**University of Alberta**

# Forming an Inter-municipal Partnership to Deliver Public Recreation: An Embedded, Single Case Design

by

Troy Daniel Glover ©

A Thesis submitted to the Faculty of Graduate Studies and Research in partial fulfilment of the requirements for the degree of Master of Arts

in

Recreation and Leisure Studies

Faculty of Physical Education and Recreation

Edmonton, Alberta

Spring 1997

0-612-21132-0

**University of Alberta**

**Library Release Form**

**Name of Author:** Troy Daniel Glover

**Title of Thesis:** Forming an inter-municiapl Partnership to Deliver Public Recreation: An Embedded, Single Case Design

**Degree:** Master of Arts

**Year this Degree Granted:** 1997



Troy Glover

693 Artreva Crescent
Burlington, Ontario
Canada
L7L 2B8

April 17, 1997

**University of Alberta**

**Faculty of Graduate Studies and Research**

The undersigned certify they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled FORMING AN INTER-MUNICIPAL PARTNERSHIP TO DELIVER PUBLIC RECREATION: AN EMBEDDED, SINGLE CASE DESIGN submitted by TROY DANIEL GLOVER in partial fulfilment of the requirements for the degree of MASTER OF ARTS IN RECREATION & LEISURE STUDIES.

Thomas L. Burton
Dr. T. L. Burton

Dr. E. B. Mitchelson

Dr. J. W. Lightbody

Date April 14, 1997

## Dedication

To my Mom and Dad

## Abstract

The purpose of the study was to examine an inter-municipal partnership involving municipal Parks and Recreation Departments in Alberta, Canada, with the intention of developing a conceptual framework. The study investigated "how" and "why" municipalities collaborate with other municipalities to provide public recreation services.

The study focused on seven separate Recreation Cost Sharing Agreements involving eight neighbouring municipalities: A County, a City, three Towns and three Villages. Each agreement involved the County contributing money to an urban municipality in exchange for allowing its residents to access urban centre recreation facilities.

An embedded, single case design was employed, using multiple sources of evidence. First, documents pertaining to the Recreation Cost Sharing Agreements were analysed, and second, the majority of the data were collected in the form of qualitative face-to-face, personal interviews. Analysis of the data supported three propositions: first, that municipalities collaborate because they expect to derive mutual benefits; second, that an inter-municipal partnership alters the structure of a public Parks and Recreation Department; and third, that municipalities are usually reluctant to collaborate with other municipalities because they fear a loss of control over programs and/or policies. A conceptual framework was developed from the results of the study which identified the central characteristics of an inter-municipal partnership.

## Acknowledgements

I would like to thank the informants of the municipalities which were the focus of this case study. I am appreciative of their cooperation and willingness to grant me permission to examine documents pertaining to their partnership and for allowing me to write about their activities. Out of respect for their wishes, their names, and the names of their respective municipalities, have been kept confidential.

For their valued contribution to the various stages of this project, I would like to thank my committee members Dr. Barry Mitchelson and Dr. Jim Lightbody. Also in this regard, I am particularly appreciative of the efforts of my advisor Dr. Tim Burton who provided outstanding guidance and leadership in directing my academic career at the University of Alberta. In addition to co-authoring a paper with me and guiding me to my first academic presentation in Cardiff, Wales, he graciously arranged for me to spend six weeks in Cheltenham, England, during his sabbatical. His direction was invaluable.

Without the friendship of Marcus Archer, Miles Smith, Phil Burak, John Colton, and Gary Hickey, I do not believe my experience would have been nearly as satisfying. Whether it was chatting outside of class, enjoying a couple of beverages at a local establishment, or catching an evening flick, these individuals made my experience at school fun. I am appreciative of their friendship and hope to stay in touch over the years.

Finally, I gratefully acknowledge the support of Anne, Dan, and Tiffany Glover, and Diana Parry for their love, friendship and encouragement during the past two years. I am incapable of truly conveying my gratitude to these individuals since their influence on my life goes well beyond my experience at graduate school. Unquestionably, they have had the most profound impact on my development as an individual.

## Table of Contents

**List of Tables**

## List of Figures

# I. The Development of Public Leisure Services

## The Development of the Welfare State

Following the end of World War Two, the welfare state became a firm political fixture throughout the Western industrialized world. Pierson (1991) suggested that its origins arose from three specific state initiatives. The first involved the introduction of social insurance. Social insurance refers to state programmes which:

> "entail the recognition that the incapacity to earn a living through contingencies such as old age, sickness or unemployment is a normal condition in industrialized market societies and that it is legitimately the business of the state to organize for collective provision against the loss of income arising from these contingencies" (Pierson, 1991, p. 106).

The second initiative involved an extension of citizenship. The welfare state was based on the argument that if people were to be full citizens then it was necessary that they should share in the basic goods of society. Justice and fairness demanded that everyone should be able to play their part in society, which depended upon full access to resources that were fundamental to community membership (Walsh, 1995). The third initiative entailed the growth of social expenditure. Throughout the twentieth century, until the 1970s, the welfare state commanded increased subsidy which was used to enhance social goods and services. These initiatives directly influenced the development of the welfare state in Canada during the post-war era.

Although there was evidence of welfare oriented programmes prior to the Second

World War, Pierson referred to the period between 1945 and 1975 as the "golden age" of the welfare state. During this period, government reforms created a comprehensive and universal welfare state based on the idea of shared citizenship. States committed more resources to facilitate the rapid expansion of benefits and coverage within an extended system. A broadly based political consensus emerged favouring a mixed economy and a system of extended social welfare. Finally, governments committed themselves to achieving economic growth and full employment. The end result was large scale direct delivery of several social goods and services by the public sector.

**Arguments for the Direct Provision of Public Services**

Government production of goods and services was believed by many to be necessary to rectify the imperfections of a market economy. In other words, supporters of the welfare state believed "there was a need for political authority and planning to replace price and exchange as the bases for determining what should be produced ... because [production of goods] would be tainted by the association with financial exchange and profit" (Walsh, 1995, p. 4-5). Direct public provision of social goods and services was considered to be more effective in forwarding certain social purposes than the processes of individual exchange, since it was thought that the state would act in the best interests of its citizens whereas the market would act according to profit without consideration for the common good. As a result, the state, not the market, was expected to provide services and to preserve the community through protective, regulatory and enforcement efforts (Walsh, 1995).

Walsh (1995) outlined five particular sets of circumstances in which markets were argued to be less effective than government intervention. First, the market was not believed to truly reflect consumer demand because people often understated their needs or wants and tended to "free-ride" on the demands of others. Presumably, the state determined "the true level of need or demand and produced the welfare-maximizing level of output of public goods" (Walsh, 1995, p. 7). Second, markets were argued to fail where increasing returns to scale existed: that is, where unit costs decreased as the scale of production increased (for example, with public utilities). Public ownership or regulation over such services was believed to be necessary in order to prevent private monopolies from holding down production, setting prices above costs, and avoiding innovation and change for the purpose of generating greater profits. Third, externalities were considered to result in market failure. That is, negative externalities, or costs to society which were not taken into account by private producers (e.g., pollution) were expected to be produced more than was socially desirable. In contrast, positive externalities, or benefits which were not taken into account by private producers (e.g., public roads and highways) were expected to be under-produced. It was believed that government would account for all of the costs and benefits involved in the production of goods and services. Fourth, the market lacked incentive to offer goods or services that were beneficial to the greater public, but which might be under-used by individuals when left to their own discretion to purchase (e.g., education and health). Consequently, the state provided merit goods because individuals could not necessarily judge what was in their own or public interest. Finally, proponents of the welfare state contended that the state provided information asymmetries more effectively than the market. That is, consumers could not count on receiving accurate information from the market regarding the benefits or hazards of goods or services that the private producer perceived as unprofitable. The government was expected to rectify the information imbalances in the market by diminishing the incentive for the producer to oversupply the user or the user to under-demand.

In addition, Self (1993) identified three further justifications for the direct delivery of public goods that stemmed from neo-classical economics. First, public goods were justified when public provision was more cost-effective through economies of scale: that is, where the expense of delivering a good was distributed among all the citizenry, thereby reducing the overall cost of provision. Second, direct delivery was rationalized for certain forms of consumption that the public considered good or bad based on moral or social reasoning. For instance, education was deemed an appropriate and necessary merit good whereas the use of recreational drugs was deemed improper and socially damaging. Third, public provision was warranted when "redistribution of wealth increased the utilities of poor individuals by more than the losses to rich individuals, after allowing for any consequent 'discentive' effects" (Self, 1993, p. 37). In other words, citizens were to share in the benefits of full citizenship by contributing their taxes towards social programmes that would re-distribute wealth. Furthermore, re-distribution of wealth would lead to a net increase in total social welfare. Given the arguments in support of government intervention into the workings of the market economy, it was deemed necessary for the state to play a direct role in the provision of a variety of social programmes and services.

**The Welfare State and Public Leisure Services Delivery**

The development of the welfare state in Canada led to large scale government involvement in the provision of recreation and leisure services. As early as 1883 the province of Ontario had passed the first Canadian legislation affecting the general development of municipal parks. The Province's "Public Parks Act" provided for the establishment of parks and parks systems in cities and towns upon consent or petition of the electors (McFarland, 1970). By the late 1930s and early 1940s municipal government became involved in the delivery of public recreation after social elites acting through community associations pressured their local governments to take responsibility for park and recreation activities (Andrew, Harvey & Dawson, 1994). Social elites viewed recreational activities as an important means by which the lower social classes could be integrated and controlled. Consequently, early recreational activities were marked by the idea of charity (Andrew, Harvey & Dawson, 1994). Essentially, there was a desire to equalize social conditions and to use the state to offer services more equal in character than those that would be available by market forces alone. Expanded municipal or local activity was deemed necessary because market forces could not achieve the desired distribution of recreational opportunities.

As local government involvement in the provision of recreation increased, the concept of social welfare served to influence municipal objectives in the recreation field. During the 1930s and 1940s social welfare professionals viewed recreation as a "crucial area for intervention in order to reduce juvenile delinquency" (Andrew, Harvey & Dawson, 1994, p. 7). In other words, it was believed to be in the state's best interests to support public recreation to decrease delinquency. However, this perspective lost its appeal when the links between delinquency and social conditions were identified by social welfare groups (Andrew, Harvey & Dawson, 1994). The social welfare view of recreational activities became less important in the post-war period where the basic model became one of providing services to a rapidly expanding population. Citizens were seen as having the right to recreation services and local governments tried to deliver them on an equal basis. Recreation was no longer considered a means of avoiding social problems; it was simply regarded as the provision of services (Andrew, Harvey & Dawson, 1994). As a result, public recreation became a professional field aimed at the provision of facilities and programs.

**Questioning the Welfare State**

By the 1970s, the traditional model of public service provision was becoming increasingly scrutinized by concerned taxpayers. Severe fiscal imbalance, deficit funding and accumulated debt gradually led to questioning of many tenets of the welfare state, as citizens called for greater fiscal responsibility and accountability on the part of the state. In contrast to the "golden age" of the welfare state where public opinion was supportive of the re-distribution of the wealth generated from a strong economy among the wider citizenry, the stagnation of the economy during the 1970s brought with it overwhelming support for reduced social spending; "Crudely put, public welfare was something which people would support in economic 'good times,' when both public and private consumption could rise, but to which they were much less sympathetic in times of economic stagnation" (Pierson, 1991, p. 168). As a result, political parties that failed to support welfare reforms and restrictions on social spending received increasingly diminished public support.

In addition to dwindling public support for much of the activity of the welfare state, there was a resurgence of academic, professional and popular support for reduced government intervention in the workings of the market economy. Indeed, a counter-movement against the left was apparent as proponents of the "New Right" voiced several concerns regarding the viability of social spending. Pierson (1991) has provided a thorough review of the "New Right's" arguments against governments directly delivering public services. First, the "New Right" viewed the welfare state as uneconomic. In essence, the welfare state "displaced the necessary disciplines and incentives of the marketplace, undermining the incentive (of capital) to invest and the incentive (of labour) to work" (Pierson, 1991, p. 48). Second, the welfare state was considered unproductive because it encouraged the evolution of an unproductive public bureaucracy which kept capital and human resources away from the private sector of the economy. The state monopoly over provision enabled public sector workers to command inflationary wage increases. Third, the welfare state was perceived to be inefficient. In general, welfare policy failed to meet the interests of individual consumers because it tended to accommodate the producers of the services instead. Fourth, the welfare state was thought to be ineffective; "Despite the huge resources dedicated to it, welfare state measures failed to eliminate poverty and deprivation" (Pierson, 1991, p. 48). Rather, the state entrapped the deprived in a cycle of dependence. Fifth, the welfare state was considered to be oppressive because it increased the power of government bureaucracy and evolved into the social control of citizens and communities. Finally, the welfare state was regarded as a denial of freedom. Simply put, direct public service delivery prevented people from exercising their freedom of choice because the state monopolized provision and thereby determined the extent of the selection offered.

Wolf (1988) also countered the effectiveness of the welfare state and identified areas where the government failed to deliver public services proficiently. Essentially, he argued that government was inherently ineffective at supplying public services. He believed the state was unable to effectively define and measure output and evaluate the quality of services. He contended that government provision was uncontestable because the state monopolized the provision and regulation of social services. He asserted that the state was unable to define or control the production of public services. And, he revealed that there was no mechanism in place to terminate unsuccessful public policies. Moreover, Wolf maintained that the characteristics of the supply and demand for goods and services in the public sector led to systematic non-market failures. He contended that there was a disjunction between costs and revenues because of the government's inability to determine precise costing and the absence of market exchange. Also, public sector organizations lacked the ability to objectively measure service performance. This caused governments to substitute their own standards which did not necessarily consider the public good. Additionally, the state generated externalities resulting from vague public policies. Furthermore, non-market failure was caused by distributional inequality whereby advantage was distributed to politicians, bureaucrats, and those whom they favoured.

Public Choice theorists echoed Wolf's concern regarding the self-interest inherent in the political process and identified it as the failure of the organization of government. The basic assumption of public choice thought was that "individuals acted as 'rational egoists' who pursued their private interests in both economic and political life" (Self, 1993, p. 4). In other words, politicians interested in being re-elected to political office made self-serving decisions based on their attempts to increase their popularity with interest groups; bureaucrats hesitated to identify the inefficiencies and redundancies in their departments to avoid a reduction of their budgets and possibly the elimination of (their) jobs; voters lacked incentive to consider the full range of a prospective government's public policy because of the marginal impact of their decisions on an election result; and interest groups supported politicians in exchange for political endorsements on issues relating to the groups' mandates. Consequently, challengers against the welfare state disputed whether politicians, bureaucrats, interest groups and voters demanded public sector outputs that reflected the best interests of society as a whole. That is, under the liberal democratic conditions which the welfare state developed, political actors were encouraged to be irresponsible. In short, the traditional institutional framework of government was essentially thought to be ineffective and wasteful because it supported the integration of the political and managerial levels of service provision (Osborne & Gaebler, 1992). Collective choice via state action was believed to yield outcomes that were less efficient or desirable than outcomes determined by private choice through markets.

Consequently, a growing support for market oriented approaches to the provision of public services led to substantial efforts to re-structure government in Canada and elsewhere. Political leaders sought to slim the bureaucracy, to assert political control, to revamp the machinery of administration, to change patterns of service delivery, and to introduce a new managerial philosophy of resource efficiency and expenditure control (Self, 1993). In addition, the public sector attempted to adopt many private sector concepts of efficient management, such as comprehensive accounting systems, performance contracts, economic incentives (e.g., merit pay) and decentralized management (Self, 1993). Moreover, governments sought alternative methods of delivering public services. As a result, the development of a wide array of methods of providing public services, including recreation, took place.

**Alternative Forms of Public Leisure Services Delivery**

Prior to the questioning of the welfare state, municipal governments in Canada traditionally adopted one or more of five distinct roles in the provision of leisure services (Burton, 1982; See Table 1.1). The particular role or roles adopted by any municipal agency were dependent on three factors: the client group; the type of service being provided; and the philosophical orientation and values of the policy makers (Searle & Brayley, 1993). Burton (1982) described the first role as the *direct provision of services:* that is, a government department or agency developed and maintained leisure facilities, operated programs and delivered services using public funds. For example, city-operated swimming pools were typically built, maintained, and operated by a city's Leisure Services or Parks and Recreation Department.

The second role that Burton (1982) identified was that of *an arm's length provider of services*. This required the creation of a publicly owned special-purpose agency that operated outside the regular apparatus of government. An arm's length organization was funded by a government and had a government-appointed board of directors. Crown corporations, such as the Canadian Broadcasting Corporation, and regulatory commissions were examples of arm's length agencies through which a government provided services. However, such agencies were rarely found at the municipal level.

The third role of government was as *a coordinator of services* (Burton, 1982). In this role, a municipal Parks and Recreation Department identified agencies that provided leisure services and encouraged and helped them to coordinate their efforts, resources and activities. This was typically achieved through leadership training and government-supported consultation services.

The fourth role involved the Parks and Recreation Department acting as *a supporter and patron of leisure service organizations* (Burton, 1982). A government could recognize that an existing organization already provided a valuable service and could be encouraged to continue doing so through specialized support, especially (though not exclusively) through monetary grants. Recipient organizations were often from the not-for-profit or commercial sectors. Many cultural organizations received this kind of

**Table 1.1**
**Five Traditional Roles of Canadian Municipal Government in the Provision of Leisure Services**

| Role | Definition | Example |
|---|---|---|
| The Direct Provision of Services | A government directly delivers a leisure service. | A City Parks and Recreation Department offers leisure programs to the public. |
| An Arm's Length Provider of Services | A government creates an autonomous agency, separate from its regular bureaucracy but responsible to it. | A City establishes an Arts Council to operate its arts programs. |
| A Coordinator of Services | A government identifies agencies that provide leisure services and helps them to coordinate their efforts, resources and activities. | A City Aquatics Department provides professional development sessions for aquatics professionals. |
| A Supporter and Patron of Leisure Service Organizations | A government encourages an existing organization to continue providing leisure services through specialized support. | A City Parks and Recreation Department provides a grant to a local YMCA for providing After School Care. |
| A Legislator and Regulator of Leisure Activities and Organizations | A government uses its authority to create laws and establish regulations to exercise control over agencies and individuals engaged in the provision of leisure services. | A City prohibits the use of motorized vehicles on its community hiking trails. |

**Source: Adapted from Burton (1982)**

support from public agencies.

Finally, a government invariably acted as a *legislator and regulator of leisure activities and organizations* (Burton, 1982). Using its authority to create laws and establish regulations, a government exercised control over agencies and individuals engaged in the provision of leisure services. In addition, it regulated personal behaviour in leisure environments such as national and local parks.

