

**IN THE INTEREST OF BUSINESS: BUSINESS ASSOCIATIONS AND WORKFORCE
DEVELOPMENT COLLABORATIONS**

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Abstract

Using a national random survey of 716 business associations, our study finds that collaborations are important workforce development activities of both chambers of commerce and trade associations. The structure of collaborations is consistent across both types of business associations and for five categories of workforce development activities. Preferred partners for business associations are community colleges, schools, and government-sponsored one-stop career centers. Member participation and local labor market conditions affect the shared goals, expected benefits, and the kind of supportive processes needed to foster cross-sector collaborations. The overall findings from the study are consistent with the theory of an alliance marketplace, and indicate that business association partnerships and collaborations are an integral part of their workforce development programs targeting disadvantaged workers.

Introduction

Cross-sector collaborations have become common practice among nonprofit organizations seeking strategic advantages in what Austin (2000) describes as an “alliance marketplace (p.88).” The establishment and evolution of cross-sector collaborations between nonprofit organizations and businesses largely depends on the benefits or value added accrued to each of the partners, the pursuit of clearly defined goals and objectives (“drivers” in Austin’s terminology), and the leadership and processes (“enablers”) that sustain these relationships. Though there is no single or unified theory of collaborations at this time of growing and rapidly evolving literature on the subject, the benefits to participants, the importance of shared goals, and the presence of supportive leadership and processes are broadly acknowledged to be among the most important factors contributing to successful collaborations (Abzug & Webb, 1999; Bellon, 2001; Gray, 1985; Gray & Wood, 1991; Hood et al, 1993; Mandell 1991, 2001; Mizrahi, & Rosenthal, 2001). These elements, common to successful collaborations, are present in various types of cross-sector collaborations involving nonprofit organizations, whether these collaborations are between educational and business organizations (Jacobson 2001; Millward, et. al., 2004; Mora-Valentin, 2000; Hoff, 2002), between educational institutions and community organizations (Langoria, 1999; Maurrasse, 2002), or in private-public partnerships (Reitan, 1998; Young, 2000; Briskehoff et. al., 2002; Mizrahi, 2001; Bailey, 1996; Provan, et. al., 2001).

In this paper we examine why some partners are chosen in the alliance marketplace and not others. Business associations, here defined as both chambers of commerce and trade associations, constitute a unique type of nonprofit organization, representing the interests of member businesses (Doneret. al., 1998; Knoke, 1990).¹

A convergence of factors has led workforce development to become one of the primary activities of business associations in recent years.² The labor shortages induced by the economic expansion of the 1990s created the need for business associations to facilitate access to untapped labor reserves, such as youth or welfare recipients. Member businesses encouraged and benefited from programs that targeted these labor reserves. Collective action among businesses and collaborations with labor market intermediaries helped businesses bring low-skilled workers into the labor force (Hawley & Taylor, 2006; Meléndez, Borges, & Glass, 2003; Miller, 2001). But cross-sector collaborations needed additional support. First, a new employer-centered approach among workforce development intermediaries (Clymer, 2004; Giloth, 2000, 2003; Kazis, 2003; McGahey, 2003; Meléndez & Harrison, 1998) contributed to business association activism to the extent that organizations in other sectors, such as schools or nonprofit organizations, perceived them as a conduit to employer networks. Also, participation in publicly funded programs targeting the disadvantaged such as “school-to-work” and “welfare-to-work” has strengthened business associations’ public programming and raised awareness of the potential role that business associations might play in providing new paths to employment for disadvantaged workers (Connecticut Business and Industry Association, 1997; Center for Workforce Preparation, 2001). Participation in workforce development programs has expanded the social engagement mission of business associations. However, of the new type of nonprofit labor market intermediaries involved in workforce development, business associations remain the least understood and studied.

Whether business associations, which are nonprofit organizations, trusted by employers, can match disadvantaged workers to job opportunities and so play a more active role in workforce development programs is a pertinent question. But there are many unknowns about the level of engagement of associations in workforce development and their potential impact on employment and training outcomes. Given the nature of these processes and the inexperience of business associations in this field, the available evidence from case studies and the evaluations of demonstration projects suggests that collaborations and partnerships with a broad range of organizations became an important element in the successful implementation of new programs and activities (Eberts & Erickcek, 2002; Hawley & Taylor, 2003; Miller 2001).³ Evidence from a broader literature also supports the proposition that partnerships and collaborations facilitate nonprofit organizations’ successful development and implementation of social programs (Austin 2000; Boris & Steuerle, 1999; Linden 2002; Takahashi, & Smutny, 2002; Rosenau, 2000; Savas, 2000; Wondolleck & Yaffee, 2000).

Using data from a national survey of business associations, we estimate that, overall, about one-third of these organizations participate in workforce development activities. Austin (2000) proposes that the current marketplace for collaborations is “underdeveloped and inefficient” because “[p]otential partners do not have good information sources about one another or established mechanism for seeking each other out” (p. 88). As indicated above, environmental factors may have provided the context for improved efficiencies in the marketplace. For example, labor shortages during the economic expansion of the 90’s may have provided business members access to untapped labor supplies through business association programs financed with welfare-to-work grants; school-to-work programs could have provided a venue for the associations to participate in community activities in a context supported by member business. These processes provided both the context for organizations to learn more about potential partners and the opportunity to start programs with relative low risk to the partners. Familiarity with these “transactions” may have in turn induced other types of collaborations, such as participation in the governance of local workforce development publicly financed systems. We begin the discussion with an examination of the factors that made workforce development a priority among business associations and the role that partnerships and collaborations may have played in the process.

