

# Evaluating the Quality of Inter-organisational Relationships: Does One Plus One Equal Only Two?

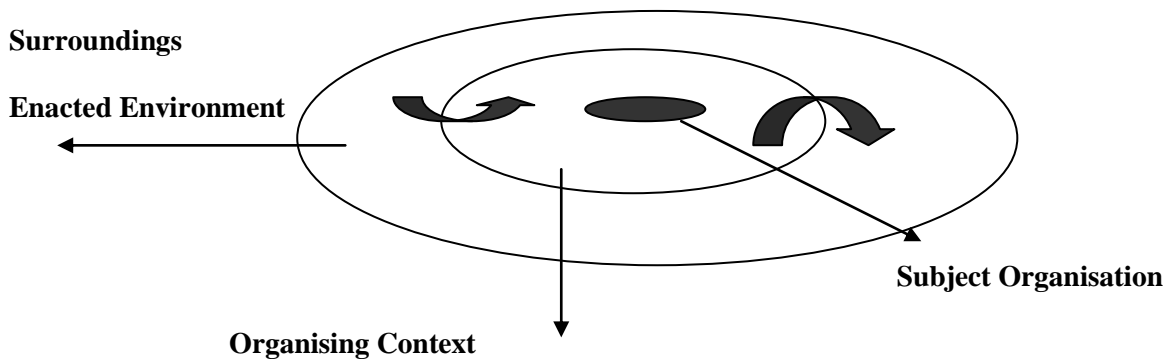
## Introduction

Inter-organisational relations have increasingly become an ‘obligation’ for individual organisations in all sectors of the political, social and economic spheres. ‘The major factors that organisations must take into account are other organisations’, Aldrich argues (1994; cited by Sydow, 2002: 141). Therefore, organisational relationships emerge as a consequence of purposeful interactions constrained and enabled by different organisational structures and values (Sydow, 2002). The quality of these relationships are identified and examined in this paper. This is presented through the definition and characteristics of inter-organisational relationships, definition and attributes of the romantic approach to quality and the proposition of qualitative evaluation as a possible approach for assessing the quality of such relationships. Secondary data however shows that the applicability of such a research is not always valuable.

## Inter-organisational Relationships – Creation and Characteristics

### *The Organising Context*

The fact that we live in the ‘society of organisations’ can affect the economic success of profitable organisations as much as the effectiveness of non-profit organisations. In this respect there is an increasing concern in the creation of quality relationships between organisations because these relationships can provide access to external resources for individual organisations (Sydow, 2002). By maintaining and modifying such relationships organisations can construct their own environment (Clegg and Hardy, 1999a). Taking into account that each organisation belongs to an environment in which it can co-operate with other organisations there is the possibility for them to co-create something (Johannisson et al, 2002) i.e. their social construct and actualise their development positions. This environment then is called the organisation’s *organising context* as it can be seen at Figure 1.



**Figure 1:** The organising context (Johannisson, 2002: 299)

In addition the enacted environment plays the role of an area that is relevant to the development of an organisation but not able to systematically influence it. Surroundings reflect to the existence of the sort of environment that is not well known to the organisation.

### *Networking as a vital mechanism for creating inter-organisational relationships*

The existence of the organising context for each organisation clearly indicates appearance of other organisations around it and within the enacted environment. According to the hypothesis given above these organisations are well known to the subject organisation therefore someone can assume, to some extent, common ways of thinking and functioning between the organisations within the enacted environment. This indicates a relationship between organisations of the same enacted environment. These relationships between organisations, occur very frequently in studies since the last decade (Czarzniawska, 2002), and provide a way of organising that is called *networking*, considering that networking itself indicates a high degree of variety and plurality of action. Networking concerns who interacts with whom, how repetitive interactions are and how the contents of action are conveyed. In addition, networking has been seen as something between markets and hierarchies. This is because an individual organisation cannot really be understood without reference to its relationships with many others (Jarillo, 1998). In this light new arrangements emerge between organisations so more work adopting an inter-organisational character would seem useful. Researchers cannot afford to concentrate only on individual organisations, as what goes on

outside the organisation vastly influences what goes on inside as the boundaries between organisations become more ‘permeable and more questionable’ (Clegg and Hardy, 1999b: 424).

