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The Art of Managing Relationships  
in Interorganizational Collaboration

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# The Art of Managing Relationships in Interorganizational Collaboration

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In this paper, we present and discuss the notion of interorganizational synthesis. Interorganizational synthesis refers to synthesis in the relationships between all organizations involved in a collaborative project. Synthesis is critical if organizations are fully to leverage the benefits of interorganizational collaboration in complex environments. Reviewing other research in management, in areas such as culture, rationality, and language, we show that collaboration is a far more complex task than economic or contractual theories suggest. We then present ten critical building blocks that must be accounted for in the design of interorganizational relations if synthesis is to be realised. Each of these blocks is discussed and the potential risks, and management implications, are also presented.

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## INTRODUCTION

We write this paper from a specific institutional space—ICAN—a key research centre of the University of Technology, Sydney, that focuses on Innovative Collaborations, Alliances and Networks—hence ICAN Research, for short. Over the past six years we have built a portfolio of research into innovative organizational collaborations, networks and alliances, details of which may be found at [www.ican.uts.edu.au](http://www.ican.uts.edu.au).

The definition of collaboration that we work with is taken from the influential work of Barbara Gray. «Interorganizational collaboration [may be defined as a] process through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible» (Gray, 1989: 5). Synthesis between two or more organizations occurs when interorganizational collaborations are effective. While not all interorganizational collaborations are syntheses the best usually are—something new and different is created from the combination of the two parts. Thus, the term “interorganizational synthesis” describes effective interorganizational collaboration because it: 1/implies inter-relations between two or more organizations; and 2/emphasises that what is critical is the degree of synthesis that is achieved between the different organizations. While synthesis is critical, it is surprising that

much of the theorising and research into interorganizational collaboration has tended to gloss over the importance of it in such relations. Huxham (1996) defines such collaboration as a process through which organizations exchange information, change activities, share their resources and enhance capacity for mutual benefit and a common purpose by sharing risks, rewards and responsibilities.

While there are many definitions of interorganizational collaboration, there is a distinct lack of emphasis on the importance that synthesis plays, both as a process and an outcome, in any collaborative relation. By process we refer to strategic practice involved in achieving synthesis in the relationship while by outcome we refer to the observable manifestations of those processes—both intentional and unintentional. For example, establishing open, transparent and shared media of communication that pool information and knowledge will result in a high level of interorganizational and organizational level learning. In this sense when different parties join together, synthesis between many aspects of their relations is critical. Thus in this paper we present what we call “the building blocks of interorganizational synthesis”. These building blocks are the most critical aspects to interorganizational synthesis and are based upon the last five years of in-depth research we have conducted into interorganizational collaboration (see Pitsis, Clegg, Rura-Polley and Marosszeky, 2001; Clegg, Pitsis, Rura-Polley, and Marosszeky, 2002; Pitsis, Clegg, Marosszeky and Rura-Polley, 2003) across a number of projects in the construction, meetings, and events industries.

## **OPERATIONALISING INTERORGANIZATIONAL SYNTHESIS**

Over the past fifteen years, interorganizational collaboration has become a dominant theme for organizational researchers, theorists and practitioners. The complexity, risk and uncertainty that characterize the environment in which contemporary organizations exist require a major change in the way organizations do strategy—specifically, through interorganizational collaboration (Westley and Vredenburg, 1991; Clegg et al, 2002). Interorganizational collaboration (IOC) goes by many names such as strategic alliances, joint ventures, networks and partnerships. In this paper we restrict ourselves to one form of interorganizational collaboration—that of project based alliancing where two or more organizations come together to form a separate but temporary entity to complete a specified project, which we refer to as an “alliance” (Clegg et al 2002).

It is only relatively recently that academics have attempted to theorise about the ontological and epistemological basis of IOC; see, for instance, the two special issues on collaboration that appeared in the *Journal of Applied Behavioral Science* in 1991 (vol. 27, nos. 1 and 2). This was the first systematic attempt to collate, review and discuss contemporary theorising in IOC, yet despite the innovativeness of the articles published in that special issue, the theoretical development of

the nature of relationships in IOCs has remained quite static (see also Parkhe, 1993). We seek to advance the discussion through this article.

## **CULTURE AND INTERORGANIZATIONAL COLLABORATION**

At the outset, we should emphasise that we do not argue that synthesis necessarily requires harmony, as many functionalists and integrationists might argue. Rather, a whole can be made up of fragmented parts. We can see this most clearly through the concept of culture. Often, a strong, integrationist and harmonious culture is presumed to be a *sine qua non* of effective relational synthesis, where both synthesis and culture are regarded as nouns that describe a state of existence. Following Chan (2003), we can suggest that both culture and synthesis should be thought of as verbs rather than nouns, as a way of accounting for what has been done in and around an organization, as a way of making sense of what has been experienced. Thought of in this way, a synthetic culture is far harder to engineer than one might presume. Loosely negotiated, tacit ways of making sense are embedded in specific situations in the organization rather than an all-enveloping structure that somehow contains all who are members. Moreover, empirical coherence need not be a feature of membership as empirical case studies of “divided managers” have shown (Knights and Murray 1994). Every person regulates his or her own position within the cultural spaces created for and around them. Because culture is overwhelmingly situational, culture usually will be quite fragmentary, forming around certain emergent issues and then dissolving. Often, managers will take different sides on these issues and thus be as divided between themselves on some issues as they are united on others. What is important is the extent to which these divisions and unity can be constituted within a negotiated cultural order.

