MANAGING DUALITIES IN A COLLABORATIVE NON-PROFIT NETWORK

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ABSTRACT
Existing literature documents the advantages of network formation but also the challenging nature of collaborative networks. In this paper, we propose that there are five dualities that are central to understanding effective management within non-profit networks. These dualities relate to governance, performance, values, employees and leadership. We draw upon the relevant literature as well as the findings of a case study conducted over a two-year period. The case study tracked the implementation of two interventions aimed at improving performance, and included interviews at two network levels. We also outline some strategies that address these dualities.

KEYWORDS: Non-profit sector; collaborative network; dualities; paradoxes; tensions

INTRODUCTION
Government services have been privatised in Australia and many other countries (Dockery & Stromback 2001), but the transition from government ‘hierarchy’ to service delivery by non-government providers has been difficult (Considine 2003). Organisations struggle to improve their performance while still delivering the same services and conforming to government regulations. In this paper we draw upon a case study conducted across a network of collaborating but autonomous organisations. We propose that five dualities are central to understanding the challenges to the effective management of non-profit networks. We explain these dualities and then outline some strategies that address these tensions and may lead to improved performance in non-profit networks.

The contracting out of public employment services led to the contractor organisations becoming more competitive (Dockery & Stromback 2001),...
more accountable for job-seeker outcomes, and more focused on their performance to ensure survival (Burtless 2002). Considine (2003) examined the impact of this change on the service-delivery styles and the mission of non-profit agencies that became contractors. He found a convergence of strategies among different types of agencies (non-profit, for-profit and government-owned), such as higher caseloads, reduced attention to individual job-seekers, and greater 'creaming' of the easiest job-seekers at the expense of the more disadvantaged. Some of these agencies organised themselves into networks of a type seen in many other countries (Alter & Hage 1993; Provan & Milward 2001). In this paper the term 'networks' refers to highly fluid constructs dependent upon ongoing social relations established between members to build the shared values, trust and mutuality that are necessary for collective action (Keast & Brown 2002).

Collaborations between organisations are now commonplace (Eden & Huxham 2001). It is through collaborative relationships that knowledge and other strategically important resources are accessed and created. The goal is to build a 'collaborative advantage', in which multiple organisations together achieve something that individual organisations could not achieve alone (Huxham 2003). Collaborative networks are seen as having an 'organic' ability to adjust and reorganise their patterns and structures to improve their growth, sustainability and resilience (Eisenhardt & Ghemba 2000).

Although there is substantial evidence of the benefits of collaborative relationships, they often encounter difficulties and may fall apart (Thomson & Perry 2006). The phenomenon of 'collaborative inertia', in which the outputs from collaborative arrangements are negligible or extremely slow, or break down completely, has become well known since being identified by Huxham (2003). Non-profit organisations, particularly those dealing with 'vulnerable populations', have traditionally tried to work together (Provan et al. 2002). Yet collaborations that focus around social issues are particularly difficult, due to the ambiguity surrounding the nature of the social issues (Eden & Huxham 2001).

Overall, the literature provides evidence for advantages of network formation, but also documents the challenging nature of collaborative networks. These challenges will be highlighted by an empirical example in the case study described in the following section.

**CASE STUDY ORGANISATION**

Employment Services Corp (ESC), a pseudonym, is a network of member organisations linked together via contractual arrangements to jointly bid
for employment-service contracts. It has a Head Office that administers the contracts and performs related activities. Rather than focusing on the member organisations as the basic unit for managing the network, Head Office follows the approach of a government department and views the work on each contract as being carried out at 'sites' – the employment-service offices in specific geographic locations.

ESC provides employment, training and related services across Australia. It has 160 sites in rural, regional and urban areas. It specialises in assisting the most disadvantaged in the community, including indigenous Australians, people with disabilities and ex-offenders. Its aim is to provide excellent services to job-seekers through the sites, each of which is deeply committed to its own community. ESC's culture acknowledges that sites and the communities they serve are all different from one another.

As each site is part of another organisation – a charity, a religious group, local council or a for-profit organisation – sites are, to varying degrees, influenced by philosophies and procedures that stem from their parent organisation. Therefore, each site may experience three levels of upward accountability: to the government department, to the ESC Head Office and to its parent. Each site has a site manager and employment consultants (the employees who have direct contact with job-seekers), and may have other employees as well. Thus, the network, within its governmental framework, provides a very complex organisational context.

