

SHARED VISION AND PARTNERSHIP SUCCESS

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ABSTRACT

The main objective of this research was to understand the role of shared vision on the partnership success, partner's satisfaction and organizational profitability. The data was collected through 2200 partners of 1100 partnership businesses. Regression analysis, structural equation modeling, barron and Kenny methods and Sobel test was used to analyze the data. Analysis revealed that shared vision has a strong positive influence on the partnership success, satisfaction and profitability. Results also indicated the partial mediation of satisfaction on the relationship of shared vision and profitability.

1. INTRODUCTION

A partnership is the term for an organization of individuals or an unincorporated company with the significant features like designed by contract, identified by two or more individuals, and the entrepreneurs being all individually responsible for any lawful activities and financial obligations. All associates in the same way share both liability and liability based on partnership deed (Megginson, L. W., Byrd, J. M., Scott, R.C. & Magginson, C. L. al., 1996).

Evaluation of the benefits and drawbacks of sole-proprietorship and partnership shows that partnership has more benefits as in comparison to only proprietorship. Most apparent of the benefits is that due to many individuals, more funds can be raised and obligations separated to create company more effective. But the framework of partnership is more complicated and challenging due to the participation of more people with different goals/desires and choices as in comparison to sole-proprietorship. There are possibilities that partnership may not endure if possession framework is not fit/appropriate/responsible one. In situation the partners do not believe the fact on certain factors, it may break. Therefore, each such condition/matter should be determined and monitored to create such ownerships effective. As such every possession with several parnters is quite complicated in characteristics and should be managed properly (Megginson, L. W., Byrd, J. M., Scott, R.C. & Magginson, C. L. al., 1996).

“Vision is a mental image that guides the organization philosophy and actions” (Hord. S. M., 2004). It is the power that guides to make decisions, overall business actions and growth. Perspective, when shared, encourages the genuine devotion (Hord. S. M., 2004). Power with a dedication/devotion brings towards achievements (Louis, K., Toole, J., & Hargreaves, A., 1999). With shared vision it no more issues what we think but what ideas we discuss with the team, in other terms, shared vision is the factor where we actually harness the horses so that we can get some work done (Fitzgerald, D., 2003).

According to the Statistical Abstracts of the United States (2004-2005) the least typical lawful ownership is partnership that is only 8% of the all businesses whereas the amount of sole-proprietorship is 72% and amount of organization is 20% and the cause that is determined for low amount is great failing amount of partnership. However in Pakistan scenario is even more intense where partnership is only 2% of the total lawful ownership (Pakistan Economic Survey, 2005).

1.1 Knowledge Gap

Number of researchers conducted the studies on partnership like Mohr, J. and Spekman, R. (1994); Kent Buse, K & Harmer, A. M (2007); Dowling, B, Powell, M, & Glendenning, C (2004); McKenzie, J & Van Winkelen, H (2006); Kanter, R. M (1994); Vangen, S and Huxham, C (2003) etc., with respect to cooperation among companies but none of them has settled the success factors with respect to individual business owners as partners. No study has so far been conducted to understand the factors associated with the success of partnership/ownership relationships with respect to shared vision. Therefore the focus of this study is to understand how to make partnership successful. The study is to understand the effects of shared vision on partnership success. Moreover the study also focused on determining the role of satisfaction as a mediating variable on the relationship of shared vision and profitability.

1.2 Statement of Problem

This study is designed to investigate how far shared vision influences the partnership success. Moreover the investigation explores the questions of satisfaction mediating the relationship of the shared vision and the profitability.

1.3 Objectives

This study aims to achieve the following objectives:

1. To develop a model indicating a positive relationship between shared vision and partnership success.
2. To test the model on the partners of small businesses.
3. To analyze the impact of shared vision on the partnership success, profitability and partners' satisfaction.
4. To examine the mediating role of satisfaction on the relationship of shared vision and profitability.

1.4 Significance of the study

Theoretically the study is expected to make a substantial contribution in the body of knowledge by identifying the contribution of shared vision as well as moderating role of owners' contribution and mediating role of satisfaction towards partnership success. Findings would help in understanding the shared vision and partnership philosophy. Secondly the study is expected to contribute practically through identification of the relative contribution of factors of ownership leading to success and help public/private sector to alleviate the burden of more than 3.66 million unemployed labor forces (Pakistan Economic Survey, 2010).

