

## **Factors influencing successful collaboration: The case of dKnet.**

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### **ABSTRACT**

*Nonprofit organisations in Australia are facing increasing pressure to collaborate, yet there is still much to be learned about the factors that influence collaboration performance. This research explores a successful collaboration between eight disability services organisations in Victoria, centred on an Internet based knowledge management system. The research seeks to answer the key question: 'What are the factors associated with successful collaboration in this case'? The research confirms a number of factors that have been previously identified in the collaboration performance literature, but also identifies other factors (such as decision-making authority, institutional legitimacy and trust) which are understudied at the present time. The author concludes by drawing implications for nonprofit practitioners, social policy and nonprofit research.*

**Keywords:** interorganisational relations, cooperative strategy, collaborative capability, innovation, not-for-profits.

Managers of nonprofit organisations in Australia face increasing pressure to engage in inter-organisational collaborations. Policy makers, funding partners, nonprofit practitioners and researchers alike are extolling the strategic benefits of collaboration; as an essential path of innovation in the sector (Osborne, 2000; Light, 1998), a strategy for improving financial sustainability and performance (Austin, 2000), even the means to a more just and equitable society (Emerson and Twersky, 1996). However, in practice at least, engaging in inter-organisational collaborations appears easier said than done and, despite a steadily growing number of (mainly overseas based) research studies, much still remains to be learned about collaboration and the factors that influence its success.

Against this backdrop, this paper explores a successful collaboration between eight nonprofit disability services organisations across Victoria. Specifically, it seeks to answer the question 'what are the factors associated with this successful collaboration'? The collaboration at the centre of this research is Disability Knowledge Network (or dKnet for short), a network of nonprofit disability service organisations that share an Internet based knowledge management system (known as eKey™). That system enables dKnet member organisations to develop and

store organisational knowledge in electronic form and to manage associated documentation, while the collaborative arrangement enables member organisations to develop and share organisational knowledge between participating network members. In this paper, the author identifies the factors associated with the successful performance of dKnet, and examines those findings in the light of existing research around the factors underpinning successful collaboration performance.

The paper is organised as follows. Section one provides a brief overview of the literature around collaboration performance and the factors underpinning success. It goes on to outline the method used by the researcher in this particular case. Section two provides some background to dKnet and its outcomes and goes on to describe the factors that have significantly influenced its success. The paper concludes with a discussion of these findings and their implications for practitioners, policy makers and researchers of collaboration.

## **A BRIEF REVIEW OF THE COLLABORATION PERFORMANCE LITERATURE**

Collaboration is the subject of a growing body of research. Within this, there are two distinctive streams – the first which deals with strategic alliances and joint ventures between business organisations (Gray, 2000) and the second which examines cross-sectoral collaborations between nonprofit organisations, business and government organisations (for example, Austin, 2000). Much of the literature focuses on the drivers of collaboration and its benefits for organisations. For example, in the business domain strategic alliances are an important source of competitive advantage (Grant, 2005; Huxham, 1996) while for nonprofit organisations, cross-sector collaboration variously improves social impact (Austin, 2000), facilitates more innovative service delivery (Osborne, 2000; Light, 1998) and builds financial sustainability (Austin, 2000). Yet research also identifies that collaboration is problematic. Strategic alliances are often unstable (Kogut, 1989) and do not generate the desired outcomes

(Kern and Willcocks, 2000). Cross-sectoral alliances are also challenging to maintain, particularly in the face of disparate and sometimes competing interests on the part of stakeholders (Gray, 2000).

A smaller component of collaboration research has sought to understand these challenges and to identify the factors associated with successful collaboration performance. In this latter area, authors have identified a number of factors, some of which are antecedent (that is, which existed prior to the collaboration) and others which relate specifically to the collaborative process.

One set of antecedent factors identified by researchers relate to the characteristics of the partnering organisations. Partner organisations in successful collaborations have a history of collaboration or co-operation in the community (Campbell, Dienemann, Kub, Wurmser and Loy, 1999) and are legitimate leaders in their communities (Sharfman, Gray and Yan, 1991). They have the necessary resources, namely funds, staff, materials and time to devote to the collaborative initiative (Reilly and Peterson, 1997; Mulroy, 1997; Gray 1996), and have skilled leadership to guide the collaborative group (Takahashi and Smutny, 2001). Partner organisations are compatible, sharing a culture of mutual respect, understanding and trust (Shaw, 2003; Hertzlinger, 1997). They pursue a common mission (Shaw, 2003; Austin, 2000) and believe they will benefit from collaboration. Yet they also have the ability to compromise and show flexibility in their dealings with each other (Shaw, 2003).

