

27-7-2017

# Control and trust within an inter-organizational relationship in the public sector

Master thesis

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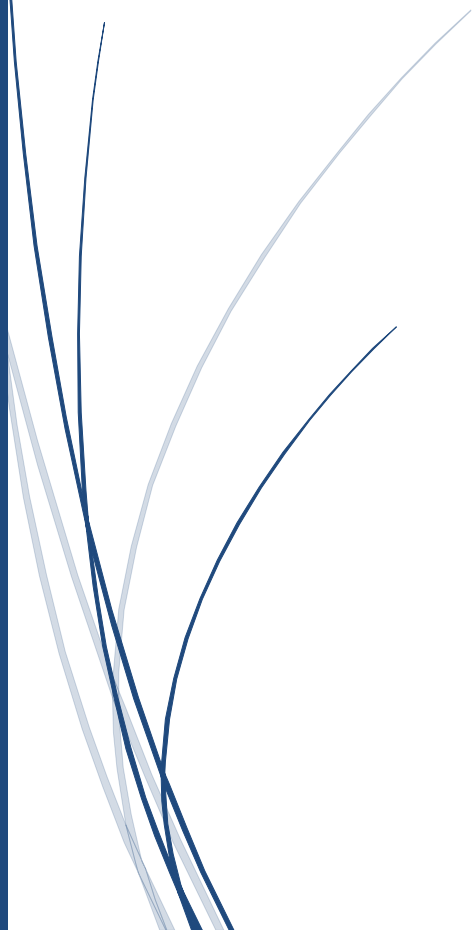
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Version: 3.0



## Abstract

Many researchers have studied control and trust within inter-organizational relationships. Despite the extensive literature on this subject, there seems to be less of a focus on inter-organizational relationships within the public sector. Therefore, studies have called for more research as well as expanding the subject by focusing on networks of relationships, in which multiple parties are involved. As a result, the aim of this research was to provide insight into the relationship between control and trust in an inter-organizational relationship with multiple parties in the public sector. The research focused on the following research question: *How do control and trust relate to each other in an inter-organizational relationship between multiple parties in the public sector?*

The topic was studied by conducting qualitative research at a collaboration between 7 municipalities. In total 8 people from multiple parties were interviewed. Results indicate that the relationship between the multiple parties in the inter-organizational relationship is characterized by trust and not by control. This conclusion is in contrast with what has been found in the limited amount of research on this topic. However, this research has shown that the relationship can be based on trust, which can be attributed to how the collaboration comes into being.

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## Abbreviations

NPM	New public management
MGR	Modulaire Gemeenschappelijke Regeling
RRvN	Regio Rijk van Nijmegen
IRvN	ICT Rijk van Nijmegen
SSC	Shared service center

## Chapter 1 Introduction

Over the last couple of decades the public sector has developed quite extensively. This all started in the 1980's with New Public Management (NPM) in order to adapt a more private sector approach to the public sector. NPM in this perspective is an umbrella term. Therefore, over time many ideas and concepts have been pursued in the name of New Public Management (Hood, 1991). Nowadays public institutions, such as municipalities, have an increased interest in incorporating these business approaches, for instance by transferring public services to external parties within the public or private sector. Thereby, creating inter-organizational relationships between public institutions and external parties. Examples of these relationships are outsourcing, shared service centers and strategic alliances (Broadbent and Guthrie, 2008).

What makes an inter-organizational relationship interesting, from an accounting and control perspective, is how public institutions deal with the control and trust relationship that is established between the two entities. As a result, many researchers have studied control and trust within inter-organizational relationships, thus leading to a variety of ideas about this relationship. For instance, some studies have taken on the idea that control and trust are substitutes, hence more control negatively impacts trust and more trust negatively impacts control (Dekker, 2004; Zahir-ul-Hassan et al., 2016). On the other hand, some studies have adopted the idea that trust and control have a positive relationship, in which both concepts interact and ultimately strengthen each other (Vosselman and Meer-Kooistra, 2009).

Overall, the literature provides different perspectives on the relationship between control and trust in an inter-organizational relationship, which often contradict each other. Thus, first of all studies have called for researchers to continue researching the subject as well as expanding the subject by focusing on networks of relationships, in which multiple parties are involved, instead of only focusing on a relation between two entities (Chua and Mahama, 2007; Dekker, 2004; Vosselman and Meer-Kooistra, 2009). Secondly, despite the extensive literature on this topic, there seems to be less of a focus on inter-organizational relationships within the public sector (Cristofoli et al., 2010).

One of the few studies that has taken interest in this subject comes from Kastberg (2016). He has studied the relationship between multiple parties in a public sector shared service center. The main findings are, that actors perceive trust to be a risky option, that the involvement of multiple parties contributed to an intensification of the use of formal control and that trust between two parties might instigate the use of more formal control by a third party. Nevertheless, this is only one of the few studies that has taken on the gap in the literature. As a result, the aim of this study was to provide

more research that addresses the gap in the literature of public sector inter-organizational relationships, by focusing on the following research question:

*How do control and trust relate to each other in an inter-organizational relationship between multiple parties in the public sector?*

The main research question is divided into sub questions that relate to the literature review and the empirical part of the research. The following questions cover the topics in the literature review:

- *What is control in an inter-organizational relationship?*
- *What is trust in an inter-organizational relationship?*
- *How do control and trust relate to each other in an inter-organizational relationship?*
- *How do control and trust relate to each other in a public sector setting with multiple parties?*

Before discussing the empirical questions, it is important to introduce the case in which the empirical research will take place. Research is conducted at the 'Modulaire Gemeenschappelijke Regeling' (MGR), which is more commonly known as 'Regio Rijk van Nijmegen' (RRvN). This is a platform for collaboration between municipalities in the Nijmegen region. Currently the RRvN coordinates the execution of job placement (WerkBedrijf) and IT services for multiple municipalities. The focus in this research lies on the IT collaboration, which is called 'ICT Rijk van Nijmegen' (IRvN). This is a public sector platform for collaboration and coordination between seven municipalities surrounding Nijmegen and can be best described as a shared service center (SSC). The municipalities that are united in this SSC are Berg en Dal, Beuningen, Druten, Heumen, Mook en Middelaar, Wijchen and Nijmegen (Regio Rijk van Nijmegen, 2015).

The following questions cover the empirical part of the research:

- *What kind of control is used in the relationship between municipalities and ICT Rijk van Nijmegen?*
- *What kind of trust relationships are established between the municipalities and ICT Rijk van Nijmegen?*
- *How do control and trust relate to each other in the relationship between the municipalities and ICT Rijk van Nijmegen?*

Methodologically this research is an interpretive study of the situation at IRvN and its partners. The research consists of a case study at IRvN and a document analysis. More information concerning the methodology is provided in chapter 3. The remainder of the research consists of a theoretical framework in chapter 2. Chapter 3 consist of the methodology. This is followed by chapter 4, which displays the results based on interviews and the document analysis. Finally, the thesis ends with the discussion and conclusions in chapter 5 and 6, followed by the references and the appendices.

## Chapter 2 Theoretical framework

### 2.1 Control

In the accounting literature, the concept of control is defined in many ways. For instance, control can be perceived as a regulatory process that is made more predictable with the creation of standards that help establishing an objective or a state (Das and Teng, 2001). Another definition is the one from Bijlsma-Frankema and Costa (2005) in which control is the designing of a set of rules that specify an actor's job and enforces the actor's compliance with the standards in order to establish a reliable execution of tasks. Thus, control influences the behavior of actors and ensures that the behavior is in line with the organization in order to achieve goals (Cardinal et al., 2004).

These definitions rest on the assumption that conditions have to be created to steer performance in the desired direction. This shows that control is based on negative assumptions, because it assumes that the other party will try to act in an opportunistic manner (Bachmann, 2001). As a result, control is a regulatory process that tries to prevent opportunistic behavior from happening, by making the work environment more predictable with the creation of control standards and measures (Das & Teng, 2001). This also creates a relation between control and sanctions. If undesired performances or actions are being observed, then this calls for reprimands or sanctions towards the person or organization that has done wrong in the eyes of the controlling party (Bachmann, 2001).

In order to categorize the different forms of control in an inter-organizational relationship, a distinction is made between formal control and informal control. Formal control in inter-organizational relationships is about control practices that are based on contractual agreements and formal control structures for cooperation. This sets out obligations on which parties have agreed upon and creates a coercive control environment in which the employees are strictly guided towards accepted behavior (Ahrens and Chapman, 2004; Dekker, 2004). Formal control can be subdivided into bureaucratic/behavioral control and market/output control. In the case of bureaucratic and behavioral control, the focus lies on controlling what activities are executed and how they are executed in order to meet the obligations. Therefore, detailed contracts are important, to be able to monitor the performance of partners. Ultimately, the goal is to come to continuous supervision, performance management and evaluation in a process that consists of detailed standards, norms, rules and performance targets (Cristofoli et al., 2010; Ouchi, 1979). In contrast, market and output control are not looking at the process, but focus on controlling the outcomes of activities. Contracts are also important in this form of control, but contracts are less detailed and the output is of most important in the control process (Langfield-Smith and Smith, 2003; Ouchi, 1979).

