

The Dynamics of Informal Accountability in Networks of Service Providers

by

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Abstract

Widespread government contracting for nonprofit social service delivery has resulted in extensive reliance on networks of service providers. Network service delivery involves complicated accountability dynamics. The literature has tended to emphasize formal aspects of accountability in contract networks, focusing on specification of contract terms, performance measures, reporting relationships, and stipulated consequences. Far less attention has been focused on the interorganizational and interpersonal behaviors that reflect *informal* accountability. This constitutes a major gap in our understanding of networks because informal accountability is likely to be at least as important to effective network operations as formal accountability mechanisms, and perhaps even more so. This paper offers findings from an exploratory study of the informal accountability dynamics within contracted social service delivery networks based upon data from in-depth interviews with nonprofit senior administrators in four major metropolitan areas. These data reveal 1) the norms and facilitative behaviors network participants rely on to foster informal accountability for network outcomes, 2) the informal system of rewards and sanctions used by nonprofit managers to promote and reinforce behavioral expectations and 3) challenges that may undermine informal accountability. We conclude with a set of propositions for further study of informal accountability within service delivery networks.

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Networks for Social Services Delivery

Shifts in government programs and priorities have resulted in significantly expanded roles for nongovernmental organizations in social services delivery across the globe (Hodge and Greve 2005; U.S. GAO 2006). The widespread practice of social service contracting presents particular management challenges because the complexity of client service needs is typically beyond the scope of any one nongovernmental organization. It is often necessary to develop a network of service providers who work collaboratively to provide services to shared clients. As a result, service delivery networks, some formally structured and others loosely coupled, have become commonplace among social service providers, reflected in a pattern of “nested” or “bundled” series of contractual relationships and collaborative partnerships (Edelenbos and Klijn 2007; Isett & Provan 2005; Van Slyke 2007).

These networks encompass both structural ties (contracts, memoranda of understanding) and service interdependencies which are enmeshed in a series of bi-lateral and multi-lateral informal ties at both organizational and individual levels.¹ Such networks tend to involve numerous cooperating partners and/or subcontractors with different but complementary missions, organizational agendas, and service delivery protocols, reflecting a variety of strategic orientations (Agranoff and McGuire 2004; Herranz 2008). Network members face the challenge of balancing their separate organizational missions and institutional autonomy, strategic priorities, service delivery protocols with their network collaborative goals and roles (Kenis and Provan 2007; Milward and Provan 2006; Svennson et al. 2008). Network actors must be able to sustain relationships and negotiate successfully in a terrain of multilateral ties with shifting responsibilities and shifting roles within the networks. These interorganizational dynamics reflect norms and expectations associated with informal accountability. Such informal accountability dynamics are still relatively opaque and warrant much more focused research attention than they have received to date. To better understand these network dynamics, we explore the attitudes and discretionary behaviors (as opposed to mandated or contractual obligations) among network participants that reflect informal accountability in the cooperative pursuit of collective network goals.

Networks and Accountability

In theory, contracts for social services hold great promise of accountability with reliance on market forces as a source of contractor discipline and incentives for network collaboration. In practice, accountability challenges are especially complex when administrative structures include a networked policy arena. Fundamental considerations of accountability focus on three basic facets of the relationship: 1) the sources of authority to whom the organization or individual is answerable for performance, 2) those authorities’ expectations for the accountable entity’s performance, and 3) the mechanisms by which the accountable entity is held answerable for performance and faces appropriate consequences (Bardach and Lesser 1996; Behn 2001; Romzek and Dubnick 1987). These same facets are relevant for network accountability, with manifestations reflecting the more complex relationships.

Accountability arrangements in networks present special concerns because of the potential for accountability to get “lost in the cracks of horizontal and hybrid governance” (Bovens et al. 2008, 240; Milward and Provan 2006), and because networks involve “many hands” (Thompson 1980) which offer “more opportunities for free-riding as well as free-wheeling, fewer reliable reporting mechanisms for political overseers and less overall clarity regarding expectations,” (O’Toole 2000, 28). Social service contract provider networks operate within a tangled web of bilateral and multilateral ties which encompass multiple vertical and horizontal accountability structures reflecting both formal and informal accountability relationships at organizational and individual levels (Romzek forthcoming). These separate formal and informal accountability ties themselves are not really new on the scene. Rather, in social service networks they are more dense and overlapping because of the service delivery interdependencies. This complexity creates the potential for these arrangements to undermine the very accountability they were designed to enhance (Bovens et al. 2008).

Effective network accountability involves reconciliation of diverse expectations and especially challenging performance and monitoring activities. The accountability challenge for network members at each level of the collaboration is to balance their separate organizational missions and goals as well as their collective network missions and goals (Kenis and Provan 2007; Provan and Milward 2001; Radin and Romzek 1996). These dynamics are most important when there is ambiguity about service provision (Whitaker et al. 2004), a circumstance that often occurs in social services.²

Most of the contracting and accountability research to date has focused on vertical relationships and *formal* methods public organizations use to hold their private and nonprofit sector counterparts accountable (U.S. GAO 2006, 2007). The literature has tended to emphasize formal aspects of these relationships, focusing on specification of terms of the contract, performance measures, reporting relationships, and formal sanctions (Behn 2001; Dicke and Ott 1999; Cooper 2003; Romzek and Johnston 2005). Examples of formal horizontal accountability structures characteristic of networks include partnership agreements and memoranda of understanding that stipulate commitments for cooperation. These can address matters such as the sequencing of services to clients, interorganizational referral protocols, expectations regarding documentation, information sharing, and other collaborative activities that facilitate each organization’s ability to provide appropriate services for clients. To date relatively less attention has been focused on the interorganizational and interpersonal dynamics that reflect *informal* accountability dynamics among nonprofit network partners (Bardach and Lesser 1996; Van Slyke 2007). This is the topic which we explore in this study.

