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Collaboration, competition, and co-opetition: Interorganizational dynamics between private child welfare agencies and child serving sectors

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ABSTRACT

Human service agencies are encouraged to collaborate with other public and private agencies in providing services to children and families. However, they also often compete with these same partners for funding, qualified staff, and clientele. Although little is known about complex interagency dynamics of competition and collaboration in the child-serving sector, evidence suggests that competition can undermine collaboration unless managed strategically. This study explores the interrelationship between competition and collaboration, sometimes referred to as “co-opetition.” Using a national dataset of private child and family serving agencies, we examine their relationships with other child serving sectors (N = 4460 pair-wise relationships), and explore how variations in patterns of collaboration and competition are associated with several organizational, environmental and relational factors. Results suggest that most relationships between private child welfare agencies and other child serving agencies are characterized by both competition and collaboration (i.e. “co-opetition”), and is most frequently reported with other local private child welfare agencies. Logistic regression analyses indicate that co-opetition is likely to occur when private child welfare agencies have a good perceived relationship or a sub-contract with their partner. Findings have implications for how agency leaders manage partner relationships, and how public child welfare administrators structure contracts.

1. Introduction

Private child welfare agencies play a pivotal role in responding to the needs of children at risk for maltreatment as greater responsibility for delivering frontline child welfare case management services (e.g. developing case plans, assessing progress toward goals) is shifted to the private sector (Collins-Camargo, Ensign, & Flaherty, 2007; McCullough & Schmitt, 2000). To meet the complex needs of families involved in the child welfare system and enhance system accountability, private child welfare agencies must collaborate with other child-serving agencies (Waldfogel, 1998). Collaboration may entail case planning with clinicians from multiple agencies, co-locating services, developing a joint program, or pooling human resource functions.

However, selecting a partner, negotiating the relationship, and maintaining collaborative partnerships may be challenging, since private child welfare agencies also often compete with these same partners for resources. Competition between agency partners may undermine collaboration: a private child welfare agency's success in winning a new contract or grant, hiring qualified personnel, or recruiting new clients could be at their partners' expense, contributing to relationship strain, failure, or dissolution (Baker, Faulkner, & Fisher, 1998). Based on this traditional, zero-sum view of competition and collaboration, agencies may avoid collaborating with a competitor, which could be detrimental to the families they serve given the importance of partnering with other child-serving agencies to deliver comprehensive and coordinated care.

In practice, however, there are many examples of how organizational leaders have moved beyond the traditional “Clobber or Collaborate” view (Zuckerman, 2006), suggesting the need for re-conceptualizing collaboration and competition as interrelated or interdependent concepts (Chen, 2008). Organizations may manage “co-opetition” with a partner by collaborating in one domain while simultaneously competing in another (Bengtsson & Kock, 2000). In fact, in their seminal book, Brandenburger and Nalebuff (1996) advance co-opetition as a business strategy where combining efforts and resources with a competitor may create value by improving efficiency and quality. Co-opetition is also

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evident within human service delivery systems. Emerging evidence from children's service delivery systems suggests that the more agencies compete with one another, the more likely they are to collaborate (Bunger, 2013; Valente, Coronges, Stevens, & Cousineau, 2008).

Among agencies that serve children and families involved with child welfare systems, privatization of core child welfare services may create greater need for collaboration locally among independent agencies competing for similar resources. Pooling resources and efforts among competing child-serving agencies may create efficiencies in the administration and delivery of services, while expanding the availability and accessibility of comprehensive services for youth and their families. Therefore, co-opetition among child serving agencies has potential to benefit both organizations and the families they serve. However, before the field tests the impact of these dynamics on organizational and system performance, a better understanding of the ways child-serving agencies collaborate and compete with specific types of partners is needed. Specifically, what remains unexplored is the extent to which these complex, co-opetive relationship dynamics occur, with which types of partners, around what types of activities, and under what conditions.

This study profiles the overlapping collaborative and competitive dynamics between private child welfare agencies and other child-serving agencies by examining the prevalence and predictors of co-opetition. To capture variations, features, and relevant drivers of co-opetition that are unique to each other sector, we focus on relationships. We next briefly review the extant literature on collaboration, competition, and co-opetition to examine the question of why and under what conditions private child welfare agencies may collaborate with a competitor.

