

# CIVIL SOCIETY AND COLLABORATION

with the State and the Market

Ola Segnestam Larsson

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*Editors*



# **Civil Society and Collaboration with the State and the Market**

**Ola Segnestam Larsson & Pelle Åberg**

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## Preface to the Sagamore-Venture Nonprofit Series

In the late 1960s and early 1970s, many colleges and universities across the country changed from 18-week semesters to 15-week semesters, which brought about changes in course content, course projects, and course writing assignments. The last 10 years have seen a similar change, particularly in graduate online courses, from 15-week courses to seven or eight weeks. Our observation is that textbooks have not adapted. Previous changes from 18 to 15 weeks eventually saw a reduction in chapters in many textbooks to 15. The Sagamore Publishing Nonprofit Series is targeted for the new seven- or eight-week courses.

In seven- and eight-week courses, decisions have to be made about content. Instructional consultants have advised the editors that in developing these courses, decisions have to be made regarding what is really important for students to know. The content of each book in this series reflects this advice. Are these books useful in courses of longer duration? We think so, because the content of the books in the series conveys the essential knowledge and skills on the topic of the book.

As the 21st century progresses, we are convinced that knowledge and skills are not enough for nonprofit professionals and key volunteer leaders. This is why each book has a critical thinking component. Nonprofit leaders today need to carefully apply their knowledge and skills by thinking how actions will impact the organization, its personnel, its clients, and the community in general. This is not necessarily new or novel, but it is important to encourage potential leaders to be critical thinkers.

Machiavelli in the 1400s pointed out that leaders needed to use their intellect rather than always rely physical strengths. The importance of intellect is again pointed out by James Maccoby in the 1970s in his book, *The Gamesman*, in which he sees leaders like the quarterbacks of a football team, who process information and make decisions about what play to run. For both Machiavelli and Maccoby, it was more than knowledge, it was the critical application of knowledge to situations. For Machiavelli in the 1400s, it was critically applying knowledge to situations confronting Italian city states; and for Maccoby in the 1970s, the leaders of corporations needed to apply knowledge to confront rapidly changing economic conditions. For the nonprofit leaders of today, this book series helps to make them critical thinkers who use knowledge and skills to advance the common good rather than just take action. How does the proposed action make the organization better, improve its personnel, better help the clients, and make the community a better place to live? This is the issue of the nonprofit world that the Sagamore-Venture Nonprofit Series addresses.



## About the Authors

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## Chapter

# 1



# Collaboration: Rationale, Actors, Types, and Contributions

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Ola Segnestam Larsson and Pelle Åberg

## Abstract

This book explores how, why, and when civil society collaborates with different actors in society as well as how such collaboration can be improved. To set the scene, this introductory chapter highlights the main ideas and concepts of the book, including the rationale for civil society to collaborate as well as the rationale for key and supporting actors, such as other nonprofit organizations, public institutions, and private businesses, that are involved when civil society collaborates. The chapter also describes different types of collaborations that civil society may engage in. Finally, it provides an overview of the chapters, themes, and insights that this book offers.

## Introduction

Collaboration, and most notably cross-sector collaboration, is a growing trend, as various societal sectors, including civil society and its nonprofit organizations, increasingly rely on engaging with other sectors in collaborative rather than contractual or charitable relationships. What is meant by collaboration is not self-evident, and sometimes it comes with negative connotations in contexts such as “collaborating with the enemy.” In this book, however, collaboration essentially refers to the act of two or more actors (organizations or individuals), working with each other to produce something or to solve a common task or problem. Cross-sector collaboration is here further understood as the phenomenon of different actors from civil society, such as nonprofit orga-

nizations, social movements, networks, faith-based organizations, and online communities, working together with actors from other societal sectors, primarily business and government, to address common issues, problems, and goals, and to perform common tasks.

The growing trend of cross-sector collaboration is enhanced by a couple of underlying dynamics affecting civil societies around the world, including that civil societies have become more dynamic, vibrant, and influential, but also more selectively restricted by some governments that view civil society as a competitor or a threat—a development frequently discussed as “shrinking civic space” (Buyse, 2018; Carothers & Brechenmacher, 2014). Civil societies have also diversified their forms and functions, adopting different organizational models, strategies, and tactics. In many cases, cross-sector collaboration has been stressed as a crucial way to handle current societal challenges—for instance, environmental challenges and the increased prevalence of extreme weather and natural disasters—believed to need the contribution of all types of societal actors. These and certainly other changes and challenges have led to an increase in collaboration between civil societies, business, and government, while civil society still seeks to fulfill their missions, influence policies, co-produce solutions, and leverage resources.

Despite recent interest, cross-sector collaboration is neither a new trend nor a new phenomenon. Historic records reveal that collaboration across sectors has been a key dimension of societal change and nonprofit organizations’ mission fulfillment since at least the mid-19th century (see an example related to women’s suffrage in the box below). Moreover, it has been studied since at least the 1980s, when privatization of public sector services and new public management ideas spurred increased scholarly and political interest (see for example Gazley and Gou, 2020, for an overview of previous research). This interest has persisted, partly because policymakers and practitioners increasingly want to learn how to foster successful collaborative partnerships.

### **An Example of a Cross-Sectoral Collaboration From the Early 20th Century: Partnering to Promote Women’s Suffrage**

Women’s suffrage, the right of women to vote and stand for office, was a major social and political movement in the early 20th century. Civil society organizations, such as women’s associations, trade unions, political parties, and religious groups, collaborated with each other and with other actors, such as media, celebrities, and international organizations, to advocate for women’s suffrage. For instance, the International Woman Suffrage Alliance (IWSA), founded in 1904, was a network of national women’s suffrage associations from different countries. IWSA organized international congresses, published journals and newsletters, collaborated with and lobbied governments and international bodies, and supported local campaigns for women’s suffrage.

Policymakers and practitioners advocate for more cross-sector collaboration for various reasons, including that it could be a key strategy to address various societal issues. Collaboration may, for example, have positive and sustainable impacts on society, such as creating new opportunities and solutions for social, economic, and environmental problems, building resilient and sustainable communities, overcoming regulatory barriers, promoting policy dialogue, sharing the risk and innovation of new approaches, and enhancing trust, participation, and empowerment of citizens. However, collaboration is also complex and diverse, shaped by historical and cultural contexts, as well as by specific challenges and dilemmas that arise in different regions and countries. Therefore, there is no one-size-fits-all model or best practice for collaboration, but rather a diversity of approaches and experiences that can inspire learning and innovation.

This textbook aims to provide an overview of how, why, and when civil society collaborates, its key concepts, trends, drivers, forms, benefits, and challenges. It also aims to illustrate cross-sectoral collaboration with examples from different sectors and regions. Moreover, the chapters in this book illustrate the diversity of approaches and experiences that collaboration entails and offer insights for learning and innovation.

To set the scene for the book, this introductory chapter will explain why cross-sectoral collaboration is important for students to study and define civil society, collaboration, and related key concepts. The chapter will also provide an overview of previous research, describe why civil society collaborates with other organizations from the public sector and the market and define and describe the various actors with whom civil society collaborates. Moreover, the chapter will describe the different types of collaborations that civil society engages in, and provide an overview of the chapters, themes, and insights that this book offers. Finally, the chapter is concluded with some key takeaways, questions for discussions, and suggestions for further reading.

## Why a Textbook about Cross-Sectoral Collaboration?

In addition to being a phenomenon on the rise in research, policy, and practice, civil society's collaboration with the public sector and the market should be of interest to university students since such collaboration can have positive and sustainable impacts on society. For example, civil society's cross-sectoral collaboration may:

- **Create new opportunities and solutions for social, economic, and environmental problems.** One example is Global Forest Watch, an initiative led by the World Resources Institute, that provides near-real-time data and alerts on forest changes through satellite imagery, artificial intelligence, and cloud computing to forest stakeholders.
- **Build resilient and sustainable communities.** An illustration of this is the Hunger Project, an NGO, that partners with local communities in 13 countries to implement community-led development programs.
- **Overcome regulatory barriers and promote policy dialogue.** One example is the European Civic Forum (ECF), a network of over 100 associations and NGOs across 27 countries, that works to promote civic participation and defend civic space in Europe. ECF and its partners collaborate with national human rights institutions,

ombudspersons, lawyers, academics, media, and international organizations, to advocate for a more enabling legal and policy framework for civil society.

- **Share the risk and innovation of new approaches with other organizations.** An illustration here is Ashoka, a global network of social entrepreneurs, that partners with various actors, including business leaders and investors, to support the growth and impact of social innovations.
- **Enhance trust, participation, and empowerment of citizens.** One example is the International Budget Partnership (IBP), a global network of civil society organizations that works to promote transparent, accountable, and participatory budgeting processes in over 100 countries.

Civil society's cross-sectoral collaboration can benefit from the diversity and complementarity of experiences and knowledge from public sector and market actors, who may bring different perspectives, resources, skills, and networks to the table. Therefore, students who are interested in cross-sectoral collaboration can learn from the experiences and best practices of case studies and research from around the world. This textbook provides an overview of significant research supported by illustrations, critical thinking boxes, questions for discussion, and suggestions for further reading.

### Key Concepts

Several concepts are key to studying and understanding cross-sectoral collaboration, including civil society, collaboration, and cross-sectoral collaboration. This book uses the term *civil society* to refer to a sphere of social action that is separate from, but connected to, family, state, and market. In this sphere, individuals, and groups, both formal and informal, pursue their goals and interests through collective action. Nonprofit organizations are examples of formal groups that belong to this sphere, including various legal forms such as associations, cooperatives, and foundations. Apart from formal organizations, civil society in this understanding include individuals' voluntary work and ideologies that make the actions of individuals meaningful and build the legitimacy of organizations (cf. Alexander, 2006; Kocka, 2006; Wijkström & Lundström, 2002).

This book defines collaboration as *the process of different actors joining forces to tackle shared problems and objectives* (Gazley & Gou, 2020; Guo & Acar, 2005; Thomson & Perry, 2006). Collaboration can involve various types of actors as well as vary across regions and time, as described in this and the coming chapters. However, collaboration is not always positive or beneficial for the partners, as some examples and studies have shown (cf. Anheier & Toepler, 2019; Bauer & Schmitz, 2012; Bouchard & Raufflet, 2019; Herlin, 2015), despite the prevailing normative assumptions about its value. In addition, collaboration may not always be cooperative but could also be conflictual.

Cross-sectoral collaboration, in turn, is the process of actors from different sectors in society aiming to achieve results unobtainable through the activity of one sector alone (Bryson et al., 2015; Koschman et al., 2012). These types of collaboration could take place between civil society and the state, civil society and the market, or among all three sectors at the same time. It can also concern collaboration between the state

and the market, but that kind of collaboration is not part of the focus of this book since we concern ourselves here with cross-sectoral collaboration that involves civil society actors as one of the parts in the collaboration. Cross-sectoral collaboration emphasizes the interdependence between the various actors and the emergence of extensive, diverse patterns of cooperation, collaboration, and coordination.

## Previous Research

A research article by Gazley and Guo (2020) provides a systematic literature review of empirical studies on nonprofit collaboration within and across sectors, published between 1972 and 2015. The authors analyze 657 articles and identify major themes, specific research gaps, and several implications for collaboration research and practice. Some of the major themes include that:

- Research uses different definitions, typologies, and measures of collaboration, making it hard to compare and synthesize findings across disciplines and contexts.
- The analyzed studies focus more on certain types of collaboration (for example, alliances and partnerships) than others (for example, mergers and federations), and more on certain sectors (mainly welfare sectors) than others (for example, arts and culture).
- Research uses mostly descriptive and cross-sectional methods, with few longitudinal, experimental, or comparative designs.

The authors of the systematic literature review also identify several research gaps. For example, research does not adequately capture the diversity and dynamics of collaborations, such as the goals, structures, processes, and outcomes of collaborations. Moreover, the analyzed studies do not sufficiently examine how contextual factors or intervening variables affect collaboration. Finally, research does neither adequately address the challenges, risks, costs, and failures of collaboration, nor compare sufficiently different sectors or regions.

Gazley and Guo (2020) suggest that the main themes and research gaps can inform collaboration research and practice by promoting interdisciplinary dialogue and collaboration among scholars from different fields and disciplines, and developing common definitions, typologies, and measures of collaboration that can facilitate cross-study comparisons and meta-analyses. They also advocate that research findings to a higher degree should be translated into practical implications and recommendations. The aim of this textbook is to further highlight some of these issues and take a step in the direction of reconciling some of them.

## Why Does Civil Society Collaborate?

The chapters in this book provide several answers to the question of why civil society engages in cross-sectoral collaboration, why other sectors seek collaboration with civil society, as well as several examples of such collaboration.

Collaboration across sectors can help tackle complex social issues by aligning different interests and combining diverse resources, as early scholars on the topic have



argued (see Chapter 4). But why does civil society collaborate, and are there specific motives for civil society to collaborate with other sectors? The main rationale for non-profit organizations to collaborate with other sectors is to achieve outcomes that they could not achieve on their own (see Chapters 2 and 7). Another rationale is that each organization can offer resources that the other lacks or needs, such as money, gifts in kind, reputation, or legitimacy (see Chapters 2 and 3). For example, regarding civil society-market collaboration, nonprofit organizations and businesses may collaborate to access monetary or non-monetary resources from each other, to improve efficiency, or to boost their legitimacy. As for civil society-state collaboration, most collaboration is based on notions of cooperation and complementarity. States view nonprofit organizations as natural allies in various aspects of society, and appreciate their contributions to prosperity, welfare, and democracy. Chapter 6, for example, describes how nonprofits are seen by governments as being closer to the communities, more aware of their needs, and better able to deliver services directly. On the other hand, government can provide stable funding based on taxes. Collaboration can also bring various benefits to the partners, such as social, organizational, and reputational ones (see Chapter 3). According to Chapter 7, examples of such benefits include saving money and resources, providing better service to citizens, sharing professional knowledge and skills, and enhancing local democracy and participation. Finally, sometimes nonprofits may face pressure from funders to collaborate with businesses (see Chapter 4). At other times, nonprofits may seek collaborations with businesses to diversify their funding sources and reduce their reliance on government. It should also be noted that there are differences across countries and regions as to why civil society collaborates with other sectors (see Chapter 5). For example, in some countries, civil society and states collaborate mainly to meet expressive needs, such as cultural and leisure ones. In others, they collaborate to address essential needs, such as education, health, and social services.

### **With Whom Does Civil Society Collaborate?**

Civil society collaborates with various actors from different sectors. Some examples of actors often discussed in research and policy are:

- **For-profit organizations:** Civil society and for-profit organizations can work together to create sustainable and inclusive solutions for social, economic, and environmental challenges, as well as to influence policies and practices that promote responsible business conduct.
- **Public sector organizations:** Civil society and public sector organizations can work together to enhance public service delivery, accountability, transparency, and participation, as well as to address common issues such as poverty, inequality, climate change and human rights.
- **International organizations:** Civil society and international organizations can work together to advance global agendas and goals, such as the 2030 Agenda for Sustainable Development, the Paris Agreement on Climate Change, and the Universal Declaration of Human Rights. International organizations can be government organizations, such as the World Bank, as well as civil society organizations, such as the World Wide Fund for Nature.

- **Other civil society organizations:** Civil society can also collaborate with other civil society organizations, such as nonprofit organizations, nongovernmental organizations, social movements, networks, platforms, coalitions, faith-based organizations, and online communities, to share knowledge, resources, skills, and networks, and to amplify their voices and impact.

The review of research (Gazley & Gou, 2020) summarized above shows that the most common topic of study is civil society-public sector collaboration, followed by civil society-market collaboration. Only about one-quarter of the studies in the review analyzed all three sectors together, and only one in seven articles focused solely on civil society-internal collaboration. It should be noted that this textbook focuses mainly on civil society-public sector and civil society-market collaborations due to the focus on cross-sectoral collaboration.

### Different Types of Collaboration

Some studies offer typologies to understand the diversity of collaborative activities, but the review of previous research (see Gazley & Gou, 2020) summarized above shows that most studies either use vague terms to describe cross-sectoral collaboration or focus on a specific type of collaboration. This gap makes it hard to compare results across studies and limits our ability to generalize the findings from one form of collaboration to another. However, several chapters in this textbook provide useful categories and typologies for the variety of collaboration activities.

For instance, Chapter 2 explains how collaborations differ in their level of formality, permanence, interdependence, and intensity. Some examples of collaborations with low levels of these characteristics are information sharing, shared services, and joint programs. Some examples of collaborations with high levels of these characteristics are mergers, joint ventures, and parent subsidiaries. Chapter 2 also suggests that some forms of collaboration are unique to collaborations between nonprofits and for-profits. These include cause-related marketing, corporate volunteering, certification schemes, social impact bonds, and shareholder activism.

In contrast, Chapter 5 concentrates more on collaboration between civil society and the state, as well as introduces various modes of collaboration. The formal mode of collaboration is based on a contract or another formal agreement with high specificity and rigidity. The informal mode of collaboration delivers essential or supplemental services without a contract. The partnership mode of collaboration has a contract that states the obligations of each party, but it is less rigid and more general. The parties also keep their autonomy, like in an informal collaboration. Chapter 5 also describes a hybrid mode and a community-based mode of collaboration. The former mixes elements from other modes, and the latter involves families and individuals in the collaboration.

Chapter 6 introduces an extended relationship typology for collaborations between the state and civil society. Relationships can be complementary, supplementary, or adversarial. Each relationship is then explained in terms of finance, service, regulation, and consultation focus as well as the nature of the relationship and policy stance. For



example, the complementary relationship is characterized by government financing, collaboration, and supportive policies, whereas the adversarial relationship is marked by private philanthropy, conflict or cooptation, and repressive policies.

### The Contributions in this Book

This book offers various perspectives and insights on civil society collaboration with different sectors and actors.

- Chapter 2 explores the options and design parameters of nonprofit-business collaboration, highlights the potentials and challenges of such collaborations, and provides examples and recommendations for practitioners and researchers.
- Chapter 3 focuses on the case of Poland, a non-Western country, to examine the factors and outcomes of collaboration between nonprofits and business, and to bring new insights for the literature on cross-sector collaboration.
- Chapter 4 develops a nonprofit-centric framework to analyze the determinants and processes of power imbalance in nonprofit-business collaboration and suggests strategies for nonprofits to enhance their power and influence in such collaborations.
- Chapter 5 proposes a typology of public-nonprofit collaboration based on three levels of analysis: social origins theory, Public Administration Regimes, and different modes of collaboration. It discusses how these levels interact to shape the conditions and dynamics of public-nonprofit collaboration in different contexts.
- Chapter 6 presents two complementary approaches to understand the nature and evolution of government/nonprofit relations in the modern welfare state: the policy fields approach and the relationship type approach. It illustrates how these approaches can help explain the variations and complexities of intersectoral relations in different policy domains, illustrated by applying the approaches to two different contexts—Germany and the US.
- Chapter 7 provides a national example of the scope, trends, and dilemmas in the collaboration between the voluntary and public sectors, based on the empirical material from Denmark. It explains why Denmark is an interesting and relevant case for studying public-voluntary sector collaboration, given its historical, institutional, and cultural features.

### Themes and Topics

Several themes and topics emerge from the chapters that are included in this book, over and beyond how, why, and when civil society collaborates with different actors in society as well as how such collaboration can be improved. One such theme is challenges related to civil society collaboration across sectors, exemplified by discussion in Chapter 2:

- **Power imbalance:** Nonprofit-business collaborations often favor the business partners, who have more resources and influence, and marginalize the nonprofits, who lose control over decision-making.

- **Cost-benefit analysis:** Organizations collaborate to achieve mutual benefits that they cannot attain alone. However, they also need to consider the costs and investments involved in collaboration and ensure that they do not outweigh the benefits.
- **Motivational alignment:** Organizations should collaborate with partners who share their vision and mission, not just their interests. Otherwise, the collaboration may become superficial or transactional, failing to create lasting value or impact.
- **Dependency and co-optation:** Nonprofit organizations may become reliant on their collaborators, especially if they are more powerful or resourceful, and compromise their autonomy and integrity. This may lead to mission drift or loss of identity.

Further, in Chapter 5, it is discussed how the organization and practices of cross-sectoral collaboration are shaped by contextual and historical factors, which can also pose challenges for collaboration and for possibilities of changing how collaboration is structured.

Another theme is dilemmas (see Chapter 7). One is the “professional dilemma,” which arises when the evidence-based work of public professionals clashes with the experience-based work of association volunteers. How can they reconcile their different approaches and standards? Another is the “democratic dilemma,” which occurs when associations and volunteers influence the delivery of public tasks, even though they may not represent the end-users. How can they ensure that the involvement of citizens in public tasks is fair and inclusive?

A third theme is how different actors perceive and approach collaboration. For example, Chapter 3 examines how Polish nonprofits view and benefit from their relationships with businesses, based on a survey of NGOs that have collaborated with companies. Chapter 4 investigates how nonprofits cope with the power imbalance in their collaborative relationships, especially when they depend on their partners for resources or legitimacy. Chapter 6 discusses possible challenges following from a shift in how the relations and collaboration between government and nonprofits are perceived where the complementary view of the relationship is challenged by more supplementary types of relations. Chapter 7 compares the attitudes and expectations of both nonprofits and public sector organizations towards collaboration, based on interviews and observations of collaborative projects.

## Key Takeaways

- Cross-sectoral collaboration is a growing and historical trend, influenced by various dynamics and motivations, that can have positive and sustainable impacts on society.
- Cross-sectoral collaboration is also complex and diverse, and requires careful attention and management to overcome challenges and dilemmas.
- There are differences across countries and regions as to how, why, and when civil society collaborates with other sectors.
- Students who are interested in cross-sectoral collaboration can learn from the experiences and best practices of case studies and research from around the world.

- A systematic review of the literature advocates that research findings to a higher degree should be translated into practical implications and recommendations.
- Nonprofit organizations collaborate with other sectors to achieve outcomes, obtain resources and benefits, and to fulfill demands.

### Questions for Discussion and Reflection

- Civil society collaborates with other sectors for various reasons, such as achieving outcomes, accessing resources, and diversifying funding. However, it also implies that collaboration may involve trade-offs, challenges, and risks. How can civil society actors balance the benefits and costs of collaboration?
- One of the main difficulties of cross-sectoral collaboration is how to evaluate its success, since collaboration may involve organizations that have different or even conflicting missions. How can we assess the success of collaborations that do not share the same objectives and outcomes?
- Collaborations can vary in their level of formality, permanence, interdependence, intensity, specificity, rigidity, autonomy, and policy stance. How can typologies and categories such as these help us analyze and compare different cases of collaboration? How can they be improved or expanded?

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**Chapter****2****Collaboration Between Nonprofit Organizations and Businesses**

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**Florentine Maier and Michaela Neumayr****Abstract**

Nonprofit organizations and businesses may collaborate for various reasons, such as obtaining needed monetary or non-monetary resources from the collaboration partner, increasing efficiency, or enhancing organizational legitimacy. They can collaborate in many different forms, for example, cause-related marketing, corporate volunteering, and social impact bonds. Collaborations vary in their degree of formality, permanence, interdependence, and they may range from simple transactional to complex integrative relationships. This chapter provides an overview of the options and design parameters of nonprofit-business collaboration, highlights the potentials of such collaborations, and outlines associated challenges.

**Introduction**

The athletes of the Swiss para-cycling team are wearing dresses featuring the logo of the elevator manufacturer Schindler. The logos are the visible sign of Schindler having entered a sponsoring relationship with the Swiss Paralympic Committee. This nonprofit organization selects teams and raises funds to send Swiss athletes with physical disabilities to international Paralympic events. Professional sportswear is essential in these highly competitive events, and Schindler has agreed to provide it free of charge for two years. In return, the company's logo is placed on the apparel.

Collaboration between businesses and nonprofits is widespread. They enter into collaboration because organizations complement each other, bringing something to the table that the other does not have. In the example given, the business brings in money to buy expensive sportswear, and the nonprofit brings in its high visibility and good reputation. When a nonprofit organization and a business enter into a collaboration, they do so to achieve outcomes that they probably could not achieve alone.

Nonprofit-business collaborations differ from business-business collaborations. They involve two different types of organizations with distinctive strengths and weaknesses (Salamon, 1987). Businesses usually have more financial strength, and nonprofits often have more expertise or reputation in their field of activity. These differences make nonprofits and businesses complement each other and bring many synergies for collaboration.

Differences between nonprofits and businesses have become somewhat less pronounced in recent years. Nowadays, many nonprofits themselves exhibit business-like characteristics (e.g., engaging in the sales of some kinds of services or products, see Maier et al., 2016). Many businesses have adopted a corporate social responsibility or sustainability orientation, thus exhibiting at least a potential affinity to the values of nonprofits. Nevertheless, fundamental orientations remain different, which can pose challenges for cooperation. In this chapter, we describe how nonprofits and businesses may collaborate, bring examples of such collaborations, and discuss opportunities and challenges.

## **Design Dimensions of Nonprofit-Business Collaborations**

Collaboration between nonprofit organizations and businesses can take many different forms. They can be differentiated in terms of the goals and the expected outcome, in terms of formality, permanency, interdependence and intensity of collaboration, and in terms of the resources contributed by each partner. The exact form of collaboration is rarely determined from the outset. Some collaborations are very informal and are entered into almost unconsciously (such as information sharing), while others are formal, strategically planned, and contractual (such as mergers).

## **Why Do Nonprofits and Businesses Collaborate?**

Nonprofits and businesses may collaborate for a variety of reasons. Traditionally, it has been assumed that the nonprofit's motive is primarily altruistic work for the common good, while the business partner's motives are primarily self-interested (e.g., enhancing corporate image; garnering social capital and accessing networks; selling products; attracting, motivating and retaining desirable employees (Selsky & Parker, 2005, p. 855). However, accumulating research has made it increasingly clear that this distinction is too simplistic because boundaries between altruism and enlightened self-interest are blurry, as is the notion of the common good.

Generally speaking, the reasons that prompt collaboration can be traced back to six motives (Oliver, 1990). Each one is a separate and sufficient motivator for collaborations, but often they interact or occur concurrently:

- **Meeting regulatory requirements:** Businesses and nonprofits may establish linkages with each other to meet necessary legal or regulatory requirements. Mandates from higher authorities (e.g., government agencies, legislation, industry, or professional regulatory bodies) may provide the impetus for collaborations that otherwise might not have occurred voluntarily.
- **Exercising power over other actors:** Businesses and nonprofits may collaborate to be bigger and stronger together, thus being able to withstand the control of other actors or exert control over them and their resources. Partners may even aim for systemic impacts, such as influencing public policy or changing whole industries.
- **Obtaining resources from the collaboration partner:** One collaboration partner may directly or indirectly provide the other with financial or human resources. For example, a nonprofit may help a business increase sales figures or boost employee commitment; a business may pay a licensing fee to a nonprofit. Collaborations may also enhance partners' capacities, such as when nonprofits teach businesses to gauge public sentiment more accurately or teach them new technical knowledge about environmental sustainability.
- **Increasing efficiency:** Collaborations may be motivated by the desire to better use the resources already at hand. For example, collaborators may seek to reduce unit costs, cost per patient or client, waste, or downtime.
- **Achieving stability:** Another reason for collaborations is the desire for stability or predictability. In other words, collaborators may seek to reduce uncertainty in their environment. Such uncertainty arises from resource scarcity and a lack of knowledge about the fluctuating availability of resources and exchange partners. Collaborations are a strategy to forestall, forecast, or absorb uncertainty to achieve an orderly resource flow. For example, a business may prefer to cooperate with an environmentalist nonprofit organization to avoid becoming the subject of unpredictable activism that may damage its reputation.
- **Enhancing organizational legitimacy:** Gaining legitimacy or protecting one's reputation is another reason for collaborations between businesses and nonprofits. For example, a nonprofit organization may enhance the business partner's legitimacy by generating positive media coverage improving their image.

An example of businesses collaborating with nonprofits to meet regulatory requirements is corporate social responsibility (CSR) in India. In 2013, a law was passed that required large companies to spend at least 2% of their net profits on CSR, either by implementing CSR activities directly on their own, through their own nonprofit foundations, or by collaborating with an independently registered nonprofit organization (Guha, 2020). An example for the motive of exercising power over other actors can be found in the field of forest certification schemes (Bloomfield, 2012): The Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification Schemes (PEFC) are rivaling eco-labels, both involving businesses and nonprofit



organizations. The FSC was launched in 1993, largely due to the initiative of the World Wide Fund for Nature (WWF), a nonprofit organization. The PEFC is also issued by a nonprofit organization, but it requires lower standards than the FSC. The PEFC was established in 1999 upon the initiative of wood producers as an alternative to FSC certification in an attempt to gain control over the eco-labeling in the forestry industry.

## How Do Nonprofits and Businesses Collaborate?

There are many options for how nonprofit-business collaborations can be designed; there is no one best way. Important design dimensions include the degree of formality, permanence, interdependence, and intensity of collaboration (Austin & Seitanidi, 2012b; Guo & Acar, 2005). Often these dimensions go in parallel, with higher interdependence, permanence, formality, and intensity of collaboration necessitating and facilitating each other:

- Formality means that cooperation rules are defined in writing (or graphically, e.g., in organizational charts or process diagrams, or technically in IT processes). Informal collaborations are based on unwritten shared understandings and oral communication.
- Permanence means that collaborators make an open-ended, long-term commitment to the partnership. In the opposite case of episodic collaboration, partners engage in one-time transactions, simply exchanging something with each other.
- Interdependence means that collaborators combine, share, or transfer their services, resources, or programs. In contrast, collaborations with a high degree of autonomy let partners retain decision-making power over the key management functions of their organizations.
- Intensity of collaboration can range from a transactional partnership to an integrative one. In a transactional partnership, both partners remain largely autonomous. They give or receive resources, either in a symmetrical relationship or in an asymmetrical, philanthropical relationship. In an integrative partnership, the partners' missions merge, and their workforces and activities intermingle.

The following are examples of collaborations with typically low levels of formality, permanence, interdependence, and intensity:

- **Sharing information:** Nonprofits and businesses may share information about wider developments that are relevant to their managerial or substantive professional work (e.g., by participating in events or professional networks). They may also exchange information about individual stakeholders (e.g., sharing information about a particular client as part of a case management approach). For example, managers of nonprofit and for-profit hospitals (as well as public hospitals) may participate in the same professional network for hospital managers, or healthcare professionals in those various organizations may exchange patient information. (c.f. Guo & Acar, 2005)
- **Joint programs:** Nonprofits can design programs in which businesses play an important part. For example, a community rehabilitation center may form partner-

ships with companies to place clients to work there. Instead of leaving clients to look for work entirely on their own, the nonprofit assists them by developing ties with potential employers (Suarez & Hwang, 2013, 586).

- **Shared services:** Shared service providers are typically businesses that provide management or administrative services. They focus on transaction-oriented and repetitive services that are similar for many organizations, such as financial services including accounts payable and accounts receivable, payroll, facility management, or information technology operations (Walsh et al., 2008, p. 202). In those cases, the relationship between the shared service provider and the nonprofit is often long-standing, but on a subscription or subcontracting basis, with the nonprofit organization maintaining autonomy over the direction of the services (Guo & Acar, 2005, p. 344). An interesting alternative to shared service providers are so-called “management service organizations” that are nonprofit organizations (Walsh et al., 2008). Due to tax benefits, these may be able to provide lower prices, and they can offer services tailored to the needs of many nonprofit organizations (e.g., fundraising, contract management with government institutions, and quality assurance in healthcare or social services).

The following are examples of collaborations with high levels of formality, permanence, interdependence, and intensity:

- **Mergers:** A merger means that two or more organizations combine into a single, new reporting entity. Mergers between nonprofit and for-profit entities have been common in the healthcare field. However, most organizations prefer to merge with a partner from the same (i.e., nonprofit or for-profit) sector (Harrison, 2006). When organizations from different sectors merge, the question of whether the new entity should have nonprofit or for-profit status ensues, as do complex taxation issues. Evidence from the US hospital industry (Sloan et al., 2003) suggests that conversions to nonprofit status are less common than conversions to for-profit status, but quite common nonetheless and typically occur as a reaction to a decline in profit margins. Conversions to for-profit status, in contrast, are typically a reaction to chronically low profit margins (c.f. Guo & Acar, 2005).
- **Joint ventures:** A joint venture is a cooperative agreement between two or more organizations for the purpose of improving their performance by sharing resources or tasks. The partners in a joint venture remain separate legal entities but are bound by an agreement on how to share equity, liabilities, and profits from their partnership. Such joint ventures between nonprofits and businesses are often particularly complex and sensitive regarding taxation. Typical examples can be found in the healthcare field, when nonprofit and for-profit healthcare providers cooperate in providing services, or when it comes to developing real estate held by a nonprofit organization.
- **Parent subsidiary:** Nonprofit organizations and profit-oriented businesses can be connected in a holding relationship. A business may found a nonprofit organization (often a foundation) that provides welfare services to its employees or engages in broader corporate social responsibility practices. For example, Austrian post (the

country's largest logistics and postal service provider) has founded a philanthropic association to provide social support to active and retired employees, their relatives, and surviving dependents. This association provides financial support in the event of extraordinary burdens such as illness or natural disasters, discounted tickets to cultural and sporting events, childcare during the vacation season, healthy leisure activities, and so on (Baumüller, 2019). On the other hand, nonprofit organizations may found profit-oriented businesses, often by obligation by tax regulations that engage in profit-making activities and provide funding to the nonprofit organization from the thereby generated profit. For example, the CareQuest Institute is a nonprofit organization that aims to promote the oral health of disadvantaged groups through grant making, health-improvement programs, research, education, and advocacy. It also has a for-profit affiliate, CareQuest Innovation Partners, which focuses on impact investment to develop innovations in the oral health care industry, such as drill-free technologies to eliminate tooth decay (vVARDIS, 2021).

### **What Do Nonprofits and Businesses Bring to the Collaboration?**

Collaborations may entail the exchange and combination of various kinds of resources. Consider the example of an elevator manufacturer that has its logo printed on the dresses of para-cyclists. The sponsoring business brings in money, thus enabling the Paralympic Committee to buy dresses. The Paralympic Committee brings in access to an audience of people from the field of disability rights and barrier-free access, which results in the elevator manufacturer becoming better known, improving its image, and perhaps even gaining new clients. Thus, one organization contributes resources that the other needs but does not have. Resources involved can range from highly tangible ones (such as money and gifts in kind) to highly intangible resources (such as reputational resources and other factors that can enhance legitimacy, see Harris, 2012).

Roughly ranked by their degree of tangibility, Table 2.1 displays the types of resources typically brought into collaborations (Harris, 2012). Businesses typically bring in “capital, managerial capability, large-scale and global production capabilities, legitimacy with other private sector players, global sourcing, purchasing power and brand value with customers” (Dahan et al., 2010, p. 330). On the other part, nonprofits typically may offer knowledge about markets and customer needs, brand value with their clients, the trust of customers and gatekeepers, legitimacy with civil society and government actors, access to global and local suppliers, and access to distribution systems (Dahan et al., 2010, p. 331). Partners may not just bring in resources directly; they may also bring in resources from third parties. For example, a company may bring in money by prompting its customers to donate money to the nonprofit organization.

Partners may contribute generic resources (such as money) (i.e., resources that are common to many similar organizations). Or they may leverage more valuable core competence resources that are distinctive for their organization, for instance, access to a particular supplier, knowledge, or capability (Austin & Seitanidi, 2012b). Depending on the intensity of the cooperation, the type of resources involved vary. In typically philanthropic collaborations (Austin & Seitanidi, 2012b), the business contributes tangible

resources such as money or donations in kind, while the nonprofit contributes intangible resources such as reputation and image.

**Table 2.1**

*Type of Resources Involved in Nonprofit-Business Collaboration (modified from Harris, 2012)*

	From business to nonprofit	From nonprofit to business
Money (e.g., donation, sponsorship, licensing fee)	x	
Gifts in kind (e.g., goods, premises, food, equipment)	x	
Use of assets (e.g., premises, equipment)	x	x
Untrained labor (employees, volunteers)	x	x
Specialist services (e.g., IT, staff training)	x	x
Specialist knowledge (e.g., market knowledge, technical expertise)	x	x
Social capital, network (e.g., relationships with suppliers, relationships with government officials)	x	x
Halo effect of association with brand name or purpose	x	x

## Established and New Forms of Collaborations

In practice, collaboration between businesses and nonprofits takes many forms. Think of a grocery chain partnering with a nonprofit in an expired food reuse program, the latter giving the food to soup kitchens. Collaborating for joint programs is an example of a rather generic form of collaboration that is common in collaboration between businesses but may be pursued by nonprofits in collaboration with businesses as well. Such generic forms of collaboration also include, amongst others, information-sharing, referral of clients, sharing management service organizations, joint programs, parent-subsidiary-relationships, joint ventures, and mergers. In this chapter, however, we will focus on forms of collaboration that are specific to collaborations between nonprofits and businesses. We describe five examples of such collaborations between nonprofits and corporations that are particularly widespread (cause-related marketing, corporate volunteering, certification schemes) or innovative (social impact bonds, shareholder activism).

