Business-NGO Alliances in Germany

The relationship between key alliance success factors and perceived alliance effectiveness

The current research represents the culmination of my studies. I would like to thank every single person who has been of help during the process of writing, data collection and analysis. I feel a strong appreciation for all persons that supported me in many ways – giving me the courage and strength to finish the master thesis.

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All organisations and companies and a number of other important contributors to my thesis are listed at the end of my Master thesis.

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Executive Summary

Business research identifies three rivalling forces that try to shape and influence the development of a society – i.e. governmental entities, private companies, and civil society with non-governmental organisations as the noticeable peak of the iceberg. Each sector has a unique reason of being and a unique set of knowledge, skills and capabilities. Some believe that bundling these capabilities into alliances across the three sectors is a promising avenue to address complex challenges of the 21st century that exceed the capabilities of a single sector.

This study is an attempt to get in-depth insights into German business-NGO alliances and hereby addressing a research gap in the current literature. Moreover, the purpose is to explore the relationship between a set of alliance success factors and perceived alliance effectiveness scores. The research design is best described as a descriptive, quantitative empirical study with an exploratory character. The research relies on primary data gathered by means of a self-administered survey and secondary data resulting from extensive internet research.

The results suggest that the number of German NGOs involved in business-NGO alliances is limited. The dominant relationship between both entities is still the traditional philanthropic donation relationship. Furthermore, a set of characteristics is identified that apply repeatedly to the business-NGO alliances in the sample. One example is the finding that in business-NGO alliances, NGOs are more committed to the alliance than companies. Moreover, the study establishes a relationship between five alliance success factors and a measure of perceived effectiveness. The results suggest that the level of conflict, trust, and commitment have a significant influence on perceived alliance effectiveness scores.

Overall, this study is a valuable contribution to the existing body of literature on business-NGO alliances. The two major contributions to the existing literature are the insights gained on business-NGO alliances in Germany, and the framework proposed for a quantitative analysis of the relationship between key success factors and perceived alliance effectiveness scores. A Minor contribution to the body of literature is the attempt to include companies and two groups of NGOs in the sample. Both, the comparison of NGO and company responses and the comparison of environmental NGO and development NGO responses lead to valuable insights and observations.

Chapter 1 – Introduction

The topic addressed at hand is the rising number of companies and non-governmental organisations engaging in collaborative agreements or even strategic alliances. Such alliances are an example for a general trend in societies around the world – the increase in so-called cross-sector partnerships to solve complex challenges of the 21st century that exceed the capabilities of a single sector (Selsky and Parker, 2005). Especially since the World Summit on Sustainable Development in Johannesburg in 2002, partnerships between the three main societal sectors – private sector, the governmental sector and civil society – are seen as a good instrument to address challenges such as economic development, education, health care, poverty alleviation or environmental sustainability (Kolk, Tulder & Kostwinder 2009, p. 263).

Civil society, also referred to as the third sector, most frequently denotes organisations, institutions and interest groups established by a number of concerned citizens, joining forces to promote their topics of interest. Non-governmental organisations (henceforth NGO) can be seen as the more noticeable peak of the iceberg called *'civil society'* (Beloe, Elkington, Hester & Newell 2003, p.4). Especially with the rise of communication technology such as the internet, the ability of NGOs to exchange information and organise on national and international levels has increased tremendously. As a result, some NGOs managed to become influential entities, increasingly noticed and acknowledged by governments, the private sector and academia.

Early forms of business-NGO relations are best described as confrontational and antagonistic. A major reason for such confrontations is the interest NGOs take in topics such as environmental preservation or the abolition of child labour; problems that are often caused or reinforced by private sector behaviours or misbehaviours, also referred to as market failures. By direct anti-corporate campaigns such as the Shell Brent Spar incident or the child labour campaign against Nike, NGOs forced small national and major international corporations alike, to rethink and change business practices and strategies (Arenas, Lozano & Albareda 2009, p.176). The NGO advocacy and campaigning strategies have been so effective that the private sector is increasingly forced to consider NGOs as serious and influential stakeholders. Since confrontational relations with influential stakeholders are not always advisable, the business-NGO relationship continuum gradually broadened over the past two decades (Hart & Sharma 2004, p.8). Today, antagonistic relationships between companies still exist. Yet, less antagonistic forms of relations arise and gain prominence such as philanthropic relationships

or licensing agreements, where companies are allowed to use the logo of a NGO in return for donations. Even more integrated forms of engagement become popular, such as the 'Better Cotton Initiative'. Here a number of companies such as H&M and IKEA and NGOs such as WWF join forces with the objective to make cotton cultivation more economically, environmentally, and socially sustainable (BCI 2009). Some business-NGO relationships even manage to develop novel business plans and engage in joint ventures. One example here is the equity joint venture 'Grameen Phone' between the Grameen Bank and the Norwegian telecommunication company 'Telenor'. With this joint venture Telenor was enabled to learn how to enter developing markets such as Bangladesh while the Grameen Bank could bring telecommunication technology to rural areas (Malaviya, Singhal & Svenkerud 2004a)

The existing academic literature addressing alliances between NGOs and companies is not very evolved yet but slowly building (Arenas et al. 2009, p.176). Topics that are repeatedly addressed are the institutional and actor specific developments and motives leading to an increase in business-NGO alliances. A second group of authors frequently formulate best practice strategies and name factors that increase the success of business-NGO alliances for both partners. A few studies discuss the governance structures these alliances and point out possible typologies to classify them. Finally, few contributions engage in the difficult task of describing the consequences and outcomes of such alliances and make first suggestions how the outcomes could be measured.

In most cases the literature on business-NGO alliances are designed as case studies and refer to cases found in the United States or other Anglo Saxon countries. Consequently, there is a call for empirical studies to gradually validate the current wisdom on this topic. To further verify the current results on this topic there are also calls for studies on cases in underrepresented geographical areas and countries. With the intended focus on Germany, this study follows the call for more geographical diversity in studies on business-NGO alliances.

Formulated as a question, the problem statement to be addressed, reads as follows:

How and to what extent do NGOs and companies create and maintain

effective alliances – with a focus on Germany?

The problem statement is the starting point and the foundation for all other steps in the research. However, the statement is still too abstract to be addressed in a meaningful manner. To further specify the different topics the problem statement refers to, this study introduces a pair of more distinct research question:

1) How and to what extent do German NGOs engage in business-NGO alliances?

2) How do German companies and NGOs implement and maintain effective business-NGO alliances?

To gain valuable insights with regard to the research problems a number of steps appear necessary. The chapter at hand serves as an introduction to the topic of interest. To create a strong foundation for further research efforts, the second chapter reviews the existing academic literature related to business-NGO alliances. In the third chapter the research problems are translated into a set of investigative questions to address some of the gaps in the existing literature. The fourth chapter presents the overall design of the research to establish the clear link between the data collected and the investigative questions. The fifth chapter presents the results from the statistical analysis of the data that is gathered. In the final chapter the results are discussed to put the findings in this research in perspective with the existing literature. The limitations of the research are outlined along with promising avenues for future research and concluding recommendations for practitioners in the field.

Chapter 2 - Literature Review on Business-NGO Alliances

In the following the academic literature on the topic of business-NGO alliances is presented. The review of the literature is a strong foundation for subsequent research efforts. On the one hand findings in previous studies help to give this study direction and guidance for the research design. On the other hand a review of the literature also reveals the gaps in the literature that can be addressed by this study.

Before the actual review of the literature a number of terms are first presented along with the definition and understanding for this study. The actual review first covers the institutional and actor specific developments facilitating and invoking companies and NGOs to engage in alliances. Here, the motives for both actors to collaborate are also discussed. Thereafter, the review turns its attention to the governance structure in these alliances and discusses possible typologies to categorize the different types of business-NGO alliances. Third, a set of critical factors and issues are presented that are documented to have a major influence on the overall effectiveness and success of a business-NGO alliance. The fourth topic that is reviewed addresses the difficulties to find a set of measures that adequately captures the performance of

business-NGO alliances in all its nuances. Finally, the literature on business-NGO alliances in Germany is discussed.

2.1 Defining Important Terms

Before proceeding, a number of terms will be defined to clarify their meaning when used throughout this research. First, the term *'alliance'* as it is applied at hand, refers to a cooperation between two or more entities based on "any voluntarily initiated cooperative agreement between firms that involves exchange, sharing, or co-development, and it can include contributions by partners of capital, technology or firm-specific assets" (Gulati and Singh, 1998: 781). This term will occasionally be replaced and used interchangeably with the terms *'partnership'* or *'collaboration'*.

Second, the term *'business-NGO alliance'* respectively refers to a partnership or alliance between a for-profit organization and a non-governmental organization (Arya & Salk, 2006, p.215). This term includes various types of partnerships ranging from low involvement, funding relationships all the way to high involvement, equity joint ventures. Third, note that the term *'business-NGO alliance'* is not to be confused with *'business-NGO relationships'*, as the latter refers to all forms of collaborative *AND* antagonistic relationships (Bendell 2000). Fourth, the term *'NGO'* refers to non-governmental "private, not-for-profit organizations that aim to serve particular societal interests by focusing advocacy and/or operational efforts on social, political and economic goals, including equity, education, health, environmental protection and human rights" (Teegen, Doh, Vachani, 2004, p.466).

This study restricts itself to certain groups of NGOs. The focus will be on environmental NGOs (henceforth ENGOs) and development NGOs (henceforth DNGOs). ENGOs are included in the research for their documented openness to and experience with business-NGO alliances, compared to other types of NGOs (Rondinelli & London 2003, Beloe, Elkington et al. 2003). DNGOs are included in the research process since studies such as Elbers (2004) document increasing activities towards business-NGO alliances in this sector. Also, several authors outline the importance of collaborative efforts between the private sector and NGOs, to address poverty alleviation and related pressing issues that are specified in the millennium development goals (van Huijstee, Francken, & Leroy 2007, London & Hart 2004). Thus, from now on whenever the general term *'NGO'* is used throughout the following pages, the study at hand only refers to ENGOs, DNGOs.

Finally, it is important to outline how the term *'effective(ness)'* is understood in the context of business-NGO alliances. Effective as an adjective is understood as the ability of something to produce a "decided, decisive, or desired effect" (Britannica 2008). So in the context of business-NGO alliances an effective alliance is one that is able to produce a decided, decisive, or desired effect. Alliance effectiveness than is understood as the degree to which the alliance is able to attain certain end-objectives or goals (Sudit, 1996).

2.2 Motives and Reasons for Alliance Formation

The area of research finding explanations for the increased number of business-NGO alliances has received a considerable share of attention. First, the developments and drivers in the institutional environment are presented. Subsequently, the attention turns to the actor specific drivers and motivations to engage in business-NGO alliances.

The Institutional perspective

Among the most frequently cited contextual developments in the business environment, promoting the rise of business-NGO alliances, is the rise of globalization in combination with the step wise elimination of trade barriers. As a consequence governments have become involved in a process of (competitive) deregulation, decreasing the governments' power to regulate company behaviour (Bendell 2000). Faced with less boundaries and regulations, the influence and impact of companies on individuals around the world has increased (Elbers 2004, p.15). With decreasing government power, the effectiveness and reach of NGO lobbying efforts towards these governments become less effective. To compensate for the decreasing regulative influence of governments, NGOs increasingly step in and establish campaigns against or collaborative agreements with companies as additional strategies to increase their influence and reach.

At the same time scholars notice a growing concern in western societies for pressing social and environmental issues created and reinforced by effective public campaigns by NGOs (Elbers 2004, Austin 2000, Rondinelli & London 2003). In a search for adequate responses to this development, the attention of companies for strategies and tools to build and maintain the company's reputation and legitimacy in the light of increased demands by the consumers and the civil society has increased noticeably (Hart 2007). The popular umbrella term or buzzword to summarize such strategies and tools is the term *"corporate social responsibility"* (henceforth CSR). With these growing societal concerns, often initiated by NGO campaigns, companies increasingly recognize the importance and power of previously disagreeable

stakeholders such as NGOs. Especially companies in business-to-consumer markets seem to become more aware and open towards the suggestions of NGOs (Heuberger 2007).

The development outlined in the last paragraph is strongly supported by another important development – i.e. the recent information and communication technology revolution. This development enables concerned individuals to join forces, forming an increasing number of national and transnational NGOs (Simmons 1998, p.84, Bendell 2000, Argenti 2004). Never before did Information spread faster around the world, giving NGOs a formidable tool to monitor even rural geographical areas and keep the general public informed. With the new possibilities to extend public interest in certain topics, NGOs have become fearful opponents or powerful potential allies for governments and corporations of all sizes (Bendell 2000).

Bendell (2000) and Millar, Choi and Chen (2004, p.397) outline yet another context related factor, being the gradual cutback in governmental funding for NGO operations, along with an increasing number of NGOs. With the increased competition for decreasing funding sources, many NGOs are gradually forced to search for alternative funding sources such as corporate philanthropy. In addition, the competition for resources has created oligopolized NGO markets with a few dominant big players that increasingly resemble companies in their organizational structure and management strategies (Lambel, Ramia et al. 2008, p.81, Simmons 1998). The increased competition and the rise of company like structures and strategies within major NGOs are further developments, decreasing the differences and gaps between companies and NGOs.

The actor perspective
Explanations for the increased frequency of business-NGO alliances are also found at the company and NGO level. Especially three developments lead to a cautious convergence of values and the development of a common language. First, the increased societal awareness for pressing social and environmental issues has influenced the awareness of company employees for such issues. Scholars point out that an increasing number of companies recognize CSR practices to be an important factor for attracting, motivating and retaining human resources (Millar, Choi & Chen 2004, p.404, Bendell 2000). On the other hand, some NGOs develop into large entities that increasingly resemble the structure of companies. These NGOs increasingly employ a higher number of employees with a professional management background (Beloe, Elkington et al. 2003). The third development is the increased number of business leaders involved in the board of one or more NGOs, bringing with them a strong

sense of operational efficiency but also experiencing the way NGOs work and think (Austin 1998). These developments have certainly influenced the ability of both parties to find a common language for communication.