Social and political factors in the external environment are also important. Successful collaborations typically require support from political leaders, opinion-makers and others who control the valuable resources (Mayfield and Lucas, 2000; McCann and Gray, 1986) and thus give legitimacy to the collaborative initiative. General community support (or at least the absence of opposition) may also be important (Mattesich, Murray-Close and Monsey, 2001).

Other factors that influence successful performance relate specifically to the collaborative process. For example, members develop clear roles and policy guidelines and provide a structure for the collaborative process (Tapper, Kleinman and Nakashian, 1997; Gray, 1996). They share ownership of that process (Reilly and Peterson, 1997) and ensure there is an appropriate pace of development (Rubin, 1998). Within each partner organisation, there are multiple layers of participation in the collaboration (Rubin, 1998; Gray, 1996) and there is open and frequent communication between these partners (Austin, 2000). Frequently those formal channels of communication are accompanied by informal connections as well (Abbott, Jordan and Murtaza, 1995). Power is equally distributed between members (Shaw, 2003; Light, 1998).

Yet, despite this research, a clear understanding of the factors underpinning successful collaboration remains somewhat elusive, and gaps in our knowledge remain. Much of the research around successful performance has focused on cross-sectoral collaborations, yet much collaboration occurs within the nonprofit sector. Are the success factors similar for collaborations exclusively in this domain? Likewise, much of the research to date has focused on collaborations to deliver new and/or improved services to members and clients. Do these same factors apply for collaborations designed to achieve administrative (back office) efficiencies? In addition, in the face of limited local research, can the factors so identified be confirmed in an Australian setting? These questions provide the impetus for this research.

## **METHODOLOGY**

This study provides an analysis of a particular case of collaboration between eight nonprofit disability services organisations in Victoria, Australia. The study is exploratory, designed to identify the factors associated with successful collaboration in a single Australian case. Given the complexity of the phenomena, a case study approach is most useful; case descriptions yield rich information and enable identification and assessment of unexpected patterns which other methodologies may not reveal (Yin, 2003). The cost of this is the increased difficulty associated with making unambiguous conclusions.

The author has used a mix of methods to conduct the research. The primary source of data was in-depth interviews with Chief Executive Officers (CEOs) of the eight participating network members, conducted over a twelve-month period from March 2006 to March 2007. The author interviewed CEOs because they were the ones most directly involved with the collaboration, and had the most comprehensive understanding of the issues facing their organisations. Interviews were semi-structured, organised around key questions designed to explore the process and progress of the collaboration from the perspective of each of the participating member organisations. The author took detailed notes of each 60 to 90 minute interview and sorted this data by content and theme. She then compared these themes across organisations to identify those that were common. She subsequently reported these findings back to the CEOs of participating network members for validation. In addition to interviews, the author consulted dKnet project records including management reports and dKnet usage records, principally for the purposes of data triangulation and validation (Yin, 2003).

The key characteristics of the nonprofit disability services organisations involved in this case are presented in Table 1. To preserve the confidentiality of the organisations used in this research, the author uses fictitious names.

Insert Table 1 here

## **BACKGROUND TO THE CASE: DKNET**

Members established dKnet in July 2005 to purchase an Internet-based knowledge management system, to share the contract costs associated with implementing that system and to develop and share organisational knowledge stored on that system between network members. Presently, collaborating members share quality, compliance and continuous improvement documentation and develop organisational specific documentation (particularly policies, procedures, forms and handbooks). In the future, members plan to develop and share on-line training resources and other learning materials. The collaboration has operated successfully to date, delivering a number of important outcomes for participating members, and for the network as a whole. These outcomes, which constitute the basis for successful performance, are summarised in Table 2.

Insert Table 2 here

## **RESULTS: THE FACTORS INFLUENCING THE SUCCESS OF DKNET**

A number of factors have contributed significantly to the success of dKnet. This section identifies and describes these factors, and they are italicised for ease of reading.

*The collaboration has developed around a very clear and concrete purpose, namely purchasing and implementing the eKey™ knowledge management system at an affordable price. Members also share a secondary, but important goal, of participating in a network of other organisations to share knowledge and information. As challenges have arisen during the life of the project, members have maintained a sharp focus on these two key outcomes.*

*Members see collaboration as in their self-interest.* From the outset, collaborating partners have been able to identify the organisational benefits of accessing eKey™. In particular, the lead agent, A, has been an ardent champion for the product and its benefits, having used the system for several years prior to the collaboration. As members have progressively implemented the system in their organisations, they have experienced the benefits of eKey™ first hand, providing ongoing reinforcement for the system. Members also perceive value from their participation in dKnet in other ways: from the collegial support, to the opportunities for future business development and perceived improvements to their reputation as ‘leading edge’ disability service organisations.