The Role of Collaborations in Business Association Participation in Workforce Development

Contrary to other nonprofit organizations, business associations are created to serve the interests of for-profit businesses. Undoubtedly, the labor shortages induced by the economic expansion of the 1990s provided the foundation, or necessary conditions, for business associations’ growing participation in workforce development programs. Members’ “need” for workers created a “demand” for recruitment and skill-development programs. However, such a need by itself is not sufficient to explain the associations’ involvement, let alone their effectiveness, in providing such workforce development programs. Regardless of the economic impetus, the implementation of such programs requires specific organizational competencies such as brokering workers’ job search or training, providing work-related activities for students, and developing standards and curricula.

The availability of organizations that were willing to assist with program implementation and that had experience in providing workforce development services to disadvantaged workers was an important factor contributing to business association participation in such programs. As noted by Eberts & Erickcek (2002), and Harrison & Weiss (1998), among others, the provision of workforce activities has been characterized by a long history of partnerships between the corporate sector and local nonprofit organizations (Bridgman, 2003; Cohen et. al., 2005; Fowler & Chernus, 2005; Nespoli et. al., 2005; Parker & Selsky, 2004; Sleezer et. al., 2004; Susoret. al., 2002; Van Horn & Fichtner, 2003; Wallace & Ipson, 1992). In many successful programs, universities and community colleges partnered with the corporate sector to support programs targeting disadvantaged workers (Maurrasse, 2002; Macduff, 2000; Ostrander, 2004).

In evaluating local initiatives of eight different business associations, Hawley & Taylor (2006) found that “strategic partnerships” with organizations that had experience delivering services to job seekers and incumbent workers were essential for the successful implementation of employer-based programs and employer-focused initiatives. These organizations included schools and colleges, community-based organizations, unions, and others. Educational institutions, such as local school districts and colleges, played a more active role in school-to-work and other employer-based vocational training programs. One Stop Career Centers (OSCCs) and local welfare and other social and employment agencies were more engaged with welfare-to-work programs. In addition, some of these partnerships included, and occasionally were anchored by, community-based workforce intermediaries. Dresser & Rogers (1998), in a case study of regional employers’ networks, find similar dynamics. In the case of the Workforce Regional Training Partnership (WRTP) in Milwaukee, a regional business partnership targeting specific industry sectors is formed with the primary goal of mediating relations with local government agencies that provide financial resources, with community organizations that provide access to untapped labor resources, and with local community colleges that have the capacity and experience to train disadvantaged workers. WRTP’s strategy focused on structuring the business alliance, tapping into multiple funding sources to finance operations, establishing curriculum and training standards, and monitoring performance of training providers.

To recapitulate, the above discussion proposes that increased participation of business associations in workforce development has been motivated partly by the interests of member businesses that are active in workforce activities and seek support for program implementation, and partly by public and community pressures to support programs that provide opportunities to low-skilled, entry-level workers. Business association and employer participation in successful workforce development partnerships is a challenging process. External partners—such as local government agencies, schools and colleges, and community organizations—may play an important role in facilitating business associations’ structuring member business and employer participation in workforce development programs.

Research Questions, Method and Data

This study investigates business association participation in workforce development activities, using a national random survey of 716 business associations. The data were collected in 2003 from a sample drawn from Gale’s Associations Unlimited of those organizations identified by the 8611 SIC code. This produced a list of approximately 25,000 organizations. Of these, 2,679 had an annual budget greater than \$25,000 and qualified for the study. The Gale’s list was stratified into two categories of associations: trade and chamber. These were subdivided into two additional strata: local-regional and national. These four strata were sampled proportionally to assemble an analytical sample that would reflect the geographic scope and organizational differences between chambers of commerce and trade or industry associations.⁴ This resulted in a sample of 965 organizations contacted for interviews. We conducted the interviews with the contact listed in the Gale’s Association survey or the individual reported to be responsible for Workforce or Human Resource Development. In total, 716 organizations completed interviews, representing a 74 percent response rate.

We divide the analysis into three interrelated research questions. First, we examine whether partnerships are a factor related to business association participation in workforce development activities in general. Second, we examine whether the relationship of collaborations and workforce development activities is similar for trade associations and chambers of commerce. And, finally, we examine whether specific collaboration partners might be more related to certain types of business association activities than others.

In regard to the first research question, we hypothesize that the type of partner has a positive relation to business associations' workforce development activities after controlling for environmental factors that affect the marketplace and the organizational characteristics of the associations. Following the "alliance marketplace" concept, the matching of organizations is largely a function of the benefits to each organization from the partnership, the alignment of goals and objectives, and supportive processes. In this model we assume, following prior research on workforce development collaborations, that collaborations with other types of organizations result in added capacity and effectiveness. For instance, research on collaborations between businesses and higher education institutions shows that partners benefit from pooling training resources, developing a more competent workforce, improving recruitment, and improving productivity and long-term effectiveness (Russel, 2001; Wallace & Ipson, 1992; Patterson, 1996; Fowler & Chernus, 2005; Orr, 2001). Successful programs that serve the disadvantaged demonstrate that nonprofit collaborations with employers result in tangible benefits such as greater access to entry level jobs and career advancement opportunities (Harrison & Weiss, 1998; Melendez & Harrison, 1998; Melendez, 1996; Jobs for the Future, 1998). Links to employers are established through advisory boards and technical input in curricular planning and standards, the establishment of internships and other mentoring mechanisms, and post placement support services (Sutton, 2004; Kato et al, 2001; Elliot & King, 1999; Eberts et al., 2000; Brown et al, 1998; Bliss, 2000).