### Cause-Related Marketing

With its famous panda logo, the World Wide Fund for Nature (WWF) is an environmental organization with a highly recognizable image and one that is highly engaged in cause-related marketing. Taking just Spain in 2019 as an example, WWF engaged in five cause-related marketing actions with vari-

ous companies. WWF cooperated with the fashion retailer H&M to introduce a children's clothing collection made of organic cotton that featured animals at risk of extinction. H&M donated 10% of the revenue from that collection to WWF Spain for conservation projects (Belda-Miquel et al., 2021). The project was meant to improve H&M's image and actual sustainability record, provide funding to WWF, and raise awareness for nature conservation.

Cause-related marketing is defined as an “agreement between a company and a non-profit organization to collaborate in a social cause and get mutual benefit. The company's commitment focuses on contributing (financially or in-kind) to the cause in terms of sales. Therefore, the donation will depend on consumer behavior” (Galan-Ladero et al., 2021, p. 4). It must not be confused with social marketing (i.e., marketing to achieve pro-social changes of attitudes and behaviors) or nonprofit marketing (i.e., all marketing efforts of nonprofit organizations).

Businesses typically engage in cause-related marketing to increase their organization's legitimacy and improve their image, while nonprofits typically engage to obtain resources from the business partner, such as funding, but also to raise awareness of their causes to a larger audience.

Overall, cause-related marketing is a fairly widespread and established form of collaboration, and both motivations and success factors have been extensively researched empirically. For successful cause-related marketing, it is important to ensure credibility. The customer should perceive that the business has a sincere interest in the social cause and that the marketing campaign actually achieves a positive outcome. Partners can achieve this by publishing information about concrete results of the collaboration (Stumpf & Teufl, 2014). Another crucial success factor is the cause-brand fit. The customer should perceive a fit between the sponsoring brand and the social cause. For example, if a brand of environmentally friendly detergent donates to a nonprofit organization that aims to preserve wetlands, that is a good cause-brand fit. On the other hand, if a manufacturer of carcinogenic pesticides and cancer therapy drugs sponsors National Breast Cancer Awareness Month (see Sulik, 2011), there is a conflict of interest and a poor cause-brand fit. Both partners should be careful about the other's good reputation. It is helpful if the collaborator is widely known, but the advantages of excellent cause-brand fit may outweigh the disadvantages of low brand awareness (Stumpf & Teufl, 2014).

### Corporate Volunteering

Armanda, Ben, and Daniel—all of them employees in the HR department of the global pharmaceutical company Pfizer—are handing out cups of water to gasping participants in a running race. They are at the Red Nose Run to benefit the nonprofit organization Red Nose Clowns, which brightens the lives of children in hospices. Pfizer is collaborating with Red Nose Clowns and has given not just Armanda, Ben, and Daniel but the entire HR depart-

ment a day off to help run the race event. Employees have a lot of fun on this day, connect with others, improve their communication skills, and feel they have done a meaningful job.

That is what we call corporate volunteering; sometimes it is also referred to as employee volunteering or personnel volunteering. It means that a business offers the time or specific skills of its employees to a nonprofit organization for a planned activity (Rodell et al., 2016). In the case described above, it is the Pfizer employees' time and labor power and not any particular skills they apply to help with the run. Such a collaboration is called hands-on corporate volunteering. Hands-on collaborations typically last one day or even less and involve many employees at the same time, sometimes an entire department or even the entire staff of a corporation. As opposed to that, we speak of skill-based corporate volunteering when employees contribute their specific professional skills and know-how, for example when they help a nonprofit organization with a press conference or its public-relations work, or when they provide legal advice. Skill-based corporate volunteering collaborations tend to last longer, most often a few weeks or months, and they involve only a few employees (Roza et al., 2017). Hence, corporate volunteering projects can be differentiated according to the type of employee resources used, the duration of the collaboration, and the number of employees involved.

Probably the most widespread form of corporate volunteering is hands-on projects that involve many employees and last only half a day or a day. These collaborations are particularly popular with companies, presumably also because of their event character. Especially in the run-up to Christmas or before the summer vacations, many nonprofits receive requests from companies. This is not surprising; the motivations of companies for engaging in corporate volunteering are well studied and there is clear empirical evidence of the numerous benefits of corporate volunteering for companies, particularly in terms of their human resource management and marketing strategy (see Rodell et al., 2016). Scholars have found that corporate volunteering can increase employees' job satisfaction and work efficiency, promote the development of employee's skills, and support team building. Furthermore, companies can use corporate volunteering to increase employees' identification with and commitment to the company, recognition as an attractive employer for potential employees, and customer loyalty. Also well studied is the question of why employees participate in corporate volunteering. They benefit from corporate volunteering because they can connect with others, experience a sense of belonging, improve work-related skills (e.g., communication, interpersonal skills) or because their job satisfaction and job meaningfulness increases (Rodell et al., 2016). But there is also a critical debate about employees involvement in corporate volunteering, such as whether it is truly volunteering (vs. "voluntolding"), or whether corporate volunteering triggers stress and competition among colleagues (e.g., Rodell et al., 2016; Rodell & Lynch, 2016).

Even more controversial in the literature is the question of why nonprofits engage in corporate volunteering. While nonprofit organizations expect to gain additional manpower, spread their message to a larger audience, and gain access to additional corporate resources, it is unclear whether these benefits actually outweigh their costs associ-



ated with corporate volunteering. Corporate volunteering incurs costs for nonprofits because, for example, they need staff to supervise corporate volunteers, to organize the event, and because the necessary materials must be provided. If poorly done, corporate volunteering may even place the reputation of the nonprofit at risk. What is more, often it is difficult to find a meaningful task for a large number of volunteers from companies who want to come at the same time (Caligiuri et al., 2013; Cook & Burchell, 2018; Samuel et al., 2013). Statements such as, “We’re not your free team-building event manager” (Schneider & Neumayr, 2021) illustrate that the benefits to the nonprofit are not always there. One of the key factors that make corporate volunteering a win-win collaboration for all involved is the balance of power. Explicit disclosure of mutual expectations also plays a role here, as does the fact that the nonprofit appears as a self-confident partner that knows what it has to offer. Some self-confident nonprofits have started to charge companies for corporate volunteering projects to cover the associated costs—and companies seem to accept this without complaint (Schneider & Neumayr, 2021). This also points to a new development in this form of nonprofit-business collaboration that challenges the assumed win-win character of corporate volunteering.

### Labeling Schemes

When shopping for tea, consumers are faced with a variety of similar products bearing labels from a variety of nonprofit organizations. Lipton, for example, displays the Rainforest Alliance label, indicating its commitment to reducing environmental damage in rainforests. To receive this label, manufacturers must pledge to the nonprofit organization Rainforest Alliance to reduce their impact on rainforest ecosystems by a certain amount. Twinings carries the Fairtrade label, which emphasizes the equitable distribution of profits along the supply chain. To earn this label, companies must work with Fairtrade—an international network of nonprofit associations, cooperatives and small agricultural producers—to ensure that producers receive good prices and workers receive fair wages and decent working conditions. So both labels require cooperation between businesses and nonprofit organizations, but they address different environmental and social concerns (Heyes & Martin, 2017).

A certification is a particular form of issuing an eco-label or social label that provides information about a product’s environmental or social attributes, such as whether it was organically grown or harvested in socially responsible ways. Such labeling is often done through standardized logos or symbols on the packaging. It displays product attributes that consumers could—unlike taste or price—not detect directly. When successful, labels guarantee that products meet specified environmental or social standards (Eden, 2012). Labeling can be done in three different ways. Firstly, manufacturers or retailers may do it themselves. This is called “first-party verification.” It is not very trustworthy and more like advertising. Secondly, labeling can be done by trade associations

or similar (often nonprofit) bodies closely related to manufacturers and retailers. This is called “second-party verification” and may vary in rigor. Finally, there is certification, which is also called “third-party verification.” In this case, an independent organization—often a nonprofit organization—checks adherence to standards. This is the most trustworthy form of labeling that is least susceptible to commercial conflicts of interest (Eden, 2012; Hatanaka & Busch, 2008).

All three types of labeling aim to increase the trustworthiness and thus organizational legitimacy of the business partner—which is why businesses get involved. At the same time, such labels ensure compliance with certain (ecological/social) production standards, which is the reason why nonprofits get involved.

There has been much research on how to design effective sustainability labeling schemes. One of the main insights from this research is that doing so requires a thorough understanding of the products to be labeled, and of the political, legal, and economic context. Labels are not always the most suitable tool for achieving a particular sustainability goal; sometimes other tools would be more appropriate. Previous research has shown that the consumer credibility of eco-labels is best when environmental nonprofit organizations are involved in the labeling schemes. For achieving the desired impact, it is therefore strongly recommended to involve nonprofits, especially during the selection of products, the development of criteria, and the monitoring phase. Moreover, in case of sustainability labeling, collaboration not just between businesses and nonprofits, but also collaboration with governmental organizations is highly recommended. By attuning labels with wider environmental policy goals, and with additional governmental measures such as sustainable procurement, the overall sustainability impact can be increased (Frankl et al., 2017).

### Critical Thinking

“So you decided to buy a nontoxic cleaning product? Good for you. Just don’t get too self-congratulatory” (Anthes, 2023). Purchasing a green product could make you more likely to behave more selfishly and less eco-consciously later on. Researchers at the University of Toronto (Mazar & Zhong, 2010) asked college students to shop for products online from either an eco-friendly or a conventional store. Then, in a classic experiment, they found that those who bought the eco-friendly one behaved more selfishly next time. This so-called licensing effect also works in other contexts. For instance, folks who insulate their houses and use green building products are likely to then crank up the heat. Are you like that?

### Social Impact Bonds

In the German city of Mannheim, elementary school students who are not from Germany get extra lessons in German and mathematics. Mentors support students and teachers. The project is financed through a social impact bond. The chemical company BASF has pre-financed the project. The company will get its money back with interest from the city of Mannheim if, and



only if, an agreed number of students receive recommendations from their teachers to attend academically advanced secondary schools that set them on a path toward university education. Bertelsmann Stiftung, a philanthropic foundation, initiated the project. The foundation is also responsible for scientifically evaluating the project (Kapalschinski, 2021).

Social impact bonds (SIBs) come in many variations (Arena et al., 2016; Clifford & Jung, 2016) and are known by different names in different locations. The term “Social Impact Bond” is mainly used in the UK and Europe “Pay for Success” is the common term in the USA; the term “Social Benefit Bond” is used in Australia. Yet all of these forms of funding share certain commonalities—they involve a contract between a commissioner, who is almost invariably a government, and a commissioning agency. The commissioning agency may be an intermediary who prepares the deal, administers it, and subcontracts with a social service provider. Alternatively, the commissioning agency may be a social service provider acting as prime contractor and subcontracting with other social service providers, or may also act as an investor. Social service providers are typically private nonprofit organizations, but also social businesses or for-profit social service providers are possible. At least one investor is involved, who is legally separate from the social service provider and the commissioner. This investor may be philanthropic, profit-, or blended value-oriented. The investor may take on all or a part of the risk of non-performance, with or without guarantee of principal, with longer or shorter time to maturity. Payments are made from the commissioner to the investor if social service providers meet predefined social outcomes. Whether those outcomes have been attained is usually assessed by an independent evaluator. These characteristics make SIBs hybrid financial instruments par excellence: like a derivative, the value of a SIB depends on the achievement of a specific goal, specifically on the achievement of social impact (e.g., bringing a certain number of unemployed people into employment). However, unlike in a derivative, the investor has to provide up-front capital covering all or a large part of the projected costs. Like debt, the investment has a fixed term, the maximum return is capped, and the capital may be partly or fully secured. Alternatively, like equity, the capital may be entirely at risk. The areas of application for SIBs center on social problems where it is relatively feasible to identify the effects of an intervention on individuals or on a delineated group, for example, anti-recidivism programs, training and counseling programs to reduce unemployment, programs to prevent school dropouts, etc. The Mannheim project, mentioned above, is such a program: The city of Mannheim is the commissioner, the Bertelsmann foundation is the commissioning agency, BASF is the investor, and various organizations in the field of education collaborate as service providers.

Unlike the other forms of collaboration described above, SIBs involve other partners in addition to a business and a nonprofit organization. And it is this that makes cooperation and the alignment of different interests and expectations much more complex. Nonprofits, for instance, typically join because they expect stable (long-term) funding

and the freedom to innovate and personalize services according to client needs; businesses usually expect a high return on investment or to gain access to a particular social sector; and the public sector, on the other hand, expects increased flexibility and effectiveness in service delivery, evidence-based policy-making and lower overall costs of funding social services (Maier et al., 2018).

The question of whether or under what conditions SIBs really meet these expectations (and are an efficient and effective financial instrument) can unfortunately not yet be answered based on sufficient empirical evidence (see the recent reviews by Broccardo et al., 2020; Rijpens et al., 2020). Most research to date has been purely conceptual without empirical data, or relied on a single or few case studies of SIBs, or on interpretive analyses of texts about SIBs as rhetorical or discursive constructions. Quantitative evidence about any of the effects and the cost efficiency of SIBs, especially in comparison to alternative funding schemes, is still lacking. And this lack of evidence also makes it difficult to come up with critical factors that make SIBs work well for all partners involved. One of the crucial issues is definitely the predefined social outcome and how it is measured, as it has already been warned that SIBs promote a financialized, commodifying, and dehumanizing attitude toward beneficiaries (see, for example, Sinclair et al., 2021). Great care must be taken in choosing metrics and target values, to avoid cherry-picking and other perverse incentives. Another recommendation for future SIBs is to publicly disclose more information about the costs, effects, and possible unintended side-effects of the SIB. So far, the lack of disclosure has inhibited research about SIBs (Broccardo et al., 2020), which is paradoxical for a funding tool that is frequently promoted as a paragon of evidence-based policy. It has led some researchers (such as Bell, 2021, p. 477) to become very skeptical of SIBs and even generally advise against using SIBs as long as the empirical evidence remains insufficient to demonstrate SIBs effectiveness and the conditions under which they might be appropriate (Rijpens et al., 2020, p. 31).

### **Shareholder Activism**

The oil and gas corporation ExxonMobil is responsible for 3.22% of all global carbon dioxide and methane emissions from human activity from 1750-2010, and has spent millions of dollars on efforts to deny climate science and delay climate solutions (Parafiniuk & Smith, 2019). In May 2021, the election of directors at ExxonMobil's shareholder meeting became the stage of an act of social shareholder activism that attracted worldwide attention. At this meeting, a coalition of activist investors led by the small impact investment fund Engine No. 1, which claims to "create long-term value by harnessing the power of capitalism" (Engine No. 1, 2021), managed to put two green-tinted directors on the board of 12. In doing so, the fund was supported by the nonprofit investor network Ceres (Matthews, 2021). Whether this was an effective method of advocating for sustainability, however, is debatable. Some have criticized it as nothing more than greenwashing the billionaire owners of Engine No. 1, and a Machiavellian move to force Exxon back into a strategy of investing only in oil extraction projects that would be profitable even at low oil prices (Jenkins, 2021).

Shareholder activism for environmental or social purposes is a relatively new form of how nonprofit organizations may collaborate with—or coopt, or pressure—businesses. Shareholder activism means that the owners of shares of a corporation take deliberate action to influence the policies and practices of that corporation, rather than just inadvertently influencing them through their buying, holding, or selling of shares. Two types of shareholder activism can be distinguished: financial activism and social activism. In financial activism, shareholders are concerned with shareholder value and related governance issues such as executive pay. In social activism, shareholders address broader concerns such as the corporation's environmental impact or social performance (Goranova & Ryan, 2014). We here focus on social shareholder activism.

The primary reason for nonprofits to engage in social shareholder activism is as an advocacy tactic. By becoming a co-owner of the corporation, the nonprofit can have a say in some of the corporation's strategic decisions and influence them in the direction the nonprofit wants to go. The most important tool for doing this are shareholder proposals. Because nonprofits typically own only a small percentage of the shares, these proposals are usually defeated. It is rare for shareholder activist proposals to be approved over the objections of management. Moreover, while shareholder proposals are usually binding in Europe, they are usually non-binding in the United States. Sometimes management will discuss the proposal with the filers to avoid negative publicity, a compromise is reached, and the proposal is withdrawn. Shareholder activism works primarily as a communications tactic to raise awareness among the public, other shareholders, and corporate management. Often, the filing of unsuccessful proposals over many years eventually results in corporations making some adjustments to their policies and practices. For example, in 2020, the oil companies Total and Royal Dutch Shell committed to stepping up climate action after environmental proposals received significant minority support (Insightia, 2021). And shareholder activists are continuing to target these companies.

There has been a lot of research on financial shareholder activism, which is a long-standing practice in corporations, but much less research on social shareholder activism. Social shareholder activism began to organize in the 1970s in the U.S., when a lawsuit successfully challenged the United States Securities and Exchange Commission's position that corporations could omit social issue proposals from their proxy statements (i.e., documents that corporations must provide to shareholders before meetings so they can make informed decisions about what will be brought up there). The court's decision spawned the social shareholder activism field, with the Interfaith Center on Corporate Responsibility founded in 1971, and the Investor Responsibility Research Center founded in 1972. They were joined by numerous foundations, charities, religious and environmental organizations, pension funds, labor union funds, and social investment firms interested in long-term sustainability and social issues (Goranova & Ryan, 2014). Research suggests that social shareholder activism is highly effective, as firms that have been the target of environmental shareholder resolutions have been shown to significantly improve their polluting practices. Social shareholder activism is particularly effective when it targets corporations that may incur higher disruption costs and are more dependent on reputation for critical resources, such as larger firms and firms in industries close to end-user consumers (Lee & Lounsbury, 2011).

### Critical Thinking

“Postactivism is the firm belief that very fundamental change is possible. And postactivism feeds on another, deeper source: the belief that it doesn’t matter whether we achieve this goal by our rational standards. [...] One thing is certain: we humans will continue to mercilessly ruin our beautiful blue planet. We will keep on wreaking havoc until we just can’t do it any longer. [...] The point at which we stand today has been inherent in us as human beings, we could not have avoided it; we should therefore understand it as a challenge and opportunity. We are terrible beings, I am, and so are you. [...] We will throw ourselves and everything we hold dear into chaos, and it will probably be okay. We will grieve, suffer, and die a thousand small and large deaths. And when we land headfirst in the depths of chaos and begin to take root there, when the first dormant buds stir under our skin, at the latest when we begin to build a whole new world, we will need postactivism.” (Maiwald, 2023, p. 9, authors’ own translation)—Nonsense or great quote?

### Challenges for Nonprofits Collaborating with Businesses

Collaboration between organizations has many pitfalls that affect the success or failure of a collaboration. One of the biggest pitfalls in partnerships between nonprofits and businesses is power relations (e.g., Bouchard & Raufflet, 2019; Schiller & Almog-Bar, 2013). Research shows that partnerships on an equal footing, where decisions are made jointly, lead to better outcomes (e.g., Selsky & Parker, 2005). In nonprofit-business collaborations, however, power is often unbalanced; business partners tend to have more power, and nonprofits tend to lose control over decision-making (Schiller & Almog-Bar, 2013). On the one hand, this could be explained by the fact that business partners typically bring in rather tangible resources (e.g., money) while nonprofits bring in rather intangible ones (e.g., reputation). Since the tangible resources are more visible, power-relations might resemble those between a donor and a recipient. Another explanation is different organizational cultures, namely that businesses tend to have less participatory decision-making cultures than nonprofits (Schiller & Almog-Bar, 2013). Businesses, therefore, often also do not make decisions in cooperation with nonprofits on an equal footing. But there is also evidence that nonprofits often just think that they are in an inferior power position, as they think that they do not have anything valuable to contribute to the partnership. If nonprofits act confidently and make demands on an equal footing, i.e., if they frame the partnership as one of equality, they can prevent power imbalances (Schneider & Neumayr, 2021).

Another pitfall of collaboration between nonprofits and businesses is the cost versus the benefit to the nonprofit. Organizations collaborate because there is the need and potential for benefits that can be achieved together but not alone. Both partners, however, have to ensure that the outcome of collaboration exceeds the required investment. Oth-

erwise, the collaboration is a loss, causing expenses and dissatisfaction. Therefore, the potential value of a partnership, i.e., the potential benefits relative to the costs incurred by the interaction of the collaborating partners” (Austin & Seitanidi, 2012b, p. 935), should be assessed when a partner is selected. Low-potential partnerships should be terminated as early as possible, a recommendation that is not always easy to implement. In addition to potential returns, the potential sources of value loss in the partnership must also be included in the cost-benefit assessment. This is particularly important in the case of contested firms or contested industries (i.e., firms or industries that suffer from legitimacy problems) (Galvin et al., 2004). Businesses from contested industries, such as tobacco, gambling, mining, and oil, have been documented to be particularly active in CSR (Van Balen et al., 2017), presumably with the intention of alleviating their legitimacy problems. To avoid reputational damage due to a problematic partner, conducting a risk assessment at the partnership selection stage is recommended (Austin & Seitanidi, 2012b). While finding the most appropriate partner for collaboration takes time, choosing the right partner is one of the most important decisions in cross-sector collaboration to ensure cost-effectiveness.

A third challenging issue is the fit of motivations (Austin & Seitanidi, 2012a, p. 933). All too often, nonprofits see collaboration with businesses mainly in terms of revenue generation, and businesses see it mainly as a simple way to polish their image. In that case, both partners have different motivations, and for neither of them, is the motivation deeply integrated with their organization’s mission. Such collaboration can become transactional at best, failing at worst. For collaborations with transformative, integrative potential, partners need to have shared motivation, and that motivation should be close to their mission. That will be the case if involvement in the collaboration is truly an expression of the businesses’ mission or vision, and if the focal cause of the collaboration is also at the core of the mission of the nonprofit (Berger et al., 2004). If the fit of motivations is high, nonprofits may be able to reap not just tangible and direct benefits (e.g., money), but also intangible and indirect benefits such as increasing donor support or getting their message across more effectively (Gourville & Rangan, 2004).

## **Conclusion**

We have shown in this chapter that there are many opportunities for collaboration between nonprofit organizations and businesses. Through collaboration, both parties may reap benefits and achieve successes that they could not achieve alone or by working against each other. However, such cross-sectional collaborations also carry risks, especially for the nonprofit organization that is often the weaker partner. The nonprofit may become dependent on the business. That may lead to its co-optation and mission drift, as the nonprofit may lose sight of its commitments to beneficiaries and nonprofit values and may align its operations with the collaborator’s interest (Bouchard & Raufflet, 2019).

The key to nonprofit-business collaborations that have a high positive impact will be to keep the following points in mind:

- Partners should keep an eye on the balance of costs and benefits of collaboration. They may seek low-cost low-involvement transactional relationships, or higher cost



high-intensity collaborations that engender transformation of the business partner, or even at the industry or societal level.

- Partners should safeguard the cause-brand-fit. Nonprofits, in particular, should conduct a risk screening to prevent their reputation from being tarnished by a business partner who engages in activities that are widely considered illegitimate. Also, businesses should ensure that they choose a reliable nonprofit partner. From a business perspective, cooperating with a less well-known nonprofit in a project that greatly fits the businesses' brand image, mission, and vision may be preferable to cooperating with a more widely known nonprofit in a generic project.
- Nonprofits should act as self-confident partners and participate equally in decision-making in the partnership. If the potential for collaboration arises, nonprofits should screen it for opportunities and risks in advance. Sometimes it is better to confidently decline an offer of cooperation rather than enter into a relationship that would end unsuccessfully.

### Questions for Discussion and Reflection

- Businesses often aim to enhance their organizational legitimacy by collaborating with nonprofits in CSR activities. Can you think of cases of CSR where collaborating with a business also enhances the nonprofit's organizational legitimacy?
- Are transformational collaborations generally superior to transactional collaborations?
- Discuss cause-related marketing campaigns that you know. Which ones do you find particularly good, which ones do you find problematic, and why?
- One recommendation for nonprofits is to prevent ending up in a subordinate power relationship vis-à-vis their business partner by acting confidently and making demands on an equal footing. How can this work, and where might be the limit beyond which this recommendation no longer works?

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## Chapter

## 3



# The Role of Relational Aspects in Building Successful Collaboration between Nonprofits and Business: An Empirical Study—The Case of Poland

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## Abstract

Based on a sample of Polish nonprofits collaborating with companies, this chapter explores the nature of relations between nonprofit organizations (NGOs) and businesses. The focus is on how relationship factors (alignment, trust, and commitment) influence three groups of benefits for NGOs: organizational, social, and reputation related. The findings show that both trust and alignment have positive impacts on all three types of benefits, but commitment in collaboration is negatively correlated with social and reputational benefits. This suggests that stronger commitment enhances the amount of resources acquired by nonprofits from their business partners, but at the same time it can lower the NGOs' reputation and decrease their capacity to achieve social goals. In this chapter, practical conclusions are discussed and recommendations for nonprofits and business partners are offered.

## Introduction

### Why Are Empirical Studies of Collaboration Important and What Do We Aim to Investigate?

Cross-sectoral links and collaboration between nonprofit and for-profit organizations have expanded in recent years, which has also led to an increase in research on cooperation between NGOs and companies. The existing empirical research mostly comes from established Western economies boasting a long tradition of civil society and a well-developed third sector, whereas there is almost no evidence from emerging markets.

Previous studies suggest that even though NGOs in emerging markets operate in a broadly similar way to their counterparts in advanced economies (Dolnicar & Lazarevski, 2009), the state and growth paths of civil society and the third sector in post-communist Europe seem to have developed somewhat differently from the rest of the world (Rikmann & Keedus, 2013). Hence, the focus on Poland in this chapter can bring new insights for studies of collaboration between nonprofits and business.

Empirical evidence in our research, thus, comes from the third sector in Poland, a former Eastern Bloc country and one of the younger European Union (EU) member states. In 2017, when our study was conducted, Poland had about 100,000 active NGOs (Central Statistical Office of Poland, GUS, 2020), but as a post-communist country, its civil society was still relatively weak and the third sector less advanced than, for example, in the United States or Western Europe (Domański, 2012; Mikołajczak, 2020). The share of NGOs in Poland cooperating with business was growing and reached 57% of all NGOs in 2016; however, the increases were observed mostly in the least advanced forms of collaboration, undertaken sporadically or “from time to time” (Adamiak et al., 2016). These dominant collaboration modes involved transfers of money and physical assets, which, according to satisfaction surveys, were preferred by NGOs over other types of relationships (Adamiak et al., 2016; Karwacka, 2013). Meanwhile, firms in Poland frequently engaged with NGOs to pursue corporate social responsibility (CSR) objectives, which was reflected in their preference for more advanced forms of collaboration, such as joint long-term projects aimed at raising employee satisfaction or gaining customer loyalty (Adamiak et al., 2016; Dargas-Miszczak, 2017). Therefore, it seems that to promote further development of cross-sector relationships, it is instrumental to better understand NGOs’ interest in collaborating with businesses due to their overall reluctance about getting more involved.

Our study draws on two streams of research on relationships between NGOs and firms. The first one investigates relational factors and how they affect the quality of NGOs’ interactions with business. Due to their importance for relationship quality, the relational factors that are frequently considered in this context are alignment, trust, and commitment (Atouba & Shumate, 2020; Austin & Seitanidi, 2012a; Murphy et al., 2015). The second stream of research explores benefits from collaboration across different sectors following comparative advantage theory, which highlights the uniqueness

of resources in different sectors and the need to exploit them through collaboration (Goldsmith, 2011; O'Regan & Oster, 2000).

By reviewing existing research by other authors, we propose and test a number of hypotheses using our own empirical data from Poland to better understand the role of relational aspects in collaboration between nonprofits and business. As the final effect, we provide answers to two general questions about cross-sectoral collaboration:

1. How are the relationship factors (alignment, trust, and commitment) interconnected?
2. How do the relationship factors influence the three groups of benefits (organizational, social, and reputational) gained by nonprofits from cooperation with business?

### **What Are the Main Relational Factors Driving NGO-Business Collaboration and How Are They Interrelated?**

Research on factors of collaboration success points to many interconnected variables operating at different levels, from macroeconomic conditions to interorganizational relations and to employees and volunteers' attitudes and behavior (Goldsmith, 2011; Hamann et al., 2008; Kolk et al., 2010). In terms of inter-organizational relations, many scholars believe that good collaboration is grounded in relational factors such as fit between partners, mutual trust, and involvement in the relationship, underlined by effective communication (Lefroy & Tsarenko, 2013; Morgan & Hunt, 1994; Parker & Selsky, 2004). Relational factors are important aspects of collaboration across relationships on all levels, from philanthropic to transformational, and affect the quality and outcomes of relationships even in their simplest forms (Austin & Seitanidi, 2014, pp. 69-73). It should be noted that no relational factor operates in separation, but rather that they interact and reinforce each other. Next, we discuss in more detail three main relational factors and their interplay.

#### **Alignment**

In this chapter we use the term alignment to mean three key aspects of organizational fit:

- similarity of partners' values,
- willingness to respect the partner's values if they are different, and
- compatibility of partners' objectives and strategies.

#### **Critical Thinking**

Before reading on, take a moment to answer this question:

Is it possible for an NGO and a company to have similar values? If both types of entities operate in the same market, under what circumstances might their objectives align?

To better understand the concept of alignment, we can use a hypothetical example of a partnership between a bicycle manufacturer and a local environmental nonprofit working to reduce car emissions in the city center. The company's business goal of increasing bicycle sales fits perfectly with the organization's social goals. Good alignment of the goals of both entities will foster joint projects, which may include a campaign to encourage residents to commute to work by bike and pressure on local authorities to build bicycle paths in the city.

According to multiple studies, mutual alignment of organizations is among the most crucial determinants of success in cross-sector collaboration (Austin & Seitanidi, 2012a; Bryson et al., 2006; Porter & Kramer, 2011; Rodriguez et al., 2016). Alignment was found to lower the level of conflict between partners, to facilitate communication and promote trust (Austin & Seitanidi, 2012b). Supporting this view, Barroso-Mendez et al. (2016) showed that entities sharing common values tend to perceive the partner's actions more positively, even those that are controversial, which motivates them to commit more to the relationship and builds up trust.

However, finding the right partner can be a major challenge due to discrepancies in governance and organizational structure and different understandings of collaboration (Ahmadsimab & Chowdhury, 2021; Murphy et al., 2015). In addition, close alignment is often difficult to achieve due to a fundamental mismatch of missions, visions, and values underlying nonprofit and commercial activities (Murphy et al., 2015; Yin & Jamali, 2021). Sanzo et al. (2015) noted a rise in the risk of collaboration failure with goal displacement, when the objectives of involved parties are at odds. According to Al-Tabbaa et al. (2014), misalignment of values and objectives is a source of misunderstandings, leading to conflicts endangering social goals, increasing costs, and risking reputation damage with internal and external stakeholders.

## Trust

Building on the definition by Barroso-Mendez et al. (2016), we identify two main components of trust:

- **Credibility**—the conviction that the partner is competent, reliable, and acts in line with expectations and promises, and
- **Benevolence** —the belief that an organization is concerned about the well-being of its partner and is ready to provide needed support.

### Critical Thinking

An example of a relationship based on trust is the cooperation of the Polish Celiac Association with restaurants which offer meals safe for people with celiac disease. The organization conducts thorough trainings for chefs and employees in safe food preparation and certifies restaurants. A key component of this complex arrangement is the belief that a restaurant can meet high safety standards across the entire service process. Secondly, it

is important to believe that a restaurant, once certified, will consistently care about the health of its customers and act in their best interests. Can you assign these two beliefs about restaurants to the particular components of trust defined in the text above?

Trust serves a dual role: as an input and output of a relationship (Parker & Selsky, 2004). It is a necessary condition to start a collaboration; and once the collaboration is running and regarded as advantageous, it tends to strengthen the mutual trust. Bryson et al. (2006) use the metaphor of a lubricant and glue to show that trust acts both as a means to support the creation of new relations and as a factor that binds and strengthens existing links.

Interorganizational trust is a dynamic property that is subject to constant changes in response to ongoing interactions between collaborating parties. The two sectors are different in what contributes to building trust. In business, trust is driven mostly by short-term transactions, while in the nonprofit sector it stems from the sense of solidarity, common values, and joint missions (Selsky & Parker, 2005). As such, NGO representatives, when asked about trust, tend to assess the match of their values, goals, and strategies with the partner's. Morgan and Hunt (1994) posit that trust and commitment are greater if parties view collaboration objectives, rules, and actions in a similar way in terms of legitimacy and importance. Sargeant and Jay (2004) note that shared values make perceptions of a partner's actions more positive, which in turn strengthens trust.

As alignment is a key endogenous factor in developing trust, we propose the first hypothesis as:

**Hypothesis 1 (H1): Alignment correlates positively with trust.**

### Commitment

The definition of commitment includes all three aspects of this attitude:

- Affective, described by the feeling of loyalty and satisfaction,
- Behavioral, understood as the effort exerted to maintain the collaboration, and
- Cognitive, represented by the perceived importance of the relationship.

### Critical Thinking

Before you continue reading, consider the following issue: If partners have differing objectives or values during collaboration, can trust or additional commitment from both parties compensate for these alignment deficiencies? Is it essential for successful collaboration to have strong engagement in all three categories— affective, behavioral, and cognitive?



To illustrate commitment in NGO-business relations, we can give as an example the cooperation of the international logistics company Raben with the Polish organization “Szlachetna Paczka” (which could be loosely translated as “Noble Gift”), whose mission is to materially help the poorest families in Poland (Raben i szlachetna paczka—w weekend cudów przejechaliśmy wspólnie 11 722 km., 2022). The organization relies on donors of food products, home appliances, and everyday necessities and on volunteers to reach families in need, who often live in small, isolated villages. The cooperation with Raben involves the company’s drivers who voluntarily deliver the donated items to the most remote places using Raben’s trucks. The readiness of the company, whose business activity does not closely match the mission of “Szlachetna Paczka,” to support the charity is motivated by a sense of social responsibility and the willingness of its employees.

Following Morgan and Hunt (1994), commitment is another factor (besides trust) with a direct reliance on the alignment of values, rules, and behavior of collaboration participants. When an NGO views a company as similar regarding values, motives, and objectives, the readiness to commit resources into a joint project grows (Barroso-Mendez et al., 2016; Murphy et al., 2015). This is expressed by our second hypothesis:

**Hypothesis 2 (H2): Alignment is positively correlated with commitment.**

As every instance of collaboration carries a risk of conflict and associated costs, organizations avoid working with the parties whom they do not trust (Barroso-Mendez et al., 2016). Morgan and Hunt (1994) observe that the reciprocity principle, derived from social exchange theory, also applies when “mistrust breeds mistrust.” Lack of trust leads to a diminished involvement in a relationship and more reliance on one-off transactions rather than a long-term alliance. By contrast, when trust runs high, participants gravitate toward increased commitment (Morgan & Hunt, 1994). The link between trust and commitment seems to be particularly pertinent when collaboration spans different sectors with diversified groups of stakeholders (Murphy & Arenas, 2010). Therefore, we propose the following:

**Hypothesis 3 (H3): Trust is positively correlated with commitment.**

After exploring the relations between alignment, trust, and commitments, we will investigate the influence of all three factors on different types of benefits gained from collaboration.

### **What Kinds of Values and Costs Can NGOs Gain/Risk When Collaborating with Business?**

In our study, we followed Selsky and Parker’s (2005) three-part division of benefits that partners can gain from cross-sectoral collaboration:

- Social benefits directly affecting the nonprofit’s primary issue or cause. They involve achieving social goals, enhancing the satisfaction and motivational drive of employees and volunteers, as well as their loyalty to the organization.
- Organizational benefits linked with acquisition of resources and capacity building. Collaboration opens access to assets controlled by the partner, such as funds, skills,

knowledge, technology, and human resources, which can increase the market share of widen the impact of the organization and improve its financial standing.

- Reputational benefits attainable through increasing the goodwill with those stakeholders who respect and value the collaborator. Reputation benefits can be felt through raised public awareness of the social problems that the organization is focused on, visibility of the organization itself, and improved image of the business partner, leading to increased sales.

### Critical Thinking

Before you proceed with further reading, consider the following questions: Are all three types of benefits equally important for NGOs? Can different business partners provide varying benefits during cooperation? Will collaboration with businesses always entail the acquisition of all three benefits to an equal extent?

To have a more complete picture of collaboration value, in addition to benefits one should also consider costs. Costs can arise due to the asymmetrical nature of risk factors for collaborating parties, as NGOs tend to run greater risks when engaging in joint projects with business (Austin & Seitanidi, 2012b; Wymer & Samu, 2003). Since public trust is a prerequisite for effective delivery of complex social services, its potential loss is a greater threat to NGOs than to companies selling goods and services. Close cooperation with business may be perceived as compromising the NGO's core values in favor of the business mentality, which may lead to weakening legitimacy. Also, sourcing funding from firms is riskier than fundraising from the public sector or government, as social goals of the public sector and NGOs tend to overlap (Lefroy & Tsarenko, 2013). To represent the possibly fullest range of effects modifying collaboration value, our research employed an index including both benefits and costs, which are sometimes referred to as "the negative dimensions of perceived value" (Sanzo et al., 2015, p. 386).

