Conclusion: building collaborative capabilities

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Abstract
The aim of this volume is to explore how history can help us to understand more fully the nature of those factors that undermine or enhance the effectiveness of inter-organisational relationships and to provide guidelines for participants in these types of ventures. The authors believe that the past is a valuable laboratory in which to examine cooperative phenomena because, unlike a perspective founded solely on current practice, it enables us to see the outcomes of experiments conducted by others. Moreover, historical analysis calls for the ‘contextualisation’ of the experiments, and the sensitivity that is required for this exercise—and the enhanced powers of intuition that stem from it—are useful in gaining a ‘feel’ for how these agreements really work.

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Conclusion: Building Collaborative Capabilities

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The aim of this volume is to explore how history can help us to understand more fully the nature of those factors that undermine or enhance the effectiveness of inter-organisational relationships and to provide guidelines for participants in these types of ventures. The authors believe that the past is a valuable laboratory in which to examine cooperative phenomena because, unlike a perspective founded solely on current practice, it enables us to see the outcomes of experiments conducted by others. Moreover, historical analysis calls for the ‘contextualisation’ of the experiments, and the sensitivity that is required for this exercise—and the enhanced powers of intuition that stem from it—are useful in gaining a ‘feel’ for how these agreements really work. The results are not always measurable, but the process of observation strengthens our perceptive and imaginative capabilities. Conceptual grounding, combined with empirical results and intuition generate a formidable depth of understanding. Indeed, collaboration depends on practitioners themselves developing similar complementary capabilities.

The assumption that we can learn from history, even though circumstances are of course never exactly the same, is somewhat analogous to the belief that people can learn to collaborate. Whether such capacity is necessarily or primarily inherent is unknown; what is certain is that it can be developed, and aspects of it can be taught.

The chapters above suggest a method of instruction. It combines conceptual training with closely mentored apprenticeship or some form of acculturation that provides guided learning, opportunities to practice and instruction by personal example. The attributes imparted include a frame of reference that combines openness, flexibility, perspicacity, reflection and creativity. The outcome will be a valuable type of human capital with highly developed communication skills and diplomatic acumen. But these attributes are capable of continuous enhancement and life-long development.

The conceptual elements are suggested in the first two chapters, which take communication as the essential starting point. The first contribution highlights the fact that an economy is a system of structured information flows that prospective bargainers must navigate. Cognitive and physical infrastructures support various possible courses. Recognition of these constructs in both their public and purpose-built forms alerts us to where to look for potential partners and how to structure interaction with them. The frameworks, especially those that are public, did not arise by accident. They were consciously designed and evolved over time in response to changing circumstances. Most seasoned collaborators instinctively know about these communicating infrastructures, but considering them with analytical detachment promotes a more informed appreciation of their potential for application. Thus, being aware of the constituent parts and how these elements can be manipulated creatively to mobilise specific types of incentives serves to accelerate one along the road to effective collaboration. This awareness, when combined with an understanding of the need to pursue communicating economies and benefits within a context shaped by communicative rationality, rather than calculative rationality, provides a necessary background for developing structures and processes.

Pursuing process further, Clegg and Pitsis emphasise the importance of having a distinctive ‘mindset’ in generating effective collaboration. As they say, being comfortable when working with ambiguity and uncertainty rather than trying to control the uncontrollable is wise. Seeking out partners with a similar outlook is also vital. By doing so, collaborators can share authority and synthesise their
complementary capabilities. These authors highlight the potential of heterarchy, that is a framework in which partners share power, in contrast to hierarchy, where authority is vested at the top of an organisational construct. Here, discursive rationality, a more focused form of communicative rationality, shapes interaction. Partners can employ a series of building blocks that in a more specific way complement the elements that make up the overarching communication infrastructures, especially those related to the professions. Yet, heterarchy, like all constructs, has its limitations; it appears to be best suited to relatively small units that rely upon norms characteristic of the professional partnerships. These organisations have advantages in harnessing tacit knowledge, and their proliferation across an increasing number of knowledge-intensive occupations suggests that they represent a powerful source of future economic growth. Moreover, the spirit of heterarchy is well suited to public–private sector interactions, which are also of growing importance in many countries. The disappointing performance recorded by many of these collaborations hold important lessons for those seeking instruction in the ‘art of aligning’ while heterarchy alerts them to the fact that a range of alternative organisational and procedural frameworks are available for employment when seeking to blend capabilities across sectoral boundaries.

