



# Knowledge Management In An Inter-Organizational Partnership: From Information Reporting to a Learning Culture

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## ABSTRACT

*This paper discusses the barriers to knowledge sharing in an inter-organizational healthcare partnership in the UK public sector. Based on a case study incorporating participant observation, document analysis, interviews (n=30) and a survey (n=132), data are presented to highlight barriers associated with the learning culture, strategy deployment, information systems support and performance measurement. The paper discusses what must change in order to improve the knowledge-sharing environment.*

## INTRODUCTION

As with many other managerial innovations, Knowledge Management appears to have been adopted firstly by manufacturing firms, and is only now beginning to permeate the service sector, predominantly in professional services such as consulting (Hansen et al, 1999; Sarvary, 1999). Public services, traditionally slower to embrace innovative management practices, have not yet recognised the importance of Knowledge Management and there is little published research of its implementation in this context.

This paper examines a public services project designed to improve the delivery of healthcare services, through an inter-organizational partnership between two organizations that jointly share responsibility for these services. In particular, the paper explores the central roles of knowledge sharing, learning and information provision in the improvement of service delivery. Our research questions focused on the issues of making the partnership work effectively, to achieve its strategic objectives. In particular, the research questions related to the readiness of the partnership to work together, and to share knowledge that each possessed about their part in the overall service delivery process.

The paper firstly reviews what can be learned about Knowledge Management, strategic alliances and cooperative partnerships in the private sector. Results are then presented from a study of one healthcare partnership project, highlighting the need for changes to the culture and strategy process. A new type of alliance is proposed, the synchronistic alliance, which emphasizes cooperation in learning and knowledge sharing to deliver responsive public services.

## INTER-ORGANIZATIONAL KNOWLEDGE MANAGEMENT

It was Drucker (1995) who observed that the greatest change in the way that business is being conducted is the accelerating growth of relationships, based not on ownership but on partnership. Inkpen and Dinur (1998) have studied private sector joint ventures to understand how firms transfer knowledge across organizational boundaries. They focused on alliance forms that combined resources from more than one organization to create a new organizational entity ("the child") distinct from its parents. Moreover, they conceptualized the joint

venture as a stimulus for learning, because it "may force changes in the mental maps of the organisation". The strength of a firm's learning intent will determine the organizational resources committed to learning, and hence to knowledge transfer (Hamel, 1991).

Studies of knowledge management practices have been predominantly of two types to date: (a) surveys sponsored by consulting groups, with limited reporting of the underpinning methodologies, and (b) case studies in individual firms. Without attempting a complete synthesis of these studies' findings, there may be much we can learn about KM implementation to guide complementary research in the public sector.

Nonaka (1994) also recognised the potential for knowledge transfer between organizations in his discussion of the interactions between tacit and explicit knowledge and their subsequent spiralling through different organizational levels, beginning with individuals and ending (sometimes) with inter-organizational knowledge transfer. While Nonaka's research has not placed much emphasis on the latter, his SECI model has become very influential. However, less recognition has been given to the importance Nonaka placed upon information in this process: "information is a necessary medium for initiating and formalising knowledge ... in short, information is a flow of messages, while knowledge is created and organised by the very flow of information, anchored on the commitment and beliefs of its holders".

Blumentritt and Johnston (1999) underscored the importance of information to any knowledge management initiative. They discussed the interplay between information and knowledge, arguing that information is not only a necessary antecedent to knowledge creation and use, but it is also the medium by which knowledge is transferred. McDermott (1999) echoed the same theme, commenting that while the knowledge revolution is inspired by new information systems, it is ironic that it takes people to make knowledge management happen. In McDermott's terms this is not because people are reluctant to use IT, but rather because knowledge involves thinking with information. "To leverage knowledge we need to enhance both thinking and information. The most natural way to do this is to build communities that cross teams, disciplines, time, space and business units". It is this dependence on the enabling role of information resources that makes knowledge management so challenging.