### How Do the Relational Factors Translate into Benefits from Collaboration?

In this chapter, collaboration is conditioned on trust, commitment, and alignment. As indicated earlier, these aspects of collaboration are considered by many authors instrumental in building relational bonds and leading to positive collaborating value for businesses and NGOs alike. A sufficient level of trust is necessary for any collaborative relationship to start, and even more trust is needed for it to succeed. Morgan and Hunt (1994) note that trust is among the key factors for achieving productive collaboration, as it makes parties more willing to put extra effort into joint projects, keeps them more focused on long-term objectives versus short-term gains, and makes them less likely to interpret their counterpart's behavior as self-serving and opportunistic. Hence, we hypothesize the following:

**Hypothesis 4 (H4): Trust correlates positively with three aspects of collaboration value including organizational value (H4.1), social value (H4.2) and reputational value (H4.3).**

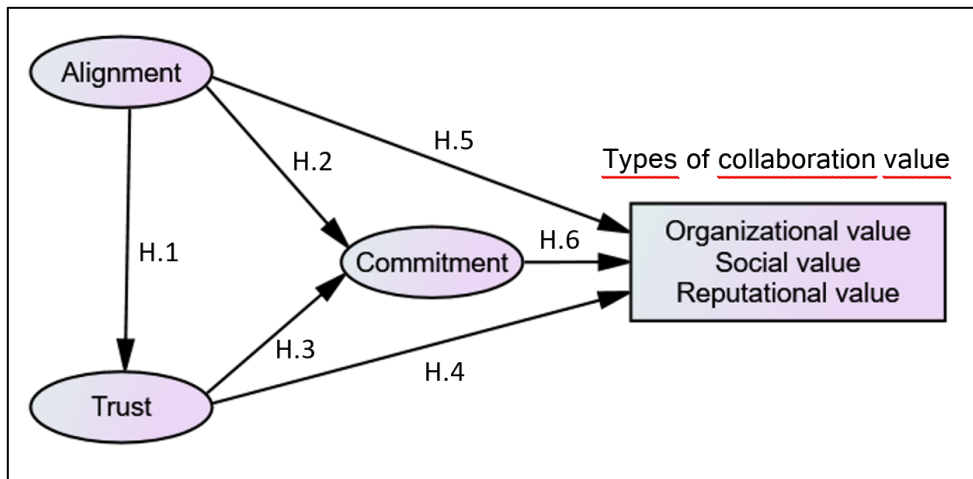
A positive relationship between alignment and collaboration value was found in several quantitative studies on NGOs (Murphy et al., 2015; Sanzo et al., 2015) as well as firms (Barroso-Mendez et al., 2016; Hond et al., 2015). One of the major risks for non-profits is a loss of reputation due to the backlash from volunteers, employees, donors, and beneficiaries who may dislike links with business (Boenigk & Schuchardt, 2015). Being one of the most important assets of NGOs, reputation tarnished by an unethical behavior of a partner can lead, among other things, to financial difficulties. However, not only unethical firms can be problematic—public image could be damaged by seemingly more benign reasons, such as the failure of a visible project or a misalignment between a joint NGO-business initiative and the values held by volunteers, employees, and beneficiaries (Selsky & Parker, 2005). Also, NGOs' ties with unethical firms could be interpreted as a loss of independence and social focus, raising suspicions of rejecting the statutory mission and profiteering (Sanzo et al., 2015). These observations seem to highlight the importance of a close alignment between collaborating sides to the amount of value derived from the relationship. Thus, we propose the following:

**Hypothesis 5 (H5): Alignment correlates positively with three aspects of collaboration value, including organizational value (H5.1), social value (H5.2), and reputational value (H5.3).**

Commitment represents the amount of effort dedicated by a party to establish and maintain a relationship. Commitment not only indicates how important a collaboration is but also helps direct efforts at a desired composition of benefits. As such, although we expect positive links between commitment and every aspect of collaboration value, associations could be stronger for the types of benefits that NGOs appreciate the most. According to comparative advantages theory, third-sector organizations and firms tend to expect different outcomes of collaboration (O'Regan & Oster, 2000). Past research shows that in cross-sectoral collaboration, NGOs tend to look for organizational benefits (such as money and skills), while firms are predominantly interested in reputational benefits (Schiller & Almog-Bar, 2013; Simpson et al., 2011). Therefore, we posit the following:

**Hypothesis 6 (H6): Commitment correlates positively with three aspects of collaboration value, including organizational value (H6.1), social value (H6.2) and reputational value (H6.3); however, the effect size is stronger for organizational value than for social and reputational value (H6.4).**

As a summary of the above discussion, we propose a conceptual model encompassing the relational variables that are recognized as the main drivers of collaboration value according to NGO managers (Figure 3.1). The research hypotheses were reflected in the components of the model and operationalized for structured quantitative interviews on a sample of Polish nonprofits. In the next step, we explain the research methods and the results.

**Figure 3.1***Conceptual Model of the Study*

Source: Mirońska, D., & Zaborek, P. (2019). NGO–Business collaboration: A comparison of organizational, social, and reputation value from the NGO perspective in Poland. *Nonprofit and Voluntary Sector Quarterly*, 48(3), 535.

## How Was the Research Carried Out and What Were the Results?

In Poland, all nonprofits are privately owned, formally structured entities that operate exclusively for not-for-profit purposes, independent of the government, and utilize the labor of volunteers (Salamon & Anheier, 1992). In addition, to be eligible for the public benefit organization status, which entitles to special tax benefits, they must follow strict standards of transparency and accountability. All public benefit organizations operating in Poland are listed in a special register that included 8,519 entries at the time of the study.

The empirical data for our study were collected through computer assisted telephone interviews (CATI) with managers of 193 Polish nonprofit organizations sourced at random from the governmental register of NGOs with a public benefit status. To qualify for the survey, an organization had to collaborate with at least one firm during the 2-year period preceding the interview. The percentage of eligible units, which were identified through a screening question, was 63%. Considering the size, the response rate, and the selection process, the obtained sample can be deemed representative of the Polish third sector.

All questions about relational factors in collaboration and their outcomes focused on the single most important cooperating firm from the respondents' perspective.

To measure alignment, trust, and commitment, respondents were approached with a set of 14 statements with six response options from “strongly disagree” (1) to “strongly agree” (6). Such a questioning format is called a Likert scale, and its component statements are shown in Table 3.1. Likert scales are typically used to operationalize constructs which are the kind of variables that due to their abstract nature should be measured in-

directly through statements capturing practical manifestations of the constructs. This is how we treated the relational factors in our hypotheses, which is the same method as in previous research by other authors.

**Table 3.1**

*Constructs and Likert-Scale Statements Describing the Three Relational Aspects of Collaboration*

<b>Construct aspects</b>	<b>Likert-scale statements</b>
	For each statement response options:
	1: strongly disagree, 2: disagree, 3: somehow disagree, 4: somehow agree, 5: agree, 6: strongly agree
<b>Alignment</b>	
Similarity of values	It is fair to say that the values that guide our business partner are similar to ours.
	Similar values improved the quality of our collaboration.
Respect	We respect the values of our partner.
Objective and strategy compatibility	I believe that our partner's objectives are congruent with ours.
	The way our partner works is consistent with our way of working.
<b>Trust</b>	
Credibility	We can rely on our partner to fulfill their obligations.
	Our partner is trustworthy.
	Our partner's employees, who we cooperated with, always kept their word.
Benevolence	The relationships so far show that our partner has acted in our best interest.
<b>Commitment</b>	
Affective	We have a strong sense of loyalty towards our partner.
	The collaboration so far was a source of satisfaction to us and we would like for it to continue.
Behavioral	We would be willing to put in a lot of effort to continue this collaboration in the future.
	Our partner exerted adequate effort to make the collaboration work.
Cognitive	Collaboration with our partner was instrumental for achieving our objectives.

Source: Based on Mirońska, D., & Zaborek, P. (2019). NGO–Business collaboration: A comparison of organizational, social, and reputation value from the NGO perspective in Poland. *Nonprofit and Voluntary Sector Quarterly*, 48(3), 542.

NGO-business collaboration value was represented by an inventory of benefits and costs (Table 3.2). To reflect the research hypotheses, the positive and negative effects were grouped under the three types of values: social, organizational, and reputational. Each cost and benefit had a short statement with simple “yes” or “no” response options.

**Table 3.2**

*Positive and Negative Effects Comprising Indices of Organizational, Social, and Reputational Values of Collaboration with Business*

### **Organizational Value**

Raising funds +  
 Securing other forms of material support. +  
 Implementing new services or technology. +  
 Enlisting new volunteers. +  
 Attracting new partners or sponsors +  
 Acquiring new knowledge or skills +  
 Improving productivity +  
 Increasing the level of conflict within the organization -  
 Limiting the independence of the NGO -  
 Lowering control over programs with the partner’s involvement -  
 Additional costs due to misunderstandings with the partner -

### **Social Value**

Achieving social goals +  
 Increasing satisfaction of targeted beneficiary groups +  
 Achieving all objectives for the collaboration with this partner +  
 Markedly increasing satisfaction levels of the NGO’s employees and volunteers +  
 Compromising the NGO’s core values in favor of the business mentality pushed on by the partner -

### **Reputational Value**

Increasing awareness of pertinent social issues among the public +  
 Increasing public awareness of what the NGO has to offer +  
 Improving the NGO’s visibility among stakeholders in comparison to other organizations of a similar profile. +  
 Improving the NGO’s image among key stakeholder groups +  
 Tarnishing the NGO’s image among some stakeholder groups due to noticeable associations with the partner -

*Source:* Mirońska, D., & Zaborek, P. (2019). NGO–Business collaboration: A comparison of organizational, social, and reputation value from the NGO perspective in Poland. *Nonprofit and Voluntary Sector Quarterly*, 48(3), 543.

Statistical analysis used SPSS 24 and AMOS 24. The main approach employed was covariance-based structural equation modeling (SEM) with the generalized least squares estimation. Interested readers can find fuller and more technical descriptions of the methods used and outcomes obtained in our original paper (Mirońska & Zaborek, 2019). Here, we present a largely non-technical digest focused on interpretations and consequences of our findings.

## Findings

To test the research hypotheses, three structural models were estimated, each with a different index of collaboration value, either organizational, social or reputation related. We conducted a thorough investigation of the models' quality and concluded that their reliability and validity is sufficient for testing our hypotheses and making practical recommendations.

All our hypotheses were about relationships between constructs that were represented in the statistical analysis as regression paths. To determine if a hypothesis was supported by the data, we looked at the significance and sign of the regression coefficient for the path corresponding to the hypothesis. Positive significant coefficients implied that changes in the values of one construct go along with same-direction changes in the other construct. On the other hand, negative significant regression coefficients occurred when two constructs changed in the opposite directions. When a regression coefficient was found to be non-significant it suggested that the constructs were unrelated.

Table 3.3 summarizes the main findings of the research based on the significance and signs of the regression coefficients.

**Table 3.3**

*Hypothesis Test Results Based on Regression Coefficients in the Structural Equation Models\**

Regression Paths	Testing Outcomes	Hypotheses
Alignment à Trust	Associations are positive and significant	H.1: +
Alignment à Commitment	Associations are positive and significant	H.2: +
Trust à Commitment	Associations are positive and significant	H.3: +
Trust à Value	Associations are positive and significant for all three types of benefits	H.4: +
Alignment à Value	Associations are positive and significant for all three types of benefits	H.5: +
Commitment à Value	Associations are positive and significant for organizational benefits  Associations are negative and significant for social and image benefits	H.6.1: + H.6.2: - H.6.3: - H.6.4: +

Source: Own elaboration.\* For a more detailed description of the outcomes please refer to the original article.



Positive significant associations between alignment and trust, alignment and commitment, trust and commitment, and alignment and all three types of benefits, give support to hypotheses H.1, H.2, H.3 and H.5, respectively. In these cases—just as expected—the relationships are all positive with moderate to high intensity.

Hypothesis 4, anticipating a direct positive link between trust and benefits, seems to be true for social and reputational value (H.4.2 and H.4.3). For organizational value (H.4.1), there is a significant relationship when the indirect paths are included, where commitment and trust serve as the mediators between alignment and reaching organizational benefit. Based on total effects, combining the impacts of all regression paths leading to a given construct, alignment retains its positive correlation with each type of value.

H.6 is supported only for organizational benefits (H.6.1); surprisingly, the relationships between commitment and social and reputational benefits are significant but negative (H.6.2 and H.6.3). This also means that H.6.4. is supported as the positive effect on organizational value is stronger than on social and image value.

### **What Are the Conclusions From the Research and What Can We Learn From It?**

The findings of our study point to the existence of strong and positive links binding the three relational aspects of collaboration: alignment, trust and commitment, thus in agreement with some earlier published research carried-out in different countries and time spans. Those previous studies propose that good collaboration is predicated on common trust, which, in turn, is fostered by similarity of goals, values and actions, especially when partners come from different sectors of the economy (Austin & Seitani, 2012a; Rodríguez et al., 2016). Trust and alignment emerged as the main drivers of committing resources to collaboration by lowering the perceived risk of involvement into a relationship with a partner from a different sector (Atouba & Shumate, 2020; Barroso-Méndes, 2016).

An important aim of the study was to investigate how alignment, trust, and commitment impact different forms of collaboration value. Of the three antecedents of collaboration value in our analysis, trust is the most consistent in how it ties with benefits from collaboration; its total effects on each type of value are positive and at approximately the same level. Despite not being the strongest driver of value, it is the most stable influence regardless of the nature of benefits. It follows that establishing trust is a vital condition for a productive relationship, regardless of whether its objectives are organizational, reputational, or social.

The best predictor of collaboration benefits in the model is alignment, which total effect on each type of value is greater than either trust or commitment. Interestingly, alignment seems to contribute the strongest to organizational value, which echoes past research where alignment is cast as the key factor of successful collaboration reflecting mostly on organizational benefits (Austin & Seitani, 2012a; Rodríguez et al., 2016).

Our data points to positive mediating roles of trust (for all kinds of benefits) and commitment (for organizational value), which suggest that the positive impact of align-

ment on collaboration benefits would be much weaker to nonexistent if the parties in the relationship were not trusting each other and showed weak commitment. In other words, alignment in and of itself is not enough for a productive relationship, and it should be coupled with trust (for all relational benefits) and commitment (for good organizational results). It should be pointed out, however, that while high levels of trust are always advantageous for collaboration outcomes, the role of commitment appears to be less obvious, as will be explained next.

In hypothesis 6 of our study, we assumed that commitment of a nonprofit in a relationship would be correlated stronger with organizational value than with other types of benefits. This assumption was based on previous studies showing that in cooperative relationships NGOs prioritize acquisition of resources, while companies emphasize reputation gains. This proposition was corroborated by the data, as commitment indeed has the strongest correlation with organizational benefits in our study. However, interestingly, and rather unexpectedly, reputational and social values both reveal negative correlations (statistically significant but rather weak). This corresponds with the pattern whereby NGOs reporting higher commitment also tend to display lower levels of social and reputational values from the relationship.

In our opinion, there are two plausible explanations for these negative correlations. First, as greater commitment leads to higher visibility of the collaboration, this could trigger the “sleeping with the enemy” effect, as described by Rondinelli and London (2003, p. 63). It is not uncommon for NGO stakeholders, such as beneficiaries, employees, and volunteers, to perceive collaboration with business as going against the core principles of the organization. In consequence, NGOs’ legitimacy could be at risk, endangering their reputational and social goals (Boenigk & Schuchardt, 2015; Schmid & Almog-Bar, 2020). This effect is likely to be felt stronger in countries like Poland, where public trust in business is low. In a survey of 28 countries (2017 Edelman Trust Barometer), Poland ranked second to last (27) with the overall trust in business 23 percentage points lower than the average, and CEOs being mistrusted even more (68 percentage points below the mean).

The second explanation has to do with the notion that in cross-sector collaboration, firms should provide resources (i.e., organizational value) so NGOs can put them to good use by deploying their unique skills and competences. The negative correlations found in our data are suggestive of such a narrow view of collaboration resulting in relationships with few advanced elements. In Poland, the third sector is relatively young, and collaboration with business is even more recent (Mikołajczak, 2020), which shows in the prevalence of less sophisticated forms of collaboration in our research sample. As we stressed in the introduction, Polish nonprofits view companies primarily as a source of funding and in-kind support, so it can be assumed that the perceived role of business in cooperation typically does not include creating social value but is limited to providing organizational resources (Adamiak et al., 2016; Dargas-Miszczak, 2017).

The literature posits that more advanced forms of NGO-business relationships lead to a broader range of acquired benefits (Austin, 2003; Austin & Seitanidi, 2012a), which, it seems, was not the case for many investigated organizations. As a result, social and image values can be low due to a lack of scope and depth to collaboration, with many

NGOs treating businesses merely as a source of assets and not true partners to be closely involved in ongoing projects. However, it is reasonable to expect that as Polish NGOs continue developing cross-sector relations and gaining more experience, their way of looking at business partners will become progressively more nuanced.

Although our study was conducted in one country, its general conclusions go in the same direction as the results of other studies mentioned in our work. Therefore, it is possible to make recommendations that will be useful for nonprofit organizations and their business partners operating in different national markets.

The first recommendation is related to the phenomenon of interdependence between relationship factors. Organizations wishing to increase the likelihood of a successful collaboration with a partner from another sector should make a thorough analysis of the quality of the relational factors existing between the partners. At the beginning of a partnership, when both trust and commitment have not yet had a chance to develop, a close alignment of partners in terms of values, goals and strategies is critical. Choosing a partner with a similar mission, strategy, and goals, often reflected in a similar area of activity, gives a chance to develop mutual trust and consequently a high level of commitment to the relationship, which in turn allows both organizations to acquire the needed values. In the further course of cooperation, conscious monitoring of the level of trust and commitment of partners will enable a reliable assessment of the current situation and identification of possible areas for improvement. Both categories are difficult to measure, but our work offers ready-made scales which can be used for diagnosis both by NGOs and enterprises. It is also important to remember that the analyzed relational factors reinforce each other. Thus, if an organization feels that its partner is not committed enough, one solution may be taking steps to strengthen the mutual trust at different organizational levels.

The second part of the recommendations applies primarily to companies that work closely with social partners. Our study showed that high involvement of business in cooperation has a negative impact on the perceived image and social benefits of nonprofit organizations. It should be noted, however, that NGOs primarily strive to gain organizational benefits from companies, which facilitate capacity building. Those are such benefits which indirectly contribute to achieving statutory social goals. It seems, therefore, that a real problem is the possible reputational loss of organizations whose involvement in cooperation with business will be significant and visible to their stakeholders. Companies caring for long-term, mutually beneficial relations with the nonprofit sector must be mindful of this risk taken by their social partners. On the other hand, companies treating cooperation only as a promotional tool should expect an erosion of trust and, consequently, a decrease in the quality of relations and gained benefits. In addition, it is extremely important to reliably inform all stakeholders of the company, both external (customers, intermediaries, business partners) and internal (employees) as to the actual scope of cooperation so that all types of benefits are clearly communicated and the balance between them is maintained.

## Questions for Discussion and Reflection

- According to the text, what three components of alignment are meaningful for firms and nonprofits that cooperate with each other? Analyze all of them for a hypothetical cooperation between a nonprofit dog shelter and the Mars company, the producer of Pedigree pet food, that provides dog food to the shelter and participates in the shelter's educational events. Please do it again for the same dog shelter and the Mercedes-Benz company, whose employees are engaged in corporate volunteering and charitable giving to the shelter. Which relation has a higher potential in your opinion and why?
- For the hypothetical cooperation from question 1 between the dog shelter and the Mercedes-Benz, what could be done to enhance the trust between both partners and thus increase chances for a productive long-term relationship? Please consider both perspectives and provide possible solutions from the dog shelter's and the Mercedes-Benz's points of view.
- Discuss the benefits that a nonprofit may gain by collaborating with business, breaking them into organizational, social, and reputation related. For your analysis, consider a nonprofit that provides job training and employment placement services for disadvantaged people who face difficulties in otherwise obtaining a job. Think about potential benefits that may be found through collaboration with a strong and well-known grocery retail chain that has stores in many locations around the country. In your opinion, which group of benefits would dominate in this relation? Can you see any potential threats of such cooperation?
- A private insurance company looks for a social partner to help run a program aimed at promoting health insurance packages among low-income residents of rural areas. A prospective nonprofit partner would organize educational events increasing healthy lifestyle awareness among this group of potential clients. All such events would be financed by the insurance company. Using this example, what risks may the collaborating nonprofit face while showing its engagement in the project? What actions could be taken in order to mitigate these risks?

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Chapter

4



**Power Imbalance in Nonprofit–  
Business Collaboration: A Resource-  
Dependency Framework**

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**Mathieu Bouchard and Emmanuel Raufflet**

**Abstract**

Researchers have addressed the implications of asymmetrical power relations for businesses engaging in collaborations with nonprofits. Yet as nonprofit-business collaboration accelerates, nonprofit perspectives on power asymmetry in collaborative relationships remain scantily studied. We argue that investigating nonprofit managers' perceptions can sharpen the understanding of power relations from this important but neglected perspective. We studied nonprofit-business collaborations in a network of international cooperation nongovernmental organizations (NGOs). Based on our findings, we designed a nonprofit-centric “resource profile” framework to analyze power relations in cross-sector collaborations. This framework provides an empirically grounded tool to inform nonprofit managers' decision-making as they engage in collaborations with businesses.

**Introduction**

Early writers on the topic have emphasized the potential of cross-sector collaboration to help address complex societal issues by bridging diverging interests and pooling complementary resources (Gray, 1989; Waddock, 1989). However, recent studies have noted that power imbalance in collaborations can lead to undesired outcomes for non-

profits engaging resourceful businesses (Harris, 2012; Selsky & Parker, 2010). Focusing on outcomes, some scholars have warned that nonprofit dependencies arising from collaborating with resourceful businesses may lead to their cooptation and mission drift—losing sights of their commitments to beneficiaries as they seek to align their operations with the interests of their private collaborators (Baur & Schmitz, 2012; Herlin, 2015; Schiller & Almog-Bar, 2013). However, while the outcomes of power imbalance for nonprofits have been explored, research remains scarce on the determinants and processes of asymmetrical power relations from a nonprofit perspective.

### Critical Thinking

Take a moment to imagine that you are the manager of a small NGO that is struggling to mobilize resources. Managers of other NGOs have been telling you that collaborating with businesses can be a great way to access scarce resources. You are intrigued by this idea and exploring such collaborations with a few business managers. However, these businesses are much bigger than your organization, and you fear being unduly influenced by them as the collaboration unfolds. How could such collaborations go wrong? And what can you do to keep these collaborations aligned with the pursuit of outcomes your small NGO values?

As the cross-sector collaboration trend accelerates and nonprofits' access to resources becomes increasingly dependent on engaging the private sector (Kindornay et al., 2014), a sharper understanding of power relations from the perspective of nonprofits can inform decision-making and contribute to better outcomes for nonprofits, their local partners, and their intended beneficiaries. To address this need, we propose an analytical construct we call the resource profile. We embed this construct into a broader conceptual framework that considers collaborative relationships in the context of nonprofits' resource environment.

The resource profile construct integrates four key components of resources mobilized by nonprofits in collaborations with businesses: funding, learning, networking, and branding. Our framework provides nonprofit managers with an effective analytical tool to inform decision-making as they engage in collaborations with businesses. We contribute to the nonprofit literature on cross-sector collaboration by structuring a nonprofit-centric understanding of the determinants and processes of power imbalance in nonprofit-business collaboration.

Our analysis is based on a study of collaborations with businesses in a sample of 18 international volunteer cooperation nongovernmental organizations (NGOs). We developed the resource profile framework by interpreting insights gained from this empirical study using a resource dependency lens. Applying the resource profile construct, we mapped our sample of NGOs into three clusters, ranging from weaker to stronger resource profiles. We called them the Explorers, the Intermediates, and the Seasoned, respectively. With this material, we did a cross-cluster analysis to explain how nonprofit

perceptions of power relations connect to their expectations and the challenges they face when collaborating with businesses.

### **Nonprofit Perspectives on Power Relations**

Cross-sector collaboration is relentlessly promoted by funding agencies and seen by development experts as key to addressing global societal issues (Sachs, 2014). This trend takes place in a context of drying public funds for nonprofits, as governments disengage from societal issues and shift the burden on the private sector (Austin, 2000; Yaziji & Doh, 2009). Adopted by all members of the United Nations in 2015, the 2030 Agenda for Sustainable Development puts a heavy emphasis on the involvement of businesses in international development to achieve its ambitious goals, which puts further pressure on nonprofits to collaborate with businesses to access the resources needed to pursue their missions (Cooperation Canada, 2018). Nonprofit scholars attuned to this context have called for the development of an “NPO-centric view of power relations” (Schiller & Almog-Bar, 2013, p. 959) and for more research on the “imbalance of resource transferred (and related imbalances of power) in such relationships” (Harris, 2012, p. 896). Our study answers this call. In this section, we identify four types of resources discussed in nonprofit studies of nonprofit-business collaboration.

The importance of funding resources—secured monetary streams to plan and execute operations and programs—to enable nonprofits’ survival and the pursuit of their missions is often presented as self-evident in the nonprofit literature. Nonprofit researchers typically conceive funding as an exogenous pressure: the resource environment incentivizes nonprofit managers to collaborate with businesses to satisfy donors’ expectations and diversify their resource streams away from governmental monies (MacIndoe & Sullivan, 2014). Nonprofits’ reliance on sponsors for funding is typically identified as a major dependency.

Some studies highlight the risk that nonprofits’ increased dependency on private-sector funding may lead to their cooptation, and to a mission drift away from their beneficiaries’ interests (Baur & Schmitz, 2012; Schiller & Almog-Bar, 2013). Researchers insist that to fend off cooptation, nonprofits must learn to rigorously vet potential business collaborators before engaging them, and to proactively manage asymmetrical power relations in collaboration with businesses when they choose to engage them (Al-Tabbaa et al., 2013; Baur & Schmitz, 2012; Herlin, 2015). Prior socialization of nonprofit actors, joint decision making and proactive management of power relations (Almog-Bar & Schmid, 2018) are found to enable the gradual development of the interorganizational trust needed for nonprofits to build their cross-sector collaboration capacities (Almog-Bar & Schmid, 2018; Sanzo et al., 2015). Together, these findings suggest that collaborating with businesses requires nonprofits to mobilize significant learning resources—organizational capacities to select, vet, govern, and evaluate collaborations. Similarly, Austin’s (2000) highly cited “collaboration continuum” implies that collaborators “are engaged in continual learning about the partnering process” (p. 85). In short, nonprofit research highlights the covariance of learning and networking resources (i.e., collaborating requires a know how that is gained over time by collaborating).

Some studies observe that within a population of nonprofits, the ability to mobilize networking resources—collaborative ties within and across sectors—is asymmetrically distributed. Foster and Meinhard (2002) argue that because of their “limited resource base,” it is difficult for smaller nonprofits to grow collaborative ties because they “have less to share and thus are not attractive alliance partners” (p. 559). Correspondingly, researchers have found that nonprofits are more likely to collaborate with each other when they have broader and deeper resources (Guo & Acar, 2005) and when they have similar organizational attributes, legitimacy statuses, and are headquartered in the same regions (Atouba & Shumate, 2015). Austin’s (2000) model highlights that expanding collaborative ties initially requires network management knowhow. These studies suggest that, while nonprofits with more resources enjoy abundant access to interorganizational collaboration, smaller nonprofits struggle to find interested counterparties to extend their collaborative networks.

Focusing on the public image of nonprofits, Herlin (2015) argues that given the frequency of power asymmetries favoring businesses, collaborations may become riskier to nonprofits’ legitimacy when they reach the integrative stage. Although nonprofits may bring distinct and valuable resources to cross-sector collaborative networks (Chapman & Varda, 2017), nonprofits’ branding resources—their public image and reputation—appear especially attractive for businesses interested in burnishing their corporate social responsibility credentials. Collaborating with some types of business, as for instance with luxury brands (Boenigk & Schuchardt, 2015), may bolster public attitudes toward nonprofits and incentivize support from private donors. However, Baur and Schmitz (2012) warn that nonprofits engaging with businesses based on their reputational motives may compromise nonprofits’ independence and make them vulnerable to cooptation, putting their legitimacy at risk. These studies portray branding in cross-sector collaboration as both a valuable, and fragile, resource for nonprofits.

In the nonprofit literature on collaboration, resource dependency is the most common theoretical lens adopted to conceptualize power relations. Most studies assume that power asymmetries usually favor businesses and point to the risks of collaborations for nonprofits due to dependencies on businesses’ resources. However, Elbers and Schulpen (2011) point in an often-overlooked direction, showing that when large NGOs from economically privileged countries collaborate with local partners in economically disadvantaged countries, power asymmetries tend to favor the aid agencies at the expense of their local partners. In some cases, aid agencies exclude local businesses and communities from decision-making and collaborative governance. This highlights that nonprofits are not always on the weaker end of collaborations—some nonprofits are indeed quite resourceful and influential.

### Critical Thinking

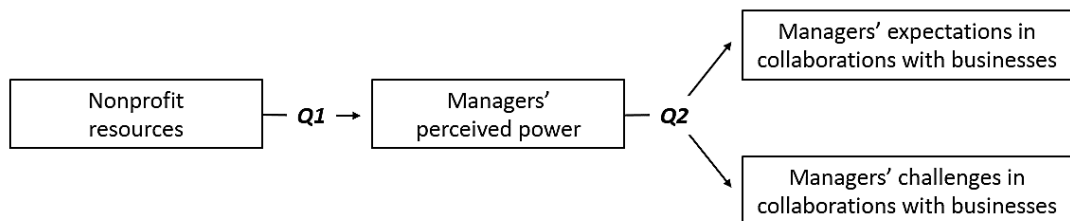
Take a moment to imagine that you are the operations manager of a resourceful, economically-privileged country NGO that collaborates with local partners (small businesses and community groups) in economically disadvantaged countries. How will you make sure that these collaborations are

primarily aligned with the outcomes that your local partners value rather than those that your organization and its funders value? How will you work with your local partners to reconcile their objectives with those of your organization when they diverge?

We base our investigation of the determinants and processes of power imbalance in nonprofit-business collaborations on two assumptions illustrated in Figure 4.1: (1) resource profiles influence nonprofit managers' perceptions of power relations, and (2) managers' perceptions of power relations link to their collaborative expectations and challenges.

### Figure 4.1

*Causality Assumptions Underpinning the Research Questions (reproduced from Bouchard & Raufflet, 2019)*



Based on these assumptions, we formulate these sequential research questions:

- Q1.** How do nonprofit resources affect their managers' perceptions of power relations in collaborations with businesses?
- Q2.** How do nonprofit managers' perceptions of power relations link to their expectations and the challenges they experience in collaborations with businesses?

Before moving to the research methods and findings, we briefly summarize the resource dependency view of power relations to introduce the key components of our resource profile construct.

### The Resource Profile Construct

To address our research questions, we developed the resource profile construct by combining insights from resource dependence theory with themes and subthemes emerging from the experiences reported by our informants. Resource dependence theory highlights that organizations adapt to shifting demands from their environments by accessing “monetary or physical resources, information, or social legitimacy” (Pfeffer & Salancik, 1978, p. 43) through exchanges with other organizations. Resource dependency, a well-established perspective in social theory, takes root in an earlier perspective

known as social exchange theory. Homans (1958), a leading social exchange theorist, explained social behavior in terms of exchange between individuals or groups—both material (i.e., goods and services) and symbolic (e.g., status and authority)—and linked the reproduction of social relationships to the mutual perception of reciprocity in social exchange.

Importantly, in Homans' social-psychological conception of exchange, power is not absolute but contingent on interrelated actors' perceptions. Drawing on Homans' work, Emerson (1962) focused on power imbalances resulting from asymmetrical interdependency to argue that the "power of actor A over actor B is the amount of resistance on the part of B which can be potentially overcome by A" (p. 32). Building on this view of power as asymmetrical interdependency, Blau (1964, pp. 115-142) argues that an actor gains power over counterparties by providing benefits on which they depend in exchange for their compliance, with the discontinuation of benefits as an implied threat to dissuade noncompliance.

Resource dependence theory is relevant to analyze nonprofit-business power relations because (1) nonprofits engage in collaborations to mobilize scarce resources in order to mitigate environmental uncertainty and (2) these collaborations are often characterized by asymmetrical interdependencies, potentially leading to cooptative dynamics (Baur & Schmitz, 2012; Herlin, 2015). Based on the resources mobilized by nonprofits in our sample, we elaborate the resource profile construct to operationalize our study of power relations. We define resource profile as the array of resources mobilized by a nonprofit organization through collaborations with businesses. Our resource profile construct, summarized in Table 4.1, is composed of four key components: funding, learning, networking, and branding.

## **Data Collection**

We conducted an initial study for the International Forum for Volunteering in Development, a global network of international volunteer cooperation organizations (IVCO) and presented a practice-oriented version of this study at the network's 2014 annual conference (Bouchard & Raufflet, 2014). A sample of 18 NGOs participated in the study. Managers of organizations in our sample completed an extensive web survey with a mix of qualitative and quantitative questions. We then conducted qualitative interviews with the managers of these NGOs to gain more context and document their perspectives, including their expectations and the challenges when collaborating, or seeking to collaborate, with businesses. Fifteen NGOs in our sample were involved in volunteer-sending activities, 13 in democracy and governance, 12 in small and informal enterprises, 12 in agriculture, and 11 in the environment. Nine of the 18 had or supported advocacy initiatives. Seven had a 2013 annual budget of 20 million USD or more, while 11 had annual budgets scattered throughout the 0-20 million USD range.

## **Qualitative Interviews**

Building on insights from survey data, we conducted semi-structured interviews with NGOs' senior executives. The interview covered three dimensions: (1) the institutional, financial, and international development-specific context within which nonprof-



**Table 4.1***Components of Nonprofit Resource Profile (reproduced from Bouchard & Raufflet, 2019)*

Resource	Description	Key References
Funding	Funding resources include a nonprofit's grants and donations secured from sponsors in support for their operations and programming. Nonprofits rely on these expected monetary streams to plan and execute their missions.	Austin (2000) Yaziji and Doh (2009)
Learning	Learning resources refer to a nonprofit's know-how gathered through collaborations. This know-how enables a nonprofit to find, vet, govern, and evaluate collaborations.	Austin (2000) Baur and Schmitz (2012) Al-Tabbaa et al. (2013) Sanzo et al. (2015) Almog-Bar & Schmid (2018)
Networking	Networking resources represent a nonprofit's ongoing collaborative ties within and across sectors. Networking provides access to collaborators' resources and allows them to form coalitions.	Foster and Meinhard (2002) Guo and Acar (2005) Elbers and Schulpen (2011) Atouba and Shumate (2015)
Branding	Branding resources refer to a nonprofit's public image, reputation, and credibility. Several informants referred to this resource as "branding" and "brand awareness."	Baur and Schmitz (2012) Herlin (2015) Boenigk and Schuchardt (2015)

its operate; (2) the level and nature of nonprofit managers' experience in collaborations with businesses; and (3) the expectations and the challenges faced by nonprofit managers as they engaged in these collaborations.

## **Analysis and Findings**

We present our findings in two subsections. First, we describe the three resource profile clusters. Second, we present a cross-cluster analysis of resource profiles.

### **Analytical Description of Clusters**

We call the three distinct resource profile clusters emerging from our empirical analysis the Explorers, the Intermediates, and the Seasoned. First, for each cluster, we use survey data to describe the general characteristics of organizations included. Then,

we use interview data to qualitatively describe the four components of resource profiles in each cluster. We support our cluster descriptions with tables containing representative quotes from informants.

### *Cluster 1: the Explorers*

This cluster is composed of eight organizations: five non-federated NGOs and three nonprofit umbrellas. The five NGOs are headquartered in economically disadvantaged countries. The three umbrellas are headquartered in economically privileged countries; each umbrella oversees several small NGOs. The budgets for all organizations in 2013 were under 2 million USD. Explorers had engaged in 0-4 collaborations with businesses in the 5-year period prior to the study. Table 4.2 contains representative quotes for each component of the Explorers' resource profiles.