The issue of power, specifically within the public–private sphere, is the main subject of the chapter by Ryan and Brown. Students of collaboration can observe that variations in the design of formal contracts, as distinct from informal or implicit understandings, have significant implications for the distribution of power. Authority can be secured through seizing the initiative by installing governing norms or owning the levers that control funding or resources. Alternatively, willingly eschewing command of such control devices paves the way to effective collaboration. Here, the language used in formal agreements has a special symbolic importance that should alert us to the impact of implicit transmissions within the context of communicative rationality. Indeed, cooperation depends upon ‘the willingness to sacrifice some sovereignty’, to use the laden phrase coined by Richardson (1972). Applying these insights in particular circumstances shaped by distinctive legacies and path dependencies will help to establish and preserve legitimacy.

Mann’s chapter considers a specific form of public–private partnership—that between universities and industry. Here, very different legacies and cognitive frames present formidable challenges to realising the full potential of innovation and intellectual property development. The discussion highlights the intimate relationship between the level of prevailing trust and the form of the contract arranged by participants. The selected balance should be directed towards addressing risk, employing complementary control mechanisms, and making adjustments as time passes. Indeed, Mann provides a range of suggestions to help practitioners at various stages in a cooperative partnership. These include specific factors, such as ensuring that collaboration focuses on a proposition that has strong potential, selecting partners with complementary assets, limiting the number of participants, employing senior people in each organisation to champion the venture, adopting an incremental approach, mobilising multiple inter-organisational links and, if possible, finding a suitable partner that is close by in order to facilitate ongoing communication. More generally, Mann cautions us that building trust takes time, training senior collaborators in ‘how to co-operate’ should be a condition of government funding and young researchers should undergo a similar form of induction. Government should find ways of actively facilitating cooperation and employing incentives to the same end.

Cooperation within government is the subject of the next chapter. Singleton examines relations between central banks, treasury officers and elected officials in Australia and New Zealand over an extended period of time during which different policy regimes prevailed. He identifies periods of direct confrontation that produced adverse outcomes for sustained periods, but from which subsequent leaders learned valuable lessons. Even though participants were forced to work together, the quality of interpersonal relations and communication was important. The chapter emphasises that a partnership can be effective even though those involved held different viewpoints and were not necessarily friends. Accepting discursive rationality and congruent goals ensured that relations were productive. Being friends helped but it was not fundamentally necessary for a partnership as long as those involved observed similar objectives and approaches. The story highlights the value of occupational affiliation, for economists played an important bridging role between the
different organisations. Singleton also charts how changes in economic thinking, ideology and political concerns induced changes in the institutional trajectories that in turn shaped the relationship between the reserve banks and government. In keeping with international trends the approach now is characterised by reserve bank autonomy.

Shanahan traces the course of broad shifts in institutional arrangements and the interplay of organisations in the labour market. In this arena, a distinctly Antipodean approach gave way to one more closely aligned to overseas practices based on direct bargaining. He explains shifts in institutional arrangements in terms of changing macroeconomic conditions and evolving perceptions of the cost of operating existing arrangements. Shanahan emphasises that perceptions, rather than actual results, are what really matter. Similarly, following North, he cautions that the ground rules governing relationships need to be managed carefully. Changing formal regulations, or laws, is a straightforward undertaking, but maintaining congruence with the informal rules based on conceptions of equity is the key to gaining broad based acceptance for change. Thus, his analysis of shifts in path dependencies highlights elements of change and continuity; the latter ensured a measure of legitimacy.

Dynamic forces at a microeconomic level occupy the next chapter. Mowatt examines the operation of supply chains in the highly turbulent arena of consumer products, magazines and food, where constantly changing tastes, high expectations and transient fads keep co-operators fully occupied. Here, the focus is on rapid innovation and cost effectiveness, and supply chains consisting of multiple partners employ innovation and control networks to keep abreast of direct patterns of change. Mowatt’s contrasting cases show disjunction between these two structures in the grocery trade, where innovation networks operate in a relational manner with a view to long-term affiliation, while the control network is characterised by the application of unilateral power. In the magazine sector the two networks operate with much more open-ended collaboration. The chapter also highlights the supporting role of electronic communication technology in the coordination of innovative activities and routine operations.

Ville and Merrett analyse the activities of another type of intermediary organisation, the Melbourne Wool Brokers Association. They temper the prevailing view that industry associations exist solely, or predominantly, to control prices by showing how the MWBA achieved significant scale and scope efficiencies. The association did so, in part, by designing its communication channels to provide bridging and ‘hubbing’ functions. Communication was also supported by considerable investment in social capital and by common affiliations arising from location, culture and shared social activities. These factors encouraged the use of informal adjudication when differences arose. Cooperation was sustained within an environment characterised by major changes rather than on-going turbulence. The MWBA pursued dual objectives; it did mute the force of competition but it also played a creative role in achieving important efficiencies. Its effective design of communication channels that suited the constituents so well was the key to reaching this result.

