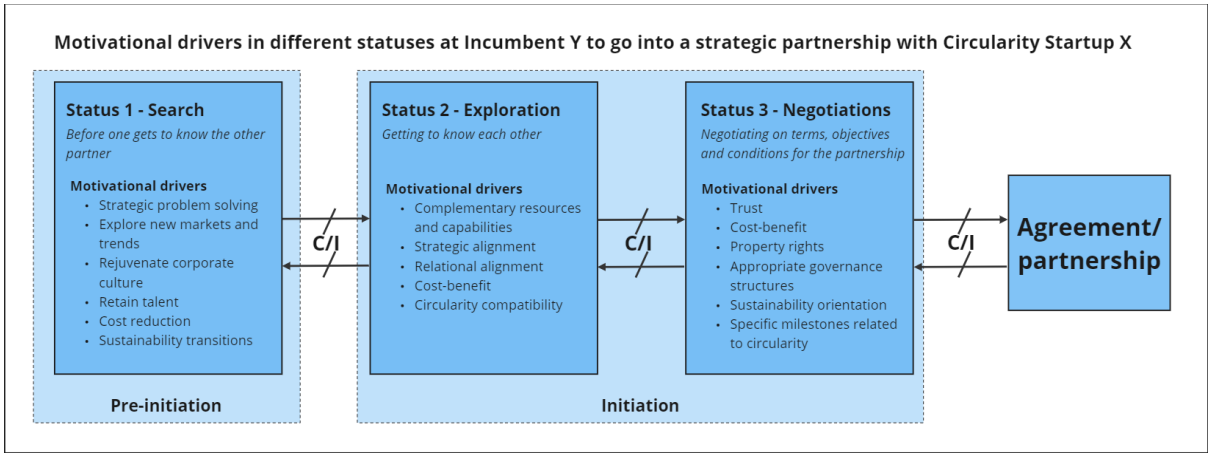


Figure 3.3: Prescriptive framework for motivational drivers in incumbents in a partner selection process. The motivational drivers are based on the literature review on circularity startup-incumbent strategic partnerships.Converters and inhibitors are abbreviated C and I, respectively

We have now developed two prescriptive frameworks based on the literature on strategic partnerships between circularity startups and incumbent firms (see section 3.3), and the existing literature on models for partner selection processes (see section 3.2). We will test these two prescriptive frameworks by mapping out motivational drivers in interviews with circularity startups and incumbents in strategic alliances. For mapping motivational drivers, the conceptual framework in subsection 3.2.4 will be used actively during the interviews. We will elaborate how we will do this further in chapter 4.

4. Method

This section outlines the research methodology employed to conduct a qualitative case study, which serves to address the research questions presented in chapter 1. The study adopts an abductive approach, allowing for a focused investigation into the study's purpose: gain insight on motivational drivers in the partner selection process of startup-incumbent strategic partnerships, in light of the construction industry's transition towards circularity. Through the implementation of a qualitative case study, this research method facilitates a comprehensive investigation of the three research questions, aiming to cover the gaps in the existing literature.

4.1 Research design

The case study is grounded in a collection of in-depth interviews, generating qualitative data. This data is subject to diverse analytical approaches to effectively address the three research questions outlined in chapter 1.

RQ1 What are the motivational drivers in startups and incumbents in a strategic partner selection process?

RQ2 How do startups and incumbents identify each other's motivational drivers in the partner selection process, and to which degree do they understand each other's drivers?

RQ3 Why is it important to understand motivational drivers of potential partners in the partner selection process of strategic partnerships between startups and incumbents?

To gain a deep understanding of the motivating factors within the context, we employed a qualitative approach. Specifically, we chose a multiple case-study design to enable an exploration and examination of real-life phenomena by analyzing a small number of relevant circumstances or experiences and their interconnections (Scramm, 1971; Yin, 2009; Zainal, 2007). This approach is particularly suitable for investigating the "how" and "why" aspects of our research questions (Yin, 2009), allowing for a comprehensive exploration and providing valuable insights from the interviews. In this case study, we adopt a pragmatic approach to this multiple case study (Stake, 1995) to examine and interpret the various viewpoints and perspectives that influence the initiating phases of a strategic partnership.

To facilitate building new theories from the case studies, we follow Eisenhardt's (1989) suggestion of constantly moving between asking questions, generating hypotheses, and making comparisons. This is possible with the use of the abductive approach of systematic combining (e.g., Strauss and Corbin, 1998), which is why this has been adopted for this research design. In this study this implies (1) a literature review, (2) the development of both conceptual and prescriptive frameworks, synthesized from the literature, (3) a case analysis that involves the conceptual framework, all maintained (4) in light of how strategic partnerships can facilitate for a circular transition within the construction industry, which serves as our empirical context, or "empirical world" (Dubois & Gadde, 2002; Dubois & Gadde 2017). As these areas are intertwined, each area will be involved iteratively by going back and forth between the processes (Eisenhardt, 1989; Timmermans & Tavory, 2012). Inspired from Dubois and Gadde's (2002) model on what elements that are needed in systematic combining (2002, p. 555), our abductive research design is illustrated in Figure 4.1.

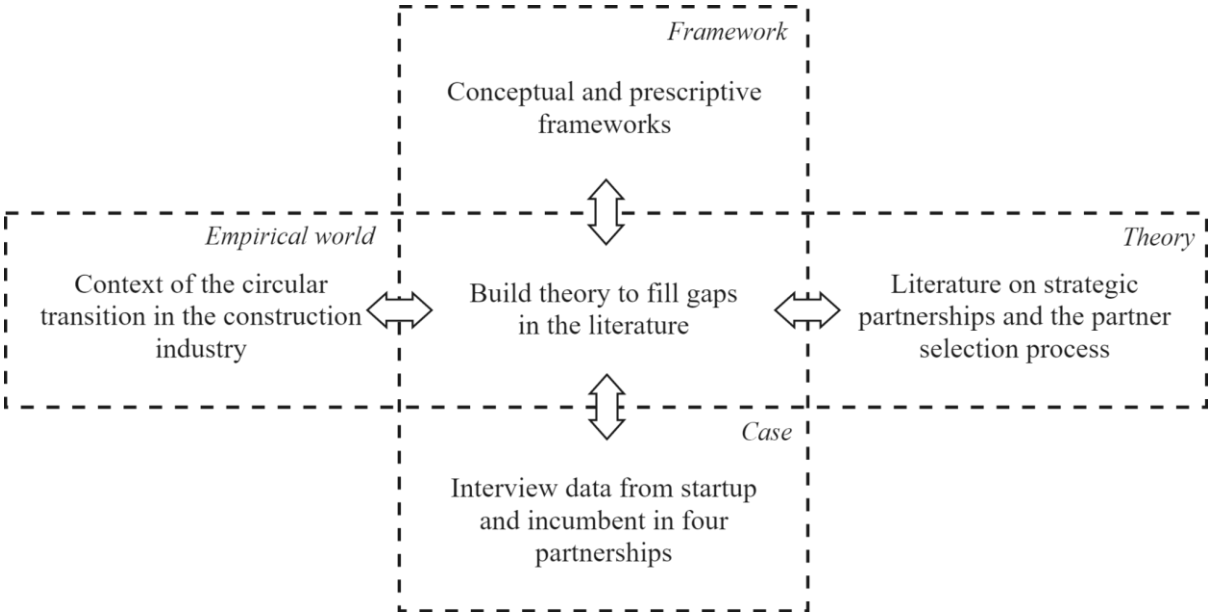


Figure 4.1: Illustration of how systematic combining has been integrated in our research design, inspired by Dubois and Gadde's model (2002, p. 555).

Development of frameworks in order to facilitate the case study

To ensure a comprehensive understanding of strategic partnerships between startups and incumbents, and the initiation of such partnerships, an extensive review of existing literature was conducted in preparation for the case study. In this review we also drew on literature on marketing, strategic partnerships (both partnerships between incumbents, as well as startup-incumbent partnerships), open innovation alliances, buyer-seller relationships, transition research, joint venture, negotiation, corporate accelerators, inter-firm network theory, institutional theory, and transition theory. See chapter 3 for literature background. Drawing from the insights gathered from the literature, a conceptual framework was developed to map the motivational drivers involved in the partner selection process between two

firms (see section 3.2). Additionally, two prescriptive frameworks for the partner selection process between startups and incumbent firms were synthesized based on the conceptual model and the literature on strategic partnerships between startups and incumbents (see subsection 3.3.4). Detailed information on the development of these frameworks can be found in chapter 3.

The first conceptual framework served as a guide during the interviews conducted in the case study. The utilization of the framework serves multiple purposes. Firstly, it aims to acquire objective data that can be analyzed alongside the proposed prescriptive frameworks, leading to a comprehensive discussion of the findings. Moreover, it provides a focal point for structuring the findings while simultaneously allowing for the exploration of new, unintentional discoveries (Ali & Birley, 1999). Another aspect is that this facilitates capturing and taking advantage not only of the systemic character of the empirical world, but also of the systemic character of existing theory (Dubois & Gadde, 2002).

4.2 Case selection

To find cases that were relevant within scope of this study, it was needed to find representatives from the two sides in a strategic partnership between a circularity startup and an incumbent firm. Furthermore, to determine their relevance we wanted the startups to work with a product or service that directly facilitates a circular economy through one of the 5 stages of a material life cycle (see section 2.2) and that their partner were interested in the startup because of the facility of a circular economy in the construction industry. In addition to this we set up selection criteria to ensure comparability among selected firms. These criteria were formed with a basis in our definitions of circularity startups and incumbents (see chapter 1), and the context of circularity in the Norwegian construction industry Furthermore, it is found that, on average, it can take 3 years for a startup to reach break-even (e.g Carbó-Valverde et al.; 2022), which according to scholars indicates that the firm "is likely moving away from startuphood" (Cockayne, 2019, p.81). We built on this in our research criteria, by choosing a selection criterion on being younger than 3 years, which means that the startups have to be established in Norway in 2020 or later. Thus, for startups, the selection criteria for this study included (i) being younger than three years; (ii) being Norwegian based; (iii) having an innovative product or service offering that directly facilitates a circular economy, i.e., as mentioned through the use of the 5 stage life cycle, and; (iv) having a strategic partnership with an incumbent firm that operates in the construction industry. With regards to incumbents, we also decided to include a minimum criterion regarding years of operation, in order to further ensure that selected firms held a strong market position. For incumbents, selection criteria thus included; (i) being well established in the market; (ii) operating within the construction industry; (iii) having a recurring customer base; (iv) operating in Norway; (v) having operated in the construction industry for a minimum of thirty years, and; (vi) having a strategic partnership with a circularity startup. The selection criteria can be seen in Table 4.1.

Table 4.1: Selection criteria for circularity startups and incumbent firms in the case selection.

Circularity startup	Incumbent firm
• Under 3 years old • Norwegean based startups • Innovative product/service that directly facilitates a circular economy • Has a strategic partnership with an incumbent firm operating in the construction industry	• Well established in the market • Operations within the construction industry • Recurring customer base • Operating in Norway • Minimum 30 years of operations • Has a strategic partnership with one of the case startups

Norwegian based cases

In order to minimize sources of error and enhance comparability among cases, we restricted the scope of our study to Norwegian based companies. The construction industry in Norway shares many similarities with other European countries, as it operates under comparable rules and policies, particularly in terms of sustainability (FOG, 2021). The Norwegian construction industry therefore shares the same challenges as described in chapter 2. Norway actively participates in EU funding programs such as Interreg and Horizon Europe, reflecting its alignment with EU member states' goal of achieving climate neutrality by 2050 (Carver, 2021; FOG, 2021). Norway is being recognized as a sustainability pioneer due to significant strides in renewable energy (FOG, 2021) and aims to become climate neutral by 2030 (Miljødirektoratet, n.d.). Currently, the focus in the Norwegian construction industry is shifting towards adopting more circular practices, aided by national procurement policies, changes in building regulations to facilitate the green transition, and stricter laws against financial greenwashing (Deloitte, 2022; Regjeringen, 2023).

Although Scandinavia, comprising Norway, Denmark, and Sweden, ranks highest on the Global Sustainable Competitive Index 2022 (GSCI, n.d.), Norway's transition to a circular economy in the construction industry is still in its early stages, demonstrating a weak performance in terms of circular economy principles (Deloitte, 2022). Norway's circularity rate stands at only 2.4%, significantly lower than the global average of 8.6%, indicating the potential for substantial improvement, with a target of 45% circularity (CGRi, 2020). With a per capita consumption rate of 44.3 tons, Norway has one of the highest consumption rates globally (CGRi, 2020). In terms of innovation, Norway falls behind its neighboring countries, ranking 22nd globally on the Global Innovation Index 2022, while Sweden holds the 3rd position, Finland the 9th, and Denmark the 10th (Dutta et al., 2022). Due to the Norwegian construction industry’s early stages in transitioning to a circular economy and its low ranking in innovation compared to neighboring countries, it is of importance to investigate enablers of the circular economy in the Norwegian context. The Norwegian construction industry have the potential to make a substantial impact in these areas. By leveraging their expertise and resources, Norwegian incumbent

construction companies can contribute significantly to improving circularity practices and driving innovation forward.

Thus, the decision to focus on Norwegian startups for this case study was driven by the trends, existing barriers, and potential associated with advancing circular economy innovation in Norway. By selecting Norwegian startups, we ensure that the case companies operate within the same ecosystem, subject to identical regulations and rules. Moreover, given the similarities in the external environment, these startups face similar prerequisites and opportunities for implementing and scaling their business models.

A total of 8 cases were involved in this case study, all living up to the selection criteria. Relevant descriptions can be found in Table 4.2. The participants included 3 startups and 4 incumbents. One startup was interviewed twice, addressing two distinct partnerships, and thus, they are treated as separate cases in this report.

Table 4.2: Presentation of cases taking part in this study. The abbreviations used indicate whether a participant is a Startup (S) or an Incumbent (I) and denote the specific partnership (P) with which they are associated. For instance, P1, describes the partnership between S1 and I1. The number of employees is presented as less than (<) or more than (>), to anonymize the cases.

Abbreviations		**Field of operation, employees**	**Role in Partnership, type of agreement**	**Which *stage* in the life cycle where the partnership contributes to circular economy in the industry (see Figure 2.2)**
P1	S1	Reduce costs related to the reuse of material resources, < 5	Supplier and buyer, letter of intent	*Construction and End-of-Life* in terms of facilitating for reuse of materials
	I1	Contractor of public and private construction of office and commercial buildings, > 1000	Supplier and buyer, letter of intent	
P2	S2	SAAS to reduce greenhouse gas emissions in construction industry, < 5	Supplier, pilot agreement	*Design* - in terms of designing for reduced greenhouse gas emissions
	I2	Construction company, > 50	Pilot customer, buyer, pilot agreement	
P3	S3	SAAS to Increase value of materials in construction industry with the aim of facilitate the transition to circular economy, < 5	Supplier, Pioneer agreement	*Design, Construction and End-of-life* - In terms of increasing knowledge in circular construction
	I3	Consulting company working for engineering, environment and economics. (Sustainability department), > 1000	Buyer, Pioneer agreement	
P4	S4	Reduce costs related to the reuse of material resources, < 5	Supplier and buyer, cooperation agreement (intentions) and project agreement (economic)	*Construction and End-of-Life* in terms of facilitating for reuse of materials
	I4	Contractor of commercial and residential buildings and public buildings, > 1000	Supplier and buyer, cooperation agreement (intentions) and project agreement (economics)	

4.3 Data collection

The data was collected through semi-structured interviews. This allowed the interviewer to ask additional questions to elaborate the answers of the informants, and thereby get more detailed knowledge about relevant topics (Kvale, 2007).

We reached out to relevant startups, inquiring about (1) their willingness to participate in an interview regarding one of their strategic partnerships and (2) the specific firms they had formed strategic partnerships with. Once we received interest from a startup, we conducted a screening process to ensure the relevance of their strategic partner(s). We then contacted the relevant incumbents and requested information on (1) the decision maker responsible for establishing the partnership with the mentioned startup and (2) their willingness to participate in an interview to discuss the process of establishing this strategic partnership. Upon receiving confirmation from both the startup's decision maker and the incumbent's decision maker, we scheduled one-hour interviews.

An interview guide (see Appendix A) was developed to guide through the interview, and to ensure consistency of data collection, which is recommended when there are several interviewers, and the subject is only interviewed once (Cohen & Crabtree, 2006). The interview guide contained questions related to the research questions. The questions followed the same structure as the conceptual framework (FigureFigure 3.1), to make it possible to map motivational drivers within the statuses.

Each interview was conducted by two of the three authors, one being the interviewer and the other acting as an observer during the interview. This allowed the interviewer to have a closer dialogue with the informant while the observer was observing at a distance (Eisenhardt, 1989). Furthermore, it made it easier to capture the individual's experiences, interpretations, and expressions (Graebner et al., 2012). The observing person did a continuous mapping of the motivational drivers during the interview. The mapping was organized within the statuses of the developed framework (Figure 3.1) and were maintained with the use of post-it notes in the software Miro, an online platform for visual collaboration in digital whiteboards[8]. These post-it notes functioned as field notes. Field notes are recommended in qualitative research as a means of documenting needed contextual information (Phillippi & Laudardale, 2017). When the interviewer was finished with asking the interviewee questions from the partner selection process, the observer showed the interviewee the proposed framework with the identified motives from the interview (field notes), allowing the interviewee to replace, rename, remove or add field notes of motivational drivers to the framework. This allowed for confirmation from the interviewee of the motivational drivers mapped out in the framework.

[8] https://miro.com/app/dashboard/

The interviews were conducted in the period from 16th of March to 8th of May 2023, whereafter the authors had 8 transcribed interviews and 16 frameworks, with manually mapping motivational drivers in field notes, on respectively own and perceived motives from partner. The transcriptions and field notes constituted the collected data ready for further analysis.

Ethical considerations

Privacy and comfort were prioritized during interviews to create a safe space for participants to share their experiences. Both transcripts and field notes from each interview were stored in closed digital platforms and have only been shared among the authors, the supervisor and the interviewee. In addition, confidentiality and anonymity were maintained by assigning unique identification codes and removing personal identifiers from the data. In this thesis the participants have been described as "Startup X" and "Incumbent Y". Participants were required to sign a non-disclosure agreement (NDA), ensuring their confidentiality and manifesting that we would not share any information from the interviews with third parties. The NDA, was formed through an informational letter, that emphasized the importance of safeguarding participant privacy and the secure handling of their data. The informational letter can be seen in Appendix B.

4.4 Data analysis

For analyzing the data collected through interviews, we adopted the Gioia methodology to facilitate a systematic extraction of findings, and to derive a plausible, abductive explanation of why and how phenomenon occur (Gioia, et al., 2013; Strauss & Corbin 1998). The Gioia methodology implies an iterative three-step procedure for creating analytic codes and categories, assembled into data structures containing 1st order concepts (informant based), 2nd order themes (researcher based), and from these derive their aggregate dimensions (Gioia et al., 2013). The procedure of using Gioia methodology is considered abductive and is developed from "systematically combining" (Magnani & Gioia, 2023), in terms of iteratively reframing, combining, and restructuring the informant-based data with the use of existing theory from the field of entrepreneurship. The general procedure of the Gioia methodology is illustrated in Figure 4.2. Creating this type of data structure allowed us to not only present findings from various angles but also to demonstrate transparency when presenting the conclusions, we may reach. As a result, this effectively establishes connections between the data and theories, strengthening the credibility of our research (Magnani & Gioia, 2023). The Gioia methodology, recommended for qualitative grounded theory in entrepreneurship research (Magnani & Gioia, 2023), enables creative data analysis. We have drawn inspiration from this methodology, making minimal adjustments to include both field notes and transcripts in our data collection.

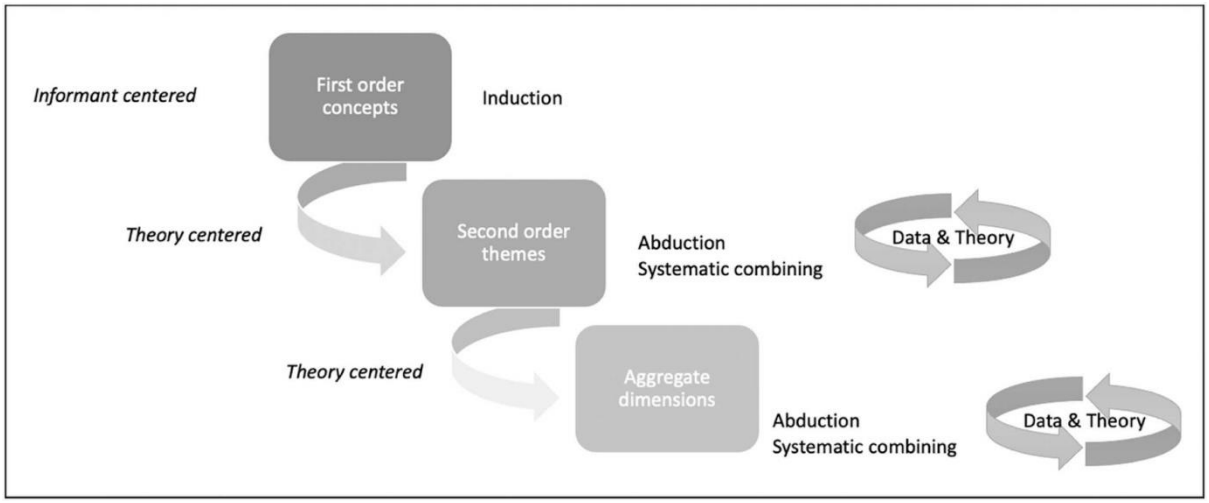


Figure 4.2: Illustration of the three step procedure of Gioia methodology. Taken from Magnani and Gioia, (2023, p. 2).

The Gioia methodology was applied in two forms, (1) clustering of the field notes from the interviews, and (2) clustering of the coding of the transcripts. The two approaches were done to provide the best circumstances for extracting relevant findings related to the three research questions. Disclosing the field notes during the interview was beneficial as it allowed interviewees to elaborate on the motivational drivers that the observer identified during the interview. To explore the relevance of motivational drivers further, a more in-depth examination of the transcripts was deemed necessary, which is why coding of transcripts were chosen to allow for a comprehensive exploration of both the implicit and explicit content. Furthermore, clustering of both field notes and transcript codes made it possible to extract findings from several perspectives. The two approaches facilitated a multifaceted discussion when the findings were compared with the prescriptive frameworks (see subsection 3.3.4). The procedure of the Gioia inspired data analysis will therefore be elaborated further for the field notes and the transcripts respectively.

4.4.1 Data analysis of the field notes from the interviews

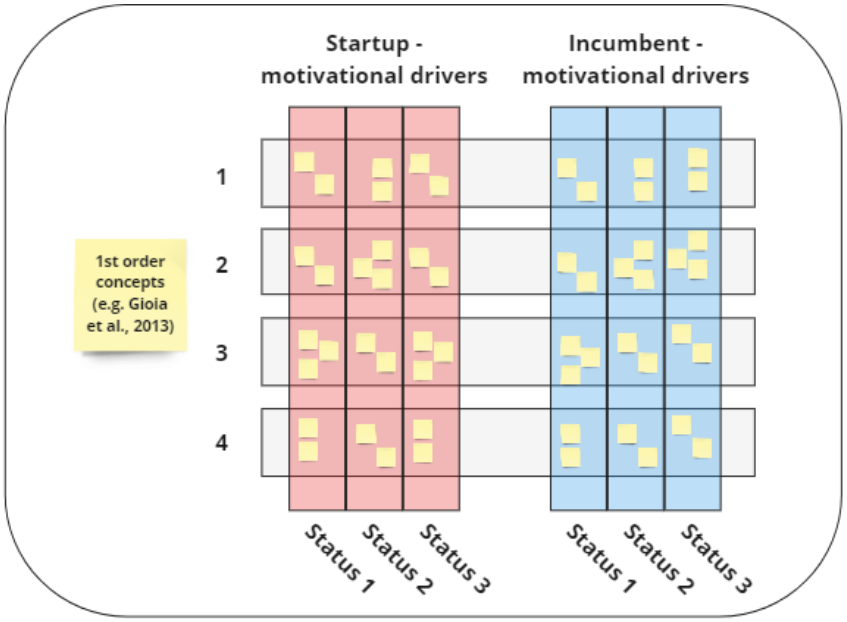
The analysis of field notes was handled with the use of the software Miro, where the field notes were stored. During the interviews, the observer identified motivational drivers from the interview, placed them in the framework and verified the motives and the position of the motives with the interviewee as described in section 4.3. The motivational drivers in the field notes were thus considered 1st order concepts, in line with the Gioia methodology, as they were informant based.

These 1st order concepts where then thematized in two different ways to find:

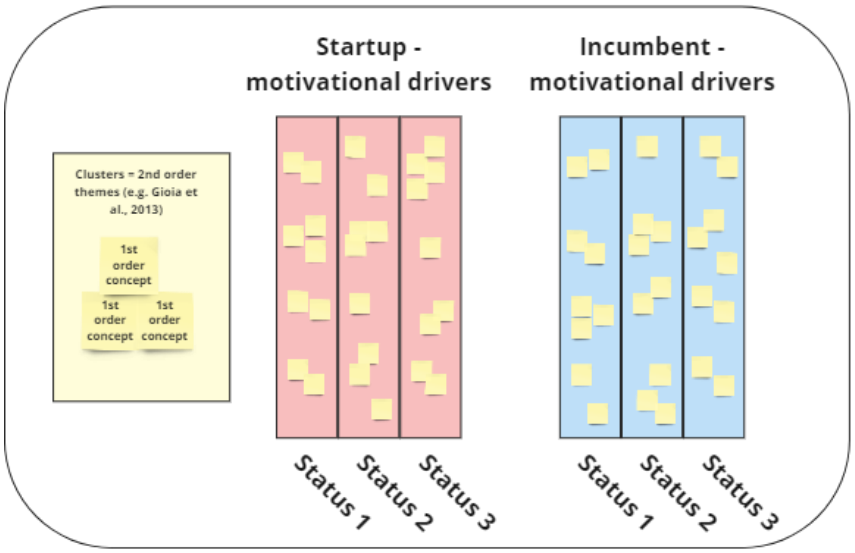
1. Motivational drivers in each status on both the startup and incumbent side, with the aim of extracting findings related to RQ1.
2. The understanding of a partner's motivational drivers in the partner selection process (i.e., harmonization between perceived and expressed motivational drivers on startup and incumbent side) with the aim of extracting findings related to RQ2.

Identified motives for statuses in the conceptual model

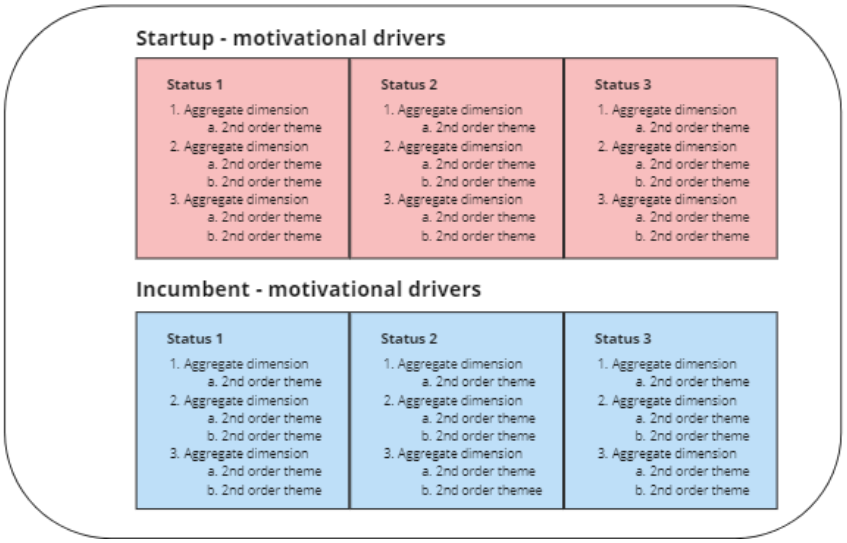
The first thematization was done in order to find aggregate dimensions in regard to identified motivational drivers per status, both on incumbent and startup side. The steps entailed by this process are illustrated in Figure 4.3.



Step 1: We gathered all the 1st order concepts from both the incumbent side and the startup side from all the 4 partnerships. The yellow field-notes represent the 1st order concepts identified from the interviews. When interpretting the field notes, tre transcripts were used to elaborate the content if nessesary.



Step 2: We then assembled all the 1st order concepts into each status, both for the incumbent side, and for the startup side. Within each status we clustered all the 1st order concepts that theoretically were similar, into 2nd order themes (e.g. Gioia et al, 2013). The clustering was done iteratively until the 2nd order themes with their corresponding 1st order concepts were theoretically grounded. If there were any doubts on how to thematize the 1st order concepts, we discussed the 1st order concepts with regard to theory. This process was done independently within each status on both incumbent and startup side.



Step 3: Within each status on the incumbent and the startup side, aggregate dimensions were found by discussing the 2nd order themes iteratively. These aggregate dimensions are presented in findings, section 5.1.

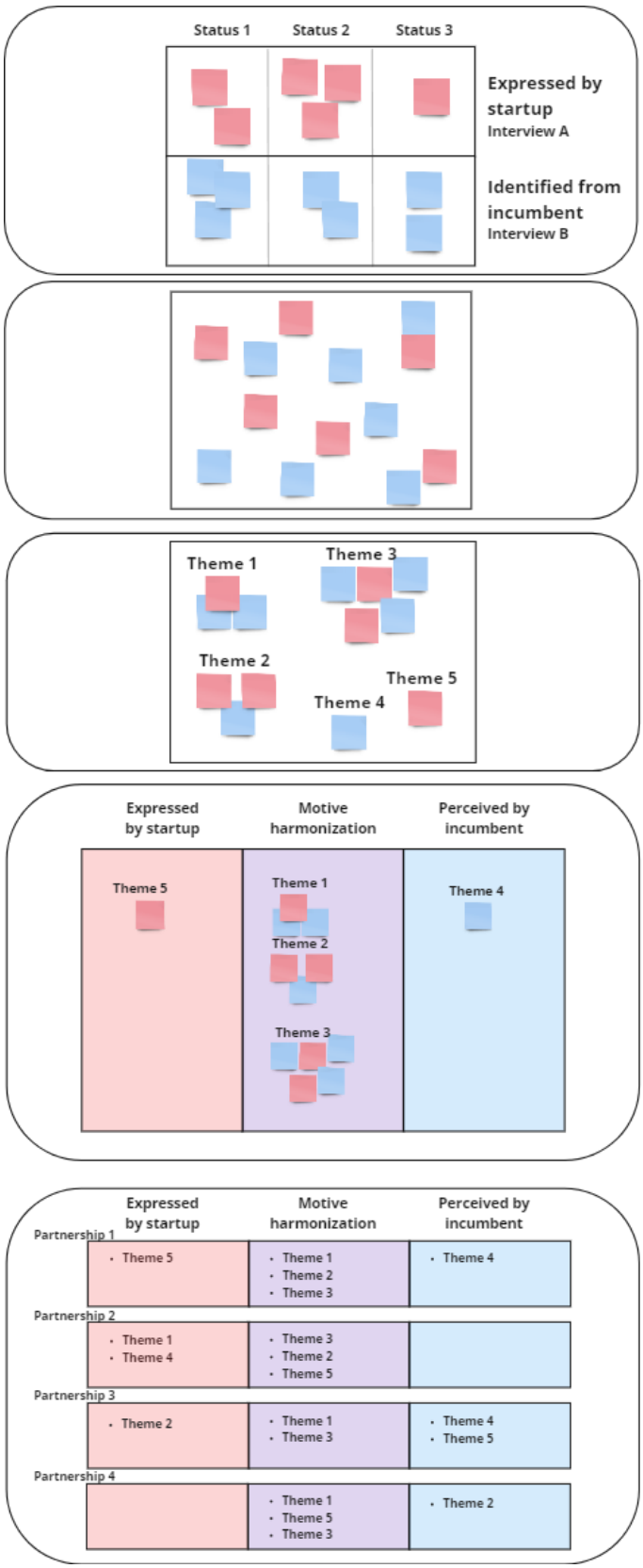
Figure 4.3: Step-by-step illustration of how motivational drivers from the field notes have been derived. This describes the process of how 1st order concepts were thematized into 2nd order themes and aggregate dimensions of motivational drivers in each status on startup and incumbent side.

Harmonization of perceived and expressed motives

In order to identify harmonization between expressed and perceived motives of the startups and the incumbent, the following procedure was developed. The cases were first analyzed one by one from where 1st order concepts in terms of motivational drivers were clustered to theoretic anchored 2nd order themes, whereafter they were interpreted across the four cases to aggregate the themes into the degree of harmonization. Harmonization occurred either to a high degree, to some degree, or to a low degree. Some motivational drivers were not addressed in all four partnerships. Below, we elaborate on how harmonization was identified for a given motivational driver (Table 4.3). The same process was performed on both sides of the partnership, both for startups and incumbents. The full process is described and visualized step-by-step in Figure 4.4, where motives on the startup side have been used to exemplify.

Table 4.3: Procedure for identifying degree of harmonization for perceived and expressed motivational drivers in startups and incumbents. "Understood" refers to the motivational driver being both expressed by a firm and perceived by the other firm. "Addressed" refers to how many partnerships where the motivational driver was addressed.

Harmonizes to…	Criteria	Example
… a high degree	The driver was addressed in at least three partnerships. The driver was both expressed and perceived in ¾ partnerships or more.	• Understood in 3 partnerships, addressed in 3 partnerships • Understood in in 3 partnerships, addressed in 4 partnerships • Understood in in 4 partnerships, addressed in 4 partnerships
… some degree	The driver was addressed in at least two partnerships, and both expressed and perceived in 2 partnerships.	• Understood in 2 partnerships, addressed in 2 partnerships • Understood in 2 partnerships, addressed in 3 partnerships • Understood in 2 partnerships, addressed in 4 partnerships
… a low degree	The driver was both expressed and perceived in ⅓ of partnerships or less.	• No shared understanding • Understood in 1 partnership, addressed in 2 partnerships • Understood in 1 partnerships, addressed in 3 partnerships • Understood in 1 partnerships, addressed in 4 partnerships



Step 1: We lined up the 1st order concepts on motivational drivers that the startup itself had expressed in the interview against the motivational drivers that the incumbent identified in the startup through the interview.

