International Center for Business and Politics

Working Paper No.33.

Copenhagen Business School
HANDELSHØJSKOLEN

International Center
For Business and Politics
Steen Blichers Vej 22
DK-2000 Frederiksberg
Tel. +45 3815 3585
Fax. +45 3815 3555
e-mail cbp@cbs.dk

Drivers of Collaborative Advantage
- On the Operational Dynamics and Social Dimensions of Public-Private Partnerships

Guðrið Weihe

Drivers of Collaborative Advantage
- On the Operational Dynamics and Social Dimensions of Public-Private Partnerships

Working paper no 33, 2006
Editor: Lars Bo Kaspersen

International Center for Business and Politics
Copenhagen Business School
Steen Blichers Vej 22
DK-2000 Frederiksberg
Phone: +45 3815 3583
E-mail: cbp@cbp.cbs
www.cbs.dk/cbp

ISBN 87-91690-36-6

Abstract
Drawing upon extant alliance literature, this article substantiates the argument that we need to look beyond mere structural and formative aspects of cooperation in order to fully understand the performance antecedents of public-private partnerships. Currently, scholarly work on operational processes and behavioural dimensions is practically non-existent. This article tries to remedy the current gap in the literature by reviewing research findings on interfirm collaboration (alliances). On that basis a conceptual framework for analyzing partnership processes is developed. Finally, the antecedents of collaborative advantage are theoretically examined, and the organizational competences contributing to collaborative success are identified. The conclusion is that operational processes and social dynamics are vital drivers of collaborative advantage. Another significant conclusion is that public management research can benefit from drawing upon existing alliance research. Alliance scholars have during the past couple of decades accumulated an impressive amount of knowledge on different aspects of inter-firm cooperation, and therefore the learning potential for public management scholars seems to be quite enormous.

Introduction

"*To say that alliances are pervasive throughout the corporate landscape almost seems to trivialize their true impact on the conduct of business across the globe […]. The days of the old Ford River Rouge plant in Michigan where coal, iron ore, and sand entered one end of the factory and an automobile exited the opposite end are gone.*" (Spekman, et al. 2000, vii)

During the past two decades, dramatic changes have occurred in the way corporations conduct their business. Throughout most of the 20th century, companies tended to be large scale, vertically integrated mass producers. However, during the late 20th century the way of conducting business changed radically. Today, it has become the rule rather than the exception to cooperate across organizational boundaries, and cooperation is believed to be an important way in which corporations can enhance their competitive advantage. Now, partnerships or alliances between firms count for more than 20 percent of corporate value for many firms (Bamford and Ernst 2003, 322)[1], and some firms even run their entire businesses through partnerships.

A parallel development can be identified in the public sector. Here too, cooperation with other organizations has become widely diffused, and increasingly, public services are being delivered in some sort of cooperation between public and private organizations. Public-private partnerships (PPPs) have hit the public management agenda, and today, private and non-profit organizations play a key role in the delivery of services. Our governments are moving away from direct provision of services (OECD 2006, 309).[2] Thus, massive attention has been devoted to PPPs by academics, politicians, state officials, experts, consultants, international organizations and many others. Conferences have been held on the subject as well as professional meetings, seminars, workshops and so on. Accordingly a great amount of research on public-private partnerships has proliferated in recent years. However, there are some gaps in the current bulk of knowledge (Ghobadian et al., 2004, 8, 289; Reeve and Hatter 2004; Langford 2004; Reeves 2006; Partnership UK 2006; Shaoul 2002). There has been a predominant focus on economic and legal aspects of cooperation, while behavioural and operational issues have been downplayed. To put it more bluntly, these aspects of cooperation have been black-boxed. As a consequence, we know very little about what happens after contracts have been signed, and even less about what implications operational processes have for the overall outcome of PPPs. This is rather unfortunate, since related research on interfirm collaboration (private-private alliances/partnerships) has produced convincing evidence that operational and behavioural issues do have a significant impact upon overall partnership performance.

The seemingly ever-increasing number of public-private partnerships stresses the need to understand more fully why some PPPs are more successful than others. What are the ingredients in a thriving partnership? What happens after the contracts are signed? How do operational processes and social dynamics impact performance? In short, which factors, other than technical issues confined to the pre-contract phase, contribute to collaborative advantage?[3]

---

[1] This is regardless of whether it is measured as percent of assets, revenues, income, or market capitalization (Bamford and Ernst 2003, 322). Correspondingly, another recent survey has suggested that within five years, alliances will account for between 16-25 percent of median company value (Contractor and Lorange 2002, 4).

[2] There has been much debate in recent academic literature on what exactly constitutes a PPP (Hodge & Greve 2005; McQuaid 2000; Van Ham & Koppenjan 2001; Linder 1999). By now, public management scholars seem to converge on the agreement that PPP is a very elastic concept covering a wide range of inherently different types of public-private cooperation. Different partnership approaches have been identified in the literature (Weihe 2006), and some scholars propose different 'families of PPP arrangements' (Hodge and Greve 2006, 3). Here, PPP is defined as "…*cooperation of some sort of durability between public and private actors in which they jointly develop products and services and share risks, costs and resources which are connected with these products*" (Van Ham & Koppenjan 2001, 598).

[3] Achieving collaborative advantage means that something is achieved which could not have been achieved without the collaboration (Huxham and Vangen 2000, 293). Klijn distinguishes between different forms of 'surplus value' generated by partnerships: 'real synergy' or 'simple cost savings'. In case of real synergy substantive surplus value is achieved. In the latter case, collaboration is limited to coordination of operations, and thus there is no basis for synergy (Klijn & Teisman 2005, 97).

Following Ring and Van de Ven (1994), Doz (1996) and Ariño and de la Torre (1998) this paper emphasises the importance of *processes* in stead of confining research to the choice of right governance structures. This perspective has so far been completely neglected in relation to public-private partnerships. Conversely, in relation to *private-private* partnerships (alliances) there has in recent years been significant knowledge accumulation on ex post contractual obstacles and related performance implications.

Drawing upon alliance literature, I attempt to do four things in this article. First, and most importantly, I will put forward and substantiate the argument that social dynamics and the way partnerships evolve over time (partnership processes) are significant for the end result – i.e. whether or not collaborative advantage is achieved. As a consequence, it is argued that it is necessary to uncover the nature of cooperation in PPPs. There is a need of detailed descriptions of how cooperation between public and private organizations takes place in practice – also after partnership agreements are signed. Currently our knowledge of such ex post contractual processes is very limited.