**Table 4.2**

*Explorers Cluster: Informants' Quotes (reproduced from Bouchard & Raufflet, 2019)*

Resources	Illustrative Quotes
Funding	<p>"Our local government cannot provide the funding, so we have to develop the linking with international organizations for funding and for the experience in projects they have already developed, to learn from them, and also for the fundraising."</p> <p>"It's difficult to stick with your principles if you don't have money and have to decide whether to accept contributions or to close the office."</p>
Learning	<p>"Because of a lack of knowledge, human resources, and finances, we have problems in making the step further. We're at the step of gathering information. Maybe now it's the time to start planning, and it's a long-term process."</p> <p>"How to convince small- or mid-sized companies in our country to choose international development or global education as the best tool for their employees' capacity-building? That's my question."</p>
Networking	<p>"INGOs have collaborated with the government for a long time. The new developments truly relate to engaging with the private sector."</p> <p>"Private companies sometimes provide experts for short-term affectations. . . . Sometimes experts provide time voluntarily and sometimes we have to pay."</p>
Branding	<p>"We're working in the public's interest, we're the voice of the society. The risk is that businesses may have hidden agendas."</p> <p>"We want to preserve the identity of our organization and our values, although we need to adapt to the world we live in. We can adapt, but we cannot compromise on our core value and mission; we need to remain true to ourselves."</p>

The Explorers are dealing with stretched and often temporary human resources. Their funding sources are scarce and precarious. As the majority are headquartered in economically disadvantaged countries, their access to core funding from their home governments is limited or inexistent. Their geographical location limits opportunities to find businesses interested in collaborating with them. “Large international companies operating here are all headquartered in New York or London, where they have their CSR budget,” said one informant. Because of Explorers’ weak branding resources, businesses seeking reputational benefits are often uninterested in collaborating with the Explorers.

The scarcity of opportunities available to Explorers for collaborating with businesses makes it difficult for them to gather learning resources. Their few past or ongoing collaborations with businesses, if any, are at a philanthropic or early transactional level (Austin, 2000). Some receive technical assistance or monetary contributions from businesses to support short-term initiatives. Given the scarce governmental funds available to them, tapping into private-sector resources is key to Explorers’ survival and organizational development. Yet, their managers tended to be quite concerned that collaborating with large companies may force them to drift away from their commitments to beneficiaries. They tended to view collaborations with small and medium enterprises (SMEs) as a safer initial step to initiate the learning process.

However, some Explorers highlighted that their small size could also be an asset as it makes them more agile and closer to local communities, in comparison to larger NGOs that can be entrenched into established procedures and institutional commitments. They presented this as an overlooked strength which they needed to find how to brand if they want to attract businesses’ interest to collaborate with them. An Explorer’s manager mentioned focusing on collaborations with foreign companies doing business in their home (economically-disadvantaged) country, in which this NGO had a grounded understanding of the local culture and a strong presence in community networks. They hoped to build on these local ties as a springboard to engage with businesses and expand their activities abroad.

### ***Cluster 2: the Intermediates***

This cluster is composed of five organizations: two non-federated NGOs, two federated NGOs, and one governmental umbrella agency. All are headquartered in economically privileged countries. Their 2013 budgets ranged from \$2-49 million USD. Intermediates had engaged in three to more than ten collaborations with businesses in the five-year period prior to the study. Table 4.3 contains two representative quotes for each component of the Intermediates’ resource profiles.

**Table 4.3***Intermediates Cluster: Informants' Quotes (reproduced from Bouchard & Raufflet, 2019)*


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Resources	Illustrative Quotes
Funding	<p>“We’re at the early stages of discussing some new partnerships. In one case, we’re looking to link together a major international company with professional associations, where we will form a partnership and then bid for government money together.”</p> <p>“Partners receive funding from us to help implement their project; 40% of projects currently supported by us are cross-sectoral projects, up from 30% in the past.”</p>
Learning	<p>“In these collaborations we’ve done in recent years . . . we get to understand how private business works. . . . We’ve changed some things in our approach with companies, and we’ve become quicker and nimbler.”</p> <p>“We’ve been active for 50 years. . . . The very nature of our organization is cross-sectoral: we’re a governmental agency providing support to public-private-NGO partnerships, so all our work is cross-sectoral.”</p>
Networking	<p>“We exchange quite a lot of emails, but above that, we have regular face-to-face meetings with our partners. . . . At the end of the day, a relationship is between two people. You need a champion at the partner organization to whom you always reach out and a champion in your organization too.”</p> <p>“Being part of the federation, there are learning workshops or webinars that give us access to this information from our affiliates in other countries. It gives us access to these networks to see how they did it, what are the best practices, and so on.”</p>
Branding	<p>“We do a lot of [internet] research on potential partners prior to engaging. Reputation; whether they signed up for environmental standards. We don’t engage with extractive companies; our risk profile is very conservative.”</p> <p>“We do both service-delivery and advocacy work. . . . For example, you may have a company with a strong expertise in water supply and sanitation but that also designs or manufactures weapons. Our federation has done advocacy campaigns against weapons, so we can’t partner with that company.”</p>

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Compared with the Explorers, the Intermediates have gathered more learning resources related to collaboration with businesses. All were founded several decades ago and receive significant core funding from their home governments. Their established networks among nonprofits, and with public- and private-sector entities, are more extensive. Their branding resources are stronger: they tend to be a known brand to private companies, public agencies, and the public at large. Some are part of an international federation, which allows them to benefit from their confederates' learning resources and networks across countries.

These organizations have been cultivating symbiotic relationships with their home governments, collaborating with public-sector agencies, and engaging with multilateral funders for a long time. However, collaborating with businesses remains a recent development for them. They seek to expand the number, depth, and time horizon of their collaborations. They are actively learning how to conduct due diligence (select and vet collaborators), co-manage and co-govern, engage stakeholders, and evaluate the outcomes of collaborations.

Intermediates are exploring diverse modes of collaboration such as corporate volunteering programs and co-bidding (i.e., jointly submitting a funding proposal with a business). Most of them are opposed or reluctant to engaging with extractive companies, seeing it as too risky for their reputation and difficult to manage given the typically large size of some of these firms and consortia. They proceed step-by-step and cautiously along Austin's (2000) collaboration continuum, engaging in philanthropic, transactional, and early integrative collaborations. Intermediates' managers tend to see collaborating with SMEs as closer to their "comfort zone" and many remain hesitant to collaborate with multinational corporations.

### ***Cluster 3: The Seasoned***

This cluster is composed of five organizations: three federated NGOs and two non-federated NGOs. All are headquartered in economically privileged countries. Their 2013 annual budgets ranged from 20 million USD to over 50 million USD. They had been involved in more than 10 to several hundreds of collaborations with businesses in the 5-year period prior to the study. Table 4.4 contains two representative quotes for each component of the Seasoned's resource profiles.

All headquartered in economically privileged countries, all operating for several decades, and often part of an international federation, the Seasoned mobilize impressive arrays of resources. They are engaged in large numbers of collaborations with businesses across various countries and industries. Their networks encompass close collaborative relationships with governmental agencies in both economically privileged and economically disadvantaged countries as well as with various types of nonprofits, including professional and industry associations, both at home and abroad.

**Table 4.4***Seasoned Cluster: Informants' Quotes (reproduced from Bouchard & Raufflet, 2019)*

Resource	Illustrative Quote
Funding	<p>“Another approach that is becoming more common is when a corporation receives the funds for the bid, so they are the lead. . . . So, in our case for example, the corporation asked us to join a bid for a donor, and their proposal was accepted, and then they are the lead and we are more like a sub-contractor.”</p> <p>“We were founded five decades ago, and we’ve had home government funding for just as long, including core funding . . .”</p>
Learning	<p>“We’ve done a lot more partnerships in recent years—more than 200 private partners: all the major banks in our country, major private-sector organizations, law firms. We’ve set up a pilot project this year to try to use corporate volunteering.”</p> <p>“[Collaborating with businesses] gives us access to new markets and exposes us to different ways of doing things. We feel in many ways that it contributes to more effective development.”</p>
Networking	<p>“We work in about 34 countries, and in each of those we have government partners in terms of program implementation. We have over 700 private-sector partners on a global scale in a huge variety of industries, including professional services, agribusinesses, livelihoods, oil and extractive, education, and health.”</p> <p>“In many of the countries we work in, of course we first need to have a good relationship with the host country, but we also work in various sectors in projects that involve often local authorities, or even provincial and national authorities.”</p>
Branding	<p>“We have a track record as a civil society organization that is good to partner with on a global perspective, and it helps to generate other partnerships.”</p> <p>“A major risk of partnerships is diluting our brand and reputation. We have entire teams dedicated to our image and reputation. And the answer is to have a very thorough due diligence process.”</p>

The Seasoned engage in a broad array of ongoing philanthropic, transactional, and integrative collaborations (Austin, 2000). Some of these collaborations span long-term time horizons and include multiple collaborators across sectors. They deploy wide-ranging and systematized learning resources, enabling them to rigorously vet collaboration candidates and implement structured co-governance and monitoring mechanisms,

both at the headquarters and in field operations. For decades, the Seasoned have benefited from significant core funding and very close relationships with their home governments.

The collaborations of Seasoned NGOs with businesses sometimes include joint bids for governmental or multilateral agency funding. In such arrangements, an NGO and a business engage in collaboration before the inception of a project to respond together to requests for proposals from funding agencies. In some cases, the business collaborator even manages the collaborative project's joint budget. Such collaborations imply deep reciprocal commitment and mutual, strategic adaptation. Several informants highlighted that much of the success of nonprofit-business collaboration depends on developing an understanding of cultural differences across sectors and on cultivating strong and frequent relational ties with collaborators, which they describe as a resource-intensive process unfolding over the long term.

Contrary to the other two clusters, the Seasoned display much greater confidence in their branding resources. They leverage their global reputations to collaborate with large, highly resourceful corporations, with little fear of being coopted. As part of their branding resources, their track record as an experienced and reliable cross-sector collaborator gives them access to multiple opportunities to collaborate and expand their extensive networking resources.

### **A Resource Profile Framework of Power Relations**

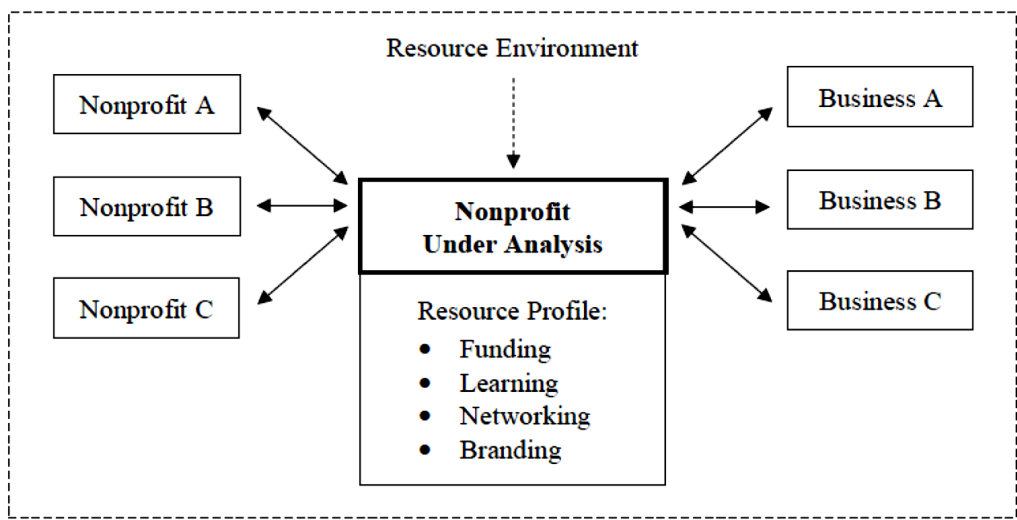
In this section, we present cross-cluster analysis of resource profiles. To address our research questions, we elaborate an integrative framework to explicate how nonprofit resource profiles affect managers' perceptions of power relations; and in turn, how these perceptions link to their expectations and the challenges they face regarding collaborations.

Figure 4.2 illustrates our integrative framework. The dotted box around the framework represents the resource environment within which nonprofits and businesses interact. The unidirectional, dotted arrow pointing downward represents resource-environment pressures on nonprofits. The bidirectional, full arrows represent nonprofit-nonprofit collaborations on the left, and nonprofit-business collaborations on the right.



**Figure 4.2**

*Resource Profile Framework of Power Relations (reproduced from Bouchard & Raufflet, 2019)*



First, we compare across clusters the influence of nonprofit resource profiles on managers' perceptions of power relations in collaborations with businesses. Table 4.5 offers a matrix of representative informants' quotes to support the analysis.

Managers in all three clusters perceive collaborating with SMEs as closer to their "comfort zone." However, attitudes toward collaborating with large corporations vary greatly across clusters. While cooptation is a major concern for the Explorers due to their general lack of resources, the Seasoned express strong confidence in their capability to manage power relations with large corporations given their wide-ranging resource profiles. Over the years, the Seasoned, and to a lesser degree the Intermediates, have developed an array of tools, processes, structures, and cultural understandings enabling them to effectively select and vet collaborators, proactively manage and evaluate collaborations, and institutionalize co-governance procedures.

Explorers perceive collaborations with SMEs as a safer initial step to gather know-how. Explorers are mostly reluctant to collaborate with large corporations in the short term as they seek to protect their independence and guard against mission drift. While the Intermediates tend to stay away from extractive companies, the Seasoned actively engage in these collaborations and manage power relations by diversifying alliances, forming coalitions, and mediating between extractive companies, local authorities, foreign and local businesses, and local communities.

With weak learning resources and overstretched staffs, Explorers' managers tend to perceive their organizations as simultaneously vulnerable to the whims of their private-sector counterparties and dependent on resources from them to survive and pursue their missions. Comparatively, the Intermediates and the Seasoned possess deeper knowhow related to collaborations (due diligence, co-governance, stakeholder engagement, outcome evaluation), wider cross-sector networks (including, for some, membership in an international federation), and higher brand recognition, both at home and internationally.

**Table 4.5**

*Nonprofit Managers' Perceptions of Power Relations in Collaboration (reproduced from Bouchard & Raufflet, 2019)*

	<b>Explorers</b>	<b>Intermediates</b>	<b>Seasoned</b>
Funding	“NGOs are in the position of seeking funds for their work. The funders can be of different sectors, and they behave in the sense that they have demands.”	“In projects we’ve managed with private companies, we’ve implemented co-direction structures, steering committees . . . In some projects, the business was managing the budget, while in others, we were managing it.”	“Donors are saying, ‘We want to see public-private partnerships, we want to see the NGO broker a private sector partner into our grant agreement.’”
Learning	“We could be more interested to start with medium-size companies as a learning process and not involve too many resources at first on each side; start slowly and take time to learn with each other.”	“We’ve found that we’re successfully forging a partnership only when we . . . connect at the board level, at the CEO level, and then at the next level, and then that allows people below to actually do the work.”	“We have a formal and very thorough due diligence process. We developed it by working in relation with the mining sector. . . . It gives us a background check on the track record of a company.”
Networking	“If the partner drops the project, then it’s not nice because you have a client—you work with a local partner in the developing country. You need a partner that is reliable and will follow up.”	“When you choose your partners right and both sides are looking to achieve benefits and outcomes, then both partners have an incentive to act right and maintain the relationship.”	“If there’s a big mining company that has a lot of power in the region, it gives us more leverage when we diversify our partners and work along the value chain.”
Branding	“Even though they claim that it’s about CSR, [businesses] may actually be interested in extending their client base, so the NGO may be exploited for other purposes.”	“We do research on the record of companies before we call them to propose a partnership to, say, bid on contracts with a private company.”	“I guess our brand and reputation protects us against power abuses from partners.”

We observed major differences across clusters in the length, depth, and complexity of collaborations undertaken with businesses. Using Austin’s (2000) typology, while Explorers’ collaborations tend to not go beyond the philanthropic and early transactional stages, the Seasoned manage broad portfolios of philanthropic, transactional, and integrative collaborations with small, medium, and large businesses. “We’ve been working with some of our corporate volunteering multinational partners for over 10 years, but . . . now it’s more about real partnerships involving co-designing and co-managing projects, although we’re not there with all partners,” says the manager of a Seasoned NGO. Comparatively, an Intermediate’s manager notes, “We haven’t yet implemented specific corporate volunteering programs; it’s more in the form of internships . . . We’re open to that, but it’s a beast we have yet to domesticate.”

Our cross-cluster analysis of managers' perceptions suggests significant covariance between learning and networking resources. It suggests that stronger learning resources will enable the Seasoned to engage in a higher number of more strategic collaborations with businesses. In turn, sustained expansion in cross-sector networking resources will provide the Seasoned with abundant opportunities to gather additional learning resources.

Meanwhile, what appears to work as a virtuous circle for the Seasoned—and to some extent for Intermediates—seems like vicious circle for Explorers. This suggests that learning resources will constrain the Explorers to engage in a smaller number of less strategic collaborations with businesses. In turn, sluggish expansion of cross-sector networking resources will provide Explorers with scant opportunities to gather additional learning resources.

Next, we analyze nonprofit managers' expectations in collaboration with businesses across resource profile clusters. Table 4.6 presents a matrix of illustrative quotes in support of this analysis.

Nonprofit managers across resource profile clusters experience an increasingly competitive resource environment, characterized by heightened competition among NGOs over shrinking governmental funding for international development. They experience growing pressures from governmental and multilateral sponsors to collaborate with businesses. Formal collaboration agreements between NGOs and businesses are increasingly becoming mandatory in requests for proposal posted by international development funding agencies.

In this resource environment, nonprofits in all clusters feel pressured to collaborate with businesses to meet funding agencies' expectations and requirements. Nonprofits across clusters also see collaborations with businesses as necessary to diversify their funding resources away from governmental dependency. These funding environment pressures motivate nonprofits to strengthen their cross-sector networking resources. This suggests that higher competition for public funding may incentivize nonprofits of all clusters to pursue a greater number of more strategic collaborations with businesses.

Although higher competition for public funding may incentivize all nonprofits to pursue greater collaboration with businesses, different levels of learning resources will enable large nonprofits to effectively expand their cross-sector networking resources while draining small nonprofits' opportunities to do so. Next, we compare the major challenges faced by nonprofit managers in collaborating, or seeking to collaborate, with businesses. Table 4.7 presents illustrative quotes to support this analysis.

**Table 4.6**

*Nonprofit Managers' Expectations in Collaboration (reproduced from Bouchard & Raufflet, 2019)*

	Explorers	Intermediates	Seasoned
Funding	“Collaborating with private companies could help us diversify funding and get to a more even power relationship with the government, which is now our sole funder.”	“There’s a long-standing desire on our part to diversify our sources of support away from being so reliant on government funding.”	“We want to increase partnerships with private companies to get access to funding and resources. Some of our major institutional donors want us to engage the private sector.”
Learning	“We wish to know in advance the expected results on both sides, where can we come together, who can conform to what and to which extent.”	“People in our organization who have been involved in collaborations have learned a more business-like way of planning, doing, and measuring. . . . It makes us less insular, less inward-looking, more likely to take a lesson onboard.”	“It is important to determine very early on what type of partnership you want to have and how it’s going to influence what you want to achieve in host countries.”
Networking	“Smaller companies may be more interested in working with a small NGO like ours.”	“There’s a resource mobilization imperative. But we’re also interested in building coalitions and partnerships as part of the intrinsic way we work. That way, we’re building a broader stakeholder platform and a richer offering.”	“Very often, we work to strengthen producers and contribute to rearrange the value chain and help local producers sell in bigger numbers, find new markets, and export.”
Branding			“Involvement in partnerships makes our organization look more accessible to the communities at large.”

**Table 4.7**

*Nonprofit Managers' Challenges in Collaboration (reproduced from Bouchard & Raufflet, 2019)*

	Explorers	Intermediates	Seasoned
Funding	“We see that alternatives are needed. We need money to run our programs and to go further with the mission of our organization.”	“We’ve noticed that whenever there’s a downturn in business, it’s the CSR budget that goes first. Other interests are more durable in nature.”	“I think the caveat is that dependency factor . . . It can be hard to stay committed to a nonprofit mission if you are continuously driving for income from corporations.”
Learning	“We have weak capacities to do this, and we don’t have knowledge of [collaboration] now in our organization.”	“It’s not easier to adapt to a different culture than to a different sector, but you are actually more aware of [the difference], so you take it into account.”	“[These are] complex relationships because everybody has their own specific interests. So it’s very important to have a common understanding of who’s doing what and why. And all that takes time.”
Networking	“The big international companies operating in our country are all headquartered in New York and London, where they have their CSR budget.”	“We’re reluctant to accept [corporate volunteer placements] as short as 2-3 weeks; we’ve tried that in the past, and it has not proven to be beneficial and efficient.”	“The process of finding corporate partners should be aligned with the development outcomes we want to achieve in a specific area, not driven by the partner. The starting point is addressing a community-felt need.”
Branding		“There has been skepticism in civil society about businesses and vice versa, which tends to hinder communication. It’s important that each party learn to respect the other’s role in society and in communities.”	“There’s a risk that for the partner, the project is not a priority anymore, and the project just collapses. It risks diluting our brand and reputation.”

Nonprofit managers across resource profile clusters experience increasing competition for governmental funding and growing pressures from public-sector funders to collaborate with businesses. This may have the adverse effect of eroding collabora-

tive ties among nonprofits, as observed by this Intermediate's manager: "In the last few years, there has been a slowdown in collaborations with other NGOs. . . . Our government has created an environment where NGOs are in competition with one another, which has brought us to turn inwards and protect our secret recipes." Informants across clusters reported similar experiences confirming this trend. This suggests that higher competition for public funding will tend to weaken nonprofits' intra-sector networking resources and increase their dependency on cross-sector networking resources derived from collaborating with businesses.

With difficult access to public funding, the Explorers' ability to survive and expand their activities largely depends on accessing alternative sources of funding from the private sector. Meanwhile, their weak learning resources make it difficult for them to engage in collaborations with businesses without concerns of cooptation and mission drift. Although the Intermediates and the Seasoned possess stronger knowhow to find, vet, govern, and evaluate collaborations with businesses, informants in these clusters also highlight the importance of actively managing the operational and reputational risks associated with asymmetrical power in collaborations. However, while the Explorers' managers see their organizations as vulnerable to the influence of resourceful business counterparties, our study suggests that managers of resourceful nonprofits should keep in mind the opposite risk as well. That is, highly resourceful nonprofits may generate significant dependencies on the part of local, small business and nonprofit collaborators, and risk exercising dominant influence on these collaborators, especially when they are located in resource-constrained environments.

## Discussion

Our initial exploration of nonprofit managers' perceptions of power relations in collaborations with businesses revealed the need for a more integrated nonprofit-centric conceptualization of power relations. To address this gap, we elaborated the nonprofit resource profile construct, which integrates funding, learning, networking, and branding resources. We then embedded this construct into a broader framework that connects these resource components to each other and considers them within a nonprofit broader resource environment.

With this framework, we offer an empirically grounded tool for nonprofit managers to evaluate power relations with business, based on organizational resources at their disposal. This tool embeds the resource profile analysis into the broader dynamics of the cross-sector population ecology in which a nonprofit operates. The framework can inform nonprofit managers' decision-making in ongoing and prospective collaborations with businesses. We also integrate research on power relations in nonprofit collaborations with businesses into an integrative construct which specifies the main components of nonprofit resources. We then place this construct within a broader framework bridging meso (mobilization of organizational resource) and macro (cross-sector resource environment) levels of analysis.

The study identifies several trends affecting nonprofit-business collaboration. First, the distribution of nonprofits' access to resources derived from collaborations with businesses is very uneven, which may contribute to expanding resource inequalities,

and power imbalance, between nonprofits. While the Seasoned possess the knowhow to engage in a higher number of more strategic collaborations with businesses, from which they gain more collaborative knowhow (a “virtuous circle”), a lack of initial collaborative knowhow impedes the Explorers from entering in collaborations with businesses which provides them scant opportunities to gather collaborative knowhow (a “vicious circle”). Second, while a reduction in public funds may increase competition among nonprofits to engage in collaborations with businesses, this increased competition may also undermine collaboration among nonprofits, which risks further increasing their dependency on private-sector resources. Finally, our study suggests that nonprofits with stronger resource profiles, who operate in resource-constrained environments, will tend to generate greater dependency on the part of their local, small business and nonprofit collaborators. Thus, they must remain careful not to coopt local actors with which they collaborate and cause them to drift away from their self-determined commitments and aspirations.

### Critical Thinking

Take a moment to imagine that you are a senior policymaker for a economically privileged country who is responsible for allocating funds and overseeing the operations of international aid of NGOs in economically disadvantaged countries. You have observed in recent years that increased competition for scarce resources between NGOs tends to undermine collaboration among them, causing detrimental effects to their operations. Which funding policies could you implement to strengthen collaboration and incentivize resource-sharing among the population of larger and smaller international aid NGOs you oversee?

Earlier studies have highlighted the key importance of nonprofits’ learning resources—their capacities to find, vet, govern, and evaluate collaborations—to enable the scaling up of their engagement in collaborations with businesses (Austin, 2000). Nonprofits’ learning resources have been described as critical to the effective management of risks related to their branding resources—their public image, reputation, and credibility—in collaborations with businesses (Al-Tabbaa et al., 2013; Baur & Schmitz, 2012; Herlin, 2015). Our findings support these observations and highlight that nonprofits’ degree of learning resources significantly conditions their ability to expand their cross-sector networking resources.

Also, in line with earlier studies (Austin, 2000; Yaziji & Doh, 2009), many of our informants noted that pressures from the funding environment, including the decline of governmental funds for development and growing demand from sponsors for cross-sector collaboration, incentivized them to intensify their engagement with businesses. Our findings suggest that these resource-environment pressures tend to increase the competition among nonprofits for collaborations with businesses (cross-sector networking) and erode collaborative ties among nonprofits (intra-sector networking). This erosion of intra-sector networking resources may in turn increase nonprofits’ resource dependency on collaborating with businesses.



Nonprofit studies tend to assume that power asymmetries in collaborations typically favor businesses at nonprofits' expense. Consequently, several studies highlight the risk that collaborations with businesses result in nonprofits' cooptation and mission drift (Baur & Schmitz, 2012; Herlin, 2015; Schiller & Almog-Bar, 2013). Elbers and Schulpen (2011), however, point in a different direction. They show that some resourceful nonprofits wield controlling influence over their local collaborators by excluding or limiting their participation in strategic decision-making processes. Our findings suggest that this infrequent line of inquiry deserves more attention. Indeed, some multinational nonprofits based in economically-privileged countries mobilize extensive resource profiles and wield vastly greater influence than their multiple small business collaborators in economically disadvantaged countries. Given the major ethical implications of such power dynamics, we argue that resourceful nonprofits should design and implement tangible measures to prevent their exercise of controlling influence, thereby protecting the independence of their local, small business and nonprofit collaborators.

## Conclusion

While our study considers power as derived from resource dependency, research on interorganizational collaboration highlights that power is a complex and multidimensional notion. For instance, Hardy and Phillips' (1998) study of cross-sector collaboration in the UK refugee system indicated that collaborations are shaped by covert conflict dynamics. They also noted that power in interorganizational collaboration is derived not only from resource dependency, but also from control over processes of decision-making, as well as from the discursive legitimacy that enables actors seen as credible to define the issues in collaborative domains. Resource dependency being the primary lens of power analysis in existing nonprofit-centric studies of cross-sector collaboration, we argue that research on other "faces" and "sites" of power (Fleming & Spicer, 2014) is needed to complement and complexify the understanding of power dynamics in this emerging body of studies.

## Seven Years Later: A Follow-Up Interview with Julia Sánchez

*Mathieu Bouchard and Emmanuel Raufflet*

As the initial study was conducted seven years ago, and much has happened since then in international cooperation, we recently conducted a follow-up interview with an experienced practitioner who was a key contributor to the initial study. Based on this interview, we discuss recent trends in this domain and invite students of nonprofit-business collaboration to take a broader and more systemic look at power from below—the ways in which actors with weaker resource profiles, located in resource-constrained environments, can exercise meaningful influence in collaborative relationships.

### Taking a Broader Look at Power from Below

The initial study that provided the analysis presented above was conducted in the summer of 2014 and was presented in November 2014 in plenary session at the annu-

al conference of the International Forum for Volunteering in Development in Lima, Peru. After the presentation, a discussion panel was held with the first author and Julia Sánchez, who back then was president-CEO of the Canadian Council for International Co-operation. On May 1, 2021, when we held the follow-up interview, Julia was Secretary General of ActionAid International (a global federation of NGOs working for social, economic, and environmental justice) to revisit with her the study's findings in light of recent developments. Julia first noted that after the study, the trend toward greater nonprofit-business collaboration further accelerated:

In 2015, the United Nations approved the Sustainable Development Goals (SDGs). And the expectations around the role of the private sector to accomplish these goals exploded. In my view, it was the moment when this agenda for collaboration began taking all the space. And from 2015, the conversations about funding the SDGs became very centered, and put great hopes on the role that the private sector was going to play. It was like the magical solution. It was practically the private sector that was going to save the agenda of the United Nations.

But over time, it became increasingly clear that such great hopes were misplaced. “I think everyone agrees that the private sector didn’t deliver the goods,” says Julia. This led NGOs to question their “theory of change”—if collaborating with businesses to tap into their resources is not the panacea many hoped it would be, then what agendas can NGOs pursue to make our world more socially, economically, and environmentally just? Julia led us to consider three avenues for NGOs to bring about systemic change: working on business practices, taxing the rich, and decolonizing aid.

### **Working on Business Practices**

One way for NGOs to bring about systemic change and bring about social justice would be to collaborate with businesses not on international aid projects, but rather on joint efforts to help businesses improve their practices. “If we can enter into this type of partnership, for example around the role of women in businesses, or the environment, that could really have an impact.” But Julia adds that the money for this work should not come from businesses themselves to protect the independence of NGOs and the commitment of businesses to the change being worked on. So, the money for this type of work would have to come either from governments, whose funding for aid has been consistently declining, or more realistically from big foundations, to have a systemic and durable impact.

### **Taxing the Rich**

Another agenda that NGOs can pursue to bring about systemic change revolves around fiscal justice at the global scale. As Julia puts it: “Development is not only a problem of the South. It’s an endemic problem of our global system. It’s the unequal distribution of wealth, the fact that the rich don’t pay their taxes, all of that.” For as long as large corporations keep evading their taxes, philanthropy will not solve this systemic

problem, she argues. To the contrary, the growth of philanthropic foundations funded with unpaid taxes creates other, related systemic problems, such as the privatization of global governance: “So when Bill Gates meets the Secretary General of the United Nations, he represents no one, he’s accountable to no one. He can do whatever he wants with that money.”

ActionAid International published a report in 2021 which claims that the taxes evaded by Google, Amazon, Facebook, Apple, and Microsoft last year were enough to vaccinate twice the global population for COVID-19 (ActionAid, 2021). She also pointed to an interesting movement called Millionaires for Humanity, formed by a group of very wealthy people who advocate for steep and permanent tax increases and a wealth tax on people like them to fund our public goods and reduce global inequalities. Such a fiscal reform must be coordinated at the global level to prevent corporations and the wealthy to move their assets to tax-friendlier jurisdictions and similar tax-avoidance behaviors. Julia argues that NGOs have an important advocacy and coordination role to play in this global effort: “So it must be a global agreement where, no matter where you’re registered, here’s what you pay, and here’s how this is going to be distributed among the countries. It’s not easy, it’s complicated, but we must do it.”

## Decolonizing Aid

At the closure of the Fourth United Nations Conference on the Least Developed Countries (LDCs), held in Istanbul in June 2011, participants jointly declared that “the [export-led growth] model of development promoted by dominant players in the international community . . . has been inequitable and unsustainable, resulting in LDC commodity dependency, de-industrialization, environmental damage and socioeconomic marginalization” (United Nations, 2011). Since then, local actors in economically disadvantaged countries have been increasingly vocal in their criticism of international NGOs for controlling and spending most of the funds themselves instead of using them to support local organizations that are integrated in the local networks and have intimate understandings of the local context and culture. Local actors have also criticized international NGOs for unfairly competing with them and stealing local talents because they can pay them better. This critique has led to what Julia refers to as the “decolonizing aid” agenda: “There’s a lot of pressure to localize more, to equip, support, give local actors a greater say in the decisions, in the mobilization of funds, in the administration of funds for projects, and so on.” Julia told us that while this agenda is new for many international NGOs, ActionAid International has begun working towards that for almost 20 years now:

Back then, ActionAid was a British NGO with offices in many countries. In 2003, they established the ActionAid federation and began the process of converting these offices into independent national NGOs. So, it really was an effort to “decolonize,” even if it wasn’t called that back then. ActionAid was ahead of the curve and implemented a very aggressive internationalization agenda to shift power within the federation. A tangible result of that is that on the International Board, there are eleven members of which one is European (a white

guy) and the others are mostly women, a few men, Black Africans and Asians because most of the members are now in Africa or Asia. They're members of the global federation, but they're independent. So, the power relations have really shifted from a political and governance perspective. . . . But the economic power hasn't changed. It's still European countries, especially Italy and Great Britain, that generate about 80% of the unrestricted funds for the federation.

### Takeaways From the Interview

While the focus of our initial study was on power relations in collaborations between individual nonprofits and businesses, it also hinted at systemic trends that may have both motivated and hindered such collaborations. Our recent update interview with Julia Sánchez helps appreciate how much things have changed in international cooperation since then and identify new trends and emerging agendas for NGOs working for social, economic, and environmental justice. While the initial study and recent follow up interview were about international NGOs, we believe that the findings and their implications can to a significant extent help comprehend ongoing trends and challenges affecting nonprofits in their relations with businesses and governmental entities. It also invites us to contemplate that while a narrow focus on collaborations between individual nonprofits and businesses may be useful for practitioners and interesting for researchers, nonprofits must consider broader economic and political context and trends to design agendas that can address systemic, global problems and durably change our world by enabling actors with weaker resource profiles, located in resource-constrained environments, to exercise power from below.

### Questions for Discussion and Reflection

- If you were the manager of an Explorer nonprofit, what actions would you undertake to protect your independence and prevent the risk of mission drift as you engage in collaborations with businesses?
- If you were the manager of a Seasoned nonprofit, what measures would you design and implement to prevent your organization from exercising controlling influence over your small business and nonprofit collaborators in resource-constrained environments?
- How can Explorer, Intermediate, and Seasoned nonprofits strengthen collaborative ties between them to jointly address the broader, systemic issues raised by Julia Sánchez in our follow up interview with her?

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Chapter

5



**Collaborating With the Public Sector:  
A Three-Layered Explanation**

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Johan Vamstad

**Abstract**

The collaboration between the state and the nonprofit sector is defined by many different things in many different situations. This chapter will, through categorization and sorting, provide typologies where different types of collaborations under different conditions are established. The categorization and sorting will take place on three levels, from the broadest possible view on collaboration to the more specific. Firstly, the chapter will present some different ways in which the state and the nonprofit sector relate to each other as broad spheres of society. This level of analysis will be aided by some well-known theories on the social origins of civil society. Secondly, the chapter moves on to describe the various ways in which public administration organizations relate to nonprofit organizations (NPOs). This level is assisted by theory and research on what is known as Public Administration Regimes (PARs). Thirdly, and lastly, the focus is further narrowed to capture some different modes of collaboration found around the world. This mapping exercise is carried out using research that helps put these different modes of collaboration into a typology. The chapter will conclude with a discussion of how these three levels and their typologies interact to shape collaboration between the public and the nonprofit sectors.



## **The State and Nonprofit Sectors: The Social Origins of Their Collaboration**

Nothing influences and shapes the nonprofit sector of a country more than its relation to the state and public sector. The state, through its government, provides the rule-book for interactions between the sectors by means of legislation, but also more broadly in its approach to and relationship with citizens and groups of citizens. Some states see nonprofit organizations as natural partners in most or many aspects of society, while others just in some. Many states celebrate nonprofit initiatives as sources of prosperity, welfare, and democracy, while a few regard them as a threat to authority. The relationship between the state and the nonprofit sector, in this the broadest possible sense of the word, is considered by many to be deeply rooted historically, in what is often referred to as the social origins of a nation. The roles that the state and the nonprofits take, and how they relate to each other, are formed over long periods of time by the formation of classes and groups that reflect the social, economic, and cultural basis of society. Theories in historical sociology that explain conditions or developments in society using such broad descriptions of the construct of society itself have come to be referred to as social origin theories.