Although Burton's five roles of government remained prevalent, after 1975, expenditures in public recreation began to drop and "responsibilities were [increasingly] shifted from the federal government to the provinces, from the provinces to the municipalities and, at the same time, from the state sector in general to the private entrepreneur, to become efficient and effective" (Andrew, Harvey & Dawson, 1994, p. 12). In essence, recreation services were considered a merit good, but not necessarily an essential service. As a result, the not-for-profit and commercial sectors took on larger roles in the provision of public leisure services. Nevertheless, despite the growing role of private organizations in the delivery of recreation, the role of the state did not entirely diminish. In fact, it simply changed to that of an *enabler* whereby the government *enabled* service by arranging its provision without necessarily producing it. However, "when governments [pushed] ownership and control into the community, their responsibilities [did] not end" (Osborne & Gaebler, 1992, p. 73). They may have no longer been the only producer of recreation services, but they were still responsible for making sure the needs of the people were met. In other words, governments shifted the *delivery* of services, without shifting their *responsibility* for services (Osborne & Gaebler, 1992).

Peston (1972) summarized the four basic kinds of goods and services that involved different arrangements which the government utilized, by varying degrees, to *enable service* delivery (see Figure 1.1). They consist of: *public, toll, common pool* and *private* goods and services. The first kind, *public goods*, refers to commodities or services that are non-excludable and non-rival. Non-excludable means that the provider does not discriminate among the people who consume the service. Non-rival refers to a good that is provided by one organization exclusively. Given these definitions, a public good can be perceived as a commodity or service provided by a government with the intention of making it available to anyone without discrimination. For example, municipal governments might develop and manage parks in communities for the enjoyment of their citizens. These may be provided by a municipal Parks and Recreation Department and would be generally available for the use of everyone in the community.

The second kind, *toll goods*, refers to commodities or services that are excludable and non-rival. Excludable means that the provider of the good or service controls who can and cannot consume the good. Therefore, a toll good is a commodity or service provided to consumers who meet predetermined requirements by an organization that controls its distribution. For example, a municipal government might authorize a commercial agency to provide a paddleboat service at a small lake within the city limits. The firm that is awarded the permit monopolizes the service and only those who can afford to pay the fee for rental of the boats are allowed to take part in the activity.

**Figure 1.1:** Types of Public Goods

| | | Discrimination | |
|---|---|---|---|
| | | Non-Excludable | Excludable |
| Consumption | Non-Rival | 1. Public goods | 2. Toll goods |
| | Rival | 3. Common Pool Goods | 4. Private goods |

**Source: Adapted from Peston (1972)**

The third kind, *common pool goods*, includes commodities or services that are non-excludable and rival. Rival refers to products or services that are provided by more than one organization. Thus, a common pool good is a commodity or service that is delivered by various suppliers who do not control consumption. For instance, a municipality might operate a community centre which competes against various kinds of centres operated by commercial and not-for-profit organizations. However, unlike those in the other two sectors, the publicly operated community centres are open to all members of the community - at least, in principle, though, in practice, it does not necessarily work that way.

The fourth quadrant, *private goods*, refers to commodities or services that are excludable and rival. Therefore, a private good is a commodity or service that is delivered by various providers who control its consumption. These providers might come from any of the three sectors. An example of a private good is aerobics classes. Such classes might be offered by several private fitness clubs, non-profit organizations such as the YMCA and YWCA, and, even a city Parks and Recreation Department. However, a fee is charged to the participant, which excludes those who cannot (or choose not to) pay.

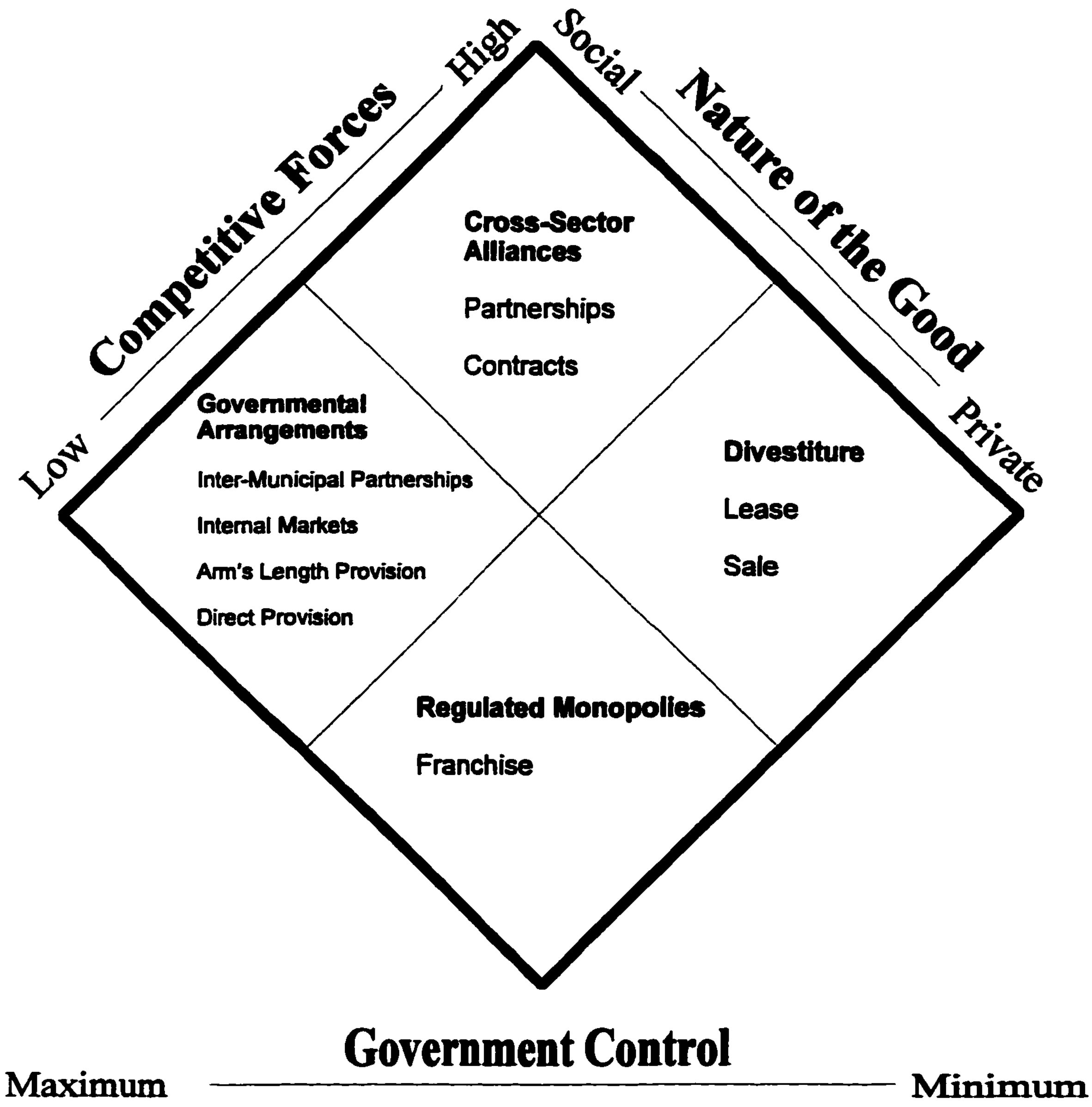
Using the basic principles of Burton's five roles of government and Peston's typology of public goods, Glover and Burton (1996) developed a typology of public service delivery and a model of alternative forms of public leisure services delivery. They maintained that municipal Parks and Recreation Departments should consider the following factors when determining a specific method for delivering public leisure services: the level of the competitive forces; the nature of the goods; and the amount of government control. The first variable, *level of competitive forces*, refers to the level of competition involved in providing a public service. For example, Compulsory Competitive Tendering (CCT) in Britain involves a mandatory tendering process whereby public, private and not-for-profit organizations are encouraged to bid for a contract to provide public leisure services (Henry, 1993). The bidding involved in obtaining a contract and the attempt to renew it after its expiration encourages a firm to fulfil the expectations of the client. In other words, in principle, competition motivated the firm to provide quality services. In contrast, competition is absent from public services that are provided directly by a municipal government because the government monopolizes delivery. Competitive forces are conceptualized along a continuum whereby competition is *high* at one end and *low* at the other. Clearly, there are many degrees of competition which are possible on the continuum.

The second variable, *nature of the good*, allows for differentiation between social and private goods. A social good is perceived as a product available for all, or most, to consume. The notion of equality is implicit in the provision of the service, as the provider avoids controlling its consumption. For example, outdoor hiking trails in Edmonton are considered a social good because they are available for everyone to use at no direct cost to the user. Conversely, a private good is market driven: that is, it is available to consumers who can afford to pay for it. A theatrical performance is a private good because spectators who wish to watch it are required to pay a stated price to attend the performance. Consequently, people who cannot afford to pay are unable to attend.

Finally, the third variable, *amount of government control*, provides a continuum along which the degree of government regulation is measured. At one end of the continuum is total control; at the other, minimal control. Total control involves complete regulation over a given service. For instance, direct public provision is completely regulated by the government whereby the public sector plans, implements and manages the service. In contrast, minimal control describes a situation in which services are provided outside the public sector and are subjected only to the overall control that government exercises over all commercial activities - for example, taxation. A small private business that offers guided trips in wilderness environments is virtually independent of public sector control. It is expected to adhere to the laws and regulations set out for small businesses; but beyond this expectation, it has no connection with the public sector. Together, the level of competitive forces, the nature of the goods, and the amount of government control are deemed important factors to consider when deciding on a particular method of delivering public services.

Glover and Burton (1996) have also identified four specific categories of public service delivery. First, there are *governmental arrangements*, which have been the dominant form of delivering public services in many Western countries for several decades. Such arrangements include direct provision, arm's length provision, internal markets and the formation of inter-municipal partnerships. Second, *cross-sector alliances*, are used to deliver public services. A cross-sector partnership consists of a contractual relationship between a public sector department or agency and a private or non-profit organization. There are two predominant forms of such alliances: partnerships and contracts. Third, *regulated monopolies* exist to supply public goods or services. A

# Figure 1.2: A Model of the Alternative Forms of Public Leisure Services Delivery




**Source: Glover & Burton (1996)**

regulated monopoly occurs where, by agreement, a non-public agency is granted a monopoly to provide public services. These agreements principally take the form of franchises. Finally, the public sector occasionally turns to *divestiture* to deliver services. Divestiture occurs when public services, lands, or facilities are sold or leased to private or non-profit agencies. After the sale or lease, the good or service that is sold no longer belongs to the public sector.

In order to simplify understanding of the concepts and forms of service delivery, Glover and Burton created a model which depicts the inter-relationships among the three defined variables: level of competitive forces; nature of the good; and degree of government control (see Figure 1.2). The model is diamond shaped with four quadrants. Each quadrant includes one of the four categories of public service delivery that were identified earlier: governmental arrangements, cross-sector alliances, regulated monopolies, and divestiture.

In the first quadrant, *governmental arrangements* reflect social goods, characterized by a low level of competition and maximum government control. Direct provision, arm's length provision, internal markets and inter-municipal partnerships fall into this group. They are similar because the nature of each good is social. However, the level of competitive forces and the amount of government control differs for each governmental arrangement affecting its position within the quadrant. Direct provision involves the lowest possible level of competition, followed by arm's length provision, internal markets and inter-municipal partnerships in that order. In the same order, direct provision involves the highest degree of government control, followed by arm's length provision, internal markets and inter-municipal partnerships respectively. The position of each arrangement in the quadrant must be considered in order to identify the differences among each option.

In the second quadrant, *cross-sector alliances* are employed to provide social goods, characterized by a high level of competition and a moderate level of government control. Partnerships and contracts are both intended to secure the provision of goods, but the competitive forces are somewhat higher for a partnership than for a contractual relationship. In addition, partnerships involve less government control than contracts. However, government control over cross-sector alliances is less than that involved in governmental arrangements, although more than is found in divestiture.

In the third quadrant, *regulated monopolies*, such as a franchise, are employed to provide goods, characterized by a low level of competition and a moderate level of government control. However, as is the case for cross-sector alliances, franchises involve greater government control than divestiture and less government control than governmental arrangements.

Finally, in the fourth quadrant, *divestiture* is used to provide private goods, characterized by a high level of competition at a minimum level of government control. Lease and sale are similar in that both are employed as private goods and involve equally high levels of competition, depending on the specifications of the agreement. However, a lease involves more government control than sale since the arrangement is turned back to the public sector after the period of lease. Divestiture involves greater competition and less government control than cross-sector alliances, regulated monopolies and intergovernmental arrangements.

The authors contend that the latter three quadrants each involve some degree of privatization of public service delivery. Traditionally, privatization has been equated primarily with sale. However, this explanation excludes several modes of public service delivery that involve private or non-profit organizations. For instance, when a municipal government contracts a private firm to manage an arena, essentially they are "privatizing" that facility, since it is no longer operated by public employees. Again, if a government enlists the aid of the Boys and Girls Club, a not-for-profit organization, to provide after school day care, thereby acting as a patron of leisure services, this, too, is perceived as privatization because direct service delivery is offered by a non-governmental organization, despite receiving subsidy from the public sector. In this regard, the authors concur with the definition of Savas (1987) who defined privatization as "... a wide range of alternatives to the direct provision of public service(s) by governments using their own employees." Their assertion also corresponds with Walker (1980) who believed privatization "... covers all situations where control is passed to the private sector whether it had ever resided there or not" (p. xvii). In other words, that which is not a governmental agreement is considered a form of privatization.

## Interdependence as a Form of Delivering Public Recreation

Given the various forms of public leisure services provision, municipalities have begun employing a variety of methods to deliver recreation services in hopes of adopting a more cost-effective alternative to direct provision. In several cases, municipal governments have looked to the private sector for solutions. One specific trend that has been widely considered among Parks and Recreation Departments is the idea of establishing strategic alliances and partnerships. Clearly, a paradigm shift has been taking place within the private sector whereby organizations increasingly opt to form strategic alliances and partnerships in contrast to independent, "in-house" arrangements. The decision has been one of necessity, as organizational survival and/or increased competitiveness are often dependent on collaboration with other independent agencies. Examples of inter-dependency have been found in the three major sectors, as commercial, not-for-profit and public sector agencies sought to collaborate with firms in and out of their own sectors for the purpose of achieving greater success through collaboration.

Clearly, inter-dependence has been a prevalent concept in the private sector. Indeed, several multinational corporations, such as IBM, Ford and Dupont, formed strategic alliances with competitors to increase their competitiveness in the global marketplace (Sherman, 1992, p. 77). The existence of a global economy increased the number of competitors while introducing new markets and consumers, thereby making survival and success more difficult to achieve. Oliver (1990) identified several critical contingencies to explain why commercial organizations establish strategic alliances. First, strategic alliances were often established out of necessity. That is, they were involuntarily established to meet necessary legal or regulatory requirements. Second, reciprocity swayed organizations to enter partnerships. Reciprocity emphasized cooperation, collaboration, and coordination among organizations and was rooted in exchange theory whereby participating partners benefited from the relationship. Third, efficiency influenced the establishment of strategic alliances. Efficiency was internally rather than externally oriented as organizations attempted to improve their internal input/output ratios by entering partnerships with other organizations. Fourth, organizations established strategic alliances to achieve stability. Stability was an adaptive response to environmental uncertainty. Alliances served as "coping strategies to forestall, forecast, or absorb uncertainty in order to achieve an orderly, reliable pattern of resource flows and exchanges" (Oliver, 1990, p. 246). Finally, strategic alliances were formed to improve an organization's legitimacy. Legitimacy demonstrated or improved an organization's reputation, image, prestige, or congruence within its institutional environment. Typically, the formation of a strategic alliance was motivated by more than one contingency.

In addition to Oliver's contingencies, four distinct rationales for the formation of strategic alliances gained stature in the literature. They included: the transaction cost approach, resource dependence theory, ecological perspectives, and the strategic perspective. The *transaction cost approach* compared the costs and benefits of alternative strategies and considered the implications of using one strategy over another. The primary focus of transaction cost research was to explain why firms opted for one type of collaborative agreement to manage transactions rather than another, based on conditions of uncertainty and asset specificity. In essence, transactions were organized "so as to economize on bounded rationality while simultaneously safeguarding against the hazards of opportunism" (Williamson, 1985, p. 32). Economizing on bounded rationality involved each partner identifying the best method of organizing its limited competencies for planning, adapting and monitoring transactions. The hazards of opportunism were present when trust was relied upon to govern transactions. Each transaction cost approach provided a framework for examining the environment and evaluating the competitive trade-offs of different organizational configurations. Therefore, an organization could have chosen to establish a strategic alliance because environmental conditions were such that they drove the firm away from markets, or, perhaps, the inefficiency of hierarchies encouraged an organization to avoid offering services "in-house."

The *resource dependence theory* offered an alternative rationale for the formation of strategic alliances. Aldrich (1976) identified two assumptions that motivated resource dependence theory. First, environmental resources were in short supply because of interorganizational competition. Second, organizations survived and prospered to the extent that they were able to outmanoeuvre other organizations in the acquisition of scarce resources. In other words, differentiation and specialization within the organizational population lessened the possibility of any single organization achieving self-sufficiency, thus requiring most organizations to enter into partnerships with others to obtain resources that could not be generated internally.

Auster (1994) offered three further assumptions for the resource dependence theory. First, the primary goal of an organization was to maximize its power. Second, organizations needed to obtain resources from the environment to survive. And third, the environment of organizations was characterized by uncertainty (Auster, 1994). Consequently, the promise of increasing power in the form of profit or savings and the uncertain nature of the environment often led to the formation of partnerships as a means of maintaining a competitive presence in the given industry.

The *ecological perspective* provided yet another explanation for the creation of collaborative arrangements among commercial firms. Basically, it suggested that the environment constrained organizational autonomy. That is, the unpredictable nature of the environment forced single organizations to be reactive as opposed to proactive, thereby devaluing their strategic choice (Astley & Fombrun, 1983, p. 576). Strategic alliances became a matter of organizational survival taking precedence over environmental conditions. This led to the concept of *social ecology* which drew attention to proactive communal arrangements designed to "supplant the exogenous 'natural' environment by collectively constructed and controlled 'social' environment" (Astley & Fombrun, 1983, p. 577). However, social ecology was grounded in a wider theoretical approach known as *human ecology* which focused on the collective response of organizations to their environments and the relationships that were formed to adapt to environmental uncertainty (Astley & Fombrun, 1983). Altogether, the ecological perspective viewed strategic alliances as a natural response to environmental uncertainty.

Finally, the *strategic perspective* provided an altogether distinct viewpoint. It maintained that strategic concepts were developed from three specific perspectives: the experience of the people who worked for an organization, industry experience, and from others in a broader environment. An organization was viewed as a "pool of many people's beliefs, observations and theories all formulated in a diverse set of prior encounters" (Huff, 1982, p. 123). As a result, deliberate strategy was formed by this pool of concepts as a short cut and/or substitute for new experience. Strategy could also be borrowed from industry experience as outsiders with whom the organization was in contact offered another pool of experience which could influence strategy. As a result, deletions and additions to deliberate strategy were made in response to the direct experience of an organization, and to the experiments of other organizations within the same environment (Huff, 1982). Finally, strategy originated with others in the broader environment. The experience of companies participating in more than one industry, and the experience of other companies outside the industry, could influence strategy. In many cases, generic situations united companies across industries.

