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# Examining alliance management capabilities in cross-sector collaborative partnerships

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## ABSTRACT

While there is a significant amount of research on cross-sector collaboration, we still lack an adequate understanding of the nature and dynamics of Alliance Management Capabilities (AMC) that organizations demand when stretching their inter-organizational relationships beyond the boundaries of their sector. We address this gap by investigating the role of AMC in establishing and maintaining cross-sector collaborations, focusing on the perspective of nonprofit organizations (NPOs). Using qualitative data obtained from a diverse group of NPOs that are actively in collaboration with the business sector, we identified a unique set of AMC that are deployed at the pre- and post-formation stages of collaboration, and concomitantly at both stages (or cross-cutting AMC). Moreover, we provide an integrative framework that explains how these capabilities are leveraged and developed within the context of cross-sector collaboration which takes a circular path that comprises strategic actions and learning routines. We draw implications for theory and practice.

**Keywords:** Alliance management capabilities; cross-sector collaboration; nonprofit-business collaboration; nonprofit organizations; strategic actions; learning routines

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## 1 Introduction

Societies are encountering social, economic, and environmental challenges that have become increasingly complex (Koschmann et al., 2012), to such an extent that no single sector (i.e., public, private, nonprofit) has the capacity to tackle them individually (Bryson et al., 2006; Yaziji & Doh, 2009). Accordingly, collaboration across sectors has emerged and gained momentum, attracting the interest of researchers and practitioners alike (George et al., 2016). While significant progress has been achieved in this field, extant scholarship on cross-sector collaboration offers limited insights into the crux of capabilities necessary for co-creating value for society.

In cross-sector collaboration, partners create unique collective capacity by combining their heterogeneous resources and experiences which can yield both innovative configurations and powerful remedies for pressing societal issues, such as poverty alleviation, healthcare improvement, and sustainable development (Le Ber & Branzei, 2010; Weber et al., 2017). However, despite their promising potential, research shows that these relationships are burdened with various forms of tension and conflict that breed collaborative inertia (Huxham & Vangen, 2005). This, in turn, makes cross-sector collaborations difficult to execute (Ashraf et al., 2017; Bryson et al., 2015). Therefore, numerous studies have sought to identify and understand conditions that are likely to underpin the achievement of collaborative advantage (the desired synergistic outcome of collaborative activity). As such, current research has focused on examining the micro-foundations of partnerships (i.e., the interactions between individuals) (e.g., Kolk et al., 2015; Rivera-Santos et al., 2017), approaches for effective resource pooling and usage (e.g., Berger et al., 2004; Klitsie et al., 2018), antecedents for institutionalizing the relationship within partners (e.g., Clarke & Fuller 2011; Seitanidi & Crane, 2009), and the role of leadership, governance and structure in driving collaboration success (e.g., Crosby & Bryson, 2010; Huxham & Vangen, 2005).

Despite the richness of this literature, we still lack adequate understanding of the capabilities that organizations demand when stretching their relationships beyond the boundaries of their sector (Alonso & Andrews, 2018; Gölgeci et al., 2019; Pittz & Intindola, 2015). These relational capabilities, also referred to as alliance management capabilities (AMC), are the skills necessary for organizations to establish and manage their external collaborations (Schreiner et al., 2009). This concept emerged following the criticism that business-to-business (B2B) alliances<sup>1</sup> are, similar to cross-sector collaboration, ‘extraordinary complex and risky’ (Gulati et al., 2012, p. 532), and frequently result in disappointing outcomes and premature termination (Krishnan et al., 2016). AMC provides a framework to address the issues of finding compatible partners, coordinating relational processes, and aligning self-

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<sup>1</sup> Following Gulati et al. (2012), in this paper we use the terms inter-organizational collaboration, collaboration, and alliance interchangeably.

motives with collective objectives (Kumar, 2014), which, if managed inadequately, can undermine mutual trust, encourage opportunistic behavior, and create unenforceable commitments between partners (Krishnan et al., 2016); the roots of collaboration failure. Indeed, empirical research shows that the possession of AMC has a direct effect on alliance success (Feller et al., 2013; Kale et al., 2002, Schilke & Goerzen, 2010), and also an indirect (moderating) effect by enhancing organization performance (Walter et al., 2006).

Driven by these advantages, we argue that examination of AMC in cross-sector collaboration settings could provide substantial insights which can advance theory and practice (Alonso & Andrews, 2018; Austin & Seitanidi, 2012b; Liu & Ko, 2011; Murphy et al., 2012). Since such capabilities have not been sufficiently examined in such partnerships' context, the purpose of this paper is to investigate AMC in nonprofit-business collaborations (NBCs), a form of cross-sector collaboration (Selsky & Parker, 2005), with a focus on the nonprofit actor perspective.

Recently, scholars have paid some attention to the relevance of these capabilities within the cross-sector collaboration setting (e.g., Alonso & Andrews, 2018; Dentoni et al., 2016; Liu et al., 2018). However, central to these attempts is the assumption that AMC are universally applicable; perceived as a context-free construct. This highlights a significant limitation as underestimating the role of context (Gölgeci et al., 2019; Leischnig et al., 2014; Schilke & Goerzen, 2010) means that the idiosyncrasy of the cross-sector collaboration setting is ignored (Murphy et al., 2012). NBC is a unique relationship as it brings together two sectors that are inherently different due to their diverse ideologies, institutional logic, business models, motives, culture, and value systems (Selsky & Parker, 2005); business mind-set is typically profit-centric and competitive-driven, whereas nonprofit organizations (NPOs) are socially-driven, participative, and co-operative (Bryson et al., 2006; Berger et al., 2004). For instance, power asymmetry (and its negative implications) is an inevitable concern in any NBC (Rondinelli & London, 2003), however, the AMC related literature provides a limited understanding into this dynamic (Diestre & Rajagopalan, 2012), and how vulnerable organizations (i.e., those in a resource-dependent position) might protect their identity and interests (Vandaie & Zaheer, 2015). Furthermore, the complexity of coordinating stakeholder groups in NBCs demands a specific capability to manage their diverse and conflicting expectations and needs (Bryson et al., 2006). Yet, the generic AMC concept provides no insight into this concern (Kandemir et al., 2006). Indeed, failure to account for these differences can lead organizations to obtain suboptimal results (cf. Schilke & Goerzen, 2010; Wang & Rajagopalan, 2015). Based on the above discussion, the paper investigates the following interrelated questions: what are the capabilities that NPOs deploy to establish and maintain collaboration activity with the business sector, and how are these capabilities leveraged?

We focus on the NPOs perspective for two reasons. First, the nonprofit sector represents a central part of the social fabric of modern economies. In many countries, NPOs have a key role in the delivery of services to society (e.g., education, health care), a role that has been historically associated with the

public sector (Kettl, 2015). The environment, however, in which NPOs operate has become challenging (Gras & Mendoza-Abarca, 2014), threatening their survival and growth, due to the uncertainty over government funding and the rise of competition within the sector (Hopkins et al., 2014). These conditions have encouraged NPOs to adopt entrepreneurial approaches (such as engaging in NBC) to diversify their income (Gras & Mendoza-Abarca, 2014). NPOs, though, face critical challenges when engaging in NBC as they need to evolve the capabilities to protect their mission, business models, identity and independence (Sharma & Bansal 2017), while ensuring value for money for their beneficiaries (Bryson et al., 2016). Second, and as evident in the cross-sector collaboration literature, understanding of the role of NPOs as an active participant in NBC is still in its infancy (Harris, 2012; Schiller & Almog-Bar, 2013; Simo & Bies, 2007). In particular, appreciation of success factors (such as AMC) that can enhance or restrict the ability of NPOs to capture value from their collaboration is relatively underexplored (Harris, 2012; Herlin, 2013), which demands further systematic examination of such capabilities (Austin & Seitanidi, 2012b; Dentoni et al., 2016).

Using in-depth qualitative data drawn from 26 UK-based NPOs that were actively in collaboration with the business sector, the paper makes three fundamental theoretical contributions. First, we add to the cross-sector collaboration literature by identifying the features of capabilities that NPOs deploy to embrace NBC as a strategic approach for improving service provision while enhancing their long-term survival (Dentoni et al., 2016). While the extant literature examines few of these capabilities (as summarized in Table 1), our study demonstrates that NPOs active in collaborating with the business sector develop a comprehensive set of idiosyncratic AMC to attract and manage potential business partners for value creation. Therefore, and from a broader perspective, we enrich the debate regarding the essence of AMC by proposing that these capabilities should be perceived theoretically and practically as being adaptive rather than universalistic (Wang & Rajagopalan, 2015). Second, we show how AMC vary between the pre-formation and post-formation phases of the collaboration. This provides new insights into the argument that considering the time dimension, or distinguishing conceptually and analytically between different phases of the collaboration (Austin & Seitanidi, 2012b), is critical as each stage has embedded conditions and challenges (Rothaermel & Deeds, 2006; Selsky & Parker, 2005; Vurro et al., 2010). Third, the study reveals that NPOs leverage and adapt their AMC using strategic actions and deliberate learning routines. Therefore, by mapping these evolutionary dynamics, we advance the understanding on how organizations develop and reconfigure their existing base of relational capabilities (Macher & Mowery, 2009; Schilke, 2014), a much-needed perspective for developing the theory of AMC (Kauppila, 2015).

## **2 Theoretical background**

In this section, we critically discuss the two theoretical foundations of the study: 1) AMC as a theoretical construct, and 2) how these relational capabilities are examined in cross-sector collaboration studies.

### *2.1 Alliance Capabilities: a source for relational advantage*

While reviewing the literature shows no unanimous definition for AMC<sup>1</sup> (Forkmann et al., 2018), they can be perceived as a bundle of skills that enable organizations to realize better performance when engaged in an alliance (Schreiner et al., 2009). AMC not only allow collaborators to appropriate individual benefit from the collaboration, but also to fulfil the collective objective of the collaboration (Howard et al., 2015; Wang & Rajagopalan, 2015). Fundamentally, Kohtamäki et al. (2018) performed a systematic review to conceptualize alliance capabilities as a comprehensive construct that comprises three dimensions: knowing how (as an organization) to realize collaboration opportunities; building and managing inter-organizational social capital, and fine-tune relational processes; and inter-organizational learning (Feller et al. 2013; Kandemir et al., 2006; Niesten & Jolink, 2015).

