

THE PURPOSE OF PARTNERSHIP:  
A COMPARATIVE STUDY OF GEORGIA LOCAL GOVERNMENT AND NONPROFIT  
SERVICE COLLABORATION

by

BETH ANN GAZLEY

Under the direction of Jeffrey L. Brudney

ABSTRACT

Service delivery partnerships between public, governmental institutions and private, nonprofit agencies are widespread and increasingly important to local governments in meeting public needs. What motivates local governments and private, charitable organizations to jointly deliver a public service? What do these partnerships look like and accomplish? And what community or institutional characteristics will foster or discourage collaboration? Although scholars have begun to lay the groundwork for an exciting, inter-disciplinary and multi-dimensional approach to answering the above questions, they remain largely unanswered, due in part to the relative youth of related scholarship.

This research project addresses the questions posed above through a quantitative analysis of service delivery partnerships between Georgia city and county governments and 501(c)(3) nonprofit organizations. The study is built on original survey data employing two large comparative samples that explore the experiences of both public and nonprofit officials with intersectoral collaboration. This study has two objectives: to provide a descriptive

understanding of the scope of local government-nonprofit service delivery arrangements in Georgia, one of few such attempts across the states; and to build a stronger theoretical understanding of the contribution that a number of institutional, environmental, and structural factors make both to the propensity to collaborate, and the achievements of partnership. This study has employed a three-stage research framework that examines, first, the factors that can foster government-nonprofit partnerships; second, their scope and nature; and, third, their accomplishments. At each stage, the model draws on the fields of public management, network and organizational behavior to explore multiple dimensions of partnership such as jurisdiction, age, formality, size, goals, sector, and policy area served. The data analysis employs logistic and OLS regression models, independent sample difference of means tests, and contingency table analysis.

The findings suggest that Georgia government-nonprofit partnerships are widespread, but fairly limited in scope and depth. Partnership formation is associated with local government fiscal capacity and nonprofit experience, and efficiency goals related to privatization literature are weakly supported. A lack of association between partnership achievements and formal contracts, and the finding of a connection between government volunteer involvement and partnership formation offer intriguing direction for future research.

**INDEX WORDS:** Public-private partnerships, government-nonprofit relations, nonprofit organizations, public management, collaboration, new governance, privatization, contracting.

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## DEDICATION

To public servants in the government and nonprofit sectors.

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Without willing study participants, social scientists would hardly make a dent in public knowledge. I am deeply grateful to the hundreds of public and nonprofit managers who took a few minutes from their responsibilities to answer yet one more survey. My pledge to them is to make the best use possible of the results.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **The “Nonprofitization” of the Public Sector**

Every day in the United States and around the world, nonprofit organizations help national, state and local governments to meet public needs. They put out fires and provide emergency rescue services. They promote economic development through chambers of commerce. They provide domestic violence shelters, teen shelters, homeless shelters, and animal shelters. They coordinate arts and cultural programs, operate hospitals, and help the underserved to access public services. Some do nothing more than help to coordinate the joint efforts of other nonprofit and public agencies. In Georgia and elsewhere, nonprofit organizations promote the poultry industry, finance public schools and universities, run county sports programs, and operate the public museums that teach citizens about their history.

The impact these private efforts have on local communities can be profound. Cultural and economic development efforts increase the tax base in local communities, educational efforts raise test scores, the private provision of social services and health care help local governments to better meet public needs, recreational efforts breed happier citizens. In many cases, these nonprofit organizations are formed as virtual arms of government, or become them over time. The impact on nonprofit organizations is equally profound: on average, more than one-third of all nonprofit revenue now has a government source (Salamon, 2002c). Richard Nathan’s (1996)

term for this phenomenon -- the “nonprofitization” of public services -- suggests its broad implications for both the public and nonprofit sectors.

### **Implications for Theory and Practice**

Practitioners, along with scholars from a variety of academic fields, have expressed a growing interest in the policy implications of the public sectors’ reliance on nonprofit organizations to deliver publicly financed services. Those interested in the “new governance” and the state of public management have observed the need for new paradigms to address the non-hierarchical, complex and interdependent nature of present-day, third-party government. High-profile efforts to define the ingredients of effective cross-sector collaboration are underway. One such recent example, the “Three-Sector Initiative,” has engaged experts in roundtable discussions and has published recommendations on how to improve inter-sectoral relations. The members of this initiative illustrate the scope of interest in this topic: they include the Conference Board, Council on Foundations, Independent Sector, National Academy of Public Administration, National Alliance of Business, National Civic League and National Governors Association (Fosler, 2002).

In the academic community, a body of scholarship on public-private partnerships has emerged from a variety of disciplines. This scholarship has been reinforced by related research on service networks and other decentralized forms of policy implementation, the study of inter-organizational collaboration in the private sector, privatization research in public management, economics, and sociological and behavioral studies. The themes emerging from this body of related research include the following:

- An increasing sophistication in defining the nature of government-nonprofit relationships, particularly their multi-dimensional aspects based on many factors such as the sharing of power or resources.
- An interest in moving beyond the “best practices” approach to inter-organizational collaboration, to develop and understand its multi-dimensional and sometimes negative aspects.
- Speculation on the potential role of volunteers in building bridges between the public and private sectors.
- The discovery of the importance of centrality, size and control in building networked forms of service delivery, implying greater attention to their application in other inter-organizational settings such as government-nonprofit partnerships.
- An interest in the role of the contract in government-nonprofit relationships, but also a lack of understanding of the scope and nature of non-contractual, informal relationships.

A common theme of the literature, particularly that emerging from the public management and economic fields, addresses the threat that closer alliances and more intertwined funding streams pose to public and private institutions (see for example, Brooks, 2000; O'Connell, 1996; Rainey, 1997; S. R. Smith & Lipsky, 1993; Weisbrod, 1997). Observers warn that governments within public-private partnerships may suffer from a loss of control, threats to sovereignty, or greater difficulty in holding private organizations accountable to public standards. Moreover, these observers fear that nonprofit organizations will either rely too much on governments for funding, seriously disrupting their internal workings, causing “mission drift” and reducing their ability to secure private sector funding and volunteers once they are perceived

as a public agent, or those without recourse to public funds are shut out and threatened with extinction. Many of these concerns have been validated empirically, although only in certain kinds of government-nonprofit relationships.

Other theorists have argued that this perspective represents only one of several that can define the way we view government-nonprofit relationships. Rather than view all relationships through this rather adversarial, zero-sum lens, they have argued that governments and nonprofit organizations can work synergistically in ways that meet public needs and benefit both parties (Gidron, Kramer, & Salamon, 1992; Salamon, 1995; Young, 1999). The most recent perspective joining this younger theoretical approach is that of collaboration theory, a field of study interested in understanding how institutions cooperate and based in turn on the study of organizational behavior (B. Gray & Wood, 1991).

These scholarly efforts have helped to address a concern expressed by Salamon (1995) that the phenomenon of government-nonprofit collaboration has suffered both from a lack of research and a weakness of theory. The common themes and interests listed above suggest, less than ten years later, that Salamon's concerns have been addressed in exciting ways for theoretical development, particularly as we have advanced in our ability to define the potential dimensions and contingencies that characterize government-nonprofit relations. Yet, due in large part to the youth of nonprofit scholarship and, additionally, to the rapid emergence of the phenomenon of "third party government" during the past generation, the scholarship on public-private partnerships, despite its great theoretical promise, has not yet achieved a thorough empirical examination of more than the fundamental arguments.

For example, the first study attempting a nuanced terminology to explain the dynamics of inter-organizational “collaboration” is quite recent (Thomson, 2001). Gaps in the understanding of inter-sectoral collaboration include a tendency toward “best practices” conclusions (i.e., defining successful practices without due consideration to specific organizational circumstances; see for example the “Three-Sector Initiative” cited above), a lack of commonality of terms, and lack of depth in empirical research. Where empirical analysis has progressed, generalizability of the results has often been limited by small sample sizes or less than optimal methodological approaches. In many cases, for example, the connections discovered by scholars in purely public or private settings have not yet been tested in an inter-sectoral setting. In other cases, conclusions have been drawn and theories built regarding the nature of inter-sectoral collaboration that were based on limited case studies or examinations of relationships within single policy arenas or levels of government (e.g., the federal level).

### **Purpose of this Research**

Many intriguing, inter-connected research questions have emerged through active examination of nonprofit-government partnerships and other public-private relational forms. Because many of these questions require closer examination, wider application, or sometimes even initial empirical tests, they offer terrific research opportunities. This research project narrows the focus of inquiry to one particular but highly applicable form of the government-nonprofit relationship: service delivery partnerships between local (city and county) governments and private, charitable organizations.

For government and nonprofit managers, and in simple and practical terms, the applicable research questions include the following:

- o Are there certain community or institutional factors that foster government-nonprofit collaboration?
- o Why do governmental or nonprofit actors engage (or not engage) in inter-sectoral collaboration, and are the reasons the same for both entities?
- o What are the goals of these partnerships?
- o What can practitioners expect public-private partnerships to achieve?
- o What tools or procedures might improve the perceived value of these partnerships to local governments or nonprofit organizations?

For scholars interested in the further development of theories that address government-nonprofit partnerships, the applicable questions might also include:

- o To what extent are these partnerships “collaborative?”
- o What academic fields (e.g., public management, policy studies, business management) can contribute to our understanding of how these partnerships develop and how they function?
- o Can dimensions found to have explanatory value in these related academic areas (e.g., formality and control in network research) also help to explain the characteristics and achievements of local government-nonprofit partnerships?

This research project addresses these questions through a quantitative analysis of service delivery partnerships between Georgia local governments and nonprofit organizations. The study is built on original survey data employing two large comparative samples that explore the

experiences of both public and nonprofit officials with public-private collaborations.

Sophisticated statistical techniques, including weighted sampling, logistic and OLS regression, are employed to validate the study's findings, but with a concerted effort toward ease of comprehension regarding their implications and the conclusions that can be drawn.

The general objectives of the study are:

- (1) To provide a descriptive understanding of the scope of local public-private service delivery arrangements in Georgia, the first such attempt for the state, and one of few such attempts across the states;
- (2) To build a stronger theoretical understanding of the contribution that a number of institutional, environmental, and structural factors make both to the propensity to collaborate, and the achievements of partnership.

This study accomplishes the above objectives by employing a three-part model that examines both the antecedents to, and the outcomes of government-nonprofit partnerships, along with their principal structural characteristics. At each stage, the model is designed to explore multiple dimensions of partnership such as age, formality, size, goal alignment and the policy area served. These characteristics have either been identified by previous scholars to be important in defining partnership structure or outcomes, or are hypothesized in this study to contribute further to our understanding of government-nonprofit partnerships. An important dimension in this regard is that of sectoral membership, and this study hopes to make a strong comparative contribution by addressing partnerships from the perspective of both government and nonprofit actors.



## **Potential Contributions of this Study**

The methodological strengths of this study lie in its relatively large samples of both public and nonprofit organizations, its comparative (rather than single-sector) analysis, and the application of many dimensional (rather than dichotomous) variables. Its theoretical strengths lie in its effort to incorporate and apply contributions from a variety of disciplines to the formation of hypotheses and the data analysis. Some scholars have noted the absence of an effort to cross-reference material from one discipline to another as a weakness of much current research in inter-organizational relations (Huxham & Vangen, 2001; Oliver, 1990; Saidel, 1994). This analysis responds to that challenge by drawing on studies from the fields of public management, public finance, nonprofit management, sociology, organizational behavior, policy implementation and political science to frame hypotheses, develop variables, and form conclusions.

This study expects to make its contributions to research and theoretical development in a number of ways. Its first and one of its major contributions is expected to be the development of a comprehensive model that predicts nonprofit partnerships with local government. No such approach has been taken before. This study largely relies on the knowledge accumulated in privatization studies to extend and test their conclusions regarding the role of institutional and demographic factors on decisions to engage private organizations in public service delivery. This analysis and its conclusions are presented in Chapter Five.

In addition, through the examination of operating partnerships between local governments and nonprofit organizations, this study hopes to strengthen theories regarding their structure and important dimensions. Here, the study relies on a more extensive and applicable current body of work, but hopes to expand our knowledge and the bounds of theoretical

development by testing in a new setting what are understood to be important elements of collaborative relationships. In some cases, these elements have not been combined and tested together. In other cases, this analysis attempts to extend the generalizability of earlier conclusions. These elements are explored in Chapters Six and Seven.

The questions that are explored in Chapter Eight make some of this study's central contributions to scholarship. This study offers a rare comparative perspective on collaboration by gathering and analyzing data from both government and nonprofit actors. The focus of this comparative element is on what each sector perceives to be the advantages and disadvantages of collaboration, and on how these perceptions vary.

Also in Chapter Eight, this study expects to help place some limits around the best practices approaches that are prevalent in nonprofit management, especially regarding inter-sectoral collaboration. In particular, this study hopes to reveal potential barriers to inter-sectoral collaboration and to illustrate how positive or negative attitudes by the principals of government-nonprofit partnership can shape goals and outcomes. Finally, because this study will isolate and compare partnership outcomes as dependent variables, it can make a methodological contribution by illustrating the influence that perceptual and attitudinal factors can have on the results of empirical analysis.

### **Organization of the Study**

This study is organized into nine chapters. This first chapter introduces the study and describes its scope. Chapter Two reviews the literature on the related topics of privatization and devolutionary trends in local government, theories of government-nonprofit relations, and theories regarding collaboration and inter-organizational relationships. Organized into three

sections, this chapter discusses the growing role of nonprofit organizations in public service delivery; addresses the theoretical development of government-nonprofit relations, beginning with classical economic models and ending with the development of multi-dimensional, contingent frameworks; and describes how theories regarding inter-organizational collaboration have been applied to inter-sectoral relationships.

Chapter Three describes the research questions guiding this inquiry and, based on an analysis of existing scholarship, formulates a series of hypotheses that will be tested in the study. These ten hypotheses address the institutional and environmental factors that foster nonprofit partnerships with local governments, the scope and form of these partnerships, the nature and strength of their collaborative activities, their outcomes, and the role of sector in shaping perceptions and attitudes about collaboration. The research model presented in Chapter Three outlines the three stages of inquiry this study takes: an exploration of the environmental and institutional characteristics that can predict government-nonprofit collaboration, a discussion of internal characteristics of partnerships based on a large statewide sample, and a test of the influence of both internal and external characteristics of partnerships on their achievements.

Chapter Four describes how the data were obtained, how variables are operationalized, and the general methodological approaches taken in this study. Chapters Five, Six, Seven and Eight present and analyze this study's findings, following the approach outlined in the three-stage research model. Chapter Five addresses the first stage of the model by testing the ability of institutional, individual and community factors to predict collaborative behavior. In Chapter Six, descriptive and dimensional characteristics of Georgia partnerships based on the second stage of the research model are examined. Chapters Seven and Eight both address the final stage of the model, with its emphasis on outcomes and the ways in which sectoral status and experience

shape perceptions regarding collaboration. In Chapter Seven, government and nonprofit samples are stratified and compared according to goals and perceptions of the advantages and disadvantages of partnership. In Chapter Eight, a multivariate regression model is tested on two dependent variables representing partnership achievements, with an interest in understanding the influence on outcomes of goal alignment, collaborative activity, and other factors found in the earlier analyses to have explanatory power.

The nature and implications of important findings are discussed in detail in the concluding sections of each chapter, particularly the ways in which government-nonprofit partnerships are found to differ based on dimensions explored in this study (e.g, the policy area they serve, and their level of inter-sectoral familiarity). Chapter Nine summarizes the conclusions that can be drawn from this study, describes their implications for theory building and practice, and presents suggestions that can help to guide future research.

### **Summary**

Because much of the available literature on government-nonprofit or inter-organizational relations addresses limited forms of interaction, such as contractual scenarios or collaborative activity within the private business or nonprofit sectors, a gap exists in the scholarship. Informal partnerships have been virtually ignored. Conclusions have been made about collaboration between organizations based on purely private sector studies (both business and nonprofit) that may or may not be applicable to inter-sectoral collaboration. Conclusions have been made about federal government interactions with nonprofit organizations that may or may not be applicable to local government.

This study is aimed squarely at these research gaps, and thus falls at the nexus between several theoretical threads, where comprehensive and comparative coverage of government-nonprofit service partnerships is relatively thin. As a result, some hypotheses are confirmatory in nature, while others have a much more exploratory intention. This study will make a theoretical contribution by testing in a new but quite common context the factors (e.g., capacity, trust and reciprocity, power-sharing and goal alignment) that related bodies of literature have offered to explain inter-sectoral dynamics and outcomes. Along with this study's theoretical potential, it offers practical value in its potential ability to identify both the positive and negative aspects of, and potential barriers and bridges to collaboration. The practical value of this study also extends to its ability to help public and nonprofit managers understand, from a sample of their peers, the potential ways in which their goals and interests could be aligned.

**CHAPTER TWO**  
**GOVERNMENT-NONPROFIT RELATIONS:**  
**A REVIEW OF THE LITERATURE**

**Introduction**

In the past two generations, a profound change has occurred in the way that public services are financed and delivered in the United States. Government agencies in the post World War II years have relied on an increasingly wide variety of mechanisms to finance and deliver public services, including contracts, vouchers, government corporations, government-sponsored enterprises, loans, tax expenditures such as credits and exemptions, public-private partnerships, franchises, joint ventures, volunteers, government insurance programs and load-shedding (Johnson & Walzer, 2000; Kettl, 1988; Salamon, 2002a). These “tools” hold in common their dependence on either another level of government to implement public policy, or on private citizens, non-profit organizations or for-profit firms. Although the state of knowledge is still incomplete concerning the market share or role specifically of nonprofit organizations in each distinct form of privatization, the existing literature suggests that grants, contracts, public-private partnerships and vouchers all heavily involve nonprofit organizations (Salamon, 2002a).

This chapter describes the development of local government-nonprofit relations to the level of substantial interdependence they have achieved in 2004. Its description of the background to that relationship will put the research framework for this study in proper historical

and theoretical context. The material in this chapter relies on several related academic fields, including economics, political science, organizational behavior, and policy studies.

The first section of this chapter addresses the evolution of public policy regarding joint government-nonprofit activities, trends in fiscal federalism, and their implications for public agencies, nonprofit organizations, and citizens. The second section describes the various theoretical strands that have helped to shape scholarly perceptions of the government-nonprofit relationship. This section also introduces certain elements that scholars consider instrumental in defining forms of government-nonprofit interaction. The third and final section introduces theories of collaboration and makes connections between the existing research on inter-organizational cooperation and government-nonprofit relationships in particular. This section also addresses the conditions that foster collaboration, and its potential goals, outcomes, advantages and disadvantages.

### **Section One: Privatization, Trends in Fiscal Federalism and the Role of Nonprofit Organizations in Public Service Delivery**

An examination of government-nonprofit activity in 2003 and 2004 appropriately begins with a discussion of the political context in which these relations have developed. Two associated political phenomena -- privatization and devolution -- have had a substantial impact on interactions between the public and nonprofit sectors. These phenomena have not only shaped the form and scope of service delivery in today's federal, state and local governments, they have also helped to shape the nonprofit sector as it currently exists.

## **Impact and Implications of the Privatization Trend**

Contracts and other forms of indirect service delivery have a centuries-long history in the United States, but privatization efforts have gained new energy under recent political leadership (Kettl, 1988; Salamon, 2002a). The periodic attacks on “big government” that manifested themselves most distinctly under President Reagan have given today’s privatization efforts their particular ideological slant, and supported the rise in popularity of the public choice movement among political conservatives during the 1980s and 1990s (Sclar, 2000). Public choice advocates maintain that market competition offers the most cost-effective and most equitable means of public service delivery (Stillman, 1999). Although scholarly treatments of public choice theory suggest that the ultimate goal is personal choice and a balance between sectors, the application of public choice in the political arena has been more narrowly prescriptive, particularly with its emphasis on government load-shedding (V. Ostrom, 1987). Advocates of privatization of government activities promote fee-for-services, contracts, vouchers and voluntary efforts as the best means of ensuring that market competition will drive public service decisions (Savas, 1987). The anticipated benefits for government include greater public accountability to consumer-citizens, lower government costs and increased quality or quantity of services (DeHoog, 1984).

Other scholars have warned that the anticipated cost-savings of privatization may be illusory without attention to internal restructuring of the public agency. When privatization occurs for purely ideological reasons, or without due consideration of governmental needs, it has been less successful as a cost-cutting tool (Brudney, Fernandez, Ryu, & Wright, 2004; Hodge, 2000; Sclar, 2000; S. R. Smith & Lipsky, 1993). Nevertheless, cost-savings has been the dominant reason for privatization in virtually every study, followed by the ability to improve or



expand services, the ability to solve labor problems (e.g., by avoiding labor union issues), the opportunity to share risks, and a desire for efficiency gains (Greene, 2002).

One difficulty that arises when the privatization phenomenon is studied is the “lamentably imprecise” manner in which the term has been defined (J. Donahue, 1989, 5; Greene, 2002, 3). Broadly defined, the term denotes “the attainment of any public-policy goal through the participation of the private sector” (Greene, 2002, 3). Privatization can include an array of government policies and activities, encompassing not only contracts but also tax incentives for private sector involvement, public-private partnerships, government corporations and enterprises, vouchers and franchises, subsidies and grants (Salamon, 2002a). Volunteerism or volunteer involvement is also included on rare occasions (Savas, 1987).

The literature also offers less guidance on how and why privatization goals will vary, particularly when the nonprofit sector is involved. A general assumption found in the literature is that privatization is based foremost on the goal of efficiencies and cost-savings (J. Donahue, 1989; Goldsmith, 1999; Greene, 2002; Savas, 1987; Sclar, 2000). Certain research suggests that goals may vary according to which service sectors are involved (e.g., human services, transportation, waste collection) (Dilger, Moffett, & Struyk, 1997). In another study, local government managers involved in a privatization effort with nonprofit organizations cited, in this order, their desire for program flexibility, cost-benefits, specialized competence, and improvements in service quality (Kramer & Terrell, 1984).

Present-day political support for privatization at all levels of government has made it possible for public managers to experiment with privatization on a large scale. By 1999, at the federal level, “direct” government -- the programs delivered by public employees -- amounted to 28 percent of annual federal spending, while the remaining 72 percent supported “indirect”

government -- programs and services delivered by non-profit or for-profit “third parties” and financed through grants, contracts, vouchers, loans or tax expenditures (Salamon, 2002b). The influence of the public choice perspective can be seen in the increased use of “consumer subsidies” such as vouchers (i.e., payments to the client), rather than “producer subsidies” (i.e., payments to the providing institution) in this mix of indirect tools (Salamon, 1995, 208). Housing, child care, job training, transportation and health care programs all depend heavily on vouchers, as well as on close government coordination with providers to manage client casework.

At the state and local levels, virtually every state employs service contracts, followed in frequency by public-private partnerships (61 percent of reporting states) and grants (42 percent). Given a choice of privatization tools, states report only a moderate interest in volunteerism (20 percent), vouchers (8 percent) and private donations (14 percent) as tools of privatization (Chi, Arnold, & Perkins, 2003, 437).<sup>1</sup> Local government data are limited, but also reflect increased privatization activity over all units of analysis (city, county, and combinations) (Greene, 2002; Salamon, 2002b; Sanger, 2003). The general trend from the 1980s to the mid-1990s has been an increase in both the number of local jurisdictions reporting the use of contracting, and in the number of service areas involved (Sanger, 2003). By 1999, 90 percent of counties reported they contracted at least one major service (Warner & Hebdon, 2001).

A look beyond the aggregate trends reveals a sizeable amount of variation and complexity in both state and local government contracting behavior. At the local level, while contracting dominates, there is also evidence of restructuring as well as some “reverse privatization”: contracts cancelled when private providers were unsatisfactory (Warner &

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<sup>1</sup> Based on the Council of State Governments’ Survey of State Budget Directors, December 2002. The survey returned a response rate of 72 percent. Percentages used above reflect responses only from reporting states.

Hebdon, 2001). The national, aggregated studies of local government privatization also suggest that cities and counties rely on contracts to produce some services more than others. In 1997, vehicle towing was reported by 83 percent of those surveyed by the International City/County Management Association (ICMA), followed by labor relations and legal services (53 percent), refuse collection (49 percent) and waste disposal (41 percent) (Johnson & Walzer, 2000). This common pattern reflects an emphasis on public works or “hard” services. Privatization of “soft” services such as health and human services runs a far second to “hard” services, although recent trends suggest that local communities are increasing their privatization of “soft” services as well. In the area of health and human services, nonprofit organizations have long been the providers of choice for local government (Johnson & Walzer, 2000).

Like much of the rest of the nation, Georgia political leaders have followed the privatization trend with favorable legislation and a supportive political climate (Van Slyke & Hammonds, 2003). However, current data about privatization in Georgia local government are unavailable, with the exception of a recent study investigating trends in public sector volunteerism (a relatively frequent but often overlooked form of privatization). In Georgia, 74 percent of cities and 97 percent of counties now report the involvement of volunteers in public service delivery, a moderate increase over the past decade. The most active service areas for volunteer involvement are fire prevention (reported by 69 percent of all jurisdictions), economic development (58 percent), parks and recreation (58 percent) and social and human services (52 percent) (Gazley & Brudney, 2005).

These changes in the tools of public service delivery, described as an “unnoticed revolution,” have created a phenomenon known by many names (Salamon, 2002b). “Government by proxy,” and “third-party” or “indirect” government refer to the public sector’s

reliance on private agents to deliver services, while the “new governance” also notes the fresh demands placed on public managers to effectively manage those agents (Kettl, 1988, 1993; Rainey, 1997; Salamon, 1995; Seidman & Gilmour, 1986). Another expression, the “hollow state,” has a slightly ominous tone, reflecting managerial and scholarly concerns that privatization may make public political accountability harder to achieve (Milward, Provan, & Else, 1993).

These terms have in common an understanding of the different sorts of challenges they pose for effective public governance systems. The limitations placed by indirect government on a public agency’s ability to exercise direct hierarchical control over a service provider calls for new management skills and organizational designs (Rainey, 1997; Salamon, 2002b). The employment through privatization of a wider variety of tools demands new training of public managers, while the reliance at times on complex networks of agents requires a different mindset on effective negotiation, coordination and management of service agreements. As some scholars have noted, the “new governance” does not abrogate the need for strong public management skills, but rather requires more effective approaches -- especially as public managers enter new activities with which they may be unfamiliar, such as franchise management or volunteer supervision (Brudney, 1990; Kettl, 1988; Rainey, 1997). In particular, experts warn that the “new governance” calls for public managers to view their interactions with private agents not as opportunities for traditional “command and control” relationships, but as negotiated alliances that demand compromise and cooperation from both parties (Salamon, 2002a, 2002b).

## **Trends in Fiscal Federalism**

Current patterns of federalism, devolution and intergovernmental responsibilities have also shaped the present form of government-nonprofit interactions. Devolution describes a deliberate transfer of policy-making authority from federal to lower (state or local) levels of government. Its re-emergence in the 1990s represents the most recent swing of the political pendulum in the long-standing debate over the proper balance of national and local powers in a federal system. Although the states have been granted broader policymaking authority in certain areas, the present political era is characterized as one in which coercive or regulatory federalism dominates (Kincaid, 2003). Policymakers also use the term “devolution” to refer to actions, such as federal budget cuts, that reduce the national government’s role in certain policy areas (De Vita, 1999). Devolution in its second use of the term (e.g., federal cutbacks) has placed enormous pressure on state and local governments to assume fiscal burdens for formerly federal programs -- a burden that state legislatures are not always prepared to assume (De Vita, 1999).

The rationales for federal devolutionary policies vary. Critics of federal devolutionary efforts often equate the efforts with federal load-shedding, wherein state and local governments are expected to pick up the slack. Recently, both “homeland security” legislation and the “Leave No Child Behind” education act have been used as examples of the federal government’s reluctance to provide state and local governments with sufficient funding to meet their stringent requirements (Wright, 2003). However, devolution also offers flexibility, particularly when the use of federal waivers gives state and local policymakers greater opportunities to experiment with public service delivery in possibly more effective ways, such as through public-private partnerships or service agreements.

One of the principal factors driving the current pattern of federal and state fiscal relations is a reorientation in federal policy-making “from places to persons,” along with a liberalization of eligibility rules for entitlement programs (Wright, 2003, 29). This policy shift dramatically increased the number of Medicaid-eligible individuals during the past generation, from 20 to 40 million, or one in seven Americans. It has made Medicaid the states’ largest budgetary responsibility after public education and has limited state control over a large portion of human services spending (Kincaid, 2003). Federal tax reductions, economic recession (and a subsequent drop in state and local tax revenues), and the emphasis on anti-terror spending have made the fiscal situation worse for states and their potential social services contractors and grant recipients (Salamon, 2003). By mid-2003, 17 states projected budget shortfalls, including a \$450 million revenue shortfall in Georgia. The rising cost of Medicaid, human services and corrections programs was blamed most frequently for the shortfalls (Chi, 2003).

A result of these intergovernmental trends is that in selected service areas, a much greater portion of the growth in government spending is now associated with state and local governments -- and those levels of government are also at the vanguard of privatization efforts. According to U.S. Department of Health and Human Services data, state and local governments surpassed the federal government in the percentage growth in spending between 1985 and 1995 in nearly all service areas related to social welfare (Salamon, 1995). The relative change in federal, state and local spending in these “social welfare” service areas is illustrated in Table 2.1. We see from this table that the shift in federal and state/local spending patterns has been uneven, but has resulted generally in a transfer of greater responsibility to lower levels of government in the areas of social services, higher education, health and pensions. In terms of market share, the first three of these areas are all heavily dominated by nonprofit organizations.

**Table 2.1 Growth and Decline in Real Government Social Welfare Spending, 1985-1995**

| <b>Function</b>                      | <b>Total growth (decline)<br/>( percent)</b> | <b>Federal</b> | <b>State and Local</b> |
|--------------------------------------|--|----------------|------------------------|
| Social Services                      | 23 percent                                   | 5 percent      | 49 percent             |
| Education                            |  |                |                        |
| -- Secondary                         | (34)   | (34)           | (34)                   |
| -- Higher                            | 36   | (23)           | 31                     |
| Health                               | 69   | 67             | 73                     |
| Pensions                             | 18   | 13             | 40                     |
| Income Assistance                    | 27   | 34             | 7                      |
| Housing                              | 54   | 63             | (10)                   |
| <b>TOTAL</b>                         | <b>36</b>                                    | <b>30</b>      | <b>45</b>              |
| TOTAL, excluding pensions and health | 37   | 29             | 40                     |

Source: U.S. Social Security Administration, Annual Statistical Supplement to the Social Security Bulletin (Washington, DC: U.S. Department of Health and Human Services, Social Security Administration, 2000), pp. 119-222. Reprinted from Lester Salamon, *The State of Nonprofit America* (Washington, DC: Brookings Institution Press, 2002).

Responding to the grip of the poor economy and Medicaid on state and local budgets, most states express the strongest interest in using privatization initiatives to cut public budgets. A 2002 survey by the Council of State Governments found that fifteen states (30 percent of all states) planed to increase privatization activity in the next five years. Privatization, in fact, is the preferred choice of most states to save money over restructuring or tax increases (Chi, Arnold, & Perkins, 2003). In the same study, the state of Georgia reported a decline in privatization efforts over the past five years at the state level (local data are not available), but state executives also expected to increase privatization efforts in the future.

### **Impact on the Nonprofit Sector**

The past generation has seen a substantial increase in the size of the nonprofit sector. Between 1977 and 1998 alone, the recorded number of charitable and social welfare organizations<sup>2</sup> -- the core of the sector and the portion that is considered the “independent sector”

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<sup>2</sup> These are organizations recognized under sections 501(c)(3) and 501(c)(4) of the U.S. tax code.

-- nearly doubled, from 739,000 to 1.2 million organizations. In terms of revenue growth, the charitable sector also surpassed both the business and government sectors, as well as other tax-exempt but non-charitable organizations (Weitzman, Jalandoni, Lampkin, & Pollak, 2002). The growth may in fact be even greater, since flawed reporting systems have caused chronic errors in measuring the scope of the nonprofit sector (Salamon, 1995; D. H. Smith, 1997). Moreover, figures based on the number of registered charities can only be considered partial estimates of the full size of the sector, since two important sub-classes that are not legally required to register with a state agency are almost always excluded from public counts. These are religious organizations and organizations with annual revenues of less than \$5,000.<sup>3</sup> However, since these organizations have less association with public service delivery, their absence is less relevant to this study.

Nonprofit organizations have benefited enormously from the federal government's rising dependence on indirect tools in public service delivery. An era of limited public subsidies for private social welfare from the 1940s into the early 1960s was replaced by increased government interest in addressing persistent social problems through nonprofit organizations (S. R. Smith & Lipsky, 1993). The impact on the nonprofit sector of the privatization and devolutionary trends introduced earlier in this chapter can be measured in part by the relative growth in nonprofit reliance on direct federal, state and local expenditures, which includes grants, contracts, Medicare and Medicaid payments (Table 2.2). Direct government funding offers only a partial illustration of the value of public support for nonprofit activities because it does not include the considerable indirect benefit of tax-exemption. With that limitation in mind, between 1977 and

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<sup>3</sup> For a discussion of the full scope of the nonprofit sector, including unregistered and uncounted charities, see David Horton Smith, "The rest of the nonprofit sector: Grassroots associations as the dark matter ignored in prevailing 'flat earth' maps of the sector," *Nonprofit and Voluntary Sector Quarterly*, 26:2 (June 1997), 114-131.



1997, the nonprofit sector as a whole increased its revenues from \$244 to \$665 billion in constant (1997) dollars, an increase of 172 percent (Weitzman et al., 2002). The same period saw federal, state or local government payments and grants to nonprofit organizations increase by 225 percent or more than triple, from \$64 billion to \$208 billion. This net increase in government financial support to nonprofit organizations was not consistent across service areas: the growth in government funding was strongest in health services, and arts and culture.<sup>4</sup> However, when all service areas are considered together, the net change in government funding to nonprofit organizations as a percent of revenue was +4.7 percent between 1977 and 1997.

**Table 2.2 Nonprofit Revenue by Source, 1977-1997 (constant 1997 dollars)**

|            | Private contributions | Fees and payments | Government   | Other/Endowment income | Total       | Total                             |
|------------|-----------------------|-------------------|--------------|------------------------|-------------|-----------------------------------|
| Year       | Percent               | Percent           | Percent      | Percent                | Percent     | Amount (in billions, constant \$) |
| 1977       | 26.3 percent          | 37.5 percent      | 26.6 percent | 9.6 percent            | 100 percent | \$244.4                           |
| 1997       | 19.9                  | 37.5              | 31.3         | 11.4                   | 100         | \$664.8                           |
| Net change | -6.4                  | 0.0               | +4.7         | +1.8                   |             | \$420.4                           |

Adapted from Weitzman et al., *The New Nonprofit Almanac & Desk Reference*, 2002.

As Table 2.2 illustrates, when endowment income is excluded and the three major sources of nonprofit revenue in the United States are considered -- government funding, fees and charges, and private gifts -- only government funding has *increased* as a total share of nonprofit revenue since 1977. Government funding accounted for 27 percent of nonprofit revenue in 1977, and 31 percent of revenue in 1997. When religious organizations are excluded from these

<sup>4</sup> Based on figures from 1977 to 1992 only.

statistics (on the grounds that they received little public funding)<sup>5</sup>, the share of government's contribution to nonprofit revenues increases to 31 percent in 1977, and 37 percent in 1997 (Weitzman et al., 2002). To put some additional perspective on these statistics, these net increases in the public sector contribution to nonprofit revenue occurred despite a substantial decline in federal social services spending during the early years of the Reagan Administration, and also during two of the most successful decades in philanthropic fundraising on record.<sup>6</sup> Yet, in the same twenty years, private gifts in constant dollars only doubled in amount (including those to religious organizations) and *decreased* overall as a total share of nonprofit revenue, to 20 percent. The third pillar of nonprofit revenue sources, fees and charges, remained unchanged at 37.5 percent of total nonprofit revenue. In sum, to the various terms for the privatization "revolution" discussed above, we must add one more: the "nonprofitization" of government services (Nathan, 1996).

This pattern of government-nonprofit funding is not new in the United States. From colonial times through the 19th century, American state and local governments supported salaries and capital projects at private educational institutions, helped to finance charitable hospitals, and supplemented charitable efforts for the care of the poor. By 1889, from 12 to 15 percent of revenue among 17 private hospitals had a governmental source (Stevens, 1982). Two other studies of the same time period, one in New York City and one in Washington, DC, found that half of the public expenditures on aid to the poor in those cities was directed to the private charitable institutions which served those individuals (Fetter, 1901/02).

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<sup>5</sup> With the initiation of federal funding for faith-based organizations under "charitable choice" legislation in 1996, this assumption regarding religious organizations is no longer true. However, retrospectively, omitting religious organizations provides a more accurate comparison of the impact of government funding on those nonprofit organizations eligible to receive public funding.

In the present era, a limited amount of data are available to distinguish the relative impact of federal, state, or local funding on specific service sectors, or to make comparisons by level of government or region, or by service area. Most of the available studies that address government-nonprofit relations in particular have focused on the service sectors of health and social welfare, where nonprofit organizations are most dependent on government contracts. Unfortunately, other service areas such as economic development and fire or disaster response have been noted as likely candidates for public-nonprofit partnership but have not received the same amount of scholarly attention (Hinnant, 1995; Sanger, 2003).

Three studies that fill this gap are mentioned briefly here. In economic development, Hinnant's (1995) case study of an inter-state alliance concludes that nonprofit organizations (in this case, universities and development authorities) were essential to the success of its efforts. A study of local community development networks by Agranoff and McGuire (1998) highlights the participation by various nonprofit entities -- chambers of commerce, development corporations, neighborhood associations, private industry councils and foundations -- in governmental economic development efforts. And Berman and West's (1995) national study of homeless services in large cities is valuable in its nuanced examination of forms of public-private partnership, as well as its finding that most forms of inter-sectoral cooperation do not involve formal agreements.

In the area of social welfare spending, the fields of health, social and legal services, and to a lesser extent, arts and culture appear to have benefited the most from the growth in government-nonprofit financing. Between 1977 and 1997, approximately half of the total

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<sup>6</sup> Excluding Medicare and Medicaid spending, the amount of federal support to nonprofits declined by ten to 15 percent annually every year between 1980 and 1988, and increased by 21 to 32 percent every year between 1993 and 1997 (Abramson, Salamon and Steuerle, 1999).

nonprofit revenue growth in the two service sectors of health and social services came from combined federal, state and local government (Weitzman et al., 2002). Arts and culture, while less dependent on public funds, is noteworthy for its heavy reliance on state and local, rather than federal funding (Salamon, 1999). In one of the few available studies of cities, Salamon (1995) found in 1982 that within municipal social welfare services, an average of 42 percent of nonprofit revenue came from federal, state or local sources (based on a range of 13 percent to 50 percent). Salamon also found that southern communities tended to rely on nonprofit organizations less than did northern communities in 1982. Other studies, such as the data presented in Table 2.1, offer a helpful but rather indirect look at the implications of federal, state or local funding patterns on nonprofit revenue in specific service sectors.

The changing landscape of social welfare due to the reform efforts of the 1990s limits the applicability of the earlier studies. Recent patterns have shifted, heavily influenced by the implementation of welfare reform legislation. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 provided state and local governments with a fixed federal grant that could be used for a variety of mostly privatized treatment, training, childcare and employment programs. In its early years, the PRWORA was considered somewhat of a financial “windfall” for social welfare organizations because of the favorable terms on the transfer of federal funding to the states (Salamon, 2002b, p. 28). One 13-state study estimated that up to 70 percent of all human service providers might be eligible for welfare reform payments (De Vita & Twombly, 1997). According to the U. S. General Accounting Office (2002), states have contracted an average of 88 percent of mandated state welfare funding to nonprofit organizations, with the rest contracted to for-profit firms (the exact proportions vary widely by state). Other policy studies have also documented increased nonprofit activity in

welfare services through PWRORA-funded activities (Holcomb & Martinson, 2002; Nathan & Gais, 2002). The opportunities for nonprofit organizations have increased to the extent that a term “second-order devolution” has been coined to describe state and local government reliance on nonprofit organizations to carry out their welfare programming (Nathan & Gais, 2002).

Despite these new financial opportunities for the private sector, government policy shifts on health and social services have been a mixed blessing for nonprofit organizations. Greater demands for services experienced by nonprofit organizations, and increased competition by for-profit firms have at times eclipsed any growth in government financial support. Much of the increase in state and local nonprofit funding during the past twenty years has been offset by reductions in federal charitable support (Corder, 1997). In the years just before the implementation of PWRORA, De Vita and Twombly (1997) found in a large sample (n=13,500) of human service nonprofit organizations that two-fifths were entering the new welfare reform era with negative balance sheets, and the majority had expenditures growing faster than revenues. Furthermore, devolution has brought new accountability mechanisms but no greater autonomy or flexibility to nonprofit organizations, resulting in new strains on internal organizational resources (De Vita, 1999). Funding for social and human services has most recently been severely restricted by the current state and local fiscal crises and shifting federal priorities. In Atlanta, Georgia, a ballooning fiscal emergency brought on by the need for an expensive sewer overhaul will almost certainly mean substantial cutbacks in the city’s discretionary spending, and the possibility of cuts in nonprofit funding in areas such as arts and culture. Thus, while certain nonprofit organizations are well positioned to become part of the new service delivery apparatus of welfare reform, others face merger, service reduction or closure.

Corder (1997) has argued that devolution requires more innovation from nonprofit organizations, given an environment that both invites more collaboration and offers more competition for charities. Indeed, the phenomena discussed above (devolution, government retrenchment and privatization), and several additional events not addressed in this chapter (e.g., increased business competition with the nonprofit sector and a narrowing of corporate philanthropic support) have forced new demands on the nonprofit sector to be competitive and market-oriented (Young, 1999). These financial exigencies have driven nonprofit organizations to work harder to maintain their “market share.”

One scholar describes the nonprofit response to the new rules of the game as “a marriage of pragmatism and social mission” (Sanger, 2003, p. 53). In welfare reform services, some nonprofit contractors have found they face a fundamental contradiction between the economic incentives central to contract design, and their charitable mission. This has been seen particularly in the pressure to maintain cost-savings by avoiding the neediest clients: a behavior known as “creaming” that is assumed to belong principally to for-profit firms but has also been found in the nonprofit sector. In other instances, nonprofits have deliberately competed with for-profit firms for contracts in order to assure charities a “voice at the table” or in order to prevent for-profits from gaining a foothold in the same service area (Sanger, 2003, p. 53). Yet another result of the greater creativity required of nonprofit organizations in order to remain financially viable has been a greater interest in strategic alliances both within and without their own sector.

### **The “Human Element”: Public Managers, Nonprofits, and the Ideology of Privatization**

Regardless of the choice of service delivery providers or tools, a public manager normally plays the central role in the decision to utilize alternative forms of service delivery,

although this may depend on the specificity of the legislation in question. According to the ICMA's 1992 survey of public managers, chief administrators in local governments consider themselves the primary actors in privatization decisions, with approximately 80 percent of county managers and 90 percent of city managers reporting their involvement, followed by department heads (75 percent-80 percent) and elected officials (50-58 percent) (Miranda & Andersen, 1994).

Yet, despite the crucial role played by a city or county's chief administrator, few studies address the potential impact of a public manager's individual characteristics on the privatization decision. In one of the few available studies, Van Slyke and Hammonds (2003) have concluded from their analysis of a single privatization event in Georgia that the past experiences of public managers were crucial to the outcome. While scholars have occasionally pointed out the danger to sound theory-building in ignoring the characteristics of individual decision-makers, few empirical examinations of their impact exist (Allen, 2001; Crawford, 1999; O'Toole, 1989). In privatization and network literature, this overly institutional perspective and lack of attention to the "human element" has been noted as a limitation to past studies, particularly where they address the causes of effective and ineffective management practices (Greene, 2002; D. A. Smith & Leyden, 1996). In discourses on contracting, scholars allude only occasionally to the potential role of good personal relations in strengthening business transactions (e.g., "relational contracting") (Macaulay, 1963; Macneil, 1980).

This theoretical gap also occurs despite the well-established arguments of Herbert Simon, whose "administrative man" illustrates the influence of individual circumstances on decision-making (Simon, 1961) Simon introduced the notion of a decision-making model framed by limits on information, time and experience. Decisions based on such circumstances are unlikely

to maximize goal achievement and are apt to depend strongly on risk avoidance and previous experience. It takes only a small step in logic to imagine that “personal ... goals, informal group pressures, and professional backgrounds” -- the individual characteristics of interest in this study -- also critically shape decisions in such “boundedly” rational circumstances as privatization (DeHoog, 1984, 29).

If a more comprehensive approach were taken to studies of inter-sectoral relations, perhaps one in which both institutional and individual characteristics were considered, managerial characteristics that are worth examining include both the attitudinal and the experiential. Public opinion data make a clear connection between political ideology and attitudes toward privatization. A periodic public opinion poll of Georgia citizens finds conservatives far more likely than liberals to support privatization (59 percent to 40 percent) (CVIOG, 2002). These public opinion data, albeit indirectly, imply the same connection among Georgia public managers. Given the ideological bent of much of the privatization literature, a public manager’s own political ideology is a principal candidate for inclusion in studies testing receptivity toward privatization efforts (Bennett & DiLorenzo, 1989; DiLorenzo, 1987; Goldsmith, 1999; Savas, 1987). Boyne (1998, 155) notes that the conservative ideology of a local community may also explain governmental contracting behavior, since “the greater the political pressure to limit the role of local government, the greater the level of contracting out.”

Despite the several works noted above that espouse one or the other side of the privatization debate, the potential impact of either community politics or an administrator’s own ideology and experience on privatization decisions has not been addressed in some of the key research on alternative service delivery arrangements, notably that of the International



City/County Management Association (Miranda & Andersen, 1994).<sup>7</sup> A national study by Brudney, Fernandez, Ryu and Wright (2004) offers one recent exception to this lack of emphasis on the potential connection between privatization frequency and the ideology of government leadership. This study found no association between the conservative ideology of state leadership, nor the electorate's party preferences and the frequency of state contracting. Warner and Hebdon (2001) have also found within the State of New York no relationship between political factors that might influence privatization and the frequency of local government restructuring.

Based on the results of Georgia's Peach State Poll, a respondent's conservative political outlook might be expected to increase support for public-private partnerships when the respondent equates such relationships with privatization efforts. This is the direction of relationship hypothesized in this study. Alternatively, scholars note that it is difficult to predict privatization decisions based solely on party politics (Greene, 2002). Both liberals and conservatives may have reasons to support privatization when it is based on cost-savings (S. R. Smith & Lipsky, 1993). Those public managers with a pluralist perspective on citizen involvement in government institutions might be more likely to be both politically liberal *and* open to nonprofit involvement in public life (Salamon, 2002b; S. R. Smith & Lipsky, 1993). And scholars have suggested that privatization may have lost some of its ideological zeal in recent years, based on their observations of privatization experiments involving Democratic officials, and their conclusion that privatization may be linked to political patronage independent of ideological bias (Clark, Johnson, & Mercer, 2000; Johnson & Walzer, 2000; D. A. Smith & Leyden, 1996).

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<sup>7</sup> The same sentiment was expressed to the author by Steven Chandler, research director of the International City/County Management Association, in a telephone communication June 23, 2003.

The attitudes of public managers and citizens alike toward the charitable sector can also vary considerably according to whether nonprofit organizations are viewed as competitors for resources, potential service delivery partners, or as politically partisan issue advocates. Lester Salamon (1995, p. 2) remarks that “third-party” government has emerged against a “backdrop of denial and dismay.” That is, the close relationship between government and nonprofit organizations challenges notions about the “independent sector” held by both liberals and conservatives. Political liberals may fear that closer nonprofit ties with government threaten nonprofits’ role as independent advocates for the underserved, particularly on highly partisan policy issues. For conservatives, government subsidization of the nonprofit sector contradicts their assertion that the voluntary sector can replace government services independent of government subsidies, and reduce the size of government (Salamon, 1995; S. R. Smith & Lipsky, 1993).

Public managers may have other reasons to be concerned about close inter-sectoral alliances. They may view their contracts or informal alliances with nonprofit organizations as a dangerous deviation from principles of public accountability (Whitaker, Altman-Sauer, & Henderson, 2004). They may be alarmed that close relationships between government agencies and private sector contractors often limit the objectivity and competitiveness of the contract (Van Slyke, 2003). And, since privatization permits not only flexibility and diversity, but also the impermanence of the public service, government managers may perceive privatization as a threat to their jobs or the scope of their responsibilities (Johnson & Walzer, 2000; Liebman, 1984).

These perspectives mirror the general ways that the potential dynamics of the government-nonprofit relationship are understood, and are discussed comprehensively in the following section of this chapter in light of their theoretical contributions. For now, it is

important to note that the experiences that may shape a public official's attitudes toward the charitable sector have been explored only minimally in empirical research and are understood principally by inference to larger theoretical frameworks, particularly those offered by public choice and pluralist theories. If we look to this framework for guidance, we can expect public managers' perspectives on nonprofit organizations to vary according to a number of criteria, including their opinion on the quality of the nonprofit organizations' contributions to the community good or the validity of their participation in issue advocacy.

In any case, we can expect public managers' opinions to be shaped not only by their political orientation but also by their direct experiences with nonprofit organizations. Direct experiences with nonprofit organizations may rely not only on some past involvement in a joint effort, but are also shaped by volunteer involvement and the career patterns of public managers. Past case studies and some limited quantitative analysis at the federal level have brought to light the extraordinary amount of career interpenetration between the government and nonprofit sectors (Doig & Hargrove, 1990; Hall, 1987; Light, 1999). Patterns of professional overlap at the local government level have not been similarly documented, but may be quite similar.

On a level less dependent on federal case studies, Brewer's (2003) recent examination of public managers and civic engagement sheds some light on how managerial attitudes toward nonprofit organizations may be shaped by personal experience. Utilizing a sample of the American electorate developed by the University of Michigan's National Election Study, Brewer suggests that those respondents employed in any level (federal, state or local) of government are more strongly engaged in civic activities than the population as a whole, and therefore display higher levels of tolerance and social engagement than do those in the private sector. The study supports earlier work associating public employment with stronger democratic and altruistic

values (Blair & Garand, 1995; Rainey, 1997). Brewer did not address the source of this difference of attitudes, but his results suggest that the experiential background of the respondent would be a strong candidate for inclusion in analyses of government-nonprofit relations. Van Slyke and Hammonds (2003) have also noted the importance of previous privatization experience on a manager's policy decisions.

In this study's context -- that of government-nonprofit interactions -- a public manager's previous work or volunteer experience with a nonprofit organization may build familiarity with, and trust in, the nonprofit sector and contribute to a city's or county's pursuit of other nonprofit alliances as well as to satisfaction with the outcomes. This association has been found between businesses and nonprofit organizations (Austin, 2000). Similarly, a nonprofit executive's level of trust in local government administrators is also likely to be shaped by their familiarity with government functions and the nature of past encounters. In either case, it may be possible that trust in the other sector, built on experience, will have an ameliorating effect on the potentially negative effects of a certain political ideology.

Despite Brewer's (2003) finding of higher civic engagement levels among public managers, any level of familiarity by public or nonprofit managers with the other sector cannot be taken for granted, perhaps even when alliances exist. A small (n=40) study of North Carolina public-private relationships based on telephone interviews found that each sector demonstrates a deep lack of understanding of the other, and suggests (but does not test) a relationship between an understanding of, and a willingness to work with the opposite sector (Altman-Sauer, Henderson, & Whitaker, 2001). In network research, trust in partners -- the expectation that they will not act opportunistically<sup>8</sup> -- has long been established as a necessary ingredient in effective

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<sup>8</sup> This definition of trust is provided by Gulati (1995) in the context of interfirm alliances, and is applied here to a larger, inter-sectoral setting.

policy implementation (Bardach, 1998; Nohria & Eccles, 1992; O'Toole, 1988, 1996). In contractual relationships, trust between government and service provider may be more essential to program success than the terms of the contract itself (Sclar, 2000). And “trust” also has a place in rational choice approaches to decision-making, including gaming contexts, where trust can be a potentially mitigating factor in otherwise irrational or risky behavior (Gulati, 1995; Williamson, 1996).

## **Section Two: Theoretical Development of Government-Nonprofit Relations**

### **Market and Government Failure**

Distinct theoretical strands from several academic disciplines have helped to fashion the various lenses through which government-nonprofit relations are viewed. The foundations for some theories of government-nonprofit relations rest in economic models that posit the creation of the nonprofit sector as a response to inherent limitations in government and private markets. “Market failure” describes the inability of the private, business sector to provide a service due to difficulties in pricing the service for profit or in controlling its distribution to paying customers. Collective goods such as national defense or clean air are subject to “free rider” problems -- the ability of any citizen to enjoy the service without paying for its cost. Since governments can tax citizens to avoid free-ridership, they are in a better position to provide collective goods than the free market (Weisbrod, 1977).

However, government cannot produce all possible public goods, since policymakers must operate under budget constraints, and must also adhere to principles of equity and majority rule. Those public goods not considered to have strong enough public support are thus not likely to warrant government expenditures, resulting in a situation termed “government failure”

(Weisbrod, 1977) Quite often, citizens will determine independently that these unmet public needs deserve support, and will organize voluntarily to finance and deliver the services using private resources -- a simple explanation for the massive, collective activity associated with the “independent” or “nonprofit sector.”

### **The “Three Lens” Approach**

Young’s (1999) “supplementary,” “complementary,” and “adversarial” lenses provide a simple but fairly comprehensive means of defining the ways in which the public and private sectors interact. This three-part framework is based on economic models of government and inter-sectoral behavior. The “supplementary” lens reflects the circumstances of “market” or “government failure” described above, when citizen demand for services is not met by either the government or business sectors. In such instances, nonprofit agencies supplement the government and business sectors by providing services that the other sectors will not or cannot meet. The “supplementary” lens also assumes that government and nonprofit expenditures have an inverse relationship to one another. Because of its emphasis on voluntary action, those with a “public choice” perspective are likely to view the nonprofit provision of public services through this “supplementary” lens.

Salamon (1987) has extended the explanatory power of the “supplementary” lens to include situations in which neither “government” nor “market failure” accurately describes inter-sectoral dynamics. Instead, a third form that Salamon terms “voluntary failure” occurs where limitations on philanthropic behavior (e.g., lack of sufficient private giving) compel a government to supplement services traditionally provided by the nonprofit sector. The extensive amount of government funding for arts and cultural programs can be explained in part by this

dynamic. As Salamon also notes, the “supplementary” lens is weakest in its ability to explain exceptions to its economic rules. Circumstances exist where private goods are supplemented by governments, where public goods could be provided by government but are not, and where free market services could be provided by businesses but are not. In the second case, governments often find it more efficient to contract public services to the private sector. The efficiencies gained by delegating a service to the private sector are principally financial (including not only cheaper services but retention of public personnel for other needs), but may also include the ability to avoid political controversy regarding the size of the bureaucracy. The theory of “transaction costs” describes the potentially diminishing returns for policymakers in directly providing a marginal service rather than contracting the service to a private provider. The kind of costs referred to here might include the potential need to allocate more managerial staff to oversee a program, or the need to devote more time to increase legislative oversight over a service (Williamson, 1996; Williamson & Masten, 1995; Young, 1999).

Circumstances in which a public good is provided through private means introduce a scenario in which nonprofit organizations may hold an advantage over private businesses in contractual or other cooperative service delivery arrangements. The perception that most decision-making occurs with insufficient information and is based on an assumption of bounded rationality is well established in the policy and management literature (E. Ostrom, 1999; Simon, 1961; Williamson, 1996). Under such circumstances, public managers may choose the nonprofit over the for-profit partner because the nonprofit organization is considered more trustworthy or is thought to offer better information about constituent needs. In addition, since nonprofit organizations are not driven by a free-market profit motive -- i.e., they are bound by a non-distribution constraint on profits and are not expected to cut corners on service quality in order to

enrich shareholders -- they are commonly believed to be less opportunistic than for-profit businesses (Hansmann, 1987). In economic terms, they are considered less prone to “moral hazard,” an especial risk when a government is unable to perform perfect oversight over its agent (Knott & Hammond, 2003; Williamson, 1996). The net result is that the risk of “moral hazard” in the free market is high enough to permit nonprofit organizations, representing the potentially more reliable provider, to successfully offer many of the same private goods as the free market -- and to give governments an incentive to seek nonprofits in service contracts (Hansmann, 1987; Young, 1999). As Liebman (1984, 355) colorfully puts it, “government cannot describe in bid documents a day care center that has tender loving care along with the peanut butter sandwiches at lunch.”

These perspectives suggest that the American government-nonprofit relationship has, in many ways, become more “complementary” than supplementary. The degree of complementarity can be seen in the extent of partnerships between the two sectors and the heavy reliance by government on the nonprofit sector as “agent” to the government’s “principal.” The complementary lens describes a direct (rather than inverse) relationship between the sectors since increases in government expenditures also finance increases in nonprofit activity (Young, 1999). The dominance of the complementary relationship in the United States can be seen in the growth in government financing of nonprofit activity, such as state and local contracting for social and human services. The “complementary” lens also helps to explain the conditions under which the nonprofit sector is dominant, such as when governments rely on philanthropic foundations to help finance public parks, monuments, museums and other public activities.

Gidron, Kramer and Salamon (1992) have elaborated in a useful way on the complementary model by introducing the dimension of control or discretionary power (Figure



2.1). Here, forms of government-nonprofit interaction are distinguished according to whether the “financing” and “provisional” functions of any program are shared or controlled by one sector. The fourth column in this model suggests that “collaborative” relationships can occur when government agencies finance a service provided by nonprofit organizations. Alternative definitions of “collaboration” will be explored further in this chapter.

Gidron, Kramer and Salamon explain that further distinctions among relational forms are possible, dependent for example on the amount of shared decision-making in service delivery. Thus, those “collaborative” activities displayed in Column Four of Figure 2.1 might be considered “collaborative-vendor” relationships when a government agency controls the program and little discretion is afforded the nonprofit organization. Alternatively, regardless of whether the program is government-financed, “collaborative-partnerships” better describe those situations when nonprofit organizations hold discretion regarding the management of a program or exercise some political clout in promoting it. Using agency theory as their guide, these authors hypothesize that the latter model is probably more prevalent in the United States, given the government’s difficulty in fully controlling contractual relationships.

| <b>Function</b> | <b>Government Dominant</b> | <b>Dual</b>             | <b>Collaborative</b> | <b>Third Sector Dominant</b> |
|-----------------|----------------------------|-------------------------|----------------------|------------------------------|
| Finance         | Government                 | Government/Third Sector | Government           | Third Sector                 |
| Provision       | Government                 | Government/Third Sector | Third Sector         | Third Sector                 |

**Figure 2.1 Model of Government-Third Sector Relations (Gidron et al., 1992)**

Where the complementary lens may have less explanatory value is in its limitation to contractual and financial exchanges between the sectors, and its assumption that the government-nonprofit relationship is mainly based on a division of labor between government funding and

nonprofit provision of services (Gidron, Kramer, & Salamon, 1992; Young, 1999). These models overlook the circumstances under which local governments and nonprofit agencies *informally* plan and deliver services, jointly share control or do not depend on funding exchanges in either direction. Nevertheless, although these activities are not emphasized in either Gidron's or Young's treatments, they are dependent on joint government-nonprofit cooperation and thus meet the definition of complementarity since they involve efforts of the two sectors to engage one another "in order to get the public's business done together" (Young, 1999, 52).

A third and more adversarial relational form may also be present in government-nonprofit interactions. Through the lens of political theory, nonprofit organizations are actors in pluralist politics and may work actively to promote the causes behind their organizational missions. Through the lens of economic theory, those situations in which minority views are not well represented in public policy deliberations create opportunities for "government failure" -- a government disincentive to respond without a majority mandate. Citizens often use nonprofit organizations to organize themselves to advocate for these minority positions (Weisbrod, 1977). As one might expect, public policymakers will vary considerably in their receptivity to such nonprofit political advocacy. Some officials can be expected to take the position that nonprofit organizations, because of their role in political advocacy, should not be involved in the delivery of public services since they cannot be relied on to represent the entire community.

