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Tensions and governance in cross-sector partnerships

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Summary

In the UK the delivery of public services has changed over the last 25 years. This role has moved from the public sector to one where organisations from the third sector (TSOs) are involved through cross-sector partnerships. Bringing together organisations and individuals with societal and state values intensifies a tension and potential conflict between participants in how they coordinate and monitor their activities to deliver a coherent public service together. In this paper a conceptualisation of governance in cross-sector partnerships is introduced. This is used to show how tensions may be understood through highlighting who tensions are between and what activities are being used to govern tensions. This aims to extend explanations of why tensions are a challenge in partnerships, why governance in partnerships is seen as complex and ambiguous, and partnership outcomes are less than expected.

Tensions and governance in cross-sector partnerships

Introduction

In the UK the delivery of public services has changed over the last 25 years. This role has moved from the public sector to one where organisations from the third sector (TSOs) are involved through cross-sector partnerships. Bringing together organisations and individuals with societal and state values intensifies a tension and potential conflict between participants in how they coordinate and monitor their activities to deliver a coherent public service together. Organisational and partnership roles and accountability may be disjointed or conflict. This leads to questions about partnership performance and survival – how do participants take into account both organisational and partnership governance? How do they balance these competing positions and subsequent tensions? How does a partnership survive?

There are a variety of tensions highlighted in literature on governance and on inter-organisational entities. Tensions describe conflicting, contradictory or competing positions that participants face. The elements behind tensions are numerous and varied. They appear through formal and informal structures and processes, from organisational and partnership perspectives, and may change over time. Ultimately, tensions need to be addressed to ensure the continuation and survival of a partnership (Connelly et al., 2006; Das & Teng, 2000).

These tensions highlight why many inter-organisational collaborations fail to be mutually successful (Gray, 1998; Hardy et al., 2005) or meet participants' expectations (Connelly et al., 2006; Killing, 1982; Ring & Van de Ven, 1989). Tensions are connected to partnership performance and directly impact on those who carry out governance activities. For example, participants are encouraged to consider both control and trust (Das & Teng, 2001) and formal and informal governance mechanisms (Bryson et al., 2006).

Participants are faced with a number of tensions in carrying out governance in inter-organisational entities (Provan & Kenis, 2008; Saz-Carranza & Ospina, 2010; Vangen & Huxham, 2010). The emergence of tensions, poor partnership performance and need for governance reflects current academic interest on governance and performance in inter-organisational entities (Aggarwal et al., 2011; Alvarez et al., 2010; Provan & Kenis, 2008; Saz-Carranza & Ospina, 2010; Stone et al., 2010).

The main questions underlying this research are:

- What challenges do tensions present to governance of cross-sector partnerships?
- How do participants address tensions to sustain and govern a partnership?
- What helps and hinders participants in addressing tensions?

In this paper the aim is to introduce a conceptualisation of governance in cross-sector partnerships. This centres on the partnership as the unit of analysis. It is described in three parts. First, tensions are presented to describe how they challenge partnership survival. Next, a description of governance outlines some of the features that contribute to governance in cross-sector partnerships. Governance is described as being present from two perspectives – organisational and partnership, and has two inter-dependent aspects – formal and informal.

Tensions

Researchers have highlighted a number of tensions that individuals face in organisational life. Those specifically associated with organisational governance describe contradictions between third sector boards' conformance and performance roles (Edwards & Cornforth, 2003), encouraging democracy and simple accountability (Meadowcroft, 2007) and between focusing on short and long term objectives (Lynn et al., 2000). Research on inter-organisational network governance highlights tensions between unity and diversity (Saz-Carranza & Ospina, 2010), involvement and efficiency, flexibility and stability, and internal and external legitimacy (Provan & Kenis, 2008). It is clear that tensions present challenges to decision-making and coordination. However to investigate tensions further a few questions are first addressed – what is a tension? And why are tensions important?