### **Social Origins and the Welfare Mix**

The term “social origin” was, at least in social science, first coined by political sociologist Barrington Moore (1966). His analysis of different paths to modernity is a neo-Marxist take on historical materialism that shows how different class formations and class alliances in different countries lead to different outcomes in terms of democracy and dictatorship (Moore, 1966). Moore, like most neo-Marxists, was not particularly occupied with the nonprofit sector but his “big” theory on deep-rooted causes for the shape and form of society has inspired many in the field of Civil Society Studies. Among them were Salamon and Anheier (1998) who used “broader social, political, and economic relationships” to identify four “routes” that the nonprofit sector can take in different countries. The different routes represent a “particular constellation of class relationships and pattern of state-society relations” that is formed over a long period of time but that still set many of the terms for collaboration between the state and the nonprofit sector (Salamon & Anheier, 1998, 213). An example of this can be found in the difference between the welfare states of the Nordic countries and some other welfare states in continental Europe, like the Netherlands and Germany. The Nordic countries have historically had a relatively low level of class conflict, because of a high level of economic equality and because large class-based groups like workers and farmers have been able to trust, bargain and often agree with each other, in part thanks to the mediating effect of things like a shared religion and a state church. One broad agreement across most class boundaries in these countries was to trust the state and the public sector to provide education and health and social welfare services for everyone. Such an agreement was not possible in the Netherlands or Germany because of greater economic, and not least religious divisions between Catholic and Protestant citizens. There the political development toward a welfare state was not based on broad popular movements as in

the Nordics, but around particular groups and their particular interests. This led their welfare states to provide education and health and welfare services through a partnership between the state and nonprofit organizations representing these different groups. The same development has in later research been described in terms of power and how it is projected. Salamon et al. (2017) describe how the religious divides work as “power filters.” In this image, power surge upward from the people but it is directed toward group interests rather than common interests because of “filtering” according to religious or secular identity. These empowered interests form their own, in-group, welfare organizations, rather than trusting in a shared public sector to provide welfare. The end result of such power filtering is, in other words, now well-known organizations like Caritas and Diaconia, that provide health and welfare services in Germany, rooted in a Catholic and Protestant heritage, respectively. Such large organizations and such long-standing collaboration between the state and the nonprofit sector are not found in the Nordic countries because of the broad agreement to provide education, health, and social services in the public sector, leaving civil society to form around other, more expressive, needs such as interests, leisure, lifestyle, culture, and sports. Another way of describing this is that the Nordic countries did not have any power filters, the broad masses supported a shared public sector unfiltered, leaving the nonprofit sector to pursue other goals.

### **Collaboration and Different Patterns of Social Origins**

Social origins theories paint a picture of the collaboration between the public and nonprofit sectors in broad strokes, which helps us understand the basic conditions for the relationship and to sort types of collaboration into general categories for comparison. In a more specific inquiry into, for example, why a particular example of a collaboration fails or succeeds, the social origins are reduced to a contributing or mediating factor, or deprived of their explanatory powers altogether. Considering this, which are the patterns of social origins and how do they influence the collaboration between state and the nonprofit sector? Combining the findings from Salamon and Anheier in 1998 and Salamon et al. in 2017, for the purpose of this chapter, four patterns can be identified. Two of these have already been alluded to, the Social Democratic Pattern of the Nordic countries and the Welfare Partnership pattern of countries of continental Europe, like the Netherlands and Germany. The following four descriptions should be understood as traditional or ideal versions of patterns that are not necessarily represented in every detail by any one country. Denmark, for example, has in social origins research been described as “a Social Democratic Pattern with a twist,” meaning that this Nordic country actually shares several characteristics with the Welfare Partnership Pattern (Boje et al., 2017).

The Nordic countries that fit into the Social Democratic Pattern have only small professional nonprofit sectors and instead lively civil societies with large cadres of volunteers in membership organizations serving expressive, not essential, needs. This means that the collaboration between state and the nonprofit sector in these countries mainly takes place outside the education, health, and welfare sectors of society. Nonprofit organizations have traditionally played a complementary role to the public sector, providing

aid and services for individuals who have either fallen out of the public welfare system, like many unhoused people, or those who require services not provided by the public sector, like women's shelters and support centers (Dahlberg, 2006; Karlsson & Vamsstad, 2018). The most important type of collaboration historically has probably been the political interaction between state and the nonprofit sector. Nonprofit organizations in areas like interests, leisure, life-style, culture and sports, have collaborated with the local, regional and central states through what is known as corporatist structures, or open and transparent channels through which they can communicate about political issues. An example of such a channel would be the advisory role of nonprofit organizations in governmental commissions that new legislation is based on, which has been a prominent feature in Sweden (Trägårdh, 2007).

The Welfare Partnership Pattern represent countries already mentioned, the Netherlands and Germany, but also Belgium, France, and Ireland. The pattern is also found in other parts of the world, like in Chile and Israel (Irrarrazaval et al., 2017; Salamon et al., 2017). These countries have large professional nonprofit sectors, with large welfare organizations providing health and social care services with mainly public funding. Salamon et al. (2017) refer to such organizations as "safe," meaning that they are formed around particular groups in society, for example religious groups like Catholics and Protestants, which provides a sense of a shared identity and trust between service provider and user. It also means that these are strictly professional service providers that do not represent the expressive side of those groups in society, they are in other words mostly non-political. A basic principle in the welfare partnership model is the time-tested Catholic principle of subsidiarity, which says that education, health, and welfare services should be provided at the closest level possible to the user of the services. This principle creates a system of many relatively close circles of nonprofit welfare that all form a partnership with the local, regional, or central state.

The Liberal Pattern of social origins is mainly found in English-speaking countries such as the United Kingdom (UK), the USA, Australia, and New Zealand (Salamon et al., 2017). These countries, like the countries in the Welfare Partnership Pattern have large, professional nonprofit sectors, and many NPOs providing essential services in education, health, and welfare. The difference among the patterns lies in the relation between these NPOs and the state. The welfare organizations of Germany, for example, deliver services mainly paid for by the state and they are to a large extent integrated into a unified welfare system with the state. Countries in the Liberal Pattern have a much clearer separation between state and the nonprofit sector, which of course define the collaboration between these two. NPOs, voluntary work, and philanthropy are valued phenomena in liberal states as they are seen as expressions of civic values and engagement separate from, and in counterbalance to, the state. The relationship between state and the nonprofit sector is illustrated by the significance given to politics. For example, the federal state in the USA can award a NPO a very beneficial tax status, signaling that the public value produced by the NPO should be encouraged, or at least not taxed. However, a NPO that actively pursues political goals will not receive such tax status, as it then represents an interest and not the public good. In countries in other patterns, both public value and politics are a natural part of, for example, an environmental or-

ganization (Trägårdh, 2007). The more reserved attitude to the state and the high held principle of separation between state and nonprofits (not least religious ones) therefore shape public policies on collaboration that are supportive of NPOs, but that also value their independence.

The Statist Pattern is followed by a seemingly diverse set of countries, including Japan, Russia, Brazil, and Colombia. This pattern differs from all the previous three in one very important aspect. The previous three were formed through a process of modernization where the old elites were challenged by broad popular movements (Social Democratic Pattern and Welfare Partnership Pattern) or by a mercantile class (Liberal Pattern). In the countries in the Statist Pattern, this never happened; instead modernization was pushed through by the old elites themselves. Therefore, the nonprofit sector has few of the large membership organizations typical of the Social Democratic Pattern, or of the welfare organizations of the Welfare Partnership Pattern, or the philanthropic organizations found in the Liberal Pattern. Perhaps most significantly, there is relatively little influence on the public policy process by the nonprofit sectors, as this was historically rarely a priority for the old elites. Collaboration between the state and the nonprofit sector is not very developed and the collaborations that exist are for very specific tasks in a hierarchical relationship.

These are four very general patterns in how the public sector and the nonprofit sector relate to each other in broad terms. This gives some background to the different kinds of collaborations that are possible. To say something about how the collaborations themselves work one must look a little closer at how public administration organizations relate to NPOs in different countries and under different circumstances.

### Critical Thinking

Social Origins Theory is based on the idea that our society today is shaped by relations between groups and classes that has been formed over hundreds of years. What does that mean for our chance to transform the society we are living in today? Consider which things you believe we can change and which things you think we will have to accept and live with.

## Collaboration Between Public Administration Organizations and Nonprofit Organizations—The Significance of Public Administration Regimes

The collaboration between the public and nonprofit sectors is naturally influenced by institutional conditions they interact within. Institutional conditions could here be understood as the laws, rules and regulations, the organization, but also the norms and values that guide the relationship. These conditions are inherent in and formed by the public administration that almost always represent the public sector in collaborations with the nonprofit sector. Variations in public administration types therefore translates

to variation in how collaboration is managed, or if collaboration emerge at all. These variations can be considerable, but there is a reasonable level of agreement among researchers and professionals that some general characteristics in different public administration types allow us to sort them and categorize them into broad types, all with their own conditions for collaboration with the nonprofit sector. Pestoff (2018; 2021) borrows a term from the famous work of Gøsta Esping-Andersen (1990) in describing these broad types as regimes, in Pestoff's version Public Administration Regimes (PAR), based especially on variations in how different public administration types interact with non-public actors and interests. While the patterns of social origins described above, as well as Esping-Andersen's regimes, are general enough to allow the categorization of whole countries, PARs are more specific. The civil society patterns and other social origin patterns are formed by deep-rooted societal divides that also manifest themselves in ideological terms, setting the scene for political interaction at all levels in a particular country (Moore, 1966; Salamon et al., 2017). PARs, however, are formed by the sedimentation of different ideologies and events, in different historical periods, creating "layered realities" that are more particular and not common to entire political systems or states (Hartley, 2005; Osborne, 2010; Pestoff, 2018). Pestoff (2018) explains how the consequence of this is that "more than one regime may be found in any given society at any given time, operating in different service sectors." It is not, in other words, possible to characterize entire countries as belonging to any particular regime, and based on this, place them in a neat typology. Nevertheless, PARs are useful for identifying and explaining differences in how public and nonprofit sectors collaborate in different service sectors, both within and between countries. It is for this reason highly relevant to look at which these PARs are, what their different characteristics are, as well as the premises on which they are established.

### **The Three PARs**

Public Administration Regimes were once considered to be of either the old or the new variety. That is, the old public administration was not considered old until there was a new, and then mostly by those who were announcing the coming of the New Public Management (NPM). The old, or traditional, public administration is rooted in the rational, formalized, and depersonalized bureaucracy closely associated with German sociologist Max Weber (1922/1978). This PAR considers the public sector to be the most important and legitimate provider of publicly funded welfare services as it draws its authority from the political hierarchy of government. It will henceforth be referred to as Traditional Public Management (TPM).

Although described and theorized by Weber and others in the early years of the 20th century, the peak of TPM came with the growth of welfare states in the decades following the Second World War (Osborne, 2006). The modern welfare state was regarded as a powerful model for forming the social and economic future of all citizens and a growing and increasingly technical public administration was one of its most important tools (Vamstad, 2007). The ideal version of a social democratic welfare state, which was never fully achieved anywhere, would be a perfectly planned and managed society where all politics and administration was integrated into the same system, with little need



for collaboration with a nonprofit sector or market. Instead, the growing bureaucracy, rising taxes and large-scale public service provision began receiving criticism in many countries in the 1960s and 70s, both from neoliberal theorists arguing for a more efficient, business-like administration, and from organized citizen interests that protested the dehumanization by TPM (Friedman & Friedman, 1990; Hayek, 2007; Meeuwisse, 2008; Vamstad, 2007).

The NPM challenge to TPM, more specifically, came as a response to several broad developments in primarily the western world in the 1970s and 80s. After continuous growth in public sectors and government in the post-World War Two period, there were efforts made to limit or reverse this development, efforts that included privatization of public services and the production of goods (Hood, 1991). Other developments pushing NPM were advances in information technology and service provision, as well as an international diffusion of policies and practices in public administration that put traditional and more country-specific bureaucracies in question (Hood, 1991). The new public administration that emerged during the 1980s was characterized by decentralization of authority to managers with discretionary control over smaller more “manageable” units that worked independently in conjunction with each other (Hood, 1991). NPM also included greater focus on measurable output and controls of the same, as well as competition both within the public sector and in relation to private service providers contracted in public tendering processes (Hood, 1991). These characteristics can all be seen as responses to the large public bureaucracies that were said to be difficult to observe or understand, and whose results were discrete and thus not fully known, as well as less than optimal in terms of output. Theoretically, the breaking up of the monolithic bureaucracies of the past should enable more and new forms of collaboration between state and the nonprofit sector. The NPM orientation toward business sector practices and management has, however, provided both a market design for collaboration as well as a whole new set of challenges for the relationship, as will be further explained below.

It is clearly not adequate to reduce the typology of public administrations to new and old, especially considering that NPM is not particularly new anymore and that TPM has both proven to have lasting qualities and a minor renaissance in a modern form sometimes referred to as Neo-Weberian (McMullin, 2021). One attempt to keep the theoretical categorization of public administrations at pace with the diversifying field was the introduction of New Public Governance into the typology. Osborne (2006; 2010) suggests that NPM was actually just a relatively brief “transitory stage” of about 20 years, leading from the traditional form of public administration to the current New Public Governance that has been the dominant regime since around the shift to the 21st century. If TPM is formed around a professional hierarchy, and NPM is formed around horizontal, market-like exchanges, NPG “acknowledges the increasingly fragmented and uncertain nature of public management in the twenty-first century” (Osborne, 2006, p. 382). Sometimes referred to as “networked governance,” NPG is a pluralist approach to public service delivery that coordinates rather than manages different actors within the same system (Hartley, 2005; Osborne, 2006; 2010). Hartley (2005, p. 30) describes the governance as “to steer action within complex social systems rather than control solely through hierarchy or market mechanisms.”

## Different PARs and Different Collaborations between State and the Nonprofit Sector

The transition from TPM, via NPM, to NPG is of great importance for the collaboration between state and the nonprofit sector. In NPG, nonprofit organizations are considered relevant or even important service providers, including in essential welfare service areas. They are included in these service areas not only through formal contracts following a process of public tendering, as in NPM, but as partners that contribute to the service sector as a whole in a variety of ways, formally and informally, with or without formal agreements or contracts. The shift toward NPG described by Osborne, Hartley, and others in the early '00s was one where NPOs, voluntary work, and citizen initiatives were recognized not only as providers of aid and services in various health and welfare areas, but as important sources of innovation as well as democratic renewal. NPOs were, in other words, not only accepted as partners, they became preferred suppliers of public services (Osborne, 2010). Furthermore, the nonprofit sector, or more broadly civil society, not only deliver services, the supply of services and how they are provided is under NPG to a large extent defined by NPOs as representatives of bottom-up initiatives more attuned to needs and demands, not least locally.

The collaboration between state and the nonprofit sector, through public administration, differs significantly between these three PARs. In TPM, NPOs can function as providers of welfare services. This is typically done in well-defined service areas or tasks, through a tight system of laws and regulations and with a clear hierarchy from the political level, through public administration to the nonprofit service providers. The role of the traditional German welfare organizations presented here fits this description well. Under NPM, collaboration between the state and NPOs take place through public tendering or quasi-markets and only to the extent that the NPOs can be competitive in those business-like arenas. The state takes a less active role than in TPM, relying on the market to provide the best services at the lowest prices. NPOs have to compete with those goals in mind, which means that they often have to adapt to practices, goals, and general mindsets of the business sector. Therefore, in NPM, like in traditional public administration, there is little room for NPOs to represent values and interests, be activist or to influence policy. This is one of the great differences between these two regimes and NPG, where state and NPO work alongside as equal collaborators in networks or partnerships. Hartley (2005) describe what she title “networked governance” as a form of public administration where governance is “shaped by civil society” and where citizens are made into co-producers of their public services, rather than passive recipients or consumers of them.



### Critical Thinking

The theories on Public Administration Regimes suggest that public administration sets the conditions for collaboration with nonprofit organizations. Hartley (2005) and others suggest that the influence works both ways, that nonprofit organizations also shape public administration. Consider some of the ways in which this could happen. Also consider how transformative events like a financial crisis, an international conflict, or a pandemic can change the relationship between the public administration and the nonprofit sector.

### A Fourth PAR?

This typology of three PARs, like most typologies, represent an ideal version that provide an imperfect representation of a less ideal reality. Collaboration on a more equal footing between state and NPOs is not exclusively limited to NPG, there are ample examples of such collaborations in service areas otherwise dominated by TPM or NPM characteristics, in different countries. McMullin (2021) makes this point by showing how NPOs in different PARs can become essential partners in both providing services and acting as bottom-up democratic institutions by involving citizens as co-producers.

The idea that NPG is a necessary requirement for non-hierarchical collaboration between state and the nonprofit sector is further challenged by those providing evidence that there are actually more PARs than just these three. One such argument for a fourth PAR is provided by Pestoff (2018; 2019). Pestoff first identifies a new regime type in the Big Society reforms launched in the UK by the first government under prime minister David Cameron in 2010. These reforms recognized, or even celebrated, the role of NPOs in the provision of education, health, and welfare services, but Pestoff recognized a shift from what we now know as NPG. As pointed out by, among others, Osborne, “Big Society” actually meant “Small State,” and Pestoff names big cuts in public spending as a defining difference between the new PAR and the previous NPG (Pestoff, 2018; 2019). The UK government encouraged, and supported financially, volunteering, social entrepreneurship and philanthropic initiatives that could replace public sector services, heralding the shift as a switch from top-down bureaucracy to bottom-up citizen empowerment. The effect was a growth in unmet demand of aid and services, especially in already underprivileged areas, that left “families, communities, and the third sector to fill the vacuum left behind” (Pestoff, 2018, p. 30), something Pestoff calls “enforced co-production” (Pestoff, 2018; 2019). His name for this PAR is the Communitarian Regime (CR), although he willingly admits it is not a perfect name for a regime type where communities are pushed to step up by cuts in public spending, aid, and services. Placing the birthplace of the Communitarian Regime in the UK is in itself interesting since the UK has, by and large, also been seen as the home of NPM and of NPG. A way to look at this is, of course, that the UK is among the leaders of innovation in public administration, from the NPM reforms under Thatcher governments in the 1980s, through

the NPG initiatives under Blair governments in the late 1990s and early 00s to what could be described as a mix of the two with the Communitarian Regime of Cameron governments in the 10s. Collaboration between state and the nonprofit sector under the Communitarian Regime is one where NPOs are promoted from an equal to a superior partner in the relationship, while at the same time also being laden with a significant proportion of the responsibility for aid and service provision. This may resemble the ideal of communitarian philosophy, which emphasize the importance of civil society and social capital, but this version of the Communitarian Regime also has neoliberal roots through its developments from and with NPM and NPG.

**Table 5.1**

*Four Public Administration Regimes (PAR)*

	Origin	Governing Principle	Characteristics
Traditional Public Management	Modernist public administration	Bureaucracy	Top-down, formal, impersonal, and technical
New Public Management	Neoliberalism	Market	Horizontal, decentralized, business-like, and competitive
New Public Governance	Postmodern network theory	Network	Horizontal, pluralistic, hybrid, and coordinating
Communitarian Regime	Post-welfare state communitarianism	Grassroot	Bottom-up, informal, voluntary, and innovative

### Logics and Silos—How PARs Shape Collaboration

With what we now know about these four PARs and how they shape collaboration, what are some of the outcomes they produce for society? This is, of course, a topic that could be developed over several volumes of a book like this. One aspect of it, that has significant consequences for collaboration, is how “open or “closed” they are to influence from each other. A deciding factor for this is, naturally, how dominant a regime is and another one is for how long it has been dominant. A PAR that reaches a dominant position in a service sector, or in an entire state, and that remains in that position for a prolonged period of time, start to cement its influence. This can be expressed in terms of institutional logics, or a set of rules, norms and values that define what is possible within a certain PAR. If a PAR has been dominant within a service sector for a long time, its logics will have an ingrained influence on what types of services that are provided and how they are provided. The Nordic countries, and especially Sweden, can again serve as an example. There the social democratic welfare state with its large public sector, and high

level of faith in the capability of the state, provided the TPM-PAR with fertile ground as well as with the time and space needed to set its roots deep into public administration. This made Sweden especially orthodox and thus less prone to introduce elements from other PARs, with the consequence that NPOs were not seen as equal partners to collaborate with. It is noteworthy that Sweden has in more recent times become one of the more marketized welfare states, suggesting that one rigid regime is more easily replaced by another rigid regime than with a more diverse mix of different regimes.

Another way to describe this is to see PARs as working in silos. The allegory of a silo, as in a grain silo, illustrates how the same content fills an entire silo from the top down, without mixing with the content of neighboring silos. Less allegorically, this means that a PAR can dominate public administration from the top of the hierarchy to the street level of service provision. NPM has been said to be especially apt at creating strong silos, as it has its own ideology and its own ideas about professionalization and maximization of output and NPM-PARs develop primarily within the restrictions of that ideology and those ideas (Alford & Freijser, 2018). In other words, NPM strives toward a perfect market, not a different kind of market. This is another factor that affects state collaboration with the nonprofit sector under NPM, it causes the public administration to consider NPOs only as other market actors, not as sources of innovation or non-economical values.

The social origins of countries provide the basic conditions for the collaboration between state and the nonprofit sector. The ideology and economy manifest in different PARs more finely define the relationship based on these basic conditions. These two layers of influence shape the way in which actual examples of collaborations are designed. The collaborations themselves also come in different modes that can be categorized. The following segment will explore and describe some of these different modes of collaboration between state and the nonprofit sectors.

### Critical Thinking

How much of our everyday life is decided by how the public administration works in the country and the local community we live? Consider the ways in which public administration shapes not only collaborations with nonprofit organizations but how we live our lives. Then consider how things might be different under different Public Administration Regimes.

### Modes of Collaboration

It is time to become more specific about what collaboration between state and the nonprofit sector can look like. In the following section, five general modes of collaboration will be presented: The Formal, Informal, Partnership, Hybrid, and Community modes of collaboration. In doing so, we are going off the beaten path of well-established theories like social origins and PARs, to instead identify a more original set of modes

in which collaboration may take place. There is, of course, no lack of well-established categorizations of such modes of collaborations. Young and Casey (2017) have, for example, established a time-tested typology of supplementary, complementary and adversarial relations between government and the nonprofit sector. For the purposes of this chapter, however, we will consider a new typology more closely relating to collaboration specifically.

The categorization will include examples from different countries, but there is not any one mode in any one country, but rather a multitude of modes of collaboration in different, and sometimes the same, service sector. Examples of the following five modes of collaboration are therefore collected from around the world without claim that they are the dominant, or even typical, representative of modes of collaboration in the country they are found. In fact, most examples of collaboration are influenced by several of these modes as they exist alongside each other and in layers developing over time. Still, these five modes of collaboration and their examples from around the world should help us to understand how collaboration between the public and the nonprofit sector develops differently under different conditions.

### **Formal Mode of Collaboration**

The formal mode of collaboration between a NPO and the public sector is a collaboration based on a business contract or another formal agreement with similarly high level of specificity and rigidity. The agreement states what each party should bring into the collaboration and what they will get in return. This typically means that the public sector pays a NPO to deliver a certain quantity of services, of a certain type and quality, for an agreed-upon price. Once in a formal collaboration, the different parties give up some of their autonomy as the obligations of the contract define and limit what they can do. They are, for example, restricted in how they can exit the collaboration, as contracts usually state the duration of the collaboration or the amount of services that are to be delivered. Formal collaborations are more rigid than informal collaborations but there are still a wide variety of ways in which they can be organized. Two general types of formal collaborations are, for example, those initiated through a public tendering process and those formalized through a voucher system. In the former, the contract to deliver a service is awarded the lowest bidder, while in the latter the collaboration is mediated through user choice, as the end user of the service choose service providers on a quasi-market. An example of the latter could be when a parent choose a school run as a NPO for their child, and the NPO receives payment from the public sector to provide an education, such as a Charter School in the United States. A possible third type could be the British way of commissioning public services to NPOs. This has been described as a process through which a local government identifies local needs, as well as resources, and finds a suitable local service provider to address these needs (Rees, 2014). This is slightly different from a public tendering process where the contract simply goes to the lowest bidder, although costs always is a consideration in formal collaborations.

The contracting out of public services to private institutions in the business and nonprofit sector is a practice that has been studied extensively by researchers in business and public administration and several other disciplines. The body of literature on

these formal partnerships is therefore vast. This interest reflects a growing importance of NPOs as service providers in essential health and social service areas, in many different countries with different welfare systems (Skov Henriksen et al., 2012). A growing importance of the services provided by the NPOs in turn lead to increasing professionalization of the delivery of them and a more formal relationship with the governments that rely on, and often pay for, the services. Some of the reasons for the growing importance of these increasingly formalized services are the same in many countries, like cuts in public social spending. This was, for example, an important factor in Italy, but the development there was also caused by more country specific reasons, like several corruption scandals leading to calls for a more formal and transparent procurement of public services from local NPOs (Ranci, 2015). Another example would be Poland, where the nonprofit sector has since the late 00s grown significantly in importance in service areas like social and work integration and childcare, following new legal frameworks for formal collaborations that were encouraged by the EU (Nałecz et al., 2015).

Much of the research on formal, or business-like, collaboration between the public sector and NPOs concerns the risks associated with it. Eikenberry and Kluver (2004) describe how governments formalize the collaboration by shifting from grants to competition for contracts, which pushes the NPOs out on a market where they are ill-equipped to compete with for-profit enterprises. The result is that the NPOs are put before the choice of either mimicking the business practices of their competitors or withdrawing from the market. Choosing the former can mean compromising their own norms and practices, and choosing the latter obviously means losing revenue. Formal collaborations with the public sector have also been proven to make the internal governance of a NPO more difficult. Bode (2017) showed how nonprofit care homes for the elderly in Germany suffer both from the pressure from its market competitors and from the constraint of regulation and bureaucratic practices set up by government and the local public administration. NPOs are often heartily welcomed into formal collaborations because they are thought to bring positive social values, and perhaps gentler practices, but the dual pressure from the public and market sectors may limit and transform these qualities. This is one important reason why governments around the world have tried to find semi-formal collaborations that specify what it expected of the participating parties, but that allows NPOs to work more independently according to their own tradition. This will be described as a partnership mode of collaboration further on in this chapter, but the explanation of the formal mode is best complemented by first considering the informal mode of collaboration.

### **Informal Mode of Collaboration**

What we have just learned about the formal mode of collaboration is a good start for learning about the informal mode. These two modes are different in how the relationship between public sector institutions and NPOs are initiated and organized. In the formal mode of collaboration, the relationship is business-like, NPOs are contracted to deliver certain services, often following a public tendering process. An informal mode of collaboration is one where NPOs, or unorganized volunteers, provide essential or supplemental services in relation to, or within, a public sector institution (Brandsen &



Honingh, 2015). Such a collaboration could be more or less formalized as agreements and basic understandings of the collaboration are expressed in writing or in an ongoing dialogue, but the parties are not tied to each other in a formal contract. There could also be some transfers of money or other resources between the public sector and NPOs but neither side is paid to deliver a certain type and amount of services at an agreed price. This is a collaboration between autonomous partners that are free to exit the collaboration, it is, simply put, a voluntary mode of collaboration.

Examples of the informal mode of collaboration are easily found in the Scandinavian countries (see for example, Frederiksen, 2015). These countries have a tradition of large, multi-layered NPOs that organize members at the local, regional, and national levels. Such organizations are called federations and by working on several levels they also tie together collaboration with the public sector at these levels, creating a close and trust-based relationship (Selle et al., 2019; Selle & Strømsnes, 2012). A large study in Norway concluded that collaboration between the public sector and NPOs at the local level takes different forms in different service areas and three areas characterized by informal collaboration were health and welfare, children and youths, and the integration of immigrants (Trætteberg et al., 2020). The services provided by NPOs in these areas are typically supplements to the public services, not least because the health and welfare area is quite regulated and that municipalities therefore are limited in how they can collaborate with NPOs. This is why local NPOs instead, in a more informal capacity, offer services such as social events and social contacts for older people who live isolated and alone in the countryside (Dahlberg, 2006; Trætteberg et al., 2020). Local NPOs also interact politically with local government and the interaction take the form of a collaboration. A great example in the study by Trætteberg et al. (2020) is how a local NPO for people with dementia try to influence the municipality to become more dementia friendly, in a typically Scandinavian way by drawing support from their own national organization (Trætteberg et al., 2020). In the bargaining, they also offer to provide volunteers for dementia services, thus inviting to an informal collaboration. Another important aspect of this example is that the NPOs providing supplementary social services and the NPOs interacting in local politics are typically the same NPOs in Scandinavia. Informally adding value to a social service area and to society as a whole provide NPOs, at both the local and national levels, with legitimacy for collaboration with the public sector. That legitimacy and positive experiences from informal collaborations sometimes leads the collaborators to consider an extended and more professional interaction. This can take the form of a formal mode of collaboration, or a looser collaboration here described as a partnership.

### **Partnership Mode of Collaboration**

It has been pointed out that the public and nonprofit sectors are not completely separate spheres in any country. Instead, the public sector and NPOs are typically interconnected in a partnership, which for example means that almost all welfare states would be better titled “welfare partnerships” between government and civil society (Salamon & Toepler, 2015). What is understood as partnership is, however, the neither fully formal, nor fully informal agreements between governments and representatives of the

nonprofit sector that has become more common in recent decades. Such partnerships are based on mutually agreed upon conditions and responsibilities, that are typically written down in a shared manifesto. This agreement defines the relationship between a public sector institution (or several) and a NPO (or several), and how they participate in the collaboration. It is similar to a formal contract in that it states the obligations of each party, but it is less restrictive and typically stated in broader terms. Like in an informal collaboration the parties maintain their autonomy and like in a formal collaboration they clearly state the conditions and expectations from their partnership. It is possible for parties to exit the collaboration, as the obligations are less binding than in a business contract. Collaborations of the partnership mode can both be centered around a specific, local issue or problem and centrally around broader issues.

Partnerships between the public sector and NPOs can be seen as a strategy to move from an informal to a more formal relationship. This is not to say that it is only a reflection of NPM, the partnership mode is more closely associated with NPG or the communitarian PAR. The development is also not only a way to encourage NPOs to deliver services in health and welfare, it also includes NPOs in other areas, including for example sports organizations (Ibsen & Levisen, 2019).

The quintessential partnership collaboration is probably the 1998 UK Compact, through which the British government and civil society organizations drew up the terms for their joint effort to “benefit the communities and citizens in England” (HM Government, 2010). The Compact was a cornerstone in a wider effort to create a more dynamic welfare mix that was less dependent on large public sector institutions but that also was not entirely driven by market logics. Kelly (2007) describes this effort as wanting to “increase pluralism and competition and drive innovation and efficiency” by including NPOs in “shaping, commissioning, and delivering” public services in a wide spectrum or service areas. In doing so, the NPOs were also expected to add additional public value by “promoting active citizenship, volunteerism, addressing social cohesion and helping reduce social exclusion through civil renewal” (Kelly, 2007, pp. 1003-1004). These expected outcomes naturally attracted other countries to also create compacts between their governments and NPO sectors. Many European countries, as well as Canada and Australia, formed Compacts in the 10 years following the British one, although sometimes referring to them as “agreements,” “frameworks,” or “memorandums” (Johansson et al., 2011). The results were mixed, but it is probably safe to say that these partnerships did not always live up to their high expectations. In some countries, like Sweden, the partnership did not seem to make much difference at all, indicating that the relations between the public and NPO sector are not easily changed (Nordfeldt, 2012).

There are also many examples of countries that have significant service provision in the nonprofit sector without forming one of these semi-formal partnerships, where the USA is perhaps the best example. Another interesting example is the Netherlands, which also has a strong tradition of volunteerism and NPO service provision, without partnerships or even a very coherent government policy on the nonprofit sector (Brandsen & Pape, 2015). It is, furthermore, easy to imagine how too close of a partnership could blend and dilute the qualities in the nonprofit sector. A good example of this could be the German Bundesfreiwilligendienst, a government agency for recruiting



volunteers for public and nonprofit services that is based on the old organization for placing conscientious objectors in unarmed military service (Haß & Serrano-Velarde, 2015). This supposedly well-intended effort for raising volunteerism in Germany has in fact had several negative effects, such as competing with the NPO's own recruitment of volunteers, making the collaboration between the public and nonprofit sectors bureaucratic and not least undermining the civic, or voluntary, meaning of being a volunteer (Haß & Serrano-Velarde, 2015). Partnerships can, in other words, like formal collaborations, be a relationship that is too restrictive, where neither party can live up to their potentials in terms of positive outcomes. To avoid this, governments might consider an even looser type of semi-formal collaboration that is here called the hybrid mode of collaboration.

### **The Hybrid Mode of Collaboration**

The hybrid mode of collaboration shares characteristics with several other modes of collaboration, just as its name implies. It can be especially difficult to differentiate from the partnership mode since it is also "semi-formal" in nature. The hybrid mode of collaboration is firstly characterized by its inclusion of several different types of participants, from the public, nonprofit, and business sectors. The partnership mode of collaboration is often a result of an intentional strategy to strengthen cooperation between the public sector and the nonprofit sector specifically, while hybrid collaboration is less concerned with the organizational form of the participants. Hybrid collaboration instead forms around an inclusive and problem-oriented philosophy where all actors who can contribute positively to the collaboration are considered. This thinking both recognizes that actors in different sectors bring different qualities and that the sectors themselves are fluid and under constant influence from each other. Participants are autonomous, and they often bring some specific value to the collaboration that they represent and thus remain in control over. Entry and exit are easy and it is considered natural that different actors move in and out of the collaboration as it progresses.

Research on hybridity in the nonprofit sector mostly concern hybridity within NPOs, or how they are shaped by several different institutional logics. A hybrid NPO has been called "an entity that face a plurality of normative frames," meaning that NPOs interact with, for example, government agencies and businesses and in doing so they are influenced by their norms and practices (Skelcher & Rathgeb Smith, 2015, p. 433). Hybridity here refers specifically to hybridity in the collaboration between the public sector and NPOs, not hybridity in organizations. Still, these two things are clearly closely related. Skov Henriksen and colleagues (2015) describe how NPOs working in welfare service areas struggle with "conflicting and competing demands" from the public sector, the market, families and other types of entities, making them natural hybrids. This is, however, caused by the increasing complexity of the welfare mix of many countries, or in other words the diversity of service providers that the public sector collaborates with (Skov Henriksen et al., 2015). The hybridity of an NPO is therefore a reflection of the hybridity of its collaboration.

A hybrid collaboration between the public sector, NPOs, and other actors can be a good way to address complex problems, where there is not any one solution or ser-

vice to be delivered. Many examples of these collaborations therefore concern the issue of urban regeneration and especially regeneration of disadvantaged neighborhoods, where multitudes of interconnected social and economic problems need a multitude of tools to be solved. Such neighborhoods often also suffer from a distrust in public sector institutions, like the social services and the police, and to allow in multiple actors from other sectors can help get the community involved in solving its problems.

Hybrid collaborations are not, however, easy solutions to difficult problems. It requires a lot of organizations from different sectors to collaborate with each other, as they have to challenge their own logics, or the norms and values they normally follow in their own sector. Among the different types of organizations in a hybrid collaboration, NPOs are usually the best at handling this, as they are more hybrid themselves (Skov Henriksen et al., 2015). Bohn and Roelfs (2020) studied neighborhood revitalization in an unnamed Midwestern city in the USA that relied on a hybrid collaboration involving many different types of participants. They describe the problems of differences in logics but conclude that another serious and often overlooked problem for this type of collaboration was trust (Bohn & Roelf, 2020). Public, nonprofit, and business sector participants sometimes do not fully understand each other's motives and *modus operandi* and thus does not fully trust each other either, which obviously makes collaboration more difficult. Trust may be increased when all participants in the hybrid collaboration live and work in the same small area, although it is far from certain. When it is achieved, however, one may hope to enter the community-based mode of collaboration.

### **Community-Based Mode of Collaboration**

The community-based mode of collaboration is collaboration between the public sector and NPOs, but also businesses, families, and individuals, at the local community level. Such collaboration is defined by the community itself and those who live and work there. Community is here understood as a local area that is smaller than a county or a municipality, like a city ward, a neighborhood, or a village. The intimacy of the community level can give community members a stake in what happens, which could promote collaboration. At this sub-local level, it is also unlikely that a community member can remain unaffected by the collaboration regardless if he/she participates or not. This mode of collaboration is clearly similar to the hybrid mode, but it is formed around a place rather than an issue or service, and participants are also naturally tied to each other. This means that although it relies on voluntary participation, it could be difficult to exit a collaboration.

A classic example of the community-based mode of collaboration is the use of co-production, as it was first described by Elinor Ostrom and her colleagues in the 1970s. She described how a local community co-produced public safety together with the local police, by organizing and performing what is commonly known as neighborhood watches (Ostrom et al., 1978) This collaboration between the public sector (the police) and NPOs (organized or networked community) relies on voluntary participation, but it provides positive outcomes (public safety), as well as sometimes negative (nosy neighbors), for all in the community, regardless if you have volunteered or not.

