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Understanding tacit theories of nonprofit administrators in collaborative interorganizational networks

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Understanding Tacit Theories of Nonprofit Administrators in Collaborative Interorganizational Networks

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Political Science

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As the nonprofit sector increases in size, many organizations are choosing to collaborate as a new approach to delivering goods and services to the public. Collaboration occurs when “organizations work together to address problems through joint effort, resources, and decision making and share ownership of the final product or service” (Guo & Acar, 2005).

In my research, I ask the question: How do nonprofit administrators conceptualize this kind of interorganizational collaboration? These conceptualizations are referred to as tacit theories: the wisdom and knowledge of administrators that is implicitly known as a result of experience. I compare these tacit theories to two well-known, competing management theories, principle-agent theory and stewardship theory, to find whether these tacit theories better align with either existing theory.

For my study, I chose a food distribution network which serves 12 counties through over 300 partner organizations. I chose this network because of my interest in food security and the network’s 30 years of experience in nonprofit collaboration. After gathering qualitative data from 21 semi-structured interviews within this collaborative nonprofit network, I used a grounded theory approach to explicate the tacit theories of these administrators. Using this same qualitative data, I conducted two more data analyses: searching for the presence of principal-agent theory factors in the first and the presence of stewardship theory factors in the second.

From here, I compared my three data analyses and drew conclusions about how nonprofit administrators conceptualize interorganizational collaboration, and whether these concepts better align with principle-agent theory or stewardship theory. In this study, I have found that these tacit theories take on concepts from both theories, with a
tendency to move from principal-agency theory to stewardship theory over time as trust builds.

**Background**

As the nonprofit sector continues to grow in size, organizations are choosing collaboration as a new approach to delivering goods and services to the public (Proulx, Hager, & Klein, 2014). In the past, nonprofit organizations may have partnered with private companies for sponsorships (Feiock & Jang, 2009) or governmental agencies for contracting different services (Suarez & Hwang, 2013); however, these partnerships are occurring increasingly within the third sector between charitable organizations. Previous researchers have defined collaborative relationships in different ways (Tsasis, 2009; Snavely & Tracy, 2002); however, the definition I will refer to in this paper comes from the findings of Guo and Acar (2005). They suggest that collaborative relationships occur when organizations choose to “work together to address problems through joint effort, resources, and decision making and share ownership of the final product or service.”

Existing research shows that organizations are choosing to collaborate for a number of reasons. First, interorganizational collaboration allows organizations to share a limited number of resources rather than compete for them. Jaskyte and Lee suggest that organizations collaborate by sharing resources, information, technical assistance, and work (2006). These are all examples of scarce resources: tangible goods to give clients, information and technical assistance regarding best practices, and the laborious work that can be involved in the day-to-day operations of a nonprofit. The idea, then, is that nonprofits may reduce the unnecessary effort it takes to compete with each other for these resources by combining forces to provide for the common good. As these organizations
collaborate and share resources, they are also able to share ideas, meaning new opportunities for innovation. Jaskyte and Lee identify three ways in which these collaborative relationships provide opportunities to innovate: in product, process, and in administration (2006). Product innovation refers to the introduction of new goods or services. Process innovation refers to the creation of new ways of delivering goods and services. Lastly, administrative innovation involves management processes (i.e. filing, databases, etc.). Overall, these three forms of innovation mean new solutions to the social problems addressed by each organization. However, by innovating in a collaborative relationship, more minds are able to approach the same problem, and two minds are better than one. These relationships can be binary, or they can exist in the form of a collaborative network, consisting of more than two organizations.

When evaluating these collaborative networks, one way we are able to assess them is their approach to management. This understanding has been heavily influenced by research conducted in business management theory and contract theory (Bowie & Freeman, 2003, p.10). However, these two fields differ from collaboration within the third sector because of the assumption that nonprofit organizations operate with the desire to maximize the public good, while businesses strive for profit maximization. For this reason, there exists a need for more research regarding management theory within collaborative nonprofit networks to determine how it may be distinct from other sector or cross-sectoral relationships. Two management theories that have been applied to all three sectors (government, business, and nonprofit) and cross-sector relationships are principal-agent theory and stewardship theory. These two theories are commonly paired together because stewardship theory was created as a response principal-agent theory; therefore,
they demonstrate an interesting contrast in management theories (Van Puyvelde, Caers, Du Bois, & Jegers, 2012; Van Slyke, 2006).

**Principal-agent Theory**

Principal-agent theory was developed in response to the rise of the corporation. As the demand for capital grew with the size of organizations, chief administrators were forced to delegate control. These chief administrators acted as principals, and their delegates became their agents. Assuming these agents are rational, self-interested individuals, principals must implement external controls to align the agents’ goals with their own. Therefore, a successful principal-agent relationship becomes mutually beneficial with the agent benefiting from the incentives and the principal benefiting from the agent aligning with their mission and goals (Davis, Schoorman, & Donaldson, 1997).

Principal-agent theory assumes that there is goal incongruence and information asymmetry between principals and agents. First, individuals are assumed to act in self-interest, pursuing their own goals. For this reason, principals must make it advantageous to the agent’s self-interest to partner with the agent. Next, agencies operate under a bounded rationality; both principal and agent have a limited knowledge of the other’s behavior and actions. Information asymmetry also means that agents may be more knowledgeable than the principle in a certain area and leverage this against the principal as a bargaining chip (Eisenhardt, 1989). Both of these assumptions are addressed through the use of incentives. By offering incentives to agents that they would not be able to receive on their own, the agents are more likely to align their goals with those of the principal. Furthermore, because the agent is receiving something in return for their
compliance, agents are more likely to not withhold information regarding their behavior and activities and to engage in behaviors that meet the principal agency’s goals.

Additionally, principal-agent theory assumes an initial disposition to distrust and a control-oriented management philosophy (Van Slyke, 2006). Considering that principals must modify agents’ behavior through the use of incentives, it is logical that these principals would take a control-oriented management philosophy. At the same time, the unpredictability of self-interested agents necessitates an initial disposition to distrust on the part of the principal in an effort to minimize risk (Davis, Schoorman, & Donaldson, 1997).

