

If you want to

**go** fast  
alone

If you want to

**ngo** far  
together





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Leadership, Management and Governance (LMB)

# “If you want to go fast, go alone. If you want to go far, go together.”

The effects of diminishing government funding on Dutch international development NGOs and their view on NGO-Business partnerships as a substitute for government funding.

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# Preface

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This thesis is the conclusion of a journey, started in 2000 in Delft when I started Civil Engineering at the TU Delft. Dropping out and starting to work, I've always continued studying next to work with this one goal in mind. Eventually qualifying for the master title.

A lot has happened during those years; marriage, children, loss of loved ones. In all this there is One that remained the same. Above anything else, the glory for this thesis belongs to God, who has changed me, supported me, inspired me and blessed me beyond my limited expectations. He has done so in many ways, using colleagues, friends and family to provide me with the support that I needed.

Therefore I am very grateful to all my colleagues that supported me, handled affairs in my absence and showed interest in my progress. I'm also thankful to all the friends that stood by me, in particular Philip Post, that brainstormed with me on several occasions giving me those extra insights that I needed, and Jan Kruger, helping me with the design and apart from that, just being a really good friend. I also owe a great deal of gratitude to my parents, both living abroad in Suriname and Tanzania. Thank you for believing in me, but above all, being there when it was most necessary. I thank all of you from the bottom of my heart.

I also thank my coach, Prof. dr. Rob van Tulder, for his approach to the thesis process, giving me enough freedom to really making this research my own, but also providing enough direction, thereby enabling me to present a final version of this thesis today. This same thankfulness goes out to my co-reader, Raymond van Wijk, who along the way gave some great feedback that elevated my eventual results. These results would not have been possible without the cooperation of all the people I've interviewed, for which I'm also very grateful.

There are four persons, for which the bottom of my heart would not suffice in expressing my thankfulness. Carina, Yannick and Maurits have had to share their father with his studies from the day they were born. And the gap that I left behind was filled by Wimke's continuous commitment to support me and stand by me on the journey we started together in 2004. I love you and thank you for all the sacrifices you made to facilitate me for my studies. I know we will enjoy the fruits together. This milestone is therefore not the end of our journey, but the beginning of a new chapter...

Delft, October 10<sup>th</sup> 2013

André Schuurmans



## Management summary

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The newly formed Dutch cabinet has attracted international attention by combining the ministerial offices for international trade and international development cooperation under one Minister. This can be considered a policy turn, as the past focus was always on strengthening the civil society in developing countries (Parthos, 2011). The shift in focus also has its impact on budget allocation, confronting Dutch international development NGOs with diminishing funding that has significant consequences.

This research is conducted in order to assess how NGOs view and deal with diminishing government support and the possibility of substituting government support with business partnerships. This is done through an explorative study. An explorative study is the best way of developing a detailed view of a phenomenon, in this case the effect of (the threat of) diminishing support from the Dutch government for Dutch international development NGOs. In order to answer the research questions, a literature review was conducted, a total of 11 people, covering 10 different Dutch international development NGOs were interviewed and subsequently, 22 annual reports from Dutch international development NGOs for the year 2012 were analyzed.

The literature review focused on giving insight in characteristics to distinguish between NGOs and on NGO-Business partnerships with its advantages and risks. In order to distinguish between different groups of NGOs, "Theory of Change" literature focuses on the role (activity) and identity of an organization. From this point of view, NGOs can be divided into advocacy NGOs, service delivery NGOs and hybrid NGOs with regards to their activity and into Catholic NGOs, Protestant NGOs, Socialist NGOs and Liberal/neutral NGOs with regards to identity.

In partnership literature the advantages and risks of NGO-Business partnerships were assessed, which led to the conclusion that not the definition of a partnership as a concept, but the process through which it is formed and contained is important for creation of successful NGO-Business partnerships. Being aware of the risks and having a well-defined mutual goal should allow for combining the best of both worlds, thereby keeping the risks at an acceptable level.

The conclusion of this research is that the growth of international development NGOs, both in size and in numbers, was mainly fueled by government funding. How this funding influenced the international development NGOs is perceived in different ways. The main division is seen between activities, where advocacy NGOs were barely influenced, service delivery NGOs were moderately influenced and hybrid NGOs were drastically influenced.

As the government funding had its influence on international development NGOs, so also does the reality of the decrease in government funding. The real watershed is defined by the relative dependence on government funding. Obviously those NGOs that are only slightly dependent (30% or less) on government funding are less affected by the diminishing of government funds than those that are more or even largely dependent on government funding.

Twenty years ago, international development NGOs did not even consider partnering with businesses. This has changed over the years, and business partnerships are in the center of attention at the moment. However, this attention has many facets, ranging from curious advocacy NGOs, not committing to anything but simply exploring possibilities, to hybrid NGOs committed to engaging in transformational partnerships in order to reinvent themselves and develop and strengthen a new legitimacy. NGO-Business partnerships seem more desirable for some NGOs than for others, depending on both NGO identity and NGO activity.

Based on this research it seems clear that, from an NGO perspective, NGO-Business partnerships can only substitute for a small part of the total amount now received from the Dutch government. The fate of the Dutch international development sector is in the hands of the Dutch government, unless NGOs find other ways to become less dependent on government funding before 2015.

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# 1 Introduction

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The initiation of international development aid as we know it today is ascribed to the 33rd president of the United States of America (Lumsdaine, 1993; Rist, 2006). In his inaugural address Harry S. Truman states, what has become known as his 'point four':

*"We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas. For the first time in history, humanity possesses the knowledge and the skill to relieve the suffering of these people."* (Truman, 1949)

The millennium goals, adopted in 2000 through the United Nations Millennium Declaration by world leaders at the United Nations Headquarters in New York, committed the nations around the world to a new global partnership to reduce extreme poverty. This shows that the knowledge and skills that Truman believed in, have shown to be more stubborn than expected. The debate on development aid is nowhere near to a finale, but it has shown that development aid cannot be deployed as a one-size-fits-all solution (Manning, 2012).

During the nineties international development NGOs were seen as important part of the solution for international development, because research indicated that foreign aid given to governments in developing countries lead to increases in government consumption rather than increasing investment or benefitting the poor (Boone, 1996). From 1990 till around 2010 NGOs were fostered by the UN, OECD and other development donors as one of the main vehicles to administer alternative development. This was partly due to the fact that NGOs were depicted as representing civil society, and it was by including this "civil society" that successful development would be possible (Holmén, 2010). The scientific underpinning was provided by the social capital theory, which emphasized that a robust civil society was a condition for democratization and development (WRR, 2010).

This focus on development NGOs lead to an increase of development aid channeled through development NGOs, requiring development NGOs to adjust their organizations to, on the one hand the increased demand for their expertise and deployment, and on the other hand the different demands from donors and the reporting demands regarding transparency and effectiveness. Due to the reporting demands, NGOs have grown more and more bureaucratic. Because of the large amounts of funding they receive from governments, many development NGOs have become largely dependent on these donations for their existence or present organizational size.

While there are those who argue for more aid as the answer to the development question (e.g. Sachs' (2005) so called 'big bang' theory and Collier's (2007) referral to the Marshall plan), there are also those who argue for more market influence (e.g. Easterly (2006) calling for more entrepreneurial spirit). While there is probably some truth in both views, part of the problem of development thinking is the gap between development economics and development sociology or in

other words, its lack of comprehensiveness. Market-oriented approaches marginalize the state; state-oriented approaches marginalize market forces; both marginalize society; civil society oriented approaches marginalize the state and often the market as well (Nederveen Pieterse, 2010).

While donors have promoted private sector development for a number of years, the more recent focus on partnerships with the private sector, and its implications for development policy and practice, is an emerging trend (Kindornay & Reilly-King, 2013). From the United Nations and (international) development NGO's there is an ever present demand for funds and an increasing interest in Public (NGO's)-Private (Business) Partnerships to address social issues. Governments are starting to realize the potential of including business in development and are assigning increasing portions of their development budgets to partnership propositions, hoping to leverage their aid with private investments, and in that way increasing the effectiveness of their input. In 2011 for instance the Dutch government provided 40 million euro extra budget for stimulating business in developing countries and it sees public-private partnerships as an effective way to achieve the intended development (Dutch Ministry of International Trade and Development, 2013).

### ***1.1 Research focus***

The newly formed Dutch cabinet has attracted international attention by combining the ministerial offices for international trade and international development cooperation under one Minister. According to Collier (2007), trade policy is the area of economics least well understood by the NGO world, and for trade policy to become an instrument for development, ministries of trade have to be ordered to change their priorities from extracting the best bargain to fostering development in the bottom billion. The leading thought at the Dutch Ministry of International Trade and Development is that developing countries can themselves address local issues on poverty and hunger, as long as their economies are growing.

This research will focus on the international development NGO sector in the Netherlands as it has just recently been confronted with a new vision on development by the Dutch government. The Dutch government is aiming to create sustainable economic growth with the help of Dutch companies, through the development of the private sector in developing countries (Dutch Ministry of International Trade and Development, 2013). This can be considered a policy turn, as the past focus was always on strengthening the civil society in developing countries (Parthos, 2011). The shift in focus also has its impact on budget allocation, confronting Dutch international development NGOs with diminishing funding. The government values their role in the development process, but wants to utilize their strengths in combination with business initiatives.

### ***1.2 Research necessity***

In 2005 around 80 % of the total funding of three of the largest international development NGOs in the Netherlands was received from the Dutch government. In 2011, although it was already known that government funding would be drastically reduced, this was still about 50% or higher (Nicolae, 2012). This indicates that these NGOs were only partially able to pro-actively change their revenue streams to alternative sources. In a newly released strategy document on the Dutch policy on international trade and development it becomes very clear that the Dutch government is reshaping its connections with North and South NGOs.

Based on the conviction that South NGOs have grown stronger over the last decade and are now more able to exercise their “watchdog” functions in their respective societies, the Dutch government will be supporting South NGOs directly rather than through North NGOs (Dutch Ministry of International Trade and Development, 2013).

The traditional funding for Northern NGOs will cease due to necessary budget cuts, and is partially replaced by funding for partnering initiatives. It is expected and apparent that other governments will follow this example (Edwards, 1999), as governments have been confronted with drastic budget cuts due to the economic crisis, and a large majority of the public favors cuts in defense and aid spending rather than in other categories of expenditure (Basnett, et al., 2012). This will confront the Northern development NGOs with a significant and definite loss of funding that seriously threatens their existence.

According to Nederveen Pieterse (2010) development thinking needs to leave totalizing paradigms behind and choose diversified approaches, recognizing the heterogeneous, multivocal character of development theories. Doing so ties in with the premises in development research of no longer homogenizing the ‘Third World’ and seeking general theories and explanations, but focusing instead on the diversity of development circumstances (Nederveen Pieterse, 2010). NGOs, like no other, are aware of these diversities and could play a vital role in connecting the right donors, businesses and development opportunities and circumstances.

### ***1.2.1 Research question***

This research aspires to show how international development NGOs view the fact that government funding is diminishing, and how they view the role of business when trying to substitute their resource providers. NGOs have been able to be very selective in including business in their operations, as they were not dependent on business funding for their primary operations. This research is conducted in a time that the “sense of urgency”<sup>1</sup> for NGOs has arrived, and aspires to see how different sub-sets of development NGOs now approach business involvement when it means that they will be more dependent than ever before.

This leads to the following two-fold research question:

**Q1 - How does diminishing government funding influence international development NGOs?**

**Q2 - And how do international development NGOs view NGO-Business partnerships as a possible substitute to achieve their objectives?**

### ***1.2.2 Research sub-questions***

These research questions lead to the following sub-questions:

**Q1 – a. What are international development NGOs?**

**Q1 – b. What are distinguishing characteristics for international development NGOs?**

**Q1 – c. How did government funding influence international development NGOs?**

**Q2 – d. What is a partnership?**

**Q2 – e. What are the benefits and risks of NGO-Business partnerships?**

**Q2 – f. How do international development NGOs view NGO-Business partnerships?**

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<sup>1</sup> Sense of urgency. According to John Kotter (1996) the first, and most important, ingredient when starting a change process.

Questions a. and b. are addressed in chapter 2 on the basis of a literature review. On the same basis question d. and e. are addressed in chapter 3. Questions c. and f. and also the main research questions Q1 and Q2 are addressed in chapter 5 on the basis of research as outlined in chapter 4.

### 1.3 Research strategy

Besides from achieving their operational objectives, NGOs also try to achieve a certain degree of legitimacy, efficiency and accountability with the work that they do (Lewis & Kanji, 2009). Their 'theory of change' can be viewed as a guide on how NGOs perceive problems and their solutions (Posthumus, 2012), but also how they can address them in a legitimate, effective and accountable way. The theory of change is formed on the basis of role and identity of the NGO and these two concepts are used to categorize NGOs into distinguishable groups. For each group the impact of received government funding (past) and diminishing government funding (future) is studied (Q1). For the same groups their view on NGO-Business partnerships is studied and how they view NGO-Business partnerships as a substitute of government funding to achieve their objectives (Q2).

The above description is visualized in the following research model:

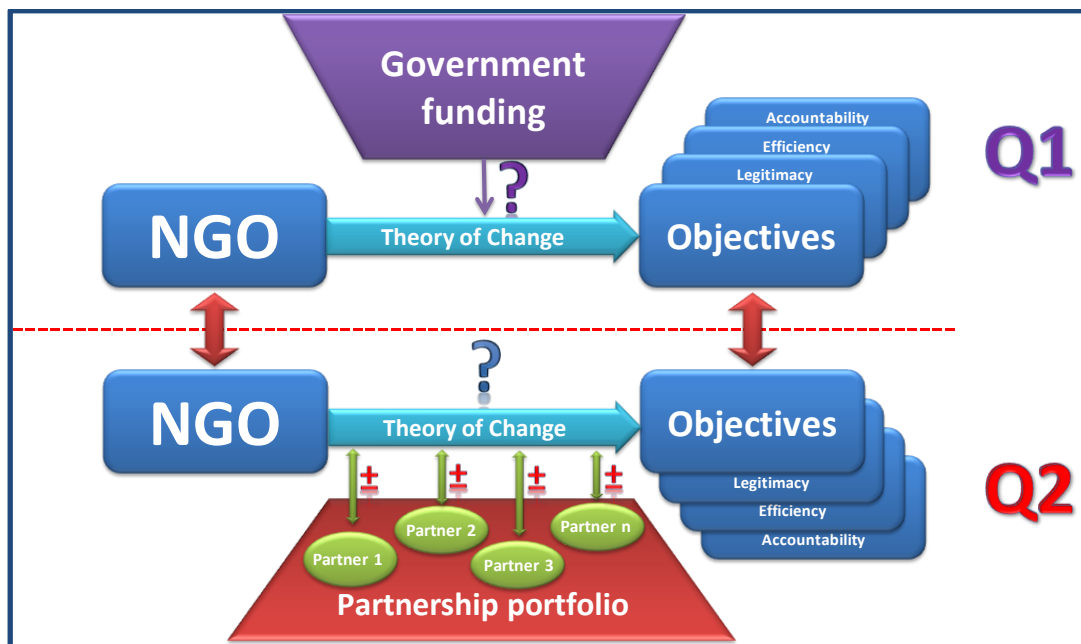


Figure 1.1 research model

The research is conducted in an explorative manner, in the sense that the research question aspires to assess how NGOs view and deal with diminishing government support and the possibility of substituting government support with business partnerships. To do so, a qualitative multiple-case study was conducted to subtract general themes from data collected through semi-structured interviews. These themes were used to construct a coding manual for a cross-sectional content analysis on NGO annual reports 2012.

Chapter two will cover international development NGOs, their activities and their identities. Chapter three explores the partnership aspect, with a focus on NGO-Business partnerships, covering their emergence, advantages and risks. Chapter four gives an overview of the methodology, followed by chapter five with the results from the research. Chapter six displays the conclusions and recommendations that follow from the results.

## 2 International development NGOs

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The following chapter starts with a broad introduction of NGOs in general, after which the scope will narrow down to NGOs with a specific international development focus. The chapter will continue with a paragraph that explores the different activities that can be used to distinguish between NGOs, followed by a paragraph that distinguishes between the different identities that are prominent in Dutch civil society. The chapter will end with an intermediate conclusion.

### ***2.1 Introducing international development NGOs***

The term “NGO” is known all around the world, and people generally have a certain idea of what NGOs are (Martens, 2002). Also in literature the term “NGO” is often used without explanation, assuming that the meaning is clear to the intended audience. The term NGO originally referred to international, non-governmental membership organizations represented at the League of Nations, later the United Nations. The meaning then changed to include development-oriented NGOs from the western world and according to the World Bank’s Operational Directive 14.70, NGOs are the subset of the broader nonprofit sector that engage specifically in international development (Werker & Ahmed, 2008). Nowadays NGOs have extended to cover local initiatives, self-help and advocacy groups, and educational, health and social service facilities (Salamon & Anheier, 1992).

Although estimates vary, it is clear that at present, the international development NGOs operate in a multi-billion dollar aid industry (Reimann, 2006; Martens, 2008). International development NGOs, viewed as the subset of the broader nonprofit sector that engage specifically in international development, receive funds from the UN, EU, individual countries, bilateral aid agencies, public and private foundations, businesses and individual donors to carry out projects aimed directly at the local population in developing countries, that cannot be realized through local government (Van Tulder & Van Der Zwart, 2006). NGOs can be seen as the institutions most willing to challenge and change the distribution of uncertainty in favor of groups of people who face disproportionate threats to their physical and psychological well-being from forces beyond their control (Cameron, 2000). They try to accomplish this through advocacy, service delivery, investments, education, etc., often with the principle embedded in their mission statements that they see themselves as being eventually superseded by other institutions, grassroots and/or states and/or markets (Cameron, 2000).

In the early days, just after the Second World War, development was considered largely synonymous with industrialization. Its ultimate goal was to raise incomes and in the process give poor people access to the range of goods and services that were deemed “normal” in developed societies. Industrialization—and in particular, the creation of a country’s capacity to manufacture finished goods—was seen as essential (Rapley, 2007). Development was seen as a “modernization project”, with the underdeveloped countries just needing to catch up with the West (Holmén, 2010). Even though very little empirical research was undertaken to examine the relationship between aid and growth, it was generally assumed that foreign aid could provide the necessary capital to propel developing countries into self-sustaining growth (McGillivray, et al., 2005).



The research by Mosley et al. (1987) is one of the first studies to show that, all efforts aside, development aid had not contributed to a net increment in overall growth in the Third World. Their research shows that even though evaluations of individual cases (micro-level) give reason to believe that development aid is effective, for the country as a whole (macro level) this is not the case. This effect is widely known and adopted as the micro-macro paradox of development aid. Meta-analysis on the last four decades of aid effectiveness literature still indicate that development aid has not been effective, giving the “Dutch disease” as the most probable cause (Doucouliagos & Paldam, 2009).

What NGOs have stood for, that ‘development is for people’, now ranks higher on the agenda than ever (Nederveen Pieterse, 2010) and NGOs are now central to international development in a way they never used to be (Williams, 2012). The following paragraph will zoom in on the different factors that contributed to the growth of the international development NGO sector, followed by a closer look at the Dutch international development NGOs. After that, issues that NGOs have to deal with are explored and the concept “Theory of Change” is explained.

### 2.1.1 The growth of the NGO sector in a global perspective

Long before NGOs were formally recognized by the UN, some present day NGOs such as the Red Cross (founded in 1863) already existed. Like the Red Cross, also Novib (the predecessor of the current Oxfam Novib) was founded, prior to UN recognition, to aid people in the “third world” out of an international solidarity, in response to all the international aid the Netherlands received after the major flooding in 1953. It was only after 1970 that the amount of NGOs really started growing. Figure 2.1 shows the growth of international development NGOs from the 1950s up until 2005, showing a significant increase in growth rates since the mid-1970s, more or less coinciding with the increase of official development aid flows to NGOs. The United Nations currently estimates that there are about 35,000 large established NGOs while the number of registered NGOs receiving international aid is probably closer to ‘a few hundred thousand’ (Lewis & Kanji, 2009).

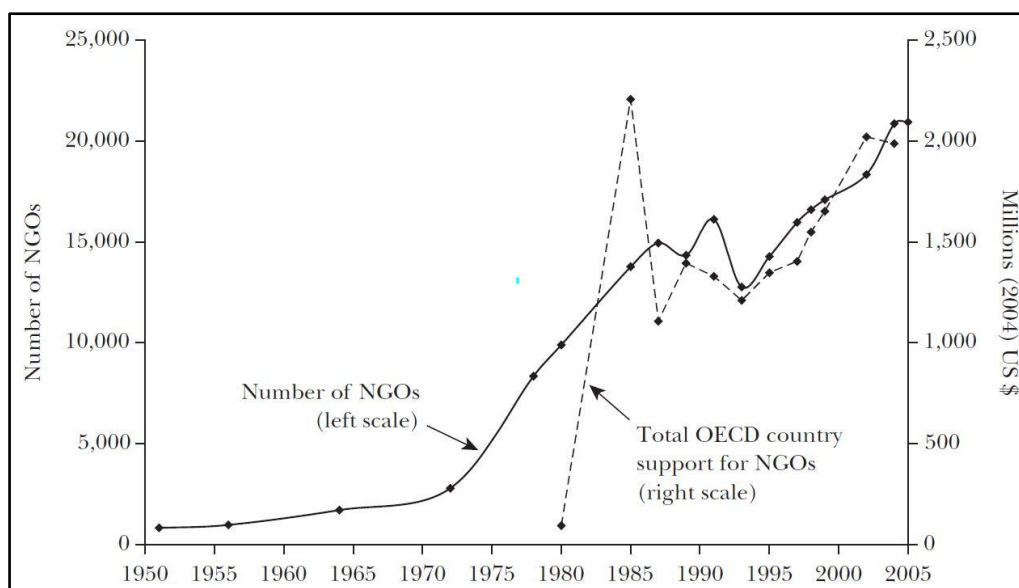


Figure 2.1 Growth of Nongovernmental Organizations, 1950-2005 (Werker & Ahmed, 2008)

From the 1970s up until today, the growth of the NGO sector has been the interest of many researchers (Skjelsbaek, 1971; Charnovitz, 1997; Reimann, 2006; Lewis & Kanji, 2009; etc.). Charnovitz (1997) lists four global influences that spurred the emergence of NGOs of all kinds.

1. **Globalization** - the rise of one world economy which led to increasing recognition of global problems which in turn led to more intergovernmental negotiations that affect domestic policy.
2. **The end of the Cold War** - the end of superpower polarization in world politics.
3. **Worldwide media** - providing opportunities for NGOs to publicize their views
4. **The spread of democratic norms** - increased expectations about the transparency of international organizations and the opportunities they provide for public participation.

The growth factors specifically mentioned in literature with respect to international development NGOs vary between authors, and combining the idea creates a pallet of reasons that most probably all influenced the emergence of international development NGOs, but is not necessarily exclusive.

When donor states started to embrace concepts like good governance, human rights, participation and civil society, NGOs let go of their traditional opposition towards international organizations (Williams, 2012). This change in attitude combined with their high degree of flexibility as an institutional form, and the wide spectrum of different values that NGOs may contain, emerged as a perfect strategy within the emerging neoliberal policy agendas (Lewis & Kanji, 2009). NGOs provided more specific development interventions that targeted individual and community practices and patterns of behavior while also including a process of "learning" to increase effectiveness (Williams, 2012).

Reimann (2006) argues that for NGOs to exist and function they need both resources and political access/influence, and the growth of the NGO sector is therefore tightly linked to the increased funds and influence that western states and intergovernmental organizations attributed to NGOs. Many religious institutions established development affiliates to tap into in the increased flow of development aid to civil society organizations (Freeman, 2012). The whole new industry of Northern development NGOs financed an even faster growing number of NGOs in many Southern countries (Fugere, 2001). They have grown in large part because of the top-down processes of political globalization, i.e. the globalization of political structures, institutions, and Western liberal democratic values (Reimann, 2006), also described by Hulme and Edwards (1997) as a supply-led rather than demand-driven growth boom. The triumph of liberalism and the erosion of the norm of non-intervention (Williams, 2012) led western states to promote the expansion of NGOs and with it the promotion of western values, into non-western societies.

Yaziji (2004) states that in principal the emergence and/or decline of NGOs, is in large part influenced by people's concerns about the safety and fairness of conditions worldwide. Criticism of the state as a service provider opened the ideological space for the rise of NGOs (Reimann, 2006) and the supposed significance of civil society in the end of communism further enhanced the legitimacy of NGOs (Lewis & Kanji, 2009). Having closer ties to NGOs was seen as a way of enhancing the legitimacy of official international organizations (Williams, 2012). In this context all kinds of international agencies started to engage more with NGOs, using NGOs was a way of improving project implementation and encouraging participation (Williams, 2012).

After the euphoria of the 1990s, when development NGOs were over-praised, there is today a more realistic view among policy makers about what NGOs can and cannot achieve, and a more nuanced awareness of development NGO roles (Lewis & Kanji, 2009). Currently NGO employees are often highly skilled and educated and the more established NGOs are filled with lawyers, policy analysts, and scientists (Yaziji, 2004). NGOs are better run today than ever before (Werker & Ahmed, 2008) and with jobs at international development NGOs being in demand in such a way, NGOs can assure themselves of the most talented graduates and experienced professionals. Governments have been outsourcing more of their development aid delivery to NGOs, following a trend amongst all organizations to outsource non-core functions (Werker & Ahmed, 2008). Many NGOs have networks in developing countries exceeding those of firms or governments, and together with the fact that the NGO missions are far from completed it is unlikely that they will lose their license to operate as long as they innovate and adjust their strategies to emerging realities (Lem, et al., 2013).

### 2.1.2 Focus on the Dutch international development NGOs

In the Netherlands, civil society organizations have always played a central role in the development of the Dutch society as a whole. With their mandate rooted in civil society, development organizations are usually driven by moral motives, but are also increasingly moved by global shared interests, to perform their tasks. The core tasks of Dutch development organizations are the strengthening of citizens' groups and social development in developing countries for the development of vital civic societies, and the involvement of all stakeholders (governments, companies, civil society organizations, citizens) in global development (Parthos, 2011).

The Dutch government recognizes the added value of NGOs who with their specific value orientations, networks and interventions managed to achieve and strengthen the pluralistic societies in the South. In order to support these functions, a significant part of the government budget for international development was distributed among the internationally operating development NGOs for strengthening civil societies in developing countries. From 2007 on, this funding was mainly distributed through the Dutch Co-financing programs (MFS I from 2007 till 2010 for a total of € 2,246 billion and MFS II from 2011 till 2015 for a total of € 2,125 billion) and about 75 % was granted to the four biggest development NGOs in the Netherlands (Cordaid, ICCO, HIVOS and Oxfam Novib) (van Hessen, 2009). With four NGOs together receiving around 75% of the total MFS budget available, an indication of the development of the sector can be provided by looking specifically at these organizations.

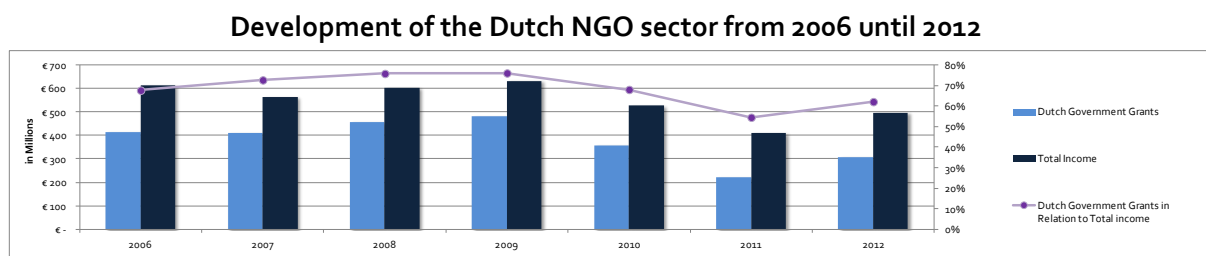


Figure 2.2 Income of the four Dutch major development NGOs, 2006 to 2012 (annual accounts)

The graph shows a slight increase in government funding until 2009. After that the effects of the credit crisis are starting to take their toll on the overall government budget, also being reflected in the budgets for international development. In 2011 the second MFS program started, but due to government budget cuts, the sector was immediately confronted with an additional decrease in

funds of 12,5 % ( equivalent to € 50 million) of the total available budget for 2011. Looking at the last three years, it is evident that NGOs are starting to find alternative financing opportunities, as the difference between total income and government funding is slowly increasing, absolutely speaking.

