



Journal of Strategy and Management

Developing a scale for measuring high performance partnerships

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To cite this document:

André de Waal Robert Goedegebuure Eveline Hinfelaar , (2015), "Developing a scale for measuring high performance partnerships", Journal of Strategy and Management, Vol. 8 Iss 1 pp. 87 - 108

Permanent link to this document:

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Developing a scale for measuring high performance partnerships

High
performance
partnerships

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Received 31 July 2014
Revised 6 October 2014
Accepted 14 October 2014

Abstract

Purpose – The importance of partnerships to organizational success has increased considerably the past decennia and many organizations strive at creating high-performance partnerships (HPPs). For this to happen, organizations in the partnerships have to be of high quality and their collaborations should be world-class. Whereas the factors that create high-performance organizations (HPO) are by now reasonably well established, the HPP factors are still unclear. The purpose of this paper is to develop a scale for measuring the factors of importance for creating and maintaining HPPs, and relates these factors to the factors of the HPO framework and to the success of the partnership.

Design/methodology/approach – During a literature study ten potential factors of importance for creating and maintaining HPPs were identified. These potential factors were put in a questionnaire, together with the factors that create the HPO and the factor that measures the success of the partnership. This questionnaire was administered to a cable company, which was working on becoming an HPO, and four of its main suppliers. The data were subjected to a factor analysis which yielded a HPP framework consisting of three factors and 19 underlying characteristics. In addition, these HPP factors were put in a regression analysis with the factors of the HPO framework and the success of the partnership factor.

Findings – The research results show a strong relationship between three HPP factors, the five HPO factors, and the success of a partnership factor.

Research limitations/implications – This research adds to the literature by extending the concept of HPOs to the value chain these HPOs operate in. Thus the research into the factors of successful partnerships has been brought forward. The practical benefit of the research is that organizations can use the HPP factors to increase the quality of the partnerships they have with their suppliers and customers.

Originality/value – There is much literature on partnerships but not so much on partnerships between organizations which strive to become a HPOs, and in the process need to create partnership of high quality.

Keywords Partnerships, HPO, High-performance organizations, High-performance partnerships, HPP

Paper type Research paper

Introduction

In the past decades the interest in high performance and world-class excellence has increased steadily, cumulating nowadays in many organizations that strive to become a high-performance organization (HPO) (Collins, 2001). An HPO is defined as an organization that achieves financial and non-financial results that are exceedingly better than those of its peer group over a period of time of five years or more, by focussing in a disciplined way on what really matters to the organization (de Waal, 2012b). Because of this interest in HPOs, several HPO models have been developed and



described in the literature (Crutchfield and McLeod Grant, 2008; Keller and Price, 2011; McFarland, 2008; Shockley-Zalabek *et al.*, 2010). At the same time, organizations have increasingly started to realize that they do not operate in a vacuum and that they need to work closely together with their suppliers and customers to create value added chains (Azar *et al.*, 2010; von Massow and Canbolat, 2014). As a logical consequence of this realization, all parties in the value chain have to strive to be high performance and their cooperations need to be of the same high standard, in order to jointly deliver the desired world-class quality (McCarter and Northcraft, 2007). After all, when one of the parties in the chain is not high performing the resulting gap in performance levels between the various parties can potentially restrict the performance level of the total value chain. This in turn negatively influences the performance of each party in the value chain. When, for example, a supplier in the value chain is not performing on a high level and therefore supplies sub-standard semi-finished products, there is a high probability of the quality of the end product delivered to the customers being sub-standard. Thus, not only should all parties in the value chain strive to be high performing, their collaboration also has to be of a high-performance nature in order for the outcomes of the value chain to be products of constant high quality. Thus the links in the value chain also need to improve to a level of a high-performance partnership (HPP). To define the HPP we look at Lambert *et al.* (1996) who suggested a definition and systematic approach for implementing partnerships which are helpful for developing successful partnerships (Zybell, 2013). Their definition concentrates on partnerships between organizations of all types while we specifically focus on organizations that strive to become HPO. Therefore we have adapted their definition slightly, by adding the sentence in italics: “an HPP is a tailored business relationship, based on mutual trust, openness, shared risks and shared rewards that yields a competitive advantage, resulting in business performance greater than would be achieved by the firms individually (Lambert *et al.*, 1996, p. 2) *and which is greater than that of other partnerships in the same industry.*” Figure 1 depicts the relationships in an HPP.

