Towards cooperative partnerships in information systems management

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Abstract

Information systems management delivers services for functions, processes and ultimately users who use technology as a tool in the work tasks and processes. Innovative solutions are needed as the pressure to do with ever smaller resources is a reality, at least in information systems departments in governmental and municipal organizations. Here we suggest that cooperative arrangements with other partner organizations can be a good way to organize things. Cooperative partnerships with vendors are also increasingly important in this context.

Keywords: information technology, information systems, management, partnership, cooperation

1   Introduction

Information systems management has an important role in organization's operations. The importance becomes apparent if an interruption should take place – normal operations stop. This is the case in most organizations independently of organizational size, maturity or field of industry. And even though the organization could continue business operations whether they are related to manufacturing or providing services need information systems infrastructure in order entry or invoicing, for example.

In this paper we look at the challenges that information systems management faces in municipal organizations. Shortly, in municipalities more and more resources are needed in health care sector, and at the same time the amount of people retiring is increasing. This impacts the municipal economy, and the pressure to cut costs in other areas is increasing. New models in organizing municipal operations are needed, also in information systems management. We suggest that partnerships and other cooperative arrangements can be the solution in this situation.

1.1   Motivation and goals

The goal of the paper is to find ways to organize information systems management when the available resources are scarce. Discussions with IS-professionals and executives especially in municipal organizations have motivated us to explore how maintenance and development activities could be organized. As a result, the question of interest is

- *In what way could information systems management be organized when resources are scarce and*
- *What is the role of external partnerships in information systems management*
- *Which areas in information systems are potential for partnerships and management activities*

Here we discuss also the potential impacts of partnerships for individual organizations. The definition of partnership ranges from working relationships to active transactions and collaboration between organizations. Different types of joint ventures, subcontracting, alliances and acquisitions are included in partnership arrangements (Segers 1992).

In this paper the term partnerships refers to inter-organizational business arrangements. The important issue here is that partnerships are based on commitment to cooperation. The focus is on partnerships in municipal organizations, which is the empirical background of this article.

2   Partnerships

The partnerships among organizations are becoming increasingly important: 94 % of the technology executives believed that alliances are becoming more critical to their strategy, yet every second alliance turns out as a failure (Kelley et al. 2002). However, the relatively high number of failures and disappointments in business partnerships indicate that better understanding of inter-organizational relationships is needed.

Partnership refers to a situation where individuals from different organizations meet when they are working with a project, process or task. Here individual-based trust and shared vision are needed (Blomqvist 2002). The partnership formation is a process, which is affected firstly, by the environment, secondly by the knowledge and capabilities of the organization and, thirdly by the individuals involved. As time goes on trust becomes organization-wide, and the relationship may become institutionalized. It is argued that in a partnership the interaction between the organizations consists of four basic elements (Blomqvist 2002): communication, trust, commitment and adaptation. Let us look at these elements closer.

Communication is a key success factor in a partnership as sharing information is needed throughout the interaction. Open communication helps in developing mutual understanding, and is the basis of relationship building between individuals and organizations. Communication is needed in exchanging information of partner's motivation and future goals, and is vital for trust to emerge. Efficient and open communication helps in aligning expectations and the potential of the relationship.

Trust is a central concept in partnerships. In business relationships competence and goodwill are needed for trust to develop (Blomqvist 2002). Competence is a key antecedent in technological partnerships whereas complementary knowledge, skills and expertise the resources that are behind the partnership arrangements. Positive intentions are signs of goodwill, in a broader sense moral, norms and social trust are needed in business partnerships. These ingredients are basis of a successful partnership, and if they are missing cooperation that benefits all partners cannot develop (Blomqvist 2002).

Trust among the partners is a "make-or-break" element in partnerships, and especially in the long-term relationships it is the cornerstone of cooperation (Jones & George 1998; Varghese & Farris 1999; Ariño et al. 2001). As the partnership evolves, the participants gain experiences, commit, learn and start to uncover the potential of the relationships. Trust makes it possible to commit and adapt to the relationship, and it is the core element for the bonding process between the organizations. Trust is a fragile issue because of its emotional nature: once broken it can be very difficult to achieve again (Scanzoni 1979).

Commitment is in this context seen as a future oriented investment in the relationship development, in terms of management time, procedural adaptation or physical resources. Commitment and trust have a self-enforcing mechanism; some trust is needed for commitment and related investments, and these in turn are increased through trust (Blomqvist 2002).

Adaptation is typical to a developing partnership (Möller & Wilson 1995). Usually, the level and amount of adaptation increases as the partnership develops, and it can lead to strong connection of the parties and related independency (Huston & Burgess 1979). It is possible that attitudes and even managerial values may be adapted in the course of the process (Möller & Wilson 1995).