A further opportunity for government-nonprofit conflict arises when governments must regulate and control nonprofit organizations in order to avoid a nonprofit version of the "contract failure" described above: since the choice of nonprofit provider over for-profit provider depends on integrity of the nonprofit legal and tax structure, governments have a great deal at stake in ensuring nonprofit organizations observe the nondistribution constraint and otherwise deserve

their preferred tax status (Young, 1999). At the local level, county and municipal governments also hold responsibility for enforcing the activities that earn nonprofit organizations their preferred legal status: two common examples are the creation and enforcement of the ordinances that regulate local nonprofit fundraising and that ensure non-discriminatory employment practices. Recent attempts by some municipal governments to limit access by the Boy Scouts of America to public facilities, and the court cases that have followed, demonstrate how prominent these adversarial dynamics can become in certain communities.

A third form of conflict may arise when the government-nonprofit relationship is based on performance contracts. In the discussion of nonprofit participation in welfare reform services earlier in this chapter, Sanger (2003) referred to recent situations in which government agencies have audited nonprofit service providers and found them to be underperforming. These circumstances may become quite adversarial, especially under media scrutiny and when the matter becomes an issue about loss of public accountability. In the state of Delaware, Auger (1997) has also observed tensions and difficulties in the working relationship between state agencies and nonprofit organizations, due in part to state efforts to institute accountability reforms in the contracting system. Whitaker, Altman-Sauer and Henderson (2004) promote a form of “mutual accountability” based on jointly developed expectations, but observe that the most common accountability systems found between government agencies and nonprofit organizations are based on surveillance and are (in their opinion) overly adversarial.

Fourth and finally, governments and nonprofit organizations compete, increasingly, for the same sources of funding. Strong anecdotal and some limited empirical evidence points to a rise in organized fundraising efforts by local governments (Auger, 1997). These include the incorporation by cities of tax-exempt organizations charged with increasing private gifts to

public programs and institutions. Accompanying this rising government effort to tap foundation grants to meet public needs is a sense from nonprofit managers that such direct competition for private funds is unfair and detrimental to the health of the nonprofit sector.

Each of the approaches discussed above emphasizes one effect or interaction: that of voluntarism (supplementary), efficiency (complementary), or political action and reaction (adversarial). These three conceptual lenses reflect the somewhat conflicting roles that governments play with nonprofit organizations in the present era, as their chief financier, collaborator, watchdog and regulator. However, although the framework is useful in explaining the potential reasons that public managers might -- or might not -- engage in a partnership with a nonprofit organization, it lacks the ability to explain informal and/or co-equal relationships, and those that are not dependent on funding exchanges. In short, the “supplementary” and “adversarial” frameworks posit a competitive or “zero-sum” relationship between governments and nonprofit organizations, while the “complementary” lens ignores, to some extent, the voluntary and non-contractual side of inter-organizational cooperation. Although Young (1999) notes that the three “lenses” are not mutually exclusive, economic treatments of nonprofit theory still tend to emphasize the formal and “either/or” nature of the provider relationship. By deemphasizing the instances when roles and motivations begin to blur, such models have less explanatory power in situations that involve contradictory actions, impulses and attitudes. For example, as other scholars have pointed out, competition and collaboration are not mutually exclusive within the same relationship (Stiles, 2001; York & Zychlinski, 1996).

These models also tend to offer less explanatory value regarding the ways in which the government-nonprofit interaction is influenced by the substantial differences among nonprofit organizations in terms of their size, resources, mission and origins. When such distinctions have

been applied to the limited example of government contracts with nonprofits, scholars have speculated that the nature of the relationship and its outcomes will vary. A relatively traditional and longstanding nonprofit institution may have less fear that government funding will infringe on its autonomy, whereas a “government-induced” nonprofit -- an organization such as a volunteer fire department that owes its existence to the public sector -- may have a less diversified funding base and a weaker bargaining position when it comes to contract negotiations with government (Ferris, 1993; Lipsky & Smith, 1989). The value in this distinction is in its suggestion that the nature and characteristics of the nonprofit organization may affect the public-private relationship as much as the goals and methods of government.

### **Second-Generation Theories**

A ‘second generation’ of theories has attempted to flesh out the economic approach or correct its limitations, particularly its tendency to concentrate on the differences between sectors more than their similarities. Langton (1987, 135) has described this shift as a new scholarly interest in “intersector consciousness.” The literature from the 1980s to the present has emphasized the great amount of duplication and interdependence between the public and nonprofit sectors, to the extent that the feasibility of doing away with a “three-sector metaphor” has been raised (p. 143). As Langton points out, if theoretical weaknesses in inter-sectoral relations are to be addressed, scholars must improve their ability to explain the common anomalies that plague sectoral definition. Recommendations for improvement include calls for a better understanding of hybrid types of organizations (which have the characteristics of government, business and nonprofits), and calls for empirical evaluations of the impact of trait absorption and functional overlap on each sector.

Increasingly, theoretical descriptions of inter-sectoral relations have taken on a multi-dimensional flavor. Each approach emphasizes certain traits on which the relationship between government and nonprofit organization is thought to hinge. Grønbjerg (1987) takes an approach similar to that of Gidron et al. (1992) by defining the nature of inter-sectoral relations principally in terms of dependency and control. In contrast, however, Grønbjerg’s approach addresses both government dependence on the nonprofit sector, and nonprofit dependence on government. Like other early scholars, Grønbjerg’s approach tends to suggest “either/or” situations, although her framework lends itself easily to more subtle and dimensional distinctions. Drawing on historical patterns of inter-sectoral relationships in the Chicago area, Grønbjerg introduces four general patterns of accommodation between the government, nonprofit and business sectors (see Figure 2.2). Conditions that underly each of the four relational patterns include, most importantly, the amount of public dependence on nonprofit organizations and the presence of a strong proprietary (business) sector. Other influential conditions include the extent of financial interaction between the sectors, the influence of historical patterns, and the extent of institutionalization of either the public or nonprofit sector.

|  |     | Dominance of Proprietary Service Sector |               |
|--|-----|---|---------------|
|  |     | NO                                      | YES           |
| Public Sector<br>Dependency on<br>the Nonprofit Sector | YES | COOPERATION                             | ACCOMMODATION |
|  | NO  | COMPETITION                             | SYMBIOSIS     |

**Figure 2.2 Patterns of Institutional Relations Between the Nonprofit and Public Service Sectors (Grønbjerg, 1987)**

Applying this model, Grønbjerg's research suggests that the field of health care exemplifies patterns of "accommodation," where the proprietary and charitable service sectors actively compete, and where government often relies on the nonprofit sector as the preferred partner. In other service sectors, such as education and community development, governments have little need for the nonprofit sector, offer little public funding and tend to compete directly with nonprofit organizations for resources. In child welfare (and, by extension, other social welfare services), mutual dependency between the sectors breeds "cooperative" relationships, including close personal contacts and mutual respect between public-private counterparts, joint work on task forces, coalition building and cooperation in public hearings (1987, 67). Updating Grønbjerg's examples, emergency response and fire prevention services (e.g., volunteer fire departments) also reflect service areas in which government depends on the nonprofit sector, and could offer two additional candidates for "cooperative" public-private relationships.

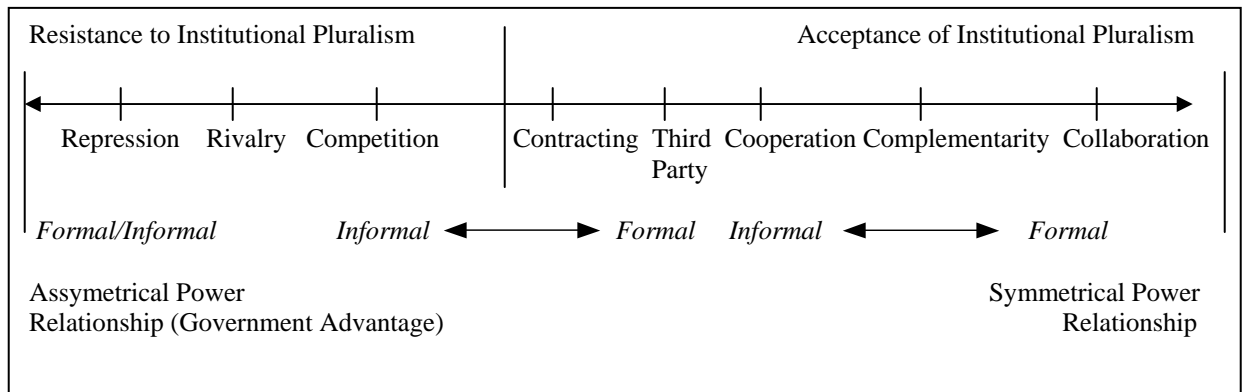
Based on historical data, Grønbjerg maintains that close cooperation and mutual dependency between the sectors "seems to be limited to those fields in which public authorities early made the decision to use, or were forced to [accept] the extensive or exclusive use of, nonprofit service providers to meet public mandates" (p. 69). Alternatively, when collaboration between the two sectors has been restricted by a formal division of labor or public law, government agencies and nonprofit organizations are more likely to compete with one another. Grønbjerg also suggests that current trends in the public landscape during the 1980s and 1990s -- including reduced government dependency on nonprofit organizations due to greater involvement of proprietary (business) organizations in nonprofit activities such as day care and home health -- are likely to lead to less frequent "cooperative" relations.

The fourth and final possible relational pattern, “symbiosis,” describes situations where the business sector may be the primary service provider and where the public sector operates independently of, but occasionally finds use for, the nonprofit sector. The service sectors of housing, community development and environmental protection reflect this pattern. The nonprofit sector has played a quite different but still active role in these areas, not as principal service provider, but as advocate, lobbyist, and mobilizer of voluntary support for the government’s efforts. Building on Grønbjerg’s examples once more, local economic development offers a likely candidate for a pattern of “symbiosis” between the public and nonprofit sectors.

More recent attempts to define a framework for describing government-nonprofit interactions have taken on an increasingly complex and multi-dimensional quality. Najam (2000) and Coston (1998) have introduced additional ways to explore the government-nonprofit relationship. Their approaches characterize the relationship in dimensional and multi-faceted terms. They argue to an even greater extent than earlier theorists that relationships are differentiated less by structure or legal status than by the extent to which resources, goals and strategies are shared.

The Coston (1998) and Najam (2000) frameworks were both designed with global inter-sectoral relations in mind rather than those within the United States. Coston uses extensive empirical research to develop a typology of eight relational forms for governments and non-governmental organizations (NGOs), relying on two axes: the power relationship between the public and private sectors, and the acceptance of, or resistance to, institutional pluralism. Relationships may also vary in their level of formality (Figure 2.3). Thus, an asymmetrical power relationship that strongly favors government and occurs in an anti-pluralist environment is





**Figure 2.3 Model of Government-NGO Relationships (Coston, 1998)**

likely to breed “repressive” relationships, but may be only “competitive” when the power is more balanced. More symmetrical power relationships and a greater acceptance of institutional autonomy may support “complementary” or “collaborative” relationships. “Complementarity,” in particular, suggests a specialized role for NGOs, where they offer qualitatively different services from the government in question, and where only minimal linkages exist between the sectors. Coston defines “collaborations” as explicit partnerships of autonomous actors where the partnership depends on both a formal agreement and a balance of power, and occurs in an atmosphere supportive of institutional pluralism. While relational forms with fewer linkages such as “cooperation” also depend on joint action and the sharing of information and resources, “collaboration” requires NGO participation in planning, and consideration of NGO input in policy making (Coston, 1998). Coston’s model is based on an assumption that the balance of power and resources will be skewed toward the governmental actor so frequently as to make “true collaboration” (based on her definition) quite rare. Her argument that most government-NGO relationships offer the nonprofit organization only a junior partnership echoes the sentiment expressed by Gidron et al. (1992) that “government-vendor” relationships should be

distinguished from others that may be more collaborative in the sense of shared authority and autonomy among the actors.

As Coston also acknowledges, her complex, multi-dimensional model makes it difficult to assign hard-and-fast rules to any relational form, particularly when it comes to describing the forms of exchange between the government and nonprofit actors (e.g., joint activities), or the outcomes. Further, certain potentially distinguishing features seem overlooked, such as the level of government in question. Scholars might also take issue with Coston's assignment of "resource sharing" as an outcome rather than a determinant of the relational form. However, the model is the most inclusive of those discussed herein, and is quite useful in noting the role played by the individual as well as the institution in creating supportive or competitive inter-sectoral relationships.

In contrast to Coston, Najam (2000) suggests a simpler, two-dimensional model based on the goals (ends) and strategies (means) employed by either actor (Figure 2.4). Where partners share both the same goals and strategies, the relationship is cooperative. Where neither ends nor means is shared, the relationship is confrontational. Two additional relational forms (co-optation or complementarity) are available to describe interactions based on a partial sharing of goals or strategies. Again, as in Coston's model, Najam's framework includes the full range of cooperative to adversarial relations. Both authors suggest that forms of exchange may include voluntary labor in addition to other shared resources such as office space, money or staff.

**Goals (Ends)**

| <b>Preferred Strategies<br/>(Means)</b> | <i>SIMILAR</i>  | <i>DISSIMILAR</i> |
|---|-----------------|-------------------|
| <i>SIMILAR</i>                          | Cooperation     | Co-optation       |
| <i>DISSIMILAR</i>                       | Complementarity | Confrontation     |

**Figure 2.4. The Four-C's of NGO-Government Relations (Najam, 2000)**

Najam offers his model as one that can address both the governmental and nonprofit side of the relationship, based less on sectoral status than on strategic institutional choice and institutional motivations. Like Coston, Najam addresses only active relational forms and excludes situations in which government and actors are fully disengaged from one another. Unlike Coston, Najam does not consider power symmetry to be a prerequisite of “collaboration,” since an actor’s assumption of mutually shared goals and strategies will still result in cooperative behavior regardless of the power arrangements. Moreover, Najam considers the service sector to be unimportant in defining the relational form, and the level of nonprofit advocacy (so central to Coston’s thesis regarding pluralism) to be a function or outcome rather than a defining feature of the form the relationship takes.

To summarize, scholars have forwarded a number of institutional or environmental factors that may define the nature of government-nonprofit interactions. In addition to the possible influence of historical precedent, these include, principally, the extent to which the institutional actors share power, goals, and depend on one another for resources. Based on these frameworks, the closest forms of cooperation are expected to reflect shared goals, strategies and power, mutual resource dependence, acceptance of institutional pluralism, and/or formal agreements. Table 2.3 summarizes the variables or dynamics introduced in Figures 2.1 through

2.4 and considered by each author as the most helpful in defining the nature of the government-nonprofit relationship.

**Table 2.3 Summary of Models of Government-Nonprofit Interaction**

| Author                         | Theoretical Lens    | Important Variables  | Possible Forms of Government-Nonprofit Interaction                 |
|--------------------------------|---------------------|--|--|
| Gidron, Kramer, Salamon (1992) | Economic            | Service financing<br>Service provision<br>Power-sharing  | Government-Dominant<br>Nonprofit-Dominant<br>Dual<br>Collaborative |
| Grønbjerg (1987)               | Resource dependence | Dominance of the proprietary sector<br>Public dependence on nonprofit organizations                                | Cooperation<br>Competititon<br>Accommodation<br>Symbiosis          |
| Coston (1998)                  | Pluralist           | Degree of power-sharing<br>Extent of government acceptance of institutional pluralism<br>Formality of relationship | Eight-point spectrum from “repression” to “collaboration”          |
| Najam (2000)                   | Behavioral          | Similarity of goals and strategies   | Cooperation<br>Complementarity<br>Cooptation<br>Confrontation      |

As Table 2.3 helps to illustrate, these frameworks each offer different and sometimes inconsistent notions regarding the key dynamics within government-nonprofit relationships. Some of the arguments are based on extensive empirical investigation, while others are entirely theoretical or have been limited in their conclusions by small samples. The relative lack of empirical research on the comparative behavior of government and nonprofit service providers has been noted elsewhere, and this topic continues to represent an active area of investigation within nonprofit scholarship (Kapur & Weisbrod, 2000). Some frameworks attempt to be

inclusive while others purport to address only one side (i.e., public or private) of the relationship. Other inconsistencies in the frameworks introduced above regard the extent to which balance is required (Grønbjerg and Coston consider a power balance essential, while Najam discounts the importance of a power equilibrium provided that goals are shared). Not all authors discuss how theoretical or conceptual frameworks might vary according to the level of government (i.e., federal, state or local), although some allude to the size of the nonprofit organization as a variable. Few address the ways in which a certain policy arena can shape inter-sectoral dynamics (Grønbjerg, 1987).

Nevertheless, despite these dissimilarities and the gaps in empirical inquiry, we can see a certain consistency in the theories forwarded to explain government-nonprofit interactions. Each of these frameworks suggests that, on the institutional level, organizations which utilize “open systems” approaches (e.g., flexibility and external focus) in their management structures are most likely to succeed in surmounting inter-sectoral differences (Daft, 1998). Each framework also suggests that partners seek a certain level of equilibrium in inter-sectoral relationships. We now turn to the field of collaborative theory, where the elements of “open systems” approaches, including such concepts as “reciprocity,” have been more fully explored.

### **Section Three: Inter-Organizational Collaboration**

#### **Defining Collaboration.**

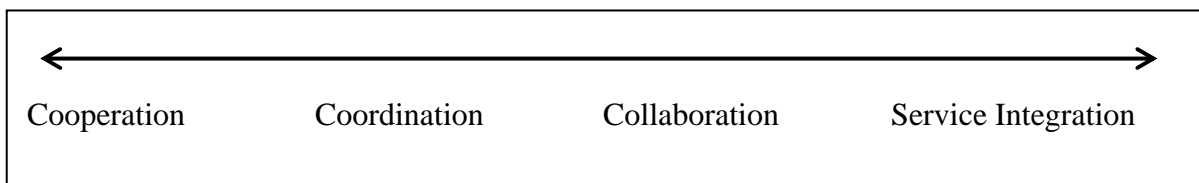
One noteworthy result of the development of a “new governance” model of public service delivery is its emphasis on *collaboration* rather than *competition* between the public and private sectors (Salamon, 1995). The study of inter-organizational collaboration, its nature and causes, originated in the management fields of organization theory and development, and in

operations research (Sink, 1998). Although scholars have forwarded numerous definitions of collaboration, each emphasizing the preconditions, process or outcomes of the relationship, commonalities can be found in the various approaches (Wood & Gray, 1991). Collaboration, briefly, can be defined as the “process by which organizations with a stake in a problem seek a mutually determined solution [pursuing] objectives they could not achieve working alone” (Sink, 1998, 1188). More fundamentally, collaborations are negotiated orders created by the stakeholders of a problem. They require voluntary, autonomous membership (partners retain their independent decision-making powers even when they agree to some common rules), and they have some transformational purpose or desire to increase systemic capacity by tapping shared resources (Wood & Gray, 1991).

Under this general definition, “collaboration” would not include purely contractual relationships in which power is not shared. It would also exclude mergers of formerly independent organizations, and commissions or panels that meet regularly but have no specific goals. Barbara Gray (1989; 1991), who has written the most extensively on this issue, distinguishes collaboration from other, lesser forms of cooperation by requiring these four elements:

- Interdependence of the stakeholders
- The ability to address differences constructively
- Joint ownership of decisions, and
- Collective responsibility for the future of the partnership.

Gray (1989) observes that “collaboration” is different than “cooperation” or “coordination” between organizations since these terms do not capture the dynamic, evolutionary nature of collaboration. Indeed, collaboration is viewed by some as an emergent process rather than a state of being (Sharfman, Gray, & Yan, 1991; Takahashi & Smutny, 2002). This distinction is captured nicely, if generally, in Selden, Sowa and Sandfort’s (2002) dimensional illustration of a collaborative “continuum” based on earlier, related literature (Austin, 2000; Mattessich & Monsey, 1992). In this model, the right-hand side of the continuum describes a higher level of service integration and, as a result, the least autonomous relationships.



**Figure 2.5 Continuum of Collaborative Service Arrangements (from Selden et al., 2002)**

Limited efforts have also been made to define the unique elements of “public-private” partnership or collaboration in particular. One important distinction is that collaborators aspire to be partners rather than simply contractors of government or recipients of funding (Fosler, 2002). According to Fosler, “collaboration generally involves a higher degree of mutual planning and management among peers; the conscious alignment of goals, strategies, agendas, resources and activities; an equitable commitment of investment and capacities; and the sharing of risks, liabilities and benefits. ... *Collaboration, therefore, suggests something less than authoritative coordination and something more than tacit cooperation*” (p. 19, emphasis added). Further distinctions regarding goals and activities are possible based on whether the “public-public

partnership” involves a business-government relationship or a nonprofit-government relationship.

In the public management literature, public-private partnership is described as one of the possible tools of privatization, although the term is given no explicit definition (see for example, Chi, 2003a; Savas, 1987). Becker (2001, 14) also notes the confusion within the public management literature regarding the meaning of “public-private partnership.” The author suggests that confusion over the definition has prevented public-private partnerships from assuming more prominence as a possible privatization strategy.

The clearest guidance on the necessary ingredients of such partnerships comes from Peters (1998), who establishes the following conditions for public-private partnerships involving government and either business or nonprofit organizations:

1. They involve two or more actors, at least one of which is public.
2. Each of the actors can bargain on its own behalf.
3. The partnership involves a long-term, enduring relationship (this definition would exclude relationships dependent on grants or competitive contracts.)
4. Each actor makes contributions to the partnership, either material (e.g., resources) or symbolic (e.g., sharing of authority).
5. All actors share responsibility for the outcomes.

Peters also describes one of the chief defining features of public-private partnerships (whether for-profit or not-for-profit) as their level of formality. His suggestion that formality is associated with the relative powers of partnership participants implies that the more politicized and asymmetric partnerships can also be the least formalized. While Peters’ definition of “public-private partnership” above closely matches the definitions of “collaboration” offered



earlier (see, for example, the definition offered by Fosler, 2002), he does not suggest that partnerships are by definition collaborative. Rather, Peters suggests that enduring partnerships depend on a second level of preconditions, including the mutuality of interests and the opportunities for both parties to gain by the partnership.

Thomson (2001) has argued that the ambiguous, dynamic and complex nature of inter-organizational collaboration requires a correspondingly complex approach to analyzing the quality of the relationship. She has tested this argument on a large sample of nonprofit service providers and has confirmed, based on confirmatory factor analysis and covariance structure modeling, that collaborative activity has numerous separate and distinct qualities. These qualities have structural and motivational dimensions, including the extent of joint decision-making, goal clarity among partners and formality of the partnership. Characteristics related to the “mutuality” of the partnership include the extent of shared information, pooled resources, and mutual respect. Dimensions of collaborative activity may also include the level of trust among partners, and may also capture goal integration between partners. The author has not tested the theoretical model further, but suggests that it has exploratory, evaluative and diagnostic value for scholars as well as practitioners.

Becker (2001) has also taken a multi-dimensional approach to theories addressing the nature of public-private partnerships. The author argues that the dynamics of partnership are influenced by the following key factors: the goals, degree of risk assumed by either party, expected rewards, and degree of involvement in partnership activities. These conclusions are based on related survey data and case studies, but no direct empirical test.

These various definitions of collaboration and partnership suggest that collaborative activity can be limited in numerous ways, such as by limitations on the mutuality of goals and

aims, by restraints on budget or staff time, or by the unwillingness of potential partners to share resources and information. Collaboration requires more than statutory authority, and asks for more than passive compliance. Collaborative activity may also depend on, or may be restricted by the public or private sector status of its principals. However, beyond some discussion of how loss of accountability in public-private partnerships may affect public perception of government effectiveness, little distinction is made in the existing literature between inter-organizational and inter-sectoral collaboration in terms of addressing the potentially greater difficulties of the latter.

## **Goals and Outcomes of Inter-Organizational Collaboration**

### Goals of Collaboration

Much of the existing literature on inter-organizational collaboration has a normative perspective, establishing cooperation as a goal in itself and discussing the means by which more effective collaboration can be achieved (Arsenault, 1998; Fosler, 2002; B. Gray, 1989; Linden, 2002; Mattessich & Monsey, 1992; Saxon-Harrod & Heffron, 2000; Shaw, 2003; Shuman, Twombly, & Rottenberg, 2001; Sullivan & Skelcher, 2002). Since the alternative to collaboration is that organizations pursue their own independent solutions regardless of shared concerns – possibly, a less efficient path – there is some credence to the normative perspective. Yet what tends to be ignored are the potential institutional costs to engaging in inter-organizational alliances, including mission drift, the possible loss of institutional autonomy or public accountability, cooptation of actors, greater financial instability, greater difficulty in evaluating results, and the expenditure of considerable institutional time and resources in supporting collaborative activities (Ferris, 1993; A. Gray, 2003; Grønberg, 1990; Shaw, 2003). In short, collaboration presents risks of different kinds, and comprehensive research on the

collaborative motivation must include both factors that compel and factors that restrain the impetus to cooperate.

Advocates of collaboration use the greater complexity of societal problems, the blurring of inter-sectoral boundaries and the organic nature of network relationships to make their case. They have amassed an extensive list of the potential benefits of inter-organizational cooperation, including its ability to address shared problems more effectively, its potential cost-savings, its potential for organizational learning, and the higher quality service or end product that may result (Linden, 2002). From the business management field, with its emphasis on “alliance strategy,” the potential benefits include competitive advantage, access to new skills or markets, cost reduction, and diffusion of risk (Bamford, Gomes-Casseres, & Robinson, 2003; Buono, 2003). Collaboration may also serve as a means of dispute resolution or avoidance (B. Gray, 1989). In the nonprofit sector, inter-organizational collaboration can improve services and build a stronger sense of community (Snavely & Tracy, 2000). Moreover, to public managers concerned with the greater accountability challenges posed by privatization and other forms of indirect government, collaboration advocates argue that inter-sectoral alliances can actually promote greater public accountability. This accountability is accomplished by the potentially greater ability of a government involved in strategic alliances to achieve its objectives, and thus to meet public expectations for results (Linden, 2002).

These various perspectives have in common the observation that collaboration helps to buffer external uncertainties -- financial or strategic -- that may inhibit, generally, either private profit or public achievement of policy goals. This approach to the benefits of inter-organizational cooperation, emphasizing collaboration as a strategic response to environmental or funding uncertainty, has been explored extensively in the nonprofit literature (Connor, Taras-

Kadel, & Vinokur-Kaplan, 1999; Foster & Meinhard, 2002a, 2002b; Grønbjerg, 1993; Mulroy & Shay, 1997; Provan & Milward, 1995; Rapp & Whitfield, 1999).

The deeper roots of the literature on collaboration are based on economic, organizational behavior and other theories to explain strategic decisionmaking in organizations. The two most prominent theories that have been forwarded to explain an organization's strategic decision to ally with another describe a motivation based on a need to increase resources or to reduce the need to compete for resources (exchange or resource dependence theories), and/or on a desire to increase organizational efficiency by reducing the time and effort needed for inter-organizational negotiation (transaction cost theory) (Pfeffer & Salancik, 1978; Saidel, 1994; Williamson, 1975, 1985, 1991, 1996). In related studies, this ability to take advantage of new resources to better meet an organization's own goals has been found to be one of the most frequent responses in survey research on strategic alliance (Grønbjerg, 1993; Thomson, 2001).

Exchange, resource dependence and transaction cost motivations are based on the desire to avoid financial risks of one sort or another. While they have overlapping roots, the goals emerging from these perspectives can manifest themselves differently. The resource dependence perspective is based on a desire to stabilize financial or other resources. One would expect the principals of inter-organizational alliances that reflect a resource dependence motivation to report a desire to raise more funds in a service area, or a wish to stabilize a source of funds; even, perhaps, to replace a source of unstable funding with one that requires less effort to maintain. Both public and private organizations can operate from this perspective: in the case of inter-sectoral alliances, governments can work to maintain a relationship with a nonprofit organization that, singly, meets public needs in a certain policy area. To understand the government's

motivation, we need only imagine the public cost should a volunteer fire department or a multi-service social services agency close its doors.

From a slightly different perspective, those motivated by a desire for efficiency in inter-organizational transactions might express a wish to improve the quality of local services or community access to a service, to build inter-organizational relationships, or to use resources more cost-effectively. Principals within collaborations that they consider successful might report cost-savings or an increase in community services. A desire to reduce the need to compete with partners for funds reflects both resource dependence and transaction cost avoidance, since such organizations stand to gain both a more stable source of funds, and a lower “cost” to raising the money. A third motivation might be external, such as the need to collaborate to comply with some legal or institutional requirement: increasingly, both private and public grantmakers have demanded evidence that a grant applicant is “collaborating” with other providers in the same policy area.

Based on studies of the business sector, Stiles (2001) observes that it is possible for collaborative partners to cooperate and compete for resources at the same time. Moreover, these cooperative and competitive intents should not be viewed as opposing options or motivations, but rather as two related, co-existing elements in a larger group of strategic motivations. This perspective is similar to that of Grønbjerg in suggesting that partnerships can be evaluated in terms of the relative weight given to each of these (and other) motivations. Here, “competition” is defined as an institution’s desire to acquire the skills and competencies of its partners for its own benefit, while “cooperative” goals aim for a mutual and possibly synergistic benefit from the partnership. Stiles suggests that those partnerships where cooperative intent is stronger than competitive intent will have greater stability and long-term potential. In contrast, those

partnerships formed and sustained within a highly competitive environment are more likely to disband once the desired skill transfer is achieved.

This perspective on collaboration makes two potentially relevant contributions to this study. First, it argues that cooperative and competitive motivations represent the two principal dynamics in inter-organizational relationships. Stiles' perspective also suggests that other partnership characteristics such as longevity and form will be correlated with goals and, perhaps, accomplishments.

Foster and Meinhard (2002b) sampled 645 Canadian nonprofit organizations to test, jointly, a number of the factors that have been discussed above on the disposition to collaborate. The large scale of this study, its inclusion of numerous independent variables, based both on individual and institutional characteristics, and its strong results make their study particularly noteworthy and useful in the development of this research project. The authors' main hypothesis was that inter-organizational collaboration depends on the interaction between organizational characteristics on the one hand, and respondents' perceptions of the environment and attitudes about collaboration and competition on the other (p. 552). The authors found that the amount of collaborative activity was positively related to the strength of its perceived benefits (e.g., efficiency, resource gain, service improvement, and risk avoidance), and negatively related to a competitive outlook or a perception of obstacles to collaboration. Larger organizations were more likely overall to engage in formal collaborative activities, but this result was due principally to a perception among larger organizations that external change without collaboration might have a negative impact on their organization. Thus, collaboration might also occur more frequently among organizations of any size that feel the need to buffer themselves from their external environment. The authors hypothesize that the more limited levels of collaborative

activity among younger and smaller organizations may be associated either with the lack of a developed network, or with weaker perceptions of need.

The authors classify the level of inter-organizational collaboration -- their dependent variable -- according to frequency rather than type of any activity. This reliance on an entirely quantitative rather than qualitative approach results in a rather unidimensional dependent variable and does not allow for any comparison of results based on the quality of engagement. The authors also note the absence of external factors in their model (such as community characteristics) and acknowledge the important contributions that such factors may make to the motivation to collaborate. They conclude by calling for future research that identifies additional structural, attitudinal and environmental variables that may act as antecedents to collaboration.

### Outcomes of Collaboration

An important contribution of the existing literature regarding collaborative results is that inter-organizational alliances can generate negative as well as positive outcomes (Genefke & McDonald, 2001). Although undesirable, common collaborative outcomes with potentially negative effects include organizational cooptation, financial stress, and mission drift. Mission drift refers to the possibility that an organization will alter or abandon its original organizational purpose in its drive to maintain a partnership.

An additional set of outcomes reflects the potential for positive results, including new organizational efficiencies and the generation of new resources -- either financial, material or human -- for either partner. Service expansion and the qualitative or quantitative improvement of current services can also result. Internally, public or nonprofit employees might develop more favorable attitudes toward the other sector, while externally, collaboration can improve the

satisfaction of citizens, clients or elected officials in government or nonprofit organizations. A third set of outcomes addresses a partnership's potential ability to mitigate the negative effects of collaboration, such as reducing the need for partners to compete, increasing trust in partners, and fostering more favorable attitudes by actors or clients toward partnership.

### **Antecedents to Government-Nonprofit Collaboration**

As Foster and Meinhard (2002b) have suggested in analyses of the predictors or determinants of a strategic decision to collaborate, it seems natural to look to a community's or jurisdiction's characteristics for some answers. Yet, little is known about the institutional or external conditions that may affect the collaborative relationship between the public and private sectors. In a 1997 survey of North Carolina's 636 cities and counties, Whitaker and Day (2001) found that larger cities were generally more likely to engage in collaborative activities with nonprofit organizations. The Canadian nonprofit study described above found similar results regarding organizational size (Foster & Meinhard, 2002b). The North Carolina study found a weaker relationship between community size and collaborative activity among counties in their sample when compared with cities. No suggestions are offered as to why this relationship occurs, i.e., whether the larger communities have greater needs, have more nonprofit organizations with which to work, or have greater managerial capacity to pursue inter-sectoral activities. However, in other local government research, both within and without Georgia, managerial capacity has been found to be important to the ability of local governments to engage in voluntary or privatized activities (Agranoff & McGuire, 1998; Gazley & Brudney, 2005).

Three sources of related literature provide clues to the potential impact of this and other institutional or environmental variables on the decision to collaborate. The first includes the



body of research and theory development addressing privatization activities. This body of literature can be expected to have strong connections to research addressing inter-sectoral relations, although the units of measurement are generally limited to governments involved specifically in contractual relationships (many forms of government-nonprofit interaction do not involve contracts). Jeffrey Greene (2002) has analyzed the International City/County Management Association's (ICMA's) surveys of local government alternative service delivery approaches for the years 1988 and 1992 to determine the relationship between municipal indicators and use of indirect government. Using multiple samples of up to 1,221 cities, Greene found that demographic factors and a city's fiscal health appear to be the strongest predictors of the local use of privatization. Greene includes in his count a broad range of activities, including contracts, tax incentives to increase private sector involvement, vouchers and deregulation (it is unclear whether volunteers or volunteerism are included in Greene's definition) (2002, 3). Significant demographic factors included geographic location, where suburban cities engaged in privatization more than central cities, and population change, where greater population growth was associated with more privatization. Generally, Greene found only small differences between the fiscal indicators of cities that made extensive use of privatization and those with low levels. Interestingly, municipal fiscal stress such as a government's tax burden was negatively related to privatization levels. No explanation is offered for this finding, which appears inconsistent with the reasons that ICMA respondents themselves provided for the privatization decision, wherein they cited "internal attempts to cut costs" and "external fiscal pressures" as the first and second most common reasons for the use of alternative service delivery tools (Miranda & Andersen, 1994). Such responses may now be historical artifacts, influenced by the state of the economy at the time of the survey.

Consistently in his analyses, Greene finds that privatization is most strongly associated with wealthier and fast-growing suburban communities rather than fiscal stress. The positive association between contracting and community wealth is also found in Meier and O'Toole's studies of Texas school districts (O'Toole & Meier, 2004). If we can associate these healthier communities with stronger managerial capacity, such findings are also consistent with the more general arguments in the public management literature regarding the importance of strong managerial capacity when implementing indirect government (Kettl, 1988; Rainey, 1997).<sup>9</sup>

Somewhat in contrast to the findings discussed above, Brudney et al. (2004) have studied contracting at the state level and find that the states with greater budgetary pressures are most likely to engage in privatization. Their results are just within the bounds of statistical confidence and would benefit from further confirmatory research, but they do suggest that researchers should take care in hypothesizing the direction of the association between fiscal conditions and privatization. While the different levels of analysis (i.e., state, local) might explain the disparity in results reported by Brudney et al. when compared to Greene (2002) and O'Toole and Meier (2004), these different findings could also be due to a time or geographic factor, or to the way in which "fiscal stress" is defined in each study. In any case, they have in common their conclusion that governmental or community fiscal conditions help to explain a good portion of contracting behavior. The results suggest further that all communities experience both pressures and incentives to contract, and the varying degree to which they experience the "push" of financial need and the "pull" of capacity will influence, instrumentally, the observed contracting behavior.

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<sup>9</sup> Management capacity is defined in various ways. This study will rely on a broad definition offered by Donahue, Selden and Ingraham (2000, 384) where public management capacity represents government's ability to marshal human, financial and capital resources to meet its policy and program responsibilities.

## Contributions from Privatization Theory

The privatization literature also offers some useful direction regarding the role of the public manager in fostering inter-sectoral collaboration. Regarding attitudinal variables or motivations to privatize, the empirical literature on privatization points especially to cost considerations such as managerial interest in cutting government budgets (Miranda & Andersen, 1994). Managers may also face external pressure to expand services while holding the line on government size. Exchange and transaction cost theories, which emphasize efficiency considerations that would be of interest to economists, address the relative difficulty in doing business with another service unit, organization or sector, and the time and effort required to conduct business (Willer, 1999; Williamson & Masten, 1995). While transaction costs involve the cost of doing business and all organizations engage in transactional activities, those activities that require exchanges between different sectors may be harder to accomplish and less desirable (Grønbjerg, 1993; Williamson, 1996). Public managers, therefore, may find themselves caught between two rather opposing forces: the pressure to outsource to cut costs, but the desire to accomplish this new transactional form as efficiently as possible. In the context of inter-sectoral relations, one result might be less interest (from either sector) in forms of exchange that require a great investment of staff time or resources, including the more involved forms of collaborative activity such as joint case coordination. This perspective on efficient inter-sectoral relations may explain why many governments rely heavily on managed competition to accomplish their privatization goals: by limiting the number of bidders and their expectations regarding service quality, public managers can also control the transaction costs tied to finding and managing indirect service providers.

### Contributions from Network Theory

The second body of research addresses networks: forms of service delivery or policy implementation that involve linked independent organizations. Although this study uses institutions rather than networks as the unit of analysis, research into networks offers valuable clues regarding the factors that can explain accomplishments in any partnership. Network scholars take a dimensional, contingent approach to the analysis of organizational goals and outcomes, an approach that this study also adopts.

Network scholars argue that the increasing dependence of public institutions on multi-organizational service delivery requires greater attention to network (as opposed to institutional) characteristics when evaluating effective public policy (Agranoff & McGuire, 1998; Nohria & Eccles, 1992; O'Toole, 1997, 2000). Dimensions or characteristics that have been found to be significant predictors of network success in achieving goals include shared goals and interdependence, trust and reciprocity, the balance of power and shared resources within the network, and a degree of centralization and leadership within the network (Agranoff & McGuire, 1998; Bardach, 1998; M. Brown, O'Toole, & Brudney, 1998; Milward, Provan, & Else, 1993; O'Toole, 1997; Provan & Milward, 1995). Not coincidentally, these characteristics also appear frequently in studies of inter-organizational relations of any kind, including many of the collaboration studies cited earlier.

### Contributions from Collaboration Theory

The literature addressing collaboration within the business and nonprofit sectors comprises the third body of work with strong connections to questions about antecedents of inter-sectoral relations. Although fewer studies exist, several institutional and environmental

variables have been tested and found to have connections to inter-organizational collaborative frequency or success within the private sector. These include organizational age (Foster & Meinhard, 2002a), size (Foster & Meinhard, 2002b), and mission alignment (Oliver, 1990). The potential role of voluntary activity in bridging the sectors has been hypothesized but not investigated empirically.

Regarding the first two variables, Foster and Meinhard (2002a; 2002b) suggest that younger organizations may be more willing to experiment with inter-organizational alliances. They speculate that the limited collaborative activity among younger and smaller organizations may be associated with weaker perceptions of need or lack of a developed network. An alternative explanation is that smaller organizations reach out to other organizations when they lack the internal capacity to achieve their goals (O'Toole & Meier, 2004).

A second study of note attempts to define the relationship between a community's geography and collaborative activity. Research already suggests that more populous communities may engage more frequently in public-private alliances (Whitaker & Day, 2001) as well as privatization experiments (Greene, 2002). In a study of 66 counties in Illinois and Mississippi, Snavely and Tracy (2000) examined nonprofit executives' attitudes about collaborating in rural communities. This study is limited by its reliance on attitudinal data and its inability to compare the frequency of collaboration against an objective measure of ruralness using census data. The results, nevertheless, tend to suggest that while organizations in rural communities face certain challenges regarding their ability to collaborate, they may also have a greater motivation to collaborate, particularly because they have less access to other sources of support such as private foundations.

Mattessich and Monsey (1992) have also observed the importance of a history of collaboration in the community and a favorable political or social climate for inter-organizational cooperation. These authors take a “best practices” approach that is less concerned with organizational distinctions, and address only the benefits (rather than the potential disadvantages) of collaboration. However, they make a useful theoretical connection between collaboration and network theories by suggesting, once again, that inter-organizational or inter-sectoral alliances are built on familiarity and trust within communities.

Does Civic Engagement Foster Collaboration? The potential association of volunteerism with inter-sectoral cooperation introduces an intriguing “chicken and egg” question to this study. Namely, does a certain level of civic engagement in a community help to promote inter-sectoral relations, or are volunteers a product rather than a cause of collaboration? While volunteer generation is not expected to be the most frequently cited or most highly valued outcome of inter-sectoral collaboration according to the principals, it warrants greater scholarly interest because it represents a potentially overlooked and undervalued resource for local governments. And, if volunteers help to foster inter-sectoral engagement, they represent an important ingredient in the mix of supportive relational networks that Coleman (1990) first identified by the name of “social capital.” While scholars debate whether “social capital” is growing or declining in American communities, there is little disagreement about the important role this quality plays in building local communities (Coleman, 1990; O’Neill, 2002; Putnam, 2000).<sup>10</sup>

The potential contribution of volunteers to inter-sectoral cooperation offers a counterposing argument to theories that the government-nonprofit relationship is fundamentally

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<sup>10</sup> Coleman (1990, 300-321) defines “social capital” as a quality within interpersonal relationships that fosters productive change. Social capital is created through trust, familiarity, shared vision, group values, mutual understanding, etc. Other dynamics besides volunteerism that have been introduced in this chapter can also contribute to social capital, including the degree of shared experience by organizational members.

competitive because it offers a means of bridging the gap between sectors. Volunteers, as individuals who pass freely between the public and private sectors, are most likely to perceive commonalities of interest between sectors and thus to support inter-sector alliances. Volunteers bring information, and help to spread values and interests common to all sectors (Puffer & Meindl, 1995). Volunteers may even enter their role with the explicit assignment to bridge gaps and promote collaboration among service agencies, a common task given to AmeriCorps volunteers (Lenkowsky, 2003).

This argument suggests two things: first, that the “lines” between the public and private sectors may become softened when volunteers are involved and, second, that volunteers can serve less as a resource over which sectors must compete, and more as a means of decreasing inter-sector competition and building collaborative tendencies. No empirical test has yet been made of this intriguing argument, first proposed by Jacqueline DeLaat (1987). It may be possible that one of the chief benefits to local governments when they work with nonprofit organizations is an increased ability to involve volunteers in the same service areas. We may also find that governments in which volunteers are involved in any public capacity, or governments in which public managers bring volunteer experience, are more likely to pursue nonprofit partnerships.

Alternatively, government involvement with nonprofit organizations, specifically through public funding, could be associated with a negative impact on volunteer involvement in nonprofit organizations. Smith and Lipsky (1993) have argued that one of the outcomes of a closer government-nonprofit service delivery partnership has been the increased professionalization of paid staff and the subsequent marginalization of volunteers. In a number of social welfare agencies, they have observed a shift of volunteers away from direct service provision and into

support roles due to government contractors' skepticism about volunteer reliability and accountability. The displacement of volunteers through government funding likely reduced the numbers of front-line volunteers in certain sectors. This phenomenon was confirmed in subsequent economic analyses of the impact of government funding on nonprofit revenue, where scholars have found that government financing of nonprofit activity displaces private philanthropy to a small degree (Brooks, 2000, 2004; Steinberg, 1993). Studies that have included non-financial variables in their exploration of this "crowding out" phenomenon have found that government financing of nonprofit activity also has a minor but negative impact on volunteer availability in certain service areas, including education and social services (Brooks, 2004; Duncan, 1999; Menchik & Weisbrod, 1987; Schiff, 1990).

Studies of the "crowding-out" effect have several limitations. The extent to which this effect exists outside of contractual and financial relationships has not been explored. Nor have such studies included the mitigating effect of an active collaboration, where either the formal relationships or the increased trust in partners may lead to changes that lessen -- and perhaps, reverse -- its destructive impact. A leading argument of those who view the government/nonprofit relationship as mainly competitive is that even when a partnership is formed, the "collaborators" are motivated principally by the desire to acquire more resources for themselves -- in essence, to compete with, rather than to support the other partner's access to resources.

What may fuel this perception among nonprofit organization is the apparent growth in the number of local governments that have created their own tax-exempt organizations to expand their access to private gifts and foundation grants (e.g., independent "booster clubs" attached to public recreation departments, or "friends of parks" organizations). It is also possible that this



competition for resources extends to volunteers. However, if an exchange occurs, it is unclear whether governments “lend” volunteers to these collaborations, use the collaborative alliances to “lure” volunteers from nonprofits, or jointly recruit new volunteers with nonprofit partners. The findings discussed above, particularly the work of Smith and Lipsky (1993), strongly suggest that closer government-nonprofit relationships can produce both positive and negative effects regarding voluntary involvement in a public-private partnership.

### Role of the Contract

Principal-agent and transaction cost theories drive the notion that contracts help to improve inter-organizational or inter-sectoral relationships. Contracts offer partners a mechanism to protect themselves from potentially opportunistic behavior, and serve as frameworks within which relationships develop (Gulati, 1995). In the public sector, government managers may rely on contracts to avoid loss of control and accountability, and to position themselves better to assure equity in service distribution (Salamon, 1987). The main objective of public management, thus, becomes control of the agent to ensure that public goals are met, and adherence to the public’s expectation of efficiency using competitive bidding practices (Sundquist, 1984). The proper tool for ensuring these practices is assumed to be the formal contract, which has become a central feature of indirect government (Miranda & Andersen, 1994; Salamon, 2002a). Thus, the direction of most privatization studies, particularly those examining the local level of government (as this study does), is toward an emphasis on how contracts can improve service efficacy (Kramer & Terrell, 1984; Sanger, 2003; S. R. Smith & Lipsky, 1993; Van Slyke, 2003; Van Slyke & Hammonds, 2003). Such an approach also tends to rely on contracts or contractual relationships as the unit of analysis.

The principal result of this approach is a dearth of research on non-contractual, government-nonprofit partnerships. The assumption that contracts drive the government-nonprofit relationship is so prevalent that even some of the broadest empirical or theoretical studies ignore those relationships lacking formal agreements (e.g., Van Slyke and Connelly, 1997; Salamon, 2003). In fact, in the public management literature, one might ask -- to borrow a term -- whether informal or non-contractual relationships have not become the “dark matter” of the government-nonprofit interaction (D. H. Smith, 1997, 114)? Scholars from other disciplines, particularly those interested in collaboration theory, have suggested that contractual arrangements form only one of several possible cooperative relationships. More akin perhaps to many public-private partnerships is the “confederative” arrangement, which relies on operational or non-binding agreements, and operates through resource exchanges and a greater amount of self-regulation (rather than external control) (B. Gray, 1989). In one of the few empirical examinations of this question, Berman and West (1995) observed at least six forms of cooperative local government strategies involving nonprofit organizations; only one involved formal contracts.<sup>11</sup>

### **Summary**

Government dependence on private, often nonprofit, organizations as service providers has a long tradition in the United States, but the past generation has seen mounting political interest in using third-party providers in order to limit the size of government and promote citizen choice. State and local governments, which find themselves with more financial responsibility for social welfare provision and with a new mix of limited resources to accomplish

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<sup>11</sup> The closely related forms are cooperation, contracting, resource exchange, community planning, coordination and partnership; they occurred among the authors’ survey respondents an average of 54 to 80 percent of the time.

public goals, are increasing their use of privatized service delivery tools such as vouchers, service contracts and public-private partnerships. Privatization offers federal, state and local governments the opportunity to limit government's size while expanding service quality and scope. However, the fiscal efficiencies are offset in part by the greater difficulty in meeting public expectations for bureaucratic accountability and oversight. The nature of the public-private relationship is no longer about hierarchy and contractual control but, increasingly, about shared resources, negotiation and consensus-building. The extent to which public managers, elected officials or nonprofit executives are willing to accept their redefined role is not yet clear.

While the move toward a more market-driven model of public service delivery has benefited the business sector enormously, nonprofit organizations have also reaped benefits by becoming the providers of choice in many service areas, although they also pay the price by facing greater demands for performance and accountability. If present trends persist, government funding may soon surpass that of earned income as the single greatest source of nonprofit revenues. The dependence of nonprofit organizations on government funding, and government dependence on nonprofits as agents of service delivery have led the research scholarship devoted to government-nonprofit relations to focus principally on contractual relationships. Multiple theoretical strands from economic, political and behavioral disciplines help to explain the various ways in which the public and nonprofit sectors interact. However, this emphasis on formal, negotiated exchanges also leave large gaps in our understanding of relational forms, due to assumptions regarding the nature of the interactions or limitations regarding the scope of empirical inquiries.

These exchange theories tend to emphasize the controls placed on inter-sectoral relationships, at the expense of the possible transformational outcomes that may occur when

substantive power-sharing occurs. They are perhaps best at pointing out the possible negative outcomes of joint inter-sectoral activity and the ways to curtail externalities (e.g., through performance contracts). In contrast, collaboration theorists tend to focus on the many possible benefits of cooperation to make their case. These benefits include those familiar to privatization scholars (efficiency and cost-savings) but extend well beyond to encompass large-scale community enhancement and the generation of social capital. Collaboration theorists also maintain that relationships intending to progress beyond mere cooperation on any continuum of activities will require a larger commitment of resources and effort than perhaps many institutions are willing to make. Theoretical strands from a variety of disciplines reinforce the value of trust, reciprocity and a familiarity with the other sector in building stronger working relationships.

The nonprofit and network literature of the past several years shows ample evidence of a brisk and fruitful examination of the institutional motivation to collaborate. While no single theory has enjoyed full explanatory value, the literature suggests that the motivation arises principally from a strategic response to environmental and funding uncertainties (Connor, Taras-Kadel, & Vinokur-Kaplan, 1999; Foster & Meinhard, 2002b; B. Gray, 1989; B. Gray & Wood, 1991; Grønbjerg, 1993; Mulroy & Shay, 1997; Provan & Milward, 1995; Rapp & Whitfield, 1999). Resource dependency theories suggest that nonprofit organizations often pursue governmental alliances to acquire public funds and stabilize their funding base (Grønbjerg, 1993; Pfeffer & Salancik, 1978). Exchange theories suggest that local governments may also seek financial gain (O'Toole, 1996). No matched or comparative studies have addressed the extent to which these sectors differ or agree with one another regarding the strength of these motivations. The possible institutional, environmental or external factors that foster public-private collaboration have only been addressed nominally in the research literature, but suggest that size,

age, fiscal health and a prior, positive history of partner interaction may improve the prospects for success.

As the discussion in this section suggests, the theoretical contributions of the existing research on inter-organizational or inter-sectoral collaboration are strongest where they address collaboration's potential goals and benefits, and where they address the perspective of specific actors. Explored less thoroughly in the literature are several highly relevant aspects of partnership, including the antecedents to collaboration, the possible disadvantages of alliance, and comparative studies that can evaluate sectoral differences and similarities. Moreover, although very useful empirical work has been produced (e.g., studies by Foster and Meinhard, 2002, on nonprofit collaboration, and by Whitaker & Day, 2001, on government-nonprofit collaboration), the majority of the existing research depends on case studies. These case studies, by Shaw (2003), Sharfman, Gray and Yan (1991), York and Zychlinski (1996), Brown and Troutt (2004), Mulroy (1997) and Sink (2001), are useful in pointing to concepts that should be included in quantitative research, but do not offer the opportunity to generalize their findings to a larger audience.

Finally, several promising dimensional models have been developed to describe the nature of government-nonprofit relations (Coston, 1998; Najam, 2000; Salamon, 1995). These models provide essential direction to the design of a study, but are limited by their focus on a few dimensions. One exception to this observation is the highly nuanced dimensional model of inter-organizational collaboration created by Thomson (2001).

This chapter has set its examination of inter-sectoral relationships in the context of recent influential political trends, particularly a devolution of federal responsibility to state and local governments in many policy arenas in which nonprofit organizations are active, and a continuing

governmental interest in privatization, or the use of non-governmental institutions to implement public policy. In its discussion of related theoretical frameworks, this chapter has introduced the various ways in which the government-nonprofit relationship in particular, and inter-organizational relationships more generally, have been defined and examined. The extent of previous theoretical and empirical investigation has also been described. In the following chapter, this study will describe some of the gaps that remain in our understanding of inter-sectoral relations, and will discuss how pursuit of these questions might have value for practice and theory-building. The following chapter will introduce a research framework for this study, and will frame specific hypotheses, along with their rationale and potential associations based on previous empirical analyses.

## **CHAPTER THREE**

### **RESEARCH QUESTIONS AND HYPOTHESES**

#### **Introduction**

Although we find in Chapter Two that limited research has directly addressed government-nonprofit relationships, the combined literature offers a fairly consistent definition of collaboration for use in this study. Collaboration between governments and nonprofit organizations involves more than a contractual or funding relationship. Any form of inter-organizational collaboration also requires more than tacit cooperation, and demands some level of shared goals, risk, and resources (Fosler, 2002; B. Gray, 1989; Peters, 1998). Inter-organizational collaboration is viewed as the form of relationship involving the most closely aligned goals and activities between partners while still maintaining the independence and autonomy of partners (Selden, Sowa, & Sandfort, 2002).

When inter-organizational collaboration has been studied, an array of empirical information has been accumulated. Most notably, previous studies have enhanced our knowledge of the reasons why any institution, including governments and nonprofits, may form partnerships. This research has begun to distinguish the quality or strength of a partnership based on criteria such as level of shared control, goal agreement, stability and shared experience. It has demonstrated the possible results of collaboration and has provided useful theoretical frameworks to explore the key drivers of other forms of collaboration, such as those between the public and private sectors.

Nevertheless, some significant gaps in our understanding remain. The advanced age of many studies cited in this study have limited their descriptive value for the 2000s. In addition, nearly all of the quite extensive research on privatization or government-nonprofit relations at the local level has addressed only certain forms of the relationship (e.g., contractual forms) or is limited to a few service sectors (e.g., social/human services). Scholars have yet to comprehend the full range of formal and informal partnership forms, to compare government-nonprofit service delivery partnerships by policy area, and to link these factors to community and institutional variables. For example, the influence of fiscal variables on government contracting behavior has been thoroughly examined, but has not yet extended to all forms of inter-sectoral engagement, including non-contractual forms. The value in expanding the scope of inquiry to all forms of government-nonprofit relationships rests in the opportunity it offers to test and validate the existing assumptions about the goals and results of privatization and public-private partnership on a more comprehensive -- and representative -- variety of relationships.

A second limit to the existing literature addresses its emphasis on only one (public or private) sector. Despite their potential value, few comparative studies of the public and nonprofit sectors have been attempted. Moreover, previous research has often overlooked the ways in which the perspectives of individual actors affect inter-organizational relations. The small number of studies that have applied a comparative approach demonstrate the value of further inquiry, since their findings suggest that perceptions of service effectiveness may vary significantly by institution, public or private sector and even by respondent (Altman-Sauer, Henderson, & Whitaker, 2001; Provan & Milward, 1995).

Further theoretical limitations of the existing scholarship on collaboration arise principally from an often normative perspective on inter-sectoral engagement that emphasizes its



benefits and under-emphasizes its possible negative consequences (e.g., Altman-Sauer, Henderson, & Whitaker, 2001; Brock, 2002; Fosler, 2002; Genevke & McDonald, 2001; Mattessich & Monsey, 1992). In addition, the more nuanced dimensions of inter-organizational behavior that have recently been studied have not yet been applied to, or tested on inter-sectoral models (e.g., Foster & Meinhard, 2002b; Thomson, 2001). Finally, researchers have not yet paid sufficient attention to the nature of the larger environment, or communities in which partnerships occur, despite the value such an undertaking could bring to attempts to understand why inter-sectoral relations form (Foster & Meinhard, 2002b).

### **Research Model and Questions**

This study attempts to address these theoretical and empirical gaps by developing a comprehensive, integrated model of public-private partnerships that accounts for their environmental, institutional, individual and comparative dimensions. Specifically, this research examines those partnerships, both formal and informal, between city and county governments and nonprofit organizations that involve joint service delivery or planning. Given the development of the existing scholarship, questions that invite further inquiry in this study include the following:

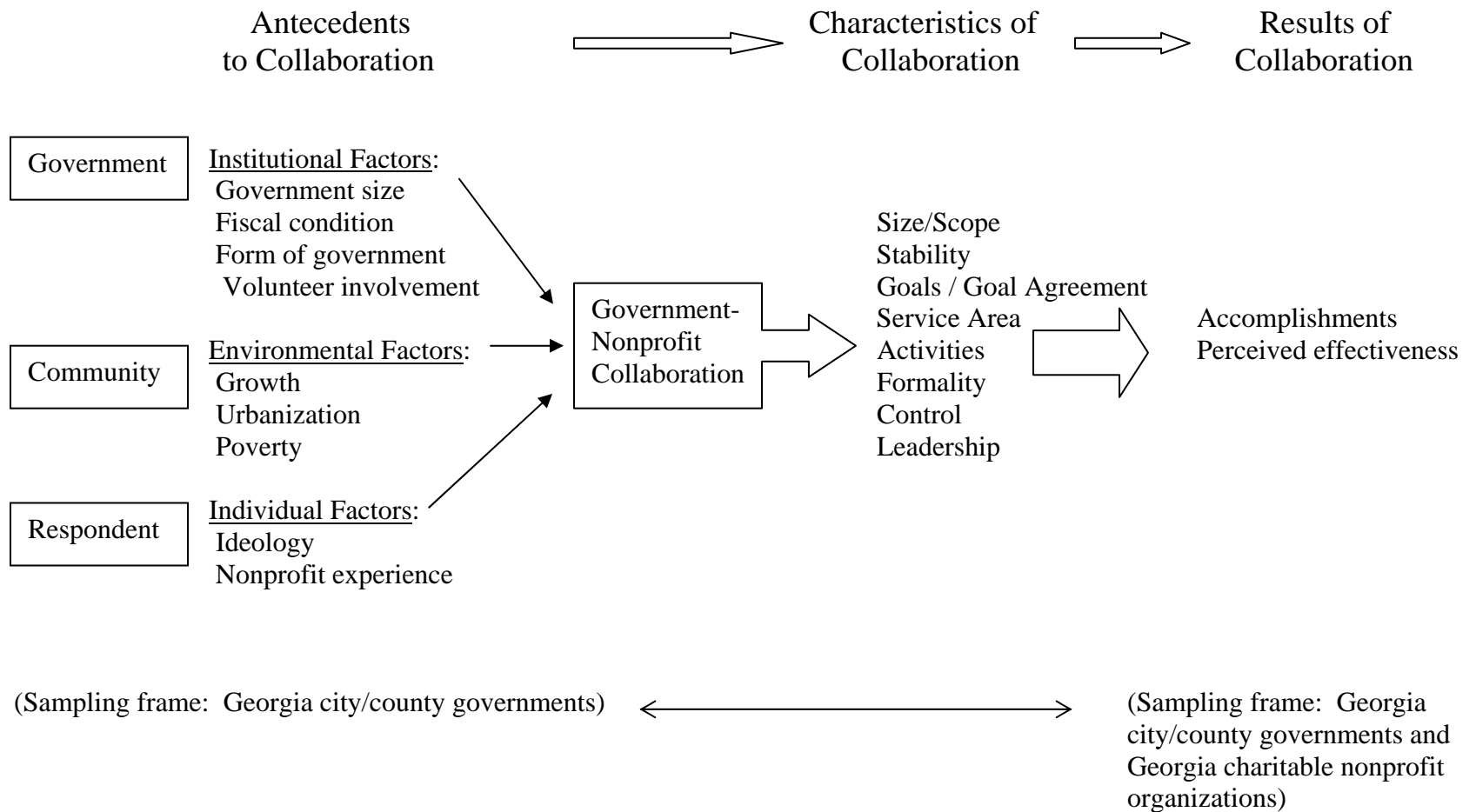
- o What community and institutional characteristics foster local government-nonprofit partnerships?
- o How often do partnerships occur?
- o What are their main characteristics?
- o To what extent can we consider their activities “collaborative”?
- o Along what dimensions do partnership characteristics vary?

- o What results are accomplished by government-nonprofit service delivery partnerships, and how do the experiences and perspectives of government and nonprofit actors affect the results of these partnerships?

This study's approach to exploring these questions is illustrated in Figure 3.1. This figure describes a multi-stage analytic model that examines first the *antecedents* to collaboration in service delivery at the local level, based on environmental, institutional and individual dimensions. At this stage, the dependent variable is the existence or absence of government-nonprofit partnerships in a community.