Informal Accountability

The shift in government service delivery from single-agency hierarchies to networks of providers includes a shift in the predominant coordination mechanism from bureaucracy to collaboration through interorganizational and interpersonal negotiations. Networks, even when formally structured, contain an element of self-governance that is enabled by informal systems of rules, trust and reciprocity norms, credible commitments, and informal mechanisms for rewarding or punishing those who violate rules and norms or defect on commitments (Ostrom, Gardner, and Walker 1994). Informal norms and interorganizational dynamics lead to the

development of reciprocal relationships and a sense of partner accountability (Bardach and Lesser 1996; Page 2004; Whitaker et al. 2004). Informal accountability emerges from the unofficial expectations and discretionary behaviors that result from repeated interactions among network members in recognition of their interdependence in pursuit of their shared goal(s).³ Nonprofit network participants are often linked at the individual level through personal relationships, professional associations and memberships, and participation in local task forces, advisory committees or other forms of policy and planning networks related to their industry. These social connections foster relationships that can provide mutual benefit, reduce transaction costs of future collaboration, and solidify a sense of shared norms and mutual accountability among network participants.

Informal accountability involves network participants being held to answer by network partners for meeting performance expectations regarding their interlinked programs and clients. Just as the interpersonal relationships are informal, so too are the performance expectations; they are unofficial shared expectations. The interpersonal behaviors involved are discretionary rather than those mandated by official agreements. So, too, are the rewards and sanctions of informal accountability.

Shared Norms

Shared norms among network actors regarding organizational and individual working relationships and administrative practices can be key factors in informal accountability. Network norms emerge when constructive engagements among professional or network peers result in recognition of interdependencies and the need for mutual accommodation to shared professional and institutional expectations (Acar et al. 2008; Bardach and Lesser 1996; Bottom et al. 2006; Huang and Provan 2007; Isett and Provan 2005; Whitaker et al. 2004). Bardach and Lesser (1996, 204) “conjecture that professional norms, interpersonal loyalties, and a shared desire to work together in the future do more to promote peer accountability among partners than do more formal agreements.” Such social ties constitute a source of social capital created through these interactions. They help foster norms of trust and reciprocity. The norm of trust is recognized as pivotal in network service delivery relationships (Edelenbos and Klijn 2007; Fernandez and Rainey 2005; Isett and Provan 2005; Van Slyke 2007). Network interactions allow for repeated social exchanges that enhance trust over time and reduce the risks associated with future collaboration.

Facilitative Behaviors

The most complicated and least transparent accountability terrain in networked settings is that which encompasses interpersonal relationships among network members. The interorganizational and intraorganizational behaviors of individual network participants, especially those behaviors that are within their respective zones of discretion, play a significant role in effective network service delivery (Herranz 2008; O’Toole and Meier 2004). Informal facilitative behaviors, such as information exchange, reciprocating favors, demonstrating credibility by following through on commitments, initiating problem-solving, providing leadership, and cooperation, are key resources for individuals operating in service delivery networks. Facilitative behaviors in network settings often reflect social capital and, in turn generate more social capital based upon trust and reciprocity.

Shared norms and facilitative behaviors encompass a broad range of factors that contribute to informal accountability. The relationship between norms and behaviors is cyclical and reinforcing, with each affecting the other. Shared norms lead to facilitative behaviors and facilitative behaviors reinforce commitment to shared norms. The concept of trust provides a good example of this dynamic; it can reflect a shared norm (expectation that one should trust one's network partner) and a facilitative behavior (to act on that trust).

Challenges to Informal Accountability

As is true with formal accountability, interorganizational network dynamics can give rise to forces that challenge informal accountability processes. Some of these render informal accountability more elusive. Potential challenges include organizational turf issues, conflicting expectations, disparate organizational agenda and administrative cultures, and tensions over performance standards and monitoring (Romzek and Johnston 1999; Romzek 2008). For example, intra-network communication and collaboration are not always easy. Sometimes intra-network consultation is lacking, even though it is a widely held informal expectation in contracting arrangements and an important contributing factor in network agencies developing a sense of partnership. Network membership changes can disrupt interorganizational patterns of communication, collaboration, and dependence (Johnston and Romzek 2008).

Informal Accountability Relationships: Rewards and Sanctions

The accountability consequences can take the form of rewards and/or sanctions, depending upon whether the partner met or failed to meet informal expectations. Conferring informal rewards and/or sanctions is discretionary; such consequences can include supplying or withholding network resources, such as trust or cooperation. Trust that develops through network participation may help to establish an informal, yet highly effective enforcement structure. Ostrom (1998) demonstrates that successful collective action can occur even in the absence of legal mandates or a central authority providing oversight, if trust is great enough for voluntary adherence to a universally accepted rule structure and the use of sanctions against those who do not conform.

In the discussion that follows, we explore the reports gathered through in-depth personal interviews with managers in nonprofit networks regarding their expectations for partner performance and the strategies used for informal accountability among network partners.

Methods

Our analysis relies on data collected through a qualitative study conducted during the fall of 2008 and the spring of 2009. The goal of our research was to investigate the discretionary organizational strategies, including interorganizational and interpersonal behaviors and attitudes, that are the basis for informal accountability relationships and the challenges to such arrangements. To pursue this topic, we designed interview questions to elicit detailed information about how trust, informal interaction, and interpersonal behaviors manifest as informal accountability among network members. We asked interview participants about the informal expectations and behaviors they use in their dealings with network partner agencies.

We explored how they hold each other accountable for meeting their expectations for performance and what informal means they use to demonstrate their sense of obligation to their network partners (and vice versa). These questions allowed us to pursue our goal of exploring the nature of nonprofit managers' norms and behavioral expectations for their network partners, how interorganizational conflicts get resolved informally, and the measures of success managers use to gauge how well their inter-organizational partnership is working.