**Stewardship Theory**

Stewardship theory, developed as an alternative management theory to principle-agent theory, focuses on the importance of relationships rather than measuring these interorganizational contracts in economic terms. Where principal-agent theory employs sanctions and incentives to control for a disposition to distrust and information asymmetry, stewardship theory assumes a trusting disposition and shared goals on the part of each organization. This involves a more positive view of human nature, considering the chance of motivational altruism on the part of the steward (Dicke, 2002). Stewardship theory suggests that stewards act in the public interest because they believe this holds more utility than acting in self-interest. Furthermore, by working towards organizational objectives, stewards trust that their personal needs will be met (Davis, Schoorman, & Donaldson, 2007). For example, a principal agency may witness its steward agency acting in good faith towards its clients; as a result, the principal agency will be more willing to trust the steward to act according to organizational goals and will
allow the steward more administrative discretion. Other intrinsic rewards that may motivate the steward agency include increased trust, reputation, reciprocity, responsibility, job satisfaction, stability, and mission alignment (Van Slyke, 2006).

In comparison to principal-agent theory, stewardship theory also involves a greater investment on the part of the principal. Not only is there a high initial risk when giving a steward this kind of trust, but it also takes both time and monetary investments to involve stewards in organizational processes and informational exchanges. However, because stewardship theory values shared informational exchange and few boundaries, these costs are deemed necessary in order to uphold transparency in the principal-steward relationship. Another stark difference in comparison to principal-agent theory is stewardship theory’s likelihood to be present in third sector relationships (Bundt, 2000). Because these organizations are not simply concerned with a bottom line and productivity, stewardship theory better acknowledges the importance of shared goals in a value-laden sector.

A Comparison

Both principal-agent theory and stewardship theory are two legitimate management theories that can teach us a lot about organizational collaboration, but these theories do not always translate directly into practice. Organizational relationships are unpredictable and dynamic; practitioners must adjust these theories to best suit their collaborations. The frameworks for management entrenched in administrators’ minds are known as tacit knowledge. Over time, these administrators begin to act according to their own tacit theories of management. To describe tacit knowledge, Rod Watson uses the example of standing in front of a house. You are only able to see the front of the house,
but you know that there are also two other sides and a back to the house. No one has to
tell you; you simply know (Watson, 2006). In the same way, there are aspects of
management that nonprofit administrators just know; however, these many not always be
reflected in traditional management theories. For this reason, it is important to investigate
these tacit theories in order to learn more about management in practice. These tacit
theories have been studied to provide insight into a number of other social service
organizations (Horne, 2012; St. Germain & Quinn, 2006); in my research, I will be
interpreting the tacit theories of administrators within a collaborative food delivery
network.

In my research, I ask the question: How do nonprofit administrators conceptualize
interorganizational collaboration? Are these concepts more in line with principal-agent
theory or stewardship theory or neither? I chose principal-agent and stewardship theory
as my two comparative theories because after learning briefly about principal-agent
theory and stewardship theory, I was curious if either of these theories actually aligned
with the ways in which administrators in collaborative nonprofit networks operate.
Principal-agent theory and stewardship theory are nearly always coupled as opposing
theories, so I decided these two theories would represent opposite ends of the
management style spectrum and provide interesting comparisons to the tacit theories of
the administrators.

The nonprofit administrators I interviewed in my research are members of a large
food delivery network covering over twenty counties and based in a mid-sized city in the
southeastern United States. They are a member of the Feeding America network as well.
Last year alone, they distributed 12.7 million pounds of food, including 2.5 million
pounds of produce. I chose this specific network because of my interest in food security and the rich amount of practitioner wisdom present here; this particular network has been serving the area for over thirty years and is a noticeable force in the communities they serve. The network consists of one lead organization and over 300 partner organizations.

Interactions between the partners and lead organization come in many forms. The lead organization provides discounted food, either by delivery or pick up, but they also provide guidance and training to their partners as well. Each partner organization is assigned a contact person who they may contact at any time with inquiries, and the partner organizations are all invited to informational classes and luncheons at the lead organization’s facility. These classes cover everything from new technologies to new opportunities to providing opportunities for partner agencies to discuss best practices and get to know one another. Additionally, the lead organization keeps partner organizations informed by distributing monthly newsletters.

Many organizations have been partners in this network for over ten years, while others have joined the network recently. The communities served by each of these organizations is also very different; some serve homeless populations in the heart of the city, while others assist the working poor in impoverished, rural communities. Some are brick-and-mortar facilities, while others are mobile pantries. At the same time, within the last year, the lead organization has implemented new goals to improve the health of its clients as well as meet basic needs; this means the incorporation of fresher foods, and in turn, new regulations for the network’s partner organizations. This presents a unique learning opportunity to examine a variety of partner organizations, both new and old,
working with different populations, while all of them are adjusting to these new procedures and working with the same lead organization.

I interviewed 21 administrators from the network. After conducting interviews with these administrators, I performed three separate data analyses. First, I was able to draw conclusions about the administrators’ tacit theories regarding management in a collaborative network using a grounded theory approach. Next, I analyzed the same data set using codes drawn from principal-agent theory literature, and then I performed a third analysis using codes from stewardship theory literature. With these three different analyses, I was able to draw conclusions about the management theories utilized by this collaborative network.

Methods

An 8 question semi-structured interview survey was administered to a purposive sampling of the collaborative network. The survey of this network consisted of an administrator from the lead organization and administrators from 20 partner organizations. The interviewees covered 12 counties: 6 Georgia counties (Gordon, Walker, Gilmer, Fannon, Whitfield, and Catoosa) and 6 Tennessee counties (Hamilton, Bradley, Rhea, McMinn, Marion, and Meigs). 4 agencies were located within Bradley County, while 5 agencies (including the principal agency) were located within Hamilton County.

