Collaboration between non-profit organizations in the provision of social services in Canada

Working together or falling apart?

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Abstract *Explores a conceptual approach to understanding the processes of collaborative relationships. It is applied to a case study of non-profit collaboration. It both uses it to understand the dynamics of collaboration among a group of four non-profit agencies in Canada, which might otherwise have developed competitive relationships, and uses this case study to explore the utility of this conceptual model as an aid to the actual management of such collaboration by practising managers.*

Introduction

In common with governments across the world, the Canadian Government has experienced a period of great transformation over the last decade. Fuelled by a mixture of concerns over the spiralling costs of government and growing distrust of "big government" (for example, Waterfall, 1995), this transformation has involved a combination of "downsizing" government departments and responsibilities and developing alternative, plural, models for the provision of services formerly provided by the state.

Much of the literature which has exhorted the introduction of plural models of public service provision (for example, Pirie, 1988; Osborne and Gaebler, 1992) has emphasized the importance of competition as a central component of such pluralism, bringing benefits of increased efficiency and responsiveness to the end-user of public services. Recently, though, this orthodoxy has been questioned, both in the macro-economic literature where the concept of the "new competition" has emphasized the importance of collaboration in economic success (Best, 1990) and in the organization theory literature which has emphasized the cost disincentives of competition compared to collaboration (Ring and Van de Ven, 1992; Alter and Hage, 1993).

Within this context, this paper explores non-profit collaboration in the provision of local public services in Canada – in this case, community-based

services for disadvantaged children and their families in one city in British Columbia. *It should be emphasized that this is an exploratory rather than a summative study*. Its purpose is twofold. First, it explores the nature of inter-organizational collaboration in the provision and management of social services for children and their families in Canada and suggests key issues worthy of further research. Second, it tests the utility of a conceptual approach to understanding the structure and process of collaboration between voluntary and non-profit organizations (VNPOs) in the provision of local public services. This is the model of *collaboration as a multi-phase process* (Murray, 1998).

The paper commences by outlining briefly this model of collaboration and summarizing the research methodology employed. It then describes the collaboration which is the focus of this case study, before applying the model to its analysis. It concludes both by drawing out the key lessons for future collaborations between VNPOs in the provision of public services in Canada and by discussing the utility of the models employed here to help to understand such organizational collaboration.

A model of collaboration
Collaboration as a multi-phase process
Murray (1998; see also Osborne, 1996) draws on significant work in the organization theory domain (including Ring and Van de Ven, 1992; Alter and Hage, 1993) in order to develop an understanding of the collaborative process as a multi-phased series of stages. Each phase of the process has to be successfully negotiated in order to achieve sustainable collaboration. Failure at any stage will not only end a specific collaboration, but also militate against the success of any future collaborative efforts.

Murray argues for a five-stage model of such a collaborative process: the *pre-contact phase*; the *preliminary contact phase*; the *negotiating phase*; the *implementation phase*; and the *evaluation phase*. Finally, Murray isolates four sets of factors which affect the probability of this multi-phase process of collaboration being successfully negotiated. These are concerned with:

(1) the type of collaboration sought;

(2) the characteristics of the organizations entering into the collaboration;

(3) the process of developing and implementing the collaborative process; and

(4) the environmental and contextual factors which impinge on the collaboration.

Research methodology
This paper is based on an exploratory cross-sectional case study of VNPOs – provincial government collaboration in the provision of social services for children and families in "Columbia", a major urban area of approximately 400,000 population in the province of British Columbia in Canada. Fictitious names have been used throughout this paper to preserve the confidentiality of

those involved in the research. It involved a series of interviews with the senior managers of four VNPOs involved in a joint collaboration in the field of child care services, as well as with senior managers of both the provincial Ministry for Children and Families and the local branch of the United Way (an independent North American federated fund-raising and grant-giving organization). These interviews explored the process and progress of the collaboration from the perspective of each organization and considered how its success was to be evaluated.

All interviews were conducted over an intensive four-week period in the summer of 1997. The focus of the study was on senior managers because of their grasp of the strategic issues facing their organizations (Haulrich, 1981). The use of multiple respondents was felt to be important for this study, not only because of the dynamic perspectives that they offered on the collaboration but also because of the data triangulation and validation that they offered to the study overall (Yin, 1989).

The key characteristics of the VNPOs involved in this study are presented in Table I. As can be seen, they were diverse in size and funding patterns, though all had at least 20 per cent funding from the provincial government. The details of the services provided by these agencies, and the impact of government contracting for services on them, has been explored in more detail elsewhere by one of these authors (Osborne, 1998a).