### *Characteristics of Inter-organisational Relationships*

The new arrangements in the relationships between organisations indicate obviously certain characteristics that play a significant role in the existence of such relationships. Some of them will be pointed out in this subsection, being selected because of their important nature in developing inter-organisational relationships. First, the creation of *collaboration* can be considered as important in developing relationships between organisations. Collaboration can be seen as the opposite of *competition* which is another form of inter-organisational relationships. According to de Wit and Meyer (1998) under conditions of competition behaviour between rivals can become calculative, manoeuvring, using power in order to achieve results. The roots of competitive behaviour can be found in conflicting interests and objectives. On the other hand, inter-organisational relationships can be primarily collaborative. In this respect relationships as such can vary from occasional collaboration to virtual integration. As Huxham suggests ‘collaboration is taken to imply a very positive form of working in association with others’ (1996: 7). Starting from there de Wit and Meyer suggest a model for functioning of collaborative groups (Embedded Organisation Perspective), which they distinguish from groups in competition (Discrete Organisation Perspective). The features of the model can be seen in Box 1.

	<b>Discrete Organisation Perspective</b>	<b>Embedded Organisation Perspective</b>
Emphasis on	Competition over collaboration	Collaboration over competition
Structure of the environment	Discrete organisations (atomistic)	Embedded organisations (networked)
Preferred position	Independence	Interdependence
Interaction outcomes	Mainly zero-sum (win/lose)	Often positive-sum (win/win)
Source of advantage	Bargaining power	Specialisation and co-ordination
Use of collaboration	Temporary arrangement (tactical)	Durable partnership (strategic)
Basis of collaboration	Power and calculation	Trust and reciprocity
Structure of collaboration	Limited, well-defined, contract-based	Broad, open, relationship-based

**Box 1:** Discrete organisation versus embedded organisation perspective (adapted from de Wit & Meyer, 1998: 512)

As can be seen from the attributes of collaboration in Box 1 it becomes apparent that in the current circumstances collaboration is preferable to competition. For example in cases of business arrangements (Hamel et al, 1998) in which competition can be fierce between rival private firms, collaboration can help businesses to develop further in many ways (low cost for investment, low cost for gain technology etc). This, according to Hamel et al, is because collaboration is competition in a different form, as successful companies never forget that their new partners may be out to disarm them.

Secondly, the issue of power in competition can be transformed into trust and reciprocity in the case of groups in collaboration. In this respect power seems to need modification in order to deal with the new circumstances collaboration ‘obliges’ it to do. According to Clegg and Hardy (1999b) older certainties about power require radical overhaul as organisations engage in alliances and build formal or informal linkages with other organisations. Therefore, inter-organisational relationships take a form that leads to the creation of a certain quality as the necessary condition for the engaged groups to flourish in the current economic, social and political circumstances.

### **Quality in Inter-organisational Relationships**

A definition for quality relies on the distinction between classical and romantic approaches to quality. Pirsig (1974; cited by McAuley, 2001) argues that according to the *classical* approach quality is preoccupied with rationality, order, stability, accountability and system. In this light quality is defined by adherence to procedures and quantification. On the other hand, according to *romantic* approach quality is underpinned by attributes that are idiosyncratic, imaginative, original and personal emphasising on the process rather than the procedures. In this way quality is about trusting the ability to make a qualitative judgement on matters. However, according to Pirsig, the division between the two approaches on quality are not absolute as form and pattern are important for both of them. The approach on quality that this paper follows is the romantic one. The reason for following this approach relies

on its flexible character. This character applies to the type of organisation collaborative groups normally have. In addition, quality within romantic approach is ‘a dynamic concept, changing over time and according to the various perspectives of the various participants in the process’ (Kemshall, 1996; cited by McAuley, 2001).