According to the strategic perspective, dialogue between organizations in the environment was capable of generating an inventive set of strategic concepts. This set of concepts had both the variety and the "niche-specific" focus to allow more sophisticated modifications of strategy to emerge. An organization involved in a strategic alliance could draw from the relevant experience of other companies to create strategies more sophisticated than could be generated from its efforts alone. Ultimately, strategic alliances provided "a repertoire of possible strategic frameworks" (Huff, 1982, p. 125).

Although distinct, together the transaction cost approach, resource dependence model, ecological perspective and strategic perspective identified survival and increased competitiveness as the primary rationales for establishing a strategic alliance. Collective arrangements appeared to offer more stability to independent organizations faced with environmental uncertainty. However, whereas this may have been true of the commercial sector, it was not necessarily applicable to the public sector.

Like the commercial sector, the public sector increasingly viewed inter-dependent relationships as a legitimate means of providing public services, including parks and recreation. However, unlike the commercial sector, the public sector was motivated to adopt alternative forms of public service delivery as a means of saving money or gaining financial support. Indeed, many local governments in Canada utilized *cross sector alliances* as a means of delivering public services. Cross sector alliances were a specific category of public service delivery which "consisted of a contractual relationship between a public sector department or agency and a private or nonprofit organization" (Glover & Burton, 1996, p. 7). There were two predominant forms of such alliances: contracts and partnerships. Contracts (often identified as contracting out) referred to the process whereby "a government, as a client, contracted a private firm or not-for-profit organization, as a contractor, to provide a public service. This involved the government arranging the service, a private or non-profit organization providing it, and the government paying for it" (Glover & Burton, 1996, p. 12). Walsh (1995) described contracting as "a move from a hierarchical to a market-based approach to the organization of public services, in which the roles of principal and agent are clearly separated and property rights more explicit" (p. 110). A clear example of contract service provision was where a municipal parks and recreation department contracted park maintenance services to a commercial or not-for-profit organization. Sometimes, internal workers were also allowed to bid on contracts in competition with the commercial and not-for-profit sectors. This latter example was found extensively in Britain under Compulsory Competitive Tendering (CCT) (Henry, 1993; Coalter, 1995).

The argument in favour of contracts supported the notion that it was better to produce goods and services through the market than to produce them within the organization (Walsh, 1995). Contracts made responsibilities explicit because the expectations of service delivery had to be specifically outlined for the contractor. In addition, contracts introduced competitive pressures which were more likely to ensure quality of provision as contractors worked towards the renewal of the contract. Furthermore, contracts created a clear separation between management and politics, as the bureaucracy was removed from direct provision and concerned itself with setting service strategy and specifying the service (Walsh, 1995).

Separately, partnerships involved "a professional relationship whereby a government collaborated with a private or non-profit firm to supply a public service" (Glover & Burton, 1996, p. 12). Typically, it was a comprehensive arrangement covering all aspects of infrastructure development including design, finance, construction, ownership, and operation. "The government arranged the service, the private firm or non-profit agency and the government jointly produced the service, and the government and the private firm or non-profit agency both paid for its delivery" (Glover & Burton, 1996, p. 12). For example, a municipal recreation department may have sought the help of a commercial firm or not-for-profit organization in the construction or renovation of a leisure facility. As a partner, the commercial or not-for-profit organization might have contributed money towards the venture. Thus, a partnership gave the public sector access to capital, revenue enhancement, division of risk allocation, and (often) new technology.

The reality of "doing more with less" in the public sector also introduced, or at least reinforced, the significance of government collaboration, particularly at the municipal level. *Governmental arrangements*, which was a specific category of public service delivery (Glover & Burton, 1996), included two distinct collaborative arrangements: internal markets and inter-municipal partnerships. An internal market was "an arrangement whereby one government contracted another to supply a service" (Glover & Burton, 1996, p. 9). More specifically, Walsh (1995) identified internal markets as having three important characteristics: the development of clear and independent roles for both the purchaser and supplier of services; the creation of internal quasi-contracts and trading agreements between purchaser and supplier; and the development of charging and accounting systems. Basically, internal markets separated the purchaser from the supplier of services within a government. The public sector developed internal markets to decrease the overproduction of goods and services, and to keep the bureaucracy small (Walsh, 1995). For example, the culture and heritage department in a municipal government might have internally contracted the parks department to provide maintenance services for a public park during a city festival which it had organized.

The focus of this study will be on the second type of governmental arrangement - inter-municipal partnerships. Inter-municipal partnerships occur when one government collaborates with another to provide a particular service jointly. This arrangement involves a scenario where "two or more municipalities arranges a service, one or more municipalities produce it, and each partner contributed to the cost of its provision" (Glover & Burton, 1996, p. 10). The Capital Region Forum in Edmonton identified four specific types of partnerships between or among municipalities in the Greater Edmonton area (Capital Region Forum, November, 1995). First, *regional partnerships* were those in which several municipalities combined their activities to address regional issues or problems. "Decision making [was] independent and [was] the responsibility of all participating municipalities, with the goal being to achieve consensus." For example, the Alberta Municipal Safety Codes Service Commission consisted of elected representatives from participating municipalities and provided inspection services to all. Second, *local partnerships* occurred where municipalities worked jointly to deliver local services or solve local problems. Essentially, a local partnership was a regional partnership, but with fewer participants. For instance, the towns of Bon Accord and Gibbons in Alberta delivered joint recreation programs to residents of both municipalities. Events and activities were coordinated to ensure there was cooperation instead of competition between the municipalities. Third, *sharing* was a mutually beneficial strategic alliance which involved municipalities sharing personnel, facilities or resources to deliver public services. Sharing was different from the other inter-municipal partnerships because it involved more independent decision making. The libraries in the towns of Calmar and Devon, Alberta, illustrated this form of partnership since they both accepted library cards from either municipality. In each case, the cost was shared between the two libraries, but the decisions regarding individual service were made locally. Finally, *service provision* described a formal agreement whereby municipalities cooperated by providing and supporting services through various funding arrangements. The more consumers who purchased a service or commodity, the more economical it was for the supplier to provide the service. Without the "purchase," the commodity or service might not have been offered, unless it was deemed to be an essential service. For example, the City of Leduc contracted its building inspector to the towns of Thorsby and Calmar. These types of partnerships were specific to Alberta and the Edmonton Region and were not necessarily generalizable to the rest of Canada and other countries because of differences in government structures. As well, it was a simplified typology of the kinds of cooperation that existed among local governments. Nevertheless, it served to provide a general idea of what was involved in inter-municipal partnerships.

Irrespective of the definitions and categories which served to illuminate the phenomenon of inter-municipal partnerships, no known research was conducted to identify whether the theory was consistent with practice. In other words, no clear conceptual framework was established. In addition, there was no apparent evidence that the characteristics of strategic alliances among commercial organizations have similarities to inter-municipal partnerships. The intention here, therefore, is to study an actual case of inter-municipal partnerships in order to identify a conceptual framework for inter-municipal partnerships which might serve to stimulate further research.

# II. Objectives

The principal purpose of this research is to examine an inter-municipal partnership involving municipal Parks and Recreation Departments in Alberta, Canada. An embedded, single case design (Yin, 1994) has been employed with the intention of developing a conceptual framework to stimulate further research. Essentially, the study investigates "how" and "why" municipalities collaborate with one another to provide joint public recreation services.

## Propositions and Research Questions

Yoshino and Rangan (1995) assert that all strategic alliances involve each partner sharing in the benefits of the partnership arrangement. In addition, Oliver (1990) identifies reciprocity, with an emphasis on cooperation and collaboration, as a common rationale for establishing a strategic alliance. She contends that reciprocity is rooted in exchange theory whereby each partner benefits from the partnership. Similarly, Uhlik (1995) mentions the importance of "adhering to a policy of 'equal' reciprocity [which] is in the best interest of both partners" when forming a partnership between parks and recreation departments and higher education institutions (p. 20). Thus, the first research proposition of this study suggested that municipalities collaborate because they expect to derive mutual benefits. This proposition was broken down and explored through the following questions:

1. With respect to the process of establishing an inter-municipal partnership:

a. Where did the idea to collaborate emerge?

b. Who brought the idea forward and why?

c. Why collaborate with the specific partners involved in the partnership?

d. How was the partnership negotiated?

e. Describe the specific arrangement. What does it entail?

2. With respect to "why" a municipality would establish an inter-municipal partnership:

a. What was the rationale for forming an inter-municipal partnership?

b. Why was a particular method of service delivery chosen and not another?

c. What benefits were the collaborating partners expecting to derive from an inter-municipal partnership prior to joining?

d. How has an inter-municipal partnership affected service provision?

e. What are the actual benefits of an inter-municipal partnership?

f. What are the drawbacks to inter-municipal partnerships?

Survival and increased competitiveness have been identified as the primary rationales for the establishment of strategic alliances in the private sector (Aldrich, 1976; Astley & Fombrun, 1983; Auster, 1994; Huff, 1982; Williamson, 1985). In an attempt to achieve greater stability, independent organizations faced with environmental uncertainty are increasingly shifting their organizational strategies to create strategic networks based on inter-dependence (Sherman, 1992). Within the leisure industry, Slack (In Press) predicts that such changes will have an definite impact on the complexity of organizations (commercial, not-for-profit and public) and the training and practices of managers. Clearly, a shift from a hierarchical structure to that of a network structure will invoke change in an organization. Thus, the second research proposition was that an inter-municipal partnership alters the structure of a public recreation department. This proposition was broken down and explored through the following questions:

1. With respect to the management of an inter-municipal partnership:
    a. How are the responsibilities of participating partners divided?
    b. Is an inter-municipal partnership a contractual relationship?
    c. How is an inter-municipal partnership monitored?
    d. What are the demands on managers?
    e. Have new managerial positions been created or old positions eliminated as a result of a partnership?
2. With regard to the organizational change resulting from an inter-municipal partnership:
    a. Has the mission or vision of the municipality changed?
    b. Have policies been developed to accommodate an inter-municipal partnership?
    c. Has the role of unions changed with the implementation of an inter-municipal partnership?
    d. Has the organizational structure of the department changed? If so, how?
    e. What is the legal role establishing and maintaining a inter-municipal partnership?

Even though partnerships are supposedly cooperative ventures, Yoshino and

Rangan (1995) suggest organizations must recognize that each partner remains a distinct entity with distinct ideals despite its agreement to collaborate. Consequently, Hamel, Doz and Prahalad (1989) caution organizations against establishing partnerships without guarding against opportunism. However, a lack of trust among partners can detract from collaborative efforts when organizations concentrate on safeguarding their own resources without focussing on the benefits cooperative participation. Trust is largely viewed as the foundation of a successful strategic alliance (Kanter, 1989; Perrow, 1986; Thorelli, 1986; Yoshino and Rangan, 1995). Thus, the third research proposition was that municipalities were usually reluctant to collaborate with other municipalities because they feared a loss of control over policies and/or programs. This proposition was broken down and explored through the following questions:

1. With respect to the difficulties in organizing an inter-municipal partnership:

   a. How did City/Town/Village Council react to the proposal to establish an inter-municipal partnership?

   b. How was the arrangement justified to City/Town/Village Council?

   c. What are the difficulties in negotiating the formation of a partnership.

   d. Was trust an issue when discussing the possibility of collaborating with other municipalities? What "trust" issues were there, if any?

   e. What were the roadblocks in organizing an inter-municipal partnership?

   f. What would prevent a municipality from entering into an inter-municipal partnership?

**Limitations, Delimitations and Assumptions**

This study has three significant limitations. First, as the investigator of this study, I was not necessarily able to access relevant documents, confidential reports and private meetings pertaining to the arrangement, organization and management of an inter-municipal partnership. Second, the quality of the data analysis depended on the willingness of each municipality (partner) involved in the case to allow significant actors, such as managers and project planners, to be interviewed and to share their knowledge and observations. Third, the quality of the data collection and analysis was dependent on each informant's willingness to respond to questions and the accuracy of their response.

Two delimitations must be noted. First, the study focussed on a single inter-municipal partnership in Alberta, Canada. Data were collected from people who were directly involved in the inter-municipal partnership identified as the case in this study. Second, only an inter-municipal partnership that involved the joint provision of public recreation was considered for study.

The study assumed that an inter-municipal partnership involved two or more municipal Recreation and Parks departments where each department committed resources (financial, physical, or managerial) to the operation of the partnership, each maintained its independence following the formation of the partnership, and each shared the benefits of the arrangement with an equal role in the decision making process. Moreover, the study assumed that such an arrangement was formed in order to find a more cost-effective method of providing public recreation services. This motivation was believed to be inspired by the increasingly limited funding available to municipalities from the Alberta

Provincial Government.

**Significance of the Study**

The significance of the study can be discussed in terms of its theoretical and practical implications. Theoretically, the study served to establish a conceptual framework for understanding the phenomenon of inter-municipal partnerships. A conceptual framework was designed with the intention of stimulating further research on the topic of inter-municipal partnerships. Although, this case-specific study was not generalizable to all inter-municipal partnerships in Canada, a conceptual framework may facilitate the drawing of inferences for further cases on a broader basis.

Practically, the conceptual framework presented in this study can be a helpful tool for government decision makers since it identified the reciprocal benefits derived from participation in an inter-municipal partnership. The results of the study may influence future collaboration among municipalities to provide joint recreation services, since inter-municipal partnerships may be identified as a viable option for the delivery of public services, depending on the shifting philosophical, political and economic underpinnings of the public agency.

**Definition of Terms:**

**Collaboration:** Collaboration was defined as the act of working together to accomplish a common task.

**County:** A county was a municipality that encompassed a large geographical area. Its population was largely made up of rural residents who paid taxes to the County in exchange for public goods and services. Urban municipalities were typically found within the boundaries of a county, but remained independent of it. These urban centres enabled the delivery of public services for their residents.

**Inter-dependence:** Inter-dependence referred to a state of dependence whereby two or more independent and self-reliant participants form a relationship with the purpose of accomplishing more than they would be capable of accomplishing by themselves.

**Inter-municipal partnership:** An inter-municipal partnership was defined as an arrangement whereby "one government collaborates with another to provide a particular service jointly. This arrangement involves a scenario where two or more municipalities arrange a service, one or more municipalities produce it, and each partner contributes to the cost of its provision" (Glover & Burton, 1996, p. 10).

**Strategic Alliance:** Yoshino and Rangan (1995) maintained that strategic alliances possessed three necessary characteristics. First, organizations remained independent following the formation of an alliance; second, each partner shared in the benefits of the alliance and controlled the performance of assigned tasks; and third, each partner contributed on a continuing basis in one or more fundamental strategic areas, such as technology, products, and the like.

**Welfare State:** Carpenter (1996) defined a welfare state as "a system in which the government undertakes the main responsibility for providing the social and economic security of the state's population by means of pensions, social security benefits, free health care and so forth" (p, 526).

# III. Method

## Rationale and Assumptions for Qualitative Design

Several prominent organizational theorists and leisure researchers have identified the need for increased qualitative research in their respective fields. In arguing against quantitative approaches to research, Mintzberg (1979) suggested that "we shall never understand the complex reality of organizations if we persist in studying them from a distance, in large samples, with gross, cross-sectional measures. We learn how birds fly by studying them one at a time, not by scanning flocks of them on radar screens" (p. 240). In other words, qualitative methods enable the researcher to focus on a particular phenomenon with the intention of exploring its distinct characteristics. With this in mind, a qualitative approach was used in this study to explore the intricacies of an inter-municipal partnership. The results of the investigation were meant to stimulate further research on inter-municipal partnerships by establishing a conceptual framework which other researchers could use to structure future investigations. Pettigrew (1990) and Van Maanen (1988) support Mintzberg's proposal for more qualitative research. In addition, Burton and Jackson (1990) have urged leisure researchers to use alternative research methods, apart from the quantitative survey, to study recreation. Clearly, different methods of conducting research provide alternative perspectives on a particular phenomenon.

Creswell (1994) defines a qualitative study as "an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting" (p. 1-2). Based on Creswell's definition, this M. A. thesis was designed to be consistent with the assumptions of a qualitative paradigm. That is, it concurred with the five specific assumptions that collectively comprise a qualitative paradigm (Creswell, 1994). Together, the five assumptions include: ontological, epistemological, axiological, rhetorical and methodological assumptions.

The first assumption of qualitative research, the *ontological assumption*, pertains to the issue of what is real. It presumes that each individual involved in the research constructs his or her own perception of the reality that exists. In other words, multiple realities prevail in any given situation. The qualitative researcher narrates the realities of those involved in the research by using their own voices and interpretations.

The second assumption of qualitative research, the *epistemological assumption*, applies to the relationship of the researcher to that which is studied. It implies that the researcher and the research are intertwined so that the outcome of the study reflects the subjective interpretations of the researcher and the participants. It supposes that researchers interact directly with those whom they are studying. Qualitative researchers remain constantly aware of their presence in the research process and understand its subsequent effects on the responses of their informants.

The third assumption of qualitative research, the *axiological assumption*, relates to the role of values. It maintains that qualitative investigators should admit the value-laden nature of their studies and actively report their values and biases as well as the value-laden nature of the information they gather from the field. To reflect this, the language used in such a study may be first person and personal.

The fourth assumption of qualitative research, the *rhetorical assumption,* refers the language of the research. During the 1980s, the authors of qualitative texts (e.g., Lincoln & Guba, 1985) constructed a language distinct from traditional research language in order to emphasize the qualitative paradigm. Such words as *understanding*, *discover*, and *meaning* formed the vocabulary of emerging qualitative terms. Moreover, the language of qualitative studies became personal, informal, and based on definitions that evolved during studies.

Finally, the fifth assumption of qualitative research, the *methodological assumption*, alludes to the entire process of the study. It assumes that an inductive logic prevails in the research. That is, categories emerge from informants instead of from the researcher. This development provides rich "context-bound" information that leads to patterns or theories that help to explain a phenomenon. The question about the accuracy of the information may not surface in a qualitative study, but when it does, the researchers explain the steps used to verify their information with informants or they might "triangulate" among different sources of information. "Triagulation" refers to a process whereby the researcher employs various methods of collecting data (such as informal interviews, document analysis and written responses from informants) to support, substantiate and evaluate emerging themes.

In addition to Creswell's five assumptions of a qualitative paradigm, Merriam (1988) identifies six further suppositions. First, qualitative researchers are primarily interested in *process* rather than outcomes or products. Second, qualitative researchers are concerned with *meaning* (how people make sense of things). Third, the qualitative researcher is the *primary instrument* for data collection and analysis: that is, data are mediated through this human instrument, rather than through inventories, questionnaires, or machines. Fourth, qualitative research involves *fieldwork*. The researcher physically goes to the people, setting, site, or institution to observe or record behaviour in its natural setting. Fifth, qualitative research is *descriptive* in that the researcher is interested in the process, meaning, and understanding gained through words or pictures. And finally, the process of qualitative research is *inductive* since the researcher builds abstractions, concepts, hypotheses, and theories from details. Given the various assumptions that are outlined, both Creswell and Merriam serve to create a distinct framework which was utilized to explore the workings of an inter-municipal partnership to deliver public recreation services.