**Practical considerations**

While the chapters in this volume address common themes and provide contrasting examples of structures, processes and outcomes, they also furnish guidelines or suggestions that may assist those who cooperate or those who contemplate engaging in collaborative endeavours. Here, we identify some practical considerations that are relevant at particular stages of the cooperative process:

Getting started: The cases above suggest that finding a partner with complementary assets or attributes is vital. Articulating a valuable and viable goal to pursue in consort and ensuring that participants share congruent expectations are also fundamentally important. How many participants should be involved? Our evidence suggests that relatively few simplifies communicating and may be particularly advisable when one first embarks on a course of collaboration. However, the number of participants depends upon the nature of the goal and the need for wide-ranging capabilities. Selecting partners who share a common affiliation should reduce the risks inherent in including larger numbers.

Where might suitable partners be found? The concept of communicating infrastructure is helpful in this regard. Direct contact can be established through any number of social or business venues. Intermediaries, such as bankers, business brokers, government agencies, and chambers of commerce may provide assistance. These
connections may also provide multiple references that can be used to confirm or refute initial impressions gained from direct interaction with a prospective partner. Taking time to get to know one’s partner(s) is important—‘trust takes time’.

**Context**: Our evidence suggests that considering the prevailing institutional environment is essential. As is the case with communicating infrastructures, experienced collaborators instinctively recognise the institutional background in which they operate. However, a knowledge of history and familiarity with salient concepts from sociology and economics enhances our ability to recognise different frames of reference and increases our capacity for understanding sympathetically how they provide bases for establishing congruence and legitimacy. Such a background will inform and focus communication aimed at establishing what each party recognises in terms of norms, rules and informal understandings. Understanding similarities and differences will provide a platform for applying discursive rationality.

**Communication**: Our findings suggest that this is the single most important factor in effective cooperation. At the outset of a venture, collaborators need to devote close attention to designing channels for formal communication between participants and outsiders. It is wise to appoint specific people, especially senior figures from each organisation, to coordinate transmissions. Common occupational, social or cultural ties can be employed to create bridges across organisational or institutional boundaries. Similar links installed at several organisational levels may generate more broadly based commitment, but they may also increase the complexity and costs of communication. Establishing guidelines to govern formal transmissions may mitigate these expenses. More importantly, rules for informal communication should be established or participants should be inculturated with appropriate values. ‘Side-conversations’ can create opacity; building trust depends on transparency.

Timeliness is important because gaps in communication create corrosive uncertainty. Collaborators face a trade-off when they consider employing different means of communication. Electronic media provides responsiveness but it cannot match the depth of understanding that comes from face-to-face meetings. Establishing friendships facilitates collaboration but it is not always necessary. However, communicating to understand your partner is vital. Every individual operates in two capacities, as a person in their own right and as a representative of their own organisation.

Time spent communicating is an essential investment, but a trade-off arises between the amount of time spent building trust and shifting environmental currents that may expose opportunities for only a finite period. Developing a shared understanding of communicating economies and observing or creating a common cognitive map can help to provide a viable balance.

**Culture**: Cultures operate at many levels. There are meta-cultures based on national affiliation or occupation, corporate cultures, and subcultures within any organisation. They are resources that support communication and learning. Just as an individual organisation has a culture, so does a particular partnership. Inter-organisational cultures do not simply evolve; they are amenable to cultivation and purposeful design shaped by discursive rationality.

Collaboration requires a distinctive ‘mindset’ that expects differences to arise but treats them as opportunities to learn something about the project at hand or our partners. Rather than trying to ‘control the uncontrollable’, collaborators should openly discuss sources of uncertainty, risk and ambiguity. Crises, if effectively resolved, often lead to a deeper relationship.

**The politics of interaction**: Business history reveals that favourable reputation takes a long time to build, but can be undermined very quickly. People who occupy positions at communicating interfaces, and therefore act as custodians of an organisation’s reputation, can benefit from specialised training in negotiating and relationship building. By instruction enhances sensitivity to discursive rationality and the etiquette of cooperation. It also helps to ensure that commercial power and information-derived advantages are used judiciously in order to strengthen future relations.

**Legal contract**: Any contract reflects the wider institutional setting that it is embedded within; cross-cultural contracting poses special challenges because parties have been acculturated by different institutional trajectories. Moreover, path dependencies change and call for mutual accommodation and forbearance. Every cooperative venture requires a contract, but how these are negotiated will influence the atmosphere that subsequently envelops a relationship.
Every contract is incomplete, we cannot foresee every possible contingency and imparting the impression that we are overly concerned with minutiae may signal mistrust. Where a source of ambiguity cannot be resolved it may be wise to articulate a process that will govern how it will be handled. Power relations can be built into formal agreements; this is something to consider carefully. In the effective operation of an agreement, it is the spirit rather than the written word that is important. The written word becomes significant when things are going very wrong.

