Performance Measurement in Public-Private Partnerships: Learning from Praxis, Constructing a Conceptual Model

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Introduction

- Inter-organizational relationships (IORs) are a popular tool for public organizations

- Can present difficulties for performance measurement (PM)
  - Increasingly demanding PM data from partners (Stein and Short, 2001)

- Focus is on PM in public-private partnerships
  - Growing trend (Ghere, 2001; Savas, 2000)
  - Develop conceptual model for assessing partnerships that is grounded in IOR literature
Defining Public-Private Partnerships

• Voluntary arrangements between organizations from different sectors, anchored by agreements, to promote the exchange, sharing, or co-development of products or programs (Gulati and Gargiulo, 1999)

• Public-private partnerships not new but are increasingly used by government (Kettl, 1993; Nagle, 1992; Salamon and Elliott (Eds), 2002)

• Numerous institutional arrangements (Rousseau, 2000; Savas, 2000; Salamon, 2002)
  – e.g., franchises, vouchers, contracts, intergovernmental agreements
Partnerships Differ from other IORs

• Mutuality (degree of equality in decision making) in the interactions among organizations

• Each partner has individual identity and competitive advantage as separate organization enhanced through partnership (Brinkerhoff, 2002)

• Agreed goals and responsibilities
Four Types of Partnerships

1. **Joint-production:** organizations work together to accomplish the joint production of some good, service, product or program
   - e.g., a university provides economic development classes for communities

2. **Exchange/swap:** organizations exchange or swap goods/services
   - e.g., agency offers flexibility on regulatory compliance in exchange for additional tasks

3. **Relationship change:** organizations partner to achieve relationship changes that alter existing processes
   - e.g., government and industry conduct technology transfer activities in which innovation is a by-product of adaptation

4. **Fundamental transformation:** organizations partner to achieve fundamental changes in the core mission of all partnering organizations
   - e.g., NSF offers grants for universities to become highly involved in K-12 math and science education
Performance Measurement

- The selection and use of quantitative measures of program capacities, processes, and outcomes to inform the public or a designated public agency about critical assets of a program, including its effects on the public (NRC, 1999)

- Different types of PM:
  - Market-based: Issues of interest to clients and customers
  - Profession-based: Standards of good performance by an organization
  - Management-based: Measures of operation of the organization
  - Government-based: Indicators of whether programs or organizations are making wise use of public monies
  - Interagency-based: Indicators designed to bridge the standards used by agencies regarding operations and implementation
Themes from Praxis Literature

- Partnerships are not built in a day
  - Require trust built upon previous relationships
- Lots of Chiefs and not enough Indians
  - Tend to focus on opportunity rather than effort
- Utility of expressing shared vulnerabilities
  - Need to have open and frank discussion of risk to organizations
- Administrative partners vs participating partners
  - Need to have multiple champions at all levels of organizations
- Tragedy of turnover
  - If relationship is one person deep, then problem if key person departs organization
- Recognizing the full range of transaction costs
  - Unanticipated interruptions in day-to-day work
Themes from Praxis Literature

• Establishing an acceptable distribution of the costs of the partnership
  – Common to try to have partnering organization adapt to your organization’s administrative procedures

• Delicate balance between trust, perspective, and going native
  – Difficulties arise when manager tries to over-represent the interests of the partnership over home organization

• Rewarding partnership skills and activities
  – Need to reward skill sets of partnering

• Locating the value of partnership
  – Need to recognize spillover effects of partnerships

• Partnership longevity may not be an indicator of success
  – If goals are limited, then success not measured in continuation of partnership
Theoretical Framework of a Partnership Model

• IOR and public-private partnership models rarely address outcomes (Gulati and Gargiulo, 1999; Provan and Milward, 2001)

• More common for studies to explain reasons for formation and structure of partnership rather than subsequent actions and value-added to partners (Oliver, 1990)

• Difficult to articulate when an IOR failure has occurred
Partnership Conceptual Model

Stage One: Partnership Preconditions
- Embeddedness
- Strategic Needs

Stage Two: Partnering Activities
- Partnership Formation
- Partnership Operations

Stage Three: Partnership Outcomes
- Process Outcomes
- Performance Outcomes

Rival Explanations
Stage One: Partnership Preconditions

- **Embeddedness**: the number and types of relationships that organizations have with one another prior to development of partnership
  - Can be positive or negative

- **Strategic needs**: the types of resources and legitimacy needs confronting organizations and whether there is a congruence or complementarity in these needs
Stage Two: Partnering Activities

• Partnership formation: the types of agreements regarding the goals, resource allocations, and responsibilities of each party, i.e.
  – Partnership goal
  – Partnership agreements
  – Partnership focus
  – Partnership complexity

• Partnership operations: the actual behaviors in which the partners engage, i.e.
  – Partnership interdependence
  – Transaction costs
  – Partnership communication
Stage Three: Partnership Outcomes

• Process outcomes: the qualitative and quantitative assessments that measure whether the partnership achieved the goals and duties of operation

• Performance outcomes: assess such improvements as in the working environments of the organizations, transfer of knowledge between organizations, or increased ability to quickly innovate
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Rival Explanations
Conclusions

• Assessments of partnerships typically do not engage the organizational arrangements between partners

• Public partners are demanding info from each other to gauge effectiveness of their participation in partnership

• Developed a conceptual model for a PM system to assess public-private partnerships
  – Stage model that builds from pre-existing conditions, through partnership activities, to outputs and outcomes
  – Designed to locate value of partnership both in terms of achieving agreed goals and objectives, and contributing value back to partnering organizations

• Future research opportunities: develop PM systems that track and incorporate the full range of IOR arrangements in which an agency might engage
Contact Details

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  http://www.prism.gatech.edu/~gk18/STEM

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