These views are known as the fragmentation perspective and share little with integrationist theorists who argue for the benefits of a strong culture. According to the fragmentation view, few cultures are either clearly consistent or clearly contested. The picture is more likely to be one that represents contradictory and confusing cultures battling for the soul of the organization as well as those of its employees. Individuals in interorganizational relations are more likely to exist in a state of competing cultural interpellations—where they are constantly under competing pressures to identify themselves and their organization with rival conceptions of what is an appropriate cultural identity. In such a situation, «consensus is transient and issue-specific, producing short-lived affinities among individuals that are quickly replaced by a different pattern of affinities, as a different issue draws the attention of cultural members» (Martin and Frost 1996: 609, citing the work of Kreiner and Schultz [1993] on emergent culture in R&D networks as an example). Culture does not make us free, only but confused. Culture is not about a clear, sharp image of corporate and individual identity but deals in the ambiguity of everyday existence in a world of complex

and often only partially shared meaning. Culture, in the organizational theory sense, is an artefact of the methods used to investigate it and the assumptions that make such an investigation possible. Realistically, if you can't define culture clearly, and the people whose culture it is supposed to be don't know what it is, then it can hardly be the cure for corporate ills.

Fragmentation studies report a world in which ambiguity provides a protective shroud from the meaninglessness of everyday organizational life. Meyerson (1991) discovered in her study of researched social workers that «ambiguity pervaded an occupation whose practitioners had to operate in a world where the objectives of social work were unclear, the means to these goals were not specified, and sometimes it wasn't even clear when an intervention had been successful or even what success in this context might have meant» (Martin and Frost 1996: 609). Cynics might say, well, social work: that this is not this surprising, given that the example is social work, an area that is usually under-resourced, in which people have to deal with the many complex problems of often severely dysfunctional clients. However, there are other studies of other cultural contexts, which that are certainly not resource poor, and that have a premium on clarity and detail, but ones in which fragmentary cultures were normal. In one example, the case of the air-traffic controllers Weick (1991) discusses, normal fragmentation produced tragic effects. The air traffic controllers were working at Tenerife airport one foggy night as two jumbo jets manoeuvred in their air space. Pilots, controllers, and cockpit crews struggled to share meaning but failed. The barriers of status and task assignment, not to mention the more general problems of languages spoken, created an organization culture that was mired in fatal ambiguity. The two jets collided, and hundreds of lives were lost not only in the atmospheric but also the cultural fog.

What we take to be crucial from this example is the following: IOCs must design a project-culture that enables differences to be articulated and recognized as well as processed appropriately into action. Briefly put, IOCs will usually be arenas characterised by multiple and conflicting modes of professional rationality, policed by complex systems of surveillance, subject to potential litigation and arbitration, because they are usually contractually framed, and in accomplishing any project, several parties to the contract have to interpret the contractual documents. It is rare that they would do so from anything other than different positions of interest, hence the need for surveillance, arbitration and litigation intended to achieve "goodness of fit" between design conception and project execution (architecturally, the governance model tends to be large-scale Taylorism in the assumption of its conception/execution dynamics). The contemporary shift is to a coherence model being agreed governmentally between the parties to the design (McHugh, 1971).

Governmentality poses an alternative to policing, litigation and arbitration, especially in situations of multiple actors and interests, through the design of a more collective and coherent practical consciousness within which to make sense. Literally, it seeks to make conflicting

modes of rationality redundant by delivering economies in authoritative surveillance through building a collaborative commitment and transparency into the moral fibre of a project. It seeks to constitute each self-interested actor, both individually and organizationally, in such a way that they have something to gain from greater collaboration within the project. It does so by tying individual and organizational bonuses to performance on transparent indicators in such a way as to seek to ensure that no trade-off between the different performance indicators takes place; for instance, getting speedy results through dangerous processes. Indeed, performance becomes translated into performativity—an awareness of always being on view, on stage, on show, in not only what one does but also how one does it. Constituting performativity is the function of transparency, because the more transparent one can make the actual performance of different expert's knowledge and actors the fewer opportunities can arise for them to exert professional prerogative in power games around the detailed interpretation of contracts.

## **RATIONALITY AND INTERORGANIZATIONAL COLLABORATION**

Synthesis is what happens between parties, the processes that connect them, the practices that divide them and the routines that lock them together. Put simply, synthesis is more complex than contractual theories or economic models suggest.

IOC is often viewed as a rational, linear process (Cummings and Worley, 1997) and tend to overlook the dynamic, complex and problematic details inherent within a relationship. Huxham and Vangen (2000), who look at the complexity and dynamics of collaborative relationships and the critical issues in designing collaboration, provide an exception, in their review of literature relating to interorganizational dynamics. However, what is evident in almost all papers on IOC is the lack of adequate consideration of ambiguity, uncertainty and non-linear complexity in the environment within which collaborations operate.