The goal of the research described in this paper is to develop a scale for measuring the factors that create and sustain an HPP. For this, the literature on successful collaborations, partnerships and alliances was studied. What makes this research different from previous studies is that its starting point was looking at partnerships between organizations that are aiming to become HPOs. Thus, from the onset this research ambitiously aimed at identifying the factors of HPPs rather than of successful partnerships, the difference being that in the case of the former the partnership is highly successful for a prolonged period of time. Therefore, the research took place at an organization acutely undergoing a transformation process toward an HPO, using

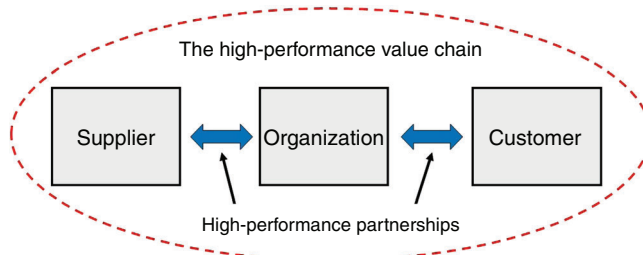


Figure 1.
The relationships
in an HPP

Waal's HPO framework (de Waal, 2012a, b), and at four of its best suppliers[1]. The results of the research show that it is possible to develop a measurement scale for the factors of an HPP and that there is a strong relationship between these HPP factors, the factors of an HPO and the success factors of a partnership. In this respect, this research adds to the literature on value chains by extending the concept of HPOs to the value chains these HPOs operate in. The practical benefit of the research is that managers of organizations can use the HPP factors to increase the quality of their partnerships and to promote HPO thinking in their own organizations.

This paper is structured as follows. In the next sections the HPO framework which was used during the research is described. After this, potential HPP factors as identified from the literature are discussed. Subsequently the research approach, the case organization and its suppliers, and the research results are described. The research results are then analyzed and discussed. The paper ends with limitations of the research and possibilities for future research.

The HPO framework

This section contains a brief description of the HPO framework used in the research. The HPO framework was developed based on a literature review of 290 studies into high performance and excellence, and a survey administered to organizations worldwide (de Waal, 2006/2010, 2012a). In the literature review, for each of the 290 studies, elements that the authors indicated as being important for becoming a HPO were identified and categorized. Because different authors used different terminologies, similar elements were put in the same category. The resulting categories were labeled "potential HPO characteristic." For each of the potential HPO characteristics the "weighted importance" was calculated, i.e. the number of times that it occurred in the examined studies. Finally, the characteristics with the highest weighted importance were considered the HPO characteristics. These characteristics were subsequently included in an HPO survey, which was administered worldwide encompassing over 3,200 respondents. In this survey, the respondents were asked to indicate how well they thought their organizations were performing as to the HPO characteristics (on a scale of 1-10) and also how the results of the organization they worked at compared to those of peer groups. By performing a non-parametric Mann-Whitney test, 35 characteristics, which had the strongest correlation with organizational performance, were extracted and identified as the HPO characteristics. The resulting correlation was as expected: the high-performing organizations scored higher on the 35 HPO characteristics than the lower performing organizations. A principal component analysis with oblimin rotation was performed on the 35 characteristics, which resulted in five distinct HPO factors with sufficient high Cronbach's α 's.

The first HPO factor is the quality of management of the organization. In an HPO, managers at all organizational levels maintain trust relationships with employees. They work with integrity and are a role model to others: they are honest and sincere, show commitment, enthusiasm and respect, have a strong set of ethics and standards, are credible and consistent, maintain a sense of vulnerability and are not self-complacent. They are decisive, action-focussed decision makers. The second HPO factor is openness and action orientation. In an HPO, management demonstrates that it values the opinions of employees by having frequent dialogues with them and involving them in all important business and organizational processes. HPO management allows experiments and mistakes by seeing these as opportunities to learn. In this respect, management welcomes and stimulates change by continuously

striving for renewal. The third HPO factor is long-term orientation (LTO). In an HPO, long-term gain is far more important than short-term profit. An HPO continuously strives to enhance customer value creation by learning what customers want, understanding their values, and being responsive to them. In addition, an HPO maintains good long-term relationships with all stakeholders by networking broadly, taking an interest in and giving back to society, and creating mutual, beneficial opportunities and win-win relationships. The fourth HPO factor is continuous improvement and renewal. An HPO adopts a unique strategy that will set the organization apart by developing many new alternatives to compensate for dying strategies. After that, an HPO continuously simplifies, improves and aligns all its processes to improve its ability to respond to events efficiently and effectively and to eliminate unnecessary procedures, work, and information overload. The fifth and final HPO factor is employee quality. An HPO makes sure it assembles a diverse and complementary workforce and recruits people with maximum flexibility to help detect problems in business processes and incite creativity in solving them. An HPO also continuously works on the development of its workforce by training staff to be both resilient and flexible, letting them learn from others by going into partnerships with suppliers and customers, and inspiring them to improve their skills so they can accomplish extraordinary results.

An organization can determine its HPO status by conducting an HPO Diagnosis. During this diagnosis managers and employees fill in the HPO Questionnaire, in which they indicate how well the organization performs on the 35 characteristics, on a scale of 1 (very bad) to 10 (excellent). Thereupon the average scores on the five HPO factors are calculated and put into a graph. From this graph it can be seen whether the organization is already an HPO (which means a score of at least 8.5 on all HPO factors) and which HPO factors show a dip in the graph and therefore have to be improved. During a workshop with management and employees the results of the HPO diagnosis and the HPO graph are discussed and an action agenda, with actions to improve the HPO scores, is drafted. In the next one to two years, the organization then has to work dedicatedly on these actions in order to improve its HPO scores and its competitive performance. By now 130 organizations worldwide have conducted an HPO diagnosis. Research over the last seven years at 23 organizations that have conducted the HPO diagnosis at least twice over a period of two years showed that those organizations that achieve higher HP scores indeed achieve better financial and non-financial results (de Waal, 2012a). In addition the HPO framework has been empirically validated in various countries by administering the questionnaire to organizations in a country and performing confirmatory factor analyses on the collected data. In each case, basically the same factors with underlying characteristics – or a subset of these – appeared (de Waal and Chachage, 2011; de Waal and Frijns, 2011; de Waal and Sultan, 2012; de Waal and de Haas, 2013; de Waal *et al.*, 2014). This makes the HPO Framework, to our knowledge, thus far the only scientifically validated HPO improvement technique in many countries. Appendix 1 lists the five HPO factors and accompanying 35 characteristics.