ESC is a loosely coupled organisation with limited communications infrastructure (parent organisations provide telephone and email systems for their sites). Furthermore, Head Office has little detailed information about sites and limited control of resources (as employment decisions and payrolls are handled by parent organisations). Recently, a website that operates as an intranet for the network has been a unifying force, as are the annual national conference and regular site-manager meetings.

Although the ESC Head Office has little control over sites, it has focused on trying to improve performance, because of concerns about site and network survival. During our two-year study, two interventions were initiated by Head Office to try to improve performance. First, it took a strategic decision to encourage more collaboration between sites. This involved the establishment of the website mentioned above, and the scheduling of more joint activities. The advantages Head Office expected included more knowledge-sharing between sites, less reliance on Head Office for training and problem-solving and quicker diffusion of innovative ideas.
However, ‘in an environment of secrecy and with only one purchaser to please, contractors lack incentive to communicate good practice to others’ (Considine 2003: 75). Efforts to build collaboration were only partially successful, as reported in Kan et al. (2006).

The second intervention, carried out the following year, was a pilot program called Intensive Case Management (ICM), aimed at supporting the long-term unemployed so they could move into sustained employment. It was started in response to external changes; as this was a period of low unemployment, it was predominantly the long-term unemployed and disabled clients who still needed assistance. Although ICM was conducted by Head Office, it was based on an approach developed by one of the employment consultants. The program involved providing special training to the participating employment consultants and then assigning them a much smaller caseload so they could spend more time with each job-seeker. Participating employees from different sites were trained together. This program was successful, as reported in Kan et al. (2007).

Some of the case-study findings will be referred to at relevant points in this paper.

**DUALITIES IN NON-PROFIT NETWORK ORGANISATIONS**

In contrast to conventional approaches of searching for orderly relationships, researchers are increasingly being urged to look for tensions or opposing explanations, and then to use them in their theories (Eisenhardt 2000; Lewis 2000). Morgan (1986) pioneered this approach when he argued that many theories about organisations do not match the complexity of the realities in them, and that it is important for theories to confront and manage contradiction and paradox, rather than pretend they do not exist in the situation.

Within the area of non-profit organisations, this approach has been applied very successfully to governing boards. Sundaramurthy and Lewis (2003) point out the paradox, faced by members of governing boards, between controlling and supporting management. Cornforth (2004) draws on competing theoretical perspectives to argue for two additional tensions: between board members acting as representatives and experts, and between the board roles of driving forward organisational performance and ensuring conformance. He concludes that the important question is how to manage the tensions that arise in such complex relationships.
Tensions have also been identified in studies of collaborations and networks (Eden & Huxham 2001; Brown & Keast 2003). Thomson and Perry (2006), when examining the difficulties of collaboration within public management, argue that a number of tensions should be recognised by managers and managed intentionally, in order to collaborate effectively.

The analysis of the case study of the ESC network conducted for this paper will also follow Morgan's (1986) exhortation to examine contradictions instead of ignoring them. It thus contributes to the growing body of non-profit research that takes this approach. Our case-study interviews involved two levels of the network, the sites and Head Office, and therefore provided a rich source of information about tensions within the network.

In this section, we propose that five dualities are central to understanding the challenges to effective management of non-profit networks. They are based on our case study of ESC, as well as the relevant literatures for each of the dualities. The dualities are somewhat inter-related, but we describe them separately because when analysing this kind of complexity, it is often useful to adopt different perspectives.

**Governance: Too Much/Too Little Autonomy**

The term ‘governance’ is defined as the strategic leadership of non-profit organisations (Murray 2001). It generally refers to completion of organisational functions, such as setting directions, ensuring the quality of goods and services, maintaining relations between various internal stakeholders and with external stakeholders, and ensuring responsible oversight of financial and other resources. In many countries, performance of these functions is seen as the role of the board of directors.

ESC is governed by a board of directors, which includes six representatives elected annually by the members, and two non-member directors appointed by the board. In addition, its member organisations directly participate in ESC’s operation through regular regional meetings, an annual conference, an annual CEO’s forum, and various working groups and board committees.