That most IOC papers neglect non-linearity and complexity is hardly surprising. For early modern management theorists such as Fayol (1949: 181), «the soundness and good working order of the body corporate depend on a certain number of conditions termed indiscriminately, principles, laws, rules». Such principles relate to the unity of direction and command centrally exercised by (top) management. Management develops the vision that tells the organization where to go, the strategic intent that gives organization its direction, and, although the world has moved on a great deal since Monsieur Fayol's time, many managers still hold an essentially "master and commander" view of the world.

Decision-making expresses this concept of rationality most precisely. Decision-making is understood as management's task par excellence—the bureaucratic *cogito* (the thinking brain) whose decisions the corporate body should follow. Management makes decisions on strategic

directions; action plans to implement them, and forms of control to evaluate their effect. Usually, the model of decision-making is described as a perfectly well organized, rational, and logical process. First, the problem is defined. Second, all the relevant information that leads to an optimal solution is collected. Third, reviewing the data, management (perhaps with the help of technocratic “experts”) develops several possible solutions. Fourth, evaluating the possible solutions carefully, management makes a decision regarding the optimal solution. Fifth, this solution is implemented in a top-down approach and evaluated constantly by management.

Such constant processes of rational decision making, supported by the latest information technology equipment and an army of analysts and consultants, are meant constantly and incrementally to refine and improve interorganizational processes and products. The problem of recalcitrant organs is solved by turning them into disciplined and reflexive extensions of the corporate body, able to exercise discretion, but in corporately prescribed ways. Although still in powerful circulation in today’s organizations, the model of managerial decision-making discussed above has been challenged by various contributions in management and organization theory. Almost half a century ago, James March and Herbert Simon (1958) doubted whether decision makers really look for optimal solutions. They suggested that they look for “satisficing” solutions. Because of the limited capacity of human information processing, no one could really consider all solutions and then decide which one was the best one—not even a top manager. But top managers, because of their wide experiences, have a raft of comparable cases to draw on for most decision situations, and on the basis of that limited search are able to be rational within the bounds of their own experiences. However, having more experience, these bounds are less constraining than would be the case were lower-order members to do the deciding. In organizational life, a careful analysis of all available information would be impossibly time-consuming, given that time (and motivation for such use of time) is a scarce resource. It is for this reason that satisfactory decisions will be made rather than optimal ones. Simon and March saw people as having “bounded rationality”. By this they meant to establish a distinction with the conception of economic rationalism that was inherent to the orthodox views of economics. The economic view of rationality assumed that the person would make rational decisions based on perfect knowledge about the nature of the phenomenon. This perfect knowledge would be contained in what economists call “price signals”, because all that you would need to know about broadly similar goods in perfectly competitive markets is how much they cost. A rational person would always buy the cheapest product, all other things being constant. This would be the optimal decision. But in complex organizations, Simon and March argued, decision makers work under constraints that make optimal decisions impossible. They have imperfect knowledge because there is insufficient time to collect all the data they need, their information processing capacities are subject to cognitive limitations, they are not sure what they need to know, and so on. The result is that ratio-

nality is “bounded” and decision makers cannot optimize but must “satisfice”—make the best decisions that they can—those that are most satisfactory, based on the information available there and then.

Cohen, March, and Olsen (1972) pushed March and Simon’s critique one step further, announcing that the decision-making process in organizations is organized according to the logic of what they call the garbage can. As they argue provocatively, decisions are made when solutions, problems, participants, and choices flow around and coincide at a certain point. Like garbage in a can, these adjacencies are often purely random. Yesterday’s papers end up stuck to today’s dirty diapers just as downsizing attaches itself to profit forecasts. William Starbuck (1983), to mention a third critical spirit, turned this logic completely upside down and argued that organizations are not so much problem solvers as action generators. Instead of analyzing and deciding rationally how to solve problems, organizations spend most of their time generating problems to which they already have the solutions. It’s much more economical that way. They know how to do what they will do so all they have to do is work out why they will do it. Just think of any consulting business—its solutions to whatever problems occur will be what it offers. Products such as Total Quality Management, Business Process Reengineering, and so on are solutions to almost every problem, and thus it is not so much the problem that drives the solution but the solution already at hand that is waiting to be applied to a variety of different issues.

## **LANGUAGE AND INTERORGANIZATIONAL COLLABORATION**

It is exactly this criticism that is nicely packaged and successfully branded under the label of postmodernism. As Martin Parker (1992: 3) argues, modernism is essentially the belief in rationality: «Modernism is described as having elevated a faith in reason to a level at which it becomes equated with progress. The world is seen as a system, one that comes increasingly under human control as our knowledge of it increases. The common terms for this kind of belief system are positivism, empiricism and science. All share a faith in the power of the mind to understand nature; that which is “out there”. [... At the core of versions of modernism] is a rationalism that is unchallengeable and a faith that it is ultimately possible to communicate the results of enquiry to other rational beings. In contrast, the postmodernist suggests that this is a form of intellectual imperialism that ignores the fundamental uncontrollability of meaning. The “out there” is constructed by our discursive conceptions of it and these conceptions are collectively sustained and continually renegotiated in the process of making sense».

Put simply, modernism is the belief in progress through the rigorous application of rationality to different arenas of life—regardless of whether it is mathematics, organization of people, or decision-making that shapes the future of collaboration. The belief in progress is the essence of early management theory, even up to much theory today.