However, organizations vary in how they build, utilize, develop (Kale & Singh, 2007), and reconfigure (Rothaermel & Deeds, 2006) these capabilities either individually (i.e., as one AMC) or in combination (Ireland et al., 2002). Therefore they are regarded as unique (Rothaermel & Deeds, 2006), rare and non-substitutable (Crook et al., 2008) capabilities. Consequently, and consistent with the resource-based view (RBV), they are an important source for building competitive advantages (Hitt et al., 2000; Schreiner et al., 2009). As empirical research supports the positive effect of AMC on alliance success (Heimeriks & Duysters, 2007; Wang & Rajagopalan, 2015), scholars have sought to unpack their nature and understand the dynamics which underpin them. In this respect, existing studies have paid attention to the factors that can facilitate the development of AMC, including supporting organizational structures (e.g., specialized alliance departments, alliance team, and committees), processes (e.g., alliance training, forums, and networks), and codifying tools for accumulation of alliance experience (e.g., alliance guidelines, manuals, and evaluation procedures) which act as AMC enablers (Niesten & Jolink, 2015; Schilke & Goerzen, 2010; Kale et al., 2001).

Despite the contributions of these studies, some salient gaps remain. First, the majority of the existing research on AMC has paid significant attention to commercial (B2B) alliances, focusing on R&D alliances, co-innovation, and technology transfer (Kale & Singh, 2009; Niesten & Jolink, 2015). Through this perspective, the collaboration is predominantly perceived as a mechanism for learning and acquiring and/or utilizing partners' knowledge and technology (Vandaie & Zaheer, 2015). Second, we know little about the relevance and nature of these capabilities when applied in other institutional and organizational contexts (Leischnig et al., 2014; Schilke & Goerzen, 2010; Vandaie & Zaheer, 2014), and how such contexts might influence the evolution of AMC. This indicates an important research need as different

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<sup>1</sup> We use the terms alliance management capabilities, alliance capabilities, relational capabilities, network capabilities, and collaboration capabilities interchangeably (Kale et al., 2002; Walter et al., 2006).

collaboration settings will naturally comprise different challenges and requirements (Wang & Rajagopalan, 2015). Therefore, calls have been made to investigate how AMC might be sensitive to collaboration settings, including the discrepancy of partners' motives, characteristics (Leischnig et al., 2014; Schilke & Goerzen, 2010; Vandaie & Zaheer, 2014), and institutional logics such as those observed in the context of NBCs (Watson et al., 2018).

For example, Vandaie and Zaheer (2014) found that small firms that collaborated with larger ones were less successful in achieving their alliance objectives than those that collaborated with a partner of similar size. For the smaller or 'weaker' partner, the capacity to monitor the collaboration appears to be a particularly important capability in preventing opportunistic or exploitative behavior by the stronger partner (Wang & Rajagopalan, 2015). Similarly, Zollo et al. (2002) suggest that businesses with little or no experience of inter-organizational collaborations require strong 'proactiveness' skills to identify and select the most compatible partners. Being proactive would help to minimize future conflict that might exceed the capacity of these inexperienced businesses to manage effectively. Moreover, the AMC needed to manage a portfolio of alliances (i.e., a setting of multiple collaborators) is different to a situation of managing an individual alliance (Schreiner et al., 2009; Wassmer 2010). In the former, the capacity to coordinate is most critical for achieving synergistic creative outcomes (Zollo et al., 2002). Yet, in individual alliances, the key capability for value creation is intra-firm learning of partner-specific know-how (Gulati et al., 2009).

On the other hand, the relationship between AMC and the collaboration stage (i.e., pre-formation and post-formation) has received little attention (Kohtamäki et al., 2018), although research suggests that different collaboration stages would require different collaboration capabilities (see Schreiner et al., 2009). For example, companies with historical difficulties in managing collaboration would demand governance-related capabilities (i.e., skills needed during the post-formation stage such as coordinating) to increase their chances of success (Wang & Wei, 2007). Whereas, firms that suffer from a serious lack of resources (i.e., are in resource vulnerable position) may stress more establishing-related (or pre-formation stage) capabilities, such as partner selection and negotiation skills, to minimize the risk of co-optation (Diestre & Rajagopalan, 2012). In fact, as most research on AMC is quantitative (Kohtamäki et al., 2018), which applies to Schilke and Goerzen's (2010) four routines (proactiveness, transformation, coordination, and learning), the essence of how the pre-formation and post-formation can shape AMC is still not well captured (Kale & Singh, 2009; Niesten & Jolink, 2015; Wang & Rajagopalan, 2015).

Keeping in view the above limitations, researchers have started to explore these capabilities outside the B2B alliance setting, as discussed next.

## 2.2 *Cross-sector collaboration and relational capabilities*

Cross-sector collaboration emerged as a response to various 'wicked' problems in society (Dentoni et al., 2016; Weber & Khademian, 2008), inherently intractable and open-ended challenges such as global

warming, poor access to water, and drug abuse, that both the state and the market failed to resolve (Austin et al., 2006; Yaziji & Doh 2009). The essence of cross-sector collaboration rests on two premises. First, the collaboration should combine organizations from different sectors for resource complementarity (Clarke & Fuller 2011; Holmes & Smart, 2009) and organizational learning (Arya & Salk, 2006). Second, that these organizations should pursue a common objective that aims to create positive social change (Austin, 2000; Bies et al., 2007). However, these premises are a double-edge sword: while they are the source of creating synergetic value (by blending partners’ unique resources and capabilities), they also bring management complexities due to a number of differences which are rooted in the DNA of each sector (Austin & Seitanidi, 2012b; Selsky & Parker, 2005).

Therefore, a tremendous amount of research has been dedicated to investigating and understanding the conditions, processes, and enabling factors that can explain and mitigate, or at least manage, these complexities in order to enhance the potential of the collaboration to deliver the sought-after value for society (e.g., Alonso & Andrews, 2018; Bryson et al., 2006; Koschmann et al., 2012; Seitanidi & Crane, 2009). Indeed, a successful collaboration needs partners who accept adaptive responsibilities and co-design mechanisms (Le Ber & Branzei, 2010), which are necessary for goal alignment (Austin, 2000), as well as resilience against relational tensions (Berger et al., 2004). Within this literature, a research stream has evolved which focuses on the role of AMC (as organizational skills or routines) in facilitating the design and implementation of cross-sector collaboration; see Table 1 for a comprehensive review.

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 Table 1  
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Arguably, this stream of research has been inspired by developments in the B2B alliance literature (Le Ber & Branzei, 2010; Murphy et al., 2012), where empirical evidence shows that AMC can boost collaboration performance. Interestingly, reviewing this stream of research shows that the vast majority of research in this stream have borrowed ideas from the B2B alliance research (i.e., perceived AMC as a transferable construct) to apply in the cross-sector collaboration setting without adequate adaptation. For example, Liu et al. (2018) applied and tested Schilke and Goerzens’s (2010) generic capabilities in setting of cross-sector collaboration. Moreover, studies in this steam have predominately focused only on one or two of capabilities. For example, as illustrated in Table 1, these capabilities include learning mechanisms (e.g., Dentoni et al., 2016); routines for accumulating collaboration-specific experience (e.g., Alonso and Andrews 2018); coordination and social interaction (e.g., Caldwell et al., 2017; Crosby & Bryson, 2010; Ritvala et al., 2014); communication (cf. Clarke & Fuller, 2011); and monitoring and adaptation routines (e.g., Austin & Seitanidi, 2012a; Clarke & Fuller, 2011). However, these studies, and despite the useful insights they provide, have paid insufficient attention to the distinctive characteristics of collaborating between heterogeneous sectors, and their effect on the relational capabilities (Murphy et al., 2012; Rein & Stott, 2009; Pittz & Intindola, 2015). Indeed, the differences in “capability bases, relational risk, intensity, engagement, interdependence, power balance and mutual



expectations” between the B2B alliance and cross-sector collaboration settings are noteworthy and thus demand careful and structured consideration (Arya & Salk, 2006, p. 145).

Realizing this issue, a few studies have explored the nature and relevance of AMC when applied outside the B2B alliance domain, see Table 1. For instance, Pittz and Intindola (2015) suggest two new antecedents (trust and goal interdependence) for effective absorptive capacity in cross-sector collaboration. In the same view, Murphy et al. (2012) questioned the transferability of the absorptive capacity concept from within-sector to cross-sector alliances. Their analysis shows that the absorptive capacity model “developed for B2B alliances imperfectly reflects learning and innovation dynamics characteristic of cross-sector alliances” (p. 1700) due to differences in partners’ cultures, goals, and the type of innovations they pursue. Therefore, new elements are highlighted, including organization identity, social integration to facilitate knowledge transformation, and co-design activity. Other research found a new version of bonding, which is a vital relational capability in B2B alliance (Schreiner et al., 2009). In specific, Arya and Salk (2006) proposed relational attachment and a personalized reciprocal bond between partners.

Considering this progress in the literature, it can be realized that the power of AMC as a framework that comprises a set of relational capabilities is not yet fully understood and explored in the cross-sector collaboration setting. As discussed above, and summarized in Table 1, researchers so far have focused on one or two of these capabilities (Pittz & Intindola, 2015), or have viewed them as part of a process (e.g., Le Ber & Branzei, 2010), rather than adopting an overarching perspective that enables us to see the full picture of these capabilities and their dynamics. Moreover, the current research ignores the fact that the value and nature of these capabilities can be time-dependent. For example, when Dentoni et al. (2016) proposed capabilities of stakeholder orientation, a relational capability that focuses on learning from stakeholders, the importance of these capabilities decreases as time moves forward, as the organization becomes more experienced and thus needs to learn less from external entities. Notably, this suggests the need to study AMC at different stages (i.e., pre- and post-formation) of the collaboration.

### **3 Methodology**

Given the limited research on AMC in cross-sector collaboration and from the perspective of NPOs, we adopted an exploratory qualitative approach. This approach was selected due to its relevance in situations where the phenomenon under examination is nested within an organization’s actors, structure, and routines (Bluhm et al., 2011).

To select the sample, we initially focused on NPOs in the Yorkshire region, since this is one of the largest regions in the UK, with a high concentration of NPOs. Using the England Charity Commission database, we created a list of 414 NPOs that were registered in this region. To select our cases purposefully (i.e., ‘active’ in collaboration), we scrutinized the websites of these 414 organizations looking for evidence of an active connection with the private sector (e.g., success stories, details about a current partner(s), or

calls for partnerships). This screening process identified 34 NPOs. We approach them all, but only eight agreed to participate. Therefore, we asked informants from these eight cases to recommend active-in-collaboration NPOs outside the Yorkshire region, which secured a further 18 NPOs. From the total 26 NPOs, 38 senior individuals who were connected with NBC at a decision-making level agreed to participate in the interviews. Table 2 provides information on the cases and interviewees, where the NPOs were categorized into three sizes based on annual income (Foster & Meinhard, 2002).