### **2.1.3 NGO issues**

Ever since their prominent existence within the international arena, NGOs are dealing with three main issues, being their legitimacy, their effectiveness and their accountability. These main issues will be specifically viewed in this research with the significant amounts of government funding that NGOs received in the last decades in mind.

#### ***The NGO legitimacy issue***

The concept of legitimacy has always been derived from the sovereign nation-state. Globalization, and with it the emergence of global issues, has disconnected this link, without substituting it with an alternative that is as clear and straight-forward as its predecessor. It is claimed that particularly NGOs are in the position to put the themes of an endangered world on the global agenda (Ossewaard, et al., 2008) and would thereby be the legitimate 'owners' of these issues. Critics in contrast argue that NGOs undermine the centrality of the state in developing countries, help to sustain and extend neocolonial relations in Africa, impose their own agendas and become self-interested actors at the expense of the people they are in theory supporting (Lewis & Kanji, 2009).

Ossewaard et al. (2008) define four dimensions of NGO legitimacy; normative, regulatory, cognitive and output legitimacy. In order to legitimate their existence, NGOs need all four sources of legitimacy, but generally only have a normative source to legitimate their actions, that being the advancement of human values, ecosystem protection and other public goods while respecting the equal rights and dignity of all human beings (Ossewaard, et al., 2008). In contrast to the clear cut sovereign nation-state legitimacy, the NGO legitimacy is dynamic, bearing in itself all kinds of internal and external threats. Internal threats manifest themselves when legitimacy sources contradict each other. External threats manifest themselves when legitimacy sources are valued differently by different stakeholders. In reality this dynamic NGO legitimacy results in a continuous trade-off paradox between realizing the NGO mission (normative legitimacy) and yielding to stakeholder requirements in terms of expertise, transparency and accountability (cognitive and output legitimacy) (Ossewaard, et al., 2008).

With respect to legitimacy, their nongovernmental status sits uneasily with the large grants most of the NGOs receive from official aid agencies and their unwillingness to confront deep-rooted questions of politics and power (Edwards, 1999; Zaidi, 1999). The principal-agent model shows that the dependence of NGOs (the agents) on external funding (from official donors as principals) leads them to abandon their objectives such as poverty alleviation to some extent in favor of organizational imperatives related to future NGO operations and sustained funding (Öhler, 2013). Because NGOs are dependent on donor funding and must show success to maintain that funding, NGO service delivery becomes time bound and project specific (Zaidi, 1999) in favor of short-term and quantifiable results. NGOs depending heavily on official financing may tend to avoid locations where the risk of a failure is so high that it could jeopardize the flow of funding from donors, thereby imitating the aid allocation of official donors, as evidenced in several cross-country studies (Dreher et al. 2012b; Dreher et al. 2012c; Koch et al. 2009; Nunnenkamp et al. 2009; all cited in Öhler, 2013). This type of support eventually reflects the donor's own priorities or views and not the

priorities of recipient states and their citizens, thereby seriously increasing the chance of erosion of the NGOs legitimacy (Dichter, 1996; Edwards and Hulme, 1996; Najam, 1996; Edwards and Hulme, 1995; Brett, 1993; Fowler, 1991; Bratton, 1989; all cited in Zaidi, 1999).

### ***The NGO effectiveness issue***

As the effectiveness of aid in general has been questioned since the 1980s (Mosley, et al., 1987), logically criticism regarding the effectiveness of NGOs is inherent to their field of work. NGOs have not lived up to expectations in providing assistance in a wide range of situations, with critics pointing to institutional self-interest by individual NGOs, a lack of coordination leading to duplication of effort, limited understanding of local circumstances among international NGOs and a somewhat naive approach to the underlying causes of conflict and instability (Lewis & Kanji, 2009). In contrast to a wide range of theoretical analysis, there is a lack of solid empirical evidence and analysis (Lecy, et al., 2012), mainly due to the fact that a lot of information is written by NGOs involved in the actual work. There is a set of writings which tend to take either a 'pro-' or an 'anti-' NGO case, based on limited generalized evidence or a specific narrow case. For every case of an effective NGO, it is usually possible to point to another NGO which has high administrative overheads, poor management and low levels of effectiveness (Lewis & Kanji, 2009).

Measuring effectiveness lies at the heart of the problem. The qualitative and contingent factors of NGO work make it difficult to find measurable and valid indicators, and many factors that influence the performance of NGOs cannot be controlled by NGOs themselves (Edwards & Hulme, 1996). A literature review on NGO effectiveness by Lecy et al. (2012) shows that even though unidimensional measures of effectiveness are discarded as not useable, they are still prevalent in practice and among charity watchdogs. However there is no consensus on how to operationalize effectiveness and the rejection of simple measures has not yet led to the emergence of a widely shared alternative type of measurement (Lecy, et al., 2012). NGOs tend to import the philosophy of the market uncritically, treating development as a commodity, measuring market share as success, and equating being professional in their work with being businesslike (Edwards, 1999).

In order to be more effective, NGOs are spurred to become professional organizations. Edwards and Hulme (1996) argue that as a consequence of funding by official donors, NGOs are encouraged to expand their scale well beyond their capacities, diminishing long-term comparative advantages. There is an increasing emphasis on organizational technologies as a means for increasing aid effectiveness, stressing reform of the 'architecture' of aid (Lewis & Kanji, 2009). When NGOs do professionalize, they are then accused of bureaucracy (Smillie, 1995). In order to comply with the effectiveness demand, there is a risk that service delivery NGOs will seek out recipients that are easy to reach; thereby delivering services to people that would otherwise have been reached by their own government. Advocacy NGOs might leave the tougher issues on the side for fear of not being able to show positive results. This shapes the contours of the dilemma NGOs face regarding effectiveness.

### ***The NGO accountability issue***

Ever since NGOs have become major players in the world politics and command significant financial resources, they have had to deal with criticism regarding their lack of accountability, for instance, in cases in which key services were increasingly being delegated to local NGOs with unclear lines of accountability to citizens (Lewis & Kanji, 2009). Accountability has been addressed in different ways, with the distinction between "upward accountability" and "downward accountability" by

Edwards and Hulme (1996) as the most commonly used (Crack, 2013). Upward accountability is defined by Edwards and Hulme (1996) as being accountable towards trustees, donors and host governments and downward accountability as being accountable towards partners, beneficiaries, staff and supporters. It is this tension between accountability towards resource providers and accountability towards service receivers that defines the dual role of NGOs regarding accountability (Ebrahim, 2003).

Crack (2013) rather speaks of first wave and second wave accountability, as this does more justice to the chronological nature of the appearance of these two ways of accountability, but also because it stays away from the inherent hierarchy of the upward/downward distinction. The upward accountability is not necessarily more important (especially from a normative point of view) than the downward accountability, although there is a real danger that accountability preference will be given to the strongest force, being donors rather than recipients (Edwards & Hulme, 1996; Lewis & Kanji, 2009). Ebrahim (2003) argues that these definitions mainly focus on functional and external accountability through which individuals and organizations are held to account for their actions, whereas NGOs should also have internal accountability by which they take internal responsibility for continuously shaping and scrutinizing organizational mission, goals, and performance. The bottom line is that equal accountability to all at all times is impossible (Edwards & Hulme, 1996).

The different forms of accountability, but also the wide range of contexts that NGOs operate in, have led to multiple visions on what accountability means and how it is best delivered. Too little accountability clearly increases the perceived probability of illegitimate actions by an organization (Edwards & Hulme, 1996). On the other hand, too much accountability can lead to increased bureaucracy (Lewis & Kanji, 2009), distractions from the core mission (Edwards & Hulme, 1996), abuse of oversight power by funders or oversight agencies and a reluctance to experiment or innovate in the NGO sector (Ebrahim, 2003). NGOs that receive funding from official donors tend to depend on this funding, which puts a much bigger weight on their 'upward' accountability, rather than where it ought to be, 'down below' at the grassroots (Zaidi, 1999).

#### ***2.1.4 NGO theories of change***

The notion of what development is, and how it is best achieved with respect to legitimacy, effectiveness and accountability, will differ with every different organization, and sometimes even within (bigger) organizations. This may very well be one of the reasons why so many individual development NGOs exist in the first place, when new NGOs emerge out of a disagreement with the way other organizations are already tackling development issues. Theories of change are a way to represent and structure beliefs with regard to what is required by the target population and what strategies will enable NGOs to meet those needs. While on the one hand defining the connections between a NGOs mission, strategies and actual outcomes, they also take into account who is being served, through which strategies or activities, and what the desired outcomes are (Nicolae, 2012).

Theory of change is a thorough analysis of a problem existing in the first place and a clear notion on how change happens (Posthumus, 2012). The International Network of Strategic Philanthropy (INSP) (2005) defines theory of change as "the articulation of the underlying beliefs and assumptions that guide a service delivery strategy and are believed to be critical for producing change and improvement". This articulation is only possible by answering many relevant questions of identity and role (Posthumus, 2012). Nicolae (2012) identified eight fundamental questions

within literature that can be used to understand and thus articulate a NGOs theory of change. Those questions are:

1. Who is sought to be influenced or benefitted?
2. What are the benefit(s) which are sought to be achieved and in what area(s)?
3. When will the organization achieve these benefit(s)?
4. How will the organization and others make this happen?
5. Where and under what circumstances will the organization do its work?
6. Why does the organization believe its theory will bear out?
7. What is the status quo in the area where the benefits are sought to be achieved?
8. How will the benefits which are sought to be achieved be measured?

When answering these questions, NGOs enable themselves to articulate their own theory of change, which gives them the information necessary to understand their role and objective, gives them a notion of whether they can achieve this on their own, and if not, who they will most probably be able to work with most effectively, while staying legitimate and accountable.

In the following two paragraphs both the concept of role (as in the activities NGOs engage in) and the concept of identity will be further explored.

## ***2.2 NGO activity***

NGOs are an extremely diverse group of organizations, which can make meaningful generalization very difficult (Lewis & Kanji, 2009). NGOs mainly engage in the delivery of basic services to people in need, and organizing policy advocacy and public campaigns for change. At the same time, NGOs have also become active in a wide range of other more specialized roles such as emergency response, democracy building, conflict resolution, human rights work, cultural preservation, environmental activism, policy analysis, research and information provision (Lewis & Kanji, 2009). This has led to a multitude of classifications ranging from distinctions between 2 groups to classifications with more than 47 groups involved (Najam, 1996).

A distinction often used is one based on the differing roles of NGOs, strongly linked to the nature of their activities (Van Tulder & Van Der Zwart, 2006). It distinguishes the roles of NGOs in advancing broad social issues of major concern around the world (Advocacy) from those providing critical goods and services (Service delivery) (Teegen, et al., 2004), while also acknowledging the fact that there is a rising trend for NGOs to be active in both roles (Hybrid) (Nicolae, 2012).

### ***2.2.1 Advocacy NGOs***

Advocacy NGOs share a strong political orientation and have strong local origins (Van Tulder & Van Der Zwart, 2006). They work to influence key decision-makers regarding societal issues that are not adequately addressed (Teegen, et al., 2004), using insider strategies aimed at direct influence with decision-makers and/or outsider strategies that try to mobilize the public opinion (Peterson, 1992). Nicolae (2012) states that advocacy NGOs in general can be associated with confrontation and co-optation in their relations with companies, which according to Najam (2000) means that they have different goals in mind, but with co-optation they have a mutual preferred strategy, while with confrontation they also differ on the strategy to be used.

The choice or dynamic relation between these stances is however a function of a NGO's goals and aims, which vary per issue, and its preferred means, which are related to the set of stakeholders associated with the issue at hand (Nicolae, 2012).

### **2.2.2 Service Delivery NGOs**

Service delivery NGOs have explicitly pursued a global presence on global issues, investing in an international organization and handling budgets of several hundred million dollars, subsequently becoming risk-averse and a-political (Van Tulder & Van Der Zwart, 2006). They provide critical goods and services in situations where neither private firms nor governments are able or willing to provide the necessary goods and services. These NGOs have served as 'safety nets', working in difficult situations and with underserved populations. This has given them expertise and a trusted position in the societies where they are active, enabling them to provide high-quality services at low cost (Teegen, et al., 2004). Nicolae (2012) concludes that service delivery NGOs are mainly involved in complementary and collaborative stances with business, which according to Najam (2000) means that they have similar goals in mind, but with cooperation also have a mutual preferred strategy, while with complementarity they differ on the strategy to be used. The relation can be seen as dynamic and presenting the opportunity of evolution from complementary to collaborative under specific contingencies, such as stakeholder influence. Collaborative relations with business are however dominant, the issues tackled being generally of mutual interest and agreement (Nicolae, 2012).

### **2.2.3 Hybrid NGOs**

Hybrid NGOs pursue both previously mentioned roles at the same time, or are in the process of evolving from one role to the other due to context and environment dynamics. They often adopt a multi-domestic organizational form with modest international coordination (Van Tulder & Van Der Zwart, 2006). Because of increasing globalization, NGOs see themselves confronted with increased complexity and the influence of political, economic and cultural environments. Therefore service delivery NGOs need to engage with these environments, requiring some kind of advocacy. Advocacy branches from hybrid NGOs are seen as more effective and valid due to their direct connection with the communities or people they represent (Nicolae, 2012). The hybrid nature of these NGOs comes with a complexity regarding their strategic orientation, whereas for advocacy and operational NGOs these areas seem quite well defined. In a study specifically aimed at hybrid NGOs, Nicolae (2012) finds that hybrid NGOs adopt a 'semi-floating approach' which means that they are static if it comes to main target population, domains of change, objectives and the time period associated with those aims, and evaluation criteria, but dynamic if it comes to strategies and geographical areas. When projecting these findings on the Four-C's model by Najam (2000) it is apparent that hybrid NGOs will stay true to their goals, but can be flexible with their strategies.

## **2.3 NGO identity**

The term "identity" is used in several social sciences, cutting across psychoanalysis, psychology, political science, sociology, and history, but there is a difference in how each individual science views both its conceptual meanings and its theoretical role. According to Stryker and Burke (2000) there are three main ways of viewing identity when limiting the scope to sociology and social psychology. The first view on identity is in relation to the culture of a people. In this view, identity would encompass all of Dutch society, no matter what ethnic background or religious believe.



Second, identity is viewed as a reference to a common identification with a collectivity or social category. In this view it is a common culture among participants that defines groups. Finally, in the third view, identity refers to parts of a self, composed of the meanings that persons attach to the multiple roles they typically play in highly differentiated contemporary societies. In this view, individuals have multiple identities, some more important than others, that influence society and vice versa.

In order to use identity to categorize NGOs, the second view on identity is most appropriate, since using the first or third view would either create one group of NGOs (all Dutch NGOs) or no group at all, since every NGO would be unique. Identity as a reference to a common identification with a collectivity or social category is largely based on Social Identity Theory, developed by Henri Tajfel and John Turner (1985). According to Social Identity Theory, people tend to classify themselves and other in social categories, such as organizational membership, religious affiliation, gender, and age cohort (Tajfel & Turner, 1985). Social classification serves two functions, as it cognitively segments and orders the social environment, and in the same time allows individuals to locate or define themselves within the social environment, since certain values and attitudes typically are associated with members of a specific social category (Ashforth & Mael, 1989). It is the distinctiveness of a group's values and practices in relation to those of comparable groups, that differentiates the group from others and provides a unique identity, increasing the tendency of organizations to identify with such groups (Ashforth & Mael, 1989).

### ***2.3.1 The importance of groups***

From a sociological perspective, group formation is driven by people's struggle to cope with the deterioration in quality of life caused by relentless population growth. As competition for resources increases, people must live close together to defend themselves, their stored foods, and their lands. Leadership becomes a necessity for defense and alliance formation and complicated and difficult group projects must be undertaken to make the most of diminishing resources (Johnson & Earle, 2000).

Elias (1939) argues that, under the ever increasing pressure of competition, civic functions become more and more differentiated, thereby creating an ever increasing web of intertwined functions that individuals participate in, and are dependent on at the same time. This also has its effect on the actions of the individual, who continuously needs to align his or her actions with the expectations of society, thereby being increasingly forced to portray a controlled and stable behavior. This regulation of oneself, evolving to a subconscious guard of civic standards, is what Elias calls the civilization process. From the above it is evident that societies evolve with ever increasing conditions for their members, shaping the groups identity as a whole.

### ***2.3.2 Groups in Dutch society***

According to Hechter (1978) class and status provide separate bases of group formation in complex societies. A status group typically includes individuals of different classes, whereas a class typically includes individuals of different status groups. The Dutch society has been divided in three different status groups since the founding of the Dutch state, defined as three main pillars of society, called "zuilen" in Dutch. These were the Catholic pillar, the Protestant-Christian pillar and the general pillar, all consecutively originating from the religious streams of Roman Catholicism, the Reformation and Humanism (Lijphart, 1990). The significant class differences within Dutch society

did not create significant internal division within the religious pillars since they were very cohesive, but within the general pillar, class differences eventually resulted in a division between a liberal group and a socialist group around the end of the 19<sup>th</sup> century. This results in 4 different spheres with each their own identity.

1. The Catholic sphere
2. The protestant-Christian sphere
3. The socialist sphere
4. The liberal/neutral sphere

The people in the different pillars all lived in their own world, socially isolated from other pillars, and were all closely linked to their own parties within the political arena (Lijphart, 1990). During the elections of 1967, a change in voting patterns became visible, in retrospect indicating the demise of the segregation along the 4 pillars, at least from a viewpoint of political affiliation. In a study on migration policy within the Dutch government, Hoozeboom en Scholten (2008) conclude that the segregation along pillars still had a strong influence until 1989, and at least a weak influence until 2001. This corresponds with Lijphart (1990) who states that the segregation within society still exists, but that only the intensity has been gradually decreasing since the nineteen sixties. As an example of how the segregation along pillars effects NGOs, Fowler (1991) states that very many facets of Dutch civil and political life are divided along Protestant, Catholic, and secular lines, and that consequent division of political parties along such lines allows a natural affinity between these parties and the four co-financing NGOs: Cordaid (Catholic), ICCO (Protestant), Oxfam Novib (socialist), and HIVOS (liberal/neutral).

### ***2.3.3 Group identity characteristics***

The four spheres within Dutch civil society all have their own identity, which differentiates them from the other spheres on multiple topics. In relation to the current research, the four identities will be discussed in this paragraph with an interest in each groups view on government (in relation to diminishing government support), on business (in relation to a possible substitution for funding) and on development (as being the core-business of international development NGOs).

#### ***Catholic identity***

The Catholic doctrine is based on a series of beliefs and principles made practical through the Catholic Social Teaching, which provides a broad, rich source of guidance on social and economic questions (Abela, 2001). The catholic identity towards government is shaped by the principle of subsidiarity, which presents the idea that the government has well defined and limited responsibilities, and that voluntary associations have an essential role to play; more precisely, the government should not perform those functions that can be handled in a more efficient and effective manner at lower levels, within the civil society, by individuals or groups closer to the matter (Byron, 1998). It is however the responsibility of government to watch over the common good and ensure that every sector of social life, not excluding the economic one, contributes to achieving that good, while respecting the rightful autonomy of each sector (Pope John Paul 2nd, 1989).

The catholic identity towards business is clearly stated by Pope John Paul 2nd (1989) in that the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavoring to satisfy their basic needs, and who

form a particular group at the service of the whole of society. According to Abela (2001) Catholic Social Teaching also clearly identifies serving the needs of the employees as part of the purpose of the firm, arguing that work itself is a fundamental human need for achieving fulfillment as a human being. With respect to former colonies Pope John Paul 2nd (1989) even states that: "decisive sectors of the economy still remain de facto in the hands of large foreign companies which are unwilling to commit themselves to the long-term development of the host country." Thereby implying that long-term development of those countries is actually the moral obligation of those companies.

The catholic identity towards development has ties with several principles, those being the principles of human dignity, solidarity, stewardship and the common good. Pope John Paul 2nd (1989) calls for a change in the mentality in which the poor — as individuals and as peoples — are considered a burden, as the poor only ask for the right to share in enjoying material goods and to make good use of their capacity for work, thus creating a world that is more just and prosperous for all. The value behind this perspective lies in the building of a more decent life through united labor, of concretely enhancing every individual's dignity and creativity, as well as his or her capacity to respond to a personal vocation, and thus to God's call (Pope John Paul 2nd, 1989). This personal vocation is something that everyone is encouraged to accept, also illustrated in the fact that employers are urged to pay their workers a wage that allows them to sustain their families, and a little more if they can spare, to allow the worker to save a little. The worker himself is not urged to work harder, better or more, or to strive for a better position.

### ***Protestant identity***

The Protestant orientation generally emphasizes the principles of self-discipline, hard-work, the denial of pleasure for its own sake, individual activism seen as a person's attempt to fulfill his/her duty in a calling or vocation, and hierarchy (Feather, 1984). The protestant identity towards government is shaped by Abraham Kuypers, who with his concept of "sphere sovereignty" limited the influence of government within social groups with respect to education, and many other institutions within society such as sport clubs, labor unions, etc. (Kossmann, 1976). This was done by distributing support from the state to all separate pillars in society, thereby contributing significantly to the increase of segregation along the societal pillars.

The protestant identity towards business is generally described using Max Weber's thesis on Protestant Work ethic and its relation to capitalism (Feather, 1984). According to Weber (1904-1905 /1976, cited in Feather, 1984) protestant asceticism "looked upon the pursuit of wealth as an end in itself as highly reprehensible; but the attainment of it as a fruit of labor in a calling was a sign of God's blessing". Individuals are judged less by whom they are (ascribed status) than by what they did, making visible achievements the primary way to acquire status in the community (Overman, 2011) and success in business is one of the ways that people can display their achievements, which in turn gives testimony of their salvation.

The protestant identity towards development is best described from its goal-directed behavior. Individuals as well as organizations are required to justify actions in term of a higher goal since each individual is an instrument of God's will, with an important role in the collective effort to improve the world (Overman, 2011). This notion that the world is both in need of improvement, and able to improve if it is done under God's blessing, makes success in developing the world another way that people could display their achievements and work towards their salvation.

### ***Socialist identity***

Karl Marx is regarded as the theoretical founder of socialism. According to Marx, group formation would increasingly be based on class difference, resulting in capitalist societies divided by two hostile camps, for instance workers and employers (Hechter, 1978). This would lead to revolution after which socialism would be installed to "release the fettered productive capacities." (Burawoy & Lukacs, 1985). With regards to government, orthodox socialism had the tendency to regard the state as an instrument of exploitation, an extension of the ruling class and for that reason it aims at the elimination of the state (Goudzwaard, 1979). Modern socialism attempts to realize a measure of economic equality for all, also depicted as the social welfare state, and for that reason views government as the institution primarily responsible for fair and just distribution of property, power and knowledge by making use of democracy and taxation.

Socialist identity views business as a threat to humanity, since it intervenes between the laborer and the means of production, preventing the laborer from achieving his human, this is, his natural destination (Goudzwaard, 1979). The root of this evil, according to Marx is the right to private property, where he argues that the fruits of labor should be enjoyed by the laborer, not by the employer. The maintenance of private property, with respect to both the laborer's tools as well as his products, simply implies a separation between man and nature (Goudzwaard, 1979). Modern socialism does respect private property, but achieves fair distribution of revenues by taxation of firms and by installing legislation such as minimum wage laws.

Modern Socialist identity looks at development from a Humanistic point of view. As with liberalism, they also view development as technological and economic progress (Goudzwaard, 1979). The humanistic emphasis on individual freedom should be matched by recognition of interdependence and responsibilities to one another, to society and culture, and to the future (The Association for Humanistic Psychology, 2013).

### ***Liberal/neutral identity***

John Locke is considered to be the founder of classic liberalism. In liberal view, it is by abstaining from direct interference in economic life that the government serves the natural and providential development of society. The liberal principle of justice is the conception of relative natural law, which requires the state to protect rights and civil liberties based on private property (Goudzwaard, 1979). Liberalism gradually developed into neo-liberalism which accepts the fact that a successful market economy needs the continual care and sustenance of a definite government policy with respect to social legislation, antitrust legislation, and unemployment.

Liberal identity towards the firm is first and foremost based on the basis of private property. According to Adam Smith (1776) in *The Wealth of Nations*, individuals try to accomplish as much as possible with their capital, being driven by personal gain. He argues that it is by pursuing personal interests that the individual actually achieves the best possible result for society as an unexpected spin-off. In the same view it is by pursuing the firm's interests that firm's best serve society. As Friedman (2002) stresses, the sole interest of a firm is to make profit for the stakeholders.

Liberal identity toward development rests on the basis that progress can best be assured and benefit everyone, when its basis is the individual will, as this comes to expression in the free interchange of the market, with public protection of all civil rights (Goudzwaard, 1979).

## 2.4 Conclusion

The international development NGO sector has known an era of continuous growth and readily available budgets to execute their agenda's. This growth has come to a halt and the availability of funds is diminishing. One of the main reasons for this is the diminishing funding from governments, and particularly relevant for this study, that of the Dutch government. Recent development in Dutch NGO finances show that NGOs are able to increase the amount that they receive from alternative revenue streams, but funding from the Dutch government still counts for more than 50% of the total budget. In order to distinguish between different groups of NGOs, "Theory of Change" literature focuses on the role (activity) and identity of an organization. From this point of view, NGOs can be divided into advocacy NGOs, service delivery NGOs and hybrid NGOs with regards to their activity. When looking at their identity, it is apparent that their identity is mainly derived from the sub-set of civil society that they are part of, or originated from. Dutch civil society was, until the start of the millennium, or still is (depending on your point of view), divided in 4 different spheres of society. With regards to identity NGOs can be divided into Catholic NGOs, Protestant NGOs, Socialist NGOs and Liberal/neutral NGOs.

On the basis of identity characteristics it can be expected that Catholic NGOs will not display a certain preference for any kind of activity. They can be expected to engage in advocacy from the principal of human dignity as well as in service delivery from the principal of solidarity, and this is also likely to be combined in a hybrid role. Protestant NGOs are more likely to display a preference for service delivery, as this suites best with the protestant work ethic. Because of its hierarchical nature and focus on personal activism instead of group activism, protestant NGOs are not expected to engage in advocacy roles, and hybrid roles can be expected, but with emphasis on the service delivery activities. Socialist NGOs on the other hand are expected to operate more in the advocacy role, and hybrid with emphasis on the advocacy activities, because they oppose hierarchy and focus more on the fair distribution of power and resources. Finally, liberal/neutral NGOs are expected in all activities, with a little emphasis on the hybrid role, as in the last decade it has widely been acknowledged that combining advocacy and service delivery activities gives a competitive edge in many development opportunities. Since a lot of NGOs were founded in the last two decades, with the influence of segregation diminishing slowly but surely, it is expected that the liberal/neutral category will contain the majority of NGOs. The above results in the following overview:

	Advocacy	Service delivery	Hybrid
Catholic	neutral	neutral	neutral
Protestant	negative	positive	positive, with emphasis on service delivery
Socialist	positive	negative	positive, with emphasis on advocacy
Liberal/neutral	neutral	neutral	positive

Figure 2.3 Identity confronted with activity with regards to identity role preference

The next chapter will explore the different aspects of partnerships, and NGO-Business partnership in particular.

## 3 Partnerships in international development

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The international community for development aid has come to the conclusion that they need to include the private sector in development. During the 4<sup>th</sup> High Level Forum on Aid Effectiveness in Busan, Korea in 2011, a statement was brought forth that stressed the involvement of the private sector in order to: “advance innovation, create wealth, income and jobs, mobilize domestic resources and in turn contribute to poverty reduction.” Today, foreign direct investment, commercial finance, remittances, and philanthropic flows account for the bulk of financial flows to the developing world and there is agreement on the fact that the Millennium Development Goals cannot be achieved with official development assistance (ODA) alone and that it can only complement trade, private investment, and remittances (Kolbe, et al., 2012).

International trade is normally an activity of private sector actors, ultimately to satisfy the desires of final consumers and relying on the economic interests of producers, intermediaries and buyers. Aid for Trade is increasingly being used to leverage private sector funds, in some cases up to 15 times the initial investment (Basnett, et al., 2012). However the role of the private sector in trade policy processes is extremely limited in developing countries in general and in least developed countries (LDCs) in particular, in part because these countries frequently lack a formal institutionalized mechanism for coordination and consultation with stakeholders (Adhikari, 2011). Other likely reasons include the relative insignificance of these countries in the eyes of multinational corporations and commodity purchasers (Basnett, et al., 2012). Hoekman and Wilson (2010) call for the ‘creation of a new aid for trade public-private partnership to leverage the dynamism in the private sector for strengthening trade capacity in the countries that most need it’.