A number of authors translate the institutional and actor specific drivers of business-NGO alliances into a set of actor specific motives to engage in alliances. One example is the list of figures adapted from Rondinelli and London (2003) in Figure 2.1. The list of motives is strongly related to the underlying reason of being of both actors. The motives of companies are said to be more utilitarian since their reason of being is to do business and increase profitability. The motives of NGOs on the other hand seem to be more altruistic in nature simply because their core reason of being is to promote their cause and topic of interest. Scholars conclude that these differences in motives and objectives can represent major hurdles when developing a foundation and goals for a business-NGO alliance (Austin, Reficco et al. 2004).

Table 2.1 – Alliance Motives/Objectives

Company Motives	NGO Motives
• Improve Employee motivation	• Influence corporate management practices
• Develop CSR image	• Reach cause related goals and objectives
• Enhance community relationships	• Access to knowledge and resources
• Brand image	• Influence business leaders' thinking
• Prevent boycotts and protests	• Project funding
• Enter new markets	• Recruit volunteers and participants
• Enhance Profitability	• Increase NGO reach and visibility
• Gain access to knowledge and information	• Support "green" companies and products

Content in figure 2.1 adapted from Rondinelli & London 2003, pp66-67

Overall, the literature shows that a number of developments over the past years and decade have led both sides to move closer towards each other. In an increasing number of cases both sides even find enough motives and objectives to purposely engage in cross-sector collaborations. However, these motives also represent the differences and difficulties that still exist between both parties despite all approximations.

2.3 Governance structure of alliances

Similar to inter-firm alliance research, distinguishing different types of alliances and presenting different approaches to categorize these alliances is attempted in a number of studies related to business-NGO alliances. The classification typology most generally agreed upon in inter-firm alliance research, places alliances on a continuum that spans from loose

arms-length relationships such as licensing agreements all the way to highly integrated equity joint ventures (Todeva & Knoke 2005, p.124, Gulati 1998).

In business-NGO alliance research a number of authors introduce a very similar approach to alliance classification, placing different alliances on a continuum with increasing interaction intensity and interconnectedness (Austin 2000, Rondinelli & London 2003). Although the labels may differ, three business-NGO alliance categories are specified, being 1) arms-length relationships or philanthropic alliances, 2) transactional or interactive alliances and 3) intensive strategic management alliances (Austin 2000, p.20, Rondinelli & London 2003, p.66). Within these categories other scholars may also call for a subdivision in relationship types based on other dimensions such as philanthropic or profit related firm motivations (Seitanidi and Ryan (2007, p.249).

However, categorizing business-NGO alliances according to the degree of engagement between the partners is merely one of several approaches to categorize business-NGO relationships (van Huijstee, Francken & Leroy 2007, p.77). According to van Huijstee et al. (2007, p.77) one approach distinguishes partnerships according to their goal (Glasbergen & Groenenberg 2001), while another distinction is made based on the functions the partnerships (claim to) fulfil (Hartman & Stafford 1997). Other authors use multiple variables to categorize business-NGO alliances (Murphy, Bendell 1997). Selsky & Parker (2005, p.880) conclude that business-NGO alliances can differ and be categorized along a number of dimensions such as size, scope, purpose, timeframe (short vs. long-term), reach (global vs. local) and resource involvement (equity vs. non equity). The variability of partnership typologies outlined above implicitly or explicitly opens up the discussion for a consolidation of the different approaches in future research (van Huijstee et al. 1997). Googins and Rochlin (2000) remind us that such a consolidated framework should adequately capture the complexity and variation of business-NGO alliances. The adequate development of such a framework would however be a resource intensive and complicated task.

2.4 Success Factors in business-NGO alliances

As mentioned earlier, companies and NGOs engaging in some collaborative relationships with each other face major hurdles and difficulties. Especially, differences in the organisational culture, the reason of existence and the motives to engage in alliances represent major sources for difficulties and hurdles. A number of studies try to understand effective alliances and formulate suggestions for best practice to increase the chance that practitioners

form and maintain effective alliances over time. These studies point out specific tasks and success factors that help to overcome hurdles and increase the chance of creating a successful alliance. As a clear definition for the term 'success' the definition for the less ambiguous term 'effectiveness' is used in this research (i.e. the ability to produce a decided, decisive, or desired effect, p.8).

Authors have listed a number of more or less specific success factors. Most of these success factors mentioned in the literature seem to have commonalities. Instead of discussing each point in specific, this review will present a consolidation of these factors into a set of more general umbrella terms. The umbrella terms introduced are 1) Partner Match, 2) Trust, 3) Multidimensional communication, 4) Commitment, 5) Formality and 6) Conflict.

1) Partner Match
A number of studies stress that the foundation of any effective alliance is laid with the selection of an appropriate alliance partner (Rondinelli & London 2003). Austin (2000, p. 42) concludes that a transparent and elaborate partner selection process is crucial for alliance success but might be difficult especially for companies due to a lack of information on NGO performance and related measures. One suggestion for overcoming such information gaps is for both parties to have a written strategy booklet specifying why, how and under what circumstances the organisation is willing to engage into a business-NGO alliance. Explicit guidelines with partner selection criteria should also be part of such a booklet (Rondinelli & London 2003, Jones 2001). When choosing an alliance partner, Berger, Cunningham & Drumwright (2004, p. 70) point out that both sides should watch out for important dimensions of fit such as mission fit, resource fit or cultural fit. Informal ties such as a participation of company executives on the NGO board of directors can help to evaluate the fit of potential alliance partners (Austin 1998, Jones 2001).

> **Partner Match**
> - Partner selection criteria & process
> - Partner fit
> - Informal ties
> - Memorandum & strategy booklet

Before engaging in any collaborative action, Austin (2000) stresses that expectations and further steps and actions should be clear to both sides. One possible tool for strong expectations management is the agreement upon a specific memorandum including the purpose, scope, objectives, the intended outcomes and the duration of the alliance (Rondinelli & London 2003, p.70). Overall, this set of success factors applies in specific to the formation stage of an alliance. The careful choice of an alliance partner represents the foundation of an

alliance. All other success factors only influence the shape and size of the house built on the foundation.

2) Trust

Inter-partner trust is utterly important not only during the course of the alliance but also at the point of alliance formation. During the stage of alliance formation the reputation as a trustworthy alliance partner is especially important (Rondinelli & London 2003).A further component of trust building is senior level involvement at all stages of the alliance (Kennedy 1998, Rondinelli & London 2003). While top leadership involvement seems crucial, Austin, Reficco et al. (2004, p.156) suggest that the involvement of more people at all hierarchical levels on both sides will grow and consolidate the overall inter-partner trust. The more points of contact and the more personal these contacts become, the stronger the alliance will be due to increased trust and organization wide commitment to the alliance (Austin 2000, p.127).

Trust

- Reputation as trustworthy partner
- Senior level involvement
- Multiple points of contact

3) Multidimensional communication

Due to the cultural and organisational differences between potential partners in business-NGO alliances, communication into all directions is eminent. Crane (1998) stresses the importance of a gatekeeper on both sides with a high position in the organisational hierarchy of the respective partner. Gatekeepers are then responsible to manage the communication with the partner gatekeeper and ensure that the motives and goals of an alliance is also spread and communicated internally. Effective internal communication can strengthen the organization wide acceptance and commitment to the alliance (Austin 2000, p.127). Besides a strong communication between gatekeepers Austin, Reficco et al. (2004, p.156) find that additional points of contact at all hierarchical levels on both sides will grow and consolidate the overall effectiveness of a business-NGO alliance.

Multidimensional communication

- Inter-partner communication
- Internal communication
- Public relations
- Strong gatekeeper

Next to internal- and inter-partner communication one more dimension of communication is presented as important for the success of the alliance: Public relations. Public awareness for the topic addressed can encourage both alliance partners to create and maintain an effective alliance. Communicating the achieved goals and advancements of the alliance can benefit both partners alike. Companies can build their reputation as responsible citizens while NGOs can show that their actions serve the NGO's reason of being (Elbers 2004, Glasbergen &

Groenenberg 2001). However, it is stressed that a clear strategy and set of rules with regard to public relations is needed in order to ensure that the right amount of information is correctly communicated to the outside world (Rondinelli & London 2002)**.**

4) Formality

To create and maintain an effective alliance a certain degree of formalisation seems advisable. Rondinelli and London (2003, p.70) for example stress the importance of a written memorandum on the purpose, scope of the alliance as well as its intended outcomes and the anticipated duration. The agreement on a written memorandum should be as early in the alliance formation process as practicable. Clearly specified roles, responsibilities and objectives can strengthen institutional buy-in and reduce scepticism and uncertainties on both sides (Beloe, Elkington et al. 2003, Austin 2000). Both sides should further find agreement on topics such as exit procedures, conflict management, public relation strategies or shared decision making (Elbers 2004, Nelson & Prescott 2005).

Formality

- Clear roles, objectives and responsibilities
- Written contracts
- Memorandum
- Progress monitoring and evaluation

All written agreements are of little worth as long as no monitoring process during the course of the alliance or at the end determines whether the goals and objectives were met or not. The alliance goals and objectives should be monitored over time and if necessary renegotiated as the alliance evolves (Austin 2000, Rondinelli & London, 2003). Overall, the different formalisation issues presented above can strengthen institutional buy-in and reduce the internal scepticism on both sides (Jones 2001). Written contracts can also provide some protection against opportunism (Rondinelli and London 2003). As with other success factors, the task seems to be to find the right mix of formalisation and leaving room for adjustments and unpredictable alliance developments.

5) Commitment

Commitment of core tangible and intangible resources is another factor found to have a significant influence on the success of a business-NGO alliance (Bendell 2000). Strong commitment from both sides is important for a business-NGO alliance to be productive and to ensure that neither side will exploit the relationship for public relations purposes (Rondinelli & London 2003, p.67). Especially for NGOs it seems to be important to find an individual or an entire team that is respected by high-level executives in the partner company. In

Commitment

- Commitment of core resources
- Mutual respect
- Time to let alliance grow
- Senior level involvement

general, high-level approval and commitment on both sides to the alliance objectives is found to increase the chance of success (Rondinelli & London 2003, Elbers 2004, Bendell 2000).

For more intensive business-NGO alliances the willingness to commit time seems another important factor of success. Since both sides most likely have little prior knowledge on cross-sector collaborations, time is needed to carefully grow the alliance (Austin 2000). The productivity of intensive strategic alliances increases if prior points of contact or collaboration already exist (Rondinelli & London 2003).

6) Conflict

A number of sources increase the potential for conflict in business-NGO alliances. A significant source of conflict potential can be the differences between companies and NGOs with regard to objectives, managerial styles and organisational culture and mindsets (Polonsky, Garma & Chia 2004, p.75). A second source of conflict is the power imbalance that can be noticed in business-NGO alliances. Power imbalances occur when one party has more control over resources than another party, thereby increasing the chance that the stronger party may attempt to force the weaker party to modify its behaviour (Gaski 1984). In business-NGO alliances it is suggested that in most cases the NGO has or claims to have less power in the relationship (Milne et al. 1996).

Conflict

- Functional vs. dysfunctional conflict
- Power imbalances
- Unclear expectations

Conflict distracts the alliance partners from achieving the goal(s) of an alliance. Thus, conflict is in fact seen as an inhibitor to alliance success (Polonsky et al. 2004). Literature in inter-firm alliance research, however, suggests that different forms of conflict exist with different effects on the success of alliances. Ramaseshan and Loo (1998, p. 447) for example, distinguish between functional and dysfunctional conflicts. Here, functional conflicts represent all disagreements between alliance partners that can be resolved amicably. Functional conflicts may even strengthen the alliance instead of weakening it (Morgan & Hunt, 1994). Dysfunctional conflicts on the other hand are non-resolvable conflicts between two alliance partners. Such conflicts can cause a deterioration of the relationship between alliance partner and even lead to the alliance's failure (Bucklin & Sengupta, 1993).

Overall, current academic literature points out a number of factors and topics that prove to be important components of effective business-NGO alliances. With regard to future research the literature suggests two approaches. On the one hand researchers call for more in depth analysis on certain topics such as the partner selection process on both sides in business-NGO alliances (Rondinelli & London 2003, Austin 2000). On the other hand there is a call for a

consolidation and validation of the current findings by means of further case studies in different geographic locations or moving beyond case studies to large-scale empirical studies (Selsky & Parker 2005, p.866).

2.5 Performance measures in business-NGO alliances

When two organisations decide to commit tangible and intangible resources to create an alliance, it is done out of the expectation that doing so will result in favourable consequences for both sides at some point in the future. In academic literature on inter-firm alliances, the underlying goal to all performance measures is fairly simple – the financial return on the investment. Whether the objective of a B2B alliance is to develop a new product, enter new markets, share brand equity or any other goal – at the end of the alliance all objectives should translate into a measurable profit for the participating company.

Measuring the performance of business-NGO alliances proves to be a more complex task compared to inter-firm alliances. Research literature in the field of business-NGO alliances suggests that the goals and objectives in business-NGO alliances cannot be boiled down to a financial bottom line only. The difference to inter-firm alliances is that the NGOs' reason for existence is not to make profits but to address altruistic issues such as environmental preservation or human rights. NGOs certainly have goals that are similar to the fundamental bottom line of companies. Just as companies, NGOs need funding for their activities and want to survive and if possible grow and expand their activities. Thus, the return on investment is also an important measure for NGOs to assess their performance. But due to their focus on social issues, the performance measures of NGOs include more than mere commercial benefit measures (Selsky & Parker 2005).

Academic literature in the field suggests that from the perspective of NGOs three bottom lines instead of one are needed to measure the performance of business-NGO alliances. Measures to quantify commercial benefits to both partners are important, but they do not capture the complexity of business-NGO alliances. In addition to the commercial measures, measures are needed to quantify the benefits of an alliance to the social issue that is addressed. Above that, business-NGO alliances can also impact the local communities at the point where the alliance is operating. Quantifying these types of benefits is the third bottom line that is important in measuring the performance of business-NGO alliances (Rondinelli & London 2003).