Potential HPP factors

The importance of partnerships for the success of organizations has increased considerably these last decennia (Chung *et al.*, 2000; Hagedoorn, 1995). Where in the past many partnership had an ad hoc nature which made them basically temporary cooperations to achieve certain short-term goals, nowadays many organizations

maintain long-term national and international partnerships which interfere with crucial business processes (Powell *et al.*, 1996). Successful partnerships can increase the turnover of the partners with two to 19 percent and 16-24 percent of the average value of an organization can be attributed to these partnerships (Kalmbach and Rousseau, 1999). Further benefits can be expected in cost reductions, higher quality levels and new product designs (Goffin *et al.*, 2006; Monczka *et al.*, 1998; Primo and Amundson, 2002). During a literature review potential HPP characteristics and factors were identified. In addition, the items with which the success of the partnership can be evaluated were also identified. This was done by searching the EBESCO, Science Direct and Emerald databases and Google Scholar with the key words “HPPs and successful partnerships” to identify literature sources with potential characteristics important for creating an HPP. The articles which were purely theoretical were removed as the starting point was that the potential HPP characteristics had to be derived from practical evidence in real-life organizations. As authors each used their own terminology, similar characteristics were grouped into categories which formed the potential HPP factors. All in all, ten potential HPP factors along with 54 underlying potential HPP characteristics were identified (see Appendix 2). In addition, the literature review yielded items which describe how to evaluate the success of a partnerships. These items were grouped into the factor “success of the partnership” which is also detailed in Appendix 2. A short description of the potential factors follows underneath:

- *Control*. Control is needed to prevent the display of undesired behavior of the organizations in the partnership. There are two types of control: formal control and informal control. Formal control consists of high levels of output and process control, such as formal contracts. Informal control includes the informal organizational cultures and systems influencing the collaboration and the behavior of parties, such as the norms and values embedded in the organizational culture (Dekker, 2004; Geringer and Hebert, 1989; Kauser and Shaw, 2004; Otley, 1994; Ouchi, 1979; Smith *et al.*, 1995).
- *Trust*. Trust refers to the expectation that a partner will not behave in an opportunistic manner and has the true intention to achieve mutual benefit. Trust is a prerequisite for the development of high levels of communication needed to facilitate the sharing of knowledge and achievement of continuous improvement in the partnership. Trust develops over time and the previous history between the partners is a determinant of the future direction of the relationship (Berry *et al.*, 2008; Casey, 2006; Gardener, 2003; Garvey and Williamson, 2002; Newell *et al.*, 2002; Ring and Van De Ven, 1992; Sako and Helper, 1998; Sanatoro and Gopalakrishnan, 2000; Tomkins, 2001).
- *Commitment*. Commitment is defined as the interest in the relation and willingness to develop a long-term partnership. Valuing cooperation and being committed to share responsibility, risk, power and accountability is a necessity for a successful partnership relation (Anderson and Weitz, 1992; Bacherach and Gambetta, 2001; Clegg *et al.*, 2005; Dwyer *et al.*, 1987; Gillies, 1998; Huxham, 2000; Kernaghan, 1993; Monczka *et al.*, 1998; Morgan and Hunt, 1994; Torjman, 1998).
- *Coordination*. Coordination is the management of important organizational activities and the extent to which partners and their processes are mutually integrated to reduce uncertainties and improve the collaboration and

performance. Organizations which create clear coordination structures to manage organizational change are the most successful in their partnership. Coordination enhances balancing the level of autonomy within the partnership (Alexander *et al.*, 2001; Boddy *et al.*, 1998; Kauser and Shaw, 2004; Klein Woolthuis *et al.*, 2005; Mohr and Spekman, 1994; Monczka *et al.*, 1998; Olson and Singuwan, 1997).