However, criticisms by Simon, March, Cohen, Olsen, and Weick prepared the ground for postmodernism with its central idea of substituting the concept of rationalities for that of a singular rationality.

What a group of French philosophers and writers, who have been labelled as postmodernists, show is that commonly accepted concepts of rationality are, in fact, just one possible concept, and that there are many other forms of rationality lurking underneath the smooth surface of textbook knowledge and scientific jargon. Different rationalities are enacted in different languages games that constitute realities (Kornberger, Carter and Clegg, Forthcoming). For instance, Jean-François Lyotard (1979) emphasized that we make sense of the world through the use of narratives. In modern times, the dominant narrative was the narrative of science. As we saw above, Taylor and the engineering movement around 1900 was an expression of this belief. However, as Lyotard argues, through this one dominant story we forget and actively repress other potential narratives. As each of these narratives is constituted through different rationalities, we too easily find ourselves in a unified, homogenous universe. The paradox is that trying to achieve synthesis in terms of one strong narrative or culture we can actually end up under-utilizing the separate strengths and narratives that we wanted to bring together in the first place. Using the polyphony that constitutes organizations would mean capitalizing on the fact that outsiders, newcomers, as well as other normally marginalized voices, might be able to offer fresh solutions to old problems (Hamel, 1996). Cultures that embrace rather than repel such strangers and outsiders are a necessary feature of effective collaboration and alliances. In a good organizational culture it is not the strength of uniformity of views that is important but the diversity and innovativeness of such views. There may be a solidaristic view that unity is strength but we think "*Vive la différence*" a better and more revolutionary slogan.

Learning from these bodies of literature in contemporary management theory shows the complexity at work in IOCs. However, complexity and ambiguity might be a part of the solution rather than the problem. One could argue that IOC is useless if there is no complexity. One-dimensional tasks do not need multi-dimensional problem solving approaches. Indeed, ambiguity can lead to some major innovations in problem solving if a person perceives something in a number of possible ways and is not certain how it should be perceived. Rarely do innovations come from certain, unambiguous environments (March, 1988; Christensen, 1997).

What is important in the design of the interorganizational collaboration is that organizations are able to respond to, rather than control, environmental uncertainty (Clegg *et al.*, 2002; Huxham and Vangen, 2000).

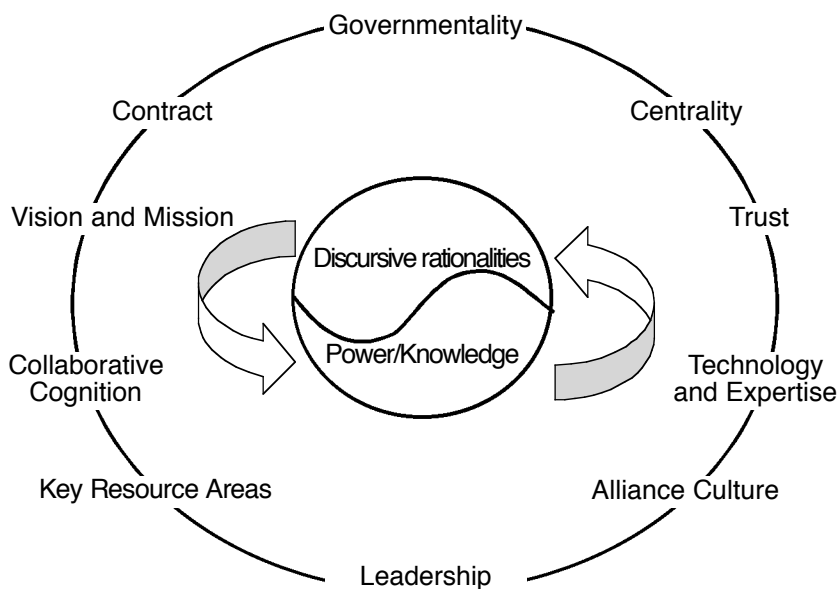
## **THE BUILDING BLOCKS OF ORGANIZATIONAL SYNTHESIS**

We want to use the last section of this paper to offer some guidance to management in terms of key issues in the design and leadership of interorganizational synthesis. While any group of organizations can

form an interorganizational collaboration, interorganizational synthesis is much more difficult to achieve and manage. **Figure 1** represents the building block for interorganizational synthesis. We discuss each of the blocks as well as some of their limitations. The blocks are in no specific order because each is critical to successful interorganizational synthesis—all need to be accounted for in the design and management of interorganizational relationships. It is how these are articulated in terms of different and shared discursive rationalities and the forms of power/knowledge that these exhibit, that shape the degree of interorganizational collaboration—hence the model articulates around a dynamic and tension filled core.