Tensions outline relationships between contradictory, conflicting or competing positions. Positions summarise a statement, attitude, opinion, belief or value. Each position promotes attention to one end of a tension at the expense of another e.g. an executive board emphasising organisational conformance rather than organisational performance. This becomes complex as multiple perspectives exist at each position. Organisations and partnerships will each have their own view about what is important in each position based on their values. These may be similar, complementary or contradict and be inter-organisational or inter-entity. For example an inter-organisational tension may exist between organisations emphasising conformance and performance roles and an inter-entity tension may exist between organisations emphasising conformance and a partnership performance. Tensions present a challenge to participants, yet practically individuals find some point in between competing positions for a partnership to continue (Huxham & Beech, 2003).

The concept of tensions is used to highlight the need for balancing and living with multiple positions to sustain a partnership. This heeds calls to move beyond simplified and polarised ideas (Cameron & Quinn, 1988) about inter-organisational partnerships (Connelly et al., 2006; Das & Teng, 2000; Håkansson & Ford, 2002; Huxham & Beech, 2003; Saz-Carranza & Ospina, 2010). Partnership outcomes are dependent on multiple positions. Positions are linked to each other, for example trust building and control mechanisms influence each other and both are required to develop confidence between participants (Das & Teng, 1998). In practice, participants consider multiple positions to decide how to develop their partnership. This indicates that participants avoid splitting or undoing tensions by exploring the relationship between each position of a tension. In balancing no one position can dominate – participants live with tensions. Positions are balanced to ensure the continuation and survival of a partnership (Connelly et al., 2006; Das & Teng, 2000).

Tensions are clearly evident in inter-organisational partnerships, yet how do participants address them? And what helps or hinders participants in balancing tensions? These questions evoke the topic of governance. Tensions influence governance structures (Stone et al., 2010) and addressing tensions is a way of governing effectively (Provan & Kenis, 2008; Saz-Carranza & Ospina, 2010). Governance is needed for the survival of cross-sector partnerships (Bryson et al., 2006; Stone et al., 2010). This emphasises that balancing or living with

contradictory positions is a part of governance. Features of governance are explored next to highlight how governance can be conceptualised to address tensions.

Governance – survival in cross-sector partnerships

Governance describes the means to direct, control and coordinate activities in line with an entity's purpose and accountability. Governance 'must occur for a partnership to survive and produce results' (Stone et al., 2010: 312). A conceptualisation of governance is presented through two features: 1. Governance perspective, 2. Formal and informal governance mechanisms. These highlight who governs what and what governance activities are.

Governance perspective

Governance perspective emphasises that governance in partnerships is relational i.e. it involves at least two parties, and is dualist i.e. simultaneously there are organisational and partnership governance structures and processes.

Governance describes relations between parties outlining accountabilities for what and to whom. Organisational governance outlines the relationship between individuals and an organisation. Organisational structures and processes are shaped by legal and regulatory requirements and often focus on an organisation's board or governing body. Traditionally governance is a hierarchical concept carried out through vertical relations e.g. between an executive board and operational management. In contrast, governance of inter-organisational partnerships is less defined. Partnerships have a mixture of vertical and horizontal governance relations (Kooiman, 2010), sometimes with no clear accountable entity (Stone et al., 2010).

Governance exists in multiple entities. In this research there are a number of relevant entities – for example third sector organisations (TSOs), central government, local authorities, and partnerships. In partnerships multiple governance structures and processes exist simultaneously and two perspectives to governance are present – organisational and partnership governance. Participants mediate between organisational and partnership expectations. Accountability is defined and understood differently in organisations and a partnership (Agranoff & McGuire, 2001). They have a dual conflict – negotiating with other participants and with their own organisation (Adams, 1976). Participants balance establishing legitimacy in a partnership and to others outside (Provan & Kenis, 2008; Provan et al., 2008) for a partnership to continue. Both partnership and organisation need to establish legitimacy for survival (DiMaggio & Powell, 1983). Governance in partnerships is hence dualist, there are two distinct perspectives for participants to consider – organisational and partnership.

