

Networked Organizations: Lessons from Case Studies

Manjulika Vaz

Independent researcher-consultant, Bangalore.

As part of a programme of action-research in the area of inter-organizational effectiveness the author's team undertook case studies of several development interventions, capturing a wide variety of experiences across different sectors. The descriptive-qualitative analysis in the case study methodology was achieved through a highly collaborative process. The study concluded with some pointers to theory and methodology. The parallels in business and industry are also evident, e.g., in partnerships, alliances and consortia.

Key words: Organizational Development, Collaborative Processes, NGO.

Rural development programmes are often anchored in an NGO (Non-Governmental Organization) set up to facilitate rural transformation processes. The development project may begin, for convenience, with a chosen "sectoral" thrust (education, income generation, sustainable agriculture, human rights, etc.). In most situations the development intervention remains engaged with that specific sector.

For the development process in a geographical area to be sustained, there is need for collaborative processes (a) across sectoral thrusts, and (b) across groups and organizational entities engaged in these pursuits. Conventional "capacity building" and "Organisational Development (OD)" programmes appear effective in strengthening single groups and organizations. Many NGOs, especially the large ones, undergo such organizational and management development programmes for themselves. However, these interventions appear ill equipped to address inter-organizational management issues and the challenges of multiple-stakeholder functioning. In other words, the available theory and methodology in OD appears effective at the system level of a group or a single organization. A methodology for inter-organizational effectiveness, e.g. in a network, is either weak or non-existent.

A Systems Science Approach to Understanding Collaborative Behaviours

Systems theories in the behavioural, social and biological sciences appear particularly relevant for this subject. The main premise is that no living system (either an organism or an organization) can survive in isolation. There is always a dynamic interaction with the external environment and the 'give and take' relationship results in strong interdependencies. In other words, it is an open system. (e.g., Katz and Kahn, 1969). The entities in the collective that are interdependent in their functions strive to accomplish common goals. Complex systems contain sub-systems which operate in an autonomous way, but again tend to be interdependent and oriented to the overall goal of the larger system (Hassard, 1993). The idea has developed that in an organizational system a set of activities could be linked together in a logical structure to constitute a purposeful whole (Checkland, 1989).

When individuals combine with other individuals to form pairs, small groups, large groups, groups of groups and even larger and more complex groupings, the behaviour of the larger body as a whole acquires its own characteristics, and cannot be 'extrapolated' from the behaviours of the component body (Padaki, 1997). Literature provides very little direct methodology for interventions at the inter-organizational level. Thomas Cummings (1989) calls this the *transorganization* and says that the practices involved here are not simply an extension of Organizational Development but constitute a distinct system level of social organization.

Study Design

As part of a larger programme of action-research in the area of inter-organizational effectiveness the author's team undertook case studies of several development interventions in which networking for collaborative processes had been attempted and, further, there were key indicators of benefit observable from the process. In pursuing this area of work the following terminology has been employed:

The research reported here was carried out when the author was at The P&P Group. The guidance of Vijay Padaki is gratefully acknowledged.

Institution – the organization of organizations.

Institutional Development – planned intervention to enrich transorganizational processes and enhance inter-organizational effectiveness.

The case studies attempted to capture a wide variety of experiences across different sectors. The most important consideration in the choice of programmes for the case studies was for them to have breadth and variety rather than great similarity among them:

- Both established institutions and those in the making, posing questions on their development
- Different “sectoral” or “functional” emphases at the start of the development process
- Both formally organized and informally organized institutions
- Both small and large collectives of groups or organizations
- Both collectives of organisations of similar function or of organizations of inter-related functions or a combination of both
- Some traditional, indigenous, naturally evolved social institutions for comparison.

The collaborative processes were more recent in some of them, and of a longer duration in others. The material for the case studies was collected from visits to the field areas under study; discussions with persons involved in the programme, members of the community and the various other stakeholders; and by studying reports and other documented literature of the organizations concerned.

A Summary of the Cases

There were 7 long case studies and 6 caselets or case leads.

