

# 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



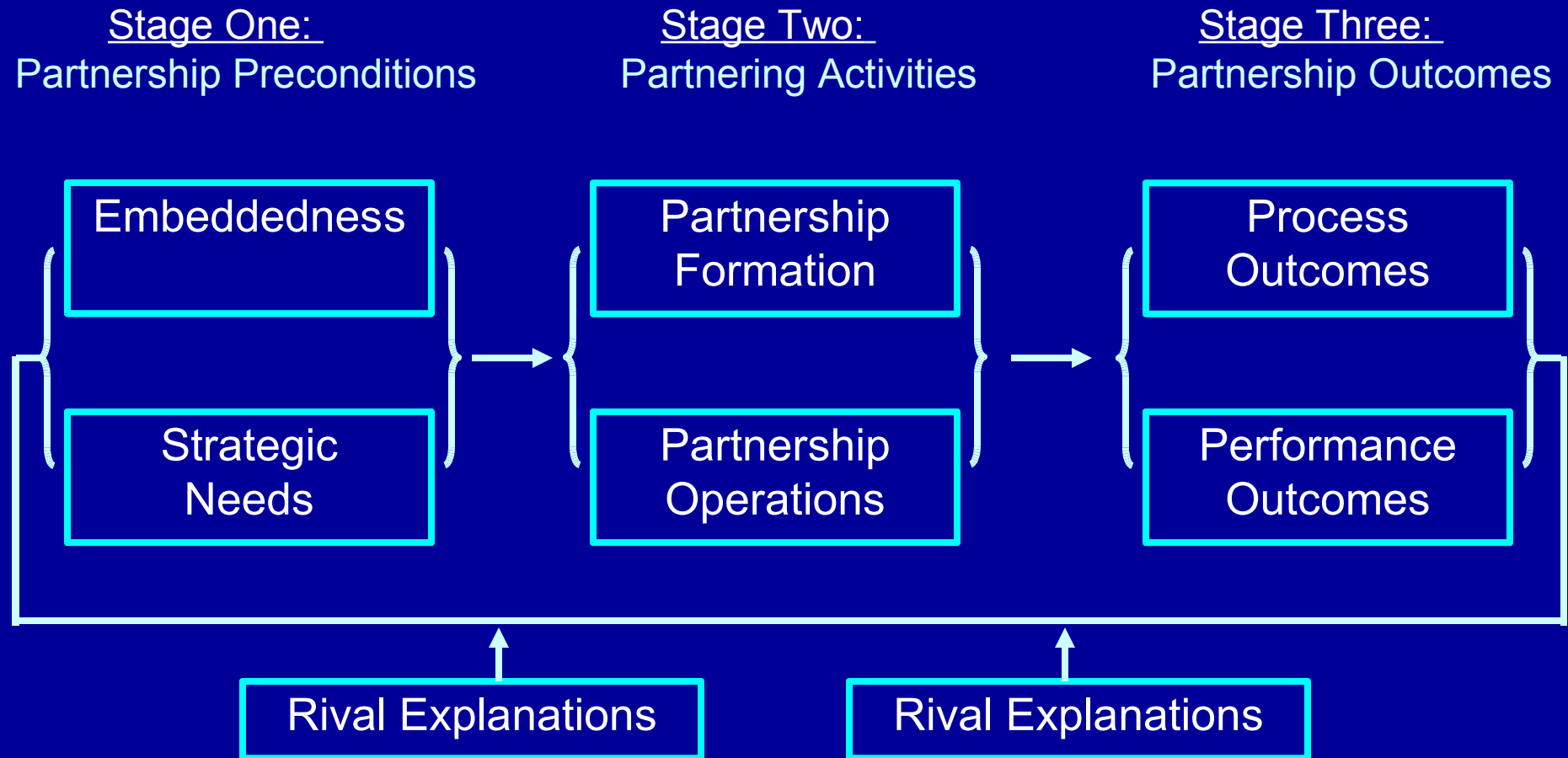


# Theoretical Framework of a Partnership Model

- 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: 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

