Managing Strategic versus Tactical Green Collaborations: A Nonprofit Perspective

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Abstract

This exploratory study examines how non-profit organisations view collaborations with other organisations, based on the objective of the collaboration. This perspective has not been previously considered within the literature. Our findings suggest that non-profits believe there are differences in the management of collaborations depending on whether they are designed to achieve strategic or tactical goals. The variables of power and managerial imbalance were found to impact on the perceived effectiveness of strategic collaborations while organisational compatibility was found to impact on the perceived effectiveness of tactical collaborations.

Keywords - collaboration, non-profit, strategy and tactics

Introduction

Organisations collaborate with other parties to achieve a range of objectives (Crane, 1998; Stafford and Hartman, 1996; Vyas et al., 1995; Wymer and Samu, 2003). The nature of the collaboration objective (eg. strategic or tactical) is important as strategic activities set the direction of business and guides the allocation of resources, whereas tactical activities are “short-term actions undertaken to achieve implementation of a broader strategy” (AMA 2004). Within the literature both strategic and tactical collaborations have been examined (Gerwin, 2004; Bucklin and Sengupta, 1993; Polonsky and Speed, 2001; Strahilevitz and Myers, 1998) in the for-profit and non-profit setting (Huxham and Vangen, 1996; Milne et al., 1996; Rondinelli and London, 2003; Sengupta and Perry, 1997).

Within the literature there has been recognition that non-profits can undertake a diverse range of collaborative arrangements (Andreasen and Drumwright 2000, Crane 1998, Wymer and Samu 2003) ranging from philanthropy to joint ventures. It is suggested that each partners’ motivations for entering into each collaboration will differ (Iyer 2003, Polonsky and Speed 2001, Sagawa. and Segal 2000, Wymer and Samu 2003) and motivations might be linked to strategic outcomes, such as the repositioning of one partner, or to tactical outcomes such as increased awareness of a specific activity.

Authors have categorised the scope of activities and collaborations as ranging from tactical to strategic. Menon and Menon (1997) have defined strategic activities to involve frame-breaking change across the organisation, requiring extensive resources that shift the organisation’s focus. Rondinelli and London (2003) have defined a similar strategic concept “intensive collaborations” by suggesting that these collaborations reshape organisational directions, involving extensive information sharing and complex sets of activities. On the other extreme are tactical activities and collaborations, which Menon and Menon (1997)
suggest require no organisational or managerial shift, focusing mostly on functional activities and requiring less substantial investments. Rondinelli and London (2003) identify that these tactical collaborations are “low-intensity”, where organisations operate at arms length with focused programs involving minimal information sharing.

Given the obvious differences in strategic and tactical activities, strategic and tactical collaborations should be managed differently. Understanding how to manage these differences is important, as it will ensure desired outcomes are achieved. The literature has not examined the role of objectives (strategic versus tactical) in collaborations or how objectives impact on perceived collaboration effectiveness. This paper will seek to explore this gap building on previous research on collaboration.

**Hypotheses Development**

This study examines how environmental non-profit organisations perceive their tactical and strategic collaborations. There is extensive literature examining collaborations involving non-profit organisations (Huxham and Vangen, 1996; Milne et al., 1996; Rondinelli and London, 2003; Wymer and Samu, 2003). This study uses the framework of Bucklin and Sengupta (1993), which has been used in the non-profit setting (Milne et al., 1996; Garma et al., 2001).

There has been limited discussion of the differences between collaborations based on their objectives. Most research focuses on collaborations’ “most important” strategic collaboration, without defining the parameters of importance (Milne et al, 1996). The exploratory research presented in this paper expands the literature by examining differences between strategic and tactical collaborations. Bucklin and Sengupta’s (1993) model suggests that as increases in aspects related to managing a project, the match between partners and the age of the relationship, impact on the perceived effectiveness of a collaboration. We suggest that these general relationships will however, vary based on the collaborations’ objective, i.e. strategic or tactical. We will now define the variables to be examined and posit hypotheses.

Perceived effectiveness, the variable of primary interest, is examined using Bucklin and Sengupta’s (1993) five-item scale. It might be expected that strategic collaborations would be perceived to be more effective than tactical collaborations, given that strategic collaborations involve greater shifts in activities.

Bucklin and Sengupta (1993) identified three components of collaboration management. Power imbalance is where one party has more control over resources than the other and can “force” the other to modify their behaviour (Bucklin and Sengupta 1993). It is calculated by subtracting two composite measures of organisational influence (focal and partner). Power imbalance is expected to effect strategic collaborations more than tactical collaborations given the nature of the objectives. Managerial imbalance is the degree of managerial dependence one partner has over another. Collaborations are often formed where partners seek out parties that have complementary skills and should allow focal non-profit organisations to be more effective (Milne et al., 1996). Tactical collaborations should need fewer resources than strategic collaborations. Conflict distracts parties from achieving their goals and should reduce perceived performance on strategic collaborations more than tactical collaborations.