In all, 21 interviews were used in this analysis. On average, each interview took approximately 34 minutes. 3 interviews took place face to face, while 18 interviews took place over the phone. Out of the over 300 partner organizations, 70 partner organizations were contacted, and 20 organizations responded with a willingness to participate. These
organizations were chosen because of their representation on the lead organization’s website. A purposive strategy was chosen in order to gather insight from the most involved, representative partner organizations within the network. The interviews were tape-recorded and then transcribed. After the eighteenth interview, it was apparent that I had reached my point of saturation because I was not receiving any new meaningful responses; they began to sound the same.

The 8 question semi-structured interview survey was created with the principles of principal-agent theory and stewardship theory in mind. Some general questions were asked to encourage administrators to speak freely regarding their own tacit theories concerning interorganizational collaboration: “Can you explain a specific time when your arrangement with the (lead or partner) was successful? Unsuccessful?” At the same time, language was used to probe for the presence of principal-agent relationships: “Explain the measures taken by (lead or partner) to monitor your organization.” Lastly, some questions probed for the presence of principal-steward relationships: “What, if anything, has strengthened (or weakened) your connection with the (lead or partner organization)? Probe: trust, relationships, reputation, monitoring/oversight.” This variation in questions provided sufficient conversation to examine each interorganizational relationship under the lenses of principal-agency theory, stewardship theory, and the personal tacit theories of the administrators themselves. To view the entire interview schedule, see Appendix.

In order to maintain an open mind in coding to produce a grounded theory, three waves of analysis were conducted. After transcribing all interviews, I began an open coding process to mark specific relational or transactional characteristics found in each interview; if an administrator expressed a certain attitude or belief regarding their
relationships within the network, it was coded as relevant. Next, through a process of axial coding, these instances were first identified as either “beneficial” or “unbeneficial”; from there, these codes were grouped into trends that served as the basis for my grounded theory.

After the data was sufficiently analyzed through the lens of this grounded theory, the interviews were coded a second time to search for the presence of principal-agent relationships. These codes were identified in the existing body of research regarding principal-agent theory (Davis, Schoorman, & Donaldson, 1997; Eisenhardt, 1989; Van Slyke, 2006). Lastly, the data was coded a third time using codes related to stewardship theory (Bundt, 2000; Davis, Schoorman, & Donaldson, 2007; Dicke, 2002; Van Slyke, 2006).

**Analysis**

**Tacit theories of administrators**

A grounded theory approach was taken to come to the following conclusions. Rather than using data to prove an existing theory, the grounded theory approach begins with formulating a question and gathering relevant qualitative research in order to build an original theory. During data analysis, elements and ideas are first pulled from the data; then, these ideas are grouped into codes, which are then grouped into categories. Finally, these categories are used to arrive at conclusions that form the basis of the new theory.

I chose to take a grounded theory approach in order to learn from the tacit theories of the administrators I interviewed. Rather than taking a deductive approach and using existing theory, I wanted to observe whether the practicing theories of these administrators were in line with academic understandings of network collaboration. In
order to do this, it was important for me to first build a grounded theory that explicated the tacit theories of the administrators I was interviewing. From here, I was able to compare this grounded theory to two existing theories (agency theory and stewardship theory) that attempt to explain these collaborative arrangements.

The grounded theory method is rooted in the symbolic interactionist school of thought. Symbolic interactionism rests on three main premises (Locke, p. 22). First, “people interpret the meaning of objects in the world and then act upon those interpretations.” The term “object” can refer to a multitude of things such as language, gestures, policies, or even physical objects within an organization. In the case of this study, the objects are food delivery transactions between organizations, the mission statements of the organizations, formal oversight arrangements between principal and partner organizations, training courses provided by the principal organization for its partners, the designation of contacts between agencies, and the distribution of monthly newsletters. Second, “meaning arises from social interaction—communication between and among individuals—and not from the object.” It is not the object itself that creates meaning, but the social interaction surrounding the objects. For example, it is not the training courses themselves which convey meaning; it is the way these training courses are perceived by the administrators involved. Are they seen as helpful? Do administrators feel pressured to attend, or is this an enjoyable experience for those involved? Lastly, “meaning is handled in and modified through an ongoing interpretive process.” Because meaning is derived from social interactions, these meanings are ever-changing depending on circumstances such as organizational or personnel changes. Therefore, by viewing an organization through the interpretation of its employees, grounded theory provides a
more accurate understanding of an organization than one could gain by merely peering in from the outside. It facilitates a way to look past the face value of organizational structures and interpret the meanings of these structures through administrative interpretations.

In order to do this, it is important for the researcher to enter into the research process with as few assumptions as possible. In the case of this study, I accomplished this by using minimal research to gain a basic understanding of the elements present in collaborative nonprofit relationships. From here, I began the process of coding explained previously in my methods. Once I had produced the codes of “beneficial” and “unbeneficial” instances, I further organized these codes in order to form trends. These trends form the basis of my theory and can be found below in Table 1.1.

Table 1.1  Trends from Interviews

<table>
<thead>
<tr>
<th>Professionalism</th>
<th>Informal Relationships</th>
<th>Adaptability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency</td>
<td>Cooperation</td>
<td>Availability</td>
</tr>
<tr>
<td>Honesty</td>
<td>Friendship</td>
<td>Flexibility</td>
</tr>
<tr>
<td>Trust</td>
<td>History</td>
<td>Proactivity</td>
</tr>
<tr>
<td>Expertise</td>
<td>Support</td>
<td>Ability to meet needs</td>
</tr>
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The three trends, professionalism, informal relationships, and adaptability, were the three most mentioned characteristics of healthy, mutually beneficial collaborative relationships. At the same time, it was the absence of these factors that administrators felt...
produced unbeneficial arrangements. The attitudes of administrators towards the network were overwhelmingly positive, allowing me to draw conclusions regarding the kinds of relationships these administrators strive for.