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Table 2  
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Semi-structured in-depth interviews were conducted to understand the capabilities that NPOs utilized to engage in NBC. The interviews were audiotaped and transcribed verbatim to avoid information-selection bias, and follow-up questions were asked via email/phone when clarification was required. During the interviews, the informants were prompted to think about their collaboration practices. More specifically, the questions were focusing on: planning activities for collaboration; tactics adopted for targeting prospective partners; approaches to coordinating existing collaboration(s); actions for adapting organizational systems and procedures in response to environmental change; relationship management with various stakeholder groups; resources and skills needed before and after forming the collaboration; and collaboration cost implications. The first author also recorded personal reflections after each interview, focusing on information relating to collaboration actions and processes, as expressed by the informants. In addition to the interviews, various sources were used to understand how NPOs communicate with prospective business partners and stakeholders. We examined 87 published documents pertaining to the 26 NPOs, including annual reports, business plans, advice and consultancy reports, press reports, and marketing materials dedicated to communicating with the business sector in regard to collaboration. The documents also incorporated various reports produced by research and consultancy institutions including ACEVO, nfpSynergy, and the Institute for International Integration Studies. These reports enabled us to decode the challenges of NBC for the nonprofit sector at the macro-level.

The analysis process followed standard procedures for qualitative data analysis, involving data summarizing, coding, sorting, and comparing (Miles & Huberman, 2008). The authors met regularly during the coding process to share insights and to cross-check emerging themes. We followed an iterative process by constantly oscillating between data, theory and the emerging constructs. Specifically, we used Gioia et al.'s (2013) technique to structure our analysis and identify the theoretical themes. We conducted the analysis at two levels: within a group (i.e., examining each NPO individually and comparing the findings to organizations in the same group regarding size) and between groups (i.e., comparing the main findings between the three size groups). We summarize our analysis procedure in Table 3.

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Table 3

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The first step involved the development of a comprehensive case narrative for each organization. These narratives were useful in gaining initial insight into the overall approach of each NPO to NBC. Informants were asked to check the validity of the narrative for their organization. Their feedback resulted in only minor revisions. Using Nvivo 10, all interview scripts and secondary data sources were then scrutinized to identify information that was relevant to the NPOs' capacity to collaborate, namely the skills, practices, relational activities, and other routines that help organizations transform their inputs into outputs (Mahmood et al., 2011). Initially, the analysis resulted in identifying one main perspective: the content of collaboration capabilities in the NBC setting. However, as we continued mining deeper into the data, another significant perspective emerged: the process of deploying and developing collaboration capabilities. Conceptually, these perspectives are intertwined, and together constitute the two overarching foci of the study. The previous 'open coding' process produced the initial codes for the following step.

In step two, the initial codes were systemically grouped in regard to conceptual relatedness. For instance, all codes that captured the skills used in exploring new collaboration opportunities were clustered together. Two types of visualization techniques (Miles & Huberman, 2008), including mind maps and matrixes, were used to realize recurring patterns across all interviews. These patterns were then defined as provisional categories and were compared to eliminate potential redundancies. The provisional categories were then collapsed into a set of 27 first-order categories (or 'categories'). We divided the categories into two sets: capability types and structure, and capability deployment and development, see Figure 1. These first-order categories were distilled further into second-order themes which were more conceptual in nature than the first-order categories. Similar to the notion of axial coding, we sought to identify the main concept that underpins each category to identify any relationship between the categories. For example, the two categories 'realizing social impact' and 'appreciating economic rent' (see Figure 1.a) were conceptually similar because both embody value creation. In turn, they were combined to form the 'recognizing distinctiveness' theme (or the ability to attract potential business partners). The refining and grouping process consolidated the 27 categories into 15 themes (see Table 3).

Finally, the themes were further distilled, creating the highest or aggregated (abstract) level. Here, we repeated the consolidation approach followed in step two. For example, we realized that the themes 'recognizing distinctiveness' and 'analyzing the environment' are both relevant to the NPOs' approach to understanding internal strengths and weaknesses and external dynamism. Therefore, both constitute the principal capability 'establishing attractiveness' that reflects proactiveness in attracting prospect business partners. Defining principal capabilities enabled us to move to another analytical level. More specifically, a comparison of the various capabilities indicated that they referred to a particular stage of

collaboration: pre-formation, post-formation, and cross-cutting. To corroborate and validate our conclusions, we repeatedly returned to the interview transcripts and other data sources to ensure that the aggregated themes accurately represented the data. This process was important in building an integrative model that identifies the content and structure of AMC for NPOs (Figure 1.a) and shows how these capabilities are leveraged and developed over time by the focal partner (Figure 1.b).

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Figure 1  
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#### 4 Findings

The findings suggest that political and economic changes in the third sector have destabilized extant assumptions regarding the outlook of NPOs toward income schemes. More specifically, they recognize the need to transform their long-term thinking by considering new funding opportunities that might be perceived as non-institutionalized in their sector. So they appreciate the importance of going beyond a passive attitude (i.e., to ‘sit and wait’ for collaboration offers) and adopting proactive behavior (i.e., to embrace a strategic mind-set in searching and recruiting appropriate partners). To this end, the findings indicate that the NPOs were able to resolve internal inertia and build pathways for fruitful inter-organizational relationships by developing collaboration capabilities, which appeared as an idiosyncratic derivative of generic AMC. These capabilities reflect the skills which allow the organization to attract, establish, manage, and sustain viable partnerships for capturing value from their business partners (i.e., to acquire tangible and intangible benefits) and for creating societal value (i.e., to unlock the resources that reside in the collaboration to resolve societal problems), while not compromising stakeholders’ expectations or concerns. Based on the analysis, we cluster these capabilities into three distinct groups: pre-formation collaboration capabilities, post-formation collaboration capabilities, and cross-cutting capabilities. Furthermore, our analysis shows that these capabilities were leveraged through two actions: *exploring* and *managing*.

Next we report the findings for each form of capability in turn, discussing how the NPOs were able to employ their capabilities and realize collaboration benefits. We then present a new integrative model that explains capability deployment and development.

##### 4.1 Pre-formation collaboration capabilities

This section captures the capabilities that NPOs develop to envision and craft collaboration opportunities. In particular, it reveals how NPOs identify and connect with business partners for the purpose of establishing cross-sector collaboration.

##### 4.1.1 Establishing attractiveness

In finding new businesses with which to collaborate, each NPO sought to create a unique position that helped it to be recognized as a preferred partner. We refer to this capability as ‘establishing

attractiveness’, which builds upon the skills of *recognizing distinctiveness* and *analyzing the environment*, as in Figure 1.a.

*Recognizing distinctiveness* concerns an NPO’s ability to realize and communicate their potential impact on business and society to entice collaboration interest. This skill comprises two categories (see Figure 1.a): realizing social impact and appreciating economic rent. The first, realizing social impact, reflects an NPO’s capacity to deliver a tangible impact on society. Here, the findings indicate that businesses were attracted to the NPOs because of their expertise in understanding social and environmental problems, and their unique resource base that can be leveraged to address these problems effectively (i.e., value creation to society through NBC). One interviewee explained: “*We provide education and accommodation thereby and medical support for extremely vulnerable people who have complex disabilities with associated learning difficulties ...We think that there is no other organization in the country that offers what we offer*” [Large-HF]. Appreciating economic rent, on the other hand, refers to NPOs’ capacity to generate economic gains for prospective business partners (i.e., enable firms to capture value from collaboration). In this respect, some NPOs have strong brand in terms of having long history, being regarded as a leader NPO in particular field such as cancer research, and/or has wide beneficiaries base. Collaborating with NPOs with strong brand should contribute positively to the business’s CSR objectives (e.g., raise business profile by becoming more responsible, enhance business citizenship, etc.) which should eventually deliver economic benefits such as enhancement of customers’ loyalty, reduction of staff turnover, and improving stakeholders’ satisfaction. As noted by a senior staff: “*companies seek us out in order to enhance their social responsibility, and they do so because we are a lead charity, well respected charity, and everybody knows us and everybody wants to do something for us.*” [Medium-FPD]

*Analyzing the environment* describes NPOs’ ability to realize potential collaboration opportunities that may reside in the external environment. To this end, the NPOs have developed skills and tactics to understand business demands, comprehend current CSR trends, and identify potential targets. As such, they pursued unique market intelligence approaches that comprises two orientations: opportunistic and creative.

Opportunistic orientation describes NPOs’ ability to scan the market to spot existing opportunities in a systematic way. So the focus here is on exploiting available collaboration opportunities that might be offered by firms. For instance, one interviewee explained: “*our market research plan last year was to target organizations with social interests... ask them who their CSR person is. Do they support local charities?...I managed to get a spread sheet of information on different organizations and sizes and then identify who I think may have a CSR policy, look on their website, do some back room work, investigations and make the contact*” [Medium-CEO-2].

On the other hand, the NPOs also adopt creative orientation in their market intelligence which focuses on identifying potential partners and understanding their values and social investment vision to design

tailored and customized collaboration options. Furthermore, some NPOs would seek to find businesses with which they might be able to achieve synergy with when collaborating. This would enhance the collaboration success rate due to organizational fit and optimal value creation. Importantly, creative orientation provided an escape from the intense rivalry in the nonprofit sector. As such, the interviewees explained that competition typically increases when simple collaboration forms are sought (e.g., sponsorship schemes). By contrast, creative orientation can take an NPO to new territories with fewer competitors, as in the case with strategic partnerships. The latter typically demands wider scope and additional organizational resources that a strategic partner would require, but that not all NPOs possess or can manage.

#### 4.1.2 Structuring the agreement

This capability emerged as the NPOs' capacity to build upon their attractiveness to develop a safe and efficient means to cross the business's boundaries to secure the collaboration. Three themes underpin this capability (see Figure 1.a): *articulating the offering*, *utilizing weak ties*, and *demarcating*.