Secondly, I will argue that there is a need to identify which organizational capabilities facilitate collaborative advantage. What kind of *collaborative competences* influence the degree to which collaborative advantage is achieved? Hitherto little attention has been directed at this topic in the PPP literature. This is disturbing considering the fact that some types of PPPs can last for several decades. That they also can be extremely capital intensive further stresses the importance of understanding the antecedents of collaborative advantage. The lack of focus on what the ingredients of successful cooperation are (other than an expedient contract) is further surprising, considering the fact that one of the main arguments for establishing partnerships in the first place is the achievement of some sort of collaborative advantage – as opposed to collaborative inertia (Huxham and Vangen 2000, 293-294).[4] This article reviews the different types of collaborative competences that have been identified in the alliance literature as sources of collaborative advantage in inter-organizational relationships.

Third, based on the insights from the alliance literature, an *analytical framework* for analysing partnerships processes is developed. It is argued that the developed framework can facilitate a more comprehensive understanding of the performance antecedents of public-private partnership. Drawing upon extant alliance research, a number of variables are identified, which are believed to influence partnership behavior and performance. Thus, the literature on alliances is used to extract some categories and concepts – a language if you will – that can be used in order to systemize and inform analyses of relationship processes that are currently missing in the PPP literature.

Finally, and more generally, the article demonstrates that alliance research can prove to be highly relevant for PPP research. There are many *common denominators* between these two research fields and many of the questions that PPP scholars are currently struggling with, have already been addressed in the alliance literature. Thus lessons generated by alliance scholars can prove to be valuable for PPP research in general – not only in relation to the subject matter investigated here, but in relation to many other topics.

The paper is structured in the following way: First, the alliance concept is defined, followed by a brief review of the alliance literature. The literature review identifies partnership processes as key to

[4] Collaborative inertia refers to a situation in which there is no progress and little is achieved in a PPP (Huxham and Vangen 2000).

PPP performance. Subsequently, the concept of collaborative capabilities is scrutinized, and different dimensions of the concept are identified. Fourth, an analytical framework for analysing cooperation is developed. In the concluding section the findings are summarized, and a conclusion is put forward.

Alliances – Some Definitions

In many ways, much of the critique that has been directed at the PPP concept can also be directed at the alliance concept. There is a lot of ambiguity surrounding the alliance concept, and different scholars seem to use the term in inherently different ways. Just like the PPP concept has become an umbrella concept, so too has the alliance concept become a rather stretchy concept covering a wide array of quite different forms of private-private cooperation (alliances). Authors have pointed out that "*the term alliance is overused. Many managers do not know what an alliance really is" (*Spekman, et al. *2000, 1*), and that "*there is no agreed definition of alliances and no standard classification of the different types*" (Casson and Mol 2006, 17). Others have correspondingly pointed out that there are often misunderstandings on what an alliance is (Reuer 2004, 1-2).

Furthermore, a great deal of current work on alliances does not in a satisfactory way distinguish between different types of alliances, and thus the base for comparison is eroded, and moreover in most cases, authors do not even specify what type of alliance they are discussing in their studies (Casson & Mol 2006, 19). Similar problems have been identified relation to the PPP concept (Weihe 2006).

Most of the definitions of alliances that can be identified in the literature are rather broad. For instance, an alliance can be "*any goal oriented contractual cooperation between two or more partner organizations, involving some asset-specific investment by one or more of the partners*" (Salk and Vora 2006, 381) or "*…voluntary arrangements between firms involving exchange, sharing, or codevelopment of products, technologies, or services*" (Gulati 2004, 378). These definitions are so broad that basically any form of cooperation between two private organizations falls under the alliance heading. In some definitions, the alliance relationship does not even have to have a contractual character (Contractor and Lorange 2002, xi; Ring 2002, 146).

Initially, the term alliance referred mainly to joint ventures – that is equity arrangements which typically involve the creation of a new organizational entity – but today it also includes a range of non-equity arrangements, for instance buyer-seller agreements (Casson & Mol 2006, 23). There seems to be a tendency in the literature to label almost everything between spot market transactions on the one hand (i.e. discrete one-time contracts) and complete mergers/ownership on the other hand an alliance (for instance, Reuer 2004, 1-2; Contractor and Lorange 2002; Ariño and de la Torre 1998). In this view an alliance can be defined as"*…any inter-firm cooperation that falls between the extremes of discrete, short-term contracts and the complete merger of two or more organizations*" (Contractor and Lorange 2002, 4). In the figure below, an overview is provided of the spectrum of cooperative arrangements that this definition allows to be labelled alliances:

(figure 1)

The only common denominator for these very different types of alliances seems to be that there is some degree of cooperation between two or more businesses. The nature and character of the cooperation is not specified. A recent review of the PPP literature came to a similar conclusion about the PPP concept. Here too, the only common denominator for all the different types of PPP seems to be that there is some sort of cooperation between public and private organizations (Weihe 2006), where cooperation is not specified more precisely. Thus, the alliance term and the PPP term are used in equally broad ways. Both are occupied with a great variety of different types of cooperation. The main difference seems to be that while one focuses on *private-private*, the other focuses on *public-private* partnerships. On these grounds, it seems reasonable to speculate that cross-fertilization between the two research fields can be advantageous

A Succinct Review of the Alliance Literature – On the Importance of Process

The aim here is not to conduct a comprehensive review of the large body of alliance literature but rather to delineate the general characteristics of the scholarly field, and how it has evolved during the past two decades. Most importantly, the intention is to substantiate the argument that it is imperative to conduct research on the ex post contractual processes in relation to public-private partnerships.

According to some scholars, strategic alliances are *"the single most pervasive and significant development and practice affecting organizations today*" (Simonin 2000, 22). Tens of thousands alliances are estimated to be formed each year (Spekman, et al. 2000, 1), and it is claimed that "*alliance competent firms will outperform others and will have a sustainable competitive advantage in global markets*" (Spekman, et al. 2000, viii).

By now, partnerships between businesses have been the subject of scholarly attention for more than two decades (Kale and Zollo 2006, 81; originally Contractor and Lorange 1988, 2002; Osborn and Hagedoorn 1997; Nielsen 2001, 3), and an extensive amount of knowledge on the topic of interfirm collaboration has been accumulated. Especially over the last ten years alliances have been studied intensively (Casson & Mol 2006, 21).

According to Aulakh and Madhok (2002, 26), research on interfirm alliances can generally speaking be classified into two main categories:[5] First, there is the strand of research preoccupied with the motives underlying alliance formation.[6] This particular research tries to explain why firms form alliances. The second strand of research is concerned with the topic of how to manage alliances**.** This latter strand can be divided in to two subcategories: research that focuses on a) formal/structural aspects of the relationship, and b) research that focuses on informal governance mechanisms/relationship processes (see figure 2).[7] Amongst other things the first subcategory focuses on ownership structure and a variety of contractual mechanisms, while the second subcategory is more concerned with relationship processes (Aulakh and Madhok 2002, 26). In this latter category, scholars have argued that the pattern of interaction can be more important for efficiency than structural properties (Aulakh and Madhok 2002, 27; originally Granovetter 1985).