At the second stage of analysis, the nature of government-nonprofit collaboration is explored, principally by examining the most *active partnerships* in any jurisdiction. Variables of interest include the goals, structure and activities of the partnerships (e.g., a partnership's age and scope, its forms of engagement, and its sources of control or decision-making authority). The actors' perspectives are incorporated through an examination of attitudes regarding the advantages and disadvantages of partnership. The role that sector plays in influencing perceptions regarding the advantages and disadvantages of partnership is included by employing parallel samples of government and nonprofit organizations.

At the final stage of analysis, this model outlines a means to examine how these structural and attitudinal characteristics affect the dependent variables of *results*, outcomes or accomplishments of partnerships. The value in pursuing this third stage of analysis lies in its ability to make inferences about the impact of partnership form, structure and goals on outcomes. This study is limited to the local level of government as its unit of analysis based on the



**Figure 3.1 Research Model**

important role played by municipal and county governments in privatization activities, their closer association than other levels of government with nonprofit organizations in their communities, and the opportunity this approach affords to build a large sample.

The remainder of this chapter is divided into three sections. In these sections, ten hypotheses to test dimensions of government-nonprofit relations are offered in association with the central research questions listed above. Relying on previous scholarship, each section describes the rationale for inclusion of a hypothesis, and discusses the key variables of interest and the direction the relationship is expected to take in a statistical model. The next chapter (Four) describes the operationalization of these variables and the methods employed to gather and analyze the data used in this study.

Because little research on public-private partnerships as a particular organizational form or type of privatization effort has been attempted, the research questions posed in this study at times have an inductive or exploratory character. Nevertheless, sufficient direction is available from related fields of study to offer guidance on the expected association between most variables of interest, and to permit a deductive approach to the hypotheses, or analytical portions of this study. Methodologists recommend this combination of descriptive and inferential questions in mixed-methods studies (Creswell, 2003, pp. 112-113).

Each hypothesis is presented in its “alternative” or research form, but the discussion also notes the expected outcomes based on the finding of a null relationship between variables. This approach emphasizes the results that can be expected when they are guided by previous theoretical development, but also takes advantage of the power of deductive reasoning, where the presence of a relationship is supported by disconfirming its absence (Meier, Brudney, & Bohte, 2005; O'Sullivan & Rassel, 1999). A discussion of the reasons for hypothesizing expected

directions follows. The remainder of this chapter describes the research questions, denoted R1, R2, etc., and their associated hypotheses (H1, H2, etc.).<sup>12</sup>

### **Model Stage One: Antecedents to Collaboration**

**R1.           What community and institutional characteristics foster public-private partnership?**

**R2.           How often do partnerships occur?**

**H1:       The likelihood of local government-nonprofit collaboration will increase with government size, fiscal health, and a managerial form of government; with population growth and urbanicity; and with government leaders' conservative political ideology and previous experiences with nonprofit organizations.**

The scholarly literature makes many assertions about how the nature of the local community may affect the disposition of governments and nonprofit organizations to collaborate. Some of these assertions will be tested in this study for the first time in a large sample, while in other cases, the existing literature offers clear guidance regarding the expected direction of these relationships. Yet even in cases where the research is strong, some ambiguity exists. For example, while fiscal stress has been introduced as the traditional motivation for governments to privatize, the strongest existing empirical evidence suggests that most privatization experiments

occur in fiscally healthier and wealthier communities (Boyne, 1998; Greene, 2002; Miranda & Andersen, 1994). Nevertheless, the recent finding by Brudney et al.(2004) that state government fiscal stress is positively associated with contracting frequency by state agencies not only continues to leave the question open, but points to the strong possibility that a combination of interrelated factors is responsible for the association between government health and privatization efforts. As both Brudney et al., and Boyne (1998) point out, governments privatize for reasons other than to reduce costs, such as to improve service quality.

In addition, while Altman-Sauer, Henderson and Whitaker (2001) have found that governments in rural communities are less likely to partner with nonprofit organizations to meet service needs (presumably because rural communities are more self-sufficient and demand fewer government services), other research suggests that a rural community's limited access to alternative financial resources may encourage *more* public-private partnering (Snively & Tracy, 2000). Alternatively, Greene (2002) finds that most government privatization (with both nonprofits and proprietary businesses) occurs in suburban communities and those communities experiencing population growth. The question is worth pursuing in Georgia, where rural communities predominate, but much of the state is experiencing either sharp increases or declines in population.<sup>13</sup> Greene's findings also leave in some question whether fully urban communities also privatize more, and thus whether the association between privatization and urbanization is linear.

More research has attempted to match organizational or government characteristics to inter-organizational or inter-sectoral alliances. At times, the direction of the relationship depends

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<sup>12</sup> The reader will observe that the second and third research questions are not associated with a hypothesis. In these two cases, the research questions are used to produce supporting descriptive data for other, related hypotheses.

on the sector in question: while larger jurisdictions appear to engage more frequently in public-private partnerships, collaboration is also associated with smaller or younger nonprofit organizations (Foster & Meinhard, 2002a; O'Toole & Meier, 2004; Whitaker & Day, 2001). The connection between these two situations may be based on two factors, opportunity and organizational capacity: larger governments have more organizational capacity and thus are able to reach out to other sectors, while younger nonprofit organizations looking for opportunities to partner seek out the resources of other sectors to build their internal capacity. Few studies have addressed the question of the impact of organizational size and capacity on inter-sectoral collaboration, and only one study has used the organization's budget as a variable (Foster & Meinhard, 2002b). Alternatively, Whitaker and Day (2001) rely on population levels in the community to examine the effect of community size on collaboration.

A second characteristic of government that may be relevant to collaboration is its form, i.e., whether the local government uses a traditional elected or a professionalized form of management. Some previous research has linked the managerial forms of local government (e.g., council-manager and commission-manager forms) with greater contracting frequency (Brudney et al., 2004; Morgan, Hirlinger, & England, 1988). The connection is thought to depend on the higher educational levels of many of the public managers who staff these local governments, where new ideas introduced in their academic instruction encourage them to adopt new ideas such as privatization in their professional activities (i.e., an "isomorphic" association). However, other research focused more directly on contracts with nonprofit organizations has found no statistically significant connection between council-manager forms of government and

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<sup>13</sup> Rates of population change in Georgia counties between 1990 and 2000 range from -52 percent to +137 percent. During this ten-year period, 29 percent of Georgia's cities and 39 percent of its counties experienced rates of population growth or decline in excess of 15 percent (Georgia Department of Community Affairs, 2003).

the frequency of complete contracts (T. L. Brown & Potoski, 2003). Although variables related to form of government have been included in models addressing contracting frequency, no empirical test has been made of the possible connection between form of government and frequency of public-private partnerships of any kind.

Previous studies have also observed the importance of a favorable political or social climate in the community when inter-sectoral alliances are attempted (Mattessich & Monsey, 1992). In this study, the expected direction of the relationship between collaboration and political variables is based on literature linking a stronger motivation to privatize with a more conservative political ideology. However, as Chapter Two has described, the attitudes of principals toward collaboration can be influenced not only by their political outlook but also by previous experience with the other sector. Favorable attitudes toward other organizations or sectors are built on trust, reciprocity and the experience of previous positive relationships.

Two concrete ways in which such conditions can be fostered -- and observed in empirical analyses -- are through the involvement of volunteers and through the personal experiences of key decisionmakers. Scholars have speculated that volunteers can offer a tool for bridging inter-sectoral differences, although volunteers themselves may not always benefit from closer government-nonprofit ties (DeLaat, 1987; Lenkowsky, 2003; Saidel, 1989; S. R. Smith & Lipsky, 1993).<sup>14</sup> Secondly, trust between sectors can be built through first-hand experience of the principal actors with the other sector, either by previous work in inter-sectoral collaboration or other (work or voluntary) experiences (Light, 1999).

To summarize, the first hypothesis (H1) proposes that the dependent variable, government-nonprofit collaboration, is a function (**f**) of these community and institutional



qualities. In the following model, all independent variables except for the indicator “fiscal stress” are expected to be positively associated with the dependent variable:

PRESENCE OF GOVERNMENT-NONPROFIT COLLABORATION =  
f (GOVERNMENT SIZE, FORM OF GOVERNMENT, FISCAL HEALTH AND  
STRESS, GOVERNMENT VOLUNTEERS, DECISION-MAKER’S NONPROFIT  
EXPERIENCE, IDEOLOGY, POPULATION DENSITY, POPULATION GROWTH).

### **Model Stage Two: Characteristics and Dimensions of Collaboration**

- R3.           What are the main characteristics of government-nonprofit partnership?**
- R4.           To what extent can we consider their activities “collaborative?”**
  
- H2:       Georgia government-nonprofit partnerships will meet the criteria of “collaborative” as established in the scholarly literature.**
  
- R5.           Along what dimensions will partnership characteristics vary?**
  
- H3:       The frequency and scope of Georgia government-nonprofit partnerships will vary by service sector.**
- H4:       Government partners will express a greater interest in the cost-benefits and potential for service enhancement through partnerships than in other goals.**

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<sup>14</sup> Smith and Lipsky (1993) have observed that when nonprofit organizations align more closely with governments through contractual relationships, they may professionalize their operations in a way that marginalizes volunteers and other “less professionalized” resources.

This mainly descriptive section of the study will explore the characteristics of local government and nonprofit organization collaborative engagement. As Chapter Two has discussed, most of the scholarly research has been directed either toward macro-analyses that examine government-nonprofit relations from a national or international perspective (e.g., Salamon, 2002b), or has focused on a single community or service delivery network, or small samples of similar jurisdictions (for example, Provan & Milward, 1995). This study aims for something in between: a sample large enough to produce generalizable results for similar populations, but detailed enough to flesh out significant descriptive components of public-private engagement.

In developing a fuller picture of the characteristics of government-nonprofit partnerships, this section of the study will focus principally on those partnership characteristics that the related literature has already identified or proposed as potentially important. Its main contribution to the literature will be to describe the relative frequency of these characteristics and how they are affected by other factors such as service sector or community size. This step in the study is also necessary to identify partnership characteristics that will be used as explanatory variables in the third and final stage of the model (e.g., presence of a formal contract, extent of joint activity). As the discussion of the first research question illustrated, descriptive components of partnerships have both external and internal characteristics. The first research question (R1, discussed above) will look at external characteristics, or the collaborative environment; this second group of research questions is interested in internal characteristics of existing partnerships, or in how the partnerships themselves may vary based on policy area, age, the number of organizations involved, forms of exchange and goals.

The value in this line of research rests in its ability to bring additional richness to the rather uniform or limited approaches that currently exist regarding the characteristics of “public-private partnerships.” In the practitioner-oriented literature, a list of potentially important characteristics of public-private collaboration has been forwarded, but their frequency and relative impact has not been measured, so little is understood regarding their actual or applied value (Fosler, 2002; B. Gray, 1989; Mattessich & Monsey, 1992). Even fewer references are made in the literature regarding the potential differences between public-private partnerships involving nonprofit organizations and those involving business or proprietary corporations. In academic research, the efforts by Grønbjerg (1987), Coston (1998) and Najam (2000) to define the pivotal dimensions of the government-nonprofit relationship are worthy of further elaboration, especially in order to understand the relative strengths of these dimensions or their impact on goals and outcomes. These three authors have alluded to (but not tested) the importance of goals, formal agreements, joint activities, and control and power in framing the government-nonprofit relationship: this study not only examines the above dimensions, but argues that further examination of the context in which partnerships occur will shed even more light on the nature of the relationship. These additional contextual factors include the service sector in question, the age of the partnership, its goals and its activities or forms of exchange.

### Size and Scope of Partnerships

Again, scant literature is available to guide hypotheses regarding the size and scope of government-nonprofit partnerships, aside from a general agreement that they are increasing in frequency. While those familiar with the nature of organizational growth might expect that government-nonprofit partnerships become more inclusive and involve more organizations over

time, the literature on privatization suggests that the opposite may be true. In relationship contracting, where partnerships are built on pre-existing associations, a local government may cultivate a long-term relationship with a single organization that meets its needs without call for further expansion of the service network (Hodge, 2000). Moreover, such a reliance on a single nonprofit organization may depend not only on need but also on availability. In the former case, most local communities require only one economic development agency (often the local chamber of commerce) or one volunteer fire department to meet community needs. In the latter case, we can expect that both community size and the policy arena in question would contribute to nonprofit availability.

In looking at size and scope of partnerships, this study will examine the frequency of dyadic organizational relationships (e.g., those between a local government and a single volunteer fire department), as well as those partnerships that depend on larger, multi-organizational service delivery networks. Again, the value of this inquiry lies in its ability to determine whether assumptions regarding the impact of partnership development on network building and further expansion of service networks are misplaced without considering the context of policy arena. In other words, expectations that partnerships will grow or evolve over time into different forms may only be met in certain service areas.

### Stability of Partnerships

The literature addressing the effect of the age of an inter-organizational alliance is more extensive. Generally, scholars agree that older partnerships may be more productive because they have surpassed critical milestones in the development of a cooperative relationship (B. Gray, 1989; Sink, 1998). In short, those partnerships that were founded on shaky ground will

disband more quickly after they have formed than those in which goal agreement and mutual aims are stronger. Because this study proposes a cross-sectional approach to the examination of government-nonprofit partnerships that is unable in most respects to account for the impact of time on partnership outcomes, the inclusion of a variable for “partnership age” helps to address this limitation to the research approach.

Stiles (2001) suggests that those partnerships where cooperative intent is stronger than competitive intent will be more stable. In contrast, those partnerships formed and sustained within a highly competitive environment are more likely to disband once the desired skill (or resource) transfer is achieved. Further, the attitudes of respondents toward collaboration and toward the opposite sector may become more positive the longer the collaboration has been in existence (Sharfman, Gray, & Yan, 1991). Finally, Rubin and Rubin (2001) have found an association between the formality of the partnership and its age, where alliances become more formalized over time.

### Policy Area

An examination of the impact of differences across service areas on the form or results of collaboration is expected to be particularly useful in theory-building. The bulk of the existing literature on service delivery partnerships, networks, public-private partnerships or nonprofit funding addresses only one or a small number of service areas at a time, or is limited in its ability to compare service areas because of a small sample or case study design (Altman-Sauer, Henderson, & Whitaker, 2001; Brock, 2002; Grønbjerg, 1990, 1991; Provan & Milward, 1995). Where more comprehensive state studies of government-nonprofit partnerships exist, their conclusions about effective relationships, sometimes referred to as “best practices,” have been

made without distinguishing how the choice of service area may affect the form that the collaboration takes or the measures of success (Altman-Sauer, Henderson, & Whitaker, 2001; Whitaker & Day, 2001).

However, where comparisons across service areas have been undertaken, particularly in studies of government-nonprofit financial relationships, the service area is found to matter a great deal (Brooks, 2000, 2004; Grønbjerg, 1993). Scholars have also noted that the goals of privatization are shaped somewhat by the service sector in question (Becker, 2001; Dilger, Moffett, & Struyk, 1997). The disadvantage in examining single service areas is, of course, the inability to compare them to one another to determine whether the choice of service area contributes to the form that the partnership takes, or the necessary ingredients for its success. One might expect, for example, partnerships involving fire services to depend more on formal contracts than perhaps economic development partnerships, which in turn may ascribe success more heavily to the partners' ability to secure new funding. This question of how a service area affects the collaboration's form and its success also will be examined in the final stage of the model to advance theories about effective government-nonprofit relationships.

This section of the study addresses the question by grouping and comparing collaborations across an exhaustive list of 17 service areas, detailed in Table 3.1 on the following page. These service areas are grouped into smaller, general categories that permit further comparative analysis. Partnerships falling into these categories will then be compared along the dimensions described in the following paragraphs to determine how service area affects the form and nature of the partnership.

**Table 3.1 Service Areas in Which Local Governments and Nonprofits are Involved**

| <i>Surveyed categories</i>             | <i>Grouped categories</i>          |
|--|------------------------------------|
| Arts / culture / museums               | Arts / culture / museums           |
| Parks and recreation                   | Parks and recreation               |
| Environment                            | Environment                        |
| Fire services                          | Public safety / emergency response |
| Disaster planning / emergency response |                                    |
| Law enforcement                        |                                    |
| Economic development / planning        | Economic development               |
| Landscape management                   |                                    |
| Social / human services                | Social / human services            |
| Education                              |                                    |
| Youth services                         |                                    |
| Senior services                        |                                    |
| Homeless / housing                     |                                    |
| Mental health                          |                                    |
| Health                                 |                                    |
| Animal control                         |                                    |
| Community action                       |                                    |
| Libraries                              |                                    |

Goals of Partnership

The goals of a government-nonprofit partnership represent an important area of inquiry in this study. The literature offers strong guidance regarding the source of the impetus by government or nonprofit actors to collaborate, but suggests that more than one motive may be present (Grønbjerg, 1993). Earlier, this study introduced leading theoretical perspectives on the source of an inter-organizational motivation to cooperate: i.e., the desire to increase resources or avoid the need to compete for resources (see Chapter Two). The overlapping motivations reflected in these resource dependence and transaction cost perspectives, and the implication that conflicting goals may be quite normal further strengthen this study’s expectation that participants will express widely varying reasons for entering into government-nonprofit partnerships. Table 3.2 describes the potential reasons that governmental or nonprofit actors might provide to explain

the motivation to collaborate or not to collaborate. The table includes references to such motivations in previous research.

**Table 3.2 Reasons to Collaborate Or Not to Collaborate**

|   |
|---|
| Reasons to collaborate:   |
| To meet legal or regulatory requirements (Altman-Sauer et al., 2001)                        |
| To gain more resources or funding (Pfeffer & Salancik, 1978; Grønbjerg, 1993)               |
| To improve the quality of local services (Snaveley & Tracy, 2000; Altman-Sauer et al, 2001) |
| To use public resources more cost-effectively (privatization literature)                    |
| To improve community access to a service (Snaveley & Tracy, 2000; privatization literature) |
| To avoid competing for the same funds (collaboration literature)                            |
| To build government/nonprofit relationships (Altman-Sauer et al, 2001)                      |
| To promote shared goals (collaboration literature)  |
| To improve community relations (Thomson, 2001)  |
| To build a stronger sense of community (Snaveley & Tracy, 2000)                             |
| To gain more professional expertise (Fosler, 2002)  |
| To address problems local government (nonprofit) officials could not solve alone            |
| To allow nonprofit organizations to make political connections (Snaveley & Tracy, 2000)     |
|   |
| Reasons not to collaborate:   |
| Insufficient staff or funds (York & Zychlinski, 1996)                                       |
| No interest from nonprofits (governments)   |
| No perceived governmental (nonprofit) benefit   |
| Too much trouble  |
| Not consistent with mission   |
| Poor relationships  |

The literature offers limited guidance regarding the differences we can expect to find when the goals of public and nonprofit sectors are compared. A desire to achieve cost-savings or to expand or enhance public services are the traditional reasons given by governments for engaging in privatization of public services (Greene, 2002). Grønbjerg's (1993) analyses suggest that sectoral membership matters less than organizational qualities, particularly the number of funding streams and their reliability. The resource dependence perspective Grønbjerg offers



associates decision-making in organizations of all kinds with their funding structures, including the quality and stability of external funding. From this perspective, it is safe to assume that government funding is *generally* more stable than nonprofit funding, and that this difference will lead to relatively different emphases placed on certain goals. Nonprofit organizations, as a consequence, can be expected to express a stronger desire to secure new resources through intersectoral alliances, while government agencies might be less interested in new financing but more interested than their nonprofit counterparts in gaining non-financial resources such as volunteers or additional professional expertise. However, given the diversity within the nonprofit sector, such generalizations may only be appropriate when sectors are compared as a whole, and may be less valid when distinctions such as service sector, organizational size and financial stability are considered.

Alternative reasons for governments and nonprofit organizations to collaborate are based on a desire to avoid the high transaction costs associated with *not* collaborating. For example, a public or nonprofit organization may find their limited resources stretched further when a change in mission or expansion in services requires them to work with an institution with whom they have no collaborative history. In such cases, government principals might express a desire to build better relationships with nonprofit organizations or to engage in collaboration due to a legal or statutory obligation. Also consistent with a cost avoidance perspective is the sentiment that collaboration can offer a means of reducing competition between the sectors.

This model offers an opportunity to make use of data from both sectors to test these possible distinctions. The design of this study does not incorporate matched-sample comparisons, or include perspectives of multiple actors within the same partnership. Because this study relies on two, unmatched samples of the government and nonprofit sectors, it has

limited comparability. However, it can make a distinct contribution through aggregate analysis, or by comparing the relative alignment and consistency of responses by government and nonprofit sectors. This comparison of goals by sector, while exploratory, can contribute to theory building by defining areas of goal alignment between sectors as well as areas in which the sectors manifest distinct differences.

Finally, this model also offers an opportunity to compare those institutions currently engaged in active partnerships to those that are not. The reasons that governmental or nonprofit actors do not collaborate might include either internal limitations (insufficient staff or funds), the perception of no benefit, or external limitations such as perceived lack of interest from the other sector. Each of these reasons may be as much perceptual as factual. However, the presence of the first (insufficient staff) would suggest that a level of motive is apparent even when the means to participate is not. Such questions can be helpful in identifying the extent to which limitations on organizational capacity drive collaborative decisions. This study expects to find that such capacity-driven responses predominate among those governments and nonprofits that do not collaborate. This hypothesis is based on an extensive amount of literature in the related area of public and private volunteer management, where lack of organizational capacity is found to be a principal source of limited volunteer engagement (Gazley & Brudney, 2005; Urban Institute, 2004).

### Partnership Activities

Activities in which partners engage to meet the goals of the partnership comprise one of two principal forms of exchange between collaborating governments and nonprofit organizations. The second form represents the source of leadership in the partnership and is

discussed below. In the classic, managerial model of government-nonprofit interaction, such activities may be limited to an exchange of funds and management of a service contract (Hodge, 2000). Such activities would not meet definitions of collaboration forwarded by Gray (1989) and Thomson (2001), where a greater amount of shared management (and shared risk) must occur.

This study approaches this research question and tests the third hypothesis from two vantage points: first, this study will identify how often common collaborative functions are present in local government-nonprofit partnerships. Those activities commonly associated with inter-organizational collaboration are: **joint decision-making**, often involving joint planning, policy development and political advocacy; **joint operations**, such as the intermingling of service operations and oversight; **pooling or sharing of resources** such as money, expertise, staff, volunteers, or infrastructure; and **inter-agency communication**, such as formal mechanisms to share information with collaborative partners (Fosler, 2002).

This study will then develop and test a dimensional model of joint activity, based on the “spectrum” approach sketched out by Selden et al. (2002) and displayed in Figure 2.5 in Chapter Two. The study identifies the activities that previous literature associates with any kind of government-nonprofit interaction, and categorizes them based on their level of joint, reciprocal exchange. Those activities dependent on government provision of resources to nonprofit organizations through grants, contracts, or gifts of supplies (government provision) are distinguished from those depending on a greater amount of joint activity (collaborative). The first set of activities describe a uni-directional or unbalanced relationship, in which the governmental institution supports the nonprofit organization materially. Whitaker and Day (2001) suggest that the typical alliances between public and nonprofit administrators involve

public grants, contracts or in-kind support to nonprofit organizations. This is a relatively hands-off relationship when compared to joint planning or program development. Therefore, even when alliances exist, one might wish to take into account their intensiveness or depth, and the extent to which they meet definitions of collaborative activity as provided in the literature and discussed in Chapter Two. While scholars are clear on the need to test collaborative activity according to the amount of risk-sharing and reciprocal exchange, the literature can offer no further guidance on how to rank these activities. The one exception is an observation by Thomson (2001) from her multi-dimensional approach that outcomes may be influenced by multiple factors and will not necessarily improve when the level of collaborative activity increases.

The approach is illustrated in Table 3.3. As this study argues, some collaborative activities involve government financial support of nonprofit organizations, the traditional notion of “government as provider” forwarded by Gidron et al. (1992) and others. The second group of activities requires a shared mission and higher or more equal levels of exchange and joint cooperation, a model of “collaboration” forwarded by Peters (1998), Gray (1989) and others. This table separates partner activities based on these criteria of shared mission and risk, and equal or reciprocal levels of exchange.

**Table 3.3 Forms of Collaborative Activity**

|   |
|---|
| Government provides, Nonprofit receives   |
| Government grants or contracts to nonprofits<br>Government provides equipment   |
| Activities meeting the definition of “collaborative”  |
| Shared staff<br>Shared workspace<br>Shared volunteers<br>Joint purchasing<br>Information sharing<br>Joint program development<br>Joint policy development<br>Joint service delivery<br>Joint advocacy to state/local government<br>Joint case management/coordination<br>Joint recruitment of staff/volunteers<br>Joint fundraising |

Formality and Control

Regarding the aspect of “control,” Chapter Two introduced several related theoretical frameworks for describing government-nonprofit relationships that suggest that an important characteristic of collaborations is the locus or source of control (i.e., whether the lead organization in the partnership is government or nonprofit) (Coston, 1998; Gidron, Kramer, & Salamon, 1992; Grønbjerg, 1987). One reason for its importance rests in the argument of collaboration theorists that a good measure of the strength of a collaboration is its reliance on shared (rather than sole) decision-making among the partners (B. Gray, 1989; Thomson, 2001). Thus, a model’s ability to take into account how decisions are made in a government-nonprofit partnership helps to distinguish the more collaborative from the less collaborative forms of relationship -- or, to use Gidron et al.’s (1992) terminology, observations about how partnerships are controlled allows one to distinguish the “collaborative-vendor” models from “collaborative-

partnership” models (see Chapter Two). In addition, whether power or control in a collaborative relationship is shared, or held by one or the other party, may also help to explain differences in perceived benefits of the relationship: scholars have speculated that “control” over a partnership has a direct relationship to satisfaction with the outcomes (Altman-Sauer, Henderson, & Whitaker, 2001). Thus, the locus of decision-making authority serves as an important control variable in this study’s regression models predicting the quality of collaborative outcomes. Finally, Grønbjerg (1993) has noted the multi-dimensional nature of resource-dependent relationships, which suggests that power or control comprise just one of many factors predicting the nature of collaborative relationships.

At least three factors related to control are introduced in this model and tested on other partnership characteristics such as the frequency and scope of collaboration. These are: (1) how the partnership’s activities are coordinated; (2) whether decisions are made jointly, or by either the government or lead nonprofit actor; and (3) whether a formal contract directs joint activities. A test of the frequency and impact of the third item represents an important line of inquiry in this study because of the extensive amount of previous research that suggests, first, that the government-nonprofit relationship is principally a contractual one and, second, that contracts improve participants’ perception that partnerships foster positive outcomes. While the frequency of contractual relationships will be introduced and discussed in the context of the second stage of the research model, an empirical test of its impact on outcomes (and a test of these two assumptions that prevail in the scholarly literature) will be carried out in the third and final stage of the model addressing partnership results.

## **Model Stage Three: Results of Collaboration**

**R6:           What is accomplished by government-nonprofit service delivery partnerships, and how do the experiences and perspectives of government and nonprofit actors affect their motivation to collaborate and the results of these partnerships?**

This research question, which introduces the final stage of this research model, is examined from four perspectives. The first focuses on the meaning and dimensions of “accomplishment,” and compares the influence of goals on outcomes. The second approach to this research question compares the perspectives of government and nonprofit partners regarding goals and outcomes. The third perspective examines the role of sector and collaborative experience in determining why partnerships might not occur. The fourth examines the impact of partnership structure on its outcomes.

### The Influence of Goals on Accomplishments

This section of the study begins by comparing goals of partnerships with actual service improvements or other positive outcomes. Two effects are expected. The first expected effect is the positive influence of goal congruence or goal alignment on achievements. This association is fairly well established in previous research but warrants a test for these specific circumstances (see for example, Austin, 2000; B. Gray, 1989; Saidel, 1994).

The analysis then tests whether goals must be explicit for public-private partnerships to accomplish them, or, alternatively, whether accomplishments can also occur when not planned or anticipated (consistent with Simon’s (1961) observations concerning the frequency of unintended

consequences). The value of this line of inquiry rests in its ability, potentially, to point out the need for explicit goals when planning collaborative enterprises or, alternatively, to illustrate that partnerships can often achieve more than expected.

**Table 3.4 Possible Accomplishments of Government-Nonprofit Partnerships**

|  |
|--|
| Cost-savings   |
| Increased level of community service   |
| Increased quality of community service                                       |
| New funding for local government   |
| New funding for nonprofit organizations                                      |
| Reduced need to compete for resources  |
| Stabilized operating environment   |
| Increased government or nonprofit access to volunteers or other resources    |
| Increased citizen satisfaction or trust in government                        |
| Increased local government trust in its nonprofit partners                   |
| More favorable attitudes by public employees toward nonprofit organizations  |
| More favorable attitudes by elected officials toward nonprofit organizations |
| More favorable attitudes by nonprofit board or employees toward government   |

Possible accomplishments of partnership are illustrated in Table 3.4. This study expects to find that explicitly defined goals of cost-benefits, service improvements or positive relationship-building are more likely to result in the same accomplishments. Stated as a null hypothesis, no relationship between goals and accomplishments would be expected. By contrast, the alternative hypothesis states:

**H5: Explicit goals of partnership lead more frequently to the expected accomplishments.**

Comparing the Sectors: the Goals and Gains of Collaboration

When using an approach that includes perceptions of success or other subjective measures, the status of the principal actors must also be addressed. The sixth and seventh



hypotheses in this study begin the comparison of government and nonprofit sectors regarding their attitudes toward partnership. The sixth hypothesis tests how actors' perceptions about public-private partnership and their government or nonprofit counterparts affect the benefits they hope to secure through collaboration. The seventh tests the influence of sectoral membership on the accomplishments they report.

**H6: Government and nonprofit actors will differ in the relative value they place on the goals of partnership: the specific direction and nature of these differences is not specified (exploratory hypothesis).**

**H7: Government and nonprofit actors will differ in the accomplishments they report (exploratory hypothesis).**

The value of this inquiry rests in its potential contribution to theory-building in a body of empirical research that to this point has tested government and nonprofit goals and motives in isolation from, rather than in comparison to, one another. This study takes the position of the privatization literature, which implies that both goals and perceptions about the meaning of collaborative effectiveness may be shaped by sectoral status. Its research model relies on two large, aggregate samples of government and nonprofit decisionmakers within Georgia and is intended to capture the broad views of the public and nonprofit sectors. While the samples are not matched (e.g., by community), the comparability and, thus, the reliability of the responses from either sector are greatly enhanced through the use of parallel survey instruments employing identical or parallel question wording whenever possible.

Although these sectoral comparisons are exploratory, some directions can be anticipated: the study expects to find that government leaders will be more concerned about partner accountability and reliability than their nonprofit partners. Nonprofit organizations, meanwhile, are likely to be more concerned about securing resources and about the impact of partnership on their own organizations, particularly its impact on organizational autonomy.

### What Motivates the Non-Collaborators?

The eighth and ninth hypotheses examine differences between collaborating and non-collaborating organizations regarding the possible benefits and drawbacks to public-private partnerships. This analysis thus far has focused principally on the potential advantages of partnership; a discussion on potential disadvantages is equally germane, and must include the perspective of sector as a principal contributing factor. Two hypotheses are offered:

**H8: Government and nonprofit actors will differ in the perceived obstacles to collaboration: the direction and nature of these differences is not specified.**

**H9: Collaborating institutions will express more positive attitudes toward partnership than will non-collaborating institutions.**

These hypotheses are exploratory, but it is not a stretch to predict that individuals with collaborative experience will perceive fewer obstacles to collaboration than those without. What will be more helpful to both practice and theoretical development is the relative weight that individuals with non-collaborative experience place on the potential obstacles to partnership when compared to those with collaborative experience.

Because of the relatively flat or equitable approach that has been taken in the practitioner literature to discussing the potential disadvantages of collaboration, sectoral membership has been afforded little consideration. Along with comparing the influence of collaborative experience, equally important to this analysis is the dimension of sector. Nonprofit and government executives will be compared to one another to determine whether they place different emphases on certain potential drawbacks to collaboration. A lack of guidance from the literature suggests that no specific differences should be hypothesized.

#### Impact of Partnership Structure on Outcomes

The final line of inquiry examines the outcomes of partnership, and compares their relative strength along several dimensions. First, this study will examine how the presence or quality of many of the partnership characteristics described in Stage Two of this study influence reported results. Both collaboration literature and previous studies of service delivery networks have noted the positive influence of the size of the partnership, its stability (as a measure of its longevity), its form of central coordination, and forms of exchange on reported satisfaction with service effectiveness (Altman-Sauer, Henderson, & Whitaker, 2001; M. Brown, O'Toole, & Brudney, 1998; O'Toole, 1988; Provan & Milward, 1995). Of equal interest to this study will be the relative strength of these characteristics to partner outcomes. This study devotes its attention to two items in particular, based on their value in theory-building. The first item is a test of the impact of joint partnership activity on outcomes, where expectations are that the greater the number of collaborative activities described in Table 3.3, the stronger the impact on accomplishments. The second item is a test of the prevailing assumption that formal agreements

(e.g., contracts) improve partnership effectiveness. Although this idea has been challenged<sup>15</sup>, there is evidence in network studies that formal procedures may increase at least the perception of effective performance (M. Brown, O'Toole, & Brudney, 1998).

Thomson (2001) has argued that power-sharing arrangements and the degree of individual autonomy may vary so widely within collaborations that the study of collaborations requires a nuanced assessment of the forms of control. As noted earlier, those scholars who have developed dimensional approaches to the general study of government-nonprofit relations also view the relative power or control in the relationship as a key factor (Altman-Sauer, Henderson, & Whitaker, 2001; Bebbington & Farrington, 1993; Coston, 1998; Gidron, Kramer, & Salamon, 1992; Grønbjerg, 1987). Among other factors, the locus of control in a collaborative relationship is expected to have a direct impact on outcomes. This study expects to find that when government actors are surveyed, government control over the partnership is positively associated with perceived positive outcomes. An even stronger test of this connection can also be made by assessing the impact of government leadership and control on reported accomplishments.

In the hypothesis and equation outlined below, the dependent variable “partnership accomplishments” is expressed as a function of several partnership characteristics, including the size and age of the partnership, its level of collaborative or joint activity, the presence of a formal contract, and which partner leads the partnership. Each of these variables is expected to have a positive association with reported accomplishments (e.g., government control over the partnership, rather than shared control, is expected to predict higher reported accomplishments by the government partner). This model also will include as control variables the environmental

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<sup>15</sup> In a recent collaborative report produced by business, nonprofit and governmental leaders, the argument is forwarded that nonprofit organizations should aspire to “a stronger role as *partners*, rather than just *contractors* (emphases added) of government” and that nonprofits should become “more involved in policy and decision making” (Fosler, 2002, pp. 13, 18).

or institutional characteristics found to be statistically significant at conventional levels in the first stage of this research model in predicting collaborative frequency.

**H10: The accomplishments of government-nonprofit partnerships are a function of internal and external characteristics that, combined, strengthen the partnership and foster collaboration. Partnership characteristics that will support achievements include the level of goal agreement between partners, central leadership or coordination of the partnership, a formal contract, and its stability. External or institutional characteristics that will foster collaboration include the nonprofit experience of public managers.**

PARTNERSHIP ACCOMPLISHMENTS = f (GOAL AGREEMENT,  
LEADERSHIP, FORMAL AGREEMENT, STABILITY,  
COLLABORATIVE ACTIVITY, NONPROFIT EXPERIENCE,  
COMMUNITY OR INSTITUTIONAL CONTROL VARIABLES)

### **Dependent Variables**

The choice of dependent variables forms an important piece of this analysis and offers a small methodological contribution. When examining outcomes, scholars too seldom compare the subjective contributions to collaborative success with their objective counterparts (e.g., comparing the actors' positive or negative attitudes toward success with evidence of successful activities). A small, investigative study using this approach illustrates its value: it found

evidence that an actor's positive attitude toward collaboration may in fact be self-serving, since it may be strongly associated with a positive balance of power in the relationship rather than with the presence of any particular collaborative activities (Altman-Sauer, Henderson, & Whitaker, 2001). Such results suggest not only that attitudes matter, but also that attitudinal data cannot be relied on alone to describe measures of success. When combined with evidence (discussed in Chapter Two) that individual experiences may shape these attitudes and perceptions of government-nonprofit alliances, the need to identify subjective influences on partnership outcomes becomes clear.

This study approaches this dilemma to measuring accomplishments by isolating and examining as two distinct dependent variables its tangible (e.g., reported outcomes) and intangible (e.g., attitudes about outcomes) forms. The analysis of these measures will also include the potential influence of other features that may affect the attitudes of actors toward partnership outcomes. Examples of such potentially confounding features include the source of leadership in the partnership (government or nonprofit), the presence of a contract, and the level of trust and/or competition that actors exhibit toward the other sector. In the case of a contract, the study expects to find that formal agreements are associated with local government actors' perceptions of success, either because the process of contract development offers an additional measure of control, or because it offers a means for the requisite strategic planning and development of joint objectives that is important in collaborative planning. This analysis of a combination of factors that may influence results is expected to be one of the chief contributions of this study to existing collaboration theory.

## Summary

The literature offers lengthy lists of the ingredients or activities necessary to collaboration. Theory development has been limited by the relatively equal weight placed on these ingredients, an emphasis on “best practices,” assumptions about the directions of relationships, and an over-reliance on dichotomous variables that measure only the presence or absence of a characteristic such as “trust in partners.” When attention has been paid to the inter-relationship among variables, empirical testing is still largely absent (e.g., Mattessich & Monsey, 1992).

When empirical testing has been attempted, some of the “ingredients” of success described in the literature (particularly that literature with a “best practices” orientation) can yield unexpected effects. For example, in one study, institutional autonomy within a collaboration was not found to be related to more positive outcomes, even though this characteristic is considered an essential ingredient in well-developed collaborative models. Moreover, the same study found that joint decision-making -- also considered to be a necessary ingredient -- had a negative, rather than positive, impact on perceptions of effectiveness (Thomson, 2001). Despite their surprising direction, such findings make sense when one considers that partners may find it difficult to maintain institutional autonomy while pursuing partnership goals and, also, that the energy required to achieve joint decision-making in a partnership may be too high based on its transaction costs.

The example described above offers a cautionary note about assuming a particular direction in relationships when developing hypotheses about partnership outcomes. It also expresses the theme of this study: that both the form and results of government-nonprofit service delivery partnerships depend on many related, contingent characteristics. To test this central

argument, this chapter presented a comprehensive and integrated framework for describing and analyzing government-nonprofit partnerships based on three stages: the antecedents of partnerships, their characteristics, and their accomplishments. The analytical approach used in this study also isolates and examines separately the impact of community, institutional and respondent characteristics on the variables of interest. A separate descriptive stage begins an exploration of these various dimensions by government and nonprofit sectoral status.

The approach described in the research model (Figure 3.1) has definite strengths, especially in its scope and its ability to make extensive connections between independent and dependent variables. Its limitations arise principally from its examination of partnerships at one level of government and at one particular moment in time, and its lack of attention to the transformative or dynamic nature of collaboration.<sup>16</sup> As a result, the contribution of this model to the understanding of collaboration as a developmental process will be fairly limited. Nevertheless, it will help to inform the process of collaborative development by pointing to many of the potential obstacles to, or facilitators of inter-sectoral engagement.

The following Chapter Four introduces a plan for data collection and analysis. This chapter also discusses how variables were selected and operationalized, and describes the various statistical and theoretical considerations behind these decisions. Finally, Chapter Four describes the government and nonprofit sampling frames that were utilized, and discusses the particular strengths and limitations of the sampling approaches employed in this study.

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<sup>16</sup> For a discussion of change within collaborations over time, see for example Sharfman, M., B. Gray and A. Yan, "The context of inter-organizational collaboration in the garment industry: An institutional perspective." *Journal of Applied Behavioral Science*, 27(2), June 1991, 181-208.



## **CHAPTER FOUR**

### **DATA AND METHODS**

#### **Introduction**

This study examines the nature of service delivery partnerships between local governments and independent, nonprofit organizations. As elaborated in Chapter Three, the research model developed for this study (Figure 3.1) describes a multi-stage, analytic approach that tests propositions regarding these public-private partnerships at three levels:

- (1) the antecedents to collaboration, or the predicted probability that collaboration will occur based on specified internal and external characteristics;
- (2) the characteristics of existing collaborative alliances between local governments and nonprofit organizations, and
- (3) the results or accomplishments of these partnerships.

Chapter Four describes the approaches used to investigate the research questions discussed in Chapter Three. The first stage in this model specifies the need to collect data from communities in which partnerships occur as well as those in which they do not. This research model hypothesizes that decisions and perceptions regarding public-private partnerships, and the nature of those partnerships, are shaped by characteristics of communities, governments, and the individual decisionmakers themselves. The contextual nature of this approach requires data collected at the community, institutional, and individual levels (Babbie, 1973). In addition, this

model suggests that sectoral membership (i.e., government or nonprofit) will shape perceptions regarding the advantages and disadvantages of public-private partnerships, as well as their results. Such arguments also suggest the need for parallel samples, in order to include the perspectives of both government and nonprofit actors in the portions of the study that address attitudes toward collaboration. Finally, this model's interest in examining the nature of public-private partnerships along a number of internal and external dimensions specifies the need for a multivariate analysis employing a large number of cases.

This chapter has two major sections: the discussion of the government sample that forms the centerpiece of this study, and the discussion of the nonprofit sample that introduces a comparative element to the data analysis. In the government portion of the chapter, three sections describe the data and sources, variables, and analytic methods employed in this study. A shorter section covers the analogous material for the nonprofit sample. Further detail regarding the government and nonprofit sampling frames is included in the Appendix. Together, these sections encompass the discussion of the methodological framework of this study, a description of the data, their sources and operationalization (i.e., the specific form in which the concepts were captured and tested in statistical analysis), and the analytic methods employed. Tables are included to describe dependent and independent variables used in this study. Summary statistics are also included in this chapter.

### **Data and Sources**

The combination of descriptive, perceptual and behavioral variables required for this study necessitates original data from their primary sources: local governments and nonprofit organizations. In this study, the means of obtaining these data was through mail survey using

probability sampling techniques. The mail survey method offered a greater level of detail than that provided by telephone interviews alone, and also permitted respondents to consult with other staff for assistance in answering certain survey questions when necessary. While the government and nonprofit mail surveys each had unique characteristics, their general purpose was to ask parallel questions of the two (public, nonprofit) sectors for later comparison. To capture the characteristics of local governments and their communities, the primary data were then supplemented with institutional and community indicators from secondary sources. Both the primary and secondary sources of data are described in the following sections. The full surveys are attached as Appendices A and C.

## **Government Sample**

### Source of Sample

Georgia's municipal and county governments represent the central units of analysis in this study. The chief administrative officers of Georgia's cities and counties comprise the first source of data: city and county managers or clerks in communities with a public manager, or commissioners and mayors in communities without a public manager. According to the International City/County Management Association (ICMA), local public officials holding the chief administrative position consider themselves the principal decisionmaker on privatization issues the majority of the time (Miranda & Andersen, 1994). A mailing list was obtained from the Georgia Department of Community Affairs' official database of local government administrators. This list, which is updated frequently, includes the chief administrative officer for Georgia's 159 counties, 499 incorporated cities and three consolidated governments, for a sampling universe of 661 jurisdictions. Consolidated governments in Georgia represent

communities with a combined city/county jurisdiction (e.g., Athens-Clarke County), and are included as counties in this study's data analysis.

### Survey Administration

The *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government* was administered between April and August of 2003. The eight-page survey (Appendix A) included approximately 200 variables addressing five general categories of interest in the scholarship on collaboration: (1) the existence of local government collaborations with nonprofit organizations, and the scope of the collaboration, such as the service areas involved and the number of organizations in the service network; (2) the nature of the collaboration, including its level of formality, the scope and character of joint activities, and the locus or centrality of decision-making authority; (3) the reasons participants give for or against collaborating; (4) the extent to which volunteers are involved in those same local governments; and (5) potentially relevant characteristics of the respondents, including their experiences with nonprofit organizations and volunteerism, and their political orientation. Each survey was stamped with a unique numeric code that identified the respondent's jurisdiction. This step facilitated follow-up with non-respondents and also permitted returned surveys to be matched with fiscal and demographic data for each community, which were then included in statistical analyses. The survey and mail protocol were approved by the University of Georgia Institutional Review Board, following procedures for research involving human subjects.

The survey was administered by mail using recommended procedures to increase response rate and avoid non-response bias. These procedures are discussed in detail in Appendix B. They included pre-testing the survey, the mailing of multiple survey packages to each

potential respondent, and reminder postcards and telephone calls (Babbie, 1973; Dillman, 2000; Fink & Kosecoff, 1998; Folz, 1996; Sapsford, 1999).

### Response Rate and Confidence Levels

Once duplicate survey returns and those that were largely incomplete were removed, a usable sample of 311 was produced.<sup>17</sup> This sample represents 85 counties (including one consolidated city/county government), or 53 percent of Georgia's 159 counties and three consolidated governments. The sample also includes 226 cities, representing 45 percent of the state's 499 incorporated municipalities.

Samples are normally subject to additional statistical tests to determine with what level of confidence they can be assumed to represent the entire population. At a 95 percent confidence level, the city sample used in this study falls within the parameters of all Georgia city governments at a margin of error of +/- 3.5 percent, and the county sample represents all Georgia counties at a margin of error of +/- 4.1 percent. These margins of error are within acceptable limits for social science research (Folz, 1996; Northrop, 1999).

The calculation of this margin of error and the additional tests run for the city and county samples used in this study are discussed in detail in Appendix B. This attachment also includes a discussion of how sampling bias was minimized and the results of difference of means tests to determine how closely the government sample represents all Georgia jurisdictions on key variables of interest: government size, fiscal effort, fiscal capacity, population change, and poverty rate. These tests suggest that, with minor exceptions noted as appropriate in Appendix

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<sup>17</sup> One county returned a survey but was not included in data analysis because no fiscal data for that county were available through the state, a necessary ingredient for further multivariate analysis.

B, differences between the sample and its full sampling frame are isolated, unpatterned and have little, if any, substantive impact on the external validity (i.e., generalizability) of the results.

### **Secondary Data**

The research model presented in Chapters Two and Three includes variables of interest tapping community and government factors or elements. In addition to the data provided by government and nonprofit actors, the study captures relevant characteristics of the local jurisdictions that may help to explain disposition to collaborate under various environmental and institutional circumstances. These potential indicators include the form and size of the local government, its fiscal health, and community demographics related to population size, population growth, poverty level and ruralness. The contributions that these variables are expected to make, based on theory and previous research, are discussed in Chapters Two and Three. The specific operationalization and source of each indicator are described below and illustrated in Table 4.1. Secondary sources were used to obtain data regarding community characteristics, and to supplement institutional-level data where necessary. For community and government variables, these sources include the U.S. Bureau of the Census for demographic data, the Georgia Department of Community Affairs for municipal and county fiscal and social indicators, and the International City/County Management Association for forms of local government.

## Variables

### Dependent Variables

#### Government-Nonprofit Collaboration

The research model on which this study is based specifies analysis at three stages: analysis of the predictors of government-nonprofit partnerships (Model Stage One), analysis of the partnerships themselves (Stage Two), and an examination of their accomplishments (Stage Three). At the first stage, the presence of any local government/nonprofit service delivery partnerships in a community constitutes the dependent variable. The *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government* was used to obtain this measure, defined in the following way:

Does your local government collaborate with or involve nonprofit organizations in any form of public service delivery or planning? By collaboration, we mean active, formal or informal partnerships with nonprofit organizations, through which your government shares financial or human resources; jointly refers, recruits or manages staff, clients or volunteers; jointly delivers public services, or plans service delivery. Examples might include sharing office space, a grant or contract your government makes to nonprofits, or a joint planning committee.

The above definition is intentionally worded in a way that invites respondents to describe a wide variety of government-nonprofit partnerships (e.g., both contractual and non-contractual). The goal was to avoid having respondents exclude their government's or nonprofit organization's experiences on the basis of whether or not the government-nonprofit relationship is entirely "collaborative." Rather, the study is designed so that any joint activities and experiences can be reported. Later in the study, with the help of the existing literature, these

activities are tested and analyzed against common standards regarding what might constitute a “collaborative” relationship.

The reader will note that to this point, several terms have been used interchangeably to describe the kind of government-nonprofit relationships this study is interested in. These terms include “collaboration,” “partnership,” and “alliance.” In the analysis and discussions that follow, this practice continues.

### Results of Collaboration

The second set of dependent variables relies on measures of partnership “results” or “accomplishments.” Although defined in ways that vary quite widely, policy or program outcomes represent a common means of assessing programmatic impact in a variety of institutional or network forms, including the nonprofit sector (Herman & Renz, 2004; Provan & Milward, 1995; Rogers & Whetten, 1982). This study relies on a traditional model based on goal achievement (Herman & Renz, 2004). Both potential intended and unintended achievements are included, for either the government or nonprofit partners (Rogers & Whetten, 1982). In order to improve both the reliability and validity of results by using several indicators rather than a single dependent variable, the research model operationalizes the concept of “results” in two complementary ways.

First, 11 measures of the reported accomplishments of the service delivery partnership are captured, using an ordinal scale for each one. These are displayed in Table 4.1. These measures were developed from literature on the goals and anticipated benefits of government-nonprofit collaboration. Respondents were asked to indicate whether their partnership had achieved these goals “to no extent,” “to some extent” or “to a great extent.” Each response



earned a score on that variable of 0 (to no extent), 1 (to some extent) or 2 (to a great extent). An additive index was developed based on the total score achieved on the panel of 11 possible accomplishments in Table 4.1, where “0” would mean that the respondent reported no achievement of any accomplishments for the partnership, and “22” would mean that the respondent reported that every accomplishment in the list of 11 was achieved “to a great extent.”<sup>18</sup> This step transforms the variable to a more nuanced interval scale capturing perceptions of the extent of accomplishments from the partnership. The creation of this index is based on a similar approach used by the Urban Institute (2004) in a national study of volunteer management capacity.

**Table 4.1 Reported Accomplishments of Government-Nonprofit Partnerships**

| <b>The collaboration has accomplished the following to no extent (0), to some extent (1), to a great extent (2).</b> |
|--|
| Saved our local government money   |
| Increased the level of community services and programs   |
| Increased the quality of community services and programs   |
| Secured new public or private funding for our local government   |
| Secured new public or private funding for our nonprofit partner(s)   |
| Reduced our local government’s need to compete with nonprofit organizations for resources                            |
| Increased access to volunteers and other resources for our local government  |
| Increased citizen satisfaction or trust in government  |
| Increased our local government’s trust in its nonprofit partners   |
| Created more favorable attitudes by public employees toward nonprofit organizations                                  |
| Created more favorable attitudes by elected officials toward nonprofit organizations                                 |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*

<sup>18</sup> To limit biased results due to item non-response, only surveys with 75 percent or more of the questions completed were included in analysis of this variable (i.e., no missing data in 8 or more of the 11 questions).

Secondly, respondents were asked to report on the perceived effectiveness of the government-nonprofit partnership. The questionnaire item and possible responses are displayed in Table 4.2. Summary statistics for each of these dependent variables are displayed in Chapter Eight along with the findings.

**Table 4.2 Perceptions of Partnership Effectiveness**

|  |   |   |   |   |   |   |   |                |
|--|---|---|---|---|---|---|---|----------------|
| Overall, how effective is this collaboration in meeting its intended goals?<br>(Please circle one number.) |   |   |   |   |   |   |   |                |
| Not at all effective   | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Very effective |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*

### **Independent Variables**

#### Model Stage One: Predicting Collaboration

As proposed in Chapter Three, the dependent variable “government-nonprofit collaboration” is thought to be a function of community or institutional characteristics: government size, its managerial form, fiscal health and stress, government volunteers, a decision-maker’s nonprofit experience and political ideology, and population density and growth. These explanatory variables can be classified into three groups: (1) those describing characteristics of the local government (e.g., size, managerial form, fiscal health and stress, and government volunteer involvement), (2) those predicting public officials’ disposition to collaborate (e.g., nonprofit experience and political ideology), and (3) characteristics of the local community (e.g., density and growth rate). The operationalization of each variable is described in further detail below.

Government Size. Previous studies of organizational alliances have suggested the importance of capturing the dimension of community or organizational size. In the three most closely related prior studies, population or organizational budget were used as proxies for size (T. L. Brown & Potoski, 2003; Foster & Meinhard, 2002b; Whitaker & Day, 2001). Community size and government budget are closely related: in the government sample used in this study, the government's current operations budget and the community's population are correlated at .97 (statistically significant at  $p < .001$ ). This study is also interested in using a proxy for government size that most closely reflects the number of government staff, given the hypothesis that government-nonprofit collaboration may be driven by managerial capacity. This model relies on each city's or county's FY2002 annual expenditures for current operations for this purpose (the government's total general expenditures less capital expenditures). Because the variance among cases in this sample in the size of the government budget was considerable, the budget figure was then transformed to its base-10 logarithm (raw budget figure =  $10^x$ ), a practice that reduces skewness caused by extreme cases.<sup>19</sup> In addition, to reduce multicollinearity (i.e., inter-correlation) among related institutional and demographic variables, this variable was further transformed by "centering," or subtracting the mean from each value.<sup>20</sup> The most recent year for which fiscal data were available through the state was FY2002. The study relies on budget data provided by the state rather than survey data.

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<sup>19</sup> Raw figures for government budget sizes in this sample ranged from \$2,222 in the smallest city to over \$600 million in the largest cities and counties.

<sup>20</sup> "Centering can yield more precise coefficient estimates with lower standard errors" by reducing the variable's correlation with its own squared values. "The resulting regression fits the same as an uncentered version" (Hamilton, 2003, 167).

Managerial Form of Government. This variable relates to the structural organization of a local government's legislative and executive branches (Cotnoir, 2003). Local governments in Georgia take one of eight forms of management. For cities, mayor-council forms predominate, followed by council-manager forms, and city commissions. For counties, Georgia's traditional county commissions (most with multiple commissioners, but several still relying on sole commissioners) are increasingly being replaced by commission-administrator and commission-manager forms. A few Georgia counties also rely on elected executives.

In the research model, the effects of "managerial" and "non-managerial" forms of government are distinguished and compared. This has been achieved by creating a dummy variable and including all forms of government that rely on a manager or administrator in the first category "managerial" (1); all other forms and unknown forms were placed in the second category "non-managerial" (0) (T. L. Brown & Potoski, 2003). This approach is not meant to imply that "non-managerial" governments have no professional staff; most utilize clerks and department chiefs. However, this approach does isolate and examine the influence of the form of government considered to rely the most heavily on professional education. Data were obtained from the Georgia Department of Community Affairs and the International City/County Management Association.<sup>21</sup>

Fiscal Health and Stress. Government fiscal health is the structural ability of a government to deliver public services (Ladd & Yinger, 1989). When service demands are placed on local governments beyond what they can meet, they may turn to the private sector for help. Four challenges are posed when including indicators of government fiscal health in this model.

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<sup>21</sup> Although the concept represents a useful and important distinction among respondents, the variable is not as precise as it might be since the survey did not ask respondents to indicate their level of professional training.

First, while government fiscal variables are commonly included in studies of contracting behavior, the extensive literature devoted to privatization, public finance or to the broader field of public management, has shown little consensus regarding the most appropriate measures of fiscal health (for example, T. L. Brown & Potoski, 2003; Brudney et al., 2004; Downing, 1991; Faas & Parnerkar, 1999; Greene, 2002; Hendrick, 2002; Hy, Boland, Hopper, & Sims, 1993; Ladd & Yinger, 1989; Lopez-de-Silanes, Shleifer, & Vishny, 1997; Morgan, Hirlinger, & England, 1988; Warner & Hebdon, 2001; Wassmer & Anders, 1999). Measures of fiscal capacity have included expenditures per capita, median income or poverty rate, and tax capacity. Measures of fiscal stress have included the government's tax burden, debt level, bond ratings, the rate of population change, reductions in state or federal aid, existence of a "rainy day fund," social factors such as the poverty rate, and events such as economic recession. A review of the studies cited above and the meaning of these measures suggests the need for caution in relying on any measure apart from related factors. Many, such as bond ratings, were created for other specific purposes. Others, such as debt, cannot serve as proxies for fiscal stress on their own (e.g., wealthy communities may also take on high government debt to fuel growth). Some, such as continued operating deficits or recession, are best reserved for time series analysis to capture the impact of over-time changes.

The second challenge is posed by the need to include in this model both fiscal "health" and "stress" measures, but not to combine them. While both measures appear to influence privatization frequency, the motivation to keep them separate was based on the expectation of independent and potentially dissimilar effects. This expectation reflects the somewhat contradictory findings of previous research implying a connection between privatization and fiscal stress as well as fiscal health. It also reflects the quite complicated impact that related

indicators can have on fiscal health and stress, particularly the impact of population change: a drop in population due to out-migration can reduce the tax base and contribute to fiscal stress, but fast population growth (the reverse of out-migration) can also contribute to fiscal stress by placing greater service demands on government.

The most compelling arguments regarding the choice of measures to explain government-nonprofit collaboration suggest the inclusion of a combination of factors, the inclusion of both governmental (institutional) and demographic (environmental) factors, and attention to both inputs and outputs, or tax and service levels (Greene, 2002; Hendrick, 2002; Wassmer & Anders, 1999). However, a third challenge is posed by what are expected to be strong correlations among these indicators, particularly among the institutional and environmental indicators related to fiscal health (e.g., government tax burden and community poverty rate). Their inter-relationships will hamper the goal of observing their independent effects. A common way to handle this problem in research is to index variables, reduce them to their principal components, or include only those variables representing the strongest or most autonomous effects in the statistical analysis. In this study, several factor analyses of related community characteristics (e.g., poverty rate, rural rate, population growth rate and government budget size) did not improve the explanatory power of subsequent regression models and were consequently not reported. The limited amount of variance that could be explained using other data reduction or data combining techniques suggested that these techniques could not be used to accurately characterize Georgia communities on the measures of interest relevant to this study.<sup>22</sup>

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<sup>22</sup> To illustrate the challenge further, the University of Georgia Cooperative Extension Service has created four profiles of Georgia counties based on their population changes and rural/urban nature. The “Four Georgias Index” describes Metropolitan, Suburban, Rural Growth and Rural Decline counties. These profiles are based on indicators that are also linked theoretically to government-nonprofit interaction, but they were unsuccessful when used as dummy variables in subsequent data analysis in explaining the presence of collaboration.

The fourth and final challenge was one of data availability: while data based on two possible indicators of fiscal capacity and fiscal stress are offered by the state Department of Community Affairs, they are not calculated for all Georgia cities. Of particular concern was the lack of availability of “fiscal capacity” and “fiscal effort” indices for Georgia cities with revenues of less than \$250,000, a sizeable portion of the sample. “Fiscal capacity” reflects government fiscal strength by reporting the amount of revenue-raising capacity a government has, while “fiscal effort” reflects stress by revealing the amount of taxing capacity the government is actually taking advantage of -- the higher the fiscal effort, the harder the government is working to raise revenues (Hy et al., 1993).

To make use of all cases in the sample and avoid reducing the size of the dataset, a substitute indicator for fiscal capacity that is available for all cases was located and used in both city and county models. This substitute, “government expenditures per capita,” is discussed further, below. In addition, a measure of fiscal stress based on “fiscal effort” was used in the county model only, since it was not available for all cities. Although this study strove for maximum comparability of the county and city datasets, this one departure from parallel models was considered to be warranted based on the expectation of its explanatory power.

In accordance with the above conclusions, limitations and recommendations, this model developed and tested four measures of government or community health, displayed in the table on the following page (Table 4.3):

**Table 4.3 Related Measures of Government and Community Fiscal Health Used in Data Analysis**

|   |
|---|
| <p>(a) <u>Representing governmental wealth and capacity</u>: expenditures per capita (current operating budget/population). This indicator has been used in related research (T. L. Brown &amp; Potoski, 2003). This measure is correlated at .620 (<math>p &lt; .001</math>) with a more straightforward “fiscal capacity” index (measuring available revenue sources) that was available only for Georgia counties.</p> |
| <p>(b) <u>Representing fiscal stress</u>: a fiscal effort index, based on a government’s actual tax revenue collected versus its potential tax revenue (Hy et al., 1993). Scores average 100, and jurisdictions below a score of 100 are taxing at less than their capacity to tax. Scores above 100 therefore represent high fiscal effort. This measure was only available for all Georgia counties.</p>                |
| <p>(c) <u>Representing community stress</u>: the poverty rate, or the percentage of households in the jurisdiction with incomes below the federal poverty level.</p>  |
| <p>(d) <u>Representing community stress</u>: the change in population, calculated by dividing the 2000 population level in each community by its 1990 population, based on U.S. census figures. The resulting figure represents the percentage decrease or increase in population over a ten-year period.</p>   |

Government Volunteers. Although the direction of causality is indeterminate, government utilization of volunteers has been hypothesized to be positively associated with government-nonprofit collaboration. The government survey asked respondents to indicate whether they involved volunteers in government service delivery, the number of volunteers involved and hours they contributed to government operations, and the number of policy or service areas in which they involved volunteers. Respondents were asked to report only those volunteers who worked directly for local government and not those who might be addressing public needs indirectly through a nonprofit agency. The last of these measures was found to be the most independent of government size. Therefore, the measure “scope of volunteer involvement” was used to represent the extent of volunteer engagement in public service



delivery. This indicator is operationalized as the sum of the number of policy areas (from 1 to 17) in which respondents reported volunteer involvement.