The relationship between nongovernmental organizations and companies has received increasing interest from both academic and practitioner communities (Kourula & Laasonen, 2010; Laasonen, et al., 2012; Neergaard, et al., 2009). The following chapter will commence by painting a broad picture of what a partnership entails, followed by the sharper distinction of a NGO-Business partnership for development. Different views on the partnering process are explored and the advantages and risks of partnerships in general as well as specifically for NGOs and Business are covered. The chapter concludes with an intermediate conclusion.

### ***3.1 Defining a partnership***

The diversity of meanings behind the general term “partnership” differs greatly even within a single country, never mind between countries and between ‘public management systems’ and ‘business systems’ (Bovaird, 2004). According to Miraftab (2004) there is a terminological sloppiness in debates about partnerships, fostering convenient ambiguities in defining the roles and expectations of each partner. Research in the form of case studies, but also of theoretical nature, assume that partnerships are useful, but find it hard to reach consensus on a definition (Partnership Resource Centre, 2011).

The Partnership Resource Centre (2011) defines three kinds of partnering strategies specifically adopted by development NGOs, of which the first, the donor-recipient partnership, is often initiated by Northern NGOs in order to “partner” with Southern NGOs in a hierarchical relationship. Additionally they make the distinction between intra-sector partnerships and cross-sector partnerships. Intra-sector partnerships are partnerships between different NGOs, often occurring during sudden disasters, and more recently in order to obtain funding. Cross-sector partnerships are partnerships between NGOs and Business, which are on the rise since the start of the new millennium (Partnership Resource Centre, 2011).

In such cross-sector partnerships, parties contribute complementary capabilities along each stage in the value chain to develop products or services that neither could produce alone, creating and delivering value in novel ways while minimizing cost and risk (Dahan, et al., 2010). Partnerships between NGOs and Business are defined in multiple ways, however, what is common is their focus on partnerships as creating societal and/or environmental value as well as the fact that they build on the pooling of joint resources (Neergaard, et al., 2009). Because of their tremendous promise, cross-sector partnerships are often mandated by funders, expected by local communities, and assumed by policy makers to be the best way of working on social problems (Koschmann, et al., 2012).

### ***3.2 NGO-Business Partnerships for development***

An increased role for Public-Private Partnerships in the developing world was one of the most novel outcomes of the world summit on sustainable development in Johannesburg in 2002 (Lund-Thomsen, 2007). NGO-business partnership literature has to some degree emerged from existing theory on public-private partnerships and strategic alliance formation, but as NGOs and businesses have traditionally adopted very different societal roles and pursued different organizational goals, their previous relationship was mainly antagonistic in nature (Neergaard, et al., 2009). However, the once adversarial relationship between NGOs and companies has undergone a shift toward becoming more cooperative and more dialogic in form (Kourula & Laasonen, 2010).

Austin and Seitanidi (2012a) in creating their collaborative value creation (CVC) framework, derive four collaborative stages from partnership literature which they use to define NGO-Business partnerships. These four stages are viewed as being set on a continuum, which represents the dynamic nature of this definition. Starting with philanthropic collaboration, the continuum passes through transactional collaboration, integrative collaboration and finally transformational collaboration.

- ***Philanthropic collaboration*** is about the donation of cash from business to NGOs, usually to obtain associational value.
- ***Transactional collaboration*** is defined by linked interests in that creating value for oneself is dependent on creating it for the other with stronger and more direct associational value.
- ***Integrative collaboration*** defines the moment that the partnership is seen as integral to the strategic success of both partners, but even greater priority is placed on producing value for society.
- ***Transformational collaboration*** is defined by shared learning and the intention to deliver transformation through social innovation, interdependence and collective action in order to achieve large-scale, transformational benefit for a significant segment of society or society at large.

The use of a continuum recognizes that partnerships are dynamic and multifaceted, implying that some partnership characteristics may be closer to one reference stage while other characteristics are closer to another (Austin & Seitanidi, 2012a). The collaborative stages are not consecutive steps that follow each other, but can be achieved by tweaking the intended partnership to the different characteristics involved.

Many NGOs currently believe that companies, more than government, are able to address certain (global) issues (Van Tulder & Van Der Zwart, 2006). Today, a key challenge for NGOs is related to finding partnerships with the private sector as a way of enhancing their effectiveness (Lem, et al., 2013) as they have reached the boundaries of their individual effectiveness (Partnership Resource Centre, 2011). NGOs are increasingly struggling with the question of the degree to which their current roles are effective in achieving the objectives from which they derive the right to exist (Van Tulder & Van Der Zwart, 2006). Cross-sector partnerships can create and deliver both social and economic value, which can be mutually reinforcing (Dahan, et al., 2010).

For firms operating in developing countries, achieving legitimacy and developing capabilities needed to respond to increasing pressure from stakeholders to address environmental and other social issues is an important prerequisite for successful operation (Oetzel & Doh, 2009). It is increasingly acknowledged that civil society organizations could add complementary capabilities to firms, especially in countries where sustainability risks are substantial (Lem, et al., 2013). Partnerships in fact may be the only option for companies interested in accessing the knowledge held by NGOs since internal development of such expertise may be too costly, inefficient and time consuming for most companies (Rondinelli & London, 2003).

### ***3.2.1 The partnering process***

Research regarding the prerequisites of successful partnerships is an uncharted area where case studies and prescriptive reasoning prevail (Partnership Resource Centre, 2011). Austin and Seitanidi (2012b) have taken much of the available literature regarding the partnering process into account in creating their CVC framework. They divide the partnering process into (1) partnership formation and (3) partnership implementation, with the (2) selection stage positioned in a grey area functioning as a bridge between partnership formation and implementation (Austin & Seitanidi, 2012b).

#### **1. Partnership formation.**

Formation can be seen as an early informal assessment mechanism that evaluates the suitability of a collaboration to evolve into an integrative or transformational relationship (Austin, 2000). This is done by defining the 'fit' within a partnership; referring to the degree the collaborating organizations can achieve congruence in their respective perceptions, interests and strategic direction (Austin & Seitanidi, 2012b). The partnership fit potential is defined by articulating the social problem, followed by an identification of the linked interests and resources across partners and for social betterment. It also involves identification of the partners' motives and missions, identification of the history of interactions and a visibility fit and the identification of pre-partnership champions.



## **2. Partner selection.**

Selecting a partner builds on the fit potential, and is the most influential decision regarding the value creation potential of the partnership (Austin & Seitanidi, 2012b). A formal and informal risk assessment (both internal and external) of the potential partner organizations is advised. For the larger organizations with a relatively large amount of partnerships, this is where partnership portfolio management comes into play (Partnership Resource Centre, 2011).

## **3. Partnership implementation.**

The implementation is divided in the partnership design and operations and the partnership institutionalization. Partnership design and operations sets up a sequence of experimentation, adaptation and operationalization in order to gradually stabilize partnership processes and structures. At the end of this process the partnership is confronted with a 'go' or 'no go' decision, requiring an exit or continuation strategy. An exit strategy obviously leads to the termination of the partnership and a continuation leads to the institutionalization of the partnership. This entails further embedding the collaboration and deepening personal relations and strengthening interactions. The fusing and revitalizing of value frames and the engagement of external stakeholders introduces a new layer of partnership institutionalization outside the dyad of the profit and nonprofit organizations (Austin & Seitanidi, 2012b).

### ***3.2.2 Partnership portfolio management***

The growing amount of NGO-Business partnerships, and especially the fact that individual organizations engage in multiple partnerships at the same time, indicate the necessity of partnership portfolio management for the many possible configurations and implications (Austin & Seitanidi, 2012a). This requires insight into the size of the portfolio (the number of partners), the density of the portfolio (different forms of engagement) and diversity of the portfolio (in terms of issue selection and geographical focus) (Partnership Resource Centre, 2011).

Many NGO-Business partnerships were formed on an ad-hoc basis, without taking the whole portfolio of partnerships present into account. For hybrid NGOs this incorporates the risk of having contradictory partnerships (Nicolae, 2012) and the bigger and more diverse a portfolio of cross-sector partnerships get, the harder it is to adopt a coherent strategy (Partnership Resource Centre, 2011). Although no formulas are yet available, it is clear that NGOs will have to manage their partnerships more strategically if they want to remain relevant players. Improved partnership portfolio management can be portrayed as optimal partnering characteristics (shared analysis, shared vision and shared ambition) and optimal partner characteristics (cross-sector partnerships in combination with horizontal and vertical intra-sector partnerships) (Partnership Resource Centre, 2011).

## ***3.3 Partnership advantages***

According to literature, both NGOs and business have many reasons why they should be willing, or even forced, to enter into NGO-Business partnerships. Apart from advantages for both partners and society as a whole, there are also NGO or Business specific advantages which will be dealt with separately in following paragraphs.

A general advantage of partnerships is the opportunities for mutual learning between partners and the possible increase in economies of scale or scope in the provision of certain services or activities (Bovaird, 2004). According to Wadham and Warren (2013) partnerships bring greater understanding of the issues at stake as 'truth' emerges through the search for consensus. Partners benefit from the tension and frictions that are intrinsic to the nature of this search for consensus (Oetzel & Doh, 2009). This facilitates a deeper understanding of the underlying nature of global challenges. Boundaries within which dialogue takes place are effectively being uncovered, negotiated and expanded to include more people and organizations, which in turn generates solutions, builds understanding and catalyzes others into action (Wadham & Warren, 2013).

### ***3.3.1 Specific advantages for NGO's***

The number one advantage mentioned in literature for NGOs, and often enough still the main reason for NGOs to enter into partnerships is the financial resources that businesses bring to the table (Buse & Walt, 2000; Oetzel & Doh, 2009; Partnership Resource Centre, 2011; Austin & Seitanidi, 2012a). But this is not the only advantage, and several scholars (Bobenrieth & Stibbe, 2010; Austin & Seitanidi, 2012a) actually urge NGOs to look beyond the obvious to what a partnership can additionally mean for the strategies of NGOs to accomplish their mission.

According to Oetzel and Doh (2009), partnering with a Corporation or Multi-National Enterprise (MNE) brings size, scale and experience into a partnership. Access to private sector skills and management talents bestows more business credibility and authority on NGOs as a partner of business (Buse & Walt, 2000). The MNE's influence and support can be used to influence institutions and organizations in developing countries, provide improved products and services to NGO constituent groups and provide access to international markets (Oetzel & Doh, 2009).

Eventually the most important possible advantage of NGO-Business partnerships is the emergence of transformational partnerships where the business partners are intrinsically moved to pursue transformational benefits for society at large (Austin & Seitanidi, 2012a).

### ***3.3.2 Specific advantages for Business***

Dating from the more adversarial period between NGOs and Business, involvement of NGOs in stakeholder dialogue and joint partnership was crucial for corporations to control the risk of negative publicity campaigns, boycotts, court procedures and more (Nijhof, et al., 2008). Nowadays NGOs enable the corporation to access stakeholders that would be difficult to reach without the partnership, and gain legitimacy with those stakeholders through the partnership, as NGOs that are respected in their community can share and transfer some of their reputation advantages to partnering corporations (Oetzel & Doh, 2009).

NGOs can give corporations access to valuable markets and resources, local sourcing abilities and distribution systems (Dahan, et al., 2010) and more information about the genuine needs of the host country (Oetzel & Doh, 2009). They also provide access to different skills, competencies and capabilities than those otherwise available within corporations or through alliances with for-profit organizations (Oetzel & Doh, 2009). NGO expertise in dealing with sustainability issues, in combination with their local presence, could be of great value to firms who are proactively dealing with sustainability risks (Lem, et al., 2013). This enables corporations to overcome business model liabilities in developing countries by helping them to identify market shifts and trends, accelerate

market entry, share in certain business risks and in some cases, co-developing innovative new business models which, if generated through cross-sector partnerships, are likely to be harder for other firms to replicate (Dahan, et al., 2010).

Successfully partnering with an NGO may in itself constitute a capability that can lead to competitive advantage for the firm (Dahan, et al., 2010) and there are always the benefits through brand and image promotion (Buse & Walt, 2000) which help to gain legitimacy in the host country (Oetzel & Doh, 2009) and increased corporate influence in global policy making at the national level (Buse & Walt, 2000).

### **3.4 Partnership risks**

According to literature, both NGOs and business also have many reasons why they should not be willing, or even prohibited, to enter into NGO-Business partnerships. Apart from risks for both partners and society as a whole, there are also NGO or Business specific risks which will be dealt with separately in following paragraphs.

Cross-sector partnerships face challenges because organizational learning among partners requires some level of common experience, a condition that is often weak or missing in partnerships between profit-making and nonprofit organizations (Rondinelli & London, 2003). The increased complexity of entering multi-actor partnerships, either because there are too many stakeholders (partners) in the partnership or the crucial/necessary/right stakeholders in the partnership is absent (Van Tilburg, et al., 2012), inherently has the risk of unclear decision structures, diminishing accountability and compromising output legitimacy (Nijhof, et al., 2008). Complex governance issues around leadership, partnership profitability and conflicting interests (Van Tilburg, et al., 2012) only increase that risk.

On a macro level, very poor countries, with large populations, unpopular governments or poor infrastructures may be excluded from global partnership programmes (Buse & Walt, 2000), defining partnership approaches as an opportunistic and instrumental way of realizing self-defined objectives (Lem, et al., 2013). Focusing on the inherent conflict between profit-driven interests of the private sector and welfare-driven interests of NGOs, it points to the role of the state as essential to regulate the relationship between partners and keep the playing field level. In the third world, local governments often neither have the will, nor the ability, to intervene effectively (Miraftab, 2004).

Partnerships sometimes appear to exacerbate the very problems they are trying to solve (Bryson, et al., 2006). Laasonen, et al. (2012) argue that the win-win-win rhetoric of the cross-sector partnership approach may lead to less democratic outcomes, as adversarial relations are excluded from the table for the sake of consensus.

#### **3.4.1 Specific risks for NGO's**

Cross-sector partnerships are not without implications for NGOs. They involve higher transaction costs (Partnership Resource Centre, 2011), loss of independence and, therefore to a degree, the ability to be critical of the policies and practices of partners (Bovaird, 2004) subsequently corroding the legitimacy of NGOs (Nijhof, et al., 2008). Traditional support for NGOs could be undermined as cross-sector partnerships erode the goodwill of those who believe in a multilateralism in which

NGOs, not corporations, are the decision-makers (Buse & Walt, 2000). As profit-oriented private firms begin to play a bigger role as a partner in development, the sheltering role of the state could be partially withdrawn from the voluntary sector (Deakin, 2001). Like the Trojan horse, partnerships might arrive with the promise of a gift but only to further dispossess NGOs from their resources (Miraftab, 2004).

Striving for effectiveness and quantifiable results, it is conceivable that 'profitable' activities may be hived off to special partnerships (Buse & Walt, 2000), whereas the more difficult issues for which it is harder to raise resources are neglected or postponed. Pressures on NGOs to limit overhead spending and to emphasize financial accounting create unique vulnerabilities for co-optation when entering partnerships with corporate actors (Baur & Schmitz, 2012). Corporations may use partnerships as window dressing, leaving NGOs with greater vulnerability (Partnership Resource Centre, 2011).

### ***3.4.2 Specific risks for Business***

The main risk drawn from literature is the loss of resources when a partnership is not able to deliver the expected outcome (Buse & Walt, 2000). Apart from that, partnerships with NGOs may ultimately open up a path to escalating demands for firms to upgrade their commitments to social development (Yaziji, 2004) or provide NGOs (and potentially other interested parties, such as regulators and even competitors) with sensitive, proprietary information such as R&D projects, strategic plans or internal audit information (Dahan, et al., 2010). This may have a negative impact on their competitive advantage.

### ***3.5 Conclusion***

NGO-Business partnerships are generally regarded as "the" way of including the private sector into development. Having identified advantages and risks for society, NGOs and business, it seems that not the definition of a partnership as a concept, but the process through which it is formed and contained is important for creation of successful NGO-Business partnerships. Being aware of the risks and having a well-defined mutual goal should allow for combining the best of both worlds, thereby keeping the risks at an acceptable level. This calls for individual approaches to partnership opportunities, with broad guidelines to guide the selection and implementation process.

The activity and identity view portrayed in chapter two produces 3 (for activity) and 4 (for identity) distinguishable groups of NGOs, with every group, on the basis of their characteristics, expected to have different views on NGO-Business partnerships. Advocacy NGOs are viewed as having different goals than business, thus not making it likely that they will have a very positive view on partnering with business. The service delivery NGOs on the other hand, do appear to have shared goals with business and it is therefore expected that they will have a positive view of partnering with business. Hybrid NGOs apparently have a more strategic approach to partnering with business, determining if a partnership is necessary to achieve the goals, without excessive risk for the NGOs reputation.

NGOs with a Catholic identity are expected to be in favor of business partnerships, but preferably if the private sector partner is motivated by a conviction that it needs to contribute to society. The protestant NGOs will most probably also favor business partnerships, but will have much more understanding for a requested return or profit for the private sector partner, also viewing their own intended results from a business angle themselves. Socialist NGOs will probably not engage in

partnerships with business, unless the private sector partner is willing to change and surrender to the NGO, as for socialist NGOs businesses are primarily responsible for global poverty. Liberal NGOs will probably have the opposite stance, having the conviction that businesses are a major part of the solution to global poverty, and therefore they will happily include businesses with their activities.

Combining the activity and identity view creates 12 groups with two combined characteristics.

		<b>Catholic</b>	<b>Protestant</b>	<b>Socialist</b>	<b>Liberal/neutral</b>
		<b>+</b>	<b>+</b>	<b>--</b>	<b>++</b>
<b>Advocacy</b>	<b>-</b>	<b>+/-</b>	<b>+/-</b>	<b>---</b>	<b>+</b>
<b>Service delivery</b>	<b>++</b>	<b>++</b>	<b>++</b>	<b>+/-</b>	<b>+++</b>
<b>Hybrid</b>	<b>+/-</b>	<b>+</b>	<b>+</b>	<b>--</b>	<b>++</b>

Figure 3.1 Activity confronted with identity with regards to view of business partnerships

Having come to the above overview, the next chapter describes the methodology used to get empirical information on the subject of NGO views on NGO-Business partnerships.

## 4 Methodology

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This chapter describes the methodology that was used to conduct this research, starting with explaining the choice of research strategy. The choice of research strategy is then converted into a research design, followed by an account of how the data was collected, also covering source selection. The chapter then concludes with an overview of the different ways that the collected data was analyzed in the different stages of this research.

### ***4.1 Research strategy***

The methodology of this research has taken the form of an exploratory design. This is the best way of developing a detailed view of a phenomenon, while still being able to generalize the findings to a population (Creswell, 2002). According to Creswell and Plano Clark (2007) in this type of design, either qualitative data are used to explain quantitative research, or the selection of quantitative research interests is based on previous qualitative studies. Emphasis on research methodologies in both variants varies, what is common to them is that the quantitative phase follows the qualitative phase. This implies a sequential procedure, in which 'the results from one method helps to develop or inform the other method, where development is broadly construed to include sampling and implementation, as well as measurement decisions' (Greene et al., 1989: 259 cited in Bryman, 2006). Within this research, the findings of the qualitative method (exploratory purposes) are elaborate upon or expand with the quantitative method (generalization purposes) (Creswell, 2002), making this strategy partially emergent.

#### ***4.1.1 Qualitative component***

A multiple-case study was selected as the qualitative component of the research strategy. This form of research is capable of suggesting concepts that are relevant to an emerging theory by comparing and contrasting the findings derived from each individual case and giving insight into what is unique and what is common across cases (Bryman & Bell, 2007). Consequently individual NGOs will be regarded as cases for this research.

#### ***4.1.2 Quantitative component***

The quantitative component of this research was defined as content analysis through a cross-sectional design. A cross-sectional design entails the collection of data on more than one case at a single point in time, in order to collect quantitative data in connection with two or more variables, which are then examined to detect patterns of association (Bryman & Bell, 2007). This data is collected by means of content analysis, which according to Bryman and Bell (2007) is an 'analysis of documents and/or texts that seeks to quantify content in terms of predefined categories and in a systematic and replicable manner.' These predefined categories have emerged from the qualitative research, thus signifying the link between the qualitative and the quantitative parts of this research. Also for the cross-sectional content analysis individual NGOs will be regarded as cases.

## **4.2 Research design**

The design of the research flows from the choice of research strategy. It is divided in three sections, starting with the literature review, followed by the case study design and the cross-sectional content analysis.

### **4.2.1 Literature review**

This study began with a general interest in the problem that NGOs face as their government funding is diminishing, combined with an interest in NGO-business partnerships as possible solution. Since there is no literature available that deals with this phenomenon of diminishing government funding, other than predictions that mention the possible decline in government funding (Edwards, 1999; Fugere, 2001; Agg, 2006), the literature review was used to facilitate the creation of the research question by "framing" the problem (Creswell, 2002).

Initial searches were conducted through the Web of Science search engine and through Google scholar, using the following key words:

<b>For NGOs</b>	<b>For NGO-Business partnerships</b>
NGO	NGO Business
Non Governmental Organization	NGO Business partnership
NGO issues	NGO Business alliance
NGO history	Non profit business
NGO funding	Non profit business partnership
International development NGO	Non profit business alliance
International development	Cross-sector partnerships

In the search results, for NGOs recent articles (published between 2010 and 2013) were sought that gave an overall picture of the current standing of international development NGOs. On the basis of these articles, further articles and books were selected that were cited on relevant topics. For some specific topics such as NGO legitimacy, efficiency and accountability, additional searches were conducted.

For NGO-Business partnerships, in the same way recent article were examined, looking for meta-studies on NGO-business partnerships. From these articles, further articles and books were selected that were cited on relevant topics, specifically focused on partnership advantages and partnership risks.

### **4.2.2 Case study design**

Yin (2009) defines four types of case-study design, making distinctions between holistic and embedded cases and between single-case and multiple-case designs. Following the research strategy, it is apparent that the multiple-case design is selected, with single NGOs as the units of analysis. The difference between the holistic approach and the embedded approach is that with the holistic approach there is one unit of analysis for each case, while the embedded approach allows for more than one units of analysis per case. Since NGOs as the unit of analysis also each represents a single case, the case study is defined as a holistic multiple-case study.

### **4.2.3 Cross-sectional content analysis**

A cross-sectional design, like a multiple-case study, also implies the interest in variation between cases. The multiple-case study however, puts the emphasis on every individual case, while the cross-sectional design has its emphasis on creating general findings based on the total sample of cases (Bryman & Bell, 2007). This illustrates the quantitative nature of this design thereby stressing the need for quantifiable data, collected at a single point in time.

Through content analysis, this data can be extracted from documents and/or texts, and according to Bryman and Bell (2007), one of the main uses of content analysis is to examine texts and documents 'that are either produced by the organization, such as annual reports, or written about it, such as articles in the business press.' Content analysis can be conducted on various levels, ranging from counting specific words, to interpreting dispositions. On the basis of the categories derived from the case studies, the aim of the content analysis is a categorization of a phenomenon, thus implying a coding of text in terms of certain subjects and themes (Bryman & Bell, 2007).

### **4.2.4 Reliability and validity of the research design**

Reliability is concerned with the question of whether the results of a study are repeatable, where validity is concerned with the conclusions that are generated from a piece of research (Bryman & Bell, 2007).

#### **Reliability**

To ensure an acceptable degree of reliability, an interview protocol was used to structure the interviews. Interviews were transcribed and are saved in text format. Annual reports were used for subtracting both financial data for the years 2006 -2012, but also written content from the 2012 annual report. These reports are all composed following the RJ650 guidelines, publicly available and the information is static and not subject to change.

#### **Validity**

For this research construct validity is ensured by making use of different sources of information. By combining literature, interviews and public NGO communication documents, the research phenomenon is viewed from different angles. External validity is shaped by expanding the case selection for cross-sectional content analysis by more than twice the amount of cases used for interviews, thus giving a broader base to the conclusions of this research.

## **4.3 Data collection**

Data collection starts by selecting a source to collect data from. How these sources were selected is first addressed. This is followed by the data collection during the multiple-case study, which is conducted through interviews. Finally the cross-sectional content analysis, which is conducted through document research, is described. Although data collection for the cross-sectional content analysis is described, immediately following the data collection of the multiple-case study, it is noted that analysis of the multiple-case study data is necessary before data collection for the cross-sectional content analysis can commence.

### **4.3.1 Source selection**

The source selection is focused on the selection of cases for both the multiple-case study as the cross-sectional content analysis. For both research designs, proper case selection is vital to broad



exploration of the research question and robust theoretical elaboration (Eisenhardt & Graebner, 2007). The cases for this research are taken from the 2011 report by the Partnership Resource Centre on the state of partnerships of Dutch development NGOs. This report lists the ninety largest internationally operating development NGOs, based on their annual revenue stated in their 2008 annual report, supplying both the annual revenue and the amount of government funding received (Partnership Resource Centre, 2011). NGOs that did not receive any government support were excluded from the selection, as this research focusses on diminishing government support, leaving 67 relevant cases.

On the basis of the NGO distinctions described in section 2.2, a confrontation matrix is realized, defining twelve sections that NGOs could fit in. On the basis of the missions and/or visions that each organization communicates through their website, all 67 NGOs are coded for both their activity as their identity, thus placing them in one section of the confrontation matrix (see Appendix 1: Case selection overview). The section for protestant advocacy NGOs is the only section not containing any organization. Based on the literature review and conclusion of chapter 2, it was already expected that protestant organizations would not be likely to engage in merely advocacy activities. This leaves 11 identity/activity groups for research.

Within each section, the NGOs are ordered by the amount of government funding they receive, relative to their total revenue. The organizations with the largest percentage of government funding are on top and the organizations with the least government funding are at the bottom.

For the multiple-case study, the top organization in each section is selected, arguing that the NGOs that receive the highest relative government funding, are most affected by the diminishing government support, which is the phenomenon central to this research. The selected NGOs were contacted by phone and an appointment for interviewing was requested with the person in charge of fundraising with business (2 cases), or if there was no specific focus on fundraising with business, the person in charge of fundraising in general (3 cases). If it was not possible to speak to any fundraising related employee within the NGO, an appointment was requested with a person that the NGO thought would be best suited to answer the interview questions (5 cases). In total 10 cases were selected for the multiple-case study. In the Socialist Advocacy group, it was not possible to make an appointment with any of the organizations for an interview. This is not seen as a major problem, since it is still possible to include this group through the cross-sectional content analysis.

Organization	Name	Function
<b>Agriterra</b>	José van Gelder	Senior Communicatieadviseur
<b>Cordaid</b>	Wouter van Tongeren	Senior Corporate Strategist
<b>Dance4Life</b>	Margot Gerené	Director Communications & Fondsenwerving
<b>ICCO</b>	Kees van den Berg	Unit Manager Fondsenwerving
<b>IKV Pax Christi</b>	Eva Ronhaar	Program Development & Funding
<b>IUCN</b>	Henk Simons	Chief Expert
<b>Liliane Fonds</b>	Anneke Hofs	Monitoring & Evaluation Officer
<b>Oxfam Novib</b>	Johan Verburg	Coordinator Private Sector
	<b>&amp;</b> Gerard Steehouwer	Regional Director West-Africa
<b>Stg. Red een Kind</b>	Vincent van Vliet	Relatiemanager Zakelijke Markt
<b>Solidaridad</b>	Hans Perk	International Program Coordinator Cacao

Table 4.1 Overview of selected cases for the multiple-case study

For the cross-sectional content analysis the top three organizations in each section are selected, including the organizations that have been selected for the multiple-case study. If for any of the selections, there are not enough organizations present in the section, then the selection is limited to the available organizations. If for a selected organization the annual report for 2012 is not available, the next organization with available annual report over 2012 is selected. In total 22 cases were selected for the cross-sectional content analysis (see Appendix 1: Case selection overview).

#### **4.3.2 Interviews**

The more cases are incorporated in a research and the farther it moves away from everyday phenomena to intermittent and strategic phenomena such as strategic decision making, the more likely it becomes that interviews become the primary data source. Interviews are a highly efficient way to gather rich, empirical data, especially when the phenomenon of interest is highly episodic and infrequent (Eisenhardt & Graebner, 2007). As the multiple-case study consists of a considerable amount of cases, and the phenomenon of this study is highly episodic and infrequent, interviews are selected for data selection in the qualitative phase.