*Articulating the offering* concerns the NPO's ability to appreciate a business's specific requirements, to match these requirements with its strengths (e.g., social experience, brand, trust, etc.), and to offer tailored options of engagement. More specifically, the findings indicate that NPOs set out their needs in the form of specific partnership propositions that articulate the return a business might receive (economic and/or social). Here the analysis highlights two aspects, recognizing engagement types and operationalizing co-opetition, which reflect an NPO's ability to design effective and appealing proposals. Recognizing engagement types concerns NPOs' skill in realizing the implications of each collaboration type (i.e., philanthropic, transactional, and strategic), including its potential, commitment level, duration, and risk. This is necessary to ensure that the offered proposal fits with the NPO's capacity and stakeholders' expectation. One interviewee explained: "*I cannot see that product linkages [i.e., transactional partnership] would work with us. It is a real opportunity for green charities, but I think our beneficiaries are not attractive to [firms] in this case* [Large-CEO]. In contrast, a Development Manager of large NPO was clear about his target: "*collaboration at the strategic level has more potential in terms of our overseas work. I think it has more impact, more reach...I mean, definitely the three types [i.e. philanthropic, transactional and strategic] are important and you need to have the three on-going at any one phase, but I think that having a strategic partnership at a high level has the most benefit for our long-term work and for the organization as a whole*" [Large-DM].

Moreover, to articulate the offering, some NPOs have developed the skills of exploring and exploiting potential co-opetition (i.e., cooperating with other NPOs that might be competing with when approaching the business sector). Through co-opetition, NPOs can share ideas, best practice, combine resources and competencies (e.g., staff, networks, public support base, geographical presence), and thus collectively develop proposals that are more appealing to businesses.

The NPOs were also dexterous in *utilizing weak ties* during the exploring action. By definition, the weak ties concept denotes a form of social network that involves interpersonal links between individuals who belong to distant social systems (profit vs. nonprofit), where these links allow information and opportunity sharing between these systems. Collaborating NPOs were adept in developing individual social networks, rather than institutional linkages, in searching for and crafting partnership opportunities through co-producing and activating the board of trustees. Table 4 provides further analysis on this issue.

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Table 4  
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Finally, *demarcating*, concerns an NPO's skill in defining the boundaries of collaboration exploration to protect its self-interests and mission. In this respect, the findings indicate that many NPOs routinely scrutinize and update their written policy concerning the interaction with the business sector. Informants commented that such policy enabled their NPO to avoid engaging with business partners whose activities contradict or are inconsistent with its mission and/or stakeholders system of values. The next quote provides an illustration on this point: "*We have a number of different levels of sign-off before going into the partnership. Initially, it will go to our board, which has a mixture of senior members...then we put in a document saying 'This is what we want to do, why we think we should do it, and this is the budget' ...if passed, we put it through an ethical committee to look at any reputational risks to our organization for working with that company*" [Large –CFM-2]

#### 4.2 *Post-formation collaboration capabilities*

The term post-formation denotes the period after signing the collaboration agreement and commencing the implementation stage (Al-Tabbaa & Ankrah, 2018; Wang & Rajagopalan, 2015). Therefore, the second group (post-formation capabilities) specifies capabilities needed once the collaboration is established, which would enable the NPOs to operationalize and run the collaboration. The analysis revealed three distinct capabilities that underpin NPO efficacy in processing and harmonizing the collaboration.

##### 4.2.1 *Controlling power*

This capability reflects NPOs' agency to address power issues that might evolve during the course of the collaboration. Typically, power imbalance is a common problem in cross-sector collaboration, with NPOs being the weaker due to resource dependency. The informants mentioned that this issue can destabilize the collaboration, sometimes resulting in absolute failure. The findings indicate that knowing how to control power is an essential capability for collaboration effectiveness, where two related skills emerged as underpinning this capability: *understanding power complexity* and *restoring the balance of power*. In regard to the former, the informants interpreted power as the ability to revise the agreed collaboration arrangement should the business be perceived as trying to exploit the collaboration to

appropriate additional benefits. However, the analysis shows that the nature of power in NBC is complex, being influenced by two factors. The first concerns the extent to which an NPO is dependent on the business for a specific resource(s) (i.e., greater resource dependence decreases the NPO's power). The contrasting quotes below illustrate this relationship:

*"If you are desperate as a charity you go along with things sometimes just to get what you want to get. You may allow them to do what they want a little bit because there is a need for that". [Medium-CEO]*

*"We have never been in a position that somebody dictates what we do. We are not heavily dependent [on income from the business sector]". [Large-HF]*

The second factor relates to potential collaboration promises; an NPO might sacrifice part of their power (e.g., give a business more flexibility during implementation of the collaboration) in return for promising future outcomes (e.g., collaboration with larger businesses would typically have greater potential in terms of its value to NPOs and society).

*"I think the larger the company the harder it is to have equality in the relationship...So collaborating with [name of one FTSE100 companies] clearly was important for us to have our brand on their plastic bags, but we could not really dictate how big our brand should be or its position on the branding. It was entirely up to them". [Small-CEO-2]*

Combining the two factors articulates the power dynamics, as illustrated in Figure 2. When the collaboration provides marginal value to the NPO and involves little resource promise (e.g., involve a small business), the power of the NPO would be highest (quadrant 1) during the collaboration. By contrast, high dependence on collaboration resources coupled with high resource promise (e.g., larger business partner) would reduce an NPO's power to its lowest level (quadrant 4). Drawing on these findings, it became clear that understanding power complexity enabled NPOs to identify their power position (i.e., as per Figure 2) in any particular relationship, thus helping to decide appropriate mechanisms for balance restoration (as discussed next).

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Figure 2  
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For *restoring the balance of power*, the analysis identified three key mechanisms that embody NPOs' skill in utilizing social power, trust, and identity to control power disparity in the relationship. Table 5 explicates these three mechanisms and provides the necessary evidence.

These two themes together (understanding power complexity and restoring the balance of power) provide the full picture of how the capability of controlling power actually works. Once the collaboration has begun, NPOs appraise and determine their power-related position. Then they employ one or more of the balancing power mechanisms, as in Table 5, to adjust any imbalance that might develop during the course of the relationship.

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Table 5  
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#### 4.2.2 *Coordinating activity*

Coordination captures an NPO's capability to effectively manage operational processes, such as the division of task responsibilities and interdependencies between the partners. However, what dominates this capability is the skill to confine disruption. To achieve effective coordination, the findings show that the NPOs were proactive in the sense of predicting and avoiding prime sources of dispute with business partners, such as misunderstandings due to organization-related culture differences. Such avoidance reflects a systematic ability to recognize latent potential conflict, thus enabling the NPO to control the development of potential obstacles (e.g., when conflict ascends from a simple misunderstanding to a deep concern about exploiting behavior). Moreover, informants explained that this avoidance approach has potential to influence positively the business actor's thinking toward the collaboration (e.g., to consider expanding or extending the relationship) because the NPO would be perceived as a 'trouble-free' partner. A number of NPOs had, for example, allocated significant resources, such as a dedicated management team as well as monitoring and evaluation procedures, to ensure the quality and effectiveness of the NBC implementation process.

*"Our objective will be to have a longer partnership and to keep the partners on board...any partner would get a dedicated account manager. He will be the main point of contact...Then we work with them to make sure we deliver the partnership as best as possible. We are going above and beyond wherever possible to make sure that companies stay after the official partnership comes to an end". [Large-BDM]*

In addition, it was evident that the NPOs were keen to reduce any prospective disputes by deliberately simplifying the collaboration procedure through modeling the process as a set of logical steps. The findings indicate that, after the authorization process (i.e., signing the agreement), NPOs endeavored to articulate and communicate how the partner should engage in the collaboration. They consciously provided tailored guidance about the process, thereby making the collaboration clear and easier to implement, as demonstrated in this extract from [Large-26] website: *"We will create a bespoke partnership that meets your individual requirements; provide a dedicated account manager who will be on hand to ensure our partnership is a success; work together to keep our partnership fresh and innovative"*.

#### 4.2.3 *Developing mechanisms*

In general, inter-organizational relationships can be an effective vehicle for achieving organizational development by allowing partners to obtain knowledge which is not easily acquired through market transactions (i.e., knowledge embedded in experience and employees' skills). However, achieving development by learning from partners is not a foregone conclusion; it requires the capacity to identify, transform, and internalize knowledge resides with the partner (Schreiner et al., 2009). Consistent with the previous claim, NPOs which are active in collaboration have developed the ability to absorb business

partners' managerial and technical experience to enhance their overall operations, which we thus coded as *optimizing operations*. In this respect, the findings indicate that learning schemes (which were established as part of the collaboration with firms) helped the NPOs to advance their capacity. More specifically, the informants commented that such schemes enabled the transfer of practices and specific knowledge (e.g., cost cutting techniques, standardizing operations) from business partners to NPOs allowing the latter to perform more effectively. Through this deliberate learning from business partners, collaboration became a means of institutional development. Importantly, developing capacity through learning from a partner was considered vitally important, as NPOs cannot typically utilize funds generated from public donation to support organizational development initiatives.

*“Through working in partnership with business, we deliberately seek to learn how to enhance our financial reporting...conducted better marketing activities, learned about IT and data protection, which were crucial for us...this eventually develops our overall work procedures...which cannot be done by our normal donations”*. [Small-CPM]

On the other hand, the analysis revealed a different form of development mechanisms: *evolving opportunities* skill. This describes the feedback routines that NPOs deploy to collect information from existing or completed partnerships to identify new collaboration opportunities. Specifically, the analysis shows that NPOs were active in establishing these routines to enable experimental learning (i.e., reflecting on current practices) and social interaction (e.g., communicating with various business actors) to envision new prospects for collaboration. For instance, some of the NPOs organized regular meetings with all stakeholders and/or held discussion sessions at the senior and key decision-makers' level with their partners that focused on future needs and ambition. All feedback gleaned from such meetings was analyzed and discussed to identify new ideas and opportunities that could be transformed into novel collaboration projects that can attract the interest of new business partners.

In the same vein, our data also show that NPOs were systematic in using feedback to revive and widen the scope of current collaborations. In effect, the NPOs were able to design new initiatives with the same partner based on newly realized needs. For instance, one interviewee highlighted: *“we do not want to keep delivering the same thing ... it is just not engaging anymore... we have seen a lot of our partnerships evolve and change completely based on our ongoing experience ...this was vital to keep us seen as ‘relevant’ partners”* [Large- CFM-2].

Other NPOs were also able to upgrade the relationship from one level to another. Indeed, the ability to change the type of NBC (e.g., philanthropic, transactional, and integrative; see Austin, 2000) was particularly efficient in expanding the portfolio of existing collaborations because the partners might perceive better compatibility over time, creating further scope for collective opportunity.