Relationship dynamics: Partnerships are never static. Like friendships or marriages they evolve and hopefully deepen. Participants should be prepared for change and uncertainty. It can come from many sources, external to a partnership or from within. Again, we cannot control the uncontrollable, but we can understand the causes of change and anticipate its consequences. History can help. Nevertheless, despite the best of intentions agreements can break down. It is wise to consider an exit strategy before entering into a collaborative agreement. This does not mean that a partner lacks faith in future success, it just means that they are realistic or prudent. Developing such a strategy helps to identify sources of risk or loss and thereby ensures that we enter into something with our eyes open. Managing a break up is important too. It may pay to be gracious, safeguard reputation and keep future options open.

Trade-offs are an inevitable part of every collaborative endeavour (Boyece 2001). Give-and-take preserves relationships of all types. The aim is not to absorb or subordinate, but to connect effectively with other organisations.

Policy implications
In addition to the practical considerations offered to potential and actual collaborators, we offer some policy implications, a focus fostered by the involvement of the Academy of Social Sciences in Australia, a provider of policy advice to government.

The use of history and interdisciplinarity provides important conceptual insights and policy implications in the field of interorganisational relations. It confirms that relationship building through collaboration rarely comes naturally to organisations and individuals. Left to their own, most people will continue to look inwards and focus on the hierarchical relationships of their prime organisational affiliation, be it the firm, government or another setting. It is frequently a trigger that pushes organisations into collaboration, historically often a crisis. The community may gain from a more active, opportunity-seeking approach.

Policy is important to nourish the benefits of collaboration in ‘normal’ circumstances. The long historical view reveals that there are overarching communicative infrastructures that need to be understood and then harnessed to make connections and build bridges. At the same time, the institutional forces that govern relationships in a nation evolve gradually and are not easily susceptible to sudden changes in the rules of the game; policy must be circumspect, and understand and work with institutional historical foundations.

On the other hand, personalities and their interplay can make a difference in the shorter run. Choosing the right mix matters. While social capital and other sources of cohesion help to smooth relationship building, little of additional value will be achieved without some diversity of opinions and approaches. Thus, a transaction cost minimising environment is not necessarily preferable. More specifically, strong, enduring relationships based on few partners have been shown to generate highly beneficial outcomes. Successful cooperation may be helped by previous collaborative experience or, failing that, the organisation of workshops designed to impart an understanding of working in an environment of structured bargaining. Other educational roles might include the promotion of ethical standards and modes of conduct in business that foster outward-looking cultures based on trust and relationship building, and discourage opportunism. By example and suggestion, government agencies should seek to create within their own jurisdictions cultures that encourage communication, deal making, and fluidity in the stock of prospective bargainers.

Bridging or third party organisations can play a role in building successful inter-organisational collaboration. Such organisations, including, for example, industry associations, should not be viewed as necessarily rent-seeking vehicles of restraint. Among their other roles are quality assurance, education and dispute mediation within an industry. There is a strand in the public policy debate that seeks to promote enhanced levels of communication and cooperation within
Australian industries. Networks, whether organised around associations or ‘flagship’ firms, thrive on and promote trust and cooperation between competitors, suppliers and buyers. Additional support to existing industry and professional organisations in order to help them extend their communication lines within the business sector and with outside constituents is desirable.

The changing technological environment has provided opportunities and challenges in relationship building throughout history, particularly in terms of the nature and context of communication. Electronic communication, for example, facilitates more immediate cross-organisational communication but its role in building effective relationships needs to be carefully considered. The rapidity of ICT development over the last decade may require a reassessment of its impact upon collaboration and an updating of government policy announcements, for example those made in the early 1990s, regarding approaches to business networking.

Finally, and most broadly, in addition to incorporating these insights into policy thinking, simply making people and organisations aware of the range and functions of communicating infrastructures should be a government function.

In this volume we have drawn attention to an area of concern for many organisations and for official policy makers. Our framework analysis and range of applied studies have offered some suggestions as to future directions in practice and policy. Further work, especially empirically based studies, is needed to understand more fully how to build effective inter-organisational relationships.

References

Contributors

Gordon Boyce is Professor in the Faculty of Business and Law at the University of Newcastle, Newcastle, NSW. He is the author of Information Mediation and Institutional Development (Manchester University Press 1995), Co-operative Structures in Global Business (Routledge, 2000), and with Professor Simon Ville, The Development of Modern Business (Palgrave, 2002). His most recent book was commissioned by PSIS, Over Half a Million Careful Owners (Dunmore, 2005). Boyce has also written a number of articles on networks, inter-firm relationships, and cooperative structures. He has won several awards including the Cass Prize (2004), the British Maritime Commission Prize (2000), and the Hartman Fellowship (1995), and he serves on the Boards of several academic societies, including ANZIBA, IJMHI, EHSANZ and IJSMC.