**Professionalism.**

Professionalism was marked by the presence of transparency, honesty, trust, and expertise on the part of both the lead and partner organizations. Transparent, honest communication was found to be crucial in creating trust between administrators. To facilitate this, barriers were removed in both a physical and relational sense. Partner organizations are encouraged to tour the lead organization’s facility. At the same time, monthly newsletters and a humble approach to problem solving prevented information asymmetry within the network, allowing administrators to feel as though they were “on the same page.” These feelings of transparency and honesty necessarily led to a mutual trust between the lead organization and its partners. Because there are honest, open lines of communication, partner organizations are given greater autonomy in their programming. Administrators at the partner organizations reported feeling trusted and respected for their choices in programming.

Previous research confirms these findings. In a similar study surveying a network of 36 nonprofit children’s behavioral health organizations, researchers found that trustworthiness and coordination were necessarily intertwined. As administrators begin to build trust, they are more likely to coordinate administrative functions between agencies (Bunger, 2012). While it is difficult to determine which comes first, it appears that there must be some basic form of trust between organizations before partnering. However, as time progresses, trust is proven through the organizations’ track records. Interestingly
enough, many partners originate as competitors. According to a study from 2007, knowing thy enemy most often leads to partnering with them (Trapido). Because competitors necessarily have to maintain a working knowledge of each other’s operations in order to compete, competing organizations are able to build this knowledge-based trust more quickly than organizations who are unfamiliar with one another.

The scarcity of resources is commonly what makes competing organizations coordinate initially; these resources may include administrative expertise, fundraising and financial capabilities, connections to and understanding of target audiences, and experience, knowledge, and information that is needed but not possessed by other partners (Ostrower, 2003). Rather than competing with roughly 300 other agencies to feed the same service area, the organizations interviewed during this study chose to collaborate by joining a broader network. In this way, resources such as expertise, food, best practices, technology, and workspace are shared among the network partners rather than hoarded to a few successful organizations.

The partner organizations and lead organization look to each other for different kinds of resources. Partner agencies are quick to consult the lead organization for feedback because of their reputation as an invaluable resource of expertise. Both the partner organizations and lead organization are valued by each other for their expertise in particular regards. Partner organizations were described as having “the hard job.” They are acknowledged as having the best understanding of the network’s work at its most basic level; they hold an invaluable understanding of the needs of the network’s clients. At the same time, the lead organization’s expertise regarding systematic processes and organizational goals is equally invaluable. The provision of training, classes, and new
perspectives help partner organizations to achieve their individual organizational goals.

One administrator had this to say about the sharing of expertise:

I will say I think particularly with (the lead organization), because they cover such a large area, their perspective and their ability to require resources is something that's invaluable to us, a smaller partner that doesn't have the network or the pull that they do. Or even their perspective. So it's been really good for us to count on them as a bigger entity that has a broader network and better perspective to do some more of the heavy lifting for us in situations where we as a smaller, more localized organization couldn't do. They help us to see needs beyond what's in our own backyard. Yeah, I know we have needs right here, but what I wasn't aware of are the needs in the rural areas.

Partner organizations are able to focus on the intricate details of the area they serve; they become well-acquainted with the people they serve, their unique needs, and the capacity of their organization to meet those needs. However, without the assistance of a larger organization, these partner organizations lack the ability to see or do anything at the macro level. The lead organization is able to vision cast for its partners; it coordinates partner organizations to accomplish the “heavy lifting.” Rather than ending hunger at the city or county level, a well-coordinated network is able to impact a much larger service area. This is an important benefit of a network relationship. A network sharing information from the micro and macro levels can more efficiently serve an area than one single organization trying to play both roles.
Beyond vision casting, the lead organization provides partner organization administrators with tools and connections they would not otherwise have access to. In the words of one administrator, “They’re that bridge between us and the market.” Several administrators reported being connected to corporate partnerships through the network, allowing organizations to provide their clients with more food than they could afford otherwise. The lead organization is also essential in providing guidance specific to the food delivery network. While administrators of smaller partner agencies are full of a desire to eradicate hunger in their area, many are unequipped to do this in an efficient and effective manner. In this case, the lead organization provides its partners with food service training and certification and even cooking education.

The lead organization holds all of its partners to certain guidelines: workers must be certified through the food handling course offered at the lead organization’s facility, USDA safety guidelines must be followed, and certain amounts of food and produce must be moved each month. However, in the words of one administrator, “They have been an influence that helps. They don’t deteriorate anything around here; they only uplift. Their guidelines are very good.” While there are obvious reporting measures that must be taken to ensure food safety, these interviews demonstrated a very informal governance of these guidelines. Administrators reported that inspections were given only as needed and were very friendly. Many administrators even mentioned the inspectors prefacing these inspections with, “We know you all are doing the right thing, but we’re just going to take a look around.” According to a study by Gulati and
Nickerson, these informal governance measures are another indicator of trust. They found that “high levels of pre-existing interorganizational trust increased the probability that a less formal, and thus less costly, mode of governance was chosen over a more formal one” (Gulati & Nickerson, 2008). Furthermore, these more informal governance structures were found to enhance exchange performance between the organizations.

Even as these partners are held to higher standards, they are also given the means to reach these goals. One administrator recounted how the lead organization helped her in learning how to reach these standards: “There are times that I can call and ask questions like, ‘How do you make a can of green beans healthy?’ Yes, it's great out of the garden, but I don't have that avenue. They will give me information and stuff like that; they're a great resource.” While much of this learning takes place through individual contact, the lead organization also offers classes and monthly luncheons to learn more about specific practices.

**Lack of Professionalism.**

While the existence of expertise and trust are essential to the health of a network collaboration, the absence of these are just as impactful on a collaborative relationship. A few administrators shared instances in which the lack of trust caused the deterioration of a working partnership with organizations outside of the network:

We were treated as if we were trying to steal things from them. In fact, we were buying several thousand dollars from them each month, but such a lack of trust that they were saying we needed to come at a separate time to get our stuff, make sure we go out through the front, things like that. They
wanted to include another church in pickups because we could not pick up six days a week, so they were just going to have another church pick it up. They had altered the times. That was fine if they had divided the things equitably, but we figured out they were leaving us the chump stuff. Stuff we would throw away, but they were giving better stuff to the other agency. That became a major issue to us at that point.