In a network such as ESC that consists of autonomous organisations, the tension related to governance is seen in the balance between too much and too little autonomy. At ESC, during the first intervention, there was evidence of resistance by some of the organisations to attempts by Head Office to build a more collaborative network and to encourage more sharing of information and more joint activities. The implication is that these organisations wanted more autonomy.
There were also signs that these organisations might have too much autonomy. Site managers at poorly performing sites often mentioned the difficulties they encountered when trying to obtain what they perceived as appropriate resources from the CEO of their parent organisation. As mentioned above, contractual arrangements between parent organisations and Head Office permitted the former to control site resources, employee payrolls and communication systems. Head Office took over control of a few sites that were performing poorly, as it was concerned about losing the next round of contracts if the network’s outcomes were too low.

Inequality of power or resources in a network can increase the likelihood that the network will dissolve. The creation of a head office within a network, although often advocated as a means of improving network governance, can add to these inequalities and thus exacerbate these tendencies. The head office is basically another constituent and tends to become more powerful than the other constituents in the network.

Within the public management literature, it has been argued that networks require structural and governance arrangements that are specifically based on relationship principles and practices of negotiation and bargaining (Brown & Keast 2003). It has also been suggested that, within governance frameworks, there is a need to balance the tensions between an organisation’s collaborative advantage and potential partial sacrifice of their (or their members’) priorities (Imperial 2005). The role, scope and desirability of governance is regarded as an emerging field in research on non-profit organisations (Dawson & Dunn 2006).

Performance Criteria: External/Internal Evaluations
Measurement of managerial performance should be undertaken as part of the strategic management process, but it is difficult to quantify performance in third sector organisations as they do not have the simple measure of rate of return on funds and/or share price (Lyons 2001). Such a ‘bottom-line’ performance focus is also generally at odds with the non-profit culture, which largely focuses on an organisation’s mission or ideals, potentially to the detriment of the pragmatism expected in the marketplace. In addition, given the complexity of inter-organisational arrangements, performance measurements are difficult to operationalise (Huxham 2000), especially for those organisations operating in the human services sector.

However, this complexity may not be reflected in the actual performance evaluations currently being used in non-profit networks. Within ESC, external measures of performance prevailed. Performance was ranked on
a nationwide system determined by the government department responsible for employment. Each site was measured separately. Measures were based on job-seeker data entered into government databases via the computer system the government required each site to have. Ranking was based on quantifiable pieces of information: number of job placements, length of time the job-seeker was unemployed, length of time the job-seeker maintained employment, and whether employment was full-time. In this way ESC’s sites performed like an arm of the government department.

This externally imposed evaluation structure had a number of drawbacks. Because it was complex and modified over time, it was difficult for site personnel to understand how to maximise their site’s earnings. This was one reason ESC developed the website and increased site access to information about performance measures. Another drawback was that it focused on individual sites rather than evaluating the network as a whole.

Within the non-profit sector prior to the privatisation of employment services, organisations focused on internal measures that were related to their mission or ideological beliefs when evaluating performance (Jeavons 1992). The information employees needed to determine their own performance could be obtained directly, as they could obtain feedback from the job itself.

Values: Compliance/Service
The ESC case study revealed a tension between compliance and service. This duality was observed most clearly in connection with the second intervention, the ICM pilot program. Unlike other ESC programs, the ICM program set no limits on the amount of time employment consultants could spend with a job-seeker. Thus they were available to job-seekers for extra meetings and continued support – even after re-employment. Though still compliant, the focus of this program was on service-provision.

Participating employment consultants reported that job-seekers became more cooperative, and that their own attitudes towards job-seekers became more positive. One respondent said:

It changed my whole attitude, and that’s pretty amazing. I got back to work and everyone saw the change in me… I’ve always had a positive attitude, but now I’m really trying to bring it out and instil it into the job-seeker, and it’s working great (Kan et al. 2007: 8).

Employment consultants also commented on the benefits of being able to spend more time with job-seekers, allowing them to better understand the
barriers job-seekers face and to prepare them more effectively for sustainable work. The enthusiasm generated by this pilot program was infectious – one respondent described it as a ‘ripple effect’ – with consultants not participating in the ICM pilot also being affected.

Rothschild and Milofsky (2006) draw attention to the importance of understanding the substantive values and ethics that people in the non-profit sector hold; they urge more research into how non-profit organisations can manage to stick to the values, passions and ethics from which they sprang. ESC provides an example of a non-profit network struggling to return to the core values of many of its member organisations.

