

# GOVERNANCE STRUCTURES IN COLLABORATIVE WORKING PRACTICES

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Over the past 30 years, there has been growing pressure on construction companies and clients to adopt partnering contracts. This represents an important institutional innovation that potentially acts as a driver for changing rooted managerial approaches towards a sustainable supply chain management and governance. However some of the challenges faced include integrating several relational themes with traditional procurement processes. In addition the factors for creating, managing and fulfilling partnering contracts vary across construction projects. This paper investigates the role of governance structures, processes and actors in the governance of collaboration. Using a case study of a partnering framework agreement between a county council and a road maintenance contractor, some of the factors for creating, managing and fulfilling relational contracts are highlighted. A conceptual framework is adopted to analyse and evaluate the business relationship as it evolves. The results indicate that governance structures, processes and actors involved standardized procedures and use of individual perceptions. In addition, organisational and individual perceptions influenced the choice of appropriate governance mechanisms and strategies used in coordinating, controlling and legitimizing the business relationships. Future studies may look into the moderating and mediating role of relational and formal attributes on performance. Researchers could focus on the interventions that managers undertake to make sure that trust and standardized procedures (control) enhance performance.

Keywords: actors, collaborative working, governance, partnering, structures.

## INTRODUCTION

Despite the zeal and practical interest from governments, industry practitioners and clients on the use of partnering initiatives to procure construction works and services (Latham 1994, Bennett *et al.* 1996, Barlow *et al.* 1997, Wood and Ellis 2005), the industry continues to face problems in "*transforming traditionally adversarial contractual relationships between clients and contractors into more collaborative ways of working*" (Bresnen 2010:615). Hence the much flaunted benefits of improving inter-organisational collaboration have yet to be fully achieved.

Much of the research has been on the benefits (Bennett *et al.* 1996, Barlow *et al.* 1997), even though the research evidence was limited and mixed (Nystrom 2008, Bresnen and Marshall 2000b). Most studies have been prescriptive in nature and relying on anecdote, emphasising the use of tools and techniques, such as appropriate formal contracts, incentives, charters and dispute resolution processes and mechanisms, to design ways of working collaboratively. Other researchers have studied the limitations and problems in the project performance, organisation learning

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(Nystrom 2005, 2008, Bresnen 2009, Bresnen and Marshall 2000b). More recently, much of the studies have been on defining and operationalizing the partnering concept (Anvuur and Kumuraswamy 2007, Nystrom 2005) as there is still definition overlap, ambiguity and collective understanding over what it really means to be collaborating on a project and how and in what form it is translated into in practice (Bresnen 2010, Nystrom 2005). Perhaps definition overlaps and an absence of common discourse is hindering collective understanding.

Despite the frequent use and study of working collaboratively, little has been done within the construction literature to explore empirically the governance mechanisms that are potentially useful in inter-organisational settings (Anvuur and Kumuraswamy 2007, Bresnen and Marshall 2000). The paper aims to explore how collaboration is governed and how governance structures evolve over time in practice. Considering that certain types of governance will not be practical or useful in all collaborative settings, a broader focus is needed to comprehend the different processes and elements that characterize each type of governance. Different governance arrangements may require different management skills, hence a more broader and shaded knowledge is required by all stakeholders.

This paper sets out to explore the design and implementation of the governance of collaboration in practice, drawing on the concept of ‘collaborative governance’ (Ansell and Gash 2008, Purdy 2012) and ‘governing collaborations’ (Vangen *et al.* (2014). Emerging from the field of public administration and management, these concepts are concerned with governance through the formation of inter-organizational collaborations and the governance of collaborative entities in essence.

This study would enable stakeholders in collaborative working practices couple appropriate governance mechanisms with desired aims and objectives. By studying the different types of governance mechanisms and variations, construction practitioners and researchers may be able to consider the range of governance mechanism potentially useful and effective in collaborative working practices. The study also contributes to the literature by taking into consideration both people’s capacity for taking action and the constraints on action posed by social contexts and social practices.

In the next section, a brief discussion of collaborative working practices in construction. This is then followed by a brief discussion of the elements of governance in collaborative inter-organisational relations is presented. An account of our research methodology and case study are presented. We conclude with a discussion of the findings from the case study in relations to theory and practice of collaboration in construction projects.