To test the hypothesis that cross-sector partnerships are associated to more extensive workforce development activities of business associations, we estimated ordered logistic regression models. These models are appropriate to estimate the relationship between an ordinal dependent variable and a set of independent variables (Long, 1997; Long & Freese, 2006). In this case, the dependent variables used in the equation are indices developed from two of the survey questions. The first question asked "Did your organization provide or broker any of the following workforce development activities in 2002?" These activities were derived from both a review of the literature and interviews with business association staff. Respondents were given a list of activities, as follows:

1. "Brings employers together to solve workforce issues collectively,"
2. "brokers and/or provides services for workers,"
3. "brokers and/or provides any work-related activities for students,"
4. "participates in or brokers education-related activities,"
5. "participates on governance boards related to the local workforce development system" and
6. "others."

If the respondents answered "yes" to any of the above activities, a second question asked respondents whether they considered their service in this area "extensive, moderate, minimal, or none," when compared with their other services. We recoded the answers to these questions, assigning a value of "0" for "none" and up to "3" for "extensive" services. For each of the activities and the summary variable, the maximum value for the dependent variable is 3. In short, the dependent variables of the models (WDA, Organizing, Services, Work, Education, and Governance) measures the intensity of engagement of workforce development activities among business associations.⁵

The ordered logit model assumes that a latent variable, Y^* exists, and can be defined as $Y^* = \mathbf{x}\boldsymbol{\beta} + \varepsilon$, where ε represents a random disturbance term assumed to have a logistic distribution function. Further, it assumes that Y^* is divided by some cut-points (thresholds): $\alpha_1, \alpha_2, \alpha_3 \dots \alpha_j$, and $\alpha_1 < \alpha_2 < \alpha_3 \dots < \alpha_j$. In this model business associations' participation in various workforce development activities are the ordinal outcomes, Y , ranging from 0 to 3. The ordered logit regression model is specified as:

$$\text{logit}(Y_{ji}) = \alpha_j + (\sum \beta_k C_{ki} + \sum \beta_l X_{li})$$

Where, Y_{ji} is the cumulative logit function of the ordered level of workforce development activities for possible outcome category (or cut-point) j and association i ,
 α_j indicates the logit of the odds of being equal to or less than category j for the baseline group (business associations with no workforce development activities),
 C_{ki} = various types of collaboration partners k for business association i , and
 X_{li} = organizational and environmental characteristic l for business association i .

The coefficient β_k measures how a one-unit increase of collaboration activity of a given partner C_k on the log-odd of the association's workforce development activities of being higher than the baseline category of no workforce development activity or activity with no collaboration, and the coefficient β_l measures the log-odds of organizational and environmental characteristic l on the association's workforce development activities of being higher than the baseline category.⁶

The second hypothesis postulates that the benefits, goals and processes of collaborations, and by implication business associations' partners, are different for trade associations and chambers of commerce. These two types of business associations have different constituencies, often operate in different geographies and industries, and the available literature suggests that their past experiences with partners in various sectors is different. For instance, trade associations members concentrate, and their activities focus on, a given industry or industry sector, while chambers of commerce memberships are more broadly inclusive of all types of businesses in a given geographical area. Their activities are focused on the business priorities of the local area or the region. Evidence from business collaborations with community colleges in the information technology industry sector demonstrates the effectiveness of this strategy for workforce development capacity building. Programs that involve community colleges and other service providers serve as catalysts for financial resources, promote targeted skill training, and facilitate the matching of trainees to business.

Business participation is critical for curriculum design, development of standards, providing internships and for developing mechanisms that improve the ability of businesses to evaluate trainees (Sleezer et al., 2004; Stoll, 2004; Wolf-Powers, 2004). Similarly, business workforce development partnerships with government produce "integrated" and "sustainable" benefits for the region, (Bogauslow et al., 1999). In an evaluation of a statewide partnership in New Jersey, Van Horn & Fichtner (2003) found that firm-based subsidies were an effective strategy for skills upgrading and fostering industry competitiveness. It is reasonable to assume that to the extent that these cross-sector collaborations are organized along geographical or industry sectors, chambers of commerce or trade associations may play different roles. The model to estimate the hypothesis that trade associations and chambers of commerce have different collaboration structures in terms of the set of partners involved in their workforce development activities has a similar form to the one described above (labeled Model 2 in the tables), with one notable adjustment: the model is estimated for each type of business association.

The third and final hypothesis is concerned with whether specific collaboration partners might be more associated with certain types of business association activities than others. We propose that some partners are more beneficial than others for certain types of activities resulting in different collaboration partners depending on the specific set of programs in the associations' portfolios. It is plausible that partnerships with OSCCs and local government agencies would encourage and facilitate business association participation in activities such as bringing employers together to solve common problems or to participate in joint training programs, while schools and colleges might facilitate education-related activities, such as developing job standards and training curricula. The evidence from existing research on the connections of the business community to government-financed workforce development programs targeting the disadvantaged--such as adult education, school-to-work, and welfare-to-work--suggests that collaborations with community colleges and community-based organizations facilitate the business community connections to these programs (Dowleny, 2001; Fitzgerald, 2004; Hawley et al., 2005; Melendez, et al, 2004; and Fowler & Chernus, 2005). The ordered logit model specified above was used for the estimation of the effects of collaborations in the level of business associations' workforce development activities. In the model used to test this hypothesis, we use each of the types of workforce development activities specified in Table 1 as dependent variables (with values 0-3).

