

Ilkka Miettinen:

INTERORGANIZATIONAL RELATIONSHIPS OF FACILITY SERVICE PROVIDERS

Helsinki University of Technology  
Laboratory of Work Psychology and Leadership  
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## INTERORGANIZATIONAL RELATIONSHIPS OF FACILITY SERVICE PROVIDERS

IMPLICATIONS FOR INTEGRATED  
WORKPLACE SERVICES

Ilkka Miettinen

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## Abstract

Work and ways of working are undergoing constant changes. While the development of ICT and other supportive systems has helped modern workers to become mobile and enabled remote and distributed working, the development of worker performance has been lacking. The problem of improving worker performance is multifaceted and cross-disciplinary in nature. For example, in order to be productive, the modern worker must be motivated and competent to do the job, and to be supported by appropriate facilities and ICT tools. All the factors that together contribute to the performance of the knowledge workers can be fitted under the concept of workplace. Traditionally, the workplace has represented real estate and has consisted only of the buildings in which people work. In this study, however, workplace is seen as a bundle of services instead of being simply a fixed place. These services are aimed at supporting the workers and they are called workplace services.

The primary objective of this study is to create new understanding of the workplace concept and to provide guidelines for future workplace development. As an empirical contribution, this study explores and identifies issues that prevent the workplace services from being transformed towards integrated service packages. Additionally, due to the integral nature of the worker in the workplace services setting, this study brings light to issues concerning the workers' significance in the workplace service provision.

This study is a qualitative one, the empirical data of which consists of 27 semi-structured interviews. The interviews were performed with representatives of facility service providers. The goal of the interviews was to gain new understanding of the interorganizational relationships of service providers, and to better understand other actors within the workplace from the service provider point of view. The interviews also sought to understand the role of the worker within the workplace service setting from the service provider point of view.

The results of this study indicate that service provider relationships to all workplace actors need to be developed to a more collaborative direction. Increased collaboration helps all parties, instead of minimizing their own costs, to maximize the value created for the most important workplace actor, the worker. This study also finds that the client, as the employer of the workers and they paying customer for most workplace services, has an integral role in workplace development. In the future, better understanding of the needs of workers as well as assuming a worker-oriented approach to workplace development is necessary. In order to develop the workplace, collaborative efforts between all parties are needed. Due to the multifaceted nature of the workplace, collaboration across functional and organizational boundaries will also be necessary.

## Foreword

The data for this study were collected in ‘Opas’ project and analyzed in a subsequent ‘Realise’ project. It has been a great opportunity for me to be a part of these two projects, to meet interesting people and to take a look at various organizations through performing dozens of interviews along the way. This study is a qualitative one and interviews, of course, have been the staple of my scientific endeavors. So my warmest gratitude goes out to all the people who let me interview them and to gain a glimpse of their reality.

Of course, there is more to a study than the interviews. I am indebted to my instructor Dr. Stina Immonen for ideas and helpful comments. I do not believe this study would have ever been completed without Stina’s countless efforts to improve my work. I also thank my supervisor, Professor Eila Järvenpää, for her feedback and support during the whole process. I am also very grateful to Professor Jouko Kankainen for examining this thesis.

The ‘Opas’ project was financed by Tekes and participating companies, whom I thank for providing the funds that enabled the collection of data. The main part of the data was collected with Kaija-Stiina Paloheimo with whom I have worked my entire career as a researcher. I thank Kaija-Stiina for her contribution to ‘Opas’ but also for all help, discussions, comments and criticism over the years.

I thank Tomi Ventovuori for his help in data collection as well as for all help in getting myself acquainted with the industry. I also thank Jukka Puhto for his efforts in starting ‘Opas’ and for advice during the project. Laura Hyttinen participated in earlier phases of data analysis in ‘Opas’ and I also thank her for bringing her enthusiasm and new ideas to the project. Finally, I also thank the Academy of Finland for financing the ‘Realise’ project during which I was able to finish this thesis.

Espoo, March 2007

Ilkka Miettinen

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# 1 Introduction

Most industries are undergoing constant changes due to globalization, deregulation as well as technological and demographic changes, among other issues. In order to respond to the challenges these changes present, organizations have to maintain their ability to change and remain more flexible than their competitors.

Organizations have tackled the challenge of flexibility by focusing on a specific set of core competences and outsourcing other activities to external service providers. This has led to changes in organizational structures and increased the importance of interorganizational relationships. Interorganizational relationships have actually become an important source of competitive advantage for organizations (Dyer and Singh, 1998).

Organizations, of course, cannot outsource all of their activities. What has remained in-house is the core workforce that is considered to create the most value to customers. In many organizations, these core workers are called knowledge workers who, in general, constantly apply existing and create new knowledge in their day to day work (Davenport et al., 1996). The possession and efficient utilization of knowledge has become the key success factor in the modern marketplace (e.g. Prahalad and Hamel, 1990). In other words, organizations have become knowledge-intensive.

Yet, the significance of knowledge for organizations cannot be considered a novelty. Since the days of industrialization, knowledge has constantly substituted for manual labor, which has led to manifold increases in productivity of work in all industries (Zuboff, 1988; Stewart, 1997). In recent decades, however, the pace of change has accelerated due to implementation of information and communication technologies (ICT). In the future, the increasing utilization of ICT is expected to improve performance levels of workers in all industries, and especially of workers in knowledge-intensive industries.

While ICT has helped the knowledge workers to become more mobile (e.g. Lilischkis, 2003), enabled remote and distributed working (Apgar, 1998) in virtual teams (e.g. Vartiainen et al., 2005), the development of knowledge worker performance, as regards productivity and efficiency, has been lacking. As companies and national economies are becoming more and more dependent on the performance of the knowledge workers, it is important to focus more

attention to how knowledge worker performance could be improved. In fact, according to Drucker (1999), improving knowledge worker productivity is the biggest managerial challenge for the 21<sup>st</sup> century.

The problem of improving knowledge worker performance is multifaceted and cross-disciplinary in nature. Thus, it can and must be approached from many different directions. For example, in order to be productive, a knowledge worker must be motivated and competent to do the job, and to be supported by appropriate facilities and ICT tools. All the factors that together contribute to the performance of the knowledge workers can be fitted under the concept of *workplace*.

Traditionally, the workplace has represented real estate and has consisted only of the buildings in which people work. The concept of workplace is undergoing changes, however, as the increasing use of ICT enables people to work in ways that only few years ago were impossible. It has been argued that the current workplaces may be less than optimal when it comes to catering to the needs of the knowledge workers and that the workplaces are, in fact, inhibiting people from realizing their full potential (Schriefer, 2005).

To be productive, knowledge workers need an increasing amount of support, which is provided for them as services from various sources. Accordingly, it has been proposed that the workplace is to be considered a bundle of services instead of being simply a fixed place (Joroff and Bell, 2001, p. 6). These services are called workplace services and they can be provided by in-house functions or external service providers. The most important question, however, is not who actually provides each service, but rather, how well the workplace services support the workers.

For the purposes of this study, the concept of workplace is defined as an integrated combination of services and a network of places that together support people in the conduct of their work. More precisely, the workplace services are provided to the workers in collaboration between service providers, real estate owners, and the clients, i.e. the customer organizations. The clients are the employers of the knowledge workers, who are the end users of all workplace services. The knowledge worker, of course, is an employee to the client and an end user for the service providers.

The integrated workplace is a result of collaborative efforts between the workplace actors. It is therefore important to better understand the relationships the actors have to each other and what implications these relationships have for developing the workplace towards a knowledge worker oriented direction.

In this study, the knowledge worker is simply called a *worker*. Although the concept worker has traditionally meant someone who does manual or industrial labor, it is not used in that sense in this study. The increasing use of the terms knowledge work and knowledge worker has transformed the meaning of worker towards the knowledge-intensive direction. For sake of simplicity, worker has been substituted for ‘employee’ and ‘end user’ in this study.

The primary objective of this study is to create new understanding of the workplace concept and to provide guidelines for future workplace development. As an empirical contribution, this study explores and identifies issues that prevent the workplace services from being transformed towards integrated service packages. Additionally, due to the integral nature of the worker in the workplace services setting, this study brings light to issues concerning the workers’ significance in the workplace service provision. Finally, by drawing conclusions from the findings of the study, central directions for the future development of workplaces are presented.

In theoretical part of this study, earlier scientific research is reviewed in order to understand the workplace concept, workplace actors and their relationships to each other. Accordingly, the theoretical background of this study is presented in three sections. Firstly, the concepts of workplace and workplace services are analyzed discussed. Secondly, workplace actors are defined. The final part of the theoretical background discusses interorganizational relationships and their most important characteristics.

This study is a qualitative one, the empirical data of which consists of 27 semi-structured interviews. The interviews were performed with representatives of facility service providers. The goal of the interviews was to gain new understanding of the interorganizational relationships of service providers, and to better understand other actors within the workplace from the service provider point of view. The interviews also sought to understand the role of the worker within the workplace service setting from the service provider point of view. All the interviews were recorded and transcribed. The transcripts were then analyzed for their content

and inductively categorized to bring meaning to the data. The results and conclusions of this study are based on the analyzed data.

The results of this study indicate that service provider relationships to all workplace actors need to be developed to a more collaborative direction. Increased collaboration helps all parties, instead of minimizing their own costs, to maximize the value created for the worker. This study also finds that the client, as the employer of the workers and they paying customer for most workplace services, has an integral role in workplace development. In the future, better understanding of the needs of workers as well as assuming a worker-oriented approach to workplace development is necessary. In order to develop the workplace, collaborative efforts between all parties are needed. Due to the multifaceted nature of the workplace, collaboration across functional and organizational boundaries will also be necessary.

Workplaces and ways of working are undergoing changes. The findings of this study will help organizations to create more productive workplaces. The author provides, for both academics and practitioners alike, one part of the foundation on which the workplace of the future is created.

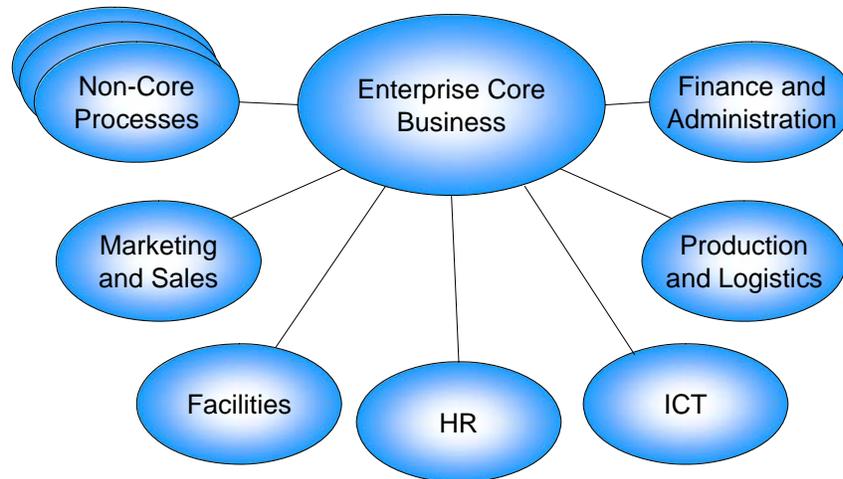
## **2 Defining workplace and integrated workplace services**

### **2.1 Workplace**

From a traditional viewpoint, workplace is defined as a “place (as a shop or factory) where work is done” (Merriam-Webster), and it is considered only the physical environment for work (Horgen et al., 1999, p. 8). Nowadays, the idea behind the concept of workplace is shifting towards enabling interaction between the workers as well as providing them with offices for all types of tasks (Schriefer, 2005). The meaning of the workplace concept is still about place and space, with an increased focus on understanding how space can be leveraged to help people work more effectively and to make the organization more competitive (Becker and Steele, 1995, p. 3-8). Effectively, the main focus of the workplace is not anymore the physical surrounding where the work takes place but the means the workplace offers for the workers to achieve whatever ends they seek to achieve.

The workplace becomes a tool for achieving organizational goals through people hired to realize these goals (Becker and Steele, 1995). In the future, rather than being an asset by itself, the value of the workplace is the highest when it is a true facilitator of the work in organizations (Levin, 2005). This transition in the meaning of the concept of the ‘workplace’ could be described as a move from a ‘place-centric’ to a ‘people-centric’ orientation (Bell, 2001, p. 93). For Bell, the shift towards people-centricity represents an ideological transition in the way the workplace – previously a mere physical entity – should be seen in the organizations.

Organizations can be portrayed as a collection of functions, namely administration, information management, human resources, marketing and sales, financial administration, transport and logistics, production and technical function, and facilities (EC, 2004, p.20). As their outcomes, all of the organizational functions render services that are utilized for some task within the organization. These services can either be produced internally or acquired from external sources (EC, 2004, p. 20). In the following Figure 1, the organizational functions are presented as contributing to the organization’s core business.



**Figure 1 Functions of which organizations are comprised (adapted from EC, 2004, p. 20 and Kanerva and Paloheimo, 2005, p. 37)**

All these functions, of course, contribute to the environment in which the workers operate. The facilities, HR and ICT functions, however, have a larger role in providing support to the workers. Becker and Steele (1995) describe a concept of a ‘total workplace.’ According to this viewpoint the workplace is a combination of facilities and other supportive functions that enable work to be done in a manner most suitable for the task and the worker. Becker and Steele (1995, p. 14) define the total workplace concept as follows:

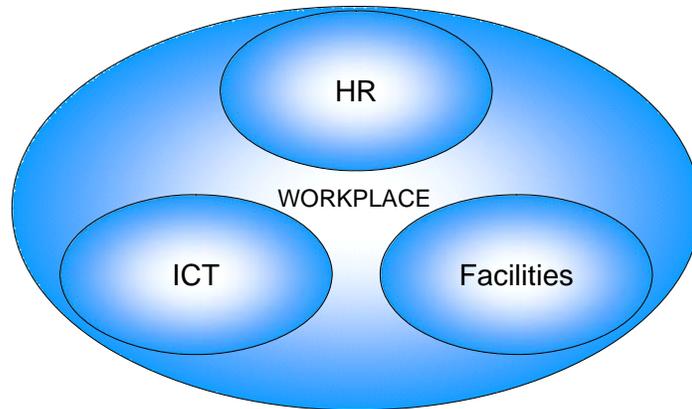
*The workplace is not simply one’s desk, office, or work station in an office building. It is also the cafeteria, the conference and break rooms, the project room, corridors and water fountains, the fitness center. It is all the places in which one works.*

According to this definition, the workplace is still defined through the places where people work. Generally speaking, it is the task of the facilities function to provide workers with these places. From a broader perspective, the workplace concept can be seen to represent the convergence of three organizational functions that aim to support workers in their work. These three functions are: 1) facilities, 2) human resources (HR), and 3) ICT (Kaczmarczyk and Murtough, 2002). These are the three functions depicted in the bottom part of Figure 1. Bell (2001, p. 92) defines these three functions as follows:

- 1) Facilities: properties, construction, and related products and services,
- 2) HR: products and services that explicitly focus on HR aspects of the workplace,

- 3) ICT: infrastructure, products and services that support workers in the conduct of their work.

Roughly, then, the three parts of the workplace can be described as *places, people, and tools* (Kaczmarczyk and Murtough, 2002). In order to illustrate the interplay of the three functions in creating the workplace, the following figure is used to represent the workplace as their combination (Figure 2).



**Figure 2 Workplace represented as a combination of three organizational functions**

The traditional view on the workplace as a place where work is done has comprised only the facilities function. In this study, the workplace – as an enabler of work in the people-centric workplace concept – is seen as a combination of the outcomes of the facilities, HR, and ICT functions. These three workplace functions, the services these functions render and the management of the outcomes of these functions will be discussed in more detail in the following three subchapters.

### **2.1.1 Facilities**

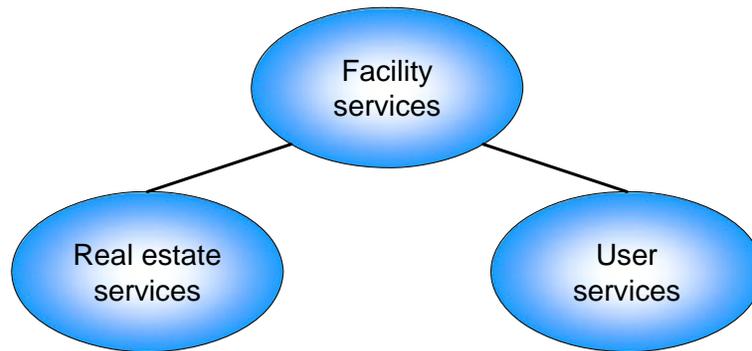
According to the Merriam-Webster dictionary (Merriam-Webster), a facility is something that “makes an action, operation, or course of conduct easier” or something that “is built, installed, or established to serve a particular purpose.” This term is usually used in its plural form ‘facilities,’ which is here understood as the physical surroundings the purpose of which is to make organizational action easier.

The Finnish association of building owners and construction clients (Rakli) defines facility services as a general category consisting of all the services offered to real estate owners and

users. This general level concept can be further divided to two corresponding categories, namely, real estate services and user services, which are defined as follows (Rakli, 2001, p. 23-24):

- Real estate services: services related to the maintenance of facilities
- User services: services for the users of facilities

Figure 3 illustrates the division of facility services into two categories of real estate and user services.



**Figure 3 The division of facility services to two categories**

In order to clarify the discussed concepts further, few examples belonging to each category are presented in the following Table 1:

**Table 1 Examples of real estate and user services (Source: Rakli, 2001)**

|                      | Service examples   |
|----------------------|--|
| Real estate services | Real estate maintenance, heating, water, air conditioning, lighting, waste management, landscaping, cleaning |
| User services        | Catering, reception, interior decoration, plants, copying and printing, mailing, security                    |

The examples above are not meant to be exhaustive, as it is not probably possible to give a complete list of these services due to, among other things, the variations in definitions of the above items. Security and cleaning, for instance, could very well be classified under both headings depending on the purpose and recipient of the service. This categorization will,

hopefully, suffice here as the table merely provides the reader with examples of the discussed services.

Facility management (FM), on the other hand, as defined by Kincaid (1994), is the “*management of facility resources and services to support the operation of an organization.*” It is also possible to see FM as “*the practice of coordinating the physical workplace with the people and work of the organization*” (Cotts, 1997, p.3). Cotts also states that facility managers are often seen to integrate the *people* of an organization with its *purpose* (work) and *place* (facilities).

FM should be a customer-oriented service, meaning that customer service should be viewed as an integral part of the value FM provides to its customers as well as an important measure of the effectiveness of FM (Bandy, 2003). FM is a service that only makes sense if it supports the core business of the client (Barrett, 2000). Assumably, then, the outcome of facilities services, including facility management, is the physical workplace and the services within that, for their part, enable the work of the organization.