## **CWP IN CONSTRUCTION**

As an important institutional innovation, collaborative working practice (CWP) initiatives potentially acts as a driver for changing rooted managerial approaches towards a sustainable supply chain management and governance. Within the construction industry, CWP have been concerned with seeking to improve inter-organizational collaboration (Bresnen 2009), this collaboration can relate to managing single projects or several projects in longer-term relationships between organisations.

Despite the attention given to CWPs as the solution to the limitations of traditional arm’s length contracting in recent times, problems of coordination, control and legitimacy still continue to badly affect the construction sector (Bresnen 2009, 2010).

Many CWP's falter in the development of governance structures as these CWP models do not live up to expectation (Wood and Ellis 2005). A reason might be that the design and implementation of governance structures for CWP is very much dependent upon intangible and dynamic social attributes, underpinned by the theory and practice of relational contracting (Macneil 1980) while ignoring the importance and complexity of the contexts (socio-cultural, economic, institutional and organizational) within which the CWP evolves (Bresnen 2009, Phua 2006).

The reality of construction procurement is that it involves varying levels cooperation, coordination and collaboration, underpinned by governance mechanisms, processes and structure. Hence, the governance of complex collaborative contexts continues to dominate the work of construction managers. For the practice of collaboration to produce benefits and gains, and the governance mechanisms sustained, there is a need to pay attention to 'collaborative governance' and 'governing collaboration' as collaborations may generate a number of challenges that need to be managed (Vagen 2014). Vagen (2014: 10) emphasize that *"The structure determines not only who (organizations and individuals) are able to influence the collaboration's agenda but also who may take important decisions and have resources, power and legitimate authority to act and be accountable for its undertakings"*.

## **CWP AND GOVERNING COLLABORATION**

Within inter-organisational collaborations, as found in the construction projects, governance is an extremely important issue if the efficiency and effectiveness of the goal oriented collaboration is to be safeguarded (Silvia 2011). In the long run, good governance serves to realize organizational and collaborative goals, even though, the process and practices may vary considerably depending on the environment in which they are applied (Huxham 2000). Given that all collaborations are exposed to internal and external forces (Huxham and Vangen 2005, Ansell and Gash 2008), the processes through which governance is designed and enacted can be altered; leading to many collaborative practices evolving over time

Vangen *et al.*'s (2014) seminal work on the governance of cross-sector, inter-organizational collaboration in the context of public administration and management, emphasized that governance decides who has authority and power; who makes decisions, how other players make their voice heard, and how account is rendered. Drawing on the logic of 'governing collaboration' and 'collaborative governance', Vangen *et al.* (2014) defined 'the governance of a collaborative entity entails the design and use of a structure and processes that enable actors to direct, coordinate and allocate resources for the collaboration as a whole and to account for its activities' and consequently conceptualized the governance of collaboration in terms of structures, processes and actors. They propose three key design elements with regards to governing collaborations and which relates to different governance mechanisms.

- Structure - Individuals, organizations and other collaborations engaged in the collaborative practice and the formal interconnections between the partners for the purpose of the collaboration.
- Processes - Ways of communicating, sharing responsibility and taking decisions through instruments such as plans, committees and workshops.
- Actors - Anyone with enough power and know-how to influence and enact the collaboration's agenda.

According to Vengan *et al.* (2014): “*The structure determines not only who (organizations and individuals) are able to influence the collaboration’s agenda but also who may take important decisions and have resources, power and legitimate authority to act and be accountable for its undertakings*” and .... ‘Tight’ versus ‘open’ structures deal with issues of influence, legitimacy, power and accountability in different ways.”

At the same time, it is very imperative to acknowledge that governing processes do and can take numerous procedures, forms and arrangements, and are mediums via which participating individuals and organisations “*gain legitimacy to exercise power and act*”. While the processes inspire the sharing of vital information and developing a common understanding of issues, other processes can and do deter dynamic communication between partners (Huxham 2000). With regards to actors, as Vengan *et al.* (2014) pointed out, specific actors will and do direct, coordinate and allocate resources for the collaborative practice and are accountable for their actions.

For a better understanding of the governance of collaborative practices in the construction industry context, the governing collaboration conceptual framework is used to explore and examine the design and implementation of a CWP.