With multiple bottom lines, finding the appropriate mix of measures for the performance of a business-NGO alliance is a challenging and complex task. Academic literature presenting

explicit frameworks and measures to ensure an inclusive evaluation of alliance performance is rare to non-existent. Academia seems to be busy with developing the missing framework, while this research is written (Petersen & Sørensen 2006). But these frameworks are not available so far. Table 2.2 is a feeble attempt to summarize the different suggestions for possible performance measures based on the existing literature with regard to this topic.

Table 2.2 Suggestions for triple-bottom performance measures

Commercial measures	Measures to quantify improvement of social issues	Measures to quantify benefits to the community
• Sales, growth, profits • Access to special knowledge /technology • Market share • Brand reputation • Access to new markets • Improved management techniques • Motivated and loyal employees • Set industry standards (entry barrier)	• Benefits to education • Reduction in environmental footprint • Poverty mitigation • Benefits to freedom, stability and peace • Health benefits • Wildlife and environmental preservation	• Taxes paid • Transfer of Technology/Knowledge • Creation of new jobs • Equity investments • Improved business environment • Improved productivity • Access to goods, services or information

Content in figure 2.3 inspired by findings in Selsky & Parker 2005, Sørensen & Petersen 2006, Singhal, Svenkerud & Flydal 2002, Malaviya, Singhal, Svenkerud 2004a,b, Austin 2000 Bendell 2000, Yaziji 2004, Timberland 2004, Sørensen & Petersen 2006, Beloe, Elkington et al. 2003 and Austin, Reficco et al. 2004,

The measures presented in table 2.2 are based on one case study by Malaviya, Singhal and Svenkerud (2004a, 2004b) and non-academic sources such as a publication on this topic by the United Nations Development Program (Sørensen & Petersen 2006). Sound academic analysis and verification of appropriate performance measures for business-NGO alliances is yet missing. Especially possible performance measures related to community benefits or social issue benefits are still inaccurate and not appropriately verified.

The few empirical studies addressing business-NGO alliances try to avoid the difficulties in performance measures for business-NGO alliances by introducing the concept of *'perceived alliance effectiveness'* as a replacement for complex triple-bottom line effectiveness measures (Milne, Iyer, & Gooding-Williams 1996, Polonsky, Garma & Chia 2004). Both studies find that the concept is a valuable and significant indicator of actual alliance success. This qualitative measure of performance has been developed in organization theory (Van De Ven 1976) and applied several times to inter-firm relationship dyads (Ruekert & Walker 1987, Van De Ven & Ferry 1980, Bucklin & Sengupta 1993, Ramaseshan & Loo 1998). It measures

the "extent to which both firms are committed to the alliance and find it to be productive and worthwhile" (Bucklin & Sengupta 1993, p.33).

Overall, the topic of performance measures in business-NGO alliances is still underrepresented in academic literature. Further academic research is needed develop and theorize guidelines with regard to triple-bottom line performance measures. The proof that the initiation of business-NGO alliances is an effective and appropriate strategy to address issues of social welfare, justice and environmental protection is also missing (Googins & Rochlin, 2000). Yet, especially this proof is important in order to increase the interest of practitioners in this topic and legitimize further research in the field of business-NGO alliances research in general (Googins & Rochlin 2000).

2.6 The German case

The literature addressing business-NGO alliances in Germany is either scarce or difficult to find. Most of the literature used in all other section of the literature review above is written from an Anglo-Saxon perspective. Yet, being more specific on the German case is important since the nature of business-NGO alliances in Germany might differ significantly from alliances in other geographical areas due to differences in political system of these countries. As with the general review of the literature, this section is introduced by taking one step back and shortly discussing the political system in Germany and the influence on the relationships between governmental actors and the players from the other two sectors. Thereafter, the literature found on business-NGO alliances in specific is presented.

Corporatism and interest groups in Germany

There is a strong agreement that the political systems and the role of interest groups, such as NGOs or companies, in these systems differ significantly from one country to the other. One popular approach to visualize the differences in political systems comes from political science and places the different political systems on a continuum between pluralism on the one end and corporatism on the other end (Siaroff 1999, Hague & Harrop 2004, p.177). In a pluralist system such as the United States, the state represented by the government is strongly influenced by a multitude of interest groups that each compete for attention and influence over governmental actors (Hague & Harrop 2004, p.177). In a pluralist system, society and thus interest groups dominate the state.

In contrast, corporatism is known as a political system with a strong and organized state, offering leadership for an integrated society (Hague & Harrop 2004, p.178). Germany is a

good example of a country with a strong government that closely consults and discusses major decisions with key interest groups representing the major social entities in a society – companies and working force (Hague & Harrop 2004, p.178). These interest groups usually have a high membership density among the entities they represent in a society. In return for the influence, the interest groups have a responsibility to ensure the compliance of their members (Hague & Harrot 2004 p.178). Even though the political system has somewhat adapted to a more market-oriented direction due to the rise of globalization and Europeanization, the general role of the German government and its ties with key interest groups remains visible (Schmidt 2003, p.531).

For Germany authors find that once the key interest groups with regard to the business sector and work force are integrated in policy development, other interests groups are left out. The interest groups that are left out have few restrictions with regard to their operations since the German government does little to control or undermine these interest groups (Dryzek, Hunold, Schlosberg, Downes & Hernes 2002). Thus, for the NGO groups under study in this research it has long been difficult to advocate their causes to the core of the German government directly.

Especially since the late 1970s both NGO groups gradually managed to change the picture and gain more access to the core of the German state. Due to powerful oppositional initiatives in the 1970s that had a strong influence on the public interest, green policies and development issues have managed to become a permanent part of the political system in Germany. Especially the establishment of federal Ministries for Nature Conservation but also for Development Aid enabled both NGO groups to gain more access to the core of the state. However, only moderate NGOs had a conditional access to the state under the condition that "they could assist in a scientific search for the truth" (Dryzek et al. 2002, p.671).

In light of better policy results the difficulties to organize protests and keep up the public pressure increase (Dryzek et al. 2002, p.674). However, according to Dryzek et al. (2002) the key to a lasting success of NGOs is to increase their possibilities to influence the state decisions while keeping a strong oppositional voice to keep the public pressure high.

Business-NGO alliances in Germany

Turning the attention back to business-NGO alliances, the literature found on such alliances in Germany is scarce. In how far the relationship between companies and NGOs is influenced by the corporatist system in Germany remains unclear. Attempts to find literature on business-NGO alliances in Germany via databases such as EbscoHost were not successful. Only manual online research revealed a few recent German academic studies, addressing cross-sector alliances in general but with no special focus on business-NGO alliances.

Two studies add to the topic from a company perspective (Braun 2008, Heuberger 2007) while one study provides insights from a charitable foundation perspective (Theurl & Saxe 2009). The study by Theurl and Saxe (2009) gives an overview over the attitude of charitable foundations with regard to the topic of cross-sector collaborations in general. The study is carried out by the "Bundesverband Deutscher Stiftungen", an umbrella organisation representing 2.762 out of 12.544 charitable foundations registered in Germany. The survey finds an ambivalence when it comes to the importance of alliances for the survey participants. About one fifth of the foundations (with a weight towards small foundations) claim that collaborations with other organisations are absolutely unimportant for their operations. One fifth on the other hand (with a weight towards larger foundations) claims that alliances and collaborations with other organisations are very important (Theurl & Saxe 2009, p.11).

Overall, the study concludes that 52% of the foundations are involved in one or more alliance. The most frequently named collaboration partners are other foundations (58%) or non-profit organisations (50%). The study concludes that governmental entities (30%) or companies (24%) seem to less important alliance partners for foundations. In total, the respondents are found to be very satisfied with their collaboration activities, with 90% of the foundations in the sample claiming to be satisfied with the results of the alliances they are involved in.

The studies by Heugenberger (2007) and Braun (2008) add to the topic from the perspective of companies. Both studies address the topic of corporate citizenship – the company efforts to be active members of societies beyond their legal obligations. The study by Heugenberger (2007, p. 14) finds that on average 95% of the companies are conscious of their responsibility towards society and are committed to be or become good corporate citizen. Especially German companies in business-to-consumer retail are aware of the importance of corporate citizenship. The dominant tool in corporate citizenship is by far corporate charity donations. On average, 91% of the companies report making money or in kind donations on a regular basis. With 60,5% the second most popular tool is corporate volunteering, where companies

allow their employees a certain amount of work time for private or company wide social activities. Still, 47% of the companies report on collaborations with NGOs as a tool for corporate citizenship (Heugenberger 2007, p.15).

When German companies collaborate with other organisations the focus is most frequently on local or regional alliance partners. Braun (2007) reports that 70,8% of the companies report to be in collaboration with local clubs and associations or local schools and hospitals (43,7%). About 19,1% of the companies report on collaborations with national and international NGOs. The dominant topics in collaborations between companies and their alliance partners are either *'sport'* or other *'leisure activities'*. Braun (2008) finds that companies commit to topics and projects with little governmental involvement to maximize their possibility to shape their commitment at free will. Furthermore, mainly large companies show an increasing activity in actively developing and integrating their philanthropic activities with their core company values and strategies. In contrast, small- and medium-sized companies (henceforth SME) seem to engage in philanthropic activities on a reactive and spontaneous basis (Heugenberger 2007, p.25).

Both studies conclude that the emerging discussion on social activities beyond corporate donations in Anglo-Saxon literature has a limited influence on the corporate citizenship activities of German companies. German companies keep relying on their traditional tool for corporate citizenship – charitable donations with a strong local and regional focus. If at all it is large companies in Germany that are influenced by the Anglo-Saxon view of corporate citizenship and attempt to make their social activities an inherent part of their business strategy. For most companies, especially for SMEs, their social activities have such a strong tradition, that most do not even think about using their activities as a strategic tool to polish up the company image (Heugenberger 2007, p.26). Overall, due to the strong local focus in corporate citizenship activities focusing on leisure and sport activities, both studies find that few ties exist between the German companies under study and national ENGOs or DNGOs.

Chapter 3 - Investigative Questions

The previous section gives an overview of the existing literature on business-NGO alliance research. The following section outlines where this paper wants to contribute to the ongoing discussion. The existing literature is the foundation for all further research efforts. First, a clear link between the existing literature and its gaps and the research questions specified in the introduction is established. Subsequently, the research questions are dissected into a set of investigative questions that specify the gaps in the literature this research intends to address.

The introduction presents two research questions (RQ1 and RQ2) that are deducted from the overall problem statement and point at the topics and issues this paper aims to address. In this section one research question after another is first repeated and subsequently discussed and linked to the existing literature it builds on and intends to add to.

RQ1) How and to what extent do German NGOs engage in business-NGO alliances?

The review of the literature reveals that it might at times be difficult for interest groups to gain the attention of the governmental sector in a corporatist system such as found in Germany. In addition, studies find that for NGOs keeping up the public pressure on companies and governmental actors alike to advance their cause becomes increasingly difficult in light of recent success in their field (Druzek 2002). Thus, especially for NGOs that are left out of the corporatist policy development in Germany, engaging in direct contact and collaborations with the private sector could be an additional tool to promote their cause and collect funds for their projects and activities. The literature review, however, reveals an underrepresentation of studies on business-NGO alliances in Germany. The literature available on business-NGO alliances is mostly based on cases in pluralist systems such as the United States. Thus, researchers call for additional in-depth studies of alliances found in other geographical areas (Millar, Choi & Chen 2004). With its focus on Germany, this study is a response to such a request.

The studies available so far on business-NGO alliances in Germany provide only limited insight on the phenomenon and its development and prevalence among German NGOs. Before engaging in more elaborate investigations on business-NGO alliances in Germany it seems important to establish a stronger general understanding for the characteristics and density of this phenomenon among German NGOs. What general patterns and characteristics with regard to business-NGO alliances and the NGOs involved can be observed? Can we already speak of a mainstream movement or are alliances with companies a niche strategy

among German NGOs? The existing literature has a gap that makes finding answers to such questions difficult. The first research question is included to address and if possible close the existing gap in the literature. The overall objective here is to provide an overview of business-NGO alliances from an NGO perspective and determine general trends and characteristics.

In order to address the gap in the literature in further research efforts the first research question is translated into two separate investigative questions. The investigative questions are then used to design a research that adequately addresses these questions.

RQ 1) How and to what extent do German NGOs engage in business-NGO alliances?

Investigative question I: How prevalent is the strategy to collaborate with the private sector among German NGOs?

Investigative question II: What is the common governance structure in current German business-NGO alliances?

AD (IQ I): The purpose of the first investigative questions (IQ I) is to establish a general overview and understanding with regard to NGOs in Germany involved in business-NGO alliances. As mentioned before this study restricts itself to DNGOs and ENGOs. One objective is to provide a general overview on the alliance phenomenon in Germany and noticeable characteristics of the alliances in the dataset and the NGOs involved in these alliances. A second objective for IQ I is to conclude whether business-NGO alliances are a niche-phenomenon among NGOs or whether we can already speak of a mainstream movement. The more practitioners are aware and involved in this phenomenon, the more research efforts on this topic will become legitimate and valued.

AD (IQ II): This research is interested in business-NGO alliances that go beyond spontaneous check-writing relationships. Thus a filter is included in subsequent research tools, to reassure that only long-term sponsoring alliances and other more interaction intensive alliances are included in the sample. For the readers IQ II is included to discuss and categorize the forms of governance structures currently present in German business-NGO alliances. Here, one objective is to compare the data with regard to the NGO groups in the sample or the alliance age. Doing so is expected to lead to additional valuable insights on regularities and preferences in governance structures.

RQ2) - How do German companies and NGOs implement and maintain effective business-NGO alliances?

The literature review outlines a number of factors that should be given explicit attention in order to implement and maintain effective business-NGO alliances. Section 2.5 (p.14) presents these success factors regrouped under a set of six more general umbrella terms. With the first general factor – '*partner match*' – there is one factor that addresses issues especially important during the formation phase of an alliance. All other factors remain or become important beyond the formation stage, during the implementation and the outcome phase.

A number of the success factors important during the entire course of an alliance have been addressed in previous studies by means of empirical research methods (Polonsky, Garma & Chia 2004, Milne, Iyer & Goodding-Williams, 1996). However, these studies only include a few of the success factors outlined in the literature review and their attention is on differences between cross-sector alliances in general and inter-NGO alliances. In addition, the sample of both studies focus on alliances found in the United States or other Anglo-Saxon countries with a focus on pluralism. It is possible that the success factors differ for corporatist systems as it is found in Germany. Thus, two gaps in the current literature can be found: first, not all of the success factors presented in the literature review have been addressed in empirical studies focusing on business-NGO alliances. Second, it is not clear if these success factors apply to a corporatist context.