---

[5] The authors also add a third subcategory of research focusing on the issue of flexibility. Flexibility, they say, is neglected in both the formal and informal approaches. This is believed to be unfortunate since they have produced evidence that supports the assertion that flexibility is a key issue underlying the successful performance of interfirm collaborative relationship (2002, 41).

[6] There are also studies that are preoccupied with explaining how environmental and regulatory conditions foster increased levels of alliance activity (for instance, Contractor and Lorange 2002, chapter1).

[7] A more recent literature review divides the alliance literature in ten distinct categories: six categories that focus on different stages in the alliance life-cycle (formation, partners selection, alliance governance, alliance management, firm performance, alliance performance, and post alliance issues), one category that focuses on the alliance process in its entirety, one category that focuses on alliance theory, and finally a tenth category of research that reviews extant literature (Overby 2006, 74ff).

(insert figure 2 here)

There seems to be agreement amongst alliance scholars on this general distinction between early research focusing on alliance formation issues, and later research beginning to focus more on processual issues (e.g. Ireland et al. 2002, 414). For instance Inkpen states that until 15 years ago, strategic alliance research primarily focused on (formal) governance forms and structure (2002, 268). Others point out that in all the books published approximately between 1995 and 2000; only a small percentage significantly addresses management issues (Spekman, et al. 2000, 187). Ariño and de la Torre similarly point out that studies that deal with the formation of alliances outweigh those that deal with their evolution. They furthermore call attention to that although much has been written on the general phenomenon of interfirm collaboration, "*there is little empirical evidence on the dynamic aspects of collaboration*" (1998, 304).

Similar statements are made by others, who have claimed that extant research on international partnerships primarily focuses on the ex ante structuring of inter-organizational relationships (Aulakh, et al. 1997, 163); that there has been a lack of interest in research that focuses on process (Ring 1997, 287); and that some of the most important managerial issues remain under-explored (Inkpen 2002; Aulakh and Madhok 2002, 25). Schenkar and Reuer recently echoed these conclusions, and point to the fact that although a considerable amount is known about alliance formation, governance forms, and performance antecedents "*surprisingly little is understood about actual implementation – the specific managerial challenges involved in establishing and operating alliances from their initial setup and throughout their life cycle*" (2006, 4). In a similar vein, Büchel and Killing (2002, 752) claim that "*researchers have not yet begun to explore systematically the performance implications of management processes between the JV [joint venture] firm and the parents as well as between the parents*" (see also Doz 1996, 55). These findings argue for a shift in focus from structure to process (Büchel and Killing 2002; Spekman, et al. 2000, 27).[8] Nevertheless, it seems quite paradoxical, to paraphrase Lorenzoni and Lipparini, that "*despite the intensification of the relational activity of the firms, a narrow body of research has focused attention on the evolutionary process of interfirm ties formation*" (1999, 320: originally Doz 1996).

The lack of research on operational processes seems to be rather unfortunate, since it has been suggested by some that the operational phase ultimately can determine the success or failure of cooperation (Thallman and Phene 2006, 140). As Spekman et al. point out "*alliances fail for reasons other than the soundness of the business plan or the ability to execute according to that plan*" (2000, 33). Others have also recognized alliance management as a source of competitive advantage (Ireland, et al. 2002; Kanter 1994), and claim that "*managing the alliance relationship over time is usually more important than crafting the initial formal design*" (Doz and Hamel 1998, xv). Correspondingly a study conducted by management consulting firm McKinsey has shown that 50 percent of alliances fail because of governing and operating processes (Bamford and Ernst 2003, 323).

Thus, although neglected in the early years, there is increasing attention as well as evidence in the alliance literature suggesting that what happens after the contract is signed does have a significant impact on partnership outcome. Some of the most notable contributions in this direction are Ariño & de la Torre (1998), Ring & Van de Ven (1994) and Doz (1996).

[8] Spekman, et al label this line of research 'second generation alliance research', and point out that "*a critical but unrecognized variable*" in relation to alliance performance seems to be the 'alliance management process' (Spekman, et al. 2000, viii).

A further distinction that can be made between different types of alliance research is respectively early alliance research that focuses on 'interfirm' (dyadic) factors influencing alliance performance, and finally more recent studies that focus on 'intra-firm' antecedents of alliance performance (Heimeriks 2004, 14ff & 29-54; Heimeriks, Duysters and Vanhaverbeke 2005, 4-5). The primary differences between these two categories of research is that the first one has the individual alliance as a unit of analysis while the second category focuses on portfolios of alliances; i.e. the focus is on how the individual firm manages its whole portfolio of alliances. According to Heimeriks, the emphasis on inter-firm factors has been prevalent in the literature, and only recently scholars have given attention to intra-firm factors (2004, 32). He further states that the two perspectives might complement one another (2004, 32; originally Ireland et al. 2002). The more recent studies focusing on intra-firm factors refer to the need of firms to develop an 'alliance capability' (Heimeriks 2004; originally Kale and Singh 1999; Anand and Khanna 2000; Kale et al. 2002). Such alliance capabilities are expected to enhance firm performance in relation to alliances and lead to collaborative advantage. The earlier alliance research emphasising inter-firm factors had an inclination to focus on informal aspects of the dyadic exchange relationship such as trust and relational quality while the later intra-firm perspective seems to be more oriented towards tangible aspects of alliance management; e.g. the presence of alliance tools and functions that aid the alliance management process (Heimeriks 2004).[9]

Finally, there is also the more recent network perspective in alliance research which was promoted by Gulati in his seminar article from 1998. This is one of the more recent developments within the alliance field. The main difference between this perspective, and for instance the dyadic/inter-firm perspective is that the network perspective takes into consideration how the social network of a firm creates opportunities and constraints that can influence the behaviour of the firm (Gulati 1998, 294). Gulati's fieldwork suggests "*that the social networks of prior ties not only influenced the creation of new ties but also affected their design, their evolutionary path, and their ultimate success*". Prior to the network perspective, the primary focus of alliance research was to understand why "*firms enter alliances, structure them in certain ways, manage and change them, and the performance benefits sought from them*" (Gulati 1998, 310). Thus the network perspective adds a whole new dimension to alliance research.

A wide array of theoretical perspectives is employed by alliance scholars. The more traditional alliance research with its focus on structure and formative issues has its root in transaction cost or traditional industrial organization theory perspectives (Duysters and Heimeriks 2002, 3). In these theoretical perspectives, firms are considered to be individual, self-fulfilling units that prefer working alone to cooperative agreements (Duysters and Heimeriks 2002, 3; Heimeriks 2004, 14). While early alliance research predominantly drew upon transaction cost economics and industrial organization theory, more recent studies have built upon a "*a mix of theories in which a few theories have a dominant stake*", these are theories such as the resource-based view, the dynamic capability view, the competence-based view, the knowledge-based view, evolutionary economics and organizational learning (Heimeriks 2004, 34ff).[10]

---

[9] For instance, Heimeriks exclusively focuses on the structural factors that can improve overall alliance performance. He proposes that the presence of an alliance function and alliance management tools enhances the performance of a firm's alliance activity.