Data Collection

The qualitative data collected through interviews and examined in this paper represent the second phase of data collection from a larger project. The larger study involved a nation-wide survey of nonprofits, conducted by one of the authors a year prior, which provided quantitative data on the use of subcontract arrangements by nonprofits. We used these quantitative data to identify five nonprofit organizations that reported high levels of subcontracting with other nonprofits and selected these participants for our interviews. Based on these interviews, we used a snowball method to identify other organizations that would be appropriate to interview for this study. This approach was highly beneficial in that it allowed us to conduct interviews with the nonprofit subcontractors (network partners) of our original subjects.

Organizations selected for interviews included two in the Detroit region, two in the St. Louis region, two in the Cleveland area, and five from the Kansas City metropolitan area. The nonprofits executives we interviewed included individuals from two mental health organizations, four economic/community development organizations, two housing organizations, two child welfare organizations, and one organization that acts as a funding intermediary, distributing grant funding to other nonprofits that provide services in the community. Among these 11 nonprofit organizations, we interviewed a total of 22 nonprofit staff members. Each interview included the Executive Director or another executive level staff member, such as a Vice President or Chief Operating Officer of the organization. Based on availability, additional staff participated in some of the interviews, such as a Director of Quality Assurance, Program Managers/Directors, Contract Manager, or Finance Director.

Interviews ranged between 60 to 90 minutes in length and followed a semi-structured format that involved open-ended responses. All interviews were conducted in-person with the interviewee(s) at his or her organization. Each interview was taped with a digital voice recorder and later transcribed. Each member of the research team independently analyzed the transcripts using an informal coding process to search for matching concepts among respondent's reports. Independent analysis of the transcripts allowed us to identify broad themes and consistent patterns of norms and behaviors displayed by managers across organizations.

Findings

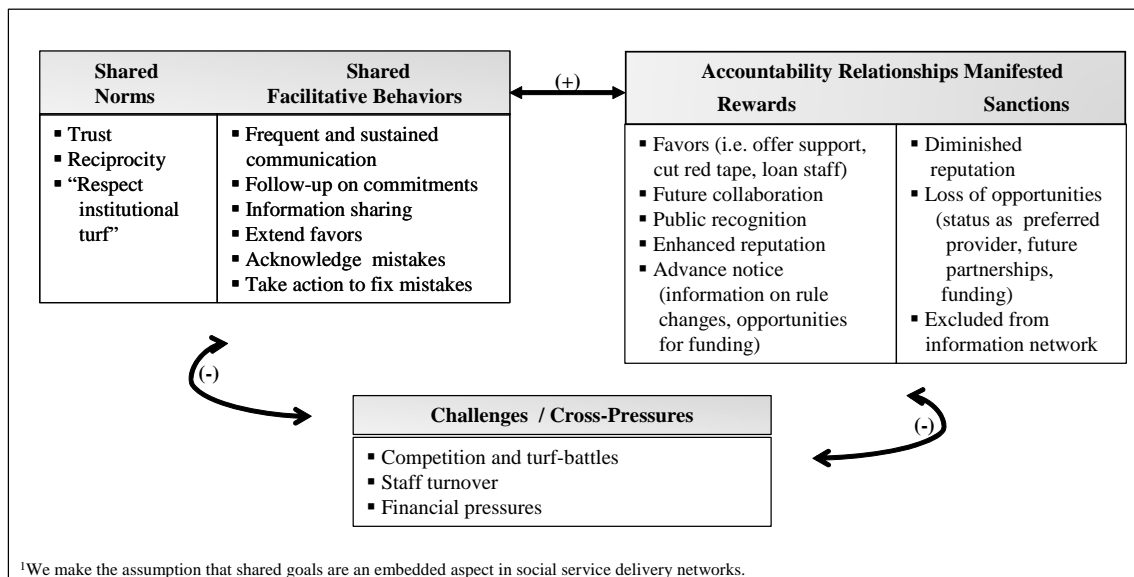
Our study builds upon Bardach and Lesser's (1996) fundamental question about the behaviors for which actors are actually accountable by also exploring how informal accountability is achieved. Through our interviews we explored the interorganizational and interpersonal behaviors reported by nonprofit network actors. We explored the expectations network partners have for each other regarding discretionary attitudes and behaviors and the

mechanisms they report using to reward and/or sanction partners for their network performance. We now examine the findings related to these inquiries.

Informal Expectations: Norms and Behaviors Promoting Informal Accountability

Informal expectations regarding network collaboration, in the form of shared norms and behaviors, are not stipulated by formal contracts or memoranda of understanding. Nonetheless, network participants identify them as significant resources within network collaborations. Nonprofit managers linked together in service delivery partnerships reported a range of shared norms and behaviors that facilitated network operations. These norms and facilitative behaviors are informal performance expectations which reinforce network collaboration and affect the nature of informal accountability partners’ experience. Network participants experience informal accountability consequences when they fulfill or fail to meet the informal expectations their collaborators have for their network activities. This dynamic includes challenges and cross-pressures that can undermine informal accountability. Figure 1 summarizes these relationships.

Figure 1. Informal accountability dynamics¹.



Shared Norms

These norms function as an informal “code of conduct” by which network participants distinguish between appropriate and inappropriate behaviors. Adherence to these shared norms is an informal expectation among network members. Our respondents identified trust, reciprocity, and respect for institutional turf as key shared norms that facilitate informal accountability among nonprofit network actors.