Step 2: We collected all the motivational drivers identified and expressed on one board, without including the statuses. The red field notes indicate the startup's motivation, and the blue notes indicate the incumbent's perception of the startup's motivation.

Step 3: We grouped the motivational drivers based on Gioia et al.'s (2013) methodology to find 2nd order themes.

Step 4: The motivational drivers, grouped into themes, were then placed in into three columns (see Appendix B), according to whether a theme was only expressed by the startup (red column), only perceived by the incumbent (blue column), or if these overlapped (purple column).

Step 5: The themes addressed by startups and incumbents were then compared accross all four partnerships in order to find the degree of harmonization for each theme. This was done following the procedure described in Table 4.3.

Figure 4.4: Step-by-step illustration of how motivational drivers from the field notes have been analysed to explore harmonization. This describes the process of how 1st order concepts were thematized into 2nd order themes and aggregate dimensions of the degree of harmonization between perceived and expressed motives on startup side.

4.4.2 Data analysis of interview transcripts codes

An in-depth analysis of the transcripts was performed to explore the relevance of understanding each others motivational drivers. Furthermore, through the analysis we investigatated how motivational drivers in a potential partner are identified from the sourcer (e.g., how a startup identify the motivational drivers in the incumbent), as well as how important it was to understand the motivational drivers from the potential partner. The analysis aimed at extracting findings related to RQ2 and RQ3.

We used the software Nvivo to facilitate the analysis. In NVIVO we coded, categorized, wrote interpretations and took notes in the transcripts. The 1st order concepts were maintained by data-driven coding on all of the transcribed interviews, which entailed creating informant-centric codes from the data while reading the transcripts (Kvale & Brinkmann, 2015, Gioia et al., 2013), resulting in very specific concepts. The procedure of structuring the 1st order concepts to 2nd order themes and aggregate dimensions (Gioia et al., 2013) are visualized in figure 4.4.2.a, followed by an elaboration of the steps performed.

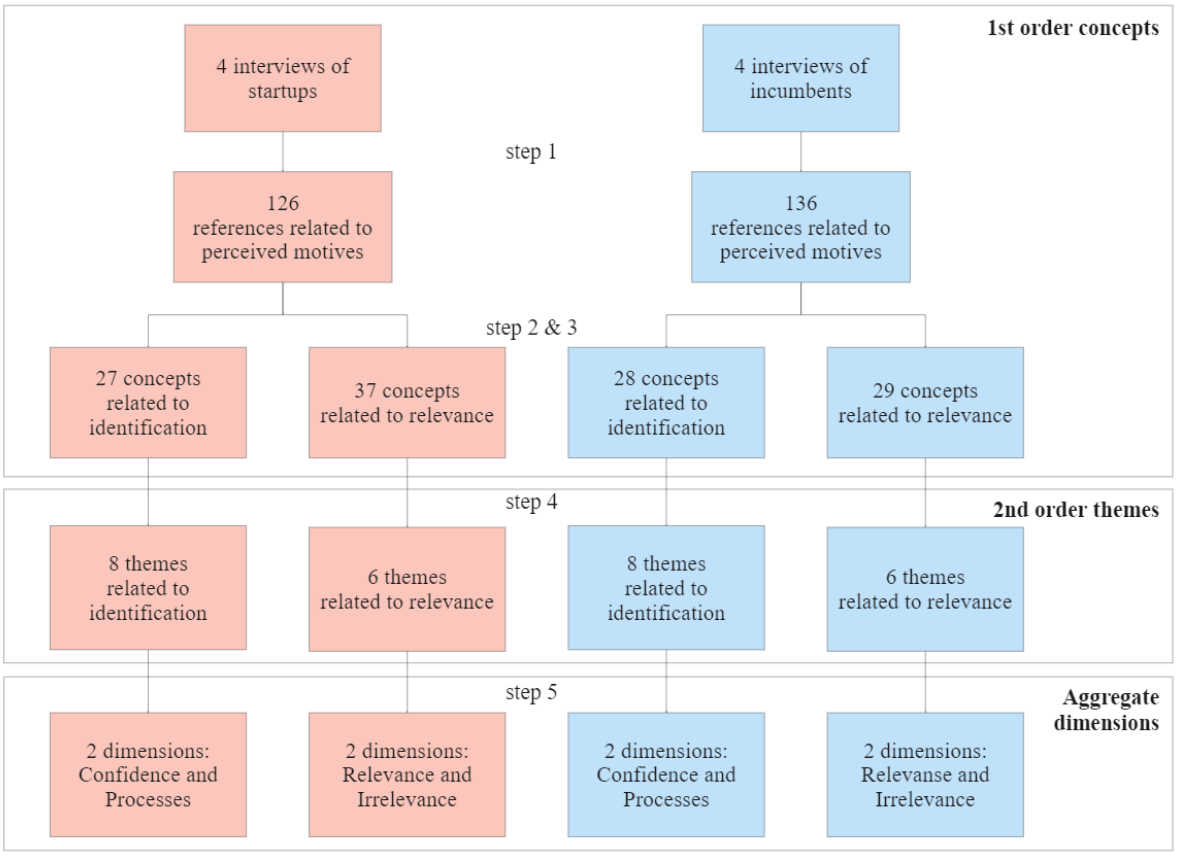


Figure 4.5: Illustration of the final structuring of the coded data, gathered from transcripts of the interviews with startups and incumbents. This shows a step-by-step approach inspired of the Gioia methodology (Gioia et al., 2013)

Step 1

First step involved identifying perceived motivational drivers, both stated explicitly and implicitly stated**.** This step was done in order to ensure that the 1st order concepts that are coded in the next step relates to a specific perceived motivational driver (as exemplified in Figure 4.6, where the perceived motivational driver is colored orange).

Step 2

For each perceived motive, the following 2 question were used to guide the analysis of the text, from which 1st order concepts were made.

1. How were the perceived motives identified and/or expressed?
2. Why were perceived motives presented as relevant or irrelevant?

This process is exemplified in Figure 4.6.

Step 3

We repeated the steps 1 and 2 on all transcripts until all 1st order concepts were in place. The first order concepts were separated between startups and incumbents.

Step 4

The 1st order concepts were evaluated iteratively into 2nd order themes, in order to uncover commonalities and distinctions among the various concepts (Gioia et al., 2013). These themes were researcher based and rooted in more generalized definitions and expressions adapted from the theory. This process was maintained by recode and combining to accommodate both data and theory, which is emphasizes as important for balancing between theory and reality and to prevent the manipulation of data to fit predetermined categories (e.g., Glaser, 1978).

Step 5

The clustered 2nd order themes were finally distilled into aggregate dimensions for respectively startups and incumbents through iteratively investigating both 2nd order themes, 1st order concepts and quotes (Gioia et al., 2013).

The result shows the systematic categorizations, inspired from Gioia's data structure (Gioia et al., 2013) from 1st order concepts to 2nd order themes and aggregated dimensions, which can be seen in Figure 5.1 in section 5.3.

Illustration of coded text:

We had also looked at some of the bigger players. Like [firm 1], [firm 2] and others in the same category. What separated [Startup 1] from the other organizations, is that [startup 1] doesn't just do an environmental survey, for instance. They also ensure that the materials are reused, so they are much more hands-on and have a large network. That's what I mean, as I said [they] are a reuse broker that actually leads [us] to real reuse, while the others are doing more reports and such, inventory and overview. That's not what we were looking for. [...] To reduce our environmental footprint and to reduce the pressure on natural resources, which is in line with both COP15 and the biodiversity agreement. We have cared about biodiversity before that, but it is in connection with pressure on nature and greenhouse gas emissions, and part of the solution is clearly the circular economy. And then maybe. In the beginning, there was no functioning market, it can be both expensive and complicated to reuse. But you have to start small and establish a market, gain experience and promote the industry so that we can operate in a more circular way.

(Incumbent 4)

Explanation of identified 1st order concepts

Color explanation	**Example of 1st order concepts**	**Figures and tables incorporating thes findings**
Perceived motivational driver	Work towards sustainability	Table 5.3- Illustrating the relevance of the motivational drivers with dots both for startups and incumbents
Why the motivational driver of the other potential partner is relevant	(i) In order to care about the environment (ii) In order to collaborate	
How the statement about the potential partner's motivational driver is expressed	Presenting personal opinion of the other party	Figure 5.1- Gioia table
How the potential partner's motivational driver was identified	Market screening of products/services (internally)	

Figure 4.6: Example of how transcripts have been analyzed in order to extract data. This example shows the process for one specific percieved motiavtional driver. This shows how coding of 1st order concepts has been extracted and categorised.

4.5 Reflections on method

After considering various approaches, we have determined that utilizing the Gioia methodology to conduct a qualitative multi-case research study is suitable for data interpretation and achieving the study's objectives. The methodology employs an abductive approach of systematically combining existing theory within the field and context of the study, interview data and the development and use of frameworks. Nevertheless, it is essential to address the validity and reliability of the findings and acknowledge any methodological limitations when assessing the results. In this section, we reflect on the credibility, reliability and validity of the method of the research that has been conducted, aiming to assess the overall quality of the thesis (Lincoln & Guba, 1985; Yin, 2009).

Case study researchers often face challenges in establishing the credibility of their research, particularly in relation to small sample sizes (Siggelkow, 2007). Furthermore, drawing broad conclusions from a limited number of cases can be difficult, as the findings may be specific to those particular cases (Widding, 2006). To enhance the generalizability of our research, we have implemented several measures. Firstly, we have emphasized a strong theoretical foundation, which allows us to establish a robust conceptual framework. This framework helps us determine which findings can be applied more broadly and which are context-specific. Additionally, by focusing on the construction industry and employing purposeful sampling within startups and incumbents engaged in strategic partnerships, we acknowledge and limit the scope of generalization to this specific industry and geographic context. This will be discussed further in relation to our findings in section 6.3. These deliberate choices contribute to a nuanced understanding of the phenomena under study while acknowledging the limitations in generalizing the findings.

Interview bias and potential biases in interpreting motivational drivers pose additional challenges to validity and trustworthiness. To address these concerns, we have taken steps to mitigate bias during data collection and analysis. During interviews, we actively engage in sharing, debating, and validating interpretations of motivational drivers to reduce potential sources of error (Eisenhardt & Graebner, 2007; Yin, 2009). In order to minimize misconceptions and unnecessary influence on the data, we have taken care to be cautious while paraphrasing interviewees, by asking questions like “So what you mean with this is…”.

To minimize potential bias and ensure interviewees' responses were not influenced by our preconceived theories, we intentionally withheld the conceptual framework until the end of each interview. This approach aimed to allow interviewees to provide their perspectives and insights without being influenced or "colored" by the theoretical framework we had developed. However, it is crucial to recognize that when collecting data from retrospective reflections, there is a possibility of biases stemming from hindsight rather than real-time observations. Moreover, the willingness of firms to participate in the study may introduce a bias, potentially favoring organizations that have positive relationships with their strategic partners, resulting in a potential faster partner selection process.

As students of innovation and entrepreneurship with experience working in startups, we are aware that our identification with startups can contribute to constructing a “biased viewpoint effect”, and how this can impact the validity and reliability of our research (Ringdal, 2013). As researchers, we acknowledge the impact of our prior experiences and understandings of partner selection processes and startup-incumbent strategic partnerships.

By critically reflecting on these methodological limitations, we aim to provide transparency and ensure the integrity of our research findings.

5. Findings

In this chapter we will present and structure the findings from the case study. Each section has been structured around findings related to each of the three research questions. This chapter includes three sections; section 5.1 provides findings related to motivational drivers partner selection process on incumbent and startup side, section 5.2 contributes with findings on how startups and incumbents understand (harmonization between perceived and expressed) motivational drivers from startup and incumbent side, and section 5.3 provides insight on how the startups and incumbent firms identifies each other's motivational drivers and how the perceived motives are relevant for startup and incumbent side.

5.1 Motivational drivers in the partner selection process

In this section we will present the findings related to RQ1: What are the motivational drivers in startups and incumbents in a strategic partner selection process?

The findings have been divided into findings from the startup and the incumbent side. In each subsection we will summarize the findings in a table. The tables are structured according to statuses as described in our conceptual framework. Under each status, the motivational drivers have been structured in 2nd order themes and aggregated dimensions (eg. Gioia et al., 2013).

5.1.1 Motivational drivers in startups

In this subsection we will present the motivational drivers of the incumbent firms included in this study. The motivational drivers of the startups in status 1 - search, status 2 - exploration and status 3 - negotiation are summarized in Table 5.1.

Common for the startups in every status was the central motivational driver to co-develop or pilot a product or service together with an incumbent firm. In the search status, when the startups were looking for an incumbent partner to pilot their products/services, the startups were driven by the need to verify market needs, get user feedback on their product/service, get more experience with working with customers and to test their business model, which was consistent across all three statuses. When getting to know the incumbent firm in the exploration status, the startups emphasized the motivational driver of finding a product market fit by testing and receiving feedback on their product/service. Motivational drivers for initiating strategic partnerships with the incumbents at this point where to collaborate in

order to share knowledge and learn together. In the negotiation status, there was an emphasis on testing the business model through finding the incumbent's willingness to pay for the product/service, as mentioned by Startup 4; “We came quite quickly to negotiations about what the structure should be, or what a business model should look like and tried to figure out what the willingness to pay for the solution was.” An important driver for Startup 2 at this point was to be able to develop a product that could be generalized towards other customers as well, and avoid exclusivity towards one partner alone. “The important thing was that we developed a solution that was generic, that could be sold to many., amd not too much customized to the needs of [Incumbent 4]. We were clear about that” (Startup 2).

Another core driver for startups throughout the statuses were that there existed shared goals and shared efforts to reach these goals between the incumbent and the startup, and that the startups and incumbents to some degree had aligned mission, vision and values. In the search status, some of the startups mentioned that they were seeking incumbents that were future oriented and idealistic in terms of being willing to explore, test and iterate on their product. This was eminent in the negotiation status, where especially forward orientation towards digitalization were stated as important; *“*[Incumbent 3] have worked and come far when it comes to digitalization [...] they are very forward oriented*”* (Startup 3).

The third main driver throughout the three statuses were the startups' need for resources and capabilities in order to develop their product further. In the search status, the startups were driven by the need for resources, such as economic resources, as well as human resources that had experience with many kinds of projects and that would spend time on testing their product/service. In the exploration status, Startup 4 mentioned that a motivational driver for entering a strategic partnership with Incumbent 4 was the firm’s broad network in the industry. Another driver related to resources in the exploration status, was fitting, or feasible, projects that the startups could pilot their products/services in. For example, one of the startups mentioned that they were looking for BREEAM-projects, since these projects are more likely to adapt circular solutions during their building phase; “[we wanted to find out whether] they had a project with BREEAM certifications. Clarifying things like this is important” (Startup 1). Furthermore, in the negotiation status, Startup 1 emphasized that it was important for them that they would receive access to materials in order to be able to pilot their circular solution, this acted as an important driver for entering the strategic partnership with the incumbent firm.

Aside from the common drivers in the three statuses, there were some drivers that were inherently related to one status. In the search status, the startups were motivated to find incumbent firms that focused on finding circular solutions, or that had a sustainability mission. Also present in the search status were the startups’ emphasis on building legitimacy and visibility as a driver for searching for incumbent firms to partner with. Startup 4 mentioned that through collaborating with an incumbent firm, the startup could show legitimacy towards potential investors. “It was important that we had them

on board because we had investors to talk to, and it's important to have big, heavy players on board to confirm that you're doing something right." (Startup 4). Branding and public relations (PR) were also an important driver for finding strategic partners.

In the exploration status, a motivational driver identified was personal relations with the people in the incumbent firm; *"*he knows well the company, both the persons but also the company strategy, so it was of course natural for him to reach out and start the discussions about them becoming a pioneer and thus help to introduce [us] to the market here in Norway*"* (Startup 3). Other drivers identified in the exploration status were related to the partnership-fit, such as the incumbent firm being a large organization, a potential paying customer, a suitable customer match, or demonstrating commitment to the partnership.

In the negotiation status, drivers related to contractual arrangements were brought forward, for instance economic obligations such as price, the incumbent firm's exclusivity to the startup, the scope of the project, and how the risk related to the partnership should be distributed between the parts. In terms of distribution of risk, Startup 4 was clear about their expectations; "We agreed on who should take the risk for the partnership, since we were small, and they were big. They had the margins to take on the risk, and we did not." (Startup 4).

Table 5.1: Findings on motivational drivers for circularity startups. Structured in aggregate dimensions and underlying themes within the statuses of the conceptual framework

Motivational drivers for interviewed startups		
Status 1 - Search	**Status 2 - Exploration**	**Status 3 - Negotiation**

• Piloting
  ○ Verify market needs
  ○ User feedback
  ○ Experience with customers
  ○ Testing business model
• Resources; time, economic, experience, human
  ○ Human and time resources
  ○ Resources
  ○ Economic resources
  ○ Experience
• Shared efforts towards shared goals
  ○ Future orientation, willingness to explore and test
  ○ Shared goals, visions and drivers
  ○ Collaboration
• Circularity
• Legitimacy and visibility
  ○ Collaboration for building legitimacy
  ○ Branding and PR
	• Personal relations
	  ○ Personal relations
	  ○ Network
	• Partnership-fit
	  ○ Incumbent's fitting/feasible projects
	  ○ Incumbent commitment and the economic prospects of the partnership
	  ○ Corporate mission, vision and values
	  ○ Customer match
	• Collaborating on developing product/service
	  ○ Finding a product-market fit
	  ○ Knowledge sharing, shared learning and collaboration
	  ○ Testing and getting feedback on product
		• Developing a financially sustainable business model
		  ○ Willingness to pay
		  ○ Economically viable business model
		• Contractual arrangements
		  ○ Incumbent exclusivity to startup
		  ○ Economic obligations (i.e. price)
		  ○ Access to materials
		  ○ Scope of project
		  ○ Distribution of risk
		• Co-developing product/service
		  ○ Testing and getting feedback
		  ○ Develop a generalized product/service
		• Incumbent mission, vision and values
		  ○ Aligning goals and values
		  ○ Focus on circularity
		  ○ Incumbent digitization - forward orientation

5.1.2 Motivational drivers in incumbent firms

In this subsection we will present the motivational drivers of the incumbent firms included in this study. The motivational drivers of the incumbent firm in status 1 - search, status 2 - exploration and status 3 - negotiation are summarized in Table 5.2.

A common denominator for all three statuses is the motivational driver to increase the circularity initiative of the incumbent firms. In the search status, several of the incumbents mention push factors like new laws and regulations, as well as a central decision on more startup-relations as important drivers for searching for startups to collaborate with. One of the incumbents also mentioned that supporting local initiatives acted like a driver for finding startups to collaborate with. There was a strong emphasis on exploiting business opportunities as a driver for collaborating with a startup; “We are always looking for different types of startups to collaborate with, in order to see how [a startup partnership] can benefit us” (Incumbent 3). Other examples of this were that incumbents discovered market needs and market imperfections, customer demands, together with economic opportunities, which was perceived by the incumbents as business opportunities related to developing circular products and services. For instance, Incumbent 2 reacted to the market dynamics by establishing a search for partners that could help map out greenhouse gas emissions; “We compiled a list of possible tools [in the market] and started a process to try [out] the different [tools].” (Incumbent 2). Through finding a fitting tool, they wanted to respond to new laws on emission tracking, which relates to developing the business in line with market disruptions. Another example is that Incumbent 4 were looking for a partner, with which they could exploit a market opportunity, by focusing on capturing value of used materials. “We were looking for brokers of used materials that could help us procure used goods, since the market today is non-functional. So, for us, [Startup 4] is a very valuable partner. [...] However, one has to start small to establish a market, gain experience and bring the industry forward so that we can operate in a more circular way.” (Incumbent 4).

In the exploration status, the incumbents mentioned that reaching company sustainability goals acted as a driver for getting to know the startups better. There was a strong emphasis on the startups’ resources and capabilities, such as the startups’ circular network, the startups’ effectiveness, and agility, as well as the startups’ strong market position, as important drivers for initiating strategic partnerships with the startups. As Incumbent 3 emphasized; “I got more and more convinced that the product was good and anchored well in terms of responding to other market dynamics”, it was important that the startup had a product that was positioned well in the market. One of the incumbents mentioned that a motivational driver for going into a partnership with the startup, was that he knew one of the technical founders of the startup as a former colleague; “I knew the person from the past. [The person] worked with us [prior

to starting the startup], and then he reached out after starting in the new job, and I thought that it sounded very interesting." (Incumbent 3)

Common for the search status and the negotiation status, was the emphasis that the incumbents put on the motivational driver of sharing goals, mission, vision, and values with the startups. For instance; "There must be a business match. Not necessarily that both parties have the same business goals, but it must not clash with the ambitions of the two parties involved in the partnership." (Incumbent 3). In the negotiation status, the incumbents elaborated further that important drivers for agreeing to collaborate was that there existed a good communication and trust between the parties. "In order for the partnership to work out, it is important that we trust each other and are honest with each other" (Incumbent 4). Furthermore, it was emphasized that there had to be some flexibility, to be able to adjust according to feedback; "They are very good at integrating feedback. So that's promising" (incumbent 2), or having a mutual opportunity to exit the cooperation; "For us, the flexibility was important, if it turned out that it wasn't what we needed. Or if they failed to deliver what they promised." (Incumbent 2)

Another important driver was the startup's product/service value proposition. For example, when the incumbents were searching for startups to collaborate with, they could for example be driven by the need to find a product/service that could contribute to the incumbent's digitization, improve innovativeness of the incumbent or that had a tested and established circular business concept. Furthermore, the emphasis on the value proposition was eminent during negotiations; "I don't place much emphasis on the actual agreement; what I'm more interested in is the overall experience with the tool. How has the process been so far? What is the plan for the future?" (Incumbent 2)

One driver for incumbents to seek collaborations with startups was the opportunity to showcase the partnership in their public relations efforts, leveraging the positive image associated with working with startups. Although PR was not the primary driver mentioned by the interviewees, it was still recognized as an important factor in agreeing to collaborate with startups. For example, Incumbent 1 stated, "Unfortunately, we can't just know for ourselves that we're doing a good job for the environment. We must also be able to get that publicity so that other clients who choose us know what we stand for. That the message gets across in the different parts of the construction industry. That PR helps to drive development forward. *'Look what they are doing!'*. And you're always trying to be the best. It's a good strategy to have good PR in order for development to move forward."

Lastly, there was an emphasis that an important driver in the exploration status, and the negotiation status, was that there would be some form of economic sustainability, stability, or predictability in the partnership with the startup. For instance, in the exploration status, it was mentioned that some of the incumbents were motivated to find long-term supply relationships, and that the transition costs of

switching to the startup's product/service had to be beneficial, as mentioned by Incumbent 2: "First and foremost, there are significant transition costs associated with starting to use a new climate-gas accounting tool. Therefore, it is important that the potential relationship is long-lasting" (Incumbent 2). This point of view was furthermore supported by Incumbent 4, highlighting the importance of the partner's product in freeing up time and resources: "And doing tasks that we don't have time for in a regular project, so that's what it's all about, right? That we could have done this ourselves, but then we would have spent our time moving goods instead of building constructions, which is what we're supposed to do" (Incumbent 4).

In the negotiation status, there was a significant emphasis on cost-benefit and the need for economic sustainability in the partnership, such as competitive prices and predictable pricing throughout the partnership. As Incumbent 1 stated: "[The partnership] is not important if we don't get anything in return. In terms of waste per square meter or financials" (Incumbent 1).

Table 5.2: Findings on motivational drivers for incumbents. Structured in aggregate dimensions and underlying themes within the statuses of the conceptual framework.

Motivational drivers for interviewed incumbent firms		
Status 1 - Search	**Status 2 - Exploration**	**Status 3 - Negotiation**

• Shared goals, mission, vision and values
  ○ Incumbent's sustainability goals
  ○ Incumbent's ethical guidelines
  ○ Common goals and vision with a startup
• Reducing carbon footprint and implementing more circular practices in the company
  ○ (Contributing to) Circular economy
  ○ Materials reuse and longevity of materials
  ○ Identifying and reducing greenhouse gas
• The startup's product/service value proposition
  ○ Digitalization and data for decision-making
  ○ The best product
  ○ Innovation
  ○ Established, circular business concept
• Good communication
• Push factors
  ○ New laws and regulations
  ○ Central decision-making about more startup relations
• Supporting local initiatives
• Exploiting business opportunities
  ○ Market imperfections - needs related to circular solutions
  ○ The incumbent's customer demands for more sustainable products
  ○ Economic opportunities
• PR and marketing
	• Increased circular initiative in the incumbent firms operations
	  ○ Reduce materials use and waste, reuse materials
	  ○ Increased industry focus on circularity
	  ○ Reduce greenhouse gas emissions
	• Reaching sustainability goals
	• Startup's circular network
	• Startup team's resources and capabilities
	  ○ Former ties with team members of the startup
	  ○ Effectiveness and agility of the startup-team
	• Startup's product offering and value proposal
	  ○ The potential of the startup's solution
	  ○ Startup's value proposition
	  ○ Streamlining incumbent's processes
	  ○ Incumbent innovation
	  ○ Learn from each other and share experiences
	• Startup's strong market position
	• Switching cost and long-term buyer-seller relationship
	• PR
		• Shared vision and values
		  ○ Communication and trust
		  ○ Flexibility in terms of cooperation
		  ○ Shared value creation
		• Economic sustainability and stability/predictability in the partnership
		  ○ Triple bottom line sustainability
		  ○ Cost-benefit
		  ○ Switching costs
		  ○ Predictable budget
		  ○ Competitive prices
		• Startup's value proposition
		  ○ Implementing changes in the product based on feedback
		  ○ Training
		  ○ Digitization
		• Implement circularity in the incumbent firm
		  ○ The best circular solution
		  ○ Reduce and reuse
		  ○ The potential of circularity
		• Publicity

5.2 Understanding of a partner's motivational drivers

In the following section, we present the findings that are related to answering part of RQ2: How do startups and incumbents identify each other's motivational drivers in the partner selection process, and to which degree do they understand each other's drivers?

When presenting motivational drivers, we differentiate between what a firm has *expressed* about their own motivational drivers, and what motivational drivers were *perceived* by the other firm, as described in subsection 4.4.1. Furthermore, expressed and perceived motivational drivers are compared independently of whether they are stated for Status 1 - search, Status 2 - exploration, or Status 3 - negotiation. The findings are presented for each of the identified motivational drivers (2nd order themes), structured within their degree of harmonization (aggregations) (see *step 5* in Figure 4.4). A more detailed account of the findings can be found in Appendix C.

5.2.1 Harmonization of motivational drivers expressed by startups

This section presents the findings regarding harmonization between expressed motivational drivers of startups and the motivational drivers perceived by incumbents. Overall, incumbents demonstrated that they understood startups' motivations for entering partnerships to some degree, with the results varying depending on type of motivational driver. Incumbents were, to varying degrees, able to identify motivational drivers related to enhancing publicity and legitimacy, financial opportunities, product development and product-market-fit, strategic fit, gaining knowledge and experience, trust, noncompeting goals and aligned values, and environmental sustainability. Following, we present the findings on each motivational driver and the corresponding degree of harmonization.

Harmonizes to a high degree

The themes of motives that are presented under this dimension are the ones where all or almost all perceived motives (1st order concepts) were also expressed. For the startup side, the themes of (i) financial opportunity and (ii) legitimacy and PR were found to harmonize to a high degree.

Financial opportunity

Across all four cases, incumbents demonstrated an understanding for financial motives of startups to enter partnerships with incumbents. For instance, it was important for Startup 1 to access projects and project agreements with a desirable duration of the leasing agreement, "which is what rules the financial aspects of leasing and operating the shops we have" (Startup 1), and to find a pricing model that would enable financial sustainability. Incumbent 1's perceived motivational drivers of Startup 1 reflected their emphasis on financial aspects as important drivers. The opportunity to draw on financial resources of incumbents, both as customers and partners, was also emphasized by both startups and incumbents as

an important motivational driver for startups. For instance, Startup 3 emphasized the resources of a big partner to invest in the partnership, whereas Incumbent 3 emphasized their organizational size and financial resources as attractive for a startup in terms of scaling up. In Partnership 4, Startup 4 emphasized the motivation to achieve financial commitment from Incumbent 4, although wishing they had negotiated more to achieve long-term commitment. Incumbent 4 also emphasized Startup 4's motivation to obtain a profitable solution and to unlock revenue streams by more easily accessing the market by collaborating with Incumbent 4.

Legitimacy and PR

Incumbents had a rather high understanding of startup motivation to use the partnership as a means to strengthen their legitimacy, improve their reputation and to increase exposure towards actors in the industry, with the perceived motivations in three out of four incumbents correlating with expressed motivational drivers in startups. For instance, Startup 1 wanted to use the partnership as a way to build their brand, as was recognized by Incumbent 1, would be likely by collaborating with an "acknowledged actor in the industry". Similarly, Startup 3 stated that *"*Of course, it was very good for us, to be able to communicate that we have had [Incumbent 3] with us", whereas Incumbent 3 emphasized that it would be valuable "marketing" for Startup 3 to collaborate with them. Similarly, Incumbent 2 perceived Startup 2 to be motivated by wanting to enhance actors' perception of them as a legitimate company, however, Startup 2 themselves did not address legitimacy as a motivational driver to seeking an industry partner. In the case of Partnership 4, on the other hand, Startup 4 addressed building legitimacy towards investors, as well as gaining publicity and credibility as important, whereas Incumbent 4 had partly awareness of this; "So, I would also want to collaborate with us. Yeah, I have no idea, everyone contacts us, but I guess it's because we're one of the big contractors. It's completely natural that they reach out to us, but I don't know their intentions. They haven't said anything about it." (Incumbent 4). Although Incumbent 4 understood the credibility and publicity aspect of Startup 4's motivation, they did not address why (such as increasing legitimacy towards investors).

Harmonizes to some degree

The themes of motives that are presented under this dimension are the ones where more or less an equal number of harmonizing and non-harmonizing motives (1st order concepts) were found. For the startup side the following themes were found as harmonizing to some degree; (i) PMF/product development, (ii) Trust and (iii) Environmental sustainability.

Product market Fit

The ability to receive user feedback on their product was mentioned in three out of the four partnerships, where two of the partnering incumbents were aware of this motivation. In Partnership 2, Incumbent 2 had a good understanding of Startup 2's motivation to receive user feedback for further developing the

product. Similarly, expressed and perceived motivations in Partnership 3 harmonized, with Startup 3 having to develop their product further for the Norwegian market. In Partnership 4, Incumbent 4 did not mention any motives related to product development or product market fit, whereas Startup 4 heavily emphasized the importance of a partner being willing to spend time on product testing and providing feedback, and the opportunity to develop a product or service together.

Trust, noncompeting goals and aligned values

The importance of trust was addressed in two out of three partnerships, where for instance Startup 2 emphasized the commitment of Incumbent 2 to reducing their emissions as an important driver for collaborating, as they would be working towards noncompeting, complementary goals. In Partnership 3, however, Startup 3 mentioned several factors that contributed to a well-functioning collaboration, such as the open communication, support and knowing people in Incumbent 3 were all important drivers for collaborating, but this was not addressed by Incumbent 3. In Partnership 4, expressed and perceived motivational drivers related to trust, noncompeting goals and aligned values were addressed by Startup 4 as important, together with good communication. Incumbent 4 emphasized the importance of their good communication and collaboration as important.

Environmental sustainability

Environmental sustainability was mentioned in three out of four partnerships as an important motivational driver for startups. In Partnership 1, Incumbent 1 recognized Startup 1's motivation to help increase the degree of reuse in the construction industry. In Partnership 3, however, Startup 3's emphasized shared visions regarding implementing circular solutions, having the right mindset in terms of sustainability and so on, as important factors motivating to commit to a partnership, but none of these factors were perceived by Incumbent 3. In Partnership 4, on the other hand, Incumbent 4 had an understanding for Startup 4's motivations regarding sharing goals of implementing more circular solutions. This aligns well with Startup 4's emphasis on seeing Incumbent 4 as an idealist and a first mover in the industry. Similarly, Incumbent 4 saw that Startup 4 valued their future oriented mindset and their sustainability goals.

Harmonizes to a low degree

The themes of motives that are presented under this dimension are the ones where none or only very few harmonizing motives (1st order concepts) were found. For the startup side, motivational drivers related to (i) gaining knowledge and experience and (ii) strategic fit were found to harmonize to a low degree.

Gaining knowledge and experience

The opportunity to gain knowledge and experience through the partnership was addressed as important by startups in two out of four partnerships. In Partnership 1, the incumbent perceived gaining competency through shared learning as a motivational driver, but this was not addressed by the partnering startup. While Incumbent 1 emphasized competency building, this was not mentioned by Startup 1. For Startup 2, it was important that the partnership would allow them to build competency and experience, learn about the industry and a new market, but this was not addressed by Incumbent 2. Startup 3 heavily emphasized the ability to build knowledge through shared learning with Incumbent 3, and that Incumbent 3's extensive experience with many projects was motivating. Incumbent 3 echoed this by stating a motivation for Startup 3 was the ability to exchange experiences.