[10] It is not the ambition here, to give an account of each of these different theoretical perspectives. The aim is only to point out that there is a rich variety of theoretical perspectives in the alliance literature. For a well written introduction to the variety of theoretical perspectives employed in the alliance literature, see Heimeriks (2004).

The scholarly work on strategic alliances – and strategic management in general – is influenced by the positivistic research paradigm, and there is a strong bias towards quantifiable data (Parkhe 1993).[11] This bias has led to some gaps in the alliance literature. In a recent review of the of methodologies and research approaches undertaken in this field it was concluded that "*progress has been made on a number of fronts but the field has yet to grapple adequately with some of the core behavioural variables that explain alliance processes and outcomes"* (Parkhe 2006, 10). Furthermore that "*qualitative methods continue to receive inadequate attention despite their considerable promise in capturing topics and facets that are not considered or properly covered due to the limitations of prevailing quantitative research*" (ibid, 10). A similar concern was voiced back in the early nineties (Parkhe 1993; see also Salk and Vora 2006, 383). Other prominent alliance scholars have correspondingly pointed out that because of the quantitative bias, too little knowledge has been gathered on alliance processes and behavioural issues: "*Without due attention to process, we may be attributing too much to static performance antecedents such as preformation attributes of participants or the design of an alliance without addressing process factors that may be key factors behind success or failure. Much of the problem rests with alliance research being conducted via large data sets that are not amenable to longitudinal, let alone process, research* (Shenkar and Reuer 2006, 11).

The case-study methodology is in this connection emphasised as a useful complementary method (Ibid, 11), and it is expected to entail a substantial learning promise: *"Because much alliance research is conducted by using large data sets, we may be forfeiting an opportunity to learn from people who are directly engaged in the formation and operation of arrangements"* (Ibid, 13). Others have also noted that quantitative research might not be able to capture and elaborate on soft concepts (Parkhe 1993, 230; see also Ariño and de la Torre 1998, 312).

Thus traditionally alliance research has been biased towards quantitative studies, and as a result operational and behavioural issues have been neglected. However, there seems to be a current tendency towards conducting more qualitative research, and alliance scholars have by now produced a number of studies that stress the importance of operational processes and social dynamics in partnerships.

To recapitulate, research on strategic alliances can be classified in to two major strands; studies that focus on structure and other issues related to the formative phase, and studies focusing on processes and management issues. Until quite recently, most research was conducted on formal structure and issues related to the formative phase of alliances. However, this has changed in recent years, and the gap in the literature is progressively being modified as researchers increasingly are beginning to acknowledge the importance of alliance processes and the social dimensions of cooperation. Thus by now, alliance scholars have produced ample evidence that suggests that operational processes behavioural dynamics have a significant impact upon the overall outcome of alliance relationships. The findings indicate that it is not expedient to neglect alliance processes; i.e. to treat alliance processes as black boxes, and treat operational issues as unimportant aspects of cooperation. In fact, some studies suggest that one of the most frequent causes of alliance failure is failure to manage

[11] For instance, a count back in the early 1990s revealed that 72 percent of research in strategy relied on archival data and questionnaire data. The subsequent recommendation was more use of qualitative methods (Parkhe 1993, 231; originally Schwenk and Dalton 1991). Furthermore, another study reported that only 14 percent of the international management articles published between 1984 and 1990 used qualitative approaches, while only 4 percent used a combined approach (Parkhe 1993, 231; originally Mendenhall et al. 1993).

different aspects of the relationship after the contract has been signed. This certainly supports the claim put forward earlier that there is a pressing need for more studies on public-private partnerships that focus on what happens after contracts are signed, and that explore how operational issues and social dynamics influence partnership performance.

In the section below, alliance studies that have been preoccupied with explaining why some organizations are more successful at collaborating than others, and studies that have identified a number of collaborative capabilities will be theoretically examined.

Why Some Organizations are Better at Cooperating than Others

Alliance studies have shown that failure rates of alliances are very high (Anand and Khanna 2000, 295; Spekman, et al. 2000, 27; Madhok and Tallman 1998, 326; Duysters and Heimeriks 2002, 2; Kale, Dyer and Singh 2002, 747, 748; Reuer 2004, 2; Ariño, de la Torre and Ring 2001, 109; Lambe, Spekman and Hunt 2002, 141). Often failure rates in the range of 30-70 % are mentioned. Moreover some firms continuously outperform others in their alliance activity (Duysters and Heimeriks 2002, 2; Doz and Hamel 1998, 251; Anand and Khanna 2000, 313); i.e. some firms derive greater value from their collaborative relationships than other firms. Examples of such firms are Hewlett-Packard, Pfizer, and Corning (Kale and Zollo 2006, 91).[12] The significant performance differences have sparked off a number of studies that try to explain this performance heterogeneity.

Only a few years back, Simonin pointed out that scholars have directed limited attention at why some organizations are more successful at collaborating with other firms than other organizations (2000, 19; 2002, 238).[13] However, by now scholars have to some extent responded to this complaint, and in recent years there has been a rising interest in the topic of the collaborative capability of the firm (for instance, Schreiner, et al. 2005; Heimeriks 2004; Duysters and Heimeriks 2002 and 2005). A fairly large number of studies have emerged that in different ways try to explain why some alliances are more successful than others. Alliance scholars have identified a range of different factors that are believed to explain why some organizations are more successful than others in their cooperative endeavours. These factors are typically captured under the term ‘collaborative capability’ (Schreiner et al. 2005) or ‘alliance competences’ (Spekman et al. 2000). Others talk about ‘alliance capabilities’ (Heimeriks 2004), ‘relational capabilities’ (Dyer and Singh 2004), ‘relational assets’ (Dunning 2002) or ‘collaborative know-how’ (Simonin 1997, 2002). What these different efforts have in common is that they try to explain alliance performance heterogeneity. Thus, scholars use the collaborative capability concept in different ways, and they stress quite different sorts of competences as being pertinent for achieving collaborative advantage.

Overall, research has identified two groups of factors, which are believed to enhance alliance performance. These two groups are respectively structural factors and behavioural factors (Duysters and Heimeriks 2002, 2-3). The first group of capabilities – the structural factors – refers to more tangible factors such as the presence of alliance functions, tools and other resources that might aid firms in managing their alliances (Duysters and Heimeriks 2002). These factors are not alliance specific but refer to the competences of the individual firm in relation to managing its whole

[12] In an article on strategic alliances reported by Richardo Sookdeo (*Fortune*, September 21, 1992), Sherman notes that already back in 1992, alliances were so central to Corning’s strategy that the company defined itself as a ‘network of organizations.