### DISCURSIVE RATIONALITIES AND POWER/KNOWLEDGE

Power is inherent in the structure of alliances in terms of the level of investment and risk each partner commits to the relationship, but some are more centrally involved than others. Centrality has a critical role in synthesis and is inherent in the structure of the relationship, in which partners can have high or low centrality. Centrality is related to power in the sense that it refers to the amount of influence in decision-making and problem solving, as well as right to access rewards and serve out punishment (Hickson, Butler, Cray, Mallory and Wilson, 1986). Identifying and acknowledging the level of power each partner has in the relationship, and the perceived fairness in terms of risk or input from each partner, is critical for interorganizational synthesis. When the partner with the least inputs holds greater power in the relationship it can lead to the minority holding power over the majority. Similarly



**Figure 1.** The Building Blocks of Interorganizational Synthesis

when the majority misuses its power over the minority, synthesis is non-existent—the parts are no longer representative of the whole.

To ensure synthesis, much work has to be done at the front end of the collaborative relationship, for instance, how to share inputs in terms of risk and resources and so matching them to outcomes. Moreover, each partner has to be held accountable, and responsible to outcomes. Providing stakeholders with voice, but no responsibility or accountability is counter productive for they will have access to aspects of the project and the collaboration but are not accountable or responsible to the outcomes. The result is either alienation from the project or worse, the opportunity to undermine the project with no risk of punishment.

Power must always be conceived in terms of knowledge: it is the taken-for-granted veracity of specific knowledges, ranging from various forms of highly classified and framed technical knowledge, to looser forms, within which various power plays are made. These take the form of distinct language games, with their discursive rationalities, which are embedded in specific disciplinary frames. The disciplinary frames may be as explicitly shaped communities of practice such as “engineering” or “accounting”, or they be much more tacit and shaped by the peculiar practices of a specific organization. One thinks, for example, of cases such as the particular performance indicators, targets and bonus arrangements that are organization specific, which can cut across the more explicitly framed rationalities and structure how they are expressed, despite their purely local rather than cosmopolitan provenance. It is how well the synthesis of these forms of power/knowledge and their discursive rationalities is achieved in any specific interorganizational collaboration that will determine its success.

## GOVERNMENTALITY

The concept of governmentality derives from Foucault’s (1979) reciprocal constitution of power techniques and forms of knowledge, as power/knowledge. Conceiving of governing through power and knowledge indicates that it is not possible to study the technologies of power without an analysis of the political rationalities underpinning them. There are two sides to governmentality. Government, above all, concerns the definition and maintenance of borders, as well as the construction of arguments and justification for the forms of rule enacted within these. Government enables a definition of something as a problem and offers certain strategies for addressing the problem. In this way, it also structures specific forms of intervention. To achieve liberal forms of governmentality, one first has to abolish more authoritative governance structures premised on correspondence and substitute ones premised on a more synthetic coherence models.

Governmentality seeks to create conditions in which organizational subjects actively produce their own forms of self-regarding discipline; they produce rationalities that they then enforce consensually on each other. Such rationality is not pure, neutral knowledge that simply “re-

presents" a governing reality but constitutes the realities being addressed. It includes agencies, procedures, institutions, legal forms etc., that are intended to enable us to govern the objects and subjects of rationality. Neo-liberal forms of governance are premised on the active consent and subjugation of subjects, rather than their oppression, domination or external control (Clegg *et al.*, 2002). Their governmentality ensures commitment and followership and fosters inclusiveness, organizational identity, and binds actors to an agreed vision and mission. It is created through the provision of accountability, responsibility and buy-in for all stakeholders. Governmentality is a form of power where management influences behaviour through empowering individuals within a frame of agreed upon norms held to be rational for shaping action. If management is not authentic in this empowering of stakeholders, then it will always be at risk of revolt from those who feel they have been hoaxed into a hollow relationship, although, of course, there are those who would object to and reject any notion of empowerment as other than a minor form of choice as to one's oppression. However, this seems to us to be too individualistic and under-socialized a view of the possibilities for collective and positive action in organizations. Governmentality shapes the expression of forms of being; there are no such forms that can exist outside of governmental frames because, for a social animal, there is no such place to be. One must always live with others in interorganizational collaboration and the key issue is the degree of synthesis one achieves between the otherness of one's own ways of organizational being and those of the others that one relates to.

## CENTRALITY

Centrality is a structural attribute of nodes in a network or more accurately an actor's structural position in a network. Centrality is a measure of the contribution of network position to the importance, influence, prominence of an actor in a network. Centralization refers to the extent to which a network revolves around a single actor node. More specifically, it will be measured as the share of all centrality possessed by the most central node. In a star network, the central point has complete centrality, and all other points have minimum centrality: the star is a maximally centralized graph. The most common studies of centralization have been those associated with the Aston School (Pugh and Hickson, 1976) but there is a need to develop tools for thinking about the degree of centralization of IOCs as well as organizations. In the area of virtual organizations, a start has been made by Ahuja and Carley (1998).