- *Dependence.* Dependency is defined as the equality between the partners in terms of investments and resources, and the substitutability of the partnership itself. Partnerships where partners are equally and mutually dependent perform better as partners share the same interest and decision power. Inequality between partners is one of the main contributors to partnership failure and therefore organizations have to search for partners that are similar in terms of organizational characteristics and abilities (Casey, 2006; Geyskens *et al.*, 1996; Kauser and Shaw, 2004; Kumar *et al.*, 1995; Van De Ven and Walker, 1984).
- *Communication.* Without any form of communication (face-to-face, letters, e-mail, etc.) collaboration would not be possible. Communication influences partnership behavior and the ability to respond quickly to changing customer needs as improving the lines and quality of communication shortens partner and market distance. Good communication entails three practices: high quality of information, effective information sharing and high levels of participation (Anderson and Narus, 1990; Anderson and Weitz, 1992; Badaracco, 1991; Dwyer *et al.*, 1987; Lasker *et al.*, 2001; Olson and Singuwan, 1997; Trefry, 2006; Vanpoucke *et al.*, 2009).
- *Conflict handling.* There are many causes of partnership conflict, including differences in culture, management style and operational processes. Often these differences lead to misunderstandings and distrust, with the consequence of reduced cooperation and poor performance. Joint problem solving of conflicts can enhance the success of a partnership. Solutions to conflicts include constant feedback and evaluation of performance and processes and creating a balance of power and systematic resolution of conflicts, because they lower the change of bias and miscommunication. In the partnership such solutions have to be implemented cooperatively to increase the efficiency of conflict resolution and understanding (Brown and Day, 1981; Cummings, 1984; Ding, 1997; Li *et al.*, 2001; Mohr and Spekman, 1994; Monczka *et al.*, 1998; Park and Ungson, 1997; Tilman, 1990).
- *Diversity.* Everywhere humans interact there is the possibility of miscommunication, caused by noise, or more personal differences like norms, values and customs. To develop effective partnerships it is necessary to create an organizational environment where diversity is both acknowledged and valued. In such a partnership individuals develop cultural awareness and sensitivity to valuing differences. Cross-cultural teams should be trained to recognize and respect cultural differences and use differences to create mutual advantages (Gilbert and Cartwright, 2008; Higgs, 1996; Hutchings and Michailova, 2003; Seymen, 2006; Trefry, 2006; Weir and Hutchings, 2005).
- *Closeness.* There should be strong interpersonal relationships between the partners, which means that people need to be able to have open and honest, face-to-face communication. In addition, for a good coordination there needs to

be a high level of interaction between the partners, so that the adequacy, completeness, credibility and accuracy of information is safeguarded. The face-to-face communication and coordination is thus helped when the perceived distance is small, which means that people are able to physically meet each other regularly (Bickenbach and Liu, 2010; Demirbag *et al.*, 2010; Drejer and Vinding, 2007; Meyskens and Carsrud, 2011; Narula and Santangelo, 2009).

- *Management quality.* Each partner in the partnership should have strong and effective leaders that manage the partnership proactively on the aforementioned factors. At the same time, these leaders are strongly focussed on achieving the mutual goals of the partners so they must be able to balance a style aimed at relationship building with firmness of achieving results (Broussine and Miller, 2005; Vangen and Huxham, 2003; Wong, 2001).
- *Success of the partnership.* To be able to judge whether the partnership was experienced by the partners to be a success, it has to be evaluated if the partnership adds value to each partner by increasing the effectiveness, profitability and quality of each partner (Brinkerhoff, 2002; Esteves and Barclay, 2011; Johnsen *et al.*, 2008; Schulz *et al.*, 2007).

Research approach and results

A large multimedia company in the Netherlands was approached for the research. This company was in the process of transforming itself into an HPO and had at the same time expressed interest in raising the quality of the value chain it operated in. The multimedia company asked four of its main suppliers – providing billing and collecting services, engineering services, client contact center (sales and call center activities) services, and cable repair services – to participate. The multimedia company and its suppliers received both the HPO Questionnaire and the HPP Questionnaire. The “standard” HPO Questionnaire consisted of the 35 HPO characteristics, as given in Appendix 1. The HPP Questionnaire consisted of the 60 items as given in Appendix 2. The questionnaires were put in an electronic format and placed on the internet. Through a link sent to potential respondents the questionnaires could easily be filled in. Contact persons at the multimedia company approached their contacts at the partners to invite them to an information session about the HPO/HPP research. During this information session, two of the authors explained the concepts of HPO and HPP and asked whether the partners would be willing to participate. All partners agreed and subsequently informed their own personnel about the survey link they were going to be receiving shortly. After receiving the data directly in the database of the authors, these were statistically analyzed and put in a draft HPP framework. This model was presented and discussed in a series of workshops with the multimedia company and each of its partners. As a last step, the HPP framework was finalized.

Both the HPO and HPP questionnaire were filled in by managers and employees who were working in departments that were part of the partnership, i.e. dealing with one or more of the other parties in the value chain. For the HPO Questionnaire respondents had to rate – on a scale of 1 (very poor) to 10 (excellent) – how their departments performed on the HPO characteristics. For the HPP Questionnaire they had to rate how their partners’ departments performed – again on the scale of 1-10 – on

the HPP characteristics being explored. Thus the people in the departments of the multimedia company rated the suppliers they were dealing with, and the people in the suppliers' departments rated the departments at the multimedia company they had their affairs with (see Figure 2).