There is a notable variation in the level of engagement of associations. Table 2 shows workforce development activities by type of business association and activity. In general, chambers are more active than trade associations, and local or regional trade associations are more active than national ones. National chambers are the smallest group of associations, but they are the most active in organizing employers to solve workforce issues, in brokering programs that provide training and services to workers, and in providing or brokering work-related activities for students. The highest participation of associations was in work-related activities (48 percent of all associations reported some "work" activity), while governance received the lowest overall participation (only 28 percent of all associations). Finally, only 8 percent of national trade associations reported "governance" activity, the lowest level of activity by any type of association.

To estimate the relative importance of collaborations on business association's workforce development activities, we used a set of ordinal variables measuring the intensity of the *general* level of partnership engagement with business associations for each of the various types of collaboration partners, such as schools, community colleges, or unions. The question asked to association executives interviewed for the study was not about specific workforce activities but about collaborations and partnerships in general: "One subject of this study is the networks that organizations like yours have with other entities. Do you ever broker or work in partnership with the following? [List of collaboration partners]." If the respondents answered in the affirmative, then we asked them: "Now, for each of the organizations that you listed as partners, would you say your cooperation with them is extensive, moderate, or minimal?" The response to these questions was recoded "0" for those who never work in partnerships to "3" for extensive cooperation. Thus, the models predict the odds that a general level of collaboration (or collaborations for all types of activities, not just those that are workforce related) is associated to the general level of workforce development activities and to the level of engagement of specific types of activities.

Collaboration partners in prior, general activities represent the pool of organizations or "marketplace" available to business association from where they might choose partners for specific collaborations targeting workforce development programs and activities. It is precisely the information about the qualities of partners and prior experience with transaction costs and expected benefits, key elements in determining what Austin (2000) calls "valuation and pricing" of potential collaborations, that contributes to a more mature "alliance marketplace" (p.89). We expect that a more matured marketplace provides the conditions for business association entry, expansion, or sustainability of workforce development programs and activities. However, information about potential partners and the benefits of collaborating with them is necessary but not sufficient to establish a collaboration. Social purpose collaborations will also require a matching of the partners' interests and the appropriate context and opportunity to enter in a collaborative arrangement, especially for a contractual agreement between the partners.

Table 3 shows the mean values for the independent variables used in the models. The means for collaboration partners indicate the average level of engagement (on a scale from 0 to 3) of business associations' collaborations with various partners. To facilitate the discussion, we have organized the various partners by sectors: Nonprofit, Industry, Education, and Government. Not surprisingly, most business associations' collaborations involve member businesses. The 2.45 mean indicates that when the associations engage in partnerships with member businesses, the engagement of member business is extensive. However, unions and non-member businesses, the other partners in this sector, have a minimal level of engagement with associations. Associations have extensive engagement in collaborations with other business associations (1.97) and state or city government agencies (1.93). Associations have moderate engagement with organizations in the nonprofit and education sectors: nonprofit and community-based organizations (1.65), colleges and universities (1.59), and schools (1.48). All other partners show a minimal level of collaboration.

In addition to these "collaboration" variables, we included other controls in the equations. According to our theoretical arguments, environmental factors contribute significantly to associations' involvement in workforce development activities independent of the presence of partners. We include three different types of controls. A proxy for prior government experience as measured by a dummy variable indicates whether the largest or second largest workforce activities budget sources come from government contracts. We control for local economic conditions by including associations' responses to whether they were experiencing a labor shortage or low unemployment at the time of the interview. Finally, we control for the complementarity of workforce development and economic development activities by including an indicator of high economic development priority among member businesses.

Following prior research on the factors contributing to collaborations among nonprofit organizations, we added variables to control for size and type of association (Guo&Acar, 2005; Foster &Meinhard, 2002). Due to the high correlation of two variables measuring organizational capacity, to control for size and access to resources, we included a combined ranking of budget and staff size. To control for differences in participation induced by the type of business association and the jurisdictional level of the organization, we used the dummy variables "Local" to indicate local, state, and regional chambers and trade associations. By implication, national trade associations and chambers of commerce serve as a reference group for "Local."

Finally, we included the percentage of members that participates in any workforce development activity as a control for members' activism in initiating and sustaining partnerships. Though causality is not proven by the model, as collaborations could be a factor inducing members' participation in workforce development activities, the estimates odds of business association engagement in these activities are net of, or estimated controlling for, the level of member business participation in specific workforce activities.

Findings

Table 4 depicts the findings from the first two sets of models: first, estimating the prevalence of collaborations for all associations, and then by type of association. In the baseline equations, shown in Table 4 in the first three columns, the collaboration variables are excluded from the ordered logit regressions. The second model in both sets of equations estimates results separately for chambers and trade associations. Comparison of the results from the baseline and collaboration equations indicates that collaborations are an important explanatory variable for the level of workforce development activity among business associations in general, and for each type of business association. The Likelihood Ratio (LR) Chi-Square is highly significant in all the models, indicating that the estimated models yield a significantly better fit to the data than the null model, that is, that all of the predictors' regression coefficients are equal to zero. In regard to the explanatory power of the collaboration variables as a whole, a comparison to the baseline equation shows that adding the collaboration variables improved the predictions capability of the model for all business associations (equations 1 and 3), raising the pseudo R-squared from .163 in the baseline equation to .268 in the equation with the added collaboration variables. Adding the collaboration variables raises the Pseudo R-squared for the chamber-specific models from .093 in the baseline equation to .230 in the collaboration equation, and from .186 to .255 in the trade-specific equation.