The ICM program was made possible because of a payment structure for intensive assistance to disadvantaged job-seekers that had been improved after the early years of privatisation (Dockery & Stromback 2001). It is interesting to note that it was an employment consultant – rather than someone from Head Office – who realised that it was possible to spend additional time with an unemployed person and have this time paid for under the prevailing payment structure. Inclusion of this program provided a better balance between compliance and service at ESC.

Employees: Alienated/Supported Modes of Working
It has been argued that many non-profit organisations have a values-expressive character that creates a special context for their management (Jeavons 1992). There is greater emphasis on internalised performance standards, professional codes and a collegiate work culture, and they are more likely to recruit and retain employees whose values and preferred modes of working are congruent with that type of work culture. For these employees, ‘teamwork is important’, they want to be ‘close to the ground’ and they ‘need others for support’ (Onyx & Maclean 1996: 340). A recent study of non-profit sector employees reinforces these findings (Schepers et al. 2005). They conclude that professional efficacy, not money, is the primary motivator, and that these employees are motivated by intrinsic rather than extrinsic rewards. Thus, non-profit-sector employees differ in values and preferred modes of working from other employees.

ESC is an unsatisfactory work environment for many of its employees. Some employment consultants at the sites had problems with using the technology and entering job-seeker data into the databases. As a consequence, much of the training they received was technical rather than being related to their face-to-face work with job-seekers. As Iverson and Burkett (2007) point out, decision-makers in non-profit organisations should avoid overly commodifying business processes, because doing so isolates employees
from the meaning of their work and can decrease their contact with clients, making it a less connecting experience for both clients and employees. It is also noteworthy that communications from Head Office were often referred to by site managers and employment consultants at ESC as ‘directives’.

In contrast to these indicators of alienation, those employment consultants who participated in the ICM pilot often mentioned feeling that they now had increased support from Head Office: ‘... feeling like you’re not alone – there is nothing worse than feeling unsupported’. The case study also found that social networking had increased between the consultants participating in ICM who were not co-located. They did more sharing with, and helping of, participants from other sites. This mode of working better suited employees who preferred a more values-expressive form of organisation.

Leadership: Single/Multiple
Day-to-day interactions between employees present continual challenges for managers in a network such as ESC. This has recently been recognised and addressed within the literature on leadership in organisations that have a networked or organic structure. Avery (2004) argues that new forms of leadership are needed to respond to the growing fragmentation of workers and the complex linkages between employees in these new organisational structures. Previously, she suggests, visionary leadership was considered the most effective strategy for all types of organisations. Within the visionary paradigm, a unified vision provided by a single leader or group dominated an organisation. Avery (2004) suggests that an organic leadership paradigm is more effective in the new networked or organic organisations, and that within the organic paradigm, leadership will need to operate through vision and values that permeate the culture of the entire organisation. Also, organic forms of leadership must operate at many levels in a networked organisation.

Under organic leadership, leaders cease to be central because leadership stems from mutual sense-making processes, and extensive communication processes occur as members make sense of rapidly changing circumstances. Power tends to be shared across members rather than being vested in leaders (Avery 2004: 145). Organisations must be agile and innovative to survive in fast-moving environments, and therefore many organisations are experiencing pressure to move towards an organic paradigm. As they do, it is helpful for them to adopt an approach in which leadership resides in different people, depending on the situation and expertise required (Avery 2004: 152). These organisations are likely to have multiple leaders, and having many leaders is valuable because, when dealing with varied and
dynamic environments, the knowledge and issues become too complicated for only a single or few leaders to understand.

However, few managers or employees have experience with organic forms of leadership, and we can only see the beginnings of these new forms in most organisations. An interesting incident occurred at ESC during the intervention when Head Office was trying to encourage more collaboration between sites. Our study revealed that some site managers had initiated collaboration with other sites. They had visited struggling sites and tried to give them suggestions. But Head Office staff did not explicitly try to build on these site-level initiatives as part of their efforts to encourage more collaboration between sites.

**ADDRESSING THE DUALITIES**

In the previous section we described five dualities that are central to understanding the challenges to effective management of non-profit networks. Conflicting dualities may be resolved in a variety of ways. One side of the duality may overcome the other, resulting in the disappearance of the observed contradiction after a period of time. Or a creative synthesis of the earlier forms may become the stable form (Van de Ven & Poole 1995). We now outline some strategies that might assist managers to cope with these tensions.