## **RESEARCH APPROACH**

Due to the paucity of published studies on governance of CWP in construction projects, first, literature from general management is reviewed to build an understanding of the governance concept. This enabled us to focus on the scope of governance mechanisms that are potentially useful in construction project’s inter-organisational settings, and how governance structures evolve over time in practice. Keywords used were governance structures, project governance, authority, trust, decision making and accountability. A classification system populated with evidence from publications on structures, processes and actors was developed. Hence, the concept of ‘governing collaboration’ is employed to investigate CWP in the construction industry context.

Second, the case study approach is adopted because, as argued by Strauss and Corbin (1997), some organizational procedures and processes being investigated cannot be quantitatively measured. This approach also responds to critique by Marchington and Vincent (2004) that existing research seldom involves studies relating to the operational level of inter-firm relationships. The purpose here is not to produce statistically generalizable results or test specific hypotheses, but rather provide an in-depth description of the structures, processes and actors involved in the governance of collaboration in practice. For example, drawing upon a case study of a partnering Project, Bresnen (2010) present “*a more general case for understanding partnering in construction as an emergent phenomenon*”. Similarly, Delhi *et al.* (2012) and Roehrich and Lewis (2010) use case studies to explore governance structures. While case studies have been described as not being statistically representative to the wider population due to restriction of the sample size (Bryman 2000), the choice of multiple case studies overcomes this. This view is supported by Hakim (1987) and Yin’s (2003) argument that the illustrations of the case study findings can be generally improved by using multiple cases.

Given the need for an in-depth analysis of a CWP, qualitative case study (Yin 2003) was adopted. This was an opportunity to study in detail and collect data about the governance structures that were developed and how they evolved over time. In

addition, the investigation, enables contribute towards understanding and theory developments through analytical generalizations (Yin 2003, Eisenhardt 1989).

Data was collected through semi-structured interviews, obtaining documentation, observation of meetings, informal conversations, and meetings with senior project engineers and project engineers from the county council; meetings with Managing Director, Project Managers and Project supervisors from the road maintenance contractor. These data collection methods were supplement by direct observations where possible. Even though interview durations and focus varied, each interview was based on a piloted master interview plan. The interviewees were asked a series of questions on their role, views on keys issues of implementation, coordination and monitoring decision-making, authority, trust, distribution of resources (resource allocation), accountability, lead organisation and individual leaders, and information sharing. Where necessary, prompting on key issues identified from literature was encouraged.

All interviews were digitally recorded and later transcribed. The transcripts were then uploaded unto the NVivo qualitative analysis software for coding. Thematic codes were developed from literature and from themes that emerged deductively from analysing the data collected. Documentation concerning the design and implementation of the collaboration was collected and reviewed, in order to build a sequential description, comparing and contrasting with data from interviews and observation to outline the collaboration history.

## **A CASE STUDY OF WORKING COLLABORATIVELY IN PRACTICE IN CONSTRUCTION**

The project was a four year partnering framework contract agreement between a County Council (CC) and a highways maintenance contractor to manage and maintain the highway network within the CC's region. The contract had an optional three year extension depending on performance and continuous improvement implemented by the contractors.

### **Designing the partnering framework agreement**

The highways maintenance partnering framework agreement was designed to implement the CC's policies and strategies for inspecting and maintaining its network of highways. It was aimed at developing an informed and transparent decision-making process, and information sharing between the two organizations. To gain a better understanding of the structure, processes and actors, readers are referred to Figure 6.3 in Kwawu (2009: 173) which shows the structures, processes and actors involved at different levels.

### **Governance through structure**

Within the new partnering arrangement, the CC and the MC jointly designed the administrative structure such that the linkages between the various units of both organisations were used to specialized roles and responsibilities among employees. The new structure enabled both organisations to maintain separate entities while the structural linkage encouraged them to contribute specialized skills and resources to specific activities such as the inspection of road defects. The new hierarchical structure encouraged both organisations and individuals to depend on each other to address collective issues and common problems during logging defects and repairs.

As a result an arrangement of shared authority through equal representation on road inspections, participating project managers shared power.