Strategic fit

Various claims on motives, either emphasized by startups or perceived by incumbents, were made. Although differing in their function, commonalities among these factors is that they should align with the startup's strategy, i.e., have a strategic fit by i.e., leveraging resources and capabilities of the startup. In this area, incumbents perceived motivations in startups showed a low degree of harmonization. In Partnership 1, Startup 1 stated that their highest prioritized motive was to access building materials that were vital assets of their business model; "We were looking for collaboration exclusively because we wanted to access materials that we could trade" (Startup 1). They also emphasized the practicalities of implementing their system, and that it was important to them that Incumbent 1 would be able to aid them in this implementation, and the importance of identifying projects in Incumbent 1's pipeline that were BREEAM certified, which implies the project has sustainability goals that need to be met. Incumbent 1 however, did not quite reflect on strategic fit but mentioned the importance for Startup 1 of finding a win-win agreement and obtaining an exclusive agreement. In Partnership 2, the perceived and expressed motivations regarding strategic fit harmonized partly, with Incumbent 2 understanding Startup 2's desire for a non-exclusive and flexible agreement, that would allow them to work with others. Their understanding was not nuanced. For instance, Startup 2 mentioned Incumbent 2's product requirements as favorable in terms of scaling the product to other customers at a later point. Partnership 3 was the only partnership where strategic fit motives perceived in and expressed by the startup were harmonized, where shared strategic goals, access to market, clients and network was mentioned. In Partnership 4, expressed and perceived motives harmonized partly, with Incumbent 4 understanding that their large size would benefit Startup 4 in terms of expanding their reach/access to more users. In addition, Startup 4 mentioned the importance of Incumbent 4s risk tolerance, meaning their willingness to take majority of financial risk involved in the project, due to Incumbent 4's large size, but the risk aspect was not addressed by Incumbent 4. Incumbent 4 also had some perceptions that were not addressed by Startup 4 regarding strategic fit, such as wanting to access building materials, Incumbent 4s organizational capabilities and non-centralized decision making processes.

5.2.2 Harmonization of motivational drivers expressed by incumbents

This section presents the findings regarding harmonization between expressed motivational drivers of incumbents and the motivational drivers perceived by startups. Overall, startups showed a thorough understanding of incumbent motivations for entering partnerships. They were able to identify motivational drivers related to meeting sustainability requirements and goals, financial opportunities such as the opportunity to create new revenue streams, the desire to enhance reputation and build legitimacy as a future oriented company, the desire for flexibility, trust and confidence in the startup team, building knowledge and the motivation to solve a business problem. Further no motives were categorized with a low degree of harmonization. Following, we present the findings on each motivational driver and the corresponding degree of harmonization.

Harmonizes to a high degree

The themes of motives that are presented under this dimension are the ones where all or almost all perceived motives (1st order concepts) were also expressed. For the Incumbent side following themes were found as harmonizing to a high degree; (i) Strategic fit, (ii) Environmental sustainability, (iii) Legitimacy/PR, (iv) Solving business problems, (v) Trust/commitment/ collaboration and (vi) Building knowledge.

Strategic fit

Although not mentioned across all four cases, there was a shared understanding of strategic fit in the partnerships where it was addressed. Strategic fit, although a broad term, was recognized specifically for statements around motivational drivers regarding the startups' fit related to the incumbents' needs. For instance, in Partnership 2, Incumbent 2 emphasized the importance of flexibility in the agreement, that would allow them to withdraw if the collaboration no longer suited their strategic needs, which Startup 2 was well aware of. In Partnership 3, on the other hand, strategic fit was addressed in regard to timing in the market, enhancement of competitiveness and the interest to engage in startups in order to improve innovation. These factors were addressed by Incumbent 3 and understood by Startup 3.

Environmental sustainability

Startups had a thorough understanding of the incumbent's motivation to collaborate in order to improve their sustainability performance. Overall, startups tend to focus more on external factors that motivate incumbents to improve their sustainability performance and to implement more circular solutions, such as publicity reasons and to meet legal requirements. In other words, the findings show that the perceived and expressed motives in incumbents related to sustainability do harmonize. Partnership 1 stands out, where Startup 1, although mentioning Incumbent 1's desire to increase their level of reuse and to participate in the circular economy, emphasized it way less compared to other motives; "their

[Incumbent 1] focus was not on reuse, but on putting up buildings. They are contractors and must build buildings" and "Their motivation was financially based - that I am certain. They saw that we could reduce their costs associated with waste, and that we could also make money for them by using our tools on things they had considered waste for 30 years" (Startup 1).

Public relations (PR)

Another motivational driver of incumbents that was well understood by startups was incumbents' interest in enhancing their reputation in relation to external actors, such as customers or other actors in the industry, by for instance increasing their company's association with reuse (Partnership 1) or strengthening their sustainability profile (Partnership 2). As Startup 3 put it, "it is also important for them to show that they are more circular oriented [and] working with [us] is a way for them to show the world that they are. And that they want to also work for a circular economy". Across all four cases, startups' perception harmonized with incumbents' expressed motivation to enhance PR.

Solving business problem

Across all four cases, startups demonstrated a nuanced understanding of incumbents' needs to implement new solutions in order to solve business problems. This included a thorough understanding of the problems experienced by the incumbents and how this could be solved, and close collaboration and exchange of feedback, for the startups to develop their product according to incumbents' needs.

Trust, commitment and collaboration

Across the different cases, incumbents emphasized the importance of good communication, accountability, collaborativeness and involvement as factors that strengthened their trust to and confidence in the startups ability to bring value to their company. Similarly, startups were able to identify the incumbent's emphasis on trust, commitment and collaborativeness. For instance, Incumbent 2 were impressed with and motivated by Startup 2's ability to listen to and implement user feedback in their product, and Incumbent 1 were motivated to work with Startup 1 due to their established circular principle and their competency in circularity, which was well understood by Startup 1; "it was a combination of our competence and our tool/product that made them want to enter a partnership". These qualities helped strengthen the incumbent's confidence in the startup as a valuable partner. Building on this, Startup 4 were also aware of how Incumbent 4 saw their drive as important in order to succeed, as well as difficult to replicate in their own organization.

Building knowledge

Although knowledge building was not emphasized by all incumbents, the partnering startups of those who did were able to perceive it as an important incentive for the incumbent. In Partnership 1, Incumbent 1 emphasized the importance of building knowledge in order to attract talent and to improve

the ability to implement and execute circular initiatives. Similarly, Startup 1 recognized Incumbent 1's desire to build knowledge on circularity and to become better at reusing materials. In Partnership 3, Startup 3 also recognized Incumbent 3's motivation to collaborate, seeing it as an opportunity to learn.

Harmonizes to some degree

The themes of motives that are presented under this dimension are the ones where more or less an equal number of harmonizing and non-harmonizing motives (1st order concepts) were found. For the incumbent only cost-benefit was found as harmonizing to some degree.

Cost-benefit

Cost-benefit was brought up by three incumbents as an important motivational driver, and startups in these partnerships were aware of their partner's emphasis on financial incentives and cost-benefit balance. However, in Partnership 2, the startup emphasized a good price as well as cutting costs on external consultants by using the startup's product, while the incumbent itself was focused on how creating a long-lasting supplier relationship with the startup would help reduce the adjustment costs of implementing a new solution in their organization. In both Partnership 1 and Partnership 4, the startup emphasized the creation of new revenue streams and financial sustainability as important for the incumbent, while the incumbent emphasized positive net cost-benefit and profitable business models.

5.3 Identification and relevance

In this section we will present the findings related to both RQ2: How do startups and incumbents identify each other's motivational drivers, and to which degree do they understand each other's drivers? and RQ3: Why is it important to understand motivational drivers of potential partners in the partner selection process of strategic partnerships between startups and incumbents?

The findings will be presented within the two fields that were used in this analysis, namely how motivational drivers are (1) identified from partner, and (2) the relevance of them.

5.3.1 How motivational drivers are identified from partner

The data analysis reveals insights on how perceived motives are identified, specifically focusing on a firm's confidence and process in recognizing motivational drivers in their partners. Upon interpreting the 1st order concepts, distinctions emerge between how startups and incumbents identify these drivers. These differences are depicted in Figure 5.1, providing an overview of the data structure. Subsequently, the relevant findings pertaining to each 2nd order theme for identifying motivational drivers will be elaborated.

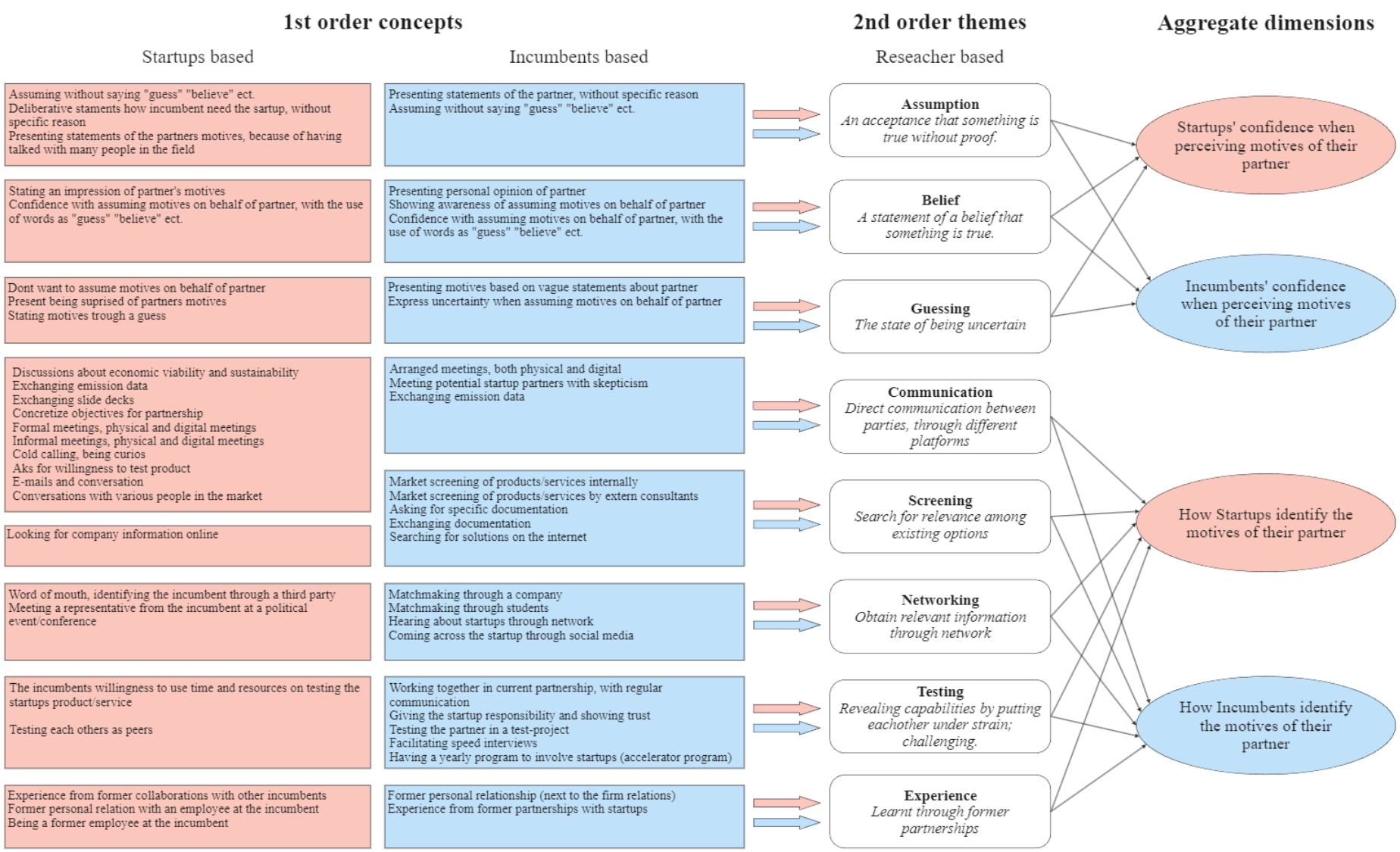


Figure 5.1: Gioia-inspired table (Gioia et al., 2013) on how motivational drivers are identified, containing 1st order concepts identified from startup and incumbent side, 2nd order themes that were researcher based and generalized for both startups and incumbents, into aggregate dimensions for startup and incumbents respectively. Red color illustrates the structure of data collected from startups, and blue color illustrates the same for the incumbent side.

How firms identify motivational drivers of their partner

This paragraph adresses what kind of processes the startups and incumbents had for identifying motivational drivers in the other partner.

Direct communication

Direct communication refers to the immediate and personal exchange of information between individuals, which can take place through face-to-face conversations, phone calls, and meetings. When it comes to understanding each other's motives, particularly among startups, effective communication was often highlighted. One common approach mentioned by startups was reaching out through phone calls, as expressed by Startup 1: "I called [Incumbent 1] and we agreed to have a meeting." Additionally, startups engaged in discussions about economic viability and sustainability of potential partnerships, exchanged data and slide decks, and had conversations with various stakeholders in the market. On the other hand, incumbents did not place the same emphasis on direct communication. They mentioned planned meetings and the exchange of data as their primary communication methods.

Screening

Screening involves a systematic process of evaluating and examining potential partners, products, or services to identify specific characteristics, attributes, or potential issues. In contrast to communication, the incumbents placed a higher emphasis on screening processes compared to the startups. It was observed that incumbents were more inclined to utilize predeveloped tools or established processes. For instance, one company hired external consultants to screen the market for products, as stated by Incumbent 1; "It is usually centrally controlled, and in recent years, we have hired external consultants to screen the market or screen everything happening in the startup world to find the best business match with what we are involved in.” On the startup side, screenings were primarily conducted by using internet browsers.

Networking

Networking refers to the process of establishing and nurturing professional relationships to broaden opportunities and facilitate the exchange of valuable information. Both incumbents and startups utilized networking to gather knowledge about their partners. This involved various approaches, including planned events such as matchmaking facilitated by a third party, as well as casual encounters at conferences and interactions on social media. Incumbent 1 expressed this encounter by stating, "So this particular connection was actually because I came across the name and [saw their] initiative on social media through other entrepreneurs." (Incumbent 1). Networking served as a means for both incumbents and startups to expand their network, gather insights, and connect with relevant individuals and organizations in their respective industries.

Testing

Testing involves a systematic process of evaluating or examining the functionality or performance of a product to ensure it meets specific standards. In terms of identifying motives from a partner, testing exhibits similarities to the screening process based on the findings. The incumbents employed diverse methods to assess and evaluate their partners, which include the utilization of pre-developed techniques like speed interviews and accelerator programs, as well as regular update meetings with startups. These strategies enabled them to gather insights, evaluate performance, and foster collaboration with their partner organizations. As stated by Incumbent 3: "Then, we conduct evaluations and speed interviews. In recent years, we have selected 6-10 startups to be part of our own program." (Incumbent 3). On the other hand, the startups primarily mentioned hat they were testing each other iteratively in peers while working together.

Experience

Experience refers to the knowledge, skills, and understanding acquired through personal involvement and participation in similar partnership situations. Both the startups and the incumbents recognized the importance of experience as a valuable resource for identifying motivational drivers from their partners. Both parties refer to experience in the context of their current partnerships. For example, Incumbent 1 stated that "[Startup 1] has undergone a maturation process, so there is a bit more focus and streamlining in terms of the processes. At least, it seems that way, and we will see over time how it actually functions" (Incumbent 1). In elongation both parties draw on their previous partnership experiences to evaluate and understand the motives of their current partners. Startup 3 mentions, "[we know this..] because that's something that we talked quite much about with different companies, in order to understand." (Startup 3). This implies that startups draw insights from past partnerships to gain a better understanding of partner motives. Overall, experience plays a significant role for both startups and incumbents in recognizing and interpreting motives within partnership dynamics.

Confidence when perceiving motivational driver of the other partner

This paragraph adresses what kind of confidence the startups and incumbents showed when stating which motivational drivers in the other partner had.

Assumption

Assumption refers to a supposition that is considered true or taken for granted without conclusive evidence or proof. Both startups and incumbents made assumptions about their partners' motives without explicit qualifiers such as "I believe," "I guess," or "it might." They stated their partner's motives with a certain level of confidence, even though they lacked concrete evidence to support their claims. The analysis of the framings reveals that the startups tended to present these assumptions in a more deliberate manner. For instance, Startup 3 stated, "And of course, one benefit for Incumbent 3 [...] is

that by learning this and working with us, they can explore their own opportunities to establish new more circular business models and services." Startup 4 similarly assumed the motivation of their partner, stating, "Their motivation was sustainability and the circular economy, trying to achieve something that has not been accomplished before." In contrast, incumbents exhibited fewer identified assumptions, and the nature of their assumptions was less dominant. They were more cautious or reserved in expressing their partner's motives, lacking the same level of assertiveness as seen in the startups' statements.

Belief

Belief represents a deeply held conviction of truth, often expressed more as a guess. The findings indicates that when firms present their motives through beliefs, it aligns closely with assumptions. The difference lies in the firms' awareness of making an assumption, as they use linking words such as "I believe," "I guess," or "it might." Both the startups and the incumbents frequently expressed beliefs. For example, Incumbent 3 stated, "Access to the market, for instance, I would believe is extremely important for them," while Startup 2 mentioned, "But I believe they found it important to be an innovative company." In these instances, the firms were acknowledging their assumptions more explicitly by incorporating beliefs into their statements. The use of phrases like "I believe" indicates that they were aware of the uncertain nature of their statements while expressing their convictions.

Guessing

Guessing involves making estimates or predictions based on limited information or intuition, often without certainty or concrete evidence. Both the startups and the incumbents explicitly expressed uncertainty and avoided making definitive statements, when it came to speaking on behalf of their partners. For example, Startup 2 stated, "It's difficult to speak for them, on their behalf. But I believe they found it important to be an innovative company." Incumbent 2 similarly expressed the challenge of assuming someone else's motivations, stating, "Yes, it's a difficult question because what you're asking me to assume is their motivations. It can be difficult to be in someone else's head." (Incumbent 2). The findings did show that Incumbents more frequently expressed uncertainty and that they used vague statements when describing motives. For example, by adding “I don't know” in the end of a statement; "It could be that the big project I'm currently working on was a bit enticing to be a part of, but I don't know." (Incumbent 1). On the other hand, startups displayed a combination of self-confidence and uncertainty. For instance, Startup 2 expressed confidence in assuming that Incumbent 2's involvement contributes to achieving some of their goals, even though they did not know the actual goals.

Overall, the incumbents tended to rely more on vague statements and express their assumptions, while the startups exhibited a level of self-confidence while acknowledging uncertainties in their understanding of their partners' motives.

5.3.2 Relevance of identified motivational drivers

The data analysis highlights the significance of identified or perceived motivational drivers, revealing that both parties consider several of these motives relevant, despite a few informants expressing the opposite view. This chapter will examine the circumstances and reasons behind the expression of perceived motives as irrelevant. It will also provide an overview and detailed exploration of the relevant motives and the rationale for their significance. The presentation of these findings diverges from the Gioia procedure (Gioia et al., 2013) due to the presence of multiple layers within both the 1st order concepts and 2nd order themes. To better illustrate this complexity, a matrix table (Table 5.3) will be utilized.

Indication of irrelevance regarding identified motivational drivers

Among the incumbents, three out of the four incumbents indicated that they considered their partner's motivation as irrelevant. This is evident in their statements, where they expressed that they had never thought about it or they directly stated that it is not important to them. For instance, Incumbent 1 mentioned, " I think it could be a win-win deal, working with us, which is a fairly large and reputable contractor. But what you're asking about now, I haven't really thought about that". Similarly, Incumbent 2 stated, "I didn't spend much time on it. The motivation of [Startup 2] is not so important, I think." This indicates that the motives of the startup were not important for the incumbent when initiating a strategic partnership. Startups on the other hand did not state their partner’s motivational driver as irrelevant, the only indications that were found on the startup side were related to a question about specific actions, as for example when asked about important factors for their partner when signing the contract, where they answered; "I don't know. I think it was just that they wanted to improve reusability." (Startup 1).

The findings therefore indicate that incumbents show a lack of concern or consideration for their partner's motivation, while startups do not explicitly dismiss or view their partner's motivation as irrelevant.

Indication of relevance regarding identified motivational drivers

The motivational drivers in the partner that were identified as relevant for the sourcers are listed in Table 5.3, together with the reasons of why they were relevant for respectively startups and incumbent. As seen in the table, there are seven themes with reasons of perceived motives being relevant in a specific partnership, which will be elaborated.

Table 5.3: Findings on relevance of motivational drivers. The table contains which motivational drivers, as indicated on the vertical axis, startups (marked with 🔴) and incumbents (marked with 🔵), find relevant to understand in the other party and why the motivational drivers are important to identify in the other party, in the horizontal axis.

Why understanding motivational drivers in the other party is important							
	In order to…						
	..build competitive advantage,	..co-develop a good product/ service,	..avoid conflicts and show trust,	..discover the cost-benefit in the partnership,	..collaborate,	..care about the environment	..be future orientated
Aligned visions	🔵	🔴	🔵		🔵	🔴 🔵	
Aligned goal		🔴	🔴		🔴		
Building competences and shared learning	🔴 🔵	🔴					
Work towards sustainability		🔴			🔴 🔵	🔴 🔵	🔴
Product market fit	🔵	🔴 🔵					
PR	🔴					🔴 🔵	
Open communication and transparency			🔴 🔵	🔵	🔴 🔵		
Accountability, trust and commitment		🔵		🔵	🔴 🔵	🔴	
Long-term commitment					🔴		
Ambition to scale	🔵			🔵		🔵	
Innovation	🔵	🔵					

Competitive advantage

In the pursuit of building competitive advantage, the startups highlighted two relevant perceived motives, whereas the incumbents mentioned five. This disparity suggests that the incumbents may place a higher emphasis on competitive advantage compared to the startups. Furthermore, it is evident that the majority of motives identified by the incumbents revolved around the ambition of the startups, as evidenced by the mentioned motives of *product market fit*, *ambition to scale*, and *innovation*. On the other hand, the startups tended to focus on leveraging the capabilities of established incumbent firms, seeking to benefit from their expertise and knowledge through *building competences and shared*

learning. Additionally, the startups aimed to reach a broader audience through *PR* facilitated by the incumbents. It is worth noting that incumbents also consider the motives of *aligned visions* and *building competences and shared learning* as crucial for creating competitive advantage.

Development of product/service

In order to build competitive advantage, the startups described five relevant perceived motives, where incumbents mentioned three. Likely as for creating competitive advantages, incumbents emphasized the ambitiously oriented towards the product, as seen in *product market fit, accountability, trust and commitment* and *innovation*. On the Startup side, the motives are more aimed at the overall values of their partner, such as; *aligned visions and goals, building competences and shared learning* and that their partners were aiming to *work towards sustainability*, while the startups share the motives of *product market fit* with the incumbents. This indicates that the startup is more interested in the company, where incumbents are more focused on a specific product or service. This is in line with the fact that startups typically are the ones that are developing a product and need incumbents as customers.

Good collaboration

Good collaborations seem to be highly emphasized for both the startups and the incumbents, where both parties expressed respectively five and four relevant motives. In order to facilitate good collaboration, the two partners shared several relevant perceived motives, hereunder; *work towards sustainability*, that were expressed by both parties to empathize that collaboration is needed to facilitate the transition of the construction industry into environmental sustainability, *open communication and transparency*, together with *accountability, trust and commitment,* that undermine both the importance of communication and commitment in a collaboration. The startups did in addition state the relevance of the incumbents to have a *long-term commitment,* which reflects the need for collaboration for the startup to survive. Lastly, *aligned visions* and *aligned goal,* were stated as relevant for incumbents and startups respectively. This marks an interesting finding, in terms of that one startup explicit stated that goals are important, whereas they mean that aligned visions can be formed along the collaboration; "If you have the same goals, then the values will sort of develop as you go. But having the same goals is important." (Startup 4). Whereas on the incumbent side, the opposite was stated; "[it is] not necessary that both parties have the same business goals, but [goals] must not be in conflict with the ambitions of the two parties involved in the partnership." (Incumbent 3).

Environmental awareness

Similar for facilitating good collaboration, both the incumbent and the startup side shared three out of four relevant perceived motives, hereunder; *aligned visions, work towards sustainability,* and *PR,* which represent how both of the parties emphasized both to act environmentally friendly, as well as to show the outside world that their actions were environmentally friendly. In addition, the startups stated that

it is relevant that incumbents are driven by *accountability, trust and commitment* in terms of being able to work toward increased awareness for the environment. Whereas the incumbents mentioned the startups' *ambition to scale,* which might refer to making sure that the increased awareness of the environment would not compromise being profitable, which in turn would influence the incumbents negatively. This was expressed by Incumbent 4; "We do want them to succeed. At the same time, we also want [the partnership] to have a [positive] effect on ourselves. So, the important thing when negotiating something like this is that they come out well, that we at least don't end up with a significant negative impact on the collaboration." (Incumbent 4).

Avoid conflicts and show trust

In order to avoid conflicts and show trust, both the startups and the incumbents described two relevant perceived motives. The relatively few instances indicate that this field isn't as important as some of the other themes. Both the startups and incumbents shared the relevance of *open communication and transparency*, which is in line with avoiding conflicts. However, what is interesting is that they again mentioned aligned vision and goals, which was found to be an important instance in the facilitation of good collaboration.

Discovering the cost-benefit in the partnership

Only the incumbents addressed this theme when they perceived the motives of the startups as relevant, with the three mentioned motives; *open communication and transparency, accountability, trust and commitment* and *ambition to scale,* highlighting the importance of verifying the relevance of investing money, time and energy. The incumbents showed a need to understand the chances of the startups' survival. This was furthermore reflected in facilitating environmental awareness.

Future orientation

This theme was only seen on the startups' side, when they stated the perceived motive; *work towards sustainability*, as relevant in terms of being future oriented. Which implies that the startups needed the incumbents to be open and interested in changes towards a circular transition in the industry, as seen in statements like this; "it's important to see who has the right mindset, who do we perceive as forward oriented […] and circular minded" (Startup 3).

6. Discussion

In this chapter we will discuss the findings from the interviews, in order to get closer to answering the research questions for this thesis. In section 6.1, we will discuss the findings related to RQ1. We will discuss how the findings overlap with our two proposed prescriptive frameworks in subsection 3.3.4, and we will propose two revised prescriptive frameworks for practitioners of the partner selection process in circularity startup-incumbent strategic partnerships. In section 6.2 we will discuss the findings related to RQ2 and RQ3. The discussion of this chapter will be in light of the industry context in chapter 2, and the literature from chapter 3. During the discussion we will present implications for practice and field for further research from the discussion. The implications for practice and field for further research, relevant to the purpose of the study will be summarized in the conclusion in chapter 7. In subsection 6.3 we will, in light of the findings and the discussion, reflect on the conceptual framework we proposed in subsection 3.2.4, as the limitations and generalizability of the findings in this paper.

6.1 Motivational drivers across statuses

In this section we will discuss the findings in chapter 5 on motivational drivers in a partner selection process, both on the startup and the incumbent side. In subsection 6.1.1 we will discuss our findings on the startup side and compare the findings with the proposed prescriptive framework for circularity startups in subsection 3.3.4 (see Figure 3.2). In subsection 6.1.2 we will discuss the findings on the incumbent side and compare the findings with the proposed prescriptive framework for incumbents in subsection 3.3.4 (see Figure 3.3). In subsection 6.1.1. and 6.1.2, the findings will be discussed in light of the construction industry context, and the barriers existing in the industry today (see chapter 2). This is done in order to contribute to the field of strategic partnerships between startups and incumbents in the construction industry and to provide implications for practice, as well as fields for further research. Furthermore, we will draw from the literature background in chapter 3, in order to give a comprehensive and multifaceted discussion. Thus, the discussion will include literature across multiple fields of literature (e.g., literature from the fields of marketing, strategic partnerships, open innovation alliances, buyer-seller relationships and other types of literature on inter-firm relationships), and we will draw on findings across the different statuses in order to provide a holistic perspective of the partner selection process of strategic partnerships between startups and incumbents. Furthermore, in the discussion, we will add to or subtract from the descriptive frameworks (e.g., Figure 3.2 and Figure 3.3). The addition or subtraction of motivational drivers will be determined by the sufficiency in terms of evidence in the literature or in our findings. In subsection 6.1.3 we will provide the final two prescriptive frameworks for practitioners of the partner selection process in circularity startup-incumbent strategic partnerships.

6.1.1 Motivational drivers in startups

In Figure 3.2, we established a prescriptive framework that suggests motivational drivers in circularity startups during the partner selection process to strategic partnerships with incumbent firms. In the following section, we will examine the alignment between our findings from the startups and the proposed prescriptive framework depicted in Figure 3.2, as well as discussing the findings in light of the literature on the construction industry context (chapter 2) and strategic partnerships (chapter 3).

Status 1 - search

It was suggested by our prescriptive framework in Figure 3.2 that in status 1 - search, circularity startups would have motivational drivers related to complementary resources, increased legitimacy, commercialization and scaling up operations, investments and sustainability transitions when seeking incumbent firms for strategic partnerships. This subsection addresses how these prescribed drivers relate to our findings.

Accessing complementary resources in order to speed up time to market

We found that the startups were motivated to seek collaboration with incumbents in order to gain access to resources such as human resources, industry experience and expertise, economic resources and resources to speed up product development. The motivation for these resources may be rooted in the high upfront capital investments and specialized knowledge is typically demanded when it comes to implementing circular solutions in the construction industry (e.g., Hart et al., 2019; Wuni et al., 2022). Furthermore, our findings demonstrate that startups' needs, in terms of building resources and capabilities, are strongly linked to commercialization. Commercialization as a motivational driver was reflected in the startups' emphasis on verifying market needs and getting user feedback and more experience with customers as motivational drivers for seeking partnerships with incumbents. Startups may shorten their time to market, or commercialization process, through collaborating with an incumbent and accessing their complementary resources (Alvarez & Barney, 2001, Kohler, 2016; Freytag, 2019). For instance, Startup 2 emphasized that a partnering incumbent would have to be willing to spend time and resources to provide user feedback, as they were especially focused on leveraging product-market-fit through their partnership with Incumbent 2. They therefore put a heavy emphasis on seeking partners that were genuinely dedicated to obtaining a solution to their problem, in this case for instance through tracking their emissions. This could be explained by the fact that three out of four partnerships included startups that were still at the stage of developing their product (Partnership 1, 2, and 4, see limitations in section 6.3). Startups were also motivated to collaborate with incumbents in order to test and develop viable and scalable business models, which could help startups overcome the economic barrier of establishing financially viable circular business models in the construction industry (i.e., Adams et al., 2017; Hart et al., 2019, see section 2.2).

Increasing legitimacy and scaling up operations

An incumbent's resources, such as sales and distribution structures, can facilitate the startup's expansion into foreign markets, attracting more customers and increasing sales (Freytag, 2019; Kohler, 2016). For instance, Startup 3 is a spin off from a startup in another European country. Startup 3 thus emphasized Incumbent 3's market insight, relation specific resources, as well as engagement in being involved in the product development to adjust the product to the Norwegian market as important criteria for establishing the partnership with Incumbent 3. Moreover, the incumbent could thus use the startup partnerships as a means to explore new markets and trends, through helping the startup to expand to new markets (i.e., Kohler, 2016). Another example is that Startup 2 found that Incumbent 2's product requirements were favorable in terms of scaling up at a later point. Collaborative approaches are thus emphasized as beneficial for scaling sustainability startups (e.g., Bocken et al., 2022). Moreover, the startups success in diffusing their sustainable innovation in an industry is preconditioned by the startups ability to scale up their operations (Schaltegger et al., 2016; Trautwein, 2021). Complementary resources, in addition to being a motivational driver, also acts as a means to an end, where scaling up operations could be a goal. In terms of sustainability transitions, incumbents are better at driving incremental environmental innovation (Oltenau & Fichter, 2022), and play an important role in the growth and mature stages of new industries (Hockerts & Wüstenhagen, 2010; Trautwein, 2021), while startups play an important role in driving radical innovation (Lauber & Jacobsson, 2016; Wesseling et al., 2014), as well as scaling up and diffusing sustainable innovations at a large scale (Bidmon & Knab, 2018; Hockerts & Wüstenhagen, 2010; Horne & Fichter, 2022). Building on this, it seems evident that startups must scale up their operations in order to leverage their sustainability innovations, and that partnerships with incumbents is fundamental in order to gain access to resources which can accelerate scaling up operations.

In terms of scaling up operations, the startups were motivated by the opportunity to enhance legitimacy, emphasizing that an incumbent partnership could help increase visibility to customers, and to appeal as financially promising cases in face with investors. Sustainability startups often suffer greater from liabilities of smallness and newness than other startups (Wang & Bangsal, 2012). In the construction industry context, we argue that these strong liabilities can be explained by at least two of the existing barriers for circular economy in the industry. First, the construction industry is known for its long-established, conservative practices and resistance to change (i.e., Deloitte, 2020; Hart et al., 2019; Leising, 2018; Wuni 2022), which poses high structural barriers to transitioning the industry into circularity. The structural barriers are affecting the circularity startups' ability to convince industry stakeholders to adopt their innovative solutions. Secondly, the existing economic barriers in the construction industry (i.e., Hart et al., 2019; Munaro & Tavares, 2023; Wuni, 2022) obviously affects the startups' access to resources and ability to build legitimacy. By collaborating with incumbents, the startups could increase their credibility, influence and visibility in the market (e.g., Svennson et al.,

2019; Kohler, 2016). Paradoxically, building legitimacy could thus reduce the barriers to acquiring new customers by building the brand, reducing risk and better appeal to investors.

Developing viable business cases in the construction industry

In relation to these economic barriers, incumbents are likely to be very selective when choosing startup partners. By enhancing their legitimacy, startups may become better able to diffuse their circularity solutions from niche to mass market through attracting more investments and increasing their customer base, which contribute to accelerating the startups scale of operations. It is thus imperative that in order to make an impact on industries, and society at large, startups for circularity must collaborate with incumbents in order to scale up their operations. On the other hand, in order to make a significant difference on environmental sustainability, incumbents must effectively test the economic viability of the startups business models. When a business model that is economically viable and scalable is in place, the incumbent together with other strategic partners of the startup should invest sufficiently in resources that can help scale the startup's business model. What "sufficiently" means, differs from startup to startup, however, we propose as a rule of thumb that to the extent where the startup in a long term is still entirely dependent on the incumbent's resources to be viable, the investments being made are insufficient for the viability of the startup. Sufficient investments are important, since startups, especially those who work with reusing materials, work with low value materials (e.g., Adams et al., 2019), and have high costs related to logistics and workforce (e.g., Deloitte, 2020), resulting in lower profit margins compared to linear business models where high value raw materials can be found at a low cost (Deloitte, 2020, Hart et al, 2019). Imperatively, the scale of operations and how quickly this scale of operations is reached is important in terms of how viable a startup's business model is. Furthermore, in order to gain returns from investments in circularity startups, as well as to reduce the risk of investments being lost due to startups going bankrupt, it is important for all stakeholders related to the startup to ensure the viability of the startup in the long term. We thus propose following implications for practice:

Implications for practice

Incumbents in the construction industry seeking to become more circular in materials use should efficiently investigate the economic viability of startups' circular business models. When an economically viable circular business model is recognized, the incumbent firm, together with the startup and the other stakeholders such as investors should ensure that the investments in terms of resources being made in the startup is sufficient for ensuring the long term viability of the startup.