HPP factor analysis

A total of 239 filled-in questionnaires were received back, 46 from the multimedia company and on average 48 per supplier. As only 48 of the received questionnaires were filled-in completely, pairwise deletion was applied in order to make maximum use of the available information; the resulting correlation matrix was filled with at least a hundred respondents for each pairwise combination of items. Using factor analysis with Varimax rotation HPP characteristics that did not load higher than 0.50 on any of initially extracted factors, and confounding characteristics loading higher than 0.50 on two or more factors were removed. In addition, characteristics with communalities lower than 0.70 were removed. The rule of thumb for the inclusion of a variable into a factor is a factor loading that is at least > 0.3 but often a higher loading cut-off is taken – in this case 0.5 – in order to make sure that a strong factor is obtained (Hayton *et al.*, 2004). The communalities figure makes visible how much of each variable variance is elucidated through the included factors. The rule of thumb here is that when a variable has a communality score < 0.3 it has to be excluded from the dataset for further analysis. One again, we have chosen for a higher cut-off value – this time 0.7 – in order to obtain stronger factors (Sekaran and Bougie, 2010). As a result, from the original ten theoretically predicted HPP factors, five factors – with sometimes different characteristics than listed in Appendix 2 – came out of the factor analysis. These five factors were given new names, and they are listed in Table I, along with their Cronbach α .

Figure 2. Schematic overview of the way in which the HPO and HPP questionnaires were filled in by the various companies

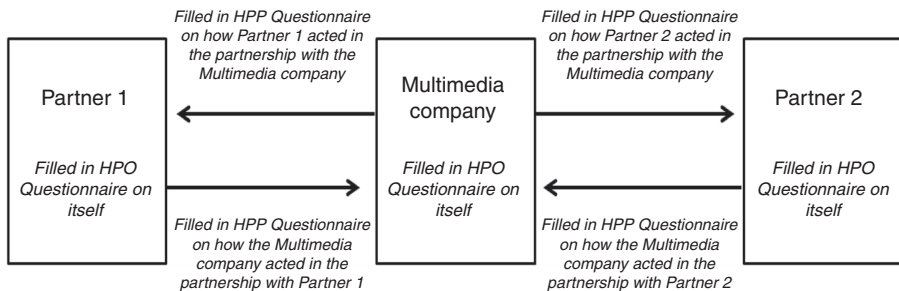


Table I. The five HPP factors

HPP factor	Characteristics	Cronbach's α
1. Openness in the partnership	7, 8, 23, 24, 25, 26, 28, 34	0.948 ($n = 113$)
2. Mutual interest in the partnership	10, 11, 12, 20, 43, 44, 53	0.944 ($n = 102$)
3. Equality in the partnership	29, 30, 32, 33, 36, 37	0.903 ($n = 98$)
4. Conflict management in the partnership	39, 40, 41, 42, 45	0.898 ($n = 123$)
5. Closeness of the partners	49, 51, 52	0.871 ($n = 108$)

HPP Factor 1 was given the name “Openness in the partnership” as its characteristics have to do with informing the partner (23, 24, 25, 26, 34) and being open to the partner in the sense of willing to accommodate the partner (7, 8, 28). HPP Factor 2 was called “Mutual interest in the partnership” as some of its characteristics had to do with investing in the relationship with the partners (10, 11, 12, 20, 53) while others stressed the mutual part in the partnership (43, 44). HPP Factor 3 was named “Equality in the partnership” as this factor contained characteristics stressing that the partners in the partnership are equal in outlook and power (30, 32, 33) and are equally dependant on each other (29, 36, 37). HPP Factor 4 was denoted “Conflict management in the partnership” as its characteristics indicated the effort both partners put in to avoid conflicts (39, 40, 41, 42) and in jointly solving conflicts if these would arise (45). Finally, HPP Factor 5 “Closeness of the partners” showed the importance of partners regularly being into contact with each other (49, 51, 52).

For the factor “Success of the partnership” the Cronbach α was checked ($\alpha = 0.924$; the correlations between the six items varying from 0.65 to 0.84), indicating a reliable scale to measure the success of the partnership. Table II gives the resulting correlation matrix. Subsequent regression analyses of “success of the partnership” as the dependent variable on the HPP factors as the independents yielded a R^2 of 60 percent, with PO, PE and PC making statistically significant contributions to the explanation of success[2]. These factors are made bold in Table II.

Table II shows that the success of a HPP can indeed be measured by the five newly identified HPP factors.

Regression analysis

The average scores for the HPO factors, calculated from the 239 questionnaires received, were correlated with the average scores for the HPP factors and the “Success of the partnership” factor. Table III gives the resulting correlation matrix between the HPO and HPP and factors. Table III gives the resulting correlation matrix between the HPO and success factors.

Not only does Table III show that the HPO factors have a positive influence on the HPP factors, Table III indicates that being an HPO in itself will already make a partnership more successful. Specifically, HPO factors quality of employees (QE) and LTO show the strongest correlation with the success of the partnership. This can be explained by the fact that QE contains the HPO characteristic “The organization grows through partnerships with suppliers and/or customers” and LTO contains the HPO characteristics “The organization maintains good and long-term relationships with all stakeholders” and “The organization is aimed at servicing the customers as best as possible.” These three characteristics directly deal with the collaboration with external parties.