Consequently, one objective of the study is to verify current findings with regard to alliance success factors. The aim is to propose a framework for a qualitative analysis of five success factors deemed important to implement and maintain an effective alliance – i.e. 1) Trust, 2) Commitment, 3) Multidimensional communication, 4) Conflict and 5) Formality. This framework should allow to determine the relationship between the factors and some measure of alliance effectiveness. As measure for alliance effectiveness, the study applies the concept of "perceived effectiveness". The concept is adapted from other studies using the same concept such as Polonsky et al. (2004) and Milne et al. (1996) or other studies in inter-firm alliance research (e.g. Ramaseshan & Loo 1998).

Next to the two gaps in the literature above, a third gap is found with regard to alliance success factors. The literature review shows that companies and NGOs differ significantly with regard to organisational culture and structure, decision making, reason of existence and more dimensions. Existing studies determine significant differences between both alliance

partners for example with regard to motives of both partners to enter in collaborative partnerships. Such a distinction is, however, not introduced to the field of alliance success factors yet. Thus, another objective of this research is investigate whether companies and NGOs have diverging point of views with regard to the alliance success factors under study and the general effectiveness of business-NGO alliances.

In order to address the three gaps in the literature with regard to alliance success factors the second research questions is dissected into two separate investigative questions.

RQ 2) How do German companies and NGOs implement and maintain effective business-NGO alliances?

Investigative question III: Do key success factors have a significant influence on the perceived effectiveness of business-NGO alliances – even after accounting for a number of control variables?

Investigative question IV: Do the scores on perceived effectiveness and the key success factors differ significantly between NGOs and companies in business-NGO alliances?

AD (IQ III): A framework is developed including measurement items for the five success factors under study (trust, commitment, multidimensional communication, conflict, and formality) and the 'perceived effectiveness' concept. Whenever possible the measurement items are inspired by existing studies in the field or in inter-firm alliance research. When no applicable measurement items exist for a success factor or for important elements of the factors, the items are developed without relying on previous studies. The intention is to develop a framework with quantitative measurement items for all success factors under study. The objective is to verify the findings on the success factors when applied to a corporatist context such as in Germany to increase their overall generalisability.

The anticipated relationship between the success factors and the alliance effectiveness are specified in Table 3.1. Four out of five success factors are anticipated to show a positive relationship with alliance effectiveness. Only the degree of dysfunctional conflict between the alliance partners is anticipated to have a negative relationship with alliance effectiveness.

Table 3.1 – Key success factors and perceived effectiveness

Success Factors	Hypothesised influence on perceived alliance effectiveness
Trust, Commitment, Formality, Multilevel Communication	Positive
Conflict	Negative

AD (IQ IV): The literature review shows that companies and NGOs differ significantly with regard to organisational culture and structure, decision making, reason of existence and more dimensions. For IQ IV the objective is to investigate whether companies and NGOs have diverging opinions with regard to the success factors under study or the general perception of alliance effectiveness. The intention is to clarify whether making such a separation is viable or not. The conclusions drawn from such an analysis can prove helpful in promoting the understanding for the similarities and differences of such distinct entities. Thus, the objective for IQ IV is also to find possible explanation for the findings and to draw conclusions and suggestions for experts in that field.

Chapter 4 – Methodology - Research Design

The previous chapter establishes a clear connection between the research questions and the existing literature and formulates a set of investigative questions to address some of the gaps in the literature. Establishing such a connection is an important step to ensure the quality of the findings and conclusions (Yin 2003). This chapter now presents the design of the research to address the investigative questions. For that purpose, the fundamental research methods applied in this research are first described. Next, the sampling method is presented. The final section outlines the methods chosen to collect the relevant data to address the investigative questions in a meaningful manner.

4.1 Research Design

In order to study a phenomenon or research problem a decision for the most suitable research design is first advisable. In methodological literature a common distinction is made based on the kind of information being used for studying a phenomenon (Bloomberg, Cooper, Schindler 2005). Quantitative studies on the one hand rely on quantitative and quantifiable information, while qualitative studies focus on qualitative information. Qualitative research is concerned with understanding, describing, defining and theorizing a specific phenomenon. Quantitative research on the other hand assumes a certain meaning or definition and is more concerned with the how much and how significant (Maanen, Dabbs, Faulkner 1982, p.32). The focus here is clearly on the significance of a phenomenon and certain relationships and not on definitions and theorizing.

As presented further above this research intends to develop a framework for quantitative analysis. Descriptive data is gathered to collect information on operating business-NGO alliances in Germany. The quantitative research design in Elbers (2004) is taken as an example how the required information can be gathered in a cost effective manner.

The second part of the research focuses on verifying the findings with regard to the relationship between the alliance success factors under study and the perceived alliance effectiveness. Here the design of this study is inspired by quantitative approaches taken in earlier studies (e.g. Polonsky et al. 2004, Milne et al. 1996, Ramaseshan & Loo 1998, or Bucklin and Sengupta 1993).

Overall, this study is best described as descriptive or correlational study (Blumberg et al. 2005, p.137) since the objective is to gather descriptive data on the one hand and uncover possible relationships between different variables on the other hand. In addition, this paper has the character of an exploratory study. The research design is inspired by previous studies in the field but adds and complements the examples in several ways. Thus, this study has a notion of exploration, giving the overall research design an exploratory character.

4.2 Sample Selection

Selecting a sample of business-NGO alliances that qualify for this research is a complex task. Most sampling methods can be attributed to one of two sampling types − i.e. probability sampling and non-probability sampling (Hair et al. 2003, p.211). While the advantage of probability sampling is the ability to create a sample reflecting the underlying population, it is problematic since it requires a sampling frame off all units in the population (Blumberg et al. 2005, p.214). Due to the large amount of NGOs in Germany, creating such a sampling frame would be time consuming and is beyond the scope of this research. Thus, this study applies non-probability sampling to find suitable candidates for further research efforts. While the generalisability of the findings suffers in non-probability sampling, it is less time consuming and does not require and inclusive list of the underlying population (Kervin 1992, p.216).

The non-probability sampling method applied to this research is best described as "purposive judgement sampling" (Hair et al. 2003, p.217). Here, the researcher selects a sample of research candidates based on a set of pre-determined criteria. In the case at hand, the starting point of the sampling process is the website of different NGOs and companies that might be potential research candidates. Each website is visited and based on a set of criteria specified in the next paragraph, the candidate is included in the research sample or not.

For NGOs, two criteria exist to be selected as potential survey candidate. First, the NGO should fit to one of the two NGO groups under research (ENGO or DNGO). Next, potential survey candidates should have a decent online presence and design. Ideally, the website should include some information on financial supporters or partners in the business community. In today's digitalized society, the website of an organisation is often seen as the organisation's business card. This study assumes that NGOs lacking the resources to develop a decent website will also lack resources to engage in intensive alliances with companies.

Companies are selected as survey candidates if at least one out of three criteria is met: 1) the company is named as an alliance partner by NGO survey respondents, 2) the company displays extensive information on its CSR-activities online OR 3) the name of the company is mentioned on a NGO web site as partner and supporter.

4.3 Data Collection Method

The critical step in designing the research is the design of the data collection tool, meant to gather the required information. The collected data should enable the researcher to test the assumptions and investigative questions deduced from existing literature. Inspired by the research design in previous studies such as for example Elbers (2004) or Milne et al. (1996) the data collection instrument chosen is a self-administered questionnaire. After informal consultation with experts in the field, e-mail contact is deemed the most appropriate communication tool to address potential survey participants. Telephone contact is, however, a possible communication method if explicitly requested by the survey participant or in case no contact via e-mail could be established.

The next step is to translate all investigative questions into a set of measurement questions to collect the data for later statistical analysis. For this research these items are either inspired by similar measurement items in previous studies or developed without previous examples. In order to collect some general information on the respondent and its experience with business-NGO alliances over the years a number of questions are adapted from Elbers (2004). The collected data is used to address IQ I and IQ II.

The measurement items needed to collect the relevant data to address IQ III and IQ IV are to some extent inspired by similar questions in Milne et al. 1996, Ramaseshan & Loo 1998 and Polonsky et al. 2004. The study by Polonsky et al. (2004, p.83) serves as an example for questions with regard to dysfunctional conflict between the alliance partners. The study by Milne et al. (1996, p.209) inspires the questions on perceived effectiveness and the alliance

formality. Finally, Ramaseshan & Loo (1998, p.453) is taken as an example for the items on partner trust, commitment and for parts of the multidimensional communication construct. In addition, the measurement items for the different factors are complemented in some cases by additional items developed by the researcher. One item with negative wording is added to the composite trust variable. Another question is added to the composite commitment variable to reflect the importance of top-management commitment and involvement. Finally, three items are developed to reflect the intra-organisational communication and the public relations dimensions in the multidimensional communication construct.

Finally, a number of administrative questions are added to the survey. Respondents are for example asked for the permission to contact the alliance partner with the same invitation to participate in the survey. In addition, respondents can specify whether the name of their organisation can be named at the end of the study or not or if they are interested in a digital copy of the research.

According to Blumberg et al. (2005, p.440), all questions should be pre-tested to reveal potential issues with regard to wording, precision, bias and comprehensibility. For this purpose, a first draft of the survey is shared with a small convenience sample and adapted according to the comments and suggestions. To ensure the appropriateness of the survey a second pre-test phase is included. This time, pre-tests are directed towards five experts from different NGOs involved in business-NGO alliances. The reactions and comments given after filling out the survey were used to refine and streamline the survey to the final version. The main concerns mentioned were the time needed to complete the survey and some privacy concerns. The anticipated time to complete the final version of the survey is 10-15 minutes.

Chapter 5 - Data Analysis

The following chapter presents the results of the study on business-NGO alliances in Germany. First, descriptive statistics are presented to outline some general dataset response patterns, provide a general overview on business-NGO alliances and outline specific characteristics of these alliances and the NGOs in the dataset. Next, the study will examine the results with regard to the alliance success factors under study and the level of perceived

alliance effectiveness in more depth. First, the responses given by company and NGO respondents are compared to find statistically significant differences in the responses of both groups. Subsequently, the relationship between the success factors and the level of perceived alliance effectiveness is evaluated by means of multiple regression analysis.

5.1 Dataset Characteristics

Throughout online research a total of 634 NGOs and 452 companies were considered as survey candidates. Overall, 214 NGOs and 112 companies passed the screening stage and were contacted by the author with an invitation to participate in the survey. Thus, 33,75% of the NGOs and 24,78% of the companies passed the screening stage. Out of the 214 NGOs and 112 companies invited to participate in the survey, a total 38 (17,8%) NGOs and 35 (31,3%) companies returned a valid survey (See Table 5.1). The overall solid response rate for the entire dataset is 22,4%. Thus, all results that will be presented subsequently should be understood with the response pattern outline here in mind.

Table 5.1 Response patterns for NGOs and companies under research

		ENGOs	DNGOs	Total number of NGOs	Companies
Total number of organisation websites visited during online research - **A1**		284	350	634	452
Total number of organisation invited to participate in the research		89	125	214	112
Number of valid surveys returned - **A2**		22 (24,7%)	16 (12,8%)	38 (17,8%)	35 (31,3%)
Reasons named for not participating in the research	1) 'No (suitable) business-NGO alliance	25 (15,7%)	14 (20%)	39 (18,2%)	
	2) 'No time to answer the survey'	5 (5,6%)	13 (10,4%)	18 (8,4%)	
	3) 'Questions are too intimate'	0 (0%)	2 (1,6%)	2 (0,9%)	
Proxy for the Proportion of NGOs involved in alliances	**(A2 / A1) x 100**	7,7%	4,6%	6%	

By focusing on the responses given by different NGO respondents first insights can be gained with regard to the NGOs in the dataset. As this study restricts itself to two broad groups of NGOs, 284 of the 634 NGOs in the online research are ENGOs while the remaining 350 are DNGOs. For both groups one out of three NGOs passed the initial screening and was invited to participate in the survey (89 ENGOs, 125 DNGOs).

A first noticeable difference between the two groups is the proportion of positive responses. Overall, more ENGOs returned a valid survey than DNGOs (22 ENGOs vs 16 DNGOs) even though the number of DNGOs invited to participate in the survey was higher. This translates into a response rate for ENGOs of 24,7% - about twice as high compared to the response rate of DNGOs (12,8%).

As shown in Table 5.1 (p.42) a number of NGOs responded to the invitation but denied to return a survey. All reasons for not participating in the survey can be attributed to one of three answers. Some did not have business-NGO alliances or claimed to have business-NGO alliances that did not fit to the illustrative examples presented in the survey. A number of NGOs however denied participation because of time constraints or because the questions asked in the survey were to intimate from their perspective. Here a second remarkable difference between the two NGO groups can be observed. 12% of the DNGOs denied participation due to time constraints while only 5,6% of the ENGOs denied participation for the same reason. In addition, two DNGOS claimed the survey contained questions that are too sensitive, while no ENGO denied participation for this reason (See Table 5.1).

5.2 Overview of business-NGO alliances in Germany
From the response patterns presented so far, one valuable insight for business-NGO alliances in Germany can be gained. By dividing the number of valid surveys returned by the total number of NGOs considered during online research, a proxy can be estimated for the proportion of NGOs in Germany currently involved in business-NGO alliances. The results in Table 5.1 (p.42) show that the proxy fluctuates between 7,7% for ENGOs and 4,6% for DNGOs. Thus, German ENGOs seem to be involved more frequently in business-NGO alliances than DNGOs.

Another conclusion from the estimated proxy is that overall, only a limited number of NGOs report to be involved in business-NGO alliances. The proxy for the proportion of NGOs involved in business-NGO alliances is likely to be an overestimation of the true population proportion as the NGOs included in the online research only covers the high profile NGOs in each NGO group. A considerable amount of NGOs might have been left out in the online research, since the resource capacities of small and one-man NGOs might neither allow to be member of one of umbrella organisations, nor uphold a decent web-presence.