[13] A similar complaint was made in the mid-90s by Mohr and Spekman who pointed out that an understanding of characteristics associated with partnership success was lacking (Mohr and Spekman 1994, 135). A few years later, a parallel concern was voiced by Saxton (1997, 444).

collection of alliances. The latter group focuses on intangible factors such as trust and relationship quality (e.g. Nielsen 2001; Kanter 2002; Zaheer and Harris 2006).

Structural Factors
Some of the most notable research in relation to the structural capabilities of organizations has been produced by the Kale, Dyer and Singh (2002), Duysters and Heimeriks (2002, 2004), Heimeriks (2004), Simonin (2000), and Heimeriks, Duysters and Vanhaverbeke (2005). The discussion below draws heavily upon these publications.

Alliance capabilities have been described as the "*institutionalized managerial mechanisms a firm has in place to manage its alliances and optimize its alliance performance*" or "*the firm's ability to capture, share, disseminate, internalize and apply alliance management know-how and know-why* (Heimeriks 2004, 24 and 65). An alliance capability in this view refers to pure technical skills and capabilities. Firms that have institutionalized a set of alliance-related tools, systems or positions (e.g. an alliance manager) within their organizations are expected to be more alliance competent (i.e. more successful with their alliances) than firms, which have no such mechanisms.

According to some, the following four categories of micro-level mechanisms constitute a firm's alliance capability: a) functions, b) tools, c) control and management processes and d) external parties (Duysters and Heimeriks 2002). The first group refers to the presence of individual positions or units which manage tasks with respect to its alliances. The second category is practical mechanisms that support the day-to-day management of alliances, e.g. best practice or alliance databases. The third category is about mechanisms that are geared towards support of specific aspects of alliance management (e.g. formally structured knowledge exchange and alliance metrics), and finally the last category is about the use of external parties in relation to alliances (e.g. lawyers and financial experts).

According to Heimeriks (2004, 24) this way of operationalizing the alliance capability concept is in line with the logic proposed by among others Kale et al. (2002) and Simonin (2002). To a certain extent I agree with Heimeriks, however I believe that the logic proposed by Simonin differs a bit from his exclusive focus on structural factors. Simonin, as opposed to Kale et al. (2002) and Heimeriks (2004), also includes a behavioural factor in his 'collaborative know-how' construct (CKH). His analysis suggests that in addition to a number of structural factors, 'building trust with the partner' is a significant component of CKH. Simonin's work on collaborative know-how is interesting, as he not only focuses on different sets of behavioural and structural skills but also on how certain competences might be more relevant at certain stages of cooperation. Simonin identifies five dimensions of CKH (see table 1 below), and each dimension contains a number of components.

More in line with Simonin's approach, a recent study conceptualized 'collaborative capability' as being a multi-dimensional construct consisting of three sub-capabilities: 'coordination capabilities', 'communicative capabilities', and 'bonding capabilities' where a bonding capability is defined as "*a firm's ability to develop and nurture meaningful social exchange by consistently expressing attentiveness, consideration, and support for its exchange partner*" (Schreiner, et al. 2005, 9). The other two sub-capabilities refer primarily to institutionalized managerial mechanisms of the sort identified by Duysters and Heimeriks (2002).[14]

[14] 'Coordination capabilities' are defined as "*a firm's ability to organize interdependence among activities of the exchange parties in an effective and efficient way*" (Schreiner, et al. 2005, 6), and 'communicative capabilities' as "*a*

Other definitions stress the learning dimension of alliance capabilities and view them as the sum of an organization's learning mechanisms (Heimeriks, et al. 2004, 15). Thus the greater the institutionalization of procedures to facilitate knowledge dissemination and knowledge sharing (they refer again here to the extent of tools, functions etc.), the greater the learning potential for the cooperating firms. The suggestion is that firms with different degrees of alliance activity will benefit from different types of learning mechanisms. Accordingly firms with extensive alliance activity will benefit more from having institutionalized alliance tools and functions than firms that only have sporadic alliance activity. Thus different learning mechanisms are presumed to be useful at different levels of alliance activity (Heimeriks, et al. 2005, 9).

Some studies view alliance capabilities as equivalent to alliance experience. For instance, Kale, et al. (2002) found that firms with greater experience and more specifically firms that have created a dedicated alliance function – an organizational unit "*charged with the responsibility to capture prior experience*" – realize greater success with alliances. In this view, alliance capability rests on "*how effectively the firm is able to capture, share, and disseminate the alliance management know-how associated with prior experience* (Kale et al 2002, 750).[15] This approach is very much in line with the work of for instance Heimeriks (2004) and Heimeriks, et al. (2004) but it is less elaborate on what exactly an alliance capability is. The work by Heimeriks (2004), Duysters and Heimeriks (2002), and Heimeriks, et al. (2004) can thus be seen as an elaboration of the earlier work produced by Kale, et al. in 2002.

According to Spekman, et al. alliance performance is a function of resources and alliance competences (2000, chapter 9). They list five categories of alliance competencies. The first category is about general know-how which refers to the ability to understand all the different aspects of alliance management (e.g. managing the alliance over time, partner selection and strategic intent). Secondly, there is the issue of alliance supportive processes and structures that facilitate knowledge diffusion between partners as well within firms. This category in line with the approaches referred to just above. However it also focuses on the sharing of knowledge in dyads, whereas Duyster and Heimeriks primarily adopt the intra-firm perspective, and thus neglect the importance of inter-organizational knowledge distribution (2002). The third aspect of an organization's alliance competence is, according to Spekman, et al., having the right 'mindset'; i.e. a number of skills that can improve the working relationship. In this respect they talk about fostering commitment, trust-building, and other aspects of relationship development as being vital for the performance of firms engaged in alliances. They point out that 'trust' and 'commitment' is the sine qua non of alliances (2002, 43ff). The fourth category is bench-depth. It refers to the importance of having sufficient managerial talent to manage the alliance. Finally, the fifth category addresses the learning ability of organizations. It calls attention to institutional mechanisms that facilitate the recognition and teaching of alliance skills.[16] Thus in this approach, being alliance competent or having alliance

---

firm's ability to credibly convey relevant knowledge and information about itself to the partner" (ibid, 8). Examples of the latter are formal and informal communication modes (regular status reports, meetings, social events and talk during coffee breaks) (ibid, 8). Examples of the former are formalized rules that specify how to handle routine inquiries, and the presence of a relationship manager (ibid, 7).

[15] See also Annand and Kanna (2000) who similarly stress the importance of experience.