Table 1. A Summary of the Cases

<u>No.</u>	<u>Description of the Case</u>	<u>Location</u>	<u>Main Organization</u>
1.	A nomadic shepherding community, the Kurubas and their livelihood system	Rannebenur, North Karnataka	India Development Services
2.	The marketing of an alternative building technology through a multi-stakeholder approach	Chamarajnar, South Karnataka	Development Alternatives
3.	A tribal co-operative enterprise - integrating community development with natural resource management	Yelandur, South Karnataka	Vivekananda Girijana Kalyan Kendra
4.	A network of organizations committed to sustainable agriculture.	South Tamil Nadu	LEISA secretariat
5.	A Network of over 50 NGO and Community based organization involved in social development programmes.	South India	NESA secretariat
6.	A community grain bank towards an alternative food distribution and local food security system.	Deccan region of Andhra Pradesh	Deccan Development Society
7.	A state level network of rural development organizations.	Karnataka	FEVORD-K
<u>Caselets / case leads</u>			
1.	A Financial Institution For Rural Development		
2.	Indigenous Community Water Management in Tamil Nadu		
3.	Women’s Thrift Co-Operative System		
4.	Mahila Okkoota – a network of women’s groups		
5.	The Pedhi System of Gujarat – traditional non-formal banking		
6.	Childline : a telephone help line for street children in crisis		

Analysis of the Cases

The descriptive-qualitative analysis in the case study methodology was achieved through a highly collaborative process. Once the cases studies were written up, they were sent along with a set of questions (see Appendix 1) to key individuals from each institutional body under study and to a select number of others who were either practitioners or researchers in similar development programmes. Following this, a workshop of two days was held with the case researchers, the case representatives and other invitees. A facilitated, focused group discussion method was used to analyse the cases.

The aim of the analysis was to understand the structures and processes linked to the collaborative behaviours in each case study and arrive at a tentative methodology with a theoretical basis for the effective functioning of organizational collectives.

Some Findings

Institutional Functions

It was seen that organizational collectives succeed in being purposeful and robust by performing certain critical *institutional functions* for and on behalf of the constituent organizations. Some of the more prominent institutional functions appear to be:

- Information base and exchange
- Optimization of gains
- Conflict resolution
- Strategic vision and planning
- Public awareness and education
- Advocacy and lobbying
- Development of norms and accreditation
- Services with shared resources and costs

The Institution as an Organization

It was clear that a network or a collaborative form of linked-up organizations also has an organizational form. Therefore some “laws,” theories and principles of organization might well be applicable to the organization of organizations – e.g. on stages of development, formalization, structure. However, simple extrapolation from single organizations to institutional forms might also be unhelpful – e.g., in the role of the catalyst and in the ownership of institutional roles.

It was seen that an organization of organizations could also be a *virtual* organization – an abstraction, without the features of visibility in infrastructure. Yet, with investments of various resources from its constituent organizations (time, human resources, funds, etc.) the virtual organization needs to be *managed* and *developed*.

Types of collaborative arrangements

The cases could be grouped on the basis of the membership composition in three broad types of institutional settings:

- Community based institutions. These were primarily the collectives of people’s groups at an apex level.
- Multi-activity or multi-interest institutions. Here the member organizations were diverse with different sectoral thrusts, but with complementary strengths and a common agenda for coming together.
- Networks. These were formally called networks, primarily comprising NGOs with membership determined by a fee, eligibility rules, and so on.

Do different institutional types have differences in institutional functions? The case studies suggested that a clustering on those lines appeared probable.

COMMUNITY-BASED

- Material advantage (optimization of resources)
- Optimization of gains
- Developing links and access
- Addressing problems and issues faced by members (conflict resolution)

MULTI-INTEREST

- Optimization of gains
- Joint lobbying/advocacy and action
- Strategic vision and planning

NETWORKS

- Information exchange
- Promotion of values/vision
- Services through shared resources and costs
- Resource mobilization (human and material)
- Capacity building

Two institutional functions were considered especially important in most development programmes:

- Capacity building in the constituency, and;
- Reducing / controlling transaction costs.

A vital balance between the need for conformity and the need for innovation appeared particularly significant. As a matter of fact, it could be regarded the prime organic function of the institution, or a *superordinate institutional function*. In addition, a similar balance appears vital between competitive and collaborative functions. The goals of the collaborative unit are achieved only when the needs of the member organizations are fulfilled and vice versa. This needs to be recognised and accepted early on in the process of collaboration.

Hierarchy of Goals

To be *purposeful*, an organization needs to have ideas about goals, i.e., what it wishes to achieve. Goals are set against a time frame. At a system level higher than that of a single organization the goal is also of a more abstract nature. For example, in the case of the agriculture network (LEISA) the goal is to impact policy at the state government level, to market alternatives to existing inputs and to make agriculture sustainable and the land chemical free. Each of these aims would clearly be unattainable by any single organizations, but definite inroads are being made by the network as a whole. It is clear that collaborative processes are the means to development ends and not ends in themselves.