The conclusion that only a limited amount of German NGOs are involved in business-NGO alliances is further reinforced by a fundraising expert with 10+ years of experience in the

field. E-mail correspondence with the expert reveals that the dominant relationship between companies and NGOs in Germany is the traditional philanthropic (check writing) relationship. Sponsoring agreements and more intensive alliances with companies are rather a niche strategy applied by very few NGOs in the field to relate with companies and attract project funding. Most NGOs (a well as companies) prefer monetary or in kind donations without any further favour or benefit for the donator. Companies or their owner families even go as far as making full anonymity with regard to their philanthropic activities a precondition for donations of any kind (See Exh. 1.4, p.84). In some cases not even the employees are informed about the company's philanthropic activities.

To find out more about the involvement of German NGOs in business-NGO alliances the survey asked respondents to comment on the change of the number of business-NGO alliances for their organisation over the past 10 years. As can be seen in figure 5.2 the majority of the NGOs in the dataset report an increase in the number of alliances with companies over the past 10 years. Just about 5% of the respondents share the opinion that the number of alliances with companies decreased. Thus, a trend

Figure 5.2 Ten years of business-NGO alliances

To what extent has the number of alliances with companies changed over the past 10 years?

Decrease
5,3%

Stable
15,8%

Increase
78,9%

can be observed among the NGOs involved in business-NGO alliances towards an increasing use of this strategy over time.

Observations made during the online research support the observed trend towards an increased number of alliances. Whenever NGOs report on partnerships with the private sector on their web sites more than one alliance with several companies are presented. Thus, NGOs with experience and know-how to create and maintain effective alliances with the private sector seem to take advantage of their knowledge by applying it repeatedly to a multiple number of alliances with companies.

Once NGOs have experience with business-NGO alliances they frequently decide to develop a more strategic approach to such alliances by specifying their knowledge, strategies and partner selection criteria in a written strategy booklet. The literature review suggested a written strategy booklet for NGOs, specifying the reasons, conditions and procedures to engage in alliances with companies, to be an important asset (See section 2.4 p.15). When asked whether such a written strategy booklet exists, 45% of the ENGOs confirm the existence of a strategy booklet while still 18% claim that such a booklet is in development. The proportion is lower for the DNGOs with 31,3% in possession of a strategy booklet and 18,8% currently composing it (See Fig. 5,3, p.45).

Figure 5.3 Written strategy booklet
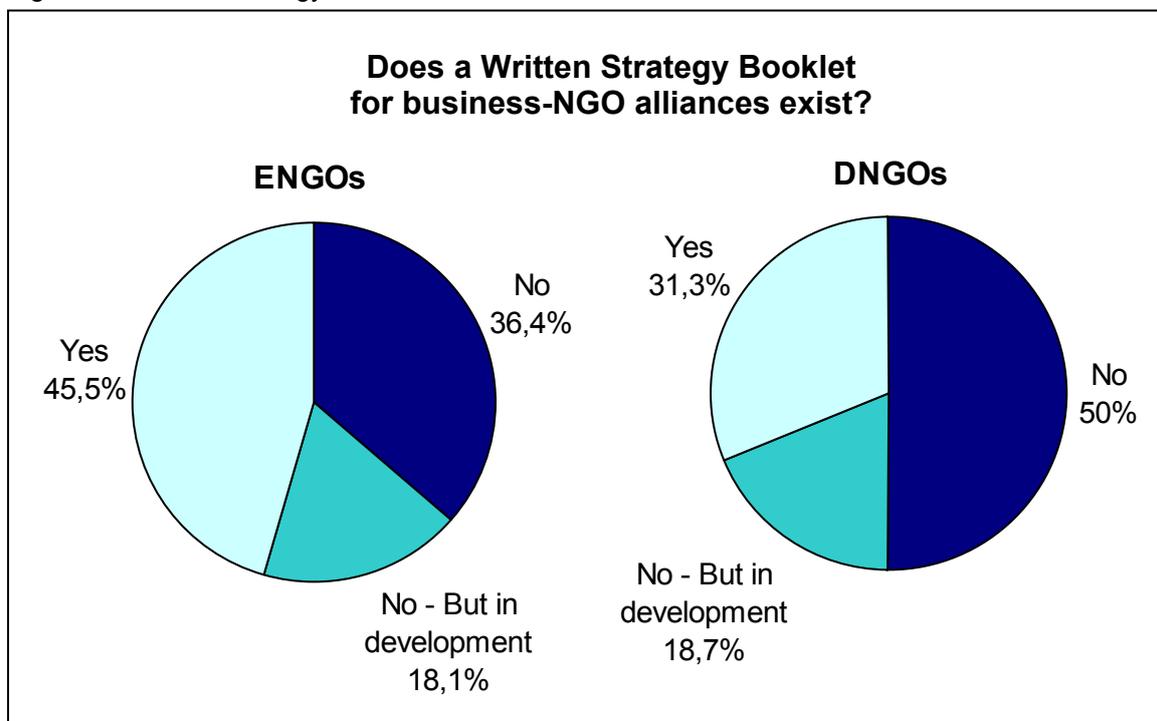
Another observation seems to be characteristical for German NGOs involved in alliances with the private sector. When asked whether NGO respondents could share the name of their alliance partner and the contact information of the person responsible for the management of the alliance, a number of respondents expressed major concerns with sharing this kind of information (See Fig. 5.4, p.46). As for other results further above a difference between the two NGO groups can be observed. While 56,3% of the DNGOs returning a valid survey denied sharing the name of their alliance partner, only 31,8% of the ENGO respondents did. In some cases the concerns with sharing contact information on the alliance partner was explained by a fear to bother the alliance partner with anything else but alliance related

matters. One possible conclusion from this observation is that ENGOs seem less reluctant to share potentially sensible information compared to DNGOs.

Figure 5.4 Share name of alliance partner
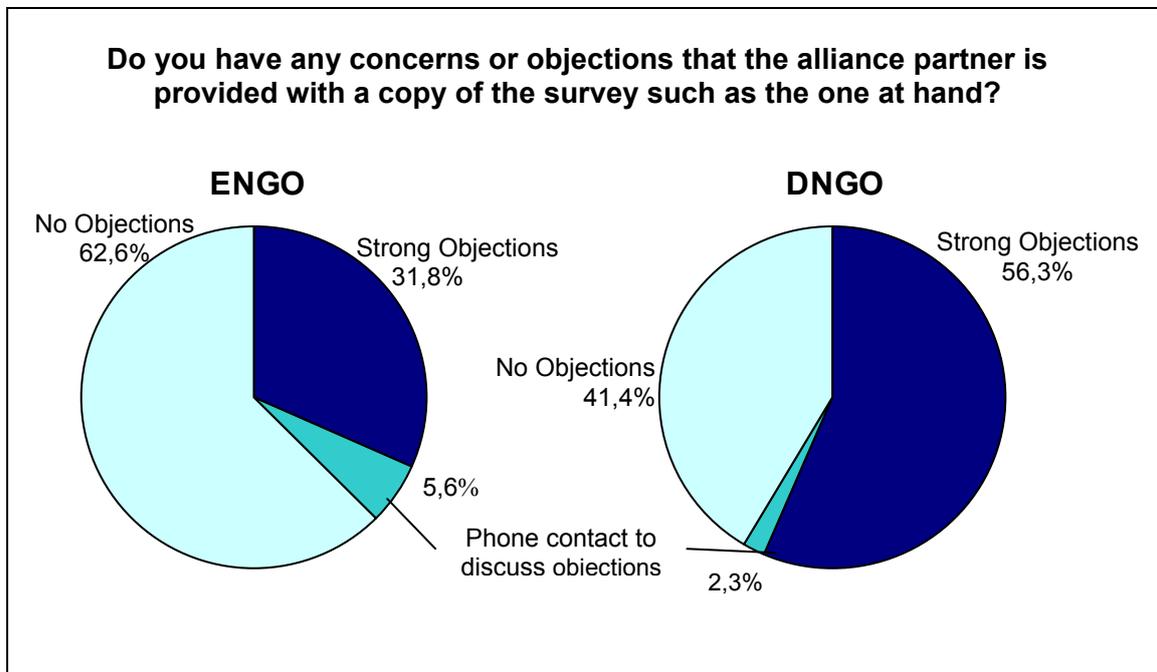
Finally, one more characteristic is seen among business-NGO alliances in Germany. The dataset suggests a considerable difference in the average size of both alliance partners. The size of NGOs in the dataset, measured by means of the number of employees, ranges from two employees up to 160 employees – with one outlier reporting to have 10.000 employees. The median size is 25 employees and 70% the NGOs have 50 employees or less. These size proportions apply to both ENGO and DNGO respondents. Companies on the other hand have a median size of 1200 employees and only 23% of the companies in the dataset employ 200 persons or less.

Governance structure in German business-NGO alliances

In order to determine the governance structure of the alliance referred to in the survey, the NGO respondents were asked to choose the best fitting example out of a list of illustrative examples. As shown in table 5.5 (p.47) the illustrative examples are chosen such that all examples relate back to one of three governance categories proposed by Austin (2000). The results show that 73,7% of the NGO respondents claim to be involved either in long term sponsoring agreements or jointly developed and accomplished environmental or social projects. 10,5% of the NGOs are involved in alliances to develop CSR-strategies for the

respective company partner. Finally, another accumulated 13,2% are involved in strategic alliances leading to the joint development of new business models, technologies or products.

When looking at the results along the line of the alliance typology suggested by Austin (2000) and Rondinelli and London (2003), a tendency for ENGOs to engage in more interaction intensive alliances compared to DNGOs can be observed. The majority of DNGOs claim to be involved in long-term sponsoring alliances (68,8%) while the majority of the ENGO respondents seem to be involved in interactive alliances (54,5%). In addition, only one DNGO compared to four ENGOs claim to be involved in some kind of strategic alliance. Overall, the governance structure of the alliances ENGOs report to be involved in seem to be more evolved compared to the governance structure for alliances referred to by DNGO respondents.

Table 5.5 Governance Structure in business-NGO alliances

Illustrative examples	Total % (ENGO / DNGO)	Underlying Alliance Typology	Total %
Long-term Sponsoring	44,7% (27,3% / 68,8%)	Sponsoring alliances	ENGO 27,3% DNGO 68,8%
Joint environmental / development projects	28,9% (36,4% / 18,8%)	Interactive alliances	ENGO 54,5% DNGO 25% Total 42,1 %
Joint development of code of conduct	2,6% (4,5% / 0)	Interactive alliances	ENGO 54,5% DNGO 25% Total 42,1 %
Joint development of CSR strategies	10,5% (13,6% / 6,3%)	Interactive alliances	ENGO 54,5% DNGO 25% Total 42,1 %
R&D on new business models	5,3% (4,5% / 6,3%)	Strategic alliances	ENGO 18,2% DNGO 6,3% Total 13,2%
R&D on products and technologies	5,3 % (9,1% / 0)	Strategic alliances	ENGO 18,2% DNGO 6,3% Total 13,2%
Restructuring of production processes and supply chains	2,6 % (4,5% / 0)	Strategic alliances	ENGO 18,2% DNGO 6,3% Total 13,2%

One remarkable observation is the number of respondents reporting to be involved in alliances with no specific termination date planned. In total 63,2% of the NGO respondents refer to alliances that have an open end policy. Figure 5.6 (p.48) goes into more detail by showing the exit strategies for each of the alliance structures in the alliance typology by Rondinelli and London (2003). The results show that with an increase in interaction intensity the choice for the exit strategy seems to change. For sponsoring alliance 76% of the NGO respondents claim to be involved in alliances with an open-end policy. For Strategic alliances the share of open-end alliances drops to 40%. On the contrary the share of alliances with termination date is lowest for sponsoring alliances (24%) and highest for strategic alliances

(60%). Thus, with increasing alliance intensity the trend seems to go away from an open-end policy towards alliances with a specific termination date.

Figure 5.6 Written strategy booklet
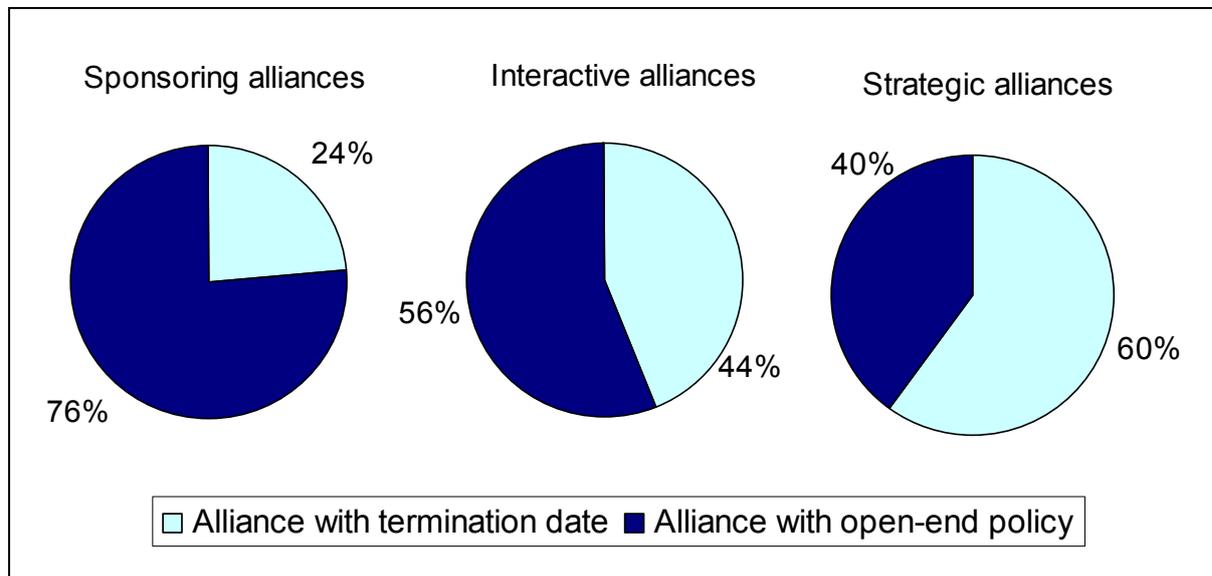
5.2.1 Answers to IQ I and IQ II

> **_IQ I_**_: How prevalent is the strategy to collaborate with the private sector among NGOs – with a focus on Germany?_

First and foremost, the findings suggest that only a limited number of NGOs are involved in business-NGO alliances. Thus, as a strategy to relate with the private sector, the phenomenon of business-NGO alliances seems to be a niche strategy applied by less than 10% of the German NGOs. However, for the NGOs involved in such alliances the number of alliances with companies increased noticeably over the past decade. Thus, the NGOs that are among the few to be involved in business-NGO alliances report to be increasingly involved with an increasing number of companies at the same time. In addition, a majority of the NGOs makes an effort to formalize their knowledge on such alliances by developing written strategy booklets specifying when, where, under what circumstances and with whom an alliance can be established.