Informal control is the opposite of formal control and is in essence based on self-regulation of employees in inter-organizational relationships. The employees are influenced by cultures and systems that provide boundaries for behavior and actions (Dekker, 2004). This can be characterized as an enabling control environment that appeals to the employees' sense of responsibility and gives them the possibility to choose among options. This categorization leads to the overview that is presented in figure 1.

While control is important in providing reasonable assurance in an inter-organizational relationship, it must also be recognized that not everything is controllable. To a certain extent, control is possible, but one might ask oneself whether it is desirable to control as much as possible and where the limits of control lie. From a financial perspective, control is possible until the costs of control outweigh the benefits (Messner, 2009). Therefore, control can only be maintained to a certain degree. As a result, a relation must be built on more than just control. That is why trust is an important concept in inter-organizational relationship studies (Vosselman & Meer-Kooistra, 2009).

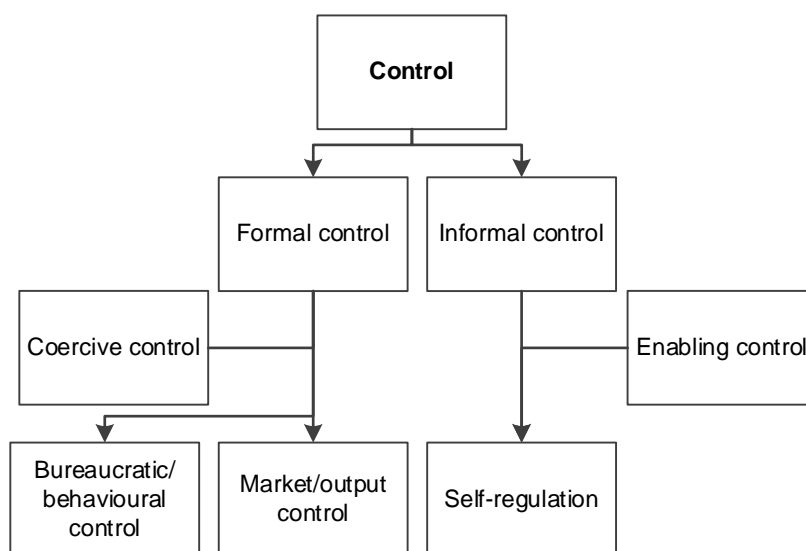


Figure 1 Control categorization (based on Ahrens & Chapman, 2004; Dekker, 2004; Ouchi, 1979; Smith et al. 1995)

## 2.2 Trust

The academic literature provides many definitions for the concept of trust, but there is not one superior definition. What most definitions have in common is the fact that they address the willingness to accept vulnerability and/or risk, that expectations are based on past experiences and that trust is meaningful in situations of dependence and collaboration (Baldvinsdottir et al., 2011). In contrast to control, trust is based on positive assumptions about the other party's intentions within an inter-



organizational relationship (Bachmann, 2001). A definition that relates to these criteria is the definition of Tomkins (2001), which will be used in this thesis.

*“The adoption of a belief by one party in a relationship that the other party will not act against his or her interests, where this belief is held without undue doubt or suspicion and in the absence of detailed information about the actions of that other party”* (Tomkins, 2001, p. 165).

Based on Tomkins’ definition, trust can be categorized in a couple of ways, such as competence trust, goodwill trust, system trust and distrust. The first three concepts are positive forms of trust and the last one is a negative form of trust. Starting with the first one, competence trust. This form of trust stems from the level of confidence that a party has in the abilities of the other party. This implies competence and shows that the other party will be able to comply with agreements that are made (Şengün & Wasti, 2011). The second concept is goodwill trust, which is based on the motives and intentions that the other party shows in meeting the agreements (Şengün & Wasti, 2011). Thirdly, trust can originate from system trust, which passes by the human aspect of a relationship. This concept focuses on trust that can be put in institutions and systems instead of people (Baldvinsdottir et al., 2011). Lastly, distrust can arise. Distrust is the opposite of trust and can originate from a belief that the other party is incompetent, shows irresponsible behavior or might violate agreements. In this instance, the other party seems to lack any interest in the other’s welfare or might even have harmful intentions, which might have disastrous consequences for the relationship (Jian et al., 1998).

## 2.3 Control and trust perspectives

The relation between control and trust in the literature is viewed from two different perspectives. These perspectives are the rational perspective and relational perspective, which will be discussed next.

### 2.3.1 Rational perspective

The rational perspective on the control-trust relationship is the mainstream perspective. From this point of view, trust is the result of managerial decision making and control and trust are seen as solutions for behavioral uncertainty and appropriation concerns. One of the ideas is that trust is complementary or a substitute for control, which means that trust is perceived as an end state. The idea of trust being complementary or a substitute comes from the fact that the rational approach emphasizes that formal control enhances trust in a relationship. The use of formal controls will be complementary and enhancing trust until a certain threshold. The use of formal controls can damage trust when the threshold is exceeded. Additionally, trust might be seen as a substitute for control. If a

sufficient level of trust is established, it can serve as a low-cost solution for securing the transactional hazards. Trust does this by reducing conflicting interests, thus lowering the need for formal control (Dekker, 2004).

Another main concept of the rational perspective is the categorization of trust, in thin and thick trust. In this case, trust and control have a common goal, both aim to absorb behavioral uncertainty. This makes trust and control the result of interaction. Therefore, it differs from being complementary or a substitute, because it doesn't perceive control and trust as static concepts. However, it does fit within the rational perspective, because the aim is to provide solutions for behavioral uncertainty and appropriation concerns (Vosselman & Meer-Kooistra, 2009).

The rational perspective perceives thin trust as the result of contracts being established between two parties. This provides a governance structure to the relation between both parties, that benefits from regulations, legislation and social structures. The thin trust relationship creates a zero-positive situation, that only tries to minimize the negative expectations and doesn't try to improve the positive aspects of a trust relationship. Therefore, acting as a safeguarding device in aligning the parties interests, but preventing it from becoming thick trust. In turn, thick trust is established through the concept of relational signaling. Relational signaling implies that a party makes it clear that they are going to behave in a co-operative manner and that they can be perceived as being trustworthy. That means that they will have no intention to behave opportunistically. When both parties signal their commitment, thick trust will complement the contractual thin trust with positive expectations about the other party's integrity to commit to the relationship (Vosselman & Meer-Kooistra, 2009).

### 2.3.2 Relational perspective

The relational perspective on the control-trust relationship perceives the relationship not as something that can be objectively implemented. Trust is formed in a network of relationships in which control and contracts are actors instead of instruments (Minnaar et al., 2016). Together they shape, mediate and construct a network of relationships (Vosselman & Meer-Kooistra, 2009). In contrast to the rational perspective, control and trust are not a stable solution to behavioral uncertainty. Instead both are constantly changing as a result of actions and interactions with entities and outside influences, which will shape trust in a relationship (Chua and Mahama, 2012; Minnaar et al., 2016). From a relational perspective, trust and control are performative, which suggests that they have the agency to be able to *"create, maintain and modify the relationship in unexpected ways"* (Minnaar et al., 2016 p. 2).

According to the idea of Minnaar et al. (2016) trust can be perceived as a quasi-actor instead of an actor, because it is not an object in itself. Trust as a quasi-actor means that trust relates to other

objects and that those objects/actors get trust properties assigned to them by people, for example contractual, competence or goodwill trust. In this way trust acts upon the contract and control structures in place. This makes control and trust equal to human beings since they are quasi-actors. As a result, control is not viewed as a tool and trust is not seen as a solution for formal control, but as an unpredictable network effect, which makes trust flexible (Minnaar et al., 2016).

Along the lines of the relational perspective lies the idea of “trust as a practice”. According to Mahama and Chua (2016) trust can be perceived as a practice. Trust as a practice is based on the perception of trust being a dynamic relationship that continuously changes over time. In practice, trust comes from actions that are based on routines of which there are many different kinds of routines that can create trust. Ultimately trust is a dynamic process with ups and downs and from time to time the relationship is in need of some repair work, which contributes to the idea that trust is not an end state (Mahama and Chua, 2016).

A different concept, that can be considered using a relational perspective, is the trust-control duality. This idea does not only assume that trust is flexible, but it also assumes that trust is less distinct from control than is assumed by the rational perspective. According to Möllering (2005) the control-trust relationship is a duality, because *“each assume the existence of the other, refer to each other and create each other, but remain irreducible to each other”* (Möllering, 2005, p. 2). This means that control and trust depend on each other and interact with each other. Just as a human being depends on a body and soul in order to be able to function. It also highlights the idea that control and trust are related in very complex ways (Möllering, 2005).