Trust. Organizational alliances are strengthened through trust that accumulates from actions and behaviors of individuals seeking to establish credibility and enhance their reputation as trustworthy collaboration partners (Gulati and Gargiulo 1999). These trust-building actions and behaviors not only foster productive working relationships, but also increase mutual accountability to collective goals. Many of the nonprofit managers we interviewed spoke of the

importance of informal and ongoing social exchanges for building trust. One finance director provided this example:

“...I have got to demonstrate early on I am worthy of their trust by complying to what they want and then taking that extra little step and maybe doing something for them that they weren't counting on. For example,... I developed for the network the monthly reporting tool for the entire state. And [I] did that just because I thought it might be a good thing to do [and] because I got tired of doing it manually. So I automated it. I just went to the program manager of the state and I said, 'Look, what if we maybe do this? And here's a prototype.' Now it's the standard that's used in the state. So I have a very good working relationship. I figured, 'Hey, they fund us.' I need to have a good working relationship with those folks.”

Reciprocity. Another key shared norm, which is closely related to trust, is that of reciprocity. One nonprofit manager provided the following example that illustrates the norm of reciprocity.

“There was an agency that just had a flood.... They asked us if we would provide physical space for this provider at no cost; and we agreed. The positive outcome is that, next year, they've committed to bring us in as a partner which should mean some dollars for our organization.”

Respect Institutional Territory. Respondents noted the norm of respecting the institutional territory of one's partner organizations, i.e., an expectation that one agency will not intrude on another agency's programmatic and spatial territory, (if services are distributed on a geographic basis). The following director's comment highlights the potential for conflict that might ensue if this norm is violated.

“We would never go into [neighborhood] because they [collaborating agency] serve that community, unless we were invited. At the same time, if they came into the neighborhood that we serve the most, I would be very offended, like 'What the hell are you doing? Excuse me, you can't do that'.”

A related norm discourages recruiting another agency's staff without prior notice. Such activity carries potential for significant network discord.

“My executive director was friends with this other executive director who pirated an employee.... My executive director goes, 'That's bullshit.' She picked up the phone and called that executive director and said, 'You know, I understand. But don't do it behind my back. If you're going to do it, let people know'.”

These reactions to specific behaviors reflect expectations of shared norms (if not always adherence to them).

Facilitative Behaviors

Facilitative behaviors include frequent and sustained communication, following through on commitments, information-sharing, performing favors, and accepting responsibility for mistakes. Such behaviors reflect informal expectations for performance among nonprofit network actors. Managers report relying on venues such as lunch, conferences, and off-the-record phone calls to deal with situations that arise that affect the work of their partnership. Many of the managers preferred the approach of trying to address problems outside of conventional formal channels; they did so by informally meeting or talking through solutions rather than reporting problems to a contract manager or resorting to formal sanctions. The use of informal approaches to complement (and perhaps avoid) formal oversight reflects the kind of evolved relationship noted by other researchers (Van Slyke 2007).

Frequent and Sustained Communication. Communication is a key facilitative behavior that most frequently occurs through phone calls, emails, and attending meetings. It is a key building block for establishing and sustaining effective interorganizational collaborations. One director explained it in these terms: “I returned calls, answered emails... It was building that personal side, where once in a while we would just go out to lunch. Or, getting out of this office and going to see them.”

Communication can also lead to informal resolution of network performance problems. One director noted the informal way her organization responds when they receive information through a third party about a problem with one of their partners.

“If we’ve heard things and we want more information, it would start off with more of an informal contact with either the manager of that organization or the Director saying ‘We heard this, can you fill us in?’ Or, ‘Maybe we need to have a meeting to get a good idea of where you guys are right now.’... I think it opens the dialogue so we can talk about what’s going on. And usually, they don’t know what’s happening in their own program.”

Follow through on commitments. The old adage that “actions speak louder than words” appears particularly true for informal accountability in nonprofit networks. Following through on commitments is one of the most important ways that nonprofit managers show they are answerable to their counterparts and build their reputation as credible players. The Director of one mental health organization emphasized the importance of following through on commitments:

“I’m pretty big on, if I say I’m gonna do something, I’ll do it. If I’m meeting with someone, I’ll send them a note saying... ‘Here’s the information we talked about.’ So in one sense that’s how I start a relationship with people... And hopefully with that it sends a message to them that yeah, [respondent’s name] is serious about what he’s doing and the mission of [agency name].... You know, ‘He sent me this thank you note and this was the information he promised’.”

Another program manager described how her organization’s relationship to one of its partner agencies had gradually evolved from a starting point of adversarial interactions to one of cooperation and shared goals. When asked how this transition came about, her response was that communication and following through on commitments were important.

“Follow-through. For example, [other agency director] asked me if I could fund something or do something, and I said, ‘No, that’s not going to fly...but let’s look at other options’. It was constant follow-through...”

Information sharing. Another critical action that helps to facilitate informal accountability is sharing of information. The scope of information-sharing is wide. It may include alerts on policy or regulatory changes, notices of funding opportunities, third party reports of staffing/performance problems within an organization, or early warnings on unusual incidents likely to attract negative attention to the network or industry. Despite the competition and turf battles that often accompanied the collaborative relationships among our interview subjects, many reported feeling a sense of obligation to share information with their partner agencies. One nonprofit manager summarized the sentiment this way: “A lot of people think that holding in information is power, when it is quite the other way around. The more information you can give out, [the more it] makes yourself a powerful organization.” Another manager described her feeling of responsibility to share information with a provider in her service network in the following words. “We have to work in sync with them. If we fail to give them information... then we are not upholding our end.” A director of one community development organization gave these examples of how information-sharing helped promote accountability.

“One of the ways we’re helping other agencies is by sharing practices... Particularly when regulations change, people are calling each other and saying, ‘Hey, how you going to handle this?’ Or, if we have a subcontractor that is going to show up in the newspaper, we’re usually very aware of that ahead of time.”

Another program director talked about sharing information about best practices.

“We were having trouble with Medicaid audits so we formed a compliance group sub-committee [of CFOs]. We said, ‘Who’s getting better scores than others? And how are you doing it? Show me what you’re doing, what’s working.’ And then we analyzed it.”