### **2.1.2 Human resources**

Bell (2001) mentioned the HR aspects of the workplace, but what actually constitutes the HR aspects? HR, of course, stands for ‘human resource’ for which various definitions have been presented in the literature. The Merriam-Webster dictionary gives, among other definitions, the following four meanings for the word ‘resource:’

- a)** a source of supply or support; an available means
- b)** a natural source of wealth or revenue
- c)** computable wealth
- d)** a source of information or expertise

It would seem natural to assume that workers are for organizations a source of expertise and even a source of revenue. The term human resource implies that the people working for an organization are a source of expertise to be used to gain revenue. This is in line with Bratton and Gold (1999, p. 11), who say that individuals become human resources through the roles they assume in work organizations, and that these roles are described through people’s

contributions to achieving organizational objectives through their actions. More formally, the concept of HR can be defined as follows:

*The efforts, knowledge, capabilities and committed behaviours which people contribute to a work organisation as part of an employment exchange (or a more temporary labour engagement) and which are managerially utilised to complete tasks and enable the organisation to continue its existence into the future. (Watson, 2006, p. 404)*

A key dimension in managerial tasks is the obtaining, developing and, occasionally, dispensing with 'human resources' and also maintaining the basic pattern of employment relationships which make the utilization of these resources possible (Watson, 2006, p. 404). A concept closely related to HR considerations, therefore, is that of human resource management, or HRM, that is defined as follows:

*That part of the management process that specializes in the management of people in work organizations. HRM emphasizes that employees are critical to achieving sustainable competitive advantage, that human resources practices need to be integrated with the corporate strategy, and that human resource specialists help organizational controllers to meet both efficiency and equity objectives. (Bratton and Gold, 1999, p. 11)*

*Human resource management seeks to maximise organisational performance through the adoption of best practice in the management of people. In seeking to understand best practice HRM draws on theoretical foundations from disciplines such as psychology, sociology and industrial relations (McKenna and Beech, 2001, p. 1)*

HRM draws from different bodies of knowledge and focuses on managing people in organizations. According to Dowling et al. (1994, p.2), we can say that HRM refers to the activities that the employer undertakes to effectively utilize its pool of human resources. This is done to achieve the desired ends through the efforts of the people involved, performing the activities of the HR function. Table 2 provides examples of the activities of the HR function:

**Table 2 Examples of activities of the HR function**

| Author                                | Activities of the HR function   |
|---------------------------------------|---|
| Dowling et al. (1994, p. 2)           | Human resource planning; staffing; performance evaluation; training and development; compensation; labor relations  |
| Hall and Torrington (1998, p. 105)    | Recruitment and selection, work design, performance management, training, management development, career planning, health and safety, rewards, redundancy and dismissal |
| Hargreaves and Jarvis (1998, p. 9-10) | Training and development, organization development, job descriptions, staff planning and recruitments, staff benefits, relations to interest groups, e.g. trade unions  |

The activities of the HR function can be seen to consist of services rendered for the organization as a whole, e.g. staffing, recruitment and relations interest groups, and directly to the benefit of the workers, e.g. training, career planning, and rewards. These activities also affect the performance through different ways because compensatory issues, health and safety, and training can be expected to have a different direct outcome – although in the long-run the intended outcome, of course, is improved performance or attracting and retaining qualified personnel.

Human resource managers are human resource professionals who, according to Ulrich (1997, p. 17), are the champions of competitiveness of organizations. The human resource function must focus on their deliverables and be able to articulate their role in terms of value created by the services this function offers (Ulrich, 1997). Ulrich also states the HR function must create mechanisms to deliver HR outcomes so that business results quickly follow.

The actions and activities of each function become services for the workers of the organization. HRM, therefore, could be seen as the management of the outcomes of the services rendered by the HR function. The outcome, for example, can be organizational learning or a workforce more suitable to meeting the organizational goals. These outcomes would result from the activities of the HR function, in this case training and recruitment respectively. The actions of the HR function are, in fact, human resource development (HRD), which can be defined as follows: “a process of helping individuals develop to their full potential” (Hargreaves and Jarvis, 1998, p.9).

### **2.1.3 Information and communication technology**

Information technology (IT) and information and communication technology (ICT) are commonly used interchangeably. Due to the prevailing nature and the need for communication in the modern workplace, the acronym ICT is used here.

Joroff (2002) writes that it is the ICT that enables the transformation of the workplace towards more than the mere physical environment. The capabilities of the ICT have altered the ideas of 'where' and 'when' people work, have created new understanding of how and where people actually add value, and have even, according to Joroff, opened the cyberspace as the new workplace. The development of ICT has dramatically changed the way we work today, but what do we actually mean when we talk about ICT?

At the moment, no generally accepted definition of the phenomenon at hand exists. However, unlike in most situations where a plethora of definitions can be found through a simple library and database search, a viable definition for ICT is rather hard to come by. Regardless of this being the case, some definitions of ICT are available.

From a broad perspective, ICT is the combination of computer technology, telecommunication technology, and media technology (Bradley, 2001, p. 22). Although this general-level definition gives us the understanding of the wide area where ICT can be found, a more detailed description is necessary. The ‘World Information Technology and Services Alliance’ (WITSA) offers the following definition of ICT:

*Computer hardware, software and services (consulting, training, systems development and integration, etc.); telecommunications hardware and services (both fixed and*

*wireless, public and dedicated); and office equipment and other internal spending on information and communications technology by public and private organizations (employee salaries, equipment depreciation, and other internal budgets on information systems budgets). (WITSA, 2000, cf. de la Torre and Moxon, 2001)*

According to WITSA, therefore, ICT is basically about hardware, software and services related to them. Perhaps oddly, the spending of ICT users is also included in the definition. In order to be more precise, another definition, this time from the European Information Technology Observatory (EITO, 2004, p. 322) is presented. In this definition, ICT is divided to two main components, namely information technology and telecommunications.

*Information technology (IT): the combined industries of hardware for office machines, data processing equipment, data communications equipment, software and services.*

*Telecommunications (TLC): carrier services, end-user communications equipment, PBX (private branch exchange), key systems and circuit switching equipment, cellular mobile radio infrastructure, transmission and other datacom and network equipment*

*Information and communications Technologies (ICT): IT + TLC equipment and TLC services.*

Again, the concept of ICT appears a very broad one, consisting of hardware, software and services. The two above definitions seem very similar, perhaps the main difference being the division of ICT into the IT and TLC parts in the latter definition. The EITO approach seems also to be a bit broader as carrier services are included although they might be considered to be included in the WITSA definition as well.

The discussion above does not talk about the outcomes of the actors for their customers. In order to bring more clarity to the outcomes of the actors within the ICT field, the subject is approached through the definition of ICT *sector*. The following categorization of the ICT sector defines the products, i.e. the outcomes, of the actors within the ICT field.

*For Manufacturing industries, the products of a candidate industry:*

- *must be intended to fulfill the function of information processing and communication including transmission and display, or*

- *must use electronic processing to detect, measure and/or record physical phenomena or to control a physical process.*

*For Services industries, the products of a candidate industry:*

- *must be intended to enable the function of information processing and communication by electronic means. (UN)*

The ICT sector, as defined by the UN, is concerned with what benefits the products of the industry will provide for the customers. Here, in comparison to the two other definitions, it becomes clear that the *outcome* of the ICTs is to enable information processing and communication using electronic means. ICTs are, then, almost anything, physical goods or intangible services, that are offered to support information processing and communication. Most probable examples of the products of the ICT sector are computers, cellular phones and other hardware; word processing, e-mail and other software; networks, both fixed and wireless; as well as technical support for and acquisition of all electronic equipment. Due to the broad nature of the ICT sector, the list could go on indefinitely but for the sake of simplicity we will stop here.

The ICT field includes a lot of services, of which the technical support is just one example. The sector also includes many different service providers. In line with the other workplace services, ICT-related services should be utilized to optimally support work and to help the workers achieve their objectives.

The management of facilities and human resources takes place within facilities and human resource functions respectively. The management of ICT, of course, resides in the ICT function. The ICT function is responsible for organizing its activities in a way most conducive to information processing and exchange, which are the central outcomes of the ICT function's services. In 1996, Rockart et al. defined the core responsibility of the ICT function towards the year 2000 and forward as follows:

*[U]nderstanding and interpreting technology trends; ... taking responsibility for, or supporting at the very least, effective process innovation; developing relationships that permit useful internal partnerships; managing suppliers to whom parts of IT have been outsourced; and developing and managing the IT human resource.*

The ICT function becomes a business-oriented, advisory and management function that supports the ICT capabilities of the whole organization. ICT capabilities, according to Sambamurthy and Zmud (2000), are assets and routines that support the conduct of business in value-adding ways. The main characteristics of ICT capabilities are:

- *Outward – value-added contributions of ICT assets and routines of the organizations,*
- *Interdependent – highly interdependent core assets and routines that take on distinctive profiles in their situational execution,*
- *Dynamic – skill sets and routines that evolve very rapidly and are typically acquired and retired in a discontinuous fashion (Sambamurthy and Zmud (2000)).*

According to Joroff (2002), the real challenge in the introduction and implementation of ICT is to harness its connective power as an integral part of the workplace design. We must try and create the best package of physical space and cyberspace, with related services, to optimally support work in the future (Joroff, 2002). However, we should always keep in mind that ICT is only a tool in itself and focus on finding the best approach to each situation, with or without the help of technology (Dewulf and van Meel, 2002). Although technology and its development have been cited as the key drivers of work-style changes, the people themselves have always been the key to permanent changes (Steiner, 2005). According to Steiner (2005), the development of technology will advance the changes in the workplace as long as the costs of implementing the solutions are not prohibitive and the workers adopt and utilize the tools to their full potential.

#### **2.1.4 Workplace strategy**

Organizations' strategies consist of different substrategies, some of which are the strategies concerning facilities and real estate, HR and ICT. These three together contribute to the workplace strategy that is a part of the total strategy. The concept of a workplace strategy means understanding the business processes and the objectives of the organization and then designing the workplace using an integrated approach to workplace services (Corenet, 2004). Crafting a workplace strategy aims at supporting the workers in the conduct of their work (Kanerva and Paloheimo, 2005). Accordingly, the work done within an organization must be at

the centre of workplace strategy making (Joroff et al., 2003). Schriefer (2005) defines the concept of workplace strategy as follows:

*The dynamic alignment of an organization's work patterns with the work environment to enable peak performance and reduced cost.*

In this definition, work patterns are used as a synonym to work processes that, of course, tell an observer how the work in the organization takes place. The goal of the workplace strategy, therefore, is to optimize workers' productivity, innovation, and the utilization of resources. According to the CoreNet report series, a workplace strategy operates within the intersections between services and facilities. In improving these intersections, there exists potential to dramatically impact the performance of the workers. (Corenet, 2004)

In designing the workplace, organizations should move beyond mere cost-based comparisons (Shaw and Haynes, 2004), i.e. move from minimizing the cost to the *organization* to maximizing the value to the workers (Kanerva and Paloheimo, 2005). According to Becker and Sims (2001), any workplace strategy that focuses on mere cost reduction but does not support effective communication and interaction is actually counterproductive. Organizations have to find ways to balance their short-term objectives, such as cutting real estate and other operational costs, with the long-term, strategic ones, such as what will actually assist the corporation in enabling the workers to perform as efficiently as possible (Levin, 2005). Using methods that are able to achieve short-term *price* reduction are not able to attain medium to long-term *cost* reduction (Cousins and Spekman, 2003). This is a similar approach to that of Ulrich (1997) according to whom the HR function and HR professionals must add value, not reduce costs.

Like the concept of workplace itself, workplace strategy is multidimensional and cross-disciplinary in nature. For Bradley and Osborne (1999) a workplace that integrates services from the workplace functions is a catalyst for strategic business change. The workplace strategy design must take into account the possible future changes in work, technology, property as well as changes in the general business environment (Bradley and Osborne, 1999). Due to the multifaceted nature of the workplace, a new mindset is required to identify and implement workplace strategies that assist workers in the conduct of their work (Becker and Steele, 1995). In order to create a functioning set of workplaces, i.e. creating and implementing an integrated

workplace strategy, the organizations need to treat the workplace as a system of interrelated places and working situations (Becker and Steele, 1995, p. 136). According to Schriefer (2005):

*An effective workplace strategy must simultaneously address the social, physical, and technical components of the work environment as well as financial considerations, since each factor impacts the others.*

Although there is no doubt that workplace strategies have a financial impact, potentially even a large one, on organizations, workplace strategies are mere tools to achieving organizations' objectives and must be considered in relation to how they support overall strategic plans (Kaczmarczyk, 2004). The workplace strategy is a tool for the management that can be used to assess and plan for means to improve the efficiency and performance of the workers.

Real estate decisions will be beneficial to the overall business plan only when real estate strategy related decisions support the realization of organization's overall strategy and other substrategies of the corporation. (Nourse and Roulac, 1993) Aligning real estate strategy to the total workplace strategy, therefore, will bring benefits from the total workplace design perspective (Allard and Barber, 2003). Although places and spaces can make an enormous contribution to the overall strategy (Roulac, 2001), integrating property decision to overall strategy is not currently a priority for organizations (Gibler et al, 2002). Gibler et al. (2002) also state that real estate's and facilities' potential in improving workplace by working in concert with personnel and other functional areas remains largely unexplored.

HR strategies, on the other hand, are seen as a "*set of ideas, policies and practices which management adopt in order to achieve a people-management objective*" (Tyson, 1995, p. 3). The concept of HR strategy suggests that deliberate choices can be made and implemented concerning the way workers are managed, and that the choices will be related to the competitive needs of the business over the longer term (Hall and Torrington, 1998, p. 98). It has been found that certain HR strategies create competitive advantage and are thus related to overall organizational performance (Boxall, 1998; Boxall and Steeneveld, 1999). This is true as long as the HR strategy is incorporated in a seamless manner to the organizations' strategy and different parts of it that are developed together as a cohesive whole (Beaumont, 1992, p. 23). In

this sense HR strategy ceases to exist as a separate functional strategy (Hall and Torrington, 1998, p. 98).

Similar ideas have been proposed about ICT strategy. Scholl (2003), for example, states that overall strategy and ICT strategy should co-evolve. El Sawy et al. (1999) also support this viewpoint through analysis of companies organized around their customers with proper supportive ICT tools and related strategies. Accordingly, the concept of workplace strategy seems to imply that each of these three strategies needs to be seen in relation to each other as well as to overall strategy.

In the next chapter, we turn our attention to the workplace actors whose activities together create the workplace for the most important actor in the workplace, the *worker*.

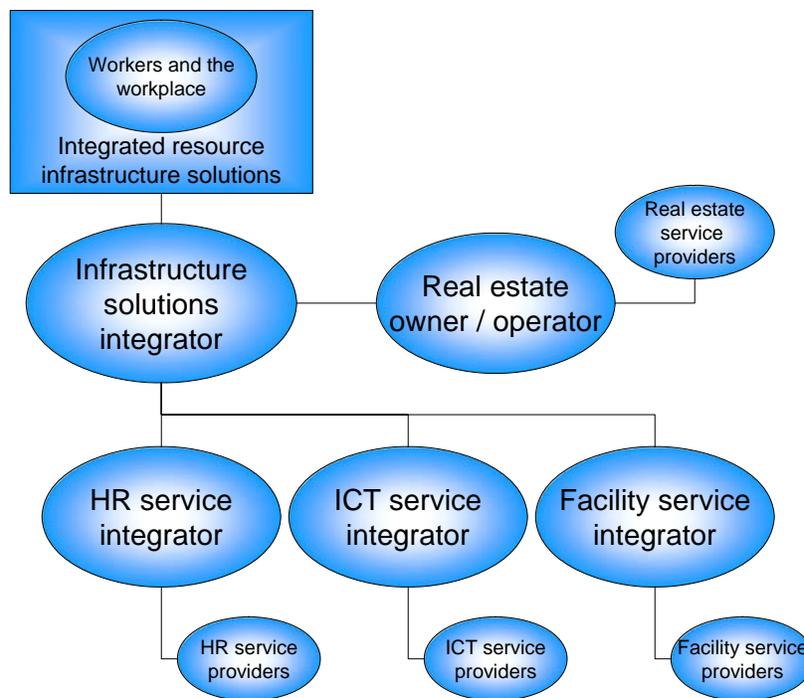
## **2.2 Workplace actors**

The workplace functions, both internal and external, form integrated resource and infrastructure solutions (IRIS) that provide services for the workers (CoreNet, 2004). According to CoreNet report series (CoreNet, 2004) IRIS are the effort to align organizational resources and infrastructure activities with organization's strategies and objectives. Essentially, the IRIS actors take part in creating the workplace, i.e. the combination of services produced in-house or purchased from external sources, for the workers. CoreNet (2004) defines the actors of the IRIS framework (Figure 4) in the following fashion:

- IRIS: internal workplace functions and units,
- Infrastructure solutions integrator: integration of externally provided infrastructure services on behalf of the client, responsibility for development and management of processes and networks of resources that provide integrated solutions to customers,
- Service integrators: integration of services from a variety of service providers within a particular sector of workplace framework (such as facilities, HR, ICT) in order to provide integrated solutions within that sector for a client,
- Service providers: providers of one or more specialized services within one of the three service sectors,

- Real estate owners / operators: large real estate owners / operators providing portfolio-level solutions for the occupancy needs of large corporations.

In this list, we can see that the actors in the workplace include real estate owners, service providers and service integrators, and the clients. The service integrators offer the services as packages to the clients. The client, on the other hand, is the employer of the workers interested in external services to the extent that these services support the workers of the organization. In other words, the IRIS and the workers together form the client. The workers, the end users of IRIS, are naturally in an integral role in the IRIS approach. These actors and their relationships are presented in the following Figure 4.



**Figure 4 Overview of the workplace actors (modified from CoreNet, 2004)**

### 2.2.1 Service providers

Grönroos (1990, p. 27) proposes, however reluctantly, the following definition for services:

*A service is an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and service employees and / or physical resources or goods and / or systems of the service provider, which are provided as solutions to customer problems.*

In general, therefore, services are solutions to customers' problems and provided in interaction between customers and service providers (cf. Fitzsimmons and Fitzsimmons, 1994, p.4). The service providers should approach all services through the lens of the customer, i.e. through understanding what benefits the customer can gain by utilizing any particular service (Edvardsson et al., 2005).

In order to solve customer problems, the service providers must thoroughly know and understand their customers (Grönroos, 1990; Paloheimo et al., 2004, p. 58). In service literature, the customer is commonly portrayed as one entity, which – given the various roles of the different actors in most organizations – is possibly too simplistic. Bell (2001, p. 92) advocates the role of the workers benefiting from workplace services as being the most important party in the workplace service provision.

### **2.2.2 Clients**

In facility management literature, the terms client and customer are separated from each other. Client is the customer organization that employs the workers, who are the end customers or end users of services. Generally speaking, the end user of services is the “*the wealth provider for the whole extended business enterprise*” (Griffiths et al., 2001). The extended business enterprise is used here to denote a network of actors all of whom, in the end, derive their wealth from the efficiency and effectiveness of the worker.

In the real estate industry, this viewpoint is brought forward by the Finnish Vision 2010 – report (Vision 2010) that creates a five-point vision for the future of the Finnish Real Estate and Construction cluster until the year 2010. The customer viewpoint in this report identifies the end users of facilities as the actual customers of the real estate and construction cluster. In the case of workplace services, the workers are the end users, or the consumers of the services, and should be supported as the primary actor benefiting all the other parties. The IRIS approach also supports this; the client as a whole is tuned to assist the workers in their work.

The workplace also includes managerial efforts and inputs and organizational culture as a part of the total support structure (Joroff et al., 2003). According to Joroff (2002), the effective management of work in physical place and cyberspace requires a shift in managerial attitudes and policies. If people are to work wherever and whenever they can be most effective, the managerial attitudes have to change, as the organization as a whole changes (Joroff, 2002). In

the new environment managers transform into the developers of people, helping each individual in the organization become the best he or she can be (Ghoshal et al., 1999).