Other characteristics observed in the dataset further sharpen the picture of business-NGO alliances in Germany. First, a considerable difference in organisation size is observed. In general NGOs seem to be much smaller in term of numbers of employees compared to their partners in the private sector. Second, a fear to jeopardize the relationship with the alliance

partner could be observed among NGO respondents. In a noticeable number of cases NGOs denied survey participation or refused to share the contact information of the alliance partner.

Finally, it is important to differentiate between the groups of NGOs under study. The willingness to participate in the survey and share potentially sensitive information was higher for ENGOs compared to DNGOs. The latter NGO group seemed more careful and anxious to questions concerning their alliances. In addition, the share of ENGOs with written strategy booklets is higher compared to the share of DNGOs with strategy booklets.

<div align="center">

IQ II*: What is the common governance structure in current business-NGO alliances – with a focus on Germany?*

</div>

The results show that the majority of the business-NGO alliances in the dataset chose governance structures with low or medium interaction intensity. Highly intensive strategic alliances are only chose by few NGO respondents in the dataset. In addition, the choice of governance structure varies between NGO groups. ENGOs seem to be involved more frequently in alliances with a higher collaboration intensity compared to DNGOs. Finally, the chosen governance structure seems to relate with the exit strategy chosen. With increasing alliance intensity the results above show a trend away from an open-end policy towards alliances with a specific termination date.

5.3 Preparing the data for further analysis

The surveys returned by company and NGO respondents included a number of measurement items with regard to alliance effectiveness and the success factors under study (See table 5.8, p.51). For each construct the scores for the different items included in the survey are added and divided by the number of items for the respective construct. To ensure that the different survey items actually represent the underlying constructs two indicators are applied. To determine the internal consistency of the different constructs cronbach's alpha is used as an indicator. As shown in Table 5.7, cronbach's alpha values for the six constructs under study range between 0,726 to 0,926. According to Pallant (2007, p.98) values above 0,7 are considered to be satisfactory. Values

Table 5.7 Cronbach's alpha

Construct	Number of Items	Cronbach's Alpha
Perceived Effectiveness	5	0,856
Trust	4	0,926
Commitment	4	0,726
Formality	3	0,856
Conflict	3	0,854
Multidimensional Communication	5	0,758

above 0,8 are preferable, however. Thus, the internal consistency of the different constructs seems robust.

In addition, the construct items are factor analyzed to provide further evidence of construct validity. In theory all items of one construct should cluster around one factor as previously theorized during the design of the research. The results of the factor analysis are summarized in Exhibit 1.5 (p.85). Based on interpretability and a priori expectations (Malhotra 2007) a factor analysis is conducted, in which six factors are retained with a total variance explained of 75,7%.The results show that one of the six factors with an eigenvalue (0,966) is slightly below the usual cut off point of 1. This is a first hint at possible limitations with regard to the validity of the constructs.

With Varimax rotation the pattern of loadings of the different components on the six factors is determined. The results presented in Exhibit 1.4 (p.57) show a mixed outcome. Some items such as all trust, or formality items load strongly on one factor only. For other composite variable items such as perceived alliance effectiveness and commitment, all but one item load strong on one factor, respectively. Finally, some items (i.e. the conflict and multidimensional communication items) do not cluster clearly on one factor as previously theorized. Rather, some of these items show cross-loadings on other factors. Some items even show their highest loadings on factors that do not fit the theory at all.

Overall, factor analysis reveals mixed results with regard to the validity of some constructs. The limits found in the validity of the composite variables may limit the accuracy of the results. One possible explanation for the results might be the limited sample size. Overall, considering both cronbach's alpha values and the mixed results in factor analysis, no major adjustments seem imperative. The results in the factor analysis will be mentioned and discussed towards the end of the study with other possible limitation to the results of this research.

To get a first impression of the newly composed constructs Table 5.8 (p.51) presents a number of simple descriptive statistics on the different constructs. The high average score for the alliance effectiveness construct suggests that the respondents under study rate the alliances of their choice to be quite effective. The average perceived effectiveness score is 6,3 out of 7. The average scores for the different success factors are similar ranging from 4,95 for formality to 6,33 for trust. Thus, one conclusion from the descriptive statistic is that for the

alliances under study, most are rated as being highly effective with high scores on the alliance success factors.

Table 5.8 Discriptive Statistics

		Perceived effectiveness	Trust	Commitment	Formality	Conflict	Multilevel communication
N (Missing Cases)		73 (0)	73 (0)	73 (0)	73 (0)	73 (0)	73 (0)
Mean		6,29	6,34	5,90	4,96	6,00	5,91
95% confidence interval	L. bound	6,44	6,53	6,09	5,32	6,22	6,1
	U. bound	6,14	6,14	5,71	4,6	5,78	5,72
5% Trimmed Mean		6,34	6,43	5,94	5,06	6,08	5,95
Variance		0,40	0,68	0,68	2,32	0,92	0,67
Std. Deviation		0,64	0,83	0,82	1,52	0,96	0,82
Skewness		-0,92	-1,41	-0,49	-1,02	-0,99	-0,59
Std. Error of Skewness		0,28	0,28	0,28	0,28	0,28	0,28
Kurtosis		0,64	1,71	-0,44	0,62	0,50	-0,05
Std. Error of Kurtosis		0,56	0,56	0,56	0,56	0,56	0,56

5.4 Comparing mean variable scores - MANOVA

This research expects that company and NGO respondents may have different perception and opinions with regard to the alliance effectiveness or the level of trust or commitment or any other success factor. To test for differences in mean scores between both groups that are statistically significant, the method applied is multivariate analysis of variance (MANOVA). This method is seen as an extension of the analysis of variance (ANOVA) and is used when multiple dependent variables are researched at a time, such as is the case here. MANOVA compares a combination of dependent variables between groups and concludes whether the mean differences are likely to have occurred by chance or not. The advantage of MANOVA is that only one analysis is needed, instead of conducting a series of ANOVAs, thereby running the risk of an "inflated type 1 error" (Tabachnick & Fidell 2001).

MANOVA works best when the dependent variables show moderate correlations (Pallant 2007, p.282). Highly correlated dependent variables, referred to as multicollinearity, are however unfavourable and should be avoided. The interconstruct correlations are specified in table 5.9 (p.52) and show correlations that range from 0,076 to 0,746. Thus, there is not danger of multicollinearity at hand but correlations are high enough to conduct a MANOVA.

Table 5.9 Interconstruct Correlations

	Perceived effectiveness	Trust	Commitment	Formality	Conflict	Multilevel Communication
Perceived effectiveness	1					
Trust	0,625	1				
Commitment	0,614	0,368	1			
Formality	0,322	0,076	0,419	1		
Conflict	0,746	0,599	0,581	0,340	1	
Multilevel Communication	0,509	0,471	0,512	0,479	0,504	1

To find statistical differences among companies and NGOs on a linear combination of the dependent variables, Wilks' Lambda is recommended by Tabachnick and Fidell (2001). As indicated in Table 5.10 the multivariate test is significant with $F(6, 66) = 4,605$; $p = 0,001$; Wilks' Lambda = 0,705; partial eta squared = 0,295. Significant results on the multivariate test of significance permits to investigate further on what specific dependent variable(s) companies and NGOs differ significantly.

Table 5.10 Univariate Effects for companies and NGOs

Dependent Variable	df	F	Sig.	Partial Eta Squared	Organisation	Means
Perceived Effectiveness	1	0,419	0,520	0,006	Company NGO	6,24 6,34
Trust	1	3,251	0,076	0,44	Company NGO	6,52 6,17
Commitment	1	9,801	0,003*	0,121	Company NGO	5,6 6,17
Formality	1	0,563	0,455	0,008	Company NGO	4,82 5,09
Conflict	1	0,197	0,659	0,003	Company NGO	5,95 6,05
Multidimensional Communication	1	0,388	0,451	0,008	Company NGO	5,98 5,84

Wilks' Lambda: 0,705	$F(6, 66) = 4,605$ [a]	Partial eta squared: 0,295

* indicates significance at adjusted alpha level being $p < 0,0083$
[a] indicates significance at $p < 0,01$

To find the dependent variable(s) where the scores of both groups differ an adjusted alpha level is used as suggested by Pallant (2007, p.287), to reduce the chance of a Type 1 error (i.e. finding significant results when there aren't any). The original alpha level of 0,05 is divided by the number of dependent variables. Thus, with six dependent variables the new significance level is 0,0083. The results in table 5.10 show that one dependent variable shows significant differences between company and NGO scores. The results suggest that companies and NGOs report different levels of commitment to a business-NGO alliance (F = 9,801; p = 0,003).

The partial eta squared for the commitment variable (0,121) provides an indication for the importance of the independent variable to explain the variance in commitment scores. The value indicates that 12,1% of the variance in commitment scores can be explained by the entity the survey respondent belongs to. With regard to the directionality of the difference, the mean commitment scores for NGOs (6,171) and companies (5,600) reveal that on average NGOs report a higher commitment to business-NGO alliances compared to companies involved in business NGO alliances (Table 5,10 p.52).

5.4.1 Answers to IQ IV

__Investigative Question IV__: Do the scores on perceived effectiveness and the managerial success factors differ significantly between NGOs and companies in business-NGO alliances?

The results from MANOVA offer some conclusions with regard to the fourth investigative question. The general perception of companies and NGOs with regard to the effectiveness of alliances and key success factors does differ significantly, but on one variable only. The average business-NGO alliance in this sample is perceived as effective alliance with a high level of trust on both sides and a moderate formalization of the alliance design and goals. A high level of agreement between the alliance partners is reported along with a high level of communication within and between the alliance partners and to the general public. The only dimension that differs statistically in the perception of companies and NGOs with regard to joint alliances is the level of commitment. NGOs in the sample report a higher level of commitment compared to the reported commitment of companies.

5.5 Multiple regression analysis

In order to perform multiple regression analysis, the underlying data needs to satisfy a number of assumptions. This statistical technique is quite sensitive to violations of the underlying assumptions. For this study all but one assumption are satisfied. The data violates the assumption of normal distribution. Violation of the normality assumption is detected by using the skewness and kurtosis measures and compute significance scores for both measures ($z = skewness / Std. Error of skewness$). The z-score for p = 0,01 (two sided) is 2,57. All skewness and kurtosis scores below this score indicate no violation, while z-scores above this value indicate violation of skewness or kurtosis or both.

The results presented in Exhibit 1.4 (p.58) point out a number of violations of the normality assumption. Four variables show significant and negative skewness scores (i.e. *'perceived effectiveness'*, *'trust'*, *'formality'* and *'conflict'*). Following the suggestions in Tabachnick and Fidell (2001, p.83), all variables are transformed by reflecting and taking the logarithm of the scores. For easier interpretation of the regression results all transformed variables are inverted one more time. The only exception is *'LGconflict'* since the interpretation after the transformation of the variable already fits the intended denotation. After all described transformations, the variables skewness and kurtosis scores suggest that the normality assumption is satisfied (see Exh. 1.4, p.58).

With all assumptions checked and satisfied the research can now perform two multiple regressions. The first is a standard multiple regression with the alliance success factors as independent variables and perceived effectiveness as dependent variable. For the second model a sequential regression is introduced to check whether the influence of the success factors diminishes after accounting for a set of control variable.

The results for model 1 are displayed in table 5.11. The results suggest that the independent variables in model 1 explain 63,2% (Rsquare = 0,658; adj.Rsquare = 0,632) of the variance in the perceived effectiveness scores. Reporting the more conservative 'adjusted R square' is suggested by Pallant 2007 (p.158) for regressions with small samples.

The standardized beta coefficients reported in table 5.11 show that the directionality of the relationship between the success factors and perceived effectiveness scores is as previously hypothesized. All standardized beta coefficients are positive except for the conflict variable. Thus, with an increase in scores of the success factors, the scores of perceived effectiveness are predicted to improve as well. Only for an increase in alliance partner conflict is the perceived effectiveness score anticipated to decrease.

Although the directionality of the relationship is as anticipated, not all success factors have a significant unique contribution to the dependent variable. The largest standardized coefficient value is found for the *'LG-conflict'* ($\beta_{\text{LG-conflict}}$ = -0,417) followed by *'commitment'* and *'LG-trust'* ($\beta_{\text{LG-trust}}$ = 0,268; $\beta_{\text{commitment}}$ = 0,241). The coefficients for *'LG-conflict'* and *'LG-trust'* are significant at the 1% level (with p $_{\text{LG-conflict}}$ = 0,000 and p $_{\text{LG-trust}}$ = 0,008) while '*commitment'* is significant at the 5% level ($p_{\text{commitment}}$ = 0,011). The remaining independent variables do not seem to have a considerable and unique influence in predicting the variance of the perceived alliance effectiveness scores (see table 5.11).

Table 5.11 Regression Analysis – Model 1

Independent Variables	Standardised beta coefficients	*Sig.*
LG-trust	0,268	2,750[a]
Commitment	0,241	2,622[b]
LG-formality	0,042	0,485
LG-conflict	-0,417	-3,891[a]
Multidimensional Communication	0,027	0,281
R^2 adjusted	0,632	
F(n,m)	F (5,67) = 25,741[a]	

[a] indicates significance at p < 0,01
[b] indicates significance at p < 0,05

For model 2 a number of control variables are introduced to confirm the influence of the success factors under study when controlling for a number of alternative variables. The results for model 2 are displayed in table 5.12 (p.56).