A less well-known example is community co-production of welfare in Japan<sup>1</sup>. The sub-local or community level is very important in the Japanese welfare state. Most municipalities are divided into several community units through which much of the essential welfare is provided. These sub-local communities are often modeled after the local school districts, because they are the right size, they are well-established or “natural,” and the schools themselves are natural meeting points for both children and adults. Each community has what can be translated as a “community-based integrated care center,” which is a sort of social welfare office where especially older people can go to seek care and assistance. The centers coordinate public insurance-based, nonprofit, informal and market services available in the local community, essentially matching community resources with community needs. The centers are run by the relevant welfare actors that exists in the community, which are often, but not always, public. For example, in a municipality in northern Osaka, four out of five care centers are run by the municipality itself but the fifth is managed by a nonprofit hospital that is the largest health and welfare institution in a particular, mostly rural, part of the municipality, and thus the natural community leader there. Another example is a community in the southern part of Nagoya, where health and welfare is organized through a cooperative. The cooperative provides services for both members and non-members and the service they provide is formed bottom-up around very local welfare needs as well as very local resources in the form of members and volunteers. This health and welfare cooperative is not simply contracted by the public sector and it is not just a partner to it, it is rather a collaboration between the public and a NPO through community organizing. The cooperative engages intensively with the local residents in health information campaigns and preventive care, not just through provision of health services (Pestoff, 2021). A third and last example can be found in a community located between Osaka and Kobe. There another cooperative organizes what they call “life-support meetings,” where civil servants, the cooperative and private citizens assemble to discuss neighborhood welfare needs (Vamstad, 2020). These are typically at the individual level, like an elderly neighbor considered to be in need of care. Through a discussion of the situation, the different parties establish what they can do to assist. For example, the cooperative can perhaps offer a meal service and private individuals can volunteer to check up on the neighbor. This collaboration provides positive values for the whole community, but there is also a potential for negative outcomes, like a lack of privacy for local residents. The concerned persons have sometimes caused various social transgressions (public disorder, bad hygiene, etc.) in the community and they are usually not asked if they need or want help, leading one to believe that the helping is sometimes just as much for the sake of the community as for the person him or herself (Vamstad, 2020). In this and the other Japanese examples, the collaboration between the public sector, NPOs, families, and individuals is almost boundary-less at the community level.

Examples of community-based collaboration can also be found in other countries where the smallest administrative unit is really small. One such example would be France, where some public services are provided by the 35,000 municipalities, or Com-

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<sup>1</sup>Information on community-based welfare in Japan is mainly gathered from yet unpublished findings from research performed by the author, in place in Japan.

munes. These vary greatly in size but many are very small, which has led to some services being provided by the regions, or Department, or in cooperation between small municipalities. NPOs, or more broadly the local civil society, also plays an important part at the community level. NPOs are especially important in social work, an area in which they identify new or previously neglected problems and address them locally (Archambault, 2017). Not all community-based collaboration takes place in small municipalities, however. McMullin (2020) brings up the example of community social centers in the major city of Lyon. These social centers are membership organizations but they are initiated by the city council and to a large extent funded by the central government (McMullin, 2020). Their aim is to involve local community members in co-production of projects to improve social inclusion that are suggested by local residents at general assemblies and through their representation on the board of the organization (McMullin, 2020). As in the Japanese examples, the public sector, a NPO and local residents are united in a collaboration defined by nothing else than the immediate locality.

**Table 5.2**

*Modes of Collaboration between Government and Nonprofit Sector*

<b>Modes</b>	<b>Initiative</b>	<b>Goal</b>	<b>Characteristics</b>	<b>Example</b>
<i>Formal</i>	Government	Defined and specific	Contract-based, measurable outcome, professional relationship	Nonprofit charter school with national curriculum and evaluation by government agency
<i>Informal</i>	Government or NPO	Defined but vague	Mutual understanding, supplementary services, symbiotic relationship	NPO-led social activity or help service at public hospital
<i>Partnership</i>	Mutual	Defined but general	Broad agreements, independence and autonomy, equal relationship	1998 UK Compact and similar agreements
<i>Hybrid</i>	Multiple	Problem-oriented and innovative	Shared stakeholdership, flexible and non-dogmatic, loose relationship	Pluralistic approach to complex or “wicked” social problem at local level
<i>Community</i>	Grassroot	Problem-oriented and pragmatic	Shared locality, resource mobilization, communal relationship	Coordinated matching of local needs with local resources

## Concluding Discussion

This has been a chapter of categorizations and typologies. At the most general level, we have the social origins patterns, at an intermediate level there are the institutional settings of different PARs, and then there are the more specific modes of collaboration. It is, of course, tempting to combine these three levels into a roadmap of how a social origin pattern leads to a specific PAR that provides a single mode of collaboration. This is, unfortunately, not possible to do, at least not in any conclusive way, since especially the two lower levels of categorizations are not exclusive. There are, in other words, many roads that the collaboration between the public and nonprofit sector can take within a social origin pattern. Still, it is possible and helpful to connect the three levels in individual cases.

It is, for example, easy to see how countries in the Social Democratic Pattern would develop a strong TPM-PAR, given the strong trust in and position of the public sector. It also seems quite natural that such countries would have a strong element of the informal mode of collaboration, considering that the nonprofit sector would be left to provide just complementary welfare services and services not related to welfare at all. Such a path through the three levels is represented by the Nordic countries. Another example could start in the Statist Pattern where a primarily top-down government by old ruling elites would also lead to a strong TPM-PAR. Modernization would eventually force such a country to actively involve the broad base of citizens in the governance of the welfare state but since civil society is weak in a statist pattern, this would lead to a shift toward what Pestoff (2019) calls a Communitarian PAR, or one where public social spending is cut without there necessarily being anything or anyone to replace it. The country being referred to here is of course, Japan, where this development led the welfare state to fall back and rely on very local welfare resources and the community mode of collaboration in some service areas.

The nonprofit sector in a country with a Liberal Pattern is typically characterized by NPOs that act as professional service providers in, for example, areas like health care and education. These often benefit from favorable tax legislation, but there is a firm separation between state and the nonprofit sector and the collaboration between them is based on autonomy. It is natural that a NPM-PAR would develop in such a country, with a businesslike relationship between a principal government and an agent NPO. A NPM-PAR deals ideally in standardized services that can be compared and bought from the lowest bidder. This work well for some service areas while other services, directed at more complex demands and needs, require the innovation, flexibility, and legitimacy that come from bottom-up initiatives within the nonprofit sector. It is under such conditions that the NPM-PAR transitions to an NPG-PAR. The level of complexity of the issues at hand also define the complexity and thus the mode of the collaboration between the public and nonprofit sectors. Less complex issues fit within a formal collaboration while more complex issues that require less standardized solutions could be addressed by a partnership collaboration. Highly complex issues require an “all-good-forces” approach and a hybrid mode of collaboration. These variations between modes within the Liberal Pattern is perhaps most clearly displayed in the USA or perhaps in the UK.

It is quite easy to add more examples, but the more general lesson from this exercise is to think about collaborations between public and nonprofit sectors as a result of conditions on several levels, of which some could be more apparent than others. This is no less true because modes, PARs and even patterns are mixing and blurring their boundaries as a result of globalization and international exchange. To the contrary, it is becoming increasingly relevant to consider more levels and more categories to understand how collaboration works. The ongoing diversification of the categories that define collaborations also tell us that the collaborations themselves will become increasingly important, as not any one sector or type of organization is likely to alone be able to provide the public services of tomorrow.

### Summary

- The way that collaborations between the state and the nonprofit sectors are established is shaped by a combination of deep-rooted historical reasons, how the public administration regime is organized and other contextual circumstances leading to different modes of collaboration.
- The Patterns of Social Origins that set some of the conditions for the collaboration are shaped by the relation between classes and groups, and the path to modernization of a society.
- The Public Administration Regimes that set out the rules for the relation between the public and nonprofit sectors are formed through layers of reforms and events in a society.
- The Modes of Collaboration between the public and nonprofit sectors are the end results of the patterns of social origins, the PARs, and more specific conditions that define the practical realities of the collaboration.
- Collaborations between the public and the nonprofit sector are becoming increasingly important, but also increasingly diverse and complex in nature.

### Discussion

- How do the social origin patterns, the PARs, and the modes of collaboration line up in some other countries that you know?
- The social origins patterns, the PARs, and the modes create a mesh that explains some of the ways in which collaborations work. What are they missing? Which things that explain the collaborations fall through this mesh?
- What is the future of collaboration between the public and nonprofit sectors? What modes can we expect to become more common, and will they continue to merge?

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Chapter

6



**Government/Nonprofit Relationship Frameworks**

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**Abstract**

Government/nonprofit relationship patterns set the stage for intersectoral collaborative efforts at the organizational level. In recent years, these relationship patterns have been undergoing considerable change, calling the “partnership paradigm” that is based on Lester Salamon’s (1995) work increasingly into question. Reflecting these changes, two frameworks were recently proposed to take account of the growing complexity of sector relations. Grønbjerg and Smith’s (2021) policy fields framework examines how government-nonprofit relationships differ across policy fields and the factors responsible for this variation, including interactions with the market and informal sectors. Taking a different approach, Toepler, Zimmer et al. (2023) extend Young’s (2000) supplementary-complementary-adversarial government/nonprofit relations typology to include a broader set of roles or functions that both sectors perform in their relationship. Both frameworks are designed to facilitate cross-national comparison. After presenting and comparing these two frameworks in this chapter, we apply them to the cases of Germany and the US to demonstrate how both frameworks have comparative applicability and also illuminate different aspects of the sectoral relationship that showcases its high level of complexity. The case discussions focus on the human services/

social welfare policy field and highlight the contributions both frameworks can make to understand the relationships in different contexts.

## Introduction

The nexus between government and the nonprofit sector has been a key topic of nonprofit research since the very beginning of the field. The reasons why nonprofit-government relationships have always ranked high on both the nonprofit and civil society research agenda are manifold. Government and nonprofit organizations are both engaged in the production of public goods. Both are dependent on the support and approval of the citizens. Nonprofit organizations are highly dependent on a friendly legal environment for which government is the key stakeholder; and finally, nonprofits, particularly in the welfare domain, live to a significant extent on public money. However, before government–nonprofit relationship became a central topic of nonprofit research, the concept of the nonprofit sector had to be developed first.

This already happened in the early 1970s, when neoliberal thinking started to take the stage. The famous sociologist and communitarian thinker Amitai Etzioni drew the attention to a non-market alternative for the provision of public services. In his widely cited article “The Third Sector and Domestic Mission” (1973), Etzioni referred to a societal sphere, “a third alternative, indeed sector [...] between the state and the market” (1973, p. 314). This sector is populated by organizations that are able to combine the entrepreneurial spirit and effectiveness of the market with the common good orientation of government. Accordingly, Etzioni prognosticated that these entities that are neither business corporations nor government offices will be the “organizations for the future” (1973, p. 318) providing public services, particularly in welfare and community related areas such as health care, social services, education, sports and culture.

Nevertheless, it took quite a while, until the concept of the nonprofit or third sector, populated by organizations, which are different from both the market and the state, had successfully make inroads into mainstream social sciences, and in particular into the domain of welfare state research. For many decades, the provision of public services was looked upon as a thoroughly “state affair” with governments being responsible for regulating, funding and also providing the services. Building on the results of comparative nonprofit sector research, political scientists increasingly acknowledged the pioneering role of nonprofit organizations for both democratic governance and welfare related service provision; and they finally had to admit that the sector “does play a meaningful, even significant, role in the administration and delivery of services” (Esping-Andersen, 1999, p. 35).

Responsible for this conceptual turn was the change of the zeitgeist, and the emergence and increasing popularity of the “regime approach” in comparative politics. Both developments triggered and enhanced nonprofit research analyzing the relationship between the sector and government. In the early 1980s, it soon became clear that the provision of welfare related services is not at all a “state affair.” With a regional focus on the US, Lester Salamon showed empirically that nonprofit organizations are highly dependent on public funding. Very much in contrast to both the zeitgeist of neo-liberal thinking and the policies of Ronald Reagan and Margaret Thatcher, the former leaders

of the USA and the UK, nonprofit research brought to the fore the long tradition of close cooperation between governments and nonprofits, particularly at the local level.

Inspired by institutional choice theory, Lester Salamon and other nonprofit researchers, amongst those Burton Weisbrod and Henry Hansmann, started to think about the *raison d'être* of the cooperation. Very influential became Salamon's approach that he originally labeled "third-party government" (Salamon, 1981), and according to which governments co-operate with nonprofits for good reasons. While nonprofits are neighborhood-based, well informed about the needs of the citizens, and able to deliver services directly and community oriented, government is in the position to guarantee stable financing, based on tax money. By co-operating with government, nonprofits become independent from the up-and-downs of volunteer inputs such as donations or sponsorships. "Third party government" (Salamon, 1981), that Salamon later changed to "government-nonprofit partnership (Salamon, 1987, p. 112)," and most recently to "welfare partnership" (Salamon 2018), encompasses a win-win situation for both sides, government and nonprofit organizations. With the help of nonprofits, government is able to deliver services tailored to the needs of specific communities and constituencies. Secured government funding enables nonprofit organizations to bypass those deficiencies, particularly "philanthropic insufficiency, particularism, paternalism, and amateurism" (Salamon, 1987, pp. 111-112) that are inherent to nonprofits as non-commercial entities, producing goods and services with a public good character.

A further factor, enhancing the research on nonprofit-government relations constituted the emergence of the "regime approach," which developed in the early 1980s and soon become highly influential throughout the social sciences. The term "regime" refers to a specific arrangement of institutions that co-operate and are held together through a set of norms, rules and decision-making procedures, which have developed over time, and are therefore not easily changed. The regime approach provides an excellent heuristic tool for the comparative analysis of complex sociopolitical arrangements such as the welfare state or the market economy. The approach was soon taken up by nonprofit research, and it is still referred to for identifying regional specific modes of government-nonprofit relationships. In the widely cited article, "Social Origins of Civil Society," Lester Salamon and Helmut Anheier (1998) characterized four "regime types"—the statist, social democratic, liberal, and corporatist—of nonprofit-government cooperation, to which Salamon et al. (2017) added a fifth, labeled traditional. Although the so-called "social origin theory" had a significant influence on comparative nonprofit research with a focus on the welfare domain, the number of different regimes and the allocation of countries to them remains all but a settled question (Anheier et al., 2020).

Accordingly, the regime approach turned out to be too unspecific in order to grasp the complexity and wide variety of nonprofit-government relations, which tend to differ not only from country to country but also with respect to the different policy fields in a given country. In the meantime and with reference to the subdisciplines of policy analysis and public administration, nonprofit research has developed new and more differentiated approaches and frameworks that allow a further nuanced analysis of government—nonprofit relationships. In the following, we will provide an overview of the different approaches and typologies. We begin with the "relationship typologies" that

are highly influenced by the work of Lester Salamon and Dennis Young, by and large inspired by political economy and primarily focused on the macro or country level. The shortcomings of these approaches, often being referred to as the outcome of the “partnership paradigm,” will be highlighted subsequently and a more refined typology of nonprofit-government relationships will be presented. Against this background, the policy fields framework, developed by Grønbjerg and Smith (2021) will be introduced. This approach does not constitute an alternative to the “relationship typologies.” Instead, the framework, embedded in the tradition of policy field analysis, allows for a further refined investigation of nonprofit-government relations which vary greatly depending on the policy area. Referring to Germany and the United States as textbook examples for countries that both correspond to and currently move away from the partnership paradigm of nonprofit-government relations, albeit due to very different reasons, the added value of the policy field framework will be exemplified by juxtaposition traditions and most recent developments in the area of social and health care services in Germany and the U.S.

## **Frameworks and Typologies of Nonprofit-Government Relationships**

### **Typologies Based on the Partnership Paradigm**

The first generation of relationship typologies tended to focus narrowly on issues primarily encapsulated within the “political economy” dimensions that address government funding and the general functional division of labor between the sectors. The political economy of government/nonprofit relations has arguably been dominated over the past 40 years or so by what could be referred to as a “partnership paradigm.” This paradigm was significantly shaped by the early work of Lester Salamon during the 1980s and the early 1990s on third-party government, voluntary failures and sectoral interdependence. In this work, Salamon (1995) crucially differentiated between the financing and the delivery of public services which then allowed him to argue a mutually beneficial division of labor between the public and nonprofit sectors. In this division of labor, the strength of one sector compensates for the weaknesses of the other. For example, government can easily compensate for the four voluntary failures (philanthropic insufficiency, particularism, paternalism, and amateurism), whereas nonprofits allow for a quicker, cheaper, more flexible, and more community-grounded alternative to direct government action. Both sectors thus appear as ideal partners in a cooperative relationship that is widely perceived as a necessity for nonprofit development (Salamon & Toepler, 2015).

Based on Salamon’s distinction, Gidron et al. (1992) discussed four different relationship models. In the government and third sector dominant models, the respective sector dominates both funding and delivery of services. The government-dominated type is relatively rare. Closed, autocratic countries like North Korea might fit the type or a few policy fields, like higher education in Germany, where private institutions have not made a significant footprint. The third sector-dominant type might be in evidence



in so-called failed states or in policy fields with very limited government involvement, like the arts in the U.S. In a third, dual model, both sectors maintain their own separate service provision and financing streams, which is often the case in education, where tuition and donation-supported private schools coexist with tax-financed public school systems. The fourth, collaborative relationship model reflects Salamon's division of labor argument, which Gidron et al. (1992) suggested is the most common and most suitable to explain sector relations in modern welfare states. The paradigmatic collaborative pattern has given rise to collaboration as a major research focus that has been gaining considerable steam particularly in the public administration/nonprofit intersection.

### Critical Thinking

Collaboration is based on mutually beneficial relationships from which both sectors gain advantages. Are there reasons to prefer the dual model where there are no mutual benefits?

But a drawback is that it is focused on service provision as the main activity of nonprofits only, and leaves advocacy out of it. However, the dominance of the partnership paradigm is currently threatened globally by the closing space phenomenon in which large numbers of authoritarian and hybrid regimes have started to cut off international support for advocacy organizations in human rights, the environment and democracy promotion in particular (Dupuy & Prakash, 2020; Toepler et al., 2020). This very significant development in global government/nonprofit relations cannot be explained by the partnership paradigm at all.

Another important formulation of sector relations was put forward by Dennis Young's (2000) framework in which he argues three different relationship types: the first is the supplementary type in which both sectors essentially operate in parallel and relatively independent of each other: nonprofits serve minority interests and preferences and pursue social innovation more or less independent of the government. The complementary type is essentially encapsulating Salamon's partnership paradigm where government determines what services are being funded and then provides the resources necessary for nonprofits to deliver those services. Both sectors are very closely intertwined, mostly in contractual relationships.

Young further points out that there is also an adversarial type at work in which nonprofits engage in political activities, seek policy change and get on the case of government which in turn tries to protect its perception of what the majority interests are and regulates these advocacy organizations in order to contain them.

### A Refined Typology

The Salamon and Young approaches provide essential building blocks for a more comprehensive typology: first, from Young one can take the notion of distinguishing between service providers and advocacy organizations on the part of nonprofits and from Salamon the notion that it's important to differentiate between different func-



tions that both sectors perform in the relationship. Salamon introduced financing and service provision but those are actually not the only relevant ones. Another one is legal regulation, which is at least as consequential for nonprofits as government provision of financial support. Conversely on the nonprofit side, advocacy and value guardianship—meaning the promotion of various and diverse values—is equally important for nonprofits as the provision of services. In effect, there are four significant functions that the relationship types need to incorporate.

With this, Young’s three types can be extended as follows (Toepler et al., 2023): first the complementary type—again the partnership paradigm—essentially has the government as a principal funder of nonprofit service providers. The regulation is enabling because it would not make sense for government to legally restrict the organizations that are essentially doing to government’s bidding (see Figure 6.1).

At the same time, the government is open for input from its nonprofit partners through consultative bodies like task forces or councils, and there generally is broad access to the policy process. Nonprofits can engage in both direct and indirect forms of advocacy. The relationship is based on collaboration, some degree of control by the government over nonprofits through the funding mechanisms and some degree of complicity by nonprofits in supporting the state. The policies in place are supportive.

**Figure 6.1**

*Extended Relationship Typology*

	<b>Complementary</b>	<b>Supplementary</b>	<b>Adversarial</b>
<b>Finance Function</b>	Government	Private philanthropy fees	Private philanthropy
<b>Service Provision</b>	Nonprofit service providers	Nonprofit service providers	Advocacy nonprofits
<b>Regulation Function</b>	Enabling	Enforcing	Restricting
<b>Consultation Function</b>	Formal consultative bodies and broad access Direct and indirect advocacy	More informal access Direct and indirect advocacy	Limited access Indirect, outsider advocacy
<b>Nature of Relationship</b>	Collaboration and control or complicity	Condoning and control	Conflict or cooptation
<b>Policy Stances</b>	Supportive policies	Policy neglect	Repressive policies

Source: Based on Toepler et al., 2023

In the supplementary model nonprofit services are principally funded through fees for service and private philanthropy. Here one can think of tuition, private gifts, and grants funding in parochial education, whereas the government uses tax revenues to fund public schools. Government regulation is principally enforcing. The government essentially has to make sure that nonprofits are not being misused as for-profits in disguise or as fronts for other fraudulent or even criminal activities.

### Critical Thinking

Consider why you are trustful of nonprofits, and why it is important for these organizations to maintain the public's trust. How can fraud in nonprofits be prevented?

There is some informal access where nonprofits can talk to policymakers, and they can use all forms of advocacy without restrictions. In terms of the nature of the relationship: government essentially condones or tolerates nonprofits not caring much either way but maintaining some degree of control so things don't go off the rails. In terms of the policy postures or stances, there may be policy neglect (Anheier & Toepler, 2019), meaning government is not particularly interested in addressing policy needs of the sector such as improving tax incentives.

Finally, there's the adversarial type: advocacy nonprofits are largely funded by private philanthropy maybe some member dues, and here we expect the regulation to be restrictive because the advocacy is directed against existing government policies. There will be very little access to policy makers for these types of nonprofits which are then forced to rely on indirect or outsider advocacy through public action like boycotts, protests, demonstrations, and media campaigns to the extent they can. The relationship is conflictual in nature and sometimes government may try to coopt nonprofits to defuse their activism. Overall, the policies within this relationship type are repressive, aiming to restrict the activities of nonprofits.

### Critical Thinking

Why do authoritarian countries feel the need to repress certain nonprofits? Can you think of cases or certain issues where democratic government might also be tempted to restrict nonprofit activities?

This extended typology is intended to provide a full and more balanced picture of the political economy of sector relations across the world and to capture dynamics even in political contexts that appear less germane to the collaborative relationship type. It encourages students to take a close look at all different types of relationships and not restrict themselves to the most obvious one. The situation is Russia, China, and other

places that have been focal points of the closing space phenomenon, for example, is considerably more complex than the sole application of the adversarial model would suggest (Salamon et al., 2015; Toepler et al., 2020). Conversely, the sole focus on collaboration and the partnership paradigm in the West—whether the US or Europe—is equally problematic. Restrictions have been rising everywhere even in Western democracies and the policy environments have been neglected (Anheier et al., 2019; Strachwitz & Toepler, 2022).

### The Policy Fields Framework

Grønbjerg and Smith's (2021) policy fields framework provides a tool to examine further how government-nonprofit relationships differ across policy fields and to identify the factors responsible for this variation including interactions with the market and informal sectors. As policy fields are shaped by prevailing national economic contexts and political regimes, the policy fields framework does not replace previous typologies; instead, it provides an opportunity for further fine-tuning. As such, the approach lends itself to both refined analyses with a focus on a particular policy field and in addition to cross-national comparative analysis with a special eye on specific policy fields.

The framework of Grønbjerg and Smith (2021) builds upon the work of Salamon, Anheier, Weisbrod, and others, as well as more recently the work of Stone and Sandfort (2009), who observe that the dynamics of complex policy environments depend on the concentration of authority, the density of networks, and the nature of financial and professional relationships. Their micro-level approach borrows heavily from the concepts of “policy domains,” “policy subsystems,” and policy “regimes” in political science (see also Sandfort, 2009). In its multi-dimensionality (see Table 6.1), their approach also stresses the importance of prevailing networks and rules that structure the government-nonprofit relationship and the relationship of nonprofits to other community organizations and local citizens.

**Table 6.1**

*Key Dimensions of the Policy Fields Framework*

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1. Field Size	The overall economic size of a field is an indication of its relative public salience and political importance. Larger fields receive levels of public investment that positions the government's role very differently than in smaller fields without such investments.
2. Share of (Field) Economy	This dimension considers the relative position of the three sectors, or their market share, within a given field. Some fields, like education, have a strong direct government presence in them, while in others either nonprofits or for profits dominate the provision of services. Market shares are not static and in some fields at least, nonprofits are increasingly losing out to for-profits, leaving them in a weaker position vis-à-vis the government.

**Table 6.1 (cont.)**

3. Functional Division of Labor	Fields vary in the way core functions are distributed among the sectors ranging from direct service provision and funding contributions to regulation and the pursuit of change and innovation.
4. Nonprofit Political Economy	This dimension reflects further on the three key pillars of the government-nonprofit relationship, pointing to differences among fields in the level and types of public funding for service provision; the government's role in regulating the activities of nonprofits, including fiscal regulation through tax policy; and conversely, the ability (and willingness) of nonprofits to engage in policy advocacy to seek change in government policies and programs.
5. Market/Non-profit Relations	In mixed industry fields, nonprofits and for profits directly compete with each other for customers or government support. In other fields, both sectors inhabit more or less distinct market niches with less direct competition for clients and resources. In either case, both sectors exchange, and supply each other with, resources.
6. Relations with the Informal Sector	The final dimension recognizes the input and importance of contributions from the informal sector and individuals and households to the operations of nonprofits. This includes the donations of both time and money as well as general civic engagement.

Source: Grønbjerg & Smith, 2021, as summarized in Kim et al., 2022

Grønbjerg and Smith (2021) add an explicit emphasis on cross-sector relationships, including the relationship between nonprofits and the market and the “informal” sector such as households, extended families, friendship groups, self-help groups like AA (Alcoholics Anonymous), church-assisted programs like soup kitchens, all of which lack formal legal incorporation, and other informal networks—and how nonprofits relate to these clusters. This policy fields framework also emphasizes the variation in the government-nonprofit relationship across substantial substantive policy domains such as human services, health, and education. This focus differs from Sandfort and Stone who focus on policy fields and the structuration of relationship and incentives within a given locality. Instead, the policy fields framework of Grønbjerg and Smith (2021) employs a regional and societal wide perspective to examine broader parameters and dynamics affecting nonprofit organizations and their role in public policy. This framework also has great utility for cross-national comparative research.

## **The Approaches in Practice: Nonprofit-Government Relations in Germany and the U.S.**

Since the beginning of comparative nonprofit research, the U.S. and Germany have been referred to as almost “ideal-type” models, in the sense of Max Weber, for depicting the cooperation between government and nonprofit-organizations. According to Salamon and Anheier, the U.S. corresponds to the “liberal model” that offers tremendous opportunities for nonprofit activity since the welfare state is not strongly in place. Also, Germany stands for a fairly developed nonprofit sector despite its costly and well-developed welfare-state. The country closely corresponds with the “conservative model” as one ideal type of nonprofit-government relations, exemplified in the “social origin theory” (Salamon & Anheier, 1998). With respect to the Extended Relationship Typology (Figure 6.1), Germany still largely complies with the requirements of the “complementary type” today. However, on closer examination of distinctive areas of nonprofit activity, as the “Policy Fields Approach” suggests, there is less continuity and more change than what might be expected. Indeed, particularly in the policy fields of social service provision and health care, the traditional mode of cooperation between the sectors, based on the “Principle of Subsidiarity,” is essentially a story of the past. The once privileged position of nonprofits in these two policy fields has been swept away alongside the emergence of neo-liberal thinking in politics and the advent of managerialism in public administration in Germany (Zimmer & Priller, 2023).

In regard to the U.S., the policy fields approach highlights the major role for government funding and policy in social services policy. Direct and indirect public funding has risen over the last 25 years especially for community care. The pandemic also led to a very significant infusion of new funding although this pandemic aid is now in decline. Nonprofit social service agencies face a heightened competitive environment emphasizing accountability and performance management. The field of social services also has a significant presence of for-profit service organizations, many of whom directly compete with nonprofit agencies for government contracts. In addition, many nonprofits in the social services field have their roots in the informal sector of volunteers, faith-related organizations, and community members. So nonprofits social service agencies may have a significant volunteer base, corporate partnerships, market-based fee income, and threats to funding from for-profit agencies. Thus, the policy fields approach highlights the particular factors and pressures affecting nonprofits in the social services field that are distinctively different than other policy fields. In the U.S. context, the government-nonprofit relationship in social services will also vary by state and locality in ways that are much different than other countries.

With respect to the two frameworks, outlined in the previous section, the traditional model of nonprofit-government relations in Germany and in the U.S. will be portrayed first by referring to the Extended Relationship Typology and specifically with reference to the Complementary (Germany) and the Supplementary (the U.S.) types (Figure 6.1), while the “Policy Field Approach” provides a roadmap for outlining the changes that have taken place in the U.S. and in Germany since the early 1990s that have impacted significantly each country’s nonprofit-government relationships. The

focus will be on social services and health care provision as two policy fields that once used to be strongholds of nonprofit activity and where for-profit providers have made considerable inroads.

## The Case of Germany

### Nonprofit-Government Relationships: The Legacy of Subsidiarity

The roots of the German nonprofit sector reach back into the Middle Ages, which saw the emergence of operating foundations, such as hospitals or orphanages, some of which persisted until today (Toepler, 1999). However, the vast majority of Germany nonprofits was either founded after the Second World War alongside the growth of the welfare state, or they are dating back to the 19th century when industrialization and urbanization radically changed the country's society. At that time, nonprofits, mostly in the form of membership-based associations, were founded in the growing industrial areas with the goal of either providing opportunities for leisure and cultural activities for workers or to tackle the problems that went along with rapid industrialization and urbanization. German society at the time was very heterogeneous and characterized through "pillars" or societal milieus of which the Catholic, the protestant and the social-democratic were the most important ones. "Pillarization" of the society was a common feature in Central European countries. Nonprofit organizations mirrored the societal cleavages and served as the organizational infrastructure of the pillars or social milieus. Catholics formed Catholic singing clubs, trade unions, hospitals, sport clubs and a political party with close ties to the Catholic Church and clergy in Germany. The same held true for protestants and also for "the left," social-democrats and communists (Zimmer, 2007).

Toward the end of the 19th Century, local governments started to cooperate with nonprofits in particular in the area of social service and health care provision. Municipalities reached out to local nonprofits and embarked on joint planning and close cooperation with the aim of responding to the needs of the distinctive communities and clienteles, such as the Catholic, the protestant, or the social-democratic. It was a very practical approach of providing social services that addressed specific community needs, integrated volunteering, and attracted private donations. Simultaneously, it was a mode of social engineering with the goal of pacifying the country's diverse society by incorporating and co-opting the different nonprofit organizations that represented the various social milieus.

After World War I and in parallel with the development of the German welfare state, the close cooperation between the sector and government in health care and social service provision was adopted at the national level. By then and in accordance with their religious or political affiliation, local nonprofits had become members of umbrella organizations. In the welfare domain, the umbrellas of the local nonprofit social service providers—the Free Welfare Associations—soon became close partners of the national government with respect to both social policy planning and implementation. In other policy areas, similar arrangements by contrast lag behind. Sports nonprofits, for example, also belonged to these pillars and were members of umbrellas, however, compared



to health care and social services, a distinctive policy field with government agencies and regulations was not yet in place. After the Weimar Republic, Hitler's fascist "Third Reich" put an end to the pillarization of the German nonprofit sector. The umbrellas of the sector, be it the national association of communist sport clubs or the association of Catholic trade unions, were abolished and their leaders were imprisoned.

When civic life restarted after the Second World War, "pillarization" was not revitalized in Germany with the exception of the Free Welfare Associations (Hammer-schmidt, 2005). Their position as partners of government in public social services was even strengthened. With reference to "the principle of subsidiarity," originally a leit-motif of the Catholic social doctrine, the welfare partnership with nonprofits, affiliated with the Free Welfare Associations, became part of the country's social laws. From the 1970s onwards and within the expanding German welfare state, the Free Welfare As-sociations enjoyed a highly privileged position: They were protected from competition because whenever there was a need for a social or health service, no other organization was allowed to start an operation, if a local unit of the Free Welfare Associations could provide the service. Also, they were protected from filing for bankruptcy because defi-cits at the end of the fiscal year were leveled and compensated for the next year by public funding sources.

As such, the cooperation between nonprofits and government corresponded thor-oughly with the "complementary" relationship type. Going even beyond the type's key criteria, the German situation, particularly in the welfare related policy fields, has even been characterized as "private interest government" (Streck & Schmitter, 1985): the Free Welfare Associations were significantly involved in the policy process at the Fed-eral government level, which in Germany is in charge of social policy legislation and regulation.

The privileged position of the Free Welfare Associations was responsible for the rapid growth of the nonprofit sector and employment in Germany (Priller & Zimmer, 2022). The welfare partnership model also applied to other areas of nonprofit activity. However, in federalized Germany, the regional Laender governments are responsible for policy fields, including education, sports and recreation, and arts and culture. In addition, local administrations closely work with nonprofits, such as sport clubs or cul-tural community centers, in these fields by providing facilities as well as public fund-ing. But in these policy areas, local governments are not legally obligated to ensure a certain level public service provision. Any local government support for nonprofits, active in these areas, is discretionary. This is not the case in the welfare domain, where the provision of services is obligatory. Therefore, compared to the welfare domain, the reliance on private support in form of membership dues, volunteering, and donations is far more pronounced outside the welfare area of nonprofit activity. While social services and health care constitute the strongholds of nonprofit employment, sports and other leisure related areas are key domains of volunteering in Germany (Priller & Zimmer, 2022).

Despite significant policy field-related differences, comparative nonprofit research tends to assume that the mode of cooperation in the welfare domain equals the overall pattern of nonprofit-government relationships in Germany. Against this background, the policy field approach for analyzing nonprofit-government relationships proves



highly useful because it offers the opportunity to provide a more differentiated picture of the modes of cooperation and relationship types. It also provides the tools to analyze in more detail policy field specific changes that may impact significantly the overall picture of intersectoral relations in a country as they deviate from those prevailing in the welfare area.

### Times Have Been Changing—in Particular in the Welfare Domain

Up until the 1990s, the complementary welfare state arrangement that had made the Free Welfare Associations privileged partners of policy implementation was safeguarded in central areas of social service provision such as health, care for the elderly, or child-care in Germany. However, with the advancement of neo-liberal thinking in politics and the introduction of new public management techniques in recent decades, the German government has since incrementally dismantled the once privileged position of the Free Welfare Associations (Backhaus-Maul & Olk, 1994). Today, commercial providers of social services or health care are treated on equal footing with nonprofits. Accordingly, the principle of subsidiarity, which gave preference to service providers that were both affiliated with one of the Free Welfare Associations and legally registered as tax-exempt nonprofit organizations, no longer matters. Social services and health care provision have developed into highly competitive markets in Germany.

A case in point are hospitals, once primarily operated either by the Free Welfare Associations or by government. Since the 1990s, when government invited commercial providers to enter the market, their share has been steadily on the rise (see Table 6.2). While the share of public hospitals significantly shrunk from 46% to about 29%, and the share of hospitals operated by the Free Welfare Associations also decreased slightly from 39% to 34%, the share of commercial hospitals more than doubled from 15% to 38%.

**Table 6.2**

*Hospitals in Germany According to Their Legal Status (numbers and in % of total), 1991-2018*

Year	Total	Public hospitals	Nonprofit hospitals	Private commercial hospitals
1991	2,411 (100%)	1,110 (46.0%)	943 (39.1%)	358 (14.9%)
1995	2,325 (100%)	972 (41.8%)	944 (40.6%)	409 (17.6%)
2000	2,242 (100%)	844 (37.6%)	912 (40.7%)	486 (21.7%)
2005	2,139 (100%)	751 (35.1%)	818 (38.2%)	570 (26.7%)
2010	2,064 (100%)	630 (30.5%)	755 (36.6%)	679 (32.9%)
2015	1,956 (100%)	577 (29.5%)	679 (34.7%)	700 (35.8%)
2019	1,914 (100%)	545 (28.5%)	645 (33.7%)	724 (37.8%)

Source: Gesundheitsberichterstattung des Bundes (Health Reporting of the German Federal Government), [https://www.destatis.de/DE/Themen/Gesellschaft-Umwelt/Gesundheit/\\_inhalt.html](https://www.destatis.de/DE/Themen/Gesellschaft-Umwelt/Gesundheit/_inhalt.html).

Even more telling is the situation in the area of home care for the elderly. Public service provision is almost nonexistent; the Free Welfare Associations are still holding about a third of the market. But commercial organizations have emerged as the market leaders with a share of about 65% (Zimmer & Paul, 2018, p. 106). Importantly, while the policy change was essentially limited to the removal of the privileges of the Free Welfare Associations, the impact on the policy field of social service provision and health care was exceedingly significant, given their central position in the welfare domain.

The modes of financing of health care and social services remained unchanged. Reimbursement rates for goods and services in the health care and social services markets are based on bargaining processes, organized regionally and at district levels, between the funders (social and health insurances, government entities) and the providers of the services. Therefore, prices in terms of levels or reimbursement in these markets vary significantly throughout Germany and depend on various factors, including most prominently the funding capacity of the insurance funds which are tied to the employment status of the insured and funded through employee and employer contributions. In economically well-developed regions there are accordingly more funds available than in less-developed areas. The policy change affecting the representation of providers let the commercial sector to also be present at the bargaining table with the result of a significant change of the bargaining power of the Free Welfare Associations.