Managers within the client can be seen as custodians; they protect and care for the assets of corporations (Stewart, 1997, p. 47). They become leaders and leaders become designers, teachers, and stewards for the organizations they serve. Leaders' sense of stewardship operates on two levels: stewardship for the people they lead and stewardship for the larger purpose or mission that underlies the organization they work for (Senge, 1990). The managerial understanding of the workers' requirements and support for the workers is considered one part of the workplace service package that enables efficient working.

### **2.2.3 Real estate owners**

Traditionally, organizations themselves have owned all the real estate that they use. During the last few decades, due to the international trend of outsourcing non-core operations, the ownership and occupancy have been separated (O'Toole and Donaldson, 2000). As a result of the development during the last decades, there are a lot of real estate owners with various backgrounds on the market today. Examples of different real estate owners include insurance companies, banks, investment companies, foundations as well as owner occupiers (Viitanen et al., 2003, p. 12-13). The ownership of real property has also become more international. The business environment of the real estate owners has changed and is undergoing changes due to the separation of roles in the area of property ownership and in the field of services (Kadefors and Bröchner, 2004).

Facilities – their ownership and management – are outsourced because they are not considered a part of the core business areas of organizations and because their management has been less than optimal (Hinks, 2002; Alexander, 2003). For the average client, buildings and facilities are necessities for supporting the main functions and must adapt to the needs of the business (Dewulf et. al, 2000, p. 20). This is an important consideration in the workplace concept – the physical facilities are not a necessity per se and are only viable as long as they offer optimal support for the workers. One considerable problem for the real estate owner, according to Dewulf and colleagues (2000, p. 20), is that buildings are many times considered an end in themselves, not something that is only valuable when it fits with the workplace portfolio as a whole.

In the future, there will be increasing collaboration between the parties in real estate sector, within and between industries (Riihimäki et al., 2001, p. 12). This means that new relationships are expected to emerge between, for example, clients, real estate owners and other service providers from different industries. It will also be useful for the real estate owner to develop their brand and image with better customer service (Riihimäki et al., 2003). Real estate owners have to become involved in specific end user interests and support the clients in achieving their goals in order to survive in the long run (Dewulf et al., 2000, p. 20).

#### **2.2.4 Service integrators**

At the moment, service integrators have not been studied to a great extent, and most often, the studies concerning service integrators are about ICT services offered over the internet. Winter (2000), for example, defines the outcome of a service integrator as an aggregate of standardized product / service components produced by several service providers to create solutions that are tailored to a specific, holistic customer process (Winter, 2000). Although about ICT services, this definition is applicable to the workplace services as well; integrators combine the offerings of several service providers. The need for service integrators is also evident in more traditional industries. According to Oliva and Kallenberg (2003), the role of the service integrator is to orchestrate the delivery of services through a network of different service providers.

Davenport and colleagues (2002) found that, perhaps due to the large number of players involved in creating the workplace setting, no one seems to own the problem of supporting the worker. In the future, one or the other of the workplace actors must be willing and able to accept the role and responsibility of developing the integrated solutions as a service integrator. In the facilities management literature, the facility managers have been advocated as the party that should take the role of a service integrator (see for example Nutt, 2000; Barrett, 2000; Grimshaw, 2003; Young, 2004). Real estate owners (Tuomela et al., 2005), as well as internal real estate units (Yontz, 2001) have also been proposed as the parties responsible for this task.

#### **2.2.5 Collaboration between workplace actors**

According to Joroff (2002), the traditional approach of separately coordinating the functions that form the workplace (Facilities, HR, ICT) is not up-to-date in supporting work in organizations. These functions cannot operate alone and to optimize just their own part of the

puzzle. What is needed is ongoing collaboration between facilities, HR, and ICT functions and related service providers (Joroff, 2002). The actors that contribute to the workplace must be willing to challenge assumptions about work, workers, workplaces and the 'ideal state' of organizations in order to create integrated workplace services (Joroff et al., 2003). Joroff et al. (2003) also maintain that:

*Proponents of this approach [of integration of services] must obliterate several boundaries: between those who design IT support and those who design physical spaces; between those who design and maintain infrastructure and those who design work processes; and between workplace designers and the people who do the core work of the enterprise.*

Therefore, we need to abandon the compartmentalized, fragmented approach of the past and focus on the outcomes that the functions, on their own and together, provide for the worker (CoreNet, 2004). Gittell (2002) finds that the relationships between service providers have a positive effect on both the customer outcomes as well as the relationships between customers and service providers. These benefits are achieved through a mutually reinforcing process of interaction and communication. According to Gittell (2002), shared knowledge, shared goals, and mutual respect are integral to the process of coordination between service providers.

Gittell (2002) expects relational coordination to positively affect the performance of organizations in settings where tasks are reciprocally interdependent. Relational coordination refers to the coordination of the service provision through the relationships between actors, whereas reciprocally interdependent task are carried out in parallel. In these situations, participants act in the context of incomplete information from other related tasks while seeking frequent updates from other participants. This is indeed the case for workplace services the workers must receive continuous and uninterrupted service. Unless the services from different service providers work fluently together, less than optimal results to the worker will follow.

It is possible that service providers might benefit from increased collaboration between other service providers. According to Burlat et al. (2003), the most fruitful situation for interorganizational collaboration is when the partners in a relationship perform complementary activities and possess non-similar competences. When considering the nature of the workplace services, the service providers usually perform complementary activities with non-similar

competences that together contribute to the service package for the worker. For example, when air conditioning, cafeteria and a network service provider simultaneously contribute to the work environment, non-similar competences are in operation.

The outcome of a relationship between service providers will be less than optimal if the service providers will not work together (Burlat et al., 2003). In fact, it has been found that the ‘siloining’ of the service providers is one of the central factors hindering the development of facility related services (Bogle, 1999) and workplace service packages (Corenet, 2004, p. 22-3). Siloining also prevents communication and contact between intraorganizational groups (Drake, 2003).

Siloining here means the isolation of service providers from each other and from their common purpose of supporting the customer’s core business. Tuomela et al. (2005), who studied collaboration between facility service providers, lend further support to the existence of the siloining effect. They found that service providers, operating in isolation, thought that they do not need to interact with other organizations and that information was – in addition to not being actively shared – actually held by single service providers (Tuomela et al., 2005).

According the Horgen et al. (1999), the problems in communication are evident at least when the physical workplace function is concerned, and that collaborative efforts between people responsible for physical workplace design and people responsible for space, finance, technology and organizational design are needed in order to create efficient workplaces. Gibler et al. (2002) found that most real estate divisions continue to operate in isolation from other organizational functions despite the need for functional integration. The facilities function is not solely to blame, of course, as it is possible that other workplace functions are facing similar problems in their operation. New connections between and within organizations have to emerge in order for the workplace services to optimally support the worker.

It has also been found that the relationships that units have within their own organizations affect the relationships that these units have to external parties (Campbell, 1998; Hillebrand and Biemans, 2003; Keller, 2002). Internal customer orientation, i.e. seeing intraorganizational groups as customers, is expected to support external customer orientation (Stauss, 1995). Internal collaboration in both the customer and the service provider organizations is, therefore, conducive to the external relationships each organization has to other relevant stakeholders.

Moreover, the quality of service from external service providers is subjected to how well the interorganizational actors can perform as an interface between the service providers and the client (Gadrey and Gallouj, 1998). This supports the previously discussed IRIS approach where an internal unit enables the optimal utilization of workplace services by working at the interface of client and service providers.

So if there is a need for increased collaboration to make the workplace work, so to speak, it is expected that increased collaboration is needed between all organizations – between service providers, between service providers and their clients as well as between any in-house units providing parts of the total workplace service package. Organizations will need to be proactive, collaborating, both internally and externally, with business unit leaders, human resources management and technology executives whose expertise and involvement will be important in creating the new workplaces (Barber et al., 2005). The next chapter discusses interorganizational relationships, the understanding of which provides the basis for analyzing collaboration between organizations.

## **2.3 Interorganizational relationships**

### **2.3.1 Relationships and networks**

Traditionally, the analysis of economic activities has been based on two separate forms of governance, namely markets and hierarchies (Coase, 1937; Williamson, 1975). In this categorization the hierarchy refers to internal coordination of activities, whereas the market form is the purchase of resources and services from external parties. This two-way categorization has proven to be too simplistic, however, as organizations exploit various types of relationships towards their external service providers (Thorelli, 1986). Increasingly, both the academic research and practitioners' activities have been directed towards relationships that are between markets and hierarchies, many times called hybrid relationships (Williamson, 1991) because they seek to combine, as it were, best of both worlds.

Each organization in a business market will have a number of different relationships with both customers and suppliers (Ford et al., p. 13). The relationships organizations have to external parties form a continuum from simple transactions to vertical integration (Webster, 1992; Cox, 1996). In describing different types of relationships, the two ends of the continuum

are labeled as arm's length relationships and collaborative relationships respectively (Macbeth, 1994). Other names, such as opportunistic relationships (Cousins and Spekman, 2003) and spot market relationships (Parker and Hartley, 1997) have been given to the arm's length end of the continuum. Collaborative relationships are also known by different names, such as embedded relationships (Uzzi, 1997) and partnerships (Blomqvist et al., 2002).

Arm's length relationships are characterized by self interest, non-relationship specific assets, minimal information exchange and interaction between parties, own profit-seeking behavior, and decisions based mainly on price (Uzzi, 1997; Dyer and Singh, 1998; Cousins and Spekman, 2003). The collaborative relationships, on the other hand, combine long-term orientation, knowledge-sharing routines, complementary resources and capabilities, relation-specific assets, increased trust, and problem-solving arrangements (Macbeth, 1994; Uzzi, 1997; Dyer and Singh, 1998). Organizations need to find a balance between different types of relationships in their portfolio in order to maintain agility and not to become locked in suboptimal relationships (Uzzi, 1997).

From an overall perspective, the relationships that exist between markets and hierarchies form an interrelated system of organizations, often called networks (Powell, 1990). These hybrid relationships have been described also with various other terms, such as partnering, partnership, alliances, and even vertical integration with many of these terms accompanied with the prefix 'strategic' (Cheng et al., 2000). Consequently, there exist several research streams and academic fields focusing, essentially, on the same subject. Various sources from different academic fields are therefore used in this study.

Jarillo (1988) defines a network as "*a mode of organization that can be used by managers or entrepreneurs to position their firms in a stronger competitive stance.*" An interorganizational network can also be seen an arrangement among distinct but related for-profit organizations that utilizes complex, reciprocal and relatively stable relationships and a logic of exchange that operates differently from that of markets and hierarchies (Sydow and Windeler, 1998). In this sense, according to Sydow and Windeler (1998), the relationships that networks are comprised of are the medium of interorganizational interaction.

Strategic networks, on the other hand, are long-term arrangements that allow organizations in them to gain or sustain competitive advantage vis-à-vis their competitors outside the network

(Jarillo, 1988). Strategic networks combine the benefits of markets and hierarchies through a non-competitive, non-zero-sum game that benefits all parties in a network (Jarillo, 1988). Gulati (1998) offers a definition for strategic alliances that is very close to that of networks: “*voluntary arrangements between firms involving exchange, sharing, or co-development of products, technologies, or services.*” The essential difference between networks, alliances, strategic networks, and strategic alliances is evidently rather hard to pinpoint. For the rest of this study, the term ‘network’ refers to both networks and alliances.

### **2.3.2 Partnerships**

In the academic and practical business literature, collaborative relationships are often discussed under the label of partnering relationships, or partnerships. This can be seen, for instance, in the fact that the following definitions of partnership combine similar elements as collaborative relationships discussed in the previous chapter.

*Partnerships are purposive strategic relationships between independent firms who share compatible goals, strive for mutual benefit, and acknowledge a high level of mutual interdependence. They join efforts to achieve goals that each firm, acting alone, could not attain easily. (Mohr and Spekman, 1994)*

*Partnering is an on-going relationship between two firms that involves a commitment over an extended time period, and a mutual sharing of information and the risk and rewards of the relationship. (Ellram and Hendrick, 1995)*

*Partnership is a dynamic relationship among diverse actors, based on mutually agreed objectives, pursued through a shared understanding of the most rational division of labor based on the respective comparative advantages of each partner. Partnership encompasses mutual influence, with a careful balance between synergy and respective autonomy, which incorporates mutual respect, equal participation in decision-making, mutual accountability, and transparency. (Brinkerhoff, 2002)*

In partnerships, therefore, the partners share mutual interdependent goals and strive for mutual benefits. Partners must be committed to the set goals and be willing to share information and risks between their counterparts. Additionally, partnerships are long-term arrangements that aim to bring competitive advantages to the partners. These competitive

advantages are something that each organization, acting alone, could not attain easily. Partnerships are characterized by mutual loyalty, willingness to help one another, risk sharing, negotiations rather than litigation, and a continuous improvement focus (Ellram and Hendrick, 1995). Additionally, the features of a successful partnership include the long-term nature of the relationship as well as the existence of interorganizational trust between parties (Naoum, 2003). Brinkerhoff (2002) also calls for patience in partnerships; results should not be expected before organizations have become familiar with each other and synergies in the operation have been created. In other words, it takes time and effort to build functional partnerships. To summarize the essential differences between arm's length and partnering relationships, Lehtonen (2006, p. 17) states that the partnership approach requires more commitment, trust, interdependence, openness, involvement of different organizational levels, and sharing of benefits and risks.

In order to develop successful partnerships, organizations have to consider several factors that affect the outcome of these relationships. Although each industry has unique characteristics and resultant success factors (Bensaou, 1999), some general level characteristics of partnerships can be found. One of the most important success factors of partnership seems to be a common and shared vision between partners (Brinkerhoff, 2002). Clearly defined common goals are also important to partnerships. From this point of view, the success of a relationship is related to how well each partner will be able to meet the performance expectations of the other parties. Thus, well defined (i.e. explicated) performance measures are needed to achieve success in partnerships (Whipple and Frankel, 2000).

Information exchange between parties has also been found to be of utmost importance in establishing and maintaining partnerships (Ellram, 1995). Ståhle and Laento (2000) found that information exchange and the integration of knowledge of each party grows as the partnership develops. In addition to providing access to resources, therefore, collaboration also facilitates knowledge creation. This is especially true in rapidly developing fields, where skills and resources that exceed the capabilities of any single organization are needed (Powell et al., 1996).

All the parties to a relationship should be able to learn from each other in order to maintain balance and to provide a lucrative basis for future development (Hamel, 1991). According to Hamel (1991), however, a relationship may pose a risk to a party who has more to offer to the

relationship. This is the result of a fact that the current partners may become competitors in the future because they have learnt from their partners. The benefits gained from relationships may be 'private,' i.e. applied in areas unrelated to the relationship in question, or 'common,' i.e. applied in the relationship (Khanna et al., 1998). The relation of private vs. common benefits is the function of the power of each organization in the relationship (Khanna et al., 1998).

Interorganizational partnering competence depends largely on whether or not the organization provides an appropriate platform for the activities that essentially embody the learning processes involved in building interorganizational relations (Johnson and Ravipreet, 2003). Vesalainen (2002, p. 117) proposes that organizations must focus on maintaining their partnership, and possibly name 'owners' for each relationship in order to develop the relationship in the long-run. In the literature on interorganizational learning, these 'owners' are often called boundary spanning individuals who affect the learning taking place in the partners' organizations (e.g. Ingram, 2002). As discussed previously (chapter 2.2), the integrated resource and infrastructure solutions unit will perform the boundary spanning role in the workplace context.

An arrangement for managing interorganizational collaboration is a critical factor affecting the success or failure of the relationship (Park, 1996). It is usual that one organization has the biggest stake in the operation and development of a network, and thus the development of networks is many times coordinated by a single party (Järvenpää and Immonen, 1998, p. 63). These controlling parties have been discussed in academic literature, among other titles, under the headings of 'hub firms' (Jarillo, 1988) 'central firms' (Piercy and Cravens, 1995), or 'focal firms' (Gadde and Håkansson, 2001; Möller and Halinen, 1999). According to Jarillo (1988), a hub firm is the party that sets up the network and proactively cares of it.

In each business relationship, problems are bound to arise sooner or later. In the beginning of any joint operation, it is therefore important to discuss how possible conflicts will be solved (Mohr and Spekman, 1994). As the impact of conflict resolution can be either productive or destructive, it is important that conflicts are resolved jointly in a mutually satisfactory way (Mohr and Spekman, 1994). Mistakes can, in fact, become potential tools for partnership development when their importance is appreciated (Buono, 1997). Buono (1997) also calls for cultural fit between partnering organizations as well as performance reviews from time to time.

According to Ford et al. (1998), partners will probably have to make investments, both tangible and intangible, in order for the relationship to succeed. As partnership is an on-going and ever-evolving process, it is natural to expect that at least time will have to be 'invested' continuously into the relationship. Finally, according to Forström et al. (1997), it can be said that the success of interorganizational relationships and networks is dependent on how much the consortium improves the competitive position of each of the organizations involved.

### **2.3.3 Relationships as a source of competitive advantage**

Interorganizational relationships and networks can occur as a result of a wide range of motives and goals, take a variety of forms, and occur across vertical and horizontal boundaries (Gulati, 1998). Relationship development is a cyclical process, requiring several stages where the relationship is evaluated and collaboration developed and deepened (Doz, 1996). According to Sydow and Windeler (1998), organizing and developing network relationships may often start off from market-relations and evolve to deeper collaboration.

In their basic sense, interorganizational relationships produce something that the parties cannot produce in isolation and something that cannot easily be duplicated (Håkansson and Snehota, 1994). Accordingly, the basic motive for relationship building is positioning the organization in a stronger competitive stance vis-à-vis their competitors (Jarillo, 1998). Organizations enter collaborative relationships, for example, to share costs and risks, to access financial resources, to reduce time span for innovation, to access new markets and products, and to learn from their partners (Hamel, 1991; Powell et al., 1996; Gulati and Singh, 1998, Ford et al., 1998, p. 26-30).

Organizations are dependent on external resources and interact with other organizations to gain them. This is the main argument of the 'resource dependence' perspective introduced by Pfeffer and Salancik (1978). The improved competitive position due to relationship development is a result of the fact that organizations have access to a larger pool of resources through external sources. Organizations in a network, therefore, are interdependent. These interdependencies are the source of and the vehicle for business development and they exist, among others, between manufacturers, service providers, distributors, users and development partners (Ford et al., 1998, p. 1).

The resource-based view of competitive advantage starts from the notion that different resources that organizations have and control are the source of competitive advantage for organizations vis-à-vis their competitors (e.g. Wernerfelt, 1984). In order to create sustained competitive advantage, the resources of an organization must be valuable, rare, imperfectly imitable, and non-substitutable (Barney, 1991). Resources, by definition, are *assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness* (Barney, 1991).

According to Dyer and Singh's (1998) 'relational view', interorganizational relationships create competitive advantages for each partner. The relationships of an organization are important assets without which the organization could not operate, or even exist (Ford et al., 1998, p. 13). Among other issues, organization's position in a network contributes to its acquisition of new competitive capabilities (Gnyawali and Madhavan, 2001). Stuart and Podolny (1996) state that understanding the networks organizations are involved in provides one way to analyze the positions of these organizations on the basis of inimitable, valuable resources that are potential sources of sustainable competitive advantage. This approach connects the relational view to the resource based view of competitive advantage. That is to say that to improve interorganizational relationships is to improve the competitive stance of organizations.

### **3 Research objectives and questions**

The scientific contribution of this study is based on 27 interviews among Finnish facility service providers. Facility services are one part of the workplace and this study seeks to create new knowledge to be utilized among both the facility service field as well as the larger community of workplace services researchers and practitioners. Accordingly, this study contributes to the scientific discussion in the field of facility services and facility management as well as in the field of workplace services.