Interviews conducted during qualitative research are separated in literature between unstructured interviews and semi-structured interviews (Creswell, 2002; Bryman & Bell, 2007; Yin, 2009). According to Bryman and Bell (2007) a multiple-case study will, by design, need some structure in order to ensure cross-case comparability. With a semi-structured interview, a list of questions on fairly specific topics (in this research, derived from literature review) is constructed into an interview guide (see Appendix 2: Interview guide) (Bryman & Bell, 2007). The respondent has the freedom to answer these questions as he or she pleases, additional questions may be asked and there is no need for a sequential order in topic discussion, as long as all the topics listed on the interview guide are covered. As the interviews were used for data collection in a multiple-case study, they were conducted in a semi-structured manner.

The interviews were recorded and transcribed, after which the text was sent to the interviewed respondent requesting his consent with the transcribed version of the interview.

#### **4.3.3 Document research**

The cross-sectional content analysis was conducted on the annual reports 2012 for all the selected cases. The annual reports are all consistent with the guideline for annual reporting 650 "Charity Organizations" of the Dutch Accounting Standards Board, which makes them highly comparable. On the basis of the findings from the multiple-case study, a coding manual was constructed, specifying categories that were used to classify the text based on a set of written rules that defined how the text was classified.

In order to put the information derived from the 2012 annual reports into a broader context, for all the selected cases for the cross-sectional content analysis, total Dutch government subsidies and the total income for each NGO is recorded for the years 2006 up until 2012.

## **4.4 Data analysis**

As described in section 4.3, the data collection is divided in two phases, where analysis of the multiple-case study data is needed in order to construct the coding manual for the cross-sectional content analysis. Analysis of the multiple-case study data was performed using qualitative coding. The analysis of the cross-sectional content analysis was performed using different ways of sorting through and grouping data, combined with calculating percentages for government subsidies. Finally, the interview results are linked with the cross-sectional content analysis results, analyzing supportive and opposing relations.

### **4.4.1 Coding of interview transcripts**

The process of data analysis is directed to making sense out of text. This involves data preparation, moving into a deeper understanding of the data, and making an interpretation of the larger meaning of the data (Creswell, 2002). Creswell (2002) divides this process into six generic steps, in order to come to a thorough analysis.

- 1 Organize and prepare the data for analysis by transcribing the conducted interviews and arranging the data on the basis of the nine different NGO sections.
- 2 Read through all the data and get a general sense of the information and its overall meaning.
- 3 Begin detailed analysis with a coding process, by organizing data into chunks and then labeling those chunks as categories.
- 4 Use the coding to generate a small number of themes or general categories, five to seven for a research study, representing the major findings for the qualitative phase.
- 5 Represent the themes, including sub-themes, specific illustrations and multiple perspectives.
- 6 Make an interpretation or meaning of the data.

Steps 1 to 5 were used to construct a table providing 4 themes, with relevant sub-themes (50). These themes and sub themes can be used to conduct the cross-sectional content analysis by forming the basis of the coding manual.

### **4.4.2 Content analysis on annual reports**

#### **Financial context**

For the financial context of the 2012 annual account findings, the total income figures and the total Dutch government subsidies per NGO are recorded for the years 2006 until 2012. Combining all the figures, the total income and the total Dutch government subsidies for all 22 samples is calculated. By dividing the subsidies received by total income, the percentage of Dutch government subsidies out of the total income is calculated. Both the absolute total income and total Dutch government subsidies, combined with the percentage of the total sample, is used as a benchmark to compare with smaller selections. Per individual group, absolute total income and total Dutch government subsidies, combined with the percentage of Dutch government subsidies out of the total income, is compared with the benchmark.

### ***Coding on the basis of interview results***

All selected annual accounts 2012 were read, looking for information that could be linked to one of the sub themes. For each annual account the sub themes that were found present, were recorded using an excel spreadsheet. For each combination of identity and activity the results were analyzed by looking at corresponding sub themes and also looking at the differences.

### ***4.4.3 Combining interview results with content analysis results***

When combining the interview results with the cross-sectional content analysis results, the aim is to find support for the interview results in the cross-sectional content analysis. In order to analyze the findings, all interview results were combined with the cross-sectional content analysis results per main theme for that identity or activity. The results for the cross-sectional content analysis were then coded as being supportive, contradicting or expanding in regard to the interview results.

Since all cases featured in both an identity as an activity group, results that were viewed as expanding for one group, but supportive for the other, were coded neutral instead of expanding. This was done because a characteristic that is viewed as expanding, but is supportive for another group, most probably belongs to the supportive group. In cases where there were many neutral results in one group<sup>2</sup>, the subject was still considered as expanding.

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<sup>2</sup> For instance service delivery for the main theme "effects of diminishing government funding" where diversifying revenue streams is still considered as expanding.



## 5 Results

The following chapter is divided in two parts. In the first paragraph the results from the multiple case studies are presented. In the second paragraph, the result of the consecutive content analysis follows.

### 5.1 Case study results

The case study results are presented from three points of view. All views are approached from the main themes that were extracted from the coded interview transcripts. The main themes are (1) the effects of government funding on international development NGOs, (2) the effects of diminishing government support on international development NGOs, (3) international development NGO views on NGO-business partnerships and (4) international development NGO views on NGO-Business partnerships as substitute for government funding.

First the interview results are presented with the cases divided by activity. Then the results are viewed with the cases divided by identity. Finally the main themes are presented from an overall point of view, presenting the main themes with the sub-themes that will be used to conduct the quantitative phase of the research, the content analysis on annual reports for 2012.

#### 5.1.1 Case study results grouped by activity

##### Advocacy case study results

Cases: IKV Pax Christi Dance4Life	Supportive quote	(if applicable) Contradicting quote	Conclusion on main theme
Effects of government funding	<i>I think it shows that we are a reliable partner. That we are a substantive partner</i>		Positive influence on internal development and growth, and on organization Legitimacy. Created effective intra-sector partnerships.
	<i>has had influence on us in that we had to have much tighter internal procedures</i>		
	<i>we also learn a lot from it. This has given us momentum and brought us to be more accountable for what we do</i>		
	<i>working with these alliances has also been good for the effectiveness of our work. It forces you to look for cooperation in the Netherlands, but also to implement it in the countries where we work.</i>		
Effects of diminishing government support	<i>We would only shrink in our activities</i>	<i>yes, we would definitely have to look for other financial partners, that is very clear</i>	<b>Undecided!</b> Perceived as minor setback versus substantial financial loss.
NGO views on NGO-business partnerships	<i>we simply seek channels and means. As long as you are both clear about that and as long as it does not surpass our objectives</i>	<i>So far, what we've done, there should be really a substantive foundation in it</i>	<b>Undecided!</b> Perceived as obvious option versus possible but risky option.
	<i>I think it is good that companies have a role to play; they are one of the parties that contribute to sustainable development.</i>	<i>there is obviously a huge movement going on around CSR and green washing</i>	
NGO views on NGO-Business partnerships as substitute for government funding	<i>I do not think it fits the identity of the organization and I think in a larger sense that it is not desirable that the business will take over that role</i>	<i>Yeah, that could just be. We work just as well without subsidies.</i>	<b>Undecided!</b> Perceived as unwanted scenario versus very possible scenario.

All quotes were translated from Dutch into English by the author. For original Dutch version see appendix 3

Table 5.1 Overview of advocacy interview quotes and result

The general view from the interviews of advocacy NGOs, as shown in table 5.1, is that they have a positive view on the influence of government funding. The accompanying reporting requirements are experienced as incentives for the internal organization to develop in professionalism, and the fact that government support is received is also viewed as a legitimizing factor for the NGOs existence and effectiveness. Also the intra-sector partnering, obligatory for MFS-II financing, is viewed by these NGOs as a positive contributing factor to their overall effectiveness, viewing the partnering as being integrated into an effective chain of coherent activities. On the issue of diminishing government support, and also on their view on business and business as a substitute for government funding, the interviewed NGOs differ too much to generalize the findings from the interviews.

### Service delivery case study results

Cases: Agriterra Liliane Fonds Solidaridad Stg. Red een Kind			
	Supportive quote	(if applicable) Contradicting quote	Conclusion on main theme
Effects of government funding	<i>We try very hard not to let it influence us, except perhaps on effectiveness, because if you have less money you have less impact</i>		Positive influence on size of programs. Perceived as requiring lengthy time-consuming reports.
	<i>the government just has a number of protocols that you have to meet and in my eyes, how I see it, it's a lot and could be more effective</i>		
Effects of diminishing government support	<i>it will have an impact in that we can just do fewer projects</i>		Decrease in program size. Focus on institutional fundraising and decentralizing offices.
	<i>we have now hired an institutional fundraiser recently</i>		
	<i>is that we are working to downsize the office in the Netherlands now for several years, and expand offices in producing countries</i>		
NGO views on NGO-business partnerships	<i>That in generally they are good collaborations that do not ask too much and with which you can do great projects with</i>	<i>all different reporting requirements obviously have administrative implications</i>	Positive influence on effectiveness and impact through funding and knowledge. Perceived as possibly influencing NGO strategy, and increasing administrative pressure.
	<i>There should just be a good cash inflow, if it will also be durable. And we are now looking with these partnerships, how can we make it even stronger</i>	<i>that risks are influence 'on what you want'</i>	
	<i>still mainly focused on knowledge and exchange</i>		
	<i>So it could be that the budget in this regard is not changed, but that the effect we have in the field is much larger</i>		
NGO views on NGO-Business partnerships as substitute for government funding	<i>it could, but it does not seem realistic or desirable. I think the various parties should play their role in it and with that also come different ways of financing.</i>		Possible, but not deemed likely and not ideal, as all societal actors have a role to play.
	<i>In principle, it should be possible.</i>	<i>Personally I don't believe it. But that's because everyone is now jumping in that market</i>	

All quotes were translated from Dutch into English by the author. For original Dutch version see appendix 3

Table 5.2 Overview of service delivery interview quotes and result

The general view from the interviews of service delivery NGOs, as shown in table 5.2, is that they have not been influenced by government funding regarding their objectives. And if so, only in quantity, but not regarding strategy, focus or content. Service delivery NGOs perceive the reporting requirements, contrary to advocacy NGOs, as being too extensive, and therefore counterproductive. Diminishing government support, in their view, only has an influence in that they will have to downsize their activities, but they anticipate for the diminishing funds by employing special institutional fundraisers and some of them also decentralized their office to the target countries or areas. NGO-Business partnerships are generally viewed as positive, with the increase of effectiveness, impact and funding as main drivers, but also the sharing of knowledge is mentioned in that regard. They do however see risks in the area of being influenced by the business

partner regarding their strategy or because of differing reporting requirements, afraid of having to comply with many individual reporting requests. Service delivery NGOs generally feel that NGO-Business partnerships could substitute for government funding, although it is emphasized that that would not be the ideal situation, given the fact that all societal actors (so including government) have their part to play in sustainable development.

### Hybrid case study results

Cases: Cordaid ICCO IUCN Oxfam Novib			
	Supportive quote	(if applicable) Contradicting quote	Conclusion on main theme
Effects of government funding	<i>We were not rewarded for individuality, but we were rewarded because we conformed to the boundaries.</i>		Perceived as setting the boundaries, with freedom to further allocate funds. Created detachment from roots or laziness for some organizations, but enabled others to innovate and learn.
	<i>that was obviously long term core funding as well, which gave us immense freedom, on the basis of a business plan, still able to do what we wanted to do and to report back on large topics in the annual reports</i>	<i>so we hung on a drip at the Ministry of Foreign Affairs, and we became so lazy because that money would come anyway, so we became reactive</i>	
	<i>it gives you rest for doing new things, figuring out, making mistakes, learning, innovating</i>		
	<i>For years we were given a lot of confidence, and rightly so, I think anyway ... that does help to be more the organization that we are</i>		
Effects of diminishing government support	<i>everyone realizes that if we do not get that other income then we cannot do our work as we do it now</i>		Perceived as serious threat for the organization. Objective to become less dependent on Dutch government funding by decentralizing their offices, increasing fundraising, and diversifying their revenue streams.
	<i>it is really a goal, to become less dependent on DGIS</i>		
	<i>We work with regional offices and managers have actually been instructed to generate other funds</i>		
	<i>return to those grassroots, but in new form, because government will diminish.</i>		
	<i>but that by diversifying we are actually back on the size originally submitted</i>		
NGO views on NGO-business partnerships	<i>So in some sectors, particularly in agricultural areas where people are in international chains, you need companies to achieve your goal so you cannot do without</i>		Positive, if approached from "added value" perspective. Necessary to create system change. Perceived as risky, because business will always pursue business objectives, and could jeopardize NGO legitimacy.
	<i>just watch where the added value is in a collaboration and then seek that cooperation</i>		
	<i>If you really get international and global major players to do it differently, then you can be very effective</i>	<i>So that's an exciting process, and not all companies will be eligible for cooperation</i>	
	<i>If we see the opportunity to make an impact that we find very large, then we want to risk that partnership with that company</i>	<i>There is a suspicion that a company will always pursue its own goals in the first instance and</i>	
NGO views on NGO-Business partnerships as substitute for government funding	<i>It can not only from a government, not only from civil society or whatever, but a strengthened interaction between the different actors is needed</i>		Financial dependence on business is not desirable. All societal actors need to work together, so funding from government should remain.
	<i>So we see the business as a partner and not source of funding</i>		
	<i>I hope that there still remains a mode that continues to be support independent Civil Society, regardless of partnerships.</i>		

All quotes were translated from Dutch into English by the author. For original Dutch version see appendix 3

Table 5.3 Overview of hybrid interview quotes and result

Hybrid NGOs, as shown in table 5.3, seem to have been influenced most by government funding, given that they state to have experienced government requirements as boundary setting for their activities. Some hybrid NGOs say they became detached from their original roots or identity, because of the magnitude of government funding and the freedom in how to spend it. The same freedom enabled others to become exactly the organization that they wanted to be, by facilitating innovation, learning from mistakes and long term stability. Hybrid NGOs see the diminishing government funding as an imminent threat and have reacted in different ways to secure their



existence. Many have strategic targets to become less dependent on government funding, leading to decentralized offices in the target regions and increased efforts to get local fundraising going for those offices. They seek to (re)connect with their followers in Dutch civil society and put increased efforts into diversifying their revenue streams. They view NGO-business partnerships as dynamic relations, specifically useful as a catalyst for the work they do, but remaining a critical partner in order to protect their legitimacy. They view NGO-Business partnerships as a means to ultimately create a system change. They are aware of certain risks that come with being associated with certain businesses, but see this as a calculated risk, where benefits can outweigh the risks. On the topic of substituting government funding with NGO-Business partnerships they all seem very clear. This is not desirable. Most hope for a (at least) partial continuation of the current funding from the Dutch Government in order to secure that certain aspects of NGO work can continue without business having to step in.

### 5.1.2 Case study results grouped by identity

#### Catholic case study results

Cases: Cordaid IKV Pax Christi Solidaridad		(if applicable)	
	Supportive quote	Contradicting quote	Conclusion on main theme
Effects of government funding	<i>I think it shows that we are a reliable partner. That we are a good substantive partner</i>		Positive as a legitimizing factor. Also perceived as setting boundaries.
	<i>that its contribution to us certainly says something about the legitimacy we have</i>		
	<i>The MFS grid, and on that basis, yes ... of course that is boundary setting</i>		
Effects of diminishing government support	<i>Where we are now not only looking at Foreign Affairs, but also the multilateral institutions, our own supporters and we are now also looking at the market for philanthropy.</i>		Objective to diversify revenue streams, and develop and increase fundraising.
	<i>really internally develop fundraising, so to give the organization more capacity so we can better raise funds externally</i>		
NGO views on NGO-business partnerships	<i>we should be honest, it's learning by doing, only we want to enter into cooperation on added value</i>		Aimed at shared value creation by collaborating on substantive issues, partnering with business on their core-business.
	<i>companies that work with us have to be open to what we call shared value creation in their business model. So it is not profit maximization, but much more value creation</i>		
	<i>Let businesses do what they do best.</i>		
	<i>So far, what we've done, there is a real substantive foundation in it, and we have not had the financial kind so far no.</i>		
NGO views on NGO-Business partnerships as substitute for government funding	<i>Sustainable development is an area where different parties must play a role. And if you do that in close cooperation with industry, then you need other sources of funding, because some elements are difficult to attribute to responsibility of corporations, or the responsibility of the government, and so on ...</i>		Business should not be a substitute, but should contribute as one of the societal actors, where all actors are necessary for sustainable development.
	<i>I do not think they should take over funding, I think the funding should be additional, it should be both...</i>		

*All quotes were translated from Dutch into English by the author. For original Dutch version see appendix 3*

Table 5.4 Overview of catholic interview quotes and result

Catholic NGOs, as shown in table 5.4, have experienced government funding as contributing to their legitimacy because of the perception of government partners as being stable and trustworthy organizations. The government funding was also perceived as setting the boundaries for operation. Diminishing government support is tackled by putting more emphasis on fundraising and the diversification of revenue streams, mainly through the development of the fundraising department. The view of catholic NGOs on NGO-Business partnerships is often that of knowledge sharing and

impacting business to take its own responsibility in society. The focus is not so much on getting financial revenues out of business, but more to increase the NGOs impact by engaging in partnerships with business on substantive development issues. Consequently, catholic NGOs do not view NGO-Business partnerships as a substitute for government funding, as they stress the importance of all societal actor being involved in order to achieve sustainable development.

### Protestant case study results

Cases: ICCO Stg. Red een Kind	Supportive quote	(if applicable) Contradicting quote	Conclusion on main theme
<b>Effects of government funding</b>	<i>I think as an organization it has put us on the map</i>	<i>but that the organization was also simultaneously detached from its roots.</i>	<b>Undecided! Perceived as strengthening versus weakening the organization. Perceived as demanding versus giving freedom.</b>
	<i>Most people know that if you work with the government, the government also has a lot of demands</i>	<i>So government funds gives more freedom than all those specific grants</i>	
	<i>but we can do more</i>		
<b>Effects of diminishing government support</b>	<i>And you will need to find your own space as it were, your own goals, by working with your own supporters, and perhaps even together with new parties. And that is particularly in the sphere of entrepreneurs, investors, people who want to take some risk with development.</i>		<b>Targeting other donors and developing economic initiatives.</b>
	<i>government itself puts more effort in persuading companies to invest in more countries and in the economic side, we also want to involve that more in our projects</i>		
<b>NGO views on NGO-business partnerships</b>	<i>it is of course very useful to learn from entrepreneurs what they can contribute, because they have knowledge of entrepreneurship, and can contribute with their abilities and their money and their drive in principle we want to work with companies</i>	<i>It is a risk that you get included in the business risks, so you do not end up achieving much social objectives.</i>	<b>Positive, seeing business as effective partners to create economic development. Pragmatic in partnering, but aware of the risk of becoming too business focused.</b>
	<i>in terms of efficiency it is an advantage, because in general they require short potent reports and less extended reports</i>		
	<i>If you're going to work together, then you should also be willing to give and take from each other.</i>		
<b>NGO views on NGO-Business partnerships as substitute for government funding</b>	<i>The organization cannot, also not in cooperation with companies, without their own financial resources. So if you just cooperate and you have no money, that does not work</i>		<b>Need for own funds in business partnership, so other funding necessary. Only engaging in business partnerships would lead too far from core objectives.</b>
	<i>That will be very difficult. Then other money should be available, which you can use with a certain freedom</i>		
	<i>and if we really engage with large, or cooperate with many companies, in my eyes we stand too far from our core business</i>		

*All quotes were translated from Dutch into English by the author. For original Dutch version see appendix 3*

**Table 5.5 Overview of protestant interview quotes and result**

Protestant NGOs, as shown in table 5.5, have very different views on how they perceived the influence of government funding. What they do have in common is the fact that they all realize that government funding enabled them to accomplish much more than what they would have accomplished without it. Convinced about the importance and necessity of their work, they are committed to compensate the diminishing government funding by targeting other donors. They put emphasis on developing economic initiatives, and as it seems they are motivated to do so because the Dutch government is stressing this as the way that it wants to support development in the (near) future. From this perspective, protestant NGOs view NGO-Business partnerships as the main vehicle to develop economic activities, expecting business to bring a focus on creating self-sustaining development projects, able to create sufficient revenues when the development funding is terminated. In that process, business is perceived as more efficient because they don't require

lengthy reports. Propositions with business are handled pragmatically, as long as they don't harm the NGOs reputation and achieve acceptable level of social return. Losing track of sufficient social return is perceived as one of the main risks that come with NGO-Business partnerships. This risk probably influences how they view NGO-Business partnerships as substitute of government funding, because they believe that if they only engage in partnerships with business, it would take them too far from their own core business. Secondly, they do not believe that business has sufficient funds available to be a plausible substitute for government funding and so they also stress the importance of all societal actors being involved in development.

### Socialist case study results

Cases: Agriterra Oxfam Novib	Supportive quote	(if applicable) Contradicting quote	Conclusion on main theme
Effects of government funding	<i>I do not believe that our way of working is really affected because we had DGIS grants that government funding, .... yes, you need it to do your job</i>		No substantive influence. Only necessary to operate.
Effects of diminishing government support	<i>We would of course become smaller, a lot smaller</i>		Would shrink operations. To anticipate, increase funding from other revenue streams.
	<i>I think it gives you a little rest when you get your income from various sources</i>		
	<i>Actually, I dare say that the reduction of the size has no substantive impact on our objectives, perhaps on the way we work, but not our substantive goals.</i>		
NGO views on NGO-business partnerships	<i>because they have more money and then you ask them money</i>	<i>if you only work with businesses here and there, then you do not get the whole sector to tip</i>	They can finance operations, but when influenced to change themselves or engaged on their core business, they can really influence their market or supply chain. Partnerships are formed on NGO terms, but always contain the risk of defiling the NGO, jeopardizing their legitimacy.
	<i>We think we can utilize the power and strength of companies much smarter, and perhaps more effective, by mobilizing them on their core business</i>	<i>with whom do you associate, and can you always explain that. With which companies for example, could you publicly show "look what we have achieved together"</i>	
	<i>if trade and the market don't cooperate in a fair pricing and improved quality, we never get that improvement that we want.</i>		
	<i>because the message you enter those companies with is our message. And that is the basis on which you are going to make a deal with each other</i>	<i>Companies that do their own thing is a real risk.</i>	
NGO views on NGO-Business partnerships as substitute for government funding	<i>That's why we really hope that some core funding remains, so that organizations that offer quality, on which there should be a continues check, also have a certain security to innovate and finance difficult incubation processes</i>		Undecided! Perceived as a possibility versus not expecting business to contribute significantly enough. Government funding still necessary to finance innovation and difficult projects.
	<i>At the moment you are connected to so many big companies, there might be parties that you can go into close collaborations with.</i>	<i>It will not generate huge amounts of money</i>	

*All quotes were translated from Dutch into English by the author. For original Dutch version see appendix 3*

Table 5.6 Overview of socialist interview quotes and result

Socialist NGOs, as shown in table 5.6, do not feel that government funding has influenced them. They do recognize that they were able to do more, regarding quantity, but they feel it did not influence their strategy or the content of their programs. Consequently, diminishing government funding would mainly have an impact on the quantity of the work they can do and objectives they can achieve. This outlook has led them to adopt different funding strategies, with a focus on diversifying revenue streams. NGO-Business partnerships are one of those streams that they would like to develop, expecting NGO-Business partnerships to be able to raise some finances for the NGO objectives. Another reason for them to engage in NGO-Business partnerships is because they believe that in order to create a systemic change, businesses must be involved (next to government and civil society) and changed in the process. From this perspective partnerships are framed by the socialist NGO and they want to persuade businesses to comply with their requirements. Having

businesses associated with the NGOs as partners is perceived as a risk, given the fact that the NGOs name is a powerful brand that can easily be blemished if it is associated with companies that defile their status. The socialist NGOs differ in their view on how much the business sector can really contribute financially. This also influences their view on NGO-Business partnerships as a substitute for government funding, where one deems it possible and the other does not see business contributing substantially enough to outweigh government funds.

### Liberal/neutral

Cases: Dance4Life IUCN Liliane Fonds		(if applicable)		Conclusion on main theme
Supportive quote	Contradicting quote			
Effects of government funding	<i>We did use it in the capacity building of partners, so assessments of partners, we really do make use of what came from the government</i>			Positive incentive to learn and grow, and effective intra-sector alliances.
	<i>Look, the government requires much more in the field of capacity building and civil society, we did not do much with that and we are focusing a lot more on it now</i>			
	<i>so in those alliances we have sought partners who belong in our chain. So I think we have thus become more effective</i>			
Effects of diminishing government support	<i>if the support from the government falls away, because that is currently used for strengthening partners and if that money is not available, we must of course go fill it with something else</i>			Searching for other revenue sources and rearranging funding allocation.
	<i>So we are constantly looking for alternative sources of income</i>			
	<i>I think that at any given time we will make explicit choices as an organization about how we will use our money</i>			
NGO views on NGO-business partnerships	<i>The first is simply receiving cash. Just ensure that you have money so you can do programs</i>	<i>I do not see it happen that there is money promised by business groups for a longer period of time</i>		Positive view on business partnerships to achieve goals and exchange knowledge. Project specific and short-term oriented with risk of conflict with NGO values.
	<i>A number of aspects that are working well in a company, I think we can also use to our advantage</i>			
	<i>So everything fits nicely together, you have reached your goal, we reached our goal, so everyone is happy. That's how we view partnerships and actually all business partners.</i>	<i>but if they do things that we do not find healthy or good, we always think about it a while.</i>		
	<i>I still see such partnership much more as country-specific or project-specific</i>			
NGO views on NGO-Business partnerships as substitute for government funding	<i>In principle, that would be possible. It depends very much on what those requirements are for a partnership, how such a partnership is created and what exactly it is that they want</i>	<i>It is clear in any case that we will also continue to focus on subsidies through government</i>		Government funding can be substituted by business but is not ideal.
	<i>If we really want to solve a number of things, then it should really be done in cooperation between the different actors.</i>			

All quotes were translated from Dutch into English by the author. For original Dutch version see appendix 3

Table 5.7 Overview of liberal/neutral interview quotes and result

Liberal NGOs, as shown in table 5.7, generally perceive the influence of government funding through the requirements for government funding as incentives to learn and grow as organizations. Also the alliances, which were required for MFS2 funding, are perceived as positive influence of government funding. Diminishing support from government leads them to look for other revenue sources, but also changes certain ways of strategically allocating funds to activities that are currently funded by government subsidies. Business partnerships are viewed as ways to achieve mutual goals and exchange knowledge. How to utilize business partnerships is perceived differently by all interviewed NGOs, especially differing in what they can offer business in what is aimed to be a mutually enforcing partnership. NGO-Business partnerships are perceived as project specific and

short-term oriented, but liberal NGOs do feel that they need to be careful to make sure that the business partner does not conflict with their norms and values. Liberal NGOs feel that business can easily take over the funding now received by government, provided that they comply with certain NGOs preconditions. One of the NGOs perceives it as a possible situation, but would not find it the ideal situation given the fact that all societal actors are necessary for sustainable development.

### ***5.1.3 Extracted themes and sub-themes to shape coding framework***

The main themes are the effects of government funding on international development NGOs, the effects of diminishing government support on international development NGOs, international development NGO views on NGO-business partnerships and international development NGO views on NGO-Business partnerships as substitute for government funding. These main themes are made up out of sub-themes and these sub-themes are used to code the selected annual reports of 22 international development NGOs. Since the detected sub-themes for each group of international development NGOs are discussed in the next paragraph, the main themes and their sub themes are displayed here in no specific order, without further elaboration.

#### ***Effects of government funding on NGOs***

The effect of government funding on NGOs is divided into thirteen sub-themes.

- No real influence
- Possibility for long-term investment
- Defines the boundaries for operation
- Gives status/credibility
- Inefficiency due to bureaucratic reporting
- Growth in professionalism due to government requirements
- Loss of identity/disconnected from grassroots
- Freedom for program content (within boundaries)
- Positive influence on quantity (not content)
- Gave freedom to learn/experiment
- Forced unnecessary intra-sector alliances (negative)
- Created effective intra-sector alliances (positive)
- Main accountability to government

#### ***Effects of diminishing government support on NGOs***

The effect of diminishing government support on NGOs is divided into ten sub-themes.