Formal and informal governance mechanisms

Governance is carried out through formal and informal structures and processes. They act as mechanisms to carrying out governance activities.

Formal aspects of governance

Formal governance covers explicit structures that outline participants' roles and obligations to each other (Lyons & Mehta, 1997) and processes that are carried out through positions of authority (Lynn et al., 2000).

Research on inter-organisational partnerships has highlighted formal governance structures under different terms e.g. formal institutions (Zenger et al., 2002), formal contracts (Lyons & Mehta, 1997; Poppo & Zenger, 2002), formal structures (Lynn et al., 2000; Ring & Van de Ven, 1989). Whilst others highlight formal governance processes of negotiation, agreement, administration (Ring & Van de Ven, 1989) steering and controlling (Das & Teng, 2001; Ouchi, 1977).

Formal aspects of governance intend to direct and make individuals accountable on issues that are known, can be planned for or specified. Formalising is 'a process of codification and enforcement, which is inextricably linked with outcomes, such as contracts rules and procedures' (Vlaar et al., 2006: 1620). Formalising can be seen in a number of ways: a means to facilitate sense-making (Alvarez et al., 2010; Vlaar et al., 2006), as directly dealing with misunderstandings and conflicts (Ring & Van de Ven, 1994), as restoring balance in inter-organisational relationships (Ariño & de la Torre, 1998), and as important for partnership growth (Alvarez et al., 2010).

Informal aspects of governance

Informal governance covers structures and processes relating to participants' social behaviour and informal relationships. These highlight that governance structures include social norms and practices (Ferguson et al., 2005) and that governance processes describe agreeing values, social compliance (Macaulay, 1963; Uzzi, 1997) and direction through sharing information (Poppo et al., 2008).

Informal governance is considered under multiple structural terms e.g. informal institutions (Zenger et al., 2002), informal structures (Lynn et al., 2000), informal dimensions (Ring & Van de Ven, 1989), relational governance (Poppo & Zenger, 2002; Zheng et al., 2008). There are also a number of processes highlighted e.g. building trust (e.g. Gulati, 1995; Larson, 1992; Poppo & Zenger, 2002), and committing to (Ring & Van de Ven, 1989). These emphasise the importance of human judgment (Lynn et al., 2000) and action in governance.

Structures and processes associated with informal governance aim to direct and make participants accountable through less certain, vague or implicit approaches. Behaviour and outcomes are not defined to begin with, boundaries are not set. There is an emphasis on prior knowledge about social values, expectations, and inter-personal interaction to develop and maintain them. Trust is one theme that has dominated academic interests as an approach to governance in inter-organisational settings. Yan and Gray (1994) propose that in addition to trust, common aims, institutionalising goals will mediate the relationship between organisational control and partnership performance. Less attention is given to other themes e.g. reciprocity [a determinant of inter-organisational relations (Oliver, 1990)], or

commitment [key to achieving inter-discipline activities (Jeffrey, 2003)] and group socialisation [how individual and group influence each others' values].

Summary and research development

This is a development paper that brings together initial insights about governance in partnerships involving TSOs. Governance is linked to balancing or living with tensions and is essential for partnership survival. A conceptualisation of governance is presented to investigate how participants address tensions. This highlights two aspects – who tensions occurs between (perspectives) and what governance activities are carried out to balance tensions (structures and processes).

This paper will be developed on both theoretical and empirical aspects. Further theoretical analysis will centre on tensions related to governance and inter-organisational partnerships. This will aim to recognise how tensions may become more or less dominant i.e. looking at their context over time. This will be complemented by exploratory empirical studies that will inform this current conceptualisation of governance. These studies will then be expanded into a cross-case longitudinal investigation to generalise and theorise about governance in cross-sector partnerships involving TSOs.

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