## TRUST

Trust is to have confidence or faith in someone that is based on a probabilistic expectation that they will act in certain ways, and that these ways will be in conformance with a mutually shared interest, rather

than be self-interested in a way that does not take account of the expectations, needs and desires of these others. To trust is to have confidence in how one will be dealt with by the other. It can only be established through experience. Trust can determine the choice of partner or the decision to continue with the partnership. Trust is integral to synthesis. Hence, there should be pre-established agreement upon the boundaries of the scope of the relationship. For example, a person might trust fellow co-workers with issues pertaining to work, but not with issues pertaining to other issues. Similarly relationships in interorganizational collaboration might be synergistic if each organization trusts the other—however, trust is more important in relationships involving new entrants as often trust is established over time, through experience. Trust also has a strong affective component and so is bounded to the expectations of the relationship—hence more reason to establish the expectations early in the project and in detail. Of course, it should be remembered that too much trust could lead to non-questioning of partners and members actions and behaviours. It can lead people to accept things because of implied trust. Some level of suspicion, in reality, is necessary—especially in first time relationships, or once the psychological contract of trust has been broken. According to Robinson and Rousseau (1994), a psychological contract is defined as one's own belief in the reciprocal nature of the exchange relationship between oneself and a third party, based on the promises made or implied in their interactions. Much of Rousseau's work has shown that once a psychological contract is broken, re-building the relationship is extremely difficult.

Trust, therefore, is the essence of an effective and synthetic interorganizational culture. It simply cannot be created on the basis of an absence of trust; no amount of clever legal contracts between two or more fundamentally non-trusting partners will establish trust. As Durkheim (1933) was well aware, what he called the “non-contractual element of the contract”, the non-rational conditions for rational negotiation, assumes a dominant role in shaping commercial life. More contemporary writers have differentiated between trust as a partner's ability to perform according to the intentions and expectations of a relation (competence trust), or their intentions not to defect willingly (behavioural trust) (see, for instance, Nooteboom, 1995).

## TECHNOLOGY AND EXPERTISE

Depending on what the collaboration is meant to produce—be it a technological innovation, construction of a building, or to provide a service—technology and available expertise are critical. Experts are able to adapt and respond to uncertainty because they can use their knowledge and skills to overcome almost any problem. However, the technology they have available is also critical because expertise is embedded also in systems, things and material practices. Collaboration should not be entered into because, as some literature suggests, it is a cheaper way of doing business, but because there is a desire to

achieve excellence at all levels of the project. Collaboration is by no means a “cheap” way of doing business. Indeed, the interplay between experts and technology can be much more expensive than one might initially think. Experts often transform and innovate the existing technology to resolve problems, in real time, in highly uncertain environments.

In our experience, the best projects employ the best people, and are able to keep these people throughout the lifecycle of the project. Often what occurs in collaborations is the movement of staff from one partner organization to another. One would expect this to occur in synergistic relationships. However, this can often be detrimental because the key staff member will leave a parent organization for a partner organization when she or he perceives the parent organization is not providing a suitable working environment to match his or her skills, abilities, needs and wants. This tends to happen in relationships where the parent organization has little experience in working in collaborative projects and has no interest and/or resources for capturing, transferring and utilising knowledge learned from the collaboration into the parent organization. Hence systems must be implemented within the parent organizations that ensure its people feel that their knowledge is valued because their parent organization values, facilitates and fosters the transfer and utilisation of collaborative knowledge. In our experience, strategic human resource management is behind on this issue and we would like to see more research and discussion in this area.

## ALLIANCE CULTURE

As we have seen above, there are almost as many definitions of culture as there are papers on culture. An alliance culture is of critical importance to synthesis, indeed, it is what synthesis is all about. Often alliancing involves the creation of a temporary unified organization made up of disparate partners bound in an explicit framework for disagreement and agreement. It is not a question of creating a unitary or coherent culture but one that can accommodate differences productively. Each organization has its own culture and some theorists have argued that collaborations should select partners based upon a cultural match. We agree with Phillips, Hardy and Lawrence (1998) that simply reconstituting organizational culture into a new arena (like collaborations) really adds little value. Interorganizational collaboration is a prime arena enabling one to design an alliance culture free of the constraints of the existing culture (Clegg *et al.*, 2003)—hence, selecting partners on the basis of culture match may not be as an important endeavour as many might think.

There are professional consultancies that facilitate culture design. There are also certain initiatives organizations can use to build an alliance culture for synthesis. This can include the set up of vision and mission statements, and the design of innovative key performance indicators or key resource areas (KRAs), and enculturation programs like intensive workshops where stakeholders and employees are

trained on KRAs and the interorganizational collaboration vision and mission. However, as pointed out, there is a risk of having too strong a culture. A designer culture can take on cult-like properties where members blindly follow the vision and mission without questioning problems or errors as they occur (see Pitsis *et al.*, 2001). An advantage of any interorganizational culture is that it can be more mechanical than organic in its solidarity, whereas individual organization cultures, carrying the deeply sedimented baggage of their own traditions and histories, are always more organic than mechanic.

## LEADERSHIP

Style of leadership is an important factor for synthesis. Emotional intelligence (EQ) is critical in managing complex human relations (Frost, Dutton, Worline, and Wilson, 2000). Emotional intelligence involves the capacity to perceive emotion, integrate it in thought, to understand it and to manage it (Mayer, 1999). Interorganizational synthesis comes about through high EQ leadership. The high EQ leader is able to read the context, as well as the stakeholder's needs, wants and expectations, which are necessary for successful collaborative relations. Usually multiple leaders are needed where relatedness issues and task issues must be managed. Synthesis is best achieved through a leadership team with a representation of leaders high on EQ, relatedness and also task structure. In collaborative arrangements there is a tendency to overemphasise "getting along" (relatedness) at the expense of "getting it done" (task). Synthesis is not about everyone getting along happily ever after, all the time; it is about getting the socio-technical mix right. The task issues are critical and some style of autocratic or task related leadership is critical to ensure essential tasks are completed on time, and to specification.