Values as the Base for Collaboration

True collaboration is grounded in shared values across the participants: the essential similarities over the inevitable differences. The factors that seem to facilitate collaborative behaviours in development programmes are in the realm of values in the given social context:

- Commitment to democratic social structures (vs. authoritarianism)
- Investment in equal opportunity in social processes (vs. inequality)
- Acceptance of collectivistic endeavour (vs. individualism)

Differences in professed and practiced values lead to the breakdown of the collaboration or a failure to reach a truly collaborative state, as in the case of the dissemination of an alternative building technology.

Structure

While single organizations generally have sub-systems that can be called captive members of the organizational system (departments and functional groups “belong” wholly to the organization), social institutions generally have sub-systems that are members of the institutional system in an open and flexible way. The flexibility is in the extent of involvement, in the extent of stake-holding, in the extent of significance given to this membership vis-à-vis other memberships, and so on, with all of these changing over time. (See Figure 1.) Organizational collectives such as networks and federations often adopt a romanticized view of inclusiveness. (“We are all in it together.”) This might be the situation at the time of a commonly perceived crisis when solidarity is high. When the crisis is over, the nature of membership and involvement is of the open type. Implementing (and enforcing) the rules of the game in the two types of membership are obviously two quite different tasks. A commonly accepted value system helps in achieving this in a network.

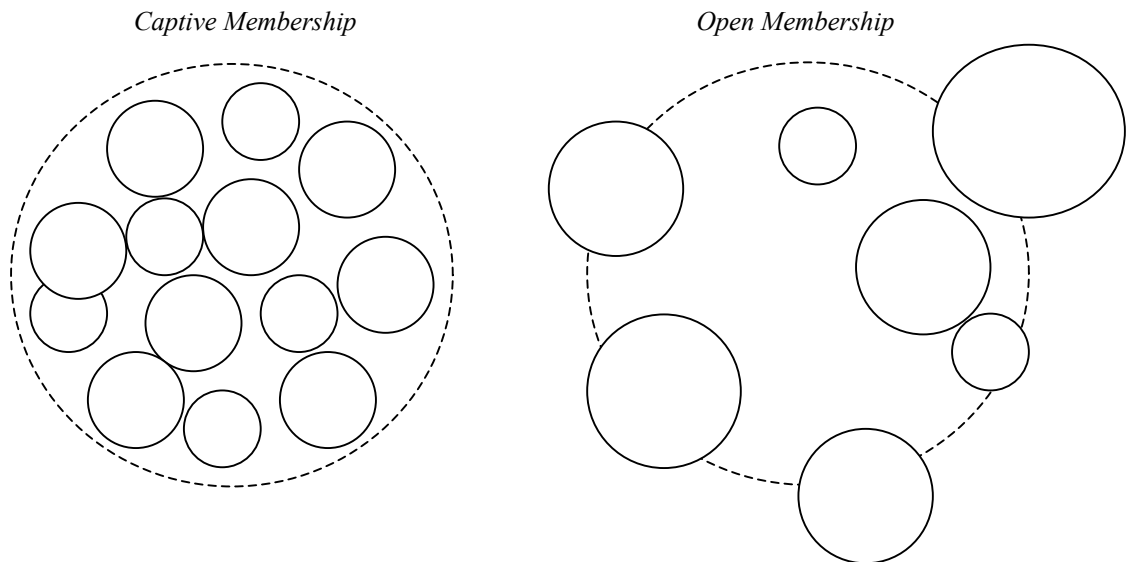


Figure 1: Two Types of System Membership

Typology

There seem to be two broad dimensions in a classification of institutional systems. The first dimension separates *types of players* in the development process. Two broad categories of players are suggested here:

- (1) *Resource organizations* (such as NGOs) networking for support / delivery.

- (2) *Community organizations* for chosen constituencies in the development intervention, such as rural credit groups, women's groups, handloom weaving groups, landless labour groups, and so on.