The contribution is realized through the analysis of the research material and providing new knowledge about the applicability of the workplace concept to improving work performance in different settings. Especially for the facility services field, the introduction of the workplace concept provides a new theoretical background against which the efforts of the field can be analyzed. The workplace services, and the facility services as one part of them, require increased focus on the needs and requirements of the workers. This study contributes to discussion about the role of the workers within the facility service field. Additionally, this study provides different viewpoints to how workers' performance, their productivity and efficiency, can be increased.

The primary objective of this study is to create new understanding of the workplace concept introduced in the chapters above. This study assesses the current status of workplace thinking in the Finnish facility service field and how this thinking could be developed. In other words, the applicability of the workplace thinking to the facility service environment is discussed. This study will reach its objectives in the following way.

Firstly, the study will compare the current state and applicability of the workplace concept within the Finnish facility service industry to the findings of earlier scientific studies. This is basically realized through analyzing the current state of relationships the interviewed facility service providers have to other service providers and other workplace actors. Secondly, this study explores and identifies issues that prevent the facility services from being transformed towards integrated service packages. Thirdly, due to the integral nature of the worker in the workplace services setting, this study brings light to issues concerning the workers' significance in the facility service provision and compares these issues to theoretical viewpoints

within the workplace services. Finally, by drawing conclusions from the findings of the study, central directions for the future development of workplaces are presented.

This study seeks to address the research objectives through focusing on one part of the total workplace service offering, namely the producers of facility services. In order to meet its goals and objectives, this study answers the following research questions:

1. What kinds of interorganizational relationships do the service providers have to other service providers?
2. Which actions of the other workplace actors do the service providers consider to be inhibitive of the integration of facility services?
3. What is the significance of the workers of the clients, from the service provider perspective, in the service provision?
4. What are the central areas for future workplace development?

## 4 Research methods and material

### 4.1 Research process

The interviews of this study were carried out in a two-year research project (Opas) funded by the National Technology Agency of Finland (Tekes) and the participating organizations. The general aim of the project was to gain understanding of the service procurement strategies of the clients and real estate owners, and to clarify the issues related to service provider collaboration. Opas was carried out in collaboration with two units in the Helsinki University of Technology, the Department of Construction Economics and Management and BIT Research Centre, affiliated with the Department of Industrial Engineering and Management.

The Opas project was carried out in two phases. In the first phase, the focus was on the relationships between the facility service clients and service providers to gain an overall understanding of the issues affecting the studied phenomena. The first phase was conducted between December, 2002, and January, 2004, and it gave the researchers pre-understanding for directing the second phase. The second phase, performed between February, 2004, and January, 2005, was divided into two tracks that were carried out in parallel. The first track addressed issues related to facility service procurement strategies, whereas the second track focused on facility service provider collaboration. During the first phase, important areas for future research were pinpointed from the data and the research themes for the second phase were based on these findings. The themes for the second phase were also developed during workshops that both the researchers and the representatives of the participating organizations attended.

This study reports the findings of the second research track. The results of the Opas-project have also been reported in other publications<sup>1</sup>, mainly conference papers. The research process

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<sup>1</sup> For further publications based on the results of the Opas-project, partially or completely, see Miettinen et al., 2004; Lehtonen et al., 2004; Ventovuori et al., 2004; Miettinen et al., 2005; Ventovuori et al., 2005; Miettinen and Tuomela, 2006; and Miettinen and Paloheimo, 2006

has thus consisted of several different phases; the periods of fieldwork have been preceded and followed by literature studies intertwined with reporting the results to the participants as well as to the academia through written reports and papers. The study at hand is the result of a further literature study and a final analysis of the material collected in the Opas-project.

## **4.2 Research approach**

This study addresses the phenomena related to workplace services through a qualitative research approach. The most important phenomena in this study are the relationships that facility service providers have to other actors in the field of workplace services. The workplace thinking and the changes it is currently going through form the backdrop against which the research findings, results, and conclusions are eventually mirrored. The aim of this study is to describe and understand these phenomena through interpretation of the research material. The research approach, being interpretative and descriptive, can thus be considered hermeneutic. The reality of the research subjects is believed to be socially constructed and individually interpreted (Guba and Lincoln, 1994) thus making the ontological view of this study idealistic rather than realistic.

As the research data was collected with the use of interviews, the subjects of this study are the interviewed persons without whom the study would not have been possible. The interviewees undeniably have an impact on the situation when the data are collected and thus affect the eventual outcome of the study. The research data, collected in interaction with the research subjects, is therefore bound to be subjective and the world thus constructed a relativistic one. Consequently, the epistemological basis for this study is subjectivistic, meaning that no single and objective image of the world of the studied phenomenon exists.

The research methods chosen are qualitative and correspond with the ontological and epistemological background of the study. Qualitative methods are suitable to situations where the aim of a study is to better understand a phenomenon about which only little is previously known (Strauss and Corbin, 1990). In other words, a qualitative approach is applicable when quantitative measurement is not possible due to lacking understanding of what should actually be measured.

In general, descriptive studies aim to fully describe a phenomenon in its natural context (Yin, 1993). This study aims to describe the scrutinized phenomena in their natural setting, and further, provide the research subjects and other similar parties with practical guidelines for future development. Accordingly, the approach is an action research oriented one as well (Dickens and Watkins, 1999). This study also provides an academic contribution to the researchers working in the field of facility services as well as the more general field of workplace services. As a result of bringing together the results of many an earlier study and comparing them with the original findings of this study, the outcome of can be used as a basis for further studies, both qualitative and quantitative. Suggestions for further studies are presented in chapter 6.6 (p. 92).

## **4.3 Research material**

### **4.3.1 Facility services and facility service providers as a research subject**

Facilities services were chosen as the focus of the interviews because they form an integral part of the total workplace service offering and because they are traditionally seen to be those with which the (fixed) workplaces and buildings are serviced. Additionally, the workplace terminology originates, in part, from the facilities services and management field (e.g. Kaczmarczyk and Murtough, 2002; Corenet, 2004) therefore providing a good starting point for this investigation. Facility service can also be considered similar to ICT or HR services in the respect that the client usually pays for the services on behalf of the workers. All services are also utilized so that the performance of the worker could be improved. Due to the similarity of the services, it is probable that the findings of this study will be generalizable to cover other workplace services as well.

From a practical viewpoint, interviewing the facility service providers was a natural way to continue after the first phase had been completed. In this point in time, the ideas about the importance of the collaboration of the service providers and the increased focus on the end users were emerging and it was a natural – let alone the easiest – decision to end the project in the same track among facility service providers. As one of the research partners of the project was from the laboratory of construction and economics and management, studying facility service providers enabled the project to remain a cohesive whole and to produce a joint outcome.

The service providers can reasonably be considered useful informants in issues regarding the collaboration between service providers and other parties to the workplace. This is not implicitly so for questions regarding workers and their performance. Due to the novelty of the research area, however, the clients and the workers may not be able to explicitly express their needs and requirements for workplace services, nor all the prerequisites for work. Therefore, in phase 2, the first research question of this study was addressed through the service providers. External to the actual workplaces the service providers have a possibility to grasp a bigger picture of the most important issues. They can also be thought to take interest in the long-term development of their business towards stronger customer orientation. For these two reasons the service providers, instead of workers or the clients themselves, were considered valuable informants.

#### **4.3.2 Selection of service providers and their representatives**

In the first phase, all the participating organizations were part of the steering group of the Opas project and, thus, no interviewee selection occurred when the study was carried out. Each organization had provided a representative to the steering group and the researchers interviewed this person. In phase 2, however, additional people from organizations external to the steering group were interviewed. The rest of this subchapter discusses interviewee selection in the phase 2 of the project.

In qualitative studies, the research subjects are selected based on their potential relevancy to the studied issues (Eisenhardt, 1989). Therefore, the researchers looked for potential organizations that might be able to provide the study with valuable data. After the most interesting service providers were identified from the field, the CEOs of those organizations were contacted. Most of them agreed to be interviewed for the project. In some situations, the CEO was not directly available but it was possible for the researchers to interview another other person from the managerial level.

The interviews were conducted on two organizational levels. The managerial level interviewees, comprising the majority of the informants, were responsible for the strategic development of their organization's business, including the development of interorganizational relationships. Three supervisors were also interviewed, after being pointed out as potentially useful informants (see Frank and Snijders, 1994, for snowball sampling) by the managers. Two

of these three worked for the same organization. The three supervisors provided the study with practical level insights about the current collaborative efforts and factors related to them.

In the second phase, the strategic level interviewees were identified as follows. The six organizations participating in the research project had named a person that represented their organization in the steering group. This person and any further contacts that they named were interviewed. The researchers asked all of the initial contacts to name additional persons from their organization to be interviewed. Some named other representatives of their organization but a few chose not to involve their organization in the study any further. The additional eight informants were mainly CEOs of relevant service providers that the researchers identified from the studied field. The researchers contacted 12 large facility service providers within the field, and eight of these 12 agreed to be interviewed for the study. This can perhaps be seen to indicate that the studied themes have practical relevance as most of the contacted persons could take the interview time away from their otherwise very busy schedules.

#### **4.3.3 Data collection**

The data for this study was collected with semi-structured interviews. The interviews were organized around pre-defined themes that the researchers considered important prior to the interviews. The structure of the interviews, however, varied from one interview to another as the researchers wanted to give the informants more possibilities to freely discuss issues around the current subject matter, and to give the researchers a better picture of the issues interesting to the research subjects. Additional questions were also posed whenever the interviewees mentioned something that was relevant to the interview themes.

The pre-defined themes directed the course of the interview as the interviewers had the possibility of asking more relevant questions if the respondent seemed to digress too much from the overall theme. The researchers considered the importance of each theme from the point of view of the general research setting and the further questions can be considered to have given more information about the themes at hand. Giving the interviewees more room to discuss issues the most important to them, the researchers were also able to extract information about the interviewees themselves, which serves as an important source of information about the field in general.

It was also possible for the researchers to discuss viewpoints arising from earlier interviews in the later ones, which resulted in a better overall understanding of the research topics. Each interview lasted from one to two hours and, in most cases, was conducted by two researchers. All the interviews were conducted in Finnish, the native language of both the researchers and the informants.

Interviews were carried out in both phases of the study. The data collection in the first phase took place in March-June, 2003, and consisted of eight interviews. Likewise, the second phase was carried out in March-June, 2004, with altogether 19 interviews. Thus, the results of this study are based on 27 interviews carried out between March 2003 and June 2004. All interviews were recorded and later transcribed to textual form. The interview themes for interviews in phases 1 and 2 can be found in Appendix 1 and 2 respectively. In the following two subchapters, both phases are discussed in more detail.

### **Phase 1**

In the first phase, to better understand the interorganizational relationships that affect the service provision for the workers, facility service providers were interviewed. The data of the first phase consist of eight interviews in eight facility service provider organization. In

Table 3 (p. 42), the target organizations are categorized to a dichotomy: the providers of real estate services and user services (see chapter 2.1.1 for definitions). Title or position of the person interviewed is presented alongside the categorization. The code in this table refers to each individual organization and the code is used instead of the name of the organization in order to maintain anonymity. Using the code, instead of no identification whatsoever, enables us to calculate the number of quotations from each interviewee. It perhaps helps the reader to better position the quotations to the background of the facility service industry. Finally, the amount of quotes from each respondent is presented in the right hand side of the table.

In these interviews, the issues related to the purchase of facilities and user services were discussed with a focus on how the services are actually purchased and what the relationships between the service providers and their customer – the real estate owners and the occupier organizations – are like. As partnerships have gained wide popularity in the industry, partnerships were given more attention in the interviews.

As mentioned, the interviews conducted in phase 1 provided the researcher with important information regarding the industry and helped to pinpoint the most important areas for research in the future. The phase 1 was helpful also in giving the researcher important information about the customer relationships that the service providers had at the time of the interviews. Additionally, literature studies performed during the first phase proved to be helpful in the later phase of the project. The increased understanding was utilized in phase 2.

## **Phase 2**

The research material in phase 2 comprises 19 interviews in 14 facility service provider organizations. The interviewed organizations provided various services to different types of customers and to different parts of the clients. The services are intended to benefit the real estate owners, the client, as well as the workers. The services included technical services such as facility maintenance, client oriented services such as reception, cleaning and security, and services offered directly to workers such as catering. In the following

Table 3, likewise for interviewees in phase 1, the target organizations and the interviewed persons are shortly presented.

The interviewed organizations, in both phases, can be divided to two categories based on the way they provide services to their customers. In the first group of nine, the organizations focused on one or two service types as their core business, and in the second group of five, the organizations provided larger service packages consisting of many different real estate and facilities services.

In phase 2, the research questions were centered on how the service providers collaborate with other service providers and how the service providers see the role of the workers in service provision. During the course of the interviews, it soon became evident that the existing service provider collaboration was rather limited and the interviewees were asked about potential benefits and drawbacks regarding future interorganizational relationships and collaboration between service providers. The interview themes for phase 2 are presented in Appendix 2.

**Table 3 Breakdown of the interviews**

| <b>Phase 1</b>                |                      |                                    |                    |
|-------------------------------|----------------------|------------------------------------|--------------------|
| <b>Code</b>                   | <b>Main services</b> | <b>Position of the interviewee</b> | <b># of quotes</b> |
| 1-1                           | User services        | Area manager                       | 1                  |
| 1-2                           | Real estate services | Area manager                       | 2                  |
| 1-3                           | User services        | Development manager                | 1                  |
| 1-4                           | User services        | Manager                            | 1                  |
| 1-5                           | Real estate services | Development manager                | 2                  |
| 1-6                           | User services        | Development manager                | 2                  |
| 1-7                           | User services        | Marketing director                 | 7                  |
| 1-8                           | Real estate services | Director                           | 2                  |
| <b>Phase 2</b>                |                      |                                    | <b>18</b>          |
| <b>Code</b>                   | <b>Main services</b> | <b>Position of the interviewee</b> | <b># of quotes</b> |
| 2-1                           | User services        | Development manager                | 2                  |
| 2-2                           | User services        | Managing director                  | 6                  |
| 2-3                           | Real estate services | Area manager                       | 1                  |
| 2-4                           | User services        | Area manager                       | 7                  |
| 2-5                           | User services        | Development manager                | 5                  |
| 2-6                           | User services        | Technical manager                  | 4                  |
| 2-7                           | User services        | Vice president of operations       | 5                  |
| 2-8                           | Real estate services | Development manager                | 4                  |
| 2-9                           | Real estate services | Chief engineer                     | 3                  |
| 2-10                          | Real estate services | Business manager                   | 7                  |
| 2-11                          | Real estate services | Managing director                  | 2                  |
| 2-12                          | User services        | Development manager                | 3                  |
| 2-13                          | User services        | Chairman of the board              | 3                  |
| 2-14                          | User services        | Managing director                  | 9                  |
| 2-15                          | Real estate services | Chief of operations                | 1                  |
| 2-16                          | Real estate services | Chief of operations                | 1                  |
| 2-17                          | Real estate services | Development manager                | 1                  |
| 2-18                          | Real estate services | Director                           | 5                  |
| 2-19                          | Real estate services | Director                           | 3                  |
| Amount of quotes              |                      |                                    | 72                 |
| <b>Total amount of quotes</b> |                      |                                    | <b>90</b>          |

#### 4.4 Data analysis

In the data analysis phase of the study, multiple analysts can be used to provide richness and accuracy to research findings. Before the analysis for the study at hand, a third researcher analyzed the raw interview transcripts of the second phase. She had not been involved in the data collection and thus performed the analysis based solely on the transcribed interview text. She inductively analyzed the data regarding service provider collaboration and provided valuable insights to the author of this study. The results of this earlier analysis phase form a part of the final report of the Opas project (see Ventovuori et al., 2005).

For Miles and Huberman (1994), the analysis of qualitative data is divided to three phases: data reduction, data display and conclusion drawing / verification. In the data reduction phase, the raw interview transcriptions were edited by the author so as to capture all the issues that

were linked to the subject matter but to cut out all irrelevant portions of the transcripts. In order to save all the relevant material for further reading, the author had to constantly review the material and thus gain further understanding before the real analysis.

The reduced data was then read through, and with the help of Atlas.ti software, inductively organized to categories arising from the data. After the first analysis, a literature study was carried out by the author of this study. An analysis framework was developed based on the literature study and then applied to the analysis of the data. The categorization was systematic content analysis (cf. Mäkelä, 1990) with the aim of extracting all the relevant information from the interview transcripts. The categories consisted of factors related to provision of service, its development, collaboration between service providers and other parties, and the role of the workers in the service provision setting.

The author chose to analyze the service provider interviews under one group. In order to gain a good overall picture of the studied phenomena, service providers with different backgrounds were selected for the study. Had the service providers been classified under headings of different sorts, the overall picture would probably not have emerged. The resulting classification scheme would also have resulted in numerous groups that are rather small in regards to the amount of service providers in each group. The classification is also difficult as service providers are not limited to one service only but perform a variety of services in different sites, albeit in smaller scale related to the main service offered. Strict classification would have resulted in small groups with rather accurate description of reality. This would, however, made gaining a good overall picture impossible. Less strict classification would have been possible but the necessary generalizations would probably have resulted in less than desirable results when it comes to comparing the results with the actual reality of the studied organizations. Therefore, the results from all the interviewed service providers are presented in a single category.

## **4.5 Presentation of results**

In chapter 5, the results of the study are presented. All the information presented in that chapter is based on the interviewees. Some interpretation of results is necessary in a qualitative study but it has been the goal of the author to keep it to the bare minimum. The conclusions based on the results are given in chapter 6.

In order to give the reader a glimpse into the reality of the interviewees, direct quotations from the interviews are given. Quite naturally, the author of this study has chosen the quotations from the total research data. To ensure impartiality of the results, care has been taken to provide quotations that bring out the true atmosphere of the interviews and not the author's a distorted image of that. Quotations from all interviewees are presented and the amount of quotations is fairly balanced between interviews.

The quotations in the next chapter have been translated, word by word, from Finnish. During the translation process, the author has naturally tried to convey the message identical to that of each respondent. To ensure the confidentiality of the interviewees, anything that could be used to identify them has been left out, or replaced with string of characters, such as 'abc.' Other than that, the quotations appear as delivered by the interviewees.

## 5 Results

### 5.1 Relationships between service providers

The relationships that the interviewed facility service providers have to other facility service providers are many times described as being pure service acquisitions from external service providers after one party has agreed upon a deal with their client. One interviewee reports:

*Are there any genuine partnerships in this business, so that companies had committed themselves to certain other companies and be loyal to them in all events? In a competitive situation, we all compete heavily, genuinely and when we get the deal we might purchase services from each other, but it does no mean that we'd be networked in the bidding phase ... everyone tries to score deals independently, alone.(2-18)*

The relationships are also described as being service subcontracting and not combined offers of several service providers. Subcontracting a service is one operational model that the service providers consider to be of a collaborative type. Subcontracting from competitors producing same services as the main contractor is used in geographical areas where the main contractor is not present at the moment. These types of subcontracts are currently only a small part of the total volumes and will probably remain so for the foreseeable future.