HPP factors	PO	PM	PE	PC	PL	Success
Openness (PO)	1					
Mutual interest (PM)	0.884	1				
Equality (PE)	0.713	0.676	1			
Conflict management (PC)	0.627	0.777	0.417	1		
Closeness (PL)	0.613	0.549	0.285	0.252	1	
Success of the partnership	0.680	0.683	0.349	0.655	0.415	1

Table II.
Correlation matrix for the five HPP and the “success of the partnership” factors

Table III.
Correlation matrix

	Continuous improvement (CI)	Openness and action orientation (OAO)	Management quality (MQ)	Quality of employees (QE)	Long-term orientation (LTO)
<i>HPO and HPP factors</i>					
Openness (PO)	0.602	0.675	0.723	0.698	0.605
Mutual interest (PM)	0.572	0.597	0.692	0.670	0.631
Equality (PE)	0.495	0.500	0.552	0.593	0.520
Conflict management (PC)	0.401	0.468	0.543	0.583	0.566
Closeness (PL)	0.273	0.370	0.236	0.298	0.322
<i>HPO and "success of the partnership" factors</i>					
Success of the partnership	0.540	0.557	0.517	0.668	0.601

It was evaluated, in a number of regression analyses, whether the “success of the partnership” could be explained by the statistically significant HPP factors (PO, PE, PC) and the strongest correlating HPO factors (QE, LTO), using the following equation:

$$\text{Success} = a + \sum_{hpo=1}^{HPO} (b_{hpo} * \{HPO\}) + \sum_{hpp=1}^{HPP} (b_{hpp} * \{HPP\})$$

$$HPO = \{QE; LTO\}$$

$$HPP = \{PO, PE, PC\}$$

The analyses showed that the success of the partnership could be reasonably well explained by PO and QE with an overall R^2 of 0.69, while the other HPP and HPO factors did not contribute significantly to the success. Applying any other specifications, like multiplicative models or adding interaction terms, did not yield an improvement of the model. These points to the effect of PO on the success of the partnership that does not depend on QE, and vice versa.

Discussion

The research results show that, to make a partnership a success, there must be openness (PO), equality (PE) and good conflict management (PC) in that partnership. Therefore both partners have to work hard on bringing these HPP factors on the same high level for both parties. At the same time, both partners should make sure that their people who are working in the departments involved in the partnership are of high quality (QE), and that these departments have a strong LTO so they strive for a long-term relationship with the other party. QE and LTO are strongly related which means that employees have to be strongly external oriented: they need to be able and willing to maintain good long-term relations with the partners. In addition, the strengthening of the other three HPO factors (CI, OAO, MQ) will improve the openness (PO) and the mutual interest (PM) in the partnership which in turn has an indirect, positive effect on the success of the partnership. Equality (PE), conflict management (PC) and closeness (PL) have less strong correlations with the HPO factors as they are considered to be of importance to any partnership, regardless of the quality of the

organizations involved in the partnership; they thus have a pretty straightforward and less complex role in the proposed model.

Mutual interest (PM) and closeness (PL) do not have a strong effect on the success of the partnership. In addition, as mentioned before, PL does not have strong correlations with any of the HPO factors and therefore this HPP factor is removed from the model. PM does show strong correlations with the HPO factors and with success, though it is more or less captured by other HPP factors; still, it is likely that this HPP factor exerts an indirect positive influence – i.e. through influencing the HPO factors positively – on the success of the partnership. However, the model is limited to direct positive influence that HPP factors have on the success of the partnership, and therefore PM is removed from the model. Figure 3 shows the resulting HPP framework.

The HPP framework is build on the perceptions people have of the quality of their organization (HPO) and the strengths of their collaborations with external parties (HPP) to the success of their partnerships. They evaluate their organization and then work on making it better (HPO). As the organization grows stronger it will be better able to cooperate with external parties and thus strengthen its partnerships (HPP). In turn, through this the external parties will develop a positive view of the partnerships. In a way, by evaluating the quality of the partners in the partnership (HPP), people also evaluate the quality of their own contributions to that partnership. The reverse is also true. Because people “see” that a strong organization leads to a strong partnership, that strong partnership motivates to work on strengthening the organization.

The remaining three HPP factors and accompanying 19 HPP characteristics are listed below. This list basically is the scale with which the quality and strength of a partnership can be evaluated.

The three HPP factors and accompanying 19 HPP characteristics:

HPP factor 1: openness in the partnership:

- (1) our partner immediately informs us if something significant has happened;
- (2) our partner always takes decisions that affect the partnership together with us;
- (3) our partner regularly exchanges ideas with us;
- (4) our partner often has contact with us;
- (5) our partner keeps us well (completely, honestly, openly, timely) informed on developments;

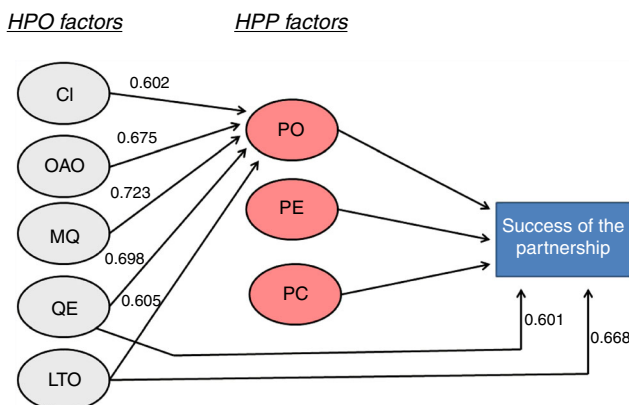


Figure 3.
The HPP framework

- (6) our partner continuously aligns his processes with our processes;
- (7) our partner has a strong personal relation with us; and
- (8) our partner does everything to fulfill his promises to us.