#### 4.3 *Stabilizing Stakeholders: a cross-cutting capability*

In addition to pre- and post-formation capabilities, the findings indicate that NPOs developed a unique cross-cutting capability that was necessary at both the pre- and post-formation stages (i.e., oscillating between *exploring* and *managing* actions). This capability reflects an NPO's overall approach to continuously managing their diverse stakeholder groups, reducing tension between some of these groups and the organization while generating support from others. The findings indicate that two themes underpin this capability: *pre-empting stress* and *enacting positive engagement*. Concerning the former, NPOs sought to be proactive from the outset (i.e., during the pre-formation stage) to pre-empt any potential concerns that might upset their stakeholders, thus enhancing the capacity to search for new partners. The findings show that the NPOs achieved this goal by deliberately avoiding controversial businesses whose practices might contradict their mission/values, while adopting a strict screening process for any new collaboration.

In addition to allaying concerns (i.e., the ability to pre-empt stress), the analysis indicates that many NPOs faced tensions with stakeholders during the pre-formation stage due to cost-related issues. As per the Transaction Costs theory (Macher & Richman, 2008), finding the appropriate partner and negotiating the contract consume substantial organizational resources. Therefore, the NPOs were keen on having a specific return on their input (i.e., a ratio for return on investment), whereby every new collaboration was subjected to a due diligence process that includes evaluating the benefits and return on investment in addition to scrutinizing the company's policies and principles, practices, and products.

The second theme, *enacting positive engagement*, concerns NPOs effort to manage stakeholders during the post-formation stage. Our analysis revealed two underpinning skills: generating a sense of achievement and continuous communication with stakeholders. The findings indicate that generating stakeholders' interest in the collaboration process is an essential part of managing NBC, and this was typically achieved by informing all stakeholders about the current and potential value of the collaboration for both society and the NPO. For instance, as the document review revealed, many NPOs refer explicitly in their annual reports to their collaboration activity and highlight its impact. For example: "*Our partnership with [a giant pharmaceutical company] continues to grow thanks to an innovative new initiative in which the company is investing 20% of the profits it makes in developing countries back into strengthening those countries' health care systems by training community health workers*" [extracted from Large-18 annual report, 2011]. By such dissemination, NPOs were able to gain further support from their internal and external stakeholders as they start realizing the collaboration impact.

#### 4.4 *Actions to leverage AMC*

Building on the findings reported above, it was evident that active in collaboration NPOs were using the two actions, namely *exploring* and *managing* NBC, to realize the benefits of pre-, post-formation and

cross-cutting capabilities. These actions are conceptually distinguishable from capabilities, see Figure 3 (actions box), because the true rent an NPO might achieve from its capabilities is not due the possession of particular capabilities per se, but due to how these capabilities are leveraged through actions (cf. Newbert, 2007).

The analysis also reveals that exploring and managing are chronologically connected, reflecting a process of institutionalizing the collaboration within the partners. In principle, the collaboration can be described as institutionalized when “its structures, processes, and programs are accepted by the partner organizations...and their constituents are embedded within the existing strategy, values, structures, and administrative systems of the organizations” (Austin & Seitanidi, 2012a, p. 11). In this respect, the findings show that the cross-cutting capability ‘stabilizing stakeholders’ has a key role in the institutionalization process. More specifically, the informants commented that as a part of the exploring action, their NPO proactively sought to minimize any potential issues that might upset their stakeholders (as illustrated in pre-empting stress theme above). Once the collaboration had started, the NPOs were keen to generate the interest of stakeholders (see enacting positive engagement theme). The process of institutionalization can be observed in the following quote: *“if we have new activities, first we contact all of our staff and volunteers telling them about the new event coming up...then we try to generate the interest of all our staff in that new thing, so people see the collaboration as an important thing for the charity and themselves”* [Medium – FMO].

In addition, the findings indicate that NPOs seek a balance between the two actions as each one has merits and risks. While focusing primarily on exploring NBC can generate future collaboration opportunities (an increase in the number of potential partners and partnership), it would incur high up-front costs (i.e., costs associated with finding new partners). Also, over emphasis on exploring NBC might distract the NPO from managing potential issues with a current collaboration. By contrast, a focus on managing NBC can enhance operation effectiveness of existing partnerships, but reduce new and long-term opportunities for NBC. The trade-off between exploring and managing actions is illustrated in the following quote:

*“I need to invest in market research in terms of sorting our data on local businesses, and invest in building our brand, not only as a charity, but also as a social service provider [i.e., to enhance attractiveness, as part of their exploring activity]. At the same time, I also need to focus on running activities [i.e., referring to existing partnerships] using the feedback from the corporate we worked with which will result in more effective process...balancing between the two is difficult so I need more time and people to make all that happen”* [Medium-CEO-2].

Despite this paradox, we found that most NPOs devote more attention to leveraging and developing post-formation capabilities (i.e., focus on the *managing* action). These capabilities would allow them to stay and expand the current relationship to a new level, which reflects managerial savviness as the NPOs appreciate the difficulty of exploring new partnerships opportunities: *“It is much more cost effective to*

*develop and expand on the partnerships that we have and, it is easier than going out and trying to secure new business” [Large - BDM].*

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Figure 3  
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#### 4.5 *Linking actions to capabilities: toward an integrative model*

In cross-sector collaboration, there are two distinct, yet nested, approaches of learning that can yield different outcomes. Inter-organizational learning occurs when partners’ learn about each other through social interactions (Kolk et al., 2010). Here the expected outcome is unilateral/bilateral knowledge transfer (Arya & Salk, 2006), social co-innovation (Selsky & Parker, 2011), or adaptation of practice (Yaziji & Doh, 2009). On the other hand, partners can adopt a different learning approach that focuses on developing and advancing the existing collaboration. Thus, the outcome is process-centric (i.e., adapting and changing the collaboration process as part of the implementation process) (Clarke & Fuller, 2011). Our findings add to the latter form of learning; focusing on learning for developing alliance capabilities.

As concluded in the previous section, NPOs were harnessing the power of the three different forms of capabilities through the two types of actions (exploring and managing), which implies a linear connection between capabilities and actions. However, the analysis indicates that the relationship between these two constructs (i.e., capabilities and actions) is not linear, but rather follows a cyclical pattern, as illustrated in Figure 3. Here the capabilities were constantly modified based on the experience of exploring and managing NBC. In particular, the analysis identified tracks of deliberate evaluation and learning between actions and capabilities, which reflect dedicated systems that allow the NPOs to revive their capabilities overtime. These learning systems underlie AMC development process. For example, the following quote illustrates how learning (i.e., systematic evaluation of collaboration activity) was utilized to modify and advance one capability, the ‘establishing attractiveness’: *“we regularly review our processes [in relation to NBC]...The type of companies that we are dealing with now tend to be in the financial sector, and a little bit in the telecommunication sector... [however] we changed to a consumer route [i.e., to focus on industries that have direct a connection with customers such as retailers and energy suppliers] which we found to make better results” [Small-CPM].*

Furthermore, the findings demonstrate that large NPOs with a global presence have developed complex learning mechanisms that feed not only into all of their collaboration capabilities, but also into their overall strategy. This complexity is attributed to the operating scale of their collaboration activity (i.e., partnering with large firms to deliver national and international social/environmental programs), where they focus only on strategic long-term partnership. This form of collaboration requires the connection between the two organizations to involve multiple stakeholder groups as the relationship network expands beyond the leaders and early proponents to involve staff at different organizational levels (Austin, 2000). Therefore, these NPOs have realized the need to develop systematic learning

mechanisms to enable them to collect and process information from all involved actors at all levels. For instance, the next illustration shows in detail how a large NPO had recognized the need to organize, code and share internally the considerable amount of information it captures during the collaboration activity. Here, this learning process is necessary for optimizing and advancing its collaboration capabilities and overall strategy: *“We have a system to measure collaboration impacts, and then reflecting on them. Much more important is that this is a continuing process of developing our strategy and our plans...we do have a structure which entirely recognizes fundraiser deals with companies and programs where people deal with companies...and we have a coordinating group that reviews our work and, therefore, they can develop our planning and our strategizing for future partnering.”* [large-HBR]

In summary, the findings indicate that these mechanisms together are actually an organizational learning system (involving experience articulation, accumulation, and exchange within an organization) that aims to continuously adapt the pre-formation, post-formation and cross-cutting capabilities. Being able to build and activate such systems represents upper-level capability that exerts an indirect effect on NBC performance by developing and reconfiguring the primary capabilities (i.e., the three bundles of collaboration capabilities).

## **5 Discussion and Conclusions**

This study aims to develop our understanding of the alliance capabilities in cross-sector collaboration, a setting that is inherently different to a purely profit-driven sphere (i.e., B2B alliance). To this end, we explored the capabilities NPOs deploy to actively establish and manage sustainable linkages with the business sector, and theorize how these capabilities are then effectively leveraged to appropriate organizational value while pursuing their social mission. In specific, the study makes three main theoretical contributions.

First, we respond to a need to investigate the nature and dynamics of alliance capabilities when applied within the NBC domain (Austin & Seitanidi, 2012b; Liu et al., 2018; Murphy et al., 2012). This is a distinct setting (compared to B2B alliance) because the partners involved, who come together to achieve collective non-profit objectives (Le Ber & Branzei, 2010), are fundamentally different in their culture and institutional logics: ‘market’ logic vs ‘public good’ logic (Arya & Salk, 2006). Moreover, we focus on the nonprofit side, which has received less attention compared to the dyadic and business perspectives (Herlin, 2013), as the unit of analysis. Our findings suggest that NPOs that are actively in collaboration have developed a largely unique set of AMC that are necessary for exploring new collaboration opportunities and managing existing relationships with their partners. In effect, these capabilities evolved in response to the institutional differences between the NPOs and business partners, as well as the special requirements of the nonprofit sector. For instance, while the extant B2B alliance literature underestimates the issues associated with organizational power asymmetry (Schreiner et al., 2009), we identified a specific capability (i.e., ‘controlling power’ and its underlying mechanisms) that NPOs

developed to tackle the risk of power imbalance. This reflects NPOs concerns of being in a resource-dependent position (Berger et al., 2004), and how this might enable business actors to pull the relationship toward their agenda (Bryson et al., 2006; Koschmann et al., 2012). Similarly, while stakeholders are not clearly captured in the B2B alliance literature, the ‘stabilizing stakeholders’ capability emerged in response to complexity of managing NPOs’ stakeholders in cross-sector collaboration as they typically hold different expectations (Al-Tabbaa et al., 2013) and accountability criteria (Yaziji & Doh, 2009). Importantly, we show how the NPOs were active in managing their stakeholders’ concerns by enacting a two-step approach that starts with mitigating speculation then building confidence in the collaboration impact. Moreover, ‘structuring the agreement’ and ‘evolving opportunities’ arose as unique capabilities that NPOs utilize to protect their image and identity while optimizing the due diligence process when targeting new business partners. This is an important contribution because the literature on capabilities, as in Table 1, does not adequately identify the essence of these two capabilities. On the other hand, some capabilities that we identified might be seen as overlapping with the extant literature, however, our analysis indicates some unique features of these capabilities. For example, ‘developing mechanisms’ could be perceived as resembling inter-organizational learning (e.g., Arya & Salk, 2006), which is a widely recognized AMC (Niesten & Jolink, 2015). Nevertheless, ‘developing mechanisms’ goes beyond knowledge transfer across partners (Schilke, 2014) to include a wider perspective that underscores opportunity development and optimization of operations. Similarly, ‘establishing attractiveness’ can intersect with alliance proactiveness (Kauppila, 2015), which describes an organization’s ability to scan and seize potential partnering opportunities. The ‘establishing attractiveness’ capability, however, emphasizes an NPO’s capacity to recognize and build upon their social and economic strengths that provide the foundation for building a win-win relationship with a business partner (Austin & Seitanidi, 2012b). In sum, we identified a largely idiosyncratic set of collaboration capabilities that reflect the particularity of the nonprofit setting. Therefore, our findings provide support for the argument that AMC are actually a setting-dependent construct (Schilke & Goerzen, 2010; Wang & Rajagopalan, 2015).