2. LITERATURE REVIEW

Lack of shared vision is one of the important reasons of failure of ambitious goals (DuFour, R. & Eaker, R., 1998). According to DuFour and Eaker (1998) a clear vision provides the insight of how people operate towards the attainment of the common goals. Creation of shared vision is dependent on the level of commitment to fulfill the expectations (Huffman, J., 2003). Shared vision offers challenge as it addresses not only change in thinking but also professional practices (Hord, S. M., 1997) and also leads to the high expectations towards setting and attaining the mutual goals (Cowan, D. F., 2003). A true shared vision is only possible if the individuals align their personal interpretation and values with formal vision of the group (Huffman, J. B. & Hipp, K. K., 2003). The best way to develop the shared vision is to develop the harmony among the partners about the common interests and unified direction for the attainment of the goals (DuFour, R., DuFour, R. & Eaker, R., 2008). According to Huffman, J. (2003) organization with sustaining shared vision shares the similar characteristics. Shared vision is responsible to develop the norms, values and behavior which further guides in decision making (Huffman, J. B. & Hipp, K. K., 2003). Shared vision motivates the partners, sets direction for the business, establishes the standards to follow, provides guidelines for the action plan and creates their proactive orientation (DuFour, R. & Eaker, R., 1998).

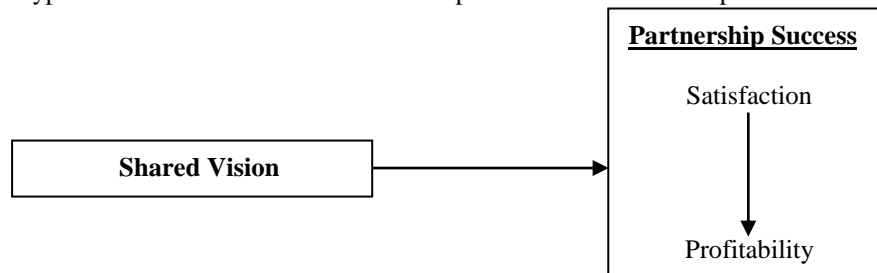
According to Mohr, J. and Spekman, R. (1994) there are two indicators of the partnership success i.e. objective indicator and affective indicator. Objective indicator is related with performance of the organization. Objective indicator i.e. the performance grows strong as the partners believe that mutually set goals would be achieved and once met will enhance the company strategic position (Mohr, J. & Spekman, R., 1994). Upon the goal achievement objective indicators are confirmed so the success of partnership. Affective indicator i.e. satisfaction is the belief of partners that success is determined on partners performance to achieve the performance

expectations (Anderson, J. & Narus, J., 1990) and partnership will exist only when satisfaction is met and performance goals are achieved (Mohr, J. & Spekman, R., 1994).

The review of the literature so far cited suggests that more successful partnerships are expected to be characterized by shared vision than are less successful partnerships. The following figure summarizes the hypothetical interaction of the variables, thereby helping to generate/develop hypotheses:

3. THEORETICAL FRAMEWORK

Figure: 2.1 Hypothetical Interaction of the Partnership Attributes to Ownership Success



The above relationship is a proposed on partially utilizing the model of Mohr, J. and Spekman, R. (1994)

4. HYPOTHESES DEVELOPMENT

Based on the research model developed for the study, following hypotheses were generated

H1. Shared vision among partners results in the success of the partnership.

H2. Shared vision among partners results in the partners' satisfaction.

H3. Shared vision among partners results in the profitability.

H4: Satisfaction mediates the relationship of shared vision and profitability.

5. METHODOLOGY

This study deals with on independent variable i.e. shared vision and two indicators of the dependent variable i.e. ownership/partnership success, namely performance of the organization (in terms of the profitability of the organization) and satisfaction (how much the partners are satisfied with the relationships and overall performance of the organization). The universe was partners of different small businesses.

A sample of 2200 partners was drawn from partners running small business in the Province of Punjab, Pakistan through Stratified Random Sampling using the proportional allocation technique.

To measure the shared vision three items for measurement were adopted from a scale developed by Sinkula, J. M., Baker, W. and Noordewier, T. G. (1997) and one item from the study by Baker and Sinkula (1999). To measure the satisfaction and profitability the scales developed by Mohr, J. & Spekman, R. (1994) were adopted. A five point likert scale was used. Sets of data were analyzed through SPSS version 17. Reliability of the measures was determined through alpha reliability test. Alpha reliability values were as per the standard ranging from 0.81 to 0.97 indicating the strong internal consistency of the tools being used. Convergent Validity, Discriminate Validity, Content Validity and Construct Validity were also measured and found well in range. Descriptive statistics were calculated first. As in Structural Equation Modeling (SEM) two models are generated. One is Measurement Model that determine how accurately measured variables are defining their respective concepts whereas the second is Structural Model that determines how well latent constructs are relating to each other. Keeping in view the benefits and suitability of the analysis tool the researcher selected SEM for analysis. Structural Equation Modeling (SEM) was used for confirmatory analysis as well as to measure the causation among dependent and independent variables. Whereas to measure the mediation Barron and Kenny method (1986) along with Sobel test were used.

6. DATA ANALYSIS

2200 partners from different type of businesses responded to the questionnaire. 1953 questionnaires were found healthy to be included in the study. Most of the valid responses (18.7%) were from the most developed and

populated city of Punjab namely Lahore indicating better understanding of the tool and responsibility of the respondents. Almost equal with little variation, valid responses were received from remaining 5 divisions.