Ruralness. One aim of this model is to test on government-nonprofit partnerships a connection previously made in privatization studies between suburbanization and contracting (Greene, 2002). Rural communities are classified by the U.S. Bureau of the Census as those geographic areas with a population density of less than 1,000 persons per square mile, and a minimum residential population of less than 50,000. Using this measure, “ruralness” and “urbanness” are opposites on the same scale. In Georgia counties, ruralness is only weakly related to whether the county is in a Metropolitan Statistical Area (correlation of  $-.366$ ,  $p < .001$ ). In this model, the variable “rural” was recoded to a rank order, where each case in the sample was ranked according to its level of ruralness (e.g., “1” to “226” for cities in the sample, and “1” to “59” for counties). The community ranked “1” is the most rural, based on census figures. This transformation was accomplished to reduce multicollinearity between this variable and other indicators of government size. All figures are based on 2000 census levels.

Nonprofit Experience. Previous experience of the government manager with nonprofit organizations is hypothesized to increase the likelihood that service delivery partnerships will occur, since the experience is expected to increase levels of familiarity and trust with the other sector. For government managers, two sets of questions were asked in the Georgia survey: (1) whether and for how long the respondent had worked in nonprofit organizations; and (2) whether the respondent volunteered to any nonprofit organization or had served on any nonprofit boards of directors. All affirmative responses to any of these questions were given a “yes” score on a binary yes(1)/no(0) variable. All “yes/no” scores were combined in one dummy (1, 0) variable, “nonprofit experience.” The frequency with which respondents reported this nonprofit

experience is displayed in Chapter Five, Table 5.2, along with other characteristics of government survey respondents.

Political Ideology. Despite its value in testing claims of an association between conservative political ideology and privatization efforts, few existing studies have included ideological measures in their research models. In a recent but rare example, Brudney et al. (2004) created a proxy for the political ideology of state agency heads by combining the standardized coefficients for the agency head's reported position on taxing and spending issues and his or her reported political party identification. Other studies have relied on party affiliation, such as the use by Lopez-de-Silanes et al. (1997) of the fraction of county votes for the Republican governor. Although other studies offer no explanation for their omission of political variables, their reasons are likely to include concern about the willingness of respondents to provide this potentially sensitive information.

This study included on the survey the following question: "On a scale of 1 to 7, where 1 is very liberal, 7 is very conservative, and 4 is moderate, where do you place yourself?" Survey results are included in Table 5.2. The question had a non-response rate of 7 percent, an acceptable level. The evident willingness of city and county managers to answer the ideological question should encourage scholars of policy and management to include this question in survey research when they believe it may have theoretical value.

Summary statistics for all of the independent variables described above are presented in Chapters Five or Eight along with their associated hypotheses tests and findings. For the most part, the operationalization of potential antecedents to collaboration provides straightforward and transparent indicators of the concepts this study wishes to measure. While a number of steps have been taken to reduce the inter-correlation among predictors, multicollinearity is expected to

present the main challenge in the data analysis to follow, and -- given their expected inter-correlation -- it is anticipated that not all of these variables will exhibit a statistically significant independent impact on the variables of interest. However, efforts to combine or reduce the variables did not yield underlying dimensions that correlated with the dependent variable, “collaboration.” As a consequence, and given the uncertainty regarding the expected direction of the relationship between each of these variables and the dependent variable, the variables are not combined into a scale or index. The advantages to this approach are that each concept has distinct indicators to measure its effects, and the results are relatively easy to interpret.

#### Model Stages Two and Three: Characteristics, Dimensions and Outcomes of Collaboration

The research model guiding this study (Figure 3.1) identifies the following as important characteristics or dimensions of government-nonprofit partnerships: the size and scope of the partnership, its stability, the service or policy area it addresses, its goals, activities, level of formality, and its source of leadership or control. All of these descriptive characteristics have been gathered from the two surveys employed in this study.

An important distinction regarding the collaborations described in this study should be noted: this survey questionnaire, and the larger study, were intended to elicit information regarding the single most active area in which local governments and nonprofit organizations are involved. Thus, the following section of this study reports principally on a community’s most active government-nonprofit collaboration. This approach was taken to simplify data collection and to improve survey reliability (i.e., by asking respondents to describe only one form of collaboration -- the most active -- responses address comparable units of analysis). This approach also has theoretical value, since it focuses the analysis on what could be considered the

most involved or committed forms of joint government-nonprofit activity in any community. Narrowing the focus of research questions also promoted a more robust response rate by keeping the survey length to a manageable size. With regard to government-nonprofit partnerships, the reader should keep in mind that respondents were asked to describe the most active partnership rather than all partnerships or the average partnership.

Consistent with this approach, questions directed respondents: “Please indicate the one service area in which your government works most actively with nonprofit organizations,” and “The following questions address the one service area in which you have indicated the most active local government involvement with nonprofit organizations.” The next several pages address the scope of these most active partnerships.

Size and Scope of Partnership. The government survey asks, “With how many individual nonprofit organizations does your local government collaborate in this one service area?”<sup>23</sup> To improve the normal distribution of the variable, responses were grouped into three categories: partnerships involving one nonprofit organization, partnerships involving two to five organizations, and those involving six or more organizations.<sup>24</sup>

Stability of Partnership. The concept of stability is captured using the age of the partnership in years, with the assumption that the oldest are also the most stable. The attitudes of respondents toward collaboration and toward the opposite sector are expected to be more positive the longer the collaboration has been in existence (Sharfman, Gray, & Yan, 1991).

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<sup>23</sup> The range of responses survey participants provided was from 1 to 200 for the number of collaborative partners. The largest figure was considered an outlier and dropped from data analysis. Excluding the outlier, the range of the variable is 0 to 20 among Georgia cities, and 0 to 108 among counties.

<sup>24</sup> This variable and several others were not normally distributed; both outliers (single cases with large values) and positive skewness (most values occurring at the low end of the range) occurred. Grouping the values into categories can increase their efficiency as estimators (although too few groups are not desirable either) (Berry & Feldman, 1985).

In addition, the formality of the partnership is expected to increase with its age (Rubin & Rubin, 2001). The government survey asks, “For how many years has your local government collaborated with any nonprofit organization in [the most active] service area?” Respondents provided answers from less than a year to 60 years. These responses were grouped into four categories: partnerships of two years or less, those three to six years old, those seven to 20 years old, and those that have lasted 21 years or longer.

Service Area. Previous studies note the importance of distinguishing among service or policy areas when testing explanations for privatization decisions (see for example, Lopez-de-Silanes, Shleifer, & Vishny, 1997). In particular, distinctions are made between “hard” and “soft” services in discussions regarding the potential complexity of performance measurement. In the contracting arena, nonprofit organizations tend to be more involved in “soft” or people-dependent services such as elderly care, than they are in “hard” or equipment-dependent services such as waste collection.

The survey questionnaire asks respondents to choose from an inclusive set of 17 policy areas both (1) all of the areas in which the government collaborates with nonprofit organizations, and (2) the area in which the most active collaboration occurs. To improve the comparability of these categories according to major policy areas, and to facilitate multivariate statistical analysis, the individual service areas were then grouped into six larger service domains (also displayed in Table 3.1). A dummy variable for each domain was then created for use in multivariate analysis: (1) Arts, culture and museums; (2) Parks and recreation; (3) Environment; (4) Public safety and emergency response; (5) Economic development; and (6) Social and human services.

Goals. To test theories regarding the relative influence of goals such as cost-savings and relationship-building on the motivation to collaborate, the survey asked respondents, “What

factors influenced your local government’s decision to partner with nonprofit organizations in this area of service delivery or planning? (Please check all that apply).” The twelve possible answers solicited from survey respondents are displayed in Table 4.4. These responses were designed to reflect four principal purposes of collaboration that have been expressed by public and nonprofit managers in previous studies of privatization and inter-organizational relations. These purposes include: an interest in **cost-benefits**, including a desire to reduce costs, increase resources and avoid the costs of competition; a desire to **build relationships** between governments and nonprofit organizations or improve community relations; **service enhancement** or an interest in expanding services or enhancing their quality; and a need to meet **legal requirements**.<sup>25</sup>

**Table 4.4 Purposes of Collaboration**

|  |  |
|--|--|
| <p><b><i>Cost-benefits</i></b><br/>           To gain more resources or funding<br/>           To use public resources more cost-effectively<br/>           To avoid competing for the same funds<br/>           To gain more professional expertise<br/>           To address problems we could not address alone</p> | <p><b><i>Build relationships</i></b><br/>           To promote shared goals<br/>           To improve community relations<br/>           To build a stronger sense of community<br/>           To build government/nonprofit relationships</p> |
| <p><b><i>Service enhancement</i></b><br/>           To improve the quality of local services<br/>           To improve community access to a service</p>   | <p><b><i>Legal requirements</i></b><br/>           To meet legal or regulatory requirements</p>  |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*

Goal Congruence. Previous research has suggested that the extent of agreement among institutional partners regarding the purposes and aims of the partnership can have an influence on outcomes independent of the presence of any of the goals described above. For example, low

<sup>25</sup> A factor analysis was conducted on the data produced from this survey question to test the association of survey responses to the underlying principal goals of cost-savings, service enhancement, etc., that were expected to exist. The extraction method employed was a principal components analysis using varimax rotation. The factors loaded as anticipated, although the four principal dimensions produced from the 12 goals explained just 53 - 58 percent of the variance in the entire set of goals (cities, counties). While further application of the factor scores was not pursued, the exercise served to justify the grouping of the survey responses according to these four principal goals.

goal agreement could serve to moderate or negate the influence of high expectations (reflected by many reported goals) or perceptions of collaborative effectiveness. Respondents were asked the following: “Overall, how effective is this collaboration in meeting its intended goals?” Respondents were asked to circle one number on a Likert scale of 1 to 7.

Collaborative Activities. Table 4.5 (repeated from Table 3.3) outlines 14 activities in which governments and nonprofit organizations can jointly engage. These include information exchange, the exchange of resources, and various levels of joint planning or other joint efforts. In the survey questionnaire, respondents were asked to indicate whether any of their government-nonprofit partnerships included the activities cited. This question was asked of all collaborating governments, and the responses reflect all government-nonprofit collaborative activities in each community, rather than only those activities carried out to support the most active collaboration. The goal was an indicator of a community’s full collaborative potential, and also as comprehensive a list as possible (given the constraints of mail surveys) of the ways that service delivery partners might interact. While these activities can be accompanied by a formal contract or by government funding, they do not necessarily depend on either of these qualities.

In order to understand the strength of government-nonprofit interaction in each community, an additive index was created based on two separate groupings of the collaborative activities reported by survey respondents. The first step was to isolate purely donative relationships (those involving government provision of resources to nonprofit organizations) from those relationships involving reciprocal and joint effort. Reciprocal activities were deemed “collaborative” and included such potential responses as “shared staff,” “joint planning,” or “joint case management.” Activities involving government grants or donations of equipment were not included in the “collaborative” group because they were deemed to reflect a different

type of relationship. The guiding principle in categorizing variables as either collaborative or other was the extent to which the activities involved a reciprocal exchange of effort or resources. The resulting two groups are displayed in Table 4.5 on the following page.

No guidance was available from the existing literature regarding the anticipated relationship among these collaborative activities, nor the relative strength of their contribution to the partnership. Because of the lack of research, this study developed its own coding scheme. An attempt was made, using factor analysis, to determine whether there were a smaller number of concepts underlying the 12 collaborative activities. This group of variables is inter-correlated at low to moderate levels not exceeding .590 for any paired association (statistically significant at  $p < .01$ , two-tailed), and this modest level of correlation did not lend itself readily to factor analysis, a useful form of data reduction (Miller & Whicker, 1999).<sup>26</sup>

Instead, the activities reported in each collaborative relationship were grouped into two categories: **government provision** and **collaborative**. The first group has possible scores representing 0, 1 or 2 based on whether governments report either one or both activities (grantmaking or equipment donation). The variable representing inter-organizational collaboration has possible scores of 1 through 12, based on the possibility that respondents could report participation in up to 12 collaborative activities (respondents who checked no categories in either group were coded as “missing” and not included in the analysis). The independence of

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<sup>26</sup> A factor analysis of the 13 activities was only able to explain 55.2 percent of the variance, using a standard cutoff point of Eigenvalues surpassing 1.0. Most correlations were in the .150 to .350 range. One group of variables approached acceptable levels: “shared staff,” “shared workplace” and “shared volunteers” were correlated at .378 to .385, and appear to represent an underlying concept of *shared resources*.



**Table 4.5 Reported Collaborative and Non-Collaborative Activities**

| Reported governmental activities   | Range of scores depending on number of activities checked |
|--|---|
| <p><i>Government provision</i> (uneven exchange):</p> <p>Government grants to nonprofits<br/>Government provides equipment</p>   | 0 - 2   |
| <p><i>Collaborative:</i></p> <p>Shared staff<br/>Shared workspace<br/>Shared volunteers<br/>Information sharing<br/>Joint program development<br/>Joint policy development<br/>Joint service delivery<br/>Joint advocacy to state/local government<br/>Joint case management/coordination<br/>Joint recruitment of staff/volunteers<br/>Joint fundraising<br/>Joint purchasing</p> | 0 - 12  |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*

the groups was tested using Pearson correlations, and the lack of inter-correlation between the two major categories supports the argument that they are qualitatively different.<sup>27</sup>

The variable **collaborative** was used in subsequent data analysis to represent the reciprocal activities of joint effort (only cases where respondents checked at least one category were analyzed). Because this variable was intended for multivariate regression analysis, an additional transformation was made to reduce positive skewness, and the scores were grouped into three categories: governments reporting they engage in only one collaborative activity, those reporting two to four activities, and those reporting five or more activities.

<sup>27</sup> Pearson correlation of .101,  $p < .201$ ,  $n=163$ . These statistics reflect the correlation level of two dummy variables, the first reflecting the presence of any of the 12 “collaborative” activities and the second reflecting government provision of resources or funds to nonprofit organizations. When the variable “formal contract” is

This approach attempts to introduce a qualitative dimension to the data analysis by offering a means of distinguishing partnerships at the high end of this 12-point scale from those at the low end, or those that are fairly limited in their joint activities. However, its reliance on the quantitative rather than the qualitative element in its characterization of “collaboration” still limits this study’s ability to fully grasp the extent of these partnerships. The nature of collaborative activity in depth remains unaddressed in scholarly research.

Formality. In this study, “formality” in partnerships represents the extent to which they rely on contracts or letters of agreement. Given the strong focus of the existing literature on formal relationships alone (see Chapters Two and Three), this study is interested in understanding the frequency of less formal government-nonprofit partnerships, and in testing the influence of formality on partnership outcomes. The survey questionnaire asks, “Has your local government entered into any contracts, letters of agreement, or other formal arrangements with any nonprofit organizations in [the most active] service area?” The responses yield a dummy independent variable coded “yes” (1) or “no” (0) for use in data analysis.

Source of Control and Coordination. The extent to which decision-making authority over the activities of a partnership is shared jointly or held by one or the other partner is expected to have a direct bearing on the nature of the relationship, its “true” collaborative level (i.e., collaborative-vendor vs. collaborative-partner relationships), and on partners’ opinions regarding the quality of results (Gidron, Kramer, & Salamon, 1992). As Chapter Three has discussed more thoroughly, the literature has suggested that central coordination of a partnership can be expected to improve results (see for example, Bardach, 1998; Rogers & Whetten, 1982). An alternative or cautionary argument is that control may only improve the perceived effectiveness of a

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correlated separately with each collaborative activity (e.g., joint planning, shared staff), it returns only one

partnership because the partner in control is rating the outcomes (Altman-Sauer, Henderson, & Whitaker, 2001). Therefore, an approach that examines the concepts of “partnership leadership” and “source of control” separately would be helpful understanding their independent contribution to reported outcomes. In this model, two variables were created and used in data analysis: the first, **leadership**, creates a dummy “yes, no” variable from the following question:

|   |
|---|
| 22. Is there a lead organization -- that is, one organization that takes the main responsibility for coordinating the public and private partners in this area of service delivery?<br><br>__NO                      __YES, services are mainly coordinated by (check one):<br>__our local government or<br>__a nonprofit organization named: _____ |
|---|

The second variable, **control**, relies on the following survey question:

|   |
|---|
| 23. Generally, where does the decision-making authority rest within this particular collaboration? (Please check the one best answer).<br><br>__Mainly with our local government      __Mainly with the lead nonprofit agency<br>__Shared fairly equally between public and nonprofit organizations |
|---|

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*

## Nonprofit Sample

### Source of Sample

A second and parallel survey, the *Georgia Survey of Nonprofit / Local Government Partnerships*, was sent to 1,061 Georgia nonprofit organizations that were expected to be in a position to collaborate with Georgia local governments. Distribution of this survey was based on a stratified random design, using a sampling frame that combined the lists of organizations

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statistically significant relationship, with shared workspace (.170,  $p < .03$ ).

registered with the Georgia Secretary of State to solicit donations in Georgia (the state’s charity official) and those reported in the U.S. Internal Revenue Service’s Business Master File of tax-exempt entities. The sample included only 501(c)(3) nonprofit organizations and was also purged to exclude most religious and grantmaking institutions.

The sampling frame included 100 percent of the 501(c)(3) charitable organizations outside of the state’s Metropolitan Statistical Areas (MSAs) (n=485), and 20 percent of the nonprofit organizations within the state’s MSAs (n=576, based on 2,880 organizations; sample selected using a random number generator).<sup>28</sup> Since Georgia’s nonprofit organizations are located predominantly in the state’s metropolitan statistical areas (MSAs), particularly Atlanta, the random stratified sampling method allowed for a manageable but statistically representative statewide sample of nonprofit organizations most likely to work with local governments in both large and small communities. This disproportionate sampling method requires cases to be weighted in subsequent data analysis.<sup>29</sup> A more detailed description of the nonprofit sample and a discussion of the considerations behind its design is included as Appendix D to this study.

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<sup>28</sup> The list of 501(c)(3) nonprofit organizations within Georgia metropolitan statistical areas includes 961 in Atlanta’s Fulton County; and 1,919 in the state’s remaining MSAs (the remainder of the Atlanta area, and the Augusta, Macon, Columbus, Savannah, and Albany areas).

<sup>29</sup> Weighting a sample to account for disproportionate representation of a sub-population based on a variable (in this case, location) involves the calculation of a weighting factor to adjust for the difference between the proportion of the variable of interest in the population and the proportion of the variable of interest in the sample (Sapsford, 1999):

| Variable | sample n | sample proportion (sp) | population proportion (pp) | weight factor (wf = sp/pp) | weighted sample (wf * sample n) |
|----------|----------|------------------------|----------------------------|----------------------------|---------------------------------|
| MSA      | 576      | 54.3 percent           | 85.6 percent               | 1.576                      | 908                             |
| Non-MSA  | 485      | 45.7 percent           | 14.4 percent               | .315                       | 153                             |

## Survey Administration

The resulting sample of 1,061 nonprofit organizations was sent a mail survey during January - May 2004. The survey method included a pre-survey postcard and three survey mailouts, with the second and third surveys followed by a reminder postcard. The package was addressed to the organization's executive director, and included a cover letter explaining the survey's purpose, and a postage-paid business reply envelope (full names and addresses of nonprofit executive directors were not available through these lists). Following the method used in the government survey, each nonprofit survey was also stamped with a unique number to identify the organization (and to link responses to specific communities). The survey protocol for the nonprofit sample was approved by the University of Georgia Institutional Review Board.

Appendix C presents the five-page survey. The survey solicited information in the following areas: (1) whether the nonprofit organization collaborated with the local government in its community in service delivery and the scope of the collaboration, including service areas involved and number of organizations involved in the service network; (2) the nature of the collaboration, including its level of formality, the scope and nature of joint activities, and locus or centrality of decision-making authority; (3) the reasons participants give for or against collaborating, including attitudes about competition; (4) potentially relevant characteristics of the respondents, including their own experiences with local government and their political orientation; and (5) characteristics of the nonprofit organizations such as their size and the level of government funding received.

Only portions of the information gathered from this survey of nonprofit organizations is presented in this study. In this study, the data analysis focuses principally on the third item in the above list: the goals, and the perceived advantages and disadvantages of collaboration as

reported by nonprofit executives. The goal of this study is to compare these perceptions to those of local government managers to determine the influence of sectoral membership on attitudes regarding inter-sectoral partnership. The results of this analysis are presented in Chapter Seven.

### Response Rate and Confidence Levels

This approach yielded a sample of 285 nonprofit organizations for a response rate of 26.8 percent. This sample can be said to represent the full sampling frame of 3,880 Georgia nonprofit organizations at a 95 percent confidence level with a margin of error of +/- 4.0 percent. The sampling error is the same (4 percent) for both the population outside of Georgia's metropolitan statistical areas and the nonprofit organizations within the state's MSAs.

This response rate is at the lower end of response levels considered acceptable in social science research, but is within the range of response rates reported by nonprofit scholars in previous research (Hager, Wilson, Pollak, & Rooney, 2003).<sup>30</sup> As voluntary organizations largely dependent on small and often unpaid staff, most nonprofit organizations may not believe they have the capacity to respond to surveys. Also, Hager and colleagues note that the method of data collection introduces much of the variability in survey returns. This survey attempted to increase response rates by the use of multiple mailouts, a cover letter describing the study's purpose and benefits, and reminder cards (Dillman, 2000). Other potential barriers to response, including a negative reaction by several respondents to the identifying number stamped on each survey, were addressed as they arose.<sup>31</sup> Many of the remaining barriers to achieving a high

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<sup>30</sup> According to Hager et al. (2003), these response rates have ranged from 10 percent to 89 percent in various recent studies involving nonprofit mail surveys.

<sup>31</sup> Some respondents expressed concern about the use of an identifying code. The cover letter to the final mailout was revised to explain the purpose of this number and to reassure recipients of the study's confidentiality.

response rate were insurmountable in this study, due only in part to cost considerations. These limitations included lack of a specific addressee, lack of a phone number for follow-up reminder calls, use of a bulk mailing stamp, human subjects restrictions on the number of times a contact can be attempted, and inability due to cost concerns to include incentives such as cash or premiums. In addition, although Hager et al. (2003) do not note this problem, nonprofit mailing lists, whether they rely on IRS or state records, have a rather high rate of error regarding the information they contain (Grønbjerg & Paarlberg, 2002). Based on returns, it is assumed that some of the organizations to which nonprofit surveys were mailed are no longer in business, have changed addresses, or are otherwise unreachable. Generally, a less accurate mailing list is to be expected with the nonprofit population when compared to the government sample.<sup>32</sup>

To increase reliability and comparability of results between the government and nonprofit samples, nonprofit executives were surveyed, and questions were asked in virtually the same manner as they were in the government survey. The indicators used in the nonprofit portion of this study were coded and analyzed in the same manner as those in the government sample. The nonprofit survey, in Appendix C, illustrates how small changes in the wording of survey questions (i.e., to address a nonprofit audience) were accomplished.

A profile of the characteristics of nonprofit survey respondents appears on the following page in Table 4.6. Several differences between the sample of collaborating and non-collaborating nonprofit organizations are worthy of immediate comment. These include the relatively larger size of those organizations working with local government compared to those that are not (40.6 percent with budgets of \$1,000,000 or more versus 22.5 percent of non-

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<sup>32</sup> Based on postal returns, undeliverable mail accounted for about 3 percent of nonresponse.

**Table 4.6 Characteristics of Nonprofit Survey Respondents <sup>1</sup>**

|  | Not Engaged in<br>Local Government<br>Partnerships (n=120) | Engaged in Local<br>Government<br>Partnerships (n=132) | Total<br>Sample<br>(n=252) |
|--|--|--|----------------------------|
| <b><i>Community Characteristics</i></b>      |  |  |                            |
| Metropolitan Statistical Area                | 76.8 %   | 82.3 %   | 80.6 %                     |
| <b><i>Organizational Characteristics</i></b> |  |  |                            |
| Annual Revenues <sup>2</sup>                 |  |  |                            |
| < \$100,000                                  | 34.8 %   | 19.1 %   | 26.6 %                     |
| \$100,000 to \$999,999                       | 42.7   | 40.3   | 41.4                       |
| \$1 million or more                          | 22.5   | 40.6   | 32.0                       |
| Principal Program Area                       |  |  |                            |
| Social/Human/Health Services                 | 45.2 %   | 46.5 %   | 45.9 %                     |
| Environment                                  | 2.4  | 6.4  | 4.5                        |
| Public Safety                                | .5   | 2.1  | 1.4                        |
| Arts/Culture                                 | 12.8   | 15.0   | 14.0                       |
| Economic Development                         | 1.8  | 8.4  | 5.2                        |
| Sports/Recreation                            | 1.8  | 4.1  | 3.0                        |
| Other <sup>3</sup>                           | 35.5   | 17.4   | 26.0                       |
| Organizational Age                           |  |  |                            |
| 0 to 10 years                                | 20.3 %   | 11.7 %   | 16.5 %                     |
| 11 to 20 years                               | 26.0   | 29.6   | 27.1                       |
| More than 20 years                           | 53.7   | 58.7   | 56.4                       |
| % affiliated with a national organization    | 22.6 %   | 32.5 %   | 27.8 %                     |
| % eligible for tax-deductible contributions  | 95.0 %   | 97.6 %   | 96.3 %                     |
| Local Government Funding                     | 11.0 %   | 48.1 %   | 30.4 %                     |
| Local Govt Funding as % of NPO Revenue       | 1.2 %  | 8.5 %  | 4.9 %                      |
| <b><i>Respondent Characteristics</i></b>     |  |  |                            |
| Gender                                       |  |  |                            |
| Male   | 46.8 %   | 38.4 %   | 42.2 %                     |
| Female                                       | 53.5   | 61.8   | 57.8                       |
| Years in Present Position (Mean)             | 8.7  | 8.3  | 8.5                        |
| Political Ideology                           |  |  |                            |
| Liberal to Very Liberal                      | 27.4 %   | 38.8 %   | 33.6 %                     |
| Moderate                                     | 23.3   | 19.7   | 21.4                       |
| Conservative to Very Conservative            | 49.3   | 41.2   | 45.0                       |

<sup>1</sup> Data are weighted.<sup>2</sup> Reported for the last complete fiscal year.<sup>3</sup> Most of "other" group (one-third to one-half) represents education. Remainder represents religious, public affairs, fraternal organizations and item non-response (3.6%).



collaborators), their relatively greater maturity in terms of organizational age, and the substantially larger numbers reporting some local government funding (48.1 percent of collaborating nonprofits compared to 11 percent of non-collaborators). We also note, however, that local government funding comprises only a small portion of organizational revenues (8.5 percent) even among collaborating nonprofit organizations (state and federal funding could increase the public sector portion of their budget).

Finally, the reader should note that nonprofit organizations reporting no local government partnerships could be involved in collaborative activities with other nonprofit organizations or with the state or federal government. Thus, this table does not represent a comparison of those organizations with collaborative tendencies versus those without; rather, only a comparison of those engaged with local government versus those that are not.

### **Analytic Methods**

This study has two goals guiding the choice of analytic methods: the identification of variables thought to explain government-nonprofit cooperation in Georgia local government and to predict its outcomes, and the exploration of some of the major descriptive characteristics of these local partnerships. The analytic methods employed in this study involve multivariate regression analysis to accomplish the first goal, including maximum likelihood estimation (MLE) using binary logistic regression at the first stage of the analysis. The use of MLE is recommended due to the presence of a dummy dependent variable (i.e., the presence of government-nonprofit partnerships), but also has theoretical advantages over null hypothesis significance testing (Gill & Meier, 2000; Liao, 1994).

To accomplish the second goal, descriptive data were produced using the various approaches to coding and categorization described earlier in this chapter. Contingency tables were created to explore the dimensions of active local government-nonprofit partnerships. In the third stage of the analysis, difference of means tests estimated the strength of hypothesized differences between indicators, and between government and nonprofit samples. Multivariate regression analysis employing OLS estimation is also used at the third stage of this study (Achen, 1982; Berry & Feldman, 1985).

### **Summary**

This chapter introduced the analytic methods and variables employed in this study, and described the data sources and operationalization of these variables. The data collection relies on two parallel mail surveys of chief administrative officers of Georgia local government and executive directors of Georgia nonprofit organizations, supplemented by fiscal and demographic data for both samples. Appendices A and B describe the government survey instrument and offer additional detail regarding sampling considerations, while appendices C and D do the same for the nonprofit sample. This study uses multivariate regression analysis, independent sample t-tests, correlation analysis and contingency table analysis to test the ten hypotheses introduced in this research model (presented in Chapter Three).

The limitation of the study population to Georgia counties and municipalities, and to certain Georgia nonprofit organizations, has advantages and disadvantages that directly affect the generalizability of the study's conclusions. Single state studies avoid the need to control for differences in state-level policies (or, without controls, to wrestle with their potentially confounding effects). However, research confined to a single state also faces limitations on the

ability to apply its conclusions to other states or larger geographic areas. This caveat extends to the conclusions generated from this study, particularly those conclusions based on the study's predictive model of government-nonprofit collaboration. Any promising findings from this Georgia experience should be tested in other jurisdictions and other states to confirm their explanatory utility.

The development of the Georgia nonprofit sampling frame used unique and specific protocols that would have to be replicated to produce comparable results in other studies. While the nonprofit sampling design went further than many past studies by relying on two datasets to develop the sampling frame, the study makes no claim to having captured the entire charitable sector for the state of Georgia. Moreover, the survey process encountered many of the same barriers to high response rates that have been reported by other nonprofit researchers. While some of these barriers are unique to the nonprofit sector and are insurmountable (e.g., voluntary labor, inaccurate organizational data), others were introduced by the methods used in this study but were considered necessary to manage sampling costs.

While response rates for the government sample surpassed the confidence levels required to generalize their conclusions, the nonprofit sample suffered from a lower response rate. As a consequence, the generalizability of the comparative analysis of government and nonprofit data reported in Chapter Seven should be confined to similarly constructed samples. Recent research on nonprofit sampling techniques suggests that similar constraints should guide the conclusions made from most other nonprofit studies. In contrast, the results of the government analysis are reported with much higher confidence levels.

This study seeks to minimize the impact of these methodological limitations with careful attention to survey design, selection and operationalization of variables, and the choice of

analytic techniques. The strengths of the research approach introduced in this chapter include the ability to sample an entire state at statistically significant confidence levels using sound measurement techniques, to produce reliably comparable survey responses from both the government and nonprofit sectors, and to create large samples that offer the opportunity for multivariate analysis and improve the prospects for valid and reliable analytic results. Further, this study proposes a quite comprehensive model based on the academic literature, designed to encompass many of the questions that have interested scholars of government-nonprofit relations. In these four respects, this study compares very favorably to previous studies of the government-nonprofit relationship.

The following chapters begin the process of data analysis. Chapter Five focuses on the first stage of the research model. The results of data analysis, and a presentation and discussion of findings, continue through Chapter Eight.

**CHAPTER FIVE**  
**FINDINGS: FOSTERING GOVERNMENT-NONPROFIT**  
**PARTNERSHIPS**

**Introduction**

This chapter reports on the first stage of this study's research model, using the data introduced in Chapter Four. The data analysis begins with descriptive statistics, used to profile survey respondents and to illustrate major differences between samples when they are grouped according to the variable of interest, "government-nonprofit collaboration." A logistic regression analysis follows. The results of the analysis, and their possible implications, are then presented and discussed.

This stage of the research model addresses the first two research questions of this study: What community and institutional characteristics foster local government-nonprofit partnerships, and how often do partnerships occur? One hypothesis, testing antecedents of collaboration, is explored in this chapter.

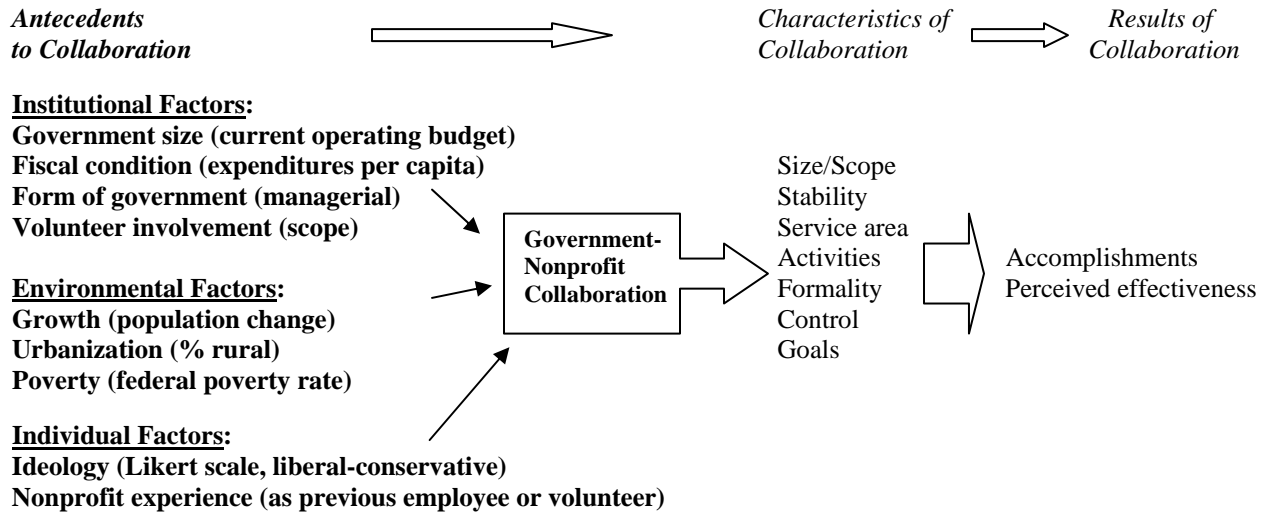
**Hypothesis One: Antecedents to Collaboration**

The initial stage of this study addresses the following question: are there particular community or institutional characteristics that foster government-nonprofit partnership? Based on previous research on privatization activities and inter-organizational cooperation, this study argues that the likelihood of local government engagement with nonprofit organizations to

deliver services jointly will depend on environmental and institutional conditions that include a government's size, form and fiscal conditions, the presence of volunteers in the government to help bridge the gap between sectors, supportive or motivating community conditions such as density and population growth, and certain associated characteristics of the chief governmental decision-maker. These individual characteristics include whether the chief administrative official in each local government has nonprofit experience (thus, more familiarity with the nonprofit sector), as well as whether their political ideology supports a greater interest in finding private sector solutions to public needs. The null form of this hypothesis argues that these variables have no influence on the likelihood that governments will engage with nonprofit organizations in service partnerships:

**H1: The likelihood of local government-nonprofit collaboration will increase with government size, fiscal health, and a managerial form of government; with population growth and urbanicity; and with government leaders' conservative political ideology and previous experience with nonprofit organizations.**

These hypothesized relationships between government and community conditions and the likelihood of public-private partnerships were introduced in the research model in Chapter Three, Figure 3.1. In Figure 5.1, this research model is elaborated to highlight the current stage of analysis (in boldface) and to include the specific operationalization of variables.



**Figure 5.1 First Stage of Research Model, Operationalized**

## **Analysis of Contingency Tables**

### Frequency of Collaboration

The tables (5.1 and 5.2) displayed on the following pages illustrate descriptive differences between those governments reporting nonprofit collaboration and those reporting none. The tables also include two columns representing the distribution of all 499 Georgia cities and 159 counties according to each category of interest. Employing the survey data from Georgia local governments introduced in Chapter Four, Tables 5.1 and 5.2 report first on the overall frequency of government-nonprofit collaboration. According to the survey data, about half, or 48.2 percent of Georgia cities report that their local governments are involved in service delivery partnerships with nonprofit organizations, while 51.8 percent are not. In Georgia counties, about three-quarters or 76.5 percent are involved with nonprofit organizations while 23.5 percent are not.

**Table 5.1 Comparative Community Characteristics of Cities and Counties With and Without Nonprofit Partnerships**

|  | Sample Cities<br>(n=226) |                | All GA<br>cities <sup>1</sup><br>(n=499) | Sample Counties<br>(n=85) |               | All GA<br>counties <sup>1</sup><br>(n=159) |
|--|--------------------------|----------------|--|---------------------------|---------------|--|
|  | No<br>(n=117)            | Yes<br>(n=109) | n/a                                      | No<br>(n=20)              | Yes<br>(n=65) | n/a  |
| <b>Nonprofit Service Partnerships</b>      |                          |                |  |                           |               |  |
| <b>Communities</b>                         |                          |                |  |                           |               |  |
| % with Nonprofit Service Partnerships      | 51.8 %                   | 48.2 %         | n/a                                      | 23.5 %                    | 76.5 %        | n/a  |
| <u>Population</u>                          |                          |                |  |                           |               |  |
| Less than 1,000                            | 66.0 %                   | 34.0 %         | 43.5 %                                   | n/a                       | n/a           | n/a  |
| 1,000 - 4,999                              | 46.9 %                   | 53.1 %         | 34.1                                     | 0.0 %                     | 3.0 %         | 4.9 %                                      |
| 5,000 - 24,999                             | 27.3 %                   | 72.7 %         | 17.8                                     | 26.0 %                    | 74.0 %        | 55.6                                       |
| 25,000 and over                            | 22.2 %                   | 77.8 %         | <u>4.7</u>                               | 22.2 %                    | 78.1 %        | <u>39.5</u>                                |
|  |                          |                | 100.0                                    |                           |               | 100.0                                      |
| Average Median Household Income            | \$32,439                 | \$32,576       | \$33,181                                 | \$32,241                  | \$37,220      | \$34,563                                   |
| Government expenditures per capita (mean)  | \$425.10                 | \$584.52*      | n/a                                      | \$377.52                  | \$472.38      | n/a  |
| Population Rate of Growth (mean of sample) | 20.0 %                   | 17.5 %         | n/a <sup>2</sup>                         | 16.3 %                    | 26.6 %        | 15.9 %                                     |
| <u>Rural Population Rate<sup>3</sup></u>   |                          |                |  |                           |               |  |
| 0 - 12.9 % (least rural)                   | 36.5 %                   | 63.5 %         | 38.6 %                                   | 0.0 %                     | 100.0 %       | 5.7 %                                      |
| 13 - 79.9 %                                | 48.0 %                   | 52.0 %         | 9.7                                      | 30.2 %                    | 69.8 %        | 63.5                                       |
| 80 - 100 % (most rural)                    | 61.4 %                   | 38.6 %         | <u>51.7</u>                              | 14.8 %                    | 85.2 %        | <u>30.8</u>                                |
|  |                          |                | 100.0                                    |                           |               | 100.0                                      |

Source: Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003; ICMA, 2003; Georgia Department of Community Affairs; U.S. Bureau of the Census.

1. Represents the proportion or vertical distribution of all Georgia communities in this category, based on census data.

2. The source of data for this indicator was incomplete and is not provided.

3. These ranges represent quartiles, with 80-100 percent representing the top two combined quartiles.

\* One outlier, Helen, Georgia, is included (exp/cap=\$4,132). When removed, the mean changes to \$551.67.



**Table 5.2 Comparative Governmental Characteristics of Cities and Counties With and Without Nonprofit Partnerships**

|   | Sample Cities<br>(n=226) |                | All GA<br>Cities<br>(n=499) | Sample Counties<br>(n=85) |               | All GA<br>Counties<br>(n=159) |
|---|--------------------------|----------------|-----------------------------|---------------------------|---------------|-------------------------------|
| Nonprofit Service Partnerships              | No<br>(n=117)            | Yes<br>(n=109) | n/a                         | No<br>(n=20)              | Yes<br>(n=65) | n/a                           |
| <b>Governments</b>                          |                          |                |                             |                           |               |                               |
| % with Nonprofit Service Partnerships       | 51.8 %                   | 48.2 %         | n/a                         | 23.5 %                    | 76.5 %        | n/a                           |
| Current General Expenditures, FY2002 (mean) | \$1,213,954              | \$4,877,144    | \$2.98 million              | \$8,950,823               | \$44,771,060  | \$27.8 million                |
| <u>Form of Government</u>                   |                          |                |                             |                           |               |                               |
| Council-Manager                             | 30.2 %                   | 69.8 %         | 11.0                        | --                        | --            |                               |
| Mayor-Council                               | 57.7 %                   | 42.3 %         | 60.9                        | --                        | --            |                               |
| Other/Unknown                               | 54.3 %                   | 45.7 %         | <u>28.0</u><br>100.0        | --                        | --            |                               |
| Commission-Manager/Admin.                   | --                       | --             |                             | 22.4 %                    | 77.6 %        | 52.8 %                        |
| Traditional Commission                      | --                       | --             |                             | 27.6 %                    | 72.4 %        | 39.6                          |
| Other/Unknown                               | --                       | --             |                             | 14.3 %                    | 85.7 %        | <u>7.5</u><br>100.0           |
| Government volunteers in service delivery   | 58.1 %                   | 91.7 %         |                             | 95 %                      | 98.5 %        |                               |
| <b>Respondents</b>                          |                          |                |                             |                           |               |                               |
| Nonprofit experience                        | 67.6 %                   | 88.9 %         |                             | 80.0 %                    | 92.2 %        |                               |
| <u>Political ideology</u>                   |                          |                |                             |                           |               |                               |
| - Somewhat to very liberal                  | 52.4 %                   | 47.6 %         | n/a                         | 20.0 %                    | 80.0 %        | n/a                           |
| - Moderate                                  | 52.4 %                   | 47.6 %         |                             | 25.9 %                    | 74.1 %        |                               |
| - Somewhat to very conservative             | 46.1 %                   | 53.9 %         |                             | 24.5 %                    | 75.5 %        |                               |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*; ICMA, 2003; Georgia Department of Community Affairs.

What drives this difference between city and county jurisdictions in the frequency of collaboration? While the magnitude of the difference is statistically significant, Table 5.1 suggests that jurisdictional size may be responsible for much of the difference. With one minor exception, the data show that larger communities report higher frequencies of partnership. While 34 percent of cities with populations of less than 1,000 individuals report nonprofit partnerships (n = 103), the frequency increases to 53.1 percent in cities with populations of 1,000 to 4,999 (n = 81), to 72.7 percent among cities with populations of 5,000 to 24,999 (n = 33), and to 77.8 percent in cities with populations of 25,000 or more (n = 9). In Georgia counties, all (100 percent of) counties with populations of less than 5,000 (representing fewer than 5 percent of all Georgia counties) report nonprofit partnerships (n = 3), while the figure changes to 74 percent for counties with populations of 5,000 to 24,999 (n = 33), and to 78.1 percent for counties with populations of 25,000 or more (n = 32). While 95 percent of all Georgia counties have populations of 5,000 or more, over three-quarters of all Georgia cities have populations of less than 5,000 individuals. When these population stratifications are compared to one another, chi-square tests of the differences are statistically significant at  $p < .001$  for Georgia cities, and are not significant for counties.

Thus, we find that among larger Georgia communities, cities and counties of the same approximate size report about the same frequency of collaboration with nonprofit organizations. The difference in the overall frequency of collaboration between cities and counties appears to be due to the low rates of collaboration reported by the smallest Georgia cities. Because government budgets are almost perfectly correlated with community population size in Georgia, any differences according to budget size are likely to parallel these differences based on population.

In Georgia counties, governments that report collaboration with nonprofit organizations have higher average household incomes than those that do not, as well as substantially higher average expenditures per capita (current operating budget/population). No statistically significant difference is found in Georgia cities with respect to income levels, but we do find that collaborating cities also have higher expenditures per capita. In Georgia counties, average population growth rates are substantially higher in collaborating communities than they are in non-collaborating communities. Again, in Georgia cities, less difference is evident between collaborators and non-collaborators with respect to increases or decreases in population rates.

Regarding population density, the most urbanized Georgia cities report the highest levels of government-nonprofit engagement (63.5 percent in Georgia cities falling into the most urbanized quartile of the sample,  $n = 74$ ). In the lower half of the sample, among communities that are 80 percent to 100 percent rural, only 38.6 percent of the cases reported collaboration ( $n = 127$ ). These differences are statistically significant at  $p < .003$  (chi-square = 11.79,  $df = 2$ ). The difference in Georgia counties falls outside the bounds of statistical significance (chi-square = 3.98,  $df = 2$ ,  $p < .14$ ) and suggests a flatter trend: 100 percent of the most urbanized communities report collaborations ( $n = 5$ ), the figure drops to 69.8 percent in the second quartile (13 to 79.9 percent rural,  $n = 53$ ) and increases slightly to 85.3 percent in the most rural two quartiles of the sample ( $n = 27$ ).

Thus far, these results are generally consistent with findings from privatization studies, particularly those findings suggesting an association between privatization and government size and wealth. One exception is that certain privatization studies (e.g., Greene, 2002) have concluded that privatization levels are strongest in suburban (rather than urban) communities, implying a nonlinear association. With respect to frequency of government-nonprofit

collaboration, this study found no decline in frequency of collaboration within the most urbanized communities, although the association holds true at statistically significant levels only for Georgia cities. This dissimilarity with findings related to privatization suggests that other factors also help to explain collaborative frequency. These factors are explored further in this study, and most likely are based on a combination of internal and external circumstances related to the nature of nonprofit missions, the level of community need, and the greater concentration of nonprofit organizations in more densely populated communities.

Two additional characteristics of Georgia local government thought to influence collaboration levels are the involvement of volunteers and the local form of government. Georgia cities involving volunteers report a substantially higher frequency of nonprofit collaboration than do those without volunteers. While this association may support the hypothesis that volunteers help to promote inter-sectoral cooperation, it may also be due to a greater use of volunteers, or to greater volunteer availability in more populous communities. Further data analysis in this chapter will attempt to identify the effects of this variable.<sup>33</sup>

In Table 5.2, governments using a managerial form have been compared to those using a more traditional form (such as the mayor-council form, employed by 60 percent of Georgia municipalities). Georgia cities using a council-manager form of government report a higher rate of nonprofit partnerships by a difference of nearly 28 percent (69.8 percent in council-manager governments compared to 42.3 percent in mayor-council governments, chi-square = 10.02, significant at  $p < .007$ ). The same distinction is not seen in Georgia counties. However, since we also find that government form is associated with community size, we cannot conclude that the more professionalized forms of government help to foster inter-sectoral engagement. Rather,

the association between a managerial form of government and collaborative frequency may be a function of government size and capacity rather than a result of a willingness by professional managers to engage more often with nonprofits.

In the data presented above, associations are clear between collaboration on the one hand, and community and government characteristics such as density, growth, capacity and professionalization on the other. What still remains unexplained is why about one-quarter of all cities or counties in communities of any size or capacity do *not* engage with nonprofit organizations. Scholars from a range of disciplines have forwarded an additional explanation by connecting inter-sectoral engagement to a supportive political or cultural environment. Indeed, these tables support the previous conclusions of researchers by suggesting that higher levels of collaborative frequency are associated with a public official's experience with the nonprofit sector as a volunteer or employee. In Georgia cities, 88.9 percent of public managers from communities with nonprofit collaborations report previous nonprofit work or volunteer experience, an increase of more than 20 percent over cities without partnerships. In counties, nonprofit experience is already high among non-collaborators at 80 percent, but still increases to 92 percent in communities with partnerships. It is noteworthy that the increase in collaborative frequency is seen most strongly at the city level, which have much smaller governments than Georgia counties, and where the nonprofit experience of a chief administrative official -- often one of just several town employees -- may make a tangible difference in the decision to engage with nonprofit organizations. In counties, on the other hand, larger staff sizes could lead to more shared responsibility for engaging in joint activities with the private sector.

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<sup>33</sup> Because nearly all of the county sample already reports government use of volunteers, a more nuanced measure is used in the regression analysis.

The data in Table 5.2 reflecting the self-identified political ideology of survey respondents represent collapsed categories on a possible scale of 1 (very liberal) to 7 (very conservative).<sup>34</sup> The “moderate” category represents the middle three points on the seven-point scale. When the respondent’s political identification on an ideological spectrum is examined, no differences are found for either cities or counties in the rate of collaborative frequency in communities managed by a political liberal when compared to those managed by a conservative. Thus, no support is found for arguments that either that a conservative or liberal political outlook will increase government-nonprofit collaboration.

The relationship among these potential associations and government-nonprofit engagement is illustrated in the correlation matrices in Tables 5.3 (for Georgia cities) and 5.4 (for counties). These tables guided the forthcoming regression analysis in two ways. First, the correlation tables suggest that certain variables should be dropped from further data analysis due to weak or no association with “collaboration”: these include “political ideology” for both models, “population rate of growth” for the city model, and “rural rate” for the county model. Second, the matrices provide some guidance on the extent of the multicollinearity among community and government characteristics -- an expected result when using a combination of related demographic indicators, but one which also requires a carefully constructed model and some additional statistical tests (which are applied in the forthcoming regression analysis).

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<sup>34</sup> The survey question reads, “On a scale of 1 to 7, where 1 is very liberal, 7 is very conservative and 4 is moderate, where do you place yourself?” Concerns about survey length precluded a multi-question investigation of this trait.

**Table 5.3 Inter-Correlations of Community and Institutional Variables and Collaboration in Georgia Cities**

| <b>Bold-faced</b> = included in regression model | N   | Collaborate with NPOs | Govt's budget (log) | Govt spending per capita | Managerial form of govt | Scope of govt vol'm | Rural pop. rate | Pop. rate of growth | Manager's NPO exp. |
|--|-----|-----------------------|---------------------|--------------------------|-------------------------|---------------------|-----------------|---------------------|--------------------|
| <b>Government's budget (log, centered)</b>       | 226 | .348(**)              |                     |                          |                         |                     |                 |                     |                    |
| <b>Government spending per capita</b>            | 226 | .192(**)              | .443(**)            |                          |                         |                     |                 |                     |                    |
| Managerial form of government                    | 226 | -.209(**)             | -.557(**)           | .315(**)                 |                         |                     |                 |                     |                    |
| <b>Scope of government volunteerism</b>          | 226 | .443(**)              | .506(**)            | .121                     | -.400(**)               |                     |                 |                     |                    |
| <b>Rural population rate (rank)</b>              | 226 | -.162(*)              | -.617(**)           | -.177(**)                | -.412(**)               | -.307(**)           |                 |                     |                    |
| Population rate of growth (rank)                 | 226 | .024                  | .212(**)            | .069                     | -.062                   | -.018               | .336(**)        |                     |                    |
| <b>Manager's nonprofit experience</b>            | 213 | .258(**)              | .260(**)            | .086                     | -.179(**)               | .341(**)            | -.178(**)       | .014                |                    |
| Manager's ideology                               | 207 | .014                  | -.019               | -.018                    | -.062                   | -.044               | .020            | -.009               | .058               |

\* Correlation is significant at the 0.05 level (2-tailed).

\*\* Correlation is significant at the 0.01 level (2-tailed).

Note: bold-faced items are included in the final regression model.

**Table 5.4 Inter-Correlations of Community and Institutional Variables and Collaboration in Georgia Counties**

| <b>Bold-faced</b> = included in regression model | N  | Collaborate with NPOs | Govt's budget (log) | Govt spending (log) | Managerial form of govt | Scope of govt vol'm | Rural pop. rate | Pop. rate of growth | Manager's NPO exp. |
|--|----|-----------------------|---------------------|---------------------|-------------------------|---------------------|-----------------|---------------------|--------------------|
| <b>Government's budget (log, centered)</b>       | 85 | .189                  |                     |                     |                         |                     |                 |                     |                    |
| <b>Government spending per capita</b>            | 85 | .263(*)               | .518(**)            |                     |                         |                     |                 |                     |                    |
| Managerial form of government                    | 85 | -.030                 | -.267(*)            | .058                |                         |                     |                 |                     |                    |
| <b>Scope of government volunteerism</b>          | 85 | .206                  | .413(**)            | .174                | -.259(*)                |                     |                 |                     |                    |
| Rural population rate (rank)                     | 85 | -.056                 | -.701(**)           | -.081               | -.343(**)               | -.367(**)           |                 |                     |                    |
| <b>Population rate of Growth (rank)</b>          | 85 | .217(*)               | -.382(**)           | .230(*)             | .044                    | .055                | .106            |                     |                    |
| <b>Manager's nonprofit experience</b>            | 84 | .168                  | .067                | -.033               | .020                    | .087                | .048            | -.090               |                    |
| Manager's ideology                               | 81 | .000                  | .067                | .071                | -.220(*)                | -.051               | -.153           | .198                | -.072              |

\* Correlation is significant at the 0.05 level (2-tailed).

\*\* Correlation is significant at the 0.01 level (2-tailed).

Note: bold-faced items are included in the final regression model.



## Regression Analysis

Multivariate regression analysis was conducted to predict the influence of the above environmental and institutional factors on the dependent variable “government collaborates with nonprofit organizations.” This dependent variable was operationalized using a binary (0, 1) form, where “1” signifies that the government respondent has reported any government-nonprofit service delivery partnerships in that jurisdiction. Georgia cities and counties were analyzed separately.<sup>35</sup> Summary statistics for each variable and jurisdiction are reported in Table 5.5. The results of statistical estimation based on maximum likelihood estimation are presented in Table 5.6.<sup>36</sup> Coefficients were produced using binary logistic regression analysis and -- as a result of the use of maximum likelihood estimation -- are expressed as odds ratios or log odds (the exponentiated coefficient, or  $e^b$ ).<sup>37</sup>

### Determination of Final Model

In the final regression model presented above, the decisions guiding selection of variables for this model were the following: the model includes all variables of interest theorized to predict collaboration and which correlate with the dependent variable at or near statistical significance.<sup>38</sup> To represent the “community,” “institutional” and “individual” categories that form the basis for this study’s research model, at least one variable with potential explanatory

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<sup>35</sup> To test the independent effect of the city/county jurisdictional difference, a combined city/county model was also run (n=311) including a dummy variable for jurisdiction. No independent effect was found for jurisdiction.

<sup>36</sup> Logistic regression is required when the dependent variable has a binary form.

<sup>37</sup> The model was estimated using Stata Clarify 2.1 program (Tomz, Wittenberg, King 2003) and SPSS 11.5.

<sup>38</sup> One-tailed tests of significance were used in some cases where previous theory suggested an expected direction.

**Table 5.5 Summary Statistics for Dependent and Independent Variables**

| <b>Dependent Variable (Type of data)</b>  | <b>N</b> | <b>Min.</b> | <b>Max.</b> | <b>Mean</b> | <b>Median</b> | <b>Std. Dev.</b> |
|---|----------|-------------|-------------|-------------|---------------|------------------|
| Government collaborates with nonprofit organization(s) in any form of public service delivery or planning (dummy) |          |             |             |             |               |                  |
| o Georgia Cities  | 226      | 0           | 1           | .48         | 0.0           | .501             |
| o Georgia Counties  | 85       | 0           | 1           | .76         | 1.0           | .427             |
| <b>Independent Variable (Type of data)</b>  | <b>N</b> | <b>Min.</b> | <b>Max.</b> | <b>Mean</b> | <b>Median</b> | <b>Std. Dev.</b> |
| Government Size (current operating budget; centered log, interval)  |          |             |             |             |               |                  |
| o Georgia Cities  | 226      | -5.5223     | 5.2911      | .0000       | -.0329        | 1.8708           |
| o Georgia Counties  | 85       | -2.2332     | 4.0159      | .0000       | -.1719        | 1.2533           |
| Fiscal Capacity (expenditures per capita; interval)   |          |             |             |             |               |                  |
| o Georgia Cities  | 226      | 15.01       | 4132.61     | 501.99      | 421.88        | 415.02           |
| o Georgia Counties  | 85       | 118.18      | 973.55      | 450.06      | 428.13        | 153.69           |
| Fiscal Stress (government fiscal effort; interval)  |          |             |             |             |               |                  |
| o Georgia Cities  | N/A      |             |             |             |               |                  |
| o Georgia Counties  | 84       | 35          | 153         | 101.4       | 100.5         | 19.143           |
| Scope of Government Volunteer Involvement (count, interval)   |          |             |             |             |               |                  |
| o Georgia Cities  | 226      | 0           | 17          | 3.05        | 2.00          | 3.276            |
| o Georgia Counties  | 85       | 0           | 17          | 5.99        | 5.00          | 4.031            |
| Manager's Nonprofit Experience (dummy)  |          |             |             |             |               |                  |
| o Georgia Cities  | 213      | 0           | 1           | .78         | 1.00          | .412             |
| o Georgia Counties  | 84       | 0           | 1           | .89         | 1.00          | .311             |
| Rural Population Rate (rank, ordinal)   |          |             |             |             |               |                  |
| o Georgia Cities  | 226      | 1           | 226         | 113.5       | 113.5         | 65.385           |
| o Georgia Counties  | 85       | 1           | 85          | 43.0        | 43.0          | 24.681           |
| Population Change (rate of growth; rank, ordinal)   |          |             |             |             |               |                  |
| o Georgia Cities  | 226      | 1           | 226         | 113.5       | 113.5         | 65.385           |
| o Georgia Counties  | 85       | 1           | 85          | 43.0        | 43.0          | 24.681           |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*

power from each of these categories was included. However, indicators are dropped from city or county models where either correlation analysis or the results of regression analysis suggest they have no effect on the model. Only those variables found to have perceptible and independent effects on the dependent variable, or which increased the model's explanatory power, are included in the final model presented in Table 5.6. As a result, the "form of government"

**Table 5.6 Logistic Model Estimating the Probable Impact of Georgia Community and Governmental Characteristics on the Likelihood of Collaboration**

| Independent Variables  | City Governments<br>Log odds<br>(Standard error)<br>z-statistic | County Governments<br>Log odds<br>(Standard error)<br>z-statistic |
|--|---|---|
| GOVERNMENT SIZE<br>(Government budget; centered log)   | 1.224<br>(.1348)<br>1.50*                                       | .703<br>(.3813)<br>-0.92  |
| FISCAL CAPACITY<br>(Government expenditures per capita)  | 1.000<br>(.0004)<br>0.98  | 1.008<br>(.0033)<br>2.37**  |
| FISCAL STRESS<br>(Fiscal effort index)   | --  | .966<br>(.0198)<br>-1.72*   |
| SCOPE OF VOLUNTEER INVOLVEMENT<br>(total number of public service areas involving<br>volunteers) | 1.378<br>(.0804)<br>3.99***                                     | 1.145<br>(.0863)<br>1.57*   |
| NONPROFIT EXPERIENCE<br>(Government manager's nonprofit experience)                              | 1.720<br>(.4073)<br>1.33*                                       | 3.571<br>(.8769)<br>1.45*   |
| RURAL RATE<br>(rank order, rural rate of jurisdiction)   | 1.003<br>(.0031)<br>1.04  | --  |
| POPULATION CHANGE<br>(2000 population/1990 population)   | --  | 1.145<br>(.0134)<br>-0.95   |
| Constant   | .148<br>(.571)<br>-3.35***                                      | 1.028<br>(2.097)<br>0.01  |
| Number of observations   | 213   | 83  |
| Likelihood ratio chi-square  | 55.96 ***   | 17.06 ***   |
| Adjusted R <sup>2</sup> (McFadden's Pseudo-R <sup>2</sup> )                                      | .189  | .186  |

\* Statistical significance at the p < .10 level, one-tailed.

\*\* Statistical significance at the p < .05 level, two-tailed.

\*\*\* Statistical significance at the p < .01 level, two-tailed.

variable was dropped from the final model, and “rural rate” was dropped from the county model, as was “population change” from the city model. The resulting model represents the estimation that strikes the best balance between theoretical and explanatory strength.