Extending favors. Performing and reciprocating favors are some of the most important ways nonprofit managers demonstrate they feel answerable to each other and to collective network goals. Extending favors facilitates informal accountability by building social capital among individual network actors (Granovetter 1985; Coleman 1990). For example, one nonprofit may come to aid of another in an application for funding by writing that agency a letter of support, or providing assistance to that organization in a major fundraising event. Such behaviors are typically based on the assumption that the receiving nonprofit will someday return the favor if needed.

A key variant on the “favors” theme is the practice of “cutting red tape.” This involves partners exercising discretion to overlook rules or bypass normal constraints in an effort to help a partner organization. One Director described an example where his organization helped a trusted partner agency by using their “back door policy.”

“If somebody had a psychiatric emergency... and there’s not really a clear way to get in... We have things that we call a “back door.” They [the partners] would call our vice-

president of services. ‘Hey we have this emergency. Is there any way at all you can help out?’... We would show our accountability to them because we’ve worked together before. And because the normal path isn’t open, [I’d say] ‘let me try to help you with an informal way to get in’.”

This same respondent assumed other providers would reciprocate this action if they had a client in a similar needful situation. He expects that “because we have a back door into our treatment, that there would be back doors to into their treatment and their services, just like ours.”

Other favors can focus on marketing and promotions efforts.

“[It can be] something as simple as an agency video.... When we became a federally qualified healthcare center, we decided we needed a new video because our role had expanded. And I said, ‘Let’s do personal testimonies from some of our program areas.’ So I worked... with the vice-president of [another organization in the network]. And they found just the perfect family to say something about [our organization], somebody that had once been involved with a variety of our services. So when we need to reach out in the community and get something done, we call on those contacts.”

A different kind of favor relates to collaborative reviews. One Director reported that nonprofits in his service network conducted peer reviews or mock audits of each others’ files in order to help one another prepare for state and federal program audits: “...you’ll audit [us] and I’ll audit [you].... And then when a federal audit comes in, we’ve already done our own stuff. We’ve noticed things. You do it for yourself; but you also do it for your colleagues. It’s a really good system.”

Acknowledge mistakes. Nonprofit managers reported building trust and demonstrating their accountability to partner agencies by acknowledging mistakes and taking action to repair the damage from these incidents. The Director of one funding intermediary told about a time she agreed to submit a grant on behalf of a subcontractor.

“They called to ask ‘Have you done it?’ I totally forgot to submit. It was a small grant. I forgot to submit it to New York. I said ‘Oh my God, I didn’t do it!’ It was my fault. They were mad; but I was honest. You just move on.”

Another described a similar scenario where admitting mistakes was essential to maintaining trust.

“I’ve been reaching out to the Crime Commission quite a bit because I have good relationship with the VP over there. When we forgot to include them in one of our meetings, it was ‘Why didn’t you invite us?’... I said, ‘my bad’. I actually took them out to lunch to develop that relationship because it was my bad.”

Informal Accountability: Rewards and Sanctions

Adherence to these shared norms and pursuit of these facilitative behaviors would constitute meeting informal expectations for performance. As such, displaying these attitudes

and behaviors can have significant consequences for informal accountability for both nonprofit organizations and individual participants within the network. Managers' responses indicate that an informal system of accountability, reflected in rewards and sanctions, exists among nonprofit managers. Participants are aware of the subtle informal expectations upon which informal accountability is based; they learn that conforming to these informal expectations can yield rewards or sanctions. Rewards can enhance their organization's reputation and opportunities to benefit from future collaboration. Playing by the "rules of the game" and abiding by informal shared norms can yield significant rewards for nonprofit network actors. Sanctions accrue to those who have not learned these informal expectations regarding norms and behaviors or who choose to disregard them. They suffer the negative consequences of informal accountability. Success or failure in informal accountability terms can affect organizations' prospects for growth, and thus serves to reinforce adherence to informal accountability norms.

Rewards

Informal accountability rewards can take the form of favors, opportunities for future collaboration, public recognition and enhanced reputation, and advance notice of key information.

Favors. Informal rewards often manifest as favors that nonprofit managers offer to partners based upon a level of trust or in the spirit of reciprocity. One of the most commonly reported examples of rewards included writing letters of support for other agencies' funding applications. For example, one director reported reprioritizing her day's agenda to write a letter of support for a valued partner agency whose grant application was due that same day as the letter was requested. Favors as rewards may also involve overlooking normal rules and procedures to help an organization resolve a problem more quickly.

Other managers described how they rewarded valued network partners by loaning them staff time. One manager, who had recently moved into her position from another provider within the network, described how the CEO of her current organization was helping her former employer by loaning her back to the former organization. The purpose was to provide management aid while her former CEO was on medical leave. Another director shared the following scenario. "One of our providers alerted us to the fact they've had some funding cuts from foundations and such... so my staff will go over there and help them figure out where they might apply for funding."

Opportunities for future collaboration. Nonprofits can reward their collaboration partners and reinforce their adherence to the informal performance expectations by providing them with opportunities for future collaboration. One respondent confirmed this response, "I approach [a favorite provider] and ask, 'Would you like to partner with us with us?'"

Public Recognition and Enhanced Reputation. Public recognition and organizational reputation are key resources for any nonprofit organization and opportunities to reward partners through these mechanisms are seen as relatively painless financially, presuming the recognition and reputation are well-deserved. Many of the managers we interviewed gave examples of publicly recognizing a partner agency, or being recognized themselves by a collaborator, as a

way to reward network partners. In describing a relationship with an organization that evolved from one of conflict to cooperation, where displays of informal accountability became commonplace, one Director reported the following. “The first thing I did at the annual meeting was give [collaborating agency] a reward to recognize them for their pioneering work. It genuinely pleased them.” Another Director provided examples of public recognition as valued rewards.

“When I read an article about another organization, and they mention that they’ve partnered with us, or if I’m at a Rotary Club meeting and that organization’s making the presentation and they mention something about our collaboration and how well we work together.... when I hear other people or other organizations mention our organization...those kinds of things...”