The same holds for those consultative commissions and panels where social policy is discussed and designed before policy and regulatory proposals go before the legislative branch. Here again, representation was broadened to include the private commercial sector and even further extended to nonprofit organizations, not affiliated with the Free Welfare Associations, such as associations of patients. The change also weakened the Free Welfare Associations in their capacity as nonprofit umbrella groups because their national headquarters as well as their regional and local offices lost the significant public support for their administrative infrastructure that they used to receive. They are therefore less equipped now to engage in lobbying activities at each level of government.

Finally, the service entities and membership organizations of the Free Welfare Associations working at the local level in the areas of social service or health care provision now have to bear financial risk, as government does not cover annual deficits any longer. Nonprofit and for-profit providers in the social service and health care industries were put on equal footing in this respect as well. The focus on the policy field of social services and to a certain extent also health care suggests that the traditional nonprofit-government relationships typologies might indeed not be sufficient to mirror the complex relations between the two sectors.

### **Limited Changes with Significant Effects**

In Germany, policy changes have been restricted to these policy fields. While other areas of nonprofit activity, such as sports and recreation, also experienced changing environments, they were not based on explicit policies. Rather, challenges in other fields are either linked to new or modified preferences of the German population such as the increasing popularity of individual over team sports, or to the reluctance of local governments, particularly in regions where the economy is not doing well, to invest in new facilities or maintain substantial subsidies to nonprofits.

Despite this caveat, German nonprofit-government relationships still largely conform with the Complementary type, although the abolition of the very generous supportive policies that were guaranteed by the Principle of Subsidiarity and exclusively tailored for the benefit of the Free Welfare Associations, significantly weakened the relationship. Another consequence was that the focus of government policy has shifted from the meso-level of the sector to the individual level of volunteers. In recent decades, the German Federal government has increasingly discovered both the economic relevance as well as the integrative societal function of volunteering. A case in point is the emergence of a new policy field, labeled engagement politics (Engagementpolitik) (Olk et al., 2010). In a way, it could even be argued that volunteering has become a “affair of state” (Haß & Serrano-Velarde, 2015) because the German government supports volunteer activities through a variety of instruments. There are support hubs for volunteers who are interested in finding the “right place” for their engagement; the Federal Government operates specific programs inviting volunteers to engage in particular and predominately welfare related activities; there are also programs tailored for senior citizens and for adolescents to volunteer abroad. The most recent development, guided by the idea of turning volunteering into a government affair is the establishment of the “Deutsche Stiftung für Engagement und Ehrenamt” (German Foundation for Civic and Honorary Engagement). The Foundation is organized under public law, funded by the federal government and serves as an outpost of the Federal Ministry of Family Affairs, which is in charge of any program of the federal government (research, support, or counseling) linked to the topic of volunteering. Indirectly, the key focus on volunteering linked to social service activities further diminishes the former position of the Free Welfare Associations that used to be a point of entry for those who wanted to engage in volunteering in the welfare domain in Germany.

In sum, and as the overall picture, Germany still stands out for a close and cooperative relationship between the sector and government. However, the policy field approach highlights that particularly in the areas of social service provision and health care, nonprofit organizations and specifically the Free Welfare Associations have been deprived of their previous privileged and government protected position as the market leader besides government. Also, the focus of government policy has shifted from the support of nonprofit organizations and the sector to individual citizen interested in volunteer activities. In the long run, the change of focus and the policy that treats nonprofits on equal footing with commercial competitors continues to lead to a significant weakening of the sector. It definitely has already impacted heavily the Free Welfare Associations whose service entities have become very business-like, thus trying to keep their market share whatever the outcome might be for their employees who increasingly have to cope with precarious employment environments (see Priller & Zimmer, 2022).

## **U.S. Perspectives**

### **Shifting from the Supplementary to the Complementary Type**

In the course of time, nonprofit agencies developed into central service providers in the fields of social and health care services in the United States as well. Nowadays,

the sector in the U.S. corresponds fairly well with the complementary type of nonprofit-government relationships. However, the complementary position of nonprofits in social service delivery is a sharp departure from earlier eras in American history. During colonial times, churches and early nonprofit organizations, including universities and hospitals, were critical and often prominent components of the social structure. The initial character of the American state—with its decentralization, limited resource base, and minimal federal government role in domestic policy—created powerful incentives for a distinctly local nonprofit sector with relatively little ongoing funding support from government. Thus, nonprofits in social and health policy provided services through a mix of private donations, fees, and very modest public subsidies, and the sector as such was thoroughly in correspondence with the supplementary model of nonprofit-government relationships.

This restricted, limited character of social services also contributed to the widespread view in the 1950s and 1960s that the American welfare state was a “laggard” in comparison to European countries who provide much more extensive social welfare services. Yet, partly due to the work of social policy scholars at this time who called attention to the inequities and racism of American social policy, the role of the American state in funding social services started to change in the 1960s. The Kennedy and Johnson administrations initiated a wide range of social initiatives at the federal level with profound effects on social services. The sharp overall increase in federal social spending led to a rapid build-up in social services, including community mental health centers, community action agencies, new child welfare agencies, drug and alcohol treatment centers, domestic violence programs, legal services for the poor, home care, emergency shelters for youth, and workforce development programs. Most of the funding for these agencies and programs was federal, although the additional spending spurred more spending by state and local government as well. Over time, the federal percentage of total public social service spending grew substantially, leading to marked shift away from the voluntaristic roots of the nonprofit sector characteristic of the pre-1960s period, as reflected in the declining percentage of revenue from private donations at many of the longstanding nonprofit social welfare agencies.

Despite the efforts of different administrations, public funding continued to rise, spurred by growing demand for an array of community services, the concerted advocacy of nonprofit providers and their allies, and court decisions expanding service access and eligibility. Importantly, the federal health care program for the poor, Medicaid, became increasingly prominent as a revenue source for social services, including mental health, child welfare, home care, hospices, counseling, residential foster care, drug and alcohol treatment, and services for the mentally ill. In addition, other new sources of federal financing spurred the expansion of job training, childcare, and other social services. Step by step, the federal government created new funding for services and gave greater administrative discretion to state and local governments to spend the new money including much greater flexibility by local administrators to shift money from cash assistance to services. With these new funding streams, the welfare rolls and the expenditure of funds on welfare-related programs changed dramatically: While federal funding for income maintenance support dropped sharply, federal funding for

welfare-related services rose significantly. Overall, a large percentage of this additional service funding was spent in support of services provided by nonprofits including day care, welfare to work, job training, and counseling. In addition, other federal programs for at-risk youth, community service, drug and alcohol treatment, prisoner re-entry, and community care witnessed substantial rises in funding. However, times have significantly changed since then. Starting in the 2000s, there has been an increasing interest in public-for-profit cooperation in many, predominantly human services and health care related policy fields.

### Similar to Germany: For-Profit on the Rise

A closer examination of the human services policy field illustrates the value of the policy fields framework. Importantly, in the United States, nonprofit agencies increasingly compete with for-profit firms for funding and clients. For example, the overall share of nonprofit employment in human services has declined from 70% in 1995 to less than half (48%) in 2017. This marked shift in employment shares among nonprofits and for-profits suggests major changes underway in the political economy of this policy field (Mosley, 2020).

This shifting sectoral dynamic is even more evident in the human services sub-fields. Nonprofits have lost ground to for-profits in three of the four sub-fields, with the decline most dramatic in the largest of the four, individual and family services, where the nonprofit share of paid jobs is down from 87% in 1995 to only 36% in 2017. Only in the smallest sub-industry of relief services (housing, food, and emergency services) have nonprofits secured an increasing share of the service delivery system—up from about 65% in 1995 to more than 95% in 2017 (see Grønbjerg & Smith, 2021). This general trend to a greater role for for-profit firms in social services especially in community care programs for the elderly and disabled is evident in many countries around the world.

### Critical Thinking

Why are policymakers interested in improving the position of for-profit firms in the social services and health care? What advantages do they have over nonprofits? What advantages do nonprofits bring to the table?

Government is still an important source of funding for human service agencies, accounting for close to half of all funding for nonprofit human service providers (and even more in some fields such as developmental disabilities and substance abuse). However, the funding flows through a wider variety of channels (including local government) and is less dependent on federal programs than is the case for health care. As a result, greater variety in the criteria by which government funding is made available to providers is apparent. In addition, state and local governments coordinate a range of services—particularly those related to welfare-to-work and child welfare (abuse and neglect) and deliver selected services themselves. However, to the extent that human



service agencies are able to tap into increased Medicaid (the major public health care program for the poor and disadvantaged) funding, especially in the states with expanded programs under the Affordable Care Act, they will have to contend with the institutionalized funding structures associated with Medicaid. Further, wide variation exists in the dependence of human services on government funding. Some programs such as mental health or child welfare are overwhelmingly funded by government including Medicaid whereas other programs such as legal services for undocumented immigrants have very low dependence on government funds (Mosley, 2020).

More importantly, however, government funding is assuming more market-like characteristics, with performance contracts, formal purchase-of-service agreements, and consumer subsidies (e.g., Medicaid and tax credits) replacing grants and fee-for-service contracts (Grønbjerg & Salamon, 2012; Mosley, 2020; Smith 2012) that traditionally favored nonprofit providers. These practices, in turn, can give an advantage to for-profit providers in the competition for resources.

In short, the policy field approach underscores the functional division of labor among the sectors. As illustrated by the human service sub-field, distinctive institutional logics among human service agencies can exist (see Skelcher & Smith, 2015). But these logics are dynamic, reflecting changing relationships between the sectors over time within fields and the spread of logics from one field to the next. The latter is evident in the blurring of health and human services as the latter have become more dependent on funding from public health insurance programs.

These shifting organizational dynamics are also obvious in the emergence of blended forms that cross sector boundaries. For instance, nonprofits with a community social mission may also engage in unrelated business activities, social entrepreneurship, or establish for-profit subsidiaries. Some foundations use program-related investments to amplify their grantmaking activities by investing in for-profit firms with a social orientation. For-profits may also create or absorb nonprofit subsidiaries, adopt social entrepreneurship, or use financial management strategies to meet not only financial but also social and environmental goals.

Although the blending of market and nonprofit forms has received most attention in recent years, notable examples of government-nonprofit blending are quite evident as well: when local public school districts, public parks, and public libraries create foundations to solicit private donations to subsidize their operations. In some cases, government may effectively control such nonprofit affiliates through regulation, funding, and selection of board and staff. In the US, some cities have established nonprofits to build low-income housing or promote economic development. Such an approach allows government greater flexibility to address specific social issues than would be the case if it sought to provide direct government services. In many cases, the municipal government effectively controls these nonprofits through funding and appointments to the board of directors.

Importantly, though, nonprofits in the US still raise significant levels of charitable contributions funding but charitable contributions account for only 20 percent of total revenues for human service nonprofits (Grønbjerg & Smith, 2021). Nonprofit human service agencies also host volunteers and advocate a wide array of social policies. Many



agencies also have their roots in religious organizations and maintain partnerships with them through volunteers and charitable contributions.

The important role for charitable contributions in supporting human services (and other sub-fields) also underscores the key role of tax policy in supporting nonprofit human services in the US. Human service nonprofits like other charitable organizations are eligible to receive charitable contributions that individual or corporate taxpayers may deduct from their taxable income, thus reducing the cost of the contribution. Tax policy is also important because human service agencies as 501(c)(3) charities may also be exempt from property taxes on real estate holdings used for charitable purposes and from state and local sales taxes, as well as lower postal rates. Increasingly, many human services have also tapped tax-exempt bonds for their facility needs and programs, especially affordable housing organizations. The latter have also benefited from the federal Low Income Housing Tax Credit program to support the building of affordable rental housing.

Government regulations are also especially important to the operation of nonprofit human services. Many human services such as child protection, mental health, and drug treatment are complicated and challenging with uncertain outcomes. In an effort to improve the performance of human services, governments have steadily increased their regulation of human services especially those organizations receiving public contracts. The widespread use of performance contracts in services such as child welfare and workforce development is a good example as is the broad interest in social impact bonds (SIBs). These mixed nonprofit/for-profit/public initiatives depend upon private investors assuming the risk of social programs, with the government paying off those investments if the goals are met. Private investors loan money to an intermediary (usually a nonprofit) which then sub-contracts with service providers who deliver services with specific performance targets. The project is evaluated by independent researchers and the government sponsor repays the loan with interest if performance targets are met. One of the most well-known SIBs was an ultimately unsuccessful effort in New York City to reduce recidivism among individuals leaving Riker's Island Correctional Facility (Warner, 2015). Thus, SIBs exemplify key trends affecting nonprofit human services: public-nonprofit-for-profit partnerships, funding linked to results, substantial scale, and rigorous evaluation.

### Critical Thinking

Do you think that the focus on performance, results, and measurements is unequivocally a good thing or could nonprofits lose something along the way?

Viewed from a policy fields framework, certain implications for nonprofits, even across different sub-fields, are likely evident (Grønbjerg & Smith 2021). Large nonprofit (and for-profit) multi-service agencies that can more readily integrate across their own services or effectively diversify into new areas and that are invested in data analytics

and performance measurement will undoubtedly have a strong advantage. In order to build adequate capacity and compete in the current era for funding, nonprofit providers may need to raise substantial capital either from government (through bonds), private philanthropy (through capital campaigns, loans from foundations, and individual fundraising) or private markets. Pressure by public and private funders for local nonprofits to expand their operations and “go to scale” is likely to continue. Moreover, smaller nonprofits may increasingly be forced into niche services or population subgroups, subcontracting to multiservice agencies, or will operate more on the periphery of the informal sector particularly in fields that are not highly regulated such as soup kitchens.

This importance of the informal sector in understanding human services is also due to the emphasis within many human service programs on the co-production of services through the joint effort of professionals and citizens. Many nonprofit human service agencies are established by local organizers to take greater control over the services in their community. Indeed, a diverse array of co-production initiatives around the world exemplify the desire of community to be more engaged in local service delivery. Citizens might work with local officials to repurpose an abandoned factory for new uses. Neighborhood or ethnic associations work with the police on crime prevention strategies or the city on youth programming. Many human service programs for citizens with development disabilities also involve them on the board of directors and as staff and volunteers.

Nonprofits human service organizations may be especially conducive to co-production because nonprofits place a priority on responsiveness to their community of interest. This community could be a neighborhood, an ethnic group, a city, or a group of people with a shared identity and purpose (Smith & Lipsky, 1993). Nonprofits are less rule bound than public organizations and thus allow greater opportunity for client and citizen engagement in services. But this community orientation can place them at odds with government especially in circumstances where human service agencies receive substantial public funding.

In sum, this analysis of human services demonstrates the utility of the policy fields framework for understanding the role and responsibilities of nonprofit organizations especially in terms of their relationship to government. In particular, this framework calls attention to the relationship of nonprofit organizations to other sectors such as the market or the informal sector since these sectoral relationships can profoundly influence the interactions of nonprofits with government. This relationship can then greatly affect the governance and operations of nonprofit organizations.

## **Conclusion**

In this chapter, we presented two complementary approaches to understanding the nature and evolution of government-nonprofit relations in the modern welfare state. The policy fields approach locates the relationship in relation to the relative importance and political significance of the field, the position of the three sectors within it, the prevailing funding and regulatory arrangements comprising the field’s political economy as well as the corresponding relations with the commercial and informal sectors. The

relationship types approach focuses further on the specific nature of intersectoral relations within the field's political economy, detailing complementary, supplementary, and adversarial relationship types.

To demonstrate how these frameworks illuminate different aspects of the sectoral relationship and showcase its complexity, we first discussed the frameworks using Germany as an European example to show their comparative applicability and relevance. Then, we shifted focus to the U.S. human services field as illustrative example. The cases do not attempt to present a full and definitive account of sector relations in both countries but serve to highlight the contributions both frameworks can make to understand the relationships in different contexts.

Although both countries have very different underlying regime pattern—the U.S. being liberal and Germany corporatist—similar trends are clearly discernible with considerable growth of for-profit providers in the welfare arena and a corresponding loss of the traditional footing of the nonprofit sector. While the complementary relationship between government and the sector still holds sway, it has become considerably weakened as nonprofits lost the privileges granted them before and are now increasingly treated by government on equal footing with their commercial competitors. The partnership idea has thus increasingly been hollowed out and the complementary relationship that encapsulates it may in the longer term give way to more supplementary relations if current trends hold. The observable shifts, however, are field-specific and subtle differences between fields and even sub-fields are crucial nuances that the policy field approach reveals.

### Questions for Discussion and Reflection

- Consider the different government-nonprofit relationship types. Do you think that each country has one particular type of relationship with its nonprofit sector or can several types be applicable simultaneously?
- Can you think of fields, such as environmental protection for example, that differ in the way government interacts with nonprofits in the human services, as discussed in this chapter? How and why might the interactions be different?
- Business-nonprofit relations, as portrayed in this chapter, are marked by competition—a competition in which nonprofits often lose out. Other chapters in this book discuss a different kind of relationship—one where businesses collaborate with nonprofits to mutual benefit. What are possible reasons for these differences?

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## Chapter

## 7



# From Associationalism to Community Co-Production: Scope, Trends, and Dilemmas in the Collaboration between Denmark's Voluntary and Public Sectors

Bjarne Ibsen

## Abstract

Modern, democratic societies have a voluntary sector, but their importance to and relations with the public sector differ greatly. In some countries, the relationship is marked by distance and independence. In others, the two sectors are more integrated. In Denmark, which is the subject of this chapter, the relationship is more mixed. On the one hand, many associations receive financial support from the public sector. On the other, the same associations are relatively autonomous from the public sector. That kind of collaboration is referred to in the literature as *associationalism*, which is based on a pluralistic ideal of democracy.

In recent times, however, the nature of the collaboration has changed in Denmark, so that it increasingly focuses on a more integrated collaboration between associations and public institutions on addressing specific tasks, also known as “Community Co-production.” However, this kind of collaboration is difficult, because the two sectors are based on different principles. Nevertheless, the two sectors often succeed in establishing a collaboration if four preconditions are met.

Firstly, the collaboration must be meaningful for both the public institution and the association in terms of target groups, goals, and activities. Secondly, the collaboration must depend on the capacity and resources of both partners. Thirdly, both the formal framework (including legislation and public support) and the informal framework (culture and history) are crucial. Fourthly, the associations must have a strong foothold in a local community.

There are several dilemmas in Community Co-production, however. Firstly, the “professional dilemma” with a potential contradiction between the evidence-based work of professionals in the public institutions, and the experience-based work of the volunteers in the associations. Secondly, the “democratic dilemma” in which associations and volunteers exert influence on how public tasks are addressed, even if they do not represent the end users, which is precisely the aim of increasingly involving citizens in performing public tasks.

## Introduction

This chapter provides a national example of the scope, trends, and dilemmas in the collaboration between the voluntary and public sectors. The empirical material derives from the country of Denmark, located in northern Europe.

### Critical Thinking

Before you continue reading, consider the following: When you think of Denmark, a small but rich Northern European country with a large public sector and relatively high equality, what size, nature, and societal role do you expect the voluntary sector to have?

As an example, Denmark is interesting and relevant to students of collaboration between the voluntary sector and the public sector for several reasons.

First, for decades, the relationship between the public and voluntary sectors in Denmark has been characterized by nearness and collaboration, rather than distance and conflict, but it has also been typified by a high degree of autonomy and self-determination in the voluntary sector, despite considerable public financial support. However, this relationship between the voluntary sector and the public sector appears to be changing in Denmark. What are these changes, and what is driving them?

Another reason is that Denmark has a large public sector that finances and produces most welfare services, at the same time as it has a large voluntary sector—compared to other countries—consisting of many associations, voluntary organizations and non-profit institutions and a high proportion of the population involved in volunteering (Henriksen et al., 2019). How have such characteristics influenced collaboration practices, and what do other countries have to learn from Denmark?

The purpose of this chapter is, firstly, to describe the history, scope, characteristics, and trends of collaboration between the voluntary and public sectors in Denmark and, secondly, to analyze the reasons for and dilemmas in such close collaboration between

these two sectors. This can help the reader understand how the voluntary and public sectors can collaborate in different ways, but that each form of collaboration has different possibilities, challenges, and dilemmas.

The chapter is based on historical studies and results of surveys and case studies carried out as part of a large research project on cross-sectorial collaboration between voluntary associations and local public institutions in Denmark, conducted from 2016 to 2019 (Ibsen et al., 2021).

## **Benefits and Challenges of Collaboration between Public and Voluntary Organizations**

Collaboration between public institutions and voluntary associations can be seen as a joint effort to achieve results that could not have been achieved by organizations from one sector alone (Bryson et al., 2006). When collaborating, it is thus a matter of achieving specific goals, such as to improve the conditions of certain societal groups (children, young people, the elderly, socially vulnerable citizens, individuals with a chronic disease, refugees, etc.), to develop a local community or protect a physical environment. The collaboration can include a number of different types of activities, such as planning, coordinating and carrying out activities, events, or projects.

International research has demonstrated that collaboration between public and voluntary organizations has a number of benefits. The studies have highlighted positive effects such as increased financial efficiency and higher quality of service for citizens (Andrews & Entwistle, 2010; Bovaird, 2007; Bovaird & Loeffler, 2012; Lloyd, 1990), heightened sharing of professional expertise (Bryson et al., 2006; Gazley & Brudney, 2007), and the potential to improve the quality of local democracy (Michels, 2011; Pestoff, 2009).

Needless to say, intersectoral collaboration does not always generate good solutions, and there are a number of challenges and dilemmas whenever organizations and people from different sectors are brought together. For instance, collaboration can be resource-intensive and there is a risk that voluntary associations' self-determination and considerations for their own members and target groups are weakened when they adapt to public institutions' goals and forms of governance (Babiak & Thibault, 2009; Linden, 2002; Sanyal, 2006). Later in this chapter, I will discuss two dilemmas of close collaboration between the voluntary and public sectors.

## **The Historical Development of Various Forms of Collaboration in Denmark**

There is a long historical tradition of collaboration between the public and voluntary sectors in Denmark, and the two sectors have evolved "hand in hand" (Ibsen & Habermann, 2005). The modern, democratic state was founded in Denmark with the adoption of its democratic constitution in 1849, guaranteeing citizens freedom of speech, freedom of association, and freedom of assembly—the three basic preconditions for the voluntary sector. In the ensuing decades, associations and organizations were formed in almost every sphere of society: political parties, organizations of special interests (such

as farmers' associations), trade unions, religious associations, financial associations (savings banks, health insurance societies, co-operatives), philanthropic associations, social assistance associations, sports associations, cultural associations, etc. From the outset, the associations and voluntary organizations had enormous political clout as democratic partners and opponents of the welfare state.

In the initial decades after the adoption of the constitution, associations and organizations were established as a means of conveying specific interests and values, but there were no great discrepancies between the State and the voluntary sector. Parts of the sector attracted much political attention and received public subsidies at an early stage. The associations were seen as tools for the state to perform different tasks and address social problems. However, the state's interest in the voluntary sector was primarily to support voluntary organizations perform different tasks (such as provide help to the poor), which at the time the state did not want the public sector to take care of. In other words, it was a way of maintaining a liberal-oriented state with a small public sector. In recent times, collaboration has to a much greater extent aimed for the opposite: the voluntary sector must assist the public sector in efforts to maintain the responsibility of a large public sector for many of the collective tasks of society.

But when the modern welfare state from the early 1930s gradually assumed responsibility for more and more areas of social services and healthcare, the scene was set for a closer but different kind of collaboration with public authorities. On the one hand, the organizations functioned as pioneers, innovators, and alternatives to the public sector. On the other, a new and more formalized form of collaboration was created, referred to as "self-governing nonprofit institutions," which included, for example, private schools, nursing homes and kindergartens run by voluntary organizations with public financial support. At almost the same time, the Danish Parliament passed laws for public support for voluntary national organizations and associations that organized sports and leisure activities.

Thus, the basis for and tradition of the dominant form of collaboration between the voluntary and public sector in Denmark was created: the public sector's provision of financial support to associations, voluntary organizations and nonprofit institutions, which can use publicly owned premises and facilities without having to pay for them. But the activities supported by the public sector are undertaken by the association or organization itself and, in principle, these are separate from the public sector.

Such a society—based on this form of collaboration between the voluntary and public sectors—is referred to in the literature as Associative Democracy or Associationalism (Hirst, 1994). The principles of this kind of collaboration are that the public sector creates the framework and financial support for a democratic organization of welfare tasks and that the associations and nonprofit institutions are responsible for the performance of the tasks. The goal of the collaboration is democratic self-government of tasks in accordance with the members' values and interests. Based on the ideals of democratic pluralism, the proponents of Associationalism argue that far from being one type of public welfare, there should be as many as citizens choose to organize, catering to the different values of individuals but based on common, basic public entitlements. The

core function of the public sector is to fund the services provided by the association and for the development of frameworks of rules for goals, standards, etc., for the services.

In recent times, however, a new discourse about the collaboration between the voluntary and public sectors has emerged in Denmark. In the government, there is a strong political focus on developing closer collaboration with the voluntary sector around specific tasks and issues for which public institutions are responsible. What is new is that organizations, associations, and volunteers participate in the implementation of tasks for which public institutions are initially responsible and which they organize (Ibsen, 2020).

That kind of collaboration is referred to in the scientific literature as Community Co-production (Ibsen, 2021). The ideal is to give citizens, associations, and other stakeholders an active role in the development and realization of the welfare society—to strengthen the role and influence of citizens and civil actors on welfare services, thereby enhancing the quality of planning, the production of welfare solutions and democratic legitimacy. Theoretically, Community Co-production is an integrated collaboration with overlapping roles in which the public sector is responsible for both financing and production, while associations and volunteers complement this with resources and expertise. The ideological justification for Community Co-production is an assumption that strengthening citizens' direct influence on the performance of collective tasks could offset the alleged democratic deficit in society. In Community Co-production, the democratic ideal is consensus and the whole idea for collaboration is to promote common goals of public welfare, implying that the public sector is primarily responsible for the welfare, while volunteers and associations supplement this with their time and expertise.

### **The Size and Composition of the Contemporary Voluntary Sector in Denmark**

Denmark is typified by its large public sector which finances and produces most welfare services, but the country also has a large voluntary sector—compared to other countries—comprising of many associations, voluntary organizations and nonprofit institutions and a high proportion of the population is involved in volunteering (Henriksen et al., 2019). A 2012 study shows that the workforce of the voluntary, nonprofit sector accounted for 8.8% of the total workforce in Denmark (Boje, 2017). Compared to other countries, this is higher than countries such as Switzerland (6.9%), Norway (7.3%) and Japan (8.0%), but lower than countries such as the Netherlands (15.9%), Canada (12.3%), the UK (11.0%), Sweden (9.6%) and the United States (9.2%) (Salamon et al., 2017, p. 36). The latest survey of Danes' voluntary work shows that 36% are engaged in voluntary work (Espersen et al., 2021), which is higher than in most countries but lower than in Sweden and Norway, the other two Scandinavian countries, where around half of the population works voluntarily (Henriksen et al., 2019, p. 76).

Associations do not have to be approved and registered in Denmark, unless the association receives public support, which is why there are no exact statistics about the number of associations. On the basis of a mapping of associations in a part of the

country, however, it is estimated that there are roughly 3,000 national voluntary organizations and 60,000 local associations in Denmark, which equates to roughly one association for every 100 inhabitants (Ibsen et al., 2013).

More than half (54%) of the associations organize and offer sports and exercise activities, cultural activities or other hobbies for different age groups. By comparison, welfare associations offering social support to citizens who need help, or counseling and support to citizens with a disease diagnosis, make up a relatively small proportion of local associations (14%), because the public sector provides most of these services. A similar proportion represents the associations for local communities that work for the interests of citizens in the residential area in which they live. Associations for ‘politics, religion and interests’ include associations that work for the political interests of citizens (predominantly local branches of political parties), religious values or specific interests (including local branches of trade unions and employers’ associations). These associations make up only 18% of all associations and out of these, religious associations make up only a few per cent (Table 7.1). Only 4% of the associations have political goals and 1% have religious goals. However, other associations that work for specific activities and interests may base their activities on political or religious values, exemplified by children’s and youth corps based on Christian values. But this applies to only a small part of the associations in Denmark. Only 7% are based on religious values (primarily Christian) and 15% on political values (liberal, socialist, etc.) (Ibsen et al., 2013).

**Table 7.1**

*The Number of Associations in Denmark Broken Down by Areas of Society (Pct)*

Leisure, hobbies, and cultural activities	29
Sports and exercise activities	25
Interests and values *	18
Welfare (social help, health, education etc.)	14
Communities and housing	14
Total	100

\* Politics (political parties, etc.), religious values, trade unions, employers’ associations, environment and nature, etc. Source: Ibsen et al., 2013.

## **The Scope of Collaboration between Associations and Public Institutions in Denmark**

This part of the chapter highlights the scope of the collaboration on specific tasks between public institutions—at a local level—and voluntary associations in Denmark. It is based on two surveys of associations and public institutions, respectively, both of which were conducted in 2018, at the same time and in the same areas of the country. A total of 4,181 local associations received an email with a link to an online questionnaire, and 47% responded to it. The survey of the public institutions was sent to the heads of elementary schools, day care centers, nursing homes and elderly care centers, cultur-



al and leisure institutions (music schools, libraries, youth schools, etc.), and managers of public units such as nature conservation, refugee reception and integration, health interventions, etc. The questionnaire was sent to a total of 1,179 institutions, centers, units, etc. (from here on referred to as “institutions”), 60% of which replied (Ibsen & Levinsen, 2019; Ibsen et al., 2021).

The survey of associations’ collaboration with local public institutions shows that 43% of all the associations collaborate on specific activities with one or more public institutions. The types of associations that collaborate most with public institutions are welfare associations (59%), with a slightly lower collaboration rate among housing associations (47%), sports associations (41%) and leisure and cultural associations (41%). The least widespread collaboration with public institutions is among political associations, religious associations, and special-interest associations (37%) (Levinsen & Ibsen, 2020, p. 55; Ibsen et al., 2021).

The survey of public institutions’ collaboration with associations and volunteers from 2018 showed that 71% of local, public institutions were collaborating with associations or volunteers. However, the extent of collaboration with the voluntary sector varies considerably among the welfare areas. Almost all public institutions in the areas of primary school, cultural institutions (including public libraries, music schools and cultural centers) and elderly institutions (especially nursing homes) collaborate with associations and volunteers. A slightly smaller proportion of institutions collaborated in the areas of health and preventive care (74%), other types of public initiatives (including the technical and environmental area) (66%) and public preschool institutions (crèches, preschools, etc.) (38%) (Ibsen & Levinsen, 2020, p. 73). In a later section, various explanations of these differences are discussed.

A large share of the collaboration is temporary and spontaneous, but some associations and public institutions have lasting, long-term collaboration. Sixty percent of primary and lower secondary schools that collaborate with associations and volunteers collaborate on short teaching courses, while 20% collaborate on extended teaching courses that are often repeated on a yearly basis (Ibsen & Levinsen, 2020).

Examples of collaboration between public institutions and associations in Denmark:

- Many primary schools have agreements with sports clubs to conduct teaching courses. For example, a coach in a local football (soccer) club contacted the school because the coach wanted to conduct a training course in girls’ football. This was a huge success, and many girls subsequently started to play football in the sports club.
- Most nursing homes have volunteers who visit the elderly, help carry out activities (such as singing and physical training for the elderly), and assist the care staff when the nursing home organizes bus trips for the elderly.
- A number of hospitals and health centers collaborate with associations for specific diagnoses and patient groups (e.g., heart disease patients) to ensure that volunteers, who have previously been given the same diagnosis, meet with patients to talk about living with the illness in question.
- The environmental and nature administration of the local government collaborates with local associations on the maintenance and restoration of nature areas, such as

when an anglers' association undertook the cleaning of a section of a stream and laying out spawning stones, which could increase the opportunity to catch fish in the stream. Similarly, local housing associations collaborate with the local government to take care of a publicly owned green area.

- Social and humanitarian associations collaborate with the local government to integrate new refugees and immigrants, for example by carrying out social and cultural activities, organizing Danish courses for adults, etc.

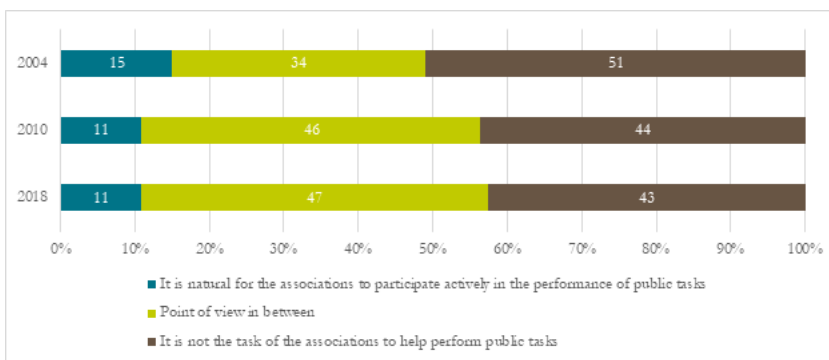
These empirical studies show that associations collaborate extensively with public institutions on the implementation of a wide variety of tasks for which the public sector is responsible. In most cases, however, the collaboration constitutes a relatively small part of the overall tasks and activities of both the institutions and the associations, and there are vast differences in the scope and nature of the collaboration between community areas. The factors that are conducive to a collaboration are highlighted later on in this chapter.

### Attitudes to Collaboration between Associations and Public Institutions in Denmark

The vast majority of the associations that collaborate with public institutions on specific tasks have a positive view of the collaboration. But the collaboration is not based on an ideologically founded belief in collaboration as a foundation of the welfare society. In the 2018 questionnaire, associations were asked to consider two contradictory statements: (1) "It is natural for the associations to participate actively in the performance of public tasks," or (2) "It is not the task of the associations to help perform public tasks." Only 11% of all associations unequivocally agree with the first statement, while 43% unequivocally agree with the second (Figure 7.1). But since 2004, a slightly growing proportion of the associations has joined a position between the two extreme statements and a slightly decreasing proportion has joined the two extreme statements.

#### Figure 7.1

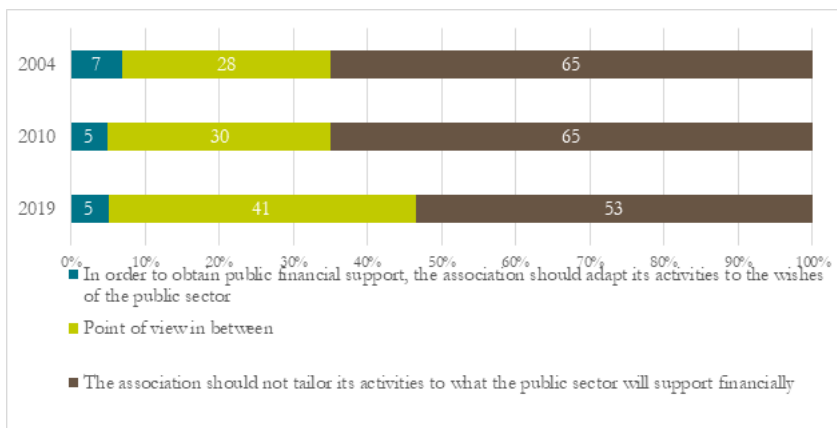
*Associations' Attitudes to Two Contradictory Statements on the Societal Role of Associations in 2004, 2010, and 2019 (per cent)*



We find the same pattern in the associations' attitudes to the extent to which the associations must adapt their activities to what the public sector is willing to fund. The vast majority of the associations do not think that they should, and only a few, less than 10%, clearly believe that the association should adapt its activities to the wishes of the public sector (Figure 7.2). The same two questions were asked in two previous surveys (from 2004 and 2010) and, although collaboration between the public and voluntary sectors has risen much higher on the political agenda since then, the basic positions of associations show only minor changes. Their attitudes are more aligned with the principles of Associationalism (i.e., organizational self-determination is crucial, than the values of Community Co-production, where adaptation to common goals is an important principle (Ibsen, 2021).

**Figure 7.2**

*Associations' Attitudes to Two Contradictory Statements on the Associations' Self-Determination in Relation to the Public Sector in 2004, 2010, and 2019 (percent)*

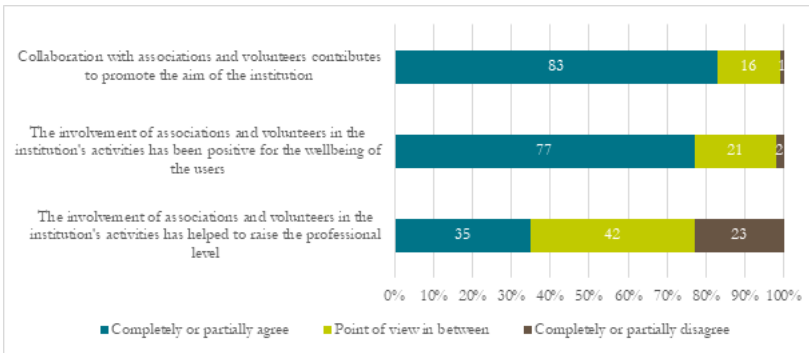


Source: Ibsen & Levinsen, 2019a.