### Findings: Georgia Cities

Predictive Power. In the analysis of Georgia cities, a total of 213 cases were included, and the full model was significant at  $p < .0001$  (chi-square = 55.96). The city model successfully predicted 64 percent of the affirmative reports of government-nonprofit collaboration and 73 percent of the reports of non-collaboration, for an overall predictive power of 69 percent. This model also accounted for 18.9 percent of the variance in local government-nonprofit partnership status.<sup>39</sup>

Variables included in the city model to account for a community’s population density and fiscal capacity displayed small and very limited effects. For Georgia cities, the results suggest at statistically significant levels that the likelihood of collaboration increases with budget size, public volunteer involvement, and nonprofit experience. As hypothesized, these associations are all positive (log odds reflect a positive association when  $> 1.0$  and a negative association when  $< 1.0$ ). When the hypothesized direction of the relationship allows a one-tailed test of significance, all three variables are statistically significant at  $p < .10$  or better. Analysis of each variable follows.

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<sup>39</sup> Based on a McFadden’s pseudo- $R^2$  of .1896. All  $R^2$  tests in logit models are estimates. Other  $R^2$  tests reported higher explanatory power (Cox & Snell  $R^2 = .231$ ; Nagelkerke  $R^2 = .308$ ) (Hamilton, 2003).

Government Size. The first variable, “government budget,” has a positive effect on the dependent variable at statistically significant levels. While the centering transformation on this variable reduced the model’s multicollinearity substantially, the budget variable continued to share the highest amount of variance with other variables in the model.<sup>40</sup> Yet the impact of budget size on collaborative frequency remains at statistically significant levels. The model estimates suggest that for each increase of 1.0 in the base-10 logarithm of a government’s current operating budget, the odds of collaboration increase by a factor of 1.2, holding other variables constant. To put this rather difficult figure in better perspective, a one standard deviation increase in the log of budget size will increase the odds of collaboration by nearly one and a half times (increase in odds of 1.45). Further, when holding other cases at their means, the average Georgia city in the sample according to budget size is nearly twice as likely to collaborate with nonprofit organizations as one with the smallest budget in the sample (predicted probabilities of 53 percent versus 29 percent), while the largest city in the sample is nearly three times as likely to collaborate than the smallest (75 percent versus 29 percent).

Volunteer Involvement. The effect of civic engagement is also pronounced. Each increase by one in the number of policy areas in which a local government involves volunteers (among up to 17 possible areas reported by survey respondents) increases the likelihood of collaboration by a factor of 1.378 or nearly 3:2 odds. When all other variables are held at their mean values, the predicted probability of collaboration in governments without volunteers is

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<sup>40</sup> Multicollinearity in regression equations - the inter-correlation of independent variables - can present problems by increasing standard errors, introducing instability to coefficient magnitudes, or producing nonsignificant coefficients despite a high  $R^2$ . While multicollinearity was found in this model (mean variance inflation factor of 1.61, highest VIF = 2.47, lowest = 1.15, goal of 1.00), multiple small changes confirmed the model’s stability, and variables of interest are still statistically significant. The conclusion is that none of the symptoms of multicollinearity in this model surpass tolerable levels. More parsimonious models reflecting lower levels of multicollinearity returned similar estimates.

only 29 percent (the sample mean is three policy areas). The predicted probability of collaboration doubles to 59 percent when four policy areas involve volunteers, and triples to 87 percent when nine policy areas involve volunteers. Further data analysis reveals the greatest size effect at the lowest end of the scale, and suggests that governments with minimal volunteer involvement have the most to gain by broadening the scope of civic engagement in their communities. However, even those governments involving volunteers at more than average levels will likely increase nonprofit engagement by continuing to broaden their scope of volunteer involvement. Equally noteworthy is the fact that an increase in volunteer involvement is still likely to increase the likelihood of government-nonprofit collaboration above and beyond the impact of budget size alone.

Nonprofit Experience. The third finding of note is the impact of a manager's nonprofit experience on the likelihood of collaboration. This variable increases the odds of collaboration by a factor of 1.7 or nearly double (reliable at  $p < .001$ ). Liao (1994) cautions care in interpreting the marginal effects of dummy variables in logistic regression analysis. With that caution in mind, and holding other variables in the model at their mean, this model suggests that governments where the chief administrative officer has nonprofit experience have a 13 percent greater probability of nonprofit collaboration compared to other jurisdictions (56 percent compared with 43 percent probability of collaboration in jurisdictions with no nonprofit experience).

### Findings: Georgia Counties

Predictive Power. A total of 83 cases were included in the analysis of Georgia counties, and the full model was statistically significant at  $p < .0001$  (chi-square = 17.06). The model

successfully predicted 93.7 percent of the affirmative reports of government-nonprofit collaboration, and 35 percent of the reports of non-collaboration, for an overall predictive power of 79.5 percent. This model accounted for 18.6 percent of the variance, a level of explanatory power similar to that of the city model. Variables returning statistically significant levels of predictability are all in the expected directions. Two variables representing the fiscal health of a local government have an impact on collaborative frequency within confidence levels. Both volunteer involvement in Georgia counties and a public manager's nonprofit experience also appear to increase the likelihood of government-nonprofit collaboration. Government size and population change do not increase the probability of government-nonprofit collaboration at statistically significant levels. Variables with a statistically significant impact are discussed below.

Fiscal Health. The results for Georgia counties suggest that increases in a government's fiscal capacity and decreases in fiscal stress both increase the likelihood of inter-sectoral collaboration. The model suggests that a Georgia county with minimal expenditures per capita (\$118.18 in this sample) has a 29 percent probability of nonprofit collaboration, while an increase of just one standard deviation in expenditures per capita raises the predicted probability of collaboration by another 25 percent. An increase of two standard deviations, to just below the mean for the sample, raises the predicted probability of collaboration to 79 percent.

A second factor was included in this model to capture fiscal stress, or the amount of effort a local government is exerting to raise tax revenues. The hypothesis was that the amount of governmental need, reflected in the rank on the fiscal effort index, will be associated with the level of nonprofit collaboration. Previous literature suggested that the direction of the relationship could point either way (i.e., positive or negative). This study found a negative

relationship between fiscal effort and collaboration. Each 1 unit increase on the fiscal effort index for Georgia counties (the ratio of utilized to available tax revenues) will decrease the likelihood of collaboration by a factor of .966 ( $p < .09$ , two-tailed). The fiscal effort variable could not be included in the city model due to lack of data, but the findings for counties suggest that the indicator would have been important had it been available.

County budget size was not significantly related to collaboration, perhaps because of a smaller variance in budgets and a higher overall level of collaboration among Georgia counties. The county model also included a sixth variable, population growth rate, which was not included in the city model due to lack of correlation with the dependent variable. Although this variable did not produce statistically significant results, its inclusion increased the explained variance by about 3 percent.

Nonprofit Experience. Again, we find a sizeable increase in the odds of collaboration (7:2 odds) when a county manager has nonprofit experience compared to when he or she does not ( $p < .07$ , one-tailed). In the average Georgia county, the probability of inter-sectoral collaboration is 58 percent when the county manager does not have nonprofit experience, compared to 84 percent when he or she does. We also see the strength of this indicator when we consider that a manager's nonprofit experience (compared with no nonprofit experience) doubles the probability of collaboration from 15 percent to 31 percent in a Georgia county spending the fewest dollars per capita (\$118.18) – that is, a county weaker in fiscal capacity.

Volunteer Involvement. The impact of volunteer involvement on collaboration is also substantial, although not at the levels found in the city model. In communities with average fiscal and demographic values, Georgia counties with no volunteer involvement have a 67 percent probability of nonprofit collaboration ( $p < .06$ , one-tailed). The predicted probability



grows to 78 percent when the county involves volunteers in four service areas, and to 82 percent at six service areas, the sample mean. At 12 policy areas, the predicted probability of collaboration is 90 percent. Such small increases in the odds suggest that other factors in the model, particularly those related to fiscal conditions, could have a greater influence on nonprofit engagement.

## **Discussion**

The results displayed above suggest that internal, government factors, possibly in combination with some community indicators, can influence the decision to engage with nonprofit organizations in service delivery partnerships. In the logistic regression analysis of Georgia cities and counties, the associations between predictor variables and partnership are all in the expected positive direction; however, some associations are weak or fall outside the bounds of statistical significance. Explanations for the results are discussed below.

### Government Indicators

In both models, the majority of the variance in the model was explained by governmental indicators alone: either the government's budget and volunteer utilization in the city model, or the expenditures per capita and volunteer utilization in the county model. In the county model, the association found between collaboration and fiscal capacity was particularly pronounced, and indicated that fiscal factors could help to explain a good portion of the non-collaboration as well as the collaboration in Georgia counties. The lack of a statistically significant indicator of fiscal capacity in the city model was not expected, and was due possibly to shared variance with the budget variable.

### Individual Indicators

The finding of a strong connection between a public manager's previous nonprofit experience and inter-sectoral engagement is quite consistent with the literature addressing inter-organizational cooperation of many kinds (see, for example, Saidel, 1999). This finding supports the argument that inter-sectoral relationships develop more easily where they are built on existing reserves of familiarity and shared experience, and will be gratifying to those who have espoused greater efforts to bridge gaps between the public and private sectors (Fosler, 2002; Light, 1999). More surprising is the strong, independent effect this factor has on the model's ability to predict collaboration. Saidel (1999) has found that the involvement of public officials in nonprofit advisory groups offers a means building bridges between the sectors; this study may be capturing one of the more positive outcomes of this involvement. Future research should continue to investigate the effect of nonprofit experience by introducing related indicators, including a measure not only of inter-sectoral experience but of satisfaction (or lack of satisfaction) with the experience.

The finding of no statistical association between political ideology and collaboration was not surprising, since this indicator had a weaker theoretical connection to nonprofit engagement than it did to privatization. Moreover, although very little literature has addressed the subject directly, both political liberals and political conservatives employed in the public sector have reasons to engage with nonprofit organizations. The lack of support for this portion of the hypothesis may also be due to the vagaries of Georgia politics and their impact on the sample. The use of a more nuanced measure of political ideology could also find differences among respondents that the single measure employed in this study could not achieve alone. Finally, further analysis could find that political ideology is not a strong enough indicator on its own to

create differences in collaborative tendency, but that it does change respondents' attitudes toward nonprofit organizations on other, more specific issues such as perceptions of nonprofit service quality, perceptions of the role of private organizations in public service delivery, or perceptions about competition between the sectors.

### Community Indicators

While urban rates and population growth rates were positively correlated with collaboration, and have been forwarded as explanatory variables in studies of both privatization and collaboration, their independent effects could not be estimated at statistically significant levels when combined in this regression model with other community indicators. This result could also be due to the interactive effect of these indicators, where community characteristics are based on a combination of factors related to size, growth and wealth. A second proxy for community stress (in addition to population change) was introduced in the county model in the form of the fiscal effort index. The negative direction of the relationship suggests that no corresponding "push" toward collaboration is offered by higher community taxing efforts; rather, the impetus seems more aligned with capacity (a "pull" due to community means instead of a "push" due to needs). However, the lack of a positive association between community stress and collaboration could also reflect the narrow focus of this model on only local government partnerships with nonprofit organizations, rather than collaboration that occurs between other (particularly, state) levels of government. In other words, fiscally stressed communities may be engaged in other forms of nonprofit partnership not reported in this study, involving other (state or federal) funds.

One possible approach to increasing the explanatory power of this model would be to include a factor for nonprofit availability, with the hypothesis that collaboration will increase with the number of nonprofit organizations operating in a local community. We note, for example, the earlier finding that government size will predict collaborative frequency. A finding of an association between the number of nonprofit organizations and the likelihood of collaboration would support the argument that opportunity also drives inter-sectoral engagement. Unfortunately, such an effort depends on an accurate count of the number of operating nonprofit organizations in each community, an undertaking still outside the grasp of contemporary research.

Earlier discussion in this chapter touched on the model's ability to predict collaboration better than non-collaboration. Some additional explanation for the frequency of non-collaboration is found in the following data. Survey participants who did not report government-nonprofit engagement were asked to check any of four categories that might help to explain why their governments were not cooperating with nonprofit organizations. Some sampling error can be expected in these results based on the possibility that these respondents reported no nonprofit engagement only because they had no knowledge of engagement. In addition, respondents were not offered the option of an open-ended response (i.e., no "other" category was offered) so that other explanations beyond these four were not recorded.

The results nevertheless have exploratory value and offer support for the conclusions made above regarding the influence of community "capacity" and "opportunity" on collaboration. Among the 96 city managers and mayors who responded from communities without nonprofit partnerships, the largest number, 52 percent agreed that collaborations did not occur because of "insufficient staff or funds" (n = 50). Among the 16 county respondents

reporting from non-collaborating communities, 62.5 percent agreed about the lack of capacity (n = 10). Supporting the argument that collaboration depends on “opportunity” or the availability of nonprofit organizations, 33 percent of city respondents (n = 32) and 37.5 percent of county respondents (n = 6) agreed that collaboration did not occur due to “lack of nonprofit interest.” An additional 18.8 percent of city respondents (n=18) and 12.5 percent of county respondents (n=2) reported that there was “no government benefit to collaborating with nonprofit organizations.” Only 5 percent of city respondents (n=5) agreed that collaboration “was too much trouble.”

### **Summary and Implications**

The model presented in this chapter estimates the probability of local government collaboration with nonprofit organizations in public service delivery based on related internal and external factors. The assumption underlying this model is that the decision made by local governments administrators to collaborate with nonprofit organizations is aided by certain institutional or environmental characteristics, and hampered by others. This model found excellent support for the hypothesis on which it was based. Internal, institutional factors appear to have the strongest relationship to collaborative frequency. A government’s fiscal health, whether characterized by higher expenditures per capita, or by lower fiscal stress, plays an important role in predicting collaboration, as does the scope of volunteer involvement in public service delivery. A finding that will also be of great interest to local government managers is the influence of nonprofit experience on inter-sectoral engagement.

Because the emphasis in this study has been on those factors increasing the propensity to collaborate, some factors that could impose a negative influence on the dependent variable may

have been omitted. In Georgia counties in particular, the regression model was able to predict only about one-third of the cases of non-collaboration. Further research should explore such cases to identify other useful indicators for inclusion in related and future models.

The relatively low Adjusted  $R^2$  produced in this analysis invites speculation regarding the additional factors that may explain a disposition to collaborate. Several are offered here. The first addresses opportunity, or the availability of state or federal funds that can either foster or prompt inter-sectoral engagement. Thus, external factors and other levels of government may influence the dynamics between local governments and nonprofit organizations, such as helping to create some of the nonprofit organizations described in this study as government partners.

Second, dimensions related to “social capital” invite additional exploration. Community characteristics such as educational level, electoral and religious participation have been associated with higher frequency of civic engagement (Putnam, 2000). It may be possible that government-nonprofit collaboration is built, at least in part, on related foundations.

Third, the frequency of government-nonprofit collaboration is even more likely to be a function of a combination of “demand” factors examined above, and the “supply” factor, or the number of nonprofit organizations in any community that are available (and willing) to work with government. This supply factor is likely to depend less on the number of nonprofits in a community than on the kind of nonprofit and the compatibility of mission with public needs.

In a quantitative analysis of Indiana nonprofit organizations, Grønbjerg and Paarlberg (2001) have linked nonprofit frequency in a community to both supply and demand factors, including population and poverty levels (demand) and high socio-economic levels (supply). The authors found a strong association (Adjusted  $R^2$  of .46) between the number of charitable

nonprofit organizations and indicators of community wealth, higher education levels, and religious participation.

They also found an association between smaller communities and nonprofit frequency. However, should we extend this inference to argue that nonprofit frequency will predict collaborative frequency, we would expect to find a negative association between community size and collaborative frequency. In this predictive model, collaborative frequency is only weakly associated with government size. Although this result suggests that we cannot conclude that nonprofit frequency in itself increases collaborative frequency, other explanations are possible. First, while fewer nonprofit organizations per capita may exist in larger communities, they may be substantially larger organizations that are better positioned to work with city and county governments. Second, the size of a government's budget represents several related factors, including the size of the community that the government serves and the number of programs it offers. Larger governments may find they depend on nonprofit organizations to meet community needs to a greater extent than smaller governments, which are better able to meet those needs in other ways. Larger communities may have a particularly greater need to collaborate in order to plan and coordinate the efforts of numerous nonprofit and public agencies. Thus, we find in one major Georgia city a large, networked effort to coordinate the activities of arts and culture programs. Third, the "mix" of nonprofit organizations could be different than it is in smaller communities, and larger communities could have a larger number of nonprofits with a mission that permits government collaboration. Although this possibility seems less likely, it nevertheless reminds us that many nonprofit organizations are formed with the explicit purpose of collaborating with local governments. Should we conduct further research that permits

stratification of a nonprofit sample based on the alignment of its mission with public needs, we may find that more of these organizations exist in larger communities.

It seems likely that the connection with larger communities occurs because these communities or governments have greater opportunities to influence both the “supply” and “demand” side of the equation. The supply of collaborative opportunities might be increased not by the number of nonprofit organizations, but by their capacity and their motivation to work with local governments, and by a government’s fiscal capacity to work with them. In addition, given the fact that many central cities have greater fiscal problems than do their suburban neighbors, government-nonprofit collaboration in larger communities may be driven by the greater demands placed on city governments to meet public needs.

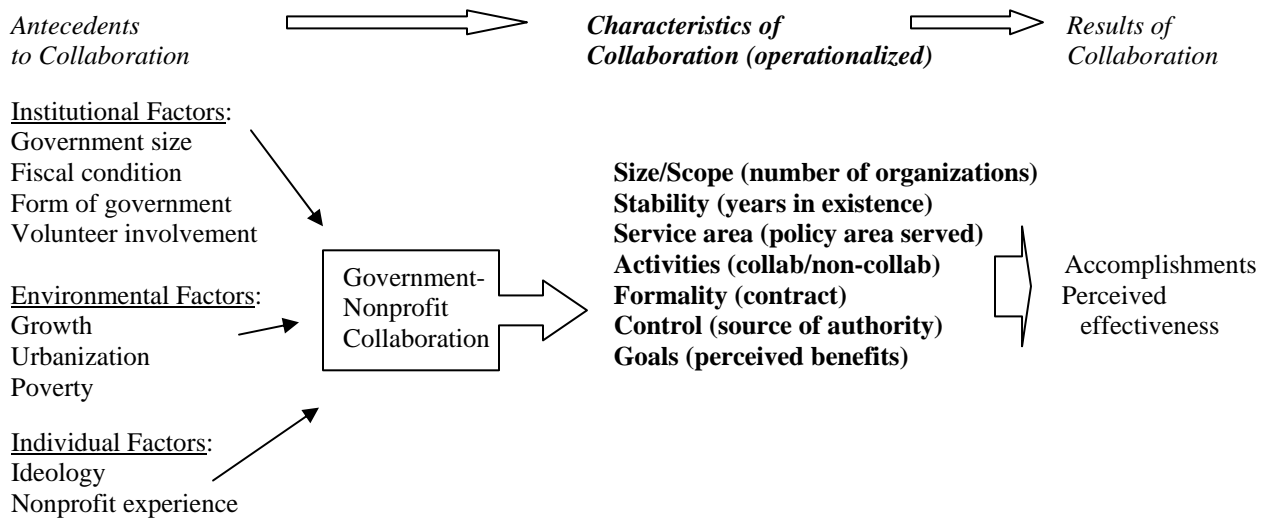
In the next chapter, this study moves from an exploration of the external factors influencing government-nonprofit partnerships to a closer examination of their internal characteristics and dimensions.



**CHAPTER SIX**  
**FINDINGS: THE SCOPE OF GEORGIA**  
**GOVERNMENT-NONPROFIT PARTNERSHIPS**

**Introduction**

This second stage of the research model investigates characteristics of government-nonprofit partnerships in local Georgia communities. The current stage of the inquiry is illustrated with the bold-faced portion of the research model in Figure 6.1.<sup>41</sup> An investigation of the scope and distribution of certain partnership characteristics forms the basis for the two hypotheses in this chapter.



**Figure 6.1 Second Stage of Research Model, Operationalized**

<sup>41</sup> This figure elaborates on the research model presented in Figure 3.1, Chapter Three, by describing the specific indicators used to operationalize each concept.

## **Hypothesis Two: Collaborative Activities**

The second hypothesis in this study examines the type and frequency of collaborative activities within government-nonprofit partnerships in Georgia local governments. This step is an important one in distinguishing relationships based on forms of exchange such as grants or performance contracts from those that meet the scholarly definition of “collaboration” by relying on reciprocal exchanges and shared risk (e.g., shared resources). This analysis addresses the research question: to what extent can we consider Georgia partnership activities “collaborative?” The research hypothesis can be expressed as:

**H2: Georgia government-nonprofit partnerships will meet the criteria of “collaborative” as established in the scholarly literature.**

## **Findings**

Table 6.1 reports the nature and frequency of the activities in which Georgia governments engage with nonprofit organizations. Responses indicate the frequency with which survey participants checked any items from a list of 15 possible activities (including an “other” category). The list of 15 activities was developed through a literature search.

While the focus of this study is on the most active service delivery partnerships in each Georgia community, in this case, respondents were asked to check any activity in which their government engaged with any nonprofit organization to carry out public service delivery. Thus, responses describe all government-nonprofit interaction, and not only the activities occurring within a local government’s most active nonprofit partnerships. This indicator therefore is best

viewed as a representation of the full scope of local government involvement with nonprofit organizations in Georgia communities.

**Table 6.1 Extent of Collaborative Activity**

| Extent of collaborative activity                                       | Percentage of Cities Reporting Activity (n=101) | Percentage of Counties Reporting Activity (n=62) |
|--|---|--|
| <u>Collaborative</u>   |   |  |
| <i>Inter-agency communication</i>                                      |   |  |
| Information exchange   | 37.6 %  | 46.8 %   |
| <i>Shared resources</i>  |   |  |
| Shared volunteers  | 27.7  | 33.9   |
| Shared workspace   | 25.7  | 51.6   |
| Shared staff   | 23.8  | 21.0   |
| <i>Joint operations or decision-making</i>                             |   |  |
| Joint service delivery   | 23.8  | 40.3   |
| Joint program development  | 19.8  | 25.8   |
| Joint fundraising  | 16.8  | 12.9   |
| Joint policy development   | 12.9  | 12.9   |
| Joint advocacy to state/local government                               | 12.9  | 17.7   |
| Joint purchasing   | 10.9  | 4.8  |
| Joint recruitment of staff/volunteers                                  | 8.9   | 16.1   |
| Joint case management/coordination                                     | 4.0   | 8.1  |
| <b>Number in sample reporting one or more collaborative activities</b> | <b>85.1 %</b>                                   | <b>91.9 %</b>                                    |
| <b>Mean number of activities</b>                                       | <b>2.6</b>                                      | <b>3.4</b>                                       |
| <b>Median number of activities</b>                                     | <b>2.0</b>                                      | <b>3.0</b>                                       |
| <u>Government provision (Non-reciprocal or unequal exchange)</u>       |   |  |
| Government grants to nonprofits  | 31.7 %  | 45.2 %   |
| Government provides equipment  | 23.8  | 37.1   |
| Government provides other resource                                     | 8.3   | 4.6  |
| <b>Number in sample reporting only non-collaborative activities</b>    | <b>14.9 %</b>                                   | <b>8.1 %</b>                                     |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*

According to Table 6.1, among those jurisdictions reporting they engage in service partnerships with nonprofit organizations, a total of 85.1 percent of all city governments (n=86) and 91.9 percent of all county governments (n=57) report at least one joint or reciprocal activity. The activities in which Georgia local governments engage include, most frequently, **exchange of information** (37.6 percent of cities and 46.8 percent of counties), **shared workspace** (25.7 percent of cities, 51.6 percent of counties), **shared volunteers** (27.7 percent of cities, 33.9 percent of counties) and **joint service delivery** (23.8 percent of cities, 40.3 percent of counties). Georgia cities and counties engage in the remaining types of joint operations with nonprofit organizations less often, with from 4 percent to about 24 percent of jurisdictions reporting that they engage in joint case management, joint planning, joint fundraising, joint purchasing, joint recruitment, or joint advocacy with any nonprofit organization. Three of the 15 activities on the survey are grouped separately, as they do not meet scholarly definitions of collaboration (i.e., reciprocal exchange and shared risk) but rather reflect government provision of grants and other resources to nonprofit organizations (Fosler, 2002; B. Gray, 1989; Peters, 1998).

Further analysis suggests that the scope of this government engagement with nonprofit organizations (range of activities reported) is shallower than the depth (frequency of activities reported): most communities report collaborative activities, but few report a wide range of activities. Among Georgia cities, 72.1 percent engage in one to three collaborative activities, while 27.9 percent engage in four to 12 activities. In Georgia counties, 43.9 percent engage in four to 12 activities.<sup>42</sup>

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<sup>42</sup> Not included in these figures are 20 city or county respondents who reported partnerships with nonprofit organizations but specified no collaborative activity. Within these partnerships, government participation may not have been reported or may be limited to grants or gifts of equipment.

The frequency with which Georgia local governments engage in a combination of these activities is low, with the median number of activities at 2 in cities and 3 in counties. Higher means of 2.6 collaborative activities in Georgia cities, and 3.4 activities in Georgia counties suggest that measures of central tendency for this variable are skewed by the jurisdictions that are most heavily engaged in collaborative activity with nonprofit organizations. In fact, four of these jurisdictions, representing major Georgia metropolitan areas with populations of 100,000 to 800,000 and budgets of \$100-600 million, reported the highest level of collaborative engagement with nonprofit organizations (reporting 11 or 12 of the 12 possible activities).

Table 6.1 also suggests that Georgia cities and counties differ in the reported frequency of collaborative activities. This finding may reflect the greater level of collaborative involvement reported by counties when compared to cities. Further analysis based on community size suggests an additional, related explanation. Tables 6.2 and 6.3 compare levels of collaborative activity according to large and small communities. In both tables, the cutpoint used in the two comparison columns represents the budget size for the top quartile in the sample versus the budget size for the lower three quartiles. The top quartile of Georgia cities have budgets of more than \$2.2 million, and the top quartile of Georgia counties have budgets of \$17 million or more.

When controlling for this third variable, government size, in the contingency Tables 6.2 and 6.3, the results suggest that the level of collaborative activity in Georgia counties is moderately associated with government size. This association is weaker in Georgia cities. Among Georgia cities, 76.9 percent of those respondents representing governments with budgets of \$2.2 million or less, or the lower three quarters of the survey sample, reported just one to three collaborative activities, compared with 65.9 percent of the governments representing the top

quartile in size (budgets of more than \$2.2 million). Only one-quarter (23.1 percent) of the governments with budgets of \$2.2 million or less report that they engage in four or more collaborative activities with nonprofit organizations, while that figure increases by half, to 34.3 percent among larger governments. The Kendall's tau-b statistic of .123 falls outside the bounds of statistical significance ( $p < .26$ ).

**Table 6.2 Comparison of City Size and Number of Collaborative Activities**

| Sampled Cities                | Governments with budgets of \$2.2 million or less* (n=52) | Governments with budgets of more than \$2.2 million (n=35) |
|-------------------------------|---|--|
| 1-3 collaborative activities  | 76.9 percent  | 65.9 percent   |
| 4-12 collaborative activities | 23.1 percent  | 34.3 percent   |
| TOTAL                         | 100 percent   | 100 percent  |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*  
 Chi-square = 1.19, Kendall's tau-b = .123,  $p < .26$ .

\* Responses are from governments reporting nonprofit partnerships only. Budget categories are based on quartiles produced from the survey sample. The first column, "Governments with budgets of \$2.2 million or less," represents the lower three quartiles of communities responding to the survey, based on size of general operating budget. The second column represents the upper 25 percent of respondents based on budget size.

**Table 6.3 Comparison of County Size and Number of Collaborative Activities**

| Sampled Counties              | Governments with budgets of less than \$17 million* (n=39) | Governments with budgets of \$17 million or more (n=18) |
|-------------------------------|--|---|
| 1-3 collaborative activities  | 69.2 percent   | 27.8 percent  |
| 4-12 collaborative activities | 30.8 percent   | 72.2 percent  |
| TOTAL                         | 100 percent  | 100 percent   |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*  
 Chi-square = 8.59, Kendall's tau-b = .39,  $p < .002$ .

Among Georgia counties, 69.2 percent of the governments with budgets of less than \$17 million -- representing the lower three quartiles of responding governments -- reported engagement in just one to three collaborative activities with nonprofit organizations. Among governments representing the upper quartile of respondents, or those with budgets of \$17 million or more, less than half that number, or 27.8 percent of respondents, reported the same limited number of collaborative activities. Among smaller governments, 30.8 percent reported four or more collaborative activities, while more than twice that number of larger governments, or 72.2 percent, reported a greater level of engagement with nonprofit organizations. These percentages and the Kendall's tau-b statistic of .39 moderately support the argument that county budget size is related to the scope of collaborative activities ( $p < .002$ ).

## **Discussion**

The results produced here provide support for the hypothesis that Georgia government-nonprofit partnerships are generally "collaborative" in nature. Survey respondents describe relationships with nonprofit organizations that encompass a wide range of activities and involve most Georgia local governments. Georgia counties engage in service delivery partnerships with nonprofit organizations about 50 percent more frequently than do Georgia cities, and also engage more heavily in the number of collaborative activities. Some of this difference is associated with government and community size. Notwithstanding the strong and expected association between government size or capacity and the frequency of these nonprofit partnerships, a small number of governments with modest budgets report a very high level of collaborative involvement with nonprofit organizations -- a finding that suggests alternative explanations for the scope and nature of collaborative activities should be pursued.

Insofar as the number of activities is concerned, these partnerships are also fairly limited in their overall depth and scope. Overall, fewer than half of either Georgia cities or counties are engaged in a total of more than three types of collaborative activity. Moreover, while all forms of collaborative activity described in the literature are present (i.e., joint decision-making, joint operations, sharing of resources and inter-agency communication; in Fosler, 2002), local governments (and, presumably, their nonprofit partners) clearly exhibit a preference for the latter two forms. The latter two activities -- sharing of resources and communication -- are more easily pursued by organizations with limited staff and resources. Relatively few jurisdictions engage in the more time-consuming tasks of joint program operation, or the activities that involve joint decision-making and that -- presumably -- also demand the greatest level of shared authority and shared risk.

While Hypothesis Two has been successfully defended regarding the “collaborative” nature of most of these partnerships, this limited scope of collaborative activity at the local government level may concern those advocates promoting greater inter-sectoral cooperation. However, before conclusions can be drawn regarding the scope of collaborative activity between local governments and nonprofit organizations, additional indicators of “scope” should be considered, such as the value of time and financial resources that partners have committed.

### **Characteristics of Most Active Service Delivery Partnerships**

The analysis turns now to the fourth research question, “Along what dimensions will partnership characteristics vary?” This section (and the remaining sections) of the analysis focuses on the structural dimensions of the single partnership described by responding communities as the most active. Georgia local governments were asked to describe the policy



area, size, scope, and leadership source of the one partnership that respondents considered to be the most active in each community. Based on their theoretical importance, many of these dimensions will be carried forward and applied to the multivariate analysis of the effectiveness of these same partnerships in Stage Three of the model (in Chapters Seven and Eight).

As Chapter Four discusses in detail, the decision to focus on the most active partnerships in each Georgia community, rather than all government-nonprofit partnerships, offers several advantages in this analysis. This approach simplifies data collection and improves the reliability of results by identifying a unit of analysis that is comparable across jurisdictions. This approach also has theoretical value, since it focuses the analysis on what could be considered the most involved or committed forms of joint government-nonprofit activity in any community. The focus on the most active partnerships also allows the researcher to make conclusions about the extent of government and nonprofit involvement.

## **Findings**

### Size

When asked to describe the size of their most active government-nonprofit partnership, respondents report the involvement of an average of 2.6 nonprofit organizations in cities, 11 in counties. Among Georgia cities, 58.8 percent reported that their most active partnership with the nonprofit sector involved just one nonprofit organization. Among counties, 41.3 percent reported the same. A total of 25.5 percent of cities and 30.2 percent of counties reported a partnership involving two to four nonprofit organizations, while 15.7 percent of city respondents and 28.6 percent of county respondents reported a service partnership involving five or more nonprofit organizations. Here, a Pearson correlation coefficient of .361 ( $p < .005$ ) between the

size of the government's budget and the number of nonprofit organizations involved suggests that government size has modest and only partial explanatory value for the extent of government-nonprofit collaboration.

### Stability

The age of government-nonprofit partnerships varies widely among Georgia local governments, with respondents reporting that partnerships have been in existence anywhere from less than a year to more than 60 years. The mean number of years was 14 among Georgia cities, and 16 among Georgia counties. Among city and county respondents, 19.6 percent report partnerships of three or fewer years, 36.1 percent report partnerships of four to 10 years, and 44.3 percent report partnerships that have existed 11 or more years. The 32 communities reporting partnerships lasting longer than 25 years were examined separately and found, predominately, to serve the traditional areas of fire response (14 or 44 percent of the city and county subsamples), and parks and recreation (7 or 22 percent).

### Leadership

Two types of "leadership" are identified and discussed in this study. The study first looks at whether the local government-nonprofit partnerships reported here rely on a central coordinator or institutional leader. These results are displayed in Table 6.4. Based on survey results, 41.5 percent of Georgia cities (n=44), and 35.4 percent of Georgia counties (n=23) do not report a lead organization in their most active local government-nonprofit partnerships. In addition, among the most active partnerships, government respondents reported leadership by local governments or nonprofit organizations in almost equal numbers.

A total of 27.4 percent of Georgia cities (n=29), and 30.8 percent of counties (n=20) reported that their local government leads the most active public-nonprofit partnership; 31.1 percent of cities (n=33) and 33.8 percent of Georgia counties (n=22) report that a nonprofit organization leads the partnership. All but three respondents who named a nonprofit organization as the lead also identified the name or type of organization. These names include: a local chamber of commerce (n=7); an economic development council, Better Hometown program, or other incorporated business development agency aside from chambers of commerce (n=13); a Family Connections or other community action agency (n=9); a social or human services agency serving youths or seniors (n=7); a United Way (n=4); a conservation or preservation agency (n=3); a volunteer fire department (n=2) and a humane society or animal shelter (n=2). The differences found between cities and counties are not large enough to achieve statistical significance.

**Table 6.4 Source of Leadership and Coordination in Georgia Government-Nonprofit Partnerships**

| Source of Leadership and Coordination                    | Georgia Cities<br>(n=106) | Georgia Counties<br>(n=65) |
|--|---------------------------|----------------------------|
| No central coordination or leadership in the partnership | 41.5 %                    | 35.4 %                     |
| Government leads the partnership                         | 27.4 %                    | 30.8 %                     |
| Nonprofit organization leads the partnership             | 31.1 %                    | 33.8 %                     |
| TOTAL  | 100 percent               | 100 percent                |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*  
 Chi-square = .64, df = 2, Cramér's V = .061 at p < .73.

A second issue regarding leadership in the government-nonprofit partnership addresses the extent of joint decision-making or, alternatively, which partner and sector makes most of the decisions. Table 6.5 displays the results of the Georgia government survey employed in this study. These figures suggest that the decision-making authority in local government-nonprofit partnerships remains with local government about half the time, while nonprofit organizations take the lead 15.7 percent to 20.3 percent of the time in cities and counties. The decision-making authority is shared between local governments and nonprofit organizations 26.6 percent to 34.3 percent, or one-quarter to one-third of the time. Small and statistically insignificant effect sizes suggest the results do not vary by city and county jurisdiction.

**Table 6.5 Decision-Making Authority in Georgia Service Delivery Partnerships**

| Decision-making Authority   | Georgia Cities<br>(n=108) | Georgia Counties<br>(n=64) |
|---|---------------------------|----------------------------|
| Decision-making authority rests mainly with government  | 50.0 %                    | 53.1 %                     |
| Decision-making authority rests mainly with lead nonprofit agency                             | 15.7 %                    | 20.3 %                     |
| Decision-making authority is shared fairly equally between public and nonprofit organizations | 34.3 %                    | 26.6 %                     |
| TOTAL   | 100 %                     | 100 %                      |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*  
 Chi-square = 1.32, df = 2, Cramér's V = .087, p < .518

Formal Agreement. When reporting only on their most active service delivery partnerships, 44.5 percent of cities (n=49) and 62.5 percent of counties (n=40) report that the partnership involves a formal agreement of some kind (Table 6.6). The statistically significant difference between the two jurisdictions is eliminated when the size of the government is taken into account. Further, when asked to report on whether any partnerships with nonprofit organizations in their community involved contracts, above and beyond the most active partnership, 37.2 percent of all respondents reported a contract.

**Table 6.6 Frequency of Formal Agreements in Georgia Government-Nonprofit Partnerships**

| <i>“Has local government entered into a contract, letter of agreement or other formal arrangement with any nonprofit organization in the most active area of collaboration?”</i> | Georgia Cities (n=110) | Georgia Counties (n=64) |
|--|------------------------|-------------------------|
| NO   | 55.5 %                 | 37.5 %                  |
| YES  | 44.5 %                 | 62.5 %                  |
| TOTAL  | 100 %                  | 100 %                   |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*  
 Chi-square = 5.22, df = 1, Cramér’s V = .173, p<.03

## Discussion

Several conclusions result from this analysis of partnership characteristics. First, the data collected from this survey suggest that the size and scope of government-nonprofit collaboration at the local level is heavily, but not entirely, dependent on the size of the jurisdiction.<sup>43</sup>

Secondly, we find a relatively small scope of government-nonprofit interaction at the local level

<sup>43</sup> While the government’s current operating budget has been used here to represent community size, other variables such as population level are almost perfectly correlated and could also be used.

when measured by the number of organizations involved.<sup>44</sup> Nearly three in five Georgia cities, and two in five counties, report that their most active partnership involves one organization. These data suggest that the pattern of government-nonprofit interaction favors dyadic relationships or relationships involving few nonprofit organizations. The size of the collaborative relationship is likely to be influenced by community need, policy area, and other factors such as nonprofit availability. Collaborations involving just two organizations may offer each party more knowledge of the other and more control over activities and outcomes.

Even while these partnerships are rather small in scope, they reflect great stability based on their age in years. The age of the partnership is one of the few partnership characteristics that appears to have no relationship at all to community size (correlation of .116 with government budget, not significant) -- nor, in fact, to other characteristics such as collaboration size and scope. However, a much greater effort is needed to effectively explain the reasons behind the long duration of some reported partnerships. For example, this survey did not ask respondents to distinguish those partnerships with a pre-determined termination date, although some partnerships may have them. In addition, the source of funding for the partnership -- whether short- or long-term -- was not captured but can be expected to influence their duration. Other possible sources of influence include the characteristics of individual leaders in the partnership and the extent of their commitment to the continuation of the partnership. We find, for example, a correlation between the stability of the government-nonprofit partnership and the number of years a government executive has been in his or her present position (correlation of .226, significant at  $p < .02$ ). In summary, this survey captures only the "survivors," rather than those partnerships that have terminated due to some other reason related to finances or personnel.

On the question of who leads local public-private partnerships, more than one-third of government respondents report that their most active partnerships do not have a designated leader or an agency that takes the main responsibility for coordinating the partnership. This finding may alarm the many scholars and practitioners who have observed the importance of central leadership in network success (see discussion in Chapter Two and Three). Whether or how such a distinction has an impact on outcomes or perceived effectiveness will be addressed empirically in the next stage of this model in Chapter Seven.

A second point in this regard is the frequent reliance of these partnerships on local government leadership, where half of respondents report that decision-making authority rests mainly with the local government rather than with the nonprofit organization. The differential between the number of respondents (one-quarter to one-third) reporting government leadership, and the higher number (about one-half) reporting governmental decision-making signifies that among a small portion of the respondents, decision-making authority could remain with local government even when another, non-governmental institution coordinates the partnership.<sup>45</sup>

### **Hypothesis Three: Impact of Policy Area**

The literature tends to treat collaborative relationships as if they are the same, yet they may differ in important ways. One purpose of this study has been to demonstrate that additional dimensions of government-nonprofit partnership -- beyond those that have already been

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<sup>44</sup> Alternative measures of scope, such as the amount of resources committed, are introduced as candidates for further study.

<sup>45</sup> In this case, the question regarding decision-making authority was selected as the more reliable indicator of governmental control, and has been transformed into a binary (0, 1) independent variable and used in subsequent data analysis to represent the presence or absence of governmental control in the partnership. The question regarding partnership coordination was also transformed into a binary (0, 1) variable to represent the presence or absence of any coordination, whether governmental or nonprofit.

identified in the literature -- may contribute to its form and outcomes.<sup>46</sup> A principal candidate for exploration is the policy or service area that a partnership serves, such as public safety, social or human services, etc. This study hopes to contribute to existing theory by evaluating how the policy area in which a government-nonprofit partnership occurs can affect its scope, form and results. Although this study expects to find that policy area matters, the directions of hypothesized relationships remain exploratory, based on limited guidance from the literature:

**H3: The frequency and scope of Georgia government-nonprofit partnerships will vary by service sector.**

The null form of the same hypothesis would argue that partnership dimensions such as the locus of leadership and decision-making, size, formality and age will be the same regardless of the policy area in which the activities take place. The influence of service sector or policy area on characteristics of government-nonprofit partnerships was examined by comparing responses according to the area of the most active collaboration. As noted in Chapter Four, 17 policy areas were grouped into the following six categories for the purposes of comparison: Arts, culture and museums; parks and recreation; environment; public safety and emergency response; economic development; and social, health and human services.

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<sup>46</sup> E.g., amount of control, source of funding, goal congruence.



## Findings

### Frequency of Policy Area

Table 6.7 describes the distribution of the most active service or policy areas for local government-nonprofit partnerships. The results suggest that among those governments reporting they engage with nonprofit organizations in public service delivery, the three most active areas overall are in social, health and human services (n=52 or 31 percent), public safety and emergency response (n=41 or 25 percent), and economic development (n=39 or 24 percent). The distribution of policy areas in Table 6.7 also suggests there are differences between Georgia cities and counties regarding the frequency of collaboration. In public safety and social/human/health services, counties appear to rely more heavily on nonprofit organizations than do cities, and in economic development, arts, parks and recreation, and environmental efforts, cities appear to rely more heavily than counties on nonprofit organizations. Economic development appears to be especially important in Georgia cities, where one-third, or 33 of the 103 respondents reported that their most active partnership with nonprofit organizations is in economic, business and industrial development. A chi-square statistic of 19.06 and Cramér's V of .340, significant at  $p < .002$ , suggest that the most active service area for nonprofit-government involvement varies by type of jurisdiction (city versus county). The difference may also be associated at least somewhat with differences between cities and counties in their overall jurisdictional responsibilities.<sup>47</sup>

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<sup>47</sup> No data are available to describe how those responsibilities might vary by service area and jurisdiction in Georgia local government.

**Table 6.7 Distribution of Most Active Government-Nonprofit Partnerships by Policy Area**

| Policy Area                          | Georgia Cities<br>(n=103) | Georgia Counties<br>(n=63) |
|--------------------------------------|---------------------------|----------------------------|
| Social/Human/Health Services         | 23.3 %                    | 44.4 %                     |
| Public Safety and Emergency Response | 20.4 %                    | 31.7 %                     |
| Economic Development                 | 32.0 %                    | 9.5 %                      |
| Parks and Recreation                 | 13.6 %                    | 11.1 %                     |
| Arts, Culture, Museums               | 5.8 %                     | 1.6 %                      |
| Environment and Natural Resources    | 4.9 %                     | 1.6 %                      |
| TOTAL                                | 100 %                     | 100 %                      |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*  
Chi-square = 19.06, df = 5, Cramér's V = .340, p < .002

### Effect of Policy Area on Partnership Form

Table 6.8 presents a comparative analysis of government-nonprofit collaboration according to the policy area in which it occurs. This comparison of partnership size, scope and stability according to service area supports the “contingent” approach this study takes regarding the nature of government-nonprofit collaboration, and also supports the recommendations of scholars such as Becker (2001) who argue that the dimensional aspect of public-private partnerships has been overlooked in research, particularly regarding the influence of policy area.

The results displayed in Table 6.8 indicate that the most “robust” partnerships in terms of their stability and scope are in the two areas of arts and culture, and public safety and emergency response. In public safety, the average number of nonprofit organizations involved in the partnership and the average age of partnerships exceeds that of any other category. In arts and

**Table 6.8 Characteristics of Most Active Local Government-Nonprofit Partnerships According to Policy Area**

| Most Active Policy Area              | N   | Mean # nonprofits in partnership | Mean # Years collaborating | Mean # collab. activities | Frequency of a formal agreement | Presence of a lead organization | Government makes decisions | Shared decision-making |
|--------------------------------------|-----|----------------------------------|----------------------------|---------------------------|---------------------------------|---------------------------------|----------------------------|------------------------|
| Social/Human/Health Services         | 52  | 7.2                              | 8.2                        | 3.1                       | 65.4 %                          | 65.4 %                          | 32.7 %                     | 34.6 %                 |
| Public Safety and Emergency Response | 41  | 9.3                              | 24.2                       | 2.4                       | 27.5 %                          | 52.5 %                          | 77.5 %                     | 17.5 %                 |
| Economic Development                 | 39  | 2.3                              | 12.3                       | 3.1                       | 59.0 %                          | 66.7 %                          | 46.2 %                     | 41.0 %                 |
| Parks and Recreation                 | 21  | 4.6                              | 17.3                       | 2.8                       | 52.4 %                          | 61.9 %                          | 61.9 %                     | 28.6 %                 |
| Arts and Culture                     | 7   | 3.7                              | 19.0                       | 4.6                       | 57.1 %                          | 57.1 %                          | 42.9 %                     | 28.6 %                 |
| Environment/Natural resources        | 6   | 1.5                              | 16.0                       | 2.0                       | 83.3 %                          | 50.0 %                          | 0 %                        | 80.0 %                 |
| TOTAL                                | 166 | 5.8                              | 14.5                       | 2.9                       | 51.1 %                          | 60.1 %                          | 51.4 %                     | 31.2 %                 |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*

culture, partnerships appear to last longer than in most other policy areas, and to involve more reciprocal activities. However, a wide variance in the measures reported for these areas suggests caution in generalizing results. Regarding differences in leadership and formality of partnerships, it comes as no surprise that governments assert control over more than three-quarters of the public-private partnerships involving public safety and emergency response. Perhaps more surprising is the finding that in no policy area has a lead or coordinating organization (government or nonprofit) been designated more than two-thirds of the time. A final observation of note is the wide disparity by policy area in the reported amount of shared decision-making, from 17.5 percent in public safety to 80 percent in environment.

## Discussion

The analysis of partnership characteristics according to service or policy area achieves several objectives. First, it illustrates the strong role that nonprofit organizations play in several key areas in working with local governments to meet public needs. These key areas, where the highest frequency of involvement is reported, include “public safety” (e.g., volunteer fire departments, disaster relief agencies such as the American Red Cross), “social, human and health services” (including youth and senior services, health, and animal welfare), and “economic development.” “Economic development” deserves special note as it is sometimes overlooked in studies of government-nonprofit relations as a policy area in which frequent collaboration occurs.<sup>48</sup> In this study, out of 166 government respondents reporting active nonprofit partnerships, “economic development” is cited by nearly one-quarter (23.4 percent) as the most active area of collaboration.<sup>49</sup>

The analysis of the influence of service sector on partnership form also clearly suggests that the service or policy arena in which partnerships occur affect the size, scope, and form of control over that partnership. All partnership characteristics analyzed herein appear to be influenced by service area, with the possible exception of the number of nonprofit organizations involved. For example, on the matter of longevity or stability, public safety and emergency response partnerships are, on average, three times as longstanding as those in social, human and health services (24 years compared to 8 years). More stable community needs and nonprofit missions in the area of public safety and emergency response very likely influence this difference.

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<sup>48</sup> Pierre (1998) provides a good discussion of public-private partnerships in economic development.

<sup>49</sup> Because respondents were asked to report on behalf of their local government rather than any other local or regional authority (e.g., school or water districts), the frequency of responses regarding collaboration in the area of education was low and is not reported here.

In Chapter Two, two dimensions of particular importance in the previous literature regarding government-nonprofit relations were introduced: formality of the partnership, and extent of government control over the partnership. According to the model offered by Gidron et al. (1992), the analysis of the extent of government control provides a means to distinguish those partnerships reflecting a “collaborative-vendor” model from those reflecting a “collaborative-partner” relationship. It is the latter, collaborative-partner relationship that is expected to reflect a form of collaboration closer to the definitions -- and expectations -- developed in the collaboration literature (e.g., Gray, 1989; Sink, 1998).

When these dimensions are compared across service sectors, environmental protection and social/human/health services partnerships appear more likely to involve formal agreements (83.3 percent and 65.4 percent, respectively) than other areas. Social/human/health services has been found in other research to be an active area for formal service contracts. In this study, nonprofit organizations were most likely to be in the lead in the area of social/human/health services, where 30 respondents (17.5 percent) reported that decisions were made by the nonprofit organization rather than by government or by shared means of decision-making. In the area of environmental action and natural resources (e.g., pollution abatement, conservation), partnerships appear to be more formal, more collaborative, and less dependent on governmental leadership. Becker (2001, 129) describes relationships in the area of conservancy management as particularly “familial” and low in tension. We see some reflection of these characteristics in this sample as well.

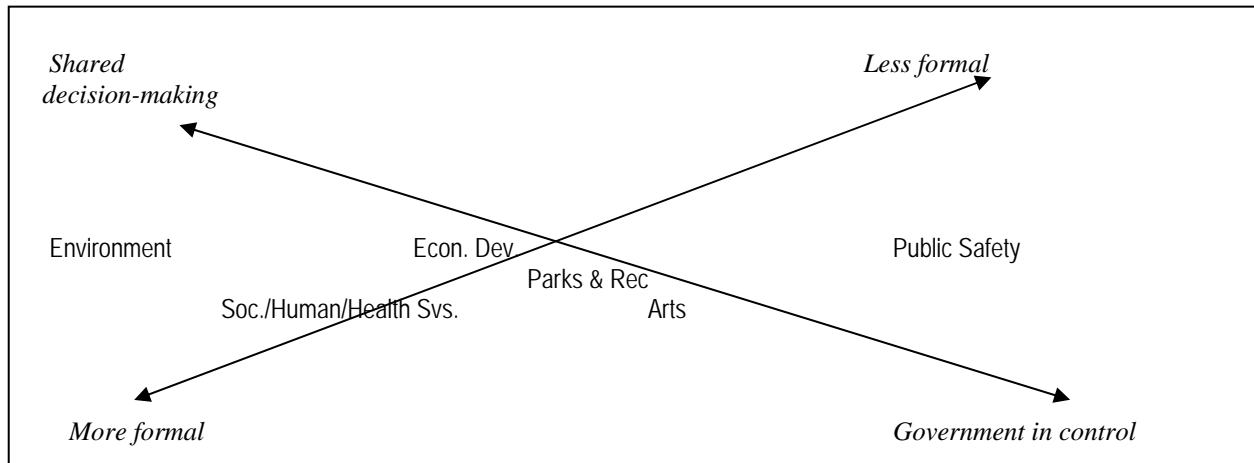
The relatively high rate of shared decision-making in the area of economic development (41 percent) reflects the strong role of autonomous (e.g., chambers of commerce) and semi-autonomous planning groups (e.g., Better Hometown committees) in sharing public

responsibilities for economic planning and development. Public safety registers the lowest dependence on formal agreements but the highest dependence on government leadership. This exchange of authority for formality may occur within public safety because the involved nonprofit organizations are further restricted by missions that already reflect clearly defined public needs (e.g., the American Red Cross or a volunteer fire department) and thus have less need to negotiate formal agreements with government. Or, following Peters' (1998) argument introduced in Chapter Two, the most politicized policy arenas may require less formalization because government already leads in those areas.

Peters (1998) has argued that a government's release of control (i.e., decision-making authority) over a public-private partnership has a specific purpose: it results from the government's need to assert itself in certain policy arenas where government action is considered less legitimate than private action. Public-private partnerships help governments to avoid public hostility toward direct government action by introducing public policies in a less direct way. The trade-off for governments is in control. This analysis of Georgia institutions suggests that local governments still assure themselves of some control by using formal agreements in place of direct government leadership. In only 32 of the 171 cases (18.7 percent) did respondents report partnerships that depended on neither a formal agreement nor local governmental leadership; these partnerships were predominantly in the area of social/human/health services, where the association most likely is influenced by autonomous agencies supported by state government, such as Family Connections. Moreover, public managers were more likely to assert their decision-making authority in partnerships dependent on informal agreements.

A means of illustrating the influence of service area on these two dimensions is presented in Figure 6.2 below. Here, the six major policy areas are plotted according to their degree of

formality and shared decision-making (using data from Table 6.8). The degree of formality is determined by the percentage of cases within each policy area reporting a contract or letter of agreement (the results produce a range of “more formal” to “less formal” partnerships). A second dimension representing the source of control over the partnership is produced using the percentage of cases reporting shared decision-making at one end of the spectrum, and government decision-making at the other. The axis of the two lines represents the statistical mean for the percentage of cases in each dimension.



**Figure 6.2 Government-Nonprofit Collaboration by Service Area: Degree of Formality and Shared Decision-Making**

Figure 6.2 helps to illustrate the clear distinction among policy areas regarding the frequency of these two attributes of control and formality. The distinctions suggest that when government-nonprofit partnerships are formed to address specific public needs, the needs defined within certain policy areas influence the amount of control that government partners will exert. The cross-sectional nature of this study requires caution in making assumptions regarding the causal direction of these relationships; however, this study suggests a clearly defined and logical pattern in the expected influence of policy arena on the form a partnership takes.

### **Hypothesis Four: The Purpose of Partnership**

An examination of the purpose of local government-nonprofit service partnerships touches on some of this study's central ideas and aims. First and foremost, this hypothesis explores the influence of competing motivations to collaborate, particularly the extent to which government-nonprofit partnerships are created in an atmosphere of self-interest. The argument that opportunism and institutional or personal self-interest guides decisions about inter-organizational relationships is central to economic-based theories on inter-organizational relations (see for example, Williamson, 1975, 1985, 1991, 1996). Expressed as a hypothesis, the model tests whether:

**H4: Government partners will express a greater interest in the cost-benefits and potential for service enhancement through partnerships than in other goals.**

The research hypothesis (H4) takes a perspective influenced by economic theories by suggesting that the two goals most closely associated with privatization efforts will also predominate when government managers explain their involvement in nonprofit partnerships. A contrasting motivation is also tested: the desire to improve relationships between the government and nonprofit sectors. This motivation is associated most closely with collaboration theories (see for example, Sink, 1998). Alternatively, in its null form, this hypothesis would expect all goals to be reported with the same frequency.

Tables 6.9 and 6.10 present the data regarding collaborative motivations in different ways. The first table reports the frequency of response by survey participants to a set of



questions regarding the potential benefits of collaboration. The question read, “What factors influenced your local government’s decision to collaborate with nonprofit organizations in this area of service delivery or planning?” Respondents were asked to check any of 12 possible answers. These responses are grouped into the three principal categories of interest in this study based on their underlying concepts: cost-benefits, service improvements, and relationship-building. A fourth category, legal requirements, is reported in Table 6.9 but not analyzed further.

**Table 6.9 Purposes of Collaboration (for those governments reporting an active partnership)**

| Purposes of Collaboration            | City (n=107) | County (n=63) | Total (n=170) |
|--------------------------------------|--------------|---------------|---------------|
| <u>Cost-benefits</u>                 |              |               |               |
| Jointly address problems             | 37.4 %       | 60.3 %        | 45.9 %        |
| More cost-effective                  | 39.3         | 55.6          | 45.3          |
| Gain resources                       | 26.2         | 33.3          | 28.8          |
| Gain professional expertise          | 18.7         | 28.6          | 22.4          |
| Avoid competition                    | 12.1         | 22.2          | 15.9          |
| <u>Service improvements</u>          |              |               |               |
| Improve service quality              | 66.4         | 77.8          | 70.6          |
| Improve community access to service  | 52.3         | 57.1          | 54.1          |
| <u>Relationship-building</u>         |              |               |               |
| Build a stronger community           | 58.9         | 61.9          | 60.0          |
| Improve community relations          | 48.6         | 50.8          | 49.4          |
| Promote shared goals                 | 43.9         | 49.2          | 45.9          |
| Build relationships                  | 26.2         | 31.7          | 28.2          |
| <u>Legal Requirements</u>            |              |               |               |
|                                      | 21.5         | 20.6          | 21.2          |
| <i>Average number of goals cited</i> | 4.5          | 5.5           | 4.9           |

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*

The objective at this level of analysis is to determine whether respondents express an interest in the goals from any one category (e.g., “cost-benefits”) more than another. Because the number of survey questions varied by category, a second calculation was performed to control for the greater choice of answers in certain categories: the mean response was calculated by summing the responses within each of the three categories of interest (each response has a 0/1 value) and dividing by the number of possible answers. Thus, a respondent who expressed agreement with all five goals under the category “cost-benefits” would have a mean response of 1.0 (5/5), while a respondent who agreed with just one of the five possible answers would have a mean response of 0.20 (1/5). These mean responses are in turn averaged for each sample and category and displayed in Table 6.10.

**Table 6.10 Comparison of Mean Responses According to Grouped Goals**

| Purposes of Collaboration* | City (n=107) | County (n=63) | Total (n=170) |
|----------------------------|--------------|---------------|---------------|
| Cost-benefits              | .24          | .35           | .28           |
| Service Improvements       | .59          | .67           | .62           |
| Relationship-building      | .44          | .48           | .46           |

\* All paired comparisons of means are different at a more than 95 percent confidence level (independent sample t-test). All but one pair (the goals of “cost-benefits” versus “relationship-building” in the county sample) are different at  $p < .01$  or stronger (two-tailed).

## Findings

According to Table 6.9, respondents cite a wide variety of motivations to collaborate, and report these motivations with relatively high frequency. When city and county respondents are grouped together, the most commonly cited benefits of collaboration are the ability to “jointly

address problems,” (cited by 45.9 percent of respondents), the ability to “improve service quality” (70.6 percent), “to improve community access to a service” (54.1 percent), and to “build a stronger community” (60.0 percent). Few categories were cited by less than one-quarter of the respondents: the response that appears to garner the weakest support addresses the desire to “avoid competition.” Respondents also exhibited weak agreement with a desire to collaborate based on the need to meet a “legal requirement.” Statutory or legal obligations to collaborate represent the single source of external influence included in this list of potential motivations.

Certain differences between the city and county samples are apparent. Generally, county administrators checked more categories than city administrators (an average of 5.5 possible benefits of collaboration, compared to 4.5 among cities). To help to explain this difference, correlations between the number of categories checked and other characteristics of the community and partnership were run. The results (not displayed) suggest that government size, characteristics of the partnership, and managerial characteristics may all offer partial explanations for the difference between cities and counties. Government size (measured by current operating budget) is correlated with the number of goals cited at .261 for cities ( $p < .007$ ) and .344 for counties ( $p < .006$ ).

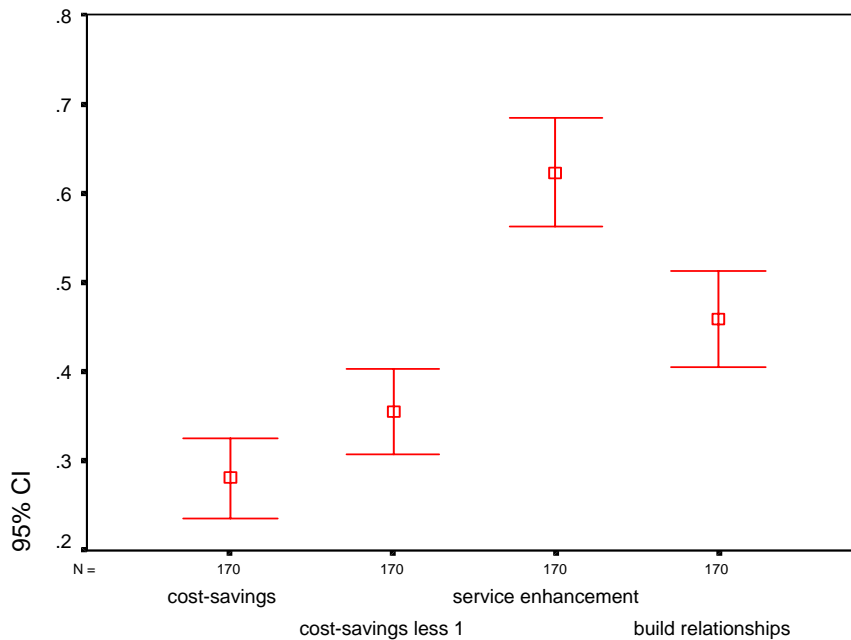
The size and scope of partnerships also play a role, where the number of nonprofit organizations in the partnership is positively correlated with the number of goals cited (.194,  $p < .05$  for cities; .200,  $p < .12$  for counties). Finally, it is quite interesting to find that, among Georgia cities, the nonprofit experience of the city administrator is also positively associated with the number of goals cited (.227,  $p < .02$ ). Such a result requires further investigation but suggests that public administrators with greater nonprofit experience may place higher expectations on inter-sectoral partnerships.