*Yeah, we do that. I've nothing against that if someone can cheaper and more flexibly provide services, especially in areas where we don't operate, just go ahead. (2-13)*

*So that we can get the best possible service to the client. It means that in any city where we don't operate, we either purchase the service as a subcontract or help our client to the deal with our competitor in that city. (2-14)*

There exist cases where the service providers work together but these coalitions are not 'glued' together so that the services would always be offered with same organizations. The existing combined offers can usually be found on a single site where the service providers work together to offer a service package for a single client. In the words of one interviewee:

*So far the agreements we have about starting collaboration and their announcements cover only a single site, not any wider areas or longer-term collaboration. (2-18)*

The relationships are based on different arrangements for each situation. The relationships, therefore, are not established in the sense that a set of service providers would always be used to provide a service package, although clients usually want to purchase services in packages that are larger than any single service provider is able to offer. These kinds of relationships were described as unsystematic by one interviewee. The partners for each site are selected separately each time, based on the needs on the situation.

*To my experience, the coalitions vary. We haven't tied our selves with handcuffs to 'abc' so that we go together to each situation, it varies. (2-14)*

The interviewed service providers feel that they must keep their options open and to keep the number of potential future partners as high as possible. Due to the needs of the marketplace, the service providers do not see the various relationships to other organizations as a problem. In the interviews, one respondent stated that they have to be able to operate with their partners in the way as not to aggravate potential future partners and at the same time keep the current partners happy. This can be done when the decision to form a common service offering is made clear to partners on a case-by-case basis. This respondent elaborates:

*The old saying that if you bow to one direction you stick your behind out the other way, I at least say that it has changed so that you must bow to every direction and keep your behind to yourself. You cannot just network with one organization and say that we don't play with others anymore, so they are complex ... these networks zigzag back and forth, and I think that as companies and people, the successful ones understand that they must find their way in the field and bring forth the necessary issues and to say that, in this situation 'yes' and in this situation 'no.' (2-4)*

Although the above-mentioned issues shape the landscape of the marketplace, it does not mean that the service providers do not have 'preferred partners' for finding each individual piece of service for the combined offering. These relationships, naturally, have to adjust to the situation at hand but some service providers nonetheless aim towards more limited amount of interorganizational relationships. When asked about long-term partnerships, one respondent stated:

*Well, no, we don't have so that we automatically, there's little, this competitive situation has its effects, but we have certain favorites and probably we are favorites to certain service providers, for them we are the primary option in some cases. (1-7)*

The service providers cannot naturally 'tie their hands' and be unprepared for a case when their clients already work with a service provider they want to keep on using. The preferred suppliers are used in situations when the clients do not specifically ask for certain other organizations to provide a service in question.

*Our agreements with our partners, they have to be in the nature that we cannot tie our hands, but we have to do what our clients tell us to. But primarily we sell the services of our partners. ... Sometimes the client is just interested in that the services function, cost effectively and smartly. They don't care who the service provider is. Then we have our partner who we offer first. (2-7)*

This seems to indicate that the interorganizational relationships are long-term in nature – perhaps a prerequisite for any relationship building as the amount of actors in the marketplace is quite limited. The long-term nature of the relationships, however, as evident from the discussion above, does not mean that each service would systematically be purchased from the same source. Even though the preferred suppliers may exist, it does not say that the service providers want to 'tie their hands' to any service supplier because it may limit future options. The established relationships, accordingly, are not necessarily something that the service providers want to keep to noise about their current partners. The following quotation elaborates this kind of situation:

*It is the type of collaboration that works now not but I don't know whether it will work in a year or anything. I don't want to tie my hands to it, if, if someone else puts a good product on the market. It's kinda like shopping for cars, one dealership has a good car and it will be the hot stuff. Everyone and their uncle wants it. I'm not gonna be blowing any horns about it. (2-9)*

Even though the above may be the case for most interorganizational relationships between facility service providers, service providers also saw that partners should not be changed too

often. The following quotation describes an alternative mind set to the issue of changing partners.

*When the competition is on, of course it means a lot how we've been served so far. We can't look only at price, we must look at other things, how the relationship has been, have we been ripped off. When something goes as agreed, I'm not gonna change it. Not even if someone else is somewhat cheaper. (2-2)*

### **5.1.1 Significance of customer relationships**

Many service providers have expanded their in-house service offering to cover other supportive services around their core offering. In addition to purchasing services from other organizations, the service providers have expanded their own offering in order to be better able to meet the needs of the customer in-house.

*We live in a volume business, we must grow, and when we do, we must move sideways. Not only that we work with our partners, if earlier our basic business was xyz, now we do mail, gardening, renovations, electrical work in small scale, all that goes sideways. We do a lot of small stuff so that client won't have to go into bidding. When we have a lot of clients, the volumes will multiply quite nicely. (2-10)*

As the in-house offering has broadened and the subcontracting relationships have developed, the relationships between organizations have changed. More and more service providers have become competitors to each other. Additionally, from being pure competitors, the service providers have become also clients and suppliers to other, similar service providers in the marketplace.

*In the way that another bigger company, who is a competitor, can be a major client. Abc is our large competitor but also our major client and then every once in a while we also try to build collaborative offerings on the side. (2-4)*

The service providers want to look at the clients as a larger whole and be able to offer services that meet their needs comprehensively.

*I think that most [collaborations] will be on a case-by-base basis ... we go into the customer needs and take a look. This has led to the situation that companies want to*

*perform all kinds of services ... We do everything you can imagine when it comes to facility services. There's no limit to what we can do. This had also led that we try and take larger packages of our customers needs. (2-13)*

As mentioned, the partnering service providers are, primarily, selected based on the desires expressed by the client. In this sense, the service providers see the benefit to the client as being the primary driver of the selection of subcontractors and partners. In the long-run, it is beneficial for each service provider to be able to provide value to the clients regardless of relationships outside this site and client.

*Of course we try and work together ... the most important is of course taking care of the interface so that the client is happy, we try to do our job, when the client has selected the service providers, we do everything we can so that the client is satisfied and won't be jealous about the limits of the actual agreement ... so that we accept our responsibility whether the companies are selected by us or the client. The client will repay us when they see that we are focusing on their well-being. (2-12)*

The selection of service providers to each situation is, therefore, based on the benefits that the main service provider as well as the client can reap from the relationship. According to one respondent, there is no point in introducing additional service providers if they cannot bring benefits to each situation:

*Well of course, if we feel that we can manage and control a customer relationship, so that that some other party won't have so much to give. But then there are relationships that we find that, by combining our offerings, it is in the best interest of all parties involved. (2-4)*

In the quotation above, the controlling of the customer relationship rises as a new viewpoint. When one service provider can effectively control the interorganizational relationship between the client and the service provider, it is more useful for the service provider to try and control the relationship and to offer a wider service package themselves than to allow other service providers to gain foothold. It almost seems as if the control, or even domination, of the customer relationship is an integral question when choosing between collaborative and competitive relationships towards other service providers.

*This is a question about business, who controls the customer relationship, and it is a very important question. The one who is the primary supplier, they will control the relationship. If something doesn't work, we get thrown out if we are the subcontractor. If we are the number one and something doesn't work, we kick the other one out. And in these situations it is absolutely important question, who controls the customer. (2-2)*

It is evidently important to be able reach a dominant position in the customer relationship, even to a degree that if the primary service provider, for some reason or the other, does not perform up to a par at the site, one of the subcontractors would be able to reach the status of the primary contractor.

*If the client has a contract with abc and we are the subcontractor, what happens to us? We get thrown out. ... But then there's the question if we've been able to show our own profile, and they tell us that you find a partner, our job is to play it so that we will stay and get to be the number one. (2-2)*

It is naturally also possible to arrange the customer relationships so that no single party is in the primary role. When the client wants to have a primary party present, however, it presents some problems for the other service providers, for instance, in the form of weakening trust and openness between the other service providers.

*If we've worked towards a service package, and the client cuts it to pieces and still wants one company to control the deal, it's difficult for the other service provider to open up their files and show prices, agreements, offers, everything. The question is that the situation must not be misused, there must be ethics involved. It's difficult, when the client wants it like this and asks do you want to be included. It's always possible to say no, but only seldom one does. That's the problem. (2-12)*

The organizations do not want to pass on the opportunity of becoming a service provider to an attractive client but, at the same time, are also hesitant towards sharing information with a party that may be in a position to take advantage of the situation. As a result, the relationships between service providers will not become 'deep.' In the words of one respondent:

*There's no other problem, but it's clear that the partnerships won't be very deep. None of us wants to open up to the competition when tomorrow we can be bidding on and competing for another deal somewhere else. (2-18)*

In the discussion above, the terms partners and subcontractors are used interchangeably. This is due to the fact that the service providers themselves see no major differences between the terms and also use them in their own lexicon as synonyms. When asked is there any difference between being a partner or a subcontractor – the answer from the representative of one service provider organizations was blunt 'No.'

*The same suppliers, they are partners in different situations, but real partners, to be frank, they don't exist here. (2-18)*

So there are partners and then there are partners. The subcontractors, if any difference can be made, are smaller or otherwise in a weaker position at the moment. The more equal partners are usually larger organizations with equal opportunities to bring their own know-how and customer relationships to the situation. The relative size, however, will not be the decisive factor in what the relationship between the service providers will look like. It is the clients who have – according to the service providers – the greatest influence in how the relationships between service providers will turn out.

*It's the client, they decide, how it'll be built. ... It's actually a quite democratic situation, if the client has given each company a single vote, everyone will hang on to that vote, no matter what. (2-5)*

### **5.1.2 Expectations and benefits of developing relationships**

One of the most important benefits that service providers expect to gain from increased collaboration with other service providers is the increased quality of the total combined offering. Increased quality means better outcome for the client, which results from more competent organizations doing the job. The capabilities of each organization, focusing on a limited variety of competences, are expected to be superior to other, less-focused organizations. The combined offering is also expected to be more cost effective.

*If the package is functional and everyone develops their own competence, and if the collaboration is good, I think in that situation 1+1+1 will be more than 3. When you have your own organization and others around it, I think that the know-how and knowledge will be better. The question is if we can find the financial benefit, but I think that this way we can build an efficient and a better quality package. ... The challenge is of course how to make everyone work together well. (2-1)*

In order to make the relationships functional, the service providers expect to have open and ‘transparent’ relationships based on mutual trust between parties. Developing certain guidelines to help the initial relationship development would possibly help the relationships to get going. Sharing mutual goals between parties is also one integral part of being in a collaborative relationship, according to the service providers. In the following quotation, one service provider discusses these issues.

*Trust must exist between network partners, in principle we have to have trust and know each other and each other's goals, so that there won't be anything, like no one is doing something behind other's backs, it should be quite open that we are working on this and this... to define some guidelines how do we solve, that ok, in this area we compete and not work together, and then in these areas we will work together. These issues should be dealt with openly. (2-8)*

Relationships must also be flexible enough to offer possibilities for changing the relationship as situations develop. Issues related to flexibility must also be agreed upon beforehand so that the benefits to the client will not be affected in case of changes.

*It's actually quite easy to trip here, both want to be more, in a year the latest both seek growth somewhere, and it will create confrontation and it will be visible to clients in costs. The central thing is to agree on money and flexibility, how do we make it as easy as possible to the client. (2-5)*

In order to be able to develop the relationships, and for instance to gain benefits from the developed trust and guidelines for operational practices, the emerging relationships must be long term in nature. Short-term relationships will not enable the service providers to focus on the relationships to a sufficient degree.

*The long-term nature is one thing, in longer relationships there is room for building the relationship but in shorts ones we can't. That's just the way it is. (2-15)*

The service providers see that their relationships should be of a long-term nature to both their partnering service provides as well as the mutual clients. Another important factor is the arrangement for solving the problems that are bound to arise in any collaborative relationship. It is essential that the possible problems will not be dealt with in a manner that will hamper the operation of the client and their workers. The following quotation exemplifies an approach of one respondent towards problem solving

*The important thing actually, when for example we work with our competitors there, together with the clients, so surely everyone of our people knows that that firm is our competitor and that they do the same things we do, the important thing is that the people on the site won't be the ones arguing over anything. It must not show in any way. ... If we can blow it, it will only come to hurt us both. ... If we want to argue on the managerial level, we can do that, but it must not show on the customer interface. That's what's very important. (2-5)*

In addition to trustworthiness of the partners that cannot be stressed too much, the service providers also placed emphasis on the size of the potential partner. In order to be able to offer nation-wide solutions, the partners must be of a sufficient size and operate in many geographical locations.

*Well, trust is number one. Another is clearly volume, if we offer something on a partnership basis, we can't take small companies as our partners. We can't. Although we speak about the thing with a same name, it's different. And the basic thing is, it must provide something extra for the client. Partnerships for their own sake, it's no good. Partnership must bring something to both, access to new clients, new markets, develop new competences together. That's the starting point. (2-10)*

The mutual benefits, mentioned in the previous quotation as well as in the next one, are also an important part of any collaborative relationship. Unless all parties to the relationship are able to reap benefits, no collaboration – at least not in the long-run – will be possible. In the latter quotation below, the informant emphasizes mutual development of the offering and the

resulting growth of each organization. It seems that the more the interconnected the operation of the parties, the better the relationship would develop to be.

*It's something from which both can benefit. There's no such thing as collaboration if only one party benefits (2-10)*

*Both parties are satisfied, grow and develop together and both can have what's theirs, according to what's right. But mostly it is that we learn from each other and grow together. (2-12)*

In keeping with the similarity of the participating service providers, the strategies of each organization are expected to be similar to those of the other parties. Strategies naturally guide the direction of developmental efforts and can thus be expected to contribute to the applicability of outcomes of shared actions for each partner's benefit. The similarity in strategic focus also results in less overlapping functions and thus less competitive pressures between parties.

*There shouldn't be overlapping functions, at least not over a certain degree. Basically the strategies must fit together. Won't work if there's all the time a certain tension from our competitive position elsewhere. (2-8)*

The building of the relationship will require time and effort from the parties involved. This does not necessarily mean a long time frame; with focus and intensity the relationship can be created in a relatively short periods of time. Generally speaking, the time and effort, on all organizational levels, were considered the only 'investments' required for service provider collaboration.

*We must focus on it. It can be a quick process, but it must be focused on. (2-11)*

The partners in each relationship must naturally understand each other, and for example the goals for and reasons behind relationship building. The partners must 'speak the same language' and also communicate efficiently about the situation at the client's premises.

*Mostly the problem has been that we should be able to speak the same language so that the solution will prove meaningful for both parties. (2-14)*

*For instance, a seminar at client's premises. There are three parties: one brings the chairs and organizes them, one cleans and one provides the catering. They organize the chairs in the evening. The cleaners come next morning and realize the chairs must be collected, and after that the catering should be put available. If there is no mutual communication, the network is extremely inefficient. We could agree on a lot of things and find significant savings. But usually they work independently. And in the end they just point fingers at each other. (2-1)*

The service providers also expect to be able to find new channels for growth through their partners. Finding new opportunities and new clients are thus important expectations that the service providers base place on the relationships that are possibly emerging towards other service providers.

*The greatest benefit from networking to us ... is finding new clients. It's been the biggest benefit. In a way, we get passes from the partners, and we give it to them as well. (2-19)*

The building of the network is a critical phase because the collaboration is just taking place. In several interviews it was stated that the earlier contacts organizations have to other parties will most often be used in building the network when it is done from scratch. One respondent elaborates:

*Seldom they [the network relationships] come from out of nowhere. Usually it is easier to take contact when people know each other. When the people know each other, even though they are competitors you can more openly tell you goals and what you would expect from your partners. (2-3)*

One final and possibly surprising benefit from relationship building is that the relationship itself will provide leverage for the primary service provider to influencing their partners.

*It brings continuity, I know where to contact them. I can perhaps twist some arms unless things move on. ... I know how to contact them, I take their business cards and make the phone ring off the hook. (2-9)*

It is possible that the organizations seeking to work together will simply be too different for any real benefits to be gained from the potential relationship. So it would therefore not be economically feasible to combine the offerings of two different service providers. On the other

hand, because of this reason alone, the organizations expect to focus on their own core competences and to form ‘symbioses’ with other organizations operating in areas closely connected to the core of each individual organization.

*It’s kinda like, only seldom people can be good high jumpers and 200 meter sprinters. When you focus on something, you can become better and better all the time. Take for instance a decathlete and the 200 meter sprinter, in 200 meter sprinting the latter wins. It’s better quality when one focuses on something. Same can be seen in nature. Each species focus on something, climate, temperature, soil and perhaps forms symbioses with some creatures. Pine won’t grow around the world, it thrives only in certain zones. (2-2)*

The overlap of functions and the competitive situation between service providers was already discussed above. It is worth mentioning here, again, that these issues have negatively affected the relationship building thus far. The goal of becoming the main party controlling the relationship will weaken the quality of the relationships to other service providers.

*They think we are their competitors and they think that they do not want to be in a subcontractor’s position. There’s the problem, no one wants to be the subcontractor. (1-2)*

The main contractor role will evidently cause difficult situations for the organization in question when mistakes are made and things go sour with other organizations in the service provider base. While this is the case, the opposite situation is also true: the main contractor will receive all the benefits and praise when ‘everything will flow’ smoothly, like suede. This will result in the benefit of a single party, not the relationship as a whole.

*It’s not necessarily the firm who has performed badly, the end user will not know who the provider was. So there’s lots of times when a guy does his job, and it goes badly or it goes well and the thank yous or the blames go to a wrong party. It’s not really known who the actor really was. (1-5)*

The service providers are also afraid that the network of relationships will be cost ineffective when, for example, two organizations with overlapping supportive functions collaborate. The organizations should be able to perform as a single organization, as it were, and to be able to be more cost effective than each organization could alone be. On a more general note, the service

providers also considered it possible that the cost of any operation will rise when the collaborative mode has been in place for some time, when the ‘honeymoon’ is over.

*It should be more cost effective than any company alone. There’s the big risk that it will become much more cost ineffective if there are two overlapping manager and leadership organizations. (2-4)*

*So the prices won’t go up. Usually when we start to feel well, it’s a problem somewhere. Sooner or later we won’t be able to be competitive anymore. (2-9)*

One factor mentioned was that it is, currently, difficult for the service providers to find and justify the benefits that could be reached through collaboration with other service providers.

*It actually quite difficult, very difficult to point out. Well, indirect can always be suggested, of course, but so that there would be something concrete, it is difficult. It really is. (2-14)*

The somewhat reluctant attitude towards relationship building can, perhaps, be explained by the fact that the service providers do not see that direct, short-term monetary benefits could be attained from working with other service providers. There exists benefits that can be offered to the client, and thus potentially for the service providers themselves in the long run. As mentioned earlier, the service providers expect to find new opportunities for the future through collaboration with other service providers. These expected benefits, however, have not yet materialized, which may play a role in the inactive relationship building in the present situation.

*Yeah, we have used it that way, but let’s say, there hasn’t been anything significant so far, results, but we have used it quite many times. (2-16)*

In literature, one view to interorganizational relationships is that they will provide competitive advantages for the parties involved. This does not seem to be the case for facility service providers at the moment. When asked, can an organization in your line of business differentiate itself through their partners, one respondent said:

*Hopefully we can and in the future it may be possible. At the moment, it doesn’t seem to be taking place. I can’t find any at least. If I think about us or our competitors, it’s not that public or generally known who we work with. But it should be in the future. (2-14)*

The differentiation aspect is one potential future benefit but, at the moment, the interorganizational relationships can actually prove to be more of a drawback than an advantage.