Another critical concept to synthesis is the ability for leadership to think about how they contribute, through their organizations, to the economic, social and ecological sustainability of the environment within which they exist (Dunphy and Pitsis, 2003). This goes beyond thinking about the bottom line, to a more spiritual approach to leadership. As such leadership must believe in the principles of the alliancing culture, vision and mission and be able to integrate those with their social responsibility to all stakeholders, directly and indirectly, involved in the interorganizational collaboration.

## KEY RESOURCE AREAS

It cannot be overemphasised how critical is the good design of KRAs. KRAs refer to the core aspects of a project upon which success will be measured. These can include the traditional Key Performance Indicators (KPIs) such as budget and schedule. However, more recently, as projects have become more politicised and open to public scrutiny, and there has been a shift towards more sustainable practices, the KPIs

might also include “community”, “ecology”, and “sustainability”. Obviously the design, operationalization and measurement of KRAs is an area requiring greater research at the academic and practitioner levels, and also greater intellectual investment by management in all organizational forms, not just interorganizational collaborations. The selection, operationalization, implementation, measurement and assessment of KRAs and the associated KPIs are analogous to the design of complex surveys and inventories in the social sciences. Such surveys take years of piloting, with a sample of thousands and are tested for reliability and validity with a range of statistical techniques such as Cronbach Alpha and so on.

Thus, KRAs require great effort in their definition, their operationalization, measurement and analysis. We go as far to argue that KRA design should be a specialist management function, rather than a function of general management as often poorly designed KRAs ultimately can only lead to failure. Of course, the greater the number of KRAs, the greater the demands will be upon management and other staff. Thus, the optimal level of KRAs is a ripe area for future research, however, one might hypothesise that too many KRAs will spread management function too thin and will ultimately lead management to managing “the processes of managing KRAs” rather than actually managing the KRAs.

## COLLABORATIVE COGNITION

We use the term collaborative cognition to refer to a number of inter-related concepts relevant to organizational synthesis. In effect it refers to how learning occurs in collaboration, how information is perceived, processed, and stored and retrieved in organizational memory, such as routines, practices and forms (for an excellent discussion on organizational cognition and memory, see Walsh, 1988; Walsh and Ungson, 1991; Walsh, 1995). Collaborative cognition includes collaborative learning, collaborative knowledge management, knowledge transfer, collaborative memory and collaborative communication.

## COLLABORATIVE LEARNING

Collaborative learning refers to the mutual organizational and inter-organizational level learning occurring within the alliance. Learning assumes a change occurs in the level of knowledge before and after the learning event occurs (i.e., the project). As such, organizations must enter the relationship with the thirst for new knowledge and be committed to the mutual growth of all parent organizations. Learning must be fostered, encouraged and supported through knowledge management systems.

## COLLABORATIVE KNOWLEDGE MANAGEMENT

Sterndale-Bennett (2001: 26-27) define knowledge management «as a conscious decision on the part of an organisation to bring its staff together to help transform well-structured information into an intellec-



tual asset». Collaborative knowledge management involves bringing organizations together to transform collaborative learning into intellectual assets by capturing, storing, retrieving and disseminating knowledge that adds value. Collaborative knowledge management requires appropriate information technologies that foster collaborative relations. It also requires management systems in place that promote and foster the notion of collaborative learning.

#### KNOWLEDGE TRANSFER

Integral to the success of the collaboration and to synthesis is the ability for the collaborative partners to transfer knowledge. First they must be able to transfer the knowledge within each parent organization across the project, and second the parent organizations must be able to transfer the knowledge gained at the interorganizational project level back into the organization. In this sense there has to be specifically designed processes for capturing knowledge and sharing knowledge in addition to the knowledge management tools outlined above. There must be a commitment to knowledge transfer and clear procedures in place in terms of what knowledge is to be captured and transferred and what knowledge is not important. Moreover, all employees, irrespective of seniority or role must be able to see that the parent organization promotes interorganizational level learning, and values that learning by integrating it into the organizations memory.

#### COLLABORATIVE MEMORY

Aside from the individual organizational memory, it is critical that collaborative learning and knowledge is captured and stored in such a way that is easily accessible. Memory in humans serves a critical function for survival. Through trial and error we memorise events that are important for our functioning—what to do, and what not to do, who to trust, who not to trust and so on. Memory in the form of knowledge must then be retrieved and utilised to benefit the current and future collaborative projects. Memory, however, requires attention and thought so the individual members of the interorganizational collaboration are the senses of the alliance—the people are the eyes, ears, nose, skin and mouth, they are all the senses necessary for attention and information processing. Information technologies assist, but ultimately it is how humans remember, perceive and interpret this information that is critical.

#### COLLABORATIVE COMMUNICATION

Finally collaborative communication refers to all formal and informal communication that occurs in the alliance. This includes how communication channels and media are structured within and across the alliance, to and from the alliance and the parent organization, as well as outside the alliance to the broader community. It comes through the form of all verbal and non-verbal communication and is critical to what Karl Weick (2001) calls sensemaking because it is important that synthesis exists in terms of understanding—for example a mutual understanding of what each KRAs means, mutual understanding of the

expectations of the relationship, a mutual understanding between all stakeholders and so on.