Advance Notice. Perhaps one of the most significant ways nonprofits informally reward partners is by giving preferred providers advance notice of funding opportunities. The Director of one community development organization described how this works.

“We had small grants out of our national offices that our subcontractors could apply directly for. I gave [preferred subcontractor] the heads-up for it... And they got the grant. I will meet with whomever appropriate and say, ‘This grant is coming up.’ Or if [it’s] someone we don’t want [to work with], we don’t say that. We are guarded if don’t want them applying... This happens all the time.”

Sanctions

Sanctions can include diminished reputation and opportunity costs. In turn, these may decrease the organization’s long-term prospects for success. Nonprofit managers who fail to meet expectations for adhering to the shared norms and facilitative behaviors face informal accountability sanctions at the organizational and individual levels.

Diminished Reputation. Sanctions can include informal communication via the “grapevine” in ways that adversely affect the organization’s credibility and reputation. Negative information about an organization travels quickly through the informal communication network, often with adverse consequences for the organization that fails to fulfill these expectations. One Director described how a damaged reputation affected one of their former partner agencies.

“There is an executive director of an agency that is there for her own benefit... [She] has too much power, [there is] alleged nepotism, hiring family....It’s been a big conflict, even with other funders. We received an anonymous letter saying, ‘This is what is going on.’ It continues to be a problem, this agency. The way it is being run is not for the benefit of the neighborhood, but [for] people working there. For us, we no longer fund them. And from what I hear, there are others who will cease funding.”

Loss of Opportunities. Other informal sanctions include loss of status as a “preferred provider” for funding opportunities, being “selected out” of future collaborative projects, and being cut out of information networks. As one director described it: “We just don’t invite them

to the table anymore.” Another Director described the consequence for a partner organization that had failed to follow through on their end of a collaborative project:

“We still include them in the line of communication. But in discussing with third party organizations those initiatives—you don’t bring them in at the table. You inform them of what you’re doing, but don’t see it as necessary to include them in the planning process. I think that... talking about consequences of losing that trust....there is always kind of that unspoken understanding. If we all know someone [is] not producing, or [people who are] not very good stewards of resources they’re given, they are kind of outcasts.”

The director of a funding intermediary emphasized that even when practical reasons dictate the relationship with a partner agency could not be severed, the informal sanctions of diminished opportunities can nonetheless be invoked. “They’re still around, but they’re not our ‘go-to’ agency anymore.” Another Director described the consequences to partner agencies who failed to demonstrate the norm of reciprocity.

“Me personally, I’m working very hard for [organization name] and our mission and to fulfill it. If it’s not happening, if it’s not being reciprocated on that end, then I’ll find somebody else. I’ll back away from that relationship. I won’t let it necessarily end. But I won’t be as active in that [relationship] as I was because I need to know that when I call on somebody that they can help me. And if they can’t, then they can point me to somebody who can. And those are the people that I keep closest to me. And those are the people that I have ongoing dialogues with.”

The director of one housing organization we interviewed echoed this sentiment: “We don’t try to keep working with organizations that don’t live up to our expectations. We just quit working with them.” Another Director described how the future of his organization’s relationship with a partner agency was at-risk because the other organization had failed to carry out its agreed-upon scope of work in a collaborative fundraising effort. “Where there are shortcomings... it would be just like a friend. You’d have to part ways because they’re not pulling their fair share. We take what we do very seriously. And we only want to work with other organizations that feel the same as us.”

Although the types of rewards and sanctions discussed above are informal, they can significantly impact an organization’s prospects for success, particularly regarding the organization’s position within the network and within the local service market. Adherence to shared norms and engaging in facilitative behaviors occurs within a challenging context that presents cross pressures for network actors. The next section examines these challenges.

Challenges to Informal Accountability

Expectations regarding shared norms and facilitative behaviors are important dimensions in the dynamic of informal accountability. But these norms and behaviors occur within the context of networks and as such, are subject to organizational and systemic pressures that threaten to undermine informal accountability. These challenges come from cross pressures

generated by organizational competition, staff turnover, and financial pressures created by contract terms.

Competition

Nonprofits exist in an environment that is simultaneously collaborative and competitive. Most nonprofits are joined in collaborative relationships through contract networks or noncontractual partnerships. These partnerships often prescribe the specific forms of collaboration to occur such as referral relationships, sequencing of clients through the network, and so on. Despite this collaboration, nonprofits operate in an environment of resource scarcity and thus they also find themselves in competition with one another for donors, contracts and grants, new clients, prestigious board members, and for qualified staff and volunteers. Nearly all those we interviewed shared stories or gave examples of the day-to-day challenges they face in managing this tension between collaboration and competition. One of the managers we interviewed gave a typical scenario in which competition manifests: “You might have an idea and they [partner agency] go scrambling over to a funder and sell your idea.” Some organizations find ways to mediate this tension by compartmentalizing their relationships, and avoiding interaction around competitive aspects of their work. One Director described it this way.

“Some of us are in multiple businesses. Some aspects of the business are not as collaborative as others. For example, one of our businesses is a profit center —the Employee Assistance Program. A couple of the other agencies who work [with us] really close and collaboratively also have an EAP. It is so competitive, that marketplace, [that] we, by agreement, don’t talk about that part of organization when we are together.”

In other cases, competition can create much more tenuous relationships between organizations. In some policy arenas, the collaborative relationship could be destroyed by failure of participants to adhere to rules of respecting organizational turf. One community development director described what would happen if a collaborating agency made the decision to move into their service district: “If another agency lured [an] organizer to their agency to work the same neighborhood [as us], that would be war.” The director of a mental health organization talked about the strained relations that ensued with a partner agency when some of their business got diverted to his own organization.