Second, we expand the literature on AMC in cross-sector collaboration by investigating these capabilities as a comprehensive framework that integrates different relational skills necessary throughout the collaboration lifetime. As Vurro et al. (2010) remark, it is vital to view collaboration as being dynamic in order to realize the “variety of managerial challenges and conditions affecting collaborations as they progress through stages” (p. 41). However, Table 1 shows that the extant literature did not pay attention to this issue as researchers examined capabilities at a single stage, for example, communication, and coordination (e.g., Arya & Salk, 2006; Clarke & Fuller, 2011), absorptive capacity and learning routines (e.g., Murphy et al., 2012; Pittz & Intindola, 2015), adaptation and transformation skills (e.g., Le Ber & Branzei, 2010). In contrast, our empirically-driven framework identifies three bundles of capabilities (pre-formation, post-formation, and cross-cutting), indicating that each stage of

collaboration requires a different set of capabilities. This is one of this study's key contributions, as it supports recent research which emphasizes the importance of the time dimension when analyzing cross-sector collaboration (Dentoni et al., 2016; Selsky & Parker, 2005), by viewing the collaboration as being comprised of a number of distinct stages (formation, operation, and institutionalization) and micro-processes that demand various organizational competencies in order for it to be managed effectively (Austin & Seitanidi, 2012 a, b). Therefore, our framework criticizes and departs from the often adopted 'blanket approach' that conceptualizes AMC as being a latent variable which comprises dimensions that are relevant during all of the collaboration phases.

Our third contribution concerns how NPOs leverage AMC to extract value (Niesten & Jolink, 2015; Schreiner et al., 2009). Typically, AMC are understood to have a direct effect on the performance of the partners (e.g., Heimeriks et al., 2015; Sarkar et al., 2009). However, this assumed direct path contradicts a basic premise of the resource-based view (RBV) theory that regards resources as important but not sufficient to achieve anticipated performance outcomes (Ketchen et al., 2007). In other words, the potential value of resources (capabilities in our study) remains unrealized until an organization takes appropriate strategic actions to operationalize its resources (Ketchen et al., 2007; Kraaijenbrink et al., 2010). Therefore, the present study contributes to the AMC and RBV theory literature by showing that NPOs leverage their capabilities through exploring and managing NBCs. Concerning the former, the findings indicate that NPOs use pre-formation capabilities not only to recruit new partners (i.e., to expand the portfolio horizontally), but also to extend and develop existing relationship (i.e., to move vertically from one collaboration level to another). In terms of the latter, managing NBCs, the analysis shows that NPOs evolve post-formation capabilities that enable them to run the collaboration effectively and identify mechanisms for opportunity development, while pre-empting power imbalance-related risk and avoiding potential conflicts stakeholders.

Furthermore, we conceptualize the evolution of AMC as a dynamic process (as in Figure 3), which complements our understanding on how partners can enhance their future collaboration success by learning from current relationships. In general, organizations experience two distinct forms of learning when collaborating (Kale & Singh, 2007): inter-organizational learning (i.e., learning from a partner), and process development (i.e., learning to modify the collaboration process). The former has received the attention of cross-sector collaboration researchers, by investigating learning through actors' social interactions (Kolk et al., 2010), enablers of corporate learning from NPOs (Arya & Salk, 2006), and adapting the adsorptive capacity necessary for social co-innovation (Murphy et al., 2012). On the other hand, learning for process development, which received less attention, highlights the importance of feedback loops (Selsky & Parker, 2005), role recalibration mechanisms (Le Ber & Branzei, 2010), and re-aligning partners' expectations (Rondinelli & London, 2003) to adjust and adapt existing collaboration activities based on "learning from experience" (Clarke & Fuller, 2011). Our findings add to the latter learning form by shifting the focus from 'learning for current collaboration' to 'learning for



future collaboration'. Therefore, we contribute to the debate concerning how organizations develop and reconfigure their existing base of capabilities (Macher & Mowery, 2009; Schilke, 2014). In fact, the extant literature describes the role of learning mechanisms (tacit accumulation of past experience, knowledge articulation, and knowledge codification processes) in capability development (Lumineau et al., 2011), however it is still unclear how and when these mechanisms actually occur (Heimeriks & Duysters, 2007). Our study adds to this line of research by showing that exploring and managing actions provide the media for these learning mechanisms to emerge and operationalize, thus advancing the AMC. These actions constitute the space for social interactions to take place, which facilitates not only the development of new patterns of practice, but also identifying and retaining those patterns that hold the most potential for value creation (see Vergne & Durand, 2011). Accordingly, these actions are essential for learning mechanisms that underpin capability development (Bridoux et al., 2016, Al-Laham et al., 2008).

### 5.1 *Implications for practice*

In addition to theoretical insights, the study also provides important implications for practice. First, the study provides a framework for systematically developing and deploying alliance capabilities that are necessary for initiating and maintaining viable partnerships with the business sector. The detailed aspect of this framework, as illustrated in this study, can help managers to manage such alliances by preempting problems and risks associated with cross-sector collaboration by systematically understanding the requirements and focus of each collaboration phase. Such guidance would encourage a change in NPO practice from being opportunistic (i.e., reacting to business offering) to being strategic (i.e., design collaboration proactively to become active in finding prospect partners). Second, we distinguish between inter-organizational learning capability and learning systems for developing AMC. While the former is necessary for creating new collaboration opportunities and internalizing business knowledge, the latter is vital for advancing and revamping all AMC (i.e., by coding and disseminating the experience of previous collaboration). In turn, this highlights the importance of allocating adequate resources to establish and maintain such learning systems to prevent the alliance capabilities from stagnating over time. Ultimately, this conceptualization of capabilities as a two-stage casual structure offers a deeper understanding to managers about how AMC can be developed (Kodama, 1991; Schilke, 2014). Third, we demonstrate that losing power in NCB is not inevitable. In general, NPOs are likely to sit on the weaker side of this relationship, which can typically be caused by the assumption of an unequal flow of benefit between the partners (Baur & Schmitz, 2012). However, the findings show that the NPOs have options to re-balance any power asymmetry. As illustrated under the 'controlling power' capability, an NPO may use several approaches to restore any power imbalance. For example, nonprofit managers may exploit their *social power* to counter a business's *economic power*, which can prolong the relationship between the two as it shifts the focus from 'unilateral giving' to 'complementing'.

## 5.2 Limitations and future research

Alongside our contributions, we are mindful of the study's limitations which yield a number of future research opportunities. First, our analysis regards AMC as being of equal importance in the setting of NBCs. However, there is a possibility that these capabilities might have differential effects. In other words, some AMC might be more important than others in certain situations. It would be worthwhile, therefore, to examine the extent to which external and/or internal factors, such as organizational legitimacy, sensitivity of stakeholders, and market conditions, change the individual impact of AMC. Second, given that the present study involved a small number of cases, the findings might suffer from limited external validity. So it would be worthwhile to administer a survey in order to test the model in Figure 3. This type of study could also examine the effect of some of the boundary conditions, such as, the role of potential moderators, for example, organization size, income sources, and experience. Regarding the latter, a study could compare newly founded organizations (i.e., with limited experience) with those that are more established to capture any differences in the usage of these capabilities. In this respect, it would be interesting to know whether 'proactiveness' is more important to novice NPOs than alliance monitoring capability. Lastly there is a need to explore the alliance capabilities as applied by the business partner. Our analysis revealed that active-in-collaboration NPOs have developed an idiosyncratic form of these capabilities. As AMC are context-specific, we anticipate that businesses which are actively in a social alliance are likely to evolve their own version of capabilities, which demands systemic investigation. This can complement our understanding regarding the essence of alliance capabilities as an essential enabler for cross-sector collaboration success.

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## Tables & Figures

Table 1: Summary of studies that investigate alliance capabilities\* in cross-sector collaboration (CSC)