In the first model, where we consider the effect of collaborations on both types of associations together to test the first research hypothesis, positive and significant odds ratios for partnerships with community colleges, schools, and OSCCare associated to a higher overall level of workforce development activity. In terms of control variables, two of the six variables are not significant and the odds ratios for all control variables declined. Local in particular, which had the highest odds ratio in the baseline equation, apparently capturing the effect of collaborations in the equation, is not significant in this equation. The coefficients for these educational and government partners are significant at the 1 percent level. OSCC show the highest odds ratio of all the collaboration partners. The OSCC odds ratio of 1.93 indicates that business associations' odds for minimal engagement in workforce development activities are .93 times larger than those belonging to the reference category of no activity. The odds ratios for community colleges and schools are 1.58 and 1.41 respectively. These odds ratios indicate that business associations' minimal ($j=1$) engagement in collaborations are positively associated with these three partners' participation in such activities when compared to the odds of not sponsoring workforce development activities, or of sponsoring activities without these partners' participation.

To better understand the predictions from the model, we estimated the predicted odds of business associations' workforce development engagement by the intensity of the collaborations to the three most significant partners when implementing workforce development activities. Table 5 depicts the predicted odds of the level of workforce development activities (j =minimal, moderate, extensive) given the intensity of partners participation in those collaborations (n =minimal, moderate, extensive), where each cell represents $e^{a_j + \text{coef}^*n}$ and the coefficient of the estimated ordered logit equation is held constant across cut-points j . In other words, we are using the parameters derived from the ordered logit model to evaluate the strength of association of business associations' reporting workforce development activities to the various levels of intensity of the general collaborations with these partners.

The results of the exercise, depicted in Table 5, indicate that business association's engagement in workforce development activities increases in tandem to the level of engagement of key collaborative partners. For instance, the predicted odds of business associations engaging in a minimal level of workforce development activities when community colleges participate in collaborations with business associations at a minimal level are 1.22. However, the predicted odds ratios for minimal engagement of business associations in workforce development activities increases to 1.92 when community colleges engage at a moderate level of collaborations with business associations, and to 2.32 when they engage at an extensive level of collaborations. This pattern is observed whether the associations engage in moderate or extensive activities, and across the various partners.

An important result from the estimated models is that the presence of high levels of collaborations in general does not necessarily translate in specific workforce development collaborations. As we described in the prior section of the study, member businesses and other business associations have the highest levels of collaborative experience among all the potential partners. Yet, business associations chose to associate with cross-sector partners, such as those in education or government, when implementing workforce development activities. No potential partner from the nonprofit or industry sector resulted in a statistically significant association to the workforce development activities of business associations.

These findings suggest that, while information and prior experience with potential partners is a precondition for what Austin (2000: 74) calls a “transactional” stage in the collaboration continuum, a “value transaction between the two parties” is necessary for business associations to engage in specific workforce development collaborations. The literature on cross-sector collaborations between the business sector and educational institutions, examining the underlying motivation for business associations to engage in workforce development activities on behalf of their members, suggests that the most important benefits of these collaborations include: enhancing productivity and long-term effectiveness; stretching training resources; developing highly qualified workforce; and, improving recruitment of skilled workers (Russell, 2001; Wallace & Ipson, 1992; Patterson, 1996; Fowler & Chernus, 2005; Orr, 2001). Business associations also benefit from partnerships with education and government organizations to the extent that they have access to the institutional capacity and financing of these organizations (Hawley & Taylor, 2006). From the partners’ perspective, collaborations with business associations improve their own performance. Collaborations with employers facilitate access to their recruiting and support networks, which in turn, increases the employment outcomes of workers who participate in educational and training programs targeting the disadvantaged (Hawley et. al., 2005; Melendez & Harrison, 1998).

The second hypothesis examined in the paper postulates that the benefits of collaborations and, by implication, business associations’ partners are different for trade associations and chambers of commerce. We estimated the percent of business associations’ collaborations by type of association (Table 6). This data corresponds to the independent variables included in the model disaggregated by type of business association. The data indicate great variability across partners, ranging from a high of 94 percent for local chambers partnering with member businesses, to a low of 2 percent for national trade associations partnering with OSCCs. The data show that member business (80 percent), other business associations (64 percent), and other nonprofit organizations (55 percent) are the organizations partnering with business associations with the highest percentage of collaborations. As in the previous discussion of business association activities, in general, chambers of commerce are involved more often in partnerships than trade associations, and with a few exceptions, local level business associations are involved in partnerships more often with more partners than their national counterparts. The analysis that follows turns to the research question of whether these general partnerships and collaborations with various types of partnering organizations actually result in a different structure of business associations’ engagement in workforce development activities.

In reference to Table 4, the structure of workforce development collaborations is fairly similar for chambers of commerce and trade associations. Significant odds ratios for cross-sector collaborations are similar for both types of organizations, with only two exceptions. For chambers, statistically significant partners for workforce activity are those in the education sector--colleges and universities (with 1.46 odds ratio), community colleges (1.31), and schools (1.82)--and OSCCs in the government sector (1.78)(see column five in Table 4). For trade associations, statistically significant partners are community colleges (1.67) and schools (1.35) in the education sector, OSCCs (1.91) in the government sector, and faith-based organizations (1.29) in the nonprofit sector (see column six in Table 4).

Though the results from estimating the models indicate that chambers and trade associations share a similar structure of workforce development collaboration, colleges and universities are significant educational partners when chambers’ engage in workforce development programs, but not for trade associations programs. Also, the odds ratio of community college collaborations is higher for trade associations than it is for chambers of commerce. These findings are consistent with field research that suggests that sectoral partnerships—in which trade associations participate more often than chambers—focus on vocational skills and the type of skills training associated with community colleges (Meléndez et. al., 2004; Wolf-Powers, 2004). Similarly, the odds ratio for schools is higher for chambers than it is for trade associations.