Similarly, public institutions assess the collaboration positively and believe that it promotes their purpose and the well-being of users and/or clients (Figure 7.3). But they are skeptical of notions that the involvement of associations and volunteers in the activities of the institution enhances the professionalism of their output (Ibsen & Levinsen, 2020, p. 79). This can be interpreted to mean that public institutions consider associations and volunteers as helping employees and not as operators contributing special expertise and/or skills. A discussion of this is elaborated on later in the chapter.

**Figure 7.3**

*Attitude of Public Institutions to Collaboration with Associations and Volunteers (pct)*  
(N=1179)



Source: Ibsen & Levinsen, 2019a

## What Promotes Collaboration between the Voluntary and Public Sectors?

What is conducive to collaboration between associations and public institutions? I have identified four probable factors in the various studies in Denmark that I consider particularly important to promoting collaboration in Denmark.

Firstly, the collaboration must be meaningful and valuable for both parties. The different types of public institutions have widely differing goals, tasks, and target groups, and the same applies to the associations. For example, there is a great coincidence between the interests of primary and lower secondary schools and many sports and leisure associations, between the interests of nursing homes and senior associations and between the interests of public cultural institutions and cultural associations. Although overlapping target groups and areas of interest seem important, an association and a public institution do not need to have the same goals in order to collaborate. For example, a primary school may be interested in collaborating with a sports club to promote pupils' well-being and learning, whereas the sports club is particularly interested in recruiting new members.

Secondly, the collaboration depends on the capacity and resources of the two partners in a broad sense. One can distinguish between three main types of organizational capacity of particular relevance:

- human resources in the form of employees and their expertise/skill-sets
- financial and physical capacity in terms of money and facilities
- structural capacity in the form of network and infrastructure (especially facilities)

Analyses show that the higher the number of employees at the public institution, the more likely it is to collaborate. Knowledge of and contact with associations and local citizens is another important resource for institutions. Public institutions that do not collaborate justify this by stating that it is not in contact with associations and/

or volunteers. Similarly, the analysis of the associations' collaboration shows that large associations are more likely to collaborate with a public institution than small ones. In justifying their collaboration, associations give high priority to having access to facilities for their activities and receiving payment for the collaboration. The prospect of widening their contacts and network is also an important reason associations' cite for collaborating with a public institution (Ibsen & Levinsen, 2019).

Thirdly, the analyses show that institutional frameworks are of crucial importance for the collaboration, including both formal frameworks (e.g., legislation and public support) and informal frameworks (e.g., culture and history). The widespread involvement of associations and volunteers at elderly and care centers is probably related to the fact that this has taken place for many years and long before Community Co-production became a priority. Over the past decade, however, the public sector has supported and sought to promote this, for instance by hiring staff in the local public administration to promote volunteer work at care centers and by helping fund collaboration with associations and volunteers. Primary school is the second of the large public institutional areas with widespread collaboration. As in the elderly area, the collaboration has existed for years, which is particularly due to the fact that many sports and recreational associations use the primary schools' facilities. The latest political reform of primary and lower secondary schools in 2014 has further mandated that schools integrate associations and other local organizations into their activities. These types of formal and informal supportive structures for collaboration with associations and volunteers exist to a much lesser extent in other areas of the public sector, where the collaboration is also less widespread (Ibsen et al., 2021).

Fourth, the analyses show that the associations' community orientation is crucial for the collaboration. Associations with a strong foothold in the local community are more likely to collaborate with public institutions than associations with a lower perception as part of the local community. The associations' own reasons for collaborating with a public institution confirm this. Two out of three associations that collaborate with a public institution justify this by saying that it helps strengthen the local community, residential area, etc., while relatively few associations are involved in a collaboration to improve the provision of public service and welfare (Ibsen & Levinsen, 2019a).

## **Challenges to Collaboration between the Voluntary and Public Sectors**

In keeping with studies in other countries, however, the studies in Denmark also show that it is sometimes difficult to establish close, equal collaboration between public institutions and associations and volunteers. A main reason for this is that the voluntary and public sectors base their operations on different "institutional logics." An institutional logic is defined as socially constructed values/attitudes, rules, and practices that are taken for granted, perceived as legitimate, and that have implications for social interactions (Friedland & Alford, 1991; Meyer & Rowan, 1977). Logics create and maintain the "rules of the game," how to deal with a problem and how to resolve it. The public sector is governed by (political) power in a hierarchical structure and operates according to bureaucratic principles with goals and rules for the tasks and obligations of

its employees. The voluntary sector is governed to a greater extent by citizens' different values and interests, and tasks are organized on a relatively informal basis in a predominantly horizontal structure.

The Danish studies show that public-sector logic also dominates public institutions' collaboration with volunteers, particularly in the societal areas primarily associated with a welfare state (i.e., healthcare, prevention, social support and elderly care). A case study of a collaboration between a patient organization and public hospitals in which volunteers (former heart patients) provided conversations with heart patients showed that the organization and volunteers had to adapt to the professional logic of the health-care sector: the volunteers had to follow relatively strict concepts with clear rules and procedures for recruitment, qualification, and task management as defined by the hospital. The management methods used (supervision, evaluation, etc.) are well known in the public sector but rare in associations. Although the volunteers' conversations with patients were successful, the health sector and the patient organization were reluctant to widen the collaboration to include more hospitals because they lacked the resources to pay staff who could qualify the volunteers and monitor whether they were following the interviewing rules (Ibsen et al., 2018a).

Another difference between the public and the voluntary sectors is that public sector activities are largely determined by the wishes and needs of citizens (i.e., it is demand driven), whereas the voluntary sector reflects to a greater extent the concerns, resources, and abilities of the volunteers. In other words, the voluntary sector is supply-driven to a greater extent than the public sector. Thus, there is a potentially important difference between the public sector's demand for associations and volunteers who can collaborate on the solution of public tasks, and the interests of the volunteers.

In Denmark, there is keen political interest in promoting health and preventive healthcare and promoting nature conservation and environmental protection, and there is a desire to engage associations and volunteers in these tasks. However, the latest national survey of Danes' voluntary work shows that only 3% work voluntarily within the healthcare area, and 2% within the nature and environmental area. In both areas, this is less than 10% of those who work voluntarily in Denmark (Espersen et al., 2021).

### Critical Thinking

Take a moment to think about this dilemma: In a nursing home, volunteers are responsible for a number of social activities for the elderly. As the elderly and debilitated residents of the nursing home had difficulty walking, they and the nursing home wanted the volunteers' conversations with and activities for the elderly to take place near the elderly person's residence in the nursing home. But the volunteers wanted to gather all the elderly in a special activity room with the result that relatively few elderly residents participated (Kristensen & Ibsen, 2018). Should the manager of the nursing home decide to a greater extent how the volunteers should carry out their activities? But what consequences would this have for the commitment of the volunteers?



Finally, it is characteristic of the public sector that the work is done by paid employees with a professional identity, while volunteering is the dominant form of work in the voluntary sector which, in addition to being unpaid, is mainly founded on experience-based knowledge. A case study of the collaboration between a department for nature protection and local anglers on cleaning up a small river to increase the stock of fish illustrates this. The employees in the department were academically trained biologists with extensive professional knowledge of the biological conditions in the water that cause fish death, while the anglers had years of experience in changes to the fish stock and the conditions that influenced it. Initially, this was a significant source of tension. The professionals had to follow the instructions of the municipality and the environmental authorities and referred to current technical knowledge, whereas the anglers referred to their practical experience of a specific watercourse (e.g., when the water quality was degraded and the specific conditions when the fish did not breed in the river) (Petersen, 2018).

## **Dilemmas in the Collaboration between the Voluntary and Public Sectors**

As described above, many values are attributed to the collaboration between the voluntary and public sectors, but the collaboration is also associated with several dilemmas. In this section, I will concentrate on the “professional” dilemma and the “democratic” dilemma.

### **The Professional Dilemma**

Professionalism, defined as expertise and skill-sets acquired from formal, approved education, has played a key role in the development of Denmark’s welfare state (Harrits & Larsen, 2016; Hjort, 2005), and in recent decades, evidence-based professionalism has increasingly been pursued. Therefore, it may seem paradoxical that the public sector has strived for closer collaboration between public welfare institutions and voluntary associations and volunteers. While the professional work in the welfare professions is based on professional knowledge acquired on formal, publicly approved educations, volunteering is mainly founded on experience-based knowledge, acquired through the volunteers’ own experiences and built up over time in a specific, practical, and delimited context (Lorentzen, 2001, p. 34). On the one hand, this is one of the reasons for involving persons who do not have specific technical knowledge in the field concerned. Volunteers can do something that the professionals cannot. On the other, this can be perceived as problematic by professionals in public institutions, as such practices may conflict with professional tasks (Lorentzen, 2013, p. 9).

How is this dilemma handled in Denmark when knowledge-based public institutions collaborate with associations and volunteers? The analyses of the different cases show that across welfare and institutional areas there are different views on the value and role of volunteering and thus different approaches to collaborating with volunteers and the professional dilemma.

One approach is to limit voluntary work to what are perceived as non-professional tasks and at the same time qualify the volunteers for the tasks they perform at the institution. At such institutions, there is usually a clear division of labor between professionals and volunteers, and there is a mutual understanding of the tasks that volunteers can take care of. In hospitals that use volunteers, for example, voluntary work is defined and delimited in relation to the professional logic and what is perceived as the hospitals' core tasks. Some of the volunteers' qualifications are that they have been in the same situation as the hospitalized patients. Therefore, their conversations with patients are about life as a patient—for example as a heart patient after severe heart disease—when the patient comes home, and about the worries they and their relatives have. The voluntary work is perceived as a non-professional supplement to professional tasks. In addition, even though the volunteers' tasks are not considered professional, the hospital seeks to qualify volunteers by “approving” them on the basis of an interview; by “matching” them with individuals/patients who need help; by “requiring” that volunteers attend courses or meetings; and by “providing guidance” to the volunteers. In prevention activities, the public institutions strive to ensure that the voluntary efforts follow evidence-based concepts for which the volunteers are qualified (Ibsen et al., 2018a; Ibsen et al., 2018b).

### Critical Thinking

Take a moment to think about the following imaginary case: A hospital lacks trained doctors and nurses for the most demanding tasks (examinations, operations, etc.). Therefore, the hospital's management has decided that volunteers can carry out types of tasks that normally only the trained hospital staff are allowed to carry out. For example, taking blood pressure, helping patients in the shower. What are your thoughts on this?

In the second approach to volunteering in public institutions, volunteering is perceived to a greater extent as a different form of professionalism with a complementary character. This understanding dominates in the collaboration between public primary schools and associations. Both head teachers and teachers state that volunteers have special expertise and a deep commitment that motivates pupils. The associations are predominantly tasked with planning the teaching courses in which they participate, and volunteers are not required to have special formal qualifications or professional supervision of their work. Head teachers and teachers seem to value the “authenticity” of citizens' voluntary involvement more than health professionals, and they recognize that volunteers contribute a different kind of professionalism that complements the professionalism of the teachers, for example, when a volunteer who is an angler in his spare time, with great personal commitment and great practical knowledge of nature, talks about fish in a biology class (Ibsen et al., 2018b).

## The Democratic Dilemma of Collaboration

Does collaboration strengthen or undermine representative democracy in Denmark? A number of case studies of associations' and volunteers' participation in activities organized by the public sector all show deep commitment by volunteers: from the coach at a sports club who introduced school pupils to tennis; from anglers who cleaned up the river and laid out spawning stones; from volunteer mentors who helped and talked with lonely young people; and from volunteer food guides who helped obese persons pursue a healthier diet. It is highly likely that this commitment will give volunteers deeper insight into and commitment to the areas of the public sector in which they volunteer. It is also conceivable that they will exert greater influence on the welfare area in question and the policy, therefore, than citizens who do not volunteer in the area. The question is, however, whether this voluntary commitment strengthens or undermines representative democracy in Denmark.

### Critical Thinking

Before continuing your reading, please reflect on the following: Normally we associate democratic societies with “representative democracy.” This means that the decision-makers (parliament and in some countries also the president) are elected by the citizens in free elections. But democracies are usually also associated with “participatory democracy,” where citizens are more directly responsible for and influence the interests and goals that concern them. It can be at the school where you study, at the workplace where you work or in the association you are involved in. How widespread is “participatory democracy” where you live? And how important do you think “participatory democracy” is for democracy?

The democratic ideal that both Community Co-production and Associationalism (see earlier in the chapter) refer to is “participatory democracy,” where citizens are more directly responsible for and influence the interests and goals that concern them, than is true of representative democracy (Barber, 1984; Etzioni, 1995; Pateman, 1970; Streeck, 1995). A well-functioning participatory democracy presupposes that two requirements are met. Firstly, citizens who use a particular institution and who live in a particular local area or receive a particular public service (such as parents of school children) exert direct influence—both informally and formally—on the specific institutions or organizations (concerning goals, plans, etc.). Secondly, that a large proportion of this group of citizens, participants or members, are involved in discussions and decisions at the institution or association in question.

How democratic are associations' and volunteers' collaboration with public institutions in terms of these two criteria? Empirical studies of public institutions' collaboration with associations and volunteers show that both politicians and managers emphasize the democratic dimension as a justification for stronger collaboration with associations and volunteers. In a series of interviews with key politicians and managers

in Denmark's public sector, the interviewees particularly emphasized the vision of "getting closer to citizens" through stronger involvement of civil society in the performance of public tasks (Fehsenfeld, 2019). Public sector leaders justified the collaboration in particular with an expectation that it strengthens citizens' influence on and increases the quality of the public service. But in the specific collaborations, analyzed in a number of cases, it is first and foremost the last part, the increase in the quality of the public service, that is valued, and there is rarely a desire to promote citizens' and end users' influence on specific goals and activities.

Despite the ideals of the democratic potential of Community Co-production, practice has shown that it is difficult to realize the democratic ideals for a number of reasons. First, the public institutions collaborate to a small extent with the "end-users" or their representatives in the areas where the collaboration is established. For example, it is typically associations or volunteers from the local community and not the parents of the children who participate in the teaching at the local primary school.

Secondly, the studies show that Community Co-production is primarily limited to the implementation of activities in the public institutions, while citizens, volunteers, and associations to a limited extent participate in the planning thereof or take the initiative for a collaboration. Citizens, volunteers, and associations can thus influence the implementation of activities, but it is usually the public institution that has taken the initiative and planned the activity.

Thirdly, relatively few citizens or end-users affected by a collaboration project participate in the democratic process, as evidenced by for example an analysis of citizens' involvement in the development of local communities or neighborhoods in a large Danish city. The local government experimented with "citizen budgeting," where citizens in selected local areas had an amount of money at their disposal for developing the local area. Citizens had to first develop and discuss different ideas and then vote on which idea to fund. Few citizens engaged in this process or participated in the final vote on which project should "win," however (Petersen & Fehsenfeld, 2018).

In summary, the relationship between collaboration and democracy seems complex and far from straightforward.

## **Discussion: Does Community Co-production Have a Future in Denmark?**

A Norwegian researcher, Kjell Arne Røvik, uses viruses as a metaphor for how organizational ideas and strategies emerge and work. They have an incubation period and can infect, mutate, or go dormant: When a "virus" enters an organization, it infects other parts of the organization. This is typically done due to rhetorical packaging, which makes the new organizational idea appear attractive. Ideas and strategies can mutate (i.e., change from what they started out as). They can also be inactive for a period of time by becoming dormant and then being reactivated later on. Immunity to an idea or strategy can occur if the new idea is a reminiscent of a previous one that had negative effects (Røvik, 2009, p. 338–362).

The type of collaboration, referred to here as Community Co-production, has many characteristics reminiscent of a virus. We don't know exactly where and when the idea was launched in Denmark, but from early 2010, it quickly spread to large parts of the public sector. The idea was interpreted as something new that could develop the welfare society but was in fact a mutation of previous ideas for the organization of the public sector, namely "partnership" and "citizenship."

Although efforts have been made in the past to involve citizens in the production of public welfare services, immunity was not strong enough to prevent the rapid spread of the ideas of Community Co-production, ideas that at the same time were strongly supported by rhetorical top-down statements from the Government, public authorities and research institutions.

Community Co-production could therefore be considered an "institutionalized organizational recipe" (Røvik, 1998), which was presented as an ideal that is difficult to disagree with, but which so far has to a small extent been based on knowledge of the real appearance and effect. Like other organizational "recipes," Community Co-production is not a finished or detailed recipe, but rather a series of building blocks that the individual public institution can use and assemble as needed.

Many new organizational concepts disappear over time—or interest in the concept weakens when new concepts receive attention. It is difficult to determine the impact of Community Co-production on Denmark's public sector or whether the ideas and the concrete practices derived from them are viable in the long term. According to Røvik, the success of an organizational concept is determined by two factors. First, success depends on the "symbolic perspective." Does the "recipe" appear as a meaningful symbol of the dominant values and norms in society? Perhaps the great enthusiasm for co-production in general is because the concept expresses something ideal—that we must create and work together—in contrast to expressions and tendencies often associated with modern society: individualism, democratic deficit, centralism, and bureaucracy.

But in the long run, success and viability also depend on the "tool perspective." Does the "recipe" work, does it live up to expectations, how effective is it? In recent years, many examples have been given of Community Co-production, which are perceived as successful (see, among others, Socialstyrelsen, 2017). The analyses also show that both the public sector and the voluntary sector view the collaboration positively. But by all accounts, Community Co-Production has not become the revolution of the public sector that was expected years ago. Why not? I will conclude by offering a few possible explanations.

Firstly, much of what is perceived as something new is in fact "old wine in new bottles," (i.e., a continuation of a tradition of collaboration that has existed for many years). Secondly, collaboration is relatively limited. Although most public institutions collaborate with volunteers and associations, this constitutes a small part of the public institution's total activities. Third, it is difficult for the collaboration to live up to a number of ideals of Community Co-Production. This is particularly true of the notion of "equal collaboration" and the strengthening of democracy. Fourth, the concrete effect of the collaboration is uncertain. Although the managers of the public institutions assess that the involvement of associations and volunteers in some of the institution's activities

contributes to greater well-being among the institution's users, no studies have shown that school pupils' well-being or learning is strengthened when associations and volunteers participate in the teaching, etc.

### Questions for Discussion and Reflection

- Based on your knowledge of other countries and other chapters in this book, how would you describe the unique qualities of collaboration between the voluntary and public sectors in Denmark?
- How would you describe the fundamental differences between Associationalism and Community Co-Production?
- Why do different types of associations choose to collaborate with different public organizations?
- How is it possible to overcome barriers to closer collaboration shaped by dominant institutional logics?
- How can public institutions and voluntary organizations deal with and manage the professional and democratic dilemmas of collaboration?

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## Chapter

# 8



## Collaboration: Trends, Instruments, and Recommendations

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Pelle Åberg and Ola Segnestam Larsson

### Abstract

This concluding chapter provides an overview of the trends, tools, and conditions that foster collaboration, along with guidance for initiating and enhancing cross-sectoral collaboration. The objective is to arm students, policymakers, and practitioners with crucial insights that can stimulate learning and innovation. Key trends in cross-sectoral collaboration are highlighted, including its escalating importance, diversity, complexity, and the evolving viewpoints on such collaborations. Conditions that are conducive to collaboration are also discussed. These encompass prerequisites like institutional frameworks, community orientation, capacity and resources, and the nature of the partnership. Additionally, the conditions of alignment, trust, and commitment are emphasized. The chapter then presents an extensive set of recommendations for kick-starting and augmenting cross-sectoral collaboration. These recommendations advocate for a meticulous analysis of the collaboration, structuring the collaboration effectively, and being mindful of potential risks. The chapter concludes by summarizing key takeaways and providing discussion prompts to stimulate further thought and conversation.

### Introduction

This textbook has offered an overview of the rationales, processes, and outcomes of cross-sectoral collaboration. It has demonstrated, through the various chapters, that

collaboration is not only a contemporary but also a historical phenomenon, shaped by different factors and incentives, and a phenomenon that can have beneficial and lasting effects on society. The textbook has also illustrated cross-sectoral collaboration with examples from various sectors and countries. The examples illustrate how civil society collaborates with market as well as government actors in countries such as Denmark, Poland, Germany, and the United States, as well as in international development cooperation.

The chapters in this book have furthermore highlighted the wide range of methods and experiences that are encompassed within the realm of collaboration. Collaborative efforts can vary significantly in aspects such as their degree of formality, duration, mutual reliance, and intensity. The relationships between actors from civil society, the market, and government can also take on various forms. For instance, the interactions between nonprofit organizations and public institutions can be complementary, supplementary, or even confrontational.

Simultaneously, the book has underscored the intricate and multifaceted nature of collaboration. The chapters shed light on issues such as power imbalances, where collaborations between nonprofits and businesses often disproportionately benefit the latter, leaving the nonprofits marginalized. Dependency and co-optation are also significant concerns, with nonprofit organizations potentially compromising their autonomy and integrity due to reliance on their partners. Other challenges include professional and democratic dilemmas, as well as varying perceptions and approaches to collaboration among different actors.

As such, cross-sectoral collaboration necessitates meticulous attention and management to navigate these and other potential pitfalls. In the book's concluding chapter, we therefore present an overview of trends, tools, and conditions conducive to collaboration, and guidance for initiating and enhancing cross-sectoral collaboration. Our aim is to equip students, policymakers, and practitioners with valuable insights for fostering learning and innovation.

## **Key Trends in Collaboration**

Key trends in cross-sectoral collaboration include its increasing importance, diversity, and complexity as well as shifting perspectives on cross-sectoral collaboration.

### **Cross-Sectoral Collaboration Increasingly Important**

A recurring trend that resonates throughout the book is the increasing prevalence and importance of collaboration between diverse societal sectors. This trend is not only gaining momentum but also becoming a cornerstone of societal development. The potential for positive and sustainable societal impacts, as discussed in the introductory chapter, is one of the primary drivers of this trend. However, the rise in collaboration is not solely due to its potential benefits. There are several other factors contributing to its growing significance. One such factor is the evolution of societal norms and structures. Government agencies, for example, are increasingly fostering a culture of collaboration as part of a broader societal shift. This shift involves delegating responsibilities tradi-

tionally held by the state to other sectors of society, as detailed for example in Chapter 7. Another catalyst for the surge in collaboration is the recognition that collective action is necessary to address societal challenges effectively. As outlined in Chapter 5, collaboration plays a crucial role in developing and implementing future services that can provide solutions to these challenges. Moreover, regulatory mandates from government authorities can also act as a stimulus for collaboration. As discussed in Chapter 2, these mandates can sometimes trigger collaborations that might not have occurred organically.

### **Two Examples of Government Agencies that Have Delegated Societal Issues to Civil Society**

U.S. Agency for International Development (USAID) has a rich history of engaging and supporting civil society across its partner countries. This engagement often involves delegating certain societal issues to civil society organizations, including poverty reduction, healthcare, education, and environmental conservation, enabling civil society organizations to play a significant role in the development process. Another example is the OECD's Development Assistance Committee (DAC), which works with governments and civil society organizations to improve the effectiveness of development cooperation in delivering sustainable development goals.

### **Cross-Sectoral Collaboration Increasingly Diverse and Complex**

Another significant trend that emerges from the texts, particularly Chapter 5, is the increasing diversity and complexity of collaborations. The nature of collaboration itself is also undergoing a transformation. In the past, collaborations were typically characterized by one sector providing support to another. However, the contemporary landscape of collaboration has evolved to a more integrated model where organizations from two or more sectors join forces in partnerships to address specific tasks. Chapter 7 provides a conceptual framework for understanding this evolution, using examples from Denmark. It describes the shift from associationalism, where public organizations financially supported nonprofit organizations, to co-production, where public and nonprofit organizations work together to produce outcomes. Furthermore, the boundaries between different sectors have become increasingly blurred in recent years, as noted in Chapter 2. Today, it's not uncommon for nonprofit organizations to exhibit characteristics traditionally associated with for-profit or public entities and vice versa. This convergence presents new challenges and complexities to traditional forms of collaboration. An additional phenomenon that has been observed is the withdrawal of support for nonprofit organizations and cross-sectoral collaboration by political regimes (Chapter 4). While a reduction in funding may initially seem to encourage nonprofits to engage more in collaborations, it could also inadvertently increase competition among them.

This increased competition could also potentially undermine the spirit of collaboration among nonprofits.

### Examples of Strained or Complicated Collaborations between Government and Civil Society. The Case of the COVID-19 Pandemic

In India, the government, generally regarded as wary of civil society organizations, changed its stance in 2020 when faced with the challenges posed by the COVID-19 pandemic. It called upon over 92,000 organizations to help prepare communities for the pandemic. However, this collaboration was by many regarded more as a response to an extraordinary situation rather than a consistent policy. A study in the journal *Nonprofit Policy Forum* discusses how some governments failed to recognize the importance of civil society during the COVID-19 pandemic (Kövéér, 2021). Instead of fostering a network of trust and collaboration, the article argues that these governments attempted to position themselves as the sole problem solvers, thereby creating a vertical and hierarchical chain of control.

### Shifting Perspectives on Cross-Sectoral Collaboration

A third key trend pertains to the evolving perspectives on cross-sector collaboration among researchers, policymakers, and practitioners. This trend is characterized by a shift in focus from merely acknowledging the *raison d'être* of collaboration, as discussed in Chapter 6, to recognizing the intricate and diverse nature of cross-sectoral collaboration, as elaborated in Chapters 3 and 5. For instance, Chapters 5 and 6 illustrate how collaborations between the state and nonprofit sectors were previously understood through typologies based on the regime approach and the partnership paradigm. Contemporary research has introduced more nuanced typologies for understanding nonprofit-government collaborations. These include public administration regimes, the policy fields framework, and the relationship types approach, among others. Moreover, it's important to note that most existing empirical research is derived from established Western societies with a long-standing tradition of civil society. In contrast, there is a dearth of evidence from countries with a different tradition—in this book, exemplified by the case of Poland, for which such evidence is added to the field of knowledge. Hence, broadening the geographical focus of research could yield fresh insights into the practices and studies of collaboration. In addition, as the trend of cross-sector collaboration accelerates and nonprofits' access to resources becomes increasingly reliant on engagement with the private sector, a deeper understanding of power dynamics from the perspective of nonprofits becomes crucial. One way to achieve this understanding could be through an analytical construct known as the resource profile, as introduced in Chapter 4. This construct integrates four key components of resources mobilized by nonprofits in collaborations with businesses: funding, learning, networking, and branding.



## Conditions Conducive to Collaboration

The book's chapters underscore several conditions that foster cross-sectoral collaboration, encompassing prerequisites, such as institutional frameworks, community orientation, capacity and resources, and the nature of the partnership.

- **Institutional frameworks:** Beginning with prerequisites, Chapter 7 emphasizes the critical role of institutional frameworks in collaboration. These frameworks can be formal, such as legislation and public support, or informal, rooted in culture and history.
- **Community orientation:** Chapter 7 also underscores the importance of nonprofit organizations' community orientation in fostering collaboration. Nonprofit organizations with a strong foothold in the local community are more likely to collaborate.
- **Capacity and resources:** Furthermore, Chapters 4 and 7 highlight the impact of partners' capacity and resources on the success of collaboration. These resources encompass funding that facilitates nonprofits' participation in collaboration, the ability to mobilize collaborative ties within and across sectors, nonprofits' public image and reputation, and organizational capacities to select, vet, govern, and evaluate collaborations.
- **The nature of the partnership:** Other essential prerequisites are that the collaboration must be meaningful and valuable for all parties involved (Chapter 4) and that partnerships are established on an equal footing, where decisions are made jointly (Chapter 2).

Another set of conditions that are conducive to collaboration derives from Chapter 3 and includes alignment, trust, and commitment.

- **Alignment** comprises three aspects: similarity in values among the partners involved, willingness to respect differing partner values, and compatibility of partners' objectives and strategies.
- **Trust** is another crucial component of successful collaboration. It consists of two main elements: credibility—reflecting the belief that the partner is competent, reliable, and acts in line with expectations and promises; and benevolence—the conviction that an organization cares about its partner's well-being and is ready to provide necessary support.
- **Commitment** to collaboration encompasses loyalty and satisfaction with the collaboration, efforts to maintain the collaboration, and the perceived importance of the relationships.

In summary, these conditions create a conducive environment for cross-sectoral collaboration. They highlight the importance of prerequisites like institutional frameworks and resources, alignment of values and objectives, trust in partners' competence and benevolence, and commitment to maintaining collaborative relationships.

## Guidance for Initiating and Enhancing Cross-Sectoral Collaboration

Finally, this chapter presents a comprehensive set of recommendations for initiating and enhancing cross-sectoral collaboration. These recommendations are derived from various chapters and are aimed at organizations that wish to engage in successful partnerships with entities from different sectors.

- **Recommendation 1: Thorough analysis.** The first recommendation emphasizes the importance of conducting a detailed analysis of the collaboration, its conditions, and the partners involved. Chapter 3, for instance, suggests that organizations aiming to increase the success rate of their collaborations should conduct an in-depth examination of the relational factors that exist between them and their potential partners. Similarly, Chapter 4 advises potential collaborators to utilize the resource profile construct as a tool for informing decision-making processes in both prospective and ongoing collaborations.
- **Recommendation 2: Structuring the collaboration.** The second recommendation focuses on structuring the collaboration in a manner that promotes success. This includes ensuring that decisions are made jointly to prevent power imbalances, as discussed in Chapter 2. The chapter also warns of a common pitfall in collaborations —when the costs outweigh the benefits. To avoid this, partners must ensure that the results of their collaboration justify the investment required. Furthermore, for collaborations to evolve from mere transactions to transformational partnerships, it is crucial for partners to share a common motivation that aligns closely with their respective organizational missions.
- **Recommendation 3: Mindfulness of risks.** The third recommendation is particularly relevant to nonprofit organizations that collaborate with for-profit entities. It underscores that for-profit organizations seeking long-term, mutually beneficial relationships with the nonprofit sector must be aware of the risks assumed by their partners. These risks may include potential dependency on the for-profit organization, which could lead to co-optation and mission drift.

In conclusion, these recommendations provide a roadmap for organizations seeking to engage in cross-sectoral collaborations. By following these guidelines, organizations can navigate the complexities of such partnerships and work toward achieving their collaborative goals.

### Key Takeaways

- The chapter aims to equip students, policymakers, and practitioners with insights that can stimulate learning and innovation in the context of cross-sectoral collaboration.
- The chapter underscores the growing importance, diversity, and complexity of cross-sectoral collaboration. It also highlights the evolving perspectives on such collaborations.
- Successful collaboration is contingent upon certain conditions. These include institutional frameworks, community orientation, capacity and resources, and the

nature of the partnership. Additionally, alignment, trust, and commitment among partners are crucial.

- The chapter provides extensive recommendations for initiating and enhancing cross-sectoral collaboration. These include conducting a thorough analysis of the collaboration, structuring the collaboration effectively, and being mindful of potential risks.

### **Questions for Discussion and Reflection**

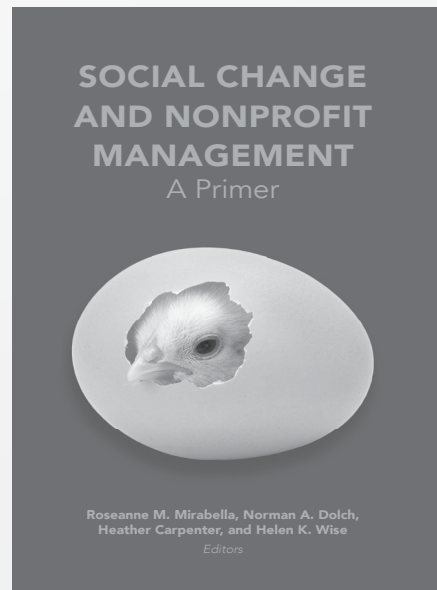
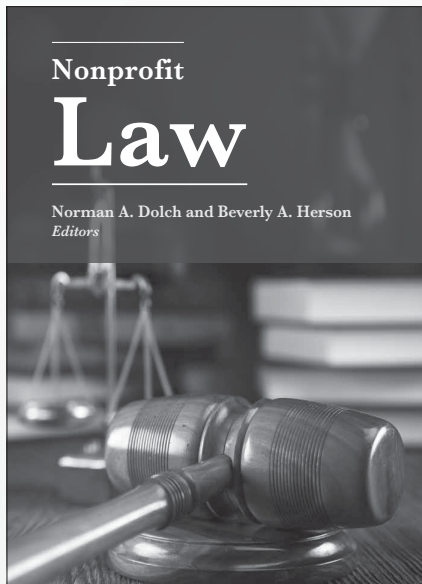
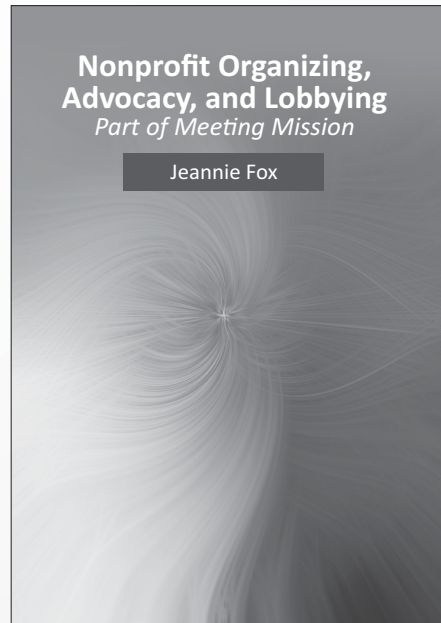
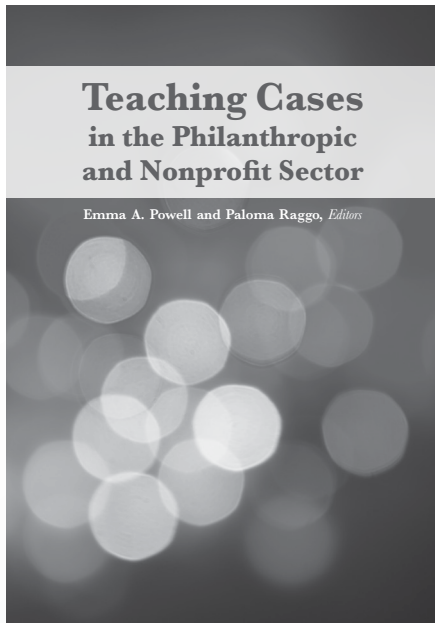
- How has the importance of cross-sectoral collaboration evolved over time? Can you provide examples of successful cross-sectoral collaborations and discuss their impact?
- What are some challenges in meeting the conditions for successful collaboration? How can these challenges be addressed?
- How can organizations ensure a thorough analysis of the collaboration? What strategies can be employed to structure the collaboration effectively? How can potential risks be identified and mitigated?
- How can insights from cross-sectoral collaborations stimulate learning and innovation? Can you discuss any real-world examples?

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*Civil Society and Collaboration with the State and the Market* is a comprehensive textbook designed for university students where the dynamic interplay between civil society, business, and government is explored. It delves into the intricacies of cross-sector collaboration—a growing global trend where diverse societal actors unite to tackle shared challenges, such as environmental issues and natural disasters.

This book examines how, why, and when civil society engages with other sectors, offering insights into key concepts, trends, drivers, forms, benefits, and challenges of cross-sector collaboration. With contributions from international researchers, it provides a rich tapestry of examples from various sectors, regions, and countries, illustrating the diversity of collaborative approaches.

Students will gain valuable perspectives on how civil society can fulfill its missions, influence policies, co-produce solutions, and leverage resources through effective partnerships. The different chapters present both case studies and pose thought-provoking questions for further discussion, fostering learning and innovation. Thus, for students from various disciplines, this textbook is an essential resource for understanding the power of collaboration in addressing today's complex societal issues.

"Cross-sector collaborations and partnerships have increasingly become the norm around the world for addressing social and environmental issues. The chapters in *Civil Society and Collaboration with the State and the Market*, written by a prominent group of internationally renowned scholars, provide research-informed guidance, a variety of practical case studies, and questions that stimulate further exploration on this important topic. This book is a must-read for students wanting to understand and successfully navigate relationships among civil society, government, and business organizations."

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*School of Public Policy, University of Connecticut*

"In today's interconnected world, collaboration across sectors is more pivotal than ever for driving societal progress. As the boundaries between nonprofits, governments, and businesses blur, partnerships not only amplify impact but also spark social innovation. *Civil Society and Collaboration with the State and the Market* offers essential insights, practical frameworks, and compelling real-world examples, empowering leaders, practitioners, and students to build meaningful alliances that create lasting change."

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