There are several other classifications on critical factors in partnerships. Generally, the fit of managerial and organizational values is an important starting point (Schein 1992). Bruce et al. (1995) identify choice of partners, establishment of ground rules, process-related factors (like communication, trust and flexibility, for example), equality in contribution, benefits and power, people and their personal relationships and commitment, and environmental factors as success factors in inter-organizational partnerships. Slowinski et al. (1993) identified strategy-related goals, mutual understanding of weaknesses and strengths, information, intellectual property rights and exit strategies. An additional viewpoint is proposed by Dwyer et al. (1987): they emphasize the long-term relationship over the transactional exchange.

Inter-organizational partnerships are based on a long-term business-to-business exchange. In this interaction the actors know each other, and the relationships are relatively intensive and even personal. The management of the organization impacts the development of cooperative capability (Blomqvist 2002). Manager's basic assumptions and attitudes on human relationships and trustworthiness have a direct link on the relationships. If other people are seen opportunistic and untrustworthy there is little room for partnerships to develop.

The interaction is seen as inter-dependent of each other and of the network they are connected to (Ford 1998). It includes exchange of information through social bonds. Trust is here the element that can carry the relationships over misunderstandings and thread of opportunistic behavior. As time goes exchange becomes institutionalized and part of the processes and traditions (Håkansson 1989; Blomqvist 2002). The interactive approach to inter-organizational partnerships focuses on the cooperative and trusting viewpoints of human behavior (Möller & Wilson 1995), as opposed to the more opportunistic perspective of the transaction-cost approach (Williamson 1987).

3 Roles of partnerships

Organizations should concentrate on their most important activities. These are referred to as core functions (Lacity et al. 1996; Feeny & Willcocks 1998). Furthermore, it is argued that functions which are non-core or not strategic are potential for outsourcing (Feeny & Willcocks 1998). Management needs to map core functions, concentrate and allocate resources to development on these areas. Here the current and the future role of each function needs to be analyzed and understood. The key question remains: what tasks and functions should be outsourced, and in what degree (Earl 1996; Lacity & Hirschheim 1995; Lacity et al. 1996). It is also important to notice that outsourcing is more than deciding what to do in-house, it is partnership issue (Johnson 1999; Quinn et al. 2000).

What is the role of partnerships in information systems? Firstly, partners can help in sharpening the focus: non-core functions can be better one partners who are experts in these issues. Secondly, partners may help in developing the core functions by giving additional expert insights. The expertise from outside partners, whether they are systems providers, consultants or colleagues in other organizations can be critical in IS development. For example, asking experiences from other organizations where similar products or systems are being used can be decisive. It is still likely that the role of partnerships is different among organizations, and the impact that cooperation has varies.

The objectives of information systems outsourcing are often connected to cutting costs, or focusing on the business operations instead of technology, or getting rid of the maintenance of legacy systems (Earl 1996). Outsourcing is expected to free management time: when maintenance of selected non-strategic functions has been outsourced to outside partners, organization can focus and put its energy to core activities (Johnson 1999, 24). It is also expected that partners are able to provide high-quality service.
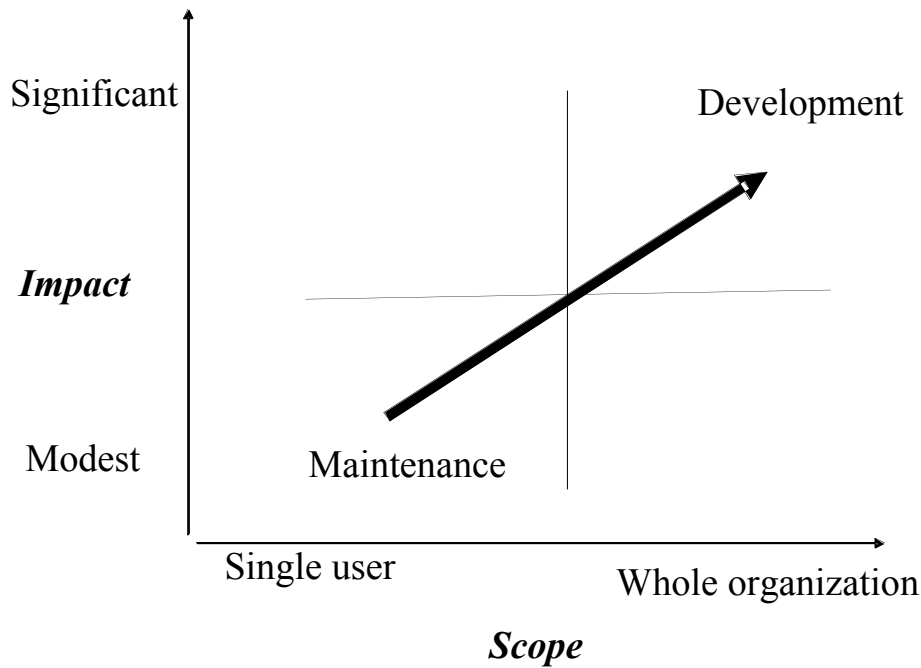
Figure 1: Role of partnerships

The above figure (Figure 1) illustrates the role of partnerships in organizations. Here partnerships include different kinds of cooperative arrangements ranging from outsourcing to joint ventures between organizations. The business impact of cooperation can range from modest to significant. On the other hand, arrangements may concern only some units, functions and people, or it can have a major scope and affect all employees throughout the organization.