## 2.4 Control and trust in multiple parties relationships

So far, theory about control and trust in two party relationships has been discussed. As the focus of this research lies on relationships between multiple parties in the public sector, it is important to discuss the literature on this topic. However, there is not much research conducted in this area. A research that was conducted on this subject is from Kastberg (2016). In his article he concludes that actors in public network relations are considering trust to be the riskier option, especially when multiple parties are involved. Organizations can only trust their own interaction with another party. What they cannot trust is the interaction of the opposite party with a third party, which they might perceive as negative. As a result, organizations shifted their focus towards intensifying the use of formal control. From a rational perspective the use of more control could provide a basis for a trusting relation. However, that was not the case in this study, because the involvement of multiple parties led to the use of formal control to signal trust and at the same time limit the existing trust. The limiting of

trust was a direct consequence of the growth of trust, which caused distrust and calls for more formal control to arise (Kastberg, 2016).

The findings of Kastberg (2016) are in line with the ideas that Tomkins (2001) had about a relationship with multiple parties. He speculated about the influence that a third party might have on the relationship and how changing trust in one part of the relationship might affect other parts of the relationship as well. This makes relying on trust a difficult option in such a relationship. As a result, the phenomenon of “three is a crowd” is very fitting to describe the problems that arise in a relationship with multiple parties (Tomkins, 2001).

Although Tomkins ideas were mere speculations, Cristofoli et al. (2010) conducted a similar study on inter-organizational relationships in the public sector and they came up with the same conclusions. Their research showed that the involvement of a third party led to an increase in the use of formal control, especially when a relationship had high political visibility. However, it should be mentioned that the third party in this relationship was the public and that the relationship differed from the relationship that Kastberg (2016) explained, in which the public was not a party (Cristofoli et al., 2010). Nevertheless, while research on trust might have positive effects for relationships with two parties, these studies show that the effects might differ for relationships in which multiple parties are involved (Kastberg, 2016).

On the other hand, Janssen et al. (2007) researched the design process of a multiple parties relationship, in this case a shared service center (SSC). Conclusions from their research showed that trust, alongside cooperation and satisfaction, is dependent on how the relationship between parties comes into being. The level of trust between the parties grew, because of the systematic, collaborative and structured way of making strategic choices from the start of the SSC. This shows that open communication and cooperation is key in establishing a trusting relationship between multiple parties (Janssen et al., 2007). Lamothe and Lamothe (2012) go deeper into this idea by looking at the level of trust that stems from a history prior to a collaboration between local governments and service providers. Their research shows that there is a possibility for initial trust to arise at the start, but it depends on many aspects. One of the conclusions is that local governments are more eager to work with parties that are from the same sector, such as other governmental parties, because often there are similar responsibilities and goal congruency. Other factors that have an impact on the initial trust are expectations towards continuity, the level of dependency between parties (balanced versus unbalanced dependency) and previous history with the service provider (Lamothe and Lamothe, 2012).

Lastly, there is a research from Cäker and Siverbo (2011) that researched joint ventures in the public sector. They came to the conclusion that introducing new formal controls does not damage the existing level of trust. On the other hand, it also does not signal distrust to the other party. Furthermore, the researchers found that trust has an “inverted crowding out effect” on control. This

means that the ambition to maintain a high level of trust stands in the way of the development of formal controls, which leads to undeveloped formal controls and a relationship that mainly has to depend on trust (Cäker and Siverbo, 2011).

## 2.5 New Public Management (NPM)

New Public Management (NPM) was first introduced by Hood in his article from 1991 in which he explained the development in the UK's public sector. These developments are: a product oriented hierarchical organization, more (internal) contract-based competition, a change to private sector management styles, efficient use of resources, clear measurable standards and measurement of performance and success, hands-on top management and a focus on output controls (Hood, 1991 and 1995). Together these seven developments form the concept of NPM, which is more of a movement than a static set of ideas at a point in time. Other ideas or developments can become a part of NPM as long as the basic idea of marketization and the adoption of a private sector approach remains. Therefore, the comparison of NPM with a chameleon is striking, because NPM has the ability to change its features while the core remains the same (Hyndman and Lapsley, 2016).

Over the years academics have argued whether the concept of NPM belongs to the past. For instance, academics have stated that the relevant time period of NPM was between 1980 and 2000 and that since then the providers of public services have changed from mainstream providers to providers that work in a partnerships or in alliances through networks. One of the main contributors to this development is the internet, which has played a facilitating role in what is often referred to as the development from NPM to a post-NPM world (Dunleavy et al., 2005; Osborne, 2006 and 2010).

On the other hand, academics have claimed that NPM and post-NPM came to existence at the same time and that they are in fact not that different, except for the terminology that is used (Hood, 2011; Peters and Pierre, 1998). Furthermore, Hyndman and Lapsley (2016) have concluded that NPM is still very much alive in the UK public services. Their research has shown that policy makers are still drawn to the concept of NPM and that this is reflected throughout the policies. Nevertheless, they recognize the increased importance of the internet and that NPM is often contested, but that does not justify calling it a post-NPM world. As mentioned earlier, NPM can be compared to a chameleon and this might just be a new color that we are not yet familiar with.

One of the ideas within the realm of NPM is the concept of a shared service centers (SSC). The idea of a shared service center gained momentum in the public sector around the year 2003 (Ulbrich, 2010). There are numerous definitions for a shared service center, however the common themes among these definitions are: synergy and improving service quality (Ulbrich, 2008). Essentially the idea is to make use of internal resources more efficiently by sharing services with multiple organizations in

a decentralized organizational setting. As a result, duplicating activities can be cut out and excessive employees can be let go. This makes it possible for shared service centers to achieve economies of scale. (Schulman et al., 1999; Bergeron, 2003; Ulbrich, 2006).

The explanation of SSC's makes it assumable that the implementation could lead to cost reductions in the public sector as it does in the private sector. However, it should be noted that there is a difference between SSC's in the public sector and SSC's in the private sector, because private sector organizations do not have access to the same tools as public sector organizations. For instance, governmental organizations are much smaller in comparison to multinationals, which leads to smaller gains from economies of scale and makes it more difficult to make up for the costs of setting up a SSC. Furthermore, the private sector can profit from lower labor wages in other countries by setting up a SSC in a different country. Something that is usually not possible for a public sector organization (Tammel, 2017). What is also important to keep in mind is that a public sector organization is there to serve the public. This makes an organization publicly and politically accountable for its performances, which means that there are two more actors involved in the relationship between control and trust in a public sector organization (Bovens et al., 2009).

## 2.6 Conclusion

In conclusion, the literature review has shown that control and trust are two concepts that can develop a relationship in three possible ways. Trust and control can be seen as a substitute for one another, trust and control can be complimentary and trust and control can interact in a dynamic relationship. The general opinion about a two party relationship seems to be that trust is a positive attribute to a relationship, for example the idea of thin and thick trust. This is definitely the case when you compare it to the literature about multiple party relationships in the public sector. The main idea here seems to be that trust is a risky factor and that it induces more formal controls. The few positive notes about trust in multiple party relationships seems to focus on the initiation period of a collaboration. Unfortunately, there is little known about multiple party relationships in the private sector, which makes it impossible to compare the public and private sector. Nevertheless, it is interesting to empirically find out whether the relationship between the municipalities and ICT Rijk van Nijmegen will show a similar development towards seeing trust as risky and focusing on formal controls. Or that it is the other way around and that the collaboration is a trust oriented effort between like-minded people.

## Chapter 3 Methodology

### 3.1 Research context

The research took place at “ICT Rijk van Nijmegen” (IRvN), an IT collaboration that is part of the ‘Modulaire Gemeenschappelijke Regeling’ (MGR), which is a platform for collaborations between municipalities in the Nijmegen area. IRvN is a collaboration between 7 municipalities surrounding the region of Nijmegen. The 7 municipalities are Berg en Dal, Beuningen, Druten, Heumen, Mook en Middelaar, Wijchen and Nijmegen (Regio Rijk van Nijmegen, 2015).

The year 2011 marked the start of the collaboration, when the 7 municipal secretaries met during their periodic meeting. To them it became clear that the IT developments in the foreseeable future, will become too complicated for individual municipalities. As a result, a business case about information management and automation (I&A) was drafted in 2013 and agreed upon by 6 of the 7 municipalities. Wijchen decided at that moment not to join, but eventually would join IRvN at a later time. A timeline of the milestones is shown in figure 4.

The business case emphasizes that it is the intention of the collaboration to establish a partner oriented approach. This means that municipalities formally are customers, but in reality they are seen as partners. The goal is to perceive IRvN as an extension of the municipalities and as partners they are working together in a collective effort to establish IT as good as possible.