6.1 Testing of Hypothesis

Before testing of hypothesis the soundness of the measures of the conceptual model before checking the causality of the variables were checked by Confirmatory Factor Analysis. The results of the soundness of the model is depicted in Table 4.1. CFA technique uses maximum likelihood method and is based on the comparison of variance-covariance matrix obtained from the sample to the one obtained from the model (Zakuan, et al., 2010). All indices revealed good fit of model.

Table No. 4.1

Confirmatory Factor Analysis (CFA) of Partnership Attributes: Model Fit Summary

Model Fit Indices	Shared vision	Satisfaction
No of Items	4	31
CMIN/Df	1.944	1.420
GFI	.914	.968
CFI	.919	.981
TLI	.901	.901
RMR	.030	.022
RMSEA	.060	.046

Source: Field Data

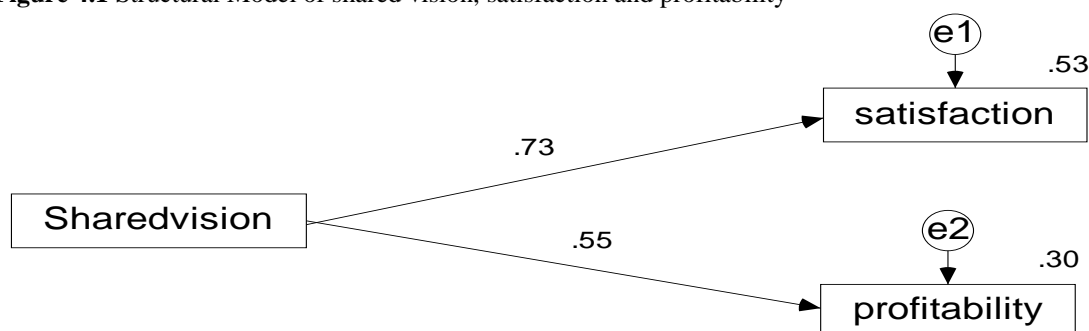
All indices revealed good fit of model.

First hypothesis was tested using the regression analysis whereas for the second and third hypothesis causation model (structural model) was used. For the fourth hypothesis the method developed by Barron and Kenny as well as Sobel test was used.

Structural modeling analysis yielded following empirical findings:

The result of the first hypothesis that shared vision among partners results in the success of the partnership ($\beta = .667$, $p < 0.05$) revealing that shared vision has an impact of almost 67% to the ownership success. The result is confirming the findings of the study by Hyatt, K. (2011) who found a significant relationship of shared vision with outcomes. The second hypothesis of the study that shared vision among partners results in the satisfaction ($\beta = .73$, $p < .005$) showing 73% influence of shared vision on satisfaction. The results are consistent with the findings of the studies by Niehoff, B. P., Enz, C. A. and Grover, R. A. (1990) and Hyatt, K. (2011). Third hypothesis of the study that shared vision among partners results in the profitability ($\beta = .55$, $p < .005$) showing shared vision has a 55% influence the profitability. The finding is in line with the result of the study by Pelley, R. (1993). In nutshell shared vision is imperative for the profitability of the organization. Fourth hypothesis of the study that satisfaction mediates the relationship of shared vision and profitability (Sobel Statistics: 25.04405461, Barron and Kenny Statistics: both variables i.e. shared vision and profitability remained significant) showed that satisfaction partially mediates the relationship.

Figure 4.1 Structural Model of shared vision, satisfaction and profitability



Source: Field Data

7. CONCLUSIONS

Based on the data analysis, following are the conclusions:

1. The research model indicated a positive relationship between shared vision and partnership success, shared vision and satisfaction and shared vision and profitability.
2. Shared vision found having more effect on satisfaction as compared to profitability.
3. Satisfaction partially mediates the relationship of shared vision and profitability.

8. RECOMMENDATIONS

Based on result of the present empirical studies following suggestions are extended for partners of small business and equally useful for the private and public sector institutions of Pakistan:

- Partners must understand the fact that ownership success does not mean mere satisfaction or mere profitability rather it is the combination of both. So to be successful the partners have to put efforts for both.
- Partners must ensure the presence of shared/mutual vision. In case if the shared vision is low, measures should be taken to make it high.
- Banks, business angles and venture capitalists may add the review and presence of shared vision among the partners success in the overall evaluation criteria while assessing the case of any specific party.
- SMEDA may develop training material covering all the aspects of developing a vision statement, creating the understandability of importance of shared vision and the usage of shared vision for the benefit of the organization as well as partners.
- Background of the partners may be studied to find out whether their varied background affects the shared vision and partnership success or not.
- Family business with partnership may be studied to find out whether the family partnerships stronger shared vision as compared to non-family partnership.

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