Individual Ownership of Interorganizational Resource Relationships: The External Network Visibility Problem in Education

Transactional resource relationships between organizations, such as the relationship between a supplier and a manufacturer, are the foundation of much of the research in operations management. However, management research has recently highlighted that not all resource relationships between firms operate at the interorganizational level. Some interorganizational resource relationships are socially embedded in people, who “own” the firm’s relationship (Sorenson & Rogan, 2014). That is, some of an organization’s resource relationships with external firms exist due to the people in the organization who manage them. Absent a formal contract, it is people who establish routines, build trust, and form effective resource relationships spanning organizational boundaries. With this in mind, recent studies have focused on resource relationships in contexts where a single person owns an organization’s resource relationship with an institutional client, like at law firms (Briscoe & Rogan, 2016), financial firms (Canales & Greenberg, 2016), and advertising firms (Rogan, 2014). What this literature has not yet examined, however, are resource ties owned by multiple people, instead of just one.

In the education context, resource relationships between primary schools and external organizations such as hospitals, community centers, libraries, and universities, often have multiple owners. Schools want their resource relationships to have multiple owners because such a structure is more robust to turnover; if one person leaves, it is more likely another one remains that can continue the relationship. Additionally, schools want resource relationships with multiple owners because the relationships are often multi-dimensional involving a breadth of different resources or services (Uzzi & Gillespie, 2002), making tie ownership too time-consuming for only a single person to manage. For these reasons, it is likely that all of United
States’ almost 100,000 public schools each manage a resource network where relationships are mostly non-contractual and instead maintained socially by multiple people.

Despite the breadth of this phenomenon, neither the operations management literature nor the management literature have examined resource ties with multiple owners. The operations management research has focused primarily on contractual resource relationships, while the management literature has focused primarily on resource relationships with a single owner.

This study aims to address this gap. In this paper, we argue that resource ties with multiple owners can hamper strategic action when owners have different external network visibility, that is, when owners each observe different characteristics of the wider interorganizational resource network. We draw on research about network perception and cognition (Kilduff et al., 2008) to argue that when each of an organization’s resource ties is owned by a different group of people and each person owns a different set of resource ties, people rarely if ever observe the same network information. The fact owners observe different network information is not necessarily problematic, but when owners of the same resource tie have different network information it leads to different perceptions of the tie they jointly own, creating conflict, confusion, and another obstacle to timely strategic action.

Using multi-level network data collected from 223 employees across 9 primary schools about resource relationships with external organizations, we use confirmatory path analysis (Shipley, 2009) to empirically confirm a hypothesized model of cascading effects starting with differences in owner tenure at the school, which in turn lead to differences in owner external network visibility, and consequently result in differences in perceptions about a resource tie’s value. We find the data validate the theorized path model, providing convincing evidence that differences in external network visibility explain why owners of the same resource tie perceive
its value differently. The evidence is made more convincing after testing whether the tie strength between owners confounds these results, that is, whether owners’ tie strength with each other explains the differences in owners’ external network visibility or difference in owners’ perceptions. The results reveal the tie strength between owners does not explain either.

The findings prove that to understand resource relationships in the education sector, it is critical to model person-based ties and not only contractual interfirm relationships. Furthermore, this study adds to the literature in both operations and management as it illuminates the importance of understanding how the visible network influences perception in networks and organizations, particularly when the ability to observe network information is unevenly distributed. Lastly, the findings provide an important practical insight for schools: make the network of external resource relationships more visible to teachers and school leaders so people can equally observe the wider network and more effectively make coordinated decisions about how to manage the resource ties they jointly own.

References