The main arguments for collaboration revolved around four themes: vulnerability, quality, less extra costs and the IT collaboration as a basis for future collaborations. Firstly, vulnerability was an important focus point, due to the small-scale approach of the municipalities. Most municipalities had only a couple of IT employees or IT was only part of someone’s job. As a result, IT knowledge was only available to a small group of employees and in case if someone suddenly would pass away or leave the organization, this knowledge would be lost. Therefore, a collaboration would make municipalities less vulnerable to knowledge concentration, system unavailability and personnel changes. Secondly, the collaboration focuses on the quality of services provided. The aim is to try and maintain the current level of quality for the first few years. Within the following years, the quality has to increase as a result of accumulated knowledge and experience. Thirdly, the collaboration wants to maintain the costs at its current level or at least not increase the costs above the level of costs that municipalities would face when they would be operating individually. Therefore, goals for the future are to harmonize and reduce the number of applications to be more efficient and less costly. Lastly, the collaboration is intended to be the start of other collaborations between the involved municipalities. IT provides the backbone in every organization and a collective IT operation can form a basis for future collaborations (Regio Rijk van Nijmegen, 2013 & 2015).

This business plan was put into action in 2014 and marked the start of phase 1. which is a light form of collaboration. Phase 1 is a light form of collaboration and consists of IRvN becoming an independent organization and being responsible for the automation part of IT, which means keeping systems up and running, fixing problems and updating the system. This also meant that IT administrators became a part of IRvN, but that they would stay at their municipalities until the start of phase 2 around January 2016. Phase 2 is characterized by the continuing development of IRvN in becoming a standalone organization, which meant that almost all IT administrators would start working from IRvN's headquarters over time. Phase 2 also consists of starting with the IRvN central network and migrating every municipality onto the network. This is necessary in order to make it possible for IRvN to control the IT systems from a central location. Currently, IRvN has completed the migration of 2 municipalities and is in the process of completing the other 5 municipalities before the second quarter of 2018. Finally, there is a phase 3 in which the focus lies on integrating information management into the collaboration. The most important part of this is application management. Currently, the municipalities are executing this task individually, except for Nijmegen. The municipality of Nijmegen is the only one that has transferred information management to IRvN. Over time all municipalities will transfer this to IRvN, but how and when this will take place is not clear yet.

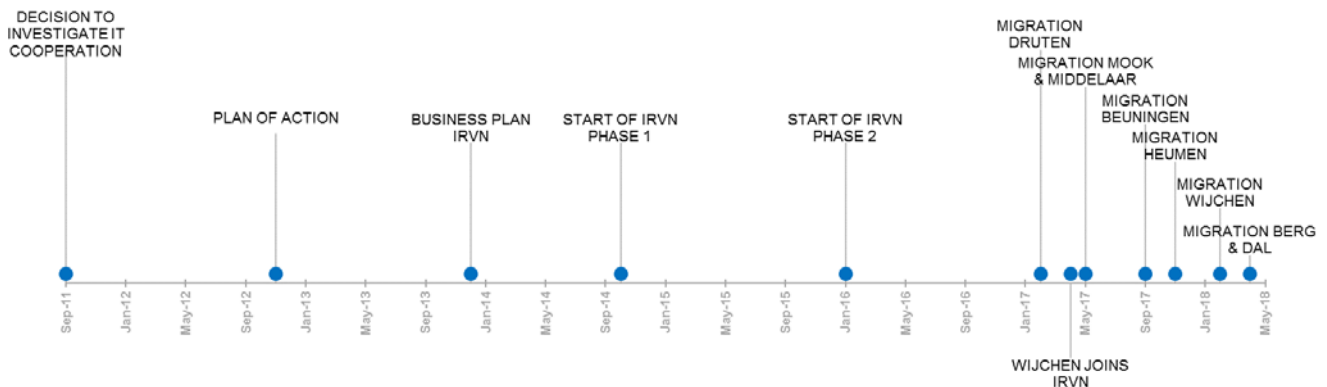


Figure 2 Timeline IRvN (Sources: Regio Rijk van Nijmegen, 2013 & 2015)

Currently, IRvN consist of two main departments, which are information management and IT service desk. Information management is about managing IT at the different municipalities and tasks include keeping the network infrastructure and network storage features running as well as updating them. Secondly, there is the IT service desk department which deals with IT problems from users at the different municipalities. Also, there is an extra department that is concerned with change management and IT project coordination. For example, the migration of the municipalities is a part of this department.

Furthermore, the municipality of Nijmegen has a special relationship with IRvN. IRvN is involved with municipality Nijmegen in the execution of supporting administrative tasks. In order for



IRvN to save money on the supporting tasks the municipalities have together decided to let Nijmegen execute these tasks, such as taking care of housing and personnel and financial administrations. In turn, IRvN gets billed for these supporting tasks.

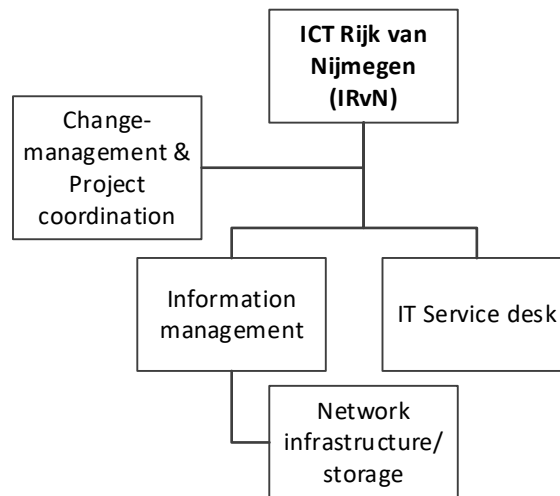


Figure 3 Organogram IRvN (Source: Regio Rijk van Nijmegen, 2015)

### 3.2 Research method

The research is based on an interpretive research approach. This means that one of the main focus points is making sense of the world as perceived by others. As a result, interpretive research is not generalizable, because it only makes sense of a particular context. In order to be able to generate information, to make sense of the perception of other people, it is necessary to conduct a qualitative research. That is why this research will consist of two types of research, which are semi-structured interviews and document analysis.

First of all, semi structured interviews are a part of field research and form a vital part of the interpretive and qualitative manner of doing research. The interviews were semi-structured<sup>1</sup> and conducted in Dutch. The interviews started off with an introduction of the person and what his/her relationship is with IRvN. The rest of the interview revolved around subjects such as the initiation phase, organization structure, contracts, control, accountability and trust. In total there were seven interviews conducted with eight people, who are involved in the collaboration between the municipalities and IRvN. The duration of the interviews was between 40 and 90 minutes and were conducted at the municipalities and at IRvN. With permission of the interviewees, all interviews were recorded, at a later time transcribed and as a short summary returned to the interviewees for feedback. The interviewees were assured of total anonymity. Therefore, no names were included in the transcripts or in any other part of this research. After every interview each interviewee was given a small present as a token of my appreciation. Three interviews were conducted with employees from

<sup>1</sup> The interview questions that were made in advance, in Dutch, are included in appendix 1.

IRvN, three with employees from different municipalities and one with an employee from one of the municipalities that has experience on both sides of the collaboration<sup>2</sup>.

Second of all, a document analysis was conducted in order to prepare for the interviews and to get some more background information on the collaboration. The documents also provided a basis for checking statements, for example financial results that could be checked in quarterly reports. Appendix 3 shows a list of documents that have proven useful throughout the document analysis.

### 3.3 Criteria interpretive research

This research is an interpretive study and that is why there are some criteria that have to be met in order to be able to guarantee the quality of this research. With interpretive research there are a couple of important concepts, such as mapping for exposure, intertextuality, trustworthiness and reflexivity. These concepts will be discussed next.

First of all, there are the concepts of ‘mapping for exposure’ and ‘intertextuality’. Mapping for exposure is based on the idea that there are multiple ways in which participants can interpret an event or a concept that is being studied. It is the researcher’s goal to come into contact with as many different, but relevant, participants and their experiences, in order to be exposed to as many different interpretations of what is being researched. This way the researcher creates intertextuality, which is the possibility to compare different sources and types of data. As a result, the researcher can map the different interpretations and “read across” different sources of evidence. This will provide the researcher with more knowledge and a stronger basis for trustworthy and more accurate claims (Schwartz-Shea and Yanow, 2012).

In this research the concepts of mapping for exposure and intertextuality have been a focal point in selecting the interviewees. The specific interviewees have been chosen for a couple of reasons. First of all, they were all directly involved in the collaboration. Secondly, they represent both sides of the collaboration, because the interviewees are from three different municipalities and from IRvN. Thirdly, the perspective from both sides is supplemented by interviewing an employee that has experience on both sides of the collaboration. This provided a wide map with a varied exposure to the topic that was studied. Therefore, it made it possible during the analysis to “read across” different experiences and to come to certain claims. Especially, as these statements could be verified through a second source of information, which was provided by the document analysis.