Hypothesis Four argues that two goals traditionally associated in the literature with a motivation to privatize will also describe most frequently the motive behind government-nonprofit partnerships. These goals are an interest in cost-savings and a desire to expand public services beyond the capacity of government. The mean responses to any goal within a grouped category are displayed in Table 6.10.

We find from Table 6.10 that the goals cited the most frequently, on average, are in the category of **service enhancements**, such as improvements in quality or access. Respondents checked goals associated with improving a public service an average of .59 (on a scale of 0.00 to 1.00) in cities, and .67 in counties, or 59 percent to 67 percent of the time. In second place in frequency of response was the desire to **build inter-sectoral relationships**, cited an average of 44 percent to 48 percent of the time. The five possible answers within the **cost-savings** category were checked 24 percent of the time in cities, and 35 percent of the time in counties. Even when the goal garnering the least agreement, “to avoid competition,” is removed from this category, the recalculated means of .30 (cities) and .44 (counties) is still relatively weaker in frequency than the two goals of “service improvements” and “relationship-building.” These findings suggest that service improvements and relationship-building, in that order, are substantially more important to public managers than is the possible achievement of cost-savings through collaboration.

In addition to the calculations produced above, statistical software can also produce a graphical representation of the probability that cases are statistically different from one another on the variable of interest -- in this instance, the frequency with which public managers are attracted to certain goals. The “error bars” shown in Figure 6.3 display the distribution of cases

for each grouped goal (e.g., cost-savings).<sup>50</sup> The results reinforce our conclusion that public managers seek service enhancements and relationship-building in collaborative arrangements more frequently than they do cost-savings. The differences in mean responses between the three categories are statistically significant at a 95 percent confidence level. These differences also hold when the more parsimonious definition of the “cost-savings” variable is substituted for its more inclusive counterpart. Independent sample t-tests also suggest that the differences have high confidence levels.



**Figure 6.3 Comparison of Differences of Means for Goals of Collaboration (Grouped Categories)**

<sup>50</sup> Error bar charts display the mean (small square) and the distribution (vertical line) of values for any variable. The distribution of cases here is based on the standard deviation. Horizontal bars represent the confidence intervals at which any group of cases can be claimed to vary from another. When groups do not overlap, a conclusion that differences between groups did not occur by chance can be made with a high degree of confidence.

## **Discussion**

In the final stage of the analysis above, the examination of the anticipated benefits of collaboration suggests that a wide variety of motivations may influence government managers to work with nonprofit organizations. When presented with a list of the possible benefits of local government-nonprofit partnership, government managers express interest in both the traditional benefits of privatization efforts (i.e., cost-savings and service improvements) but also express interest in building inter-sectoral relationships through partnerships. Therefore, these results offer only partial support for Hypothesis Four. One goal associated with privatization motivations, the desire to expand public services beyond the capacity of government, is found to occur most frequently in this sample. However, city and county administrators in this sample expressed a weak desire to achieve cost-benefits for local government either through cost-savings or access to new resources, which is the traditional goal associated with privatization activities and a goal associated particularly with the economic perspective on privatization efforts. A third goal associated with the collaboration literature, the desire to improve community relations or promote shared goals through joint government-nonprofit activities, is expressed more frequently by this sample's public managers than the desire for cost-benefits. In fact, government managers are more likely to express a wish to promote shared goals and to improve community relations than they are to gain new resources or achieve cost-savings.

Although this study finds strong support for substantial distinctions in the frequency with which public managers will seek certain goals such as service improvements, the reasons for these differences remain speculative but warrant future inquiry. The weaker expression of goals associated with cost-savings may reflect less a desire to achieve them and more a perception that collaboration rarely results in cost-savings. In other words, given the amount of time and energy

that must be devoted to managing partnerships, respondents may be pragmatic in not equating collaboration with cost-savings. Further, the particularly strong interest in building inter-sectoral relationships may reflect a recognition of its value based on experience, or may arise from a perception that bridges between the sectors are sorely lacking in certain communities.

However, the implications of the differences between these three categories should not be over-emphasized. These goals are not necessarily in conflict with one another. Public managers, especially those with some inter-sectoral experience, may have equally pragmatic reasons for agreeing with any of the three groups of benefits. They may believe, for example, that “building relationships” is a necessary first step to take before either of the other two goals may be achieved. From this perspective, relationship-building could be considered both a means of accessing new resources and a means of reducing the time and resource costs associated with partnership building.

### **Summary and Implications**

The data analysis presented in this chapter report the following principal findings:

- o Government-nonprofit partnerships are widespread and generally collaborative in nature, but limited in scope (number of partners) and depth (amount of joint activity).
- o Community and government size has a strong influence on partnership frequency and size, as well as the availability of government funding to nonprofit organizations. However, government size is most useful in explaining differences between Georgia cities and counties than it is in describing why some collaborative relationships in Georgia communities are deeper than others.

- o At least one-third of these partnerships have no formal leadership; among those partnerships with formal leadership, governments and nonprofit organizations share leadership in relatively equal amounts. However, decision-making authority still rests with government about half the time, and is shared equally between partners one-third or less of the time.
- o At least one-third of all reporting communities are involved in their most active government-nonprofit collaboration without employing a formal agreement. Counties are more likely than cities to use a contract or letter of agreement.
- o The most active areas of government-nonprofit engagement in Georgia local government are in the policy areas of social, human and health services, public safety and emergency response, and economic development.
- o A comparison by policy area suggests wide variation in partnership characteristics. Arts and culture, and public safety and emergency response represent the policy areas with the most active and longstanding partnerships, while local governments assert the most control in the areas of parks and recreation, and public safety. The areas of environmental action and economic development are most likely to rely on shared decision-making.
- o When their motivations are examined, government respondents report the strongest interest in using government-nonprofit partnerships to achieve service improvements, followed by relationship-building and then cost-savings.

These findings suggest that additional research might be warranted to determine the extent to which the preferences reported by Georgia public managers are guided by



organizational capacity, a factor that already appears to have a connection to collaborative frequency based on the results from the first stage of this model. In other words, it is possible that the findings described above are based on a government's ability to devote the time and staff to pursuing nonprofit alliances rather than -- or perhaps, in addition to -- a lack of interest in certain kinds of activity. Further analyses should also consider the question of opportunity (i.e., nonprofit availability). If fewer nonprofit organizations exist in the smaller Georgia communities, the opportunities for governments serving those communities to engage with nonprofit organizations will be similarly limited.

The face validity of the association between community size and the size and scope of government-nonprofit partnerships seems assured. Two likely explanations are, again, government capacity to collaborate, and the number of collaborative opportunities offered. These concepts can be expressed as functions of community "demand" and "supply" in that community size increases the amount of community need for inter-sectoral cooperation (e.g., "demand"), and nonprofit availability and government capacity increase opportunities to work with nonprofit organizations (e.g., "supply"). Still worth investigating in future research is the relative weight of the "supply" and "demand" concepts on both the frequency and the quality of government-nonprofit interactions.

Some direction is offered by the first stage of this research model. As we have already explored when predicting collaboration, the finding of high variance in the scope of collaboration based on fiscal characteristics suggests that within these communities, factors other than fiscal conditions play a role in explaining the frequency of inter-sectoral partnerships. Some of these factors may be unique to each jurisdiction, or they may reflect other related traits of the local jurisdiction that have a substantial impact on government-nonprofit involvement. Community

traits to consider in future analysis include the qualities of the nonprofit community, including the number of organizations, their missions, size and capacity, and other indicators of their willingness to work with government. A second group of traits represents characteristics of the government leadership charged with decisions regarding nonprofit involvement in public services. Results from the first stage of this model, particularly the finding of an association between collaborative frequency and nonprofit experience, strongly support the inclusion of characteristics of the government leaders in further efforts to explain inter-sectoral collaboration.

The stability of government-nonprofit partnerships and its relationship to stability of the government leadership (in terms of their length of tenure) also reinforces the role of the individual decision-maker as a possible contributing factor. The duration of the government-nonprofit relationship may depend at least in part on stability in local government leadership. In future research, government and nonprofit leaders should be asked directly about the value of time in developing inter-sectoral relationships. While nonprofit experience appears to play a role in developing the trust between partners that sustains long-term relationships, “time” itself may also be required to develop the trust factor.

The analysis presented in this chapter has certain limitations. The small sample sizes for the service areas of “arts and culture” and “environment” restrict the comparisons that can be made by policy area; these two areas have been omitted from further statistical analysis. In addition, Georgia state policies may create unique relationships between local governments and the nonprofit organizations operating in certain public service areas that prohibit generalizability of this model to other states.

Certain restrictions on the analysis of the size and scope of government-nonprofit partnerships must also be noted, particularly the absence of complete data regarding the financial

role of governments or nonprofit organizations in the partnership. Further research into leadership in public-private partnerships, particularly the less formal partnerships, should include the source of partnership revenues. A likely hypothesis in this respect would be that the source of control in the partnership is closely related to the institution contributing the most resources. Finally, as noted earlier, the analysis of the number of nonprofit organizations involved with local governments requires a better understanding of the supply factor, or the number of nonprofit organizations in any community that are available to work with government.

An additional limitation on the conclusions made above regarding the scope of collaborative activity is their reliance on mainly quantitative data. Helpful qualitative factors that are missing from this analysis include the amount of time partners devote to any or all of these collaborative activities, and how the time commitment affects the relative worth of these activities as indicators of commitment and shared risk. In addition, each activity described above was given equal value, although all collaborative activities are unlikely to require the same commitment of time or resources from partners. The result is a relatively flat indicator of collaborative activity based on frequency rather than quality of the government-nonprofit interactions.

These limitations occur at least in part due to the lack of guidance from existing research regarding the relative contribution of certain collaborative activities to partnership form or outcomes. One possible approach in further research would be to use both quantitative and qualitative data to develop, and then rank, the activities according to some factor such as time commitment or frequency of shared decision-making, etc. Further research might also be able to address the qualitative issues by combining the approach taken in this study with a closer

examination of what occurs during the interactions (e.g., meetings, planning sessions) between collaborating institutions.

Nevertheless, these conclusions inform future research in very useful ways. First, this portion of the analysis has already noted, using both quantitative and qualitative measures, the rather limited overall scope of government-nonprofit interaction in many communities when the number of organizations is considered. This finding will be of interest to scholars and practitioners who wish to understand the scope of local government engagement with the nonprofit sector. Future research should expand this definition of collaborative “scope” to include the amount of financial resources committed to partnerships.

Secondly, the finding that at least one-third to one-half of all public-nonprofit partnerships observed in this study of Georgia local government operate without a formal agreement makes a strong case for extending more government-nonprofit research beyond its traditional focus on contractual agreements. The contract offers both a useful explanatory factor and a unit of analysis in a great deal of public management research. However, we limit our understanding of the full scope of public-nonprofit interaction when we do not look beyond the contract to consider other, less formal types of engagement.

Third, this study has examined the nature of local government-nonprofit partnerships by applying and testing the frequency of characteristics identified in privatization and collaboration studies. The results support this study’s argument that these bodies of literature, derived from the fields of public management and organizational behavior, should be applied jointly rather than separately when examining government-nonprofit partnerships. We find that both fields can make distinct but relatively equitable contributions to explaining the organizational motivation to engage in inter-sectoral collaboration.

Fourth, this study has helped to extend current theories regarding the dimensions of government-nonprofit relations by using empirical findings to model some of these differences according to service sector. This study hopes to contribute further in this area in the final stage of the analysis. These results suggest that generalizations regarding the scope and nature of government-nonprofit interaction are unwise without accounting for the dimensions of policy arena, and government size and capacity.

The following chapter continues the data analysis with an exploration of five additional hypotheses addressing the influence of sector on the motivation to collaborate. In this chapter, a sample of nonprofit executives is introduced and compared to government respondents.

**CHAPTER SEVEN**  
**FINDINGS: GOALS AND ACCOMPLISHMENTS OF**  
**INTER-SECTORAL PARTNERSHIP**

**Introduction**

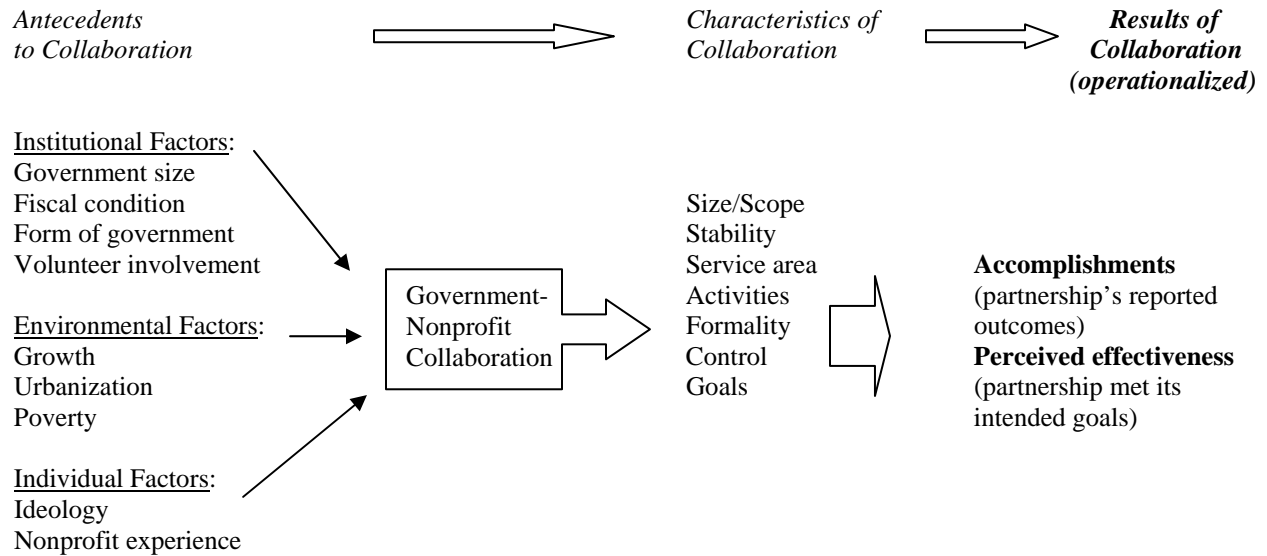
Thus far, this study has examined the conditions that foster local government-nonprofit partnerships in Georgia, and has described their principal characteristics. In Chapters Seven and Eight, we turn to the third and final stage of this research model. The first portion of this analysis focuses on the accomplishments or outcomes of government-nonprofit collaboration, and addresses this research question:

**R6:           What is accomplished by government-nonprofit service delivery partnerships, and how do the experiences and perspectives of government and nonprofit actors affect their motivation to collaborate and the results of these partnerships?**

The initial, descriptive section of this chapter reports the accomplishments of government-nonprofit partnerships in Georgia communities according to government respondents. Next, three hypotheses and three elements of the government-nonprofit partnership are analyzed:

- o The influence of goals on accomplishments,
- o The role of sector in determining how actors perceive the advantages and disadvantages of partnership, and
- o The role of collaborative experience in determining why partnerships might not occur.

In this chapter, samples of Georgia government managers and nonprofit executives are first compared to ascertain the similarities and differences in how they view government-nonprofit partnerships. This stage of the model employs correlation analysis and independent samples difference of means tests. This stage of the research corresponds to the third and final stage of this study's research model (in boldface, below).



**Figure 7.1 Third Stage of Research Model, Operationalized**





one-half (49.4 percent) reported that the partnership had not reduced their need to compete with their nonprofit partner for resources. By contrast, very few (3.6 percent to 3.8 percent) respondents reported that no service increase had occurred. About one-fifth (16.9 percent to 27.7 percent) reported that inter-sectoral relationships or attitudes toward nonprofit organizations had not improved because of collaboration.

**Table 7.1 Reported Accomplishments of Government-Nonprofit Partnerships (Cities and Counties combined, n=166)\***

| “In this particular service area, please indicate the extent to which your local government’s collaboration with nonprofit organizations has accomplished the following:” | Achieved to No Extent | Achieved to Some Extent | Achieved to a Great Extent |
|---|-----------------------|-------------------------|----------------------------|
| <b><i>Cost-benefits:</i></b>  |                       |                         |                            |
| Saved our local government money  | 23.3 %                | 55.3 %                  | 21.4 %                     |
| Secured new public or private funding for our local government  | 38.4                  | 49.1                    | 12.6                       |
| Secured new public or private funding for our nonprofit partner(s)  | 32.0                  | 55.6                    | 12.4                       |
| Reduced our local government’s need to compete with nonprofit organizations for resources   | 49.4                  | 23.2                    | 8.8                        |
| Increased access to volunteers and other resources for our local government   | 23.2                  | 62.6                    | 14.2                       |
| <b><i>Service enhancement:</i></b>  |                       |                         |                            |
| Increased the level of community services and programs  | 3.6                   | 62.7                    | 33.7                       |
| Increased the quality of community services and programs  | 3.8                   | 66.0                    | 30.2                       |
| <b><i>Build relationships:</i></b>  |                       |                         |                            |
| Increased our local government’s trust in its nonprofit partners  | 20.6                  | 65.8                    | 13.5                       |
| Created more favorable attitudes by public employees toward nonprofit organizations   | 27.7                  | 60.4                    | 11.9                       |
| Created more favorable attitudes by elected officials toward nonprofit organizations  | 22.9                  | 62.4                    | 14.6                       |
| Increased citizen satisfaction or trust in government   | 16.9                  | 57.5                    | 25.6                       |

\* Response rates varied slightly by question. Sample sizes for questions ranged from 153 to 166.

### **Hypothesis Five: The Influence of Goals on Accomplishments**

This study next compares the frequency with which specific goals are expressed to the achievement of their accomplishments. The hypothesis is that partnerships are most likely to achieve goals when they are planned for or expected. In other words, and in the most practical sense, local governments and nonprofit organizations that enter into partnerships for mixed, unclear or ill-defined reasons are expected to achieve less than those that have a clear agenda. Because so many partnerships are initiated with multiple agendas, where each sector or each organization enters the partnership for its own reasons, any support found for this hypothesis would highlight the value in negotiating a shared or joint agenda. The hypothesis can be expressed as follows:

**H5:           Explicit goals of partnership lead more frequently to the expected accomplishments.**

Alternatively, this hypothesis in its null form expects the goals of partnership to have no relationship to accomplishments. To address this association, the accomplishments described earlier were paired with the expressed goals of partnership (see Chapter Six, Hypothesis Four, for a full discussion of the frequency of these goals). The pairing of goals and accomplishments is displayed in Table 7.2. Paired goals and accomplishments are grouped according to three categories reflecting underlying motivations for partnership: the pursuit of **cost-benefits, service enhancements, or relationship-building**. These groupings were based on the underlying theoretical connections thought to exist between response items and confirmed using a factor

analysis.<sup>52</sup> On the survey, all respondents engaged in active government-nonprofit collaborations were asked to indicate what they hoped to achieve from the partnership, and the extent to which they had accomplished any of the indicated items.<sup>53</sup>

Next, the goals grouped under the categories of **cost-benefits**, **service enhancement**, and **relationship-building** were compared to reports that these goals had been accomplished to any extent through correlation analysis. These comparisons are displayed in the correlation matrix in Table 7.3. The purpose of this table is to assess the relationship between the frequency of an expressed goal and its reported accomplishment. Goals are operationalized as the mean number of times a goal from any category was selected (the same form as in the previous hypothesis). Accomplishments are operationalized in the same manner (mean number of responses, with a possible value of 0 to 1.0). The correlation matrix thus compares the average number of times a goal is expressed within each category to the average number of times it was reported accomplished. Means rather than a raw score were used to control for the difference in the number of response items (i.e., goals and accomplishments) that respondents could select within any of the three categories (from two choices within “service enhancements” to five within “cost-benefits”).

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<sup>52</sup> Factor analyses were performed using a Varimax rotation. The three dimensions representing goals explained 55.4 percent of the variance, and the three dimensions representing accomplishments represented 68.4 percent of the variance, using an Eigenvalue of 1.0 or more as the cut-point. With the exception of “cost-savings” (which loaded evenly on all three categories related to accomplishments), all response items loaded consistently for the same categories when both goals and accomplishments were analyzed.

<sup>53</sup> Since close-ended response items were employed in the survey, other goals might have been desired, or other activities accomplished, besides those indicated by respondents.

**Table 7.2 Matched Comparison of Survey Responses: Possible Benefits of Collaboration and Possible Accomplishments.**

| Possible Benefits  | Possible Accomplishments   |
|--|--|
| <p><b>Cost-benefits:</b><br/>                     Use public resources more cost-effectively<br/>                     Gain more resources or funding<br/> <br/>                     Gain partner more resources or funding<br/> <br/>                     Avoid competing for the same funds<br/> <br/>                     Gain more professional expertise</p> | <p><b>Cost-benefits:</b><br/>                     Saved our local government money<br/>                     Secured new public or private funding for our local government<br/>                     Secured new public or private funding for our nonprofit partner(s)<br/>                     Reduced our local government’s need to compete with nonprofit organizations for resources<br/>                     Increased access to volunteers and other resources for our local government</p> |
| <p><b>Service enhancement:</b><br/>                     Improve the quantity of local services<br/>                     Improve the quality of local services</p>  | <p><b>Service enhancement:</b><br/>                     Increased the level of community services/programs<br/>                     Increased the quality of community services and programs</p>   |
| <p><b>Build relationships:</b><br/>                     To build government-nonprofit relationships<br/>                     To promote shared goals<br/> <br/>                     To improve community relations<br/>                     To build a stronger sense of community</p>   | <p><b>Build relationships:</b><br/>                     Increased our local government’s trust in its nonprofit partners<br/>                     Created more favorable attitudes by public employees toward nonprofit organizations<br/>                     Created more favorable attitudes by elected officials toward nonprofit organizations<br/>                     Increased citizen satisfaction or trust in government</p>   |

**Table 7.3 Inter-Correlations of Goals and Accomplishments of Government-Nonprofit Partnership as Reported by Public Managers\***

|   | Goal of Cost-Benefits | Goal of Service Enhancements | Goal of Relationship-building |
|---|-----------------------|------------------------------|-------------------------------|
| Collaboration achieved cost-benefits (n=164)    | <b>.439**</b>         | .376**                       | .321**                        |
| Collaboration achieved service increase (n=165) | .328**                | <b>.390**</b>                | .234**                        |
| Collaboration built relationships (n=162)       | .223**                | .246**                       | <b>.335**</b>                 |

\* Both goals and accomplishments are operationalized as the mean number of times a response from that category was expressed by respondents.

\*\* Statistically significant at  $p < .005$ .

## **Findings**

The correlation Table 7.3 shows very limited and inconclusive support for a hypothesis that goals need to be specified in order to achieve outcomes in the same area. The “matched” goals and achievements have been highlighted in boldface. They reflect low to moderate correlations of .335, .390 and .439 according to category (all correlations statistically significant at  $p < .005$  or more). The strongest relationship appears to be in the area of **cost-benefits**, where goals and achievements are correlated at .439 (statistically significant at  $p < .0001$ ). However, this relationship is still fairly modest.

The only support for Hypothesis Five is reflected in the slightly higher correlation levels found for matched categories (i.e., when a goal of service improvements is compared to the achievement of service improvements). When columns are compared either vertically or horizontally, matched pairs correlate slightly higher than do their unmatched counterparts. However, all categories, matched or unmatched, display statistically significant correlations of fairly consistent values. These results imply that other factors beside the benefits expected from a partnership play a role in predicting its accomplishments.

## **Discussion**

The results presented above addressing the reported accomplishments of partnership, and the relationship between goals and accomplishments, suggest reason for both optimism and caution regarding the possible outcomes of government-nonprofit collaboration. Perhaps the most encouraging news for both public managers and advocates of inter-sectoral cooperation is the positive impact that government-nonprofit partnerships can have on the quality and availability of public services, on inter-sectoral relationships, and on cost-savings for

government. In this sample of Georgia local governments, achievements were reported in at least 10 areas by about two-thirds or more of survey respondents. Only two respondents engaged in government-nonprofit collaboration reported no accomplishments.

As we saw earlier in Chapter Six, the desire to expand public services or to improve their quality was expressed more often than any other goal. The prominence of this goal is carried forward to the achievements. Service improvements, either qualitative or quantitative, thus appear to be both foremost in the minds of public administrators as an expected benefit of partnership, as well as the achievement on which nearly all can count.

The three areas in which respondents most frequently report no accomplishments suggest that partners must acknowledge the limitations on what partnerships can achieve, especially regarding the acquisition of new funding. About one-third or more of respondents (including 45 percent of cities, when the city and county samples are split) do not secure benefits from partnership that include new funding. A small note of optimism still appears in the finding that “volunteers and other resources” are secured more frequently (78.8 percent of the time) than is “new funding” (61.7 percent to 69 percent of the time). Partners may find that the “resources” they secure through inter-sectoral cooperation extend beyond direct financial assets. This finding is consistent with DeLaat’s (1987) hypothesis that volunteers may be generated from inter-sectoral cooperation. However, whether or not there is a concomitant loss of volunteers for the nonprofit partner or partners of local government has not yet been addressed.

A second important result of this analysis of partnership accomplishments is the observation from nearly half of all respondents that these partnerships do not reduce the need to compete with nonprofit organizations for resources. Yet, scholars of strategic management frequently express their expectation that inter-organizational collaboration will reduce the need

to compete. It will be worth examining those situations in which a reduced need to compete actually occurs to learn from the experiences of public or nonprofit actors, since this study's results suggest that the event is not a "natural" occurrence of collaboration and cannot be expected to happen by itself. One possible reason is that continued inter-organizational competition will be viewed by some public and nonprofit managers as a healthy norm. As has been noted earlier, there are a number of reasons why local governments and nonprofit organizations compete naturally for funding and other resources. These include, for example, the government pursuit of grants from local foundations in direct competition with nonprofit organizations in the same communities.

A third and associated finding is the observation by about one-quarter of respondents (22.9 percent to 27.7 percent) that government-nonprofit partnerships do not create more favorable attitudes by either public employees or elected officials toward nonprofit organizations. To put this finding in some context amid the generally positive achievements reported by public managers, the study's respondents were more likely to report either that citizen trust in government, or government trust in nonprofit partners had been increased than they were to report that employees and government leaders -- those most closely involved in partnerships -- were more favorable toward nonprofit organizations. While the achievements reported by respondents in the area of relationship-building far outweigh any failure reported here, this area warrants further investigation by advocates of inter-sectoral cooperation. One possible reason for a partner's persistent negativity toward other partners would be his or her observation of multiple agendas or selfish reasons for cooperation. Additionally, negative attitudes toward nonprofit partners could reflect public managers' concern about limited nonprofit accountability to the public sector.

This analysis has found inconclusive support for the hypothesis that specific goals garner specific accomplishments. Table 7.3 suggests that the benefits of partnership may not always occur in the intended areas. Rather, accomplishments can be dispersed in all three categories regardless of the expressed goal. This clear evidence of spillover effects in all categories offers little support for a hypothesis that partnership goals must be specified in order to achieve them. Rather, it suggests that unanticipated benefits result from inter-sectoral partnerships in areas other than those of immediate interest to partners.

This finding is not surprising given the earlier observation that partnerships may operate under many separate agendas, without a clear understanding of which goals should be given priority. The reader will recall, for example, that 37.5 percent of all Georgia counties, and 55.5 percent of all cities report that the most active government-nonprofit partnership in their community operates without a formal agreement -- a finding that suggests a limited opportunity to negotiate formal goals. An extension of this analysis to include other possible positive and negative outcomes of partnership might further strengthen this conclusion regarding spillover effects by noting that the unintended consequences can be both positive and negative.

This finding is also consistent with our understanding of organizational decision-making as it has been described by Simon (1961), Mintzberg (1976), Lindblom (1954) and others. Public policy-making often depends on a less than rational decision-making process due to the multitude of voices and agendas at the table, and to the decision-maker's lack of access to complete information. In the context of contracting behavior (a narrower but still relevant perspective for this study), DeHoog (1984, 31) notes that "other operational goals (may) take precedence over the stated organizational goal." The findings from this study suggest, indeed, that "success" can be difficult to define.



## **Hypotheses Six and Seven: Comparing the Sectors -- the Goals and Gains of Collaboration**

This study has introduced a list of the reasons government agencies and nonprofit organizations might provide for working together, and has also offered a list of potential achievements of partnership. As the analysis in Chapter Six has suggested, the goals of collaboration from the government perspective can vary considerably. Government participants in this study also describe the pursuit of most goals with relatively high frequency. The same pattern is observed with the reported accomplishments of partnership. A weak correlation is observed between specific goals and specific accomplishments, but in nearly all cases, the majority of government respondents report they have achieved a gain of one sort or another “to some” or “a great extent.”

What motivations for partnership and what accomplishments will manifest themselves most often in the nonprofit sector? How will sectoral status (i.e., public versus nonprofit) influence the frequency of expressed goals or the frequency of reported achievements? Will the nonprofit sector report achievements through inter-sectoral collaboration with the same high frequency as their government counterparts? Hypotheses Six and Seven test the influence of sectoral status by comparing the frequency with which government and nonprofit samples describe their reasons for collaborating and what they gain. The hypotheses below reflect the expectation of differences based on sector, but also the relative lack of knowledge offered by the literature regarding what those differences will be.

**H6: Government and nonprofit actors will differ in the relative value they place on the goals of partnership: the specific direction and nature of these differences is not specified (exploratory hypothesis).**

**H7: Government and nonprofit actors will differ in the accomplishments they report: the specific direction and nature of these difference is not specified (exploratory hypothesis).**

Alternatively, the null hypothesis would argue that public or nonprofit sector status does not influence organizational goals or accomplishments. This analysis begins with an examination of goals. Table 7.4 displays a comparison of goals expressed by the government and nonprofit samples based on two parallel surveys administered in Georgia. The two samples were asked to respond to nearly identical questions; in both samples, only those nonprofit organizations or local governments that indicate they collaborate with the other sector are included.

### **Findings: Goals**

When local government and nonprofit responses regarding the benefits of collaboration are compared, the first observation of note is the relative similarity we see in the perspectives of the two sectors. In six of the 11 comparable questions, the frequency of response by these government and nonprofit samples was virtually the same. Such examples illustrate how the lack of a statistically significant difference between groups can be as interesting as the presence of one. We find, for example, that government and nonprofit samples agree in relatively equal proportions about the value of using partnerships to “jointly address problems” (45.9 percent and 38.4 percent), to “improve community access to a service” (54.1 percent and 53.9 percent), to “build a stronger community” (60.0 percent and 60.9 percent), to “improve community relations” (49.4 percent and 46.1 percent), and to “promote shared goals” (45.9 percent and 45.8 percent).

**Table 7.4 Government and Nonprofit Comparison of the Goals of Collaboration**

| Purposes of Collaboration            | Government Sample (n=170) | Nonprofit Sample (n=132) |
|--------------------------------------|---------------------------|--------------------------|
| <b><i>Cost-benefits</i></b>          |                           |                          |
| Jointly address problems             | 45.9 %                    | 38.4 %                   |
| More cost-effective                  | 45.3                      | --                       |
| Gain resources **                    | 28.8                      | 52.3                     |
| Gain professional expertise **       | 22.4                      | 13.6                     |
| Avoid competition *                  | 15.9                      | 9.1                      |
| Reduce environmental uncertainties   | --                        | 6.0                      |
| <b><i>Service improvements</i></b>   |                           |                          |
| Improve service quality *            | 70.6                      | 60.9                     |
| Improve community access to service  | 54.1                      | 53.9                     |
| <b><i>Relationship-building</i></b>  |                           |                          |
| Build a stronger community           | 60.0                      | 60.9                     |
| Improve community relations          | 49.4                      | 46.1                     |
| Promote shared goals                 | 45.9                      | 45.8                     |
| Build relationships **               | 28.2                      | 44.9                     |
| <b><i>Legal Requirements</i></b>     |                           |                          |
|                                      | 21.2                      | 16.9                     |
| <i>Average number of goals cited</i> | 4.9                       | 5.2                      |

\* The difference between the two samples, based on an independent samples difference of means t-test, is statistically significant at  $p < .10$  (two-tailed test).

\*\* Statistically significant difference between samples at  $p < .05$  (two-tailed test).

We also find that local governments and nonprofit actors enter into collaborations in relatively equal, although small, proportions to meet “legal requirements” (21.2 percent and 16.9 percent). Finally, we find that both sectors reflect a lack of interest in “avoiding competition,” a goal that occurs less frequently in both samples when compared to nearly all other goals (15.9 percent of governments, 9.1 percent of nonprofits).

The differences between samples are also noteworthy when they do occur. As Table 7.4 has indicated, in two areas related to perceptions of “cost-benefits,” government respondents

agree substantially more frequently than do nonprofit respondents about the benefits: in this study, government respondents indicated their interest in gaining “professional expertise” nearly twice as often as did nonprofit respondents (22.4 versus 13.6 percent), and also expressed a desire to “avoid competition” more frequently (15.9 versus 9.1 percent). Government respondents also expressed a desire to “improve service quality” more frequently than did nonprofit organizations (70.6 versus 60.9 percent).

For their part, nonprofit organizations expressed interest in “building relationships” substantially more frequently than did government respondents (44.9 versus 28.2 percent). And in an area related to cost-benefits, nonprofit organizations expressed an interest in “gaining resources” nearly twice as frequently as did government respondents (52.3 versus 28.8 percent). The level of statistical significance of each comparison is indicated in Table 7.4.

## **Discussion**

These seeming inconsistencies in the frequency of expressed goals are actually quite consistent with exchange theories (Willer, 1999). According to this perspective, the government-nonprofit relationships reflected in these samples can be viewed as an exchange in which public and private partners expect that each will bring something different but valued to the table, and something that is more difficult for the other partner to secure. While many potential benefits are mentioned, these samples suggest that governments appear principally to offer their nonprofit partner financial resources, while nonprofit organizations offer specialized expertise beyond the scope of government (in fact, a common pursuit of privatization endeavors). Meanwhile, local governments seek improvements in service quality, while nonprofit organizations seek stronger relationships that can help them to secure future public

resources. Thus, an exchange is effected that is strategically focused to address the weakest areas of each sector (e.g., funding for nonprofits, expertise for government).

The similarities between these samples are remarkable. Yet, they also confirm the perspective that “sector” is only one of a number of variables that influence organizational decision-making. Other variables may represent equally important drivers of collaboration. Three such variables are tested below: the age of the partnership, its size, and the amount of shared funding.

#### Partnership Age and Goals

Further analysis suggests little or no association between the frequency of certain goals and the relative age of the partnership. This comparison holds true for both government and nonprofit samples. Analyses were conducted using correlations and contingency tables.

#### Organizational Size, Health and Goals

Given the strong role of organizational size and capacity thus far in the analysis, this factor represented another valid starting point to test the connection between organizational characteristics and goals. An examination of the correlations between organizational size and collaborative goals supports the presence of a connection, although in unexpected ways. Pearson correlation coefficients and contingency tables (not shown) suggest that larger and wealthier governments express agreement with many of these goals more frequently than do smaller and more fiscally stressed jurisdictions.<sup>54</sup> A similar association is seen in the nonprofit sample

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<sup>54</sup> Analysis is based on the full set of goals and the variables “nonprofit revenues”, “government budget”, “government rank by budget”, government expenditures per capita (logarithm)”, “fiscal capacity” and “fiscal effort” (the latter two variables are available for counties only). The nonprofit sample did not return statistically significant results.

between larger organizational size and the frequency of expressed goals, but at a much weaker (and statistically insignificant) level. This connection carried through even for goals where one might expect smaller governments (or organizations) to have a stronger stake in achieving them, such as access to “professional expertise,” a gain of “resources” and greater “cost-effectiveness.” In fact, in no instances did smaller jurisdictions report any goal with greater frequency than their larger counterparts.

The finding that smaller and less wealthy governments report fewer expected benefits than do larger governments could signify that capacity drives the level of expectation regarding what these collaborations can achieve. Alternatively, smaller governments could recognize the value in inter-sectoral engagement less than do larger governments and those with greater financial resources. They also suggest that those governments most likely to gain from nonprofit collaboration do not take advantage of the opportunities at the level with which larger governments do. As has been suggested already in this study, it is quite possible that smaller governments require (or believe they require) a certain level of staff capacity to develop these inter-sectoral relationships. Alternatively, the connection could occur through loss of opportunity, where in smaller communities, a dearth of nonprofit organizations prepared to work with governments causes the lack of a recognition of the possible benefits of collaboration.

The same association did not hold true for nonprofit organizations, where no connection was found between organizational size (in revenues) and the frequency of expressed goals. The reasons behind this disparity between the government and nonprofit samples require further investigation. They imply that nonprofit organizations, regardless of their size, are more cognizant of the possible benefits of collaboration than are local governments.

Resource Dependence and Goals

A third factor with possible influence is the presence of, or amount of, local government funding for nonprofit organizations. A resource dependence perspective on organizational behavior would suggest that institutions with a strong financial stake in the success of a joint effort would seek to maximize the goals that sustain the relationship (Grønbjerg, 1993; Wood & Gray, 1991). This analysis is limited by its examination only of one form of public funding to nonprofit organizations, that of local government (measures of state and federal funding were not available). Still, the comparison of nonprofit organizations that depend in some part on local government funding to those that do not supports the resource dependence perspective. Table 7.5 displays a selective list of the potential benefits of collaboration.

**Table 7.5 Assessing the Impact of Government Funding on Nonprofit Goals**

| Purposes of Collaboration                  | Collaborating Nonprofits with Government Funding (n=64) | Collaborating Nonprofits without Government Funding (n=74) |
|--|---|--|
| <b><i>Cost-benefits</i></b>                |   |  |
| Gain resources **                          | 63.5 %  | 41.9 %   |
| Gain professional expertise *              | 7.8   | 17.8   |
| <b><i>Service improvements</i></b>         |   |  |
| Improve service quality                    | 68.3  | 56.2   |
| Improve community access to service *      | 59.4  | 43.8   |
| <b><i>Relationship-building</i></b>        |   |  |
| Improve community relations **             | 33.3  | 54.1   |
| Promote shared goals *                     | 38.1  | 52.1   |
| Build relationships                        | 50.8  | 37.0   |
| <b><i>Legal Requirements **</i></b>        | 23.4  | 10.8   |
| <b><i>Fulfill Nonprofit Mission **</i></b> | 50.8  | 72.6   |

\* Statistically significant difference at  $p < .10$

\*\* Statistically significant difference at  $p < .05$ .

According to Table 7.5, nonprofit organizations dependent on some local government funding place a higher value in “gaining resources” through the partnerships than do nonprofit organizations that are not dependent on government funding (63.5 percent compared to 41.9 percent,  $p < .01$ ). We would be quite surprised to find any other result. However, those with government funding are also more likely to be interested in “building government relationships” and more likely to express a desire to “improve service quality” or to “improve community access to a service.”<sup>55</sup>

The direction of the relationship changes according to the specific goal in question. Nonprofit organizations dependent on government funds are less, rather than more, likely to express interest in other areas of potential benefit. For example, while we have already discovered that securing “professional expertise” is of more interest to local governments than it is to nonprofit organizations, those nonprofit organizations without government funding are more likely to enter partnerships with local governments to gain expertise than are those already dependent on government funding (17.8 percent compared to 7.8 percent,  $p < .08$ ).

When city and county governments that provide funding to nonprofit organizations are compared to those that do not, fewer differences are apparent regarding their interest in collaborating with nonprofit organizations to achieve certain benefits over others (data not displayed). Governments that provide grants or contracts to nonprofit organizations are more likely to be interested in “jointly addressing problems” (53.5 percent versus 37.3 percent,  $p < .04$ ), more likely to pursue nonprofit partnerships because it is “cost-effective” (55.6 percent

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<sup>55</sup> Reserved for future analysis is the further finding that these associations do not hold true for the *amount* of government funding. When government funding as a percent of nonprofit revenue is correlated with goals, nonprofit organizations that are dependent on a high proportion of government funds are no more likely to express interest in certain goals than are nonprofit organizations less dependent on government funds. A greater versus a lesser reliance on local government funding may have less influence on goals than does the presence of government funding in itself.



versus 31.3 percent,  $p < .002$ ), and more likely to pursue collaboration to “avoid competition” (22.2 percent versus 7.5 percent,  $p < .01$ ). Governments that support nonprofit organizations are also more likely to enter collaborations to “promote shared goals” (52.5 percent versus 37.3 percent,  $p < .05$ ), and to “build relationships” (35.4 percent versus 19.4 percent,  $p < .03$ ). Thus, we find that benefits related to cost-savings and relationship-building predominate when government funding is involved.

Although this analysis does not find an association between the amount of government funding to nonprofit organizations and the frequency of certain goals expressed by nonprofit executives, we do find this association for local government managers. The more the local government spends on nonprofit organizations, the more likely it expresses interest in the cost-benefits of collaboration (e.g., avoiding competition, saving money). This connection could reflect a sentiment by public managers that they operate under public pressure to make privatization efforts cost-effective. However, government expenditures on nonprofit organizations are strongly correlated with government size (.876) and population (expressed as per capita expenditures). These connections should also be included in future analysis.

### **Findings: Accomplishments**

Table 7.6 compares partnership accomplishments reported by government and nonprofit respondents to this study’s survey. Like the analysis of goals above, the comparison of the two samples is based on a difference of means test (independent samples t-test). The comparison of the government and nonprofit samples based on reported achievements reveals a pattern similar to that observed in the comparison of goals. While the results are not as strikingly similar as they were for goals, we do find that the level of reported achievements does not vary at

**Table 7.6 Government and Nonprofit Comparison of the Accomplishments of Collaboration**

| Accomplishments of Partnership  | Government Sample<br>(n = 166) <sup>1</sup> | Nonprofit Sample<br>(n = 127) <sup>1</sup> |
|---|---|--|
| <b><i>Cost-benefits:</i></b>  |   |  |
| Saved our local government / nonprofit organization money   | 77.2 %                                      | 66.3 %                                     |
| Secured new public or private funding for our organization  | 61.7  | 50.4                                       |
| Secured new public or private funding for our partner(s) **   | 68.0  | 38.6                                       |
| Reduced our need to compete for resources **  | 50.7  | 22.9                                       |
| Increased access to volunteers and other resources **   | 76.8  | 37.1                                       |
| <b><i>Service enhancement:</i></b>  |   |  |
| Increased the level of community services and programs  | 96.4  | 92.6                                       |
| Increased the quality of community services and programs  | 96.2  | 89.1                                       |
| <b><i>Build relationships:</i></b>  |   |  |
| Increased our local government's trust in its nonprofit partners  | 79.4  | --   |
| Created more favorable attitudes by our employees toward working with (government/nonprofit organizations) *                                | 72.3  | 56.0                                       |
| Created more favorable attitudes by (elected officials / our board of directors) toward working with (nonprofit organizations / government) | 77.1  | 66.4                                       |
| Increased citizen satisfaction or trust in government   | 83.1  | --   |
| Stabilized the environment in which our organization operates   | --  | 71.5                                       |

<sup>1</sup> Due to item non-response, the sample size varies by question; response rates range from 155 to 166 for the government sample, and 114 to 127 for the nonprofit sample.

\* The difference between the two samples, based on an independent samples difference of means t-test, is statistically significant at  $p < .05$  (two-tailed test).

\*\* Statistically significant difference between samples at  $p < .01$  (two-tailed test).

statistically significant levels on most response items between the two samples. However, we also find that nonprofit respondents report a lower level of achievement in general than do government respondents, sometimes at substantially lower levels.

The observed differences are principally in the area of “cost-benefits.” In two areas, local governments appear to gain more in aggregate than do nonprofit organizations. Public managers report that collaboration has “reduced their need to compete for resources” “to some extent” or

“to a great extent” more than twice as frequently as do nonprofit respondents (50.7 percent versus 22.9 percent). They also report twice as often that collaboration has “increased their access to volunteers and other resources” (76.8 percent versus 37.1 percent).

In the third area related to “cost-benefits”, government respondents report 68 percent of the time that their nonprofit partner gained “new public or private funding,” while nonprofit respondents reported the same gains for their government partner only 38.6 percent of the time. These results suggest that public managers perceive gains for their nonprofit partners more often than nonprofit executives perceive the same for their government partners. Further study should attempt to determine whether this difference in perception can be confirmed based on real experiences, and whether government-nonprofit partnerships truly produce more funding for the nonprofit organization(s) than they do a local government.

For their part, governments clearly gain most through cost-savings and through access to non-financial resources rather than through access to new funding. While they appear to achieve cost-savings through partnership more frequently than do nonprofit organizations, the results do not meet confidence bounds. Finally, public managers also report with more frequency than do nonprofit executives the achievement of improved attitudes toward inter-sectoral partnership on the part of both employees and elected officials. While the majority of nonprofit respondents report the same, the one-third to one-half of the sample reporting no improved employee or board attitudes toward governments requires further attention. They may represent a group that sees as many challenges in dealing with government as it sees benefits.

## **Discussion**

These findings imply several things. First, the discovery of limited improvements in nonprofit attitudes toward local government once they are engaged together in public service delivery would seem to restrict somewhat the conclusion made thus far in this study that familiarity between the sectors (based on professional experience) will foster improved attitudes toward partners. In this analysis, the effect is not necessarily reciprocal. The results reported here suggest that local governments gain confidence in their partners at higher levels than do nonprofit organizations. These results suggest caution in generalizing onto the nonprofit sector the earlier conclusion that a public manager's experience with nonprofit organizations will increase their acceptance with, and trust in the sector.

Second, these findings suggest that even though the financial gains to be achieved through partnership are shared by both public and nonprofit partners, nonprofit respondents believe, in aggregate, that they gain less from the partnership than do government respondents. While government respondents indicate that nonprofit partners gain the most financially from these partnerships, government partners gain in non-financial ways more often than do nonprofit partners. Finally, these findings imply a greater overall level of acceptance of government-nonprofit partnerships on the part of government leaders than nonprofit leaders.

Is this difference perceptual or evidence of a "crowding out" phenomenon? Are government respondents overly optimistic about the gains of partnership for their nonprofit partners? Or do governments gain more than nonprofit organizations, and are nonprofit organizations reflecting their pessimism about this outcome? The divergence we find here between government and nonprofit responses regarding the net gains to be achieved from collaboration warrants further research (see Chapter Nine for a return to these questions).

## **Hypotheses Eight and Nine: What Motivates the Non-Collaborators -- Sector, Attitudes or Experience?**

Thus far, this analysis has focused principally on the perceived advantages of collaboration through its examination of goals and accomplishments of government-nonprofit partnerships. An analysis of the potential reasons why governments and nonprofit organizations might *not* engage together in public service delivery is equally germane to this study. This analysis is interested both in what objections public and nonprofit managers might forward regarding partnership, and in how collaborating and non-collaborating institutions will disagree regarding the relative weight they place on these objections. The question driving this analysis asks: what are the drivers of resistance to public-private partnerships? Are they based on sector or -- as this study suggests -- on experience? These questions are introduced as the following two hypotheses:

**H8: Government and nonprofit actors will differ in the perceived obstacles to collaboration: the direction and nature of these differences is not specified.**

**H9: Collaborating institutions will express more positive attitudes toward partnership than will non-collaborating institutions.**

### **Findings: Why Partnerships End**

Two approaches are used to test these hypotheses. The first reports on a survey question that asked the non-collaborating nonprofit organizations to indicate if they had formerly been involved in government partnerships.<sup>56</sup> Five close-ended questions and one open-ended question

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<sup>56</sup> This same question was not included on the government survey, due to its longer length.

were offered to address the reasons why the partnership ended. The goal of this question was to compare what we might assume to be the most beneficial reason for ending a partnership (i.e., the goal was achieved) with other reasons that reflect capacity problems or dissatisfaction of one institution or the other with the partnership. The results are presented in Table 7.7. The reliance on a fairly brief list of close-ended questions limits the scope of the comparisons, and this list is best viewed as an exploratory tool.

**Table 7.7 Frequency of Nonprofit Responses to the Reasons for Ending a Partnership**

| Reasons why the partnership ended                  | Nonprofit Sample<br>(n=40) |
|--|----------------------------|
| <i>Successful</i>                                  |                            |
| Goal was achieved                                  | 50.0 %                     |
| <i>Unsuccessful</i>                                |                            |
| <u>Capacity or funding</u>                         |                            |
| Funding problems                                   | 32.5                       |
| Not cost-effective to continue partnership         | 12.5                       |
| Insufficient staff                                 | 7.5                        |
| <u>Relationships</u>                               |                            |
| Partners did not uphold their end of the agreement | 8.8                        |
| Government contact left                            | 5.0                        |
| Bureaucracy  | 5.0                        |
| Mission conflict                                   | 2.5                        |

\* All responses incorporate a weighting variable to reflect the full Georgia sample.

The responses reveal, first, that few nonprofit organizations not currently engaged in government partnerships were formerly engaged with local governments: of the sample of 120 non-collaborators, only 40 organizations or one-third indicated that they have engaged with governments in the past. Of this sample of 40 organizations, 48 reasons were provided regarding why their partnership ended (respondents were invited to give as many answers as they wished).

The table shows next that half of these former government-nonprofit partnerships (50.0 percent) ended when the goal was achieved. This response implies that the other half did not succeed. Of this second half, thirteen respondents (32.5 percent of the sample) indicated that funding problems doomed the partnership. Two of these responses cited failure to get a grant, implying the partnership was established to pursue other funding. Another five (12.5 percent) responded that the partnership was not cost-effective. Three respondents (7.5 percent) cited insufficient staff as the reason.

Poor relationships were cited less often as a reason for partnership termination. Three respondents (8.8 percent) indicated that the reason for termination was a failure by other partners (government or other) to uphold their end of the agreement. Two more (5 percent) indicated that their government contact had left, and two others (5 percent) replied that the government was “mired in bureaucracy.” Finally, one nonprofit organization offered an explanation that suggested incompatible missions terminated the partnership.

These results highlight once more the strong role that capacity and funding issues play in partnership decisions. Very limited evidence is seen here of partnerships that fail due to poor relationships. Nor do we see any evidence that competitiveness between the sectors hampers partnerships. Nevertheless, any conclusions we can make in that area must incorporate the perspective of nonprofit organizations or local governments that have *never* entered into public-private partnerships, and not just those that have terminated partnerships.

## **Findings: Reasons For No Partnership**

### Reasons for Not Entering a Partnership

When we compare the government and nonprofit samples, their reasons for not engaging in collaboration are similar in some respects. First, that they both seem to place responsibility on the other sector: 45.7 percent of nonprofit organizations cite “no government interest,” while 33.3 percent of governments cite “no nonprofit interest.” We note, however, that “lack of interest” could also reflect the lack of a compatible organizational purpose.

Next, respondents cite conflicts with mission or lack of a perceived benefit: 26.0 percent of nonprofit organizations and 15.9 percent of governments cite “no perceived benefit,” and an additional 14.7 percent of nonprofit organizations stated that collaboration with government was incompatible with their mission. Few institutions reflect the attitude that collaboration is “too much trouble” (8.1 percent of nonprofit organizations, and 3.6 percent of governments). Only 2.9 percent of nonprofit organizations cited “poor or adversarial relationships.”<sup>57</sup>

One area in which a difference is seen addresses capacity concerns. More than half of all government respondents (55.1 percent) cited insufficient staff or funds as a reason not to collaborate with nonprofit organizations, while nonprofit organizations cited the same reason only 15.7 percent of the time. When the government and nonprofit samples are split according to revenue size, no difference is seen in the frequency with which smaller organizations or governments cite capacity concerns when compared to larger organizations or governments. From a transaction cost perspective, the distinction between the sectors could suggest that nonprofit organizations find the tradeoff that collaboration offers (i.e., between a greater

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<sup>57</sup> These frequencies represent the frequency of responses to both close-ended and open-ended questions. They should not be compared, as the open-ended responses are likely to undercount the true number of organizations sharing that sentiment.



commitment of staff resources and the potential for resource gain) more beneficial than do governments. Local governments could be less willing or able to devote the staff to the effort than are nonprofit organizations, while nonprofit organizations could be more willing to live with the capacity concerns in order to achieve some benefits from the collaboration. In sum, they may be more willing to accept a lower ratio of benefits to costs.

### Perceived Disadvantages of Collaboration

A more comprehensive examination was also carried out regarding the possible reasons behind decisions not to collaborate. The goal was to look for underlying patterns in the attitudes of one sector regarding the other that might shape their decisions to collaborate or not to collaborate. These patterns include concerns about organizational capacity, the quality of inter-sectoral relations, perceptions about competition between the sectors, and opinions regarding the degree to which the two sectors should remain independent from one another.

Following the guidance of previous literature and based on these possible attitudinal patterns, a list of nine reasons for not collaborating was presented to government survey respondents, and 15 reasons were presented to nonprofit respondents.<sup>58</sup> The respondents indicated the extent to which they agreed or disagreed with the reasons on a five-point scale, where “1” represented strong disagreement, “2” represented disagreement, “3” represented neutrality (neither agree nor disagree), “4” represented agreement, and “5” represented strong agreement. Only the top two categories, representing agreement, are displayed. Responses from the nonprofit sample incorporate a weighting factor to reflect the full Georgia sampling frame.

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<sup>58</sup> Differences between the two samples in the length of the survey questionnaire required a shorter list of questions for the government respondents than for the nonprofit respondents.

Tables 7.8 and 7.9 address the reasons why local governments and nonprofit organizations might not wish to collaborate. The tables present the proportion of respondents who indicated agreement with statements describing reasons why government and nonprofit institutions might not wish to collaborate. Respondents were asked to talk about their beliefs in general, and the responses thus may or may not reflect their own experiences. In Table 7.8, the full sample of local governments and nonprofit organizations (both collaborating and non-collaborating institutions) is included. In Table 7.9, responses from collaborators and non-collaborators are compared to one another. Difference of means tests are used to test the probability that differences between samples are statistically significant.

Comparing the Sectors. When asked to respond to the reasons why governments and nonprofit organizations might *not* collaborate, the government sample identified government capacity as the principal barrier to inter-sectoral collaboration. One-half (50.9 percent) agreed or strongly agreed that “government does not have the staff or time to manage the collaboration.” Among nonprofit executives, nonprofit capacity considerations returned a similar level of concern (57 percent). An additional question asked of nonprofit executives addressed a concern raised in both the scholarly and practitioner literature regarding the drain that government partnerships could have on an operating budget. A sizeable minority of nonprofit respondents (28.3 percent) indicated that a nonprofit organization might not collaborate for this reason.

All of the remaining items presented to government managers drew agreement from less than one-quarter of respondents. Concerns about weak relationships and negative attitudes by public officials were returned from 23.3 percent and 21.2 percent of government respondents, respectively. Just 8.0 percent of governments thought that nonprofits provide unreliable or poor quality services. Nonprofit executives agreed at much higher levels than did public managers

**Table 7.8 Comparison of Perceived Disadvantages of Collaboration by Sector \***

| Reasons why organizations might not collaborate <sup>1</sup>                                       | Government Sample (n = 289) <sup>2</sup> | Nonprofit Sample (n = 241) <sup>2</sup> |
|--|--|---|
| <b><i>Organizational capacity:</i></b>   |  |   |
| No staff or time to manage the collaboration   | 50.9 %                                   | 57.0 %                                  |
| Collaboration requires too much operating funds  | --                                       | 28.3                                    |
| <b><i>Quality of relations:</i></b>  |  |   |
| Negative attitudes by public officials toward nonprofits discourage collaboration                  | <b>21.2</b>                              | <b>36.5</b>                             |
| Organization has not developed strong enough relationships with other sector to partner            | <b>23.3</b>                              | <b>49.1</b>                             |
| Too many reports and paperwork   | --                                       | 59.5                                    |
| Government does not fulfill its end of the bargain   | --                                       | 23.2                                    |
| Nonprofit organizations provide unreliable or poor quality services                                | 8.0                                      | --                                      |
| <b><i>Inter-sectoral competition:</i></b>  |  |   |
| Competition for resources discourages collaboration  | <b>19.6</b>                              | <b>41.6</b>                             |
| When involved in the same service area, government tends to lose out                               | 4.8                                      | --                                      |
| When involved in the same service area, nonprofits tend to lose out                                | <b>11.1</b>                              | <b>35.1</b>                             |
| -- Nonprofits lose volunteers  | --                                       | 5.1                                     |
| -- Nonprofits lose private sector donations  | --                                       | 21.2                                    |
| <b><i>Independence of the sectors:</i></b>   |  |   |
| Nonprofit organizations do not represent the entire community                                      | 18.5                                     | --                                      |
| Private interests do not belong in public services   | 18.4                                     | --                                      |
| Partnerships with local government restrict the ability of nonprofits to advocate their own issues | --                                       | 31.3                                    |
| Nonprofits better off independent from government  | --                                       | 29.8                                    |

\* Bold-faced responses in each column are different at statistically significant levels of  $p < .02$  or greater (two-tailed independent sample t-tests).

<sup>1</sup> Question reads, "To what extent do you agree or disagree with the following statements regarding why governments and nonprofit organizations **might not** collaborate?" Responses represent the percentage of the sample in agreement or strong agreement with each question.

<sup>2</sup> Government sample size for each response varies from 273 to 289; nonprofit sample size from 227 to 241.

**Table 7.9 Comparison of Collaborators and Non-Collaborators on Perceived Disadvantages of Collaboration (percentage of sample in agreement with question) \***

| Disadvantages of collaboration   | Collaborators                            |   | Non-Collaborators                        |   |
|--|--|---|--|---|
|  | Government Sample (n = 169) <sup>1</sup> | Nonprofit Sample (n = 128) <sup>1</sup> | Government Sample (n = 120) <sup>1</sup> | Nonprofit Sample (n = 113) <sup>1</sup> |
| <b><i>Organizational capacity:</i></b>   |  |   |  |   |
| No staff or time to manage the collaboration   | <b>44.8 %</b>                            | 55.9 %                                  | <b>60.0 %</b>                            | 58.6 %                                  |
| Collaboration requires too much operating funds  | --                                       | 25.2                                    | --                                       | 31.8                                    |
| <b><i>Quality of relations:</i></b>  |  |   |  |   |
| Negative attitudes by public officials toward nonprofits discourage collaboration                  | 26.8                                     | 30.4                                    | 13.3                                     | 43.4                                    |
| Organization has not developed strong enough relationships with other sector to partner            | <b>14.9</b>                              | 51.6                                    | <b>35.0</b>                              | 46.4                                    |
| Too many reports and paperwork   | --                                       | 55.2                                    | --                                       | 65.0                                    |
| Government does not fulfill its end of the bargain   | --                                       | 23.4                                    | --                                       | 22.9                                    |
| Nonprofit organizations provide unreliable or poor quality services                                | 9.8                                      | --                                      | 5.5                                      | --                                      |
| <b><i>Inter-sectoral competition:</i></b>  |  |   |  |   |
| Competition for resources discourages collaboration  | 18.5                                     | <b>31.5</b>                             | 21.4                                     | <b>53.6</b>                             |
| When involved in the same service area, government tends to lose out                               | 6.7                                      | --                                      | 1.8                                      | --                                      |
| When involved in the same service area, nonprofits tend to lose out                                | 14.2                                     | 31.3                                    | 6.7                                      | 39.4                                    |
| -- Nonprofits lose volunteers  | --                                       | 3.1                                     | --                                       | 7.5                                     |
| -- Nonprofits lose private sector donations  | --                                       | 14.3                                    | --                                       | 28.7                                    |
| <b><i>Independence of the sectors:</i></b>   |  |   |  |   |
| Nonprofit organizations don't represent community  | 20.0                                     | --                                      | 16.2                                     | --                                      |
| Private interests do not belong in public services   | 18.0                                     | --                                      | 19.1                                     | --                                      |
| Partnerships with local government restrict the ability of nonprofits to advocate their own issues | --                                       | 29.8                                    | --                                       | 33.0                                    |
| Nonprofits better off independent from government  | --                                       | <b>16.5</b>                             | --                                       | <b>45.2</b>                             |

\* Bold-faced responses in each column are different at statistically significant levels of  $p < .10$  or greater (two-tailed independent sample t-tests).

<sup>1</sup> Due to varied item non-response rates, some answers may have slightly smaller sample sizes.

that they have not developed strong enough relationships to partner with the other sector (49.1 percent compared to 23.3 percent). Nonprofit respondents also indicated that too much red tape might discourage collaboration (59.5 percent). One quarter of the nonprofit sample (25.9 percent) expressed the concern that local government will not fulfill its end of the bargain. This last statistic suggests that a substantial minority of nonprofit executives harbors a profound lack of trust in government.