HPP factor 2: equality of the partnership:

- (1) our partner has the same amount of power in the partnership as we have;
- (2) our partner and we have equal say when taking decisions;
- (3) the organizational culture of our partner strongly matches our organizational culture;
- (4) our partner is equally dependent on us as we are on him;
- (5) our partner communicates his changing demands regarding the partnership in time to us; and
- (6) our partner and we always confer on the planning of activities.

HPP factor 3: conflict management in the partnership:

- (1) there are no personal conflicts between our partner and us;
- (2) there are no cultural misunderstanding between our partner and us;
- (3) our partner trusts us completely;
- (4) our partner and we do not have conflicting goals; and
- (5) differences between people of our partner and our people are being actively managed.

Thus, from the original ten potential HPO factors and 54 underlying potential HPP characteristics, for the case company three HPP factors with 19 underlying characteristics remain. These three remaining HPP factors do not fully resemble any one of the theoretical HPP factors. The reason for this could be twofold. First, the potential HPP factors and characteristics were drawn from the literature on successful partnerships, as no dedicated literature on partnerships between organizations striving to be HPOs or literature on partnerships between HPOs was available. Thus, it was to be expected that the final factors would be differently arranged and made up of different characteristics than theoretically expected. Second, the multimedia company was on its way to become an HPO, however, not all of the four suppliers were either an HPO or close to being an HPO which might have had an influence on the resulting HPP characteristics.

Conclusions

The goal of the research described in this paper was to develop a scale for measuring the factors of HPPs. The research consisted of two parts. First an overview was given of the HPO framework, followed by a description of the factors that potentially make up a HPP. Subsequently, the empirical part of the research resulted in the HPP framework, a framework that combined with the HPO framework forms the extended HPO framework. Where the HPO framework can be used to optimize the internal organization, the addition of the HPP framework offers organizations a way to analyze and improve collaborative performance and partner relationships along the value chain. The research thus adds to the literature on HPOs by extending the concept of

HPOs to the value chain these HPOs operate in. The practical benefit of the research is that managers of organizations can use the HPP framework to increase the quality of their partnerships. By each of the partners filling the HPP and HPO Questionnaires a 360° feedback is obtained of how the partners look at each other and at themselves. By comparing the scores on the HPP factors and the shapes of the HPP graphs (by plotting the scores on the HPP factors and drawing a line through the points) it can be predicted where currently the weak spots in the partnership are and where possible problems are too to be expected. In this way, management of the partners can proactively take preventative actions before issues start to appear which might damage the quality of the partnership. At the same time, areas which score average can be identified so that these can be strengthened in such a way that the quality of the partnership, and thereby the partners in that partnership, will be raised to the desired high performance level.

There are some limitations to be discerned in the research, which at the same time serve as opportunities for future research. Although there was a respectable number of responses on the questionnaires used in the research, only a limited number of completely filled-in questionnaires was received. In future research, the number of complete questionnaires should be increased to obtain a stronger picture of the HPP factors. The research took place at only one case company with its suppliers, in one industry and in one country, so one must be careful with generalizing the results of the research. Future research should test the HPP framework at multiple organizations, in different industries – among which non-profit and governmental – and in different countries. The HPP framework gives the factors that are important for creating a HPP, however, the manner in which this type of partnerships are created is not provided which could be a topic for future research. Additionally, longitudinal research should be conducted at organizations and their suppliers who use the HPP framework, in order to evaluate the long-term effects of the framework. Finally, on the practical side, the partners in a partnership could decide to fill in the HPO and HPP Questionnaires annually, in order to regularly evaluate the status and quality of their partnership. This would give not only trend information but also the effects of interventions conducted on the HPO and HPP factors can be tracked. This in time will provide a robust basis for making predictions how partnerships can most effectively be strengthened.

Notes

1. This paper concentrates on the partnership between the organization and its suppliers.
2. Note that PM – though correlating highly with success – does not add significantly to the explanation of success. More in general, because of the HPP factors being inter-correlated a check on the degree of multi-collinearity using the variance inflation factor (VIF). The VIF was not higher than the generally accepted value of 10 for all factors so there was no “technical” problem for the regression analysis, although the VIF for PM is, with a value of 8, quite high; simply put, much of the variance in PM is actually explained by the other independent variables in the regression.

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Further reading

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Appendix 1. This appendix lists the five HPO factors and their accompanying 35 HPO characteristics (de Waal, 2012b)

HPO factor 1: management quality

- (1) management is trusted by organizational members;
- (2) management has integrity;
- (3) management is a role model for organizational members;

- (4) management applies fast decision making;
- (5) management applies fast action taking;
- (6) management coaches organizational members to achieve better results;
- (7) management focusses on achieving results;
- (8) management is very effective;
- (9) management applies strong leadership;
- (10) management is confident;
- (11) management always holds organizational members responsible for their results; and
- (12) management is decisive with regard to non-performers.