*It requires that the service providers have the courage to commit themselves to something. It feels like everyone is trying to make it work with everyone, so that no deals would be cut off. It's quite clear that if you announce something like this with one company, you will limit a part of the clients out of your reach. And this is probably the challenge in the collaboration currently. Like more courage to take the risk and accept responsibility for something the other company does or does not do. (2-14)*

A similar opinion was received from another respondent, according to whom the service providers should, as opposed to finding new ways of serving clients themselves, become more focused and networked in the future

*I'm bound to think that it'd be beneficial at the moment, instead of trying to expand here and there, it could be beneficial to focus, so that this is what we do, so that these networks would arise. (2-8)*

The risk of losing potential clients through collaborative relationship is perhaps attributed to the client side but some interviewees also openly admit that it is mainly the attitudes of the service providers themselves that limit the amount of relationships in the marketplace today. The following two quotations illustrate this situation:

*We don't want to limit the customer base, it's difficult to find the real synergy to provide the advantage. These two, and the third is still the attitudes of the service providers themselves, not committing to other companies and their fates. (2-14)*

*One is the factors related to attitude. They are the biggest. There's probably also some technical issues, information systems and such. I see it this way, it comes from your ideas whether you want it or not, sort of start to think it in a new way. That's the biggest problem. (2-17)*

The interviewed service providers also expected the clients to take more responsibility in defining the network of partners. This way the clients could get just the organizations they want

to take part in providing the services in a certain facility. The service providers think that to increase collaboration between service providers in the future, the client has the means to positively affecting it. The service providers think that this would require changing the attitudes of the clients.

*So that we can't just call it a partnership agreement. They think it's a partnership agreement, but the fact that we just make a new contract instead of the old one doesn't make it so. It requires also that the clients learn more collaborative attitudes and away from the price competition mentality. (1-2)*

In addition to changing their attitude, the service providers expected the clients to bring out more ideas about how services can be developed, and then sticking to these ideas as service providers are better able to offer the requested service. Improving the service offering, for the service providers, is only a question of understanding the customer needs and securing the need so that developmental efforts will not go to waste.

*Several times in seminars and such, we get the message that this and that service is not available. So one may think that if it's the best possible way, only to complain. So could they perhaps elaborate more on what they need, and surely we can come up with the service if there's real intention to buy it when we have it. (1-5)*

### **5.1.3 Service management**

The issues related to service management, especially when the client has outsourced facility service management to an external organization, were also discussed in the interviews. The role of the service manager is important, among other reasons, because the service providers had run into problems when performing the service in the traditional main contractor – subcontractor setting. In these situations, leading the service centrally is important.

*And if there are a lot of partners someone must have the central role. Otherwise it won't bring anything to the clients. It's basically same as living with individual companies all the time. (2-10)*

The service providers expect the service manager to be neutral, not to provide any of the services they manage on behalf of the client. The objectivity of service purchases of the

manager will be diminishing if one of the bidders is an in-house unit. So the management of facilities services is a service best served alone.

*It works best when the manager won't buy services from their own organization. It won't remain objective. So that all the service providers together develop the services for the certain facility. And the manager just manages it. (1-7)*

Quite naturally, the service providers have to let the client make the decision about the role and responsibility of the external service manager. When asked whether or not the clients should allow the services to be provided and managed by a single party, one of the interviewees said:

*Well of course the background has an effect, it would be naive to say it didn't. But we believe that each company who offers services here, they can decide which roles they want to play and the client then decides which actors they want to work with. So it's their decision whether the management may also provide other services or not. (2-11)*

## **5.2 Service providers' relationships to clients and workers**

The needs of the workers are in constant conflict with the needs of the other parties, mainly owners and the clients who, in case of most facility related services, eventually pick up the bill. One respondent illustrates this conflict from the service provider perspective:

*Of course they are in constant conflict. The users, for example, want renovations here and there and the owner has certain amount of money budgeted there. We have to live with that and listen to everybody and think about what is the relationship between productivity and efficiency in the building, and what's the intelligent way to use their moneys. It's a constant struggle. (1-7)*

The service providers think that the benefits the workers receive will eventually affect the success of the whole network contributing to the service provision. Basically, then, the needs of the workers would be the main driver in selecting facility locations and the services offered within the facilities. In other words, the benefit to the worker would also dictate the level of collaboration between service providers in theory. In practice, however, much more mundane considerations enter the picture in many cases, as described in the following quotation:

*It's the end user who's naturally behind everything. They pay for all the involved parties in the end. But it's very difficult to show in any way that what is the benefit of every potential way of providing the services. ... The location of the facility is so important, the effect of where the managing director [of the client] lives is much more important than how the facility is maintained and how the services are, and what the networks there are like and so on. (1-6)*

The service providers collect information about the requirements of the workers with various methods, mainly questionnaires addressed directly to the workers themselves and the tracking of activities taken in the facility. The problem, however, seems to be that the workers are not so eager in answering questionnaires.

*We log down a lot of things. All the phone calls, reclamations and their amount, we react to them and see that they go forward. And then we as the end users themselves. But there's the problem that they aren't very eager to answer these questionnaires. (1-3)*

The service providers' relationships to the users vary between service providers. The contact to the users may not always be as active as it could be. One respondent illustrates:

*Well, this is an interesting question. The user [organization] is the one who is in the facilities. But the end user is only someone who resides within the organization and gets her feedback from there. So our direct contact to the end user is usually quite weak. (2-10)*

The relationships that service providers have to other network parties could be one significant channel from where the information about the user needs can arise. For the time being, it seems that there is a lot of room for development if the whole network of service providers can be harnessed towards the goal of gathering information about user needs.

*I think it is quite random. Only seldom someone actually notices that, ooh, there's that kind of thing, and informs us to take care of it. Only randomly anything comes through the network. (2-8)*

*To be frank, no. The feedback culture is still in it's infancy. Nothing much comes from there, of course at some point something. Nothing significant. For the development of our*

*services, its not a significant guide for us at the moment. Not as much as it should be. (2-14)*

Even if the information from other service providers is available, the service providers must be able to present calculations about the monetary benefits of the proposed new services. This is natural as clients cannot be expected to purchase services that do not provide benefits exceeding the costs. The problem is, of course, that if the benefits are not directly measurable or if the time span for the effect to take place is long, focusing only on what can be measured will not yield optimal results.

*Of course we have to justify all the services. And in the end, it will lead to monetary issues. We have to be able to show how the client will benefit financially from this or that service. (2-18)*

Although in principle the worker is the most important party for the service provider, the client plays a very important role in practice. The services are of course purchased because the workers are expected to benefit from them. The client, and basically the client's representative who is responsible for service purchases, however, will most often have the final say in all matters. This is because the money comes from the representative and not directly from the workers.

*We have awfully lot been talking about who the customer is. For us and probably for others is the contact person in the client. It should be the people there, of course, but. That's fine in theory we have thousands of customers, so all of them. But it's the contact person, whether there's one or ten or so, that's the most important. To put it nicely, everyone is important but to be realistic, the one who's sitting on the contract or the one who reports to this guy, that's the most important customer. No matter how fine we would like to present it. (2-13)*

All in all, meeting the various needs of the workers is subjected to the decisions the client makes. Service providers give the client the information arising from the customer interface and then the client will decide how the service providers should proceed.

*The way we react to each need, it's of course between us and the client's representative. How they see it. ... And the arising needs we then tell to this person and talk about whether or not we should react, and if we should, in what way. (1-7)*

The agreements that have been made between the client and the owner will naturally shape the operation within the facility. Therefore, the eventual outcomes for the users are, to a degree, defined before the services are provided to the users, or even before the organization moves into the facility.

*The needs come through the site, the type of facility there. So, the type of the site and how they've wanted to position it guides our operation more. The users don't have that much effect ... It's more like how the lease is, and the agreements, it guides the facility about what kinds of services there will be and how it will be developed. (1-6)*

The client has a big responsibility in defining what their workers can expect from services within the facility as the service offering available to the users can naturally be changed according to the needs specified by the client. The service providers describe their relationship to the workers, clients and the real estate owners as a balancing act between the various needs of each party.

*Well, if we go too deep to the needs of the end users, it would be negative. Everybody has their budgets. ... If we have an agreement about the services, we can do anything. If, for example, the owner wants to serve this end user, they can do it already in the bidding phase, find out all the needs and we work from there. That's something to think about. The client has to guide us and take the lead in these issues. (1-7)*

Based on the interviews, it seems that there are various levels of understanding the needs and requirements of the workers. When asked how well the owners take into account the needs of the workers, one respondent said:

*There are a lot of differences in that, but I think there's room for improvement. That many times they think that they know what the users need but then there comes up some surprising thing. So in the end they don't know all they think they do. (2-4)*

In services related to the maintenance and other technical services that directly affect to cost structure of the real estate owner, the owner will naturally 'call the shots.' The information about these decisions, however, may not always reach the users who may be dissatisfied with the services and the facility itself. Based on the owners' and clients' demands, the service providers many times do not have the right to tell the workers about what is in the contract and who is responsible for which actions. So the blame perhaps goes to the wrong party.

*The first gap is the differences in point of views. The user must know that, ok, there's this investor, and they have this kind of facility and they want to maintain this kind of level in there. This level here is rather mediocre, so there won't be any luxuries here. (1-8)*

*The owner is the one calling the shots. But we can take the message forward, what we get from the users. But if we go deeper here, I think the biggest challenges lie, whatever line of service we are talking about, is that the challenges are related to communication, sharing information, and handling relations between people. (1-7)*

So it is important that the workers be better informed about the decisions affecting their working conditions. It was suggested that the network as a whole, on a personal level, will need increased abilities to dealing with problems and handling difficult situations.

*I'd say that we must look at how organizations communicate. People should be better prepared to handle issues, also negative ones. And that's the basic challenge in leadership. (1-7)*

The service providers would like to see the client taking responsibility of sharing the information with their workers. The following quotation is a response to a question about the client's ability to affect the worker satisfaction.

*Well they very well can, and actually they should do it more than it is currently done. Usually the one contact person knows the contract but when we think about a normal office building, where there are a few hundred people, the contracts are known by one or two people. The end users don't have any ideas about what's been agreed upon. Of course they have some concept what the service should be but they have no idea about what their employer has arranged for them. (2-10)*

Sharing of information is important, especially so in the events of change. The service providers also admit there is room for development as they do not understand all the issues themselves:

*Especially when there are cost pressures, if they have to cut costs 10%, fine, if the users are informed they understand. There's the reason why. Otherwise it will go that the cut is made, and everyone wonders why they don't do it anymore. Sharing information is important because people should know why something changed. It's quite seldom done, and more often than not we don't ourselves understand how important that is. (2-5)*

The more there are parties involved in each situation, the more difficult transferring knowledge is – and the more important, according to one interviewee.

*When the investors handle the renting relationship to client and we handle the service after that, and then there are the facility managers involved. So there are easily three parties involved. And then each one sort of juggles with these issues, so who is actually responsible for what issues. Then it's really important that the information is moving between organizations. (1-8)*

### **5.3 Service providers' relationships to real estate owners**

In the interviews, there was a lot of discussion of how the service providers see their ability to affect the value of real estate through their own actions. On many occasions, the initial reaction was that, for example, the services, their functionality, and support of the workers – do not have an effect; it is only the location of the facility that matters. The focus on location as the main or even only factor affecting real estate value is the traditional viewpoint on this issue.

*I don't think so. Not at the moment. There's a lot of discussion about it, if you think about it, it's still here in Finland this location, location, location, location, location, and then in the end some other issues (2-19)*

Several respondents, however, also expressed other views on this subject matter, giving the researchers different viewpoints to the issue. For example, the interviewees elaborated on their feelings on customer satisfaction in the following fashion:

*There is the real estate owner who rents the space to us, and they want money out of it, right? And preferably as much as possible, and they tell us that take this from the customer in your price. And the customer thinks the price-quality ratio is bad and is dissatisfied but they [the owner] get a lot of money. ... If you ask what affects the value of the property, it's the rent and not customer satisfaction. (2-2)*

It is, of course, true that the rents available to the owner of any real estate will ultimately define the value of the real estate. The question, then, becomes that if the customer satisfaction will not directly affect the value of the real estate, will customer satisfaction or dissatisfaction have indirect effect, for instance, through higher or lower rents.

*Of course it can matter quite a lot, the user uses these facilities and they can leave in some time period, and then it affects the profits, can have a big impact. If nothing else renovations for the new occupiers and changes, some of which the owner has to pay themselves, or returns are at least with low profit. So I think it really has an effect. (2-4)*

So it is perhaps possible that the customer satisfaction will affect rents or generate extra costs if the occupiers want to move out too often. Some service providers also felt that these extra costs cannot always be understood or calculated to a sufficient degree, and that their own risk levels from working in the facility will be increased when clients change.

*I think like in all business a satisfied customer affects the profits positively. If the user is satisfied they will pay their rent, without complaining, and may even pay more of it, if they are satisfied with the service. Not too much, but some. Plus it's the same for the owner and the service provider, if we have to change clients, it costs something that is not necessarily priced in any way. If we have one deal, I would rather keep it than change it, even for the same amount of money. Even if the profits are the same, there are a lot of costs that many times we don't understand, plus risks increase. New site, new challenges, new risks. (2-4)*

It is quite natural that a facility on a prime location in a city center will be able to command much higher rents, and thus value, than a similar facility in the suburbs. The question of value, naturally, becomes more interesting when two closely situated buildings are compared with each other based on other criteria than location. While there are a lot of factors affecting, for example, customer satisfaction that may eventually lead to better income or lower costs for the

owner, some service providers felt that services offered in the facility can have an impact on the rents available to the owner.

*For instance xyz in the city center, it's popular, and it's not the cheapest on the market. And it probably can't be based on anything else that it has a good reputation and good services in the building. There are examples of this. (2-5)*

Renovations are sooner or later necessary in any facility. Renovations are a service that has a direct impact on the users of the facility and, according to one respondent, may lead to lower rents for a certain time period. In a response to a question of how services will affect the value of the facility, an interviewee said that:

*If the renovations get delayed and everything is delayed, you have to work during that and all, it's a great disturbance. ... They have an effect because then they have to discuss reductions in rents and all that. (2-19)*

If the occupiers change very often, it may be possible that there is more need to renovations and thus more cause for the other occupiers to become dissatisfied. The service providers would like to see the services as something that is an attraction for the potential occupiers. Service providers are, for their part, one of the parties that affect the bottom line results of the real estate owners.

*I still claim that these supporting functions are definitely a strong selling point. If they really work and are attractive, competitive, through that the whole chain is attractive. And eventually it will serve the owners as well, really. They can fill the space that's available. (2-7)*

When services are easily available to tenants, it is possible to attract new clients to the facilities by offering a service package that requires as little effort as possible from the clients. This is, of course, true only and especially in situations when there are a lot of options to choose from.

*If we're given the chance, I definitely think so. Because we can paint the picture with that. When they come to see the environment, of course they're gonna be thinking about these things. It's one reason to come here, so that you don't have to think about services.*

*... They don't have to think about it, they get done and we can tell the price right away before they make the decision to rent, and they know what everything will cost. All this affects if they will come here or not. (2-7)*

According to the service providers, the unavailability of some services may directly affect the occupancy rates of facilities. In some situations, the service providers felt, it would be in the best interest of the owner to support service availability in order to attain more tenants to the building.

*We can take it another way round, if they want to quit something but it can lead to everything working worse, the building not being as attractive anymore. In some time some companies will leave and new ones won't come. The owners must understand what they focus on. Perhaps they have to compensate some services but if it means the place is 90% full it pays off. Or if they don't and we have to cut the services, then the place is 65% full. These are things that need to be looked at. (2-7)*

Another service provider representative expressed the viewpoint that the collaboration between service providers will affect the total value of the services offered in the facility. He also said that the service providers should be able to work together whether or not there are direct monetary benefits available to the providers.

*Some way or the other the collaboration must work out even if there's not too much money gains for either of us, in a way, it adds to the total value of the services if they work well. (2-6).*

On a final note, the service providers also realize that there a lot of different owners with various interests related to their facilities. For all of them, the questions about the functionality of services in their facilities may not be the most relevant one.

*Investors can have a time span of five years, they can accept certain deterioration if they wait for the economic situation to turn around. It's feasible. Some longer-term owners have different time spans and it will lead to different services. Both can be justified and we can't criticize that, it's their property after all. (2-10)*

If the service providers have the possibility to affect, either positively or negatively, the outcomes for the owner, can the owner do something to help the service providers? Some service provider would like the owners to consider them partners in creating the total environment for the workforce, not just subcontractors doing some menial tasks. For example, the owner should create a lucrative environment for the service providers so that they have every opportunity to perform their services in the facilities.

*If the owners want to have really good services and the facility to be attractive, they don't have to charge the absolutely top price [for services from clients] so that the service providers have the possibility to live there. Sometimes it's heavy price competition and the service providers have to find the way to survive on their own, the owner won't meet our needs and help us. Not even telling the future occupiers about the services. Then the service levels are what they are, it's not feasible, and the service providers just won't survive there. (2-6)*

One of the desired actions is that the owners spread the word about which services are available so that every organization knows what they can benefit from being located in certain facility, and thus create more possibilities for the service providers to succeed in the facility.

*Spreading the word is important, so that everyone knows what we can do, and on what terms, that's useful for everybody. (1-4)*

Some service providers felt that the owner might provide a monetary compensation for a service that is beneficial to all occupiers, and thus for the facility in general. For example, a well-functioning reception service might improve the image of the facility and to increase its occupancy rate. In a similar vein, the service providers felt that some services that all occupiers benefit from should be included, at least partially, on the lease agreement in order to assure that everyone also contributes to the costs.

*The number one is that the owner understands that some services are a must when there are multiple tenants, they have to charge some fee for them. So they can guarantee that everybody participates because everybody uses them. For instance, reception, if it isn't tied to the lease, then there's always somebody who won't pay. (2-6)*

In other words, improving the environment for all parties requires collaboration between the owners and the service providers.

*They are intelligent solutions from the total perspective. For the investor, what is the profit and how to make it better, and the total service offering, they require collaborative efforts. (1-1)*

The service providers would also like to be heard before the building is actually finished. As the conditions for many services are created in the design phase, the service providers believe that their situation would be improved if they were consulted early enough. Some also suggested that the consultants supposed to be able to handle issues related to service provision in the finished facility do not always know what they are doing.

*These days the professional builders, or the designers, architects, they don't have the knowledge what the modern service provision will require. And it will be bad. It's an exception that there is understanding. When we get chosen early enough, we can help them design the facility and use specialized engineering offices ... Yeah, ask us and don't give it to the so called specialists, with all due respect. (2-2)*

At the moment, the service providers cannot, according to themselves of course, have their say on how things should be done to ensure optimal conditions for all the service providers. When asked at which stage in the facility design process the service providers should be consulted, one respondent stated:

*If you think about our modern construction, I almost fell like saying 'should.' Because it's not usually done. All these issues should be taught to the architects in school. Because when you design a building, you either waste or save a whole lot of money in the whole lifecycle in these issues. The best cases are when everything is taken into account on the design table (2-14)*

The aforementioned issues seemed to be most important to organizations offering catering and security services. Nevertheless, also providers of other services felt that suboptimal decisions have been made and that they negatively affect the efficiency of service production. Inefficient operation incurs unnecessary costs for the service providers, and of course eventually, for the clients.

*They've never paid attention to the logistics in this facility. The architect never designed it so that it works ... we count that we use almost one persons efforts everyday because of that. (2-6)*

*The space and how it's organized so that there plenty of room to provide these services. These kinds of things. So that we can get all the services organized. (2-7)*

The quotations above describe the overall situation, because although a few respondents had already worked with owners in the past, also they thought that there is room for development when the owner – service provider relationships are concerned. As there are various different owners with different goals regarding their real estate, there can also be many owners in one complex facility, for example, business parks. This would necessarily make the relationships multifaceted and more difficult to manage.