[16] Elsewhere in the same publication, 'alliance competence' is described more briefly as being "*partly a function of individual skills and capabilities and firm-level attributes that enhance, encourage, ands support alliance-like thinking and behavior throughout the firm*" (Spekman, et al. 2000, viii).

capabilities is not just a question of adopting the right structural or technical mechanisms. It is also about mastering soft skills such as the fostering of trust and commitment between the parties.[17]

Behavioural Factors

Studies that exclusively concentrate on structural factors and technical issues neglect that partnerships are social systems populated by human beings engaged in meaningful social exchange. Therefore, the exchange relationship can develop into vicious or virtuous cycles of cooperation for reasons quite other than for instance the absence or presence of an alliance function or some alliance management tools. It seems logical to assume that the more technical capabilities an organization possesses, the better it will be at managing its collaborative projects, since such capabilities evidently will make it easier to coordinate and communicate with the partner organization. Furthermore, it enables organizations to be better at diffusing knowledge internally, and thereby the propensity to learn is also greater. However, as some of the studies that are discussed below indicate, having the right technical skills and structures in place does not automatically make organizations successful in their partnership activities.

A notable study on the importance of behavioural factors has been conducted by Kanter (2002). On the basis of a study of 37 companies and their partners from 11 different countries, Kanter and her group of researchers identify three essential aspects of alliances: First, that alliances are "*living systems that evolve progressively in their possibilities*", and that beside the immediate reasons for collaborating, the relationship also offers unforeseen opportunities (ibid, 100). Secondly and perhaps more importantly, they conclude that alliances that are considered successful by the respondents involve "***collaboration** (creating new value together) rather than mere **exchange** (getting something back for what you put in)*" (ibid, 100; original emphasis by the author). Finally, she points out that alliances "*cannot be 'controlled' by formal systems but require a dense web of interpersonal connections and internal infrastructures that enhance learning*" (ibid). Kanter concludes that alliances grow or fail similarly to relationships between people. They go through five different relationship stages (courtship, getting engaged, and setting up housekeeping, learning to collaborate, and changing within). In each stage there are specific challenges. For example, in the setting up of housekeeping stage, operational and cultural differences can emerge (for instance differences in the way decisions are made, or how much documentation or reporting is needed), and in the learning to collaborate stage the challenge is to achieve different levels of integration between the partnering organizations (Kanter 2002, 114-115 &117-122). Kanter's findings are based on more than 500 interviews with leaders and staff involved with alliances. What makes this study so interesting is that it identifies a number of behavioural issues arising after the contract has been signed as being pertinent for alliance success. Kanter demonstrates that managing partnerships in 'human terms' is of vital importance, and that managers who fail to recognize this "*fail to develop their company's collaborative advantage*" (Kanter 2002, 99).

Another study similarly identifies a number of behavioural factors as being important for performance (Dyer and Singh 1998). The authors argue that collaborating firms can generate

[17] In a later piece, Spekman – together with two other scholars – has a different take on the alliance competence concept, and defines it as "*an organizational ability for finding, developing, and managing alliances* (Lambe, Spekman and Hunt 2002, 142). Here, there seems to be greater emphasis on structural and technical factors of the firm such as its ability to develop capable managers and its propensity to identify potential partners.

relational rents if certain determinants are present.[18] They identify four key sources of relational rents: the degree of investments in relation-specific assets; the degree of knowledge exchange, the extent of the combining of complementary, but scarce, resources or capabilities, and finally the extent of effective governance mechanisms (Dyer and Singh 2004, 351). In relation to the fourth source of relational rent – effective governance mechanisms – the authors touch upon the importance of informal governance mechanisms such as trust. Although many of the rent-yielding sources that these scholars refer to have a structural dimension, for instance, knowledge-sharing routines, they also refer to the importance of more intangible aspects of cooperation such as trust, reputation and goodwill. They note that "*self-enforcing mechanisms are more effective than third-party enforcement mechanisms at both minimizing transaction costs and maximizing value-creation initiatives*" (ibid, 363). In line with Kanter, they identify trust, goodwill and reputation as key rent generating sources – in addition to a number of structural sources – in interfirm collaboration. Furthermore, like Kanter, they point out that competitive advantage can only be achieved as firms move the relationship away from the attributes of market relationships:

"*Arm's-length market relationships are incapable of generating relational rents because* ***there is nothing idiosyncratic about the exchange relationship that enables the two parties to generate profits above and beyond what other seller-buyer combinations can generate.*** " (Dyer and Singh 2004, 351; original emphasis by the authors)

Central here is that distinctive collaborative relationships can generate rents that can not be copied or imitated easily by others, and this is the exact reason why they lead to competitive advantage. Dyer and Singh also touch upon the issue of *relational capability* and define the term as a firm's 'willingness and ability' to partner (2004, 366-367). Without this capability, they say, it is difficult to utilize the rent generating sources mentioned above. As an example, they refer to a statement by a representative from a Japanese firm, who found that U.S. suppliers were reluctant to work in a partnership fashion:

"*Many U.S. suppliers do not understand our way of doing business. They do not want us to visit their plants and they are unwilling to share the information we require. This makes it very difficult for us to work with them effectively; we also can't help them to improve*" (Dyer and Singh 2004, 367; interview conducted by Dyer, July 22, 1992)

Others have in the same way stressed the decisive importance of having the right *mindset* when entering into cooperative endeavours. For instance, Spekman, et al. point out that in order to achieve alliance competencies "*a change in mindset and behavior that force management from the comfort of a command and control environment*" is required (2002, 33). Similarly, research has shown "*that the most important starting point in a successful alliance is the adoption of a mindset and a set of attitudes by managers that allows them to function in environments characterized by instability, few fixed objectives, ambiguity, and evolving partner relationships* (Doz and Hamel 1998, 32).

The statement from the representative from the Japanese representative hints at the importance of the institutional environment in which cooperation takes place. Studies have suggested that

[18] A relational rent is defined as: "…*a supernormal profit jointly generated in an exchange relationship that cannot be generated by either firm in isolation and can only be created through the joint idiosyncratic contributions of the specific alliance partners*" (Dyer and Singh 2004, 351-352).

Japanese firms are more successful at generating relational rents because of a country specific institutional environment that fosters goodwill, trust and cooperation (Dyer and Singh 2004, 368). In a similar vein, North American managers are said to focus on the business aspects of alliances, Latin American managers to prefer to build the relationship prior to conducting business, and Asian managers to have an even more pronounced focus on the relationship (Spekman, et al. 2000, 62). Correspondingly, Kanter has observed that North American companies tend to take a narrow, opportunistic view of relationships, and "*frequently neglect the political, cultural, organizational, and human aspects of the partnership*". Asian companies were observed to be the most comfortable with relationships, and therefore better at utilizing them, and finally European companies were observed to fall somewhere in between (2002, 100). These findings stress the importance of including the institutional context in analyses of interfirm cooperation since, in addition to the organizational culture of the collaborating firms external context-specific settings feed into the way in which relationships evolve over time. Unfortunately, the majority of the alliance research published today usually studies alliances devoid of context.