It is important that partners’ objectives are consistent and Bucklin and Sengupta (1993) identified two constructs defining partner match. Organisational Compatibility involves
similar management styles and organisational cultures. It should be more important for strategic collaborations given the potential sharing of information and resources between the two partners. Prior history is a second aspect of compatibility and allows partners to better understand one another by developing trust and commitment. Prior history should be more important for strategic collaborations where interactions are more likely to be ongoing.

*Relationship age,* which is different to history, is the last variable identified by Bucklin and Sengupta (1993). It is expected that age of a collaborative arrangement would be more important to “enduring” strategic collaborations, as compared to short-term tactical collaborations. The previous discussion results in the following hypotheses:

H₁ Strategic collaborations are perceived to be more effective than tactical collaborations.

H₂ (a) Power imbalance, (b) managerial imbalance and (c) conflict have a greater impact on the perceived effectiveness of strategic collaborations than tactical collaborations.

H₃ Organisational compatibility has a greater influence on the perceived effectiveness of strategic collaborations than tactical collaborations.

H₄ (a) Prior history and (b) relationship age will influence perceived effectiveness of a strategic collaboration more than a tactical collaboration.

**Methodology**

One hundred and twenty nine environmental organisations were identified in the *Directory of Australian Associations (Australasia Reference Research 1999).* The Director, or their nominee, was invited to participate in a telephone interview about the organisation's most recent green collaboration with a profit-based, a governmental and a NGO partner. Overall, 97 respondents participated (75% response rate) with 119 collaborations identified.

A single categorical item, based on the work of Menon and Menon (1997), was used to categorise the collaborations objective. Twenty-six objectives were categorised as being strategic; that is, the collaboration was frame breaking and often requiring irreversible organization wide changes; and 21 were categorised as being tactical; that is, the collaboration was functional and only involves minor tactical changes. The other 72 collaborations were classified as quasi-strategic and are not examined in this paper. This leaves the 47 strategic and tactical collaborations as the sample for analysis.

General organisational characteristics and questions related to the constructs influencing collaboration effectiveness and collaboration management also formed part of the questionnaire. These latter items were adopted from those developed by Bucklin and Sengupta (1993), Milne et al., (1996) and Garma et al., (2001).

Reliability testing on composite constructs was undertaken using Cronbach’s Alpha for the *whole* data set (i.e. all 119 collaborations), which included 47 strategic and tactical collaborations. All were above the suggested acceptable value of .6, other than managerial resources of the focal organisation, which was only slightly below .6 (Nunnally 1978).
Analysis and Discussion

Aggregate composite construct scores were calculated and are discussed in the analysis. The absolute values of differences were used when examining managerial and power imbalance. Mean values for constructs were compared using paired t-test to identify if there were differences between strategic and tactical collaborations.

The results in Table 1 suggest that at the p<.01 level there are three statistical differences in constructs based on the collaboration objective. Perceived managerial resources of the focal organisation (i.e. green organisation) are statistically higher for tactical collaborations than for strategic collaborations. This might suggest that the environmental non-profit organisations initiating the collaboration make a greater contribution and/or may have more say in directing tactical collaborations than for strategic collaborations.

Table 1: Paired t Tests: Factors Affecting Effectiveness

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean Values</th>
<th>Paired t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strategic n=26</td>
<td>Tactical n=21</td>
</tr>
<tr>
<td>Influence of Focal Organisation (3 items 0.91)</td>
<td>12.27</td>
<td>13.67</td>
</tr>
<tr>
<td>Influence of Partner (3 items 0.80)</td>
<td>8.35</td>
<td>8.24</td>
</tr>
<tr>
<td>Power Imbalance (composite)</td>
<td>4.85</td>
<td>5.62</td>
</tr>
<tr>
<td>Managerial Resources of Focal Organisation</td>
<td>8.23</td>
<td>10.24</td>
</tr>
<tr>
<td>(2 items 0.58)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial Resources of Partner Organisation</td>
<td>7.96</td>
<td>7.48</td>
</tr>
<tr>
<td>(2 items 0.72)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial Imbalance (composite)</td>
<td>3.65</td>
<td>3.62</td>
</tr>
<tr>
<td>Conflict (4 items 0.83)</td>
<td>15.85</td>
<td>17.95</td>
</tr>
<tr>
<td>Organisational Compatibility (4 items 0.88)</td>
<td>11.77</td>
<td>9.14</td>
</tr>
<tr>
<td>Prior History (3 items 0.82)</td>
<td>10.54</td>
<td>9.43</td>
</tr>
<tr>
<td>Age (1 item NA)</td>
<td>16.08</td>
<td>14.52</td>
</tr>
<tr>
<td>Perceived Effectiveness (4 items 0.81)</td>
<td>20.27</td>
<td>16.10</td>
</tr>
</tbody>
</table>

The perceived level of conflict is statistically different and higher for tactical collaborations than strategic collaborations (0.10 level of significance). This might suggest that partners in tactical collaborations have different “motives” for entering the collaboration, which in turn makes agreeing on a specific direction/implementation of the tactical activity more difficult. There were no statistical differences for the other variables examined, including the two variables measuring imbalance, suggesting that these do not differ based on the type of collaboration being formed.