HPO factor 2: openness and action orientation

- (13) management frequently engages in a dialogue with employees;
- (14) organizational members spend much time on dialogue, knowledge exchange and learning;
- (15) organizational members are always involved in important processes;
- (16) management allows making mistakes;
- (17) management welcomes change; and
- (18) the organization is performance driven.

HPO factor 3: long-term orientation

- (19) the organization maintains good and long-term relationships with all stakeholders;
- (20) the organization is aimed at servicing the customers as best as possible;
- (21) management has been with the company for a long time;
- (22) new management is promoted from within the organization; and
- (23) the organization is a secure workplace for organizational members.

HPO factor 4: continuous improvement and renewal

- (24) the organization has adopted a strategy that sets it clearly apart from other organizations;
- (25) in the organization processes are continuously improved;
- (26) in the organization processes are continuously simplified;
- (27) in the organization processes are continuously aligned;
- (28) in the organization everything that matters to performance is explicitly reported;
- (29) in the organization both financial and non-financial information is reported to organizational members;
- (30) the organization continuously innovates its core competencies; and
- (31) the organization continuously innovates its products, processes and services.

HPO factor 5: quality of employees

- (32) management inspires organizational members to accomplish extraordinary results;
- (33) the resilience and flexibility of organizational members is continuously strengthened;

- (34) the organization has a diverse and complementary workforce; and
- (35) the organization grows through partnerships with suppliers and/or customers.

Appendix 2. This appendix lists the ten potential HPP factors and their accompanying potential HPP characteristics, as derived from the literature review

Control

- (1) our partner has made a fair contract with us;
- (2) our partner gives us the feeling that we are equal partners;
- (3) our partner always discusses progress and results in a good atmosphere with us; and
- (4) our partner always sets the goals for the partnership together with us.

Trust

- (5) I trust our partner completely;
- (6) my relation with our partner is open and informal;
- (7) our partner has a strong personal relation with us;
- (8) our partner does everything to fulfill his promises to us;
- (9) our partner shares his problems concerning the partnership with us;
- (10) our partner is very helpful to us;
- (11) our partner is honest and sincere toward us;
- (12) our partner is loyal to us; and
- (13) our partner has a good relation with us.

Commitment

- (14) our partner has the capacities to fulfill the commitments stated in the contract;
- (15) the partnership is important to our partner to achieve his strategic objectives;
- (16) our partner agrees with us on the goals of the partnership;
- (17) our partner puts long-term goals before short-term profit;
- (18) our partner is patient if we make a mistake;
- (19) our partner helps us immediately when we ask for something; and
- (20) our partner looks upon our partnership as very important.

Coordination

- (21) our partner and we expect to be in a long-term partnership;
- (22) our partner often works with us as a team;
- (23) our partner often has contact with us;
- (24) our partner immediately informs us if something significant has happened;
- (25) our partner always takes decisions that affect the partnership together with us;
- (26) our partner regularly exchanges ideas with us; and
- (27) there is a clear coordination structure defining action taking by our partner and us when changes are to be carried out.

Dependence

- (28) our partner continuously aligns his processes with our processes;
- (29) our partner is equally dependent on us as we are on him;
- (30) our partner has the same amount of power in the partnership as we have;
- (31) our partner and we feel equally responsible for the success of the partnership; and
- (32) the organizational culture of our partner strongly matches our organizational culture.

Communication

- (33) our partner and we have equal say when taking
- (34) our partner keeps us well (completely, honestly, openly, timely) informed on developments;
- (35) our partner regularly asks us for advice;
- (36) our partner communicates his changing demands regarding the partnership in time to us; and
- (37) our partner and we always confer on the planning of activities.

Conflict handling

- (38) our partner shares his company information with us;
- (39) our partner trusts us completely;
- (40) there are no personal conflicts between our partner and us;
- (41) there are no cultural misunderstanding between our partner and us;
- (42) our partner and we don't have conflicting goals;
- (43) our partner and we cooperate closely on solving conflicts; and
- (44) our partner and we always jointly solve problems in the partnership.

Diversity

- (45) differences between people of our partner and our people are being actively managed;
- (46) our partner acknowledges that there can be differences between him and us;
- (47) people of our partner are being trained to deal with cultural differences in the partnership; and
- (48) our partner spends sufficient time learning from us.

Closeness

- (49) our partner regularly has face-to-face contact with us;
- (50) our partner is physically located close to us;
- (51) our partner regularly meets us in person; and
- (52) the management of our partner works proactively on the partnership.

Management quality

- (53) the management of our partner manages the partnership effectively; and
- (54) the management of our partner is strongly focussed on achieving the goals of our partnership.

Success of the partnership

- (55) we have a good partnership with this partner;
- (56) the partnership has added value for our organization;
- (57) the partnership has added value for our partner;
- (58) the partnership increases the effectiveness of our organization;
- (59) the partnership increases the profitability of our profit organization/impact for our non-profit organization; and
- (60) the partnership increases the quality of our organization.

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