Furthermore, trustworthiness is of importance. During an interpretive research the researcher is making sense of the environment that he/she is researching. To come to trustworthy claims the

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<sup>2</sup> Appendix 2 consists of a list of the interviewees additional information.

researcher has to engage in checks on its own sense making. That is why there are three important design elements that contribute to making the research as transparent as possible. Thereby, contributing to the quality of the research. These design elements are: data analysis strategies and techniques, member-checking and reflexivity (Schwartz-Shea and Yanow, 2012).

The first design element of data analysis strategies is given substance to by analyzing the interview' transcripts with the help of analysis program ATLAS.ti. The techniques that were used within ATLAS.ti are open, axial and selective coding. First of all, the transcripts were open coded based on key words and phrases that are used in the literature chapter. Secondly, axial coding was used to compare the differences and similarities between statements that have similar codes. Lastly, through the use of selective coding the cohesion between different codes was analyzed. These analysis techniques have helped with testing and revising the initial expectations and this has resulted in new insights. A list of the codes is included in appendix 4.

The second design element is member-checking. The purpose of member-checking is to get feedback on the interview transcripts and to help make sense of the empirical situation. For instance, if some topic is still unclear or in case the interviewee would like to add, change or possibly clarify any of his/her statements (Schwartz-Shea and Yanow, 2012). During this research member-checking has been performed via e-mail. After every interview a transcript was made and turned into a summary that highlighted the most important statements. Each summary was e-mailed to the particular interviewee and each interviewee has replied.

Lastly, reflexivity is part of the trustworthiness of a research. Reflexivity is about reflecting on the role of the researcher in order to make sure that the researcher understands its own line of reasoning. During the research, the researcher's level of participation plays a vital role. On the one hand it can make the research more complex, because of personal interests and relationships. On the other hand it can make research easier, because access to company sensitive information is easier obtained (Schwartz-Shea and Yanow, 2012). My personal role at the research site was minimal. I have never worked there or taken any internship. Also, my personal relationships with employees was minimal, due to obtaining access through a classmate. This provided me with a bit of an outsider's perspective. Normally an interpretive researcher is situated in the middle of the research that he/she is conducting. Unfortunately, this was not possible during the research, however I have experienced this as a positive effect. In my experience I was not seen as someone who was a part of any of the parties involved and this resulted in a very open and transparent attitude from all of the interviewees. As a result, I believe that this has produced more information for my research than it otherwise would have done.

## Chapter 4 Results

### 4.1 Trust

This paragraph about trust is divided into trust at a higher level and trust at a lower level. The higher level consist of management and employees that are directly involved in the collaboration. The lower level consist of employees from municipalities that only come into contact with IRvN through the service desk.

#### 4.1.1 Higher level trust

According to the interviewees, trust is a fundamental aspect of the collaboration and has been a corner stone in the development of IRvN. From the start of the IT collaboration there seemed to be a lot of goodwill trust and it seems as though the managing director of IRvN has played an important role by contributing to this level of trust. Throughout the interviews the managing director of IRvN was described as someone who is open and transparent, who makes sure that every municipality is onboard and who emphasizes that every municipality is equally important. Also, he has been the face of IRvN from the start and as an employee of municipality Nijmegen he has had experience with IT collaborations. Therefore, he was asked to write the business plan and to develop IRvN from scratch. The events that contributed, to the initial trust, took place during the first stages of IRvN. At the start of the collaboration the managing director of IRvN demanded a fair rate for the hosting tasks, which would be executed and invoiced by municipality Nijmegen. This was a first signal towards the municipalities that the managing director was no longer a part of municipality Nijmegen. He showed that he was representing the interests of IRvN and the municipalities.

Secondly, the managing director of IRvN wanted to transfer all municipal IT employees to IRvN, in order to be able to take advantage of their specific knowledge. This created job security and was a signal towards the municipalities, that every municipality and their employees are equally important and will be taken care of. Both events are examples of goodwill trust, due to municipalities experiencing that the intentions and actions of IRvN staff are representing their municipal interest. This has set the tone and provided a fundamental basis for trust in the collaboration.

Goodwill trust is supplemented with competence trust throughout the first few years. Competence trust comes from the fact that IRvN has had a positive financial result in the first two years. With last year's savings of over 300.000 euros. According to the agreements, money that is saved is returned to the municipalities. However, the municipalities collectively decided not to claim the money, but instead letting IRvN keep it. The reason for this decision is that municipalities know that IRvN still has a lot of work to do, for instance the migration of municipalities onto the IT network. This

decision signaled competence and goodwill trust from the municipalities towards IRvN, as the managing director of IRvN stated:

*“We were really happy that the municipalities decided to let us keep the money. To us this really signaled trust in our activities and actions. It also signals that they trust how we spend their money, because in the end we saved some money.”*

So, there is competence trust in the financial part of the organization. This is necessary, because throughout the year expenses are not transparent for municipalities. That is why municipalities themselves acknowledge that this is based on trust in the good intentions and the competencies of IRvN. An example that characterizes this issue is the project “mobiel tenzij”. The project deals with the transition from fixed telephone devices to mobile devices. During the project, the municipalities do not have to worry about the purchases or the costs, because these tasks are taken care of by IRvN. The municipalities trust them to do the right thing in practice and financially, which exemplifies competence and goodwill trust. As also one of the employees of a municipality explained:

*“We have asked for the mobile devices this year and IRvN has purchased them. Those 200 devices have been delivered on time and have cost a certain amount of money. However, we have not seen any bills, so that is also a matter of trust. IRvN does not say that we have to pay in advance or any of those things. They just take care of our request, they deliver the devices and the costs will be deducted from our budget.”*

#### 4.1.2 Lower level trust

While the higher level seems to experience a lot of trust, the lower level does not. This was the result of a survey about the service desk, which was conducted at the municipalities. The only time that the lower level comes into contact with IRvN is through the service desk, once they have IT problems or IT requests. One of the reasons for a low level of trust, is that the employees were used to an in-house service desk with face-to-face contact and instead they now have to contact the service desk through a computer system or via phone. To employees this is a big change and as they seem to experience a lower level of service, their level of trust decreases.

At the moment, IRvN and the municipalities are collectively looking for ways to improve the level of trust for the service desk users. First of all, they have collectively made an effort to improve the level of service for the service desk, as this is the first step in generating competence trust. Something that the service desk manager also referred to:

*“Trust from the users is only obtained through improving our service desk. Once they experience time and time again that we are providing them with good assistance, they will start to trust us. That is also the feedback we get from users that we have helped in a satisfying way.”*

Next to that IRvN is actively building trust through certain activities. For instance, IRvN has hired a communication officer to create a visible organization for the municipalities. One of the complaints that was often heard, was that IRvN is an invisible organization for municipalities' users and that they are lacking an identity. This is important for an organization in generating trust, as one of the interviewees said:

*"I think it's good that they are creating an identity, because you cannot trust someone without an identity. If you are not carrying out your values and standards, what sort of services you are delivering and what sort of partner you are, then users have nothing to trust and the organization remains a black box."*

With the help of a communication officer the organization is trying to create a more visible organization for the municipalities to generate goodwill trust. One of the activities resulting from this effort is the development of a newsletter that provides users with information about IRvN, such as updates on the migrations and other IT related updates and changes that are coming. Over time IRvN hopes to improve the level of competence and goodwill trust for the lower levels, as they are working hard to be more visible to users.

## 4.2 Control

The main type of control that is used, within this inter-organizational relationship, is formal control. Formal control originates from two contractual agreements that were made between the multiple parties. These two contracts are a collective contract and an individual contract per municipality. The difference between the two contracts is that the individual contract includes municipality specific agreements. So far, individual agreements have rarely been used, because most topics could be agreed upon collectively. Only municipality Nijmegen has an individual agreement, because they are the only one to have transferred application management to IRvN. The content of the contracts was not disclosed, but one of the interviewees summarized the content quite nicely:

*"It is the set of agreements that we as municipalities have made, with IRvN, about financial goals, performance goals, IT availability, IT support, expectations towards each other and which party is responsible and accountable for certain activities."*

According to interviewees the "set of agreements" are general agreements that are not very detailed, due to IRvN being an organization for only three years and still being occupied with developing their services and products. In the near future, more detailed contracts are possible once the IT network migrations of the municipalities are completed. Although these contracts are not very detailed, formal control is to a certain degree exercised through the use of contracts. The content of these contracts serve as performance indicators, mainly for the service desk activities, because these activities can be made visible. The performances are discussed during quarterly meetings on strategic

and tactical levels. Meetings are held with all municipalities collectively as well as with municipalities individually. At the start, these meetings were characterized by a focus on output control. This meant that the results were most important. However, as of recently the nature of the meetings seems to change towards behavioral control. As interviewees told that they have collectively agreed that IRvN will provide more insight into the underlying process in an effort to provide a better understanding of the results and to be able to collectively improve the performance of IRvN. This is an example that characterizes the development of the control function in this inter-organizational relationship. The municipalities and IRvN are collectively looking for ways to improve the level of control and transparency. For instance, future plans are to change the budgets from input into output budgets. As previously mentioned, control is mostly exercised for service desk activities. With this development IRvN will provide more financial transparency, which makes it easier for municipalities to control their financial expenditure. As also previously discussed, municipalities currently have limited information about the financial expenses and they do not know how much of the budget is remaining after an expenditure. This leads to some dissatisfaction at the municipalities, which especially became clear at the end of one of the interviews. As I presented the interviewee with a small present the interviewee jokingly told me:

*“If I were you, I would send the bill for these presents to IRvN. We, as a municipality, have no idea if we are paying for that or not.”*

Currently, at the end of every year the financial results are disclosed, but during the year municipalities do not really know how their budget is being spent and how much of it is left. Therefore, the interviewee jokingly said that he would not know if costs such as presents for interviews would be paid out of their budgets, due to a lack of insight. Another interviewee told that he recently had a meeting with IRvN about the budget of his municipality. This was one of the first times that IRvN, during the year, had provided insight into how the budget was spent. Again this demonstrates that control is still developing and that IRvN is looking for ways to be transparent towards the municipalities. Something that was also recognized by the managing director of IRvN:

*“Control is good, but you just have to be transparent if you are an organization such as IRvN. You just have to be transparent, because you want to be open and honest to your partners and not because you are forced by control activities.”*

#### 4.3 Partner oriented approach and voluntary cooperation

The IT collaboration between the 7 municipalities is characterized by the difference in size of the parties involved. The collaboration consists of one large municipality and six small municipalities. Municipality Nijmegen is by far the largest municipality, with as much inhabitants as the other municipalities combined. As a result, Nijmegen has a bigger and more advanced IT department compared to the other municipalities. This creates a different dynamic than when equal parties agree to collaborate. In this collaboration the smaller municipalities had more incentives to collaborate than municipality Nijmegen had. For instance, with the collaboration the small municipalities took care of their vulnerability issues and their lack of capacity to maintain a qualitative IT infrastructure in the near future. On top of that the collaboration provided them with access to extensive IT knowledge that municipality Nijmegen had gathered throughout the years. On the other hand, for municipality Nijmegen there were less advantages in comparison to the other municipalities. Two reasons for them to cooperate were to spend tax money more efficiently and to form a stronger region in the province of Gelderland. The differences in municipality size also caused the smaller municipalities to be a bit reluctant to cooperate with municipality Nijmegen. While municipality Nijmegen provided them with opportunities, they also posed a threat towards the municipalities. The employees feared that municipality Nijmegen would become a dominant party that would overshadow their interest. As previously discussed, the actions of the managing director of IRvN have taken part of this threat away and replaced it with goodwill trust by looking after the interests of the municipalities and their IT personnel. However, two other factors have also contributed to a flourishing relationship between the parties. These two factors are a partner oriented approach and voluntary cooperation.

A partner oriented approach was adopted at the start of the collaboration and has played a critical role throughout the development of the collaboration. During a collaboration the parties involved in a collaboration often establish a customer/supplier relationship. These sort of relationships divide the parties into two sides. However, IRvN and the 7 municipalities have together decided to take on a partner oriented approach, in which all parties are equal and responsible for making IRvN a success. As public institutions the parties are not after profits and therefore are trying to achieve maximum efficiency for the municipalities. In practice some municipalities are better at adapting the partner oriented approach than others, as the following quote from the service desk manager exemplifies:

*“Occasionally municipalities are acting as customers, but we keep reminding them that they are partners instead of customers and that we have to work together to achieve something. Other municipalities are already very partner oriented and are asking us how they can help or if there are more things that we could do cooperatively. These municipalities have more of a constructive attitude.”*



Most of the municipalities act as partners, but in some cases the municipalities revert to a customer role. This action is motivated by fear of the unknown, because municipalities have to give up a part of their authority and individual identity without being certain of what they get in return. Nevertheless, the partner oriented approach has contributed to a good relationship between the municipalities and it has taken away some of the fear of being overshadowed by municipality Nijmegen. At the moment, interviewees from the municipalities are divided in their perception of municipality Nijmegen. Some do perceive municipality Nijmegen as a collaborative partner, while other experience that Nijmegen often acts according to the notion of “Nijmegen first”. In fact, interviewees have suggested that municipality Nijmegen should put a bit more effort into collaborating. For instance, by taking on a leading role and actively involving other municipalities by starting up projects for tasks that are delegated by the government.

The second factor that has attributed to a good relationship between the seven parties is the fact that it is a voluntary cooperation. All seven municipalities have agreed to collaborate and are committed to IRvN on a voluntary basis. Each municipality maintains a level of freedom of choice, as a result of how IRvN operates. IRvN sets an IT standard, for support and applications, of which they know that it is consistent with the requirements of all municipalities. The municipalities are free to follow this standard or to deviate from it, however deviations will cost more money. An example of this is the tender process that is used in case a new collective IT application is needed. At the start of a tender all municipalities will join the process. Their set of requirements are taken into account and IRvN will then select the best IT application(s) for the tasks at hand. For instance, this can result in 2 applications that are chosen by 2 or 3 municipalities each. Therefore, no municipality is forced to purchase an application. Each municipality is free to accept or decline a jointly purchased application, however up until now all municipalities have decided to purchase the applications that resulted from tenders. As the managing director of IRvN explained:

*“We know that every municipality has its own individual identity and that a new application will not always fit into their operations. So for instance, we had a case in which there were four quite similar systems used, which IRvN could all technically support. Ultimately, we chose one system that we would support. There were two municipalities that were immediately on board, then the third and fourth followed and before we started implementing all seven municipalities wanted the IT application.”*

As a result, IRvN provides the municipalities with a fair amount of freedom to pursue their own goals and maintain their own identity, as the managing director of IRvN puts it:

*“We don’t believe in a collaboration in which municipalities are in a dependent position and are being coerced into taking certain steps or obligated to buy an application. Based on experience I know what happens when the IT department determines what decisions are made and that is not a good thing for this collaboration.”*

As a result, the idea of voluntary cooperation is maintained, whether it comes down to joining IRvN or purchasing a new application. This assures municipalities that they are free to make their own choices and to maintain their individual identity. Next to that, the voluntary character of the collaboration assures the municipalities that their interests will not be overshadowed by the interest of municipality Nijmegen.

#### 4.4 Control and trust

The relation between control and trust within this inter-organizational relationship is one that is mainly focused on trust. During each interview the interviewees made it clear that trust is the foundation on which the collaboration is built. As previously discussed, there are a couple of events that have contributed to the level of trust, but also the partner oriented approach and voluntary cooperation have been of importance.

What is important in this case is to realize that IRvN has been an organization for only 3 years. At the moment the organization is still developing towards the organization that they intend to be. A huge part of this is the migration process of all municipalities onto the IT network. Once this is completed the level of service for every municipality can be brought up to the standard. This also has its effect on the level of trust and control. As previously mentioned, the partners are collectively trying to build trust and to build a control environment in a way that lives up to each municipalities ideas and standards. This takes time and effort and for the time being this results in a relationship that is based on trust. Control is used to check whether the performances are up to the standard that all parties want to achieve. If it is not, then all parties have some work to do. If the performances live up to the expectations then control is strengthening the level of trust. Lastly, one of the interviewees captures the essence of control and trust in this inter-organizational relationship very well, despite him not using the term control:

*“Trust is very important in this organization, because the whole construction is based on trust. If we would experience a lack of trust, between the parties, we have to be able to fall back on rules and agreements. Personally, I think that we will not need it and that we will maintain a relationship that is based on trust. If you cannot trust each other in this sort of construction, then that would be the end of the collaboration.”*

## Chapter 5 Discussion

The results chapter has provided insights into the origin and development of an inter-organizational relationship with multiple parties. Starting with the relationship between control and trust. The results have shown that control and trust are under constant development and that the parties involved are looking for ways to improve control and trust. Despite the control and trust developments, control plays a minor role in comparison to trust. Control in this inter-organizational collaboration comes from formal control practices. These control practices are exercised through the use of contracts and are reviewed during meetings at strategic and tactical levels. As previously discussed, in the beginning these meetings were characterized by a focus on output control, which later on would change towards behavioral control. These findings are in accordance with the literature on control practices. Based on the literature it makes sense why control has a minor role in the relationship. According to literature, formal control is based on contractual agreements, which sets out obligations for both parties. In order to control the activities of other parties, the contracts need to be detailed to be able to control whether parties have fulfilled their obligations (Ahrens and Chapman, 2004; Dekker, 2004). However, the contracts between IRvN and the municipalities lack a certain level of detail, which makes it difficult to focus on output controls and to control activities. Combining this with the comments from interviewees about the fact that some activities are not measurable, makes it clear that it is impossible to control certain activities. As a result, it explains why the control activities changed towards a combination of output and behavioral control. In this case behavioral control is used to get insight into how and what sort of activities are performed. Therefore, behavioral control supplements output controls and makes it possible for partners to actively participate in improving the activities of IRvN.