Other scholars have similarly employed the designation 'relational capital' in their research. For instance, a study by Kale, et al. (2000) suggests that relational capital creates a basis for learning and transfer of know-how across organizational boundaries. Relational capital is defined as "*the level of mutual trust, respect, and friendship that arises out of close interaction at the individual level between alliance partners*" (Kale et al. 2000, 218). They provide empirical evidence that relational capital – in conjunction with an integrative approach to the management of conflict – enables firms not only to learn from their partners but also to protect themselves from opportunistic behavior from their partner at the same time (Kale et al 2000, 217). The study accentuates the need to consider post formation management of alliances "*especially with regard to building relational capital and managing conflicts*" (Kale et al 2000, 232). Another study concludes that relationship capital variables have a strong impact on alliance performance (Sarkar, et al. 2001, 370). In this particular study three aspects of relationship capital are considered: mutual trust, mutual commitment and information exchange (ibid, 362).

Büchel and Killing have produced empirical evidence suggesting that an effort at maintaining the relational quality, after the contract has been signed – in addition to initial relational quality – is positively related to performance (2002, 751). Another study concludes that trust does have performance effects for inter-organizational relationships (Zaheer, et al. 1998; see also Aulakh, et al. 1997). Yet another analysis suggests that the primary characteristics of partnership success are commitment, coordination and trust in addition to communication quality and participation, and finally the conflict resolution techniques that are used in relation to problem solving (Morh and Spekman 1994). Some point out that trustworthiness reduces transaction costs and that it is correlated with greater information sharing in supplier-buyer relationships (Dyer and Chu 2002).[19] Others correspondingly suggest that the relational capability of a firm – i.e. its capability to interact with other companies – can increase its access to knowledge and knowledge transfer (Lorenzoni and Lipparini 1999). Furthermore they point out that transaction and production costs can be lowered through multiple, repeated, trust-based relationships, and that such relationships can support a firms "*access to complementary capabilities and specialized knowledge with positive effects on the networks as a whole*" (ibid, 333-334). Similarly, Nielsen proposes that trust affects learning levels in international strategic alliances (2001).

[19] For instance Dyer and Chu found that the least trusted automaker had procurement (transaction) costs that were five times higher than the other automakers in their study (2002).

Ariño, de la Torre and Ring identify four elements that are believed to influence the degree of relational quality, and thus ultimately the degree of alliance success (2001). These elements are a mix of factors ranging from initial conditions such as demographic and institutional characteristics to aspects of partner interactions such as collaborative behavior and the degree to which the parties practice reciprocity (ibid). This is yet an example of an approach that includes both structural and behavioural factors. Furthermore alliance external factors such as demographic characteristics and cultural compatibility are believed to influence alliance performance.[20]

Dunning defines the term 'relational asset' as: "*The stock of a firm's willingness and capability to access, shape and engage in economically beneficial relationships; and to sustain and upgrade these relationships"* (2002, 572). He describes relational assets as a mixture of values, attitudes and virtues that rest in the relationship between actors (ibid, 574-575). Some of the virtues or values that Dunning refers to are trust, loyalty, reciprocity, willingness to learn, forbearance, adaptability, and empathy (ibid, 579). He also emphasises that the benefits of relational assets are context bound, and thus proposes that the 'optimum bundle' of values and virtues "*will vary according to the type of relationship being concluded, and the R-assets* [relational assets] *of the partner organisation, and are likely to be country and firm specific*" (ibid, 579). This is a interesting perspective, and it corresponds with what was said earlier about the importance of macro-level institutional settings.[21]

Overall, relational quality and the partnering relationship seem to be vital drivers of collaborative advantage. As some have argued, the relationship itself can be viewed as a resource for value creation and realization, and therefore it is important that organizations "*recognize ex ante the nature and extent of transaction-specific investment that is required in the collaborative relationship to attain these synergies*" (Madhok and Tallman 1998, 326-327). In order to achieve the full potential value of an alliance (collaborative advantage), organizations must invest in the ongoing collaborative relationship and prioritize the relational quality of the relationship. This point is well captured in the following statement *"perhaps the lack of a proper appreciation of the true value of relational assets prevents firms from enjoying the benefits from their alliances more fully" (Madhok and Tallman 1998, 336-337).* Doz and Hamel have voiced similar concerns (1998). They state that "*It is not the deal per se that creates value, but the capacity of two partners to dynamically and creatively maneuver their alliance through a thicket of uncertainties, changing priorities, organizational frictions, and competitive surprises*" (Doz and Hamel 1998, x). In sum, a great number of alliance scholars seem to agree that behavioural factors have a significant impact upon alliance performance. In the table below, some of these factors are summarized.

---

[20] In an earlier article, Ariño, de la Torre and Smith define 'relational quality' as the sum of three terms: 1) initial state of trust, 2) cumulative experiences as cooperation proceeds, and 3) external events (1998, 324, endnote 4)).

[21] Another interesting point here is that the more intense and complex relationships are, the greater the need for relational assets (Dunning 2002, 576). This argument suggests that the same mix of structural and behavioural factors might not be equally beneficial in different types of collaborative arrangements. Thus, in some instances loyalty and reciprocity can be expected to be less significant for the overall performance alliances than in other cases. Correspondingly, another analysis suggests that the trust-performance link varies according to underlying variables such as resource interdependency, reciprocal commitment, risk commensuration, market uncertainty, and age of alliance (Luo 2002). Conversely, scholars have pointed out, that issues of trust and opportunism cut across all forms of inter-organizational relationships, and that their relevance is not confined to certain types of relationships (Madhok 1995, 72). Furthermore that both honesty and malfeasance, order and disorder in inter-organizational relationships (as well as within firms) depends more on the structure of personal relations than on organizational form (Granovetter 1985, 502-503). Thus, although with varying degree of importance, relational assets can be believed to be relevant in most cases of inter-organizational relationships.

(insert table 1)

As appears from the discussion above, a common denominator for many of the studies that focus on relational capabilities is that they emphasise the importance of trust. Therefore, I would like to elaborate briefly on this issue. There are numerous studies on the subject of trust; among other things, trust is believed to lower transaction costs, increase information-sharing, facilitate dispute resolution, reduce the amount of formal contracts, increase learning, and reduce harmful conflict (Dyer and Chu 2002; Das and Teng 1998, 494; Luo 2002; Rousseau, et al. 1998, 394; Nielsen 2001).

Trust, however, is a contested concept (Nielsen 2001; for an overview of different definitions of trust, see Hosmer 1995). Moreover it is difficult to operationalize.[22] Finally it is not wholly clear what the antecedents of trust are. Factors such as prior experience, transparency, partner reputation, risk, protectiveness, interdependence, longevity, cultural distance have been identified in the literature (Nielsen 2001, 8). Despite ambiguities surrounding the concept of trust, alliance scholars have identified it as being of significant importance for alliance performance. Future studies on collaborative competences could thus with great benefit draw upon extant literature on trust.