1.1. Collaboration

Collaboration is a type of interorganizational relationship where partners work toward a common goal (Gray, 1989). Collaboration involves significant investment, adjustments in the way partners operate in response to one another, and the risk of lost autonomy (Bailey & Koney, 2000). Agencies collaborate around both service delivery and administrative functions (Bolland & Wilson, 1994). Through service delivery collaboration, agencies align their programmatic offerings via a variety of activities including client referrals, joint service programming, and/or sharing data across organizations to ensure that both partners have complete and updated information about their shared clients. Partners also align their operational infrastructure and administrative functions by sharing responsibility or resources for financial allocation and budgeting, human resource functions, billing, staff training, or other support functions (Shortell, Gillies, Anderson, Erickson, & Mitchell, 2000). For example, some agencies may develop formal coalitions or umbrella organizations that provide administrative functions for members, such as staff training, proposal writing and quality assurance activities (Cefola, Brotsky, & Hanson, 2010).

Within the human services, agencies generally collaborate with partners that serve similar client populations (Bolland & Wilson, 1994; Rivard & Morrisey, 2003) for a variety of reasons including access to needed resources like funding, client referrals, or complementary services (Pfeffer & Salancik, 2003). Agencies may also collaborate by pooling their administrative resources including staff or space to create efficiencies of scale (Guo & Acar, 2005). Strong pressure from funders, accrediting bodies, policymakers, and other key external stakeholders may also cause agencies to develop collaborative relationships and share resources as a way of gaining legitimacy (Reitan, 1998).

1.2. Competition

Competition emerges when there is demand for limited resources by multiple organizations (Barman, 2002; Hunt, 1997). For instance, a grant, contract, key staff person, or group of clients won by an agency may reduce the resources available for other organizations, all else being equal (Bengtsson & Kock, 2000). Competition among agencies is influenced by both the supply of needed resources and the number of agencies demanding those resources. Private child welfare agencies may encounter competition with other child serving agencies that rely on the same or similar financial and human resources, and can lead to conflict, hardship, or going out of business. For example, when the number of children in out-of-home care was drastically reduced in Illinois, some provider agencies were forced to close their doors (McEwen, 2006).

1.3. Co-opetition: collaborating with a competitor

Collaboration and competition have been traditionally viewed as opposing types of interorganizational relationships (Chen, 2008) where competing agencies are unlikely to collaborate (Park & Russo, 1996). When competitors collaborate, the risks of partnership are particularly high: as agencies share resources, influence over those resources also becomes shared, with the result of potential loss of agency autonomy and independence. Therefore, there is a risk that a partner will exploit another by gaining administrative control, exposing vulnerabilities, and/or stealing innovations and reducing agency competitive advantage (Pfeffer & Salancik, 2003). Thus, one risk is that a partner will behave opportunistically in pursuit of its own success. Additional risk stems from potential economic or service delivery failure by a partner, which may jeopardize the other agency in the partnership because of increased reliance on one another. Despite the risks, evidence of collaboration among competitors (co-opetition) in for-profit industries (Bengtsson & Kock, 1999), the arts (Mariani, 2007), health care systems (Judge & Ryman, 2001; Zuckerman, 2006), and nonprofit child service systems (Bunger, 2013; Valente et al., 2008) suggests that collaboration and competition should be reconsidered as potentially related interorganizational processes between any given pair of organizations (Chen, 2008).

Conceptualizing collaboration and competition as interrelated relational processes between organizations opens the door to new questions about the prevalence, drivers, and impact of co-opetition. As noted, organizations collaborate to access resources, create efficiencies, and gain legitimacy. These benefits may be amplified by collaborating with a competitor, and may in fact produce a distinct competitive advantage for co-opeting partners (Brandenburger & Nalebuff, 1996). When pooling resources, competing agencies may create efficiencies and economies of scale (Snavely & Tracy, 2002), enabling them to develop and implement new programs or products quickly (Gnyawali & Park, 2009, 2011), weather turbulent or scarce funding environments, work through shortages of qualified staff in the community, or manage other risks. For example, competing agencies may pool resources to purchase a new data management system, or contribute proprietary knowledge to design a new program. As a result, agencies may improve service delivery and performance, and may find greater success in winning resources and legitimacy as collaborators than as individual competitors. However, some have also argued that competing agencies collaborate deliberately to reduce the negative impact of competition in the environment (Fligstein, 1996). Examples range from joint contract bids or grant proposals to extreme forms of collusion and price fixing (Hunt, 2007).

1.4. Variation in the nature of co-opetitive relationship among child-serving agencies

Given the risks and benefits of collaborating with a competitor, co-opetition may vary depending on whether agencies are aligning their service delivery or administrative functions. In particular, private child welfare agencies may be more likely to collaborate with competitors around service delivery than administrative functions. Generally, service delivery relationships tend to be more common than administrative