Study	Research problem**	Research characteristics	Theoretical approach and key findings	Further research questions
Alonso and Andrews (2018)	<ul style="list-style-type: none"> <li>– Investigates the role of partnership capabilities as performance-enabler (i.e., enhance the partnership governance) in cross-sector collaboration (CSC) for waste recycling</li> <li>– Focuses partially on collaboration capabilities</li> </ul>	Quantitative, secondary data	<ul style="list-style-type: none"> <li>– Using B2B alliance literature, partnership capabilities were operationalized as: accumulated experience, resources allocated for administrating the relationship, and top management capability (i.e., CEO tenure).</li> <li>– Partnership capabilities have a positive moderating effect on the relationship between contractual governance and partnership performance (by reducing transaction costs and minimize opportunistic behavior).</li> </ul>	<ul style="list-style-type: none"> <li>– To what extent partnership capabilities can affect organizational behavior (e.g., knowledge sharing) in CSC</li> </ul>
Arya and Salk (2006)	<ul style="list-style-type: none"> <li>– What factors determine the effectiveness of inter-organizational learning in CSC</li> <li>– Focuses partially on collaboration capabilities</li> </ul>	Conceptual, focus on firms perspective	<ul style="list-style-type: none"> <li>– Three groups of factors are identified as affecting inter-organizational learning in CSC: Context-specific (e.g., state policy), alliance-specific (e.g., network size), and partner-specific factor (i.e., relational capabilities including communicating, coordination of social network, and collaboration experience).</li> </ul>	<ul style="list-style-type: none"> <li>– As CSCs are typically regarded as short-term projects, how this consideration can affect the learning capability in the long term.</li> <li>– How organization structure can enhance/restrict inter-organizational learning</li> </ul>
Austin and Seitanidi (2012b)	<ul style="list-style-type: none"> <li>– Examines the partnering processes that underpin value creation in CSC</li> <li>– Focuses partially on collaboration capabilities</li> </ul>	Literature review	<ul style="list-style-type: none"> <li>– A number of stages and micro-processes have been discussed as mechanisms for value creation in CSC</li> <li>– These include: 1) formation and partner selection (covers routines for assessing the suitability of partners and estimating organizational fit), 2) design and operation (encompasses coordination, monitoring, communication), 3) institutionalization (social interaction patterns and inter-organizational learning)</li> </ul>	<ul style="list-style-type: none"> <li>– How partners can develop mechanisms to connect and align individual interests with collaboration collective objectives</li> <li>– What processes in CSC that can facilitate inter-organizational learning for developing new collaboration skills</li> </ul>
Clarke and Fuller (2011)	<ul style="list-style-type: none"> <li>– How organizations can jointly determine collaborative goals. Focuses on organizational and collective courses of action and allocation of needed resource</li> <li>– Focuses partially on collaboration capabilities.</li> </ul>	Qualitative, case study	<ul style="list-style-type: none"> <li>– A conceptual model of collaborative strategic management is proposed.</li> <li>– Two key capabilities are identified: administration form (coordination skills) and feedback loop (communication skills for correction actions)</li> </ul>	<ul style="list-style-type: none"> <li>– The study provides no specific recommendations for future research on alliance capability</li> </ul>

\* Can also be labelled as relational/collaboration capabilities/skills/routines

\*\* Many of the reviewed papers in this table address the alliance capabilities partially, i.e., as part of a bigger research problem. These papers are highlighted in the table.

Crosby and Bryson (2010)	<ul style="list-style-type: none"> <li>–How partners’ integrative leadership approach (a situation when a group of organizations lead together) can drive CSC success</li> <li>–Focuses partially on collaboration capabilities.</li> </ul>	Qualitative, case study	<ul style="list-style-type: none"> <li>– The study presents a framework that accounts for conditions, roles and activities underpinning the collective leadership of successful CSC design and implementation.</li> <li>– From alliance capabilities perspective, a number of management skills have been identified (e.g., creating effective boundary-spanning groups, forging agreements, building trust) which can be grouped as coordination and transformation relational skills</li> </ul>	<ul style="list-style-type: none"> <li>– The study provides no specific recommendations for future research on alliance capability</li> </ul>
Caldwell et al. (2017)	<ul style="list-style-type: none"> <li>–How relational coordination can affect task performance and the creation of social value (health care)</li> <li>–Focuses partially on collaboration capabilities</li> </ul>	Qualitative, case study	<ul style="list-style-type: none"> <li>–Relational coordination (defined as capability to manage task interdependencies in the context of relationships) is proposed as critical in enhancing task performance which eventually drive social value creation</li> <li>–This capability is determined by mutual knowledge and goal alignment</li> </ul>	<ul style="list-style-type: none"> <li>–There is a need to examine the effect of the other collaboration settings (i.e., that bring other relational features) on the effect of the relational coordination capability and other proposed relationships in the model</li> </ul>
Dentoni et al. (2016)	<ul style="list-style-type: none"> <li>– How firms develop capabilities to manage stakeholders as part of their overall CSC activity</li> <li>– Focuses partially on collaboration capabilities.</li> </ul>	Qualitative, case study	<ul style="list-style-type: none"> <li>– A firm develops stakeholder-oriented capabilities (ability to sense, learn from, and change based on stakeholders) in early stages of the CSC, but these capabilities decrease at later stages as the firm becomes more experienced (thus relies less on external actors)</li> </ul>	<ul style="list-style-type: none"> <li>–As the study focuses in business, there is a need to examine how CSC can affect the capabilities for stakeholder orientation of non-profit partners</li> </ul>
Liu et al. (2018)	<ul style="list-style-type: none"> <li>–How alliance management routines (i.e., relational capabilities) can influence social alliance performance</li> </ul>	Quantitative – primary data (survey)	<ul style="list-style-type: none"> <li>– Social alliance management routines (conceptualized from B2B alliance literature using Schilke and Goerzen’s (2010) generic capabilities) are significant in driving social alliance performance. Yet, this relationship is mediated by three relational mechanisms trust, embeddedness (strength of social ties), and commitment.</li> </ul>	<ul style="list-style-type: none"> <li>– There is a need to explore relational capabilities that might be exclusive to social alliance setting.</li> <li>– To what extent the generic relational capabilities are relevant to firm when participating in CSC.</li> </ul>
Murphy et al. (2012)	<ul style="list-style-type: none"> <li>–Due to differences between business and non-profit domains, current absorptive capacity models do not fully explain learning in CSC.</li> <li>–It examines if absorptive capacity (as a relational capability borrowed from B2B alliance literature) is relevant in CSC</li> </ul>	Conceptual and qualitative, case study	<ul style="list-style-type: none"> <li>–A modified model is suggested which emphasizes two elements: 1) inter-organization social integration to facilitate knowledge recognition and transfer, and 2) designing dedicated routines and process for learning from partners.</li> </ul>	<ul style="list-style-type: none"> <li>–The uniqueness of learning routines and processes in cross-sector collaboration demands further investigation.</li> <li>–Research is needed to examine the effect of partnerships’ characteristics on the nature of absorptive capacity in CSC.</li> </ul>



	– Focuses partially on collaboration capabilities.			
Pittz and Intindola (2015)	– Identifies the antecedents of absorptive capacity, and refine this construct in CSC setting – Focuses partially on collaboration capabilities.	Conceptual	– The study proposes trust and goal interdependence (in addition to other factors in B2B alliance, such as cross-functional interfaces) as new antecedents to the acquisition and exploitation of new knowledge, which in turn, underpin absorptive capacity in CSC	– How partners in CSC can develop new capabilities needed for managing the complexity in these relationships
Ritvala et al. (2014)	– As part of CSR agenda, how the subsidiaries of multinational corporation (MNC) can integrate with local NPOs and public agencies in pursuing for collaboration success	Qualitative, case study	– Three integration mechanisms are identified: ideational and social (values, personal relations, credibility); resource (complimentary and dependency of resources); and organizational mechanisms (technological enablers, flexibility, and managing stakeholders expectation) – These mechanisms (i.e., resources and skills) are vital to overcome discrepancies between sectors when working together to solve common problems	– There is a need for longitudinal case study that explore how inter-organizational learning can take place – How partners can develop coordination capabilities
Weber et al. (2017)	– What are the antecedence for joint value-creation in CSC, and how these antecedences are different between partners – Focuses partially on collaboration capabilities.	Quantitative, primary data (survey)	– Building on the relational view, the study identified three antecedents for value creation. Yet only one relates to collaboration capability (relation-specific investments). However, it describes resources and capabilities (such as time allocate for social of interaction), rather than organizational skills, devoted to facilitate the collaboration between collaborators. – The study shows that partners need to develop idiosyncratic capabilities (e.g., building trust) that facilitate their resource exchange and thereby create relational rents.	– To what extent the relevance of these antecedences (including the relational capability) might change over time. – There is a need to examine the knowledge-sharing routines as a capability that can increase co-creation of value.

Table 2. A summary of participated NPOs, interviewees' titles and codes

Size category	NPO code	NPO mission focus	Interviewee's job title	Interviewee's code
Small Annual income below £1.0 m	small-1	Social	CEO	Small-CEO-1
			Deputy Chairman	Small-DC
	small-2	Environmental	CEO	Small-CEO-2
			Partnerships Manager	Small-PDM
small-3	Social	Corporate Partnerships Manager	Small-CPM	
small-4	Healthcare	Business Development Officer	Small-BDO	
Medium Annual income between £1.0 and £10 m	medium-5	Social	CEO	Medium-CEO-1
			Funding & Marketing Officer	Medium-FMO
	medium-6	Social	CEO	Medium-CEO-2
			Business Director	Medium-BD
			Senior Administrator	Medium-SA
	medium-7	Social	CEO	Medium-CEO-3
			Fundraising and PR Director	Medium-FPD
	medium-8	Social	CEO	Medium-CEO-4
			Program Director	Medium-PD
	medium-9	Social	Senior Corporate Development Director	Medium-SCDD
			Trustee	Medium-T
	medium-10	Healthcare	CEO	Medium-CEO-5
	medium-11	Healthcare	Corporate Fundraising Team Officer	Medium-CFTO
	medium-12	Healthcare	Community Fundraising Team Leader	Medium-CFTL
medium-13	Healthcare	Regional fundraising Manager	Medium -RFM	
medium-14	Healthcare	Corporate Fundraising Director	Medium -CFD	
medium-15	Social & Healthcare	Corporate Fundraiser Officer	Medium -CFO	
medium-16	Social	Managing Director	Medium -MD	
Large Annual income above £10 m	large-17	Social	Head of Business Relations	Large -HBR
			Corporate Partnerships Manager	Large-CPM-1
	large-18	Social	Corporate Partnerships Director	Large-CPD
	large-19	Social	Director of Corporate Partnerships Department	Large-DCPD
	large-20	Healthcare	Head of Finance	Large-HF
			Fundraising Manager	Large-FM
	large-21	Social	CEO	Large-CEO
			Development Manager	Large-DM
	large-22	Social	Corporate Partnerships Officer	Large-CPO
	large-23	Healthcare	Business Development Manager	Large-BDM
large-24	Social	Corporate Fundraising Manager	Large-CFM-1	
large-25	Social	Corporate Fundraising Manager	Large-CFM-2	
large-26	Healthcare	Senior account Manager (dedicated for partnership)	Large-SAM	
		Corporate Partnerships Manger	Large-CPM-2	