This particular administrator was forced to cut ties with this corporate partner and explore other resources. In this instance, the use of stricter governance measures is apparent. As the other organization became more distrusting, they enacted stricter measures on this partner organization (picking up at specific times, only entering through the front door, etc.) Also, these organizations became less likely to share useful resources. The partner agency reported receiving “the chump stuff”, rather than food and produce they were able to use.

In another instance, the lead organization had to end its partnership with one of its partners because they were selling donated food. The most interesting piece of this scenario was that they became aware of this violation from other organizations within the network. This proves the importance of trustworthiness to the network’s administrators. Beyond maintaining a trustworthy and professional relationship within their own partnerships, these administrators also see a moral duty to report any acts of mistrust they observe within the network. In this way, it is clear that these partner organizations are not acting in a professional manner purely for individual gain, but for the health of the entire network.

**Informal relationships.**
Informal relationships were characterized by the presence of cooperation, friendship, history, and support on the part of both lead and partner organizations. This “people-centered” approach was apparent both within the relationships between organizations and towards their clients. Between the organizations themselves, cooperation and friendship were crucial. The words coordination and cooperation are often used interchangeably, but in this case, they are different. Coordination implies deliberate adjustment and collective goals, while cooperation is the working together of organizations “as they are”, allowing organizations to maintain autonomy in the way they manage and run their programs (Alter & Hage, p. 81). Coordination is a specific kind of cooperation; it implies working together, but with some necessary adjustments. While this study is primarily focused on the ways these organizations choose to coordinate with one another, there were also some key examples of cooperation between these organizations. These instances were driven by the informal relationships formed between administrators.

Many administrators noted that these relationships extended beyond business and cultivated real friendships between the staff. These friendships made it easier for administrators to communicate honestly and understand the specific needs of each organization. These friendships fostered what administrators referred to as “history.” History referred to both the continuity of staff and the presence of a lasting partnership between the organizations themselves. History allows collaborative partners to move past the initial period of understanding the other organization to focus on the shared goals held by both partners. One partner administrator spoke honestly of staff changes at the principal organization:
Oh yeah. I'm not going to lie. Change is difficult. So anytime I knew or had a relationship with someone who retired and someone new came in, I gave them the side eye for a while, but I got over it.

While expertise is a large part of partner compatibility, at the heart of collaboration, it is simply person-to-person connections. It takes time for these kinds of connections to form, which is why history plays such a key role in partner agencies’ ability to cooperate. Over time, however, relationships in this particular network seem to thrive. An administrator at the lead organization proudly shared that each year awards are given to partner administrators such as "Most likely to bend the rules to feed hungry people" or, “World’s best hugger.”

While previous research regarding informal relationships and interorganizational collaboration in the third sector is lacking, there is previous research regarding this topic in the business sector. In line with the opinions of the administrators I interviewed, existing research shows that these interpersonal relationships are what supplement the original, formal relationships. Partnerships begin as purely professional, transactional relationships. As I’ve mentioned previously, they are forged by a knowledge-based trust of the other organization. From here, however, it is the informal, interpersonal relationships that are formed between administrators that sustain these partnerships. Essentially, these informal relationships are driven by administrators’ purpose, values, and expected consequences (Ring & Van de Ven, 1994). In the case of my research, the administrators’ purpose and values seemed to be heavily intertwined. The network’s partners all shared coming together under a common purpose: ending hunger in their prospective service area. 75% of the partner organizations interviewed are religiously
affiliated. When asked whether there was any discrepancy between those affiliated and those who were not, one administrator shared that they all seemed to operate under a similar set of morals. Furthermore, when asked what strengthened the relationship between organizations, the most common response was the network’s shared client focus. As another administrator stated, “One thing that's really neat with the two of us is that we really like our clients a lot. We'd rather hang out with them than anybody else. There is that deep fondness for the people that we serve.”

Lastly, expected consequences become more predictable over time as history builds between partner organizations. Findings show that social ties develop more quickly between organizations that have a history of working together (Galaskiewicz & Shatin, 1981). While partnerships begin with small, formal deals, over time, these organizations are more willing to engage in higher risk dealings (Ring & Van de Ven, 1994). This is why personal history is so important to administrators. As partnerships progress, partner organizations feel comfortable stepping out to accomplish new, possibly risky, projects.

**Lack of informal relationships.**

The lack of informal relationships can better be categorized as a means-based approach. Rather than focusing on the personnel involved, organizations may value outcomes and end results more than the people involved along the way. In place of trust and cooperation, competition is the most defining characteristic of this approach. Competition can be defined as an occurrence when multiple organizations rely on the same resources to produce similar services (Hunt, 2007). One partner administrator shared a competitive scenario it experienced with its lead organization:
They (the lead organization) moved here and the only challenge I would say happened when they moved here is that they wanted partner agencies to talk to the community and share why it would benefit them, but we kind of remained neutral in the aspect that we knew we are the largest food pantry in (our area). And so we knew that when the satellite came, it was going to be a blessing and a curse. They were going to come and compete for our donated food, for our food dollars in the community, and also for our volunteers.

In this instance, the lead organization was moving into town to assist the partner organization. However, the resources available (existing donors, food drive partners, and customers) did not change; therefore, both organizations were left to compete for them. The partner administrator went on to explain that it was not until an administrator from the lead organization approached her that they were able to have a conversation about cooperation in this service area. The administrator at the lead organization requested a list of existing donors, food drive partners, and customers so that they would be able to prevent overlap as much as possible. Here the use of communication and interpersonal relationships in fostering cooperation is obvious. If the lead organization had continued to act without contacting the partner organization, a competitive environment would have most likely formed. However, it was in the best interest of both the lead and partner organizations to cooperate; the lead organization, being larger, had the ability to do more heavy lifting, while the partner organization carried expertise of the community that helped the lead organization engage the community. In this
way, the interpersonal relationships formed helped to build the resources of both organizations.