Careful attention must be paid to what information is and is not communicated. Consider, for instance, the notion that collaboration will instil trust by making all communication transparent, open and honest. There are implications and unintended consequences of such a strategy. Consider a project where work is highly dependent upon union involvement, what might occur if the alliance leadership team are honest and open up the books, revealing profit or budget—will the union seek wage increases and bonuses for its members as a result, and what possible justification could management have for not increasing workers entitlements? There are many possible scenarios for management in interorganizational relationships. Clearly, achieving synthesis is quite a complex endeavour. It certainly does not involve shared sensemaking so much as forms of sensemaking that can be articulated, one to another, that connect rather more than they divide, and make it feasible that collaboration can go on, can continue, rather than break down. Synthesis through non-shared sense is entirely feasible.

## VISION AND MISSION

Vision is the grand picture of where the collaboration wants to end up at some point in the future. The mission is an identifying statement of the collaborations stated objectives and intentions of how it will get to where it wants to go. Vision and mission is critical in the alignment of relationships in the collaboration. First, together the parent organizations must agree on some common vision and mission in order to make the collaboration feasible; second, the collaboration must be aligned to the parent organizations objectives; and third the individuals within the collaboration must be aligned to the collaborations objectives. So it is important that vision and mission are explicitly stated, and driven throughout the collaboration in order to ensure synthesis.

The vision and mission, aligned with the KRAs and the interorganizational culture will help in unifying and concentrating action towards the established goals of the alliance. A problem with vision and mission is they are more about rhetoric than reality, hence the importance of designing KRAs and KPIs that have basic elements of vision and mission embedded within them—as with any form of goal setting the vision and mission should be specific, measurable, achievable, realistic, and timely. In this way the strategic direction of the parent organizations and the strategic direction of the alliance will be aligned thus making the chances of success in both outcomes and future collaborations much more likely.

A warning on collaborative cognition, however, as we stated earlier the notion of synthesis should not mean one, unified, strong culture and an unquestioned level of shared sense making. We have discussed such challenges elsewhere (Pitsis *et al.*, 2001; Clegg, Kornberger and Pitsis, 2005: Chapters 8-11) but suffice to say that during times of uncer-

tainty, complexity and ambiguity, human beings have a tendency to seek out meaning. They are at risk of attaching too much meaning and reliance upon information that make them feel more comfortable with ambiguity—maybe why astrology is so popular. As such any collaborative cognition should have a level of paranoia built into it—a person, persons or system in the collaboration that questions, plays devil's advocate, and challenges assumptions. Many collaborations attempt to silence such people, but these people should be encouraged and valued.

## Contract

The final building block is the contract, which is roughly defined as the binding agreement between two or more parties often enforceable by law. Typically, contracts are predicated on a climate of mistrust: anticipating that agents will transact with guile, contractors wrote contracts as watertight as possible with contracts often spanning several hundred pages and requiring legal experts to make sense (Williamson, 1979; Clegg *et al.*, 2002). The best alliances have simple contracts, often much less than one hundred pages long. Contract is based more on mutual understanding, trust and a commitment to the vision, mission and objectives of the alliance and identity with the interorganizational culture. This is not to say that people's words are taken at face value, however, the contract is less cumbersome and easier to understand and identify with. As a result, enforcement, therefore, comes through governmentality rather than through overt surveillance and monitoring.

## CONCLUSION

Uncertainty, ambiguity and complexity are the reasons why interorganizational collaborations exist in the first place. Thus, organizations must learn to capitalize on them rather than trying to exclude them. But only through interorganizational synthesis can organizations survive, succeed and innovate in such complex and uncertain conditions. Interorganizational synthesis is comprised of the essential building blocks described above. Once these are put in place, or the effort is made to put them in place, then the flow-ons can be quite significant in intraorganizational terms as well. We do not believe that an interorganizational collaboration can really flourish on the basis of intraorganizational divisions, secrecy and hypocrisy.

Together these are the fundamental building blocks to designing interorganizational collaboration and ensuring interorganizational synthesis in complex, uncertain and ambiguous conditions. Many of the blocks are highly dependent upon each other, but all can be used as a basis upon which management can frame the design of interorganizational synthesis. Irrespective of the forms of interorganizational collaboration, if they do not adequately account for each of these building

blocks they are, in our view, not synthetic relations and will in all likelihood fail. Designing interorganizational collaboration for success is predicated on achieving synthesis. Anyone can establish an interorganizational relationship, but synthesis requires specialised management skills and knowledge in each of the building blocks.

Future research might want to investigate what other critical building blocks exist. For example, we have not directly spoken of issues of planning, or strategy, because these are implied in the KRAs, KPIs, vision and mission, and interorganizational cognition. However, there might be attributes we have not identified in our research. Future research might also want to examine the role of these building blocks in the relationship. Additionally, there is also the perishability of interorganizational collaboration: what are the factors that lead to its decline or dysfunction? Because, just as there are critical factors that enable one to build such collaborations there are also those factors that tear them apart—but this is another story, one that must await some other occasion.

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