*There is a high level of mutual respect, understanding and trust between all members of the group.* Participating CEOs share a deep understanding and respect for each other, and for the organisations and the organisational values they represent. Clearly, members have built this high level of respect and understanding over time, however they consider that careful recruitment (of ‘like-minded’ organisations) and the structure of the dKnet meetings (which provides time for socialising between members) have been important facilitating factors.

*All members have equal ‘buy-in’ and commitment, and the distribution of power in decision making is equal,* despite the differences that exist between the organisations. It is likely that these factors also contribute significantly to the development of the aforementioned high levels of mutual respect, understanding and trust.

*Members have demonstrated the capacity to adapt to significant change,* including changes to membership and key project activities. This capacity to adapt has been instrumental in enabling the group to overcome particular challenges during the life of the collaboration.



*Members have been prepared to devote very significant resources, especially time, to the project, and to the collaborative process.* Financial costs for members have been substantial, particularly for those that have had to upgrade information technology to implement the eKey™ system. Non-financial investments in the collaborative process (in terms of members' time and effort) have also been very significant. Opportunity costs of the project have also been high. Despite this, members consider that the benefits of participation have clearly outweighed these costs.

*Skilled leadership has been an important component of successful performance.* Members perceive that the chair of the collaborative group has carried out the role with fairness and ability, and accordingly, have given that individual legitimacy. At the same time, members recognise another leadership role, that of 'project champion', in this case, the lead agent of the collaborative. The project champion has played a critical role in recruiting members and in championing the benefits of the core product.

*A favourable policy environment was critical to the start-up of the collaboration.* dKnet was established with the support of a small 'one-off' grant from the Victorian Government's Community Sector Investment Fund. Members are unanimous that they would not have established the collaboration without this particular assistance.

*Members have ownership of the collaborative process as well as its outcomes, and have developed and formalised a clear structure and roles in relation to that process.* Members have devoted considerable resources (especially time and effort) to the group process. Early on, members developed a 'code of conduct' which clarified expectations about the rights and responsibilities of group membership, processes for decision-making, timeliness of communication between members, and strategies for managing challenging issues and behaviours. Members adopted a meeting format that provides time for both business and

social interaction, they appointed a chairperson to convene and manage the meetings and a meeting secretary to manage the meeting agendas, minutes and associated follow-up. This structure has proved effective, and has contributed to the productivity of meetings and the project as a whole.

*Organisational representatives have decision- making authority.* From the project outset, CEOs have represented their organisations. This has ensured that decisions made at steering committee level have been implemented, and it has generated the necessary level of organisational ‘buy-in’. At various times, CEOs have involved other levels of organisational staff in various project elements, however, never in place of CEO involvement.

*There is an appropriate pace of development.* The activities of the collaborative group have adjusted over time to meet the needs and resources of group member organisations. Whilst these adjustments have not impacted adversely on the core objective of the group, they have slowed the implementation of the system to what members perceive, is a more realistic pace.

*There is open and frequent communication between collaborating members,* which occurs both within and outside the regular steering committee meetings. Collaborative group members interact often; they update one another and discuss issues openly. Group members have also established information relationships and communication links beyond the core product and business of the collaborative initiative. This has served to strengthen the group and make members more informed.

## **DISCUSSION AND IMPLICATIONS**

This exploratory analysis provides confirming evidence for many factors that the literature identifies as critical to successful performance of collaborations. Yet there are other factors,

previously identified, which are not apparent in this case and additional factors which appear worthy of further investigation.

In terms of partner characteristics, dKnet confirms that factors such as partners' capacity to contribute significant levels of resources to the project and the compatibility of collaborating organisations are important. Important also, is the presence of skilled leadership. However, in the case of dKnet, it is interesting that skilled leadership is evident in several different roles – that of product champion as well as chairperson; and is not simply the province of one particular individual (as the literature often seems to suggest). dKnet also reinforces the importance of perceived value; partner organisations have recognised the value of collaboration from the outset and they have maintained sharp focus on that value via a commonly shared purpose or mission. Interestingly, the case does not provide particular support for the necessity for multiple layers of participation (participation to date has principally been limited to CEOs) nor for the necessity for partner organisations to be perceived as legitimate leaders in their community. While this may be the case for one or two dKnet members, it does not hold true for all. Perhaps this is sufficient to build confidence and trust in the collaborative process. At the same time, the case points to additional factors, such as the importance of member representatives having authority to make and implement decisions. This factor has not received particular attention in the collaboration literature to date, and may be worthy of additional investigation.