**Adaptability.**

Adaptability was marked by the presence of availability, flexibility, proactivity, and willingness to meet needs on the part of both lead and partner organizations. Just as it is important for partner organizations to know the needs of their communities well, it is equally important for the lead organization to be flexible and willing to bend with the unique needs of their partner organizations. The organizations within this particular network are so different, ranging from a metropolitan soup kitchen feeding three meals a day to a rural food pantry serving food, clothing, and goods to a county with 25% of its population living at or below the poverty line. Because these organizations look very different, they require specific solutions to their unique situations. In this way, adaptability requires these organizations to be open to learning from these unique situations. Previous research has noted the importance of this willingness to learn and adapt (Strichman, Bickell, & Marshood, 2008). Learning organizations are characterized by “commitment to inquiry, exhibiting fluid information exchange across organizational boundaries (external and internal), possessing knowledge management systems that facilitate collective learning, and demonstrating strategic and tactical decision-making based upon what is being learned” (Bickel, Millett, & Nelson, 2002, p. 1). This collaborative network is a prime example of inquiry making, information exchange, collective learning, and strategic decision making. Often times, the only thing these agencies have in common are their tie to the lead organization and the network’s goals. However, these differences can be a source of growth and innovation for the network;
therefore, administrators’ shared commitment to adapting and learning become another uniting factor. One administrator explained:

I think more minds are able to meet now and be more innovative than they may have been in the past. Say, in one agency you have a newcomer in a leadership role and they were thinking outside the box and really different things and they were met with someone from the partner agency who just wanted to keep things the same and do things the way we always have. When that happens, there isn’t going to be a good working relationship or new cool things to do. Fortunately, we have paired well with the (lead agency) and that’s sort of what has happened with us.

More people mean more ideas. These “new cool things to do” are what drive a network to think about innovative solutions to the same problems they continuously face.

Furthermore, it is the lead organization’s job to collaborate in a way that not only helps the network fulfill its purpose, but also makes sure that each partner organization is able to reach its full potential. Lead organizations should be so in tune with the operations of their partners that they are able to make recommendations that increase the reach and effectiveness of the network as a whole. The overwhelming majority of administrators shared that they felt the lead organization went “above and beyond” and “out of their way” to facilitate the unique needs of the individual partner organizations. Notifying administrators about specific products, delivering food in unique packaging, answering phones after hours, and staying late to help partner organizations load their trucks are all examples given to demonstrate this kind of adaptability on the principal organization’s part. As mentioned previously, Jaskyte and Lee (2006) organize innovation into three
categories: innovation of product, innovation of process, and innovation of administration. Product innovation refers to the introduction of new goods or services. Process innovation refers to the creation of new ways of delivering goods and services. Lastly, administrative innovation involves specifically management processes. While this study did not present any obvious cases of administrative innovation, product and process innovation have been a key part of growing this delivery network.

Due to the eagerness of the network’s partner organizations to try new things and innovate, the network was able to pilot three different programs: a milk program, a produce program, and a food pantry for the elderly. The milk program and produce program are both examples of product innovation; the network did not previously offer these products. The food pantry for the elderly, on the other hand, is an example of process innovation; the network did not have any programs specifically targeting this population. When asked what made these agencies a good fit for piloting these programs, an administrator at the lead organization believed it was the willingness to do things differently:

They came to the table with passion, which I think is important. They knew there was a need. And they came with a willingness to try anything. So we piloted some different things for them...and they've just done a fantastic job.

Therefore, according to the experiences of administrators, this ability to innovate is influenced by the mere willingness to do so. Flexibility and a desire to learn through experience were shown to facilitate innovation among partners in this network.
Lack of Adaptability.

On the other hand, an inability to learn from experience and strict adherence to established rules inhibit partner organizations from adapting and innovating together. One administrator shared a frustrating situation that exhibits this kind of rigidness:

They would deliver to us, but they don't fill the trucks the way we will because they have more regulations they have to follow, so it's not cost effective for them to bring us a half a truck load of food and us pay them for it. They would charge us to deliver it. It would cost us more to have them deliver food to us because we would go there more often than if we just delivered the food ourselves. We double stack everything, but they won't do that.

In this example, there is an opportunity for process innovation; perhaps there is a solution that would allow the partner organization to receive the same amount of food they’re currently ordering but also having it delivered (i.e. a bigger truck, changing guidelines, etc.). However, in order to do this, both organizations would have to have the capacity and ability to innovate in these ways.

Another administrator shared frustrations with having to attend irrelevant meetings:

I don't mean to sound arrogant but those are much smaller organizations and they have a different kind of challenge then we have. Most agencies and churches and groups have a food voucher model where they'll buy x number of vouchers a month. We have no limit that way.
Unlike the previous example that remains to be solved, the network has already begun to innovate a new approach to holding informational meetings for partner organizations. This is another example of process innovation; in order to make these meeting relevant and effective in teaching partner organizations, the lead organization must be able to communicate in a way and share ideas that further the purpose of each organization's specific meeting. Another administrator who also feels the burden of being different, shared that the lead organization’s administrators are already planning to host different informational meetings for these organizations that “do things a little differently.” As this process progresses, it will require a level of adaptability and openness to new approaches. Even if the first attempt at solving this issue fails, the administrators involved must remain committed to finding a solution.

**Principal-agent Theory**

Within this particular collaborative network, there were very few instances of principal-agent theory being used as a conceptual framework by administrators. In this case, the principal agency was the lead organization, while all of its partners are considered agents. Principal-agent theory views these collaborative relationships as transactional, assuming that each agency is acting to maximize their self-interest. While there was certainly more to these relationships than their transactional value, many agents reported the biggest benefit being the cost savings provided by their affiliation with the principal agency. At the same time, the principal agency is concerned with the cost efficiency of the agents as well; they want to know that their dollars are well spent. A principal administrator shared, “We want to see who’s really moving the needle on (providing healthy foods) and how we can help them move it even further.”
The principal agency uses incentives and penalties to motivate agents to maintain this desired productivity. Several agents shared that complying with the principal’s oversight and regulations was imperative to maintaining their relationship with the principal; in turn, many agents felt that they would be unable to carry out their operations without assistance from the principal. In this way, the prolonged relationship between the principal and agent served as an incentive intrinsically. One administrator shared her fear of failing a routine check-up: “I don't want to lose the pantry you know, so I try to do exactly what I'm supposed to do. I fret and everything before they come and think ‘Oh God, is everything how it's supposed to be?’” While these incentives work to retain the principal’s agents, they also help to procure new agents as well. For example, one administrator shared, “We almost had to become a partner of the (principal agency) to continue the work we had been doing.” Before partnering with the principal agency, this agent had been receiving discounted food from local grocery stores. However, by partnering with the principal agency, they were able to receive more food at a cheaper cost. This is an example of how two organizations may enter into a contract relationship to maximize their self-interest; the agent was able to save money and improve productivity, while the principal agency was able to extend the reach of their network.