- Decentralizing to country offices
- Negative influence on quantity (not content)
- Increase in fundraising activities
- Explore new economic possibilities
- Objective to become less dependent on government funding
- Diversifying revenue streams
- Reorganizing the organization/influencing strategic decisions
- Increase/diversification in reporting requests
- Returning to civil society support/grass roots
- Changing/developing funding strategies

### ***NGO views on NGO-business partnerships***

The NGO view on NGO-Business partnerships is divided into nineteen sub-themes.

- Necessary to influence commodity chains
- Business is able and willing to invest/ finance activities
- NGOs need to remain critical in order to be of value
- Learning opportunities from business
- Business has different reporting requests, increasing administrative pressure
- Business expects/increases efficiency/effectiveness
- Get business involved on their core business
- Involve business when relevant
- Business must be willing to change
- Business must not act against NGO norms
- watch out for green washing
- Be selective when engaging with business
- Treat business as one of the partners involved, not as the solution to everything
- perceived as short term oriented
- perceived as long term oriented
- They can influence the public opinion about you in a negative way
- They can help you influence/reach new target groups
- They are perceived as project specific
- They risk looking only for a business profit
- They increase financially sustainable incentives
- they might influence your objectives
- They will not generate huge amounts of money

### ***NGO views on NGO-Business partnerships as substitute for government funding***

The NGO view on NGO-Business partnerships as a substitute for government funding is divided into five sub-themes.

- Sustainable development needs all actors, not just business as financing partner
- NGOs need government funding to do work that is not interesting for business
- Business as a partner to achieve objectives, but never financial dependence on business
- Objectives can (hypothetically) be achieved without government support
- Development needs equal partners, otherwise business interests might prevail

## 5.2 Content analysis results

In this paragraph the results of the quantitative part of the research are described. First some general findings will be discussed, followed by covering each individual identity/activity combination as a separate group.

### 5.2.1 General content analysis results

From the 50 sub-themes, derived from the interviews, there are 16 that have not been linked to any part of the reviewed 2012 annual reports (see figure 5.1). From the remaining 34 sub-themes, 13 were only mentioned in 1 instance, and 4 in only 2 instances. The rest of the sub-themes were all mentioned more than 2 times in the total of 22 annual reports.

Main theme	Effects of government funding	View on business partnerships	View on business partnerships as substitute for government funding
Sub themes	Possibility for long-term investment Gives status/credibility Growth in professionalism due to government requirements No real influence Main accountability to government Loss of identity/disconnected from grassroots forced unnecessary intra-sector alliances (negative)	NGOs need to remain critical in order to be of value Be selective when engaging with business They will not generate huge amounts of money Business must not act against NGO norms watch out for greenwashing perceived as short term oriented They can influence the public opinion about you in a negative way	Objectives can (hypothetically) be achieved without government support Development needs equal partners, otherwise business interests might prevail

Table 5.8 Sub-themes not mentioned in any of the 22 annual reports 2012

Two of the main themes, being the effects of government funding, and the NGOs view on NGO-Business partnerships as substitute for government funding, were least discussed. The effects of government funding were mentioned mainly in relation to the creation of intra-sector partnerships as a result of MFS II requirements. The NGOs view on NGO-Business partnerships as a substitute for government funding was mainly expressed by stressing the importance of all societal actors (NGOs or CSOs, government and business) to engage in sustainable development together.

The 16 sub-themes that were not mentioned in the annual accounts at all contain most of the themes with a negative framing. Consequently, most of the results from the content analysis are positively framed and will either confirm (part) of the interview conclusion, or expand it.

The following sections cover each individual identity/activity combination within the context of the development of their financial dependence on government subsidies and the development of their income in total.



### 5.2.2 Catholic advocacy

The catholic advocacy group consists of only one case, being IKV Pax Christi. It has been receiving government funding since before the MFS programs. Where the majority of international development NGOs shows a decrease in total income and government funding in 2011, IKV Pax Christi in contrast, shows an increase in both government funding and total income. From this development it appears as if the MFS II program has increased its contribution towards advocacy NGOs, as this trend is also visible with the socialist and liberal/neutral NGOs. The increase in government funding has the effect that IKV Pax Christi is now even more dependent on government funding.

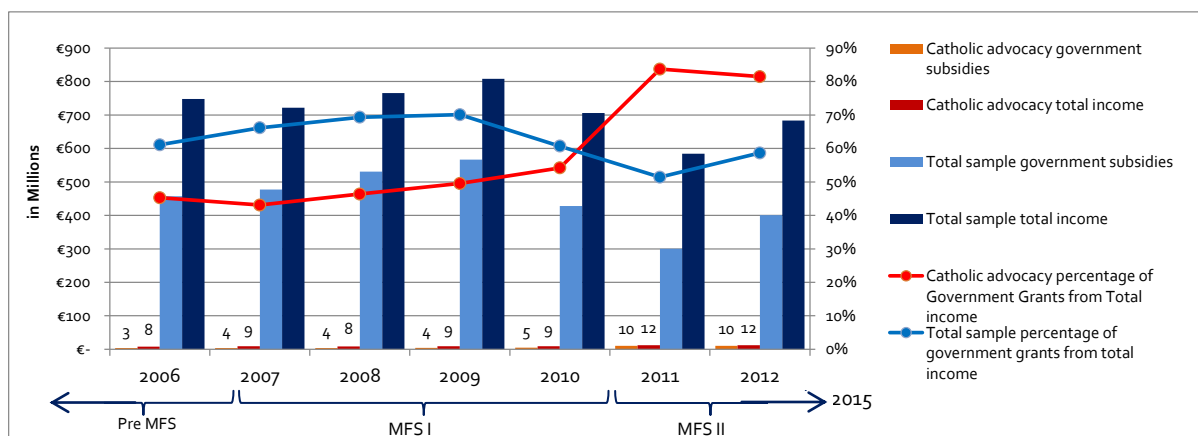


Figure 5.1 Catholic advocacy financial development compared with total sector

This dependence is also reflected in their 2012 annual report. Acknowledging their dependence, they do not mention any effect of this dependence, other than the fact that government funding is expected to decrease in 2015, which is regarded as a serious threat. As a result, they are increasing fundraising activities, trying to diversify revenue streams, primarily by targeting institutional donors. IKV Pax Christi is the only NGO that specifically state not to consider decentralizing their office to target regions, because they believe that this will not benefit their effectiveness. They are also the only group that clearly expresses a reluctance to accept donations from business and NGO-Business partnerships are not mentioned in the 2012 annual report at all. They state that it is expected that the Dutch government will continue supporting international development NGOs after 2015, probably in a less extensive manner, but that they will do their utmost to be eligible for Dutch government support in 2015.

Main theme	Effects of diminishing government support				View on business partnerships as substitute for government funding	
	Decentralizing to country offices	Increase in fundraising activities	Diversifying revenue streams	Changing/developing funding strategies	NGOs need government funding to do work that is not interesting for business	Business as a partner to achieve objectives, but never financial dependence on business
IKV Pax Christi	n	y	y	y	y	n

Table 5.9 Sub-themes found in catholic advocacy 2012 annual reports

The above is supportive of the interview results in the fact that it is evident that catholic advocacy NGOs are happy with receiving government funding. Catholic NGOs do not see NGO-Business partnerships as a substitute for government funding, extra emphasized by catholic advocacy NGOs strongly ruling out business as an eligible substitute.



### 5.2.3 Catholic service delivery

Catholic service delivery NGOs have also received government funding since before the MFS programs. The catholic service delivery group consists of only one case, being Solidaridad, and they are the only case that did qualify for the MFS I program, but that did not qualify for the MFS II program. This is slightly visible in the drop of both income and subsidies in 2011, but picks up at the same level as 2010 one year later. By increasing their partnerships with business, they have been able to attract co-sponsorship funding from the Dutch government.

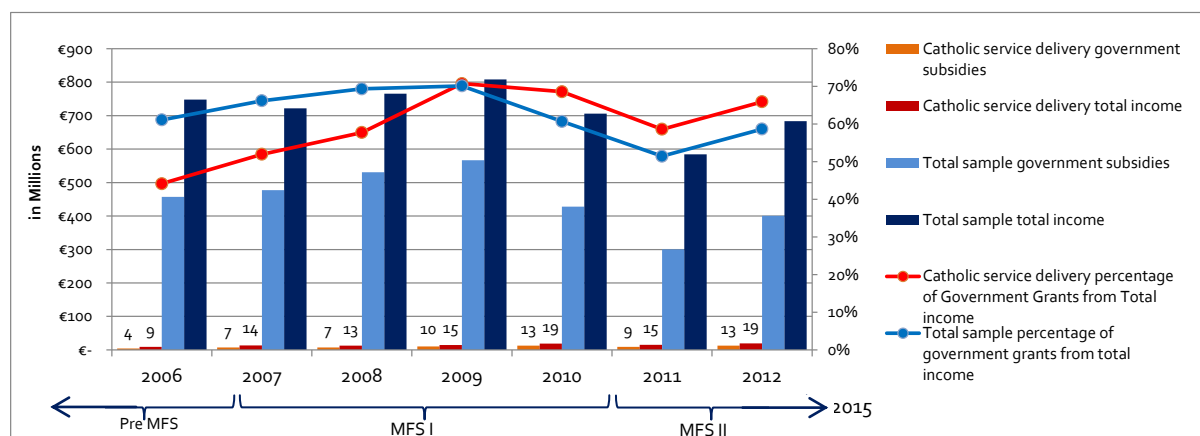


Figure 5.2 Catholic service delivery financial development compared with total sector

In the annual report 2012 they do not mention anything about the effects of government funding on their organization, and regarding the effects of diminishing funding they only stress the fact that they are in the process of decentralizing their operations to their target areas (although this is not directly linked to diminishing government support). With regards to business, it becomes clear that Solidaridad has taken partnerships with business serious. In fact, it is through the influencing of businesses that they want to achieve their goals. They view businesses as necessary in order to really influence a commodity chain. They view NGO-Business partnerships as valuable when involving partners on their core-business and perceive them as long term oriented and willing to invest. If businesses want to enter into partnerships they must be willing to change, in order to pursue both business and social results. In their annual report 2012 they are clear that business could not substitute for the funding now received from the Dutch government, but that they see a role for all societal actors to be played (government, NGOs and business).

Main theme	Effects of diminishing government support	View on business partnerships								View on business partnerships as substitute for government funding
Sub themes	Decentralizing to country offices	Necessary to influence commodity chains	Business is able and willing to invest/ finance activities	Learning opportunities from business	perceived as long term oriented	They can help influence/ reach new target groups	Get business involved on their core business	Business must be willing to change	They are perceived as project specific	Sustainable development needs all actors, not just business as financing partner
Solidaridad	y	y	y	y	y	y	y	y	y	y

Table 5.10 Sub-themes found in catholic service delivery 2012 annual reports

This view is consistent with the interview results in the sense that Catholic NGOs do not see NGO-Business partnerships as a substitute for government funding. Driven by their catholic identity they want to involve business so it can take its own responsibility in society. From their position as service delivery NGOs they favor partnerships because of the increase in effectiveness and impact.

### 5.2.4 Catholic hybrid

The catholic hybrid NGOs are one of the four groups that represent the largest amount of the total budget. During the MFS<sub>1</sub> program they received a constant amount of funding, but in 2011 this amount almost split in half. Before 2010 they more or less matched the benchmark in dependability, but since 2010 they have been less dependent on Dutch government support than the benchmark, although they do follow the benchmark in the 2012 increase in dependability.

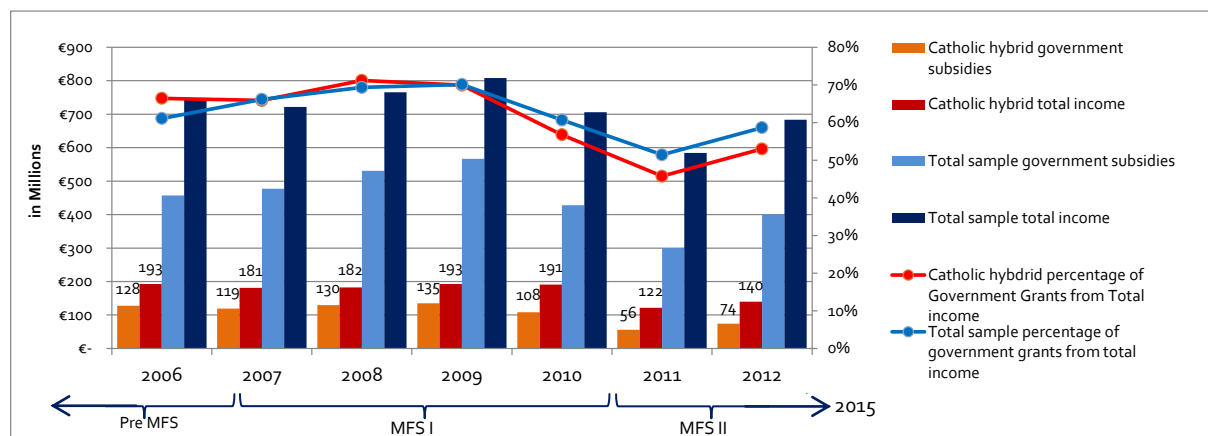


Figure 5.3 Catholic hybrid financial development compared with total sector

The Catholic hybrid group consists of two cases; Cordaid and “Mensen met een Missie”. They both mention the formation of intra-sector partnerships as a result of government funding, and they both see them as relevant and effective. Regarding the diminishing government funding, they both stress the importance of diversifying their revenue streams. This is all that “Mensen met een Missie” mentioned in their annual report regarding the sub-themes that were looked for. Apparently business partnerships are not taken into consideration when pursuing the diversification of revenue streams, as “Mensen met een Missie” mainly targets churches to increase their fundraising activities and thus puts more focus on engaging their grass root support.

Cordaid mentioned a lot more on the issues of government funding and the expected decrease thereof. They realize that the Dutch government funding enabled them to achieve their objectives with a certain freedom, although the funding also came with well-defined boundaries. To anticipate, they are exploring new economic opportunities, with a clear objective to become less dependent on Dutch government support. They have gone so far as to reorganize their organization into what they call a “social business”, making business units responsible for their own success and applying a whole new funding strategy. In the process they see business as a valuable partner that can finance activities. They do not want business to completely substitute for government funding, because they believe that sustainable development needs all societal actors.

Main theme	Effects of government funding				Effects of diminishing government support							View on business partnerships	View on business partnerships as substitute for government funding
	Sub themes	Positive influence on quantity (not content)	Gave freedom to learn/experiment	Created effective intra-sector alliances (positive)	Defines the boundaries for operation	Explore new economic possibilities	Objective to become less dependent on Government funding	Diversifying revenue streams	Reorganizing the organization/influencing strategic decisions	Returning to civil society support/grass roots	Changing/developing funding strategies		
Cordaid	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Mensen met een missie			Y				Y			Y			

Table 5.11 Sub-themes found in catholic hybrid 2012 annual reports

These results agree with the interview results in the sense that catholic identity sees the need for all societal actors to be engaged. This also corresponds with the hybrid NGO views. The hybrid NGO view is further confirmed in the objective of becoming less dependent on the Dutch government funding. It seems however as if catholic hybrid NGOs contradict catholic identity in the fact that they seek to include business as funding partner, while catholic identity would have participation of the business itself as its goal.

### 5.2.5 Protestant service delivery

Protestant service delivery NGOs deviate from the benchmark for about 50%. This means that for the past years they have only received around 30% of their annual income from Dutch government grants. There is a little increase in absolute government funding during the MFS I program, which slightly decreases in the MFS2 period. The decrease follows the general trend, but where the benchmark shows an increase in dependency in 2012, the protestant service delivery NGOs do not seem to follow that trend.

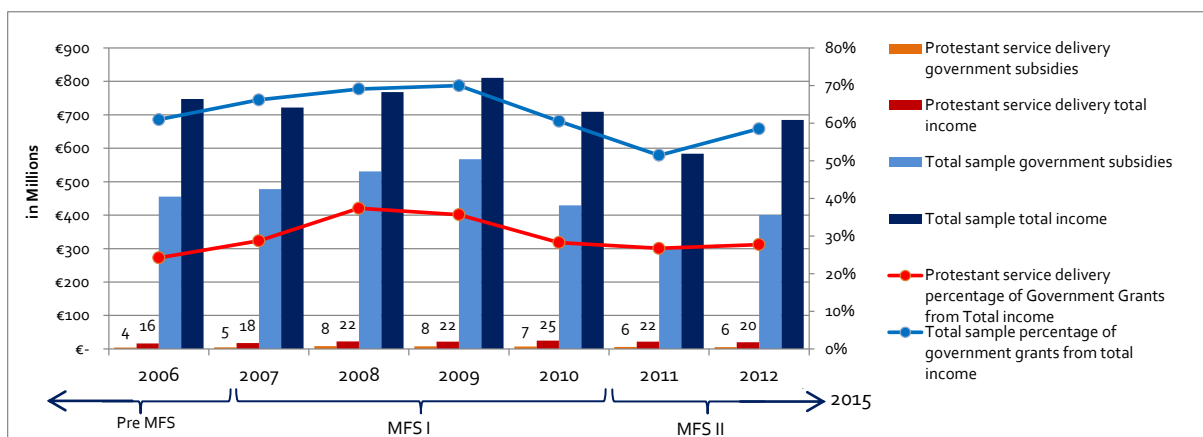


Figure 5.4 Protestant service delivery financial development compared with total sector

The protestant service delivery group consists of three cases; Leprazending Nederland, "Red een kind" and Tear. They all mention the fact that intra-sector alliances were created as required for the MFS II program, and they all seem to find these alliances effective. Leprazending Nederland also mentions the fact that they had to do extensive work on their reporting system in order to accommodate the government funding requirements.

All NGOs recognize the threat of diminishing government support, and anticipate by increasing fundraising activities, either through diversifying revenue streams or going back to grass root support. Leprazending Nederland and “Red een Kind” both focus on diversifying revenue streams, and in that context also mention business as an alternative or stronger source of financial income. Leprazending Nederland also sees benefits in gaining knowledge and expanding their business network through partnering with business. Tear, specifically increasing their fundraising activities by going back to their grass roots (churches), do not mention business in their 2012 annual report at all.

None of the cases mention anything regarding the substitution of Dutch government funding with NGO-Business partnerships. Because they are not very dependent on the Dutch government in the first place, a substitution for Dutch government revenue would not dramatically change their funding portfolio.

Main theme	Effects of government funding		Effects of diminishing government support					View on business partnerships		
	Created effective intra-sector alliances (positive)	Inefficiency due to bureaucratic reporting	Negative influence on quantity (not content)	Increase in fundraising activities	Diversifying revenue streams	Returning to civil society support/grass roots	Changing/developing funding strategies	Business is able and willing to invest/finance activities	Learning opportunities from business	They can help influence/reach new target groups
Leprazending Nederland	y	y	y	y	y		y	y	y	y
Red een Kind	y			y	y			y		
Tear	y			y		y	y			

Table 5.12 Sub-themes found in protestant service delivery 2012 annual reports

The above is consistent with the interview results, in that service delivery NGOs perceive the reporting requirements as too extensive, but also in the fact that they increase their funding activities by diversifying revenue streams and focusing on business for financing activities. These last two points also comply with the protestant perspective on diminishing government funds.

The fact that Tear turns to their grass roots for support, instead of business is not consistent with either the service delivery interview results or the protestant interview results. Combined with the fact that none of the NGOs mention anything on the substitution of government funding by NGO-Business partnerships, it is expected that because the influence of diminishing government support is relatively low for protestant service delivery NGOs, Tear turns to their core-donors to compensate for diminishing funding, or otherwise diminish their activities accordingly. The other two NGOs try to increase other revenue streams, one of which is NGO-Business partnerships.

### 5.2.6 Protestant hybrid

Protestant hybrid NGOs received about 60 % of their income from the Dutch government in 2006. Although the amount of government support remained fairly constant during the MFS I program, they were not able to generate as much other income as in 2006, increasing the dependence during the MFS I period to 80%, slightly decreasing to 70% in 2010. With the start of the MFS II program, the amount of government funding decreased, but so did the overall income. Ever since the start of the MFS I program, the protestant hybrid NGOs have been more dependent on government funding than the benchmark.

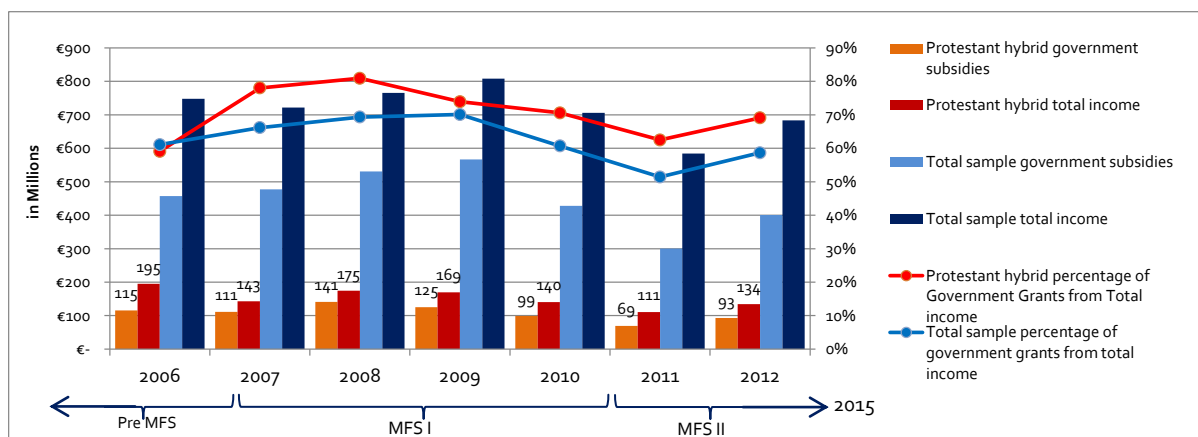


Figure 5.5 Protestant hybrid financial development compared with total sector

The protestant hybrid group consists of three cases; ICCO, Simavi and “Woord en Daad”. They all mention the fact that intra-sector alliances were created as required for the MFS II program, and Simavi and “Woord en Daad” seem to find these alliances effective. ICCO also mentions these alliances, but does so in a more neutral formulation, not expressing either pro or anti statements.

They all recognize the threat of diminishing government support, and anticipate by increasing fundraising activities, mainly by exploring new economic possibilities. ICCO goes further by specifically stressing the objective to become less dependent on government funding, and in the same way as Simavi, ICCO wants to diversify its revenue streams. “Woord en Daad” mentions a reorganization of their NGO, moving more towards their grass root supporters, although also displaying interest in business.

All three NGOs mention the fact that they can learn from business, but that they need to be involved on their core-business, when it is relevant that they become a partner. ICCO and Simavi view business as an interesting partner to finance their activities, but “Woord en Daad” does not mention that perspective in their 2012 annual report. “Woord en Daad” is the only protestant hybrid NGO that also sees some risks involved in NGO-Business partnerships in the increase of reporting differentiation and because they fear that business might influence their objectives.

In their annual reports 2012 they are clear that business could not substitute for the funding now received from the Dutch government, but that they see a role for all societal actors to be played.

Main theme	Effects of government funding	Effects of diminishing government support								View on business partnerships								View on business partnerships as substitute for government funding			
	Sub themes	Created effective intra-sector alliances (positive)	Decentralizing to country offices	Increase in fundraising activities	Explore new economic possibilities	Objective to become less dependent on Government funding	Diversifying revenue streams	Reorganizing the organization/influencing strategic decisions	Returning to civil society support/grass roots	Changing/developing funding strategies	Business is able and willing to invest/finance activities	Learning opportunities from business	perceived as long term oriented	They can help influence/reach new target groups	They increase financially sustainable incentives	Get business involved on their core business	Involve business when relevant	They are perceived as project specific	Business has different reporting requests, increasing administrative pressure	they might influence your objectives	Sustainable development needs all actors, not just business as financing partner
ICCO		Y	Y	Y	Y	Y			Y	Y	Y			Y	Y						Y
Simavi	Y	Y	Y	Y			Y			Y	Y		Y	Y	Y	Y	Y				Y
Woord en Daad	Y		Y	Y				Y	Y		Y	Y				Y		Y	Y		Y

Table 5.13 Sub-themes found in protestant hybrid 2012 annual reports

The above is consistent with the interview results, in that protestant NGOs perceive the diminishing government funds as a threat and anticipate by diversifying their revenue streams. They stress the development of economic activities, and feel they can learn from business in this regard. NGO-Business partnerships are not expected to substitute the Dutch government funding as protestant NGOs stress the importance of all societal actors being involved in international development. The same goes for hybrid NGOs, which do not want business funding to substitute government funding, although they have the objective to become less dependent on government funding by diversifying their revenue streams. Hybrid NGOs also favor NGO-business partnerships, but only when relevant in the given situation.

There is no contradiction with the interview results.

### 5.2.7 Socialist advocacy

Before MFS I, socialist advocacy NGOs were not very dependent on Dutch government support (30%). With entering the MFS I program, the amount of government funding increased, but their overall income decreased. This means that since the start of the MFS programs, the income of socialist advocacy NGOs has become less, and in the meantime they became more than twice as dependent on Dutch government funding.

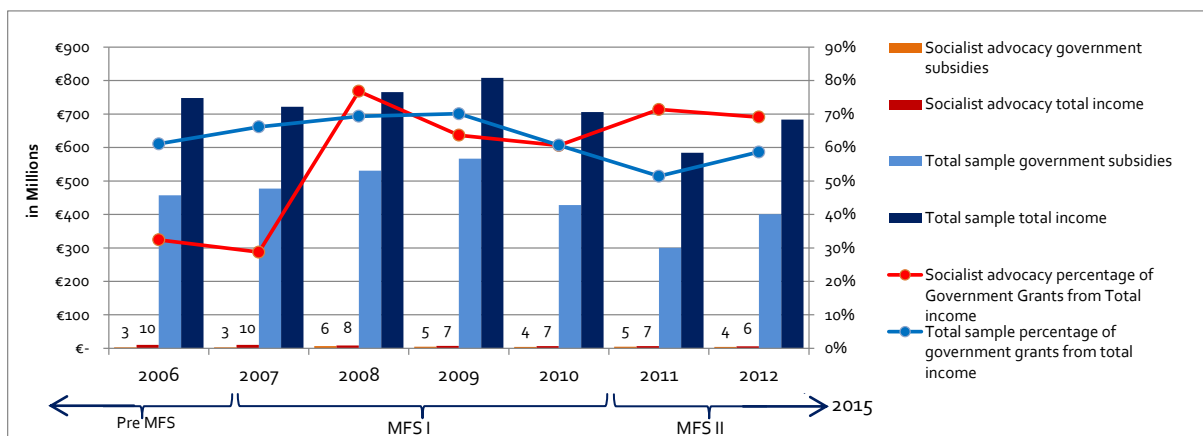


Figure 5.6 Socialist advocacy financial development compared with total sector

The socialist advocacy group consists of two cases; ActionAid and SOMO. They both mention the fact that intra-sector alliances were created as required for the MFS II program, but only ActionAid refers to these alliances as effective. SOMO also mentions these alliances, but does so in a more neutral formulation, not expressing either pro or anti statements.

Both socialist advocacy NGOs recognize the threat of diminishing government support, but respond in different ways. ActionAid is anticipating by increasing fundraising activities, diversifying their revenue streams by also exploring the realm of NGO-Business partnerships. SOMO is also diversifying their revenue streams, but does so by exploring new economic possibilities, in that they want to increase their consultancy work for companies and NGOs.

ActionAid sees business as possible financier of their activities, but also remain skeptic, aware of the fact that business is driven by profit and that the partnership might end up only serving the business objectives. They therefore stress the importance of government funding and the engagement of all societal actors in development. SOMO does not mention anything on this topic.

Main theme	Effects of government funding	Effects of diminishing government support				View on business partnerships		View on business partnerships as substitute for government funding
Sub themes	Created effective intra-sector alliances (positive)	Increase in fundraising activities	Explore new economic possibilities	Diversifying revenue streams	Changing/developing funding strategies	Business is able and willing to invest/finance activities	They risk looking only for a business profit	Sustainable development needs all actors, not just business as financing partner
ActionAid	y	y		y	y	y	y	y
SOMO			y	y	y			

Table 5.14 Sub-themes found in socialist advocacy 2012 annual reports

The described results are consistent with the interview results because Socialist NGOs are likely to diversify their revenue streams in order to anticipate diminishing government support. They are open towards business partnerships, but remain careful before engaging with business. Advocacy NGOs are positive towards the intra-sector partnering, and that is also reflected in the described results.