Prior research shows that chambers often participate in school-to-work programs facilitating students' transition from high school to colleges and universities (Hawley & Taylor, 2006).

The models by type of association confirm that the organizational characteristics and environmental factors affect the associations' motivation for engaging in workforce activities. An examination of these variable in the chambers and trade equations reveal that member participation in workforce development programs and local labor market conditions are significant factors affecting the associations' level of engagement in these programs. National chambers are more actively engaged in workforce development activities than local chambers, while there was no statistically significant difference in participation among local and national trade associations. Prior experience with government programs was a significant factor associated to chambers participation in workforce development programs, but not that of trade associations. In sum, despite differences in environmental factors affecting their participation, the results of the equations by type of business associations are very similar in regard to the type of preferred workforce development partners. These findings confirm the prior results when separate models are estimated for each type of association. We conclude that, contrary to our expectations based on a review of the literature on the second research question and hypothesis, we do not find a structure of collaborations that is substantially different for chambers of commerce and trade associations. However, the findings from the models suggest important differences in the organizational characteristics and environmental factors that affect the context in which these types of organizations participate in workforce development programs.

In the final set of equations, we examine the relationship of collaborations to business association engagement in specific workforce development activities (see Table 7). Overall, we found that community colleges, schools and OSCCs are, by far, the most significant business association partners. Community colleges are a significant partner in all five types of workforce development activities. Among all potential partners, community colleges have significant odds ratios in all equations and the highest odds ratio for brokering services for workers (1.50, activity b) and brokering education-related activities in the community (1.60, activity d). Schools and OSCC follow in relative importance, both with significant odds ratios in four of the five activities. OSCC have the highest odds ratios as partners in organizing (1.50) and governance (1.91), while schools have the highest odds ratio in work related activities (1.47). Up to this point the results from the equations are similar to the prior models, but there are some additional findings that deserve attention. The odds ratio for community-based and nonprofit organizations is significant only in the work equation and at the .10 significance level. This is somewhat surprising as we were expecting a more significant level of engagement of these organizations within the nonprofit sector and industry collaborations, particularly in regard to specific workforce development activities such as "services" and "education."

The above findings indicate that the structure of partnerships supporting specific workforce development activities involves specific partners for specific types of activities as we proposed in the third research hypothesis. However, in some instances certain types of partners are not as prevalent as the literature might suggest. There are two possible explanations for these results. First, the data previously presented indicates that business associations engage in partnerships and collaborations with member businesses and other business associations. However, these partnerships, in areas such as lobbying for specific legislation that affects members, are for a significantly different type of activity than workforce development and do not offer the same type of mutually beneficial relationship to both parties. Members, for instance, might be more inclined to receive services from association-managed workforce programs when they require such services, than to engage in a long-term collaborative commitment. Second, business associations may seek partners that complement their perceived weaknesses for sustaining workforce development programs.

Educational institutions and OSCCs seem to provide the complementarities that business associations seek for the implementation of specific activities, while business members and other associations may not offer the desired complementarities. A similar argument can be made for other potential partners such as nonprofit organizations and unions. Finally, the significance of control variables confirms the importance of labor shortages and member participation for all types of activities. Having government contracts as one of the primary sources of financing workforce development activities increases the odds that business associations participate in the governance of local systems. Similarly, having economic development as a high organizational priority induces business association's into organizing and governance activities.

The significance of these contextual variables suggests that business associations are driven by business considerations when promoting workforce development activities, but that certain types of partners are more important for implementing specific activities.

Conclusions

The overall conclusions of this study are that collaborations are associated with business association participation in workforce development activities, and that some types of partners are more important than others. In particular, we found that cross-sector partners are more likely as business associations partners than within-sector partners (such as nonprofit organizations) or within industry partners (such as business organizations). Business associations find a better match with community colleges, schools, and OSCCs than with other potential partners in the “alliance marketplace.” These findings suggest that, although business associations engage in a broad range of partnerships, business associations prefer to work with a few, knowledgeable and experienced partners, when implementing workforce development activities.

These findings are consistent with the literature that suggests that business associations coordinate external activities with schools and community colleges when activities are related to school-to-work, standards, and curriculum development; and they partner with OSCCs to coordinate welfare-to-work and other publicly-financed programs. The findings also support Austin’s (2002) and others argument that the matching of organizations is largely a function of the benefits to each of the partnership organizations, the alignment of goals and objectives, and the existence of supportive individuals and processes. In general, business associations are selective when pursuing partnerships to implement workforce development activities, just as they are selective when choosing partners for other types of activities.

Business associations, a unique type of nonprofit organization whose primary mission is to serve the interests of business, are becoming labor force intermediaries that provide a structured way of engaging employers in workforce development activities. Partnerships with institutions that can mediate relations with disadvantaged populations, such as community colleges and one-stop career centers (OSCCs), are important in that they strengthen the connections of employers’ recruitment networks to disadvantaged workers. To strengthen business association participation in workforce development, government policies and publicly financed programs should support joint proposals of business associations with community colleges and schools for education-related training, and student support activities; and they should support joint proposals with OSCCs for the structuring of work-related activities or participation in the governance of local systems. Other labor market intermediary organizations, particularly community-based and other nonprofit organizations, should consider becoming part of business associations’ ongoing collaborations with colleges, schools, and OSCCs. The evidence presented above indicates that these partnerships with business associations have the potential to be effective mechanisms for integrating workforce development within existing employers’ networks. Hence, by serving the interest of member businesses and improving labor market efficiencies, business associations as nonprofit organizations are also carrying out a social mission that benefits the community.