The most obvious component of principal-agent theory present in my observations was the initial disposition to distrust. While feelings of trust may have developed over time, many agent administrators communicated a tendency to distrust new partners when beginning a new collaborative relationship. This is visible in the way the principal agency undergoes regulatory check ins:
When we first started, (the principal agency) checked on us pretty regularly to make sure we had everything and understood what was going on and that we were making good use of what they had for us. We got our feet wet, figured out what we were doing, and they kind of backed off and gave us a number and said call us if you need us.

This was common among many of the agents I interviewed. While the partnership eventually turned to a more trusting, relaxed relationship, initially, the principal agency maintained a close eye on the partner agency to ensure that it was acting in line with the network’s shared mission and values, not for the agent’s self-interest alone. Once an agent has proved itself trustworthy, then it receives greater autonomy. However, this is not the principal’s initial disposition. As one administrator shared, “Trusting comes from me asking ‘What do I know about this place?’” In essence, reputation and history determine the administrator’s willingness to trust.

**Stewardship Theory**

The results of my analyses overwhelmingly point towards the tenets of stewardship theory. In this network arrangement, principal organizations entrust steward organizations with carrying out the mission of the principal organization. The agencies within this network very naturally maintain goal alignment; almost every administrator I interviewed mentioned that it was a shared mission and commitment to clients that made their collaborative relationships work. In fact, according to an administrator at the principal agency, goal alignment serves as a main criterion when deciding who they will bring on as partners:
Our mission is to lead a network to relieve hunger and promote nutrition. If their mission aligns with the hunger relief part of that, that's absolutely a consideration. And it has to be something ongoing; it can't be ‘We want to give them a holiday basket’ because hunger is a real issue 24 hours a day, 7 days a week. So our agencies that we partner with are people who are really addressing hunger year round.

Once these organizations have been established as those who are truly addressing hunger year round, the principal agency is able to trust these steward agencies to carry out independent projects with greater autonomy. For example, a few organizations were chosen to pilot different programs for the principal agent. One organization is currently piloting an onsite food pantry specifically for the elderly population. Throughout this process, both the principal and steward administrators report that the steward agency was given a large amount of discretion in deciding the structure and programming of this facility. The steward administrator reported that the principal agency provided “freedom to meet the unique needs of (the steward agency’s) population.”

Furthermore, I found that the principal agency of this network takes a more involvement-oriented approach to management, as opposed to the control-oriented approach associated with agency theory. This approach is categorized by low barriers between organizations and the free exchange of information, which was reported by both the principal and stewards within this network. On behalf of the steward organizations, one administrator shared their experience problem solving with the principal organization:
We're always having to talk about the damn paperwork, which is not the funnest thing we do. But they've always been quick to say, ‘Aw man, we screwed up' or ‘Aw man, you screwed up.’ We hate dealing with this stuff, let's just fix it and move on. I feel like we're on the same page... Both agencies are very nimble at what we do, we try to be low barrier, and we enjoy problem solving, so you won't see either agency say, ‘No, this is too hard'. We like the challenge, and we like each other.

This instance demonstrates a low-barrier, involvement-oriented approach to management. Rather than delegating tasks from the top-down, the principal agency is involved in problem solving with the steward agency and admits fault when necessary; this relationship become more of a “meeting of the minds” than one agency passing down directives to the other. Another steward agency referred to the principal agency as “the bridge between us and the market,” demonstrating the work that the principal agency does on the front end to set up their partners for success. For example, the principal agency has demonstrated this by arranging food drives for its partner agencies, connecting partner agencies to corporate sponsors, and developing programs for partner agencies to pilot.

At the same time, the principal agency demonstrates a desire to interact with their partner agencies in this way. An administrator at the principal agency shared:

We could have a transactional relationship with our partners, but we really feel like to provide them the best customer service and to
be able to take away barriers, we have to know them and know what their challenges are.

This explicitly shows the principal’s desire to move beyond a “transactional relationship”; in this network, both the principal and steward agencies strive to work together in an honest, collaborative manner, valuing the unique contributions each organization may bring to the table.

Furthermore, in line with the relational reciprocity tenet of stewardship theory, organizations within this network consider the greater good of the network and the wellbeing of their partner agencies rather than holding their self interest in highest regard. This was apparent in actions as simple as trading food products between organizations; one administrator reported switching larger cans of food for smaller cans because it benefitted another agency more than it did their own. The same kind of sharing exists regarding processes and procedures; administrators reported learning from each other’s experiences at learning luncheons hosted by the principal agency.

The best example of relational reciprocity was an instance shared by an administrator at the principal agency. The principal agency had just begun working with a new partner who also happened to operate a thrift store. Unfortunately, a few months in, the principal agency discovered that this partner agency was selling the discounted food they received in their thrift store. When I asked how they knew about this, the administrator shared that it was other partner organizations in the area that blew the whistle. While the steward agencies expect the principal agency to provide benefits they could not otherwise attain on their
own, these organizations are also quick to act on behalf of the principal agency; there’s a give and take relationship at work.

**Discussion**

Having performed three separate data analyses through the different lenses of the tacit theories of the administrators, principal-agent theory, and stewardship theory, I am now able to compare these three separate findings to draw even further conclusions regarding the management theories used within this network. Each data analysis I performed produced different, yet meaningful conclusions. While the majority of the tacit theories expressed by network administrators aligned with stewardship theory, there were also elements of principal-agent theory present that cannot be dismissed.