Ernst and Young (1998) concluded from a survey of 431 private organizations that the main barriers to implementing knowledge man-

agement were all people related, i.e. a culture that inhibited knowledge sharing, a lack of top management leadership, and poor understanding of what KM involved. Similar studies by KPMG (1998) of 100 UK companies, and by The Conference Board (Hackett, 2000) of 200 companies broadly confirmed these findings. The surveys did highlight some differences. For example, lack of time and lack of perceived benefits were cited in the KPMG survey as the most significant barriers to KM. Further, the Conference Board survey added that there was little observed integration between firms' activities in Knowledge Management and the promotion of Organizational Learning. Indeed Leidner (2000, 100) underlines the same point: "Although a well-established tradition of organizational learning research could be considered an adumbration if not a forerunner of organisational KM, KM as a research discipline has drawn less from organizational learning as from strategy research".

Implementation of knowledge management places a renewed focus on the importance of information, and on organizational factors such as learning capability, culture and leadership. Knowledge Management is largely a private sector innovation at the present time, although gradually moving towards the service sector. Moreover, the roles of learning and knowledge in the formation of effective inter-organizational partnerships are viewed as key determinants of successful achievement of alliance strategies. It was against this background that we selected one strategic partnership in the public sector, between two organizations with shared responsibility for the improved delivery of healthcare services.

## RESEARCH METHOD

A longitudinal case-based approach was used to study this co-operative working partnership between organizations supplying and commissioning public sector healthcare.

This paper focuses primarily on the aspects of the study that address the management of information and knowledge. It presents the results of the first phase of the research, as a foundation for the broader research agenda. We conceptualized the partnership process in terms of two core aspects, viz:

- (a) The effective vertical deployment of organizational strategy in terms of communication, and development of meaningful performance measures, see Figure 1.
- (b) The wider organizational context in which deployment takes place, i.e. the effectiveness of information provision and information systems in support of the strategy and concomitant measures, the involvement of staff in improvement activities, and the appropriateness of the learning and knowledge sharing culture.

Thus we regarded the key to the partnership as being concerned with the creation of a more explicit understanding of what needed to be done to meet the strategic objectives – in effect the creation of a “knowing organization”, (Choo, 1998).

Figure 1: The healthcare partnership performance management process



The research design comprised:

- key informant interviews (with ten managers associated with the Partnership Project Team)
- participant observation
- an in-depth service study of four key areas of public service provision
- a district-wide survey of all healthcare professionals (n=500)
- document analysis of national, local and project-based policies and plans

A total of 132 responses were received from the 500 questionnaires sent out, representing a response rate of 26%. As a preliminary survey, we consider this response rate to be acceptable. Respondents' described their primary roles as strategic (30%), service planning (15%) and service delivery (36%).

## RESULTS

These exploratory results are presented in Table 1 and Table 2. The data in Table 1 represents respondents' attitudes and perceptions about: (i) the strategy formulation and deployment process, (ii) the current performance measurement climate, and (iii) the nature of working in partnership. Table 2 provides additional contextual data about (i) the nature of the learning and knowledge sharing environment, (ii) the predisposition of the respondents to new ideas and innovation, and (iii) the effectiveness of information support.

## Strategy Formulation and Deployment

In Table 1, we can see that there is a widespread concern about respondents' involvement in strategy formulation, and the communication of strategy, with only 5% strongly disagreeing with the view that strategy was decided by a few people behind closed doors. Their related statement that they were sometimes asked to express their views, but usually they were ignored supports this lack of involvement. This top-down development of strategy was also shown to be weak in terms of two factors. Firstly, there was little subsequent feedback to