Table 3: The process of data analysis

Step	Analytical activities	Output
<p>1. Summarizing and open coding: Developing a data summary for each case (i.e., organization) to generate initial insights.</p>	<ul style="list-style-type: none"> <li>– Summarize and combine the interview scripts and other documents and materials that were relevant for each NPO.</li> <li>– Focus on two overarching themes: collaboration capabilities and their dynamics and development.</li> <li>– Start open coding for each of the summaries to produce provisional codes.</li> </ul>	<ul style="list-style-type: none"> <li>– Case study summary for each organization</li> <li>– Several provisional codes</li> </ul>
<p>2. Coding: To identify recurring patterns regarding: a) AMC design, formation, governance, skills, and b) capability change and development</p>	<ul style="list-style-type: none"> <li>– Condense the provisional codes into categories by analyzing data incidents similarity or difference.</li> <li>– Iterative tabulation of evidence to distil first-order categories into a more abstract themes, and check the time effect on capabilities (i.e., before establishing the collaboration and after).</li> <li>– Compare the identified themes across the three NPOs sizes (small, medium, and large).</li> </ul>	<ul style="list-style-type: none"> <li>– 27 categories</li> <li>– 14 themes</li> <li>– Extended matrices which tabulate the evidence according to the categories and themes.</li> </ul>
<p>3. Building theory: Incorporate analysis outcome and literature to build a theoretical model</p>	<ul style="list-style-type: none"> <li>– Compare the themes emerged with the AMC literature</li> <li>– Combine these themes to establish the aggregated level (e.g., the three forms of collaboration capability, Figure 3).</li> <li>– Integrate the emerged themes and aggregated level concepts including AMC forms, actions, and development routines to establish the conceptual model.</li> <li>– Compare the model with the AMC (and capability development) literature to ensure its internal validity.</li> </ul>	<ul style="list-style-type: none"> <li>– An integrative model of the dynamics of collaboration capabilities and strategic actions</li> </ul>

Table 4: How NPOs utilize weak ties

Approach	Analysis
– Co-producing collaboration activity	Refers to NPOs approach in facilitating the establishment of individual linkages with business actors to collectively design the agreement. Many NPOs directed their staff to build inter-organizational social capital with businesses at a personal level to speed up the collaboration formation process because the collaboration would be jointly designed rather than driven by one party. However, the analysis shows that focusing extensively on this level can be risky. Personal relationships, rather than institutional ones, can endanger the potential and stability of any prospective collaboration (i.e., before signing the agreement) if, for example, some of these individuals were to leave the organization. Yet, such risks were mitigated when an organization deliberately transforms the relationship from the individual, where links are mainly utilized to establish the initial connection between the two organizations, to the institutional level.
– Activating board of trustees	The analysis also shows that the NPOs were clever in pushing their trustees beyond their original role (i.e., safeguarding the organization’s mission) by employing them as a bridge between the two sectors. The trustees are normally retired or senior businessmen/women who have strong relations with industry executives. So they have a key pre-collaboration role in terms of promoting their NPO as a legitimate and reliable prospective partner. Interestingly, the findings indicate that this role is more predominant in the small and medium size categories suggesting that the perception of trust and reliability are important factors in developing NBC.

Table 5: Mechanisms for balancing power

Mechanisms	How	Exemplary evidence
– Realizing social power	One important approach to balance the power between partners is to emphasize a mutualistic relationship. In this regard, a balance of power might arise should the realized ‘social power’ of an NPO, such as social experience and legitimacy, lessen the ‘economic power’ imposed by the business.	<i>They are giving us funding and their expertise and their time, but in return, we are giving them our expertise and we are giving them great PR...so they are getting that halo effect of being associated with our charity...we are really good at our jobs, and they are incredibly lucky to work with us. [Large-CFM-2]</i>
– Accumulation of trust	The balance was also maintained when NPOs sought to gain the business partner trust in their capacity to create social/environment impact. Specifically, informants explained that their organizations’ power was increasing gradually over time due to the building-up of confidence in the value of collaboration, whereby the NPOs were articulating and communicating how the collaboration was delivering its objectives in a form of subsequent measurable outcomes.	<i>I think at the beginning the corporation is probably the most powerful entity because they are giving the money and we do the asking. But as the partnership develops, and as we get to know each other, then it becomes an equal partnership...I think that the value of your work speaks for itself, so that as the project progresses and we prove ourselves...we become more on an equal footing. [Large-CFM-1]</i>
– Strong identity	Many NPOs were reducing the state of power imbalance by emphasizing their strong identify. Specifically, they were driven by the sense of responsibility to protect their brand, reputation, and the values of their organizations, which encouraged them to resist potential co-optation by business partners.	<i>Our entire mission, and ethos provide a long term care and protection [for our organization]. The trustees and charity would never go down a road to accept even £50 million, which sound marvelous, if it were to compromise our actual mission statement and ethos. So, in general I think we will be strong in this case. [Medium-SA]</i>

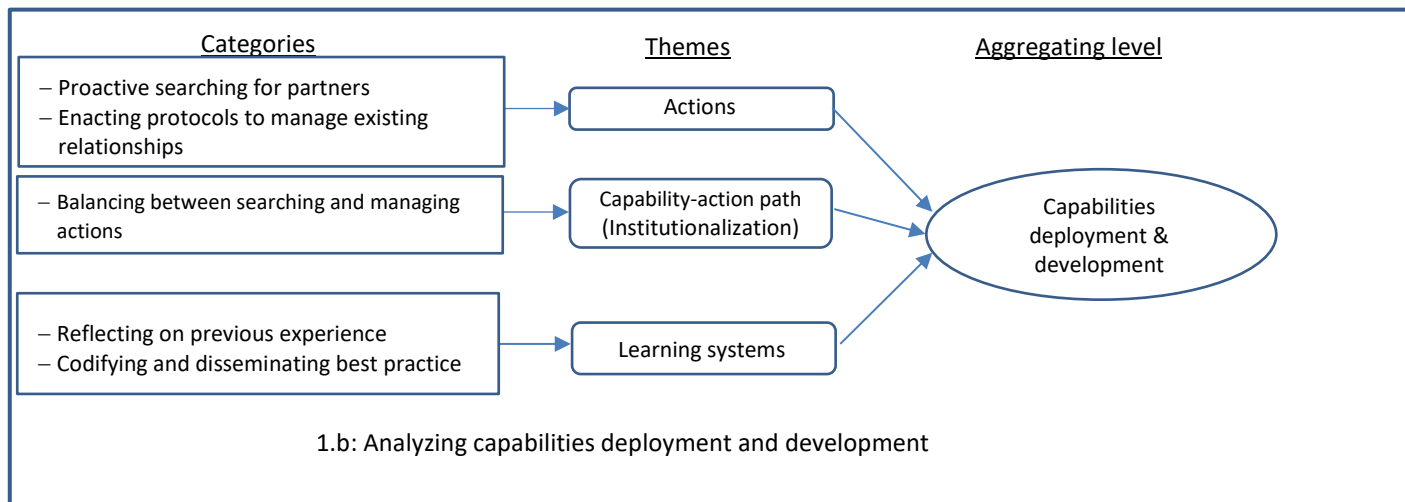
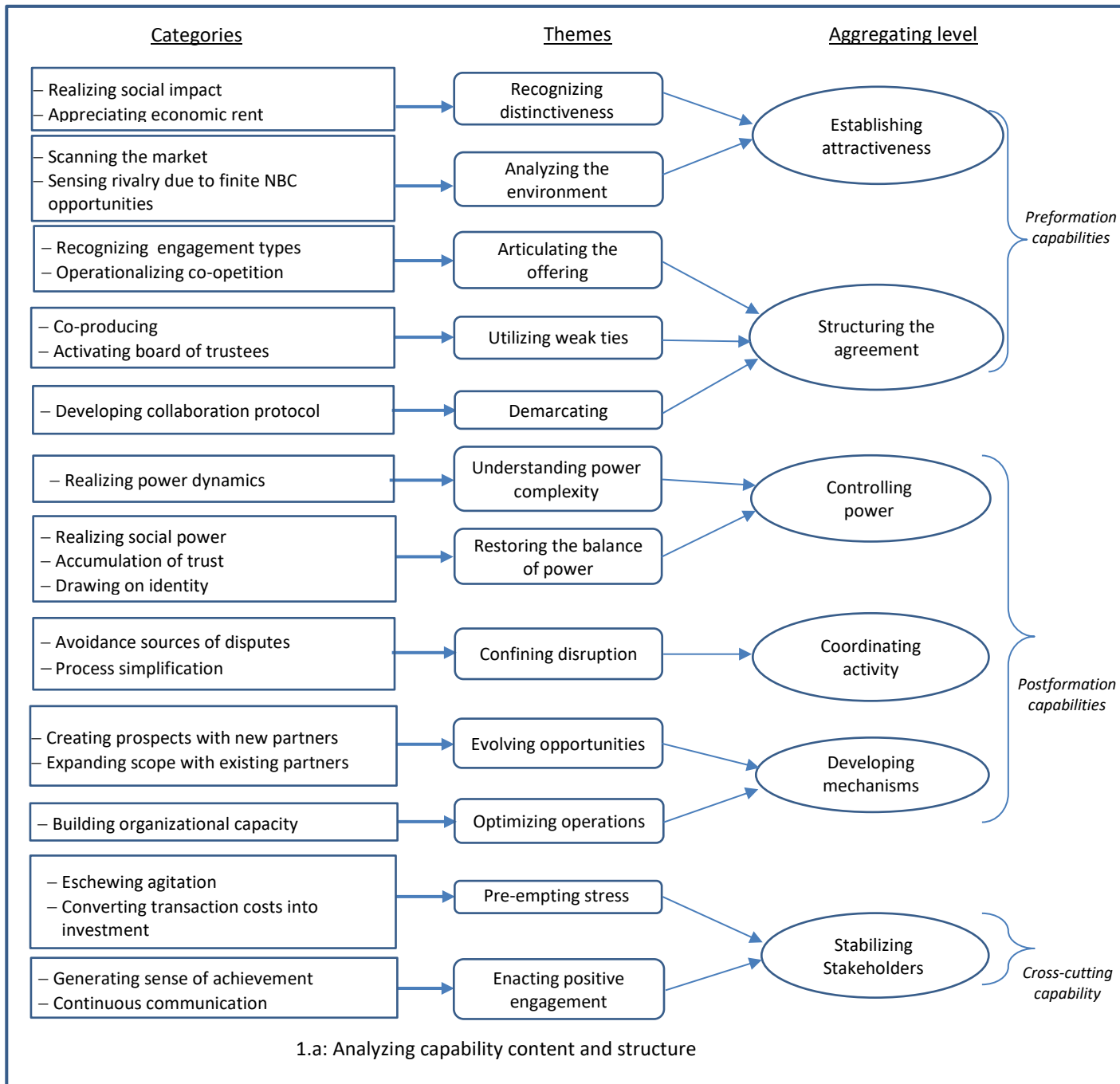


Figure 1: Study data structure

		Resource promise (from business)	
		Low	High
NPO resource-dependence	Low	<b>(1) Increase of NPO power</b>	(3) No change to power status quo
	High	(2) No change to power status quo	<b>(4) Decrease of NPO power</b>

Figure 2: Dynamics of NPOs power within cross-sector collaboration