Furthermore, there seems to be little literature on how incumbents and startups successfully collaborate on establishing economically viable circular business models in the construction industry in practice. This could be done through observing how the incumbents' selection criteria in the partner selection process, together with resources invested during the strategic partnership affect the performance of the startups in the long run. We thus propose the following field for further research.

Field for further research

Scholars should investigate how incumbents and startups successfully collaborate on establishing economically viable circular business models in the construction industry in practice. This can be done through investigating how the incumbents' selection criteria in the partner selection process, together with resources invested during the strategic partnership, affect the performance of the startups in the long run. In this study, we provide a prescriptive framework (see Figure 6.2) for motivational drivers in incumbent firms in a partner selection process with circularity startups, which scholars could use as a starting point, in terms of selection criteria.

Investments

The startups searched for partnerships with incumbents to gain access to financial resources. These partnerships provide short-term investment opportunities and long-term recurring revenue from paying customers. Arguably, this motivation derives from the startups' need to mitigate the economic barriers in the industry, such as lack of business grants, financial aid, and funding for circular business models (Hart et al., 2019; Munaro & Tavares, 2023; Wuni, 2022). Additionally, financial resources obtained through partnerships increase the startup's legitimacy and mitigate the liabilities of newness and smallness (i.e., Partanen et al., 2014; Hoang & Antoncic, 2003; Stuart, 2000).

Sustainability transitions

Startups who collaborate with incumbents stand better chances of contributing to sustainability transitions (see section 3.1). In our findings, we found several evidence that sustainability startups are concerned with searching for incumbent partners that are driven by transitioning industries into sustainability (i.e., Schaltegger & Wagner, 2011). For instance, some of the startups mentioned that they were searching for incumbents that were future oriented and were willing to explore and had ambitions to improve their sustainability performance. As the construction industry is characterized by having a strong linear paradigm and resistance to change (Charef et al., 2021; Deloitte , 2020; Hart et al., 2019; Wuni, 2022), one might assume startups to be concerned with the sustainability values of their partner and long term orientation of their partner. However, only one of the startups mentioned shared visions regarding sustainability as an important driver in the search status, although similar

motivational drivers were addressed by additional startups at the later statuses, in the exploration and in the negotiation. Nevertheless, it is conceivable that startups, by prioritizing incumbents' visions and objectives, could improve their effectiveness and focus while searching for suitable incumbent partners to promote sustainability. Furthermore, aligned vision and intentions are important to enhance trust between the startup and the incumbent, as well as the long-term orientation of the partnership (i.e., Emden et al., 2006, Langfield-Smith, 2008). Drawing on the consensus in the literature, we thus propose that an implication for practice is that circularity startups in the construction industry should search for incumbents that have aligned vision and intentions for sustainability transition, in order to establish strategic partnerships that substantially contribute to sustainability transitions.

Implications for practice

In order to establish strategic partnerships that substantially contribute to sustainability transitions, circularity startups in the construction industry should search for incumbents that have aligned vision and intentions for sustainability transition.

From these findings we conclude that circularity startups are motivationally driven when searching for incumbent firms to initiate strategic partnerships by; (1) That the incumbent has *complementary resources* to the startup's own resources; (2) That the incumbent can *increase* the startup's *legitimacy*; (3) That the incumbent can provide legitimacy and resources, to help the startup overcome liabilities of smallness and newness, in order to *scale up* the startup' *operations*; (4) That the incumbent can improve the startup's attractiveness to *investments*, or invest in the startup itself; (5) That the incumbent can provide the necessary resources towards *commercialization*, and; (6) That the incumbent is future oriented and proactive in terms of working towards *sustainability transitions.* No changes were made to the revised, prescriptive framework in Figure 6.1, in status 1 - search.

Status 2 - exploration

In status 2 - exploration, our prescriptive model (see Figure 3.2) suggests that circularity startups are concerned with motivational drivers related to complementary resources and capabilities, strategic and relational alignment, cost-benefit and circularity compatibility, when exploring incumbent firms for strategic partnerships. This section addresses how findings compare to the prescribed drivers.

Complementarity in terms of circularity, resources and capabilities

Regarding partner related motivational drivers (e.g., "partner and task related selection criteria" described in Geringer et al., 1991), the startups emphasized the incumbents' economic commitment to the project and their network as important motivational drivers for going into a partnership with the

incumbents. In terms of task related drivers, we found that the startups were motivated by the incumbents' suitable projects. These projects, such as BREEAM projects, projects with standardized construction solutions and projects with a lot of accessible, surplus materials, were appropriate for testing and further co-developing the startups' product/services. The findings reflect the importance of technological alignment, referring to a partner's technical ability, the complementarity of resources and the knowledge overlap between the parties, where both high technical capability and complementarity is vital for a successful partnership (e.g., Das & Teng, 2000; Emden et al., 2006). We found that the motivational drivers related to resource and capability complementarity to a great extent were intertwined with the motivational driver of circularity compatibility. For instance, we found that for Startup 1, who worked with physical materials, access to materials, access to projects and the possibility to collaborate on piloting a service was important. This might relate to the structural barriers in the construction industry where there exist a lack of market mechanisms to aid recovery, there are fragmented supply chains and there is a lack of a holistic approach (Adams et al., 2017). In turn, finding the right incumbent partner that could facilitate materials flow, despite the existing barriers, was implicitly important for the startups.

Long-term orientation in circularity oriented strategic partnerships

The complementarity in resources and capabilities, in addition to being important for facilitating resource flow, was important in order to enhance shared learning and knowledge. Knowledge barriers within the construction industry are prevalent, characterized by a strong adherence to a linear paradigm (Charef et al., 2021; Deloitte, 2020; Hart et al., 2019; Wuni, 2022). This implies a lack of cultural emphasis on circularity as well as industry structures that can facilitate resource and material optimization and streamlining. Such an industry situation can be attributed to insufficient research, limited education, and a scarcity of information regarding the principles of the circular economy (i.e., Adams et al., 2017). Additionally, the industry faces challenges related to technical capabilities and expertise in circular construction practices as well as on circular materials. (e.g., Adams et al., 2017; Charef et al., 2021; Munaro & Tavares, 2023; Wuni, 2022).

The motivational drivers related to circular compatibility highlight the importance of shared learning and collaboration in the alliances, which is elementary due to the little existing knowledge in the industry on how to implement circular practices. This reflects that alliances between the startups and the incumbents marks a reconfiguration pathway in the construction industry (Geels et al., 2016). The need for developing the knowledge within the industry on circular economy principles furthermore demands a need for developing a long-term orientation in incumbents who seek to collaborate on innovative and circular solutions. Long-term orientation refers to making short-term sacrifices for long-term results (Emden et al., 2006), which is imperative for developing sustainable circular solutions. Long-term orientation is also important to overcome the existing financial barriers in the industry, which

are largely related to the industry's short-term orientation and rapid return on investments (e.g., Adams et al., 2017). Implications for practice is thus that incumbents should approach circularity startups with a long-term orientation in mind and be aware that circular pilot projects are time consuming, where profitable results might develop over time.

Implications for practice

Incumbents should approach circularity startups with a long-term orientation in mind and be aware that circular pilot projects are time consuming, where profitable results might develop over time.

Reflections on complementary capabilities in asymmetric power dynamics in strategic partnerships

We have found that the startups developed valuable and inimitable capabilities, arguably in order to protect their competitiveness in the emerging circular economy in the construction industry. By doing so the startups increase their chances of survival (i.e., Alvarez & Barney, 2001). We discovered that startups approached the development of these capabilities in at least three dimensions. Firstly, they focused on onboarding numerous actors onto a single circular platform, which created a lock-in mechanism, as observed in the case of Startup 1. This lock-in mechanism is particularly valuable since serving as a mediator between firms in an industry value chain necessitates aligning the supply of materials with demand. Moreover, acting as a broker can establish unique capabilities by fostering professionalism and expertise, essential for excelling in that specific field. The literature on third-party logistics underscores that companies engage in such practices to reduce costs, enhance services, and streamline operations (Skjoett-Larsen, 2000). Therefore, it is crucial for Startup 1 to consistently enhance their broker capabilities to successfully convert their pilot customers into paying customers. Secondly, we found from Startup 3 that gaining market insight from several international markets and learning from markets that stand as circular frontiers is an important aspect of building inimitable and valuable capabilities. Gaining market insight enables circularity startups to draw on the newest developments within circular economy practices in order to continuously develop competencies and capabilities within circular practices, thus leading the way for slow moving incumbents. The third dimension relates to building technical competencies, as was found for Startup 2. We found that Incumbent 2 wanted flexibility in terms of being able to extract the data from their pilot project after a year of partnering, if the partnership did not deliver the expected value to Incumbent 2. Together with the motivational drivers of shared learning, it is important that Startup 2 protects their technical knowledge on how to build emission accounting tools, in order to reduce the risk of being exploited by their incumbent partner. Hence, based on our findings, we identified three key dimensions in which

startups can cultivate their capabilities to establish lock-in mechanisms: (1) maintaining a balance between demand and supply while onboarding multiple incumbents onto a broker platform; (2) consistently enhancing market insight to stay updated on the latest best practices in the circular economy; and (3) developing technical expertise in data-driven technology while safeguarding this knowledge from firms that may seek to exploit it. However, startups in an emerging industry might experience a first mover disadvantage, having to reduce industry barriers to transition. When new entrants emerge in the industry at a later time, these barriers will be lower, making it easier for new entrants to be competitive. Moreover, the literature emphasizes that the survival of startups where the solution is highly innovative are often negatively affected by the innovativeness of the solution (Hyytinen et al., 2015). Thus, creating lock in effects on the existing incumbents is important. Startups must continuously develop these capabilities, and as such, create a strategy for how these capabilities will be developed.

In terms of asymmetric partner selection processes, having complementary capabilities to the startups value proposition, is emphasized as important in the literature. The asymmetry between the startup and the incumbent shapes the initiation and its process (e.g., Aaboen & Aarikka-Stenros, 2017) and power structures are established early on in strategic partnerships (Dwyer et al., 1987). In situations of uneven power dynamics, the less dominant partner may find themselves compelled to invest heavily in relation-specific assets to earn the trust of the more dominant partner, consequently becoming reliant and vulnerable within the relationship (Chen & Chen, 2002). Becoming a hostage to a startup-incumbent partnership can reduce the startup's ability to develop capabilities in the three dimensions at a later stage. Scholars stress the importance that startups prior to establishing partnerships develop complementary capabilities to their resources, in order to reduce the likelihood that the incumbent exploit and capitalize on the startup's resources (Alvarez & Barney, 2001). Furthermore, it is argued that startups that develop valuable capabilities can leverage a stronger bargaining power further on in negotiations (Bosse & Alvarez, 2010).

We argue that an implication for practice is that it is important that startups develop a strategy for strengthening their valuable and inimitable capabilities prior to establishing partnerships with incumbent firms. This is supported by the large amount of literature within the resource based view of entrepreneurship. Moreover, the consequences of not leveraging capabilities that differentiate from the incumbent's capabilities, is a larger asymmetry in the partnership.

Implications for practice

Startups must develop a strategy for strengthening their valuable and inimitable capabilities prior to establishing partnerships with incumbent firms. Developing valuable and inimitable capabilities is important in order to develop lock in-mechanisms and protect themselves from new entrants and opportunistic incumbents. Furthermore, for circularity startups, these capabilities can be developed in at least three dimensions; (1) maintaining a balance between demand and supply while onboarding multiple incumbents onto a broker platform; (2) consistently enhancing market insight to stay updated on the latest best practices in the circular economy; and (3) developing technical expertise in data-driven technology while safeguarding this knowledge from firms that may seek to exploit it.

Startups emphasize relational alignment over strategic alignment

Strategic and relational alignment together with a positive cost-reward equation of the strategic partnership, is important for creating successful strategic partnerships (Dwyer et al., 1987; Emden et al., 2006; Geringer, 1991). Strategic alignment refers to aligned motives and non-competing goals, respectively, while relational alignment refers to compatible cultures and the degree the strategic partners are aligned in terms of propensity and long-term orientation (e.g., Emden et al., 2006). We found that the startups interviewed, to a large extent, view relational and strategic alignment with the incumbent firm as more or less the same thing. In terms of relational alignment, the startups to a large extent valued previous personal relations, shared learning and open communication with the incumbent, the incumbent's mission, vision, and values, as well as a customer match as important, which relates to both compatible company cultures and a shared understanding of propensity between the firms. Considering strategic alignment, the startups emphasized aligned goals with the incumbent related to collaborating on product/service development, as well as fitting projects for such development. In terms of aligned motives, commitment and economic prospects of a potential partnership was emphasized by the startups. While the incumbent's commitment can relate to aligned motives, it also relates to the degree of long-term orientation, which is considered a relational alignment (e.g., Emden et al., 2006). However, the emphasis on strategic alignment was put mostly on short term motives and goals from a potential partnership. The startups' short-termism can be viewed in terms of strategic alignment of co-developing products, while the relational alignment was emphasized in terms of the incumbents' values and vision. For instance, the startups were motivated by the incumbents being idealistic first-movers in the industry and having good cultural values. These values reflect how compatible the cultures of the incumbent and the startup were, rather than how the incumbents' motives or goals for entering the relationship aligns with the long-term goals of the startups. In other words, the startups were

preoccupied with to which degree cognitions, expectations, mindsets, norms, and values coincided between the startup and the incumbent firm (O'Reilly et al., 1991). Moreover, strategic and relational alignment seemed to be intertwined from the startups' perspective.

Furthermore, we argue that the startups' emphasized relational alignment over strategic alignment, which might relate to the characteristics of startups. We found that specific characteristics, such as the startups' need for developing products according to user needs and being prone to adapt asymmetric startup-incumbent partnerships (i.e., Freytag, 2019), influence how startups initiate partnerships with incumbents. We will discuss these characteristics further in 6.2.2. These characteristics are evident in the cases that we investigated. The startups were concerned with the relational aspects on a personal level, as well as on the incumbent level, such as the incumbents' vision. When investigating why identifying motivational drivers in the other party during the partner selection process was important, we found that startups emphasize co-developing a good product or service as important for the startup. This supports the argument of short-termism in the startups' motivational drivers. On the other hand, we found that the incumbents thought it was important to understand the startups' motives, in order to build competitive advantage, which further relates to a more long-term orientation. We thus question the emphasis (or rather lack of emphasis) that the startups showed in terms of long-term strategic alignment with the incumbent firms. However, our findings are limited by the number of cases, as well as the broad nature of this thesis, we thus propose that a field for further research could be to investigate in depth how relational and strategic alignment are emphasized in startups in exploring strategic partnerships with incumbent firms.

Field for further research

Scholars could investigate in depth how relational and strategic alignment are emphasized in startups in exploring strategic partnerships with incumbent firms. This should be done through a qualitative case study.

The relational nature of startups, partner selection processes and evaluating cost-benefit from asymmetric partnerships

Other noteworthy findings that highlight the relational nature of startups is the appreciation for personal connections. For instance, Startup 1 expressed motivation in getting to know individuals working for the incumbent firm, while Startup 3 emphasized that previous relationships with someone within the incumbent firm acted as a catalyst for initiating the partnership. The latter finding aligns with existing literature, which suggests that startup managers with prior experience in established organizations are better equipped to navigate collaborations with larger entities (Usman & Vanhaverbeke, 2017).

However, it is important to note that startups often have less structured routines in their partner selection processes, displaying a more reactive approach due to limited resources compared to incumbents (e.g., Park et al., 2002). Startups may invest more in relationship-specific assets, particularly in partnerships characterized by uneven power dynamics, as is typical in startup-incumbent relationships (Chen & Chen, 2002). Considering the cost-benefit perspective (Dwyer et al., 1987), startups should be mindful of the power dynamics at play during the partner selection process. Our findings clearly demonstrate that startups were motivated to collaborate with incumbent firms to reap benefits such as identifying a product-market fit, conducting pilot projects, shared learning, and competency building. However, startups did not extensively reflect on potential downsides of partnering with incumbents, such as the resource-intensive nature of the partner selection process or the costliness of relationship-specific assets during the partnership. Therefore, we propose that an important implication for future practice is for startups to evaluate the cost-benefit implications of strategic partnerships with incumbents.

Implication further practice

Managers in startups must evaluate the implications in terms of cost-benefit of strategic partnerships with incumbents, during the partner selection process. Startups should evaluate the potential costs of relation specific resources, the costs of onboarding a new incumbent partner and the transaction costs, together with the potential benefits gained from the startup-incumbent strategic partnerships.

In conclusion we have found that when exploring strategic partnerships with incumbents, circularity startups are motivated by; (1) The incumbents' *complementary resources and capabilities*, and; (2) That the incumbents' complementary resources and capabilities promote a *circularity compatibility* between the startups and the incumbents. Furthermore, (3) *relational alignment* is an important motivational driver in circularity startups when exploring strategic partnerships with incumbents. (4) Strategic alignment was interpreted as an important enabler, perhaps even a pre-condition, of successful, long-term strategic partnerships with incumbents. Strategic alignment in terms of long term aligning motives and non-competing goals, was not explicitly mentioned as important motivational drivers for startups when exploring strategic partnerships. However, we will include *strategic alignment* in our framework, as we did not find sufficient evidence to prove its irrelevance. Lastly, benefits, such as complementary resources and capabilities, were emphasized as important motivational drivers. However, the startups did not fully emphasize the cost-aspect of cost-benefit as a motivational driver in strategic partnerships as an important, we have thus chosen to remove cost-benefit from status 2 - exploration in the revised, prescriptive framework in Figure 6.1.

Status 3 - negotiation

In status 3 - negotiation, our prescriptive framework (see Figure 3.2) suggests that circularity startups are driven by motivational factors like trust, cost-benefit, obtaining appropriate governance structures and property rights, having aligned sustainability orientations, and setting specific milestones related to circularity, when negotiating with incumbent firms for strategic partnerships. Following we will discuss how the prescribed motivational drivers align with our findings.

Appropriate governance structures, property rights and trust

Due to the risks entailed by entering into a strategic partnership with an incumbent, startups may attempt to mitigate that risk during the negotiations (i.e., Dwyer et al., 1987), which can be done through formalizing the level of commitment through appropriate governance structures (Duisters et al., 2011). Doing so could also increase bargaining power for future disagreements or misalignments in the partnership, thus challenging the asymmetry in the relationship. Indeed, our findings show that startups were concerned with drivers related to contractual agreements in the negotiation status, such as economic obligations like price, the incumbent firm's exclusivity to the startup, the scope of the project, and how the risk related to the partnership should be distributed between the parties. In addition to the drivers mentioned, one of the startups also emphasized the importance of property rights in the partnership, i.e., the right to access building materials, a central asset to their business model. This is reflected by the literature on property rights, where property rights to technology and IP are a strong incentive for startups and incumbents to commit to partnerships (Bosse & Barney, 2010). Contractual agreements can serve as a way to formalize commitment and address the power imbalance in incumbent-startup partnerships. These agreements act as a counter force to potential disagreements or misalignments that may arise in the partnership, as well as strengthen the startup's bargaining power in such situations. One of the startups emphasized the allocation of risk as an important motivational driver. Furthermore, the theory points out the strong relation between risk and trust (Langfield-Smith, 2008). For instance, through motivational drivers related to formalizing agreements, and reducing risks, startups indirectly emphasize the importance of trust (e.g., definition of trust as cited in Ireland and Webb, 2007, p. 488). This can be seen in light of the high upfront investment costs for circular business models (e.g., Hart et al., 2019, Wuni et al., 2022) and high costs for the workforce (Deloitte, 2020), which imply that startups implementing circular business models face great financial risks. As there is a great risk of incumbents behaving opportunistically in incumbent-startup partnerships (Alvarez & Barney, 2001), it is thus plausible to argue that establishing clear governance structures may serve to reduce risks for the startup, as well as establishing more trust in the partnership. We thus propose that an implication for practice is that startups working with circular solutions should try to mitigate risk, by establishing contractual governance structures, which can enforce agreements and promises made during negotiations between the startup and the incumbent.

Implications for practice

Startups working with circular solutions should try to mitigate risk, by establishing contractual governance structures, which can enforce agreements and promises made during negotiations between the startup and the incumbent.

Developing a financially sustainable business model

Sustainability startups perceive economic objectives as both a means and an end (Schaltegger & Wagner, 2011). In the negotiation status, startups were concerned with how the partnership would allow them to develop a financially sustainable business model. This entailed exploring the partner's willingness to pay for their product, as could be an estimate of willingness to pay in the industry, and thus an indicator of the financial viability of their business model. The startups emphasized willingness to pay and finding sustainable pricing models, which all relate to the process of developing sustainable business models, which can be challenging when implementing circularity solutions (i.e., Heart et al., 2019, Wuni et al., 2022). We thus argue that developing a financially sustainable business model is an important motivational driver for startups when negotiating with incumbents in a partner selection process and should be added to our prescriptive framework.

Sustainability orientation and specific milestones related to circularity

During the negotiations, we found that startups emphasize motivational drivers such as aligning goals and values with their partner and having a shared focus on implementing circular solutions. Furthermore, we found that some of the startups had a specific strategic orientation in mind when negotiating with the incumbents. For instance, Startup 3 thought it was positive that their partner was focused on improving their circularity and at the same time as digitizing, because that meant that the partner was a potential customer for the startup. Firms are more likely to commit to circular opportunities if the opportunity is likely to enhance the firm's competitive advantage (e.g., Porter & van der Linde, 1995; Menguc et al., 2010), which arguably is eminent for both startups and incumbents. For instance, circularity startups see sustainability transitions as a way of driving radical innovation (Lauber & Jacobsson, 2016; Wesseling et al., 2014), thus creating niche markets within mass industries (i.e., Schaltegger et al., 2016). On the other hand incumbents working in such crowded industries, might see sustainable development opportunities as a differentiation opportunity (Stadtler & Lin, 2017), which we will discuss in depth later. In the search status, we discovered that sustainability transitions played a significant motivational role. Sustainability transitions encompass a broader and more abstract concept compared to sustainability orientation. Sustainability orientation, on the other hand, pertains to the extent to which firms are motivated by a strategic commitment to sustainable development, which

at the same time can enhance their competitive advantage. Therefore, we contend that sustainability orientation serves as the driving force that guides firms and incumbents in developing solutions that have the potential to enhance triple bottom line sustainability, transforming a vision of sustainability transitions into strategic goals. In summary we found that sustainability orientation was an important motivational driver during negotiations. However, in terms of formalizing these strategic goals, none of the startups placed any emphasis on specific milestones related to circularity as important motivational drivers when negotiating with the incumbents.

We thus conclude that when negotiating on strategic partnerships with incumbent firms, circularity startups are motivationally driven by; (1) That the startup can *trust* that the incumbent will act accordingly to agreement and not behave opportunistically; (2) That *property rights* are assigned appropriately to the two parties; (3) *Appropriate governance structures*; (4) That through a strategic partnership with an incumbent firm, the startup can *develop* a *sustainable business model*, and; (5) That the startup and the incumbent have an aligned *sustainability orientation*. Both cost-benefit and specific milestones related to circularity have been removed as motivational drivers from status 3 - negotiation in the revised, prescriptive framework in Figure 6.1.

6.1.2 Incumbent side

In subsection 3.3.4, we established a prescriptive framework that suggests motivational drivers in incumbents during the partner selection process in strategic partnerships with circularity startups. In the following section, we will examine the alignment between our findings and the proposed prescriptive framework depicted in Figure 3.3, as well as discussing the findings in light of the literature on the construction industry context (chapter 2) and partnerships (chapter 3).

Status 1 - search

It was suggested by our prescriptive framework (see Figure 3.3) that in status 1 - search, incumbents would have motivational drivers related to strategic problem solving, explore new markets and trends, rejuvenate corporate culture, retain talent, cost reduction, and sustainability transitions, when seeking circularity startups for strategic partnerships. This subsection addresses how the prescribed drivers relate to our findings.

Responding to the new agenda of circular economy through strategic problem solving

We found that strategic problem solving is an important driver for incumbents to search partnerships startups. The incumbents sought innovative solutions to their business challenges related to closing innovation gaps. For instance, Incumbent 3 searched for a software for making data driven decisions, in order to make sustainable building decisions during a building process. Another example is that Incumbent 2 was looking for an automated tool for mapping greenhouse gas emissions on materials in order to make greener decisions and thus be in line with the new laws and regulations, as this was something that Incumbent 2 did not have the knowledge or capacity to do in-house. In the construction industry today, there are new laws and regulations being introduced related to increased circularity in the industry, keeping track of greenhouse gas emissions (carbon accounting) and implementing circularity in industry processes (see chapter 2). Furthermore, there are signs of a new collective agenda in the industry today, such as the establishment of action plans (EC, 2017), networks (i.e., Nordic Network for Circular Construction) and projects (i.e., Building as Material Banks project). The new agenda creates market disruptions and insecurities for many big actors in the construction industry. Moreover, these market disruptions create market gaps and open up opportunities for new innovative solutions to be leveraged, with sustainable entrepreneurship serving as a driving force for sustainable development by connecting entrepreneurial processes, market transformations, and large-scale societal developments (Johnson & Schaltegger, 2019). One could thus explain why the incumbents seek collaboration with startups with the need to address these market transformations, by solving business challenges and closing innovation gaps in the market (Kohler, 2016).

Explore new markets and trends

Closing innovation gaps, might include introducing the market to radical environmental product and service innovations (e.g., Fichter & Clausen, 2013), which opens up possibilities for expanding to new markets. We found that the incumbents were motivated to seek startup partnerships in order to explore market trends and expand to new markets. In terms of market expansion, Incumbent 4 mentioned that through the collaboration with Startup 4, the two firms would create a new market for materials reuse, instead of only providing excess materials to a market exchanging excess materials from the construction sites. Market imperfections and customer demands were identified as drivers for incumbents to initiate partnerships with startups, which indicates a need for the incumbents to explore new markets. The findings also illustrated that the incumbents wish to stay updated on market trends. Not adapting their practices to changes in the market conditions might threaten the incumbent, bringing about negative consequences. For instance, economic loss such as a reduction in customer base or inability to attract new customers, could be a financial consequence of not staying updated on market conditions. Or the incumbent could harm its reputation by continuing linear practices even though the rest of the industry is taking steps towards circular economy practices. Incumbents are well equipped to perform incremental environmental innovation. Startups can introduce radical innovations in order to respond to market conditions (Fichter & Clausen, 2013). Thus, by collaborating with startups, incumbents can harness the innovation potential of startups (De Groote & Backmann, 2020) in order to react to market trends and explore new markets.

Rejuvenate corporate culture

In conjunction with being motivationally driven by public relations and marketing, we argue that the incumbents are motivationally driven to rejuvenate corporate culture. As Kohler (2016) emphasizes, working together with startups publicly sends strong signals to internal staff and external partners. A finding supporting this was Incumbent 3 mentioning that the decision to work closely with startups was a central decision, and through this the incumbent was motivated to get more experience with working with startups. This exemplifies a strengthened top management commitment, support and leadership towards improved collaboration between startups and incumbent firms in the construction industry, which contribute to overcome knowledge and cultural barriers in the construction industry (i.e., Wuni, 2022). The incumbent even mentioned that they have established routines for screening and evaluating startups, as a part of their company strategy. This finding illustrates how impactful top management decision making is in terms of collaborating with startups. Incumbents can improve their organizational capabilities for startup partnerships by developing a strategy for how startup activity should be managed by the incumbent, in order for the overall company strategy to enhance startup relationships. Inspired by the findings, developing organizational capabilities for startup partnerships can involve actions like allocating decision-making authority related to establishing startup partnerships to smaller business entities in the incumbent firm and establishing routines to identify and screen potential startups.

Furthermore, the literature emphasizes corporate accelerators as a way of tapping into startups' expertise, providing a "unique platform for long-term growth and corporate renewal" (Kohler, 2016, p.347), by adapting an open innovation approach to startup-incumbent collaboration. Today, there exists collaboration between construction companies in terms investing in property technology and construction technology startups[9]. We propose that if *several* incumbents collaborated on building a corporate accelerator for circular startups within the construction industry, one could contribute to reducing the economic, knowledge and cultural, technological and structural barriers for implementing strategic partnerships in the construction industry.

Implications for practice

Decision makers at the top management level in incumbent firms, aiming to rejuvenate corporate culture and enhance corporate social responsibility, should develop organizational capabilities for supporting partnerships with circularity startups. Developing organizational capabilities for supporting startup-collaborations can foster stronger commitment, support, and leadership from top management towards fostering collaborations between sustainability startups and incumbents. Furthermore, organizational capabilities can be developed through strategizing, developing standardized screening methods for identifying attractive startup-partnerships, allocating decision-making authority to business entities, or setting up a corporate startup accelerator, either individually or together with other incumbents.

Implementing circular solutions as a means for cost reduction

Cost reduction was not as prominent a driver from the findings as the drivers mentioned above. However, we found that the incumbents were strongly motivated to find solutions to materials reuse and the longevity of materials, which ultimately can be connected with reducing resource use. Transitioning the construction industry into circularity demands high upfront investments, and oftentimes makes for poor financial cases (i.e., Hart et al., 2019). These economic barriers might explain why some of the drivers are related to economic opportunities, also related to finding sustainable business models for reuse and repurpose materials in our findings. Also, by creating a market for reused materials, incumbents might be able to recapture value otherwise lost in material wastages. By following new laws and regulations (i.e., the EU taxonomy and building regulations), incumbents might cut costs related to jurisdictional lawsuits or collateral damage. We thus argue that the driver cost reduction is important in the search status for incumbent firms, although cost reduction might be a positive effect of the motivational driver strategic problem solving.

[9] For instance Construct Venture - https://www.constructventure.no/

Good communication, aligned goals and vision towards sustainability transitions

In terms of the motivational driver sustainability transitions, we found that the incumbents are highly driven by circularity. Aspects of circularity such as reducing greenhouse gas emissions, responding to laws and regulations from the government, reducing waste, improving the reuse of materials, finding tools and data driven information, are all drivers that are important in order to overcome barriers to implementing circular economy in the industry. The findings illustrate that the incumbents are embedding sustainability transitions into the company's core mission and values. Not only were the incumbents concerned with embedding sustainability into their core values, they also mentioned that a driver for working together with startups was that their goals and visions aligned. Another illustration of how the incumbents are working towards the structural barriers of implementing circularity in the construction industry, is that the incumbents emphasized that it was important for them to find a startup where there was good communication and that the startup would be willing to receive feedback and implement the feedback in their solution. Such collaboration between startups and incumbents is important to deliver the innovation potential of the startup to the industry (e.g., Chesbrough, 2003).

Retain talent

One of the incumbents mentioned building knowledge through collaborating with a startup as a means to attract "skilled people" and to improve the organization's ability to implement and execute circular initiatives. However, none of the incumbent-interviewees mentioned the opportunity to recruit talent from startups, such as entrepreneurs, engineers or other talent as a driver for searching for startups to collaborate with, which is emphasized in the literature (i.e., Alvarez & Barney, 2001). Furthermore, we did not find these findings persistent with the motivational driver retaining talent in the prescriptive framework.

In conclusion we found that when searching for circularity startups to initiate strategic partnerships, incumbents are motivationally driven by; (1) Closing innovation gaps and solving business challenges, in *strategic problem solving*; (2) Using startups to *explore new markets and trends*, by identifying new trends or using the startup to expand to new markets; (3) Using the collaboration with the startup, to *rejuvenate corporate culture*; (4) The potential *cost reduction* the startup's value proposal could provide, and; (5) Collaborating with the startup in order to contribute to industry *sustainability transitions*. The motivational driver retain talent has been removed from status 1 - search in the revised, prescriptive framework, which is illustrated in Figure 6.2.

Status 2 - exploration

In status 2 - exploration, our prescriptive framework (see Figure 3.3) suggests that incumbents are driven by motivational drivers like complementary resources and capabilities, strategic alignment, relational alignment, cost-benefit and circular compatibility, when exploring strategic partnerships with circularity startups. Following we will discuss how the prescribed motivational drivers align with our findings.

Long-term positive cost-benefit versus short-term exploitation

When incumbents are in the exploration status, incumbents must evaluate their own capabilities, consider potential partnerships, and decide which capabilities can be most effectively tapped into from outside partners and delivered through a certain innovation initiative (e.g., Batonda & Perry, 2003; Hogenhuis et al., 2016). In line with cost-benefit as a driver, we found that the incumbents emphasized benefits of switching to the startups solution as drivers for them to initiate partnerships with the startups. Furthermore, Incumbent 2, stressed that there had to be low switching costs for onboarding the incumbent organization to startup Startup 2's platform. Incumbent 4 was motivated by the fact that the startup's product could free up time and resources internally, which would be beneficial in terms of cutting costs. The incumbents thus emphasized cost-benefit as important when exploring a potential partnership.

In a long-term cost-benefit perspective, the ability of the startup to be a stream of new technologies (e.g., delivering inventive capability as described by Alvarez & Barney, 2001), is important both in order to reduce switching costs for the larger firm and to leverage these innovations to the market (Spender et al., 2017). Following this school of thought, in order to exploit the inventive capability of the startups and benefit greater from a partnership, the incumbents should develop a high level of absorptive capacity (Cohen & Levinthal, 1990), as discussed earlier. Alvarez & Barney (2001) stress that entrepreneurial firms often facilitate learning of their technology to incumbent firms and should be cautious that they do not do so to such a degree that the startup is in risk of being taken advantage of by the larger firm. Indeed, we found evidence that the incumbents were interested in learning together with, gaining experience from and sharing knowledge with the startup. However, we also found evidence that some of the incumbents were seeking long-term relationships with the startups. For instance, the incumbents valued the startups' potential to attain a strong market position. In terms of a strong market position, Incumbent 3 was concerned about the startup's competitiveness, that their product had a good timing with the market and that the startup already had provided a proof of concept in terms of market verification. Together with the finding that the incumbents were motivated by the opportunity to innovate their own company, these motives might indicate that some of the incumbents were concerned with gaining benefits long-term, and that they implicitly understood that startups that deliver innovative

capabilities can reduce risk associated with costs. Indeed, long term benefits were further emphasized in terms of switching costs.