Inconsistent with the interview results is the fact that SOMO wants to increase their consultancy work in order to generate more income. This solution was not mentioned by either socialist NGOs or advocacy NGOs, and might conflict with the position they have towards companies in general, but could also provide them access to information that would not be disclosed to them in other circumstances.

### 5.2.8 Socialist service delivery

Socialist service delivery NGOs have been very dependent on Dutch government funding. The figure in 2006 is distorted, because in that year, Agriterra received funding through Cordaid and ICCO, who in turn received funding from the Dutch government. This would correct the current figures and place their dependence around 20% above the benchmark. This means that socialist service delivery NGOs have been dependent on Dutch government support for more than 80% for the last 7 years (excluding 2011 when it was just below 80%).

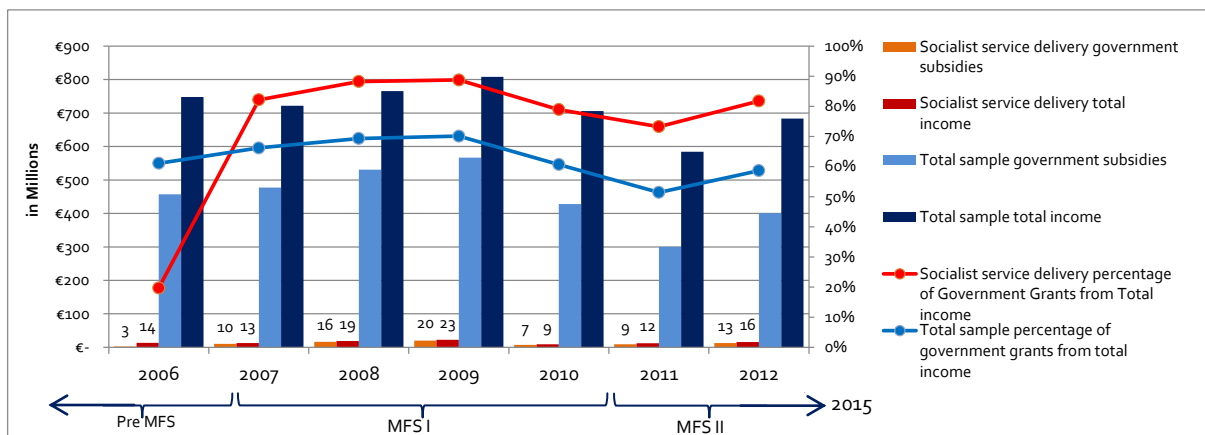


Figure 5.7 Socialist service delivery financial development compared with total sector

The socialist service delivery group consists of two cases; Agriterra and MCNV. MCNV is the only NGO that receives MFS II funding, and in that regard they refer to the intra-sector alliances as a positive contribution to their efficiency. Agriterra does not receive MFS II funding and is not part of any intra-sector alliance.

It appears as if only MCNV is confronted with diminishing government funding, and they are increasing their fundraising activities in order to anticipate. They don't mention anything specific about including business in any way. Contrary to that, Agriterra does not seem to face diminishing budgets, but is exploring partnerships with business. They believe that they need businesses to effectively influence commodity chains, but they are also aware that you can learn a lot from business when you involve them on their core-business. They specifically see increased efficiency and effectiveness as positive traits when working with business.

Neither NGO mentions anything about how they see a substitution of government funding with NGO-Business partnerships.

Main theme	Effects of government funding	Effects of diminishing government support	View on business partnerships			
Sub themes	Created effective intra-sector alliances (positive)	Increase in fundraising activities	Necessary to influence commodity chains	Learning opportunities from business	Business expects/increases efficiency/effectiveness	Get business involved on their core business
Agriterra			y	y	y	y
MCNV	y	y				

Table 5.15 Sub-themes found in socialist service delivery 2012 annual reports

The results for Agriterra agree with the interview results from a service delivery NGO perspective, since they typically perceive NGO-Business partnerships as positive if they increase effectiveness and impact.

However, the MCNV solution to diminishing government funds by only increasing the fundraising activities, without any further direction, does not seem to match well with the perspectives of either the socialist NGO view or the service delivery NGO view.

### 5.2.9 Socialist hybrid

Socialist hybrid NGOs receive a substantial amount of their income from the Dutch government. In 2006 their dependence on government funding was slightly above the benchmark, but it has been gradually declining ever since 2007. During MFS I they received more than 60 percent from the Dutch government, but during MFSII that dropped to around 40%. It appears as if they are already utilizing diversification of their revenue streams and are showing the first successful results in 2012. Their income other than the Dutch government went from 80 million in 2010 to 82 million in 2011 and finally to 90 million in 2012.

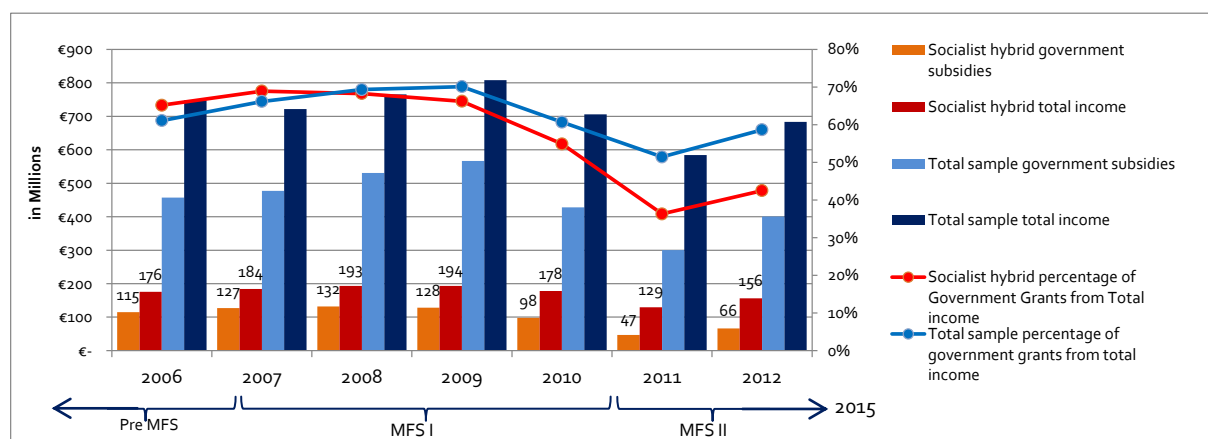


Figure 5.8 Socialist hybrid financial development compared with total sector



The socialist hybrid group consists of one case; Oxfam Novib. They mention the fact that intra-sector alliances were created as required for the MFS II program and refer to these alliances as effective.

They anticipate for diminishing government support by increasing fundraising activities and diversifying revenue streams. A part of this strategy is formed by decentralizing their head office to target regions, thereby positioning themselves for local or locally operating donors. They do anticipate an increase in reporting requests. Because of diminishing government support they are increasingly requesting funding from a more diverse field of (institutional) donors. The diversification in donors is also expected to be reflected in a diversification in reporting, bringing more administrative pressure on the organization.

Oxfam Novib wants to engage with business, because they feel that they need to partner with business in order to influence a whole sector. They specifically need businesses in order to influence commodity chains, thereby involving business partners on their core-business. Businesses must be willing to change and conform to the requirements that Oxfam Novib puts on them. Oxfam Novib is careful in engaging in NGO-Business partnerships because eventually they will always expect businesses to enter into NGO-Business partnerships to gain financial revenue while they themselves are trying to achieve social revenue. This is probably why they perceive business involvement as only project specific.

Oxfam Novib stresses that that they see a role for all societal actors to be played in order to achieve sustainable development, consequently ruling out business as a substitute for the funding now received from the Dutch government.

Main theme	Effects of government funding	Effects of diminishing government support				View on business partnerships					View on business partnerships as substitute for government funding
		Decentralizing to country offices	Increase in fundraising activities	Diversifying revenue streams	Increase/diversification in reporting requests	Necessary to influence commodity chains	Get business involved on their core business	Business must be willing to change	They are perceived as project specific	They risk looking only for a business profit	
Sub themes	Created effective intra-sector alliances (positive)	Decentralizing to country offices	Increase in fundraising activities	Diversifying revenue streams	Increase/diversification in reporting requests	Necessary to influence commodity chains	Get business involved on their core business	Business must be willing to change	They are perceived as project specific	They risk looking only for a business profit	Sustainable development needs all actors, not just business as financing partner
Oxfam Novib	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Table 5.16 Sub-themes found in socialist hybrid 2012 annual reports

The above is consistent with the interview results, in that socialist NGOs perceive NGO-Business partnerships as a way to influence commodity chains. By persuading them to conform to their requirements they try to create a systemic change. From a hybrid NGO perspective the diminishing government funds are seen as a threat and the NGO anticipates by diversifying its revenue streams and decentralizing its office to target areas. They stress the importance of partnering with business, but remain a critical partner. The results are also in agreement with the hybrid NGO view on the substitution of Dutch government funding with NGO-Business partnerships, because they see this as undesirable, stressing the need for all societal actors.

There is no contradiction with the interview results.

### 5.2.10 Liberal/neutral advocacy

Liberal/neutral advocacy NGOs receive, from a relative as well as from an absolute perspective, very little funding from the Dutch government. They did not participate in the MFS I program, but received separate project funding in that period. They are participating in the MFS II program, and this explains in large part the increase that is shown in the years 2011 and 2012, compared with 2006 until 2009. They never receive more than 20% of their funding from the Dutch government, thereby not being very dependent on government funding.

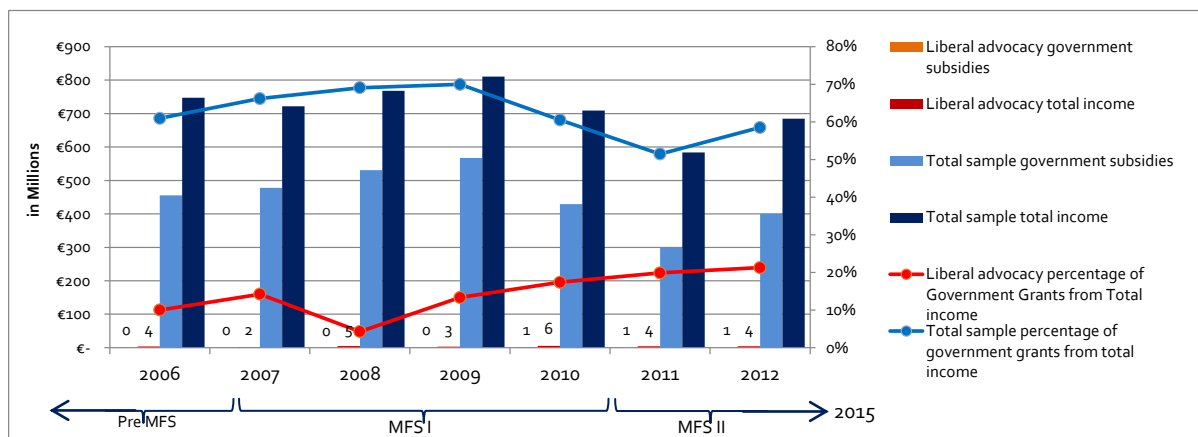


Figure 5.9 Liberal/neutral advocacy financial development compared with total sector

The liberal/neutral advocacy group consists of one case; Dance4Life. They do not mention anything in their 2012 annual report about being influenced by government funding, nor do they mention the threat of diminishing government funding and how that affects them. This can be explained by the fact that they are only dependent on government funding for about 20% of their total income.

A larger part of their income is derived from business, and on this topic they do elaborate in their 2012 annual report. They view partnerships with business as a legitimate way of raising funds, perceiving partnerships with business as long term oriented. They perceive benefits from partnerships in different ways, ranging from purely financial benefits to win-win collaborations, engaging with business on their core-business. In any situation, partnerships with business are always a possibility to reach or influence new target groups, thereby contributing to the NGOs objectives.

Dance4Life does not mention anything about how it sees a substitution of government funding with NGO-Business partnerships, but from their view on business partnerships it can be expected that they will not have any problems with it.

Main theme	View on business partnerships			
Sub themes	Business is able and willing to invest/ finance activities	perceived as long term oriented	They can help influence/reach new target groups	Get business involved on their core business
Dance4Life	y	y	y	y

Table 5.17 Sub-themes found in liberal/neutral advocacy 2012 annual reports

The above is consistent with the interview results, in that liberal/neutral NGOs perceive revenues from business partnerships as a viable substitute for government funding. They view partnerships as ways to achieve mutual goals and exchange knowledge.

Although not inconsistent with the interview results, there is little information to link the liberal/neutral advocacy NGO to the advocacy NGO results from the interviews.

### 5.2.11 Liberal/neutral service delivery

Liberal/neutral service delivery NGOs, like liberal/neutral advocacy NGOs, are not very dependent on Dutch government funding compared to the benchmark. They follow the trend of a decrease in 2011, but unlike the benchmark, the liberal/neutral service delivery NGOs report a higher total income in 2012 than 2010, matching the increase in government funding with an equal increase in other income.

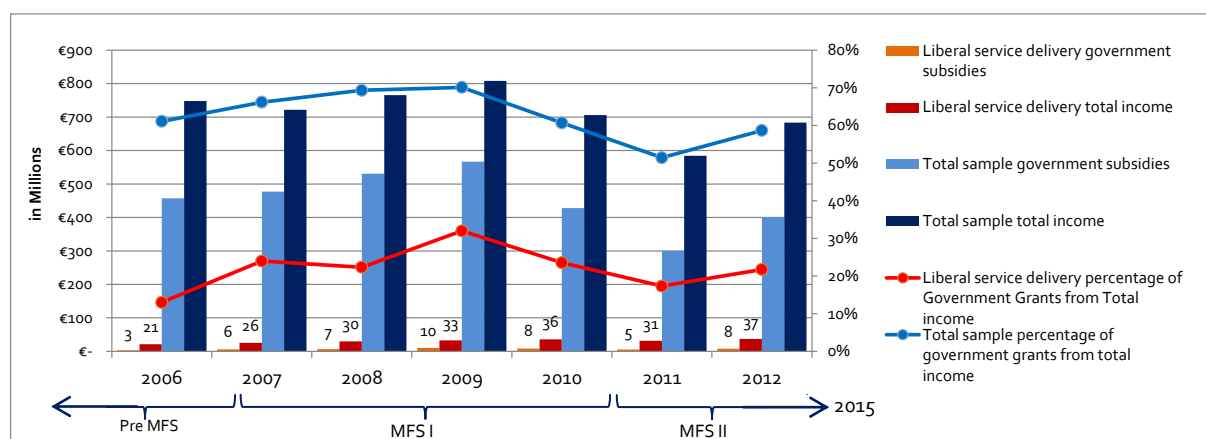


Figure 5.10 Liberal/neutral service delivery financial development compared with total sector

The liberal/neutral service delivery group consists of three cases; Humana, Liliane Fonds and SPARK. Liliane Fonds and SPARK both mention the fact that intra-sector alliances were created as required for the MFS II program, but only Liliane Fonds refers to these alliances as effective. SPARK also mentions these alliances, but does so in a more neutral formulation, not expressing either pro or anti statements. As Humana does not receive MFS II funding, they do not mention participation in any of the intra-sector alliances.

The all mention the fact that they want to diversify their revenue streams in order to anticipate on diminishing government support. Humana and Spark want to accomplish this by increasing their fundraising activities, where Humana mentions partnerships with business as a solution. SPARK is more focused on institutional funding and does not mention business at all. Liliane Fonds wants to diversify revenue streams by decentralizing their office to target areas, and views business partnerships as valuable in a local context, even more focused on knowledge sharing than on financing activities. They perceive business partnerships as long term oriented, but defined to specific projects.

None of the NGOs mentions anything about how they see a substitution of government funding with NGO-Business partnerships.

Main theme	Effects of government funding	Effects of diminishing government support			View on business partnerships				
	Sub themes	Decentralizing to country offices	Increase in fundraising activities	Diversifying revenue streams	Business is able and willing to invest/ finance activities	Learning opportunities from business	perceived as long term oriented	Get business involved on their core business	They are perceived as project specific
Humana			y	y				y	
Liliane Fonds	y	y		y	y	y	y		y
SPARK			y	y					

Table 5.18 Sub-themes found in liberal/neutral service delivery 2012 annual reports

The described results are consistent with the interview results, given that the service delivery NGOs anticipate on diminishing government support by decentralizing their office, focusing on institutional fundraising, and being open to business partnerships. From a liberal/neutral NGO perspective the results agree with the partnership being aimed at knowledge exchange, and confined to specific projects.

### 5.2.12 Liberal/neutral hybrid

Contrary to the other liberal/neutral groups, the liberal/neutral hybrid NGOs are much more dependent on government funding. They are the only hybrid group that shows an absolute increase in government funding in 2011, compared to 2010, but also the only hybrid group that has a steeper increase in dependence in 2012, compared to the benchmark.

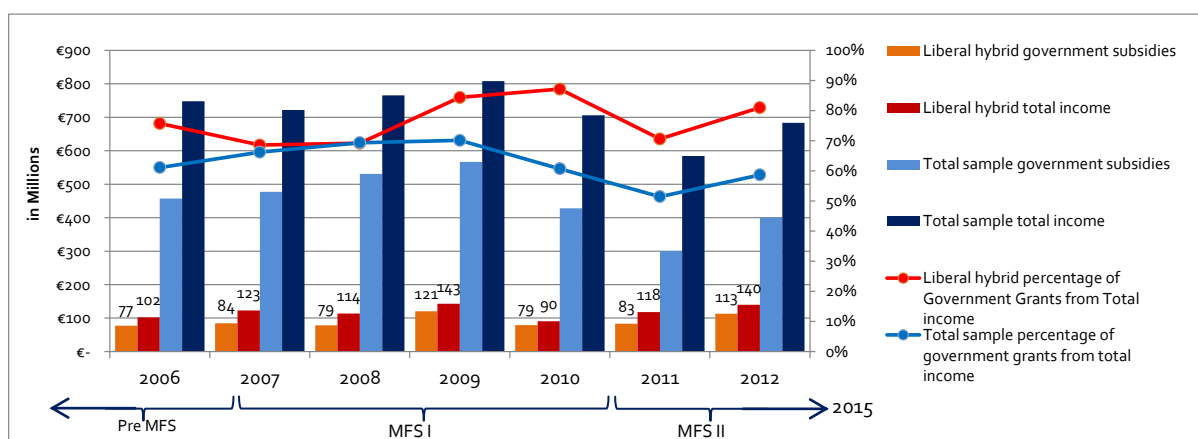


Figure 5.11 Liberal/neutral hybrid financial development compared with total sector

The liberal/neutral hybrid group consists of three cases; Hivos, IICD and IUCN. All liberal/neutral hybrid NGOs mention the fact that intra-sector alliances were created as required for the MFS II program, but only Hivos refers to these alliances as effective. IICD and IUCN also mention these alliances, but do so in a more neutral formulation, not expressing either pro or anti statements. Hivos and IUCN both mention the fact that Dutch government support allows for a certain freedom in shaping their programs, as long as they were set within the boundaries that were applicable, something they perceive as valuable and hard to find with other donors.

All three NGOs react to the threat of diminishing government support in different ways. For IICD it is influencing strategic decisions, changing their funding strategies. They mention business as part of their solution, but mainly to involve them on their core-business in projects. IUCN reacts by developing new funding strategies for new economic possibilities. They also see business as part of

the solution, but state from the beginning that they are out for a change in business, as part of their objectives. Hivos anticipates most drastically by reorganizing their organization and at the same time decentralizing their office to their target areas. This enables them to diversify their revenue streams, also incorporating local or locally operating donors. Hivos also believes it has to partner with business in order to influence certain commodity chains, but at the same time also feels that business partners could finance part of their activities. Apart from that they also value the learning opportunities and the possibility of reaching new target groups through the partners' network.

Hivos does stress that partnering with business is not Columbus's egg for the international development sector. This is further emphasized by all three liberal/neutral hybrid NGOs in their view that all societal actors have their role in sustainable international development, thereby dismissing the idea of substituting Dutch government funding with NGO-Business partnerships.

Main theme	Effects of government funding		Effects of diminishing government support				View on business partnerships								View on business partnerships as substitute for government funding	
Sub themes	Freedom for program content (within boundaries)	Created effective intra-sector alliances (positive)	Decentralizing to country offices	Explore new economic possibilities	Diversifying revenue streams	Reorganizing the organization/influencing strategic decisions	Changing/developing funding strategies	Necessary to influence commodity chains	Business is able and willing to invest/finance activities	Learning opportunities from business	They can help influence/reach new target groups	Get business involved on their core business	Business must be willing to change	Treat business as one of the partners involved, not as the solution to everything	They are perceived as project specific	Sustainable development needs all actors, not just business as financing partner
Hivos	y	y	y		y	y		y	y	y	y	y		y	y	y
IICD						y						y				y
IUCN	y			y			y					y				y

Table 5.19 Sub-themes found in liberal/neutral hybrid 2012 annual reports

The above mentioned results agree with the interview results for hybrid NGOs in that they acknowledge the freedom that comes with the Dutch government funding. It also agrees with the decentralization of activities and the diversification of revenue streams, combined with their view on business as one of the societal actors, but not as the solution to all problems. The liberal/neutral interview results are also matched in the search for other revenue streams, and partially confirmed by the way they approach business.

The fact that liberal/neutral hybrid NGOs see business as one of the societal partners, but emphasize the necessity of all actors to be involved, contradicts the liberal/neutral NGO result from the interviews since from that perspective, substitution should be possible, although maybe not the most desirable solution.

## 5.3 Conclusion

The conclusion of this chapter will commence by giving a summary of the findings, including an analysis of the combination of interview results with cross-sectional content analysis results. This summary is followed by the conclusion on the findings, thereby providing the answer to both main research questions.

### 5.3.1 Results summary

The result from the content analysis on the 2012 annual reports is linked to the result from the interviews. For each main theme, the results are divided by both identity and activity, and combined with the results per main theme for each of the seven identity or activity distinctions. The overview of this analysis can be viewed in appendix 3, divided by main theme into 4 separate overviews. As mentioned in 5.2.1, 16 sub-themes were not mentioned in any of the annual reports, leading to very few contradicting results in the content analysis, because mainly the positively framed sub-themes were found. For the main themes “effects of government funding” and “view on business partnerships as substitute for government funding” the results from the content analysis were very few and narrow. On these main themes, the interview results will take a more prominent position.

### Effects of government funding

Main theme	Group	Interview results	Content analysis results	
Effects of government funding	Identity	Catholic	Positive as a legitimizing factor. Also perceived as setting boundaries.	No strong support for interview results. Intra-sector alliances mentioned additionally.
		Protestant	Undecided! Perceived as strengthening (1) versus weakening (2) the organization. Perceived as demanding (3) versus giving freedom (4).	Positive mentioning of intra-sector alliances, somewhat supportive of (1) strengthening the organization.
		Socialist	No substantive influence. Only necessary to operate.	No support for interview results. Intra-sector alliances mentioned additionally.
		Liberal/neutral	Positive incentive to learn and grow, and effective intra-sector alliances.	Somewhat supportive of intra-sector alliances.
	Activity	Advocacy	Positive influence on internal development and growth, and on organization Legitimacy. Created effective intra-sector partnerships.	No strong support for interview results.
		Service delivery	Positive influence on size of programs. Perceived as requiring lengthy time-consuming reports.	No strong support for interview results.
		Hybrid	Perceived as setting the boundaries, with freedom to further allocate funds. Created detachment from roots or laziness for some organizations, but enabled others to innovate and learn.	Somewhat supportive of interview results. Intra-sector alliances mentioned additionally.

Table 5.20 Combined analysis results for effects of government funding

On the main theme of “effects of government funding”, there was only one recurring result in the annual accounts. The positive impact of intra-sector alliances, required by the MFS II program, was mentioned in 12 annual reports. For some groups this meant that intra sector alliances were an addition to the result of the interviews, while for others it was supportive of the interview results. For the differing other aspects of the interview results, there was no (strong) support in the content analysis results.

For the protestant group it was not possible to come to a common conclusion on the basis of the interview results. The positive mentioning of intra sector alliances can be viewed as support for the fact that the government support is viewed as strengthening rather than weakening. The remaining contradiction between demanding versus giving freedom could not be resolved on the basis of the content analysis results.

## Effects of diminishing government support

Main theme	Group	Interview results	Content analysis results	
Effects of diminishing government support	Identity	Catholic	Objective to diversify revenue streams, and develop and increase fundraising.	Supportive of interview results.
		Protestant	Targeting other donors and developing economic initiatives.	Supportive of interview results.
		Socialist	Would shrink operations. To anticipate, increase funding from other revenue streams.	Supportive of interview results.
		Liberal/neutral	Searching for other revenue sources and rearranging funding allocation.	Supportive of interview results.
	Activity	Advocacy	Undecided! Perceived as minor setback (1) versus substantial financial loss (2).	Supportive of view (2), perceived as substantial financial loss, leading to increasing/developing fundraising and diversification of revenue streams.
		Service delivery	Decrease in program size. Focus on institutional fundraising and decentralizing offices.	Supportive of interview results. Diversifying revenue streams mentioned additionally.
		Hybrid	Perceived as serious threat for the organization. Objective to become less dependent on Dutch government funding by decentralizing their offices, increasing fundraising, and diversifying their revenue streams.	Supportive of interview results.

Table 5.21 Combined analysis results for effects of diminishing government support

The main theme “effects of diminishing government support” was found on more occasions and in a wider variety of sub-themes than the previous main theme. With 14 hits, the sub-theme “diversifying revenue streams” was the dominant response to diminishing government support. For two organizations there was no reference to a notion of or reaction to diminishing government support. The results of the content analysis were predominantly supportive of the interview results. Only for the service delivery group the sub-theme “diversifying revenue streams” is signaled as an additional result.

For the advocacy group it was not possible to come to a common conclusion on the basis of the interview results. The content analysis results show an increase of fundraising, diversifying revenue streams and changing/developing funding strategies as main result. This points to advocacy NGOs viewing diminishing government funding as a substantial financial loss.

## View on business partnerships

Main theme	Group	Interview results	Content analysis results	
View on business partnerships	Identity	Catholic	Aimed at shared value creation by collaborating on substantive issues, partnering with business on their core-business.	No strong support for interview results.
		Protestant	Positive, seeing business as effective partners to create economic development. Pragmatic in partnering, but aware of the risk of becoming too business focused.	Supportive of interview results. Learning from business mentioned additionally.
		Socialist	They can finance operations, but when influenced to change themselves or engaged on their core business, they can really influence their market or supply chain. Partnerships are formed on NGO terms, but always contain the risk of defiling the NGO, jeopardizing their legitimacy.	Somewhat supportive of interview results.
		Liberal/neutral	Positive view on business partnerships to achieve goals and exchange knowledge. Project specific and short-term oriented with risk of conflict with NGO values.	Somewhat supportive of interview results. Get business involved on their core business is mentioned additionally, and the short-term orientation in the interview results is contradicted by two cases, viewing business partnerships as long-term oriented.
	Activity	Advocacy	Undecided! Perceived as obvious option (1) versus possible but risky option (2).	No strong support for interview results. Slight support for (1) being perceived as obvious option.
		Service delivery	Positive influence on effectiveness and impact through funding and knowledge. Perceived as possibly influencing NGO strategy, and increasing administrative pressure.	Somewhat supportive of interview results.
		Hybrid	Positive, if approached from “added value” perspective. Necessary to create system change. Perceived as risky, because business will always pursue business objectives, and could jeopardize NGO legitimacy.	Supportive of interview results. Perceived as project specific is mentioned additionally.

Table 5.22 Combined analysis results for view on business partnerships

The main theme “view on business partnerships” was also available in a wider variety of sub-themes, like the previous main theme. With 10 hits, the sub-theme “Business is able and willing to invest/finance activities” was the dominant view on business partnerships. The result of the content analysis is not as supportive of the interview results as the previous main theme. Where only two organizations did not mention anything about diminishing government support, six organizations do not mention anything about business partnerships, or involving business in any other way, not even from a negative perspective.

For the protestant group the sub-theme “learning from business” is signaled as an additional result and so is “perceived as project specific” for the hybrid group. For the liberal/neutral group, the sub theme “Get business involved on their core business” is mentioned additionally, but they also experience a contradiction in the content analysis results. The interview results show a view of business partnerships as short-term oriented, where the content analysis shows two cases with the view of business partnerships as long-term oriented. The content analysis does not show any view of business partnerships as short-term oriented.