## An Embedded, Single Case Design

In this particular study, a case study research approach was employed. After finding a deficiency of literature pertaining to inter-municipal partnerships, a case study design was selected because it offered a unique method of investigating an unexplored organizational phenomenon. Indeed, Yin (1994) suggests that "the case study allows an investigation to retain the holistic and meaningful characteristics of real events" (p. 14). Furthermore, he adds that a case study method is useful because it "investigates a contemporary phenomenon within its real-life context when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used" (Yin, 1994, p. 23). In other words, a case study method made it possible to explore the intricacies and specifics of an inter-municipal partnership by closely examining a real-life, present-day case.

Essentially, Yin (1994) identifies four types of case study design that can be used to conduct research. His typology is based on a 2 x 2 matrix (See Figure 3.1) which assumes that single and multiple case studies reflect different design situations and that, within these two types, there also can be a single unit or multiple units of analysis. Thus, the four types of designs are: (1) the single-case, holistic design; (2) a single-case, embedded designs, (3) a multiple-case, holistic designs, and (4) a multiple-case, embedded designs. A single-case design simply refers to a study which focuses exclusively on one particular case. In contrast, a multiple-case design refers to a study which focuses on more than one case (Yin, 1994). Furthermore, a holistic case design entails studying the global nature of a case, whereas an embedded case design involves studying more than one unit of analysis (Yin, 1994).

The specific design chosen for this study was an *embedded, single case design*, or Type 2 (Yin, 1994). An *embedded* case design was selected because the study proposed to explore "how" and "why" municipalities collaborate to deliver joint recreation services. While the primary unit of analysis was an inter-municipal partnership, the remaining units of analysis included such sub-units as inter-municipal relations, the philosophical, economic and political values of the people who worked for each municipality, and the potential for future collaboration among municipalities. The sub-units were expected to add significant opportunities for extensive analysis by enhancing

**Figure 3.1:** Basic Typology of Case Study Designs

| | Single-Case | Multiple-Case |
|---|---|---|
| Holistic | TYPE 1 | TYPE 3 |
| Embedded | TYPE 2 | TYPE 4 |

**Source: Adapted from Yin (1994)**

the insights into each case (Yin, 1994). However, as Yin revealed, a researcher must avoid the pitfall of focussing only on the sub-unit level, by returning to the larger unit of analysis.

In addition, a *single case* design was selected because the Recreation Cost Sharing Agreements in this study represented a unique case. Yin (1994) identifies an extreme or unique case as an appropriate rationale for using a single-case design. That is not to suggest that inter-municipal partnerships are not prevalent throughout Alberta, (or even Canada for that matter), but, rather, that few exist and they are an under-examined area of research, especially in the field of leisure studies. Indeed, the municipalities that participated in the Recreation Cost Sharing Agreements proved to be pioneers in Alberta by actively facilitating partnership arrangements with their neighbouring municipalities to provide recreation opportunities jointly for their constituents. The single-case design also enabled the development of a conceptual framework for inter-municipal partnerships, based on the combination of well-formulated theory and applied research.

**The Role of the Researcher**

Creswell (1994) suggests that qualitative researchers should include statements about their past experiences that allowed them to become familiar with the topic, the setting, or the informants. The rationale for this approach is that qualitative research is interpretive research, and, therefore, these experiences likely shape the interpretation of the report (Creswell, 1994). My interest in studying an inter-municipal partnership stemmed from my curiosity with alternative forms of public leisure services delivery. As mentioned in Chapter One, the questioning of the welfare state has led to a wide array of methods of providing public leisure services in Canada. Following Provincial reforms which limited transfer payments to local governments, municipalities across Alberta often chose to enable services without necessarily being the direct producer. One particular means of doing this is through the formation of inter-municipal partnerships. I thought it would be interesting to study such an arrangement because it seemed to be under-researched, and it promised to be a growing trend to deliver public recreation. As a result, I identified a County in Alberta to be the focus of my study after contacting its Manager of Recreation, who seemed to share my enthusiasm about public sector partnerships as an alternative to direct provision.

Marshall and Rossman (1989) reveal the importance of gaining access to research sites by seeking the approval of "gatekeepers." Thus, formal letters were mailed to the administrators of nine municipal Parks and Recreation Departments (or their equivalent) in the Greater Edmonton area to inquire about their involvement in inter-municipal partnerships. The nine municipalities were selected after conferring with David Mitzui, the Recreation Practicum Supervisor at the University of Alberta, who provided the contact names and addresses. In order to locate further examples of possible inter-municipal partnership arrangements, two additional letters were sent to consultants who dealt specifically with municipal affairs in Alberta. Each letter included specific criteria for an inter-municipal partnership, which determined based on literature pertaining to strategic alliances, and outlined the purpose for the research: namely that I was attempting to locate an inter-municipal partnership that could be the focus of my M. A.

thesis. This approach concurred with a similar strategy identified by Marshall and Rossman (1989) who reveal the importance of developing a brief proposal to submit for the review of gatekeepers in order to facilitate the researcher's access to information.

The following week, after the letters were sent, a phone call was placed to each individual to confirm that he or she had received the letter, and to inquire about his or her municipality's involvement in inter-municipal partnerships. Of the nine municipalities that were contacted, two revealed that they were collaborating with other municipalities. However, of the two, one was chosen for this study based on predetermined parameters (outlined in Parameters of Study).

Before access to the municipalities was officially gained, the County Director of Parks and Recreation, identified a concern regarding the confidentiality of the study. At the proposed time of data collection, two of the seven agreements were expected to be in the process of renewal. As a result, he was afraid that the research would be used for political purposes since negative remarks about the partnerships were likely to be revealed during the interview process. Such comments were believed to be potentially damaging to the renewal process if obtained by unauthorized individuals. This concern was also echoed by the majority of the representatives who were involved in the agreement.

Merriam (1988) suggests researchers have an ethical responsibility to maintain confidentiality of data, to preserve the anonymity of informants, and to use research for its intended purposes. Therefore, in response to the collective concern about confidentiality, I assured the representatives from each participating municipality that their responses would be kept confidential along with their names, and the names of their municipalities. Moreover, the tapes used to record the interviews were to be destroyed after the completion of the study. Additionally, it was emphasized that my motivation to conduct the research was not political, but rather a requirement of my degree programme. These assurances appeared to alleviate the concerns of the representatives of each municipality and permission was granted to conduct the study.

As Marshall and Rossman (1989) suggest, gaining entry can be a continuous problem in a research project when the researcher moves from one site to another. It was evident that some informants were comfortable sharing information, while others appeared hesitant to reveal their true thoughts. Nevertheless, all informants agreed to meet for a tape-recorded interview, although a few occasionally glanced at the tape recorder prior to answering a sensitive question. Their hesitation to answer suggested that they continued to hold onto their concern about confidentiality, irrespective of my assurances. Clearly, the informants' responses were influenced by such concerns.

**Parameters of the Study**

Creswell (1994) suggests that qualitative researchers should purposefully select informants who will best answer their research question. As a result, no attempt was made to choose a random sample. In contrast, a case based on specific parameters was designated. Miles and Huberman (1984) propose that researchers should consider four parameters for their data collection: the setting (where the research will take place); the actors (who will be observed or interviewed); the events (what the actors will be observed doing or interviewed about); and the process (the evolving nature of events undertaken by the actors within the setting). The selection of a case for this study was based on such parameters.

For the first parameter, *the setting*, data were sought from municipalities located relatively close to the University of Alberta. This ensured that each informant was accessible (in terms of distance) for interviews and decreased the potential costs of travel and phone calls. Based on this parameter, eight municipal Parks and Recreation Departments (or their equivalent) located within a neighbouring County, including the county itself were chosen for study. These specific departments were involved in seven separate Recreation Cost Sharing Agreements.

For the second parameter, *the actors*, it was necessary to find individuals who had first-hand, practical knowledge of the complexities of an inter-municipal partnership. Consequently, the key contributors who were involved in the implementation of each of the Recreation Cost Sharing Agreements were chosen. At the time of the data collection, each person who was approached for an interview was supervising the agreement on behalf of his or her respective municipality and possessed an intimate understanding of the workings of the agreements. The County Director of Parks and Recreation aided in identifying the primary contacts from each participating municipality based on his experience of monitoring all the agreements. Most of the informants appeared to be enthusiastic about the study and willing to help.

For the third parameter, *the events*, only an inter-municipal partnership that met the following criteria was to be selected for study. First, the inter-municipal partnership arrangement was expected to involve two or more municipalities. Second, the municipalities involved were expected to derive reciprocal benefits from the arrangement. Third, each partner was expected to share resources (managerial, physical, and/or financial) to operate the partnership. And fourth, each partner was expected to have an equal say in the organization of the partnership.

Finally, for the fourth parameter, *the process*, required methods which would ensure access to information addressing "how" and "why" municipalities collaborate to deliver recreation services jointly. As a result, multiple sources of evidence were employed to ensure construct validity (Yin, 1994). First, documents pertaining to the Recreation Cost Sharing Agreements, including manuscripts such as minutes of meetings, legal contracts, and correspondences, were analysed. These documents were used to support, clarify and supplement the data collected from interviews. Moreover, an analysis of significant documents provided a fairly substantive overview of the situation prior to conducting interviews. Documents give insights into the language and words of informants, but can also be limiting because they can be protected by informants who choose to deny access to them (Creswell, 1994). In this study, this did not appear to be a problem since informants provided private documents that included confidential information.

In addition to document analysis, the majority of the data were collected in the form of face-to-face, personal interviews. This particular process was selected because the nature of the partnership made it impractical to observe informants directly. However, interviews were limited because they provided indirect information that was filtered through the views of interviewees (Creswell, 1994). Nevertheless, each interview was focussed on the subjective experiences of the representatives of the participating municipalities with the purpose of ascertaining their perceptions of the experience. Prior to conducting interviews, a common list of questions was prepared to ensure that the data obtained were comparable; it was important that the data collected would extend understanding of inter-municipal partnerships and lead to the development of a conceptual framework. Each question was designed to verify the propositions of the study.

Creswell (1994) recommends that qualitative researchers audiotape each interview and take notes in the event that the recording equipment fails. Thus, prior to each interview taking place, approval was sought from each informant for the use of tape recordings. All of the interviewees permitted this. However, in keeping with Creswell's suggestion, various notes based on my observations were also written during the interviews.

**Data Analysis Procedures**

In qualitative research, data analysis is conducted as a simultaneous activity with data collection, data interpretation, and narrative report writing: the following activities "... engage the attention of the researcher: collecting information from the field, sorting the information into categories, formatting the information into a story or picture, and actually writing the qualitative text" (Creswell, 1994, p. 153). However, as Bogdan and Biklen (1992) reveal, these activities often proceed simultaneously for an experienced researcher, while beginning researchers may choose to treat them separately. Such was the case with this study.

Data were analysed using theoretical propositions as a general strategy for categorizing information. In other words, the objectives and design of the case study were based on propositions which influenced the development of research questions. In addition, the propositions shaped the data collection plan and prioritized the relevant analytic strategies by helping to focus attention on certain data and to ignore other data. This aided in organizing the entire case study. Yin (1994) identifies this strategy as the preferred method of conducting a case study analysis.

In addition, the analysis was based on data "reduction" and "interpretation" (Marshall & Rossman, 1989, p. 114). In other words, a sizable amount of data was reduced into certain patterns, categories, and themes, based on theoretical propositions (Yin, 1994), and then interpreted. Tesch (1990) called this method of analysis "de-contextualization" and "re-contextualization." The process was employed with the expectation that it would result in a higher level of analysis: "While much work in the analysis process consists of 'taking apart' (for instance, into smaller pieces), the final goal is the emergence of a larger, consolidated picture" (Tesch, 1990, p. 97).

Specific codes were then attached to categories of information. These categories and codes formed the basis for analysis of the gathered information. The process of coding involved what has been called "segmenting" the information (Tesch, 1990), developing "coding categories" (Bogdan & Biklen, 1992), and "generating categories, themes, or patterns" (Marshall & Rossman, 1989).

In addition to a written analysis of the results, tables were used to present the resulting information. Miles and Huberman (1984) support the concept of displaying information using tabular information because they view it as a spatial format that presents information systematically to the reader. Thus, information in this study was summarized and represented in matrices. These matrices showed the various units and sub-units of analysis in order to reveal the relationship among categories of information.

**Methods for Verification**

In reference construct validity and reliability in the qualitative process, Creswell suggests that;

> "Determining the accuracy of the account, discussing the generalizability of it, and advancing possibilities of replicating a study have long been considered the scientific evidence of a scholarly study. Qualitative researchers have no single stance or consensus on addressing traditional topics such as validity and reliability in qualitative studies" (p. 157).

Indeed, Goetz and LeCompte (1984) give several examples of early qualitative researchers who thought it necessary to report positivist notions of validity and reliability in their procedures of qualitative research. Later qualitative researchers, however, developed a separate language to contrast the positivist paradigms. Consequently, Lincoln and Guba (1985) and Erlandson, Harris, Skipper, and Allen (1993) discuss establishing quality criteria such as "trustworthiness" and "authenticity" instead of addressing validity and reliability. Creswell views each of these strategies as a viable stance on the question of validity and reliability.

However, several qualitative researchers believe it is necessary to address the concepts of validity and reliability in a qualitative study by framing these concepts within the processes that have emerged with a qualitative paradigm (Creswell, 1994; Merriam, 1988; Miles & Huberman, 1984). As a result, the data in this study were verified by sharing the results of the study with each informant who was interviewed. This helped to verify or refute the interpretation of the informants' answers to the interview questions. It was not, however, necessary that these individuals agreed with the final results of the study: only that their own thoughts were related accurately.

# IV. Findings

## A History of Cost Sharing

During the 1980s, prior to the establishment of the Recreation Cost Sharing Agreements, the County contributed tax dollars to each urban municipality within its boundaries to provide recreation for its residents. In accordance with the revised statutes of the Municipal Act of 1980, the County provided each recreational area with an unconditional grant of $25,000 per year to provide for the delivery of recreation, library and cultural services. This totalled $175,000 of its tax revenue per year. The County contribution was a fixed sum of equal value provided to each Village, Town and City, in support of rural use of the recreational and cultural facilities. In addition, a portion of the Provincial Community Recreation/Culture Grant (CRC), totalling approximately $120,000 in 1987, was shared with the urban municipalities within the County. The County also made significant contributions to the development of recreation, library and cultural facilities. Under the Municipal Culture/Recreation Grant (MCR) program, the County contributed over $400,000 to the development of major facilities throughout the region during the 1980s.

## Changes to the Cost Sharing Arrangement

The arrangement whereby the County transferred payments to its urban municipalities was changed significantly towards the end of the decade. In April 1988, the City was awarded approximately 250 acres of prime highway, commercial and industrial lands from the County after successfully submitting an Annexation Application to the Local Authorities Board (LAB) and the Province of Alberta. The City sought to obtain a greater portion of the tax revenue that the County received from businesses within its industrial area. The lands which the City received represented a transfer of approximately $205,000 of tax revenues. Moreover, upon transfer, the area was only developed to 10% of its potential and plans were made for additional development. Furthermore, the County, by order of the LAB and the Province of Alberta, was to establish a revenue sharing arrangement with the City to share the cost of public services, including recreation. The County subsequently extended this approach to all of the urban municipalities within its boundaries.

**The Recreation Cost Sharing Agreements**

Seven separate Recreation Cost Sharing Agreements were established involving eight municipalities: a County, three Villages, three Towns, and a City. Each agreement involved the County contributing money to the Village, Town or City in exchange for allowing its residents to access urban centre recreation facilities and programs. As a result, County residents were entitled to the same rights and privileges afforded the urban centre residents.

The agreements involved the County contributing a grant to each Village, Town and City to share a greater burden of the costs associated with the delivery of recreation, library, and cultural programs. The amount of the grant was determined using the following formula:

**{(Current Operating Costs - Revenues) + (Existing Annual Capital Deficit) x (County Share)}**

**= County Grant**

The terms of the formula were defined and stated during the development of each agreement. First, the *current operating costs* referred to all of the costs associated with the delivery of recreation programs, including salaries, contracted services, purchased materials, goods and supplies, and transfers to community sponsored agencies and support groups (e.g., regional recreation boards). Second, *revenues* were regarded as all of the income received in exchange for the provision of recreation programs, including user fees, sales of goods and services, return on investments, rental revenues, grants, and revenues contributed from other sources. Excluded from revenues were those net concession revenues which accrued to non-profit organizations. Third, the *existing annual capital deficit* was identified as the short and long term debt charges against the program operating function limited to those projects financed as of 1988. And, finally, the *county share* referred to the County's portion of such expenses equal to the proportion of rural County residents to total residents within each of the recreation districts. In other words, the amount was determined according to the percentage of rural (or County) residents who populated a given geographical/recreation area which included urban centre residents.

Each Village, Town and City was paid two annual instalments by the County. The amount of the total grant was subject to an annual audited financial statement which was to be independently prepared (and paid for) by each Village, Town or City and approved by the County. All parties, excluding the County, were required to submit a budget of their proposed revenue and expenditures for the recreation services that were to be cost shared prior to January 15 of each year. An estimated operating budget for each Village, Town and City was determined according to the approved financial statement. The first payment, equalling fifty percent of the total grant, was made on July 1 for each year of the agreement. The remainder of the grant was paid within thirty days of receipt of the audited financial statements.

Generally, the amount of each grant could only increase when each Village, Town or City's estimated operating expenses increased. Therefore, any proposals for new capital expenditures, major renovations or upgrading which increased the County Grant by more than $5,000 or 10% of its estimated amount were reviewed by and required the approval of the County Council in consultation with the County Parks and Recreation Director. If the County chose not to share the cost of the proposed changes, the Village, Town or City was expected to cover the entire cost, or else, to abandon the project. In essence, the County only shared the cost of the expenses which directly impacted on its residents. Thus, certain supplementary expenditures, such as skate sharpening equipment for an arena, were unlikely to receive additional funding from the County because they were not expected to benefit County residents or influence a resident's ability to access the service.

In instances where the County was requested to bear greater than 25% of the annual capital charges, total capital expenditures or major renovation or upgrading of a facility, it would acquire an ownership interest equal to its contribution. For new capital expenditures, the ownership interest which transferred to the County was proportionate to the amount of capital contributed by the County to the annual capital charges or total capital expenditures. The County's ownership interest in each facility was determined and fixed prior to the implementation of the Recreation Cost Sharing Agreement. Where no equity in a facility was transferred to the County, annual contributions to the capital costs of that facility were limited to 25% of the annual capital charges, total capital expenditures or major renovation or upgrading costs.