On the other hand, trust has been of importance to the collaboration. Trust at the higher level originated right at the start of the collaboration. The actions and intentions of the managing director of IRvN have played a role in establishing the level of trust in IRvN. This resulted in goodwill trust at the start of the collaboration and continued throughout the following years. Besides that, competence trust would develop as a result of good performances, such as a positive financial result. As previously described, the positive financial result led to the signaling of trust from the municipalities towards IRvN. All in all, there was trust at the higher level of the collaboration. In contrast, the lower level has put less trust in the collaboration. Especially, within the smaller municipalities there was dissatisfaction with the changes. The employees were used to an in-house service desk and face-to-face contact, which changed to an outsourced service-desk and contact via phone or e-mail. This was a change for them and at the beginning these services were not always up to the level of service that they were

used to. Despite these problems, IRvN and the municipalities are collectively trying to improve the services and to communicate better about what IRvN is and how it can be of meaning to employees at the lower level. They are doing this to create goodwill and competence trust at the lower level, similarly as to what they have done at the higher level. However, at the moment the situation has created differences in trust between the higher level and lower level of the municipalities. As a result, the decoupling of trust seems to have taken place in the municipalities (Mouritsen et al., 2001). While the higher level has built trust through direct contact with IRvN and insight in their activities, the lower level has not had the same experience. This resulted in the fact that the higher and lower level are divided when it comes to IRvN. Both experience different levels of trust, due to their different relation with IRvN. Therefore, the inter-organizational relationship has caused inter-organizational effects, which resulted in a great amount of trust on the higher level within municipalities. On the other hand it has caused intra-organizational effects, such as the decoupling effect for the level of trust that high and low level employees experience (Mouritsen et al., 2001).

Within the inter-organizational relationship the relation between control and trust has been different as opposed to the literature. The relationship between IRvN and the municipalities is characterized by trust and less by formal controls. While the literature about inter-organizational relationships in the public sector has shown that trust is mostly perceived as a riskier option. This is attributed to the fact that it is almost impossible to achieve insight into the interaction between other parties in a collaboration. According to the literature, this makes it difficult to trust the opposing parties and that leads to intensification of the use of formal controls (Tomkins, 2001; Cristofoli et al., 2010; Kastberg, 2016). However, that was not what happened in this case and for a large part this can be attributed to how the collaboration came into being. The start of the collaboration was marked by four events or ideas that influenced the way in which the inter-organizational relationship was shaped. First of all, there was the idea of a voluntary cooperation in which each municipality retains a certain level of freedom to make choices about collaborating and participating in activities set in motion by IRvN. An example that was discussed in the results chapter is the tender process for a new application, in which the municipalities were free to purchase the application or to decline it. Secondly, the municipalities and IRvN have collectively decided to adopt a partner oriented approach. As a result the municipalities will work together to achieve a qualitative and efficient IT infrastructure through the use of IRvN. Thirdly, the relationship is supplemented by the fact that there is goal congruence and a need to cooperate, due to a lack of capacity to manage IT in the near future. This makes the municipalities more eager to cooperate and provides motivation to make IRvN a success. This is in accordance with Lamothe and Lamothe (2012) who have found similar conclusions. On top of that the fourth factor is about the actions of the top management of IRvN. It was a good first step to agree on

collaborating based on a partner oriented approach and a voluntary basis. However, actions speak louder than words and that is what the top management of IRvN has shown. Through their actions they have made it clear at the start of the collaboration that each municipality is equally important, that municipal IT employees will be taken care of and that they are financially capable of getting the job done. This has provided the municipalities with an organization and people in which they can have trust.

These four events or ideas are in line with the literature of Janssen et al. (2007). In their article they explain that the design and the start of an inter-organizational relationship with multiple parties is crucial. During the first phase of a collaboration, the actions and ideas that are implemented can have a large impact on building trust in a relationship. Furthermore, Lamothe and Lamothe (2012) add that local governments might be more eager to work with parties from the same sector and with parties with which they have worked previously. Although the municipalities have not worked with IRvN before, the people that are working for IRvN are no strangers to them, because they came over from the municipalities. So a fifth factor could be added as to why this level of trust emerged. The fifth factor is the familiarity with the other parties involved, since municipalities often work together on various occasions.

## Chapter 6 Conclusion

The aim of this research was to provide more insight into the relationship between control and trust in an inter-organizational relationship with multiple parties in the public sector. This research is a response to the call for more research on the subject in a public sector setting. As a result, empirical research was conducted at IRvN, a shared service center between 7 municipalities. The research revolved around the main research question, which is the following:

*How do control and trust relate to each other in an inter-organizational relationship between multiple parties in the public sector?*

The findings of this study indicate that both control and trust are exercised throughout the collaboration. Control is exercised through formal controls during performance review meetings. These controls are based on contractual agreements and are a combination of behavioral control and output control. On the other hand, there is trust, which is the most important part on which the relationship is based. Trust at the higher level is characterized by goodwill and competence trust, which arises from actions that are taken by the top management of IRvN and by financially living up to expectations. The lower level of the organizations seem to lack the same level of trust, due to differences in insight and other ways of coming into contact with IRvN. Nevertheless, the inter-organizational relationship between IRvN and the seven municipalities is characterized by trust and not by control. This can be attributed to how the collaboration came into being. With an open way of communication, voluntary cooperation and a partner oriented approach, the collaboration provided the municipalities with enough reasons to trust IRvN. This conclusion contrasts what has been found in the limited amount of literature on this topic. Within the literature trust is mostly perceived as a risky option in an inter-organizational relationship between multiple parties in the public sector. However, the empirical research has shown that this kind of relationship can be based on trust, as long as the collaboration comes into being under the right circumstances.

### 6.1 Limitations

This study has resulted in a thorough research into the relationship between control and trust in an inter-organizational relationship between multiple parties in the public sector. Nevertheless, there were some limitations to the research. For instance, it was not possible to conduct interviews with all the municipalities or even multiple employees within the municipalities, due to time restraints and availability issues of interviewees. Interviews with all municipalities could have provided insight into the differences between municipalities that were already migrated onto the IRvN network and

those who had not yet taken this step. Also, it would have provided a larger amount of different opinions on the topic and this could have provided the research with new or additional insights.

The research was also limited because of the contracts that were not disclosed. The contractual agreements between IRvN and the municipalities could have benefited the control part of this research by providing more details into what actions were controlled by the municipalities.

## 6.2 Implications and suggestions for future research

This research has provided new insights into the relationship between control and trust. It has shown that trust does not have to be a risky option in an inter-organizational relationship with multiple parties in the public sector. Trust can be the cornerstone on which a collaboration is built. Therefore, I would suggest that researchers explore whether this relationship is also possible in other public institutions. And as other researchers have done, I would like to urge researchers to explore this type of relationship in the public sector, because there is not a lot of research conducted on this specific subject.

Other possibilities for future research are looking at the relationship of control and trust in the public sector over time, focusing specifically on how an inter-organizational relationship originates with multiple parties in a public sector setting. Or for instance focusing on the contractual agreements in such a relationship.

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## Appendices

### Appendix 1 Interview questions

#### Algemeen

- Onderzoek introduceren + voorstellen + vertrouwelijk + vragen toestemming opname
- Wat is u functie?
- Kunt u in het kort beschrijven wat de afdeling doet waarvoor u werkt?
- Wat is u rol binnen de ICT samenwerking?
- Bent u vanuit een gemeente betrokken geraakt bij de samenwerking of van buitenaf?

#### Initiatie fase

- Hoe is het idee van een intensieve samenwerking op het gebied van ICT tot stand gekomen?
- Hoe was de relatie met de verschillende gemeentes voordat er aan de samenwerking werd begonnen?
- Hoe verliepen de onderhandelingen voor de totstandkoming van de samenwerking?
- Was er tijdens de onderhandelingen ooit sprake van grote struikelpunten? Verschil in grootte tussen gemeente Nijmegen en andere gemeentes

#### Organisatie opzet

Het proces waarmee de samenwerking wordt opgestart, is opgedeeld in een aantal fasen:

1. Start in de 'lichte vorm';
  2. Start van de gemeenschappelijke regeling;
  3. Omslagpunt: van Server naar Service
- Wat houdt elke fase in?
  - Hoe ver zijn jullie in dit proces?
  - Hoe ziet de hiërarchische structuur binnen de organisatie eruit?
  - Op welke manieren wordt er gecommuniceerd met de gemeentes?
  - Is er individueel en gemeenschappelijk contact met de gemeentes?
  - Is er communicatie op verschillende niveaus? Veelal met oud medewerkers van de gemeente?
  - Is de relatie met alle gemeentes ongeveer gelijk of zijn er betere functionerende relaties?
  - Hebben alle gemeentes een even grote rol in de samenwerking of zijn er verschillen tussen gemeentes? Zoals Nijmegen door de grote?
  - Hoe transparant is de samenwerking voor de gemeentes? Hebben zij veel inzicht in wat er gebeurt bij de samenwerking?