Initially, the partners joined with the lead organization for reasons of cost and expertise. For the most part, the partners shared that they were driven to collaborate by the promise of discounted goods and experiential wisdom from the lead organization, while the lead organization was able to decrease their processing costs by delegating the delivery of goods to the partner agencies. Also, these partner agencies are more acquainted with their service area, providing invaluable expertise and relationships that may take years to establish. Rather than competing for these resources, these agencies chose to collaborate. In this way, this desire for increased professionalism that I discovered in the administrators’ tacit theories demonstrated elements of principal-agent theory; in principal-agent theory, agencies are led to collaborate for reasons of cost and expertise (Van Slyke, 2006).

Furthermore, we cannot ignore that the agencies within this network begin with an initial disposition to distrust. Eventually, these agencies begin to trust one another, but
this is a knowledge-based trust—built on the history between agencies. This was present in the tendency for the lead organization to maintain regular, thorough check-ins with newer organizations and then lessen the frequency and rigidity of these check-ins as the partner organizations proved themselves trustworthy.

However, the economic benefits offered were only a small piece in administrators’ decisions to collaborate; for the most part, it was the shared mission that brought these organizations together. In fact, some partnerships demonstrated that the lead organization was not concerned with its ability to gain from the partnership, but with the opportunity to assist a smaller organization in reaching its shared mission and values. In this way, the emphasis on informal relationships and adaptability communicated by administrators is completely aligned with the tenets of stewardship theory.

As communicated by administrators, informal relationships were marked by a cooperative, people-centered approach to the task at hand. A history of this kind of relationship necessarily produced the kind of knowledge-based trust I have found to be present in this network. In essence, informal relationships gave way to trustworthy, professional relationships. Furthermore, there is a stark similarity between the presence of informal relationships and the involvement-oriented management present in principal-steward relationships. Both of these elements imply a relationship that moves past the formal working arrangement. In involvement-oriented management, the principal agency moves past merely delegating tasks to involving its stewards in both its formation and implementation processes. They do this by cooperating with one another, working together while still recognizing the autonomy of each organization. Alternatively, if this were a principal-agent relationship, the principal would pass down commands to its
agents with no regards to the agents’ ideas or input. However, that is not the case in this network.

Additionally, the concept of adaptability communicated by administrators mirrored the stewardship theory tenets of relational reciprocity and a mutual adherence to goals and values. Administrators demonstrated relational reciprocity by valuing the wellbeing of the network above their own self-interest. In order to maintain this reciprocity, both administrators from the lead and partner organizations shared a “whatever-it-takes” attitude to meeting the needs of the network. This same flexible attitude was expressed through a willingness to bend and stretch to meet the goals and values shared by these organizations. Because these administrators have an organizational approach rather than a self-interested mindset, they are willing to adapt in order to further the work of their network.

Conclusion

Therefore, it seems that within this network, the lead-partner relationship begins as a principal-agent relationship and transforms over time into a steward-agent relationship. This process is facilitated by trust, informal relationships, and a willingness to adapt in order to reach a shared mission and values. These findings are in line with those of Van Puyvelde, Caers, Du Bois, & Jegers (2012). Van Puyvelde, Caers, Du Bois, & Jegers (2012) argue that in order for principal-agent theory to be applied to the nonprofit sector, it must be complemented by other theories of management, including stewardship theory. They concluded that stewardship theory can be used to better explain situations in which agents share the same interests as the principal and are motivated to act in the best interest of the principal (Van Puyvelde, Caers, Du Bois, & Jegers, 2012).
My findings agree with this conclusion; while relationships within the network may begin as principal-agent relationships, these are quickly transformed into steward-agent relationships by the agent’s devotion to similar values and motivation to act in the best interest of the principal. The tacit theories I have discovered within this network help to explain this dynamic relationship between the lead and partner organizations. They demonstrate that while lead-partner relationships in the nonprofit sector lean towards stewardship theory because of its dedication to shared values, elements of principal-agent theory can still be found within working relationships in this sector. Further research could be conducted within this network in a panel study to evaluate more closely how these individual relationships change over time in response to prolonged partnership and organizational changes. Overall, I have found that these tacit theories, the theories use in practice by nonprofit administrators, are much more complex than the existing management theories used to explain interorganizational collaborations.
References


Appendix

Before starting interview:

1. Introductions
2. SAY: The purpose of this study is to describe nonprofit administrators’ attitudes toward and lessons learned about nonprofit collaborations. It is hoped that the findings of this study will lead to more effective nonprofit collaborations and better understanding of the elements which make these relationships thrive.
   (reaffirm agreement to participate)
3. Invite participant to “anonymize” names of other people and organizations during the interview
4. Ask whether or not the interview may be recorded

Interview:

1. Tell me about your position here, what you do, what your organization does?
2. How often do you interact with the (lead or partner)?
3. Can you explain your organization’s relationship with the (lead or partner)?
4. Can you explain a specific time when your arrangement with the (lead or partner) was successful? (Unsuccessful?)
   a. What role did your organization play?
   b. Were goals clear and agreed upon between both organizations?
   c. What do you mean by “success”?
   d. What do you think were the most important factors contributing to the success (failure)?
5. How do your organization’s goals align with those of the lead/partner?
   a. What are the benefits of collaborating with the (lead or partner)? Probe: gain credibility, grow reputation…
   b. Are there any drawbacks? Probe: feeling freedom v. strict oversight
6. Explain the measures taken by (lead or partner) to monitor (lead or partner)?
   a. Are there formal reporting mechanisms in place?
   b. Do informal relationships advance transparency and accountability between organizations?
   c. Does/do (your organization/agent organizations) play a role in developing organizational goals?
   d. Is this oversight helpful in achieving organizational goals or does it harm decision making processes for the agent organization?
7. What, if anything, has strengthened (or weakened) your connection with the (lead or partner)?
   a. Probe: trust, relationships, reputation, monitoring/oversight
8. Do you have anything else you would like to share?