## **5.4 Summary of results**

### **5.4.1 Improving the outcomes of collaboration**

The relationships that have emerged between the interviewed facility service providers have been rather limited in amount and also been, when present, based on operation on a single site. The majority of the relationships, according the service providers themselves, were closer to traditional subcontracting than partnership. This is the case when partnerships are seen to contain characteristics such as long-term nature, mutual trust, and sharing of risks and rewards. The service providers, however, had aspirations to build relationships of the partnership type, an intention that may be useful in future relationship building.

Although the relationships are basically built over long-term, there is a rather limited amount of continuity between one combined offering and another. The relationships, therefore, can perhaps be called sporadic. The service providers usually operated independently of each other, in the bidding phase as well as when the day to day operation was concerned. Even though some service providers had what could be called preferred partners, they had not committed to these partners in the true sense of the word: the combined offers, when they existed, were usually built on a site-to-site basis with various organizations.

When service providers had made combined offerings, as mentioned, the combination did not usually carry on the next site. Also, service provider did not find it useful to ‘advertise’ for their interorganizational relationship – that is, the service providers did not see the benefit of publicly pronouncing any plans for longer-term, deeper collaboration with fixed partners. The relationships between service providers, therefore, were not seen as a potential conduit of competitive advantage over rivaling organizations. Accordingly, the relationships thus far had not provided the service providers with competitive or any other advantage, such as new customer relationships that were nevertheless expected as an integral benefit of future interorganizational collaboration.

According to the service providers, the lack of commitment to certain other service providers was due to the fact that clients want to choose the service providers, thus leaving little room for the service providers to maneuver. The amount of potential clients would be limited had the service providers chosen to commit themselves to certain other, predetermined organizations. Support for this statement was received from situations where the preferred suppliers were used when the clients did not specifically name any preferred supplier of their own. So the clients are partially to ‘blame’ for the lack of commitment between service providers. If the future relationships between service providers are expected to move more towards partnerships, the clients have their own role to play here.

Another thing that had hindered the development of relationships was that most of the service providers had expanded their offering in order to be able to serve the clients in a more holistic way. As clients want to purchase services in larger packages and from a smaller service provider base, the natural thing to do, from a single service provider perspective, has been to expand their offering to cover service outside of their traditional scope of core competence. Some service providers, however, felt that focusing on a limited amount of core competence can bring benefits both to the service providers themselves as well as to clients, for example, in the form of lower costs and better overall quality of service. The focusing efforts, in turn, will naturally have to be accompanied by efforts to build relationships to other service providers in order for them to be able to meet the needs of the customers. In essence, some service providers felt that stronger relationship between service providers will, in the end, result in stronger, more competitive offerings.

In addition to the overlapping service areas, the commitment to other service providers was limited by the desire of service providers to be the main, or primary, contractor for the client. In other words, service providers wanted to be in position to control the customer relationship and to merely subcontract other supporting services from other organizations. The service providers also stated that clients some time even encourage a competitive setting between the so called partners in one site thus decreasing communication between service providers. This had resulted in, for example, poor information exchange at the site, and effect known as ‘siloining’ in the academic literature. As today’s partners be in a competitive position in future bidding situations, service providers were reluctant to tell much about their own operation to partners at the site, in the fear of any information shared being misused and potentially leading to weakened competitive position in the future. The service providers themselves have the power to try to increase trust and work towards more collaborative offerings. It is also evident from some quotations presented in the results section that the clients have the possibility to limit the competitive situation and thus force the service providers, for example, to utilize less subcontracting and to move towards more collaborative relationships.

As to the questions of what are the characteristics that the more collaborative relationships should have, the service providers provided the researchers with issues rather similar to those found in the academic literature. Trust and openness were integral parts of these kinds of relationships, with also increased focus on the long-term nature of any collaboration. Mutual interests in development and acquiring new clients were also expected. It is evident time and intensive focus will be needed in order for any relationship building to take place. Also, problem solving arrangements and other agreements before any operation takes place are needed to avoid any misunderstanding when the collaborative offering is initiated.

#### **5.4.2 Increasing worker importance**

The service providers were also asked about their viewpoints of workers in facility service provision. One usual answer in question concerning the workers was that the service providers’ contact to them is rather limited, sometimes even almost nonexistent. It was also the case that the current relationships to other service providers provided a rather limited amount of development ideas regarding how the service to the workers can be improved.

As far as customers are concerned, the most important party was, more often than not, the client's representative who was responsible for defining the service level for the workers. Although the current agreements cover the workers, the service providers do not have enough room for taking them into account at the operational level. It was also expressed that the needs of the workers and other parties involved in the facility services were often conflicting and that the decisions taken sometimes result in poor results for the worker. Quite naturally, all the needs of the workers can never be catered to as the owners and other clients have to consider the financial impacts of each decision and to find profits for any investment made. Better meeting the needs of the workers may not always require substantial investments or increasing the volume of service purchases – just better understanding what the workers need might just do the trick.

The problem perhaps was that the understanding of the worker needs is currently limited. For example, sharing information about the services available in a facility, and substantiating for any changes made – according to the service providers – often suffice in better meeting the needs of the users. The amount of organizations involved in facility related decisions is sometimes rather large. In addition to the client and the direct service providers, there is of course the real estate owner, facility managers, any consultant organizations, etc. The amount of organizations involved naturally increases the need to focus on efficient information sharing so that all the available information reaches the parties concerned.

According to the service providers, the type of facility an organization resides in and the lease contract the client has made has a significant impact on the service the worker receives. This is perhaps almost self-evident but the fact seems to be that unless the client knows what to ask for their workers, no one else has thus far been in able to provide assistance in this respect. Until the emergence of workplace actors that take care of the worker needs, the client must therefore be the one to look after the interests of their workers.

### **5.4.3 Common benefits with real estate owners**

Additionally, the service providers were asked about their relationships to the real estate owners. At the moment, the relationships between real estate owners and the service providers were not collaborative nor were they adversarial either. If these relationships are to move towards a more collaborative direction, the service providers have to have something to offer to

the owners. This might come in the form of supporting the owners in improving the attractiveness of facilities and thus in bringing in more tenants.

Many service providers saw that the services offered in a facility have an impact on the selection process the clients go through when selecting the sites for their operations. Service providers believe that service, when present and working fluently, can add to the attractiveness of a facility, and thus eventually the profits of the owner as well as the value of the real property. Justifying these assumptions, however, is difficult as the decisions about locating in a certain facility or leaving another are taken over a long term, thus making it difficult to evaluate the meaning of services in this process.

The results of this study cannot tell whether or not the services actually have any impact on the value of the real estate under scrutiny. The service providers, however, ask for more efforts from the owners towards improving the conditions in which the service providers operate. Increasing the information about available services among the occupiers is one thing, and another one is the desire to be able to affect the facilities already in the design phase. Thus far, suboptimal design has increased the costs of the day-to-day operation for some service providers. By working together more, the service providers believe the costs for all parties can be decreased in the future.

## **6 Discussion**

### **6.1 Improving relationships between service providers**

Dyer and Singh's (1998) relational view suggests that interorganizational relationships can create competitive advantage for organizations. According to Gittell (2002), relationships between service providers can also have a positive effect on the service providers' relationships to their customers. Based on the results of this study, there is a lot of room for improvement in the relationships service providers have to each other. Benefits from relationships between service providers can be reaped, for example, from a combined offering that the service providers have proactively develop to meet envisioned customer needs. Although some interviewees saw the potential for these types of arrangements, not all of the respondents were so sure about the success of more tightly woven networks of service providers.

Collaborative relationships combine long-term orientation, knowledge-sharing routines, complementary resources and capabilities, relation-specific assets, increased trust, and problem-solving arrangements, and mutual goals and interests (Macbeth, 1994; Uzzi, 1997; Dyer and Singh, 1998). Service providers expected to combine similar characteristics in their future collaborative relationships.

Both tangible and intangible investments are usually needed in order to develop interorganizational relationships (Ford et al., 1998). In this study, most interviewed service providers saw only the necessity of an intangible investment. More specifically, 'time', in the form of communication and agreeing on the means of day-to-day operation, was considered necessary. In this sense, the 'investment' is quite temporary and can be expected to diminish as common routines have been developed. Finding and recruiting the 'right' people to certain tasks can also be considered an initial, one-time effort requiring time from the participants.

Trusting and open relationships between network partners are important factors in making the collaboration work (Macbeth, 1994; Uzzi, 1997). The people interviewed for this study shared this viewpoint. Collaborative relationships require certain attitude towards new kinds of business models, in all organizations involved and in all organizational levels. Unless all parties are able to develop their approach, the efforts of other parties might be in vain. In other words, real estate owners, service providers and their customers must be willing to work towards the

common goal in order to reach it. For example, the interviewees found the customer requirement for a main contractor somewhat problematic. Solving this problem requires collaborative efforts between all parties involved.

All of the actors within a relationship in a network must understand the commonly defined goals and act accordingly to meet the interests of all parties (Brinkerhoff, 2002). In order to develop the vital trust, potential pursuit of short-term gains at the expense of other network partners must give way to long-term orientation towards mutual interests. Central to these kinds of aspirations is the intent of transforming from a single organization to a networked organization.

Interorganizational networks must be built on long-term relationships that enable inter-partner learning and a flexible utilization of resources according to customer needs (Jarillo, 1988). Networks in all industries thrive when information from all parts of the network is utilized to the benefit of the whole system (Ellram, 1995). Service providers have to develop new, innovative ways to share information. They must also understand the potential meaning to their partners of the information they possess and have access to, and to be able to pass this information forward in the manner suitable to each situation (Powell, 1990).

Additionally, organizations need to strike a balance between different types of relationships in their portfolio in order to maintain agility and not to become locked in suboptimal relationships (Uzzi, 1997). In other words, networks must become committed enough to enable development but not too 'embedded', as Uzzi calls it, in order to ensure the optimal development of the network.

In order to be competitive, the networks must be flexible and be able to learn from each other so that the relationships can develop (Hamel, 1991). For example, to be cost effective, new practices that do not currently exist, at least not in the interviewed organizations, need to be developed. In fact, the service providers suspected that the current overlap between support organizations will incur unnecessary costs for the network as a whole. Unless the future operations can find ways to cut overhead costs, networking will not be a viable option economically. From a different viewpoint, however, networking is a possibility to lower the overhead costs and thus provide additional, cost-based advantages for the network parties vis-à-

vis their competitors outside their network. Of course, reducing the overhead this way requires that organizations make long-term commitments to collaboration with certain organizations.

At the moment, the interviewed service providers were not committed to working with a fixed set of other organizations. Rigorous price competition, subcontracting traditions, and customers' requirements for building the coalitions on a site-by-site basis were some of the reasons mentioned. Being cost competitive is a natural part of any business but the considerations for finding the lowest price cannot be more important than considerations for finding the highest value. Better indicators and measures of the price/value dilemma must be developed in the future.

## **6.2 Improving service providers' relationships to other workplace actors**

Some service providers believed that their relationships towards the real estate owners could be developed as well. They also felt that the availability of services in a facility may have an impact, potentially even a large one, when clients choose to where they are going to be located. When service providers can increase the attractiveness of a facility – thus increasing the profits of the owner – and when the attracted customers bring more business to the service providers within a facility, the service providers and real estate owners share mutual interests and a relationship that brings competitive advantage to the partners. These advantages may even become sustained as long as no other consortium is able to bring the same customer benefits to the marketplace. Naturally, any operational model must be economically feasible in the long run for all parties.

Relationships with clients can also bring benefits to service providers. Longer-term relationships to clients were expected, among other things, to improve communication about specific user needs, thus improving customer service, and eventually to bring benefits to both service providers and real estate owners alike. Riihimäki et al. (2001, p. 12) also believe in increased collaboration between all parties in the real estate sector. From the facilities services point of view, the development of interorganizational relationships must not be limited to organizations that are traditionally considered service providers. Real estate owners are an integral part of the total workplace service offering, and as a result, can be considered a service provider on their own right. Many interviewees argued that increasing the collaboration

between real estate owners and other service providers will eventually benefit all parties, including the owners and other service providers themselves, but more importantly, the client as well.

As the interests of the service providers and the real estate owners converge, the physical facility can be considered one service in the total workplace service offering. Albeit very different in their characteristics, physical facilities and the service offered in them become, together, the 'facility service' of the total support system for the workers of the clients. Understanding the mutual benefits and sharing the customer relationship towards the common customer thus becomes an important target for future development for both the service providers and the real estate owners.

The interviewed service providers believe that the use of subcontracting, in its current extent, and the site-by-site building of common offerings is based on the requirements of the clients. Service providers are basically dependent on each other in the sites where they work together but also remain competitors outside of the site. It is clear that the development of the operation is suboptimal under these conditions. It is possible to solve some of the problems by developing operations on the site level. On a wider scale, however, the service providers felt that the customer has a role to play in increasing the amount of collaborative offerings. Unless customers encourage and are ready to commit themselves, the efforts of service providers will be in vain. When customers clearly point out the 'rules' and limits of collaboration and competition, the trust between service providers may increase and eventually lead to more efficient operation.

Nevertheless, pointing the finger at the customers will not solve the issue of increasing the amount of collaborative relationships. Service providers named their currently overlapping operations as one factor limiting collaboration at the moment. When overlapping areas exist, problems are bound to arise unless all parties are very open about their endeavors. Developmental efforts will not be efficient when the partners themselves are in constant competitive setting, whether the situation is the result of the action of the clients or the service providers themselves. By focusing on a more limited amount of core competences and using the network relationships as a conduit for finding the complementary services, the service providers can create competitive advantages.

Proactive efforts on the part of the service providers are required in order to respond to other competitive offerings. Ollus et al. (1998), for example, present a process for service providers to build the network *before* the customers announce the desire to purchase services in larger bundles. Among the situations studied in this study, the developmental efforts had largely remained among the client side. Unless combined offerings from networks of service providers are available, the customers cannot purchase services from networks.

Collaborative relationships, however, cannot start directly from a ‘deep’ level. At first, the organizations involved must probably experiment with different kinds of consortia to find the partners with whom the working is most fluent. The currently existing site-level relationships can be used as a stepping stone towards expanding the networks to broader geographical areas as well as to a longer-lasting direction. Expectedly, the easiest way to gain customers to the new coalitions is to approach the organizations that have thus far used collaborative offerings.

### **6.3 Significance of the worker within the workplace**

Organizations are comprised of functions whose activities render services to the workers. A combination of a part of these functions – namely facilities, HR, and ICT – are seen as the workplace functions of the organizations, and the services they render are seen as workplace services to the workers. The outcome of these services is the workplace – or the work setting – that supports the workers in the conduct of their work. To optimally support work, the services these functions render have to be offered to the workers in the form of a combination, a package or a bundle, of services (Joroff, 2001, p. 6).

The concepts related to the workplace can be approached from different directions depending on which perspective is the one under scrutiny. The workplace itself, for the purposes of this study, is seen to contain every form of support that the workers need in order to do their job. This support is achieved through the outcomes of the activities of the workplace functions. These outcomes are the workplace services, although workers themselves may not, or even need not, consider them as services. The workplace services, therefore, are a way to conceptualize the means to a desired end – that is, improved worker performance. The concept of a service is more natural when the service comes from an external service provider. The workplace services, however, are actually a combination of the outcomes of both external and internal units, and thus the workers may not always perceive them as services. Therefore, the

concept of workplace – as the setting supporting the work – may be easier to grasp for the worker.

Davenport et al., (2002) state that there exists a need to categorize workers in order to better meet their needs. The categorization of workers would lead to increased people-centricity as the individual needs of the workers can be fulfilled. Worker categorization, however, is a sensitive subject about which many organizations choose to stay quiet. In the future, the development of customized workplace service solutions may require categorization of workers or the development of customization techniques to enable efficient services to categories of one people. The categorization of work can be seen to present categorization of tasks which the workers perform. Categorization of work then means clarifying the concept of knowledge work and finding the necessary support for each type of tasks performed in the organization.

The client was found to have an important role in defining the services to which the workers are entitled. In essence, it is also assumed that the client, as the employer of the workers and the primary beneficiary from their outputs, is responsible for crafting the workplace strategy and providing their workers with the appropriate resources and supporting functions or arranging them as externally provided service packages. The client is, therefore, responsible for creating the workplace that supports the work of the organization.

The requirements of the workers towards the workplace must be understood in order to develop the workplace towards a more worker-oriented direction (Bell, 2001). The service providers stated on many occasions that the representative of the client is the most important party in defining what kinds of services are offered to the workers. Hence, it is imperative that the person between workplace service providers and client is capable of analyzing the effects of each decision from the worker perspective. In the IRIS model, the internal integrator is a necessary actor in making a workplace functional. Although many parts of the integrated workplace are outsourced, the client nevertheless plays an important part in making the services functional.

According to Ghoshal (1999), it has become clear for the management that attracting and retaining the very best people is a constant challenge. The employed people become the most valuable for organizations through specialization to the organization's business and activities. To specialize, workers need job security in a long-term perspective. Without it, they lack the

incentive to invest their resources, time and energy, to acquire such specialized knowledge and skills that may be very useful to the organization, but may have limited value outside of it. (Ghoshal et al., 1999) It is possible that organizations benefit from a functional workplace that meets the needs of the workers not only because working is more efficient but because attracting and retaining people will become easier. The contribution of the offered workplace should, therefore be analyzed also from this perspective.

At the moment, the problem is that no party seems to own the problem of improving worker performance, one important reason for which is the ‘siloiing’ of the functions contributing to the workplace (Davenport et al, 2002). Siloiing is the result of trying to optimize one part of the total system and it prevents communication between the actors (e.g. Drake, 2003; Corenet, 2004). At the moment, siloiing can – to some extent – be found in the facility service industry. Bell (2001) advocated the move from place-centric to people-centric orientation. Basically, it can be argued that siloiing will produce separate place-centric, HR-centric, or ICT-centric parts of the workplace; not one single people – or worker or employee – centric workplace.

The empirical part of this study did not address the HR and ICT fields. While it is possible that siloiing exists in these areas, this study cannot confirm it. Joroff (2002), however, stated that, in the future, increased collaboration between service providers and internal functions in all workplace service areas will be required. In other words, all workplace actors are expected to provide an outcome-oriented set of workplace services. A solution proposed here is that all parties aim at meeting the needs of the workers of the client, and understand that this goal can only be met when all parties work together towards the mutual goal.

## **6.4 Integration of workplace services**

### **6.4.1 Roles of workplace functions in the future**

At the moment, the ideas related to the workplace still lack definitional clarity, perhaps due to the novelty of the main concept, the *workplace*. The sub concepts are older, of course, ICT being the youngest although it has earlier been called plainly IT, or earlier still, automatic data processing, ADP. Facilities and HR issues have probably been around, in some form or the other, about as long as organizations themselves. Regardless of this fact, the term HR itself is

used in various meanings by both academics and practitioners alike. This is one of the central definitional problems of the workplace concept in the sense it is used here.

Ulrich (1997) sees HRM as contributing to the competitive advantage of organizations by making the workers more competitive. Undoubtedly, this is so but it could be argued that the workplace, then, should be a playground solely for the HR function because we do not need several functions to perform one single task. Or if the workplace management aims at improving worker performance, through offering a combination of facilities and supportive services, isn't this actually the task that HRM has traditionally been expected to perform? And if this is the case, has the HRM function failed to perform to par as new concepts have been introduced? Or is the conceptualization of workplace presented here, if not entirely flawed, but contradictory in itself?