Analyzing the contribution of each system, application or technology to business processes and its strategic importance helps in identifying candidates for outsourcing. Laticy et al. (1996) categorize IT systems using two dimensions, which divide systems into 'critical' or 'useful' and 'commodity' or 'differentiator.'

Partnerships make it possible to access knowledge and expertise that otherwise might not be available (Greaver 1999). Furthermore, cooperation can increase organization's flexibility to adapt to changes operations and environment. The important issue here is that the focus should be more on cooperation in development-related activities, as they have the largest potential future impact on the organization. In outsourcing arrangements, however, systems which are non-core and non-strategic are seen as potential outsourcing candidates. When these are outsourced, the organization can gain cost-savings, but may not obtain benefits that cooperation in business critical, strategic areas could bring.

4   Towards partnerships in IS management

Generally, information systems management in municipal organizations is operating with limited resources. The number of IS people in the IS departments is small: there may be one or two IS experts in a municipality which otherwise employs hundreds in departments and functions like education, health care, city maintenance and planning. Because of the small and ever decreasing resources in IS management the cooperation with systems providers and outside experts is in an important role. Furthermore, information systems departments look for cooperation with nearby municipal organizations.

Information systems management in municipalities faces a number of issues which lead to partnership arrangements between organizations. Firstly, customers or in this case user

organizations can strengthen their positions through cooperation. Together they are in a better position to negotiate prices and service offers. In this way also competitors can benefit from cooperation.

Secondly, information systems providers integrate their products as a result of acquisitions and other joint ventures. There is also a need to focus development efforts on only few main products and product-families. Today systems providers are active in proposing and building customer groups and organizations which use their solutions, thus increasing the customer base. It is also important to keep existing customers and provide high-level service for individual customers.

The third issue is the structural change which seems to be inevitable in municipal organizations. Tighter budgets and increased pressures to manage more systems call for expertise from the outside, partnerships with systems providers and cooperation with other municipal organizations.

The initial step towards partnerships can come from systems providers, IS department or organizations top management. Our experiences show that in municipalities there is an ongoing discussion on organizational development, cooperation with other organizations and streamlining of processes. In this context information systems can be as a tool for organizational development (networking allows division of work between different units and organizations, for example). In addition, IS departments can take advantage of partnerships and cooperation. It seems that especially discussions with colleagues in other municipal organizations can be very fruitful and open eyes for new ways of organizing processes within the IS department.

In municipal organizations good partners are seen as a resource in information systems management. It was also found that there must be mutual interest in developing the partnership further. The roles need to be well defined, and in the long run successful partnerships depend on the management of the partnership arrangements (Johnson 1999).

The formation and development of partnerships relies on communication, trust, commitment and adaptation (Blomqvist 2002). In initial phases of the cooperation is open communication critical: understanding the goals and guidelines of the cooperation are the basis of any partnership. Mutually agreed targets develop joint ownership and increase commitment. Respecting partner's opinions and requirements – in other words adaptation – helps further in developing the cooperative arrangement.

The relationship normalizes as partners learn to trust each other and find out the added value of cooperation. Successful purchases, projects and other activities are needed. On the other hand, negative experiences can be critical, especially in the early stages of the partnership. It takes years before failures are tolerated, and even here rapid solutions and involvement are required or the continuity of the partnership is at stage. Small success stories are needed to increase trust in the relationship, positive experiences make it possible to further expand the cooperation. As a result, the development of the relationship is tentative (Blomqvist 2002).

5   Concluding thoughts

Partnerships can be an important resource in information systems management. We found two main types of cooperative arrangements: cooperation with organizations which are operating in the same field or competing with the organization in question, and partnerships with systems providers.

In partnerships with competitors or other organizations within the same field the cooperative arrangements can be broad. One possible form of cooperation is joining forces in competitive

bidding. This could lead to discounts and better service than in a case where the organizations would negotiate alone with systems providers.

There are different kinds of systems providers; they range from sales and developers of applications and hardware components to providers of systems which integrate seamlessly several technologies, applications and data-bases. In these partnerships there is a system, function or process which is maintained or managed by the partner. Here the cooperative arrangements are strengthened by systems providers' integration and focus to selected products, and municipal organizations pressures to manage with scarce resources. The result is increased partnership and cooperation with systems providers and other municipal organizations.

Partnerships rely on trust and mutual understanding. Gradually, more services and cooperation may be added, which further strengthens the relationship. Consequently, there is a built-in a self-reinforcing mechanism in a successful partnership.

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