The case also provides supporting evidence for several environmental factors. Certainly, the policy environment provided impetus for establishing the collaboration, yet it has had little impact in terms of shaping the collaboration on an ongoing basis. Very interesting in this case is members' desire for legitimacy. dKnet has succeeded, certainly in part, because member organisations wanted to be successful in the eyes of the principal funding body. This raises

interesting questions around the importance of institutional legitimacy (Suchman, 1995) in the collaboration's development and success.

The research provides strong support for the importance of factors associated with managing the collaborative process. The evidence of clear structure, explicit agreement around roles and responsibilities, ownership of process and appropriate pace of development are all found in the case of dKnet. Trust seems to be particularly important, both in terms of the extent of trust (considerable, in this case) and the nature of that trust, which has progressed from knowledge-based trust earlier in the collaboration to identification-based trust later on (Lewicki and Bunker, 1995). It begs the question: Is it simply 'trust' that is important to successful collaboration performance? or is the nature of trust also important?

In addition to these factors, the research also raises other interesting issues, particularly in relation to the relevance of context and size. For example, are the factors associated with the success of dKnet influenced by the particular motivations of the CEOs (in this case to achieve operational efficiencies in a thinly resourced environment)? If so, then it is likely that the lessons from dKnet can be applied to a range of other networks across the nonprofit sector. In addition, is network size important? dKnet is relatively small, and this may be a facilitating factor. In larger networks, different factors may prove more instrumental to overall success. Despite the exploratory nature of this research, it is significant for nonprofit practitioners, policy makers and researchers. It provides useful insights into one local case of nonprofit collaboration and contributes to our empirical knowledge of an activity that can improve the mission impact and financial sustainability of these organisations. The research also suggests new considerations for collaboration performance (decision-making authority, institutional legitimacy, trust etc) which are currently understudied. On a broader level, this research focuses on an important process in the context of organisations that play an important economic, social and political role in our local communities.

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**Table 1dKnet organisations**

<i>Organisation</i>	<i>No. employees (FTE)</i>	<i>Annual turnover</i>	<i>Location</i>	<i>Current status</i>
A.	40	\$2.5m	Colac	Member since inception
B.	19.74	\$1.35m	Langwarrin, Hastings, Frankston	Member since inception
C	85	\$5.5m	Dandenong, Casey Cardinia	Member since inception
D	14	\$1m	Colac Otway Shire	Member since inception
E	20	\$1.7m	Maryborough	Member since inception
F	100	\$7.9m	Dromana, Red Hill, McCrae, Somerville, Mornington, Mt Eliza, Frankston	Member since inception
G	70	\$5.5m	Ballarat, Ararat, Stawell, Horsham	Joined, by invitation, in October 2005
H	70	\$6m	Warragul, Leongatha, Pakenham, Morwell, Sale, Burley	Joined, by invitation, in September 2006

**Table 2dKnet outputs and outcomes**

<i>eKey™ is operational in all member organisations</i>	The eKey™ system has been adopted and is operational in all member organisations Within each of these organisations, log-in rates are increasing as more content is loaded onto the system
<i>dKnet continues to exist beyond the initial agreement period</i>	The existing Memorandum of Understanding has been replaced by a new legal agreement relating to future dKnet activities
<i>Participation in dKnet has enhanced organisational knowledge</i>	It has provided participating members with the opportunity to audit, review, develop and improve organisational policies, procedures, forms, handbooks and associated materials The system has also provided staff within each of the member organisations with improved access to organisational knowledge held within the eKey™ document management system.
<i>It has improved knowledge sharing between participating member organisations.</i>	It has provided members with opportunities to benchmark organisational materials and processes against other organisations in the network IT has provided participating members with improved sector intelligence, relating to the services provided by other organisations and about other regions within the disability services sector It has also helped members identify other opportunities for business development opportunities both within and outside the disability services sector.
<i>Participation has provided professional development and support for CEOs.</i>	Members have enjoyed the collegial support of other CEOs in the network on both personal and professional levels. This has been particularly valued at a time when peak bodies in the disability sector in Victoria no longer provide formal opportunities for CEO networking.
<i>dKnet has resulted in improved/increased IT infrastructure in several member organisations.</i>	Several member organisations have significantly enhanced information technology (IT) hardware and software to support the eKey™ system Better infrastructure has also provided staff with easier access to knowledge and information generally available on the Internet.
<i>Introduction of eKey™ has improved IT literacy of some employees.</i>	This is particularly evident in those organisations that have invested in new IT or have significantly upgraded IT infrastructure.
<i>Participation in dKnet has also generated efficiencies in some key areas, and small cost savings in several organisations</i>	The network has reduced the amount of time and effort required to develop, control and disseminate organisational documents Improved IT infrastructure in several member organisations has improved the efficiency of some staff and, in several other organisations, the system has reduced the time and effort associated with meeting auditing and compliance requirements (particularly) of external agencies