Table 1: Attitudes to strategy formulation and deployment

Strategy formulation and deployment											
Strongly agree		Slightly agree		No opinion		Slightly disagree		Strongly disagree		Mean	S.D.
Strategy is decided by a few people behind closed doors											
40	30%	46	35%	20	15%	20	15%	6	5%	2.29	1.19
We have a lot of strategic plans but they don't mean much to those who work with users											
38	29%	46	35%	26	20%	14	10%	8	6%	2.30	1.18
We develop some great strategies but we never know if they are working											
22	17%	52	40%	28	21%	22	17%	6	5%	2.52	1.11
We are sometimes asked what we think but it's usually ignored											
26	20%	34	26%	16	12%	34	26%	22	16%	2.94	1.41
Performance Measurement											
Strongly agree		Slightly agree		No opinion		Slightly disagree		Strongly disagree		Mean	S.D.
Generally, we are very clear about how to measure performance											
8	6%	38	29%	12	9%	46	35%	28	21%	3.36	1.27
We have to collect statistics, but a lot are not useful for how to manage our services											
44	33%	52	40%	16	12%	14	10%	6	5%	2.14	1.14
We just collect the statistics and then carry on doing things the way we know works best											
16	12%	50	38%	16	12%	20	15%	30	23%	2.98	1.40
Inter-organisational Partnerships and Knowledge Management											
Strongly agree		Slightly agree		No opinion		Slightly disagree		Strongly disagree		Mean	S.D.
Partnership working will mean better relationships with our service users											
78	59%	34	26%	4	3%	10	7%	6	5%	1.73	1.13
Partnership working means it is difficult to know who is responsible at the end of the day											
14	11%	54	41%	12	9%	36	27%	16	12%	2.89	1.27
Partnership working will only mean more bureaucracy											
16	12%	48	37%	18	14%	34	26%	14	11%	2.86	1.25
Partnership working means that accountability for service management is problematic											
16	12%	40	30%	12	9%	38	29%	26	20%	2.53	1.24
Partnership working makes measurement of individual department's effectiveness impossible											
7	11%	44	33%	14	11%	24	18%	36	27%	3.28	1.38
1= Strongly agree 2= Slightly agree 3= No opinion 4= Slightly disagree 5= Strongly disagree Units: number, % Sample: all respondents, n= 132											

employees about strategy effectiveness, with only 5% strongly disagreeing with the statement that they never knew whether or not the strategies were working. Secondly, only 6% strongly disagreed with the view that the developed strategies had little operational meaning, i.e. the strategies were not being translated into actionable intent at the user or customer interface.

### Performance Measurement

It is hardly surprising therefore that there was a widespread lack of clarity about how to develop meaningful performance measures, with only 6% strongly agreeing that they were very clear about how to measure performance. Instead of relevant performance data being gathered to inform the strategy process, respondents seemed to feel that much of what was being measured was not useful for service management, and was not being used to influence and improve the service delivery process. From the interviews, it was clear that staff believed that external Government requirements for statistical reporting of performance were largely irrelevant, and were in fact an obstacle to meaningful performance improvement.

### Inter-Organisational Partnerships

While respondents' attitudes to partnership working were predominantly positive with only 5% strongly disagreeing that it would result in better relationships with service users, there were extensive concerns about increased bureaucracy, and about reduced clarity of roles and responsibilities. These concerns were also expressed in terms of perceived difficulties in identifying individual department's effectiveness and determining accountability for service management.

These results will be discussed more fully later in the paper, but it important to interpret them in the wider context of the data in Table 2.

### Learning Reflection and Knowledge Sharing

Mostly, respondents were divided on these issues, but less than a quarter strongly agreed with any of the four statements in this section of Table 2. The majority were not regularly making time to reflect on

either what worked well, or what had not worked well. From the associated interviews, this was mainly because they did not see the need to do so – if the statistics provided for Government kept the latter off their backs, they were content to continue with current practices. A related argument could be that those charged with determining the working practices of respondents should build in time for reflection and make it part of normal processes. Only 42% believed that their organisation was good at sharing lessons learned, and almost the same percentage (44%) attributed this learning capability to the presence of appropriate systems to make it happen. There is clearly much room for improvement in these current practices.

### A Culture for Knowledge

This absence of time for reflective learning and the lack of supportive systems for sharing knowledge was supported by the responses about the innovative orientation of the organizational culture. While over two-thirds of respondents reported an environment in which they were encouraged to develop new ways of doing things (68%), less felt it was a motivating environment (62%), and far fewer (55%) felt that a proactive approach to improvement was linked to user experiences of the service. Finally, only 56% felt that people in their organization accepted new ideas. Further insight into potential obstacles to an effective knowledge sharing culture can be gleaned from the fact that 50% agreed that it was difficult to want to do things better, when most of the time was spent "covering their backs". Taken together, these data suggest further evidence of a top-down culture, not very receptive to new ideas, where the lack of connection to users' experiences of service delivery was stifling staff motivation and diffusing the focus on improving the right things.

### Effective Information Support

Perhaps most significant of all were the respondents' perceptions of their information support services. Some 60% disagreed that they had very good information that was helpfully presented, while over three-quarters (76%) believed that their Information Systems did not give them the information they needed to do their jobs.