The findings of the study also suggest that there is a positive spillover effect when collaborations in one area of an organization’s program set the stage for collaborations in other program areas. Given the growing interest in understanding social purpose collaborations between business and the education, government, and nonprofit sectors, the evidence presented in the study indicates that the more organizations engage in cross-sector partnering, the more they learn about the specific elements that affect what Austin (2000: 89) calls “valuation and pricing” in the alliance marketplace--key elements in transactions that lead to collaboration between two organizations. These experiences provide potential partners with information about valuation and pricing, such as “different performance measures, competitive dynamics, organizational cultures, decision-making styles, personnel competencies, professional languages, incentive and motivational structures, and emotional content” (Austin, 2000: p. 93).

Consideration of these elements has likely led business associations to reject same sector and industry partners and to choose specific cross-sector partners. Given the right context and potential partners, business associations translated prior collaborative experience into specific collaborations in order to implement workforce development activities and programs. Workforce development collaborations, in turn, have expanded the collaborations marketplace opportunities for business associations to engage in new mission-oriented programs that benefit the community and the nonprofit sector as a whole.

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Endnotes

1. We use “business associations” to refer to both chambers of commerce and trade associations, whether these are local, regional, or national. Like other collective-action organizations, business associations “seek non-market solutions to individual or group problems” (Knoke, 1990). Their primary activity is to represent their business constituency by lobbying legislators on particular policy issues. Business associations restrict the type of organization and individual that can join. Chambers of commerce represent firms from a diversified set of industries that share a common location (a neighborhood, city, metropolitan or larger area), while trade associations serve members within one or several related industries or subsectors of an industry. Trade associations may also operate in different geographic locations, with local level associations representing firms that are geographically concentrated in specific regions and national associations, often located in the nation’s capital, representing all firms in the industry.

2. Following Giloth (2000:342), we define workforce development as programs and activities that exhibit “substantial employer engagement, deep community connections, career advancement, integrative human service supports, contextual and industry-driven education and training, reformed community colleges, and connective tissue of networks.”

³ We use the terms “collaborations” and “partnerships” to denote a wide range of shared program, service, or activity arrangements between two or more organizations. These arrangements can be informal (often referred to in the literature as “collaborations”) or formal, where there is an explicit transaction between the organizations (often referred to as “partnerships”). We also use the term “networks” to imply a combination of formal and informal arrangements among a broad group of organizations that share a common goal and support each other in the process of carrying out programs, activities, or services intended to achieve a common goal (Harrison and Weiss 1998; Cordero-Guzmán 2004).

4. All national chambers were included in the sample due to their low numbers in the universe.

5. To test the index summarizing all the activities, we performed an alpha test. The alpha coefficient for the index of .78 is an indication that the additive scale is reliable. The item-test correlation is similar for all items indicating that each variable contribution to the scale is fairly equal. Finally, removal of any of the variables from the scale results in a lower overall alpha for the scale.

6. Since we are using survey data, this equation was estimated with the survey (“svy”) command from Stata, in which we specified controls for cluster sampling and stratification.

TABLE 1: Types of Workforce Development Activities

Variable	Activity	Value
Organizing	a. Bring employers together to solve workforce issues collectively, for instance helping employers attract and recruit workers.	0-3
Services	b. Broker and/or provide services for workers such as job search, training, or support services like management or apprenticeship training.	0-3
Work	c. Broker and/or provide any work-related activities for students like mentoring or internships.	0-3
Education	d. Participate in or broker education-related activities in the community, such as developing job standards or curriculums.	0-3
Governance	e. Participate on governance boards related to the local workforce development system, such as serving on a Workforce Investment Board.	0-3
WDA	Sum of a through e divided 5, and then recoded to 3 cut points	0-3

TABLE 2: Percent of Business Associations Participating in Workforce Development Activities by Type of Activity

Activities	Local or regional trade	National trade	Local or regional chambers	National chambers	All
Organizing	34%	27%	45%	62%	37%
Services	34%	29%	38%	46%	34%
Work	41%	32%	65%	77%	48%
Education	39%	14%	44%	31%	34%
Governance	23%	8%	48%	38%	28%
WDA	32%	21%	45%	51%	34%
N	228	204	271	13	716
% of total sample	31.84	28.49	37.85	1.82	100

Table 3: Independent Variables Included in the Model

		Mean	St. Dev.
Organizational Characteristics			
SizeRank	The sum of the Gale budget and Gale staff ranks	717	370
Local	Local, state, regional chamber (recoded from type)	0.70	0.46
Particip	Percentage of members that participates in any workforce development activity	13.2	23.6
Environmental Factors Affecting Collaborations' Benefits, Goals and Processes			
LabShort	Whether experiencing a labor shortage or low unemployment	2.08	0.80
EcoPrior	How much of a priority is economic development to the BA's members	2.97	0.78
GovExp	Proxy for prior government experience with WFD: BAs whose largest or second largest WFD budget sources come from government contracts (0,1)	0.13	0.34
Collaborations Partners			
Nonprofit Sector			
OBA	Other Business Associations	1.97	0.96
CBONPO	Community-based organizations and Other Non-profit Organizations	1.65	0.91
FBO	Faith-based organizations	0.51	0.86
Industry Sector			
Unions	Labor unions	0.28	0.73
Bus	Non-member businesses	1.13	1.00
Membus	Member businesses	2.45	0.95
Education Sector			
C&U	Colleges or universities	1.59	1.08
CC	Community colleges	1.21	1.19
Schools	Schools	1.48	1.15
Government Sector			
OSCC	One-stop career centers	0.65	1.04
Gov	State or city government agencies	1.93	1.19