Compatibility in terms of circularity, resources and capabilities

Building on the cost-benefit theory, resource and capability complementarity is important (e.g., Dwyer et al., 1987), which is evident from the partnerships investigated in this case study. Compatibility relates to technical alignment of complementary skills, technical competence and overlapping knowledge, as well as reducing the technical distance between the firms in order to develop efficient partnerships (e.g., Emden et al., 2006; Ford, 1980). There is a lack of education and information on how to close the resource loops in the industry and reduce material use in the construction industry today (Munaro & Tavares, 2023). Furthermore there is a lack of market mechanisms to aid recovery, a fragmented supply chain and a lack of a holistic approach in the industry (Adams et al; 2017). By mapping the potential for material reuse, identifying greenhouse gas emissions and accessing circular networks, the incumbents have self-educated on circular practices. The incumbents also showed a willingness to work against the existing barriers by taking a holistic perspective and collaborating with startups. For instance Incumbent 3 emphasized how the resources they could provide the startups could prosper growth in Startup 3, and reflected on how Startup 3's growth ultimately would benefit the incumbent. The holistic perspective was further reflected on by Incumbent 4. It was important that the partner selection process was well balanced and that both parties experienced a partnership with mutual benefits.

The findings highlight the significance of resource and capability compatibility, particularly in terms of circularity, between incumbents and startups. Incumbents acknowledged the complementary role of startups in enhancing their circular capabilities, recognizing the need for changes across the construction industry's value chain to effectively implement a circular economy. Additionally, the literature reveals that startups play a crucial role in the initial and formative stages of market transitions, while incumbents take on a more prominent role in the later stages of industry growth and maturity (Hockerts & Wüstenhagen, 2010; Trautwein, 2021). The incumbents identified specific gaps in the industry, such as the challenges of developing profitable business models and the need for digital tools for emission data and material brokers. Furthermore, the startup they were exploring a relationship with exhibited strong compatibility in terms of circularity. These findings suggest that compatibility, encompassing both circularity and resources/capabilities, serves as important drivers for incumbents to stimulate their own innovation activities (e.g., Hogenhuis et al., 2016) and facilitate industry transition through reconfiguration pathways (e.g., Geels et al., 2016).

Strategic alignment

While compatibility in terms of resources and capabilities is manageable, strategic and relational alignment (e.g., Emden et al., 2006) is more intricate due to the asymmetry in the types of organizations (De Groote & Backmann, 2020). Strategic alignment refers to whether the two partners' motives for going into a strategic partnership are aligned and whether their goals are non-competing (Emden et al., 2006). The findings illustrate that although there is a strong emphasis for the incumbents to favor solutions with a positive cost-benefit correspondence. Moreover, the incumbents showed forward-leaning characteristics, intending to use the startups as a driving force toward sustainable transitions (e.g., Johnson & Schaltegger, 2019). A few of the incumbents mentioned that PR is an important part of collaborating with a startup and that the startup had to be willing to use their project in PR, which refers to having aligned motives and non-competing goals (Emden et al., 2006). In terms of coherent motives, the incumbent stressed that they together with the startups could co-develop products, making the products and services tailor-made for the incumbents' innovation activities, and learn together with and from the startups. This resembles the scenario that Alvarez and Barney (2001) warn startups to be aware of; to the degree the technology has any market potential, the incumbent firm is frequently able to realize the potential of the startup's new technology.

Due to the startup's willingness to adapt its technology to the incumbent firm, it might be unable to prosper and grow, in spite of an alliance success (Alvarez & Barney, 2001). However, we found contradicting evidence to this theory. We already discussed some of the incumbents' holistic industry approach. Furthermore, Incumbent 4 emphasized that in order for Startup 4 to create a circular service that is sustainable in the long term, it is important that the startup is allowed to work non-exclusively. For this case, non-competing objectives between the incumbent, the startup, and the startup's other partners were essential in order to create a fully-fledged circular service. This is in line with findings from both Partnership 1 and Partnership 4, where the attraction was rooted in the startup's creation of a market for reused products. Our findings also illustrate how this could be case-dependent, with Startup 2 emphasizing how Incumbent 2's product requirements allowed for developing a standardized, and thus more scalable product, which was not over-specialized. Whether any of the partnerships will prevent the startups' further growth is still inconclusive. However, it is evident that strategic alignment is an important driver for the incumbents to initiate strategic partnerships with the startups. We thus argue that players in the construction industry are starting to approach the industry in a holistic way. Furthermore, it opens up for a discussion on whether Alvarez and Barney (2001) theory on incumbents' opportunism is still evident in the construction industry. We propose that some actors in the Norwegian construction industry have realized that acting only on self interest is insufficient if the actors are to be able to react to current market transitions and sustain their circular efforts, and thus competitiveness, in the long term. This should be further researched in the future.

Field for further research

Scholars should investigate how the transition of the construction industry into circularity affects opportunism among incumbent firms in the construction industry.

Relational alignment and prior experience with the startups

Based on our findings, the motivational driver retaining talent was misplaced in the search status. Retain talent refers to tapping into the competence that employees in startups often possess (Kohler, 2016), with this competence relating to expertise within technology, research and engineering. Findings indicate that the incumbent firms were motivated by working together with startups that are hands-on, and motivated teams that listen to feedback and are willing to adapt and learn. However, these findings did not directly relate to the startups' technical skills, although they do emphasize soft skills in the startup as important traits. The startups' abilities to adapt to and learn from the partnership can be described as the startups propensity to learn and adapt, supporting the proposal that incumbents are motivated by good relational alignment with the startup. Prior experience with a member of the startup was also a motivating factor, as Incumbent 3 mentioned, however the fact that there existed a personal relationship prior to the startup-incumbent relationship was not as important as the door opener-effect that the former personal relationship had. De Groote and Backmann (2020) argues that prior business relationships fosters exchange of knowledge and minimizes the risk of opportunistic behavior. This could also refer to the degree of compatibility between firm cultures. Emden et al. (2006) defines relational alignment as the degree of which the startup and incumbent have compatible cultures which fosters integration, sharing the same sense of propensity and perception of the time horizon on the project. Building on this definition, together with the finding of common perception of time horizons, it is apparent that relational alignment is a prominent motive for incumbents to initiate strategic partnerships with startups. Prior experience with the startup was not a prominent motivational driver in the findings, due to the selection of cases for this study. Further studies could investigate to which degree prior experience with the startup affects the incumbent's willingness to collaborate with a startup through a strategic partnership.

Field for further research:

Scholars should investigate to which degree prior experience with startups affects the incumbents' willingness to collaborate with a startup through a strategic partnership. This could be done through a qualitative study.

We thus conclude that when exploring strategic partnerships with circularity startups, incumbents are motivated by; (1) The startup's *complementary* in terms of *resources and capabilities*; (2) That there exists a *strategic alignment* between the startup and the incumbent; (3) That there exists a *Relational alignment* between the startup and the incumbent; (4) That there is an appropriate *cost-benefit* equation from the partnership, and; (5) That the complementarity in terms of resources and capabilities promotes a *circularity compatibility* between the startup and the incumbent. No changes were made in status 2 - exploration in the revised, prescriptive framework in Figure 6.2.

Status 3 - negotiation

In status 3 - negotiation, our prescriptive model/framework (see Figure 3.3) suggests that incumbents are driven by motivational factors like trust, cost-benefit, obtaining appropriate governance structures and property rights, having aligned sustainability orientations, and setting specific milestones related to circularity, when negotiating on strategic partnerships with circularity startups. Following we will discuss how the prescribed motivational drivers align with our findings.

Trust and property rights

We found that trust, flexibility and shared value creation were interconnected drivers in the negotiation. The findings illustrate that the incumbents, either intentionally or unconsciously, through their motivation related to trust, flexibility and shared value creation, implicitly emphasized mitigation of relational and performance risk of a potential partnership. Incumbent 2 and Incumbent 4 emphasized trust as an important motivational driver during the negotiations. Furthermore, while Incumbent 4 wished for a good dialogue throughout the partnership, Incumbent 2 weighted flexibility to change requirements during the partnership as important, which relates to mitigating the relational risk (i.e., Das & Teng, 1996). Furthermore, flexibility seemed to be a two sided coin, where on the positive side, flexibility could lead to a more agile collaboration, as Incumbent 2 implied, which relates to reducing the performance risk (Das & Teng, 1996). On the other side, flexibility could also lead to lower commitment to the partnership from the incumbent, as we found for Partnership 1, increasing relational risk. Shared value creation was important, where both parties would gain from the partnership, as Incumbent 1 and Incumbent 4 emphasized. In terms of shared value creation, there was also a discussion on property rights, For instance, Incumbent 1 and 4, who both worked with materials reuse, were concerned with who should have the rights to the materials. This was important in order to ensure an economic viability in the partnership, relating to the mitigation of performance risk. Furthermore, in line with flexibility and property rights, Incumbent 2 stressed that they needed to have the opportunity to exit the partnership, and be able to extract all data from the partnership, if the partnership did not stand to the incumbent's expectations, thus mitigating performance risk for the incumbent, all the while creating a relational risk for Startup 2.

In the construction industry, there exist structural barriers related to poor interest, knowledge, skills, communication, collaboration and cooperation throughout the value chain, as well as high competition and differing interests and motives among industry actors (Adams et al., 2017; Hart et al., 2019). This would suggest that the trust that incumbents have towards new entrants introducing innovations would be low, especially when the startups' legitimacy is low. However, overall, we found that at least three of the incumbents to some degree showed trust, either related to the performance of the performance or the partnership itself, even though there existed substantial risk entering into strategic partnerships with the startups. In the partnership where we found the trust to be low, we also found a relational risk of a partner not cooperating fully (e.g., Das & Teng, 1996). Therefore, we contend that for startups to establish effective partnerships aimed at overcoming the structural barriers in the construction industry, it is crucial for them to assess the level of trust and motivation present within incumbents towards potential collaborations. We propose this as an implication for practice.

Implications for practise:

Managers in startups must recognize to which degree incumbents are motivated by trust in a potential partnership. The level of trust in an incumbent is important in order to create functioning partnerships that are fitted to collaborate on reducing the structural barriers in the construction industry.

Cost-benefit

The incumbents stressed that there had to exist a financial sustainability in the startup-partnership, as startups might pose an investment cost over time, binding them to the incumbent prior to becoming liquid (Katila et al., 2008). Furthermore, we found that the incumbents needed to reduce the transactional costs of partner search, preparation, execution and monitoring, which is furthermore supported by the literature on startup-incumbent partnerships (Langfield-Smith; 2008). As Hyytinen et al. (2015) emphasize, although startups make for attractive partners for strategic partnerships due to their flexibility and receptiveness towards radical and disruptive innovations, startups with high levels of innovativeness have a lower level of survival. It is thus imperative that incumbents would want to reduce the financial risk related to startup partnerships.

Formalizing level of governance with silo-like incumbents

Effective mechanisms for alliance governance can be equity sharing or ownership, contractual provisions, or even relational governance (i.e., Dwyer et al., 1987; Kale & Singh, 2009). In the theory, there seem to be arguments that incumbents seek formalized governance mechanisms to reduce the risk

of future negotiations (Masten, 2000). Furthermore, we have found that the incumbents seek a degree of flexibility. In general, we found that the incumbents were not too concerned with contractual arrangements, and that communication throughout the project period was more important.

Arguably, the incumbents' apparent indifference towards contractual arrangements could stem from incumbents' organizational silos and lack of collaborative approaches across business entities (see chapter 2, barriers in the construction industry). For instance, companies with policy makers located far away (either physically or organizationally) from the startups' contact persons in the incumbent firms might constitute a barrier in information flows, such as contractual arrangements. The opposite was exemplified with incumbent 4, where the company structure supported agile and individual decision making within each business entity. As Usman and Vanhaverbeke (2017) suggest, entrepreneurs with former working experience in incumbent firms are better equipped to navigate partnerships with larger entities. Building on this, startups tend to be more reactive than resource rich organizations in exploring collaborative opportunities (Park et al., 2002). We thus propose that one implication for practice is that startups should proactively self-educate on how to navigate in larger, silo-like incumbents in order to reach the right decision makers, who can ensure an appropriate level of governance of the partnership, for instance through a contractual arrangement.

Implications for practise:
Startups should proactively self-educate on how to navigate in larger, silo-like incumbents in order to reach the right decision makers who can ensure an appropriate level of governance of the partnership.

CSR, environmental reputation and long term performance of startup-incumbent partnerships

Another finding, in terms of governance levels, relates to profit driven incumbents and incumbents with a strong corporate social responsibility (CSR). In one of the partnerships, we found a relation with the motive of wanting a greener profile in terms of PR and the flexibility to exit the partnership if there came a firm that could provide circularity services at a more competitive price than the startup. In terms of PR, collaborating with sustainability actors can increase the incumbents' sustainability reputation (Albino et al., 2012), facilitating a response to institutional pressures from regulatory systems, industry norms and community stakeholders (Lin & Darnall, 2014). Given that legitimacy plays a crucial role in fostering competitiveness, it is natural to question whether the motive behind some incumbents' adoption of sustainability practices is primarily profit-oriented. This again might relate to the

conservativeness and high degree of rivalry residing in the construction industry (e.g., Hart et al., 2019). On the other side, we found a strong relation of wanting to spread sustainability in the industry, and the emphasis on trust and communication between the actors The Incumbent 4 demonstrated its commitment to the Startup 4's sustainability mission by offering flexibility through a non-exclusive contract, which encouraged the startup to pursue collaborations with other industry actors. This exemplified the incumbent's strong CSR orientation, indicating that the incumbent was driven by a social mission. Moreover, the alignment of cognitions, expectations, mindsets, norms, and values between a startup and an incumbent firm is highlighted as a crucial success factor for strategic alliances (O'Reilly et al., 1991), and is an important aspect of relational alignment between the parties (Emden et al., 2006). Relational alignment also emphasizes the long term orientation of the firms entering a strategic partnership, which refers to the willingness to make short term sacrifices for long term results (Emden et al., 2006).

Arguably, strategic partnerships where a long term orientation is not in place, lack trust in that the partner mitigate the performance risk, and trust that the startup will not achieve the incumbents' alliance objectives, even if the partners do cooperate fully (Das & Teng, 2001b). However, the lack of trust in terms of performance might affect the overall trust in the partnership, and thus increases the relational risk that the incumbent might not cooperate fully (Das & Teng, 2001b). As the alliance success is impacted by the synergy of suitable governance structures, effective management control systems and trust (e.g., Langfield-Smith, 2008), we found a need to investigate the importance of CSR, compared to environmental reputation as motivational drivers for successful strategic partnerships between sustainability startups and incumbent firms. Our findings are limited, however, the findings present an interesting field for further research. We thus propose that a field for further research could be to investigate whether incumbents' environmental reputation as a main motivational driver compared to CSR-orientation as a main motivational driver impacts the performance for a strategic partnership with startups.

Field for further research

Scholars should investigate how incumbents' environmental reputation as a main motivational driver, compared to CSR-orientation as a main motivational driver, during a partner selection process, impacts the performance in strategic partnerships with circularity startups.

There exists a risk to startups related to the motives of incumbents behaving opportunistically (e.g., Alvarez & Barney, 2001), in order to show a good sustainability reputation (Albino et al., 2012). From

our findings, it is likely that startups must navigate industries where there exist both incumbents that are profit driven as well as CSR-oriented incumbents. Thus, startups need to understand when dealing with the different types of incumbents and how to negotiate agreements where circularity is as central as economic sustainability with both types of incumbents. Implications for practice are that startups must learn how to market themselves on the basis of social mission, as well as how to market themselves on the basis of the economic benefits of becoming more circular.

Implications for practise

Startups must learn how to market themselves on both the basis of social mission and economic benefits of becoming more circular. By effectively marketing themselves based on both the social mission and economic benefits, startups can attract a diverse range of stakeholders, including customers, investors, and strategic partners, who are motivated by different factors. This comprehensive approach enables startups to build credibility, create value, and drive the adoption of circular practices, ultimately contributing to the overall success and sustainability of their ventures.

Specific milestones related to circularity and sustainability orientation

Our findings show that, in addition to an appropriate governance structure, the sustainability orientation was an important driver in the incumbent firms. As discussed, the incumbents colored the negotiation with their strategic orientation, either if this strategic orientation was CSR-oriented or motivated by environmental reputation. Furthermore, the trust some of the incumbents emphasized during the negotiation status might be rooted in the motive of enhancing their own competitive advantage (i.e., Porter & van der Linde, 1995), where a sustainability reputation would promote a point of differentiation relative to the rest of the market (e.g., Stadtler & Lin, 2017).

Regarding specific milestones related to circularity, our findings did not provide evidence to suggest that milestones were a significant motivational driver. However, the potential of transitioning the construction industry towards circularity, with a focus on reducing and reusing materials, as well as the potential of these solutions to drive sustainability-oriented initiatives, was more so an influential driver. The comprehensive emphasis on circularity from the incumbents may still serve as a crucial facilitator for circularity transitions. In the context of forming a partnership agreement, several elements come into play. Activities, responsibilities, and roles are explicitly defined, establishing a power dynamic that shapes the beliefs and behaviors of each party based on the firm's authority and dependence (Batonda & Perry, 2003; Frazier, 1983). Norms gradually emerge, and both firms develop aspirations and

expectations for the partnership, encompassing goals and motivations (Dwyer et al., 1987; Frazier, 1983). Thus, the sustainability orientation of each partnership is likely to influence the norms, power dynamics and beliefs within the partnership, which will greatly influence how the partnership will contribute to the green shift in the long term.

We thus conclude that when negotiating on strategic partnerships with circularity startups, incumbents are motivationally driven by; (1) Mutual *trust* with the startup, that none of the parties will behave opportunistically towards the other; (2) That the transactional cost of choosing to collaborate with a startup is less than the benefits gained from the partnership, i.e., *cost-benefit*; (3) That *property rights* are assigned appropriately to the two parties; (4) *Appropriate governance structures*, and; (5) The degree to which the startup's and the incumbent's *sustainability orientation* are aligned. The motivational driver specific milestones related to circularity have been removed from status 3 - negotiation in the revised, prescriptive framework in Figure 6.2.

6.1.3 Revised prescriptive frameworks for practitioners of the partner selection process in circularity startup-incumbent strategic partnerships

Based on our findings and the discussion above, we have rectified our two prescriptive frameworks (from subsection 3.3.4) for motivational drivers in a circularity startup-incumbent partner selection process. The rectified framework on motivational drivers in circularity startups in a partner selection process is shown in Figure 6.1 and motivational drivers in the incumbent side is shown in Figure 6.2.

The frameworks can be used by practitioners, such as managers in startups and managers in incumbents, in order to enhance decision making throughout a partner selection. For instance, managers in circularity startups could use the framework in Figure 6.2 in a selection process with incumbents, and managers in incumbents could use the framework in Figure 6.1 in a partner selection process with circular startups. For instance, managers in circularity startups could use the framework in Figure 6.2 in a selection process with incumbents, and managers in incumbents could use the framework in Figure 6.1 in a partner selection process with circular startups. The two final frameworks have not been tested during an interview or in a real life scenario. Testing the frameworks further is outside the scope of our thesis, and should therefore be done through future studies. Furthermore, the prescriptive frameworks are developed in the context of the construction industry. The two final frameworks should thus be tested in other sectors where the transition towards circular economy is an important enabler of sustainability transitions, such as for instance the electronics and ICT, textiles, food, waste and recycling and other industrial sectors.

Fields for further research:

Scholars should test the applicability of the two prescriptive frameworks (in Figure 6.1 and Figure 6.2) for motivational drivers in a partner selection process in a circularity startup-incumbent strategic partnership through a qualitative study. Furthermore, these frameworks should be tested in the context of other circular economy sectors in order to test the frameworks' generalizability.

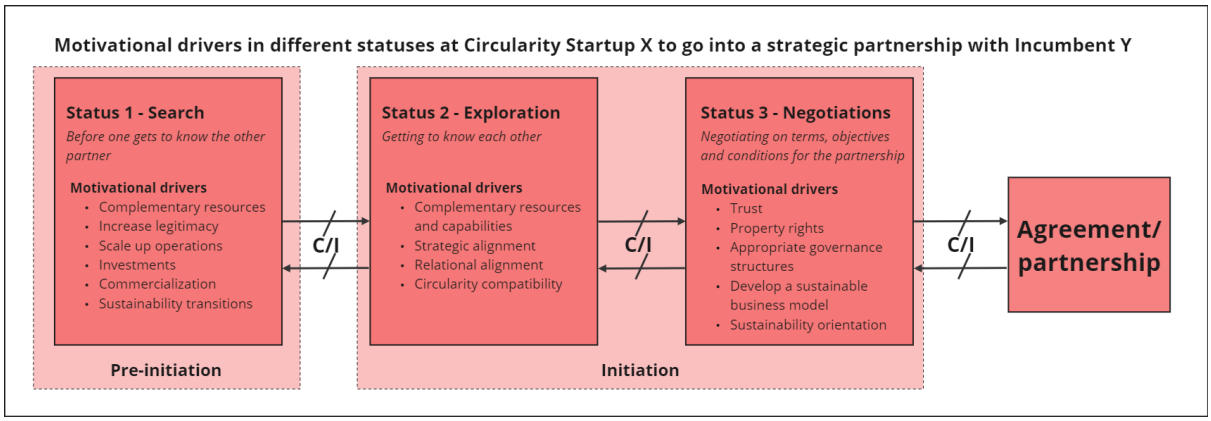


Figure 6.1: Our revised prescriptive framework of motivational drivers in startups in a circularity startup-incumbent partner selection process. The framework can be used by practitioners in order to support decision making in a circularity startup-partner selection process. There are certain forces during a partner selection process which makes the process progress or regress regress (converters, abbreviated C in the figure), and which makes a process liner (inhibitors, abbreviated I in the figure).

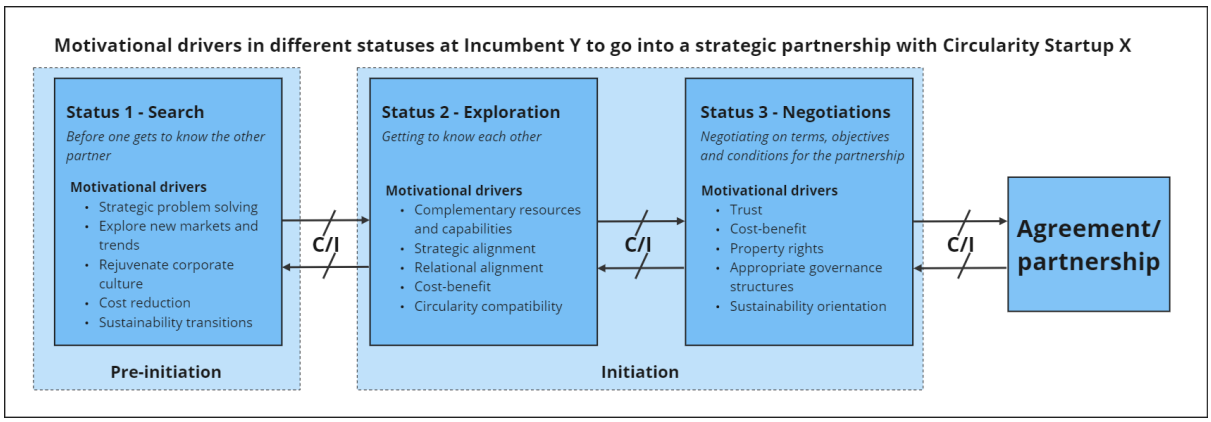


Figure 6.2: Our revised prescriptive framework of motivational drivers in incumbents in a circularity startup-incumbent partners selection process. The framework can be used by practitioners in order to support decision making in an incumbent-partner selection process. There are certain forces during a partner selection process which makes the process progress or regress regress (converters, abbreviated C in the figure), and which makes a process liner (inhibitors, abbreviated I in the figure).

6.2 Identification and harmonization of motivational drivers

In this chapter we will discuss the findings in order to answer RQ2 and RQ3. The findings will be discussed in light of the literature and the industry context. 6.2.1 discusses how startups identify incumbents' motivational drivers, and to which degree startups understand incumbents' motivational drivers. 6.2.2 discusses how incumbents identify startups' motivational drivers, and to which degree incumbents understand startups' motivational drivers. Finally, in 6.2.3, we will discuss why it is important to understand the motivational drivers of their potential partners in strategic partnerships between startups and incumbents.

6.2.1 How do startups identify incumbents' motivational drivers in the partner selection process, and to what degree do they really understand the incumbents' drivers?

The purpose of this question is to discuss RQ2 from the startup perspective of a startup-incumbent strategic partnership.

Startups understand the incumbents' motivational drivers to a high degree (see section 5.2). One reason for this is that startups are motivated to uncover user needs in order to verify a product idea and obtain a product market fit, which we found to be dominant motivational drivers in all statuses in 5.1. Furthermore, we found that this relates to the prescribed motive resource complementarity (in 6.1.1). Startups are conscious that the motivational drivers of the incumbent partner is important. Moreover, they emphasize that the incumbent's motives are relevant in terms of being able to collaborate well and co-develop products or services that can enhance environmental sustainability (as found in 5.3). Startups seek complementary resources in order to overcome liabilities of smallness (e.g., Partanen et al., 2014), and might invest heavily in relation specific assets (Chen & Chen, 2002), due to the asymmetric power structures in the partnership (Dwyer et al., 1987), in order to gain access to these resources. A well known concept amongst entrepreneurship-researchers is Sarasvathy's (2001) theory on effectuation and causation. This theory is outside the scope of our study, hence we will not go in depth on the theory of effectuation and causation. However, we see that there are strong similarities between our findings and the theory on effectuation and causation. Theory on effectuation emphasizes that startups tend to exploit resources and opportunities at hand (Sarasvathy, 2001), and due to their resource-poor nature, are more reactive in terms of strategic partnerships (e.g., Park et al., 2002). This can for instance be seen in terms of how the startups identified feasible incumbent projects and decided to move further on in a partnership, due to the incumbents complementarity. Furthermore, we argue that this illustrates that managers in startups have a mindset to uncover the needs of their partner, in order to leverage

contingencies (e.g., Sarasvathy, 2001), and thus understand their incumbent partners' motivational drivers through uncovering their needs. On the other hand, causation is seen for some of the incumbents, who seek to identify the optimal, fastest, cheapest, and most efficient alternative to achieve the given goal (Sarasvathy, 2001), thus investing resources to proactively seek out the most fitting startup partner (Park et al., 2002). The intersection of theory on effectuation and causation with literature on partner selection process, represent an interesting avenue of further research, however, we have chosen to leave this up to future studies.

Moreover, another reason why startups understand incumbents' motivational drivers to a high degree, is that they emphasize relational alignment as important when evaluating the attractiveness of a potential partnership (see subsection 6.1.1). Startups emphasize relational alignment, for instance through cultural compatibility and shared sense of propensity (e.g., Emden et al, 2006) with the incumbent firm, and valuing shared learning, collaboration and personal relationships with the employees in the incumbent firm. The intimacy in terms of relationship building towards the incumbents, is also reflected in how startups uncover incumbents' motivational drivers. For instance, through direct communication and networking, as well as basing their assumptions on the incumbents' motivation on their previous experiences with incumbents (see section 5.3). These methods are intimate, and chosen over screening or testing methods (see section 5.3), where there arguably is more distance between the firms. Furthermore, the degree to which startups understand incumbents' motivational drivers is reflected in the startups confidence when assuming, stating beliefs or even guessing about the incumbents' motivational drivers (see section 5.3).

Finally, a reason why startups largely understand incumbents' motivational drivers are related to the startups' survival. As found in the revised prescriptive frameworks (see section 6.1.3), there exists an inherent asymmetry on why startups and incumbents seek collaboration with each other. In a resource based view, one could compare the motivational drivers in startups and incumbents to the well-known Maslow's hierarchy of human needs (see Figure 6.3 for terms). At the bottom of a hierarchy of needs are the *physiological needs*, which in business context relates to the startup's need for mitigate their liabilities of newness and smallness (lack of legitimacy and resources, respectively, e.g., Partanen et al., 2014) in order to commercialize their product or service. In a longer term, the motivational drivers in startups investments and scaling up operations relate to *safety needs* in the hierarchy. The ambition to contribute to sustainability transitions relates to *self-actualization*. The ambition is an inherent motivational driver of sustainability startups and can only be accomplished when the pyramid is completed in the lower levels. At the incumbent side, one could place cost-reduction as a safety need, as incumbents obviously have larger margins to operate with, compared to startups. In order to satisfy needs in the third level of the hierarchy and thus experience *love and belonging* by external partners and internal staff, working with startups can rejuvenate corporate culture. Strategic problem solving is

all about *esteem*, being recognized as a forward oriented company. Finally, exploring new markets and trends and contributing to sustainability transitions is a way for the incumbent to self-actualize, by becoming the best version of itself. Furthermore, if the startups do not obtain their basic needs, they will not survive in the business world, especially not in an environment where there is high competition and rivalry, such as in the construction industry. Thus, identifying the motives of incumbent firms is a primal instinct of startups.

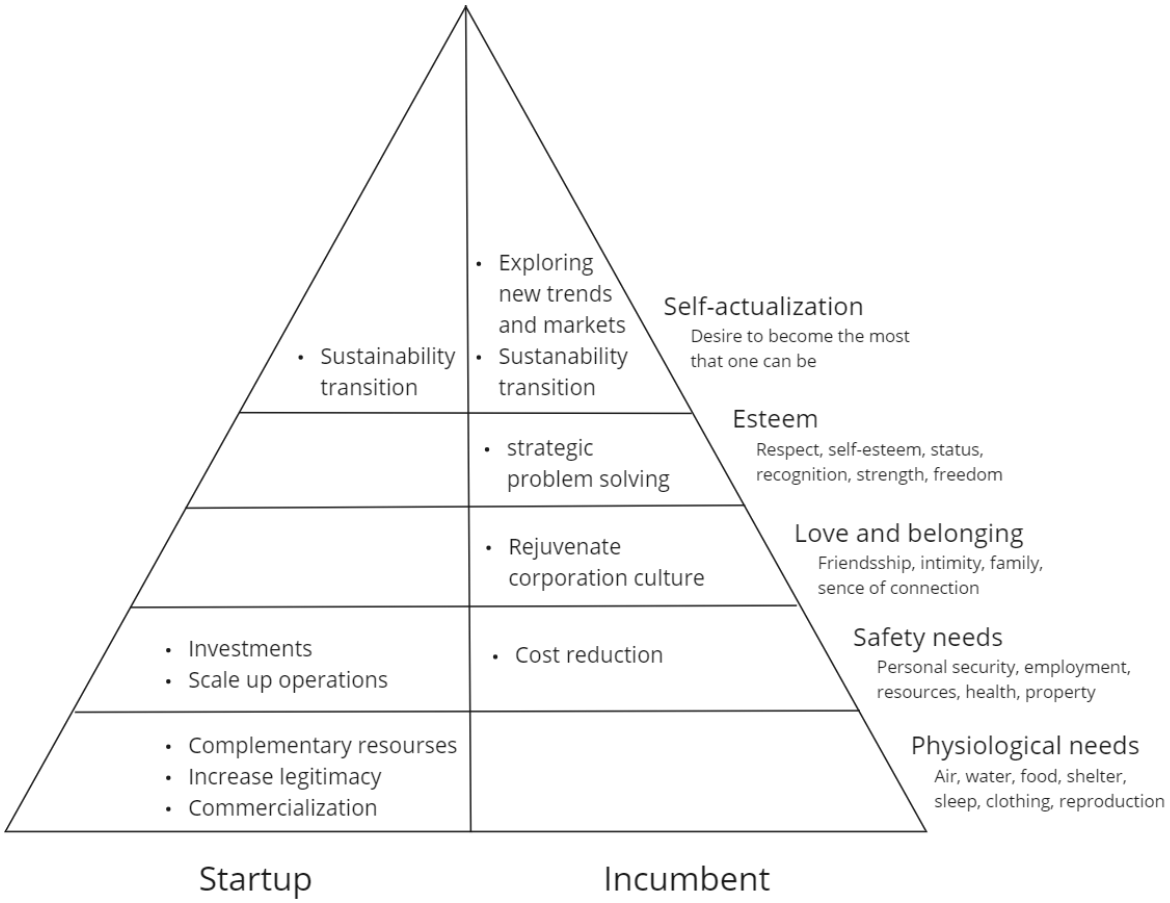


Figure 6.3: Illustration of asymmetry in startups and incumbent firms in why they seek strategic partnerships, illustrated with the use of Maslow's hierarchy of human needs[10].

In order for startups to survive, it is important to understand motivational drivers of incumbents. There exist some limitations in our prescriptive framework for motives in incumbent firms, in terms of the nature of the motivational drivers. For instance, startups must manage dialog with different organizational entities in incumbents (as mentioned in subsection 6.1.1). It is thus important to understand the motivational drivers for each separate entity within the incumbent firm, for instance the finance department, the top management and project management, in order to be better equipped for negotiations for a strategic partnership with the incumbent firm (i.e., Usman & Vanhaverbeke, 2017).

[10] https://www.simplypsychology.org/maslow.html

We thus propose that a field for further research is to investigate motivational drivers for strategic partnerships with startups in different organizational entities in the incumbent firm.

Field for further research

Scholars should investigate motivational drivers in different organizational entities in incumbent firms for strategic partnerships with startups, in order to create a framework that startups can use to leverage their potential during negotiations.