The results show that the control variables for themselves explain roughly 16,1% of the variance in perceived alliance effectiveness (R^2 = 0,243; adj.R^2 = 0,161 – F(7, 65) = 2,979, p = 0,009). After entry of the managerial variables in stage 2 the adjusted total variance explained by the model as a whole increases to 63,6% (R^2 = 0,697; adj. R^2 = 0,636; F(12, 60)=11,478 p<0,001). Thus, the variables added in stage 2 explain an additional 45,4% of the variance in perceived effectiveness scores, after controlling for the control variables (R^2 change = 0,454; F_{change} (5, 60) = 17,942; p < 0,001).

Out of all control variables introduced in stage 1, only the beta coefficient for the dummy variable on open-end alliances is significant ($\beta_{\text{Open-end alliances}}$= 0,341; p = 0,008). Thus, it is anticipated that respondents involved in alliances with and open-end policy perceive their alliance to be more effective than respondents in alliances with a specific termination date. All other control variables show insignificant coefficients.

When introducing the alliance success factors under research in stage 2, the control variable significant in stage 1 becomes insignificant. Instead the coefficients for the variables *'LG-*

conflict' and *'commitment'* are found to be significant at the 1% alpha level ($\beta_{LG\text{-conflict}}= -0{,}398$; p = 0,001; $\beta_{commitment}= 0{,}336$; p = 0,003). Also, the coefficient for *'LG-trust'* is now significant at the 5% level ($\beta_{LGtrustINV}= 0{,}219$; p = 0,04) (see Table 5.12).

Table 5.12 Stepwise Regression analysis – Model 2 – including control variables

Independent Variables	Stage 1		Stage 2	
	Standardized beta coefficients	*t-values*	Standardized beta coefficients	*t-values*
Organisation size	0,202	1,758	0,112	1,341
Alliance experience	0,162	1,387	- 0,066	- 0,748
Strategy booklet	0,64	0,567	- 0,032	- 402
Alliance type	- 0,181	- 1,619	0,103	1,274
Alliance age	0,013	0,108	- 0,014	- 0,171
Open-end alliances	0,341	2,742[a]	0,145	1,607
Partner named	0,147	1,332	- 0,062	- 0,806
LG-trust			0,219	2,095 [b]
Commitment			0,336	3,086 [a]
LG-formality			0,021	0,232
LG-conflict			- 0,398	- 3,504 [a]
Multidimensional Communication			0,038	0,365
R^2 adjusted	0,162		0,636	
F (n/m)	$F(7,65) = 2{,}979^a$		$F(12,60) = 11{,}478^a$	
R^2 Change			0,454	
F_{change} (n/m)			$F(5,60) = 17{,}942^a$	

[a] indicates significance at $p < 0{,}01$
[b] indicates significance at $p < 0{,}05$

5.5.1 Answers to IQ III

> *Investigative question III:* Do managerial success factors have a significant
> influence on the perceived effectiveness of business-NGO alliances – even
> after accounting for a number of control variables?

The results show that the relationship between the managerial success factors and perceived alliance effectiveness is as suggested by previous studies in the field. All success factors under research except the conflict variable have a positive relationship to perceived alliance

effectiveness. The conflict construct is the only variable with a negative relationship. However, not all relationships are also found to be statistically significant. Out of the five success factors under study, the beta coefficients of three factors are significant predictors for the variance in perceived effectiveness scores in this dataset. The strongest impact on alliance effectiveness is the level of agreement or conflict between the alliance partners. Another strongly significant variable is the level of trust between the alliance partners. Finally, the commitment of the alliance partners is a significant predictor of the variance in perceived effectiveness scores.

When accounting for a number of control variables, the influence of the alliance success factors is still significant. In the model with control variables and the success factors under study, no control variable has a significant influence on the perceived effectiveness scores. The three previously mentioned success factors, however, still have a significant influence on the dependent variable. Conflict has the strongest effect just as with the first model. Under the influence of the control variables, the commitment coefficient now is significant at the 1% level while trust has a coefficient that is significant at the 5% level.

Chapter 6 - Discussion

With the results of the data analysis presented above, the challenge is to make sense of the results and embed them into the existing literature. The conclusions drawn from the results and plausible explanation for the reported observations are presented in the first three sections of this chapter. In the course, the existing literature is used to underline the conclusions and possible explanations. The fourth section presents the limitations to the results and conclusions and their generalisability. The final section discusses the theoretical and practical implications of the findings and outlines promising avenues for future research.

6.1 Business-NGO alliances in Germany

Looking back on the observations and findings characterising the business-NGO alliances in this dataset, the first noticeable characteristic in the data are the overall high scores on perceived alliance effectiveness and the success factors under study. Assuming the results are representative, alliances with companies seem to be a great success in Germany. All NGOs in the sample seem to be moderately or highly satisfied with the effectiveness of the partnership. The level of communication and trust is excellent, the level of conflict rather low and both parties are committed to their partnership – even though NGOs show a higher level of

commitment than companies. The findings are certainly too good to be true. The high average scores can easily be attributed to the fact that the respondents where given the freedom to choose the alliance to refer to when completing the survey. Milne et al (1996, p.208) mention the same argument to explain their high average effectiveness scores. Thus, the results in this study are probably an overestimation of the true population results.

Another observation characterising the alliances in the sample, is the strong presence of alliances with lower interaction intensity. As specified in table 5.5 (p.47) 44,7% of the NGO respondents are involved in long-term sponsoring relationships with companies. This study further finds that open-end alliance policies are reported more frequently in alliances with low interaction intensity. With increasing interaction intensity a shift away from open-end alliances towards alliances with a specific termination date is observed.

To explain the observed underrepresentation of strategic alliances in the dataset, other findings in this research might help. As formulated by one of the respondents, companies and NGOs in Germany have a long standing tradition of donation based relationships. Both sides may even prefer the relationship to stay that way and keep the relationship away from the awareness of the public (See Exh. 1.4, p.84). The tradition for donation based relationships is in line with arguments in Braun (2008).

In addition, a framework developed by Rondinelli and London (2003, p.68) outlines some of the challenges and difficulties that both sides need to resolve before a strategic alliance is possible. Both organisations should be able to specify specific alliance objectives and required resources before any collaboration is possible. Before engaging in strategic alliances, both sides should specify clear partner selection criteria, and clearly define the problem to be addressed with clear goals, and explicit milestones and time horizon. The key issue, however, to address before engaging in strategic alliances is the agreement on joint reporting strategies in public relations and a high level of confidentiality. The importance of the different issues mentioned by Rondinelli and London (2003) is confirmed directly and indirectly by a number of additional studies (Bendell 2000, Austin et al. 2004, Yaziji 2004). It is possible that most alliance partners refrain from engaging in the difficult and time consuming task to resolve all difficulties that come with strategic alliances. It is also possible, that the current objectives in German business-NGO alliances are not suited for interaction intensive alliances.

Next, a number of observations hint at a general imbalance of power in the alliances in this dataset. This can be seen as a third characteristic for the alliances under study. First, a

considerable difference in size between both alliance partners is observed. The average number of employees in NGOs is much smaller than the number of employees in companies. As outlined by Elbers (2004, p.54) size difference is a sign of power imbalance giving the one party an advantage over the other one. Second, the research finds significant differences in commitment scores between NGO and company respondents. The results show that, on average, NGOs are more committed to a business-NGO alliance than companies. One explanation for differing levels of commitment could be a difference in the importance the alliances have for each type of partner. When the alliance is of different importance to both alliance partners the partner that cares least whether the alliance persists has a power advantage over the other partner (Elbers 2004). Finally, the research finds that a noticeable number of NGOs either refuse to participate in the survey or deny sharing the name and the contact information of the alliance partner. In a number of cases, NGO respondents expressed that they did not want to bother the alliance partner with anything unrelated to alliance matters. This can be interpreted as a further sign, that NGOs attach a high importance to the alliance and are careful to do anything that could jeopardize the relationship.

Remarkably, the observed signs of power imbalance come along with a high average perceived effectiveness. The high scores on inter-partner trust and commitment that are observed might be one way to offset power imbalances. It is possible that the difference in power is also an explanation for the high density of long-term sponsoring alliances in the dataset. Especially the NGOs might be aware of the imbalance and are thus sceptical with regard to intensifying the alliance and thereby increasing the risk of power exploitation.

In the end, this study comes to the conclusion that the number of NGOs involved in alliances with the private sector are limited compared to the NGO population. Less than 10% of the NGO visited during the search for survey candidates claimed to be involved in alliances with companies. The true population proportion is probably even lower since a large number of small and medium sized NGOs and grassroot movements were not even considered during the search for survey candidates.

The finding that 80% of the NGO respondents noticed an increase in the number of business-NGO alliances over the past 10 years may contradict the previous finding at first. However, this finding only holds for the NGOs currently in alliances and has no implications with regard to the overall share of NGOs involved in business-NGO alliances. The best way to understand this results is that NGOs currently in business-NGO alliances were satisfied with

the effectiveness of the results in the past, encouraging them to take advantage of their alliance know-how and increase the number of alliances with the private sector over time.

One possible explanation for the low proportion of German NGOs found in alliances with the private sector is the argument that both sectors have a long tradition of donation relationships as discussed further above (Braun2008). Used to low interaction activity relationship, both organisations might restrain from engaging in more intensive relationships when the differences between the two entities cannot be resolved and the time and resources needed to develop and maintain the alliance are missing.

The noticed increase in the number of alliances for NGOs with experience in this field indicates that this strategy is a successful method to approach the private sector and promote the cause of an NGO. NGOs want to survive and promote their cause as much as companies do, just with the difference that profit maximization is not an issue for NGOs. Thus, in existence of a better opportunity, NGOs would not engage in business-NGO alliance and even increase the number of ties with companies over time.

Overall, it can be concluded that business-NGO alliances is but one of many strategies for NGOs to promote their cause and interest. This strategy is valuable to some NGOs, but it is no universal elixir for all NGOs. In the contrary, a balance seems to be needed, between NGOs keeping the public pressure high on companies and NGOs that try to invoke change in collaboration with companies. Company executives, just as politicians, tend to have a short attention span and horizon with regard to ethical behaviours that invoke some cost if the public pressure is not maintained at a high level (Druzek et al. 2002).

6.2 DNGOs and ENGOs in business-NGO alliances

This study focused on two groups of NGOs with a documented track record of business-NGO alliances. ENGOs have long standing track record dating back more than one decade with a large number of academic contributions (e.g. Jacob & Jörgens 2001, Rondinelli & London 2003, Milne et al. 1996 and other). Recent studies promote the alliance activities of DNGOs and the opportunities that come with such a strategy for the international development and the millennium goals (e.g. Elbers 2004, London & Hart 2004). This study made a number of observations by including both groups in the study that are now discussed.

The first observation of the research is an increasing professionalization of the approach taken by ENGOs and DNGOs alike in business-NGO alliances. The number of NGOs having developed or currently developing a written strategy booklet for alliances with companies is

higher than the number of NGOs not having such a booklet. This indicates that NGOs involved in business-NGO alliances take this form of relationship with companies serious and attempt to verbalize and standardize their approach and selection process. The observation confirms the results by Elbers (2004) who finds a noticeable number of strategy booklets among NGOs in the Netherlands. According to Rondinelli and London (2003 p.68) this is a good sign, as such written strategy booklets are a key requirement before any collaboration is possible in the first place between the two types of organisations.

Next, the results suggest that both NGO groups have a tendency to favour different governance structures in business-NGO alliances. The majority of the DNGOs report to be involved in long-term sponsoring alliances. ENGOs on the other hand are more frequently involved in interactive alliances or strategic alliances. One possible explanation for this observation could be a difference in the general experience with business-NGO alliances. As specified in Jacob and Jörgens (2001, p.148) ENGOs have a long track record of business-NGO alliances while the literature on business-NGO alliances with DNGOs is less mature. ENGOs in Germany might thus have an experience advantage compared to DNGOs.

Another explanation might be that the cause ENGOs promote is better suitable for intensive interaction alliances compared to the cause promoted by DNGOs. The sample at hand focuses on alliances with companies and NGOs located in Germany. It is possible that the picture would be different if alliances between NGOs and companies on an international level would be included in the dataset as well. As the operations of DNGOs commonly focus on regions far from Germany, it is possible that DNGOs are involved in strategic alliances with companies outside of Germany.

Further observations indicate that ENGOs are indeed more experienced and confident when it comes to business-NGO alliances at this point. One observation is the number of ENGOs participating in the survey being higher than the number of DNGOs even though more DNGOs were initially invited to participate in the survey (See table 5.1, p.42). The refusal to participate in the research was noticeably lower for ENGOs as well as the refusal to share the name of the alliance partner and further contact information. Thus, the observed cautiousness mentioned earlier seems to hold for DNGOs rather than for ENGOs. This observation can be understood under the assumption that ENGOs are in general more experienced with alliances than DNGOs. It is possible that the experience of the ENGOs helps to collaborate and negotiate on par with companies, while the power imbalance in such alliance may intimidate

DNGOs. This is, however, speculation that lacks argumentative support from existing academic literature.

6.3 The relationship between the alliance success factors and perceived effectiveness

The main objective of the research, next to gathering general information on business-NGO alliances in Germany, was to propose a framework to analyse the relationship between key alliance success factors and perceived alliance effectiveness scores. In addition the objective was to verify whether the common success factors mentioned in previous studies also hold in other geographical areas and political systems.

The results with regard to the directionality of the relationship between the alliance success factors and perceived effectiveness scores are along the line of the existing body of literature. All success factors under research have – in line with predictions – a positive relationship with the perceived alliance effectiveness score. Only the composite variable alliance '*conflict*' shows a negative relationship with perceived alliance effectiveness.

Furthermore, the results show that three out of the five success factors show a significant relationship with perceived alliance effectiveness scores. Two success factors show an effect that is significant at the 1% level (i.e. conflict and trust) while one factor is significant at the 5% level (commitment). The significance of the effects still holds when accounting for a number of control variables. Overall, the results suggest that the success factors under study have a strong predictive power and explain more than 60% of the variance in perceived effectiveness scores. This shows that on a statistical level, the success factors mentioned in the literature are valuable predictor to explain the success of German business-NGO alliances. Thus, at least for the success factors under study, the results seem to hold for cases operating in a pluralist environment as well as cases operating in a corporatist context.