In terms of the agreed roles and responsibilities of the CC and MC, formal and informal agreements were used among project managers and other participants to jointly identify and develop roles and responsibilities with the new administrative structure. This was more evident as the collaboration grew. For instance, due to the nature of some emergency calls, informal agreements were used to support changes such as new project managers joining existing teams or as new problems occurred. The project managers from the CC and MC formalised some social norms and agreements such as a project manager phoning his counterpart to resolve issues without requesting for meetings. Also noticeable was the occurrence of several personal relationships among participants due to frequent joint fieldwork visits.

In terms of organisational and individual autonomy, the collaborative interactions encouraged most participants to give up some independence in order to develop joint policies on road inspection that governed the arrangements. Giving up their independence enabled participants to collectively decide on an activity. The integration and liaison of organisational activities and actions such as raising works orders helped the participants to obtain a wider understanding of the collective advantage of working collaboratively. As clarified by project manager from MC: “... *to make these frameworks work ideally, you’ve got to be able to have a consistent team, people that are engendered into the way that the framework goes.*”

The new structure inherently intertwined the operations of both the CC and the MC such that personnel from each organisation had to make a deliberate decision to work together as they realize that it was supportive of their jobs.

### **Governance through processes**

The collaborative arrangement between the CC and MC used an integrated information technology to improve the structural linkages between individuals, CC and MC. Thus participants had access to all kinds of information.

The decision making process in the new collaborative arrangement was characterized by the transparency process where decision were taken collectively. For example a major road defect is reported, engineers and project managers from the CC and MC jointly inspected the damage before a decision is taken to repair it, based on laid down policy and rules. The decision making process is thus transparent

In respect of conflict resolution over territorial and control issues, the CC and MC encouraged personnel to work with responding counterparts to resolve any differences by rearranging processes and procedures that caused the conflict. As illustrated by a project manager from the CC: “..... *I phone-up ..... This has gone wrong; can we have a chat about it? How do we want it to proceed? And we will do that ... it is just a natural reaction*”. This generates trust among decision makers, and creates the willingness to share sensitive information.

The process also allows for personnel dealing with the conflict to be aware of the pressure of trying to meet organisational objectives and policies while also trying to support the objectives of the partnership.

Another way that collaborative arrangement was governed by the CC and MC involved pooling resources together to control funding of collective targets, leverage personnel and expertise. In addition individuals personnel on the project were

encouraged to draw on their organisational ties where they have access to expertise, personnel and funds that corresponding counterparts did not have.

Through participative processes, trust between individuals within the collaborative arrangement was encouraged to be committed to the collective objectives and should always act within the laid down policies and rules. Mutual trust was built right from the start with the two tier arrangement consisting of partnering charter or memorandum of agreement.

### **Governance through key personnel**

Due to the collaborative actions and activities, project managers and other participants played key roles in the partnering arrangement. Often they relied on discretions to negotiate rules and make organisational decisions at the project level in order to achieve a collective goal. In the new collaborative arrangement, by the linkage of activities and collective identities, the participating managers and other workers collectively identified and influenced mutually beneficial relationships to improve road maintenance.

With the new administrative structure, leadership roles were given to personnel from the CC and MC giving them legitimacy to coordinate and control collaborative activities and actions. As exemplified by the MC's project manager: *".....it's a give and take, you know; we don't really want to fall back to the contract. .... we might be giving them a bit more on something, but they're giving us something back on something else. I'm happy to run things like that, because it enhances relationships."*

The participating personnel from the CC and MC communicated openly and frequently communicated during field visits and discussing problems thus developing a common knowledge and understanding of the project requirements, responsibilities and rules. The participating project managers and engineers through information sharing processes such as meetings, joint field work and road inspection, were able to inform corresponding counterparts what resources they could make or not make available to the team.

Through consensus and compromise, project managers and engineers from the CC and MC jointly made decisions regarding new operations, bridge difference between the CC and MC managers and engineers. The CC and MC assumed lead roles at various levels. Engineers and project managers of the 'lead organization' thus secured greater legitimacy to direct, coordinate and allocate resources for collaborative activities.