## DISCUSSION AND CONCLUSIONS

While there may be no recipe for an effective public sector partnership, it seems clear from the literature and from the data presented here that some ingredients are either missing or of poor quality. We have already alluded to the need for changes in the areas of inter-organization socialization processes, reflection and learning from past practices, information system support and the development of shared performance measures. These requirements point very forcibly to the organizational culture and the role of top management and leadership, underscoring the findings from the Ernst and Young survey reported earlier in the paper.

Closer inspection of our data suggests further need for change in culture and in the strategy process. Firstly, while staff reported that they were encouraged to develop new ways of working, they were not highly motivated to do so. They also believed that an innovative culture was being stifled with a need to cover their backs. The reasons for this are unclear, but may be associated with the heavily top-down nature of strategy development that: (a) did not gather much feedback from the customer interface, (b) did not communicate to staff about strategic effectiveness, (c) had not translated strategic objectives into meaningful performance measures at operational levels, and (d) was too focussed on measuring individual departmental performance. There was also a hint that Government requirements for performance reporting had little relevance for informing staff about what needed to be improved. This lack of focus on customers' needs and expectations is a lesson that has already been learned to significant effect in the private sector.

The concept of partnership working in public services should remove conflict and lead to better coordination of the value chain. We see a new type of strategic alliance developing. Rather than the

Table 2: Attitudes and perceptions of the learning environment

Learning, Reflection and Knowledge Sharing											
Strongly agree		Slightly agree		No opinion		Slightly disagree		Strongly disagree		Mean	S.D.
We regularly make time to reflect on what works well											
18	14%	48	37%	8	6%	32	24%	26	19%	3.00	1.40
We regularly make time to reflect on what doesn't work											
10	8%	42	32%	6	4%	44	33%	30	23%	3.32	1.34
We are good at sharing what works and what doesn't											
16	12%	40	30%	12	9%	38	29%	26	20%	3.14	1.37
Our organisation is good at learning from what we do because we have the systems in place to make that happen											
14	11%	44	33%	14	11%	24	18%	36	27%	3.18	1.42
Cultural issues in Knowledge Management											
Strongly agree		Slightly agree		No opinion		Slightly disagree		Strongly disagree		Mean	S.D.
We are encouraged to suggest new things											
44	33%	46	35%	10	7%	14	11%	18	14%	2.36	1.40
We are motivated to develop new ideas											
36	27%	46	35%	12	9%	24	18%	14	11%	2.50	1.35
New ideas are generally accepted by people in my organisation											
26	20%	48	36%	12	9%	22	17%	24	18%	2.77	1.42
We are always on the lookout for things we can do differently that will make a difference to our users											
30	23%	42	32%	14	10%	26	20%	20	15%	2.73	1.14
When you are always covering your back, how can you admit to wanting to do things better?											
30	23%	36	27%	24	18%	20	15%	22	17%	2.76	1.40
Information Systems and Information Provision											
Strongly agree		Slightly agree		No opinion		Slightly disagree		Strongly disagree		Mean	S.D.
Our Information Systems give me all the information I need to do my job											
4	3%	22	17%	6	4%	46	35%	54	41%	3.94	1.19
We have very good information that is helpfully presented											
10	7%	36	27%	8	6%	44	34%	34	26%	3.42	1.34
1= Strongly agree 2= Slightly agree 3= No opinion 4= Slightly disagree 5= Strongly disagree Units: number, % Sample: all respondents, n= 132											

1= Strongly agree 2= Slightly agree 3= No opinion 4= Slightly disagree 5= Strongly disagree  
Units: number, % Sample: all respondents, n= 132

'economies of scale' alliances or the complementarity of link alliances (Dussage et al, 2000), these 'synchronistic' public sector alliances are about cooperation in learning and sharing of knowledge to deliver responsive services. The intangibility of such services means that public service managers rely very much on knowledge – insight, understanding and empathy, although they have yet to realise its importance. While healthcare organizations can be regarded as knowledge-intensive, they need to move beyond reliance on the possession of clinical knowledge, and concentrate more on the delivery of this knowledge through improved processes and better-informed staff.

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