The second dimension regards the *composition* within an inter-organizational grouping. Two broad categories are suggested here:

- (1) *Vertical* institutional bodies; i.e., a federating structure for organizations with similar pursuits. For instance, weavers groups across several villages may get together in a cooperative body. Next, several such cooperatives may get together at a district level body. Further, several district level bodies may get together in a State level apex body.
- (2) *Lateral* institutional bodies; i.e., a coordinating facility for organizations with distinct but interrelated pursuits. For instance, no matter how well the weavers might be organized, the enterprise of handloom weaving is likely to require inter-organizational processes across bodies of carpenters, cobblers, reelers, weavers, dyers, printers, and so on.

	Resource groups	Community groups
Vertical	1	2
Lateral	4	3

Figure 2. The Composition within an Inter-Organizational Grouping

The four broad types of institutions differ in membership and role in the development process, but have similar needs in the ID process. *The four types of institutions may also be interdependent for the development process to make headway.* For instance, in the case of interventions for reviving handloom weaving:

- weavers groups can have a vertical confederation of their own, but not without collaborations with other stakeholders
- several separate lateral institutional bodies of handloom production, with multiple stakeholders, can also federate vertically.

Formalization

The literature in organization theory regards formalization as a structural variable. There are several “ingredients” of formalization that can help us gauge the extent of formalization. For non-profit organizations in development programmes there are two main connotations of the term formalization:

- The legal-statutory requirement of registration as an organizational entity. (In India, this is usually as a Society or a Trust, and sometimes as a non-profit Private Limited Company),
- The adherence to (and internalization of) rules, regulations, procedures, standards.

In the case of an organizational collective it is the second aspect of formalization that appears important, especially if it has to hold together, and not get fragmented or go adrift.

Registration appears necessary when large volumes of funds are to be managed, funding in foreign exchange is to be received (in India), the scale of operations increases, and when a legal identity is needed for litigations or other statutory procedures.

It appears ideal if formalization occurs as a natural response to an internally felt need, and is not artificially forced from the outside.

Leadership Process

We looked at leadership *process* as a part of the organizational system, and distinct from the term *leader* which connotes a single role. For the networked organizations under study, a *facilitative leadership* process seemed to be the most effective, with multiple-point decision making, rather than expert leadership with single-point decision making. In some of the cases this was performed either by a catalyst organization (or the lead organization) with a provision for the responsibility to be rotated. Terms like “lead organization” or “catalyst group” usually mean one person in that organization playing the role actively and drawing on other people and material resources from there for the endeavour.

Ownership

The case studies provided some useful insights into the nature of ownership in an organization of organizations. For instance,

- Funding does not dictate ownership. On the contrary, ownership appeared to be inversely related to extent of donor support.
- The design of institutional structures and the practices adopted can help build ownership.
- Ownership should have a reason or purpose. In other words, it is linked with the stakes that the constituent groups or organizations have in the outcome. (Some of the institutional functions listed earlier appear to facilitate ownership.)

Some indicators of ownership were:

- Decision making – noticeable initiative and participation
- Responsibilities undertaken/discharged
- Perseverance in handling tasks in a crisis or problem situation
- Continuation of activities even without the catalyst or formal leader
- Balance between self interest and benefits for all (optimization rather than maximization)
- Opportunity to influence the vision of the organization – often utilized
- Deep commitment and wider sharing of purpose and underlying values
- Commitment to developing capital and assets for the collective
- High level of membership (and participation) even without donor funding
- High levels of satisfaction (reflected in growing membership)
- High accountability in membership behaviours.

Stages of Growth

All the case studies suggest that there may be distinct stages of development in the institution from its inception to its full functionality. The stages may even follow a *learning curve*, similar to those seen in group and organizational learning towards adequate levels of competence and performance. (Figure 2.)