## **DISCUSSION**

The case analyses reveal that in establishing the CWP, the CC and MC had several potential governance mechanisms at their disposal to coordinate and control activities and outcomes. The administrative structure and standardized procedures and processes for inspecting repairing defect on the highways served as governance mechanisms to adjust and adapt the participants' activities, and expected outcomes. Furthermore, these formalities legitimize the activities of the participants (Ansell and Gash 2008), creating shared understandings and affording the organizations and individuals a collective structure from which to construct their actions. Participants are then able to make-sense of the collaborative contexts in which they were engaged and to an extent legitimize the relationship.

Drawing on the logic of 'collaborative governance', the collaborative inspection and repair of defective highways requires a governance mechanism that upheld

governance principles such as legitimacy and trust. This is a further example of the link between structures, processes and actors. However, it was also acknowledged that trust resides with individuals and therefore depended on the interaction and conduct of partners and the interaction between them.

Instituting standardized procedures such as joint road inspection and decision making on repair process could be seen as a way of governing the practices and legitimizing the process. The standardized procedures and processes facilitated the work between the participants involved in the collaborative practice. The result was an increased personal interaction between the teams, thus building trust among the teams' and mobilizing the CC and MC's resources toward the achievement of joint goals. It also illustrated the impact that processes have on individuals. In terms of the ways governance structures are implicated in collaboration, there was a lot of improvisation and sense making through informal interactions.

The case study demonstrated that a successful collaborative arrangement depends on institutionalized processes that encourage and monitor the relations (Silvia, 2011) Even though participants were accountable to the collaboration as well as their respective organizations, the designed administrative structures reassured them of the responsibilities to both organisations. For example, governance structures, key personnel and processes such as the road inspection and repair process were continuously being adapted to improve the working relationship. By formalizing the practices through these formal structures and processes, the CC and MC were ensuring that all the parties understood each other well enough to resolve issues when they arise. These governance procedures and processes determined who made certain decisions and how responsibilities were divided. In other words, these provided a process for decision-making, issue resolutions and communication between the participants.

The processes and structures put in place to govern the collaboration also provided a range of decision making mechanisms among participants seeking to attain collective advantages. These structures and processes were a mixture of both formal and informal governance mechanisms such standardized procedures for raising orders and accounting for completed repairs. The key to attaining desired outcomes laid in ensuring a good working collaborative relationship through efficient and effective governance structures and processes. This then challenge the dominant ways in which we have often thought about governance structures in the field of construction management.

The project documentation such as log of project issues, change management forms, or notes of project meetings served as governance mechanisms that protected organisations and individuals from risks and controlled and coordinated their behaviours. It gave power and authority, accountability to participants. Although organizational processes and procedures empowered managers and other individuals, individual perceptions, attitudes and behaviours were very important in building the relationship in collaborative arrangement.

Without establishing the governance structures and processes, both the CC and MC would have had difficulty in sustaining a strong working relationship. Consequently, the structures, processes and personnel provide a good illustration of how governance and management of the working relationship evolves through information sharing, making decisions jointly, was an integral part of controlling and coordinating the partners to achieve a collective advantage.



## CONCLUSION

With the growing pressure on construction clients to adopt partnering and collaborative ways of working, there are several governance mechanisms associated with the design and implementation of CWPs. In particular, the partnering approach requires that managers and organisations rely on a myriad of processes, structures and key participants to deliver construction works and services. While much of the construction partnering literature focuses on the benefits and how to better manage the challenges with its implementation in practice, it is important for the construction clients and professionals to understand the elements of governance that can be used to govern and empower participants. It is through this understanding of the elements of governance that integrate processes, administrative structures and partners in a way that enables clients and practitioners to learn new collaborative ways of working at a more localised level.

The research highlights the importance of governance structures and processes in designing and implementing partnering agreements and shows how processes and joint decision making helped transform the relationship and outcomes of a road maintenance project. The findings highlighted in this report, indicate that there are important inter-organisational interactions that need to be governed so that integration processes and structures can be aligned with the local context and collective advantage or targets. The case study showed that in the practice of working collaboratively, participants had access to particular resources as a result of collaborative interactions, which in turn were enhanced by the designed structures and processes.

The study also contributes to the literature by taking a dynamic perspective on the interface between individual and organisational behaviours and the wider institutional practices in terms of selecting a governance mechanism. Thus taking into consideration both people's capacity for taking action and the constraints on action posed by local contexts and practices.

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