Furthermore, the framework is limited in terms of how it differentiates between different dimensions of motivational drivers, for instance in terms of intrinsic and extrinsic motivational drivers, as well as motivational drivers on a personal and company level. Scholars could in the future investigate motivational drivers on both sides of startup-incumbent strategic partnerships, in two dimensions. Namely, intrinsic-extrinsic dimension, and personal-company dimension. Understanding motivational drivers at a deeper level might help understand how parties in a partner selection process weigh their motivational drivers. For instance, the literature on motivation emphasizes that extrinsic motivation will always overrule intrinsic wants (e.g., Reiss, 2012). Furthermore, Frazier (1983) emphasize that in exchange channels behavior, the organizational and personal factors will influence (1) when the need for a relationship is recognized; (2) the strength and the content of the motive for the relationship; (3) the extent of the search for a partner, and; (4) what the parties expect in terms of rewards from the partnership. We propose that investigating motivational drivers in these dimensions in startup-incumbent strategic partnerships could be an interesting avenue of future research.

Field for further research

Scholars should thus in the future investigate motivational drivers on both sides of startup-incumbent strategic partnerships, in two dimensions. Namely, intrinsic-extrinsic dimension, and personal-company dimension. This type of research could for instance utilize a matrix-framework for mapping out the motivational drivers in the dimensions:

Motivational drivers	
intrinsic-personal	extrinsic-personal
intrinsic-company	extrinsic-company

In conclusion we found that startups understand incumbents' motivational drivers well, due to (1) their need to understand incumbents' needs and wants in product or service development, (2) their relational nature and (3) their basic need for resources in order to survive. Startups' relational nature is reflected in their choice of methods for identifying motivational drivers in incumbent firms, namely through direct communication, networking and experience.

In terms of the industry context that this research is performed within, there are some implications. By identifying incumbents' motivational drivers for entering partnerships with the startups, the startups are better equipped to develop solutions that satisfy both the incumbents' wants and needs. Furthermore, leveraging solutions to the market that fills in market gaps can reduce technological barriers and structural barriers for implementing circularity in the industry (see chapter 2). In our proposed prescriptive framework, we suggested that incumbents are motivated to collaborate with startups in order to rejuvenate corporate culture, inspiring internal staff to think innovatively, while sending strong signals of improved environmental reputation and legitimacy to external partners (Albino et al., 2012; Kohler, 2016; Lin and Darnall, 2014). By putting this school of thought into a system perspective, one might argue that through circularity startups taking up space in the industry, they contribute to rejuvenating the industry culture, improving the innovation degree and reducing the conservatism in the construction industry as a whole. Furthermore, this change of paradigms within the construction industry may pave the way for new startups to diffuse sustainability into the industry, pushing the industry towards circularity.

6.2.2 How do incumbents identify startups' motivational drivers in the partner selection process, and to which degree do they really understand the startups' drivers?

The objective of this section is to discuss RQ2 from the incumbent perspective of a startup-incumbent strategic partnership. As demonstrated in our findings, incumbents understood the motivational drivers of startups only to some degree, contrasting to the high degree of understanding demonstrated by startups.

One explanation for this could be incumbents' heavy emphasis on strategic problem solving (see section 5.1 and 5.2). For instance, the incumbents' focused heavily on the value proposition of startups' products and services throughout all three statuses in the partner selection process (see subsections 5.1.2 and 6.1.2). Since innovation-relevant knowledge increasingly is found external to incumbent firms, incumbents seek strategic partners in startups to benefit from their specialist knowledge, in order to foster strategic problem solving and to exploit specific knowledge to solve a current business problem

(i.e., Freytag, 2019). The tendency to seek external resources to solve business problems, rather than investing in internal resources, can be explained partly by the organizational capabilities of large, slow-moving incumbents, compared to agile and fast-paced startups. Further, our findings show that incumbents put more emphasis on solving occurring business problems, than long term strategic alignment. This is substantiated by the fact that it is more common for incumbents to collaborate through temporary rather than long-term partnerships with startups (Freytag, 2019). Our findings also showed that incumbents were not too focused on retaining talent from startups, which adds to this reflection on outsourcing problem solving and down-prioritizing relational aspects of a startup partnership. Furthermore, deterring from internal investments in new growth initiatives is likely driven by the intense short-term pressures experienced by incumbents (i.e., Freytag, 2019; Kohler, 2016). In order to overcome such pressures and to sustain competitiveness, an incumbent is likely to take a cost-benefit approach where they value task related criteria, such as a startup's legitimacy and the value proposition their product and service, rather than partner related criteria such as understanding the motivational driver of their partnering startup (i.e., Geringer, 1991).

This results-oriented, transactional approach, contrasting to startups process orientation (i.e., relation-specificity), partly explains why some incumbents found that identifying startups' motives were irrelevant (see section 5.3), as compared to the value the startups' product would bring the incumbent. Thus, incumbent's emphasis on solving business problems partly explains why they demonstrate a lesser ability to understand the motivational drivers of startups, than the other way around. Firstly, as our research does not address the outcome of the strategic partnerships that were studied, the question arises of what effect asymmetric understanding of motivational drivers between startups and incumbents has on the outcome of strategic partnerships. Thus, we suggest scholars investigate how the asymmetric understanding of motivational drivers in incumbent-startup partnerships affects the outcomes of strategic startup-incumbent partnerships. Depending on how outcome is measured, studies could employ a qualitative or a mixed type method. We thus provide the following field for further research:

Field for further research

Scholars should investigate how the asymmetric understanding of motivational drivers in incumbent-startup partnerships affect the outcomes of such partnerships. Studies could employ either a qualitative or mixed type method, depending on how outcome is measured.

Furthermore, addressing the discussion relating to incumbents' cost-benefit approach to solving business problems, we wonder whether the lack in understanding the motivational drivers of startups

affect the cost-benefit balance. For instance, by not understanding a startups' motivations for entering a partnership, an incumbent might not obtain all relevant knowledge in order to inform a cost-benefit evaluation of a potential partnership with that startup. An example can be failing to understand the startup's emphasis on motivational drivers that are short- or long-term oriented. Building on this, we argue that understanding a startup's motivational drivers can provide valuable insight on how the startup would align with an incumbent's strategy. Thus, in order to enhance their ability to identify feasible, cost-beneficial startups to enter into strategic partnerships with, incumbents should increase efforts to understand the motivational drivers of startups with promising innovations. We thus propose the following implication for practice:

Implication for practice

Incumbents should increase their efforts to understand startups' motivational drivers in order to enhance their own ability to identify startups for feasible, cost-beneficial strategic partnerships.

Building on the discussion related to solving business problems, another possible explanation for why incumbents understand startups' motivational drivers only to some degree could be startups being more inclined to adapt their strategy so that the partnership aligns with the incumbent's strategy. Partnering with an incumbent can induce a startup to change its strategy in order to optimize the benefit derived from the partnership (Freytag, 2019). This theory implies that a startup is more adaptive in an asymmetric startup-incumbent relationship, for instance by co-developing a product in accordance with the incumbent's specific needs, rather than building a general and more scalable product. Similar claims are made by Medlin (2006) and Munksgaard et al. (2015) who found that the bigger party's interests tend to influence the collective interest in a partnership (Medlin, 2006; Munksgaard et al., 2015).

Startups being more prone to adapt in an asymmetric startup-incumbent partnership could also help explain why incumbents are insecure about the startups' motives, and to a larger extent than startups guess when they talk about the startup's motives i.e., assuming, stating beliefs or guessing about motives (see section 5.3). In terms of tailoring products to the incumbent's needs (e.g., Medlin, 2006), the trade-off between product specificity and scalability was only addressed in one of the partnerships. Nonetheless, the lack of understanding which incumbents demonstrated for startups' motives, supports the above-mentioned view on asymmetric relationships (Medlin, 2006; Munksgaard et al., 2015; Freytag, 2019). In terms of circularity startups working with incumbents, this reflection evokes the concern of mission drift in circularity startups, with mission drift referring to "a process of organizational change, where an organization diverges from its main purpose or mission" (Cornforth, 2014, p. 4), a topic which falls outside the scope of this research. It could be argued that by engaging

more in the motivational drivers of startups, for instance by increasing efforts to understand those drivers, incumbents could better understand how their own motivational drivers may influence the direction of the partnership. For instance, by better understanding startups' motives related to strategic fit or product market fit, an incumbent could help enhance startups' outcome of a partnership without necessarily subtracting from their own value derived from the partnership. This could potentially help circularity startups to access complementary resources aiding the scaling up and diffusion of their sustainable solutions to the mass market (i.e., Schaltegger et al., 2016). Thus, we suggest that strengthening efforts to understand motivational drivers of circularity startups in relation to their own drivers, incumbents may contribute to scaling circularity solutions in an industry.

Implications for practice

By strengthening efforts to understand motivational drivers of circularity startups in relation to their own, incumbents may contribute to scaling circularity solutions in an industry.

Another point to address is the differences in organizational structures. Contrasting to the smallness and newness of startups, incumbent's often have a strong presence, and thus reputation, within an industry (Freytag, 2019). This strong presence and familiarity of an incumbent might entail that an outsider, such as a startup, could gather information from several sources (i.e., looking for company information online from multiple sources) as well as from the incumbent itself, to form an opinion on their motivational drivers. However, an incumbent may have less knowledge about a given startup due to the smallness and newness of startups. Thus, incumbents may draw on a smaller set of information sources when forming an opinion about startups' motivational drivers, especially when the startups are newly formed and experience a considerate lack of resources. Although our findings show that some incumbents have purposeful methods for identifying startups (i.e., screening methods and networking), this reflection, together with the more pressing motives of startups (see Figure 6.3), could explain why incumbents are less able to understand startups' motivational drivers, than vice versa.

In conclusion, we found that incumbents understand the motivational drivers of startups only to some degree, due to (1) their heavy emphasis on cost-benefit when collaborating with external entities; (2) their tendency to outsource aspects of strategic problem solving; and (3) their ability to determine the direction of a collaboration. Furthermore, these dynamics stem from the inherent asymmetry of incumbent-startup relationships, regarding both needs and resources, and power structures in such relationships, as well as in organizational structures. It is also evident that this asymmetry extends to the understanding of one another's motivational drivers in incumbent-startup partnerships, with the finding that incumbents understand startups' motivational drivers only to some degree. In terms of the

industry context that this research is performed within, there are some implications. We suggest that incumbents should allocate resources towards better understanding the motivational drivers of circularity startups for entering partnerships with incumbents. By doing so, incumbents would be better equipped to evaluate potential partnerships, which could prevent failed partnerships as well as help incumbents find partners that help solve business problems, reducing technological and knowledge barriers within the industry. Furthermore, this would contribute to reducing the structural barriers in the construction industry by helping incumbents identify startups that would bridge innovation gaps in terms of circularity. By considering the above-mentioned implications, industry actors can enhance their strategic decision-making processes and promote fruitful collaborations that drive innovation, address sustainability challenges, and contribute to the overall advancement of the industry.

6.2.3 Why is it important to understand motivational drivers of potential partners in the partner selection process of strategic partnerships between startups and incumbents?

The purpose of this subsection is to discuss RQ3, from the perspective of both the startup and incumbent side of a strategic partnership, in light of the context of transitioning the construction industry into a circular economy.

The results of our study indicate that it is important to understand the underlying motivation of each party involved in a startup-incumbent strategic partnership in order to establish a competitive edge, to jointly develop high-quality products or services, to prevent conflicts, to foster trust, to determine the advantages and disadvantages of the partnership, to promote collaboration, and to exhibit a commitment to environmental sustainability (see subsection 5.3.2). Having a clear understanding of each other's motivational drivers at the individual partnership level can improve communication and collaboration between incumbents and startups. Furthermore, good communication and collaboration facilitates the building of trust between startups and incumbents, as was evident in our findings. This reduces relational risk (i.e., Das & Teng, 1996), thus enabling both parties to effectively leverage their strengths, align their goals, and allocate resources efficiently in order to reach the partnership objectives.

Our analysis shows that most of the expressed motivational drivers correspond between both sides in the partnership, although reasons for emphasizing these differ to some extent (Table 5.3). For instance, startups emphasize how different motivational drivers in the incumbent, such as aligned vision and goals, building competency and working towards sustainability, are important in order to be able to co-develop a good product or service. On the other hand, incumbents are evidently more concerned than startups with the impact motivational drivers may have on cost-benefit. These findings demonstrate

how asymmetry in startup-incumbent partnerships is reflected in their different needs for resources and capabilities. It is also interesting to note that while startups and incumbents mostly share views on what motivational drivers are important in the other party, their understanding of one another, as was discussed in subsections 6.2.1 and 6.2.2, is asymmetric.

Working towards shared goals and feeling confident about the other party's commitment facilitates trust, thus enabling the partnership to create synergies. A consequence of this is the reduction of risk (i.e., Deeds & Hill, 1999), which was also evident in our findings (i.e., 5.1 and 5.3). Thus, by understanding one another's motivational drivers better, startups and incumbents will be better able to determine whether the motivational drivers they see as relevant are present in the other part. This may help both parties navigate the asymmetry in power and resources, which influences the partner selection process as well as the progression of the partnership (e.g., Aaboen & Aarikka-Stenros, 2017). By establishing trust and collaborativeness early on in a partner selection process, we argue that startups and incumbents are better equipped to achieve successful strategic partnerships.

The building of trust and reduction of associated risk can facilitate efficiency both in specific startup-incumbent partnerships, but also in relation to other involved members of a value chain. In a circular economy perspective, enhancing trust and minimizing risk in the value chain could be an enabler for better collaboration in the value chain. As opposed to a linear value chain, actors in a circular value chain are more interdependent, for instance due to closed materials loops (Bocken et al., 2014). Arguably, a shared understanding of motivational drivers allows partners to anticipate each other's needs and respond more effectively, which could ultimately foster success in more startup-incumbent partnerships. In a long term perspective, this could help increase the number of actors participating in circular supply chains, which would have a positive effect on supply and demand, ultimately contributing to reduce supply risk (i.e., EMF, 2015). Furthermore, Farooque et al. (2019) emphasize the importance of long-term collaboration not only among supply chain partners, but also among different supply chains. Building on this, we argue that this anticipation could reduce the likelihood of bottlenecks, delays, or breakdowns in the value chain, which is in line with the driver "cost-benefit" (see chapter 6.1). This could, in a long-term perspective, lead to developing the competitiveness of the circular economy in the construction industry.

When collaborations are efficient, it enhances coordination, communication, and information sharing across different stages of the value chain, which may lead to a more predictable flow of materials, reduced waste, improved supply chain management, and increased overall productivity. Furthermore, enhanced efficiency in startup-incumbent collaborations enhance incumbent's approach to long-termism as opposed to short-termism, which could improve the stability of circular value chains.

Improving the effectiveness in industry value chains can help mitigate the structural barriers to implementing a circular economy in the construction industry, such as high competitiveness and low levels of cooperation (see chapter 2). Adopting more of a long-term perspective on startup-incumbent collaborations for circularity may encourage risk averse actors in the industry to adopt circular solutions. This is because such solutions, and their surrounding value chains may be perceived as more stable, and thus less risky. Furthermore, rejuvenation of corporate culture (as discussed in 6.1.2) can be further increased by efficient startup-incumbent collaborations, contributing to overcoming the knowledge and cultural barriers in the construction industry (i.e., Wuni, 2022). More efficient collaborations enable joint problem-solving, innovative solutions, and the scaling of sustainable innovations, ultimately contributing to achieving environmental and social sustainability objectives. From a transition research perspective (i.e., Schaltegger, 2016), increased efficiency in startup-incumbent partnerships for sustainability may be an accelerator for transitioning from unsustainable practices to more sustainable solutions.

In conclusion, understanding one another's motivational drivers in a startup-incumbent strategic partnerships for circularity fosters more collaborative, and thus arguably more efficient and cost-effective partner selection processes. Furthermore, by fostering trust and collaborativeness at an early point in time, this is likely to influence the strategic partnership positively. As well as impacting individual partnerships, it may impact the performance of value chains, the dynamics within industries, and the overall progress in sustainability transitions. Efficient collaborations enable effective resource utilization, knowledge exchange, and collective efforts towards achieving sustainability objectives and implementing circularity initiatives and innovations.

6.3. Reflections and limitations

The purpose of this section is to discuss the limitations in our research. As already mentioned in the discussion, the findings are limited in terms of the number of cases, and the broad scope of this explorative research study. In this section we will discuss limitations related to our choice of conceptual framework and the generalizability in terms of the literature and the context.

Reflections on the proposed conceptual framework

The purpose of this paragraph is to discuss the accuracy, usability, and generalizability of our proposed conceptual framework in 3.2.4.

In our proposed framework (see Figure 3.1), we argued that a status model is a good conceptualization of a process (See subsection 3.2.4, paragraph *Choice of model - status model*). However, our research is limited in terms of investigating how a status is activated, based on the samples we had in our research. For instance, all the cases included in our study started with pre-initiation in status 1 - search. Furthermore, the cases included had gone through all the statuses proposed in the framework, meaning that we still don't have a full understanding of what happens if a partner selection process ends before coming to a partnership agreement. Thus, we cannot conclude on whether the framework takes into account inactive statuses. We propose this as a field for further research.

Field for further research

Scholars should perform a qualitative study in order to investigate the generalizability of our proposed conceptual, status-framework by examining activations of statuses. This qualitative study should include cases where firms in strategic partnerships start the partner selection process in different statuses. Furthermore, the study should include unsuccessful partner selection processes.

With this research, we have investigated what motivational drivers two parties in a startup-incumbent strategic partnership have, in different statuses of a partner selection process. From 3.2.4, we argued that in order to emphasize progression to or regression from a status to another and lingering in any status, we adopted converters and inhibitors from Edvardsson et al. (2008) to our model. Still, we know little about whether, and in so case why, these converters and inhibitors relate to motivational drivers. The relation between converters and inhibitors to motivational drivers is another field of further research to be investigated.

Field for further research

Scholars should investigate whether there is a relationship between motivational drivers and the forces that enable a process to progress and regress from one status to the next, namely converters, or linger in any status, namely inhibitors, in status models such as Edvardsson et al. (2008).

Our findings show that some motivational drivers exist in several of the statuses. This supports what the theory in section 3.2 says that status models for partner selection processes treat the different statuses as non-linear, (i.e., Edvardsson et al., 2008). Furthermore the interactions seem to be happening in an iterative process, and might thus be explained as such, as in status models. In terms of overlapping and differing motivational drivers in statuses, there are some limitations in our research in terms of how these motivational drivers follow a startup or incumbent firm during the partner selection process. For instance, our findings were inconclusive in terms of whether a firm might still have motivational drivers related to searching, when exploring or negotiating on a specific partnership. The two figures below illustrate two of the potential scenarios of motivational drivers following from one status to the next, like venn diagrams[11]. In the first scenario, there are general motivational drivers that reside in status 1 - search, where some of these general motivational drivers are found in status 2 - exploration, and following in status 3 - negotiation. The second illustration shows a scenario where a firm keeps some of the motivational drivers from one status to the next, but all the while develop new motivational drivers in the next status. Our findings indicate that the second scenario is likely to happen, however, due to the limited cases and choice of method, this is still inconclusive.

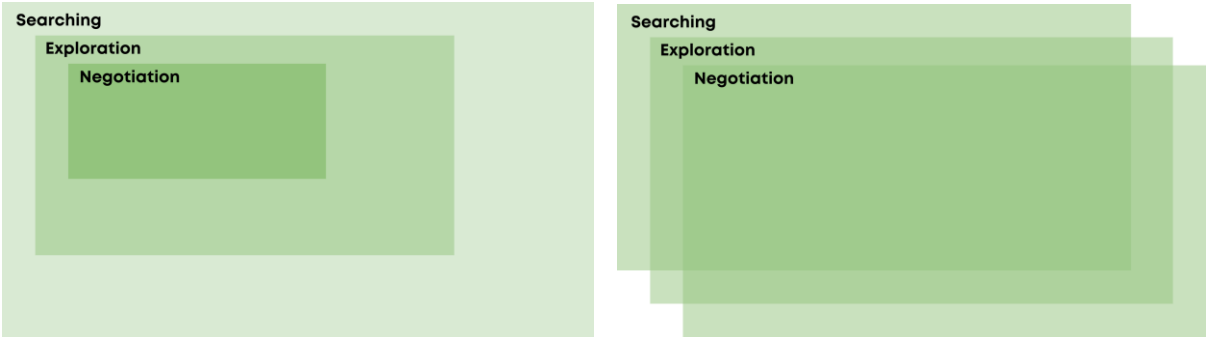


Figure 6.4: Two scenarios of how motivational drivers develop in the three statuses in the partner selection process. The first scenario indicates a narrowing down of initial motivational drivers in status 1 - search, towards status 3 - negotiation. The second scenario indicates a development of motivational drivers from one status to the next, where some of the motivational drivers overlap in the statuses.

[11] https://www.investopedia.com/terms/v/venn-diagram.asp

Reflections on the generalizability of the findings in the field of strategic partnerships

Although startups sometimes partner up with incumbent firms with a long-term perspective i.e., through large economic investments from the incumbent to the startup, it is more common that incumbents partner up with startups on more temporary, clearly defined projects (e.g., Freytag, 2019). The latter seemed to be the case for the partnerships investigated for this study, as most of the partnerships were related to the product development and piloting phase of the startups. The exception was with partnership 3, where the startup was working together with the incumbent on a pioneer-program. The strategic partnerships were thus all non-equity strategic alliances (e.g., subsection 3.2.1), where the focus was on joint R&D, accessing mutually complementary resources and capabilities, or joint marketing. Non-equity strategic alliances are thus the frame of reference we draw on for the findings and the discussion. This implies that the findings and discussion related to the prescriptive framework based on our case interviews may not be sufficient for describing strategic partnerships between startups and incumbents in general. However, the findings presented in this research are indicating that strategic partnerships between startups and incumbents are an important field of study. Thus, our findings should be further researched in terms of including different types of strategic partnerships, such as joint ventures and equity strategic partnerships, as well as increasing the number of case participants studies.

Field for further research

Scholars should investigate how our two prescriptive frameworks for motives in startups and incumbents, respectively, in a strategic partner selection process align with motivational drivers in other types of strategic alliances.

Reflections on the generalizability of the findings in the context of construction industry to other industry contexts

The findings from our research are colored by the context of the Norwegian construction industry, since the cases were selected to be Norwegian based. However, it is important to note that the barriers to implementing circular economy practices in the Norwegian construction industry are comparable to those in other European industrialized countries, as described in the method (section 4.2). Moreover, circular economy principles are being successfully implemented in a wide range of industries beyond the construction sector. These industries include infrastructure, food production, textile manufacturing, and many others. When implementing circular economy practices in other industries, the principles of slowing, closing, and narrowing resource loops, as proposed by Bocken et al. (2016), remain relevant.

Additionally, the literature emphasizes the vital role of startups in facilitating the transition towards fully circular industries, as highlighted by Bocken et al. (2014). Collaborative approaches are especially

important for sustainability startups in order to overcome liabilities of smallness and newness (e.g., Schaltegger et al., 2016; Wang & Bansal, 2012). We have developed two prescriptive frameworks for startups and incumbents based on strategic partnership theory and partnership theory between startups and incumbents. These frameworks, presented in section 6.1, have been derived from the literature and slightly modified based on case interviews conducted within the construction industry context. While the frameworks may be influenced by the specific industry context, they provide valuable insights that can inspire further research on motivational drivers in strategic partnerships in other industries.

Moreover, it is important to acknowledge that our findings and discussions regarding RQ2 and RQ3 are influenced by the characteristics of the construction industry. Nevertheless, the characteristics of the incumbent firms and startups included in our research share similarities with those found in other industries. For instance, startups in general face challenges related to resource scarcity and lack of legitimacy, which aligns with our study's findings. Therefore, we believe that our research contributes to existing literature on strategic partnerships between circularity startups and incumbents. Researchers can use our frameworks, alongside the ones developed in section 3.3.4, as a source of inspiration when investigating motivational drivers in strategic partnerships in various industry contexts.

7. Conclusion

Strategic partnerships between startups and incumbents are important for transitioning industries into circularity. Furthermore, in the partner selection process, power structures, norms and aspirations are established in strategic partnerships between startups and incumbent firms, affecting how the strategic partnership develops after its establishment. The purpose of this paper was to gain insight on motivational drivers in the partner selection process of startup-incumbent strategic partnerships, in light of the construction industry's transition towards circularity. Furthermore, based on the gaps in the literature, we formulated three research questions; (RQ1) *What are the motivational drivers in startups and incumbents in a strategic partner selection process?*; (RQ2) *How do startups and incumbents identify each other's motivational drivers in the partner selection process, and to what degree do they understand each other's drivers?*; and (RQ3) *Why is it important to understand motivational drivers of potential partners in the partner selection process of strategic partnerships between startups and incumbents?* Through an extensive research study on strategic partnerships between startups and incumbents in the Norwegian construction industry, we were able to answer the three research questions. The research included conducting a literature review, developing one conceptual framework for identifying motivational drivers in a partner selection process between two firms, developing two prescriptive frameworks for motivational drivers in startups and incumbents respectively, and conducting an abductive multiple case study where representatives from four partnerships were interviewed.

In order to conclude on the research questions, we start by elaborate on the relevance for the field of our study, by addressing RQ3. Through our research, we found that understanding motivational drivers of potential partners in a partners selection process between startups and incumbent firms are important in order to enhance the effectiveness and collaborativeness during the strategic partner selection process. As we found that good communication and collaboration facilitates the building of trust, we argue that this is likely to foster more successful partnerships. The effectiveness of a strategic partnership between a startup and an incumbent has repercussions on a value chain and industry level, ultimately affecting the partnership's ability to contribute to sustainability transitions of industries.

Moreover, in terms of addressing RQ2, we found that startups understand incumbents' motivational drivers well, due to (1) their need to understand incumbents' needs and wants in product or service development, (2) their relational nature and (3) their basic need for resources in order to survive. Startups' relational nature is reflected in their choice of methods for identifying motivational drivers in

incumbent firms, namely through direct communication, networking and experience. In light of the context of the transition of the construction industry into circularity, the startups' ability to identify incumbents' motivational drivers might lower structural and technological barriers in the industry, by diffusing sustainable innovations into the industry. By disrupting the existing linear paradigm in the industry, startups can pave the way for new entrants to contribute to the sustainability transition of the industry as a whole, and thus rejuvenate the industry culture. On the other hand, we found that incumbents understand the motivational drivers of startups only to some degree, due to (1) their heavy emphasis on cost-benefit when collaborating with external entities, (2) their tendency to outsource aspects of strategic problem solving, (3) their ability to determine the direction of a collaboration, stemming from the asymmetric power dynamics in startup-incumbent relationships. We argue that this explains why incumbents had not reflected much on motivational drivers of startups, or even found them to be irrelevant. We propose that, in order to foster the implementation of more circular innovations through startup-incumbent partnerships, incumbents should increase efforts towards understanding motivational drivers of startups, as this can improve the ability to identify feasible partners, as well as improve the partner selection process.

Finally, in order to address RQ1, we have developed two practical, descriptive frameworks of motivational drivers in a partner selection process between startups and incumbents, respectively. These two frameworks can be used by industry practitioners to better understand what the important motivational drivers for startups and incumbents in a partner selection process are, and thus support and enhance their decision making in terms of evaluating potential startup-incumbent strategic partnerships.

7.1 Contributions

Our empirical research contributes to the sparse literature on partner selection and collaboration between incumbents and startups (Aaboen & Arikka-Stenroos, 2017; De Groote & Backman, 2020), as well as contributing to reducing the lack of empirical studies on the initiating phases of strategic partnerships (i.e., Aaboen & Aarikka-Stenroos, 2017; Edvardsson et al., 2008; Valtakoski, 2015). Furthermore, our research emphasizes both dimensions of partner selection; both the process and the underlying motives residing in the initiating firms, outlining both the process of partner selection and identifying a set of motivational drivers in the process, thus contributing to the sparse literature in this area (e.g., De Groote &Backman, 2020; Duisters et al., 2011; Solesvik & Gulbrandsen, 2013; Solesvik & Westhead, 2010). Our research answers the call for more holistic studies on the partner selection process in startup-incumbent strategic partnerships (i.e., De Groote & Backman, 2020) by addressing both the drivers in startups and incumbents in a partner selection process. Finally, we contribute to the very sparse literature on strategic partnerships between circularity startups and incumbents in the

construction industry and on how motivational drivers prior to such strategic partnerships can affect how the partnerships overcome barriers to implementing circular economy in the construction industry.

7.2 Implications for practice

We have uncovered multiple implications for practitioners working with strategic partnerships between startups and incumbent firms.

7.2.1 Implications for managers in startups

Firstly, motivational drivers play a crucial role in establishing strategic partnerships that contribute to sustainability transitions. Managers in circularity startups in the construction industry should actively seek out incumbents that *share their vision and intentions for sustainability*. Managers in startups need to carefully evaluate the cost-benefit implications of such partnerships during the partner selection process. They should *consider the costs associated with relation-specific resources*, onboarding new partners, and transaction costs, while also assessing the potential benefits derived from the partnerships. Trust is another key factor that managers must recognize when assessing incumbents. *Understanding the level of trust in a potential partner* is essential for creating effective partnerships that can overcome the structural barriers in the construction industry.

Regarding governance structures, managers in circularity startups working with circular solutions should *establish contractual governance structures* to mitigate risk and ensure the enforcement of agreements made during negotiations. This helps to safeguard the interests of both the startup and the incumbent. Additionally, managers in circularity startups must focus on *developing their valuable and inimitable capabilities* before entering partnerships with incumbent firms. These capabilities serve as lock-in mechanisms and protect against new entrants and opportunistic incumbents. For circularity startups, these capabilities can be developed by, for instance, maintaining a balance between demand and supply, enhancing market insight on circular economy best practices, and developing technical expertise in data-driven technology while safeguarding it from exploitation.

To effectively navigate larger, silo-like incumbents, managers in circularity startups should proactively *self-educate on how to reach decision-makers* who can ensure an appropriate level of governance in the partnership. Furthermore, managers in circularity startups must learn to *market themselves based on both their social mission and the economic benefits of adopting circular practices.* By emphasizing these dual advantages, startups can attract the attention and support of potential partners and stakeholders. Overall, these implications provide valuable guidance for managers in circularity startups in the construction industry to successfully navigate and leverage strategic partnerships for sustainability transitions.

7.2.2 Implications for managers in incumbent firms:

These implications provide valuable guidance for managers in incumbent firms in the construction industry when investigating the viability of partnerships with circularity startups. Incumbents seeking to adopt circular materials use should *efficiently assess the economic viability of startups' circular business models*. When an economically viable circular business model is recognized, the incumbent, together with the startup, and other stakeholders of the startup such as investors should ensure that sufficient resources are invested in the startup to ensure long-term viability. Incumbents should *approach partnerships with circularity startups with a long-term orientation*, recognizing that circular pilot projects are time-consuming and profitability may develop gradually. To enhance their ability to identify suitable startup partners, incumbents should *make an effort to understand the motivational drivers of circularity startups.* This understanding can help incumbents identify feasible and cost-beneficial strategic partnerships.

To effectively investigate partnership viability, decision-makers at the top management level of incumbent firms should focus on *developing organizational capabilities that support partnerships with circularity startups*. Partnerships with circularity startups could help rejuvenate corporate culture and enhance corporate social responsibility. By developing these capabilities, incumbents can foster stronger commitment, support, and leadership from top management in fostering collaborations with sustainability startups. Organizational capabilities can be developed through strategic planning, implementing standardized screening methods to identify attractive startup partnerships, allocating decision-making authority to business entities, or even establishing a corporate startup accelerator either individually or in collaboration with other incumbents. These efforts will enable incumbents to establish and nurture successful partnerships with circularity startups, driving sustainable change in the construction industry.

7.3 Fields for further research

Further research can be conducted in several fields to deepen our understanding of the success factors and dynamics of partnerships in the construction industry's transition to circularity. One area of investigation is the impact of CSR, environmental reputation, and opportunism on incumbent firms. Scholars should explore how the transition to circularity affects opportunistic behaviors among incumbents in the construction industry. Understanding the motivations and behaviors of incumbents in relation to opportunism in the context of circularity would provide valuable insights into how to mitigate such risks in partnerships.

Another research avenue is to investigate the influence of incumbents' environmental reputation and CSR orientation on the performance of strategic partnerships with circularity startups. Scholars should examine whether an incumbent's environmental reputation or CSR orientation, as the main motivational driver in the partner selection process, has a significant impact on the outcomes of these partnerships. Understanding the relative importance of these motivational drivers can inform decision-making processes and help identify key success factors.

Furthermore, scholars should focus on identifying and understanding the success factors for partnerships in the circular economy within the construction industry. This research can involve investigating how incumbents and startups effectively collaborate to establish economically viable circular business models. Specifically, examining the incumbents' selection criteria in the partner selection process and assessing how the resources invested during strategic partnerships impact the long-term performance of startups would provide valuable insights. Scholars can build upon existing frameworks, such as the prescriptive framework provided in Figure 6.2, as a starting point for exploring selection criteria and success factors.

Additionally, future studies should investigate how the asymmetric understanding of motivational drivers in incumbent-startup partnerships affects the outcomes of such collaborations. This research can employ qualitative or mixed methods to measure and assess the impact of differing motivational drivers. Understanding how differences in motivational drivers influence partnership outcomes can guide the development of strategies that align the expectations and goals of both incumbents and startups.

Moreover, research should explore the process of establishing strategic partnerships and verify the applicability of frameworks in different organizational entities. Scholars should investigate the motivational drivers in various organizational entities within incumbent firms, aiming to create a comprehensive framework that startups can utilize during negotiations to leverage their potential. Additionally, studying motivational drivers in two dimensions, namely the intrinsic-extrinsic dimension and the personal-company dimension, can provide a deeper understanding of the dynamics at play. Employing a matrix framework to map out motivational drivers in these dimensions could be beneficial.

Finally, scholars should conduct qualitative studies to test the applicability of the two prescriptive frameworks (Figure 6.1 and Figure 6.2) for motivational drivers in the partner selection process of circularity startup-incumbent strategic partnerships. Furthermore, it would be valuable to test the frameworks' generalizability by applying them in the context of other sectors within the circular economy. This broader testing will enhance our understanding of the frameworks and their effectiveness in different contexts.