Table 4: Results for the Ordered Logit Models Estimating the Relationship of Collaborations to Workforce Development Activities

	All	Chambers	Trade	All	Chambers	Trade
Organizational Characteristics						
SizeRank	1.00 **	1.00 ***	1.00 ***	1.00 **	1.00 **	1.00 **
Local	3.89 ***	0.58	2.35 ***	1.02	0.13 ***	1.15
Particip	1.03 ***	1.03 ***	1.04 ***	1.03 ***	1.02 ***	1.04 ***
Environmental Factors Affecting Collaborations' Benefits, Goals and Processes						
LabShort	1.82 ***	1.70 ***	1.98 ***	1.65 ***	1.55 **	1.73 ***
EcoPrior	1.34 ***	1.55 **	1.18	1.17	1.19	1.19
GovExp	2.44 ***	2.18 ***	1.17	1.53 *	1.84 **	0.89
Collaborations Partners						
Nonprofit Sector						
OBA				1.12	1.07	1.13
CBONPO				0.93	1.10	0.87
FBO				1.17	0.99	1.29 *
Industry Sector						
Unions				0.98	1.11	0.97
Bus				0.89	0.94	0.91
Membus				1.00	0.81	1.02
Education Sector						
C&U				1.11	1.46 **	1.03
CC				1.58 ***	1.31 **	1.67 ***
Schools				1.41 ***	1.82 ***	1.35 **
Government Sector						
OSCC				1.93 ***	1.78 ***	1.91 ***
Gov				1.09	1.20	1.07
LR chi2(6)	1022	177	760	1688	438	1042
Prob>chi2	0.000	0.000	0.000	0.000	0.000	0.000
Pseudo R2	0.163	0.093	0.186	0.268	0.230	0.255
N	716	284	432	716	284	432
N obs	2,679	747	1,932	2679	747	1,932

* Significance at 10%

** Significance at 5%

*** Significance at 1%

Table 5: Predicted Odds of Workforce Development Engagement of Business Associations by the Intensity of Cross-Sector Collaborations

	Minimal	Moderate	Extensive
Cut-points	2.94	6.14	8.53
Community Colleges			
Minimal	1.22	1.89	2.20
Moderate	1.92	2.58	2.89
Extensive	2.32	2.99	3.29
Schools			
Minimal	1.19	1.87	2.18
Moderate	1.88	2.56	2.88
Extensive	2.29	2.97	3.28
OSCC			
Minimal	1.28	1.92	2.22
Moderate	1.97	2.61	2.91
Extensive	2.38	3.01	3.32

TABLE 6: Business Associations with Workforce Development Partnerships and Collaborations (%)

Partners	Local or regional trade	National trade	Local or regional chambers	National chambers	All
Nonprofit Sector					
Other Business Associations	66	61	69	69	64
Community-Based and other Nonprofit organizations	51	34	74	62	55
Faith-based organizations	11	6	31	5	14
Industry Sector					
Labor unions	18	6	6	13	9
Non-member businesses	41	35	37	49	37
Member businesses	78	73	94	77	80
Education Sector					
Colleges or universities	54	43	59	56	50
Community colleges	37	15	62	38	32
Schools	45	19	76	38	40
Government Sector					
One-stop career centers	13	2	45	24	16
State or city government agencies	66	36	85	59	55

Table 7: Results From the Ordered Logit Models Estimating the Relationship of Collaborations to Specific Workforce Development Activities

	Organizing	Services	Work	Education	Governance
Organizational Characteristics					
SizeRank	1.00 *	1.00 ***	1.00	1.00 **	1.00 **
Local	0.76	0.82	0.73	2.14 **	1.70
Particip	1.02 ***	1.03 ***	1.02 ***	1.02 ***	1.02 ***
Environmental Factors Affecting Collaborations' Benefits, Goals and Processes					
LabShort	1.51 ***	1.38 ***	1.34 **	1.28 **	1.30 **
EcoPrior	1.25 *	1.01	0.98	1.06	1.34 *
GovExp	1.16	0.87	1.11	0.84	1.68 **
Collaborations Partners					
Nonprofit Sector					
OBA	0.96	1.18	0.97	1.11	1.01
CBONPO	0.83	0.91	1.28 *	0.96	0.87
FBO	1.20	1.13	1.18	0.89	1.04
Industry Sector					
Unions	1.08	1.03	0.82 *	1.07	1.09
Bus	0.98	0.82 *	0.97	1.13	1.05
Membus	0.86	0.93	1.11	1.19	1.01
Education Sector					
C&U	1.10	0.82 *	1.21 *	1.18	1.09
CC	1.46 ***	1.50 ***	1.21 **	1.60 ***	1.34 ***
Schools	1.24 *	1.20	1.47 ***	1.48 ***	1.77 ***
Government Sector					
OSCC	1.50 ***	1.28 **	1.41 ***	1.11	1.91 ***
Gov	1.13	1.06	1.16	1.04	1.07
LR chi2(6)	830	710	968	873	1099
Prob>chi2	0.000	0.000	0.000	0.000	0.000
Pseudo R2	0.160	0.135	0.162	0.187	0.260
N	716	716	716	716	716
N obs	2,679	2,679	2,679	2,679	2,679

* Significance at 10%

** Significance at 5%

*** Significance at 1%