## **Contracten**

- Collectieve dienstverleningsovereenkomst.
- Individuele dienstverleningsovereenkomst: Waar verschillen deze contracten in per gemeente? Kunt u voorbeelden geven?
- Hoe zou u de contracten omschrijven? (Gedetailleerd, algemeen omschreven, is er rekening gehouden met verschillende scenario's)
- Is er in de contracten duidelijk aangegeven wie aan beide kanten van de organisatie verantwoordelijk is voor welk onderdeel?
- Wat is de tijdsperiode van beide soorten contracten? Onbepaald of tijdgebonden?
- Is er een mogelijkheid om misschien inzicht te krijgen in de contracten?

## **Evaluatie fase (MGR)**

- Hoe worden de doelstellingen vastgesteld waarop gecontroleerd wordt? Zijn de contracten daarvoor de maatstaaf?
- Is dat alleen financieel of ook niet-financiële informatie? Klant tevredenheid, werknemers training
- Hoe controleren jullie de voortgang van de samenwerking en of jullie voldoen aan de afspraken?
- Worden jullie ook door de gemeentes gecontroleerd of is dat 1 proces?
- Er is sprake van constante controle of is er een periodieke controle waarin de prestaties worden beoordeelt?
- Waar ligt de focus op bij de controle, is dat op de resultaten of evalueren jullie ook het proces?
- Is de mate van controle verandert door de eerste paar jaar van de samenwerking?
- Verwacht je dat het controle niveau nog zal veranderen? Strenger controleren of minder controle?
- Wat zijn de gevolgen van het niet voldoen aan de afspraken? Zijn er sancties?

## **Evaluatie fase (gemeentes)**

- Hoe controleren jullie de voortgang van de samenwerking en of ze voldoen aan de afspraken? Management control systeem?
- Er is sprake van constante controle of is er een periodieke controle waarin de prestaties worden beoordeelt?
- Worden de contracten als maatstaf gehanteerd en wat zijn de gevolgen van het niet voldoen aan de afspraken?
- In welke mate wordt de ICT samenwerking door jullie als individuele gemeente gecontroleerd?
- Controleren jullie de ICT samenwerking ook als collectief met de andere gemeentes samen?
- Waar ligt de focus op bij de controle, is dat op de resultaten of evalueren jullie ook het proces?

- Is de mate van controle verandert door de eerste paar jaar van de samenwerking?
- Verwacht je dat het controle niveau nog zal veranderen? Strenger controleren of minder controle?
- Zijn voor de eerste jaren de doelstellingen behaald?
- Hoe is de relatie met de andere gemeentes die betrokken zijn bij deze samenwerking?
- Hoe wordt er tegen deze samenwerking aangekeken binnen de gemeente?

### **Vertrouwen**

- Hebben de controle activiteiten invloed op de mate van vertrouwen in de samenwerking?
- Hoe belangrijk is vertrouwen op dit moment in de relatie tussen de samenwerking en de gemeente?
- Hoe ziet de balans tussen controle en vertrouwen er momenteel uit?
- Heeft het aantal deelnemers aan de samenwerking invloed op de wijze waarop gecontroleerd wordt en er vertrouwen aanwezig is?
- Op het moment zitten er in de samenwerking nog mensen die een band hebben met individuele gemeente. Is het de bedoeling dat deze individuele connectie blijft bestaan door telkens nieuwe mensen aan te dragen of zal de samenwerking steeds verder van de gemeentes af komen te staan?
- Zal dit invloed hebben op de mate van controle of vertrouwen over tijd?
- Hoe wordt er tegen de samenwerking aangekeken vanuit de MGR en vanuit gemeentes? Positief?
- Hoe zou u de samenwerking op dit moment omschrijven?

## Appendix 2 Overview interviewees

Organization	Job title(s)	Interview date	Duration
ICT Rijk van Nijmegen	Business controller and junior business controller	09-05-2017	45 minutes
ICT Rijk van Nijmegen	Manager service desk	17-05-2017	55 minutes
Municipality A	Project manager	22-05-2017	45 minutes
Municipality A and ICT Rijk van Nijmegen	Project manager	22-05-2017	40 minutes
Municipality B	Department manager of management support	23-05-2017	55 minutes
Municipality C	Information management coordinator	24-05-2017	60 minutes
ICT Rijk van Nijmegen	Managing director	29-05-2017	90 minutes

## Appendix 3 Overview documents

Date	Document name	Source
Dec. 2013	Bedrijfsplan ICT-samenwerking Rijk van Nijmegen	<a href="https://www.mookendam.nl/document.php?m=13&amp;fileid=19179&amp;f=6c36ab5839e16b35fb4556b94a0a64aa&amp;attachment=0&amp;a=455">https://www.mookendam.nl/document.php?m=13&amp;fileid=19179&amp;f=6c36ab5839e16b35fb4556b94a0a64aa&amp;attachment=0&amp;a=455</a>
14-03-2014	Memo: Personele aspecten overgangperiode naar ICT Rijk van Nijmegen	<a href="https://www.regiorvn.nl/media/agendastukken-agendacie/2015/06/3d-personele-aspecten-ict-samenwerking.pdf">https://www.regiorvn.nl/media/agendastukken-agendacie/2015/06/3d-personele-aspecten-ict-samenwerking.pdf</a>
02-06-2015	Inrichtingsplan ICT Rijk van Nijmegen (IRvN)	<a href="https://www.regiorvn.nl/media/themas/inrichtingsplan-module-ict.pdf">https://www.regiorvn.nl/media/themas/inrichtingsplan-module-ict.pdf</a>
16-06-2015	Transitieafspraken ICT Rijk van Nijmegen	<a href="https://www.regiorvn.nl/media/agendastukken-agendacie/2015/06/3e-transitieafspraken-module-ict-rijk-van-nijmegen.pdf">https://www.regiorvn.nl/media/agendastukken-agendacie/2015/06/3e-transitieafspraken-module-ict-rijk-van-nijmegen.pdf</a>

## Appendix 4 Codes ATLAS.ti

In total there were 31 codes used in ATLAS.ti, which were divided into 4 code groups. Each code group has its own color. Red codes are a part of the 'control' code group, green codes are for the 'trust' group, blue means codes concerning 'relationship' quotes and orange is for the role that politics and citizens play. Also, each group has its own distinctive number and within each group there are subgroups. Control starts with 0, trust starts with 1, relationship starts with 2, and 3 is for the role of politics and citizens.

- ◇ Codes (31)
  - ◇ ● 01.1 Behavioral control {3-0}
  - ◇ ● 01.2 Output control {14-0}
  - ◇ ● 01.3 Control building {6-0}
  - ◇ ● 02.1 Contract terms {19-0}
  - ◇ ● 02.2 Contract cooperatively arranged {4-0}
  - ◇ ● 02.3 Sanctions {2-0}
  - ◇ ● 03.1 Information exchange {16-0}
  - ◇ ● 03.2 Information exchange lower level {6-0}
  - ◇ ● 03.3 IRvN wants transparency {8-0}
  - ◇ ● 03.4 Municipality experiences transparency {2-0}
  - ◇ ● 03.5 Municipality dissatisfied with level of transparency {9-0}
  - ◇ ● 11.1 Competence trust {8-0}
  - ◇ ● 11.2 Goodwill trust {10-0}
  - ◇ ● 11.3 Initial trust {8-0}
  - ◇ ● 11.4 Users trust {7-0}
  - ◇ ● 11.5 Trust building {23-0}
  - ◇ ● 11.6 Trusting managing director IRvN {13-0}
  - ◇ ● 21.1 Independency IRvN {5-0}
  - ◇ ● 21.2 Relation with former employees {9-0}
  - ◇ ● 21.3 Customer satisfaction survey {7-0}
  - ◇ ● 21.4 PIOFACH host municipality A {6-0} ~
  - ◇ ● 21.5 Reasons to cooperate {14-0}
  - ◇ ● 21.6 Partner-oriented approach {19-0}
  - ◇ ● 21.7 Decision collectively {8-0}
  - ◇ ● 21.8 Future plans {1-0}
  - ◇ ● 22.1 Execution cooperatively {10-0}
  - ◇ ● 22.2 Voluntary cooperation {9-0}
  - ◇ ● 22.3 Different interests/opinions {21-0}
  - ◇ ● 22.4 Differences due to municipality size {20-0}
  - ◇ ● 31.1 Role of politics {12-0}
  - ◇ ● 31.2 Role of citizens {3-0}

Figure 4 Interview codes