The collaboration described
The focus of this case study is a collaboration between four VNPOs in Columbia, concerned with developing an integrated strategic approach to their

Agency	Structure	Nature of services	Annual budget (1996/97)
A	Over 100 paid staff, plus over 200 volunteers	Range of programmes around four themes: child care support, health and wellbeing, young people at risk, sport for young people	$2,000,000 (24%) [10%]
B	15 paid staff plus a fluctuating number of volunteers	Detached youth work	$386,880 (50%) [10%]
C	60 paid staff	Youth support services on behalf of provincial government: alternatives to custody; school counselling; employment programmes, etc.	$496,331 (99%) [0%]
D	Five paid staff plus over 200 volunteers	Befriending service for deprived children	$250,640 (20%) [40%]

Notes: ( ) = Percentage of this received from provincial government
[ ] = Percentage received from the United Way

Table I.
Organizational characteristics

role in providing child care services. At the time of the study, all four agencies were experiencing pressure from their external funders to demonstrate both their effectiveness and their distinctive (as opposed to overlapping) contribution to service provision. Two of the chief funders of the agencies studied, the provincial government and the United Way, were experiencing financial stringencies.

At the government level, financial and ideological pressures had begun the privatization of social services in British Columbia in 1982, and this trend accelerated in the early 1990s (Prince, 1996; Ruff, 1996). The United Way was also facing pressures to rationalise its own funding procedures and demonstrate greater effectiveness in its funding of non-profit organizations (United Way, 1995). As a consequence, both agencies were concerned with ensuring that their resources were being allocated as efficiently as possible. This resulted in pressure on the four non-profit organizations discussed here to reduce the perceived potential for overlap and (wasteful) duplication in plural service provision.

Interestingly, in this study, the response of the key managers in both the provincial government and the United Way to these pressures was the attempt to develop a more collaborate approach to service delivery, rather than to increase competition. They expressed the belief that competition among agencies to provide the same service would lead not to cost-efficiency but rather to a wasteful duplication of effort:

> We haven't enough money to give to all our agencies any more, so we need to do it in a different way. We are having to cut back. We did it last year, but not in a rational way, so we're looking for a better process . . . We also need to guard against duplication, it's wasteful. Where there is duplication, we want pooling. It's not efficient otherwise. We would prefer the agencies themselves to target different needs, to be honest, rather than to compete for the same services (CEO of Columbia United Way).

> We need to review how we work with non-profit agencies. At the moment we have 12,000 contracts, with 6,000 agencies across the province! Can you believe that? It's just not efficient. We want to reduce the number and enter into more long-term relationships with our agencies, where we can concentrate on helping them have the greatest effect on the community (senior manager of the Provincial Ministry for Children).

The mechanism that both the United Way and the ministry chose was the model of "outcome funding" (Williams and Webb, 1992; United Way, 1995; Plantz et al., 1997). This is where the contracting process and the service evaluation are focused on the achievements of a programme rather than on the levels of inputs and outputs.

Two important themes emerged here. The first, from the United Way, was the perception that the non-profit agencies that they funded might be providing duplicate services. As will be seen, this was a perception not shared by the agencies themselves and one which they sought to change. The second, from the provincial ministry, was the desire to move away from short-term competitive contractual processes and towards longer-term "relational contracting" (Ring and Van de Ven, 1992). This change was believed to offer both explicit savings on the transaction costs (Williamson, 1988) of the

contractual process and the development of longer-term relationships through which to encourage innovation in service delivery (Osborne, 1998b).

For the four VNPOs involved, their perception of the context, not surprisingly perhaps, was somewhat different. While they understood the financial pressures and the need to demonstrate effective use of resources, they believed that there was little actual duplication of services between their agencies. Each organization asserted that it was distinctive, in two ways. The first was in the *loci* and focuses of their work, in terms of serving different geographic communities and/or different client groups. When they met to discuss collaborative activities, therefore, they constructed a matrix within which to put their service delivery. One dimension was concerned with the different kinds of service that was being provided in the community (on a prevention-integration-rehabilitation continuum). The other dimension was concerned with the target group that each was aiming to help (such as children under ten and their families or homeless people living on the streets). They felt this approach demonstrated quite graphically that there was only minimal overlap between their services across those two dimensions, even where the services might have apparently similar names.

The second way in which the agencies studied believed themselves to be distinctive was in terms of their different organizational values and the impact of these on how they delivered services. As one chief executive explained:

> You have to understand that our approach is different from (Organization B). They are more structured – rigid would be my value judgement! But it is important to have these different philosophies working together so we can reach different kids and different needs. This provides a more integrative service overall to the community. So it's some of the same kids we are serving, yes, but in different ways and so we're meeting different needs (CEO of Organization A).

Predictably, this value difference and its import were rather more difficult to convey to the funders of these agencies. As a result, they proposed a collaborative solution to the problem of convincing the funders of their uniqueness. When the annual funding review for the United Way came around, therefore, they requested an initial joint presentation, rather than separate ones. This joint presentation mapped their services against the matrix developed above and led to a discussion of their distinctive service philosophies.