The attributes of the romantic approach on quality regarding different models of strategy chosen for organisation/organisations are given in Box 2. Despite the fact that these elements have been chosen based on the assumption that they apply to an individual organisation it could be argued that they can also apply to a situation in which more than one organisations create a collaborative scheme of different participating agencies. This is due to the ability of the approach to apply both at the macro and micro levels of organisational capacity (McAuley, 2001).

	<b>Romantic Elements</b>
Rational Planning	Identification with the vision. Members can influence the quality agendas.
Crafting/Logical Incremental	Quality as lever for personal, professional development. Quality is crafted. Emphasis on consensus within high professional standards. Preference for qualitative data.
Complexity	Ability to understand hidden patterns in quality and control. Constant negotiation between the centre and the periphery. Quality developed through autonomous networks.
Culture	Issues of quality and control embedded in the culture and in emotion. Qualitative measures which respect the quality. Link between quality and professional development through collegueship. Quality and control as aspects of learning.

**Box 2:** Romantic elements of quality within particular models of organisational strategy (adapted from McAuley, 2001: 265)

Considering the attributes of the romantic approach to quality as they are presented in Box 2 someone can suggest that there occur certain qualities in relation to the elements identified in Box 2. Starting with the rational planning it could be argued that it is connected with the need and capabilities of the participating sides *to learn* from each other’s action. Consequently, the identification of an organisational vision and the subsequent influence of quality agendas to all the participants can create a learning status within the collaborative scheme. Secondly, crafting of the collaborative action can be related to the ability of the collaborative groups to develop *trust* in such a way as to allow each partner’s fate to be determined by other partners’ actions (Curall and Inkren, 2002). Third, the complexity within the organisational structure is represented by the ability of each actor to participate in the creation of a *collective mind*. This is the ability of the participating actors to construct their actions, understand the system they function in consists of connected actions by themselves and others and interrelate their actions within the system (Weick and Roberts, 1996). Finally, *culture* occurs as an important aspect of quality in inter-organisational relationships. This is due to its very nature to be constituted from the intersubjective meaning that the collaborating members express in their common practice (Cook and Yanow, 1996).

## **Evaluating the Quality of Inter-organisational Relationships**

### *Methodology*

Application of a research method for this paper was based on secondary data in particular literature that has been written on partnerships which is the object for research. This was because this paper implies an introductory character to the topic of evaluating inter-organisational relationships. In relation to the utility of research based on secondary data the main advantages are twofold. Firstly, its character being non-reactive so that the enquirer does not need to be in contact with the person contacting the actual research, thus there is no reason for existence of bias. Secondly, it can provide cross-validation of other measures, either in support or disconfirmation of the research hypothesis (Robson, 1993). However, the disadvantage for such a research method is the fact that the secondary data under consideration has been primarily used for a purpose that does not match the needs of the inquirer (Saunders et al, 1997). The validity of inter-organisational relationships is provided via an examination based on an evaluation framework that is explored next.

### *Evaluation Framework*

Evaluation has been a very fashionable approach for examining research results especially ones focusing on social and public administration in the last two decades or so. Incorporation of the consumer perspective into evaluation research has moved the field beyond the study of social programmes by applied social research enquirers (Rossi et al 1999). Rossi et al point out that for purposes of orientation evaluation research can be defined as ‘the use of social research procedures to systematically investigate the effectiveness of social intervention programs’ (1999: 4). In addition, Robson suggests that evaluation is a type of applied research and as such is concerned with defining real world problems or exploring approaches and programmes that might be implemented in order to seek solutions for specific problems. However, evaluation tends to work for short-time programmes and tight deadlines when quantitative. In this way difficulties may derive e.g. ‘gatekeepers’ such as middle management in a firm may be obstructive.