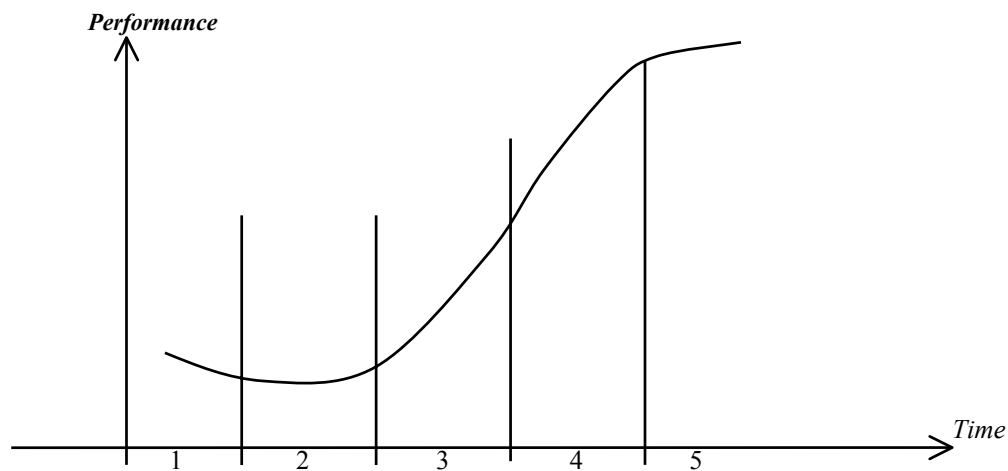


Figure 2: Stages of Development in Effective Function

The most noticeable difference across the system levels is in the time frame for the learning curve. A networked entity takes a much longer time than a single project, group or organization to work effectively as a concerted whole. This time is required for the member organizations to learn about each other, establish wavelengths and pull together.

Other differences between the single organization and the organization of organizations arise out of the differences in the processes of authority and control between the two, and also in the differences in defining performance and accountability. It is here that the appearance of a separate organizational subsystem to perform the institutional functions may be important, e.g., a Secretariat or Centre. This facility may aid an acceleration of the development process. However, the appearance of this facility might have an optimal timing, and may itself be a milestone in the stages of development.

The Role of Catalyst or Facilitator

In the process of its development the institution seems to benefit from a supplementary, helpful role from a person who is called a *facilitator* or a *catalyst*. All the three terms – leader, facilitator, catalyst – are applied to *individuals* for the roles played. The role and influence of the catalyst or facilitator depends on its location – within the system or outside it. From a systems perspective, the change agent (facilitator or catalyst) is not alien to the networking system and at the same time not totally part of the system, i.e., with stakes in it. In this way the facilitator plays a “boundary role”, linking the internal conditions of the institution (and its constituent organizations) with the conditions in the external environment.

Some conclusions

The case studies concluded with some pointers to theory and methodology:

- (1) Collaborative processes are the means to development goals, and not the end;
- (2) True collaboration is grounded in shared values;
- (3) Membership serves a purpose when defined in more open rather than captive terms with varying degrees of involvement and stake-holding;
- (4) An organic balance is vital between competitive and collaborative functions (the goals of the collaborative unit are achieved only when the needs of the member organizations are fulfilled and vice versa);
- (5) The structure adopted in the inter-organizational arrangement is crucial – it can foster or negate collaborative behaviours and attitudes;
- (6) Formalization should be an organic, evolutionary, bottom-up process to be more enduring;
- (7) The leadership process should be facilitative with multiple-point decision making, rather than expert leadership with single-point decision making;
- (8) The role and influence of the catalyst or facilitator depends on its location – within the system or outside it;
- (9) Ownership is inversely related to the extent of donor support; the design of structure and the subsequent practices can build ownership; ownership is linked with the stakes that the constituent groups have in the outcome of the endeavour, and;
- (10) The stages of growth are similar to those of groups, except that the duration at each stage would be much longer.

The parallels in effective inter-organizational processes in business and industry are also evident, e.g., in partnerships, alliances and consortia.

References

The main ideas in Institutional Development, going beyond OD, are in two publications from the research programme at The P&P Group:

- Padaki, V. and Manjulika V. (2003). *Institutional development in social interventions: Towards inter-organizational effectiveness*. New Delhi: Sage Publications.
- Padaki, V. (Ed.) (1995). *Development intervention and programme evaluation: Concepts and cases*. New Delhi: Sage Publications.

The first book above also contains a comprehensive literature review. The limited references cited in this paper are as follows:

- Checkland, P. (1989). Soft systems methodology, IOS. *Human Systems Management*. Vol. 8, Pg. 273-289, UK.
- Cummings, T. (1989). *Systems theory for organizational development*. John Wiley & Sons.
- Hassard, J. (1993). *Sociology and organization theory*. Cambridge University Press.
- Katz, D. and Kahn, R.L. (1969). Common Characteristics of Open Systems, *Systems Thinking*, Ed. F.E. Emery. Penguin.
- Padaki, V. (1997). Organizational development: Yesterday, today, tomorrow. *Search Bulletin*, XII (1).
- Padaki, V. (2000). Organizational development revisited. *Management Review*, 12(2).