The perceived effectiveness of strategic collaborations is statistically higher than that of tactical collaborations (H1 supported). This makes intuitive sense, as it suggests that strategic collaborations, which are designed to have a significant impact on organisational activities, bring about greater advantages than tactical collaborations, which by their very nature are less strategic in focus.
Table 2: Regression Analysis: Factors Affecting Perceived Effectiveness

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Strategic Collaborations</th>
<th>Tactical Collaborations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standardised Coefficients</td>
<td>t-values</td>
</tr>
<tr>
<td>Power Imbalance</td>
<td>-.601</td>
<td>2.173**</td>
</tr>
<tr>
<td>Managerial Imbalance</td>
<td>.309</td>
<td>2.173**</td>
</tr>
<tr>
<td>Conflict</td>
<td>-.235</td>
<td>-1.155</td>
</tr>
<tr>
<td>Organisation Compatibility</td>
<td>.012</td>
<td>.082</td>
</tr>
<tr>
<td>Prior History</td>
<td>.020</td>
<td>.109</td>
</tr>
<tr>
<td>Age of Collaboration</td>
<td>.100</td>
<td>.686</td>
</tr>
<tr>
<td>R Square Adjusted</td>
<td>.562</td>
<td></td>
</tr>
<tr>
<td>F (Sig)</td>
<td>6.342 (.001)</td>
<td></td>
</tr>
</tbody>
</table>

** Significant at the .05 level

Ordinary Least Squares regressions for each type of collaboration were used to identify how composite factors impact on effectiveness. As can be seen in Table 2, the regression models explain a majority of the variance in perceived effectiveness for both types of collaborations (F<0.001) and are appropriate representations of the relationships examined. It should be noted that a single regression examining all 47 tactical and strategic collaborations was also run (although not reported in Table 2) and indicated that none of the variables (including a dummy for collaboration type), impacted on effectiveness, thus further supporting the need to examine the relationships for each of the types of collaboration separately.

An examination of the regression focusing on strategic collaboration effectiveness identifies that an increase in managerial imbalance increases the perceived effectiveness, whereas an increase in power imbalance reduces the perceived effectiveness. Thus while there were not statistical differences in the mean responses, these two variables would seem to have differing impacts on perceived performance and this would seem to support H2a & H2b. The other variables examined do not affect perceived effectiveness (H2c, H4a and H4b are not supported). For tactical collaborations the only variable that statistically impacts on perceived effectiveness is organisational compatibility, which is positively related to perceived effectiveness. While there is no statistical difference in the mean response (see table 1), there does seem to be a difference on perceived effectiveness, although the direction is not as was hypothesised (i.e. H3 is not supported). Given the short-term nature of tactical collaboration, these may be perceived effective if there is compatibility between organisations’ culture and philosophy.

Conclusions

The implications of these results, firstly, suggest that different factors affect the perceived effectiveness of strategic and tactical collaborations, which is consistent with theory suggesting these activities (strategic and tactical) are different. This would suggest that non-profit organisations undertaking collaboration need to consider the objectives of the collaboration and ensure that different resources and capabilities are matched with partners, depending on whether the collaborative focus is strategic or tactical.

From a causal perspective managerial and power imbalances seem to have no significant impact on perceived effectiveness within tactical collaborations. This most likely relates to the tactical activities being targeted, which would be “less risky” given their narrower focus
and thus any imbalances may have limited impact on success. However, organisational compatibility is important and might relate to the fact that these tactical activities need to be synergistic between partners.

Imbalances in power or managerial skills seem to both, impact on perceived outcomes of strategic collaborations. The fact that managerial imbalance is positive might suggest that non-profit firms are in fact looking for partners that have resources or capabilities, for which the non-profit is weakest. On the other hand, power imbalance seems to reduce the perceived collaborative effectiveness. These results are consistent with the general collaboration literature, where parties that complement one another develop synergies through collaboration. Further research is required to examine the insignificant variables, as general collaboration literature would suggest that these issues are important.

To determine the generalisability of these findings additional research examining the role of the collaborative objectives in the for-profit and non-profit areas, as well as in other geographic regions should be undertaken.

References