8. References

Aaboen, L., & Aarikka-Stenroos, L. (2017). Start-ups initiating business relationships: process and asymmetry. IMP Journal, 11(2), 230-250

Acharya, D., Boyd, R. & Finch, O. (2018, july). - from principles to practices: First steps towards a circular built environment. EMF and ARUP https://emf.thirdlight.com/link/ufe6ol7qbkm-a9mzju/@/preview/1?o

Adams, K. T., Osmani, M., Thorpe, T., & Thornback, J. (2017, February). Circular economy in construction: current awareness, challenges and enablers. In Proceedings of the Institution of Civil Engineers-Waste and Resource Management (Vol. 170, No. 1, pp. 15-24). Thomas Telford Ltd.

Albino, V., Dangelico, R. M., & Pontrandolfo, P. (2012). Do interorganizational collaborations enhance a firm's environmental performance? A study of the largest us companies. Journal of Cleaner Production, 37, 304-315. doi:10.1016/j.jclepro.2012.07.033

Ali, H. and Birley, S. (1999), "Integrating deductive and inductive approaches in a study of new ventures and customer perceived risk", Qualitative Market Research: An International Journal, Vol. 2 No. 2, p. 103-110.

Alvarez, S.A. & Barney J.B., (2001). How entrepreneurial firms can benefit from alliances with large partners. Academy of Management Executive, 15, 139–148.

Amin, G. R., & Boamah, M. I. (2023). Modeling business partnerships: A data envelopment analysis approach. European Journal of Operational Research, 305(1), 329-337.

Andersen, O. (1993), "On the internationalisation process of firms: A critical analysis", Journal of International Business Studies, Vol. 24 No. 2, pp. 209-31.

André, K., & Pache, A. C. (2016). From caring entrepreneur to caring enterprise: Addressing the ethical challenges of scaling up social enterprises. Journal of Business Ethics, 133(4), 659-675.

Barringer, B. R., & Harrison, J. S. (2000). Walking a tightrope: Creating value through interorganizational relationships. Journal of management, 26(3), 367-403.

Batonda, G., & Perry, C. (2003). Approaches to relationship development processes in inter-firm networks. European Journal of Marketing, 37(10), 1457-1484.

Beamish, P. W., & Lupton, N. C. (2009). Managing joint ventures. Academy of management perspectives, 23(2), 75-94.

Bell, J. (1995). The internationalization of small computer software firms: A further challenge to "stage" theories. European journal of marketing, 29(8), 60-75.

Black, J., Hashimzade, N., & Myles, G. (2012). A dictionary of economics. Oxford university press.

Blau, P. M. (1964).Exchange and power in social life. New York, NY:Wiley

Bidmon, C. M., & Knab, S. F. (2018). The three roles of business models in societal transitions: New linkages between business model and transition research. Journal of Cleaner Production, 178, 903-916.

Bocken, N. M. P., De Pauw, I., Bakker, C., & Van Der Grinten, B. (2016). Product design and business model strategies for a circular economy. Journal of industrial and production engineering, 33(5), 308-320.

Bocken, N. M. P., Harsch, A., & Weissbrod, I. (2022). Circular business models for the fast moving consumer goods industry: Desirability, feasibility, and viability. Sustainable Production and Consumption, 30, 799-814. doi:10.1016/j.spc.2022.01.012

Bocken, N. M. P. Short, S.W. Rana, P. & Evans, S. (2014). A literature and practice review to develop sustainable business model archetypes, Journal of Cleaner Production, 65, 42-56, ISSN 0959-6526, https://doi.org/10.1016/j.jclepro.2013.11.039

Borys, B., & Jemison, D. B. (1989). Hybrid arrangements as strategic alliances: Theoretical issues in organizational combinations. Academy of management review, 14(2), 234-249.

Bosse, D. A., & Alvarez, S. A. (2010). Bargaining power in alliance governance negotiations: evidence from the biotechnology industry. Technovation, 30(5-6), 367-375.

Brouthers, K. D., Brouthers, L. E., & Wilkinson, T. J. (1995). Strategic alliances: Choose your partners. Long range planning, 28(3), 2-25.

Bruton, G. D., Ahlstrom, D., & Li, H. L. (2010). Institutional theory and entrepreneurship: where are we now and where do we need to move in the future?. Entrepreneurship theory and practice, 34(3), 421-440.

Bstieler, L. (2006). Trust formation in collaborative new product development. Journal of Product Innovation Management, 23, 56–72.

Cacciolatti, L., Rosli, A., Ruiz-Alba, J. L., & Chang, J. (2020). Strategic alliances and firm performance in startups with a social mission. Journal of Business Research, 106, 106-117.

Chamberlin L, Jasmin E and Raskit A (2013) Wales and the Circular Economy: Favourable System Conditions and Economic Opportunities. WRAP, Banbury, UK

Carballo-Penela, A., & Castromán-Diz, J. L. (2015). Environmental policies for sustainable development: an analysis of the drivers of proactive environmental strategies in the service sector. Business Strategy and the Environment, 24(8), 802-818.

Carlin, D (2022, April 5th). 40% Of Emissions Come From Real Estate; Here's How The Sector Can Decarbonize. Forbes. https://www.forbes.com/sites/davidcarlin/2022/04/05/40-of-emissions-come-from-real-estate-heres-how-the-sector-can-decarbonize/?sh=6553df163b76

Carballo-Penela, A., & Castromán-Diz, J. L. (2015). Environmental policies for sustainable development: an analysis of the drivers of proactive environmental strategies in the service sector. Business Strategy and the Environment, 24(8), 802-818.

Carbó-Valverde, S., Cuadros-Solas, P. J., & Rodríguez-Fernández, F. (2022). Entrepreneurial, institutional and financial strategies for FinTech profitability. Financial Innovation, 8(1), 1-36.

Carvar, D. (2021, November 12) Global net zero commitments. UK Parliament. https://commonslibrary.parliament.uk/global-net-zero-commitments/

CGRi (2020, august 27) The Norwegian economy is 2.4% circular. circularity gap. https://www.circularity-gap.world/updates-collection/the-norwegian-economy-is-2-4-circular

Charef, R., Morel, J. C., & Rakhshan, K. (2021). Barriers to implementing the circular economy in the construction industry: A critical review. Sustainability, 13(23), 12989.

Chen, H. and Chen T.-J. (2002), "Asymmetric strategic alliances: a network view", Journal of Business Research, Vol. 55, pp. 1007-1013.

Chesbrough, H. (2003). Open innovation: The new imperative for creating and profiting from technology. Harvard Business Press.

Chesbrough, H., and Schwartz, K. 2007. Innovating business models with co-development partnerships. ResearchTechnology Management 50(1): 55–59.

Ciulli, F., Kolk, A., Bidmon, C. M., Sprong, N., & Hekkert, M. P. (2022). Sustainable business model innovation and scaling through collaboration. Environmental Innovation and Societal Transitions, 45, 289-301. doi:10.1016/j.eist.2022.11.003

Cobianchi, T. T. (1994). Relationships among strategic alliance factors and strategic alliance success. United States International University.

Cohen, D., & Crabtree, B. (2006). Qualitative research guidelines project.

Cohen, W.M. & Levinthal D.A. (1990). Absorptive capacity: A new perspective on learning and innovation. Administrative Science Quarterly, 35, 128–152.

Coleman, J., (1990). The Foundations of Social Theory. Harvard University Press, Cambridge, MA.

Contractor, F. J., & Ra, W. (2000). Negotiating alliance contracts: Strategy and behavioral effects of alternative compensation arrangements. International Business Review, 9(3), 271-299.

Cooter, R. & Ulen, T. (2004). Law and economics. Pearson Addison Wesley

Cornforth, C. (2014). Understanding and combating mission drift in Social Enterprises. Social Enterprise Journal, 10(1), 3–20. https://doi.org/10.1108/sej-09-2013-0036

Currall, S.C. & Inkpen, A.C. (2002), "A multilevel approach to trust in joint ventures", Journal of International Business Studies, Vol. 33 No. 3, pp. 479-495.

Das, T. K. & He, I. Y. (2006). Entrepreneurial firms in search of established partners: Review and recommendations. International Journal of Entrepreneurial Behavior & Research, 12, 114–143

Das, T. K., & Teng, B. S. (1996). Risk types and inter-firm alliance structures. Journal of Management Studies 33, 827–843.

Das, T. K., & Teng, B. S. (2000). A resource-based theory of strategic alliances. Journal of Management, 26, 31–61.

Das, T. K., & Teng, B. S. (2001a). Trust, control, and risk in strategic alliances: An integrated framework. Organization studies, 22(2), 251-283.

Das, T. K., & Teng, B. S. (2001b). A risk perception model of alliance structuring. Journal of international management, 7(1), 1-29.

Deci, E. L. (1971). "Effects of externally-mediated rewards on intrinsic motivation." Journal of Personality and Social Psychology 18: 105-115.

Deci, E. L. (1975). Intrinsic motivation. New York and London, Plenum Press.

Deci, E. L. (1976). "The Hidden Costs of Rewards." Organizational Dynamics 4(3): 61.

Deci, E. L. and R. M. Ryan (1985). Intrinsic motivation and self-determination in human behavior. New York, Plenum Press.

Deeds, D.L. & Hill, C.W.L. (1999). An examination of opportunistic action within research alliances: Evidence from the biotechnology. Journal of Business Venturing, 14, 141–163.

Dekker, H.C., (2004). Control of inter-organizational relationships: evidence on appropriation concerns and coordination requirements. Accounting, Organizations and Society 29 (1), 27–49

Deloitte, (2019, n.d) Circularity. Deloitte, Retrieved May 4, 2023, from https://www2.deloitte.com/lu/en/pages/real-estate/articles/circularity.html

Deloitte (2020, september 3) Kunnskapsgrunnlag for nasjonal strategi for sirkulær økonomi – Delutredning 2. Deloitte. https://www.regjeringen.no/contentassets/7ca1a81f57cc4611a193570e80c4dafd/deloitte_kunnskapsgrunnlag-sirkular-okonomi_barrierer.-delrapport-2.pdf

Deloitte (2022, December 15) Sirkulær økonomi i bygg-, anlegg- og eiendomsnæringen Kartlegging av status. Deloitte. https://anskaffelser.no/sites/default/files/2023-01/Sirkular-okonomi-i-BAE-naringen.pdf

Dibben, M. R., & Harris, S. (2001, September). Social relationships as a precursor to international business exchange. In Proceedings from the 17th IMP-conference in Oslo, Norway.

Dong, L., & Glaister, K. W. (2006). Motives and partner selection criteria in international strategic alliances: Perspectives of Chinese firms. International business review, 15(6), 577-600.

Doz, Y.L. (1996). The evolution of cooperation in strategic alliances: Initial conditions or learning processes? Strategic Management Journal, 17, 55–83.

Dubois, A., & Gadde, L. E. (2002). Systematic combining: an abductive approach to case research. Journal of business research, 55(7), 553-560.

Dubois, A., & Gadde, L. E. (2017). "Systematic Combining": An approach to case research. Journal of Global Scholars of Marketing Science, 27(4), 258-269.

Duisters, D., Duysters, G., & De Man, A. P. (2011). The partner selection process: steps, effectiveness, governance. International Journal of Strategic Business Alliances, 2(1-2), 7-25.

Dushnitsky, G and MJ Lenox (2005). When do incumbents learn from entrepreneurial ventures? Corporate venture capital and investing firm innovation rates. Research Policy, 34, 615–639.

Dutta, S., Lanvin, B., Leon, L. R. & Wunch, S. (2022) Global Innovation Index 2022 -What is the future of innovation-driven growth? 15th Edition. WIPO. https://www.wipo.int/edocs/pubdocs/en/wipo-pub-2000-2022-en-main-report-global-innovation-index-2022-15th-edition.pdf

Dwyer, F. R., Schurr, P. H., & Oh, S. (1987). Developing buyer-seller relationships. Journal of marketing, 51(2), 11-27.

Dyer, J.H., Kale, P., Singh, H., (2001). How to make strategic alliances work. Sloan Management Review 42 (4), 37–43.

EC Finance (n.d). EU taxonomy for sustainable activities. European Commission. Retrieved May 10, 2023, from https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

EC Priorities (n.d). European Green Deal. European Commission. Retrieved May 4, 2023, from https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

EC. (2017, n.d.). Circular economy package: Questions and answers. European Commission. Retrieved May 10, 2023, from https://ec.europa.eu/commission/presscorner/detail/en/QANDA_17_7

Edvardsson, B., Holmlund, M. & Strandvik, T. (2008), "Initiation of business relationships in service-dominant settings", Industrial Marketing Management, Vol. 37 No. 3, pp. 339-350

EEA (2020, November 23) Improving circular economy practices in the construction sector key to increasing material reuse, high quality recycling. European Environment Agency. https://www.eea.europa.eu/highlights/improving-circular-economy-practices-in

Eisenhardt, K. M. (1989). Building theories from case study research. Academy of management review, 14(4), 532-550.

Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: Opportunities and challenges. Academy of management journal, 50(1), 25-32.

Emden, Z., Calantone, R. J., & Droge, C. (2006). Collaborating for new product development: selecting the partner with maximum potential to create value. Journal of product innovation management, 23(4), 330-341.

EMF (2023). Built Environment. Ellen MacArthur Foundation. Retrieved May 4, 2023, from https://ellenmacarthurfoundation.org/topics/built-environment/overview?gclid=Cj0KCQjww4-hBhCtARIsAC9gR3aWlFWa-u2ZqZeM9SFsr_yRALsm9Q7UO30DSVZYALz16c6t0ePKSbEaAo6eEALw_wcB

EMF (2013, n.d) Towards the Circular Economy, vol. 1. Ellen MacArthur Foundation. (Isle of Wight) https://ellenmacarthurfoundation.org/towards-the-circular-economy-vol-1-an-economic-and-business-rationale-for-an

EMF (2015, n.d) Towards a circular economy: Business rationale for an accelerated transition. Ellen MacArthur Foundation. Retrieved May 23, 2023, from

https://ellenmacarthurfoundation.org/towards-a-circular-economy-business-rationale-for-an-accelerated-transition

EMF (2016, n.d) Towards a circular economy in construction. Ellen MacArthur Foundation. Retrieved May 10, 2023, from https://www.ellenmacarthurfoundation.org/assets/downloads/TCE_Ellen-MacArthur-Foundation_Towards-a-Circular-Built-Environment_2016.pdf

EPRA, (2021. September) - EU TAXONOMY: The case of listed real estate. The European Real Estate Association https://www.epra.com/application/files/8816/3125/7654/EPRA_2021_EU_Taxonomy_infographic_v2.2_merged.pdf

Farooque, M., Zhang, A., Thürer, M., Qu, T., & Huisingh, D. (2019). Circular supply chain management: A definition and structured literature review. Journal of cleaner production, 228, 882-900.

Faulkner, D. (1995). International strategic alliances: Co-operating to compete. (No Title).

Fichter, K. & Clausen, J. (2013). Erfolg und Scheitern" grüner" Innovationen. Metropolis.

Frazier, G. L. (1983). Interorganizational exchange behavior in marketing channels: a broadened perspective. Journal of marketing, 47(4), 68-78.

Frazier, G. L., Spekman, R. E., & O'neal, C. R. (1988). Just-in-time exchange relationships in industrial markets. Journal of marketing, 52(4), 52-67.

Frey, B. S. (1992). "Tertium datur: Pricing, regulating and intrinsic motivation." Kyklos 45(2): 161.

Frey, B. S. (1993). "Motivation as a limit to pricing." Journal of Economic Psychology 14(4): 635.

Freytag, R. (2019). Strategic negotiations: three essentials for successful partnerships with startups. Strategy & Leadership, 47(1), 19-25.

FOG (2021, may) Market study: sustainable building in Norway. Ministry of Foreign Affairs. https://www.rvo.nl/sites/default/files/2021/06/Norway-Sustainable-Building-Market-Study-2021.pdf

Ford, D. (1980). The development of buyer-seller relationships in industrial markets. European journal of marketing, 14(5/6), 339-353.

Ford, D. (1984). Buyer/seller relationships in international industrial markets. Industrial Marketing Management, 13(2), 101-112.

Ford, D. (Ed.) (1997), Understanding Business Markets, Interaction, Networks and Relationship, 2nd ed., The Dryden Press, Sydney.

Ford, D., Gadde, L., Håkansson, H., Lundgren, A., Snehota, I., Turnbull, P.W., & Wilson, D.T. (1998). Managing Business Relationships.

Ford, D., McDowell, R. and Turnbull, P. (1996), "Businesses-to-business marketing: strategic decisions about portfolios of relationships", 1996 Research Conference Proceedings, Centre for Relationship Marketing, Roberto C. Goizueta School, Emory University, Atlanta, pp. 59-67

Ford, D., & Rosson, P. J. (1982). The relationships between export manufacturers and their overseas distributors. Export management, 257-275

Forrest, J. E. (1990). Strategic alliances and the small technology-based firm. Journal of Small Business Management, 28(3), 37.

Frankel, R., Whipple, J.S., Frayer, D.J. (1996). Formal versus informal contracts: achieving alliance success. International Journal of Physical Distribution & Logistics Management, 26 (3), p. 47-63.

Gan, D., & Korsgaard, S. (2022). When courtships fail: The antecedents of failure in strategic alliances between startups and incumbents. The International Journal of Entrepreneurship and Innovation, 14657503221128015.

Geels, F.W. (2010) Ontologies, socio-technical transitions (to sustainability), and the multi-level perspective, Research Policy, Volume 39, Issue 4, Pages 495-510, ISSN 0048-7333, https://doi.org/10.1016/j.respol.2010.01.022

Geels, F. W., Kern, F., Fuchs, G., Hinderer, N., Kungl, G., Mylan, J., ... & Wassermann, S. (2016). The enactment of socio-technical transition pathways: A reformulated typology and a comparative multi-level analysis of the German and UK low-carbon electricity transitions (1990–2014). Research policy, 45(4), 896-913.

Geissdoerfer, M., Savaget, P., Bocken, N. M., & Hultink, E. J. (2017). The Circular Economy–A new sustainability paradigm?. Journal of cleaner production, 143, 757-768.

Geng, Y., & Doberstein, B. (2008). Developing the circular economy in China: Challenges and opportunities for achieving'leapfrog development'. The International Journal of Sustainable Development & World Ecology, 15(3), 231-239.

Geringer, J.M. (1991). Strategic determinants of partner selection criteria in international joint ventures. Journal of International Business Studies, 22(1), 41–62.

Gerwin, D., (2004). Coordinating new product development in strategic alliances. Academy of Management Review 29 (2), 241–257

Gioia, D & Corley, K & Hamilton, A. (2013). Seeking Qualitative Rigor in Inductive Research. Organizational Research Methods. 16. 15-31. 10.1177/1094428112452151.

Gottschalg, O. & Zollo, M. (2006). Motivation and the Theory of the Firm. HEC Paris, Les Cahiers de Recherche.

Graebner, M. E., Martin, J. A., & Roundy, P. T. (2012). Qualitative data: Cooking without a recipe. Strategic Organization, 10(3), 276-284.

Groot, T.L.C.M., Merchant, K.A., (2000). Control of international joint ventures. Accounting, Organizations and Society 25 (6), 579–607.

De Groote, J. K., & Backmann, J. (2020). Initiating open innovation collaborations between incumbents and startups: How can David and Goliath get along?. International Journal of Innovation Management, 24(02), 2050011.

GSCI (n.d.) The Global Sustainable Competitiveness Index 2022. Solability. Retrieved May 23, 2023, from https://solability.com/solability/the-global-sustainable-competitiveness-index/downloads

Gulati, R. (1998). Alliances and networks. Strategic management journal, 19(4), 293-317.

Gulati, R. (1995). Social structure and alliance formation patterns: A longitudinal analysis. Administrative science quarterly, 619-652.

Halinen, A. (1997). Relationship marketing in professional services: a study of agency-client dynamics in the advertising sector (Vol. 3). Psychology Press.

Halinen, A., & Salmi, A. (2001, September). Managing the informal side of business interaction: personal contacts in the critical phases of business relationships. In Proceedings from the 17th Annual IMP Conference, 9–11 September, Oslo, Norway.

Hart, J., Adams, K., Giesekam, J., Tingley, D. D., & Pomponi, F. (2019). Barriers and drivers in a circular economy: The case of the built environment. Procedia Cirp, 80, 619-624.

Hart, O., & Moore, J. (1990). Property Rights and the Nature of the Firm. Journal of political economy, 98(6), 1119-1158.

Hite, J.M. & Hesterly, W.S. (2001). The evolution of firm networks: From emergence to early growth of the firm. Strategic Management Journal, 22, 275–286.

Hitt, M. A., Dacin, M. T., Levitas, E., Arregle, J. L., & Borza, A. (2000). Partner selection in emerging and developed market contexts: Resource-based and organizational learning perspectives. Academy of Management journal, 43(3), 449-467.

Hoang, H & Antoncic, B (2003). Network-based research in entrepreneurship: A critical review. Journal of Business Venturing, 18, 165–187.

Hockerts, K., & Wüstenhagen, R. (2010). Greening Goliaths versus emerging Davids—Theorizing about the role of incumbents and new entrants in sustainable entrepreneurship. Journal of business venturing, 25(5), 481-492.

Hogenhuis, BN, EA van den Hende and EJ Hultink (2016). When should large firms collaborate with young ventures? Research-Technology Management, 59, 39–47

Holmen, E., Pedersen, A. C., & Torvatn, T. (2005a). Building relationships for technological innovation. Journal of business research, 58(9), 1240-1250.

Holmen, E., Roos, K., Kallevåg, M., von Raesfeld, A., de Boer, L., & Pedersen, A. C. (2005b, September). How do relationships begin. In Proceedings of the 21st International Marketing and Purchasing (IMP) Conference.

Horne, J. & Fichter, K. (2022). Growing for sustainability: Enablers for the growth of impact startups – A conceptual framework, taxonomy, and systematic literature review. Journal of Cleaner Production. 349. 131163. 10.1016/j.jclepro.2022.131163.

Hultberg, E., & Pal, R. (2021). Lessons on business model scalability for circular economy in the fashion retail value chain: Towards a conceptual model. Sustainable Production and Consumption, 28, 686-698. doi:10.1016/j.spc.2021.06.033

Hyytinen, A, Pajarinen, M. & Rouvinen, P (2015). Does innovativeness reduce startup survival rates? Journal of Business Venturing, 30, 564–581.

IPCC (2021, September 9) Climate change widespread, rapid, and intensifying. IPCC. https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr/

Ireland, R.D. & Webb, J.W. (2007), "A multi-theoretic perspective on trust and power in strategic supply chains", Journal of Operations Management, Vol. 25 No. 2, pp. 482-497.

Johnson, M. P., Schaltegger, S. 2019. Entrepreneurship for sustainable development: A review and multilevel causal mechanism framework. Entrepreneurship Theory and Practice. doi:10.1177/1042258719885368 (Accessed 14 April 2020)

Kale, P., & Singh, H. (2009). Managing Strategic Alliances: What Do We Know Now, and Where Do We Go from Here? Academy of Management Perspectives, 23(3), 45–62.

Kinderis, R., & Jucevičius, G. (2013). Strategic alliances–their definition and formation. Latgale National Economy Research, 1(5), 106-128.

Kohler, T. (2016). Corporate accelerators: Building bridges between corporations and startups. Business horizons, 59(3), 347-357

Köhler, J., Geels, F. W., Kern, F., Markard, J., Onsongo, E., Wieczorek, A., … Wells, P. (2019). An agenda for sustainability transitions research: State of the art and future directions. Environmental Innovation and Societal Transitions, 31, 1–32. https://doi.org/10.1016/j.eist.2019.01.004

Kvale, S. (2007). Doing interviews. SAGE Publications, Ltd,

Kvale, S. & Brinkmann, S. (2015) Interviews: Learning the Craft of Qualitative Research Interviewing. 3rd Edition, Sage Publications, Thousand Oaks, CA.

Langfield-Smith, K. (2008). Strategic management accounting: how far have we come in 25 years?. Accounting, Auditing & Accountability Journal.

Larson, A. (1992). Network dyads in entrepreneurial settings: A study of the governance of exchange relationships. Administrative science quarterly, 76-104.

Lauber, V., & Jacobsson, S. (2016). The politics and economics of constructing, contesting and restricting socio-political space for renewables–The German Renewable Energy Act. Environmental Innovation and Societal Transitions, 18, 147-163.

Leising, E., Quist, J., & Bocken, N. (2018). Circular Economy in the building sector: Three cases and a collaboration tool. Journal of Cleaner production, 176, 976-989.

Lepper, M. R. & D. Greene (1975). "Turning play into work: Effects of adult Surveillance and Extrinsic Rewards on Children's Intrinsic Motivation." Journal of Personality and Social Psychology 31: 479-486.

Leyden, D. P., Link, A. N., & Siegel, D. S. (2014). A theoretical analysis of the role of social networks in entrepreneurship. Research Policy, 43(7), 1157-1163.

Li, D., Eden, L., Hitt, M. A., & Ireland, R. D. (2008). Friends, acquaintances, or strangers? Partner selection in R&D alliances. Academy of management journal, 51(2), 315-334.

Lin, H. and Darnall, N. (2014). Strategic alliance formation and structural configuration. Journal of Business Ethics, 127(3), 549-564. doi:10.1007/s10551-014-2053-7

Lincoln, Y. S. and Guba, E. G. (1985). Naturalistic inquiry, volume 75. Sage.

Lindert, P.H. (1986), International Economics, Irwin, Homewood, IL

Luhmann, N. (1979). Trust and Power. Wiley, Chichester

Magnani, G., & Gioia, D. (2023). Using the Gioia Methodology in international business and entrepreneurship research. International Business Review, 32(2), 102097.

Mandal, P., Love, P. E., & Irani, Z. (2003). Pre-alliance planning: development of an information system infrastructure to support strategic alliance activities. Management Decision.

Marion, T. J., and Friar, J. H. (2012). Managing global outsourcing to enhance lean innovation. Research-Technology Management 55(5): 44–50.

Markard, J., Raven, R. & Truffer, B. (2012) Sustainability transitions: An emerging field of research and its prospects, Research Policy, Volume 41, Issue 6, Pages 955-967, ISSN 0048-7333 , https://doi.org/10.1016/j.respol.2012.02.013

Masten, S. E. (2000). Transaction-cost economics and the organization of agricultural transactions. In Industrial organization (Vol. 9, pp. 173-195). Emerald Group Publishing Limited.

Medlin, C.J. (2006), "Self and collective interest in business relationships", Journal of Business Research, Vol. 59, pp. 858-865.

Menguc, B., Auh, S., & Ozanne, L. (2010). The interactive effect of internal and external factors on a proactive environmental strategy and its influence on a firm's performance. Journal of business ethics, 94, 279-298.

Miljødirektoratet (n.d.) Miljømål 5. Klima. Miljødirektoratet. Retrieved May 11, 2023, from https://miljostatus.miljodirektoratet.no/miljomal/klima/

Miotti, L. & Sachwald, F (2003). Co-operative R&D: Why and with whom? An integrated framework of analysis. Research Policy, 32, 1481–1499.

Mockler, R.J., Dologite, D.G. & Carnevali, N.M. (1997). Type and structure of multinational strategic alliances: the airline industry. Strategic Change, 6, p. 249-60.

Munaro, M. R., & Tavares, S. F. (2023). A review on barriers, drivers, and stakeholders towards the circular economy: The construction sector perspective. Cleaner and Responsible Consumption, 100107.

Munksgaard, K.B., Johnsen, R.E. and Patterson, C.M. (2014), "Self- and collective interest in stages of asymmetric customer-supplier relationships: evidence from the Danish food sector", paper presented at the IMP Conference, Bordeaux, France.

Munksgaard, K.B., Johnsen, R.E. & Patterson, C.M. (2015), "Knowing me, knowing you: selfand collective interests in goal development in asymmetric relationships", Industrial Marketing Management, Vol. 48, pp. 160-173

Müller, M., Krick, T. & Blohmke, J. (2020, n.d) Putting the construction sector at the core of the climate change debate. Deloitte. https://www2.deloitte.com/ce/en/pages/real-estate/articles/putting-the-construction-sector-at-the-core-of-the-climate-change-debate.html

Nilsen, H. R. & Aursand, M (2020). Sirkulær økonomi – Bakgrunn og begrunnelse – med eksempler fra bioøkonomi, publisert i Burton et al. (eds.) 'Etter Oljen. Vår bioøkonomiske fremtid'. Cappelen Damm Akademisk

Nooteboom, B., (2004). Inter-firm Collaboration, Learning and Networks. Routledge, London

O'Connor, G.C. (2006). Open, radical innovation: Toward an integrated model in large established firms. In Open Innovation: Researching a New Paradigm. H Chesbrough, W Vanhaverbeke and J West (eds.), pp, 62–81. New York: Oxford University Press.

Okamuro, H, Kato, M & Honjo, Y (2011). Determinants of R&D cooperation in Japanese start-ups. Research Policy, 40, 728–738.

Oliver, C. (1990). Determinants of interorganizational relationships: Integration and future directions. Academy of management review, 15(2), 241-265.

Olteanu, Y., & Fichter, K. (2022). Startups as sustainability transformers: A new empirically derived taxonomy and its policy implications. Business Strategy and the Environment, 31(7), 3083-3099.

O'Reilly, C. A., Chatman, J., & Caldwell, D. F. (1991). People and organizational culture: A profile comparison approach to assessing person-organization fit. Academy of management journal, 34(3), 487-516.

Oxford Reference (n.d) *Incumbent firm.* Oxford university press. Retrieved june 2, 2023, from https://www.oxfordreference.com/display/10.1093/oi/authority.20110803100000653;jsessionid=4EA3026F2B1E5B8F0348E2A19B83ADFA

Palmer, A., & Bejou, D. (1994). Buyer-seller relationships: a conceptual model and empirical investigation. Journal of marketing Management, 10(6), 495-512.

Park, S.H., Chen, R. & Gallagher, S (2002). Firm resources as moderators of the relationship between market growth and strategic alliances in semiconductor start-ups. Academy of Management Journal, 45, 527–545.

Partanen, J, Chetty, S.K. & Rajala, A. (2014). Innovation types and network relationships. Entrepreneurship: Theory & Practice, 38, 1027–1055.

Patzelt, H., & Shepherd, D. A. (2011). Recognizing opportunities for sustainable development. Entrepreneurship Theory and Practice, 35(4), 631-652.

Pellicelli, A. C. (2003). Strategic alliances. EADI Workshop "Clusters and global value chains in the North and the Third world". Novara.

Phillippi, J., & Lauderdale, J. (2018). A guide to field notes for qualitative research: Context and conversation. Qualitative health research, 28(3), 381-388.

Polonsky, M., Gupta, S., Beldona, S., & Hyman, M. R. (2010). Inactivity and the dynamics of relationship development: a proposed model. Journal of Strategic Marketing, 18(3), 257-273.

Pomponi, F., Fratocchi, L., & Rossi Tafuri, S. (2015). Trust development and horizontal collaboration in logistics: a theory based evolutionary framework. Supply chain management: An international journal, 20(1), 83-97.

Porter, M. E. (1980). Competitive Strategy. New York : Free Press.

Porter, M., & Van der Linde, C. (1995). Green and competitive: ending the stalemate. The Dynamics of the eco-efficient economy: environmental regulation and competitive advantage, 33, 120-134.

Preston F (2012) A Global Redesign? Shaping the Circular Economy. Energy, Environment and Resource Governance. Chatham House, London, UK

Quinn, R. E., & Cameron, K. (1983). Organizational life cycles and shifting criteria of effectiveness: Some preliminary evidence. Management science, 29(1), 33-51.

Reiss, S. (2012). Intrinsic and extrinsic motivation. Teaching of psychology, 39(2), 152-156.

Regjeringen (2023, May 8) Taksonomien for bærekraftig økonomisk aktivitet. Regjeringen.no. https://www.regjeringen.no/no/tema/okonomi-og-budsjett/finansmarkedene/taksonomien-for-barekraftig-okonomisk-aktivitet/id2924859/

Riandita, A. (2020). Inter-firm relationships for sustainability: Incumbent firms and sustainability ventures.

Ring, P. S. & Van de Ven, A. H. (1992). Structuring cooperative relationships between organizations. Strategic Management Journal 13, 483–498

Ring, P. S., & Van de Ven, A. H. (1994). Developmental processes of cooperative interorganizational relationships. Academy of management review, 19(1), 90-118.

Ringdal, K. (2013). Enhet og mangfold: samfunnsvitenskapelig forskning og kvantitativ metode. Fagbokforlaget.

Rothaermel, F.T. (2001). Incumbent's advantage through exploiting complementary assets via interfirm cooperation. Strategic Management Journal, 22, 687–699.

de Rond, M., (2003) Strategic Alliances as Social Facts. Cambridge University Press, Cambridge.

Russo, M. V., & Fouts, P. A. (1997). A resource-based perspective on corporate environmental performance and profitability. Academy of management Journal, 40(3), 534-559.

Sako, M., (1992). Prices, Quality and Trust: Inter-Firm Relationships in Britain and Japan. Cambridge University Press, Cambridge

Sandberg, E., & Hultberg, E. (2021). Dynamic capabilities for the scaling of circular business model initiatives in the fashion industry. Journal of Cleaner Production, 320, 128831

Sarasvathy, S. D. (2001). What makes entrepreneurs entrepreneurial?. Available at SSRN 909038.

Schaltegger, S., Lüdeke-Freund, F., & Hansen, E. G. (2016). Business Models for Sustainability: A Co-Evolutionary Analysis of Sustainable Entrepreneurship, Innovation, and Transformation. Organization & Environment, 29(3), 264–289. https://doi.org/10.1177/1086026616633272

Schaltegger, S., & Wagner, M. (2011). Sustainable entrepreneurship and sustainability innovation: categories and interactions. Business strategy and the environment, 20(4), 222-237.

Schramm, W. (1971). Notes on Case Studies of Instructional Media Projects.

Sharma, S., & Vredenburg, H. (1998). Proactive corporate environmental strategy and the development of competitively valuable organizational capabilities. Strategic management journal, 19(8), 729-753.

Siggelkow, N. (2007). Persuasion with case studies. The Academy of Management Journal, 50(1):20–24.

Skjøtt-Larsen, T. (2000). Third party logistics–from an interorganizational point of view. International journal of physical distribution & logistics management.