The strategy was a success. Funding from both the United Way and the provincial ministry was maintained for all four agencies at their existing levels, when they might otherwise have been expecting it to be cut. The matrix produced for the presentation also became the basis for further joint work between the agencies. This was predicated on their discovered need to take control of the *outcome funding* model. It became apparent that their funders had only vague ideas of the types of outcomes that they wanted to encourage – or, indeed, what an "outcome" actually was! By developing a range of impact measures for the different service scenarios that they had identified, these four VNPOs hoped to gain a greater say in the service management process. This further collaboration is ongoing.

Analysing the process of collaboration

As described, the model of Murray has five stages. We do not have data on how the organizations perceived one another before they first came in contact (the *pre-contact stage*). However, it was discovered that there was a significant *preliminary contact stage*. The four agencies had all worked with each other within the committee structure of the United Way. This provided a grounding of trust which made coming together for this collaborative effort easier:

> We had a certain level of trust from our past relationships inside the United Way and that certainly helped here. Now this work has taken this relationship further for the future ... Now we know we can work together on organizational issues as well – and that this gets you further than competition. We can build on this (CEO of Organization C).

Because of the initial level of trust established during earlier contacts, the *negotiating stage* of this specific collaboration was less difficult. The direct stimulus to this collaboration had been the need to present a joint approach to the United Way and to the provincial Ministry of Children and Families in their funding reviews. This scenario presented the potential for the four agencies to be pitted against each other in the funding process and the actuality of vastly increased transaction costs for each agency as the funding process moved from a three-year to an annual cycle. Thus the collaboration both increased the negotiating stance of each VNPO in the funding process and decreased their transaction costs.

Out of this specific context arose the need to develop expertise in the management of "outcome evaluation". Given that this form of evaluation was the direction in which many major funders were moving in Columbia, it was felt that gaining early expertise in its management would put the four agencies in a superior position when negotiating, individually or collectively, with their funders.

The *negotiating phase* initially involved the four agencies in exploring the extent to which they could actually trust each other inside the specific context of the collaboration being considered. This was not without its tensions. There was no inevitability about the success of the collaboration and its failure could have led to acrimony and greater competition between the four agencies:

> How did we cope? Well of course there were tensions between collaboration and competition. We had to be open about this and up front. We all knew competition would be our undoing, but it wasn't always easy. We used jokes a lot to bring things into the open and to defuse them. Like, the CEO (of Organization B) is very ambitious, so we used to joke that this was the first step to his kingdom! It enabled us to deal with this without falling out. So we don't have illusions about each other, but know that the way forward for the service and for our agencies is by collaboration ... It doesn't mean that we are close friends of course, but we are good colleagues (CEO of Organization A).

The *implementation stage* of the collaboration concerned the preparation and timing of their first presentation to the United Way. This body was further forward in its funding review than was the provincial ministry. The four CEOs of these VNPOs believed, rightly as it turned out, that influencing the funding

review of the United Way would have a significant impact on the thinking of the provincial government. This presentation was facilitated by several "away days" for the four agencies to prepare the joint presentation.

A crucial aspect here was the attention paid to the issues of defining the boundaries of the collaboration while respecting the integrity of the four agencies as independent organizations. The collaboration did not involve a pooling of funding, but rather a joint framework for individual bids. Thus, once the four agencies had made their joint presentation to the United Way, to establish the framework, they made their individual presentations in relation to their own funding needs. This maintenance of the integrity of organizational boundaries was as essential to the success of this collaboration as was the spanning of these boundaries in developing their collaborative framework.

The final stage of collaboration is that of *evaluation and continuity*. All four agencies were pleased with the outcomes of the collaboration and were committed to further work, especially in developing their expertise in outcome evaluation:

> So we all came together for the joint presentation to the United Way in the first instance, and then the provincial government, so that it (*sic*) could understand the big picture. And it worked. So now we are carrying on meeting, to develop our relationship further (CEO of Organization B).

The second part of this analysis of collaboration involves looking at the collaborative process in terms of the four sets of factors identified by Murray (1998) as affecting the probability of the success of a collaboration. The first factor is the *type of collaboration* sought. In this case it was what Murray calls "Type 2" collaboration – involving joint planning and advocacy but not implying any significant reduction in the autonomy of the agencies involved. Such "Type 2" collaboration is often an essential starting point for more profound, and risky, types of collaboration which involve the sharing of organizational autonomy and resources. For at least two of the organizations concerned (A and C), such organizational sharing was a clear aspiration for the future and was believed to have been facilitated by the success of this initial, less risky, collaboration.