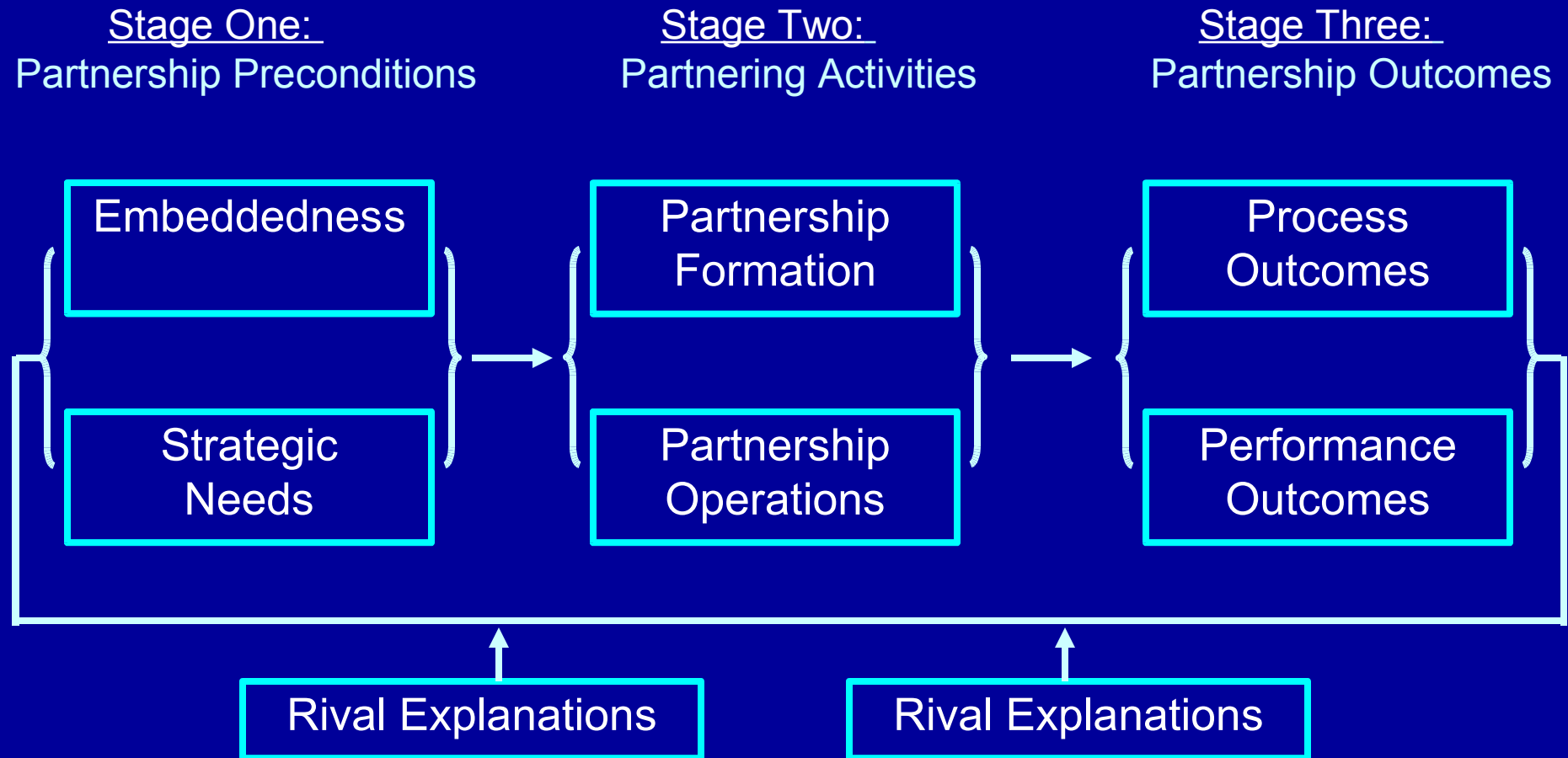


# Stage Three: Partnership Outcomes

- 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



# Partnership Conceptual Model



# 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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