As previously mentioned, the cost sharing formula included a *county share* which was derived from the proportion of rural County residents to total residents within each of the recreation districts. For the purposes of the Recreation Cost Sharing Agreements, the County was divided into seven distinct recreational regions to determine the specific percentage of County residents who could potentially access urban centre facilities within the designated geographical area. Each region included an urban municipality and its urban residents, as well as rural or County residents who resided in the given area. A summary of the population counts can be found in Table 4.1. Column one of the Table, *the municipality*, lists each municipality involved in the Agreements. Column two, *the population*, refers to the total population of the given recreational region. It includes both rural (County) and urban residents. Column three, *the percentage of County residents*, refers to the percentage of rural, or County, residents located within the given recreational region who could potentially access the recreation facilities of the given municipality. Finally, column four, *the percentage of urban residents*, refers to the percentage of urban residents resident in the recreational region who could potentially access the recreation facilities of the given municipality.

**Table 4.1: Population Counts of Each Participating Municipality in the Recreation Cost Sharing Agreements**

| Municipality | Region Population | # County Residents | # Urban Residents |
|---|---|---|---|
| County | 11,400 | -------------------- | -------------------- |
| City | 16,500 | 2,500 (15.2%) | 14,000 (84.8%) |
| Town A | 6,700 | 1,700 (25.4%) | 5,000 (74.6%) |
| Town B | 4,200 | 100 (2.4%) | 4,100 (97.6%) |
| Town C | 3,000 | 1,800 (60.0%) | 1,200 (40.0%) |
| Village A | 2,900 | 2,500 (86.2%) | 400 (13.8%) |
| Village B | 1,900 | 1,200 (64.2%) | 700 (36.8%) |
| Village C | 2,100 | 1,600 (76.2%) | 500 (23.8%) |

Each Village, Town and City was prohibited from using the County Grant to reduce its user fees. The net deficit in operations for which the County was responsible was connected to a specified contribution from other revenue sources (e.g., user revenues, grants, and so forth). This limited the possibility for each Village, Town or City to abuse the grant system by increasing its deficit by minimizing their collection of user fees.

After their initial implementation, the agreements were expected to continue each year until terminated by the mutual decision of the parties involved. A review process was initiated at least once every three years to reassess each agreement. During the review process, parties were encouraged to identify their concern(s) about the agreement and to present a proposal outlining desired changes. Changes to an agreement were negotiated by representatives of each municipality's bureaucracy (typically the Director of Parks and Recreation, or his or her equivalent). Once a settlement was agreed, it was presented to the County Council for its final approval and, pending approval, the agreement was rewritten.

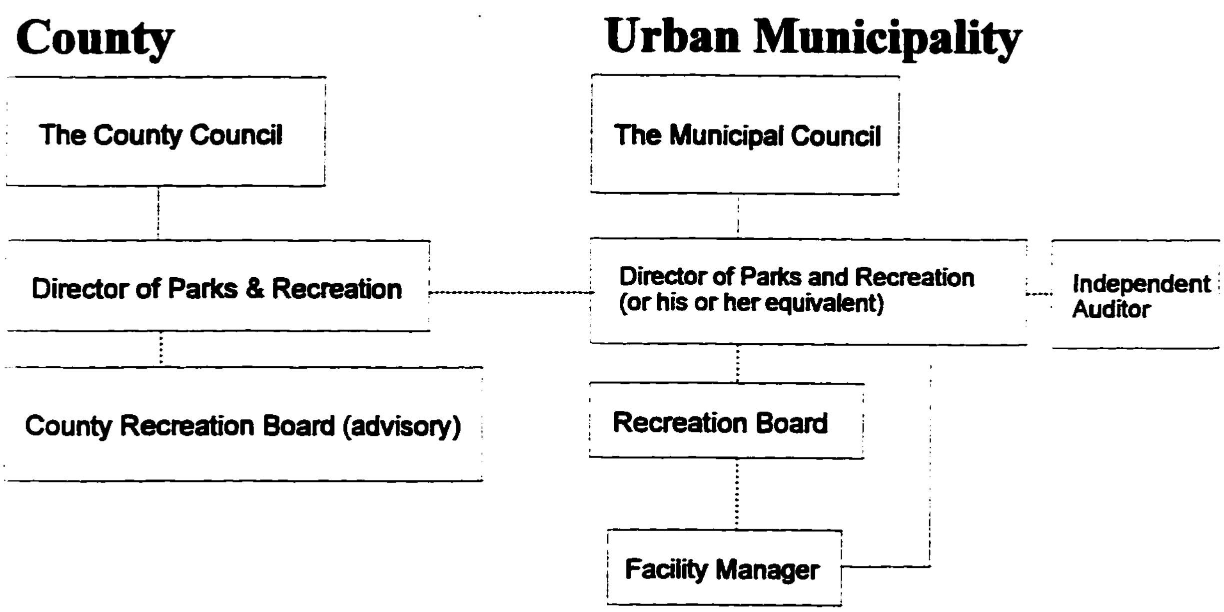
In the event of a dispute between the County and the City, Town or Village arising out of interpretation, implementation or determination of any of the terms and conditions of the agreement, it was to be referred to a single arbitrator mutually acceptable to the parties. Failing mutual agreement, either party was to apply to a Judge of the Court of Queen's Bench of Alberta to appoint an arbitrator whose decision was to be final and binding upon the parties.

**Organizational Structure**

Each municipality that participated in the Recreation Cost Sharing Agreements remained an independent entity upon entering the inter-municipal partnership (see Figure 4.1). That is, each urban municipality maintained its own hierarchical structure while establishing a vertical linkage with the County, which also kept its hierarchical structure. Independently, each urban municipality was organized so that the Director of its Parks and Recreation Department remained accountable to Municipal Council while overseeing the Manager(s) of its recreation facility or facilities. Similarly, the County Director of Parks and Recreation was accountable to the County Council, but he or she was also responsible for overseeing the Recreation Cost Sharing Agreements with each urban municipality. Therefore, the County Director of Parks and Recreation worked directly with the Directors of each urban municipality to determine the amount of the County Grants. Because of the nature of a network organizational structure, no hierarchical relationship existed among the Directors in the partnership. However, the Directors of each urban municipality were responsible for providing the County Director with a proposed budget. An independent auditor was hired by each urban municipality to confirm the numbers stated in its proposal.

No formal body or arm's length organization was developed to administer the agreements. Instead, the municipalities designated particular employees, typically the public Directors of Parks and Recreation or their equivalents, to oversee the agreements on behalf of the municipalities. The elected Councils for each urban municipality had no direct involvement in administering the agreements unless a dispute arose involving the

**Figure 4.2:** The Organizational Structure of the Recreation Cost Sharing Agreements



County. In such a circumstance, a Council would appoint representatives to represent its interests in negotiations or discussions. The County Council played a slightly bigger role in implementing the agreements as it was responsible for approving the amounts of each County Grant.

The agreements were structured so that each Village, Town and City continued to operate its recreation facilities without any intervention from the County. That is, the actual delivery of recreation services was the sole responsibility of the Villages, Towns and City participating in the partnership agreements. As a result, the urban municipality enabled the service by determining its specific form of delivery without having to consult with, or receive approval from, the County. Thus, facilities could have been managed by a private contractor, for instance, while continuing to remain a part of the cost sharing agreement. However, despite such an alternative, each recreation facility under the Recreation Cost Sharing Agreements was managed by the urban municipality itself. Nevertheless, the municipal councils still encouraged their facility managers to keep operating costs down to limit the amount of funding necessary to manage each facility.

In contrast to the actual delivery of the service, the County and the Villages, Towns and City were equal partners in determining the actual amount of the County grant. Together, the municipalities drafted the agreements which outlined the specific guidelines for determining what was to be funded and what was not. In essence, by agreeing to the criteria outlined in the agreement, each municipality was legally bound to the terms of the contract.

Finally, the County had its own Voluntary Recreation Board which allowed the community to contribute feedback on the decisions made by the County Recreation Department. The Board included representatives from the each municipality involved in the Recreation Cost Sharing Agreements. While the recommendations of the Board were considered by the County Director of Parks and Recreation, the Board was strictly advisory and had no authority to enact its decisions. In essence, the County viewed the Board as a means of promoting a regional perspective throughout the County. In other words, by inviting residents from the broader community to contribute their ideas and thoughts on recreational issues, the County increased people's awareness of the County's contributions towards recreation facilities and services throughout the region via the Recreation Cost Sharing Agreements.

In addition to the County Board, two other separate and independent Voluntary Boards were organized in Village B and Village C. These Boards assumed similar responsibilities to the County Board, except they involved people from their own communities and they focused on local issues instead of issues in the broader region. The County Director of Parks and Recreation was a member of each Board to ensure that the Board Members were familiar with the role the County played in contributing financial resources to the municipalities. Essentially, the Boards were established by the Villages to gain new ideas and feedback from community members with regard to recreation services. Recommendations were forwarded to the Recreation Facility Managers.

# V. Analysis and Discussion

The purpose of this thesis is to explore "how" and "why" municipalities collaborate to deliver public recreation services jointly. An attempt to answer these questions is provided in the present chapter. It was written by using specific propositions to frame the analysis of data. Three propositions were established in the introductory chapter: first, that municipalities collaborate because they expect to derive mutual benefits; second, that an inter-municipal partnership alters the structure of a public Parks and Recreation Department; and third, that municipalities are usually reluctant to collaborate with other municipalities because they fear a loss of control over programs and/or policies. The validity of each proposition was explored in relation to the Recreation Cost Sharing Agreements which were the focus of this study. Based on observations from reading the agreements and conducting interviews, a conceptual framework for an inter-municipal partnership has been developed which is presented at the end of this chapter.

## Proposition 1: Municipalities Collaborate Because They Expect to Derive Mutual Benefits

Survival and increased competitiveness have been identified as the primary rationales for the establishment of strategic alliances in the private sector (Williamson, 1985; Aldrich, 1976; Auster, 1994; Astley & Fombrun, 1983; Huff, 1982). Collective arrangements offer stability to independent organizations that are faced with environmental uncertainty. However, although it is clear that an inter-municipal partnership is a form of strategic alliance, were these rationales consistent with the Recreation Cost Sharing Agreements in this study? Furthermore, in forming an inter-municipal partnership, did the participating municipalities choose to collaborate in order to derive mutual benefits from the alliance?

In the late 1980s, the Alberta Provincial Government decreased its funding to municipalities by limiting transfer payments to local governments. Generally, local Councils instructed municipal departments to maintain their current levels of service provision despite receiving less funding. In essence, the increasing cost of service provision combined with the declining amount of provincial assistance to force municipalities to "do more with less." This led several municipalities to prioritize and question the necessity of providing certain services to the public. The municipal manager for one of the Villages, described the municipality's struggle to deliver services during this period: "the golden goose wasn't there anymore ... with the rug being pulled out in terms of dollars, it left the municipality scrambling as to whether it had the [financial] resources available to continue [delivering the service] on its own without provincial assistance." In particular, public recreation in small communities was threatened as municipalities struggled to continue operating their facilities.

Dependence on provincial funding left several municipalities in dire straits. Van De Ven (1976) contends that, in varying degrees, all organizations depend upon other organizations for personnel, information, monetary or physical resources, and clients, customers, or markets to attain their self-interested objectives. Clearly, from a monetary perspective, this was evident in the County, as the municipalities depended, at least in part, on the funding they received from the Provincial Government to provide public recreation services. When cut off from further funding, each urban municipality was agreeable to collaborating with the County Government. This strategic initiative was reiterated by one informant: "Years ago there was money coming from the provincial level and from the federal level. That's no longer there. So we've all lost out on that funding which we used to depend on ... So what it's created is a need to create partnerships so that these things [related to recreation services] are still affordable." As a result, the Recreation Cost Sharing Agreements were established.

The idea to collaborate to provide joint recreation services was initiated by the City. In addition to resource dependence, Van De Ven (1976) asserts that strategic alliances require awareness. At a general level, awareness refers to the extent to which an organization is informed about the specific goals, services, and resources existing in other agencies. This level of awareness identifies the number of potential alternatives for obtaining needed resources. With limited funding from the Province, the City sought a way of gaining more revenue to lessen the burden of paying for its public services. One Recreation Coordinator suggested that "if the money is free, you don't have to depend on anyone else. When money gets tight you have to go beyond your scope to survive." The City's awareness of the revenue that the County was collecting from airport and business taxes led it to submit an annexation application to the Province to receive a greater contribution and share of the revenue from the County: "costs are harder to cover every year. They saw us as having more to share and they also felt that it would be more fair if we pitched in more money to subsidize services that our residents were clearly using. They wanted a piece of the pie."

The Province and the Local Authorities Board (LAB) approved the City's annexation application and transferred a portion of the County's land to the City. Moreover, the County was ordered to increase the amount of its grant to the City so that its citizens could continue to access the City's recreation facilities without being considered non-residents. Thus, the inter-municipal partnership between the City and the County was formed out of necessity. Oliver (1990) identifies necessity as a critical contingency that explains why an organization chooses to establish a strategic alliance. A partnership forged out of necessity is involuntary in that it meets necessary legal or regulatory requirements. Leblebici and Salancik (1982) contend that in situations in which a strategic alliance is prompted by the need to conform to the dictates of a higher authority, the anticipated repercussions of non-compliance (loss of resources, expulsion from the field) will determine the likelihood that mandated relations occur. The binding and final decision of the LAB and Province left the County with no choice but to adhere to the order to collaborate.

After an agreement was established with the City, the County voluntarily instituted agreements with the seven other remaining urban municipalities within its boundaries. Astley and Fombrun (1983) classify this type of arrangement as a confederate collective which refers to "organizations from the same species that directly associate in order to cohere their respective actions" (p. 583). Choosing to collaborate with the urban municipalities within its boundaries was an obvious decision since, as one respondent stated, "residents generally do their business, education, church, community at the urban centre. So, it just makes sense, ... whether you live inside [Village B, as an example,] or just outside of [Village B], [Village B] is your community. Those are the recreation leagues you join and the facilities you use."

Each agreement was established as a reciprocal arrangement whereby the County provided money in the form of a grant in exchange for the Village, Town, or City allowing its residents to access urban centre recreation facilities. Oliver (1990) identifies reciprocity as a common rationale for establishing a strategic alliance. Reciprocity emphasizes cooperation, collaboration, and coordination among organizations, rather than dominance, power and control. Moreover, reciprocity is rooted in exchange theory whereby both partners benefit from a partnership. Several assumptions underlie the approaches to strategic alliances based on reciprocal contingencies. First, resource scarcity may induce cooperation, rather than competition (Aiken & Hage, 1968; Molnar, 1978; Paulson, 1976). The County lacked recreation facilities for its residents, while the urban municipalities lacked the financial means to support their existing facilities. Second, the progress of linkage formation typically will be characterized by balance, harmony, equity, and mutual support, rather than by coercion, conflict, and domination. Although the County had already contributed money to the urban municipalities, it felt out of fairness that it should contribute larger grants for the services it was gaining: "the County has strong businesses, a strong tax base, we felt we could afford it. Eventually we knew that we could afford it and would be able to pay." Finally, Provan (1984) suggests that potential partners to an exchange will anticipate that the benefits of forming a linkage far exceed the disadvantages, particularly the loss of decision-making latitude and the cost of managing the linkage. Indeed, the County entered the inter-municipal partnership with the understanding that it was more beneficial to pay more for services than to build its own facilities.

As identified earlier, strategic alliances based on reciprocal arrangements theoretically provide benefits to all participating parties. The Recreation Cost Sharing Agreement appeared to be no different. Clearly, the participating municipalities experienced several specific benefits from their inter-municipal alliance.

The initial interest of the urban municipalities in participating in a cost sharing arrangement with the County was the additional money they would receive via County Grants. One Chief Administrative Officer for a Village summed it up best by stating, "quite simply, the advantage is we don't bare the full burden ... The extreme financial burden is cut by more than half to the Village." In the cases of Villages A, B and C, and Town C, the County provided well over half of the funds to pay off the deficits for their respective recreation facilities. The County's contribution to each Village, Town and City alleviated the financial burden inherent in providing recreation services. Moreover, the continued participation of County residents who accessed urban centre recreation facilities contributed to the revenue generated by each facility: as one informant stated, "we have more revenues coming in [with County residents accessing our facilities] so it's less pressure on the community."

Apart from the benefits to the urban municipalities, the County viewed the cost sharing agreements as a more cost-effective method of delivering public recreation services to its rural residents. According to one informant, "The County is not prepared to deliver or build facilities, so it's more cost-effective to have one arena that is well used versus the county and urban municipalities building their own." In other words, the agreements allowed the County to provide recreation opportunities to its residents without bearing the full burden of building, operating and financing its own facilities. Clearly, to do so would not be a viable option since the relatively small rural population of the County was spread throughout the County boundaries: "[the County] entered the agreement recognizing that there was a major facility in the community here which obviously provides a service to a fairly large component of the rural population and because it's not feasible to erect a facility in these rural areas in isolation of what's happening in an adjoining community." With rural residents already utilizing urban centre facilities, the County sought to formally establish an agreement whereby its residents could continue accessing such facilities.

In essence, the rationale for the agreements were derived from economies of scale. One informant described this strategy as the ability "to distribute your [tax] dollars to the larger community while meeting the needs of your own community, or at least meeting the needs of a greater community, with a greater degree of service as opposed to providing a service to a much smaller scale to a smaller unit." He added, "You can't all create your own little empires." Indeed, while each administrator who was interviewed expressed his or her preference to provide recreation directly without a cost sharing agreement, they all maintained that such a possibility did not exist because of their communities' lack of a suitable level of population to support a facility and the financial burden of operating it.

County residents benefited from the agreements by accessing urban centre facilities without being discriminated against as non-residents. The urban municipalities "[didn't] question users on where they [said] they [lived]; they [were] automatically considered one of the local people. There [were] no additional fees and they [were] subsidized like any local taxpayer." On behalf of its rural residents, the County provided a grant to each Village, Town and City which covered the same cost that urban centre residents paid for with their taxes. The County's rationale for enabling equal access for rural residents was cited as follows: "we're trying to make sure the residents understand that it is their money that is used to help operate this swimming pool and that arena. We want county residents to have a sense of ownership - to feel at home. The community is more than just within the urban boundaries. As taxpayers they should feel equal and feel that they helped build that facility."

In other words, the agreements allowed County residents to access facilities without feeling they were visitors. By contributing their tax dollars to the operating costs of the facilities, they were considered no different than local taxpayers. Indeed, administrators from the urban municipalities overwhelmingly viewed County residents as members of their respective communities. One manager summarized this view of rural residents in the following way: "I consider the district as part of our community. You know, they are a part of [Town C]. Whether they live on a farm or not, they are coming here to do their business and they send their kids to school here. To me it makes sense that we would have shared facilities, shared accommodation, shared recreation because there's no way any individual on a farm is going to be able to access those services. I think it's real important to keep the rural community as a part of our town." Clearly, the agreements established a distinctly regional perspective on recreation, whereby rural residents joined urban residents to form a larger community.