“When we started our Drug Court program there was somebody else they were using to provide counseling services. But the Drug Court people weren’t happy with [their services], and they brought us into the picture. Then they made direct referrals to us, which meant the other organization wasn’t getting their referrals... Now that created some really hard feelings with that other organization, because they really felt like we were stepping on their toes.”

Staff turnover

Another challenge to informal accountability is the loss of trust and social capital that occurs through exit of key agency staff. Network stability is predicated on the consistency of participants. Trust evolves from repeated social exchanges over time, so staff turnover functions as a major obstacle to the formation of bonds that enact informal accountability. Many

respondents talked about the implications that losing a key staff member had on their relationship with a network partner organization. One manager described her frustration at service implementation delays created by staff turnover at one of their partner agencies.

“[It] gets frustrating. [I’ve] been working with [agency] for a year now... Every time I go to a meeting there’s someone different in the room. There’s no consistency, no follow through. The one woman there I developed a relationship with—the one constant person I had there, she retired.I’m like, starting all over again.”

Another Executive lamented the loss of familiarity and trust that expedite business when network staffing is stable:

“... you could cut to the chase with someone you knew for five years and dealt with on issues for five years and exchanged favors for five years. You can just call them on the phone and cut to the chase—but when you’re dealing with someone who’s fairly new to their job, you know hasn’t quite acclimated yet—still needs to check with her boss, or whatever, it really slows down that process.”

The importance of having knowledgeable individuals who can facilitate interorganizational trouble-shooting was noted by another director. He refers to such individuals as “fixers” and emphasizes that the organization encourages employees lower in the hierarchy to find fixers at each level of the operation.

“In each system [we] have people to make things happen. I mean the fixers. You get to know that fixer. Our fixer gets to know their fixers. [But] people don’t stay in jobs anymore. Two years – they’re off to a new job.... And so it’s hard to develop the relationship. Our person leaves or their person leaves. So, the people-to-people [dynamic is] a lot harder than it has been; but it still works. If things get real bad, I know people I can call that can usually get things fixed. But on the lower levels that really make the gears turn and make things work, we emphasize [to our staff that] ‘You need to get to know these people. They are our customers. And if they have a concern, they need to know who to call...instead of going all the way up to the formal [complaint], ‘I am going to tell your boss...’.’ That used to be the way we got things done.”

Financial pressures embedded in network contracts

Finally, we found that in some instances, contract mandates -- combined with market forces demanding high productivity outcomes -- have had the unintended effect of undermining facilitative behaviors. In the mental health service arena for example, changes in Medicaid reimbursement practices from net cost to fee-for-service contracts have created incentives for nonprofit staff to spend as much time as possible engaged in billable activities. Most facilitative behaviors do not fall into this billable activity category. Many nonprofits operating within this reimbursement system are turning to the use of performance-based bonuses to encourage staff to maximize billable time, creating a disincentive for staff to partake in activities that help foster interorganizational relationships and commitment to mutual goals. While this policy change may have been designed with increased contract accountability in mind, it ironically diminishes informal accountability by limiting time for facilitative interorganizational interactions among

staff. When asked whether his organization encourages staff members to develop collaborative relationships with staff members of other nonprofits in their network, one director's response was negative. "I'd say no, because this field has become very production-oriented. We're a fee-for-service operation. [The emphasis is on] billable units. "So, don't stop and talk to them [network partners]. Go see a client and we can bill against that time." Another described this dynamic at greater length.

"So much was lost due to funding structure. We used to have an Institute many years ago, [where we would] have staff present papers. So clinical staff in our area had a place to show off. Others would come. We'd serve lunch. But we stopped doing it. So much changed when [we] got into funding of service units.... Staff have to have time to do that. Now, it's built into contracts -- ways of positive performance, discipline stuff based on productivity.... We lose something. Staff [sitting] around lunch tables and talking clinical practice—there was a richness. It feels different. It's the same with daycares, same with Drug Board services, even our prevention services—all productivity and billing units, blah, blah, blah, push, push, push."

These types of contract requirements threaten informal accountability by minimizing opportunities for building social capital, and redirecting "fixers" from the task of solving collaboration problems at lower levels in the network hierarchy to pursuing instrumental organizational goals rather than collective network goals.

Conclusions and Directions for Future Research

As a result of their increasing roles as agents of the state under contracting, and as key providers of public services in a networked policy environment, nonprofit organizations have expanded their roles as service providers. With this has come increased pressures for accountability. Network actors must navigate among multiple vertical and horizontal accountability structures reflecting both formal and informal accountability relationships while seeking to reconcile diverse expectations and especially challenging performance and monitoring activities. Not only are there "many hands" active in these networks (Thompson 1980), there are also "many strands" of accountability within which they are expected to operate.

The nature of social services and the typical interdependencies of client needs are such that, while organizational programs may suggest bounded responsibilities, it is often difficult to stipulate boundaries for individual actor's responsibilities within the network. This circumstance underscores the importance of understanding how individuals work within network arrangements. We report here on an exploratory investigation of the organizational behaviors and norms that facilitate the informal interorganizational dynamics associated with collaborative networks of nonprofit human service organizations. Our study provides tentative findings and suggested directions for further research on informal accountability.

First, we anticipated that expectations for shared norms and facilitative behaviors would lead to interorganizational and interpersonal behaviors promoting mutual accountability for network outcomes. This proposition was supported; we found that nonprofit managers engage in a wide range of voluntary actions and experience a range of informal accountability mechanisms.

Second, we found that informal systems of rewards and sanctions are used by nonprofit managers to promote and reinforce informal accountability within networks. Nonprofit managers that conform to informal behavioral norms and expectations are rewarded with subtle but important privileges such as enhanced reputation and advance notice of funding opportunities. Those network partners that violate these norms can be sanctioned informally, perhaps by being excluded from communication channels or facing diminished opportunities for future partnerships. Finally, a series of organizational obstacles, including competition, staff turnover, and systemic pressures such as contract reimbursement practices, threaten to undermine the system of informal accountability that keeps nonprofit organizations within networks answerable to network partners and to collective network goals.