Workplace management (WPM), on the other hand, is a managerial concept that aims at managing facilities, human resource and ICT tools to support the work. Workplace management can thus be seen as the management of the three functions producing the workplace services. WPM can be defined as the managerial effort of managing facilities and technology and leading people in concert to realized organizational goals.

Although the two concepts of WPM and HRM are evidently overlapping, some differences also exist. To start with, the HR function performs tasks that do not directly contribute to improving worker performance. Tasks such as staffing, recruitment and relations to trade unions, although important for the organization at large, do not directly assist single people or groups within the organization. This seems to be the main difference between HR and ICT or facilities function. Barring perhaps considerations of improved organizational image, facilities and technology make little sense – and in fact incur a lot of unnecessary costs – unless they provide for the workers some support in their everyday work.

HRM can also be seen to focus more on the development of the people themselves, for example through training, than on, say, facilities. If the HRM is responsible for developing the people, it can be seen as one part of the WPM that would then be responsible for the development of the workplace setting as a whole.

Additionally, the development of the outcomes of the three workplace functions as a cohesive whole may need new actors to drive the worker performance forward. The new

viewpoint of this kind of workplace thinking, therefore, is the combination of the outcomes of three previously separate functions into one unity. This is a practical way to justify the need for collaboration between the three functions, whether they are internally or externally provided.

What about the outcomes of the workplace functions when managed optimally? The following table presents the author’s view about the tasks that each workplace function should perform to create the integrated workplace. This conclusion is based on the literature reviewed in chapter 2.

**Table 4 Defining the tasks of the workplace functions**

| Function       | Tasks leading to outcomes  |
|----------------|--|
| Facilities     | Organize physical facilities and facilities related services – offer premises for workers  |
| Human resource | Attract, recruit and retain qualified people, develop the competences of workers – provide the organization with people who have complementary competences |
| ICT            | Enable information processing and exchange, enable communication using electronic means – enable easy-to-use technological solutions when and where needed |

The sum total of these three functions, i.e. the total workplace concept from the worker perspective, can be defined as an optimal work setting and improved overall performance of the workers. In this sense all the intra- and extra-organizational support to workers is recognized as one part of the total workplace concept. Among others, managerial efforts and the services from external service providers are a part of the total integrated workplace services offering.

#### **6.4.2 Collaboration across functions, organizations and industries**

The integration of workplace services will require that the services of all workplace service providers are combined in a way most beneficial for the worker. The workplace development must take place in collaboration between intra- and extra-organizational actors by removing the silos that prevent the integration of the workplace to one cohesive whole.

One important question in expanding the collaboration between actors towards an integrated workplace service package is how well the service providers from different backgrounds will be able to work together. From the facility service perspective, it was found that one factor hindering collaboration were the overlapping competence areas of service providers. From a workplace service perspective, this will not probably become a problem because the backgrounds of facilities, HR, and ICT service providers can be expected to be quite different. The different background will naturally manifest itself, among others, in different organizational cultures that may eventually prove to be an inhibitor to collaboration.

As the service providers from different fields are different from each other, how collaboration between them can take place? The proposed answer is that they do not have to initiate the collaboration as an external management organization is probably anyways needed to facilitate the emergence of integrated workplace services. In the IRIS model, this party is called the infrastructure solutions integrator and its role is to combine the offerings from the three fields. Thus far, no party has accepted the responsibility of holistically understanding and supporting work in the modern workplace.

The emergence of service managers, or service integrators, that accept the holistic responsibility for worker-oriented workplace development is necessary. In addition to understanding the needs and requirements of the workers, another central task for the service integrator is to define new ways of measuring the services and their outcomes based on other criteria than price. The workplace service must be able to move from cost minimization to value maximization.

In facility services, the network integrator can be a facility manager many of whom already organize service on behalf of their customers. Some service providers expressed their concern for the problem related to the facility manager performing the double role of providing facility management side by side with other facility services. This kind of situation is prone to create conflicts of interests as well as decrease the trust of other service providers towards the service managers. Although the current operational models related to service outsourcing do not seem to favor it, there should be no reason why the service manager could not be an internal unit, as envisioned in the IRIS model (Corenet, 2004). The emergence of internal service managers can also serve to increase service providers' trust towards service management.

## 6.5 Evaluation and limitations of the study

When planning and carrying out a research project, every researcher is faced with tough decisions concerning, for example, research methods, the amount of informants and positioning the ongoing research against earlier theoretical background. A researcher has to accept the fact that any theory or perspective that he or she brings to the study of organizations, while capable of creating new viewpoints, is also incomplete, biased, and potentially misleading (Morgan, 1997, p. 5). McGrath even goes so far as to say that all studies are inherently flawed because, at best, the researcher can only make trade-offs and choose lesser of evils when it comes to performing research of good quality (McGrath, 1982). This is the dilemmatic view of the research process and the task of the researcher is to identify and avoid, as far as possible, potential flaws in designing and carrying out a study (McGrath, 1982).

In order to evaluate the potential flaws and how they have been avoided, the validity and reliability of the study must be assessed. The validity of a study refers to how well the study will measure what it was supposed and expected to measure (Järvenpää and Kosonen, 2000). In other words, a valid study is able to better understand the phenomena it sought to understand. In order to be valid, a study must also be reliable and credible. Demonstrating the reliability of a study lies in showing that the operations of a study – such as the data collection procedures – can be repeated with the same results (Yin, 1994, p.33). The goal of a reliable study is to minimize the errors and potential biases in a research process (Yin, 1994, p. 36).

It is very hard to provide a watertight case for the reliability of a qualitative study. It is difficult to compare the methods with other studies as the initial conditions are always different. It is impossible to repeat the study and it is also impossible to evaluate if another researcher reached the same conclusions from this data. This is, of course, assuming that the similar data would have been collected in the first place; an unrealistic expectation, no doubt. According to Mäkelä (1990), one way to assess the results of a qualitative study is to see how well the reader can follow the logic behind the researcher's inferences. In this study, the 'trail of evidence' was presented in the form of interview quotations taken directly from the interviews. This has been done to limit the potential researcher bias in any qualitative study.

According to Patton (1999), the reliability of the results is related to the credibility of the researcher, which is dependent on training, experience, track record, status, and presentation of

self. By using multiple researchers and analysts during the entire span of the study, the reliability of the study has improved. The educational background and approach to the studied issues of each researcher were different. In addition, the interviewers had a different background than the interviewees, which compelled the researchers ask detailed questions in the interviews in order to thoroughly understand the studied phenomena. Due to the relative novelty of the context, the researchers tried to refrain from taking anything for granted and were thus able to get to the bottom of the issues. Although the relative newness to the studied issues could also be considered a negative issue, Alasuutari (1993) has pointed out that it may even be beneficial for the researcher not to be too familiar with the research subject in order to be able to ask enough questions.

The credibility of qualitative data can be increased with triangulation (Jick, 1979), which means the use of multiple methods, sources, analysts, or theories to approaching the research questions (Patton, 1999). In this study, the researcher triangulation was used to diminish possible researcher bias and to validate the results to a degree. Two researchers were present in all interviews to provide a wider approach to issues under scrutiny. Although this treatise was written solely by the author, the other interviewer took part in the data analysis in earlier phases of the study.

In addition to the two interviewers, the research data – before the document currently at hand was written – was analyzed by a third researcher who had not met the interviewees in person. This latter analysis was, therefore, based solely on the transcribed interview data. Although the outcome of this study is the direct result of author, the two other researchers have contributed to the development of the ideas behind this study. These factors decrease the potential effect of bias of a single researcher.

All the interviews were recorded and later transcribed by an independent party, thus limiting the reliance on the potential harmful effect of human memory in interpreting the interview situation. Although the recording of the discussion might, in some situations, limit the willingness of the informant to freely discuss the subject matter, it is not probable in this case. All the interviews were treated with confidentiality and this was also explained to the interviewees. The interviews did not deal with personal issues and with only a limited number of factors that could be considered harmful for the organization were the confidentiality of the

interview ever breached. The analysis of the data was systematic content analysis (cf. Mäkelä, 1990), which further reduced the potential bias of a single researcher.

One potential source of researcher bias comes from selecting the theoretical background of a study. The author of the study is responsible for finding and reading earlier theoretical research and the refining his or her understanding accordingly. Getting familiarized with earlier studies will most probably be a sort of a loop or a circle that requires going back to the original sources and finding new ones along the way. The sources for this study were found using database searches with keywords related to workplace services, such as workplace services and workplace strategy, and to other areas, such as partnerships and interorganizational relationships. Further sources were also found by visiting the references of the found articles, books and other sources. No literature review can be expected to provide the same results. As this study is a result of research done over many years, it can nevertheless be expected that the key sources have been found for the theoretical background.

There are, however, factors not directly linked to the researcher in question. For example, the interview situation is always interplay between two or more people and its outcomes will probably vary due to lot of reasons. One is, of course, the researcher but this was already covered above. The interviewee also plays a big role and it is possible that the responses may vary between interviewees, possible even between days for the same interviewee. The overall situation of the respondent will unavoidably affect the outcome of the interview but this can be compensated by performing a sufficient amount of interviews with different respondents. According to Hirsjärvi et al. (1997), a sufficient amount of interviews have been performed when the data becomes saturated, i.e. new interviews provide the same answers and relatively little or no new information is gained by performing additional interviews. During the interviews in phase 2, both researchers felt that the data had become saturated, thus diminishing the potential bias of one interviewee giving outlandish answers.

The validity of the data is also related to how well the interviewed persons and their organizations represent the industry at large. The studied service providers were the largest ones in their respective industries. This naturally limits the applicability of results to only larger organizations and rules out any possible conclusions concerning the smaller organizations in the marketplace. As the customers of workplace services are expected to be larger

organizations as well – due to the novelty of the concepts – focusing on the larger service providers is not a major limitation. The studied organizations also worked in a rather wide geographical area, covering most of Finland, which leaves out a potential bias regarding the location within the country. The interviews in the first phase were performed only among organizations that already were taking part in the project. While this could be a source of potential bias, it should be noted that only one fifth of the used quotations come from the first phase. The funding partners were interviewed in the second phase but by then the researchers had already found additional organizations and persons to be interviewed.

The interviews were also performed on two organizational levels. Most interviewed persons worked on the managerial or strategic level but three out of the total 27 interviewees worked on the tactical level, closer to the customer interface. This enabled the researchers to gain more comprehensive insight into the workings of the interorganizational relationships. The lower level interviewees were found to be asking the strategic level ones for further contacts in their organization. This question was presented only to the organizations that were initially funding the project. Unfortunately, not many of the interviewees were willing to name any further informants from their organization. When using this kind of snowball sampling (Frank and Snijders, 1994) it is always possible that the person choosing the informants is not willing to name informants that might give the researchers a bad picture of the organization. It is therefore possible that the worst situations remained out of reach for the researchers. The organizations that were funding the project also chose the strategic level interviewees by some means that was not always visible to the researchers.

The amount of quotations taken from each interview varies in this study. All of the interviewees, nevertheless, provided at least one quotation that was used in this study. This can be considered a fairly good number as not all respondents can be expected to give as valuable insights to the researchers as the most lucrative ones. On the average, 3,3 quotations were used from each interviewee.

Azevedo (2001) sees the validity of scientific inquiry to depend on the extent to which the results of the study are a reliable guide to action in real life situations. The results of a scientific research are like a map that is valid in so far as it enables its user to act successfully in pursuit of his or her interests (Azevedo, 2001). Kvale (1995) sees the same in the term pragmatic

validity, which means that the results of scientific research are valid – true, in other words – when they assist people to take actions that produce their desired results. If a study is to provide us with guidance to practical action, we have to be able to generalize the results to a wider area. Yin (1994, p. 33) refers to the generalizability of the results with the term external validity.

Langley (1999) states that any research strategy demands tradeoffs among accuracy, generality, and simplicity. According to Langley, accuracy usually conflicts with both simplicity and generality, while simplicity and generality are generally more compatible. A simpler approach, therefore, does not conflict with the desire to generalize the results of this study. In this study, a simpler approach – that of focusing on facility service providers rather than interviewing service providers from all workplace service fields – was selected. Accordingly, although this study may not give new information about the actual service providers in HR or ICT fields, it will provide general guidelines in proceeding with workplace development.

This study addressed the workplace services through focusing on the providers of facility services. In the context of this study, then, the question of generalization of results then becomes twofold: can the results be generalized to cover other facility service providers and what will the results tell us about the workplace service field. Firstly, this study has provided the reader with implications for facility services and with practical implications for all parties concerned. The study has thus contributed to the practical usability of the results. Secondly, the implications for the facility service field can be expected to be rather general as long as the focus of this study, that is larger organizations, is kept in mind. On the other hand, it is difficult to estimate how well the results will describe the situation in other parts of the workplace service framework.

This study analyzes one part of the total workplace service framework, and as such, has probably reached some of the problems that the other parts (HR, ICT) are currently facing. For example, the problems that facility service providers have as regards the building of comprehensive service packages and collaborating with other service providers in the process might be similar in the other two fields as well. A related example, the siloing effect, was found in theoretical literature and is thus expected to hinder the development in all parts of the workplace framework.

Additionally, although different in many respects, facility services also have some similarities to other workplace services. Most of the workplace services are purchased by the organization that employs the people who are expected to benefit from the workplace services. Thus, for example, all the new information regarding the role of the client in creating the workplace is expected to be valid for other types of services as well. The workplace services should form an integrated package that uses similar interfaces towards all service providers regardless of the service they provide.

In order to think about the generalizability of the results, one must also understand the context of work that is potentially done within the workplace service framework. The starting point for workplace thinking, as it is seen here, is that the workplace must offer support for the worker in a manner most beneficial for him or her. Although the work can be tied to a single location, the workplace services are probably usually offered for people with possibilities for mobile and virtual working. The work also will most probably be of the type that uses knowledge as an input and processes it to create more knowledge as an output. The work is thus immaterial and can be labeled under the heading of 'knowledge work.' This type of work is generally described as being consisted of non-routine, non-repetitive tasks. The work can also be done independent of time and place. Although knowledge work may contain several types of tasks, these characterizations are what separate it from more traditional work (e.g. Davenport et al., 1996). So the work within the workplace described in this study is expected to be knowledge work.

Finally, it should be mentioned that a part of the results discusses potential future ways of doing business that are not currently functional in the marketplace. This is especially true for conclusions about the issues related to workplace outside of the facility services sphere, but to some extent, also for service providers' expectations towards interorganizational collaboration. Organizations will face new challenges every day and it is possible that the challenges in day-to-day operation will be different from those anticipated in theoretical discussion. This study has, however, sought to build a solid foundation on which to build when moving towards practical applications of the results presented here.

## 6.6 Suggestions for further research

This study has focused on workplace services, and more particularly, on facility services. As facility services form only one part of the total workplace service framework, a natural direction for future research would be to perform similar studies within the HR and ICT sectors as well. Due to the novelty of the workplace related issues, more understanding is required about how the offerings of the different service providers can be combined to form packages that optimally support the end users of these services.

The workplace is a worker-oriented concept and must be approached accordingly. In order to create service packages for the workers, new understanding about the needs and requirements of the workers is required. Understanding work will probably require categorization of the workers within organizations in order to make the customization of service packages easier. Understanding tools of mass customization and their application in the field of workplace services might also be required. In order to make the service functional, performance indicators will have to be developed. It is suggested here that these performance indicators for the services should be worker-oriented and aim to enhance work conditions.

The understanding of the workplace as a combination of services is still a rather new one. Essentially, this means that several changes are probably necessary, and also inevitable as well as desirable, when the ideas presented here and in other publications are transferred to practice. The composition of services within the workplace framework has to be studied further, naturally from the worker perspective. For example, services related to day care, schooling and housing are not part of the workplace as envisioned in the theoretical background of this study. Only services that the employer has traditionally offered for workers have been included in discussion. As organizations seek to attract and retain more qualified workers, it should better be understood what are the factors that affect the decisions to be employed by certain organizations and what extra-work service need to be included in the workplace package to optimally support working.

The performance of workers is affected by additional factors, which have not been covered in this study. Factors such as job satisfaction, self-actualization, salary, rewarding, managerial support, organizational culture, etc. have an impact on the performance of the workers. These factors have been omitted from this study as well as from many other discussions of the

workplace. One important thing to note here is that the research about the workplace is heavily concentrated in the facilities and real estate sector. Consequently, many of the sources cited in this study are from the field of facility management. To drive the workplace thinking forward and to ensure it does not remain solely in the FM field, future studies should address the issue of worker performance from a holistic viewpoint combining literature from several fields of academic inquiry.

The workplace is created in collaboration between many different organizations coming from many different backgrounds. Creating workplace service packages can be expected to run into some problems when different kinds of organization have to work collaboratively. Issues related to organizational culture, among others, have to be incorporated in the future studies that address the integration of the workplace services from different fields.

## **6.7 Practical implications**

Service providers have to be active in developing new interorganizational relationships proactively. Service providers may also dedicate efforts towards defining quantitative measurements with which the improvements can be translated to the language that the management better understands; that is the language of quantitative measures of the returns of investments.

Real estate owners can be expected to do better vis-à-vis their competitors in the future if the services offered in their facilities outperform those of the competitors. Effective service development can take place only in long-term collaboration with other service providers. This is the most important practical implication the real estate owners can take home, or rather, to work from reading this study. Taking the service providers into account in all phases of the facility life-cycle, all the way from through every step of the operational life of the facility, will eventually benefit the owners as well.

Finally, the clients must organize their internal workplace units so that any silos will be removed and all parties understand the significance of serving the worker as efficiently as possible. These internal units operate as an interface towards external service providers and the efficiency of the internal units will affect the efficiency of the utilization of externally provided services. Like the real estate owners, the clients will have to develop long-term relationships

towards their service providers. Additionally, if the service providers are unable to initiate collaboration, the clients will have to take responsibility of 'showing the way' in this respect.

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## **Appendix 1. Interview questions in phase 1**

What business are you in?

What kinds of customers do you have?

What kinds of relationships you have to your customers?

Which factors characterize your customer relationships?

Are there benefits / risks associated with different types of relationships?

How will the relationships be developed in the future?

Do the end users have an effect on customer relationship?

What does partnership mean to your organization?

Why do you enter into partnerships with your customers?

Which services are usually purchased using partnerships?

Are there benefits / risks associated with partnerships?

What are your expectations towards partners?

What are the success factors of partnership?

Could the potential benefits of partnering realized in other ways?

Do you collaborate with other service providers?

Does the size of the partner have an effect on collaboration?

Is there any potential for smaller service providers in your network of partners?

## **Appendix 2. Interview questions in phase 2**

What are your relationships to other service providers like?

Do you collaborate with other service providers?

In which services do you collaborate with other service providers?

How does the collaboration take place in practice?

Why and how has the collaboration taken place initially?

How did you choose your partners? Or did they choose you?

Are there problems in your current relationships?

Should the collaboration between service providers be increased?

How could the collaboration be increased in practice?

What benefits / risks do you expect to result from increased collaboration?

Which factors improve or limit the possibilities of service provider collaboration?

What do you expect from organizations with whom you create partnerships?

Are any investments required to build intercompany relationships?

What services should your partners provide?

Can you collaborate with organizations that provide the same services as you?

How do you collect information about end user needs?

How are end user needs taken into account in service provision?

How do end users needs affect service planning and design?

Is the information related to end users shared between service providers?

Does the end user satisfaction have an effect on real estate value?

Has the client thus far had any effects on service provider collaboration?

How could the client improve relationships between service providers?

How could the client improve end user satisfaction?