For the advocacy group it was not possible to come to a common conclusion on the basis of the interview results. The content analysis results do not bring a clear solution, only slightly supporting the view of business partnerships as an obvious option.

***View on business partnerships as a substitute for government funding***

Main theme	Group	Interview results	Content analysis results	
View on business partnerships as substitute for government funding	Identity	Catholic	Business should not be a substitute, but should contribute as one of the societal actors, where all actors are necessary for sustainable development.	Supportive of interview results.
		Protestant	Need for own funds in business partnership, so other funding necessary. Only engaging in business partnerships would lead too far from core objectives.	Supportive of interview results.
		Socialist	<b>Undecided!</b> Perceived as a possibility (1) versus not expecting business to contribute significantly enough (2). Government funding still necessary to finance innovation and difficult projects.	Somewhat supportive of (2) not expecting business to contribute significantly enough, still requiring government funding.
		Liberal/neutral	Government funding can be substituted by business but is not ideal.	Contradicting with interview results.
	Activity	Advocacy	<b>Undecided!</b> Perceived as unwanted scenario (1) versus very possible scenario (2).	Somewhat supportive of (1) being perceived as unwanted scenario.
		Service delivery	Possible, but not deemed likely and not ideal, as all societal actors have a role to play.	No support for interview results.
		Hybrid	Financial dependence on business is not desirable. All societal actors need to work together, so funding from government should remain.	Strong support of interview results.

Table 5.23 Combined analysis results for view on business partnerships as substitute for government funding

On the main theme of “view on business partnerships as a substitute for government funding”, there was also one recurring result in the annual accounts. The sub-theme “Sustainable development needs all actors, not just business as financing partner” was found in 10 annual reports. Eleven organizations do not mention anything about business partnerships being a substitute for government funding, or how they would feel about that actually happening.

For the socialist group and the advocacy group it was not possible to come to a common conclusion on the basis of the interview results. For the socialist group, the content analysis results are somewhat supportive of the view that business would not contribute significantly enough, therefore still requiring government funding. For the advocacy group, the content analysis results are somewhat supportive of the view that business partnerships as a substitute for government funding, is an unwanted scenario.

The content analysis results for the liberal/neutral group are contradicting the interview results. Where the interview results views substitution of government funding possible (although not ideal), the content analysis results show that sustainable development needs all actors, not just business as financing partner.

There was no support for the service delivery interview results, as only one of the respondents in that group mentioned something on this topic. For the hybrid group there was a very strong confirmation for the interview results.

In the next paragraph this summary will be incorporated in the overall conclusion for these findings.



### 5.3.2 Conclusion on findings

After combining the interview results with the results of the content analysis on the 2012 annual reports, the overall results for the effects of government funding are as follows:

Main theme	Group	Combined results	
Effects of government funding	Identity	Catholic	Positive as a legitimizing factor and because of intra sector alliances. Also perceived as setting boundaries.
		Protestant	Positive mentioning of intra -sector alliances, perceived more as strengthening than as weakening the organization.
		Socialist	Positive influence of intra-sector alliances. Only necessary to operate.
		Liberal/neutral	Positive incentive to learn and grow, and effective intra-sector alliances.
	Activity	Advocacy	Positive influence on internal development and growth, and on organization Legitimacy. Created effective intra-sector partnerships.
		Service delivery	Positive influence on size of programs. Perceived as requiring lengthy time-consuming reports.
		Hybrid	Positive influence on intra-sector alliances. Perceived as setting the boundaries, with freedom to further allocate funds. Created detachment from roots or laziness for some organizations, but enabled others to innovate and learn.

Table 5.24 Conclusion on effects of government funding

The conclusion of the above is that all international development NGOs perceive government funding as positive, with only service delivery NGOs mentioning the lengthy, time-consuming reports as a negative aspect and hybrid NGOs mentioning detachment from roots and laziness. The factor that all international development NGOs have in common is the positive influence of intra-sector alliances, formed in order to participate in the MFS II program. This is also the only aspect that was confirmed by the content analysis results, and in some cases added to the overall result, because it had not been evident in the interview results.

All groups mainly emphasize aspects that have to do with influence on NGO effectiveness. Only the hybrid group mentions an aspect that has to do with identity (regarding to detachment from roots). It was also the hybrid group that received the main share of development funds from the government. This gives the impression that depending on the size of funding, the effect can differ, but there is insufficient data to fully make that general conclusion.

Having concluded that the main influence of government funding was regarding NGO effectiveness, this shapes the context for answering the first main research question, **Q1**, for which the results are presented in the following overview:

Main theme	Group	Combined results	
Effects of diminishing government support	Identity	Catholic	Objective to diversify revenue streams, and develop and increase fundraising.
		Protestant	Targeting other donors and developing economic initiatives.
		Socialist	Would shrink operations. To anticipate, increase funding from other revenue streams.
		Liberal/neutral	Searching for other revenue sources and rearranging funding allocation.
	Activity	Advocacy	perceived as substantial financial loss, leading to increasing/developing fundraising and diversification of revenue streams.
		Service delivery	Decrease in program size. Focus on institutional fundraising, diversifying revenue streams and decentralizing offices.
		Hybrid	Perceived as serious threat for the organization. Objective to become less dependent on Dutch government funding by decentralizing their offices, increasing fundraising, and diversifying their revenue streams.

Table 5.25 Conclusion on effects of diminishing government support

The conclusion of the above is that because government funding mainly increased NGO effectiveness, decrease of funding will have the opposite effect. Protestant and service delivery NGOs mention the decrease of operations as a result of diminishing government funding, and all NGOs react to this by trying to bridge the funding gap through diversification of revenue streams, combined with increased efforts in fundraising. The decentralization of offices can also be viewed in this perspective. None of the NGOs seem to fear for the continuation of the organization.

Again, hybrid NGOs stand out. Being the group that has the most to lose, from a financial perspective, this is the only group that perceives the decrease in government funding as a serious threat and has strategic targets to become less dependent on Dutch government funding. When looking at the financial development of all hybrid groups (5.2.4/6/9/12) it is evident that only the socialist group is able to meet that objective at present.

After combining the interview results with the results of the content analysis on the 2012 annual reports, the overall results for the view on business partnerships are as follows:

Main theme	Group	Combined results	
View on business partnerships	Identity	Catholic	Aimed at shared value creation by collaborating on substantive issues, partnering with business on their core-business. (mainly interview results)
		Protestant	Positive, learning from business and seeing business as effective partners to create economic development. Pragmatic in partnering, but aware of the risk of becoming too business focused.
		Socialist	They can finance operations, but when influenced to change themselves or engaged on their core business, they can really influence their market or supply chain. Partnerships are formed on NGO terms, but always contain the risk of defiling the NGO, jeopardizing their legitimacy.
		Liberal/neutral	Positive view on business partnerships to achieve goals and exchange knowledge. Get business involved on their core business. Project specific with risk of conflict with NGO values.
	Activity	Advocacy	<b>Contradicting.</b> Perceived as obvious option to some and as possible but risky option to others.
		Service delivery	Positive influence on effectiveness and impact through funding and knowledge. Perceived as possibly influencing NGO strategy, and increasing administrative pressure.
		Hybrid	Positive, if approached from "added value" perspective. Necessary to create system change. Perceived as project specific and risky, because business will always pursue business objectives, and could jeopardize NGO legitimacy.

Table 5.26 Conclusion on view on business partnerships

On the basis of these results it is concluded that all groups value business partnerships to a certain degree. The negative predictions (see paragraph 3.5) for the socialist group (--), the advocacy group (-) and partially the hybrid group (+/-), must therefore not be interpreted as antagonistic towards partnerships, but as being more cautious or demanding when entering into partnerships. From that perspective the results agree with the predictions almost completely. The only exception is the advocacy group. For the advocacy group the contradiction within the interview results was not resolved by the content analysis. This gives reason to believe that the advocacy group is the most diversified when it comes to views on business partnerships.

Having concluded what the main views of NGOs are on business partnerships, this shapes the context for answering the second main research question, **Q2**, for which the results are presented in the following overview:

Main theme	Group	Combined results	
View on business partnerships as substitute for government funding	Identity	Catholic	Business should not be a substitute, but should contribute as one of the societal actors, where all actors are necessary for sustainable development.
		Protestant	Need for own funds in business partnership, so other funding necessary. Only engaging in business partnerships would lead too far from core objectives.
		Socialist	Not expecting business to contribute significantly enough. Government funding still necessary to finance innovation and difficult projects.
		Liberal/neutral	Government funding can be substituted by business but is not ideal. <b>Contradicted by Liberal/neutral hybrid group in content analysis, and not supported by any of the other liberal/neutral cases.</b>
	Activity	Advocacy	Perceived as unwanted scenario.
		Service delivery	Possible, but not deemed likely and not ideal, as all societal actors have a role to play. (only interview results)
		Hybrid	Financial dependence on business is not desirable. All societal actors need to work together, so funding from government should remain.

Table 5.27 Conclusion on view on business partnerships as substitute for government funding

These results lead to the conclusion that most groups do not view business partnerships as a realistic or desired substitute for government funding, as all societal actors are deemed necessary to be able to facilitate sustainable international development.

One groups stand out, as the liberal/neutral group believe substitution to be possible (although not ideal), but is contradicted by the content analysis results. However, the contradicting cases are all hybrid NGOs. When looking at the content analysis results for the hybrid group, this is the group that strongly communicates the message through their annual reports that all societal actors are necessary and that government funding should not cease. As already mentioned in the previous conclusions, the hybrid group is the one that receives the most government funding, is the one group that perceives diminishing government support as a threat, and now communicates that there is still a need for government being involved financially.

## 6 Conclusion

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This research was sparked by a change in Dutch government policy regarding international development. Aid and trade were combined, not only in one ministerial office, but also by adjusting policy to encourage businesses to invest in less developed countries, and initiating a shift from core funding for international development NGOs towards co-funding of NGO-Business partnership initiatives. For some NGOs this means a severe shift, depending on their identities and activities and their subsequent theory of change, and how those are affected by government funding and business involvement.

The following chapter first addresses the conclusions that can be drawn, comprising the full extent of the research. In the next paragraph, the academic implications from this research are discussed, followed by the implications for management. This final chapter concludes by emphasizing some of the limitations encountered during this research, or inextricably linked to the used research design, combined with suggestions for future research(ers).

### ***6.1 Conclusions***

The growth of international development NGOs, both in size and in numbers, was mainly fueled by government funding. In the case of Dutch international development NGOs this funding was not evenly distributed, but the largest share of the available budget was attributed to 4 NGOs, each representing one of the 4 pillars (or spheres) in Dutch Civil Society. The remaining budget was divided over many more international development NGOs, leading to much smaller contributions, but for some still being the majority of their total income. How this funding influenced the international development NGOs is perceived in different ways.

First, Dutch government funding is plainly perceived as enabling the NGO to operate or increase its effectiveness, because there is funding available to do that which the NGO has been doing all along. It has little or no effect on their theory of change. This is mainly the case with advocacy NGOs (apparently regardless of the degree of dependence on government funding). The second view sees government funding as influential on several areas (for instance, an increased focus on capacity building in order to be eligible for funding), but the NGO will only accept the funding if the requirements are compliant with their identity. This had a little or moderate effect on their theory of change. This is how service delivery NGOs mainly perceive government funding. The third way is that government funding became so important and influential for the NGO, that they actually start using the government standards and aims as their own aims and boundaries of operation. In this process they get disconnected from their initial identity and grass root support. Their theory of change was moderately or drastically changed because they receive government funding. This is mainly the case with hybrid NGOs. In this whole description, there is one identity, being the socialist identity, which seems to behave differently than the above descriptions. Receiving funding from government seems to fit so well with the socialist identity that they (and this goes for advocacy, service delivery and hybrid) actually feel supported by government funding to develop just the way they would want to. Apparently they perceive government requirements as congruent to their own objectives, thus not requiring them to alter their theory of change.

As the government funding had its influence on international development NGOs, so also does the reality of the decrease in government funding. The real watershed is defined by the relative dependence on government funding. Obviously those NGOs that are only slightly dependent (30% or less) on government funding are less affected by the diminishing of government funds than those that are more or even largely dependent on government funding.

The slightly dependent NGOs consist of the protestant service delivery NGOs and the liberal/neutral advocacy and service delivery NGOs. These NGOs do regret the loss of funds, but will not and need not change their theory of change in order to attract funding. At worst they will accept a reduced income, but they do increase and diversify their fundraising in order to attract more grass root support, other institutional funding and also business partnerships, although only when in agreement with their own specific theory of change. This is also the group of NGOs that believe that, given the right circumstances, business partnerships could actually substitute the funding presently received from the Dutch government.

The NGOs that are more dependent on government funding can be divided in three separate groups, according to activity. These are the catholic and socialist advocacy NGOs, the catholic and socialist service delivery NGOs and the complete group of hybrid NGOs. The catholic and socialist advocacy NGOs are not willing to compromise their theories of change and therefore focus on increasing and diversifying their revenues through increased fundraising for grass root support and institutional funding. Having little or no affinity with business objectives and sometimes even contradicting interests, they don't see much in partnerships with business. Because of the current hype around NGO-Business partnerships, they have a curiosity to see if this could benefit them, but they certainly don't want to be dependent on them in any way.

The catholic and socialist service delivery NGO, contrary to the advocacy and hybrid NGOs, do not seem to fear the diminishing government funding. The explanation seems to lay in the fact that they see partnerships with business as essential to their theory of change. This is in line with the current vision of the Dutch government who wants to co-fund NGO-Business partnership initiatives, thereby giving these NGOs a more promising outlook of continued funding. They do diversify their fundraising activities in order to spread their dependency, also because partnering with businesses, either globally or locally operating, does not always generate funding because they usually have increased effectiveness as a focus. In this process they do see aspects that are vital to development, but difficult to achieve with or fund through business partnerships, therefore still valuing government funding and stressing the continuing relevance.

Hybrid NGOs are most affected by the diminishing government funding. Being very dependent on government funding, both from an absolute perspective and from a relative perspective, they have a big funding gap to fill if they want to continue their organizations and operations according to the same configurations as before. All identities deal with this challenge differently. They all agree on the fact that they need to diversify their revenue streams in order to become less dependent on one donor. The socialist Hybrid NGOs mainly diversify towards other institutional funders, and have shown success in this field as, relatively, they are least dependent on Dutch government funding. They do see the importance of involving businesses in development, but believe it is more effective to change business (for instance in the way they operate or acquire their resources) instead of having business involved in changing something else. They don't expect much from business and do not change their theory of change, still actively lobbying for continuation of government support.

The other Hybrid NGOs react in more drastic ways, redefining their theories of change. The big four NGOs in these categories (Cordaid, ICCO and Hivos) react different than the smaller hybrid NGOs. The smaller catholic hybrid NGOs react more like the catholic advocacy group, going back to more grass root support, while Cordaid drastically reorganized and changed its organizational structure in order to become a more business-like organization. The smaller protestant hybrid NGOs behave more like the protestant service delivery group, while ICCO really explores new economic activities and believes in partnerships with business as their core activity. The smaller liberal/neutral NGOs behave more like the other liberal groups, while Hivos completely reorganized their organization and decentralizes to their target areas, in order to diversify fundraising and be prepared for a future with reduced income. All hybrid NGOs see a place for business in international development, ranging from funding operations, to being involved, to businesses becoming ambassadors of development. The big four do behave different than the rest of the hybrid NGOs, being confronted with the largest absolute revenue losses but they all agree on the fact that they don't expect business to substitute the funding now received from the Dutch government.

Twenty years ago, international development NGOs did not even consider partnering with businesses. This has changed over the years, and business partnerships are in the center of attention at the moment. However, this attention has many facets, ranging from curious advocacy NGOs, not committing to anything but simply exploring possibilities, to hybrid NGOs committed to engaging in transformational partnerships in order to reinvent themselves and develop and strengthen a new legitimacy. NGO-Business partnerships seem more desirable for some NGOs than for others, depending on both NGO identity and NGO activity. Based on this research it seems clear that, from an NGO perspective, NGO-Business partnerships can only substitute for a small part of the total amount now received from the Dutch government. The fate of the Dutch international development sector is in the hands of the Dutch government, unless NGOs find other ways to become less dependent on government funding before 2015.

## ***6.2 Academic implications***

Based on the findings in this research the combination of activity and identity characteristics give a good framework for creating distinction between NGOs, which could also be used in research on other NGO sectors. The identity results agree with Lijphart (1990) when he states that the segregation along pillars in Dutch society still exists, but has been diminishing in intensity since the 1960s. In a part of the Dutch international development NGO sector, the segregation is still visible, and apparently a force to be reckoned with in future research.

Chapter two divides international development NGOs by activity (paragraph 2.2) as well as their identity (paragraph 2.3). This resulted in three activities (advocacy, service delivery and hybrid) and four identities (catholic, protestant, socialist and liberal/neutral). At the end of chapter two it is concluded that by combining NGO identity with NGO activity, given their characteristics, the spread of eligible cases over the different categories can be predicted. The following table shows the prediction (in color) and the actual amount of cases for each category.

	Advocacy	Service delivery	Hybrid
Catholic	neutral 1	neutral 1	neutral 2
Protestant	negative 0	positive 12	positive, with emphasis on service delivery 8
Socialist	positive 4	negative 2	positive, with emphasis on advocacy 2
Liberal/neutral	neutral 7	neutral 10	positive 18

Less NGOs expected  More NGOs expected

**Table 6.1 Conclusion on the spread of international development NGO cases when divided by identity and activity**

The division between identities is not completely accurate, but the spread within each identity over the activities is according to the prediction. It can be concluded that allocation on a distinction between activities and identities, and the combination of these factors, provides a good framework to classify international development NGOs.

Chapter three is concluded with a prediction on the willingness of NGOs to partner with business, based on their identity and activity characteristics.

Identity				Activity		
Catholic	Protestant	Socialist	Liberal/neutral	Advocacy	Service delivery	Hybrid
+	+	--	++	-	++	+/-

On the basis of this research it is concluded that all groups value business partnerships to a certain degree. Based on this finding, the above prediction is rejected. When interpreting the prediction in the light of being demanding when engaging in business partnerships, with (--) as being very demanding and (++) as being less demanding, the above prediction does have value, as it is in line with the results that were encountered regarding the demands that NGOs place on the businesses with which they engage into partnerships.

The different demands that NGOs place on partners in business supports the theory of Osseward, et al. (2008) in which they state four different forms of legitimacy. Being more or less demanding on business is influenced by the sort of legitimacy that they think is most important. Organizations that are less demanding will be more focused on output legitimacy, while organizations that are more demanding will be more focused on normative or cognitive legitimacy. These forms of legitimacy are in agreement with the different identity and activity characteristics.

### **6.3 Management implications**

From an NGO perspective, the diminishing government funding should be considered a serious threat to their existence. As shown in chapter two (paragraph 2.1.1), the rise of international development NGOs was mainly spurred by the funding of governments and the apparent agenda behind this funding. With funding diminishing slowly but surely, chances are that there will be insufficient funds to sustain the current body of organizations working on a specific field of interest. An intra-sector consolidation could be the best way to preserve the knowledge available and secure the continuation of activities in the most sustainable way.

From a business perspective, the above gives clear indications on what to expect when engaging in an NGO-Business partnership. The demands required by a partner can be viewed in another way, and according to his or her own preferences, a corporate leader can assess his or her own willingness to change and select a qualifying partner accordingly.

## ***6.4 Limitations and suggestions for further research***

The explorative nature of this research brings a few limitations that should be taken into consideration when interpreting the findings and adopting the conclusions. First of all, the research had a very broad scope, trying to cover the whole international development sector. This automatically resulted in less in-depth research, and ditto conclusions. The research focused on effects of diminishing government support, and business partnerships as a possible solution.

The fact that there are other possible substitutes, and how that influence the choices that NGOs make, was not part of this research. Also the influence of groups on other groups was not part of this research. Further research is necessary in order to understand the relative importance of business partnerships in relation to grass root donors, institutional donors and/or philanthropic donors. The influence of changes in one group on the situation of other groups is also an aspect that should receive attention in future research. As liberal organizations have always had more of their focus on the private sector, they experience increased competition now that government funding is diminishing, in that all those organizations that have always depended on government support, now try to compensate by engaging with business.

For the qualitative phase of the research, cases were selected to conduct interviews. Each organization was only represented by one respondent, thus basing the view of an organization on the responses of one member. This means that the interview results are subject to respondent bias, and this has effect through the rest of the research process.

For the quantitative phase of the research, 2012 annual reports were selected as data source, since they were all produced with the same goal and audience in mind, using the same RJ650 guidelines and comprising the same period in time. The annual reports were still found to be very different in the sort of data they provided. Also, in retrospect, formal external communication is expected not to contain very critical or negative messages. This resulted in mainly positive remarks regarding the various research themes, without giving insight in the negative implications. This means that for some findings, interview results are the only source, which has implications for the generalization of the findings. If the same sort of research were conducted again, it is advised to give preference during the quantitative phase to data collection methods that require multiple respondents per organization to score sub-themes gained from the interviews, so that more detail can be given to relative importance and chances of gaining insight in negative aspects are increased.

The division on the base of identity was based on the Dutch civil society segregation called "verzuiling", prominent in Dutch society during the twentieth century. This resulted in 4 identity groups. However, the liberal/neutral group comprises more than half of the total population. It is expected that this liberal/neutral group could be divided into other identities. Future research should determine if this would shed a different light on the current research findings.

Throughout the data collection and analysis, this research was conducted by a single researcher, thus not making coding and analysis subject to peer review, which means that the single interpretation of the researcher had a lot of influence on the research results. This was particularly evident in the scoring of sub-themes from the interviews in the 2012 annual reports, and the subsequent analysis of these results combined with the interview results. In future research, this could be mitigated by asking the interview respondents or other employees from the organization to interpret the sub-themes.



Finally, this research is conducted in a time that the truth about diminishing government funding is accepted by most NGOs as a reality. However, most of them still receive government funding till the year 2015. The current research can serve as a first step in monitoring the change in organizational behavior and stance towards business partnerships, as the necessity of finding funding might bring organizations to more drastic measures than they dare to express at present.

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## Appendix 1: Case selection overview

		Activity							
		Advocacy		Service delivery			Hybrid		
Catholic	IKV Pax Christi, St. Samenwerkingsverband	€ 8.073.852	47,46%	Solidaridad, St.	€ 12.612.310	?	Cordaid, St.	€ 171.436.000	72,93%
							Mensenmet een Missie, St.	€ 10.596.355	42,67%
Protestant				Tear, St.	€ 8.834.915	49,27%	ICCO	€ 139.712.386	95,35%
				LeprazendingNederland, St.	€ 2.257.000	30,79%	International Child Support, St.	€ 8.525.982	70,50%
				Red een Kind, St.	€ 11.102.882	29,27%	Edukans, St.	€ 15.613.614	53,02%
				BiDNetwork, St.	€ 1.756.423	28,47%	Simavi, St.	€ 6.826.000	36,98%
				Dark&Light Blind Care, St. (inmiddels Light for the World)	€ 3.404.998	22,72%	Woord en Daad, St. Reformatorische Hulpactie	€ 28.213.566	31,36%
				World ServantsNederland, St.	€ 3.099.355	15,46%	World VisionNederland, St.	€ 11.075.552	25,21%
				DorcasHulpNederland, St.	€ 16.638.187	12,88%	Kerk in Actie, onderdeel v.d.Dienstenorganisatie	€ 35.964.000	9,79%
				WildeGanzen/IKON, St.	€ 14.506.111	7,89%	Gereformeerde Zendingsbond, Ver.De	€ 8.299.186	6,11%
				Komover en help, St.	€ 1.905.000	5,25%			
				OpenDoors, St.	€ 8.524.130	4,30%			
				VerreNaasten, St.De	€ 3.638.814	0,55%			
			Oikocredit	€ 35.983.000	?				
Socialist	NiZA, St.(Nu actionaid.nl)	€ 6.111.377	79,17%	Agriterra, St.	€ 16.279.394	97,37%	OxfamNovib, St.	€ 158.601.563	86,18%
	StichtingOnderzoek MultinationaleOndernemingen	€ 2.199.731	70,27%	Medisch ComitéNederland-Vietnam, St.	€ 2.374.269	63,70%	Terre desHommes, St.	€ 26.869.142	30,97%
	World Population Foundation, St (nu RutgersWFP)	€ 4.670.581	55,30%						
	Fairfood International, St.	€ 2.125.823	3,29%						
Liberal/neutral	NetherlandsHelsinki Committee	€ 2.380.159	99,63%	SPARK, St.	€ 3.463.940	88,32%	AWEPA (Association of European Parliamentarians)	€ 6.140.266	100,00%
	AimforHuman Rights	€ 1.947.021	95,56%	CareNederland	€ 12.377.316	77,12%	ILEIA Foundation	€ 1.676.276	100,00%
	Dance4LifeNederland	€ 2.437.033	73,14%	Fair TradeOriginal	€ 3.352.193	67,03%	CenterforInternational Legal Cooperation	€ 1.943.893	98,66%
	Avalon Foundation, St.	€ 1.554.573	33,42%	SNV	€ 204.206.516	46,19%	Hivos, St.	€ 99.661.000	90,02%
	GlobalNetwork of People Living withHIV	€ 2.921.003	5,32%	Nederlandse Rode Kruis	€ 76.513.000	33,18%	IICD	€ 5.580.555	81,32%
	MaxHavelaar	€ 2.028.024	3,70%	Humana, St.	€ 8.329.674	23,69%	IUCN, St.Nederlands Comité voor	€ 10.364.940	80,05%
	International Campaign for Tibet,Nederlandse St.	€ 2.570.620	1,64%	Wereldkinderen, Ver. voor Kinderwelzijn	€ 1.940.000	13,30%	Free Press Unlimited	€ 10.474.264	78,44%
				Liliane Fonds, St.	€ 17.736.642	9,71%	Both ENDS	€ 3.837.991	73,46%
				SOS-Kinderdorpen, St.Nederlandse Vrienden der	€ 18.296.079	3,14%	Save the ChildrenNederland, St.	€ 12.350.569	68,69%
				Artsen zonderGrenzen, Ver.	€ 130.400.000	?	Dokters van de Wereld, Ver.	€ 3.136.129	45,46%
							Aids Fonds- Soa AidsNederland, St.	€ 19.486.374	41,87%
							AIDS Foundation East-West, St.	€ 8.439.250	39,93%
							PlanNederland, St.	€ 61.752.000	35,18%
							AMREF FlyingDoctors, St.	€ 4.836.672	32,65%
							Mama Cash, St.	€ 4.649.582	27,60%
						War Child, St.	€ 13.770.460	22,43%	
						Leprastichting	€ 11.066.000	16,09%	
						Stop AidsNow!, St.	€ 11.933.177	15,81%	

Organizations interviewed + annual accounts 2012 analyzed  
 Annual accounts 2012 analyzed

## Appendix 2: Interview guide

Does the magnitude of government funding influence NGO objectives?  
And can these objectives also be accomplished through partnerships with business?