These findings point to a set of propositions for future research on the dynamics of informal accountability in interorganizational networks. The first proposition relates to stability of network actors. Staff turnover results in a loss of interorganizational social capital. Collaboration and norms of trust and reciprocity are developed through repeated interactions over time. When key staff exits these partnerships and new individuals assume their place, the process of building trust must start anew. If new agency actors bring different interaction styles, values, goals, and priorities into the network, the organization's participation in the network can be affected. At the very least, additional time typically is required to inculcate the newcomer into the existing network's informal norms and expectations. At worst, the organization can find its alignment with the network strained if the new actor brings in different priorities.

Proposition 1: Success of interorganizational collaboration in nonprofit networks is contingent upon the stability of human capital assets.

The second proposition relates to the fact that informal accountability is forged through interorganizational and interpersonal relationships across multiple levels of organizations within a network. Informal accountability may be strong at executive levels within a network, but not at the street level, or vice versa. Therefore, it is important to study informal accountability dynamics at multiple levels within the network. Future studies should examine the interactions among staff members located at varying levels with the network, e.g., among workers who are direct service providers, supervisors and program managers, agency executives, and across these various levels.

Proposition 2: Informal accountability is a multi-layered phenomenon in nonprofit networks and the nature of shared norms, facilitative behaviors, and informal accountability may vary depending on the level at which participants operate.

Another topic that warrants further research is the way in which network organizations and individual network participants accommodate the institutional cross pressures for collaboration and competition. Network agencies must reconcile the pursuit of their separate institutional goals and devote time and resources to their collective network goals. Likewise for individuals. As noted above, the nature of the informal accountability relationships may vary across executive, program manager, and street level service providers. The level of competition and/or collaboration can also vary across levels of a network. For example, competition among network partners may be strong at executive levels within a network, but cooperation may be

more the norm at the street level, or vice versa. Collaboration can make it easier to accomplish some shared goals but it can also detract from an agency's or individual's ability to demonstrate independent accomplishments relevant to one's unique institutional position. Reconciling this competition-collaboration tension has implications for funding prospects (whether from governmental contracts or private donations) of organizations that operate at least some of their programs through collaborative networks.

Proposition 3: The collaboration-competition tension in nonprofit networks tends to be managed by executive level staff. Competition is more common at the higher levels and collaboration is more common at the lower levels of networks.

A final research proposition emerging from this project suggests a reciprocal relationship or feedback loop between the consequences of informal accountability and the position of the organization within the network. As network participants demonstrate their trustworthiness, their organizations typically are rewarded through enhanced reputation, status, funding, and collaboration opportunities. These positive consequences can increase the organization's centrality, or place of prominence within the network (Provan, Huang, and Milward 2009), and can advance the organization's standing within the local service market over time. This feedback loop between consequences of informal accountability and network position warrants further examination.

Proposition 4: Experience with informal accountability can shape an organization's network position by providing feedback (positive or negative) on compliance with expectations regarding shared norms and facilitative behaviors.

Future research on the propositions identified above could shed light on the relatively unexamined concept of informal accountability among organizational networks. The shared norms and facilitative behaviors identified in this study play important roles in informal accountability dynamics, wherein organizational actors face consequences for their success or failure at meeting these informal expectations. Nonprofit managers in this study are keenly aware of the dynamics of informal accountability relationships and recognize they are answerable to their network partners for their adherence to expectations regarding shared norms and facilitative behaviors. Network actors face challenges and cross pressures in meeting informal expectations; these cross-pressures can undermine individual and organizational opportunities and/or willingness to adhere to shared norms and engage in facilitative behaviors.

As the use of networks becomes more widespread, with multiple organizations linked in extended chains of contracts, subcontracts, and voluntary collaborations, the ability to stipulate in advance all the necessary details of formal accountability becomes especially difficult to accomplish, e.g., provider roles, obligations, and performance standards. The reliance on networks of service providers with formal and informal ties makes it even harder for both monitoring agencies and service recipients to pinpoint responsibility and achieve the transparency needed for effective accountability. As the nature of administrative structures and service delivery arrangements move increasingly in the direction of collaborative networks, and calls for enhanced accountability become ever more insistent, it is important to look beyond the obvious formal organizational structures to understand the full complexity of accountability

dynamics. Formal structures of accountability provide only a partial picture of the mechanisms by which network participants are held to account for their performance. Informal accountability relationships based on shared norms and facilitative behaviors are important complements to formal accountability relationships; they provide the interorganizational “grease” that enables networks to work through the rough spots of coordination. Both practitioners and scholars could benefit from a fuller understanding of these informal accountability dynamics and how they affect the operations of networks of organizations.

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Endnotes

¹ While much of the current wave of collaboration is mandated by governmental and foundation funding sources, many nonprofits choose collaboration as a strategy even without funding mandates. Collaboration is seen as a strategy to broaden organizational capacity to serve clients and better accomplish institutional goals (Bardach and Lesser 1996; Gazley 2008).

² The presence of so many key actors necessitates administrative arrangements to structure the interaction among these separate entities. Sometimes a government agency will make a conscious decision to create a network, for example when it chooses to 'bundle previously separate but interrelated service contracts into a few lead agency contracts' (Lamothe and Lamothe 2008, 2). Social service delivery networks typically are structured around three kinds of lead organizations: lead organization-governed networks, participant-governed networks, and network administrative organizations (Kenis and Provan 2007).

³ By virtue of an organization's participation in a service delivery network, we assume there is at least one shared goal, a mutual recognition of interdependency, and some dialog that determines responsibilities, authorizes discretion, establishes reporting procedures, and creates review processes (Whitaker et al. 2004).