Again, when the questions addressed competition between the sectors, nonprofit respondents reported at more than twice the frequency of government managers their concerns that competition for resources will discourage collaboration (41.6 percent versus 19.6 percent), and that nonprofits will “lose out” when they are engaged in the same area as governments (35.1 percent versus 11.1 percent). All comparisons are statistically significant at  $p < .02$  or greater. Few governments (4.8 percent) believe that they will lose out through a partnership.

On the issue of the independence of the two sectors, two questions related to public concerns about nonprofit accountability and the appropriate role of nonprofit organizations in the public sector (whether private interests belong in public service delivery, and whether nonprofit organizations can be counted on to represent the entire community) earned agreement from 18.4 percent and 18.5 percent of government respondents. About one-third of nonprofit organizations expressed concern that partnerships with local governments will restrict their ability to advocate their own issues (31.3 percent) or agreed that they were better off independent from government (29.8 percent). We find that a minority of respondents from both sectors resist partnership based on the appropriateness of engaging the “independent sector” in the government’s business.

The conclusion we can draw when comparing government managers to nonprofit executives sampled in this study is that nonprofit executives are more likely overall to cite

obstacles to collaboration. In nearly every comparable category, where government and nonprofit executives answered the same questions, we find that nonprofit executives agreed with the obstacle in question at about twice the frequency (or more) as did government respondents. The single exception regards concerns about organizational capacity.

Nonprofit executives tend to be especially more negative than government managers regarding the impact collaboration will have on their organization. Those who believe that nonprofit organizations will “lose out” in the relationship cite both the potential loss of private sector donations (cited by 21.2 percent of all respondents) and, to a lesser extent, the potential loss of volunteers (cited by 5.1 percent of all respondents). Nonprofit executives also express more concern about the impact of inter-sectoral competition than do government respondents. Twice as many nonprofit respondents (41.6 percent) agree that “competition for resources discourages collaboration” as do government respondents (19.6 percent).

Why are nonprofit executives more negative about partnership than local government managers? These responses could reflect their perception that nonprofit organizations are the weaker partner in inter-sectoral relationships and, therefore, are at greater risk of suffering from the negative aspects of partnership. Alternatively, these responses could reflect their actual experiences with partnerships. If so, we can expect to see substantial differences between those nonprofit executives with collaborative experience and those without. A similar difference in perceptions based on experience with government-nonprofit partnerships is expected for public managers. This hypothesis guides the next stage of the analysis.<sup>59</sup>

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<sup>59</sup> Although the direction of relationships between collaborators and non-collaborators is expected to be positive (i.e., non-collaborators are more likely to agree about disadvantages of collaboration than collaborators), little prior research guides this analysis. Thus, a two-tailed test of statistical significance is used rather than a one-tailed test to support conclusions at the most rigorous level of analysis. We note, however, that this approach increases the possibility of Type II errors.

Comparing Collaborators and Non-Collaborators. When survey respondents with collaborative experience are compared to those without (Table 7.9), the general pattern we see is that, in most cases, those respondents from either sector who are *not* currently engaged in a government-nonprofit partnership are more likely to cite the potential disadvantages of collaboration than are those with collaborative experience. However, in some noteworthy areas, collaborators are more negative than non-collaborators about the experience. This observation holds true particularly with the government sample.

Collaborators are more optimistic than non-collaborators about their capacity, or ability to secure the resources to engage in a partnership. Among non-collaborating public managers, 60 percent indicate that local governments may not have the staff or time to manage a partnership, compared with 44.8 percent of collaborating public managers (difference statistically significant at  $p < .10$ , two-tailed test). No difference is found between collaborating and non-collaborating nonprofit organizations on the question of the partnership's drain on operating funds. It is also noteworthy, and of equal concern, to observe that nearly half (44.8 percent) the government sample with the collaborative experience, and 55.9 percent of the nonprofit sample, expressed concern about the potential capacity of their sector to manage partnerships.

We find in two areas that non-collaborators are more likely than collaborators to agree that lack of a strong relationship presents an obstacle to partnerships. Nonprofit executives without experience in a government partnership are more likely to believe that "negative attitudes by public officials toward nonprofits discourage collaboration" (43.3 percent compared to 30.4 percent, not statistically significant), and public managers without collaborative experience are more than twice as likely as collaborating public managers to believe that

governments have “not developed strong enough relationships with the other sector to partner with them” (35 percent compared to 14.9 percent, statistically significant at  $p < .02$ ). One possible reason for the lack of a working relationship between partners when it does occur could lie in resistance from public officials: twice as many public managers in collaborating governments believe that “negative attitudes by public officials towards nonprofit organizations discourage collaboration” (26.8 percent versus 13.3 percent of managers in non-collaborating governments). However, this comparison does not surpass confidence bounds and requires further research.

Regarding the sentiment that inter-sectoral competition will discourage collaborations, based on a fear that one partner or the other will suffer a loss of resources, nonprofit executives without collaborative experience are more likely than those with the experience to believe that they will incur losses (53.6 percent versus 31.5 percent,  $p < .03$ ). Apparently, those nonprofit respondents with collaborative experience fear competition less than those without the experience. No similar difference is seen in the government sample. In fact, we find more negative opinions from those government respondents with collaborative experience when asked about related questions such as the impact of competition on their organization. More public managers with collaborative experience than those without believe both that “government tends to lose out” (6.7 percent versus 1.8 percent), and that “nonprofit organizations lose out” (14.2 percent versus 6.7 percent). These sentiments are expressed by only a small minority of respondents, however.

When the government and nonprofit samples were asked about their opinions regarding the independence of the nonprofit sector and the appropriateness of a nonprofit role in public service delivery, no differences are observed between collaborating and non-collaborating public



managers. About one-fifth of those with collaborative experience, and one-fifth of those without agree that partnerships might not occur because “nonprofit organizations cannot be relied on to represent the entire community” and that “private interests do not belong in public services”. Such a finding suggests that the collaborative experience does not alleviate the concern of this substantial minority of public managers that accountability issues will arise through public-private partnerships.

Nonprofit organizations report a similar lack of difference on the question of whether partnerships with local government restrict their ability to advocate their own issues. About one-third of both the collaborating and non-collaborating samples agree that this issue might present a barrier to establishing public-private partnerships. This study’s cross-sectional nature does not allow us to draw further conclusions regarding the actual impact collaboration might have on the advocacy role of nonprofit institutions.

Finally, a sizeable proportion of nonprofit executives without collaborative experience believe that their sector is better off independent from government. More than twice as many non-collaborating respondents (45.2 percent versus 16.5 percent of collaborators) agree with this statement. This finding may suggest that, for many non-collaborating nonprofit executives, the benefits for their institution in working with government are not perceived to outweigh the potential costs.

## **Discussion**

This comparison of governments and nonprofit institutions, and of collaborators and non-collaborators served the purpose of testing the influence of sector on institutional attitudes, and also of comparing these attitudes with actual experiences regarding the perceived advantages and

disadvantages of inter-sectoral collaboration. This study has found remarkable similarities between the sectors, particularly when it comes to goals, and thus finds support for theories of organizational behavior that suggest that sectoral membership is only one of many factors that influence decisions. Nonetheless, in this analysis of outcomes, the public and nonprofit sectors displayed not only similarities but also substantial differences in their opinions about the challenges of, and drawbacks to partnership.

Hypothesis Eight is supported with the finding that the two sectors place a different value on issues such as the benefits of competition and its repercussions, the perceptions regarding the strength of relationships between the sectors, and -- above all -- the relative roles played by capacity and mission compatibility in supporting or preventing inter-sectoral collaboration. We also find that nonprofit quality and accountability are relatively minor concerns among public managers. However, we do find that the possible resistance of public officials toward nonprofit organizations may present one reason for a limited amount of collaboration. This finding is consistent with a study of the same sample of Georgia public managers on the question of volunteer involvement. When asked what limited their involvement of volunteers in public service delivery, concerns about employee resistance to volunteers were surpassed only by concerns about organizational capacity (Gazley & Brudney, 2005).

The analysis of data on the opinions of collaborators and non-collaborators supports Hypothesis Nine in finding that non-collaborators have stronger opinions about the possible drawbacks of collaboration. At least two explanations are possible for this difference. Either the collaborative experience alleviates the fears of participants regarding its potential negative repercussions on their institution, or collaborators could express concern about obstacles less often to rationalize their involvement in collaborative activities.

The interest in these findings is compounded by the relative weight placed by survey respondents on various concerns. Again, we find that concerns about having the staff or resources to participate in public-private partnerships predominate, followed by concerns on the part of nonprofit representatives about the strength of relationships, and concerns on the part of public managers about resistance from staff or elected officials to nonprofit collaboration.

This analysis also finds support for this study's claim that barriers to inter-sectoral collaboration can be as much perceptual as they are experiential. When collaborators and non-collaborators share the same experiences, we can expect their opinions to vary less when they are compared: thus, we find that a similar and substantial number of collaborating and non-collaborating nonprofit executives believe that red tape (i.e., too many reports and paperwork) can hinder partnerships. We also find that nonprofit executives with collaborative experience express an equal level of concern about the nonprofit sector's ability to continue political advocacy, to raise the operating funds necessary to work with government, and to trust government partners to meet their end of the bargain. Although these concerns are expressed by only a minority of respondents, each is supported with anecdotal evidence from other literature, and their appearance in this study suggests that many institutions have not yet found a way to address the problems. Indeed, such findings reinforce the pluralist and economic perspectives on inter-sectoral relationships presented in Chapter Two, which conclude that these problems are inherent and likely to be insurmountable (Weisbrod, 1977).

On the other hand, when collaborators and non-collaborators differ in their concerns, we find evidence that some negative opinions about partnership are driven by perception (i.e., a perception that could be altered by a collaborative experience). As Hypothesis Nine has argued, the negative perceptions can be ameliorated by the positive experiences of partnership. We find,

for example, that fear of a negative repercussion on their organization, coupled in most cases with a concern about their organizational capacity, drive the motivations of non-collaborating institutions. Among collaborating institutions, in most cases, these fears are assuaged by their collaborative experience. Thus, those with collaborative experience are less likely to express concerns about organizational capacity and the strength of inter-sectoral relationships, or to fear that they will lose volunteers or private donations through collaboration.

What will be more troubling to those who wish to focus on this study's practical value are the instances where those who have direct experience with collaborations have expressed *greater* concerns about the drawbacks of collaboration than those without the experience. We find, for example, that those with collaborative experience have observed negative repercussions on partners, particularly through the reports by public managers that collaboration causes governments and nonprofit organizations to lose out in some way. We also see a divergence in responses when it comes to the accomplishments of partnership. Generally, we find nonprofit executives more negative than city and county managers about what they achieve. Such a disparity suggests that public managers' perceptions about the accomplishments of partnership, particularly when asked to report what a partner gains, may not be entirely aligned with reality and actual outcomes.

The finding that negative attitudes by public officials toward nonprofits discourage collaboration also warrants further inquiry to determine its impact on partnerships or potential partnerships. Given our earlier finding that nonprofit experience may help to foster inter-sectoral collaboration, it is equally possible that negative attitudes toward the other sector hinder collaboration. However, on the whole, given the predominance of other concerns such as government capacity and the apparent receptivity on the part of most government managers to

collaboration (particularly when they are compared to nonprofit executives), the presence of negative attitudes may not constitute a strong motivation in itself for public managers who have the opportunity to engage nonprofit organizations in public service delivery.

### **Summary and Implications**

In this study, connections between goals and outcomes have been made in ways that suggest unanticipated outcomes result frequently from government-nonprofit partnerships. Regardless of the intended benefits, these data suggest that the positive outcomes are frequent and shared by most organizations. Contributions to service improvements, increased citizen satisfaction and trust in government, and a limited ability to secure new resources result from most partnerships.

Nonprofit and government executives demonstrate a remarkable similarity in the benefits they seek from public-private partnerships. Both the similarities and differences in what the two sectors expect of partnerships are equally interesting to theory development and scholarship. For example, while both sectors express an equal level of interest in partnering to improve the quality of public services, the motivations to partner also tend to be driven by a desire to secure resources that are more scarce for their sector: expertise for government, funding for nonprofits.

Regarding attitudes toward collaboration, the general receptivity we find on the part of public managers toward government-nonprofit partnership is hindered by their implication that public officials' resistance to nonprofit organizations could prevent even more collaboration. Moreover, while public managers seem generally positive about the possible benefits and the reported achievements of partnership, nonprofit executives exhibit a stronger undercurrent of negativity toward partnership, even after they have experience working with government and

even after they display a higher level of need. It would seem that many nonprofit organizations enter into government partnerships despite the possible repercussions on their organization, or else experience these repercussions after the fact. However, by the responses they provide regarding the reasons that partnerships end, many organizations clearly have decided that the benefits still outweigh the possible disadvantages.

We would interpret the general role of the nonprofit sector incorrectly if we were to assume that all nonprofit organizations desire a partnership with government. Many organizations will find their missions incompatible with government activities; some organizations, in fact, are created to oppose government actions. These reasons are consistent with the findings of this study. In fact, in itself, the finding that half of this nonprofit sample reported some engagement with local government was surprising (results should not be generalized to the entire nonprofit sector due to the sampling methods employed).

While reasons for not engaging in public-private partnerships principally reflect lack of a shared purpose on the part of nonprofit organizations, they reflect a lack of capacity on the part of government. Thus, in both sectors, those with a motivation to partner are hampered by organizational restrictions on resources or goals more than by external factors. Further conclusions in this respect cannot be made without a more thorough examination of the possible external limitations on partnership. Within the scope of this study, these concerns about capacity and mission provide the strongest rationale for not entering into a public-private partnership. However, the influence of other factors such as nonprofit availability remains unaddressed. The next chapter tests a model that examines the impact on partnership outcomes of many of the factors discussed thus far.

**CHAPTER EIGHT**  
**FINDINGS: THE IMPACT OF PARTNERSHIP STRUCTURE**  
**ON ACCOMPLISHMENTS**

**Introduction**

Chapter Five described the institutional environment of collaborating local governments and predicted the likelihood of government-nonprofit collaboration based on a number of institutional and demographic factors. Chapter Six described the common characteristics of partnerships between Georgia nonprofits, and city and county governments. Chapter Seven introduced us to the potential achievements of these inter-sectoral partnerships, and offered a comparative analysis of achievements based on sectoral status. In this final chapter, we return to the government sample to combine what we have learned regarding these environmental and structural characteristics and test their impact on outcomes. This exploration employs multivariate regression analysis based on ordinary least squares (OLS) estimations. In this chapter, only the Georgia local government sample is utilized.

**Hypothesis Ten: The Impact of Partnership and Community Characteristics  
on Collaborative Accomplishments**

The final step in this analysis examines the impact of the various partnership characteristics presented thus far on the reported results of government-nonprofit collaboration. We have noted earlier the assertions of scholars regarding the expected (positive) impact of formal contracts, stability, leadership, trust and other factors on partnerships; this stage in the

analysis offers us the first opportunity to move beyond a descriptive analysis of individual factors to test the potential combined impact of these factors on collaborative outcomes. As control variables, this analysis also carries forward from the first stage of the research model (Chapter Five) the institutional and community characteristics found to have a significant predictive effect on levels of government-nonprofit collaboration.

The unit of analysis continues, as it was in Chapter Six, to be the most active government-nonprofit service delivery partnership reported by Georgia survey respondents in each community (Chapter Four addresses the rationale for this approach). The hypothesis and the functional form it takes in the research model follow:

**H10: The accomplishments of government-nonprofit partnerships are a function of internal and external characteristics that, combined, strengthen the partnership and foster collaboration. Partnership characteristics that will support achievements include the level of goal agreement between partners, central leadership or coordination of the partnership, a formal contract, and its stability. External or institutional characteristics that will foster collaboration include the nonprofit experience of public managers.**

Stated formally:

PARTNERSHIP ACCOMPLISHMENTS = f (GOAL AGREEMENT,  
LEADERSHIP, FORMAL AGREEMENT, STABILITY,  
COLLABORATIVE ACTIVITY, NONPROFIT EXPERIENCE,  
CONTROL VARIABLES)



In its null form, this hypothesis would expect partnership characteristics to have no association with effectiveness of the collaboration. This hypothesis addresses a similar question to that investigated by Provan and Milward (1995, 4), when they asked, “what, if any, is the relationship between ... structure and context ... and ... effectiveness?” In both instances, the interest lies in the impact of contextual factors on outcomes. In this case, a different unit of analysis (public-private partnerships versus service networks) and larger sample and wider policy scope are employed. Nonetheless, both studies take a similar approach to the dependent variable, and have similar goals in hypothesizing that a combination of attitudinal and structural characteristics will predict both outcomes and perceptions of effectiveness.

On the following pages, dependent variables, independent (predictor) variables and control variables are described and discussed individually. An expected direction of the relationship is offered for predictor variables. For control variables, the expected direction of the relationship is hypothesized when the literature offers guidance.

## **Variables**

### Dependent Variables

This analysis is based on two dependent variables: partnership *accomplishments* and the *perceived effectiveness* of the partnership. The first dependent variable, reporting the results of government-nonprofit partnership, represents the total score of actual achievements in 11 areas and categories.<sup>60</sup> Each response had a possible score of “0” (achieved to no extent), “1” (achieved to some extent) or “2” (achieved to a great extent). The resulting scores or values,

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<sup>60</sup> Reported in Tables 7.1 and 7.2, these are cost-savings, new funding for government, new funding for the nonprofit partner(s), reduced need to compete, increased access to volunteers and other resources, increased service level, increased service quality, increased trust in partners, more favorable employee attitudes toward nonprofits, more favorable attitudes toward nonprofits by elected officials, and increased citizen satisfaction with government.

ranging from “0” to “22,” reflect both a count of the number of accomplishments reported in the 11 surveyed areas, and a somewhat more qualitative assessment of the extent to which they were accomplished, based on the respondent’s ability to rank the level of achievement for each outcome. A case with a value of 22 has reported accomplishments “to a great extent” in all 11 areas. Cases with lower values may not have accomplished some activities, or may have accomplished some to a lesser extent than others.

The second variable reflects the overall level of perceived effectiveness in a partnership reported by each government manager. A Likert scale of “1” to “7” is used, with effective partnerships scored higher. Thus, a “1” represents a respondent’s assessment that the partnership was “not at all effective,” “4” represents the midpoint between no effectiveness and high effectiveness, and “7” represents the perspective that the partnership was “very effective.”

The use of these dependent variables has two distinct goals. First, the use of more than one dependent variable helps to strengthen the conclusions that can be made regarding associations based on an underlying concept -- in this case, “effectiveness.” Second, this ability to compare two models -- the first using an indicator of accomplishments and the second dependent on a much more subjective or perceptual reflection of effectiveness -- is expected to yield different results within each model. Because researchers have sometimes found it difficult to determine whether program success is based on substantive factors or, alternatively, on the perspective of their respondents (see for example, Provan, Beyer, & Kruytbosch, 1980; Provan & Milward, 1995), this model may identify those variables that can be expected to have an impact on the *perceived* effectiveness of program outcomes from those that actually appear to influence outcomes.

This approach has substantive value for practitioners because collaboration can be more difficult to evaluate when partners have a vested interest in portraying the partnership as a

success. Moreover, their ideas of *how* a partnership should be structured (e.g., with a contract) can be inconsistent with what actually contributes to partnership outcomes. For these reasons, this study expects that certain independent variables will have a stronger influence on the perceived effectiveness of the partnership (the dependent variable, *effectiveness*) than they do on reported outcomes (the dependent variable, *accomplishments*). One variable with a potentially stronger influence on perceived effectiveness is the formality of the relationship, due to the expectation that government managers could value relationships based on formal agreements more highly than those without.

The Pearson correlation between these two dependent variables is .393 (statistically significant at  $p < .001$ ), which suggests they have a moderate relationship to one another. Appendix E displays the full correlation matrix of dependent and independent variables in this model. This result suggests that the two variables represent related but distinct measures of partnership accomplishment. The reader will also observe that both of these variables depend on a respondent's assessment of success. While the use of such indicators introduces subjectivity to the measurement process, the first variable, "partnership accomplishments," is based on a firm and specific set of indicators regarding what it means to be effective. Its dependence on reported achievements in a wide variety of areas and activities is expected to increase its reliability as a reflection of reported outcomes.

### Independent Variables

Hypothesis Ten asserts that partnership accomplishments are a function of selected internal and external factors that will foster collaboration. These factors will influence outcomes even after controlling for institutional size and capacity. This hypothesis is based on the accumulated knowledge we have gleaned from studies of both inter-organizational relationships

and privatization efforts. These studies strongly suggest that partnership outcomes depend on a combination of structural characteristics such as age and leadership, but also on the level of support that partners invest in the relationship, and the experience they have had with one another. This study also introduces a new variable not explored in previous research, that of the previous experience of government leadership with nonprofit organizations.

This study's approach to assessing results (the dependent variables) is to consider results to be at least part perceptual or subjective. Thus, in the design of this model, this study is not only interested in how factors such as control and leadership influence reported results, but also in how these material factors could influence the *perceived* effectiveness of the government-nonprofit partnership. Partnership characteristics used as independent variables that are predicted to have a positive influence on outcomes include its stability, dependence on a formal agreement, the source and quality of leadership in the partnership, and the level of goal agreement reported by government respondents. Government characteristics thought to influence results include the level of collaborative activities in which the local government engages, and whether the public manager has nonprofit experience. All variables will be discussed in greater detail below.

Stability. This concept is measured by the number of years the reported partnership has been in operation. A positive relationship is expected between partnership age and accomplishments, since older partnerships will not only have had more time to achieve results but are also expected to have had achieved stronger goal agreement, greater levels of trust, and other associated factors. To produce a more normal distribution, this variable is measured with a scale where "1" represents partnerships two years old or less, "2" represents partnerships three to

six years old, “3” represents partnerships seven to 20 years old, and “4” represents partnerships 21 years or older.<sup>61</sup>

Leadership. A partnership with centralized leadership is expected to accomplish more than one in which leadership is diffused or non-existent (Bardach, 1998; M. Brown, O'Toole, & Brudney, 1998; O'Toole, 1996). The concept of a lead organization is represented with a dummy variable, with values of “1” indicating that either a governmental or nonprofit organization takes responsibility for coordinating partners. A “0” represents collaborations where respondents report that no lead organization coordinates the partners.

Control. Public managers are expected to indicate stronger satisfaction with the partnership when the local government makes decisions in a partnership. Governments commonly assert control over public-private partnerships when the non-governmental organization is a creature of, or closely affiliated with, the local government. Various levels of governmental control may exist in other scenarios, as well (see discussion in Chapter Six regarding governmental control in different policy areas).

Formality. Respondents indicated whether or not a partnership depended on “contracts, letters of agreement or other formal arrangements.”<sup>62</sup> The responses are coded as a dummy variable, with formal agreements represented by a “1.” Based on the strong assertions in the public management literature regarding the value of contracts (see the discussion at the end of Chapter Two), a positive relationship is expected between this variable and the perceived

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<sup>61</sup> The reader will note that several variables have been rescaled to adjust for skewness. Two criteria were used in the selection of scales: selected scales were created to best fit a normal distribution curve, but without losing underlying theoretical value (e.g., if a unique value of “1” was important to theory development, it was not combined with other values in the creation of a scale).

<sup>62</sup> Source: Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003.

effectiveness of the partnership according to government respondents. Whether or not the contract will also contribute to reported outcomes is unknown.

Goal Agreement. This concept appears frequently in the literature as an important predictor of collaborative outcomes. The expected direction is positive for both dependent variables. The variable is measured using a Likert scaled response item from the Georgia government survey, indicating the extent to which public managers perceive that local government and nonprofit partners agree about the collaboration's overall goals. To produce a variable with a normal distribution, the possible responses of "1" to "7" on the original scale have been recoded on a four-point scale, where "1" represents "none" to "some agreement" and "4" represents agreement "to a great extent."<sup>63</sup>

Government's Level of Collaborative Activity. This measure represents a local government's general level of collaborative activity in all areas in which nonprofit organizations are involved in public service delivery. Thus, this variable is best considered a representation of a local government's overall collaborative experience and tendencies, rather than the level of collaborative activity assigned to the most active partnership that forms the unit of analysis in the present analysis. This indicator was coded by summing the number of reported areas (of a possible 12) in which the local government reported collaborating with nonprofit organizations. A high number of cases reporting one or two activities created a non-normal distribution of values. To adjust for this skewness, the variable was operationalized as a scale, in which "1" represents just one reported collaborative activity (a low level of government-nonprofit

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<sup>63</sup> In the full scale, "1" represents 1-4 on the original scale (no agreement up to the scale's midpoint), "2" represents 5 (some agreement), "3" represents 6 (much agreement) and "4" represents 7 (agree to a great extent).

collaboration in the community), “2” represents two to four activities, and “3” represents five or more activities.<sup>64</sup>

A government’s level of collaborative activity can be expected to improve partnership outcomes insofar as achievements depend on the willingness of partners to invest the time and resources necessary to make them happen. Limited effort is more likely to produce limited accomplishments. Governments that are most fully committed to inter-sectoral activities are expected to accomplish the most. Whether or not these same governments will feel that the effort is worth the results is a different matter. Thus, it still may be possible that greater efforts do not influence the perception that governments are achieving more, and the relationship between this factor and the second dependent variable could be weaker.

Nonprofit Experience. The nonprofit experience of a city or county administrator is represented with a dummy variable coded “1” for previous experience as a board member, volunteer or nonprofit employee, and “0” for none of these experiences. Nonprofit experience is expected to have a similar effect to that of volunteer involvement as a means of building bridges between the sectors, and fostering trust between partners. The expected direction for both dependent variables is hypothesized to be positive.

### Control Variables

Internal partnership characteristics used as control variables include the size of the partnership, the policy area that the partnership serves, and the number of goals cited by respondents. The number of goals was found in Chapter Seven to influence the number of

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<sup>64</sup> As described in detail in Chapter Four, these 11 possible collaborative activities include shared staff, workspace or volunteers, information sharing, joint program development, joint policy development, joint service delivery, joint advocacy to state/local government, joint case management/coordination, joint recruitment of staff/volunteers, joint fundraising and joint purchasing.

accomplishments, and therefore must be included in this model as a control variable. Serving as external control variables (and representing the first stage of the model) are the government's size and whether it is a county or city government.

Size. This variable reflects the scope of the collaborative network in which the reported activities occur. It is operationalized by the number of nonprofit organizations working with the local government in the most active policy area reported by respondents. Empirical tests show little connection between the scope of partnership and its results, thus this partnership characteristic is included as a control variable (M. Brown, O'Toole, & Brudney, 1998). To reduce the positive skewness reflected in the raw values (i.e., a non-normal distribution of the cases), a scaled indicator is used, with "1" representing partnerships between government and only one nonprofit organization, "2" representing partnerships with two to five nonprofit members, and "3" representing partnerships with six or more nonprofit organizations.

Policy Area. Chapter Six showed that partnership forms will vary substantially according to the policy area in which they occur. In this regression analysis, dummy variables are included to represent the policy area in which the most active government-nonprofit partnership occurs. Three areas are compared, *economic development*, *public safety* and *social, human and health services*; these areas all offer samples large enough for statistical analysis. Each policy area is represented by a dummy variable coded "1" for the area in question, and "0" for all other policy areas. Given a lack of guidance from the literature, no direction is hypothesized regarding the relationship between collaborative accomplishments and policy area.

Government Size. Two variables are carried forward from the first stage of the research model, in which collaborative frequency was predicted. The first is the *government's size*, represented by the local government's operating budget for the 2002 fiscal year. To eliminate extreme values (i.e., outliers), the base-10 logarithm was used in place of raw values, and to



reduce multicollinearity, the “centered” logarithm of the budget (the log minus the mean) is used (Hamilton, 2003).<sup>65</sup>

County. Chapter Five suggested that Georgia counties were substantially more likely to report nonprofit collaboration than Georgia cities. To control for this predisposition, a dummy variable was created with *cities* represented by a “0” and *counties* represented by a “1.” This variable also helps to control for the larger average size of Georgia counties.

Summary statistics for dependent, independent and control variables used in this stage of the analysis are reported in Table 8.1. A correlation matrix that describes the bivariate relationships between these dependent and independent variables, and a description of the frequency distributions of variables, are also included as Appendix E and F to this study. A model employing multivariate regression analysis to predict the effect of these variables on partnership outcomes follows.

## **Findings**

Two models were estimated with ordinary least squares (OLS) regression to predict the impact of independent variables on the dependent variables collaborative achievements and perceived effectiveness. To permit comparability, the same set of independent and control variables is used in both models. The results are presented graphically in Table 8.2 and Figure 8.1, and their implications are discussed below. In Table 8.2, statistically significant coefficients are in boldface. In the discussion of the findings, equal weight is placed on the effect sizes (i.e.,

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<sup>65</sup> Hamilton (2003, 167) suggests that multicollinearity in interactive effect models can be reduced by subtracting the mean from the value of each case. The resulting variable is centered on zero, not its mean, and is much less correlated with its own squared values. This procedure often (but not always) yields lower standard errors. In this case, the centered version of this variable did substantially reduce the amount of shared variance when compared to the uncentered version.

the magnitude of each variable's explanatory power) as well as its substantive significance<sup>66</sup> and implications for practice.

### Overall Explanatory Strength of Models

This linear combination of partnership and institutional characteristics had a substantial predictive effect on the reported accomplishments and perceived effectiveness of government-nonprofit partnerships. F-statistics of 7.623 and 10.289 respectively (df = 101, 109, statistically significant at  $p < .0001$ ) allow us to reject at a high confidence level the probability that these relationships could have occurred by chance. Adjusted  $R^2$  statistics of .446 and .514 suggest considerable explanatory power for each model.<sup>67</sup> The overall conclusion we can draw from these results is that the reported achievements of government-nonprofit collaborations depend on a combination of internal and external factors that can provide a level of commitment and resources needed for partnerships to succeed. This model suggests that both partnership (internal) and institutional (external) factors have an influence on these accomplishments.

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<sup>66</sup> The substantive significance of a relationship addresses the magnitude of its effect rather than the probability that it will occur in similar models (i.e., statistical significance). Substantive significance is used to determine whether a relationship is large enough to have practical value (Achen, 1982; Meier, Brudney, & Bohte, 2005).

<sup>67</sup> A common concern in multivariate models is the presence of multicollinearity, or associations between independent variables. While multicollinearity often occurs naturally, it makes the influence of distinct independent variables on the dependent variable harder to observe (Meier, Brudney, & Bohte, 2005; Miller & Whicker, 1999). In these models, multicollinearity occurs at acceptable tolerance levels. Acceptability is based on stability in coefficient magnitudes, no large inter-correlations, and variance inflation factors ranging from 1.1 to 2.1.

**Table 8.1 Summary Statistics for Dependent and Independent Variables\***

| <b>Dependent Variable (Type of data)</b>                                     | <b>N</b> | <b>Min.</b> | <b>Max.</b> | <b>Mean</b> | <b>Median</b> | <b>Std. Dev.</b> |
|--|----------|-------------|-------------|-------------|---------------|------------------|
| Collaborative accomplishments (additive index)                               | 155      | 0           | 22          | 10.32       | 10.00         | 4.559            |
| Perceived effectiveness (scale, ordinal)                                     | 170      | 1           | 7           | 5.35        | 5.00          | 1.228            |
| <b>Independent/Control Variables (Type of data)</b>                          | <b>N</b> | <b>Min.</b> | <b>Max.</b> | <b>Mean</b> | <b>Median</b> | <b>Std. Dev.</b> |
| Size (number of nonprofits in most active partnership; grouped, ordinal)     | 164      | 1           | 3           | 1.65        | 1.00          | .756             |
| Stability (age of most active partnership; grouped, ordinal)                 | 158      | 1           | 4           | 2.66        | 3.00          | .956             |
| Central Leadership (central coordination of partnership; dummy)              | 172      | 0           | 1           | .60         | 1.00          | .490             |
| Government Control (dummy)   | 172      | 0           | 1           | .59         | 1.00          | .494             |
| Formality (reliance of most active partnership on a formal agreement; dummy) | 173      | 0           | 1           | .51         | 1.00          | .501             |
| Number of Goals Cited (count)  | 170      | 0           | 12          | 4.88        | 5.00          | 2.988            |
| Extent of goal agreement (grouped, ordinal)                                  | 171      | 1           | 4           | 2.52        | 3.00          | 1.031            |
| Public Safety (dummy)  | 166      | 0           | 1           | .25         | .00           | .433             |
| Economic Development (dummy)   | 166      | 0           | 1           | .23         | .00           | .425             |
| Social/human/health Services (dummy)   | 166      | 0           | 1           | .31         | .00           | .465             |
| Government's level of collaborative activity (grouped, ordinal)              | 143      | 1           | 3           | 1.92        | 2.00          | .713             |
| Government Size (current operating budget; centered log, interval)           | 174      | -3.72       | 5.29        | .471        | .266          | 1.690            |
| Nonprofit experience of government manager (dummy)                           | 172      | 0           | 1           | .90         | 1.00          | .299             |
| City=0 / County=1 (dummy)  | 174      | 0           | 1           | .37         | .00           | .485             |

\* For those governments reporting active government-nonprofit partnerships. City and county samples are combined.

Source: *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government, 2003*

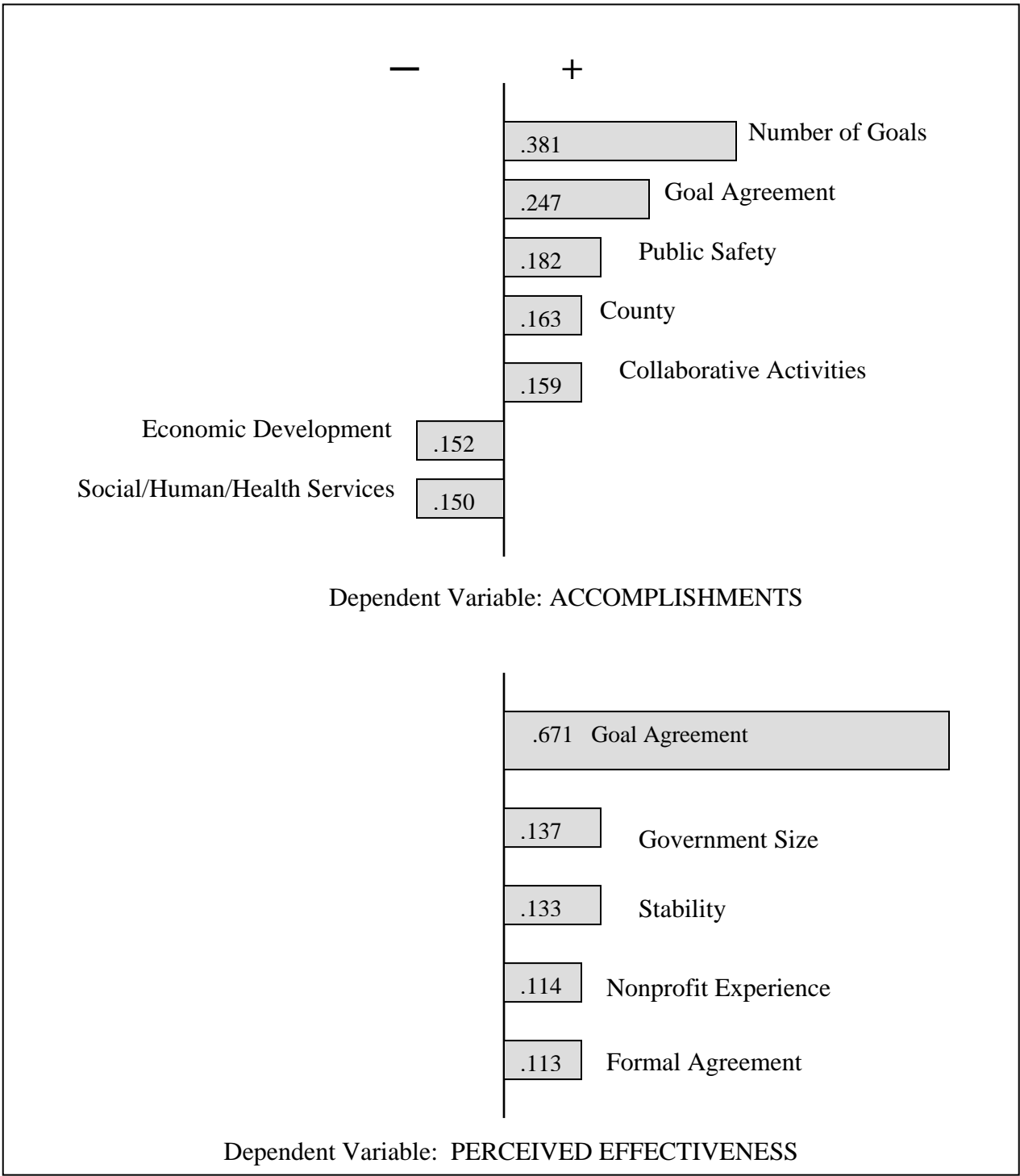
**Table 8.2 The Impact of Partnership Characteristics on Accomplishments**

| Dependent Variables<br>Independent Variables | Accomplishments<br>Unstandardized Coefficient<br>(standard error) | Perceived Effectiveness<br>Unstandardized Coefficient<br>(standard error) |
|--|---|---|
| <b><i>Partnership Characteristics:</i></b>   |   |   |
| Size   | .249<br>(.575)  | -.057<br>(.123)   |
| Stability                                    | .487<br>(.425)  | <b>.157**</b><br><b>(.088)</b>  |
| Central Leadership                           | .160<br>(.728)  | .080<br>(.152)  |
| Government Control                           | -.081<br>(.742)   | .000<br>(.999)  |
| Formality                                    | -1.003<br>(.744)  | <b>.254*</b><br><b>(.162)</b>   |
| Number of Goals                              | <b>.611***</b><br><b>(.142)</b>                                   | .001<br>(.030)  |
| Goal Agreement                               | <b>1.168***</b><br><b>(.365)</b>                                  | <b>.751***</b><br><b>(.078)</b>   |
| <b><i>Policy Area</i></b>                    |   |   |
| Public Safety                                | <b>2.166**</b><br><b>(1.102)</b>                                  | .196<br>(.233)  |
| Economic Development                         | <b>-1.655*</b><br><b>(1.020)</b>                                  | .036<br>(.218)  |
| Social/Human/Health Services                 | <b>-1.542*</b><br><b>(1.040)</b>                                  | .199<br>(.221)  |
| <b><i>Institutional Characteristics:</i></b> |   |   |
| Level of Collaborative Activity              | <b>1.087**</b><br><b>(.607)</b>                                   | -.026<br>(.133)   |
| Government Size                              | .124<br>(.259)  | <b>.095**</b><br><b>(.056)</b>  |
| Nonprofit Experience                         | .756<br>(1.394)   | <b>.464**</b><br><b>(.272)</b>  |
| City(0) / County (1)                         | <b>1.584**</b><br><b>(.815)</b>                                   | .123<br>(.175)  |
| Intercept                                    | .107<br>(2.224)   | <b>2.367***</b><br><b>(.458)</b>  |
| N  | 116   | 124   |
| Adjusted R <sup>2</sup>                      | .446  | .514  |

\* Statistically significant at p < .10 (one-tailed test)

\*\* Statistically significant at p < .10 (two-tailed test).

\*\*\* Statistically significant at p < .01 (two-tailed test).



**Figure 8.1 Relative Impact of Independent Variables on Outcomes (Based on a comparison of standardized coefficients/beta weights)**

## Impact of Partnership Characteristics

Table 8.2 and Figure 8.1 display the estimated impact of a list of internal partnership characteristics and external conditions on two forms of partnership outcomes: reported accomplishments, and the perception of partnership effectiveness. Table 8.2 presents unstandardized coefficients for all variables included in the full model. Figure 8.1 narrows the analysis by displaying only those variables found in the model to have a statistically significant impact on either dependent variable. While the figures presented in Table 8.2 represent unstandardized coefficients, the standardized version of the same coefficient has been substituted in Figure 8.1. The standardized coefficients, or beta weights displayed in Figure 8.1 allow us to compare the explanatory strength of each independent variable to that of other independent variables and, thus, to rank their influence on the dependent variables (O'Sullivan & Russel, 1999, 440-441).<sup>68</sup> The resulting graphic emphasizes the substantive significance of the prediction equations.

The results of both regression models suggest that among the partnership characteristics hypothesized to influence outcomes, **goal agreement** has the strongest impact. Holding other variables constant, a one point increase on the four-point scale reflecting goal agreement among partners increases the value of reported accomplishments (such as service improvements) by more than one point (1.168) on a scale of 0 to 22, and increases the perceived effectiveness of the partnership by three-quarters of a point (.751) on a seven-point scale. We find a particularly

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<sup>68</sup> Beta weights are produced by standardizing each regression coefficient so that its mean is zero and its standard deviation is 1.0.

strong association between goal agreement and perceived effectiveness, where this variable explained the bulk of the variance in the model.<sup>69</sup>

As Figure 8.1 illustrates, we see the strong contribution that **goal agreement** makes to the performance of both models. This influence is seen particularly in the connection between **goal agreement** and **perceived effectiveness**. As Figure 8.1 illustrates, most of the explanatory power of the model is associated with the influence of goal agreement on perceived effectiveness. By contrast, when **goal agreement** is included in the model explaining **accomplishments**, its explanatory power is more evenly matched with other characteristics of the partnership and its environment (e.g., jurisdiction and policy area).

A second area of inquiry addressed the impact of formal agreements on outcomes. In Table 8.2, we find that the dummy variable **formality** predicts the perception of partnership **effectiveness** at statistically significant levels ( $b = .254, p < .06$ , two-tailed). The association between **formality** and **accomplishments** falls outside the bounds of statistical confidence using a two-tailed test. Thus, we find support for a claim that perceptions of effectiveness are influenced by formal agreements even when outcomes are not (see Discussion, below).

This analysis also finds an association between partnership **stability** and outcomes in the case of perceived effectiveness. While the association is statistically significant, Figure 8.1 suggests that the impact has less substantive significance. When partnerships that are three to six years old are compared to those two years old or younger, the perceived effectiveness of the partnership will increase by only about 16 percent of a point ( $.157, p < .08$ , two-tailed) on a

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<sup>69</sup> Associations are statistically significant at a confidence level of  $p < .005$  or better in both models. All significance levels describe the probability at which we can reject a null hypothesis of no effect. Thus, a statistical significance level of  $p < .01$  suggests that in similar models, there is a 1 percent or less probability of finding the independent variable in question has no impact on the dependent variable.

seven-point scale. The same magnitude of effect occurs when partnerships older than seven years are compared to younger partnerships.

As expected, the number of goals will increase the reported accomplishments of government-nonprofit partnerships. According to Table 8.2, and holding other variables constant, each increase in the number of aggregate goals reported by respondents increases the reported value of accomplishments by more than half a point (.611) on a 22-point scale. The same effect was not seen when predicting the impact of goals on perceived effectiveness.

Table 8.2 also suggests that when the policy area in which the most active collaboration takes place is considered, all three policy areas included in these models approached or surpassed the bounds of statistical confidence when they were used to predict **accomplishments**. After applying dummy variables to the model to represent partnerships in three different policy areas, the resulting model suggests that partnerships occurring in the area of **public safety** have a higher number of reported accomplishments (coefficient of 2.166,  $p < .05$ , two-tailed), partnerships in **economic development** have fewer accomplishments (-1.655,  $p < .11$ ), and partnerships in **social, human and health services** also have fewer accomplishments (-1.542,  $p < .14$ ). These policy areas had no influence on perceived effectiveness.

The remaining independent and control variables related to partnership characteristics -- the **size** of the partnership, the presence of **central leadership**, and **government control** -- did not return associations at statistically significant levels for either dependent variable. In fact, these models offer little guidance on whether the relationship between these indicators and outcomes can be expected to be positive or negative.



### Impact of Institutional Characteristics

All of the four variables reflecting institutional characteristics (i.e., the size or activities of Georgia city and county governments) are found to have a statistically significant predictive effect on one outcome, but not on both. While a finding of a predictive effect on both dependent variables would have strengthened the conclusions that can be drawn, such results do still suggest that institutional characteristics of the local government, and perhaps certain community characteristics, have a strong influence on outcomes. However, these associations do not always occur with much substantive significance.

For example, the variable with the strongest influence on outcomes is the **level of collaborative activity** in which the local government is engaged. The results of this model estimation suggest that an increase in one unit, or from one activity to two to four joint activities (e.g., information sharing, joint planning) will increase the value of reported accomplishments by one (1.087) but will not increase perceptions of partnership effectiveness (confidence levels of  $p < .08$  for accomplishments,  $p < .84$  for effectiveness). Further, an increase in the number of activities by two units, from one to five or more (the mean in this sample was about 3.0 activities) can be expected to increase the value of reported accomplishments by about two. In simpler terms, a public manager will require a substantial increase in collaborative activities with a nonprofit partner to generate more than a small (roughly 10 percent) increase in the value of the accomplishments, holding other factors constant. Such results suggest that the association between the collaborative experience of the government and partnership accomplishments, although statistically significant, has less practical significance.

**County** governments report a slightly higher level of accomplishments than do city governments (an increase of 1.584 on the 22-point value scale,  $p < .05$ , two-tailed). The impact

of a county jurisdiction occurs even after controlling for associated variables such as **government size**. Regarding effectiveness, small increases are seen in the perception of partnership effectiveness within larger governments, but jurisdiction by itself has no statistically significant impact.

Also explored in this model was the influence of the **nonprofit experience** of the public manager on outcomes. The results produced in this regression model suggest that government respondents who have worked with, or volunteered for a nonprofit organization will report better outcomes in nonprofit partnerships than those with no nonprofit experience. The presence of a county or city chief administrator with nonprofit experience can be expected to increase his or her perception of partnership effectiveness by one-half a point (.464) on a seven-point scale (results statistically significant at  $p < .09$ , two-tailed). However, nonprofit experience on its own does not appear to contribute to an increase in the actual accomplishments of partnership.

## **Discussion**

This exploration of the influence of partnership and institutional characteristics on collaborative outcomes has confirmed some associations theorized in earlier literature, and has also uncovered some intriguing connections that deserve future exploration. Other associations found to exist in earlier research were not confirmed, although they might still occur among other types of organizations or in partnerships with different patterns of involvement.

We find first that the strong association between goal agreement and outcomes found in other research is also confirmed here. The duplication of its effect in two models employing two dependent variables validates its inclusion in this and further research. The results also strongly suggest that the policy area in which a collaboration occurs will influence the magnitude of the

results that can be expected. They suggest that public-private partnerships in the area of police services, fire services and emergency response can expect greater levels of accomplishment than partnerships in other policy areas, and that accomplishments in the area of economic development and social/human/health services will be harder to achieve.

While the statistical associations found between policy area and outcomes are rather weak at times, the implications of this connection are quite important to future research. This study has argued that policy or service area represents a dimension to public-private partnerships that has been overlooked by many researchers. The findings presented here and in Chapter Six suggest that the policy area will influence not only the characteristics of partnerships, but their outcomes as well. Explanations for these differences may lie in the amount of political support behind joint efforts in different policy areas, in the amount of public financial support, or in the complexities of the various partnerships.

No statistically significant association is found between governmental control over a partnership and either actual or perceived effectiveness of the partnership. Thus, this analysis cannot confirm the argument raised hypothetically by Altman-Sauer et al. (2001) that control over a partnership will improve the perceptions of its success. However, a close connection can be made to this line of reasoning with the finding that formal agreements increase the perception of success. As noted elsewhere in this study, formal agreements of one sort or another are considered by proponents of privatization to be the bedrock of public-private partnerships, to the extent that “contractual agreements” constitute the unit of analysis in most studies of privatization. Based on agency theory, they are considered a source of governmental control because they represent the principal means by which a government can hold private sector providers accountable for results (Van Slyke, 2003).

This study not only discovered earlier that half of the nonprofit partnerships reported by Georgia local government do not involve contracts or letters of agreement, but also finds here that the contract has no influence on reported accomplishments among Georgia government-nonprofit service delivery partnerships. The implications we can draw from such as result are discussed further in the chapter summary.

While a substantive and interesting connection was made here between nonprofit experience and perceived effectiveness, the same connection was not made with actual results. While the lack of an impact on outcomes could signify that the connection has less practical value for partnerships, the positive impact that knowledge of the nonprofit sector brings to government activities could very well support collaborative efforts in other helpful ways. In addition, this finding of a stronger association between nonprofit experience and perceptions of partnership effectiveness than between experience and actual accomplishments makes sense when one considers that the perceived effectiveness of the partnership may be more closely aligned with an understanding of the nonprofit sector. Experience with nonprofit organizations could foster a more positive attitude toward their engagement with government and a stronger understanding of the ways the sector could contribute to public service delivery.

The size and stability of government-nonprofit partnerships were considered in this analysis to represent two central and important measures of a partnership's scope. Support for the effect of size on accomplishments was not found in this analysis. Moreover, stability, measured by the age of the partnership, was found to be associated with perceived effectiveness but not accomplishments.

The source of the association between partnership age and perceived effectiveness, but the weak influence of age on outcomes, requires further exploration. We may see evidence of a

sort of “grade inflation” in older programs and partnerships, where partners treat the program more favorably because it has lasted so long. Still, it would be premature to conclude that a perception of greater effectiveness in older partnerships is based on the greater stake that partners have invested in these longstanding partnerships. Although public managers may feel the need to justify a mature partnership’s greater claim on resources through claims of greater accomplishments, research also suggests that younger partnerships may require a greater investment of time and resources to get them started than do older partnerships. Other research focused more centrally on the evaluation of outcomes would be able to address this question.

### **Summary and Implications**

The results presented in this chapter support earlier research and theoretical development in certain ways, but also suggest some value in alternative approaches to collaborative research. Connections between a partnership’s level of goal agreement and its accomplishments, found in earlier research, are confirmed here as well. The results of this model also highlight the potential impact (either positive or negative) of policy area on partnership results, and certainly justify inclusion of this factor in all subsequent empirical analysis. This study also confirms that management and network theories about the role that experience can play in building trust and familiarity between organizations can also be extended to include partnerships between the public and nonprofit sectors.

Within the entire sample, the impact of nonprofit experience on perceived partnership effectiveness is positive. However, as found in both Chapters Seven and Eight, inter-sectoral experience can -- in limited circumstances -- also increase the expectation of negative results. In short, inter-sectoral experience appears both to help and hinder partnership development. The

reasons behind this outlook on partnership require further exploration. However, based on the finding at a number of points in this study of a strong association between the motivation to partner and concerns about management capacity, we might hypothesize that these mixed perceptions emerge when those with partnership experience recall the demands that partnering placed on their time and resources. Again, as noted earlier, this study has found that capacity concerns are reported more highly than are the traditional concerns expressed in the literature about private-sector accountability and sectoral roles. In any case, further exploration of these issues with questions centered more squarely on the potential obstacles to collaboration is warranted.

Left for future analysis is the influence on these same questions of sectoral (i.e., government or nonprofit) status. The model presented in this chapter addressed only the perceptions of public managers. Based on the findings, and based on the finding in Chapter Seven of some value in a comparative approach, this model warrants testing on the nonprofit sample to further validate the findings.

The findings also make a case for further research regarding the role of formal contracts in partnerships, particularly regarding their effect on actual versus perceived outcomes. The results produced here -- which suggest that contracts may have a stronger impact on perceptions of success than they do on actual outcomes -- confirm earlier research by Brown, O'Toole and Brudney (1998) but do not necessarily discount the strong emphasis that earlier researchers have placed on contracts in relationships. Forms of partnership based on contracts continue to represent a specific unit of analysis deserving of examination in and of itself. Moreover, associations between formality and outcomes could possibly be found if other dependent variables were employed. It would be theoretically sound to expect, for example, an association

between partnership formality and the perception that the nonprofit partner is appropriately *accountability* to the public sector.

Nevertheless, these results suggest that our understanding of private sector engagement in public service delivery could be greatly expanded, in potentially important ways for theory building, if we looked beyond the contract. This study suggests that researchers of privatization efforts are missing a sizeable portion of public-private engagement when they ignore informal partnerships. Moreover, the results produced in this study clearly imply that partnership outcomes are dependent on more than its formal characteristics.

The following chapter concludes this study. This chapter will summarize these findings and define the ways in which they can improve our understanding of government-nonprofit partnerships. This study's empirical and theoretical contributions, and the implications these contributions have for theory and practice, are also described.

## CHAPTER NINE

### CONCLUSION

#### **Goals and Context of this Study**

What motivates local governments and private, charitable organizations to join together to deliver a public service? How often does collaboration occur? What do these partnerships look like? What do they accomplish? And what community or institutional characteristics will foster or hinder collaboration?

Public management and economic research has accumulated a store of information to describe the rapid growth in the privatization of public services and its influence on public policy. Organizational behavioralists have also developed well-rounded theories to describe the nature of inter-organizational cooperation, its goals and potential accomplishments. Scholars of government-nonprofit relations have recently laid the groundwork for an exciting, multi-dimensional approach to answering the above questions. Yet, these questions remain largely unanswered, due in part to the relative youth of related scholarship, but also to the limited perspectives of some disciplines.

This concluding chapter revisits the research questions that framed the analysis, the state of the field regarding the study of government-nonprofit partnerships, and this study's intended theoretical contributions. A summary of the research framework and methodology follows, with a review of their principal strengths and limitations. The principal focus of this chapter is then on the major themes and findings this study has generated, and their implications for practice, theory, and future research.



This study has employed a three-stage research framework to test ten hypotheses that can help us understand the characteristics that foster and shape government-nonprofit partnerships. The three stages of the analysis examine, first, the community and institutional characteristics that can foster government-nonprofit partnerships; second, the scope and nature of these partnerships; and, third, their accomplishments. Using service delivery partnerships in Georgia communities as its unit of analysis, this study has relied on survey and demographic data to produce an empirical study of these relationships.

Two samples were drawn from city and county chief administrative officers (e.g., county clerks, city managers, mayors) and from nonprofit executive directors representing a targeted list of 501(c)(3) charities within the State of Georgia. Recommended practices for probability sampling using mail surveys were used to generate samples of 311 Georgia public managers and 252 nonprofit executives. The response rates, respectively, of 47 percent and 27 percent surpassed confidence bounds for random samples and permitted generalizability of the conclusions to the full sampling frames of Georgia public and nonprofit institutions. The use of parallel surveys of the public and nonprofit sectors, and the employment of large samples to further stratify the cases according to various dimensions of interest, permitted the comparative and multi-dimensional perspective that underlies this study.

Data analysis was based principally on logistic and OLS regression models, independent sample difference of means tests, and contingency table analysis. All conclusions made from the analyses are based on statistical techniques using conservative standards of probability and reliability. These statistical tests permit, with a high degree of confidence, the extension of the conclusions that were made regarding inter-sectoral dynamics to similar cases and units of analysis.

This study maintains that because government-nonprofit partnerships lie at the nexus or point of intersection between the public and private sectors and their related disciplines, a multi-disciplinary perspective will offer the best means of answering the questions posed above. Some scholars have noted the absence of an effort to cross-reference material from one discipline to another as a weakness of much of the current social science research (Huxham & Vangen, 2001). The traditional perspectives employed by each discipline will limit their ability to describe an organizational phenomenon that crosses their traditional scholarly and theoretical boundaries. Collaboration theorists, for example, have not expanded their focus to account for the additional difficulties introduced by *inter-sectoral* collaboration. In such cases, their perspective on inter-organizational cooperation may offer a useful context in which to view government-nonprofit partnerships but may also be overly optimistic regarding the outcomes.

On the other hand, both economists and public managers tend to harbor a rather cautious, even negative, perspective on the involvement of charitable organizations in public service delivery, based on their ability to threaten traditional norms regarding public accountability through hierarchical control. As a result, much of the public management research is conducted under the assumption that accountability in privatization requires certain tools of control, such as a formal contract. Extensive privatization research has found that cost-savings and service expansion represent the two principal goals of privatization, but this research has not included goals considered in other fields to be important to collaboration, such as the desire to improve inter-sectoral relationships. Assumptions both about the goals of inter-sectoral partnership and its formality have been tested in this study. This study also tests the level of public officials' receptivity toward nonprofit partnerships.

Furthermore, “public-private partnerships” have been considered a relatively minor form of privatization, and little if any attempt has been made to chart their frequency and form. As a consequence, we still lack a thorough understanding of basic issues such as how often such partnerships occur, what they do and how they do it. Thus, one of this study’s objectives was to quantify the frequency of a common form of inter-sectoral collaboration -- the service delivery partnerships developed by local governments with nonprofit organizations. A second objective -- and one that illustrates the value of an inter-disciplinary approach -- was to apply and test common definitions of “collaboration” on this form of privatization to further our understanding of the joint activities that actually occur between local governments and nonprofit organizations, whether inside or outside of traditional contractual activities.

This study is by no means the first to illustrate the potential contribution that an inter-disciplinary and multi-dimensional approach can make to an understanding of government-nonprofit partnerships. Scholars of government-nonprofit relations have advanced perhaps the farthest in explaining the dynamics between sectors based on qualities such as resource dependence and goal agreement. Even then, however, the research is fairly recent and the contributions principally theoretical. In this respect, this research study has intended to make its contributions either by testing in a particular context (that of local government-nonprofit service delivery partnerships) the factors found by government-nonprofit scholars to have explanatory value elsewhere (such as power asymmetry), or by introducing new factors to this particular context that scholars from other disciplines have proposed. These new factors included such potentially important qualities as the amount of government engagement with volunteers, a local government’s fiscal health, and the nonprofit experience of public managers -- all potentially

helpful in predicting collaborative tendencies -- as well as the role of stability, formality, and goal agreement in predicting outcomes.

This study has also drawn on a fourth field, that of network theory, to test variables that are found in networked structures to be instrumental in predicting organizational outcomes. Although this study has clearly demonstrated that many of the nonprofit partnerships found in Georgia local governments are too limited to be considered networks, it has nevertheless supported the application of characteristics found to be influential in explaining networks, including goal agreement and stability, to studies of inter-sectoral partnerships in both networked and non-networked forms.

The potentially complementary nature of these various theoretical approaches is seen in the common interest they express in certain central issues such as goal agreement, leadership and trust when describing inter-organizational relations of any kind. The multi-dimensional approach underpinning this study has also been extended to test the influence on partnership structure and outcomes of two additional dimensions: those of the policy area served by the partnership and the government or nonprofit status of the principals. On the second issue, because comparative studies are relatively rare, this study hoped to illustrate the potential contribution that sectoral status could make to our understanding of why organizations enter or do not enter inter-sectoral partnerships and what they hope to achieve when they do. Differences, should they occur, would be useful both to practitioners and to academics from both the public management and nonprofit fields. Such differences would help these audiences to identify the characteristics of partnerships that most influence their achievements, along with the external or environmental factors that foster or inhibit their formation.