Despite the fact that evaluation usually refers to short-time research procedures when it is quantitative this is not the case when there is a task of qualitative nature such as the one under consideration. In this case evaluation takes the form of a process that reflects the everyday life of individuals, groups, societies and organisations (Miles and Huberman, 1994; cited by Shaw, 1999). It looks at the ordinary in places so that by understanding people’s culture exposes their normalness without damaging their particularity (Geertz, 1973; cited by Shaw, 1999). In this respect it can apply to inter-organisational relationships because it can give explanations on and examine participant’s behaviour. From the different characteristics qualitative evaluation presents it seems appropriate for this paper to choose the one that applies to plausibility and credibility because this can increase its validity (Shaw, 1999).

<b>Values</b>	<b>Conventional Criteria</b>	<b>Achieved by</b>	<b>Elements for evaluation</b>
Truth	Internal validity	Control	Trust
Applicability	External validity; generalisation	Probability sampling	Collective mind
Consistency	Reliability; replicability	Replication	Culture
Neutrality	Objectivity	Insulation of the researcher	Learning

**Box 3:** The Evaluation Framework for Inter-organisational relationships (an adaptation of the Naturalistic Analogue to Conventional Validity Criteria, Shaw, 1999, p67)

The framework presented in Box 3 concerns the applicability of quality aspects mentioned in the previous section regarding evaluation as the process for assessing the value of these aspects. As it can be seen in the framework truth, as an evaluation value needs credibility in order to be countable. In this respect, trust can be considered as an element for evaluation that can flourish if there exists reasonable control from the collaborative scheme’s point of view. Second, applicability is possible only through the collective mind a collaborative arrangement could develop. This is possibly the only element for evaluation that can be achieved via quantitative measures by using a probability sampling. In terms of consistency the element for evaluation can be only culture, as culture is the only drive that can lead inter-organisational relationships towards stability. Finally, learning reflects the neutral value in evaluation it is something that needs time in order to get feasible results. In this light learning is an element for evaluation that can be achieved by insulation.

### *The Partnership Paradigm*

There has been a trend for Partnership Arrangements in the last ten years or so. Partnerships can involve relationships between two or more different sectors within a mixed economy of welfare including the public sector, businesses, community and voluntary sectors. (Powell and Glendinning, 2002). Hence partnership arrangements can involve collaboration because networking and enacted environment may be vital aspects of their activities. In this respect it becomes very important for each partner to develop the quality of inter-organisational relationships within a partnership. In this part of the paper the elements for evaluation will be examined through cases of partnership arrangements developed in current years. As it has already been mentioned the examination is based on secondary data.

*Trust:* With regard to trust it has been argued that truth is the important value which needs to be looked for. For example in the case of FCB, a 75% privately held company, and Publicis, a public company, the two organisations decided to create a partnership between them. According to a plan of creating an atmosphere of trust between them

top executives maintained close contact by travelling often to each other's headquarters. They spent a lot of time together both formally and informally. However, employees at other levels of the two organisations had to be pushed to work with their counterparts. Nevertheless the two organisations managed to find their way in communicating, as FCB was an American and Publicis a French company. In addition, they took their time to learn about their differences early, which was something that helped to develop their relationships towards the direction of trust (Kanter, 1994).

*Collective mind:* In the case of the Northern Ireland Tourist Board (NITB) and the Irish Tourist Board, Board Failte (BF) there has been a cross-border collaboration between two public organisations from Northern Ireland and Ireland respectively which started in the late 1980s and continues up to now. Despite the political sensitivities that created suspicion over the motives of a cross-border collaboration at the beginning, in the recent years it seems that both parties recognise the benefits which are gained because of the 'collective mind' they try to apply in their functioning. Both parties have seen that by working together and marketing tourism products and attractions, more people will be encouraged to visit Ireland, North and South (Greer, 2001).