**Encourage new forms of leadership**

There is little empirical evidence about how leadership is evolving in multi-level network organisations, so we will use ESC to illustrate this suggestion. Our case study indicates that new forms of leadership are emerging at ESC. All sites studied had shared values and a unifying vision, and site managers' goals included empowering their site employees and encouraging participatory leadership. Thus, the overall organisational culture of ESC and the micro leadership environment do seem to be developing in line with the suggestions given by Avery (2004), described above.

However, with respect to Head Office leadership, the situation is more mixed. Head Office is clearly nurturing the unifying vision and shared values but there is a need for it to move towards a more organic leadership form. This would mean issuing fewer directives and placing more emphasis on cheerleading, integration and facilitation (Avery 2004). Communication from sites back to Head Office was limited, so there should be encouragement of communication in both directions. Also, encouraging the development of multiple leaders at network level, as site managers are doing at site level, is more appropriate for a network.
Broader performance evaluation criteria
The duality identified with respect to performance was whether evaluation is based on external or internal criteria. At ESC, performance was evaluated by external criteria. Network performance was only measured by aggregating the site evaluations, and there was no evaluation of network performance like that reported by Provan et al. (2002).

An alternative way of evaluating performance, suggested by Provan & Milward (2001), is to measure multi-level indicators – at the community, network and organisation/participant levels in a network. This might broaden the basis for evaluation of a site by including input from its community and from its job-seekers, for example. In addition, input from the network’s employees might be included.

Try to reframe governance
The governance duality involves the tension of too much or too little autonomy. Viewed at the network level, the solution to ‘too much autonomy’ would be to try to renegotiate contractual arrangements with members. For example, to solve the resource problems at sites, ESC Head Office could gain control over resources and decisions. However, the network is a decentralised structural form and might collapse if it becomes too centralised.

Viewed from the member/organisation level, the network is too controlling. But network difficulties are often created because structures and processes are imposed externally – say, by a funding body (Huxham 2003). ESC is largely controlled by the contracting government department. This is, therefore, a shared problem that Head Office and members should be trying to handle together.

Managers should try to reframe governance so that emphasis is not on rules, power and control but is instead on jointly solving problems, building relationships and achieving both members’ and network goals. Drawing on collaboration literature, Thomson and Perry (2006) make a similar point. They argue that governance should be about shared responsibility, jointly making decisions and creating structures for reaching agreement through shared power arrangements.

Within a network context, governance needs to be about strategic collaborative decision-making. Thus, traditional structures like governing boards might not be adequate. A structure might be required that is broader and includes other stakeholders; for example, a forum where members can negotiate and try to reach agreement on difficult issues.
Interventions to align levels
The dualities related to compliance/service values and to alienated/supported modes of working might both benefit from organisational interventions that try (a) to achieve better alignment between employees from different network levels, and (b) to improve employees' well-being. One example of an organisational intervention that illustrates this point is coaching psychology. Coaching is aimed at enhancing performance, self-directed learning and well-being. Group coaching has been shown to enhance behavioural flexibility and to facilitate goal attainment (Grant 2003).

CONCLUSION
Transition from government service provision to service delivery by non-government providers has proven to be challenging, and networks of providers have struggled to improve their performance while conforming to government regulations. The case study we drew on tracked one network's attempts to improve performance via two quite different interventions.

Our study of this network was conducted from two perspectives: from the member-organisation sites and from the network's Head Office. By capturing these two perspectives we were better able to understand the tensions faced by managers and employees in this complex workplace. We were also able to understand how network employees from different levels were contributing to solutions to network problems.

Building on the rich data from these two interventions and two network levels, we proposed that dualities related to governance, performance, values, employees and leadership are central to effective management in non-profit networks. Our findings enable managers and other employees in networks to become more aware of the complexities and potential contradictions likely to arise in this type of workplace. Organisations sometimes deal with change by creatively managing dualities arising from the co-existence of traditional and new forms of organising (Palmer et al. 2001). This could be a useful approach for non-profit networks.

Further research is required to assess the generality of these dualities in other non-profit networks, in networks in other sectors, and in other types of organisations in the non-profit sector. Research is also needed to verify the effectiveness of the strategies suggested for coping with the dualities, and to examine the questions that this paper has raised about what governance, leadership and performance should mean within networks.
References