The second set of factors are *organizational*, particularly organizational culture, leadership and structure. Here the four VNPOs shared common values about children and youth which facilitated their coming together. Although they had distinctive cultures and structures, these shared values allowed such differences to be negotiated. It is by no means clear, for example, that future collaboration to develop outcome evaluation methods, which would have to involve partners from the provincial government in addition to VNPOs, would be as successful. This kind of collaboration would be between evaluators and evaluatees and, as Tassie *et al.* have shown (1998), this is particularly difficult to achieve.

The third set of factors are the *processual ones* themselves. Here the collaboration was aided immeasurably by the level of prior contact between the four agencies, by the commitment and direct involvement of the four CEOs in

the collaboration and by the initial level of trust which precluded an over-emphasis on "legal safeguards" with the collaboration. These facilitated its success.

The final set of factors are the *environmental ones*. Again, the embeddedness of these four organizations in a pre-existing informal network of VNPOs facilitated the easy initiation of this collaboration, as did the common external pressure of the changing expectations of their funders. Significantly, this pressure was "moderate" rather than "extreme" – that is, the United Way was at the beginning of a funding review process concerned with rationalisation rather than drastic cuts. As Plant (1987) has argued, "moderate" anxiety (which this review produced) increases individual and organizational willingness to change, while "extreme anxiety" (which a more drastic approach would have induced) can breed panic and a closed mentality which precludes a willingness to change. This willingness to change allowed these four organizations to consider new options for organizational collaboration as a response to their changing environment.

Conclusions
This paper has examined the genesis and management of a collaboration between four VNPOs involved in providing social services in British Columbia, and has explored the utility of the processual model of Murray in doing this. The significance of this paper is threefold.

First, as the plural model of the delivery of local public, and particularly social, services by multiple VNPOs is developed further by governments seeking to withdraw from direct service delivery, the necessity for such collaboration is likely to increase. This exploratory paper has been a contribution to our understanding of the process of such collaboration. From the point of view of the VNPOs concerned, such collaboration can provide legitimacy and leverage in developing relationships with their key external stake-holders. DiMaggio and Powell (1988) (see also Singh *et al.*, 1991; Tucker *et al.*, 1992) have demonstrated how the requirements of these key stake-holders can lead to isomorphism and the loss of organizational distinctiveness. In this case, the collaboration of the four agencies studied enabled them to maintain, and indeed to promote, both their common *and* distinctive values in the face of such institutional pressure. It also provided them with the potential for greater influence and leverage on their institutional environment through their pooled influence.

Such collaboration as this one helps to lay the foundation for future collaboration at a more significant service level, involving the joint planning and provision of services. As Ring and Van de Ven (1992) have noted, the trust required for such significant collaboration is not given but has to be built up over a period. Collaborations such as the one discussed here are an essential starting point for this building process.

This said, however, a note of caution must be introduced to this analysis. The success of future collaborative efforts will not be the product of past successes, or failures, alone. While this past history is an essential precursor to

a collaborative venture, each episode will be embedded also in its own context and process and will continue to be influenced by the four sets of processual factors identified by Murray.

For example, this study was based around a need for a collaborative effort which all four VNPOs could view positively. However, if the pressure from their external stake-holders had been more divisive, such as by pushing for unlooked-for mergers or pooling of resources, then it would have been far more difficult to initiate collaboration or to build on positive experience from the past. No matter how much goodwill and trust are developed through prior collaboration, each new venture continues to be embedded within its own context and the pressures engendered by that context are significant in its development. Rather than being a simple causal relationship between pre-history and context, what needs to be understood is the dynamic interaction of these two forces.

The second area of significance for this paper is the extent to which it has demonstrated the utility of the Murray conceptual framework for understanding the nature of collaborative ventures. Such frameworks, it is argued here, are of import both for researchers seeking to understand collaborative ventures, and for those practitioners seeking to manage them. This exploratory study has hopefully been a contribution to developing a research and management framework for this field.

The final area of significance for this paper is therefore the potential guidance that this processual approach to understanding collaboration offers to strategic managers as to how to successfully manage it. We would highlight five issues in particular. These are the need to:

(1) build on existing relationships whenever possible – if this is not possible, then to allow more time to develop the necessary relationships before launching into the actual negotiations and the initial stages of collaboration;

(2) build from limited collaborations, which involve limited challenges to organizational autonomy, and toward more significant (and risky) ones;

(3) be explicit about organizational and personal goals within a collaboration and to look for congruence between them while not trying to force them, or expect them, to be the same;

(4) accept that competitive tensions will continue to be a legitimate part of collaborative ventures and need to be recognized and managed, not ignored; and

(5) be aware of the impact of external factors on the success of collaborative ventures – they do not exist in a vacuum, but are embedded in a context.

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