*Culture:* Regarding the element of culture as an important aspect of the evaluation process the case of multi-or interagency policing in England gives evidence on how the change in culture can benefit the participants into a partnership scheme. Multi-agency policing was specifically promoted by a Home Office publication in the 1990, and then endorsed in the Morgan Report in 1991. According to this partnership programme the police were not any longer responsible for crime issues. The community also participated into the programme focusing on the concept of community safety rather than crime prevention. This was deliberate in the sense that the focus was on people rather than property and on the role of local authorities, community and resident's associations rather than the police (Squires and Measor, 2001).

*Learning:* With regard to learning as the last valuable element of evaluation Holmqvist refers to the 'imaginary' as he calls it organisation of Scandinavian PC Systems (SPCS) and their partnership with five other organisations. The link of the SPCS to other organisations was on the basis of producing computer programmes. In addition, the partnership consisted of 'experts', companies that had specialised knowledge considered important for the products e.g. in accounting, taxes and so forth. Through reflective communication between the partners knowledge was transferred within the partners and articulated into explicit knowledge that means inter-organisational knowledge. This reflection was further developed by including occasionally 'outsiders' from other organisations who could share their knowledge with the partnership (1999).

### **Discussion and Conclusions: Does One Plus One Equal Only Two?**

Evaluation of inter-organisational relationships is not the easiest of tasks. According to Robson (1993) evaluations in general are things to avoid unless there is a good chance for success. The utility criterion emphasises that usefulness is at the heart of every evaluation programme. Therefore, a quantitative evaluation has more chances of being useful compared to qualitative evaluation. However, evaluating inter-organisational relationships is mainly a qualitative evaluation task hence it needs to be considered thoroughly. First of all before clarifying about the criteria that need to be used in order to identify how deep inter-organisational relationships are someone needs to look at the 'political' dimension of doing an evaluation as there is always a reason for conducting an evaluation. Robson argues that most evaluation programmes have critics and sceptics because staff running programmes may have to lose - instead of gaining - from particular outcomes of evaluation (1993). The other point to make is that apart from the suggested elements of evaluation – trust, collective mind, culture and learning – there are several others someone would take into account as criteria for examining an evaluation. For example, if the focus of evaluation were on the reliance on internal rigour and validity the elements for evaluation would be proofs that the evaluation is confirmable and can generalise (Shaw, 1999).

Looking specifically at the evaluation of inter-organisational relationships, its examination on partnership arrangements can draw useful conclusions on its utility. In relation to trust, what FCB and Publicis tried to do in order to develop trust hence the internal validity of their relationships was reasonable but not followed from everyone in their companies. Thus trust was not significantly established because, according to Kanter (1994) broad collaborations on paper do not develop sufficiently in practice until many people in both organisations know one another personally and become willing to make an effort to trusting each other hence exchange technology, refer clients and so forth. In the case of the Northern Ireland Tourist Board (NITB) and the Irish Tourist Board, Board Failte (BF) again the approach of using a collective mind in functioning helped a lot to change the attitude

on how to deal with tourism issues in Ireland. A rigorous evaluation though should take into account all these factors that can create obstacles, such as the domination of the whole process by the BF which created an imbalance. This was reflected in the relationship between the tourist boards and led to obstacles in the implementation of the joint programmes (Greer, 2001). It is the appearance of these obstacles which made the evaluation difficult considering that a positive sum of all the partners included would make the evaluation process easier. To this extent an application of a potential probability sampling would be less effective.

Furthermore, the case of the multi-agency policing was not without problems such as, to what extent the pay off of an investment on multi-agency activity affected all partners (Squires and Measor, 2001). In this way culture can bring consistency to the partnership with regard its main attitudes but this is not always the case especially when partnership work is at its early stages. The last element of learning is possibly the easiest to be identified in evaluation research terms because it pre-occupies insulation for the enquirer thus objectivity is guaranteed. However, as the case of SCPS informs us transferring knowledge demands other factors to occur such as, organisation-specific knowledge to be modified to the benefit of the partnership (Holmqvist, 1999).

As for the question if one plus one equals two it could be argued that this is not what is hoped for inter-organisational relationships, as this would mean success at the margin for organisations willing to see their relationships flourishing and wishing to work on it.

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