The inclusion of County residents also benefitted the urban municipalities because they avoided having to monitor the participants who used their facilities. Without a cost sharing agreement, each Village, Town and City would have had to keep track of resident and non-resident users so as to collect a larger user fee from those who did not pay their taxes to subsidize the operating costs the facilities. Such a process would have created more work, and cost more money, for each municipality to implement, since they would have been forced to hire additional front line staff to physically check the status of each participant who entered the facility. It would also have been necessary to establish resident and non-resident rates which might have influenced rural residents to stop using urban centre facilities. The agreements made it unnecessary for urban municipalities to adopt such measures.

Walsh (1995) suggests that organizations which enter contractual agreements can try to ensure the commitment of their partner(s) by attempting to align the values of their partner(s) with their own. Similarly, the County established the recreation cost sharing agreements based on the common values and missions of each Village, Town and City Parks and Recreation Department: "Our communities tend to have common interests so let's meet their objectives and, in doing so, come up with one of the most reasonable means of accomplishing that. I guess that's just about the best way to deal with it." Each municipality argued that a cost sharing arrangement was an effective alternative form of public leisure services delivery that allowed it to carry out its mission successfully.

In general, each municipality identified its mission as providing affordable and quality recreation opportunities to its residents. These aims were met by controlling user fees and rates via County Grants and increasing service quality through capital improvements and projects. Ultimately, the eight administrators who were interviewed agreed that the partnerships allowed their municipalities to fulfil their mission. In fact, none of the participating municipalities changed or adjusted its mission to meet the terms of the agreement: "Well, I don't think [the agreement] does anything different with the department. We offer what we believe in offering. Even without our partnership, it wouldn't change our mission." The missions of each Parks and Recreation Department served as a foundation for the agreements by focussing on the users of facilities and meeting their needs.

The Recreation Cost Sharing Agreements also made possible several improvements to recreation facilities throughout the County. First, the County Grants allowed the urban municipalities to keep to their scheduled maintenance programs which were difficult to adhere to after the Province cut funding to local governments. Second, substantial funds were used to upgrade the aging infrastructure of the facilities covered by the agreements. The County's role in maintaining and upgrading urban centre facilities was acknowledged in the following statement: "All of these facilities are getting old. In fact some are hitting the twenty or thirty year mark, yet [the urban municipalities] have been able to keep the maintenance up with the county's help. There's a pile of facilities, for a small population. So it takes a lot to maintain that. The better shape of the facilities, the better service provided to the people." These contributions were made possible during a time when most municipalities were operating under severe fiscal restraint and tight budgets. Clearly, the repairs and renovations to facilities were made possible only through an agreement whereby the costs were shared so that no single municipality was solely responsible for the full burden of such costs.

In addition, the agreements led to greater equity among the urban municipalities. Recreation facilities of similar quality were available to rural and urban residents no matter where they lived: "the community benefit[ed] from having access to things that wouldn't normally be here." Indeed, the fact that the County was home to a large number of high quality recreation facilities despite its relatively small population was quite remarkable. Moreover, the agreements provided additional funds which were used to enhance existing programs and develop new programs throughout the County: "We're bringing in programs now that, perhaps without the agreement, would not have been here." Ultimately, residents participated in wide array of activities which were made possible largely because of the additional financing from the County.

The Recreation Cost Sharing Agreements did not eliminate the need to charge user fees. In fact, all seven of the participating urban municipalities charged rural and urban residents for using the recreation facilities covered by the agreements. However, the County Grant did enable each urban municipality to control the escalation of such costs: "we'd kind of like to keep user fees down at a rate where it's still affordable, yet we're able to recover the cost. The County cost sharing helps us do that. We would probably be looking at a whole different story if we weren't." The monetary contribution from the County allowed the urban municipalities to keep user fees at an affordable level which was in accordance with their separate missions. This occurred at a time when municipalities were beginning to charge increasingly higher user fees to recover the total operating costs of their facilities and services (Walsh, 1995). One informant expanded on this point: "So many municipalities have gone to user-pay now that it's becoming a 'those that can' and 'those that can't pay,' kind of thing. However, with a blanket agreement like this, we don't differentiate between those that can afford extra, and those who can't. So everyone has that benefit." As mentioned earlier, clearly the County residents benefit most from the lack of significantly rising user fees since the absence of the cost sharing arrangements would force the urban municipalities to charge them as "non-residents" thereby forcing them to pay more.

The cost sharing agreements effectively promoted the communities of the participating Villages, Towns and City. One informant asserted flatly that the agreements had facilitated greater promotion of the City; "The City is promoting itself as a host community by encouraging people to utilize the facilities, and not just by concentrating on the residents themselves, but rather concentrating on bringing people in to showcase the community." By extending recreation opportunities to rural residents, the urban municipalities were showcasing their communities to people who would not have otherwise visited. Others articulated this view: "I think the major initiative to create these [agreements] has worked in the areas of recreation because it's sort of a community focus. Recreation is more of a profile thing in the community as opposed to some of the other areas of inter-municipal co-operation. Kids play hockey, kids swim, they play baseball; you have those things which are quite visible and an attraction. It also encourages outside communities to participate, or at least to access some of the facilities. Whether that's simply to generate revenue, it's still a benefit. There's no use building it and it sits empty." Clearly, the high profile nature inherent in community recreation services served to increase the promotion of the urban communities to rural residents.

Additionally, the urban municipalities gained a greater sense of community spirit by extending their services to County residents: "The intangible benefits are the community spirit that develops because through that the community gains strength doing a lot of things: it gets participation, it gets the volunteer element. I think with a sense of community like that it hopefully sparks one's desire to become a part of it, or maybe even to promote the community. Seeing some residential development or some growth is always helpful to an area economically. I don't want to focus everything dollar wise, but let's face it, we're living in another reality without the [financial] resources." In other words, many rural residents who accessed urban centre facilities contributed their time and skills to deliver recreation services and became supporters of the community in which they volunteered. Thus, they served as another vehicle to promote the community.

Finally, the agreements had a direct spin-off effect on the local businesses of the community. Rural residents who used urban centre facilities were likely to frequent local restaurants, shopping areas and grocery stores. Without the agreements, the County residents might have taken their business elsewhere: "people fail to realize the economic impact that [termination of the partnership] would have on businesses in town. You slam the door on [County residents] from the recreation perspective, all of the people who shop in [Town] at the IGA and that sort of thing are going to say, 'Well, if you're going to treat us like that, then this is how we'll treat the Town.' So from that perspective, the local Chamber of Commerce has been very strong in pushing this relationship we have with our neighbours to the north and to the south." The spin-off effects of the inter-municipal partnership extended the partnership to the greater community and its businesses.

The success of the Recreation Cost Sharing Agreements encouraged most of the urban municipalities to enter preliminary discussions with their neighbouring communities with the intention of establishing further partnerships. For example, at the time of this study, Town B was negotiating with Village C to allow its residents to access Village C's arena: "we're finding that as our community is rapidly growing, we're running out of ice time for our local users. So what we've done on the municipal level is talk to [Village C] about having ice time available to our local groups there rather than building another arena. So we've been able to open up some of those doors. Now it's up to our local Minor Hockey Association to go through the door now that it's open." The agreements also opened the door to further negotiations with the County. "Because we do have this in place, the County and the City are already talking and so it's no big deal to start talking on other issues because you already have one that works. The chance is that trust is already built, and the chances of getting another initiative that will work as a joint venture is more likely to happen." These initiatives illustrated the changing perception of local government from independence to interdependence. In the past, municipalities were interested

**Table 5.1:** The Benefits Derived from the Recreation Cost Sharing Agreements

| Benefits | Outcomes |
|---|---|
| Cost-Effective Alternative | The County did not have to build, finance and operate its own facilities.<br><br>The Urban Municipalities received additional finances to fund the operating costs of their facilities.<br><br>Economies of scale. Facilities were well used by the residents within the recreation regions. |
| Equal Access to Services | County residents were considered equal to urban residents and did not have to pay non-resident user fees. |
| Resident Monitoring | The Urban Municipalities did not have to differentiate between residents and non-residents which saved them the cost of implementing such a system. |
| Mission Driven | The County Grant allowed the Urban Municipalities to maintain and upgrade their facilities and kept user fees at an affordable level. |
| Re-Distributive Effects | The Urban Municipalities experienced a "spin-off effect" as County residents supported local restaurants, shopping areas and grocery stores. |
| Community Promotion | The Urban Municipalities gained volunteers as County residents supported the communities where they accessed facilities |
| Further Partnerships | Most of the urban municipalities discussed the possibility of establishing other partnerships with their neighbouring communities |

primarily in providing recreation services indirectly without the aid of other municipalities. However, because of the disappearance of Provincial funding and the general reluctance to increase local taxes dramatically, the establishment of cost sharing arrangements offered an attractive alternative means of financing the delivery of public recreation services: "These days anything goes as long as it isn't losing money - [Village Council will] go for it!"

Given the benefits that the County and the urban municipalities gained from their cost sharing arrangement (See Table 5.1), it is clear that the municipalities collaborated because they expected to derive mutual benefits. In other words, Proposition 1 appears to have been supported. More specifically, the County enabled recreation services for its residents by having the urban municipalities produce recreation opportunities. This meant that the County avoided having to build, finance and operate facilities by itself. In exchange, the urban municipalities received additional funding to cover the operating costs of their facilities. These funds translated into increased service quality, further maintenance and upgrades to facilities, and affordable user fees for participants. Moreover, the agreements helped to promote each Village, Town and City while having a re-distributive effect on each community. In sum, the establishment of the Recreation Cost Sharing Agreements was a win/win situation for all parties involved in the partnership.

**Proposition 2: An Inter-municipal Partnership Alters the Structure of a Public Recreation Department**

Strategic alliances are typically characterized by varying formalized, centralized, complex (Van De Ven, 1976), differentiated, and integrated (Baker, 1992) organizational structures. However, these characteristics are typical of private sector joint ventures and do not necessarily apply to the public sector. Thus, the study investigated whether public/public alliances experience the same organizational changes that are inherent in public/private and private/private partnership.

Upon entering an inter-municipal partnership, it was necessary for each municipality involved in the Recreation Cost Sharing Agreements to modify its organizational structure. Formalization of the agreements initiated various organizational changes to the delivery of recreation services. Van De Ven (1976) identifies formalization as a dimension of structure for a strategic alliance. He refers to formalization as the degree to which rules, policies and procedures govern an inter-agency agreement. According to his definition, an inter-agency agreement exists if any form of expression has been made between the parties with respect to the terms of their relationship. Formalization increases as the agreement is verbalized, written down, contractual, and mandatory. Given these measures, it is clear that the Recreation Cost Sharing Agreements were highly formalized since contracts were drawn up whereby each party was legally bound to the terms of the agreements.

The two indicators of the formalization of inter-agency contracts are the extent to which rules, policies, and procedures are established to transact activities between parties, and the volume of procedures followed by a committee or group that governs the partnership (Van De Ven, 1976). Each indicator was clearly present in the Recreation Cost Sharing Agreements. Rules, policies and procedures were stated in each agreement, albeit generally, and responsibilities were assigned to each party: The urban municipalities submitted independently audited, proposed annual budgets to the County in order to determine the amount of the County Grant and the Recreation Directors (or their equivalent) from each municipality met to review the terms of the agreements. These responsibilities were a product of the formalization process which subsequently changed the organization of each municipality.

The organizational structure of each municipality was affected by the changing nature of decision making following the establishment of an inter-municipal partnership. By agreeing to adhere to the terms of the Recreation Cost Sharing Agreements, decision making became an inter-dependent process whereby decisions required the approval of each party. Van De Ven (1976) suggests that inclusive or joint decision making by member agencies refers to the process of centralization. He contends that in a strategic alliance, joint decisions are normally made by a committee or board of individuals representing member agencies. In this context centralization can be viewed as the perceived degree of influence by such individuals in making decisions that are binding upon the member agencies.

Joint decision making in the Recreation Cost Sharing Agreements took place when the agreements were originally proposed. During the initial negotiation, each municipality had to agree to the terms of the agreement before the inter-municipal partnerships could be implemented. The collaborative effort was described as "an equal effort in terms of input into the actual agreement. Obviously we have to all agree on the finished agreement before it can work." A similar pattern occurred during the review process whereby the municipalities met to reassess the terms of their agreements. Reviewing the agreements involved one representative from each municipality, typically the Recreation Director or his or her equivalent, negotiating changes that he or she wished to make to the partnership on behalf of his or her municipality. No formal committee was established to handle negotiations between the partners. However, in the event of a dispute, a committee was to be established which was to include politicians and bureaucrats from each municipality.

Unlike a bureaucracy, which is a fixed set of relationships for processing all problems, the network organization molds itself to each problem (Baker, 1992). Moreover, Baker (1992) contends that a network organization adapts itself, not by the direction of top-management, but by the interactions of problems, people, and resources. This self-adaptability feature led Eccles and Crane (1987) to call the network form a "self-designing" organization. Based on this perception of a network organization, it is clear that the inter-municipal partnerships between the urban municipalities and the County were informal arrangements whereby decision making was delegated to the Recreation Directors without directly involving the Village, Town, City or County Councils. The Councils only entered the decision making process when their official approval was required.

In contrast to the process of reviewing the terms of the agreements, the day-to-day operation of the recreation facilities, which was the focus of the cost sharing agreements, was decentralized to the urban municipality. From the County's perspective, "The tricky part [of the agreement] is that the County doesn't take part in running the facilities ... We're not handing over a blank cheque, by any means, but we're always trying to ensure that [each urban municipality] is spending the money properly." The County did not possess any authority to influence the decisions that were made by the facility managers. Thus, joint decisions were only made in reference to the terms of the agreement, not the actual service delivery. However, the County was able to selectively determine the specific costs that it wished to cost share since it granted the final approval for the budgets which each urban municipality submitted. Nonetheless, its criteria for determining the amount of the County Grants were identified in the agreements and were agreed upon by each municipality.

Upon establishing the cost sharing agreements, the County created a complex network of municipalities, all of which collaborated to provide joint recreation services. Van De Ven (1976) identifies structural complexity as a dimension of structure for strategic alliances. Structural complexity refers to "the number of differentiated elements that must be contended with and integrated in order for partnering agencies to act as a unit" (Van De Ven, 1976, p. 26). Two indicators measure the structural complexity of a strategic alliance: the number of organizations involved in the strategic alliance, and the number of different issues or tasks which are the basis of the strategic alliance.

In terms of the number of participating municipalities, the Recreation Cost Sharing Agreements included eight municipalities which were organized into seven separate cost sharing agreements. Thus, the inter-municipal partnership was a more complex arrangement for the County, which established ties with the other seven municipalities, than for the urban municipalities, which only formed an alliance with the County and not with each other. However, even the County's network was somewhat simplistic as all seven agreements were similar, with only minor differences to Village A's and B's because they included references to the volunteer recreation boards. Changes to one agreement set a precedent: "If you change something for one community, then the other communities will want the same changes made to their agreement."

In contrast, the different responsibilities and tasks required of each municipality were only moderately complex. Each agreement simply required the County to contribute money towards the operating costs of urban centre recreation facilities in exchange for allowing its residents to attain equal access to recreation services in each urban municipality. These responsibilities required each urban municipality to submit an independently audited proposed budget to the County to determine the overall amount of the County Grant. Similarly, the agreements added responsibilities to the County Recreation Director, as it was necessary to review and present the proposed budgets to Council for their approval. One informant described his changing role as Recreation Director: "I get more involved. I go through the reviews, and go through them with [the] council. I'll go through the financial statements. I determine whether the costs are too high, or if they're out of line or not appropriate." Clearly, these responsibilities were not necessary prior to the partnership arrangement.

As previously mentioned, the establishment of an inter-municipal partnership changed the role of managers. Kanter (1989) outlines several implications that strategic alliances have for managerial practices. First, they change the nature of staff roles by drawing upon the experience of staff members from each organization thereby requiring fewer people. This was illustrated in the Recreation Cost Sharing Agreements as each interviewee revealed that his or her department had down-sized at some point after the agreements were arranged. The changes that were implemented at the County were illustrative of this: "We used to be two people here. Now we're one person ... there are less people working on this now because government cannot afford to staff every position to its maximum. Not that we need another employee, but all governments have taken cuts and this was one of them." Only one person was needed to govern the seven cost sharing agreements for the County. However, despite similar changes at each of the urban municipalities, the administrators who were interviewed maintained that the changes to the managerial structures of their departments were not influenced by the inter-municipal partnership; "The structure of the department has changed immensely, but it's got nothing to do with the cost sharing agreements. It's got more to do with the changing times. In fact, recreation is just one component of a larger department now. We're actually the department of community services and recreation is just one component under that umbrella of activities." While it is true that the changes to the managerial structure were a sign of the times, it is also evident that management of an inter-municipal partnership differed from managing direct provision of leisure services. Governing the agreements required experienced staff members who were capable of taking on greater responsibility.

This leads to the second change that Kanter (1989) suggests strategic alliances place on managerial practices: the hiring multi-talented individuals to handle the complex negotiations involved in the partnership. The staff members who represent an organization in a partnership arrangement should be experienced people who can be involved in every aspect of a business process; who can take more responsibility for decision making; and who are able to carry out specialized professional tasks, such as writing contracts without the use of a lawyer. An inter-municipal partnership appeared to be no different as the managers of each municipal Recreation Department were multi-talented individuals. Additional responsibilities included drafting agreements, reassessing the partnership, negotiating changes with the County manager, and determining the proposed budget, which required accounting skills. One informant revealed the changes the agreements had on his position as Manager of Community Services: "There's certain responsibilities that I have had to take on. Some accounting procedures that I have to be able to provide for the agreement in order for [the County] to be able to justify the numbers that we say they owe us." Clearly, the success of the partnership depended on the managers having the skills to govern the agreements effectively.

Kanter (1989) suggests the third change to managerial practices is a reduced need for the traditional role of the "gatekeeper." That is, whereas competitors rarely have access to the information and resources of an opponent, strategic alliances open up communication lines between former competitors and introduce collaboration for mutual gain. This was evident in the Recreation Cost Sharing Agreements as each representative of the participating municipalities mentioned his or her previous reluctance to participate in collaborative initiatives with neighbouring municipalities. As previously mentioned, the need to access funding to finance the delivery of recreation led local governments to adopt a more regional perspective. The inherent territorial nature of local government was significantly reduced: "When everyone was doing well across the Province there was money everywhere. We didn't need the help of our neighbour. Heck, we were in competition with them! That is, until we got into this trouble, [the notion of collaborating] just didn't matter. But now things are different. Partnerships are necessary to continue providing the same level of service. The big seller is having money to finance [the services]."

Finally, the fourth change to managerial practices is the need to adapt to the conditions set out by the strategic alliance. More specifically, managers need to relate to their partners in ways that reap the benefits of partnerships. For example, top management must formally establish communication and decision channels. The County attributed the success of the cost sharing agreements to open communication between counterparts from the County and municipalities: "I've tried to keep the lines of communication open with all of the municipalities and their administrations. I've worked hard to work together with the other communities, to make this thing work."