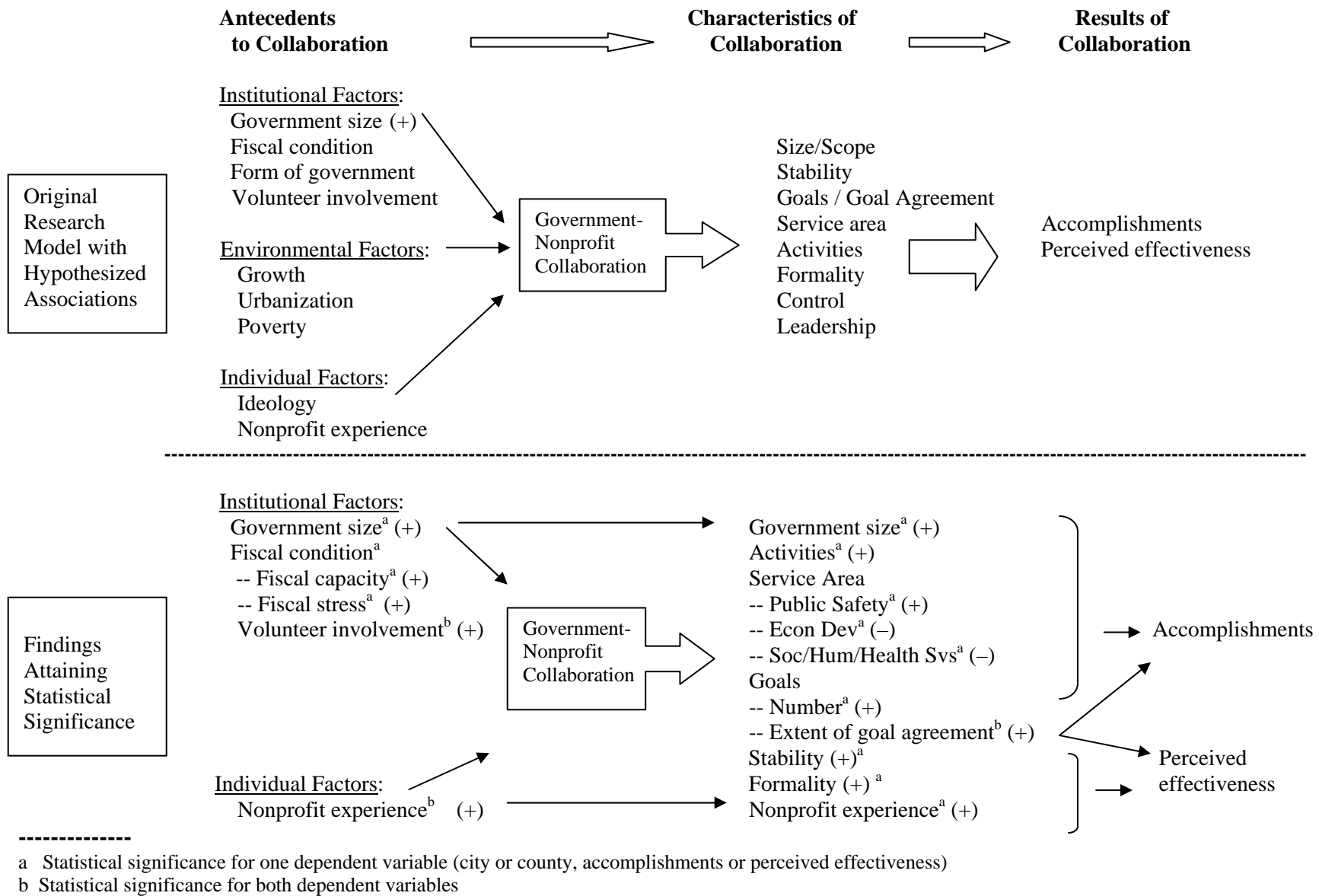
## Principal Findings

This study introduced in Chapter Three a research model that tested the influence of many of these internal, institutional characteristics and external, environmental factors on partnership formation and outcomes. These factors included, at the first stage of analysis, local government size, fiscal health, professional form and use of volunteers; the nonprofit experience and political ideology of the chief administrative officer of the city or county government; and population change, poverty and community rural level. The second stage of analysis examined the internal, structural characteristics of centrality, control, shared decision-making, policy arena, collaborative activity, partnership goals, and partnership stability. The third stage tested the influence of selected factors on achievements, including the breadth of goals within partnerships, the level of perceived goal agreement, partnership size, stability, central leadership and government control, policy arena, and government size and nonprofit experience. Together, these factors comprise the first comprehensive model of local government-nonprofit partnerships subject to extensive empirical testing.

Figure 9.1 on the following page presents both the original research model with its hypothesized associations, and also a second model that displays only those findings found to have statistical significance in the data analysis. The two models allow the reader to understand which hypothesized associations found support in this study. The level of statistical significance, based on whether the associations met confidence bounds for one or both dependent variables at each stage of analysis, is indicated in this figure.<sup>70</sup>

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<sup>70</sup> Levels of statistical significance are at  $p < .10$  for one-tailed tests, and  $p < .05$  or less for two-tailed tests.



**Figure 9.1 Summary of Findings and their Relationship to Research Model**

Each chapter in this study has included a comprehensive summary of findings, a discussion of their relationship to the proposed hypotheses, and a discussion of their implications for future research. This concluding chapter presents a thematic summary of these results, grouped according to the possible ways in which they contribute to earlier research and theoretical development. Thus, based on what we have learned in each of the earlier chapters, the following themes have emerged:

### **Certain Institutional Factors Contribute to a Collaborative “Culture”**

This study developed a predictive model of collaborative frequency in Georgia local government, employing logistic regression analysis to test the influence of various demographic, institutional and individual characteristics on a city or county government’s involvement with nonprofit organizations. Two factors appear to be particularly influential in predicting service delivery partnerships: institutional capacity and shared experiences. This study suggests that government fiscal capacity and fiscal health, which has been found to predict privatization levels, could also increase a county government’s ability to engage with nonprofit organizations. Although direct measures of fiscal capacity and health were not available for Georgia cities, a related association was found through the size of the city government’s budget, where larger cities were more likely to engage in nonprofit collaboration. Government size was also positively associated with the scope or number of collaborative activities. None of the environmental factors was borne out.

A later stage in the data analysis, in which attitudes toward collaboration were examined, also supported the link to organizational capacity considerations. When compared to nonprofit leaders, government leaders expressed greater concerns about having the staff or resources to

engage in inter-sectoral partnerships. In fact, we find throughout this study a general receptivity on the part of public managers toward engaging nonprofit organizations in public service delivery. This positive sentiment toward nonprofit collaboration is also reflected in very limited expressions of concern (generally less than one-quarter of the government sample) about the possible negative impact of collaboration. Where collaborations have not occurred, public managers are much more likely to cite capacity considerations, a lack of need, or weak existing relationships with nonprofit organizations than they are to express reservations about nonprofit quality or the unsuitability of nonprofit involvement in public service delivery.

While later stages of the data analysis find that a collaborative experience often alleviates concerns when they do appear, it is the first stage of the analysis, in which qualities are examined that may foster inter-sectoral engagement, that offers one of the most intriguing connections in this study. We find in this analysis that a public manager's nonprofit background plays an important role in fostering partnerships, possibly by removing the wall between the sectors due to a lack of shared norms. This study also finds the same connection with government volunteers, where the extent to which various government departments involve volunteers is positively associated with the likelihood of nonprofit partnership.

The specific role played by volunteers requires additional confirmatory research. The connection suggests, however, that government volunteers might help to bridge the gap between sectors and build intersectoral trust and familiarity. Thus, not only the collaborative experience itself but other unrelated experiences that help public managers to understand the nonprofit sector and its role in meeting public needs could contribute to building the shared norms considered so essential to fostering inter-organizational collaboration.



## **Collaborative Activity in Local Government is Varied in Form, and Broad but not Deep**

In Georgia, at the local level, government engagement with nonprofit organizations is fairly widespread, but limited in scope (i.e., number of organizations involved, relative maturity of partnerships) and depth (i.e., level of collaborative activity). While one-half to three-quarters of city and county governments are engaged in service delivery partnerships with at least one nonprofit organization -- e.g., an economic development council, volunteer fire department, social and human services agency or humane society -- most of these partnerships involve just one or two nonprofit organizations, and few involve more than a limited exchange of staff, information or other resources. The most active local partnerships were also found to occur in many different policy arenas, although they occur with the greatest frequency in the three areas of social/human and health services, economic development, and public safety/emergency response. Although the scope and depth of these partnerships is limited, the overall frequency of collaboration reported by study respondents is well beyond the frequency reported in privatization studies, where public-private partnerships appear as a relatively minor and underutilized tool of government.

Finally, the data suggest that collaborative activity takes many forms in Georgia. A factor found to be particularly important in defining the scope, nature and purpose of a local partnership is the policy area that the partnership serves. Partnerships varied widely by service sector in terms of their size, age and forms of leadership. The policy area in which a partnership operated played an influential role in determining the perceived effectiveness of the partnership. Large, networked service delivery programs involving dozens of public and nonprofit agencies were found to be relatively rare in Georgia, occurring only in a few metropolitan areas and in limited policy arenas (particularly public safety/emergency response and social/human and

health services). Such results imply that attempts to improve inter-sectoral relations (for example, through the Three-Sector Initiative; see Fosler, 2002) will likely be more successful when they take a nuanced or contingent approach.

Future research might benefit from a comparison of the dyadic (single partner) relationships versus the larger and more networked partnerships. For example, the greater complexity of management within the partnerships that involve many nonprofit organizations -- and, perhaps, several government agencies -- may result in a very different outlook on partnership expectations and results. Given what we have learned in this study about the value that sufficient managerial capacity brings to partnership formation, the connection between complexity and outcomes requires more attention.

### **Formal Agreements Play a Minor Role in Partnerships**

Two useful findings result from this study regarding the role of contracts in government-nonprofit partnerships. First, the study finds that formal agreements, which occur in about two-thirds of its cases, play a relatively minor role in contributing to the outcomes of partnership. In fact, they do not seem to be particularly necessary elements of partnership success. Contracts, rather, play their strongest role in enhancing the *perception* of partnership success. These conclusions were based on a regression model testing the influence of various partnership characteristics and environmental conditions on partnership accomplishments (Chapter Eight).

Such a finding would be consistent with the greater importance that public managers are believed to attach to contracts as a form of accountability in privatization activities. It is also consistent with this study's findings regarding the influence of informal partnership attributes on outcomes, such as the role of previous inter-sectoral experience. However, this study has also

observed that city and county governments often devise other means outside of formal contracts to maintain control over partnerships. Georgia public managers report that they exert greater authority in the informal partnerships rather than the formal contracts. Thus, governmental control over partnerships takes multiple forms, and local governments appear, at least to some extent, to orchestrate a tradeoff between formality and control in nonprofit partnerships. As a result, shared decision-making -- one of the assumed characteristics of collaboration -- is relatively infrequent in Georgia.

This conclusion may or may not represent an issue of concern to scholars of inter-organizational and government-nonprofit relations. If greater governmental control over partnerships contributes to the more negative attitudes toward partnership exhibited by nonprofit executives in this study (when compared to public managers), there may be cause for concern. This connection should be explored in future research. However, the resulting alliances may also represent an attempt by the principals to strike a balance between too much and too little control over partnerships -- a balance that may be a necessary quality in partnership longevity. Still to be teased out in future research is the difference between “leadership” and “control” in these relationships, the extent to which internal infrastructures and interpersonal connections are able to substitute for formal systems, and the impact these qualities could have on outcomes.

Secondly, this finding regarding the relatively minor role played by formal agreements supports the principles of exchange theory, particularly observations by O’Toole (2003) and Bardach (1998) that exchanges among organizations can extend beyond formal agreements to trade resources for results. Here, we also find an expectation among government and nonprofit parties in both formal and informal relationships that each will receive something it values highly

(for nonprofits, financial resources, and for governments, the greater capacity to meet public needs offered by joint efforts with nonprofits).

### **Partnerships Are Driven by a Mix of Goals**

The public management literature describes efficiency as one of the two principal goals of privatization efforts (along with service expansion), even as scholars caution that the pursuit of savings can be elusive (see for example, Rainey, 1997; Savas, 1987; Sclar, 2000). In this study, we find the pursuit of cost-savings is less important to public managers than is their ability to expand public services (ranked first) and to build relationships between the sectors (ranked second). Cost-savings are equally elusive when the accomplishments of these partnerships are reported. Rather, what appears to be most important to public managers and nonprofit executives alike is a combination of goals grounded in a desire to secure those resources that are scarce for their sector. Thus, governments seek expertise and the ability to expand services beyond their capacity, and nonprofit organizations seek resources. In this respect, the development of partnership goals is more consistent with exchange theories, and the expectation based on the privatization experience that these partnerships will generate specific outcomes related to cost-savings finds little support.

The data also introduce a cautionary note regarding who wins and who loses in the “exchange.” We find that the sampled local governments generally achieve their goals, but that half or fewer of nonprofit organizations report achieving their own principal goal of new funding through collaboration. This difference between sectors in reports of positive results suggests that nonprofits may end up as the more disappointed party in the exchange.

Earlier, this study raised the question of whether this difference between goals and achievements was perceptual or evidence of a “crowding out” phenomenon. This question requires additional research, perhaps through an economic treatment of resource gains and losses within partnerships, or through further attempts to distinguish attitudes from actual experiences within these partnerships. Perceptual differences, for example, might be reflected in higher expectations on the part of nonprofit managers and lower expectations (and greater satisfaction with any positive result) on the part of public managers. Perhaps, nonprofit managers feel that they have more at stake than do public managers -- again, a potential capacity issue -- and, therefore, evaluate limited and disappointing results more harshly. Alternatively, local governments may gain more than nonprofit organizations, and these results reflect nonprofit disappointment with this outcome.

### **Implications for Practice**

This study has attempted to include the substantive (along with the statistical) significance of findings in its discussion to ensure the analysis also serves the needs of public and nonprofit managers. The following points serve as recommendations to practitioners regarding how the data can be used and, thus, constitute the more prescriptive piece of this summary chapter. Based on what we have learned from these government and nonprofit samples, three issues have useful implications for practice:

#### **Inter-Sectoral Experience Builds Relationships**

The earlier discussion of the role that inter-sectoral experience can play in fostering collaboration suggests a useful link for public managers between their knowledge of the

nonprofit sector and their ability to expand public services through public-private partnerships. Partnerships are built on relationships, and public managers interested in privatization activities that involve nonprofits might wish to deepen their understanding of the nonprofit sector through voluntary activities. Likewise, should they wish to develop opportunities for future partnership, nonprofit organizations may find it pays to involve government leaders in their activities. Typical ways in which this involvement might occur include local government membership on nonprofit boards of directors and advisory committees, and attempts to secure local government participation in marketing, community outreach and fundraising activities.

### **There is No “Typical” Collaborative Partnership**

Most government and nonprofit managers make use of at least some of the enormous amount of “best practices” literature that is available to guide managerial decisions within public and private organizations. Such literature is only in its infancy when it comes to the phenomenon of inter-sectoral partnerships, and its use is not recommended. We find in this study that the size and form of government-nonprofit partnerships vary widely, and that it is, in fact, impossible to define a “typical” collaborative arrangement. Some activities or characteristics of partnership (such as a contract) may matter under certain circumstances, and are quite likely not to matter under others. In fact, this study suggests that the outcomes a manager can expect from a partnership will also depend on the characteristics of the partnership, including its size, age and policy arena. The most useful managerial tools for practitioners will make use of existing and future research on the possible dimensions of a partnership and will give due consideration to how these various dimensions (e.g., formality/informality, size, age and policy area) could affect managerial practices.

## **Partnerships Can be Beneficial, But Possibly Not in Equal Amounts**

As reported in Chapter Seven, this study finds that most participants in government-nonprofit partnerships focus their objectives on securing the resource that is traditionally scarce for their sector: capacity to expand services for local governments, and resources for nonprofit organizations. Both sectors frequently report achievements (e.g., cost-savings, better services) and appear to be generally satisfied with the results of their joint efforts. The reported benefits of partnership are widespread, and include both anticipated benefits such as service expansion and unanticipated accomplishments like volunteer generation.

However, threads of discontent surface in both sectors. While public managers are generally eager to partner with nonprofit organizations, some imply that their employees and political leaders may resist nonprofit involvement. For their part, nonprofit executives report they achieve less and gain fewer cost-benefits through partnership than do public managers. Their responses also suggest that all partners must acknowledge the limitations on what these partnerships can achieve, especially regarding the acquisition of new funding or the ability to reduce competition between the sectors through partnerships.

Thus, while the reasons for entering partnerships are generally quite pragmatic and while the benefits are generally achievable, widespread, and include both the anticipated and unanticipated, these partnerships do not necessarily generate “win-win” relationships. Additional research that can compare the attitudes of members within the same partnership will help to confirm this conclusion. For the moment, these results imply that governments may be gaining more than nonprofit organizations through partnerships.

## **Theoretical Implications**

By deepening our grasp of an under-studied institution -- service delivery partnerships between nonprofit organizations and local governments -- this study has attempted to contribute to several associated academic fields. This study offers these potential implications thematically rather than separately for each discipline. The cross-sectional nature of this study, and its reliance on unmatched samples placed certain limitations on the conclusions that can be generated, and further testing and validation of many issues is warranted. Notwithstanding these limitations, the findings that emerged at each stage of the analysis tended to support one another and to confirm the central theme of this study: that our understanding of government-nonprofit partnerships will be enhanced by an inter-disciplinary and dimensional perspective. The major implications of the findings generated in this study are the following:

### **The Value of a Dimensional or Contingent Approach is Reinforced**

This study finds that certain dimensions previously explored in the literature, particularly those of organizational size and health, also have explanatory power in the context of local government-nonprofit relations. Other dimensions, such as the age of a partnership and the policy area it serves, were introduced and also found to explain partnership structure and outcomes. The contingent approach was also tested using two separate but related dependent variables associated with partnership outcomes and was found to influence results.

Thus, this study's findings support the position of scholars such as Becker (2001), Coston (1998), Grønbjerg (1987; 1993), Najam (2000), Thomson (2001) and others that our understanding of government-nonprofit relations depends on context and perspective. Contexts such as the partnership's policy arena, the community in which it occurs, the size and financial



capacity of the local government, and the experiential background of the government's chief administrative officer all play a role in supporting or inhibiting the frequency of collaboration, the shape it takes, and the value of its perceived accomplishments.

The main conclusion we can draw from these findings is that policymakers, scholars or practitioners must exercise caution in generalizing about "typical" government-nonprofit partnerships, especially across policy arenas or when they assume that studies relying on the contract as the unit of analysis will capture the full breadth of these relationships. This study finds no support for the assumption that the most active partnerships are contractual or -- when informal collaboration is included -- are even principally found in the traditional area of social and human services. We find that a description of the scope, frequency, qualities and characteristics of any partnership will vary considerably when contingent factors such as jurisdiction, policy arena and community size are considered.

### **The Value of a Comparative Approach is Reinforced**

This study compared cities with counties, collaborators with non-collaborators, and public with nonprofit managers. An exploratory analysis comparing partnerships with government funding to those without was also attempted and found to influence goals. The comparative approach to analysis offers important benefits to theory-building by testing concepts on more than one unit of analysis or in more than one context. In this study, each of these dimensions -- jurisdiction, collaborative experience, sector and funding -- was found to matter in determining the frequency of factors that foster collaboration, and in determining perceptions about the other sector or the advantages and disadvantages of partnership.

Among these dimensions, sectoral status was thought to be particularly important, based on previous research assigning distinct goals to each sector. We find that nonprofit or government status appears to matter only in certain and unexpected ways. Public managers and nonprofit executives are fairly closely aligned regarding the perceived advantages and disadvantages of collaboration, although the role of public funding in these partnerships influences the data. For example, this study finds that perceived benefits of partnership related to cost-savings and relationship-building predominate when government funding is involved, and that nonprofit organizations with government funding focus more narrowly on the benefits to be gained through program financing (as opposed to other benefits such as relationship-building) when compared to those nonprofits without government funding. This latter connection is consistent with our understanding of the impact of resource dependencies on the dynamics within these partnerships. Returning to sectoral differences, we also find that public managers are generally more optimistic than nonprofit executives about what they gain from public-private partnerships. Such a finding is not consistent with what we might expect given the generally negative tone of public management literature regarding nonprofit involvement in public service.

As might be expected, those with collaborative experience are generally more positive about the experience than those without. On its face, this finding would suggest that barriers to collaboration are in large part perceptual, and that the objections to collaboration reported by non-collaborators will largely disappear once they have some experience with the other sector. Yet, this study also finds that the achievements of partnerships appear to offer more real benefits to the government partner than they do the nonprofit partner. In fact, although nonprofit partners express greater interest in resource acquisition, government partners report new funding and

volunteers more frequently. The implications of this distinction will be quite important for practitioners since they will shape what partners can expect from collaboration.

### **The Value of an Inter-Disciplinary Approach is Also Reinforced**

This study hypothesized that several related fields of study could contribute to our understanding of government-nonprofit service partnerships. These results suggest that each discipline can make a strong yet relatively equal contribution in explaining local government-nonprofit partnerships. Certain institutional and community factors that privatization scholars suggest will explain private sector engagement, such as institutional capacity, are also found here to be important in predicting government collaboration with nonprofit organizations. Other factors, such as the elements of shared experience, trust, reciprocity, stability and goal agreement identified by collaboration scholars, also influence actual or perceived collaborative accomplishments. The potential influence of power dynamics, policy arena, and shared mission, identified by scholars of government-nonprofit relations, was also supported.

Salamon (1987; 1995) has been a particularly prominent advocate of efforts to forge independent theoretical ground for the study of government-nonprofit relations. This study confirms the value in such an approach by describing how related disciplines of management science, economics, policy studies and other fields can support investigations into inter-sectoral dynamics, but also in pointing out the eventual need to move further afield from any particular discipline in attempts to understand, comprehensively, forms of inter-sectoral partnership.

## Conclusion

Scholars have argued that “genuine collaborative arrangements” represent a new form of governance consistent with the forms of interdependence and shared control seen in networks (A. Gray, 2003, 5). Such relationships depend on shared control and risk, and a high degree of goal alignment. This study suggests that some, although certainly not all, of the relationships observed between Georgia local governments and nonprofit organizations could meet this definition. The high level of informality, and substantial role played by inter-personal relationships in predicting outcomes, suggests that in some instances, these partnerships have surmounted the barriers posed by political interests, distrust and incompatible aims to achieve such a form of joint governance.

The analysis of data in this study has made useful contributions to our understanding of both the structure and dynamics of these community partnerships; pointing out, for example, the value in shared norms, a supportive institutional culture and management capacity in building partnerships. However, to understand these partnerships more fully, this study has led us to an additional set of research questions that deserve future inquiry. These questions include the following regarding the internal dynamics of partnerships: What forms of exchange occur in these relationships and how can they be distinguished, or measured quantitatively and qualitatively? Can a more dimensional approach to the forms of exchange also include a more nuanced assessment of the role of non-binding, operational agreements in partnership activities? What more do we need to understand about the quality of collaborative partnerships and their relationship to outcomes? Are there collaborative forms that can avoid or transcend the possible negative outcomes? And, how and when is control exerted in these partnerships, by whom, and through what financial or material means?

Further questions regarding the collaborative environment might include the following: What is the nature of the link between volunteers and inter-sectoral collaboration found in this study? What specific forms of management capacity are most important to fostering and maintaining inter-sectoral partnerships? What shared experiences are most helpful in building trust and familiarity between sectors? Finally, what is the role of nonprofit availability in fostering inter-sectoral collaboration? As this study has already found, we can expect that the use of more than one theoretical lens will be most helpful in designing further approaches to understanding and addressing these questions.

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APPENDIX A

Survey of Volunteer and Nonprofit Involvement in Georgia Local Government

PART I: Volunteer Involvement in Local Government

As you answer this survey, please use the following definitions:

By "volunteers," we mean those people who work in a unit of your city or county government without any pay except reimbursement for out-of-pocket expenses. Please include both part-time and full-time unpaid volunteers who serve any local public agency, such as libraries, public schools, fire services, disaster assistance, sports and recreation, etc. To name just a few examples, these might include appointees to a planning commission or school advisory council, soccer coaches, emergency medical technicians, hotline volunteers, literacy tutors, or management experts donating their time to the city or county. Please do not include prisoners, interns, or volunteers who assist your government indirectly by working with private, non-governmental organizations such as nonprofit agencies, even if those organizations receive public funds.

1. Do volunteers assist your local government in any way? Volunteer activities might include advisory boards or direct services such as shelving library books, reading to seniors, sports coaching, office work or emergency response.

- YES NO (if NO, please skip ahead to Question 5)



2. In what area(s) do volunteers assist your local government? (Please check all that apply.)

- Arts / Culture / Museums Fire Parks / Recreation
Community action Finance / Fundraising Senior services / Aging
Economic development / Planning Health Social / Human services
Disaster planning / Emergency response Homeless / Housing Transportation
Education (K-12) Law enforcement / Corrections Youth development
Environment / Natural resources Libraries Other: \_\_\_\_\_

3. In order to understand the use of volunteers in your local government, please provide a few numerical estimates. Please feel free to check with other staff as necessary.

- a. In all, about how many volunteers are currently involved in any local government activity? Please include all activities and services.
b. Please give your best estimate of the total number of hours donated by volunteers to your local government in an average month:

4. Is there a person in your local government with recognized responsibility for volunteer involvement and/or coordination?

- NO YES -> If so, what is his/her job title?

What percentage of time does this individual devote to volunteer involvement and/or coordination? %

5. Is there a **volunteer resource center** in your community – an organization apart from your local government that promotes volunteer opportunities, recruits and places volunteers?
- NO       YES

6. To what extent, if any, has your local government implemented the following features?

| This feature has been implemented →  | To no extent             | To some extent           | To a great extent        |
|--|--------------------------|--------------------------|--------------------------|
| A written policy regarding volunteer involvement   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| A centralized office for volunteer coordination  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| A designated budget for the volunteer program  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| A paid volunteer coordinator or director   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Liability insurance for volunteers   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Screening or background checks for volunteers  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Training for volunteers  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Formal orientation for volunteers to government activities   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Ongoing training and professional development opportunities for volunteers to assume new jobs and greater responsibility | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Training for employees to work with volunteers   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Evaluation of volunteers   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Formal record-keeping for volunteer activities   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Job descriptions for volunteer positions   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Outreach activities to recruit volunteers  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Recognition activities for volunteers, such as award ceremonies  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reimbursement for the work-related expenses of volunteers  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

7. In the **next two years**, do you expect the amount of volunteer involvement in your city or county government to **increase, decrease, or stay about the same?**

Increase       Decrease       Stay about the same



If volunteer involvement will **increase**, from what sources do you expect to obtain the additional volunteer involvement? (Please check all that apply.)

Additional volunteer recruitment       Referrals from other organizations  
 More hours from current volunteers       Other (please specify) \_\_\_\_\_

8. If your local government presently involves volunteers, to what extent do you agree or disagree that it is gaining any of the advantages listed below from volunteers? If your government does not involve volunteers, to what extent do you agree or disagree that it would realize the advantages listed below by involving volunteers? Please answer the questions below whether or not your local government involves volunteers in service delivery.

| Do you agree or disagree that volunteers could or do:   | Strongly Agree           | Agree                    | Neither Agree Nor Disagree | Disagree                 | Strongly Disagree        |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| Help to build stronger collaborative relationships between government and nonprofit organizations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Help our local government to save money   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Help our local government to provide services we could not otherwise provide                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Help our local government to expand staff in emergencies and peak load periods                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Help to increase community support for government services and programs                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Help to increase the quality of public services and programs provided by our local government     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Help to provide perspectives or advice not otherwise available for elected officials or staff     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |

9. Some public officials give the following reasons for not using volunteers in service delivery. Whether or not your local government currently involves volunteers, to what extent do you agree or disagree that the following situations apply to your local government?

| Do you agree or disagree that these situations apply to your local government?                  | Strongly Agree           | Agree                    | Neither Agree Nor Disagree | Disagree                 | Strongly Disagree        |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| Some nonprofit organizations resist the use of volunteers by our local government               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Some public officials believe that volunteers belong in nonprofit organizations, not government | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Some public employees in our local government resist volunteer involvement in public services   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Our local government cannot find the right kinds of volunteers to meet its needs                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Our local government lacks the staff time to properly train or supervise volunteers             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Our local government lacks adequate funding for a volunteer program                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Volunteers provide poor quality work  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Volunteers are unreliable in meeting work commitments   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Volunteers take away paid jobs  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Volunteers are more trouble than they are worth   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |

10. Have the terrorist attacks of September 11, 2001 led to an increase or decrease in any of the following in your local government?

| Effect of September 11, 2001 →   | Increased                | Decreased                | No effect                |
|--|--------------------------|--------------------------|--------------------------|
| Local elected officials' interest in having volunteers assist government | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Ability of your local government to recruit volunteers                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Citizen interest in volunteering   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Public employee interest in working with volunteers                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Demands by government departments for volunteers                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Local government funding to support volunteer program                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Volunteer training   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employee training to work with volunteers                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Concerns about security issues related to volunteers                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Need for liability insurance for volunteers                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

## PART II: Nonprofit Involvement in Local Government

This section addresses whether and how nonprofit organizations are involved in public service delivery in your local government. Forms of involvement might include government funding, contracts with nonprofit organizations, cooperative planning activities, referral systems or joint case management. **Please answer** only on behalf of your local (either city or county) government, rather than any other local or regional authority (e.g., school or water districts).

11. In the current fiscal year, has your city or county government funded any nonprofit organizations or programs, in whole or in part, either through grants or contracts?

- NO grants or contracts to nonprofit organizations  
 YES, grants  
 YES, contracts

Please give your best estimate of total local government funding in grants or contracts to nonprofit organizations in the current fiscal year \$ \_\_\_\_\_

12. Either in the past or currently, has your local government established a Payment in Lieu of Taxes (PILOT) agreement with any nonprofit organization(s) in your jurisdiction?

- YES       NO





21. Has your local government entered into any contracts, letters of agreement, or other formal arrangements with any nonprofit organizations in this one service area?  
 YES       NO
22. Is there a lead organization -- that is, one organization that takes the main responsibility for coordinating the public and private partners in this area of service delivery?  
 NO       YES, services are mainly coordinated by (check one):  
 our local government **or**  
 a nonprofit organization named: \_\_\_\_\_
23. Generally, where does the decision-making **authority** rest within this particular collaboration? (Please check the **one** best answer).  
 Mainly with our local government       Mainly with the lead nonprofit agency  
 Shared fairly equally between public and nonprofit organizations
24. What factors influenced your local government's decision to collaborate with nonprofit organizations in this area of service delivery or planning? (Please check all that apply).  
 To meet legal or regulatory requirements       To gain more resources or funding  
 To improve the quality of local services       To use public resources more cost-effectively  
 To improve community access to a service       To avoid competing for the same funds  
 To build government/nonprofit relationships       To promote shared goals  
 To improve community relations       To build a stronger sense of community  
 To gain more professional expertise       To address problems we could not solve alone  
 Other: \_\_\_\_\_
25. In this particular service area, please indicate the extent to which your local government's collaboration with nonprofit organizations has accomplished the following:

| The collaboration has accomplished the following →  | To no extent             | To some extent           | To a great extent        |
|---|--------------------------|--------------------------|--------------------------|
| Saved our local government money  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increased the level of community services and programs                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increased the quality of community services and programs                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Secured new public or private funding for our local government                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Secured new public or private funding for our nonprofit partner(s)                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reduced our local government's need to compete with nonprofit organizations for resources | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increased access to volunteers and other resources for our local government               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increased citizen satisfaction or trust in government                                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increased our local government's trust in its nonprofit partners                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Created more favorable attitudes by public employees toward nonprofit organizations       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Created more favorable attitudes by elected officials toward nonprofit organizations      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

26. To what extent do your local government and its nonprofit partners in this service area agree about the collaboration's overall goals? (Please circle one number.)

Not at all    1    2    3    4    5    6    7    To a great extent

27. Overall, how effective is this collaboration in meeting its intended goals? (Please circle one number.)

Not at all effective    1    2    3    4    5    6    7    Very effective

28. To what extent do you agree or disagree with the following statements regarding why local governments and nonprofit organizations **might not** collaborate? Please answer this question whether or not you indicated that your local government collaborates with nonprofit organizations.

| Reasons for not collaborating:  | Strongly Agree           | Agree                    | Neither Agree Nor Disagree | Disagree                 | Strongly Disagree        |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| Private interests do not belong in public service delivery  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Competition for resources discourages local governments and nonprofits from collaborating                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Government does not have the staff or time to manage the collaboration.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Negative attitudes by public officials toward nonprofits discourages collaboration                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Nonprofit organizations provide unreliable or poor quality services   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Our local government has not developed strong enough relationships with the nonprofit sector to partner with them | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Nonprofit organizations cannot be relied on to represent the entire community                                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| When government and nonprofit organizations are involved in the same service area, nonprofits tend to lose out    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| When government and nonprofit organizations are involved in the same service area, government tends to lose out   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |

**PART III: Please give us a little background information about yourself and your community. Please remember that all responses are confidential and will be used in aggregate form only.**

29. Does the government you represent serve an area that is mostly rural, suburban or urban?  
 mostly rural       mostly suburban       mostly urban

30. What is the title of your present position? \_\_\_\_\_

31. Is your position elected or appointed?     Elected     Appointed

32. How long have you worked in your present position? \_\_\_\_\_ years

33. How long have you worked in local government in any position? \_\_\_\_\_ years
34. Before holding your present position, did you work in any of the fields below?  
Please check all fields that apply and indicate about how many years you worked in that field:
- Business (years) \_\_\_\_\_  Nonprofit (years) \_\_\_\_\_
- Local government (years) \_\_\_\_\_  State and federal government (years) \_\_\_\_\_
35. On average, about how many hours per month do you volunteer? \_\_\_\_\_
36. On how many nonprofit or church boards of directors do you currently serve or have you served in the past? \_\_\_\_\_
37. On a scale of 1 to 7, where 1 is very liberal, 7 is very conservative and 4 is moderate, where do you place yourself? (Please circle one)
- Liberal            1            2            3            4            5            6            7            Conservative
38. What is your party affiliation?       Democrat     Republican     Independent

***Please review your responses to ensure your survey is complete. Please use the enclosed postage-paid envelope to return this survey within two weeks of receipt.***

***Thank you for your help ! We would welcome any additional comments you wish to make about volunteerism or nonprofit collaboration in your city or county government. Please feel free to use the space below or contact us separately. Also, if you wish to receive a report on the findings, feel free to enclose a business card, or (to ensure confidentiality) contact us separately by mail, telephone (706-542-2057) or e-mail (county@arches.uga.edu). Thank you again.***

## **APPENDIX B**

### **ADMINISTRATION OF SURVEY AND SAMPLING CONSIDERATIONS:**

#### **GEORGIA CITY AND COUNTY EXECUTIVES**

##### **Survey Administration**

The *Survey of Volunteer and Nonprofit Involvement in Georgia Local Government* was administered following practices recommended to increase reliability of responses, reduce bias and boost response rate (Babbie, 1973; Dillman, 2000; Fink & Kosecoff, 1998; Folz, 1996; Sapsford, 1999). These practices included: pre-testing of several variables and sections of the survey with academic experts to ensure question comprehension and inclusiveness of variables, and pre-testing of the full survey with former local government administrators, laypersons and selected University of Georgia faculty. Following their comments, portions of the survey were redesigned, principally to reduce its length and to clarify terms. The survey's initial mailing was timed to follow the adjournment of the Georgia General Assembly's 40-day legislative session, when local officials were assumed to have more time to respond to low-priority mail. A pre-survey postcard was mailed to notify respondents of the survey's imminent arrival. Next, the survey was mailed to the full sample three times, at approximately one month intervals, with the names of those who had responded removed from all subsequent mail-outs. The survey envelope was addressed to respondents by name, and the package included a hand-signed cover letter and a pre-addressed, postage-paid return envelope. Respondents were promised confidentiality and assured that all responses would be used in aggregate form only. To further increase response rates, two reminder postcards followed the second and third mailings, and

telephone calls were made to all of the county non-respondents and to a random selection of the city non-respondents following the final mailing.<sup>71</sup>

### Sampling Considerations

A standard error, respectively, of the city and county samples was calculated to determine the probability that estimates based on the samples can represent the full city or county populations (Babbie, 1973). The standard error used in this calculation is based on the frequency of government-nonprofit collaboration reported in each community, a central variable of interest. For small populations, O’Sullivan and Rassel (1999) recommend the following formula:

$$SEp = \sqrt{p(1-p)/n} * (N - n) / (N - 1)$$

Where SEp = standard error for proportions (here, percentages are used); p = the proportion of the population in one category of the variable of interest (in this case, the presence of government-nonprofit service delivery partnerships); the square root of p(1-p) = the formula for the standard deviation or variability of the population; N = the population size; n = the sample size; and (N - n) / (N - 1) = a finite population correction factor used when calculating sampling errors in small populations.<sup>72</sup>

This equation yields a standard error of .018 for the city sample, and .021 for the county sample. Applying probability theory, the results suggest at a 95 percent confidence level that the city sample falls within a margin of error of +/- 3.5 percent (.018 x 1.96 standard errors) of the

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<sup>71</sup> These phone calls were found to increase response rates by about 50 percent when compared with those respondents who were not phoned.

<sup>72</sup> The formula yields the following results for the city and county samples:

$$SEp(\text{city}) = \sqrt{.47(1-.47)/226} * (499 - 226) / (499 - 1) = .018$$

$$SEp(\text{county}) = \sqrt{.77(1-.77)/85} * (159 - 85) / (159 - 1) = .021$$

parameters of all Georgia city governments, and the county sample falls within a margin of error of +/- 4.1 percent ( $0.21 \times 1.96$ ) of the parameters of all Georgia counties.

A second level of analysis was applied to determine the extent to which the sample and population varied according to specific indicators intended for use in data analysis. The logic of this step was based on a need to determine whether an unrepresentative sample might exist on key variables of interest, and thus limit the ability to generalize the results of data analysis to the full population. A difference of means test was conducted on selected variables for both the full city and county populations, along with their samples used in this study. The population means and sample means for the following variables were compared: government budget (for counties only)<sup>73</sup>, population rate of growth, rural rate, and poverty rate (see Chapter Four for a full description of the sources and definitions of these indicators). The city sample was found to be statistically representative of all Georgia cities on all of these indicators with the exception of “population”, where the communities represented in the city sample appear to be slightly less populous than the mean for the entire state.<sup>74</sup> The county sample was found to be statistically representative of all Georgia counties on the budget and rural indicators. Regarding the poverty indicator, the county sample on average appears to be slightly wealthier than the entire state. The county sample also reflects a significantly higher than average growth rate for the state.<sup>75</sup> These considerations are noted as appropriate in the discussion of the study’s findings.

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<sup>73</sup> Because of reporting inconsistencies by state agencies, fiscal data for all Georgia cities were not available as they were for counties (some data for cities with general expenditures under \$250,000 are normally not collected by state agencies).

<sup>74</sup> The sample and population means for “population” have more than a 90 percent probability of being different ( $t=1.36$ ,  $df=225$ ).

<sup>75</sup> The sample and population means for “poverty rate” have more than a 90 percent probability of being different ( $t=1.33$ ,  $df = 84$ ), and for “population growth rate”, more than a 99 percent probability of being different ( $t=2.94$ ,  $df = 84$ ).

In a study such as this one, where the focus of interest is on a characteristic that not all respondents share, an additional concern was whether the sample would be subject to non-response bias; specifically, whether those governments engaged in public-private partnerships would be more willing to respond and would over-select themselves.<sup>76</sup> Non-response bias introduces the risk that a studied activity will be unreliable in its reported level of frequency. The three waves of survey returns were analyzed separately to determine whether collaborators were over-represented in early survey returns; such a phenomenon would suggest a non-response bias. The frequency distribution of city and county respondents reporting government-nonprofit collaboration in their communities was 63 percent, 47 percent, and 54 percent respectively for the three waves of survey returns (resulting in an overall collaboration rate of 55.9 percent). While the chi-square statistic for this distribution is significant at  $p < .052$ , suggesting the pattern is not due to chance, the pattern itself is nonlinear and inconclusive (a Cramér's V statistic of .138 suggests a low level of relationship between the time factor and the frequency of collaboration). It is quite possible that collaborators did over-select themselves in the first round of surveying, but that the reporting gap between collaborators and non-collaborators was ameliorated to some extent with repeated mailings. In fact, the survey was designed to avoid this kind of self-selection bias: in the second and third cover letters to the survey, and in follow-up phone calls, recipients were reminded that responses from non-collaborators would be valued and welcomed.

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<sup>76</sup> A direct inquiry to non-respondents was not possible due to institutional restrictions on human subjects research.

## APPENDIX C

### *Georgia Survey of Nonprofit / Local Government Partnerships*

January, 2004

Dear Executive Director:

The dynamic changes in recent years in the way that nonprofit organizations and local government agencies interact is a key area of interest for nonprofit staff and researchers alike. Yet, little is known about the nature of nonprofit-government relations in Georgia, and no study has yet examined this topic within our state. To promote effective public/private collaboration in Georgia, we need to understand much more about why local partnerships form or fail, their benefits and drawbacks.

The purpose of the enclosed *Georgia Survey of Nonprofit / Local Government Partnerships* is to fill this information gap by asking both nonprofit executives and public managers to describe the goals, nature and achievements of local service delivery partnerships. Please note that we are equally interested in hearing from organizations that do or do not engage in public-private partnerships.

This is the first survey of its kind in Georgia. This past summer, we surveyed public managers across Georgia on this topic. Now it is your turn. Please take a few minutes to tell us about your local experience. Feel free to check with other knowledgeable staff for help in answering any questions, but please complete the survey yourself. If you send us a business card or return address under separate cover, we would be happy to share the results of our research with you when the study is completed. You will help to inform public policy -- and help your community -- by participating. You will also support student dissertation research, sponsored by the University of Georgia's new School of Public and International Affairs.

Answering this survey will take about 15 minutes of your time. Your responses are entirely confidential. The survey is related to academic work that we intend to publish only in aggregate form. No individuals will be identified and any organizational identifiers will be deleted at the close of the study, August 2004. Participation is voluntary and you may choose not to respond, or you may skip questions you are not comfortable with. The survey should be completed by persons 18 years and older. You will receive two more follow-ups to this mailing. If you have questions about this study, feel free to contact Beth Gazley, MPA or Jeffrey Brudney, Ph.D. at the University of Georgia, 204 Baldwin Hall, Athens, GA 30602-1615; phone 706-542-9660; e-mail [county@uga.edu](mailto:county@uga.edu).\*

Please complete and return this survey within two weeks of receiving it by using the enclosed business reply envelope. Again, thank you for giving us the benefit of your knowledge and experience. Your participation is greatly appreciated. If you have questions or further comments, please don't hesitate to contact us.

With our thanks and best wishes,

Beth Gazley  
Doctoral Candidate  
School of Public & International Affairs  
University of Georgia

Jeffrey L. Brudney, Ph.D.  
Professor

\* For questions about your rights as a study participant, please call or write: Chris A. Joseph, Ph.D., Human Subjects Office, University of Georgia, 606A Boyd Graduate Studies Research Center, Athens, Georgia 30602-7411; Telephone (706) 542-3199; E-Mail Address [IRB@uga.edu](mailto:IRB@uga.edu)



**PART I: Nonprofit Collaboration with Local Government**

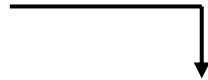
This section addresses whether and how your nonprofit organization is involved with a local (city or county) government in public service delivery. *Please* describe only those partnerships with your city or county government, rather than those with any other local or regional authority (e.g., school or water districts). Forms of involvement might include volunteer or funding exchanges (e.g., local government grants or contracts), cooperative planning activities, referral systems or joint case management.

1. In the current fiscal year, has your nonprofit organization received any local government funding? (Please include pass-through funds such as CDBG if the granting authority is local.)

NO local government funding (**proceed to Question 3**)

YES, grants      →      received from city \_\_\_\_ county \_\_\_\_

YES, contracts      →      received from city \_\_\_\_ county \_\_\_\_



2a. Please give your best estimate of the total local government funding your nonprofit organization received in the most current completed fiscal year      \$ \_\_\_\_\_

2b. What is your organization's total annual revenue from all sources?      \$ \_\_\_\_\_

3. Does your nonprofit organization collaborate or partner with local government in any form of public service delivery or planning? By **collaboration**, we mean active, formal or informal relationships with local government through which you share financial or human resources; jointly recruit or manage staff, clients or volunteers; jointly plan or deliver public services, or exchange information. Examples might include sharing office space, a local government grant or contract to your organization for service planning/delivery, joint fundraising, or joint community planning.

YES     NO    →    **If NO**, why not?     Insufficient staff or funds     No interest from government  
 No perceived nonprofit benefit     Too much trouble  
 Other \_\_\_\_\_



**(If NO, please skip to Question 18)**

4. Does the service partnership involve city and/or county government?     City     County     Both

5. Please indicate below the principal or most active service area in which your nonprofit organization collaborates with city and/or county government:

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Arts / Culture / Museums               | <input type="checkbox"/> Fire                          | <input type="checkbox"/> Parks / Recreation      |
| <input type="checkbox"/> Community action                       | <input type="checkbox"/> Finance / Fundraising         | <input type="checkbox"/> Senior services / Aging |
| <input type="checkbox"/> Economic development / Planning        | <input type="checkbox"/> Health                        | <input type="checkbox"/> Social / Human services |
| <input type="checkbox"/> Disaster planning / Emergency response | <input type="checkbox"/> Homeless / Housing            | <input type="checkbox"/> Transportation          |
| <input type="checkbox"/> Education (K-12)                       | <input type="checkbox"/> Law enforcement / Corrections | <input type="checkbox"/> Youth development       |
| <input type="checkbox"/> Environment / Natural resources        | <input type="checkbox"/> Libraries                     | <input type="checkbox"/> Other: _____            |

6. For how many years has your nonprofit organization collaborated with local government in the principal service area indicated in Question 5, above?      \_\_\_\_\_ years

7. In what ways does your organization collaborate with local government in this principal service area? (Please check all that apply.)

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Formal service contract                    | <input type="checkbox"/> Joint purchasing                                     | <input type="checkbox"/> Local government provides funding   |
| <input type="checkbox"/> Share staff                                | <input type="checkbox"/> Information exchange                                 | <input type="checkbox"/> Joint case management / coordination                                      |
| <input type="checkbox"/> Share workspace                            | <input type="checkbox"/> Joint program development                            | <input type="checkbox"/> Joint recruitment of staff, volunteers                                    |
| <input type="checkbox"/> Share volunteers                           | <input type="checkbox"/> Joint policy development                             | <input type="checkbox"/> Government provides volunteers  |
| <input type="checkbox"/> Joint fundraising                          | <input type="checkbox"/> Joint service delivery                               | <input type="checkbox"/> Government provides equipment   |
| <input type="checkbox"/> Joint advocacy to state/federal government | <input type="checkbox"/> Government officials serve on our board of directors | <input type="checkbox"/> Our nonprofit organization provides volunteers to government              |
| <input type="checkbox"/> Other: _____                               |   | <input type="checkbox"/> Our nonprofit organization serves on a public board or advisory committee |

8. Besides your nonprofit organization and local government, how many additional partners are actively involved in coordinating delivery of these services (e.g., Opportunity Districts, state agencies, other nonprofit organizations)? (Please indicate "0" for none) \_\_\_\_\_

9. Does the partnership involve a formal contract between your organization and the local government agency?  NO  YES

10. Is there a lead organization -- that is, one public or private organization that takes the main responsibility for coordinating partners in this area of service delivery?

- NO  YES, services are mainly coordinated by (check one):
- our nonprofit organization
  - a local government department named: \_\_\_\_\_
  - another nonprofit organization named: \_\_\_\_\_

11. Is there also an individual in the lead organization who serves as the central coordinator and organizer for this service partnership?  NO  YES

12. Generally, where does the decision-making authority rest within this particular collaboration? (Please check the **one** best answer).

- Mainly with the local government  Mainly with the lead nonprofit agency
- Shared fairly equally between public and nonprofit organizations

13. What factors influenced your nonprofit organization's decision to collaborate with local government in this area of service delivery or planning? (Please check all that apply).

- |  |   |
|--|---|
| <input type="checkbox"/> To meet legal or regulatory requirements    | <input type="checkbox"/> To gain more resources or funding            |
| <input type="checkbox"/> To improve the quality of local services    | <input type="checkbox"/> To fulfill our nonprofit mission             |
| <input type="checkbox"/> To improve community access to a service    | <input type="checkbox"/> To avoid competing for the same funds        |
| <input type="checkbox"/> To build government/nonprofit relationships | <input type="checkbox"/> To promote shared goals                      |
| <input type="checkbox"/> To improve community relations              | <input type="checkbox"/> To build a stronger sense of community       |
| <input type="checkbox"/> To gain more professional expertise         | <input type="checkbox"/> To address problems we could not solve alone |
| <input type="checkbox"/> To reduce environmental uncertainties       | <input type="checkbox"/> Other: _____                                 |

14. In this particular service area, please indicate the extent to which your nonprofit organization's collaboration with local government has accomplished the following:

| The collaboration has accomplished the following →  | To no extent             | To some extent           | To a great extent        |
|---|--------------------------|--------------------------|--------------------------|
| Saved our organization money  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increased the <u>level</u> of community services and programs                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increased the <u>quality</u> of community services and programs                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Secured new public or private funding for our organization                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Secured new public or private funding for our government partner(s)                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reduced our need to compete with local government for resources                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increased our access to volunteers  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increased government's access to volunteers   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Created more favorable attitudes by our employees toward working with government          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Created more favorable attitudes by our board of directors toward working with government | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Stabilized the environment in which our organization operates                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

15. To what extent do your organization's leaders and its government partners in this service area agree about the collaboration's overall goals? (Please circle one number.)

Not at all    1    2    3    4    5    6    7    To a great extent

16. Overall, how effective is this collaboration in meeting its intended goals? (Please circle one number.)

Not at all effective    1    2    3    4    5    6    7    Very effective

17. Overall, how satisfied are you with this collaboration? (Please circle one number.)

Not at all satisfied    1    2    3    4    5    6    7    Very satisfied

**All survey participants, please answer the following questions:**

18. If your nonprofit organization is not presently involved with city or county government in a public service delivery partnership, has your organization had a partnership in public service delivery with local government sometime in the past?

NO     YES    → If YES, please indicate below the reason(s) why the partnership ended:

Goal was achieved     Discontinued because of funding problems

Partner(s) did not uphold their end of agreements     Insufficient staff

Not cost-effective to continue partnership     Other: \_\_\_\_\_

19. To what extent do you agree or disagree with the following statements regarding why nonprofit organizations and city or county governments might not collaborate? Please offer your opinion on all statements whether or not you have experienced the situation. Please take your time and answer each question carefully.

| Reasons for not collaborating:   | Strongly Agree           | Agree                    | Neither Agree Nor Disagree | Disagree                 | Strongly Disagree        |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| Nonprofit organizations have not developed strong enough relationships with local governments to partner with them   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Nonprofit organizations do not have the staff or time to manage collaborations.                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Nonprofits cannot trust government partners to fulfill their end of the agreement                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Government partnerships involve too many reports and paperwork   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Competition for resources discourages local governments and nonprofits from collaborating                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| It takes too much time to coordinate a public/private partnership  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Partnerships with government require nonprofits to make too great a commitment of operating funds                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Partnering with government makes it harder for nonprofit organizations to maintain the independence of their mission | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Government partnerships cause nonprofits to lose volunteers  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Government partnerships cause nonprofits to lose private sector donations  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| The nonprofit sector is better off when it is independent from government  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Negative attitudes by public officials toward nonprofits discourage collaboration                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| When government and nonprofit organizations are involved in the same service area, nonprofits tend to lose out       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Government does not fulfill its end of the agreement (e.g., pay on time, follow through)                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Partnerships with local government restrict the ability of nonprofits to advocate their own issues.                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Concerns about nonprofit liability discourage partnerships   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |

**PART II: Please give us a little background information about yourself and your organization. Please remember that all responses are confidential and will be used in aggregate form only.**

20. How long has your nonprofit organization been in existence? \_\_\_\_\_ years
21. Is your organization independent  or affiliated with a national organization  ?
22. For the past complete fiscal year, please indicate your organization's:  
Total revenues \$ \_\_\_\_\_ Total endowment (reserve fund) \$ \_\_\_\_\_  
(Please write "0" if no endowment)
23. Is your organization eligible to receive tax-deductible contributions?  NO  YES
24. What is your organization's IRS tax status?  
 501-c-3  501-c-4  501-c-6  Other 501-c organization  Not incorporated  
 Other (please describe): \_\_\_\_\_
25. Whether or not your organization collaborates with a local government, is it involved in other formal or informal collaborations?  
 NO  YES, with  a regional or state public authority (e.g., opportunity district)  
 other nonprofit organizations  
 other: \_\_\_\_\_
26. How long have you worked in your present position? \_\_\_\_\_ years
27. Before holding your present position, did you work in any of the fields below?  
Please check all fields that apply and indicate about how many years you worked in that field:  
 Business (years) \_\_\_\_\_  Nonprofit (years) \_\_\_\_\_  
 Local government (years) \_\_\_\_\_  State and federal government (years) \_\_\_\_\_
28. What is your gender?  Male  Female
29. On a scale of 1 to 7, where 1 is very liberal, 7 is very conservative and 4 is moderate, where do you place yourself? (Please circle one)  
Liberal      1      2      3      4      5      6      7      Conservative
30. What is your party affiliation?  Democrat  Republican  Independent

***Please review your responses to ensure your survey is complete. Please return this survey within two weeks of receipt using the enclosed postage-paid envelope or this address:***

**Dr. Jeffrey L. Brudney  
Department of Public Administration  
204 Baldwin Hall  
The University of Georgia  
Athens, GA 30602-1615**

***Thank you for your help ! We welcome any additional comments you wish to make about nonprofit / government relations. Feel free to use the blank space below or contact us separately. Also, if you wish to receive a report on the findings, please feel free to contact us by mail, telephone (706-542-9660) or e-mail (county@uga.edu).***

## APPENDIX D

### SAMPLING CONSIDERATIONS: NONPROFIT ORGANIZATIONS

#### **Further Considerations Regarding Development of the Nonprofit Sample**

In addition to the considerations related to response rates discussed above, development of the list on which this sampling frame was based posed two challenges unique to the nonprofit sector. The first challenge was in obtaining for the sample as complete and comprehensive a list of operating charitable organizations for the state as possible. Recent research strongly suggests that lists of registered charities substantially undercount the number of operating voluntary organizations in the United States (Grønbjerg & Paarlberg, 2002). The number of actual voluntary organizations may exceed the number of registered voluntary organizations by a factor as great as 10 (D. H. Smith, 1997). Explanations for such a wide disparity in counted and undercounted elements of the charitable sector have included rather substantial recording errors on the part of the IRS, and the fact that all churches and any organizations with gross receipts of less than \$5,000 are not required to register with their state as charities (Grønbjerg & Paarlberg, 2002; D. H. Smith, 1997). Until more comprehensive methods for quantifying the voluntary, nonprofit sector can be developed, no list exists that can claim to represent the entire sector. Given the circumstances described above, a recommended practice -- and one that is followed in this study -- is to use more than one list in order to increase the potential for capturing the full range of nonprofit organizations in local communities (Grønbjerg & Paarlberg, 2002).

The second challenge lay in deciding which element of the nonprofit sector to sample for a study addressing government-nonprofit relationships. No existing data are available to suggest that certain nonprofits, identified by their specific tax code or method of incorporation, are more

likely than others to enter into government contracts or other inter-organizational partnerships. However, to enter into contracts with another organization, an organization must be incorporated, and to be incorporated, a nonprofit organization must register at the state and/or federal levels. Moreover, incorporated charities are more likely than unincorporated charities to receive funds from a government source. Thus, a list that includes only those incorporated charities reported by state or federal agencies is likely to capture the largest number of nonprofit organizations prepared to enter public-private partnerships with local governments.

The sample was narrowed further by including only those nonprofit organizations registered as tax-exempt charities under section 501(c)(3) of the U.S. Tax Code. Nonprofit organizations recognized under section 501(c)(3) of the U.S. Tax Code have a religious, charitable, educational or scientific mission that is considered “public serving”. The remainder of the nonprofit sector either has a political or advocacy mission (“social welfare organizations”, recognized under section 501(c)(4) of the U.S. Tax Code) or exists primarily to provide benefits to their members rather than to the public at large (e.g., labor unions, recognized under section 501(c)(5) of the U.S. Tax Code). These distinctions among organizational purposes (although by no means clearcut) afford “public-serving” organizations additional tax benefits, notably, exemption from income tax. Approximately 90 percent of all nonprofit sector employees work for “public-serving” organizations.<sup>77</sup> Most of these employees work for the service-providing organizations such as hospitals, schools and social service organizations that are most likely to address the same public needs as state and local governments (Salamon, 1999).

Recent research suggests that the full number of non-religious 501(c)(3) nonprofit organizations may be captured more accurately through state and federal lists than the other

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<sup>77</sup> This figure includes public benefit political action agencies.



segments of the tax code.<sup>78</sup> However, using a list of 501(c)(3) charities still excludes certain elements of the tax code where public-private partnerships do exist, notably, between governments and some social welfare organizations registered under 501(c)(4) of the tax code, or some chambers of commerce registered as 501(c)(6) business leagues. Cost considerations and the feasibility of obtaining an accurate list of nonprofits registered under all possible tax codes guided the decision to trade off accuracy against comprehensiveness, and to focus on 501(c)(3) charities in this study. Based on the experience of this study, a useful project for future research is to map the full extent of government-nonprofit partnership according to tax code, provided an accurate list of nonprofit organizations can be obtained.

For this study, the sampling issues discussed above were addressed in the following manner. Two lists of 501(c)(3) nonprofit organizations were generated for this nonprofit survey: the first included all Georgia nonprofit organizations registered with the U.S. Internal Revenue Service and included on the Business Master File of 501(c)(3) tax-exempt entities. This list was obtained from the Georgia Center on Nonprofits and included 4,695 organizations. The second list included 501(c)(3) charities registered to solicit in Georgia through the state's charity official, the Secretary of State. This list included 1,669 organizations. The lists were further refined by removing duplicate entries (i.e., those name appearing on both the IRS and the Georgia lists) and those organizations with headquarters in another state. Two nonprofit organizations with prior extensive association to the principal investigator were also removed. Finally, all organizations were removed whose names suggested they were operating principally as a church, ministry, overseas mission, athletic booster club, or as a grantmaking institution only (e.g., foundations, trusts and United Way organizations). This step was taken to narrow the list

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<sup>78</sup> "Accuracy" is defined as whether the organization's name appears both on state and federal lists. Research is based on a study of Indiana tax-exempt organizations (Gronbjerg & Paarlberg, 2002).

to those charitable organizations most likely to engage with Georgia local governments in service delivery. The final list yielded a sampling frame of 3,380 Georgia nonprofit organizations with 501(c)(3) tax status and who are included on state of Georgia or Internal Revenue Service lists. Of this sample, 85.6 percent of the organizations were located in Georgia's metropolitan statistical areas, and 14.4 percent were located in the non-MSA areas of the state.

**APPENDIX E. Correlations of Dependent and Independent Variables used in Chapter Eight**

|                   | N   | Accomplishments | Effectiveness | Size   | Stability | Formality | Govt Control | Central Leadership | Goal Agreement | Number of Goals | Econ Dev | Public Safety | Social human health | Collab Activities | Govt budget | County |
|-------------------|-----|-----------------|---------------|--------|-----------|-----------|--------------|--------------------|----------------|-----------------|----------|---------------|---------------------|-------------------|-------------|--------|
| Effectiveness     | 154 | .393**          |               |        |           |           |              |                    |                |                 |          |               |                     |                   |             |        |
| Size              | 147 | .313**          | .096          |        |           |           |              |                    |                |                 |          |               |                     |                   |             |        |
| Stability         | 142 | .329**          | .033          | .227** |           |           |              |                    |                |                 |          |               |                     |                   |             |        |
| Formality         | 154 | .080            | .209**        | .144   | .058      |           |              |                    |                |                 |          |               |                     |                   |             |        |
| Govt Control      | 154 | .017            | -.096         | -.052  | .084      | -.205**   |              |                    |                |                 |          |               |                     |                   |             |        |
| Central L'ship    | 154 | .022            | .155*         | .004   | -.086     | .249**    | -.123        |                    |                |                 |          |               |                     |                   |             |        |
| Goal Agreement    | 154 | .257**          | .719**        | .059   | -.116     | .126      | -.165*       | .086               |                |                 |          |               |                     |                   |             |        |
| Number of Goals   | 153 | .556**          | .235**        | .347** | .245**    | .254**    | -.058        | .034               | .183*          |                 |          |               |                     |                   |             |        |
| Econ Dev          | 149 | -.180*          | -.013         | -.096  | -.077     | .063      | -.043        | .062               | .135           | .038            |          |               |                     |                   |             |        |
| Public Safety     | 149 | .191*           | -.078         | -.006  | .282**    | -.293**   | .312**       | -.101              | -.123          | -.127           | -.317**  |               |                     |                   |             |        |
| Social/human      | 149 | -.026           | .181*         | .078   | -.329**   | .164*     | -.236**      | .058               | .161*          | -.006           | -.374**  | -.387**       |                     |                   |             |        |
| Collab Activities | 130 | .446**          | .215*         | .442** | .299**    | .248**    | -.072        | .100               | .203*          | .568**          | .041     | -.034         | .003                |                   |             |        |
| Govt budget       | 155 | .115            | .159*         | .363** | .049      | .348**    | -.140        | .150*              | .102           | .247**          | .148     | -.346**       | .099                | .297**            |             |        |
| NPO Experience    | 153 | .070            | .073          | -.053  | .028      | .068      | -.115        | .012               | -.024          | .135            | .124     | -.012         | -.102               | .034              | .128        |        |
| County            | 155 | .217**          | .024          | .198*  | .080      | .169*     | .030         | .066               | -.051          | .159*           | -.258**  | .128          | .221**              | .128              | -.156*      | .053   |

\* Correlation is significant at the 0.05 level (2-tailed).

\*\* Correlation is significant at the 0.01 level (2-tailed).