### Main themes to cover

<b>General information of the interviewee</b>	Name Organization Role/function Background
<b>The NGOs Theory of Change</b>	<i>The theory of change questions are used as a preparation before the actual interview, by answering them through deskresearch using website, annual account(s) and flyers/brochures. Any question that is not clearly addressed in the available information, will be asked during the interview.</i>
	Who is sought to be influenced or benefitted?
	What are the benefit(s) which are sought to be achieved and in what area(s)?
	When will the organization achieve these benefit(s)?
	How will the organization and others make this happen?
	Where and under what circumstances will the organization do its work?
	Why does the organization believe its theory will bear out?
	What is the status quo (current situation) in the area where the benefits are sought to be achieved?
	How will the benefits which are sought to be achieved be measured?
<b>Influence of the magnitude of government funding</b>	In the past you have been very dependent on government funding. How has this influenced the theory of change? And how did it influence the NGOs Identity? And how did it influence the NGOs Objectives? Are the NGOs objectives influenced by diminishing government funding? What is the impact of government funding on the NGOs legitimacy? What is the impact of government funding on the NGOs efficiency? What is the impact of government funding on the NGOs accountability?
<b>Possibilities of partnerships with business</b>	Is there a need for alternative revenue streams? If so, in what way did the NGO anticipate? Are there partnerships with business? If so, did business partnerships change the objectives of NGO? If not, was it a strategic decision not to enter into business partnerships? Is it possible that a government dependence will be interchanged with a business dependence? How would this effect your theory of change/identity? What are perceived benefits of business partnerships? What are perceived risks of business partnerships? What is the (expected) impact of business partnerships on the NGOs legitimacy? What is the (expected) impact of business partnerships on the NGOs efficiency? What is the (expected) impact of business partnerships on the NGOs accountability?
<b>Dilemma's</b>	If government funding would cease completely, would the NGO continue to exist? Would the NGO continue to accept government funding if government funding would become highly conditional in: Where it could be spent (distinction on region/area) On who it could be spent (distinction between individuals) On what it could be spent (distinction in ways of development) Achieving predefined results An area that conflicts with the NGOs Theory of Change An area that conflicts with the NGOs Identity
	<b>Above questions also for business!!</b>

## Appendix 3: Dutch quotes from interview results

	Advocacy		Service delivery	
	Supportive	Contradicting	Supportive	Contradicting
Effects of government funding	<i>Ik denk dat het aangeeft dat wij een betrouwbare partner zijn. Dat wij een inhoudelijk goede partner zijn</i>		<i>We proberen wel erg om het nergens op van invloed te laten zijn, behalve misschien op die effectiviteit, want als je minder geld hebt kun je ook minder doen</i>	
	<i>heeft voor ons wel invloed gehad op het feit dat we veel strakkere interne procedures moesten hebben</i>		<i>de overheid heeft gewoon een aantal protocollen waar je aan moet voldoen en in mijn ogen, hoe ik daar tegenaan kijk, is dat veel en zou dat effectiever kunnen</i>	
	<i>we leren er ook een hoop van. Dit heeft ons in en stroomversnelling gebracht om meer accountable te zijn voor wat je doet</i>			
	<i>dat werken in die allianties is voor de effectiviteit van ons werk ook wel goed geweest. Dat dwingt je om die samenwerking in Nederland op te zoeken, maar ook in de landen waar we werken te implementeren.</i>			
Effects of diminishing government support	<i>We zouden alleen maar wat krimpen in onze activiteiten</i>	<i>ja, we zouden absoluut op zoek moeten naar andere financiële partners, dat is heel duidelijk</i>	<i>dan zal het van invloed zijn dat we gewoon minder projecten kunnen doen</i>	
			<i>we hebben nu sinds kort ook een institutionele fondsenwerver aangenomen</i>	
			<i>is dat wij sinds een aantal jaren bezig zijn om het kantoor in Nederland af te bouwen en de kantoren in de productielanden, om die verder op te bouwen</i>	
NGO views on NGO-business partnerships	<i>wij zoeken ook gewoon kanalen en middelen. Zolang je daar maar allebei duidelijk over bent en zolang het maar niet voorbij gaat aan onze doelstellingen</i>	<i>Tot nu toe, wat we hebben gedaan, moet er ook echt een inhoudelijke ondergrond in zitten</i>	<i>Dat het over het algemeen goede samenwerkingen zijn waar niet al te veel gevraagd wordt en waar je wel mooie projecten mee kan doen</i>	<i>allemaal verschillende rapportage behoefte dan heeft dat natuurlijk ook administratieve gevolgen</i>
	<i>ik denk dat het goed is dat bedrijven een rol hebben om te spelen, ze zijn een van de partijen die bijdragen aan duurzame ontwikkeling.</i>	<i>er is natuurlijk een enorme beweging gaande rondom CSR en greenwashing</i>	<i>Er moet gewoon een goede geldstroom binnen komen, wil het ook duurzaam zijn. En daar zijn we nu aan het kijken met die partnerships, hoe kunnen we dat nog sterker maken</i>	<i>die risico's zijn beïnvloeding 'van wat je wil'</i>
			<i>toch vooral op kennis en uitwisseling gericht zijn</i>	
			<i>Dus het zou kunnen zijn dat het budget in die zin niet veranderd, maar dat het effect wat we hebben in het veld veel groter is</i>	
NGO views on NGO-Business partnerships as substitute for government funding	<i>ik denk niet dat het past bij de identiteit van de organisatie en ik denk in grotere zin dat het niet wenselijk is dat het bedrijfsleven die rol gaat overnemen</i>	<i>Ja hoor, dat zou zomaar kunnen. Wij doen ons werk ook gewoon zonder subsidie.</i>	<i>het zou kunnen, maar het lijkt me niet realistisch of wenselijk. Ik denk dat de verschillende partijen daarin hun rol moeten spelen en dat daar ook verschillende financieringen bij horen.</i>	
			<i>In principe zou dat moeten kunnen.</i>	<i>Ik geloof het persoonlijk niet. Maar dat komt ook doordat iedereen zich nu op die markt stort</i>

	Hybrid		Catholic	
	Supportive	Contradicting	Supportive	Contra dicting
Effects of government funding	<i>We werden niet meer beloond voor eigenheid, maar we werden beloond omdat we voldeden aan een bepaalde kaderstelling.</i>		<i>Ik denk dat het aangeeft dat wij een betrouwbare partner zijn. Dat wij een inhoudelijk goede partner zijn</i>	
	<i>dat was natuurlijk langdurige core funding ook, wat ons ontzettende vrijheid gaf om, ja wel op basis van een business plan, maar toch te kunnen doen wat we zelf wilden doen en daar op grote lijnen, jaarverslagen, op terug te rapporteren</i>	<i>we hingen dusdanig aan het infuus bij BuZa, en we waren ook zo lui want dat geld dat kwam wel, dat we wat reactief werden</i>	<i>dat haar bijdrage aan ons zeker iets zegt over de legitimiteit die wij hebben</i>	
	<i>het geeft je rust voor nieuwe dingen doen, uitzoeken, fouten maken, leren, innoveren</i>		<i>het MFS stramen, en aan de hand daarvan,...ja dat is natuurlijk het kader</i>	
	<i>Ons is jarenlang best veel vertrouwen gegeven, en niet onterecht denk ik trouwens, ...dat helpt wel om beter de organisatie te zijn die wij zijn</i>			
Effects of diminishing government support	<i>ieder realiseert zich dat als we die andere inkomsten niet gaan krijgen, dan kunnen we ons werk zoals we het nu doen niet meer doen</i>		<i>Waarbij we nu ook veel meer kijken naar niet alleen BuZa, maar ook de multilaterale instellingen, onze eigen achterban en waar we ons nu heel sterk op aan het oriënteren zijn is de markt van de filantropie.</i>	
	<i>dat is ook echt een doel, om steeds minder afhankelijk te zijn van DGIS</i>		<i>het intern echt ontwikkelen van fondsenwerving, de organisatie daar dus meer capaciteit in te geven, zodat we extern ook beter kunnen fondsenwerven</i>	
	<i>We werken met regiokantoren en de managers hebben ook echt de opdracht gekregen om andere fondsen te genereren</i>			
	<i>terugkeren naar die achterban, maar dan in nieuwe vorm, omdat die overheid steeds meer zal terugtrekken.</i>			
	<i>maar dat we door te diversificeren eigenlijk terug zijn op de oorspronkelijk ingediende grootte</i>			
NGO views on NGO-business partnerships	<i>Dus in sommige sectoren, juist in landbouwsectoren waar mensen in internationale ketens zitten heb je de bedrijven nodig om je doel te bereiken, dus het kan ook niet zonder</i>		<i>dat we gewoon eerlijk zijn, het is learning by doing, alleen we willen die samenwerking op toegevoegde waarde aangaan</i>	
	<i>gewoon kijken waar in een samenwerking een meerwaarde zit en dan die samenwerking zoeken.</i>		<i>bedrijven die met ons samen werken moeten wel open staan voor wat wij noemen shared value creation in je business model. Dus het is niet winstmaximalisatie, maar zo veel mogelijk waardecreatie</i>	
	<i>Als je het echt voor elkaar krijgt dat internationaal en mondiaal de grote spelers het werkelijk ook heel anders doen, dan kan je heel effectief zijn</i>	<i>Dus dat is een spannend proces zeg maar, en ook niet alle bedrijven zullen in aanmerking komen voor samenwerking</i>	<i>Laat bedrijven doen waar ze goed in zijn.</i>	
	<i>Als wij de kans zien om impact te maken en die vinden wij heel groot, dan willen we die risico's van dat partnership met dat bedrijf, die willen we wel nemen.</i>	<i>een wantrouwen is dat een bedrijf toch altijd in eerste instantie voor de winst zal gaan en zijn eigen doelen nastreeft</i>	<i>Tot nu toe, wat we hebben gedaan, moet er ook echt een inhoudelijke ondergrond in zitten, en dat financiële hebben we tot nu toe nog niet zo gehad nee.</i>	
NGO views on NGO-Business partnerships as substitute for government funding	<i>Het kan niet alleen vanuit een overheid, het kan niet alleen vanuit maatschappelijk middenveld of wat dan ook, maar juist een versterkt samenspel tussen die verschillende actoren is nodig</i>		<i>duurzame ontwikkeling is een terrein waar verschillende partijen een rol in moeten spelen. En ook als je dat doet in nauwe samenwerking met bedrijfsleven, dan heb je ook andere bronnen van financiering nodig, omdat er nou eenmaal elementen zijn die moeilijk toe te dichten zijn aan de verantwoordelijkheid van bedrijven, of aan de verantwoordelijkheid van de overheid, of aan enzovoort...</i>	
	<i>Dus we zien het bedrijfsleven als een partner en niet als financieringsbron</i>		<i>ik denk niet dat ze financiering moeten overnemen, ik denk dat het additioneel zou moeten zijn, dat het en-en zou moeten zijn.</i>	
	<i>Ik hoop dat er ook nog altijd een modus blijft dat eigenstandig Civil Society ondersteund blijft worden, los van partnerschappen.</i>			

	Protestant		Socialist	
	Supportive	Contradicting	Supportive	Contradicting
Effects of government funding	<i>ik denk dat het ons als organisatie op de kaart heeft gezet</i>	<i>maar dat de organisatie gelijktijdig ook was losgeraakt van zijn roots.</i>	<i>Ik geloof niet dat onze manier van werken echt beïnvloed is doordat we DGIS subsidie hadden</i>	
	<i>De meeste mensen weten dat als je met de overheid samenwerkt, dat de overheid ook wel heel wat eisen heeft maar wel dat we meer kunnen doen</i>	<i>dus het overheidsgeld geeft meer ruimte dan al die specifieke grants</i>	<i>die overheidssteun eigenlijk..., ja, je hebt hem nodig om je werk te kunnen doen</i>	
Effects of diminishing government support	<i>En moet je al s het ware je eigen ruimte, je eigen doelstellingen, die zal je moeten vinden door meer samen te werken met je eigen achterban, en misschien ook nieuwe partijen los te krijgen. En dat is met name dan in de sfeer van ondernemers, investeerders, mensen die een stuk risico willen nemen met ontwikkelingssamenwerking.</i>		<i>Ik durf eigenlijk te stellen dat de verkleining van de omvang geen inhoudelijke impact heeft op onze doelstelling, misschien wel op onze manier van werken, maar niet onze inhoudelijke doelen.</i>	
	<i>de overheid steek zelf meer in dat bedrijven gaan investeren in landen en meer de economische kant, die willen we ook zelf meer in onze projecten betrekken</i>		<i>ik denk wel dat het je een beetje rust geeft als je je inkomsten uit diverse bronnen kan betrekken</i>	
			<i>We zouden kleiner worden natuurlijk, een stuk kleiner</i>	
NGO views on NGO-business partnerships	<i>is het natuurlijk heel handig om van ondernemers te leren wat die daarbij kunnen doen, want die hebben verstand van dat ondernemerschap, en die kunnen hun capaciteiten en hun geld en hun drive daarbij inbrengen</i>	<i>Risico is dat je te veel wordt meegenomen in de bedrijfsrisico's van een bedrijf, waardoor je uiteindelijk niet toekomt aan die sociale doelstellingen.</i>	<i>We denken dat we de macht en de kracht van bedrijven veel slimmer, en misschien wel efficiënter, kunnen inzetten en dat beter te kunnen verantwoorden, dat zij hun corebusiness te mobiliseren</i>	<i>met wie associeer je je en kan je dat altijd blijven uitleggen. Met welke bedrijven kan je bijvoorbeeld, ook publiek, laten zien "kijk eens wat wij voor elkaar hebben"</i>
	<i>principeel willen wij met bedrijven samenwerken</i>		<i>omdat ze meer geld hebben en dan vraag je ze geld</i>	<i>als je alleen maar hier en daar samenwerkt met bedrijven, dan krijg je de boel niet om</i>
	<i>qua efficiency heeft het een voordeel, want over het algemeen vragen zij korte krachtige rapportages en minder hele uitgebreide</i>		<i>als de handel en de markt niet meewerkt in een eerlijke prijszetting of kwaliteitsverbetering, dan krijgen we nooit die verbetering die we willen.</i>	
	<i>dat je gaat samenwerken, dan moet je natuurlijk ook geven en nemen van elkaar</i>		<i>want de boodschap waarmee je bij die bedrijven binnen stapt is onze boodschap. En dat is de basis waarop je iets met elkaar gaat afspreken</i>	<i>Dat bedrijven toch hun eigen ding gaan doen is echt een risico.</i>
NGO views on NGO-Business partnerships as substitute for government funding	<i>De organisatie kan niet, ook in de samenwerking met bedrijven, zonder eigen financiële middelen. Dus als je alleen maar samenwerkt en je hebt geen geld, dat werkt niet</i>		<i>Daarom hopen we ook echt dat er iets van core funding overblijft, zodat die clubs die kwaliteit bieden, daar moet altijd een check op blijven, ook een bepaalde zekerheid hebben om te innoveren en soms moeilijkere incubatieprocessen ook te kunnen financieren</i>	
	<i>dat wordt heel moeilijk. Dan moet er gewoon ander geld beschikbaar zijn, wat je met een zekere vrijheid kan inzetten</i>		<i>Op het moment dat je zo veel grote bedrijven aan je verbonden hebt, zouden er partijen kunnen zijn waarmee je hele nauwe samenwerkingen aan kunt gaan</i>	<i>Je haalt er ook het grote geld niet mee binnen</i>
	<i>en als we echt met grote, of veel samenwerking met bedrijven aangaan, dan komen we in mijn ogen te ver van onze corebusiness af te staan</i>			



	Liberal/neutral	
	Supportive	Contradicting
Effects of government funding	<i>Wel die capaciteitsversterking van partners, dus assessments van partners, daar hebben we echt wel gebruik gemaakt van wat er vanuit de overheid kwam</i>	
	<i>kijk, de overheid vraagt veel meer op het gebied van capaciteitsversterking en maatschappelijk middenveld, daar deden we veel minder mee als organisatie en daar zijn we wel veel meer op gaan focussen</i>	
	<i>dus in die allianties hebben wij partners gezocht die in die keten thuishoren. Dus ik denk dat we daarmee wel effectiever zijn geworden</i>	
Effects of diminishing government support	<i>als er geld van de overheid wegvalt, want dat wordt momenteel gebruikt voor het versterken van partners en als dat geld eer straks niet is, dan moeten we dat natuurlijk met iets anders gaan vullen</i>	
	<i>Dus we zijn voortdurend op zoek naar alternatieve bronnen van inkomsten</i>	
	<i>denk wel dat we op een gegeven moment explicieter keuzes zullen maken als organisatie over hoe wij onze geldstromen gaan inzetten</i>	
NGO views on NGO-business partnerships	<i>De eerste is gewoon keiharde cash in. Gewoon zorgen dat je geld hebt om je programma's te kunnen doen</i>	<i>ik zie het nog niet zo gebeuren dat er vanuit het bedrijfsleven groep voor een langere termijn ook een soort geldpot wordt toegezegd</i>
	<i>Een aantal aspecten die juist goed lopen in een bedrijf, ik denk dat we daar ook ons voordeel mee kunnen doen</i>	
	<i>Dus alles past mooi op elkaar, jullie hebben jullie doel bereikt, wij ons doel bereikt, dus iedereen blij. Zo kijken we er naar en dat doen we eigenlijk met alle bedrijfspartners.</i>	<i>maar zij doen dingen die wij niet gezond of goed vinden, daar denken we wel altijd even over na.</i>
	<i>Dat ik zo'n partnerschap toch veel meer zie als land gebonden of project gebonden</i>	
NGO views on NGO-Business partnerships as substitute for government funding	<i>In principe zou dat moeten kunnen. Het hangt er dan wel heel erg vanaf wat dan die eisen zijn van zo'n partnerschap, hoe zo'n partnerschap ontstaat en wat ze precies willen ermee</i>	<i>Het is in ieder geval duidelijk dat we ons ook zullen blijven richten op subsidies via de overheid</i>
	<i>willen we een aantal zaken oplossen, dan moet het echt in samenspel tussen de verschillende actoren gebeuren.</i>	

## Appendix 4: Combining interview with content analysis results

### Appendix 4.1 Analysis on effects of government funding

		Catholic				Protestant					Socialist				Liberal/neutral									
		Positive as a legitimizing factor. Also perceived as setting boundaries.				<b>Undecided!</b> Perceived as strengthening (1) versus weakening (2) the organization. Perceived as demanding (3) versus giving freedom (4).					No substantive influence. Only necessary to operate.				Positive incentive to learn and grow, and effective intra-sector alliances.									
Main theme	Sub themes	IKV Pax Christi	Solidaridad	Cordaid	Mensen met een missie	Lepra-zending Nederland	Red een Kind	Tear	ICCO	Simavi	Woord en Daad	ActionAid	SOMO	Agriterra	MCNV	Oxfam Novib	Dance4Life	Humana	Liliane Fonds	SPARK	Hivos	IICD	IUCN	
Effects of government funding	Freedom for program content (within boundaries)																				o		o	
	Positive influence on quantity (not content)			<																				
	Gave freedom to learn/experiment			o																				
	Created effective intra-sector alliances (positive)			<	<	+(1)	+(1)	+(1)		+(1)	+(1)	o			<	<				+		+		
	Defines the boundaries for operation			+																				
	Inefficiency due to bureaucratic reporting						+(3)																	

		Advocacy				Service delivery								Hybrid										
		Positive influence on internal development and growth, and on organization Legitimacy. Created effective intra-sector partnerships.				Positive influence on size of programs. Perceived as requiring lengthy time-consuming reports.								Perceived as setting the boundaries, with freedom to further allocate funds. Created detachment from roots or laziness for some organizations, but enabled others to innovate and learn.										
Main theme	Sub themes	IKV Pax Christi	ActionAid	SOMO	Dance4Life	Solidaridad	Lepra-zending Nederland	Red een Kind	Tear	Agriterra	MCNV	Humana	Liliane Fonds	SPARK	Cordaid	Mensen met een missie	ICCO	Simavi	Woord en Daad	Oxfam Novib	Hivos	IICD	IUCN	
Effects of government funding	Freedom for program content (within boundaries)																				+		+	
	Positive influence on quantity (not content)														<									
	Gave freedom to learn/experiment														+									
	Created effective intra-sector alliances (positive)		+				o	o	o		<		o		<	<		o	o	<	o			
	Defines the boundaries for operation														+									
	Inefficiency due to bureaucratic reporting							+																

+	Sub theme supports the interview conclusion
+(?)	Sub theme supports the indicated view of the interview conclusion
(n)	Sub theme was specifically mentioned as NOT being used
o	Sub theme supportive of other distinction
<	Sub theme additional to interview conclusion

## Appendix 4.2 Analysis on effects of diminishing government support

Identity		Catholic				Protestant					Socialist					Liberal/neutral								
		Objective to diversify revenue streams, and develop and increase fundraising.				Targeting other donors and developing economic initiatives.					Would shrink operations. To anticipate, increase funding from other revenue streams.					Searching for other revenue sources and rearranging funding allocation.								
Main theme	Sub themes	IKV Pax Christi	Solidaridad	Cordaid	Mensen met een missie	Lepra-zending Nederland	Red een Kind	Tear	ICCO	Simavi	Woord en Daad	ActionAid	SOMO	Agriterra	MCNV	Oxfam Novib	Dance4Life	Humana	Liliane Fonds	SPARK	Hivos	IICD	IUCN	
Effects of diminishing government support	Decentralizing to country offices	<(n)	o						o	o						o			o					
	Negative influence on quantity (not content)					o																		
	Increase in fundraising activities	+				+	+	+	+	+	+	+			+	+		+		+				
	Explore new economic possibilities			o					+	+	+												+	
	Objective to become less dependent on Government funding			o					o															
	Diversifying revenue streams	+		+	+	+	+		+	+		+	+			+		+	+	+	+			
	Reorganizing the organization/influencing strategic decisions			<							<											+	+	
	Increase/diversification in reporting requests															<								
	Returning to civil society support/grass roots				<				+			+												
	Changing/developing funding strategies	+		+		+		+	+		+	+	+									+	+	

Activity		Advocacy				Service delivery								Hybrid										
		Undecided! Perceived as minor setback (1) versus substantial financial loss (2).				Decrease in program size. Focus on institutional fundraising and decentralizing offices.								Perceived as serious threat for the organization. Objective to become less dependent on Dutch government funding by decentralizing their offices, increasing fundraising, and diversifying their revenue streams.										
Main theme	Sub themes	IKV Pax Christi	ActionAid	SOMO	Dance4Life	Solidaridad	Lepra-zending Nederland	Red een Kind	Tear	Agriterra	MCNV	Humana	Liliane Fonds	SPARK	Cordaid	Mensen met een missie	ICCO	Simavi	Woord en Daad	Oxfam Novib	Hivos	IICD	IUCN	
Effects of diminishing government support	Decentralizing to country offices	<(n)				+							+				+	+		+	+			
	Negative influence on quantity (not content)						+																	
	Increase in fundraising activities	+(2)	+(2)				+	+	+		+	+		+			+	+	+	+				
	Explore new economic possibilities														+		+	+	+				+	
	Objective to become less dependent on Government funding														+		+							
	Diversifying revenue streams	+(2)	+(2)	+(2)			o	o				o	o	o	+	+	+	+		+	+			
	Reorganizing the organization/influencing strategic decisions														<				<		o	o		
	Increase/diversification in reporting requests																			<				
	Returning to civil society support/grass roots									<						<			o					
	Changing/developing funding strategies	+(2)	+(2)	+(2)			+		+						+		+	+	+			+	+	

+	Sub theme supports the interview conclusion
+(?)	Sub theme supports the indicated view of the interview conclusion
(n)	Sub theme was specifically mentioned as NOT being used
o	Sub theme supportive of other distinction
<	Sub theme additional to interview conclusion

### Appendix 4.3 Analysis on NGO view on NGO-Business partnerships

		Catholic				Protestant					Socialist					Liberal/neutral								
		Aimed at shared value creation by collaborating on substantive issues, partnering with business on their core-business.				Positive, seeing business as effective partners to create economic development. Pragmatic in partnering, but aware of the risk of becoming too business focused.					They can finance operations, but when influenced to change themselves or engaged on their core business, they can really influence their market or supply chain. Partnerships are formed on NGO terms, but always contain the risk of defiling the NGO, jeopardizing their legitimacy.					Positive view on business partnerships to achieve goals and exchange knowledge. Project specific and short-term oriented with risk of conflict with NGO values.								
Identity		IKV Pax Christi	Solidaridad	Cordaid	Mensen met een missie	Lepra-zending Nederland	Red een Kind	Tear	ICCO	Simavi	Woord en Daad	ActionAid	SOMO	Agriterra	MCNV	Oxfam Novib	Dance4Life	Humana	Liliane Fonds	SPARK	Hivos	IICD	IUCN	
View on business partnerships	Necessary to influence commodity chains		<											+		+						<		
	Business is able and willing to invest/ finance activities		+	+		+	+		+	+		+					+		+			+		
	Learning opportunities from business		+			<			<	<				<					+			+		
	Business expects/increases efficiency/ effectiveness perceived as long term oriented		<								<							-		-				
	They can help influence/reach new target groups		<			<												<				<		
	They increase financially sustainable incentives									+														
	Get business involved on their core business		+						+	+				+		+	<	<				<	<	
	Involve business when relevant									+	+													
	Business must be willing to change		<														+							<
	Treat business as one of the partners involved, not as the solution to everything																						<	
	They are perceived as project specific		<														<		+			+		
	Business has different reporting requests, increasing administrative pressure											+												
	They risk looking only for a business profit they might influence your objectives												+				+							

		Advocacy				Service delivery							Hybrid											
		Undecided! Perceived as obvious option (1) versus possible but risky option (2).				Positive influence on effectiveness and impact through funding and knowledge. Perceived as possibly influencing NGO strategy, and increasing administrative pressure.							Positive, if approached from "added value" perspective. Necessary to create system change. Perceived as risky, because business will always pursue business objectives, and could jeopardize NGO legitimacy.											
Activity		IKV Pax Christi	ActionAid	SOMO	Dance4Life	Solidaridad	Lepra-zending Nederland	Red een Kind	Tear	Agriterra	MCNV	Humana	Liliane Fonds	SPARK	Cordaid	Mensen met een missie	ICCO	Simavi	Woord en Daad	Oxfam Novib	Hivos	IICD	IUCN	
View on business partnerships	Necessary to influence commodity chains					<				<										+	+			
	Business is able and willing to invest/ finance activities		+(1)		+(1)	+	+	+					+		+		+	+			+			
	Learning opportunities from business					+	+			+			+				+	+	+		+			
	Business expects/increases efficiency/ effectiveness perceived as long term oriented									+														
	They can help influence/reach new target groups				+(1)	<													+			+		
	They increase financially sustainable incentives				+(1)	<	<												+					
	Get business involved on their core business				+(1)	<				<		<					+	+		+	+	+		
	Involve business when relevant																		+	+				
	Business must be willing to change					<														+				+
	Treat business as one of the partners involved, not as the solution to everything																					<		
	They are perceived as project specific					<								<					<	<		<		
	Business has different reporting requests, increasing administrative pressure																		<					
	They risk looking only for a business profit they might influence your objectives		+(2)																		+			

+	Sub theme supports the interview conclusion
+(?)	Sub theme supports the indicated view of the interview conclusion
-	Sub theme contradicts the interview conclusion
o	Sub theme supportive of other distinction
<	Sub theme additional to interview conclusion

## Appendix 4.4 Analysis on effects of diminishing government support

		Catholic				Protestant					Socialist					Liberal/neutral								
		Business should not be a substitute, but should contribute as one of the societal actors, where all actors are necessary for sustainable development.				Need for own funds in business partnership, so other funding necessary. Only engaging in business partnerships would lead too far from core objectives.					<b>Undecided!</b> Perceived as a possibility (1) versus not expecting business to contribute significantly enough (2). Government funding still necessary to finance innovation and difficult projects.					Government funding can be substituted by business but is not ideal.								
Main theme	Sub themes	IKV Pax Christi	Solidaridad	Cordaid	Mensen met een missie	Lepra-zending Nederland	Red een Kind	Tear	ICCO	Simavi	Woord en Daad	ActionAid	SOMO	Agriterra	MCNV	Oxfam Novib	Dance4Life	Humana	Liliane Fonds	SPARK	Hivos	IICD	IUCN	
View on business partnerships as substitute for government funding	Sustainable development needs all actors, not just business as financing partner		+	+					+	+	+	+(1)				+(1)						-	-	-
	NGOs need government funding to do work that is not interesting for business	+																						
	Business as a partner to achieve objectives, but never financial dependence on business	+(n)																						

		Advocacy				Service delivery								Hybrid									
		<b>Undecided!</b> Perceived as unwanted scenario (1) versus very possible scenario (2).				Possible, but not deemed likely and not ideal, as all societal actors have a role to play.								Financial dependence on business is not desirable. All societal actors need to work together, so funding from government should remain.									
Main theme	Sub themes	IKV Pax Christi	ActionAid	SOMO	Dance4Life	Solidaridad	Lepra-zending Nederland	Red een Kind	Tear	Agriterra	MCNV	Humana	Liliane Fonds	SPARK	Cordaid	Mensen met een missie	ICCO	Simavi	Woord en Daad	Oxfam Novib	Hivos	IICD	IUCN
View on business partnerships as substitute for government funding	Sustainable development needs all actors, not just business as financing partner		+(1)			+									+		+	+	+	+	+	+	+
	NGOs need government funding to do work that is not interesting for business	+(1)																					
	Business as a partner to achieve objectives, but never financial dependence on business	+(1) (n)																					

+	Sub theme supports the interview conclusion
+(?)	Sub theme supports the indicated view of the interview conclusion
(n)	Sub theme was specifically mentioned as NOT being used
o	Sub theme supportive of other distinction
<	Sub theme additional to interview conclusion



The effects of diminishing government funding on  
Dutch international development NGOs and their view on  
NGO-Business partnerships as a substitute for government funding.