In addition, Kanter mentions that managers must adjust the role and functions of their staff members to meet the needs of the partnership. One informant described the various responsibilities that were taken on after the agreements were established: "Because of the budget preparation, I've got to go through the town's entire financial system, or statement, and go through it line by line and include what's eligible in the budget and prepare something to send over to the County for a certain date. Working with deadlines when you're swamped is enough to make you stressed. You know, just the responsibility of getting the paperwork done, and then when the auditors come, I have to spend a fair amount of time with them. They come and ask questions on this item or that item so they're comfortable with it if it's included or not." Clearly, the job responsibilities of the managers involved in the Recreation Cost Sharing Agreements were adjusted to meet the needs of the partnership arrangement.

Finally, Kanter suggests that managers must embrace the goals and strategies of their partners (Kanter, 1989). One such goal was the municipalities' desire to provide quality facilities to the urban and rural residents. The County provided opportunities for the urban municipalities to make capital improvements to their facilities in order to meet this objective: "residents across the County have the same quality of facility no matter where they live, despite the population size. Essentially, rural and urban government have got together to upgrade their facilities beyond what they were originally like before the agreements were made. Operational monies have gone into all of the municipalities which have such tight budgets. [Each urban municipality has] used the extra money to improve services in a time of fiscal restraint."

The establishment of a strategic alliance involves varying degrees of differentiation and integration among the participating parties (Baker, 1992). Baker (1992) defines differentiation as "the formal division of an organization into ranks, functions, departments, work teams, and so on. It includes vertical differentiation such as hierarchical levels, horizontal differentiation such as functional areas, and spatial differentiation such as multiple locations." Because the Recreation Cost Sharing Agreements were not organized through arm's length agencies separate from each municipal department, it was clear that the level of differentiation involved in the alliances between the County and the urban municipalities was low. Vertically and horizontally, the inter-municipal partnerships maintained the hierarchical levels that were present in each municipality prior to the establishment of the agreements. However, both the County and the urban municipality did have differing responsibilities and functions with respect to the agreement. The County approved the amount of the County Grants which were given to the urban municipalities, whereas the urban municipalities concentrated on delivering the services. Nevertheless, the County Director of Parks and Recreation and his counterpart from the urban municipalities were on equal terms as the liaisons for their respective municipalities. Unlike vertical and horizontal differentiation, the level of spatial differentiation was high since the agreements covered a large geographical area; the recreation facilities covered by the agreements were located throughout the County.

In contrast to differentiation, Baker (1992) refers to integration as the degree of coordination, or interaction, among organizational units in a strategic alliance, irrespective of differentiation. He suggests that the critical distinguishing feature of a network organization is a high degree of integration. In the ideal network organization, all members are well integrated: formal categories or groups such as formal position, geographical location, and market focus are not significant barriers to interaction.

Paradoxically, the Recreation Cost Sharing Agreements involved minimal integration among its participating municipalities. Indeed, the representatives of each municipality only met together to reassess and modify the terms of the agreements, to submit a proposed budget to determine the amount of the County Grant, and, in some cases, to attend Recreation Board meetings. The municipalities did not establish an arm's length organization which included members of each municipality. Rather, they remained separate from each other and only interacted when addressing concerns about the agreements.

All in all, it appears that the inter-municipal partnerships did alter the structure of the participating Parks and Recreation Departments, or their equivalents (Table 5.2). More specifically, the formalized agreements determined a different direction for the departments as they entered into an inter-dependent relationship as opposed to remaining totally independent: Decision making became a joint effort when determining the terms of the agreements; multi-skilled managers were required to administer the agreements; most of the departmental management structures were down-sized; And the municipalities made adjustments to their departments to meet the goals of the partnership. However, despite these changes, the municipalities chose not to establish an arm's length organization to overlook the partnership arrangements. As a result, the cost sharing agreements allowed each municipality to maintain its separate hierarchical and vertical structure. In sum, despite a low level of differentiation and integration the Recreation Cost Sharing Agreements influenced several changes to the structure of each municipal recreation department.

**Table 5.2:** The Organizational Characteristics of the Recreation Cost Sharing Agreements

| Organizational Characteristics | Results |
|---|---|
| Formalization | The inter-municipal partnership was formalized in the form of legally binding agreements that outlined the terms of the partnership arrangement |
| Centralization | Decision making was a joint process whereby both parties had an equal role in determining the terms of the agreement |
| Structural Complexity | The agreements involved a complex network of municipalities, but all seven of the agreements were similar thereby minimalizing the complexity of the arrangement. |
| Managerial Structure | The municipalities required fewer staff members to implement the terms of the agreements |
| Managerial Practices | Managers were highly skilled individuals who could take on more responsibility<br><br>Municipalities were more open to sharing information with their partners<br><br>Established communication and decision channels<br><br>Adjusted roles of staff members to meet the needs of the partnership<br><br>Embraced goals of the partnership |
| Differentiation | The vertical and horizontal structures of the municipal departments remained the same after the establishment of the partnerships. However, spatial differentiation did cover a large geographical area |
| Integration | The inter-municipal partnerships involved very little integration as the municipalities remained separate entities |

**Proposition 3: Municipalities Are Reluctant to Collaborate with other Municipalities Because they Fear a Loss of Control Over Policies and/or Programs**

An inter-municipal partnership frequently involves difficulties and drawbacks, which often create reluctance to enter subsequent partnerships. The first of these has to do with differences in interpretation of clauses in an agreement. There are inevitably issues that are obscure or purposes that are difficult to state unambiguously. The issue of differing interpretations was clearly illustrated in the Recreation Cost Sharing Agreements. Whilst some of the interviewees believed the agreements were simple and to the point, others felt there was a need to be more specific. One informant commented on the straight forward nature of the agreements: "The agreements are written out quite simply and easy to follow. You know, I've been involved with some complicated lease agreements where there's lots of different interpretations. But, the cost sharing agreements have been written out in plain English and are easy to understand. I was involved with renewing our agreement to make some changes to clarify some things. And that's part of going back and forth, so that everyone understands it the same way." In other words, the lack of clarity required the municipalities to rely on the review process as a means of clarifying the terms of the agreements. However, a second informant took a decidedly different view: "at the time [the agreement] was signed, you know, we thought it was a little too vague according to the people here who I've talked to. But the county people still wanted to sign it. So now what's happening is, yeah, there's exceptions that can be interpreted two ways. And we have had some lengthy meetings and disagreements with what did it exactly mean. You know, it's too bad because if it was more specific then, you know, we might not run into that." The lack of detail in the agreements led to situations where the County and the urban municipality held differing interpretations of the same terms of an agreement: "things get more difficult for both parties to keep clear because everyone has their own interpretation of what is fair." For instance, the agreements stated that "Shared Cost Services shall mean services being cost shared by the City and the County under this agreement." Such a general statement led to varying interpretations of the services that were included under the cost sharing arrangement. Although the County informed each urban municipality during the initial negotiations of the agreements that they would only fund recreation services that were directly beneficial to its residents, this was not mentioned in the actual agreement. As a result, the urban municipalities included additional costs in their proposed budgets in order to receive a larger County Grant. This point was illustrated by the following comment; "sometimes the requests are a little foggy, like does this really fit into recreation? Or is it something else? We always try and do our best to evaluate it and if in doubt, probably, you know, we include it and then the County will review and say, 'No. That kind of thing isn't really recreational.'" Thus, the urban municipalities generally left the County to interpret their requests and decide what services were included under the cost sharing arrangement. This placed the County in a situation where it was required to overlook each request very closely before granting approval.

Walsh (1995) suggests that the level of detail in contract specifications varies with the importance and ease of specification. In other words, it may be difficult to write detailed specifications for many aspects of a service despite their importance to the delivery of the service. The more difficult it is to specify the service to be provided, the more interest will tend to shift to the contract conditions, and the structures and processes that they lay down for the management of contracts (Walsh, 1995). The County made little effort to define the specific services that it was to receive in exchange for its County Grants. Thus, the agreements relied on a review process to rectify any misinterpretations. However, the agreements only alluded to a review process in general terms, "The County and the [Village, Town or City] agree to review the terms of this Agreement at least every three (3) years." The vagueness of such a statement was potentially problematic as no process was outlined to give direction to municipalities that wished to re-evaluate the terms of the agreements. Surprisingly, however, the municipalities never ran into any difficulties reviewing the agreements. There were, of course, disagreements, but the actual review process was adhered to by each municipality.

Walsh (1995) mentions that contract conditions should detail how lack of clarity and the inevitable incompleteness of the contracts will be dealt with. In general, he suggests that contracts will be a mixture of method and performance, with the contract conditions stating how issues of interpretation and disagreement are to be dealt with (Walsh, 1995). The Recreation Cost Sharing Agreements did refer to the process of resolving disputes. Originally, each agreement read that: "In the event of a dispute between the [Village, Town or City] and the County arising out of the interpretation, implementation or determination of any of the terms and conditions of this agreement, the dispute may be referred to a single arbitrator mutually acceptable to the parties. Failing agreement, either party may apply to a Judge of the Court of Queen's Bench of Alberta to appoint an arbitrator whose decision shall be final and binding upon the parties. The Arbitration Act of Alberta in force from time to time shall apply to the arbitration proceedings commenced pursuant to this agreement." However, the arbitration process outlined in the initial agreements was later replaced by the joint decision to mutually work out the problem without using the Provincial courts to resolve disputes. The revision to the agreements read: "The County and [the Village, Town, or City] will act in good faith and will use their best efforts to resolve any disputes that arise." The change was justified for the County because "[the revision] eliminates the cost and time consuming process of going through the courts. We realize that it could still go to court, but we just wanted to say, 'Hey. Everyone just try to figure this out and let's not cost the taxpayers more money.'" Clearly, this change was motivated by the growing trust that developed in the relationships between the urban municipalities and the County. However, the municipalities had not yet experienced a need to resolve a conflict regarding the agreements which may have motivated them to change the terms of resolving disagreements. In addition, the absence of a specific process for resolving disputes left a proper protocol for resolving disputes that could not be agreed upon by joint discussions between the municipalities.

Whilst it would seem that monitoring the agreements would be a necessary requirement of the County Recreation Director's job responsibilities, the County had no way of ensuring that the facility managers controlled their expenditures. The agreements failed to give the County any authority over the day-to-day operation of the facilities. That is not to suggest that the County ran into problems with facility managers acting in a fiscally irresponsible manner, but rather that trust was relied upon to govern the arrangement. This trust was alluded to by one municipality's informant through the following comment: "Well nobody really monitors as such, it's something that's been working. And again, unless somebody kicks up a fuss, you don't mess with something that's not broken." However, Walsh (1995) suggests that a contract process should involve the client defining the service to be provided and the conditions that are to govern the contract. Paradoxically, the approach that the County took was to leave it up to the urban municipalities to determine how the work was done. The County chose to monitor the expenditures of the urban municipalities by reviewing and approving capital grant applications and proposed budgets, rather than by visiting the recreation centres and observing the delivery of the services. The County's absence from monitoring the day-to-day operations of the recreation services was described in this way: "As far as monitoring goes, there's nobody wandering around with a magnifying glass or anything. You know, we provide the statistical information when we say we will and then they get a financial statement. And as I say we haven't had any problems. To the point that the county residents who are accessing the services must be happy with it because they are not complaining to county council. No news is often good news." The County did not appear to be concerned about the actual quality of the service since there were no performance standards identified in the agreements.

Even though partnerships are supposedly cooperative ventures, organizations must recognize that each partner remains a distinct entity with distinct ideals (Yoshino & Rangan, 1995). The municipalities that participated in the Recreation Cost Sharing

Agreement remained independent entities despite the formation of the partnerships. As a result, they held differing perspectives about the agreements. One informant illustrated this point by commenting: "I can see [our] position being we want to get as much as we can, and the County's position is they want to give as little as they have to. So together, we have to find that fine line so that we're both happy." Unlike the situation under direct provision, the representatives of a municipality that enabled service provision via an inter-municipal partnership were unable to simply order their partner(s) to do as they required. Respect had to be gained. For example, Village B was initially hesitant to accept the terms of its agreement with the County. Approximately two thirds (64.2%) of the population that could potentially access Village B's recreation facility were County residents. Thus, the County proposed to finance that percentage of the operating costs. However, Village B was afraid to give up its majority ownership of the facility by having the County pay for more than half the operating funds. As a result, the initial agreement had each municipality covering 50% of the costs. When the agreement was reviewed five years later, Village B agreed to let the County take on the full 64.2% of the facility's operating costs. The process of gaining the Village B's trust was described in the following way: "[The Village B] Council felt, 'We want to be in control of our own facilities. We don't want the County to come in and take it over.' We had to build up trust over the years ... [the original cost share burden was shared] fifty-fifty. So, at this split, they felt [the County] won't bother us now. Now, in 1996, we are paying for 64.2%, which has gone down from our original proposal. [Village B] Council, because they're in a tight financial position, said, 'County, why don't you pay 64.2%?' This was five years later. So it took time to build up that trust." The Village's perspective reflected a similar view: "at that time it was felt [the Village was] giving up something [it had] built and worked very hard for, but even at that time they were very hesitant to go to 64.2% or whatever the percent was at that time - I think it may have been 68. To even give fifty percent on title to the county, it was like we were giving something away. And really, that was not the case." Even though the urban municipalities entered the inter-municipal partnerships with the expectation of deriving mutual benefits, in practice, the County needed to foster the necessary trust before a strong alliance could be forged.

Given the potential mistrust that can develop in a strategic alliance, Hamel, Doz, and Prahalad (1989) suggest that competitive collaboration can be successful if the organizations involved in the partnership arrangement adhere to a specific set of principles. However, each principle involves guarding against opportunistic behaviour. Such responses are related more closely to private sector strategic alliances than to an inter-municipal partnership. First, Hamel, Doz, and Prahalad (1989) suggest that successful organizations should view collaboration as competition in a different form. In other words, one partner may intend to damage the other partner(s) in an alliance. Thus, it is important to decrease the potential for opportunism by developing clear strategic objectives and knowing the objectives of the partner(s) involved. The potential for opportunism was evident in the Recreation Cost Sharing Agreements, as in most partnership arrangements, but the partners were committed to maintaining trust in order to continue their relationship; "we see them as being a benefit to us and we're not going to do anything to ruin that. And from [the County's] perspective, you know, we're providing a service for their residents and they're not going to do anything to screw that up." The dependence inherent in the inter-municipal partnership was greater than a typical private sector strategic alliance.

Second, Hamel, Doz, and Prahalad (1989) maintain that harmony should not be perceived as the most important measure of a successful partnership. Few alliances remain a win/win partnership. Therefore, an occasional conflict may be evidence of mutually beneficial collaboration. Disagreements regarding the terms of the agreements were typical in the Recreation Cost Sharing Agreements. However, overall the partnership was perceived as a reciprocal arrangement whereby each party derived mutual benefits.

Third, Hamel, Doz, and Prahalad (1989) assert that companies must defend against competitive compromise in an alliance. Organizations are encouraged to monitor and control the information that is shared with a partner. While cooperation is important for a strong relationship, Hamel et al. suggest the partnership is separate from the company. Therefore, information that does not apply to the partnership is private and should not be shared. The County and the urban municipalities remained independent of each other, which enabled them to safeguard any information that was confidential or private. However, an inter-municipal partnership differed from a private sector strategic alliance in this regard since public documents were available to be perused by the general public.

Finally, Hamel, Doz, and Prahalad (1989) suggest that learning from a partner is the primary advantage of a strategic alliance. A strategic alliance allows an organization to build skills in areas outside the formal agreement and to systematically diffuse new knowledge throughout the organization. Again, this strategy was more applicable to private sector strategic alliances where the partners were attempting to increase the profits of their businesses. In contrast, an inter-municipal partnership involved a relationship whereby the partners gained access to resources they did not possess or were unable to afford in exchange for resources they could share. The resources that were exchanged in the Recreation Cost Sharing Agreements were not information-oriented.

Implicit in each principle outlined by Hamel et. al is the notion that organizations have ulterior motives when entering a partnership. This prompts partners to guard against opportunism. Nevertheless, Kanter (1989) contends that partners should be regarded as "welcome allies, not manipulated adversaries," and Perrow (1986) claims that economic relationships contain elements of mutual trust, dignity, and exchange of a social and personal kind. Therefore, the underlying issue becomes one of trust. Trust is "an assumption or reliance on the part of A that if either A or B encounters a problem in the fulfilment of his or her implicit transactional obligations, B may be counted on to do what A would do if B's resources were at A's disposal" (Thorelli, 1986, p. 38). In other words, trust is a future oriented concept that is dependent on the predictable behaviour of a partner.

Jarillo (1988) suggests that trust can be created by choosing partners carefully, showing the partners that they would be worse off by behaving opportunistically, and emphasizing long-term relationships, making it clear that the relationship itself is considered valuable. However, more realistically, trust can only be built through positive interaction. Thus, the membership of a strategic alliance must determine a conducive arrangement for facilitating interaction among partners and governance over interpretation. The County chose to monitor the agreements by reviewing and approving potential capital projects and proposed budgets. They trusted the urban municipalities to deliver quality services: "we're in this to provide good service and there's a lot of trust that goes into handing over money to something you're not directly operating. Now, of course we have checks, as I mentioned before, but it's still a gesture of goodwill on our part to assume the service level will be there."

Even the proposed budgets posed opportunities for the urban municipalities to be opportunistic: "are [the municipalities] identifying the true costs of the service or are they inflated? Because we all know ways of increasing costs here and there to increase our budget demands, but are they true costs?" The managers from the urban municipalities understood the precautions that the County took to ensure that true costs were represented in the proposed budgets: "no matter how much trust you have, before you hand out a pay cheque, you're going to make sure it seems balanced." Independent audits, paid for by the urban municipalities, were required to approve the final budget projections. Yet, despite these measures, the County was open to addressing the concerns of the urban municipalities. Town B was successful in negotiating changes to the agreements which allowed the Town to avoid having to hire an independent accountant to audit its financial records. Clearly, the County trusted Town B because of the positive interactions it had had with the Town during the first eight years of the partnership: "all parties have to protect their own interest for obvious reasons. But, there has to be an understanding that

**Table 5.3:** Difficulties with the Recreation Cost Sharing Agreements

| Difficulties | Outcomes |
|---|---|
| Interpretation of the Agreements | A review process was relied on to revise and clarify the agreements<br><br>However, no specific review process was outlined in the agreements |
| Resolving Disputes | Disputes were resolved through joint negotiations<br><br>No specific protocol for resolving disputes was outlined in the agreements |
| Monitoring the Agreements | The County reviewed and approved proposed operating budgets for the recreation facilities that were cost shared<br><br>Each urban municipality was initially required to hire an independent accountant to audit its proposed budget |
| Guarding Against Opportunism | Trust was relied on to govern the partnership<br><br>No specific measures were taken to guard against opportunism |

there has to be give and take." "Give and take" was a product of a trusting relationship.