Slowinski, G., & Sagal, M. W. (2010). Good practices in open innovation. Research-Technology Management, 53(5), 38-45.

Solesvik, M. & Gulbrandsen, M. (2013). Partner selection for open innovation. Technology Innovation Management Review, 3, 6–11.

Solesvik, M & Westhead, P. (2010). Partner selection for strategic alliances: Case study insights from the maritime industry. Industrial Management & Data Systems, 110, 841–860.

Song, M., De Jong, A., Anthony Di Benedetto, C., & Zhao, Y. L. (2019). Enhancing supplier's involvement in startup's innovation through equity offering and trust building. International Journal of Innovation Management, 23(02), 1950013.

Speklé, R., 2001. Explaining management control structure variety: a transaction cost economics perspective. Accounting, Organizations and Society 26 (4–5), 419–442

Spender, J. C., Corvello, V., Grimaldi, M., & Rippa, P. (2017). Startups and open innovation: a review of the literature. European Journal of Innovation Management, 20(1), 4-30.

Stadtler, L., and Lin, H. (2017) Moving to the Next Strategy Stage: Examining Firms' Awareness, Motivation and Capability Drivers in Environmental Alliances. Bus. Strat. Env., 26: 709– 730. doi: 10.1002/bse.1937.

Stahel, W. R. & Reday, G. (1976). The Potential for Substituting Manpower for Energy, Report to the Commission of the European Communities

Stake, R. E. (1995). The art of case study research. sage.

Standifer, R., & Bluedorn, A. (2006). Alliance management teams and entrainment: Sharing temporal mental models. Human Relations, 59(7), 903-927.

Stinchcombe, A. L. (1965). Social structure and organization. In J. March (Ed.), Handbook of organizations (pp. 142–193). Chicago, IL: Rand McNally.

Strauss, A., & Corbin, J. (1998). Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory. Thousand Oaks, CA: Sage Publications, Inc.

Stuart, T.E. (2000). Interorganizational alliances and the performance of firms: A study of growth and innovation rates in a high-technology industry. Strategic Management Journal, 21, 791–811.

Styles, C., & Hersch, L. (2005). Executive insights: relationship formation in international joint ventures: insights from Australian–Malaysian International joint ventures. Journal of International Marketing, 13(3), 105-134.

Svensson, C., Udesen, J., & Webb, J. (2019). Alliances in financial ecosystems: A source of organizational legitimacy for fintech startups and incumbents. Technology Innovation Management Review, 9(1).

Täuscher, K. & Abdelkafi, N. (2018). Scalability and robustness of business models for sustainability: A simulation experiment, Journal of Cleaner Production, Volume 170, Pages 654-664, ISSN 0959-6526, https://doi.org/10.1016/j.jclepro.2017.09.023.

Timmermans, S., & Tavory, I. (2012). Theory construction in qualitative research: From grounded theory to abductive analysis. Sociological theory, 30(3), 167-186.

Trautwein, C. (2021). Sustainability impact assessment of start-ups–Key insights on relevant assessment challenges and approaches based on an inclusive, systematic literature review. Journal of Cleaner Production, 281, 125330.

UN (n.d). What is climate change? United Nations. Retrieved may 4, 2023, from https://www.un.org/en/climatechange/what-is-climate-change

UNEP (2019, n.d) Emissions Gap Report 2019. United Nations Environment Programme. https://wedocs.unep.org/bitstream/handle/20.500.11822/30797/EGR2019_FullReport_en.pdf?sequence=1&isAllowed=y

Usman, M. & Vanhaverbeke W. (2017). How start-ups successfully organize and manage open innovation with large companies. European Journal of Innovation Management, 20, 171–186.

Valtakoski, A. (2015), "Initiation of buyer-seller relationships: the impact of intangibility, trust and mitigation strategies", Industrial Marketing Management, Vol. 44, January, pp. 107-118.

Van De Poel, I. (2000). On the role of outsiders in technical development. Technology Analysis & Strategic Management, 12(3), 383–397. https://doi.org/10.1080/09537320050130615

Van de Ven, A. H. (1976). On the nature, formation and maintenance of relations among organizations. Academy of Management Review, 1(4), 24−36.

Wang, T., & Bansal, P. (2012). Social responsibility in new ventures: Profiting from a long term orientation. Strategic Management Journal, 33(10), 1135–1153. doi:10.1002/smj.v33.10

Wautelet, T. (2018). Exploring the role of independent retailers in the circular economy: a case study approach. 10.13140/RG.2.2.17085.15847.

Webster, K. (2015). The circular economy: A wealth of flows. (No Title).

Wesseling, J. H., Farla, J. C. M., Sperling, D., & Hekkert, M. P. (2014). Car manufacturers changing political strategies on the ZEV mandate. Transportation Research Part D: Transport and Environment, 33, 196–209. https://doi.org/10.1016/j.trd.2014.06.006

Wei, Y. (2007). Factors influencing the success of virtual cooperation within Dutch–Chinese strategic alliances. University of Twente.

Widding, (2006). Teorigenerering basert p˚a case-intervjuer – analysemetode inspirert av grounded theory.

Wilson, D. T. (1995). An integrated model of buyer-seller relationships. Journal of the academy of marketing science, 23(4), 335-345.

Wilson, D. T., & Jantrania, S. (1996). Understanding the value of a relationship. Asia-Australia Marketing Journal, 2(1), 55−66.

Wuni, I. Y. (2022). Mapping the barriers to circular economy adoption in the construction industry: A systematic review, Pareto analysis, and mitigation strategy map. Building and Environment, 109453.

Yin, R. K. (2009). Case study research: Design and methods (Vol. 5). sage.

Yoon, E & Hughes, S (2016) Entrepreneurship: Big Companies Should Collaborate with Startups. Harvard Business Review, https://hbr.org/2016/02/big-companies-should-collaborate-with-startups

Yorke, D. A. (1990). Developing an interactive approach to the marketing of professional services. Understanding Business Markets: Interaction, Relationships and Networks, 347-364.

Yoshino, M. & Rangan, V.S. (1995). Strategic alliances: An entrepreneurial approach to globalization. Boston: Harvard Business School Press.

Yu, B., Xu, H., & Dong, F. (2019). Vertical vs. Horizontal: how strategic alliance type influence firm performance?. Sustainability, 11(23), 6594.

Zainal, Z. (2007). Case study as a research method. Jurnal kemanusiaan, 5(1).

Appendix A - Interview guide

The purpose of developing the Interview guide is to guide the interviewee during the interview process and to ensure a structured approach for collecting the required data on motivational drivers. The Interview Guide is composed of several sections: an introduction to the thesis, questions pertaining to the three stages of partnership selection (search, exploration, and negotiation), questions concerning the final agreement, questions regarding circularity in the partnership establishment process, and finally, presenting a framework presentation where the interviewer and interviewee collaboratively interpret the identified motivational drivers.

To distinguish the questions related to how a firm perceives and comprehends its partners' motivational factors, the questions related to perceiving motivational drivers are highlighted in blue text, while the rest of the interview focuses on the interviewee's own motivational drivers, and is in black text.

The estimated duration for the interview guide is approximately one hour. Thirty minutes are allocated for questioning, twenty minutes for evaluating the framework and the identified motivational drivers. The remaining ten minutes provide flexibility for addressing technical issues, elaborating on questions, and ensuring a proper introduction and conclusion.

Interview guide

Information of the interviewee and the company:
Name of the firm:
Name of their Strategic partner:
Type of partnership:
Name of interviewee:
Position in the firm:
Number of employees:

Signing of the information letter, if this is not completed prior to interview

Introduction:
Do you consent that we record this interview (sound and picture)?

Intro about us and the thesis: Startups are important drivers for innovation, but often lack resources that allow them to make scalable, profitable business models. Strategic partnerships with established actors can help startups acquire valuable resources to achieve growth and competitive advantage.
In our thesis, we wish to investigate the partner selection process of strategic partnerships between startups and established actors in the AEC industry. The initiation process refers to the period up until an agreement between both parties is achieved, and we are investigating how both parties experience this process with regards to their incentives and motivations to enter a collaboration.

Firstly, we will ask some questions regarding the process of establishing your strategic partnership. There will be many questions with different focus, to try to answer concrete questions. In the end we will introduce a model regarding the same process.

Do you have any questions before we start?

Warm up questions

1. Can you tell us shortly of the purpose of your company?
2. When was your company established?
3. What is your position in the company?
4. How many employees are you?
5. When was the partnership with [company X] established?
6. What type of partnership do you have with [company X]?
7. How were you involved in the process of establishing the partnership?

Status 1 - search

1. Which resources were you in need of, before having contact with [Company X]?
2. Were you looking for strategic partnerships when you were at this stage (prior to identifying/making contact with potential candidates)? Why?
3. How was the process of finding potential candidates for strategic partnerships?
4. At this stage, why would a potential partner be interested in working with you, do you think?
5. What makes you think that?
6. How did it matter to you what a potential strategic partner wanted out of a strategic partnership? (and why?)

Status 2 - exploration

1. How was the contact between you and Company X initiated?
2. Why were you motivated to get to know [Company X]?
3. How did the relationship between you and [Company X] develop?
4. How did you exchange information between each other through the process? (exchanging slide decks, initial meetings, dinners, etc)
5. Did your perspective on the [Company X] as a strategic partner change as you got to know them better?
6. Why do you think [Company X] would want to evaluate you as a potential partner when getting to know you?
    a. How did you identify your [Company X] motivation for continuing with a strategic partnership at this point?
7. Why did you move forward from getting to know [Company X] to start negotiation?

Status 3 - negotiation

1. How did the negotiations with [Company X] go?
2. What was important for you when negotiating towards an agreement with [Company X]?
3. Were there any points for compromising when discussing an agreement with [Company X]?
4. How did you go about negotiating these points?
5. What was important for [Company X] during negotiations?
6. How did you perceive [Company X] motivation for preceding with an agreement to partnership?

Status 4 - Partnership/agreement

1. What was the agreement?
2. How did you feel about the agreement that was made?
3. How did you perceive your partner's [Company X] satisfaction with the agreement that you made?

During establishing agreements with potential partners:

1. Does your company have a “code of conduct" when it comes to circularity?
2. How did you approach circularity during initiating a partnership with [Company X]?
3. Did you have any objectives related to circularity during establishing a partnership with [Company X]? (Which objectives were important for you?)
4. How did the actual partnership agreement address objectives for circularity?
5. Do you think this partnership contributes towards reaching your sustainability goals? In case, how?
6. Do you think this partnership contributes towards sustainability? In case, how?

Summarize - show framework

As a part of our master thesis, we have developed a framework where we want to map out motivational drivers for both companies during partnership initiation between the companies. We have divided the starting of a partnership into three statuses, and we have done that for both companies.

When I say status, you can think of it as when someone says that their civil status is single, engaged or married. It is not a linear model, and how much time is spent at each status can vary.

We have chosen three statuses, where status 1 is searching, meaning that when your company was in this status, you had not made any contact with potential partners yet. Status 2 is the exploration - where you are getting to know each other. Status 3 is called negotiations - this status applies for when you are considering the other company as a potential partner. This often leads to negotiations before a potential agreement is made.

1. How do you relate to this framework?
2. Are there any areas where you disagree with our model?
3. Are there any motivational factors that you miss in this model?
4. Would you have changed any parts of the process in order to not compromise on your motivational factors?
5. Do you believe that the motivation of your strategic partner has changed throughout the process?

Appendix B – Informational letter

Before each interview the interviewee were send an informational letter to be signed in advance. The titlle of the research project have changed name since the informational letter was send out, why it does not correspond to the title of the thesis.

Informational letter for you that wants to take part in the research project *"Strategic partnerships for a greener AEC industry"*

Purpose of the project
You are invited to participate in a research project. The main purpose of the research project is to investigate enablers of the circular economy in the Architecture, Engineering and Construction (AEC) Industry. We are focusing on the process of establishing strategic partnerships between startups and larger corporations working to facilitate and implement a circular economy in the AEC-industry in order to identify motivational factors for establishing such partnerships. The collected data will be used for investigating this research field. The research project is part of a master thesis at the NTNU School of Entrepreneurship.

Which institution is responsible for the research project?
The Department of Industrial Economics and Technology Management (IØT) at the Norwegian University of Science and Technology (NTNU) is responsible for the project (data controller).

Why are you being asked to participate?
You have been selected since your company profile matches the profile of a startup working with/enabling the circular economy in the AEC-industry, and due to your experience with establishing a strategic partnership in the AEC Industry.

What does participation involve for you?
If you chose to take part in the project, this will involve that you are interviewed in a personal interview. It will take approx. 1 hour. The interview includes questions about your experiences in different phases of the process of establishing a strategic partnership in the AEC industry. The interview will be recorded and transcribed.

Participation is voluntary
Participation in the project is voluntary. All information about you will be made anonymous. If you choose to participate, you can withdraw your consent at any time without giving a reason. There will be no negative consequences for you if you choose not to participate or later decide to withdraw.

Your personal privacy – how we will store and use your personal data
We will only use your personal data for the purpose(s) specified here and we will process your personal data in accordance with data protection legislation (the GDPR). Only the candidates of this master thesis and research project, namely Signe Ralsted Buhl, Jenni Susanne Skaara and Hanna Synnøve Solberg, and it's supervisor, Dag Håkon Haneberg from the Department of Industrial Economics and Technology Management (IØT), will have access to the information from the interview. We will replace all names and any contact details with a code in the transcripts. The list of names, contact details and respective codes will be stored separately from the rest of the collected data. We will anonymize name, age, name of the company and other identifiers in order to reduce recognizability in the final publication.

What will happen to your personal data at the end of the research project?
The planned end date of the project is June 11th 2027. At the end of the project, personal data, including any digital recordings, will be terminated.

Your rights
So long as you can be identified in the collected data, you have the right to:

- access the personal data that is being processed about you
- request that your personal data is deleted
- request that incorrect personal data about you is corrected/rectified
- receive a copy of your personal data (data portability), and
- send a complaint to the Norwegian Data Protection Authority regarding the processing of your personal data

What gives us the right to process your personal data?
We will process your personal data based on your consent.

Based on an agreement with the Department of Industrial Economics and Technology Management (IØT), The Data Protection Services of Sikt – Norwegian Agency for Shared Services in Education and Research has assessed that the processing of personal data in this project meets requirements in data protection legislation.

Where can I find out more?
If you have questions about the project, or want to exercise your rights, contact the Department of Industrial Economics and Technology Management (IØT) via:

- Hanna Synnøve Solberg (student) at hannaso@stud.ntnu.no or +47 47687480
- Dag Håkon Haneberg (supervisor) at dag.haneberg@ntnu.no or +47 95909622
- Thomas Helgesen (data protection officer) at thomas.helgesen@ntnu.no or +47 93079038

If you have questions about how data protection has been assessed in this project by Sikt, contact:

- email: (personverntjenester@sikt.no) or by telephone: +47 73 98 40 40.

Yours sincerely,

Project Leader
(Researcher/supervisor)

Student (if applicable)

Consent form

I have received and understood information about the project "Collaborative approaches for scaling circular startups in the construction and real estate industry" and have been given the opportunity to ask questions. I give consent:

- to participate in a personal interview for the research project described in this document.

I give consent for my personal data to be processed until the end of the project.

(Signed by participant, date)

Appendix C – Harmonization between expressed and perceived motivational drivers

The following appendix contains tables that illustrate how expressed and perceived motivational drivers in startups and incumbents harmonized. These findings are summarized in the main report, section 5.2, and were used to answer the first part of RQ2, namely, to what degree startups and incumbents understand one another's motivational drivers in the partner selection process. The tables follow the logic of venn diagrams, as shown below in figure B.1.

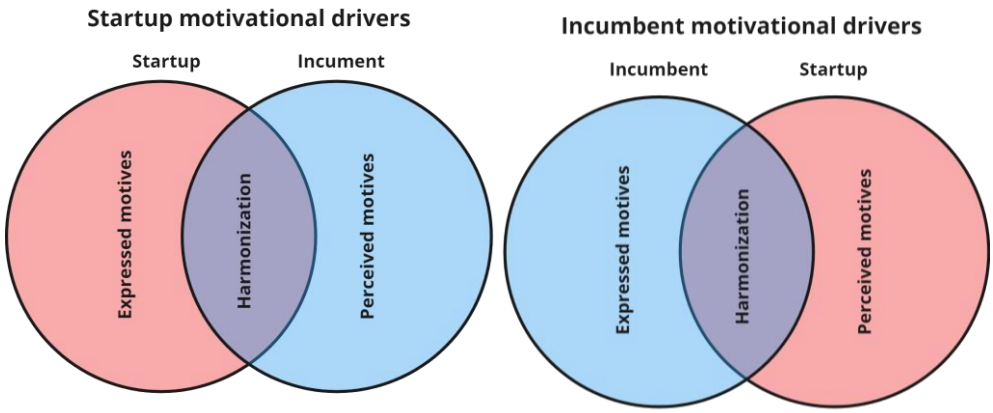


Figure B.1: A description of how perceived and expressed motivational drivers harmonize within a single partnership. Where expressed and perceived motivational drivers overlap, there is harmonization. Red color corresponds to motives expressed or perceived by a startup, while blue color corresponds to motives expressed or perceived by an incumbent.

The tables below differentiate between expressed and perceived motivational drivers. Expressed motivational drivers refer to what a firm expressed their drivers to be. Perceived motivational drivers refer to what a firm perceived the other firm's motivational drivers to be. If a motivational driver is both expressed by a firm, and perceived by the other firm, then this motivational driver is said to harmonize, indicated by purple. Motivational drivers for startups are indicated by red, and motivational drivers for incumbents are indicated by blue. The abbreviations used indicate whether a participant is a startup (S) or an incumbent (I). Motivational drivers (corresponding to 2nd order themes) are written in italics, with field notes (corresponding to 1st order categories) listed in bullet points beneath. Quotes are included in some cases to provide additional support for why that field not (i.e., mapped motivational driver from the interview) is clustered under a given motivational driver.

Motivational drivers in startups

Table B.S1: Motivational drivers expressed by S1 and perceived by I1.

Expressed by S1 but not perceived by I1	*Strategic fit:* ● Flow of materials; rights to access materials; practical implementation and logistics; BREEAM projects in pipeline.
Expressed and perceived by both parties	*Legitimacy and PR* ● S1: Brand building; PR ● I1: Get deal with large, recognized actor; acknowledged actor in the industry *Financial opportunity:* ● S1: access to projects; project agreement/contracts; economic motivation; financial sustainability; pricing model; price; duration of projects ● I1: large project; central deal; written contract; enter market; increase market share; profits; seller incentives. *Environmental sustainability:* ● S1: More reuse in the construction industry; ● I1: circularity; reducing waste of materials;
Perceived by I1 but not expressed by S1	*Strategic fit:* ● win-win agreement; exclusivity *Gaining knowledge and experience:* ● knowledge sharing; build knowledge

Table B.S2: Motivational drivers expressed by S2 and perceived by I2.

Expressed by S2 but not perceived by I2	*Strategic fit:* ● standardized solution; scalability *Gaining knowledge and experience:* ● building competency and experience; learning about the industry; opportunity to test out a new market
Expressed and perceived by both parties	*PMF:* ● S2: user feedback on product; better understand market needs; product-market-fit; assessing customer needs; the partner is willing to use time on testing the product and giving feedback (commitment), paying customer; customer experience ● I2: feedback for future development of the service/product, user testing, be a pilot customer; *Trust, noncompeting goals and aligned values:* ● S2: commitment - that the other part (I2) was committed to work with S2; matching customer ● I2: work with clients that are interested in reducing their carbon-footprint *Strategic fit:* ● S2: non-exclusive ● I2: flexibility *Financial opportunity:* ● S2: paying customer, financial resources in the long run ● I2: sell products and services; price
Perceived by I2 but not expressed by S2	*Strategic fit:* ● producers of small houses being an underserved market *Legitimacy and PR:* ● legitimacy in the industry

Table B.S3: Motivational drivers expressed by S3 and perceived by I3.

Expressed by S3 but not perceived by I3	*Trust, noncompeting goals and aligned values* ● knowing the people in I3; open communication; collaboration; support *Environmental sustainability:* ● shared vision; circular solutions; sustainability; forward oriented companies; circular minded; right mindset; forward looking
Expressed and perceived by both parties	*Gaining knowledge and experience:* ● S3: shared learning; sharing knowledge; I3 had experience with many kinds of projects, exploration ● I3: exchange experiences, *PMF:* ● S3: adjust product to Norwegian market (customer feedback and insight) ● I3: feedback on product; further development of the tool/product; develop product; market verification *Legitimacy and PR* ● S3: publicity *"Of course, it that was very good for us, to be able to communicate that we have had [I3] with us"* ● I3: marketing *Strategic fit:* ● S3: shared strategic goals, digitized companies ● I3: strategic focus; access to market; access to clients; network; *Financial opportunity:* ● S3: resources to invest in a partnership ● I3: large company; large customer, scale up
Perceived by I3 but not expressed by S3	

Table B.S4: Motivational drivers expressed by S4 and perceived by I4.

Expressed by S4 but not perceived by I4	*PMF:* ● find partner willing to spend time on testing the solution and giving feedback; the opportunity to develop a product/service together; their willingness to test the product *Strategic fit:* ● allocation of risk in project - important that I4 were willing to take the risks associated with the project
Expressed and perceived by both parties	*Financial opportunity:* ● S4: finding a good business model and pricing model; financial commitment - S4 wished they had maybe negotiated more in terms of long-term financial commitment; ● I4: profitable solution, access to market *Legitimacy and PR:* ● S4: legitimacy to investors, publicity, credibility; ● I4: work with large recognized actor *"I would also want to collaborate with us [I4]. Yeah, I don't know, everyone reaches out to us, but I suppose it is because we are one of the big entrepreneurial companies. It is natural that they would contact us, but I don't know their intentions. They didn't say."* *Environmental sustainability:* ● S4: partner with shared goals; I4 were a first-mover in the industry; I4 were idealists ● I4: I4 was future oriented actor that wanted to improve on sustainability; *Trust, noncompeting goals and aligned values* ● S4: I4 had good cultural values; I4 wanted to solve problems related to circularity; good experience getting to know them better; the communication: I4 had good and constructive feedback on the product; ● I4: the engagement and dedication in the I4 department; I4 wished to formalize the collaboration; collaborativeness - I4 willing to formalizing the collaboration *Strategic fit:* ● S4: I4 had a good network to support the implementation of circular solutions; I4 was a large, commercial actor ● I4: large actor; reach/access; more users
Perceived by I4 but not expressed by S4	*Strategic fit:* ● access to used building materials; not very "top heavy" organization; flexibility and opportunity to take action

Motivational drivers in incumbents

Table B.I1: Motivational drivers expressed by I1 and perceived by S1.

Expressed by I1 but not perceived by S1	*Strategic fit:* ● win-win; non-exclusiveness; flexibility and opportunity to work with others
Expressed and perceived by both parties	*Environmental sustainability:* ● I1: environment and sustainability; sustainability goals (kg/m2 - kg waste per square meter built); push from upward in the value chain; triple-bottom-line sustainability; local initiatives "*So it was the circular economy bit, plus we have a very future-oriented client who wants to have a lot of sustainable initiatives and some innovation*" *"It [circular initiatives] is very much dependent of local initiatives, in order for [circular initiatives] to be called sustainable"* ● S1: increase level of reuse *PR:* ● I1: showing others that the company is concerned with the environment and sustainability, and that we can argument for these solutions from a financial standpoint; innovation; new solutions ● S1: strategic collaboration that can be shown to other clients to showcase to these clients how great they are at reuse; increase their company's association with reuse; pat on the shoulder *Cost-benefit:* ● I1: competitive prices, financial sustainability; cost-benefit ● S1: capitalize on waste;cut costs related to waste management; tool for selling material resources; price; less underselling of material resources, that otherwise disappears with the workers; reduce costs related to waste materials; *Trust, commitment and collaboration:* ● I1: streamlined processes; predictable budget; the best circular solution; work with someone with an established circular principle "*[it is important] that the process is predictable and not so much back and forth"* ● S1: focus on building buildings; time efficiency *"it was a combination of our competence and our tool/product that made them want to enter a partnership*" *"Their focus was not on reuse, but on putting up buildings. They are contractors, and must build buildings"* *Solving business problem* ● I1: find a way to handle the volume of excess materials ● S1: obtain a solution for reuse; access the tool S1 had built *Building knowledge:* ● I1: Knowledge sharing in circularity - very important; (attract talent, strengthen executive ability); mapping reuse,; Work with someone with an established circular principle "*With knowledge, you get more people to join in, and you're more able to actually follow through on circular projects"* ● S1: increase competency in circularity and reuse; to become better at reusing materials; mapping reuse; I1 want to learn what internal routines they need in place in order for a circular solution to function in their organization; "*we were the only actor that could offer them a solution for reuse"* *"it was a combination of our competence and our tool/product that made them want to enter a partnership*"
Perceived by S1 but not expressed by I1	*Environmental sustainability:* ● Emphasis on environmental vs. financial sustainability was different in terms of how it was expressed vs. how it was perceived) *"To find a solution that is circular but that is still financially sustainable - the latter is most important"* *"Their motivation was financially based - that I am certain. They saw that we could reduce their costs associated with waste, and that we could also make money for them by using our tools on things they had considered waste for 30 years"*

Table B.I2: Motivational drivers expressed by I2 and perceived by S2.

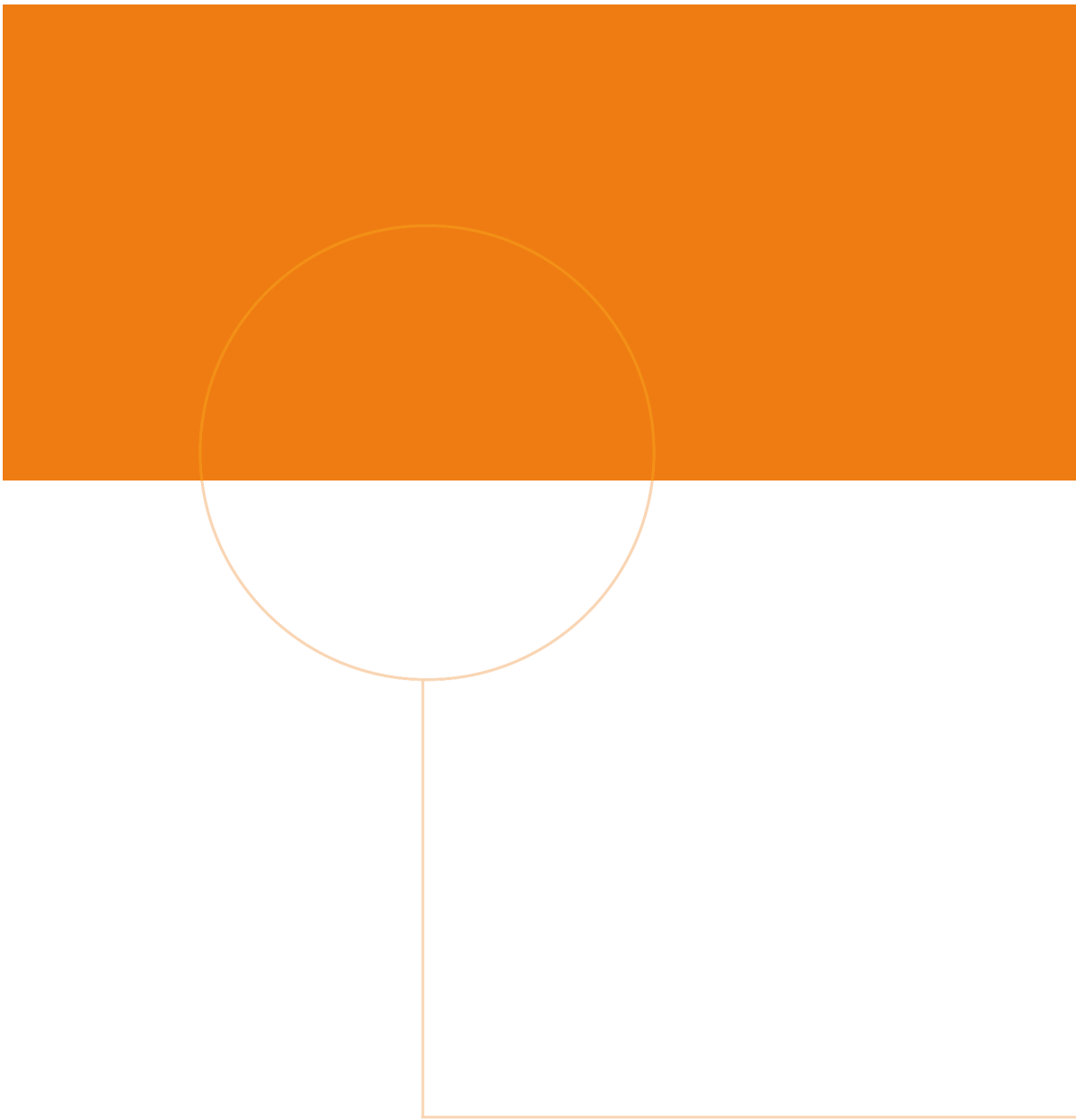
Expressed by S2 but not perceived by I2	*Cost-benefit:* ● adjustment costs; long lasting supplier relationship: *"First of all, there are a good deal of adjustment costs associated with implementing a new emissions accounting tool. [When implementing a new tool] it is important to have a potential long-lasting relationship."*
Expressed and perceived by both parties	*Environmental sustainability:* ● I2: Legal requirements regarding emissions; Needed an emissions tool/climate accounting tool; ● S2: reduce climate emissions; legal requirements; build competency in estimating emissions; *PR:* ● I2: reducing emissions, and being able to put this in the catalog with houses that I2s clients read ● S2: strengthen sustainability profile; PR for the business to be involved with innovative startup *Solving business problem:* ● I2: Tool for measuring emissions/climate accounting; Tool for internal use; Needed an emissions tool/climate accounting tool; needed product developers to map architect and engineer work groups workflow to find a product that matches this workflow; Wanted the best tool for measuring emissions/climate accounting; Emission estimates on different products; Automated tool; the tool was known to I2 from before; The solution had potential ● S2: Tool that actually gives results; Mapping needs; Tool for internal use; *Strategic fit:* ● I2: flexibility ● S2: to be able to extract data after the collaboration; possibility to terminate the contract/partnership after 1 year *Trust, commitment and collaboration:* ● I2: S2 consistent and quick feedback; Good communication and exchanging opinions and feedback; S2 knew the norwegian legal framework; implement changes based on feedback; S2 detail oriented; trust; *"[...] it was important to get regular feedback and have consistent contact with [S2]. It is important, the people behind the tool, but also important that the tool is good and functions well."* ● S2: structure and good communication; the team; communication; wish to be prioritized; solve their problem; *"They believed in what we presented and the plans we had for it. And in us as entrepreneurs as well, that we would make it. And that we would develop this solution for them. I think it was important that we were very flexible and showed a strong interest in solving their problems from the very beginning. We were interested in hearing about the problems they wanted a solution to, and to take the feedback into consideration for future development. That they were heard."*
Perceived by S2 but not expressed by I2	*Cost-benefit* ● price; cut costs that are used on external consultants

Table B.I3. Motivational drivers expressed by I3 and perceived by S3.

Expressed by I3 but not perceived by S3	
Expressed and perceived by both parties	*Environmental sustainability:* ● I3: increased focus on circularity in the industry; large potential around circularity; the value of circular economy; reduce material use and emissions; shared goals; shared intentions; customer requirements/needs *"[Circularity] hasn't come far, which means that circularity can become much bigger"* ● S3: Establish more circular business model; circular oriented; Circular and digitized ecosystems; *Building knowledge:* ● I3: learning opportunity; learn together; build experience in working with a startup; training/education of staff ● S3: knowledge building; try out new things *Strategic fit:* ● I3: timing with the market; competitiveness; available resources; central decision making and consensus around startup relations; vision, market verification ● S3: timing; innovate; business model innovation *Solve business problem:* ● I3: good tools and processes around circularity; digitization; data for data driven decision making; Value proposition; the product; substance in the product; experience of S3; Knew one of the people in the core team; market need ● S3: platform and functionalities; support each other; collaboration *Trust, commitment and collaboration:* ● I3: experience of S3; knew one of the people in the core team ● S3: support each other; collaboration *PR:* ● I3: to maintain and create an external image; publicity (PR) ● S3: stay relevant; show to others that they are circular oriented "*it is also important for them to show that they are more circular oriented* [and] *working with* [I3] *is a way for them to show the world that they are. And that they want to also work for a circular economy"*
Perceived by S3 but not expressed by I3	

Table B.I4: Motivational drivers expressed by I4 and perceived by S4.

Expressed by I4 but not perceived by S4	
Expressed and perceived by both parties	*Cost-benefit:* ● I4: profitable business models; being able to sell used commodities/materials (new revenue streams); access to used commodities/materials (new revenue streams); reduce waste volumes; free time and resources ● S4: I4 could test a circularity solution without having to pay much; cheaper way to test; commercial interest in the project *Environmental Sustainability:* ● I4: green solution - reduce climate gas emissions and reduce pressure on nature; that materials get to have a longer, extended life cycle; circular economy; ethical guidelines; sustainability goals; no exclusivity - more sustainability; increase circularity and reuse; That the building materials will be useful again ● S4: requirements for sustainability and circularity in the industry; I4 wanted to improve on sustainability and circular economy and wanted to contribute; sustainability *PR:* ● I4: positive publicity ● S4: PR, publicity *Trust, commitment and collaboration:* ● I4: trust; good dialogue; win-win situation; balanced; S4 had a very engaged team ● S4: S4 had a drive that was hard to replicate; I4 wanted to be participants in innovation; a tidy and fair negotiation process; trust *Solve business problem:* ● I4: hands on; S4's network; reduce waste volumes; broker for reuse materials; market for reusing materials, and not just excess materials; inventory overview ● S4: I4 saw an opportunity to get their problem (excess materials, material waste etc) solved; the logistics of implementing the solution
Perceived by S4 but not expressed by I4	*Trust, commitment, and collaboration:* ● confidentiality



NTNU
Norwegian University of
Science and Technology

NTNU SCHOOL *of*
ENTREPRENEURSHIP