With regard to the insignificance of the formality variable and the multidimensional communication variable developed by the researcher, several explanations seem plausible. It is possible for example that the insignificance of the two variables has to do with the statistical method applied to the data. Multiple regression only reports the unique contributions of the independent variables that helps to explain the variance of the dependent variable (Tabachnick & Fidell 2001). Thus, an independent variable might be an important peace in the puzzle on a practical level but still not show a significant statistical effect when correlations with other independent variables exist.

It is, however, possible that both variables are indeed not important to the perceived success of the respondents under study. With regard to the level of formality it would perhaps be interesting to see whether the importance of formality for alliance success increases with the degree of interaction intensity. Perhaps the degree of formality is unimportant to the success of long-term sponsoring alliances, but could become an important factor for the success of strategic alliances. Such a relationship would explain the observed shift from open-end alliances in long-term sponsoring alliances to alliances with a specific termination date for strategic alliances. With regard to multidimensional communication the chance that this variable has indeed no influence on the success of an alliance is highly doubtful, given the number of studies repeatedly stressing the importance of communication at all dimensions (e.g. Rondinelli & London 2003, Austin et al. 2004, Crane 1998, Bendell 2000 and others).

If it is neither the statistical method that is applied nor the factor as such that is insignificant, it is possible that the measurement items that are developed to reflect the underlying concepts are flawed. One hint that this might be the case at hand, at least for the communication factor, is the factor analysis with inconsistent results among others for the multidimensional communication measurement items. One possibility is that the measurement items for the different dimensions of communication should be separated into three separated variables. The other possibility is that the measurement items are poorly formulated and need to be revised. Both is also possible at the same time.

Overall, the framework for a quantitative analysis of the success factors under study and their influence on alliance success, has a high predictive power. The discussion above shows that some adjustments can still increase the accuracy of the framework. Especially, the measurement items for the multidimensional communication concept should be revised, rearranged or both. The results above do, however, not explain why some alliances fail and other thrive. With the high average scores for the perceived alliance effectiveness, the results above can only give some explanations why some alliances thrive more than others given (See table 5.8, p.51).

6.4 Limitations

Assessing the overall quality of the research and its design is a further important step to determine the quality of the proposed framework. The research quality is discussed in terms of the three key issues in research quality mentioned in section 4.7 (p.40) (i.e. reliability

internal and external validity). In the following, the strengths and weaknesses for each are outlined to put the results and conclusions presented above in perspective.

To ensure the internal validity of the results a number of precautions have been taken. Content validity, the degree to which the measuring instruments covers the subject of interest, is established through an extensive literature review and a clear link between the topics addressed at hand and the existing literature. Furthermore, the design of the research is inspired and builds on the existing body of literature. Thus, this study relies on the construct validity of previous studies to ensure construct validity. The chapter on the research methodology and the codebook in Exhibit 1.3 (p.79) clearly show where the design is inspired by what study to ensure the measurement items fit to the underlying concepts. The only composite variable in the research survey with potential limitations in construct validity is the multilevel communication variable introduced by the researcher. The discussion of the results suggests a revision of this composite variable.

To establish the degree to which the actual results fit the theorized constructs, cronbach's alpha and factor analysis is applied. Both methods are applied to the measurement items for the different alliance success factors and the perceived effectiveness construct. The factor analysis finds mixed results with regard to the validity of the constructs, suggesting limitations to the results above. Thus, there is a chance that the research results are subject to measurement error, reducing the accuracy of the results. One possible explanation for the mixed factor analysis results is the small sample size. According to Hair et al. (2003, p.360) validity tests such as factor analysis require a sample size of "five times the number of variables analyzed" translating to a required sample size of 120 for the case at hand. With a sample of 73 this study is below the recommended sample size.

To ensure the reliability of the results, the research is formulated explicitly and elaborately at every step. The intention is to increase the transparency of the research and the research design and enable readers to clearly follow the line of evidence linking the different chapters of this study. Interested readers should be able to replicate the approach taken at hand by following the research outline. Next, the results are discussed and interpreted with help of the existing literature to embed the findings deeply in the existing theories and findings. This is done to further increase the reliability of the results. Statistical reliability tests are, however, not included, limiting the results and findings to some extent.

For this research it is difficult to determine the generalisability of the results. Since the results fit well into the existing body of literature, one can assume that the results can be generalized to some degree. This holds for the findings on the relationships between alliance success factors and perceived effectiveness ratings. For the results on the characteristics of business-NGO alliances in Germany and the NGOs involved, the external validity is less strong. Only limited literature with a focus on Germany exists, making the results much more uncertain based on all issues that might influence generalisability. The issues that might limit the generalisability of the results are now shortly presented.

First, the sampling method applied and the final sample size can limit generalisability of the results. The sampling method applied is best described as purposive judgement sampling and selects potential candidates for the research survey based on a number of selection criteria outlined in section 4.2 (p.32). The drawn sample is thus not a representation of the true population and also relies heavily on the judgement skills of the researcher.

Second, this research investigates a dynamic phenomenon from a cross-sectional perspective. Some of the findings might change when taking a more longitudinal research approach. This study merely represents a snapshot of the situation at a single point in time. Third, the survey was addressed only to one person per organisation. In addition, the respondent was given the freedom to freely choose one business-NGO alliance to refer to in the research. By relying on one point of information only, the risk of not gaining an entirely accurate and unbiased view increases. By letting respondents choose the alliance to refer to in the survey, there is a strong skewness towards highly effective alliances in the dataset. Thus, the results and findings are limited to alliances with a high level of perceived effectiveness.

Fourth, there is a chance that the study suffers from an omitted variable bias. That is, other factors that might influence perceived alliance effectiveness scores are not included in the analysis, thereby inflating the significance of the success factors under research. Thus, there is a possibility that the analysis might overstate the effect of the success factors under research on perceived effectiveness scores. Finally, the findings are limited in the sense that they only determine a relationship between the independent and the dependent variable. Thus, the exploratory and descriptive design of the research does not establish any causal relationships between the success factors and the perceived alliance effectiveness scores.

6.5 Conclusions and avenues for future research

Despite its limitations, this research is a valuable contribution to the body of literature on business-NGO alliances. Its two major contributions to the existing literature are the insights gained on business-NGO alliances in Germany, and the framework proposed for a quantitative analysis of the relationship between the alliance success factors and alliance effectiveness scores. A Minor contribution to the body of literature is the attempt to include companies and two groups of NGOs in the sample. Both, the comparison of NGO and company responses and the comparison of ENGO and DNGO responses lead to valuable insights and observations. By addressing some of gaps in the literature this research opens up a multitude of promising avenues for future research. These avenues are now shortly discussed. This research is concluded by suggestions and implications for practitioners in the field based on the findings in this study.

By providing some insights into general characteristics of business-NGO alliances in Germany, several avenues for future research arise. Future research could for example try to incorporate the body of literature on corporatism and pluralism in political systems more in the field of business-NGO alliances. Another promising avenue for future research is the focus on the strategies in general available to NGOs, to promote their topics of interests and invoke the highest possible attention and change for their cause. What are the tools available to NGOs to address governments and/or companies? In what situation should the different tools be applied? A third avenue for research could be the topic of power imbalance. Future research could focus on finding hard evidence for the anticipated power imbalance. In addition, the problems arising with power imbalances and possibilities for both parties to address such imbalances could also be investigated.

Next, this research made noteworthy observations on differences between the two NGO groups under study. Future research could focus on verifying these observations. Research on the possible explanations for the differences seems valuable as well. In addition, further in-depth studies could focus on further differences between DNGOs and ENGOs and their consequences for business-NGO alliances.

The framework proposed for a quantitative research approach to the relationship between alliance success factors and some alliance effectiveness measure opens up additional avenues for future research. Future research could for example try to refine the framework by revising the flawed measurement items for the multidimensional communication construct. Future research could also consider adding additional success factors to the framework.

From a practical point of view this study has a number of implications. First, this study is one of the few studies focusing only on business-NGO alliances and including more than a few case studies in the sample. The observations and conclusions drawn from the results remind practitioners of the difficulties that can arise when two organisations that differ on this many levels engage in collaborative partnerships. Both partners should be aware of the differences in commitment and the possibility of power imbalances. Furthermore, the alliance partners should actively try to offset these differences in commitment and power, for example by applying some of the strategies and success factors outlined in the literature review.

In addition, this study stresses that companies and NGOs should view collaborative partnerships with each other as one of many tools and not as a one solution fits all elixir. Both sides, should be aware of the difficulties, clearly formulate their expectations and goals and carefully chose a partner that fits the expected profile. Business-NGO alliances seem to be time intensive and require both sides to be open to discussion and willing to make the relationship work. One important observation is that interaction intensive alliances need time and considerable effort from both sides to grow and prosper.

The observed influence of the alliance success factors under study should remind practitioners that effective alliances come with high levels of trust and commitment and low levels of conflict. This study, however, makes a distinction between dysfunctional conflict, that should be avoided, and functional conflict that does not necessarily have a detrimental effect on alliance effectiveness. High levels of trust and commitment are possibilities to minimize dysfunctional conflict as well as previously agreed upon conflict resolution strategies. Finally, the literature review stresses that the best way to keep dysfunctional conflict low in business-NGO alliances is to be clear on what you want and expect and select the appropriate partner. The foundation for any alliance is the choice of the partner while the success factors under study help to influence the shape and size of the house built on the foundation.

Overall, this study strengthens the legitimacy and underlines the importance of future research in this field with its findings and observations. A growing interest in the topic ob business-NGO alliances can be noticed. While this study addresses some gaps in current body of literature, even more gaps in the current literature are outlined with promising issues and topics to be addressed in the future. It can only be hoped that the knowledge on this phenomenon will be broadened and deepened by further academic research in the future.

Exhibits

1.1 Umbrella organisations used for online research

DNGOs	- VENRO	www.venro.org	• Umbrella organisation for DNGOs • 120 large DNGOs members
	- DZI Spenden-Siegel	www.dzi.de	• Independent institution evaluating the quality of social NGOs and DNGOs • 253 NGOs have a DZI label denoting them to be trustworthy NGOs
ENGOs	- DNR	www.dnr.de	• Umbrella organisation for ENGOs • 94 ENGOs are active members
	- Greenpeace	Greenpeace (2007)	• A hardcopy booklet presenting important NGOs from different fields • 421 NGOs are presented
Foundations	- Bundesverband Deutscher Stiftungen	www.stiftungen.org	• Major umbrella organisations for charitable foundations in Germany • 2762 charitable foundations are a member of the organisation
Companies	- B.A.U.M. e.V.	www.baumev.de	• Umbrella organisation for companies ENGOs • Active in the field of environmental and sustainable management • 500 company and ENGO members
	- German Stock exchange (DAX, MDAX, TecDax)	www.deutsche-boerse.com	• 30 large companies listed on DAX • 30 Tec companies on TecDax • 50 midCap companies on MDAX

1.2: E-mail correspondence with fundraising expert (10+ years of experience)

"… Few companies in Germany are interested in sponsoring agreements with NGOs. In fact the opposite is true! A considerable number of companies donate – without expecting any positive PR in return. Companies in Germany are much more altruistic in their social activities as it is usually discussed in public. Strategic corporate citizenship is however underdeveloped in Germany. Donations are common among companies but rather distributed at random with little strategic considerations."

"… At our NGO we have people and companies donating more funds than could be collected through alliances with companies. These persons more often than not just expect absolute silence on their activities."

"… The majority of companies donate without the desire for positive press. Our major donators want to remain anonymous. We are not even allowed to think their name out loud.

… Companies can be very serious with regard to their philanthropic activities without anybody in the public noticing. They even remain silent on their activities to their employees."

1.3 Factor analysis with 6 factors

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,784
Bartlett's Test of Sphericity	Approx. Chi-Square	1324,476
	df	276
	Sig.	,000

Total Variance Explained

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	9,601	40,004	40,004
2	2,980	12,419	52,423
3	1,969	8,205	60,628
4	1,428	5,949	66,577
5	1,221	5,087	71,664
6	,966	4,026	75,690
7	,819	3,414	79,104
8	,696	2,900	82,004
9	,602	2,508	84,512
10	,545	2,270	86,783
11	0,5[a]	2,097	88,879

Extraction Method: Principal Component Analysis.

a. All components with eigenvalue of < ,5 are not included.

Rotated Component Matrix[a]

	Component					
	1	2	3	4	5	6
effectiveness1	,456	**,657**		,308		
effectiveness2				,779		
effectiveness3	,422	**,629**				
effectiveness4		**,797**			,315	
effectiveness5	,474	**,729**				
trust1	**,793**					
trust2	**,839**					
trust3	**,857**					
trust4	**,867**					
commitment1		,357			**,731**	
commitment2					**,763**	
commitment3		,595	,321			
commitment4				,344	**,518**	,335
formality1		**,736**				,311
formality2		**,893**				
formality3		**,848**				
conflict1				**,739**	,436	
conflict2	,499	,550		**,470**		
conflict3	,380			**,406**	,463	
publicrelations1			,342		,357	**,599**
publicrelations2	,324					**,838**
interpartcommu1		,314		,363	,311	**,632**
interpartcommu2	,420	,594				**,343**
interpartcommu3				,497		**,490**

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 12 iterations.

1.4 Skewness and Kurtosis scores (z = Skewness / std. error skewness)

	PERCeffect	Trust	Commitment	Formality	Conflict	MULTIcommu	Alliance Age
before transformation							
z-scores Skewness	**-3,282 **	**-5,033 **	-1,742	**-3,615 **	**-3,523 **	-2,087	**6,939 **
z-scores Kurtosis	1,161	**3,082 **	-0,801	1,120	0,900	-0,085	**7,703**
after transformation							
z-scores Skewness	0,601	2,408	-1,742	-0,227	0,703	-2,087	
z-scores Kurtosis	-1,366	-1,171	-0,801	-0,778	-1,756	-0,085	

** = z-score is significant at the 0.01 level (2-tailed).

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