Initially, the municipalities involved in the Recreation Cost Sharing Agreements expressed concern about collaborating with the County. Prior to the 1980s (and even to this day), municipalities were used to being completely separate entities from other municipalities. Collaboration was not as necessary to finance services because adequate funding was available from the Federal and Provincial Governments. In essence, the urban municipalities were reluctant to collaborate because they feared a loss of control over policies and/or programs. They were afraid to give up their independence. Each of these concerns related to their unwillingness to trust the County and their fear that the County's opportunistic behaviour might lead to a loss of ownership. However, the urban municipalities' desire to gain additional financial resources to cover the delivery of recreation services offset their concern and prompted them to enter the inter-municipal partnerships despite their reluctance. Irrespective of such issues as varied interpretation of the agreements, an ambiguous process of conflict resolution, a lack of monitoring procedures, and the absence of initiatives to guard against opportunism, the partnership developed into a strong alliance. The inter-municipal partnerships were successful because of their reliance on trust and, more importantly, because the participating municipalities proved that they could be trusted. The growth of trust led to several changes to the agreements (most of which made the agreements more informal, instead of more formal).

**A Conceptual Framework for an Inter-municipal Partnership**

Yoshino and Rangan (1995) maintain that strategic alliances possess three necessary characteristics. First, organizations participating in an alliance remain independent following the formation of an alliance. Second, each partner shares the benefits of the alliance. And third, each partner contributes on an on-going basis in one or more fundamental strategic areas (e.g., technology, products, and the like). An inter-municipal partnership has the same characteristics. In the case of the Recreation Cost Sharing Agreements, the County Parks and Recreation Department and the urban municipalities' Parks and Recreation Departments remained distinct entities from the partnership arrangement. Each municipality derived mutual benefits from the partnership. And the County provided grants to the urban municipalities on an annual basis while the urban municipalities provided the facilities and staff to deliver recreation services to the rural and urban residents in the County. Clearly, an inter-municipal partnership is a type of strategic alliance.

However, in addition to the characteristics outlined by Yoshino and Rangan, an inter-municipal partnership involves other traits which were illustrated by the Recreation Cost Sharing Agreements. What follows is a proposed conceptual framework for inter-municipal partnerships based on the information gathered from interviews with the Recreation Directors from the municipalities involved in the Recreation Cost Sharing Agreements.

**1. Inter-municipal partnerships are relationships whereby each participating municipality requires the assistance of another municipality to achieve its aims effectively.**

Historically, local governments in Canada have been territorial by nature. Collaboration has been an uncommon strategy for delivering public services because municipalities have been able to afford to provide services directly without the aid of their neighbouring local governments. The objectives of each municipality have reflected the needs of its residents without considering its neighbouring communities: "I mean, the first people you have to look at servicing are those of your immediate population. So if we were finding that a lot of County residents were using the ice and our residents couldn't access any ice time, then people would start looking and say, 'Whoa, whoa! Just a second here. Shouldn't we have first priority over our own facilities?' Either you build another one so that everyone can still be happy, or you service the people who immediately access it." A municipality does not stop focussing on the needs of its citizens upon entering an inter-municipal partnership. Rather, it is for this reason that it typically chooses to enter such an arrangement. If a municipality no longer provides its services at a desirable level because of a lack of particular resources (financial, managerial or physical), the potential for collaboration is greatly enhanced .

**2. An inter-municipal partnership involves municipalities which are located within close proximity to each other.**

Unlike the private sector in which many organizations forge strategic alliances with other organizations irrespective of their locations, an inter-municipal partnership can not function effectively without its partners being located within close proximity to one other. For example, Fort McMurray, a municipality located in Northern Alberta, is unlikely to collaborate with Edmonton, located in central Alberta, because the distance between the two municipalities is too great for either municipality to derive mutual benefits. The advantage that geography played in establishing the Recreation Cost Sharing Agreements has been well realised: "I guess you do have geographic factors involved in it. We've got the opportunity simply because of the geographic proximity where these types of arrangements work well. The opportunity would be a lot less likely if your neighbouring community is 40 miles away!" Clearly, the County would not enter an agreement where its residents were required to drive a half an hour or more to access recreation facilities. At that distance, the rural residents would not utilize such amenities.

**3. Each municipality that enters an inter-municipal partnership must have something which its partner(s) value(s) and which it can afford to share.**

In a reciprocal relationship partners derive mutual benefits from collaborating and sharing resources. Implicit in such an arrangement is the exchange of goods or services which the partners would not otherwise have without participating in the partnership arrangement. Thus, it is necessary for each partner to have something that the other partner(s) value(s). As one municipal informant stated: "we had the facilities to welcome [the County's] residents with open arms." Clearly, if the County had its own recreation facilities to accommodate its residents, or if the urban municipalities did not require additional resources to finance their facilities, the Recreation Cost Sharing Agreements would not have been established.

However, having the resources which other municipalities covet is not enough. The municipality must determine if it can afford to share its resources with another municipality: "it all comes down to whether the activity that the agreement is providing is affordable. That being the case, you deal with how you would divide that responsibility." Clearly, if a municipality can not afford to give up the resources another municipality desires, then the partnership will not take place.

**4. An inter-municipal partnership must have the approval of each municipal Council and broad support from the citizens/residents of each participating municipality.**

Any partnership that a municipality proposes to enter requires the approval of its politicians. The Recreation Cost Sharing Agreements would not have been possible if each or any council rejected the proposal to collaborate. Politicians have the power and authority to determine the specific course of action that the bureaucracy must take to deliver public services: "you have to draw in the political factions and say, 'well, yes it will work,' or 'no, it won't work.' 'Yes, we will co-operate,' or 'no, we won't.' And we [the managers] might get along, but the political factions may not." The willingness of the municipal councils to form a partnership was paramount in establishing an inter-municipal partnership. In addition, the partnership relies on support from each municipality's citizens; "if the residents saw [the agreements] as a good thing, but the

Council didn't - or vice-versa. You have to have everybody on board. Otherwise it's not going to work. And it's also got to deal with what people want." Clearly, if the rural residents from the County did not use urban centre recreation facilities, or if the majority of them opposed the County's use of their tax dollars to finance urban centre recreation facilities, the agreements would not have been established. Taxpayers are also voters who can influence politicians if their concerns are shared by a large number of people.

# VI. Conclusion

## Summary

In this study, inter-municipal partnerships in the form of the Recreation Cost Sharing Agreements were examined to determine "how" and "why" municipalities collaborate to deliver joint recreation services. The results of the investigation were used to develop a conceptual framework for an inter-municipal partnership that might be employed in future agreements and to stimulate further research.

An embedded, single case design was utilized whereby data were collected by reviewing documents and conducting interviews with the key participants from each municipality involved in the Recreation Cost Sharing Agreements.

The findings of this thesis can be summarized as follows:

- The municipalities involved in the Recreation Cost Sharing Agreements collaborated because they expected to derive mutual benefits.
- Each urban municipality experienced increased cost effectiveness, affordable services for its residents, maintenance and upgrades to its recreation facilities during a time when other municipalities were fiscally restrained from such repairs and renovations, increased community promotion, and re-distributive benefits to the broader community.
- The County experienced a cost effective form of public service delivery, equal access to urban recreation facilities for its residents, and partial ownership of urban centre facilities.

- The Recreation Cost Sharing Agreements altered the structure of each municipality's public recreation department. Changes occurred in managerial practices. Management structures were downsized. New decision making and communication channels were created. And, a complex network of municipalities was developed with joint objectives.
- Initially, the urban municipalities involved in the Recreation Cost Sharing Agreements were reluctant to enter the partnerships because they feared a loss of control over policies and/or programs. Thus, the development of trust among the partners was essential to the success of the cost sharing agreements.
- A conceptual framework was developed from the results of the study which identified the following central characteristics of an inter-municipal partnership:

1. Inter-municipal partnerships are relationships whereby each participating municipality requires the assistance of another municipality to achieve its aims effectively.
2. An inter-municipal partnership requires that municipalities be located within close proximity to each other.
3. Each municipality that enters an inter-municipal partnership must have something which its partner(s) value(s) and which it can afford to share.
4. An inter-municipal partnership must have the approval of each municipal Council and broad support from the citizens/residents of each participating municipality.

**Theoretical Conclusions and Recommendations**

It can be concluded from the results of this study that collaboration among municipalities is an effective method of providing public recreation services. Clearly, the municipalities involved in the Recreation Cost Sharing Agreements derived mutual benefits from their participation in the inter-municipal partnership arrangements. During a period of fiscal restraint and declining budgets, cost sharing enabled the urban municipalities to maintain and upgrade their facilities without affecting service provision negatively, while the County residents gained access to recreation facilities. In an age where more municipalities are searching for indirect forms of delivering recreation services, an inter-municipal partnership offers a viable alternative.

Based on such a conclusion, the conceptual framework presented serves as a useful tool for researchers of alternative forms of public service delivery. However, more research pertaining to inter-municipal partnerships is necessary. Further investigation is required to confirm or refute the characteristics that were identified in this study. While a single case was adequate to establish a conceptual framework, future research should compare the characteristics of several cases. This will ensure more robust results. Furthermore, the use of different methods (e.g., quantitative survey) should be considered in order to support, substantiate and confirm the findings of this study.

**Methodological Conclusions and Recommendations**

Although, the combination of document analysis and interviews was an appropriate means of answering the research questions that were posed, there are several recommendations for further research that can be made and a few criticisms of the research plan employed.

First, interviewing only the Recreation Directors for each municipality excluded the viewpoints of the politicians, volunteers from the Recreation Boards and facility managers, all of whom had a significant role in implementing the agreements. Their distinct perspectives would have strengthened the analysis.

Second, the only documents reviewed to conduct the analysis of the data were copies of the agreements in which each municipality was involved, the County's original proposal for establishing an inter-municipal partnership with the City, and the County's guidelines for a capital improvements grant. A review of other documents, such as minutes of meetings and correspondence among the municipalities, would have further supported and/or clarified the information gathered from interviewees.

Third, certain individuals were contacted to clarify the answers they gave during their interview, but I believe further verification of the results would have been valuable. After each interview was transcribed, a copy of the transcript could have been sent to each informant to verify his or her responses. This would have given them an opportunity to correct misinformation and to expand on points. In addition, it would have allowed them to search for the correct information to questions that they may have been unable to answer completely at the time of the interview.

## Practical Implications of the Study

As the Baby Boom generation ages, its participation in active sports will increasingly decline in favour of less active recreational pursuits. The Baby Boomers (ages 30-50 in 1996) make up the largest cohort in Canada's population (33%). Based on this demographic information, Foot (1996) believes there are presently a sufficient number of recreation facilities in Canada. The cohorts that follow the Baby Boomers are smaller, which suggests that if the current number of recreation facilities could accommodate a population that included the Baby Boomers, they should be capable of accommodating the following generations. Therefore, Foot (1996) suggests that municipalities should avoid building more facilities.

Based on Foot's suggestion, there may well be a greater reliance on inter-municipal partnerships to provide recreation services in the future. As a means of preventing themselves from building more facilities, municipalities will look to their neighbours to help them deliver recreation services. For instance, if one municipality has a curling rink and its neighbour has a swimming pool, the communities may develop an agreement whereby each municipality's residents can access each others' facilities instead of building its own. More specifically, Canadian local governments may develop a "bartering system." Instead of exchanging money for services, municipalities will share various services to avoid the cost of building more facilities. Ultimately, this would lead to transparent boundaries between neighbouring municipalities as residents increasingly access facilities in their neighbouring communities.

As a result, the conceptual framework presented in this thesis could be a helpful tool for government decision makers. It identifies the characteristics of an inter-municipal partnership which can further a municipality's understanding of the implications of establishing such a partnership. In addition, using the results from this study, municipalities can formulate a better idea of "how" and "why" municipalities collaborate to deliver recreation services. It is hoped that the results of this study will encourage municipalities to consider an inter-municipal partnership as a method of delivering leisure services.

# VII. References


Aiken, M., and Hage, J. (1968). Organizational interdependence and intraorganizational structure. *American Sociological Review*, 33, 912-930.

Aldrich, H. (1976). Resource dependence and interorganizational relations. *Administration and Society*, 7 (4), 419-453.

Andrew, C., Harvey, J. and Dawson, D. (1994). Evolution of local state activity: recreation policy in Toronto. *Leisure Studies, 13,* 1-16.

Astley, W. G., and Fombrun, C. J. (1983). Collective strategy: Social ecology of organizational environments. *Academy of Management Review*, 8 (4), 576-587.

Auster, E. R. (1994). Macro and strategic perspectives on interorganizational linkages: A comparative analysis and review with suggestions for reorientation. (p. 3-40). In Shrivastava, P., Huff, A. S., and Dutton, J. E. (Eds.). *Advances in Strategic Management.* Volume 10B, London: JAI Press Incorporated.

Baker, W. E. (1992). The network organization in theory and practice. N. Nohria & R. G. Eccles (Eds.). *Networks and Organizations: Structure, Form and Action* (pp. 397-429). Boston: Harvard Business School Press.

Bogdan, R. C., and Biklen, S. K. (1992). *Qualitative Research for Education: An Introduction to Theory and Methods*. Boston: Allyn and Bacon Limited.

Burton, T. L. (1982). *The roles of government in the leisure services delivery system.* A paper presented at the VIIth Commonwealth and International Conference on Sport, Physical Education, Recreation and Dance, Brisbane, Australia.

Burton, T. L., and Jackson, E. L. (1990). On the road to where we're going: leisure studies in the future. *Society and Leisure*, 13, 297-227.

Capital Region Forum Limited. *Newsletter*, Issue 1, November 1995.

Carpenter, M. (1996). In McLean, I. (Ed). *The Concise Oxford Dictionary of Politics*. Oxford: Oxford University Press.

Coalter, F. (1995). Compulsory competitive tendering for sport and leisure management: A lost opportunity? *Managing Leisure*, 1, 3-15.

Creswell, J. W. (1994). *Research Design: Qualitative and Quantitative Approaches*. London: Sage Publications.

Eccles, R. G. and Crane, D. B. (1987). Managing through networks in investment banking. *California Management Review*, 30, 176-195.

Erlandson, D. A., Harris, E. L., Skipper, B. L., and Allen, S. D. (1993). *Doing Naturalistic Inquiry: A Guide to Methods*. London: Sage Publications.

Foot, D. K. (1996). *Boom, Bust and Echo: How to Profit from the Coming Demographic Shift*. Toronto: MacFarlane, Walter and Ross.

Goetz, J. P., and LeCompte, M. D. (1984). *Ethnography and Qualitative Design in Educational Research*. New York: Academic Press.

Glover, T. D., and Burton, T. L. (1996). *A model of the alternative forms of public services delivery*. A paper presented at the Fourth World Leisure and Recreation Association World Congress, Cardiff, Wales.

Hamel, G., Doz, Y. L., and Prahalad, C. K. (1989). Collaborate with your competitors - and win. *Harvard Business Review*, January-February, 113-139.

Henry, I. P. (1993). *The Politics of Leisure Policy.* London: Macmillan Press Limited.

Huff, A. S. (1982). Industry influences on strategy reformulation. *Strategic Management Journal*, 3, 119-131.

Jarillo, J. C. (1988). On strategic networks. *Strategic Management Journal*, 9, 31-41.

Kanter, R. M. (1989). Becoming PALs: Pooling, allying and linking across companies. *Academy of Management Executive*, 3 (3), 183-193.

Leblebici, H., and Salancik, G. R. (1982). Stability in interorganizational exchanges: Rulemaking processes of the Chicago board of trade. *Administrative Science Quarterly*, 27, 227-242.

Lincoln, Y. S., and Guba, E. G. (1985). *Naturalistic Inquiry.* London.: Sage Publications.

Marshall, C., and Rossman, G. B. (1989). *Designing Qualitative Research.* London: Sage Publications.

McFarland, E. M. (1970). *The Development of Public Recreation in Canada.* Canadian Parks/Recreation Association.

Merriam, S. B. (1988). *Case Study Research in Education: A Qualitative Approach.* San Francisco: Jossey-Bass.

Miles, M. B., and Huberman, A. M. (1984). *Qualitative Data Analysis: A Sourcebook of New Methods.* London: Sage Publications.

Minzberg, H. (1979). *The Structuring of Organizations.* Englewood Cliffs, N.J.:

Prentice Hall Incorporated.

Molnar, J. (1978). Comparative organizational properties and interorganizational interdependence. *Sociology and Social Research*, 63, 24-48.

Oliver, C. (1990). Determinants of interorganizational relationships: Integration and future directions. *Academy of Management Review*, 15 (2), 241-265.

Osborne, D., and Gaebler, T. (1992). *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector.* New York: Addison-Wesley Publishing Company.

Paulson, S. K. (1976). A theory and comparative analysis of interorganizational dyads. *Rural Sociology*, 41, 311-329.

Perrow, C. (1986). *Complex Organizations: A Critical Essay.* Glenview, Il: Scott, Foresman.

Peston, M. (1972). *Public Goods and the Public Sector.* London: Macmillan Press Limited.

Pettigrew, A. (1990). Longitudinal field research on change. *Organizational Science*, 3, 267-292.

Pierson, C. (1991). *Beyond the Welfare State? The New Political Economy of Welfare.* Great Britain: Polity Press.

Provan, K. G. (1984). Interorganizational cooperation and decision-making autonomy in a consortium multihospital system. *Academy of Management Review*, 9, 494-504.

Savas, E. S. (1987). *Privatization: The Key to Better Government.* Chatham, N.J.: Chatham House.

Searle, E. S., and Brayley, R. E. (1993). *Leisure Services in Canada: An Introduction.* State College, Pa.: Venture Publishing.

Self, P. (1993). *Government by the Market? The Politics of Public Choice.* London: Macmillan Press Limited.

Slack, T. (In Press). Changing the boundaries and new management implications for leisure organizations. In T. L. Burton and E. L. Jackson (Eds.). *Leisure Studies at the Millennium.* State College, Pa.: Venture Publishing.

Sherman, S. (1992, September). Are strategic alliances working? *Fortune*, pp. 77-78.

Tesch, R. (1990). *Qualitative Research: Analysis Types and Software Tools.* New York: Falmer Press.

Uhlik, K. S. (1995). Partnership, step by step: a practical model of partnership formation. *Journal of Park and Recreation Administration*, 13 (4), 13-24.

Van De Ven, A. H. (1976). On the nature, formation, and maintenance of relations among organizations. *Academy of Management Review*, October, 24-36.

Van Maanen, M. (1988). *Tales of the Field: On Writing Ethnography.* Chicago: The University of Chicago Press.

Walker, M. A. (1980). In Ohashi, T. M. and Roth, T. P. *Privatization Theory and Practice: Distributing Shares in Private and Public Enterprises.* Vancouver: The Fraser Institute.

Walsh, K. (1995). *Public Services and Market Mechanisms: Competition,* *Contracting and the New Public Management*. London: Macmillan Press Limited.

Williamson, O. (1985). *The Economic Institutions of Capitalism.* New York: Free Press.

Wolf, M. (1988). *Markets or Government: Choosing Between Imperfect Alternatives.* Cambridge: MIT Press.

Yin, R. K. (1994). *Case Study Research: Design and Methods Second Edition.* London: Sage Publications.

Yoshino, M. Y., and Rangan, U. S. (1995). *Strategic Alliances: An Entrepreneurial Approach to Globalization.* Boston: Harvard Business School Press.