A general critique of the literature on collaborative competences is that it is not very clear on the time dimension of alliance capabilities. Do organisations have these capabilities a priori? Or is it something that can be learnt? And how is learning related to experience? Can organizations build up competences prior to collaboration; i.e. without experience? These are questions that future research should address more thoroughly. Furthermore, there is still conceptual and empirical work to be done, clarifying the central dimensions of the capability concept. Currently, as is obvious from table 1, the concept is used rather loosely and covers a very broad variety of factors influencing partnership performance.

Other Factors Influencing Cooperation

As hinted upon in the passages above, factors other than the collaborative capabilities of the partnering organizations can influence the way in which cooperation proceeds. For instance, corporate and national cultural congruence can be conducive to alliance performance (Aulakh and Madhok 2002). The higher the degree of cultural compatibility, the easier it is to manage an alliance over time because organizations with similar culture are believed to fit better together and share similar values (ibid, 30). Sarkar, et al. have correspondingly found that the effects of operational and cultural compatibility of firms in alliances are intriguing, and they conclude that their results "*suggest that when partners in an alliance share similar organizational cultures, they are likely to enjoy a better quality of relationship, which in turn will facilitate an effective intermingling of skills and competencies and ensure that the project is efficiently and effectively carried out*" (Sarkar, et al. 2001, 369-370).

[22] Trust is not only an issue in relation to organizational studies. For instance, comparative political economy scholars have claimed that national economic efficiency is correlated with trust in the institutional environment (Dyer and Chu 2003, 57; originally North 1990; Casson 1991; Fukuyama 1995). Trust is also a topic in many other academic disciplines, for instance sociology, social psychology, economics, and organizational behaviour (Luo 2002, 669). Trust is not always treated as the independent variable (the factor leading to increased performance or some other effect, for instance increased learning). Sometimes, trust is treated as the dependent variable, and it is seen to be "*influenced by institutional, organizational, and individual factors*", and other times it is the moderator mediating the effect of one variable on the other (Luo 2002, 670). Thus different studies model trust in different ways (cause, effect or moderator) (Rousseau 1998, 396-397). Furthermore, the level of analysis (micro, meso or macro level) varies from study to study but surprisingly there is no inclination of certain disciplines to focus on specific analytical levels (Rousseau 1998, 397).

The importance of organizational culture has also been highlighted elsewhere. Wilkof, et al. find that a shortage of cultural awareness seriously can impede performance (1995, 383), and they therefore recommend that culture analyses should be conducted along with financial analyses during the formation phase of inter-organizational relationships. Other empirical studies suggest that cultural sensitivity contributes to the building of trust for both sides in a partnership (Johanson, et al. 1997, 227), and other again that "*Compatibility in operational, financial, and technical capabilities and procedures, along with similarity in business philosophies and organizational norms facilitate a healthy and trusting collaborative environment*" (Sarkar et al. 1997, 263). Correspondingly, some scholars point out that national and organizational culture "*has the potential to affect in depth all aspects of the collaboration, including the development of trust*" (Nielsen 2001, 19).[23]

The finding that culture matters in inter-organizational relationships, and ultimately has the potential to influence performance levels is especially relevant in relation to public-private partnerships because, generally speaking, significant cultural differences can be assumed to exist between public and private organizations. They are infused with dissimilar values and goals, have dissimilar goals, and decision-making styles are different too. Furthermore, formal structure and governance forms of public organizations tend to be rather different from that of private organizations. While public organizations have a tendency to exhibit the traditional characteristics of bureaucracy (hierarchy, administration by rule, loyal civil servants, inflexibility, and stability), private organizations tend to be much more flexible and tend to have a flatter organizational structure. To use the terminology of Burns, public organizations tend to be more 'mechanistic', while private organizations tend to be more 'organismic' (Burns 1997). This is of course a crude distinction, and surely you can find public organizations that portray many of the characteristics associated with organismic organizations but as a general rule public organizations are inclined to portray more mechanistic features than private organizations are. These differences raise particular challenges in relation to PPP.

In addition to alliance external factors such as organizational and national culture, a number of other factors have been identified in the literature as being significant for the outcome of alliances. For instance, prior experience, transparency, partner reputation, risk, longevity, and resource balance[24] are believed to influence performance (e.g. Aulakh and Madhok 2002; Nielsen 2001). The character of the deal/contract is of vital importance too. If the contract is poorly grafted, then subsequent collaboration is prone to become difficult. Initial conditions, such as the way the contract is constructed or the cultural setting of a partnership, mark the relationship throughout the whole collaborative life-cycle. Such conditions predispose partnerships to either successful or unsuccessful patterns of repetitive interactions (Doz 1996).

Therefore in addition to collaborative capabilities, analyses of cooperation should take into account a number of *alliance external factors* (e.g. culture, reputation, prior experience), as well as *alliance*

---

[23] For further references on the topic of the importance on culture for collaboration, see Sarkar, et al. (1997) or Nielsen (2001, 18-19).

[24] Resource balance refers to degree of resource complementarity between the contracting parties. Research has suggested that the higher the degree of interdependence due to complementarity in resource contributions, the stronger the incentives to make the relationship work (e.g. such firms are likely to interact more, to share information, and to create mutual understandings of the working relationship). Thus resource balance is believed to enhance the degree of flexibility in alliances (Aulakh and Madhok 2002, 31-32).

internal factors (e.g. how the contract has been grafted, resource balance, longevity and transparency) in order to fully grasp how and why cooperation proceeds in certain manners. Partnerships have to be actively managed after contracts have been signed, and significant resources must be invested in the ongoing relationship in order to achieve collaborative advantage. However, cooperation is conditioned by these other factors that are determined prior to the operational processes.

A Conceptual Framework for Analysing Partnerships

What can we learn from the above discussion of the alliance literature? And how can it be utilized in relation to analyzing cooperation in public-private partnerships? I argue that the insights from the alliance literature can enhance PPP research in at least three ways.

The first contribution is to legitimize as well as encourage studies analysing partnership processes. In the alliance literature there is abundant empirical evidence suggesting a significant connection between alliance performance and the way cooperation proceeds throughout the life-cycle of the alliance. These findings emphasise that it is important to take a closer look at what happens in the operative stages of partnerships, and not confine research to structural issues and issues prior to signing the contract. Thus the process perspective is justified – and even strongly called for considering the absence of such studies in the PPP literature. As mentioned in the introduction, today, what happens after partnerships have been established is more or less black-boxed in the PPP literature, and we do not know how cooperation takes place in practice, and even less how this influences subsequent performance. This is regrettable since, as we have seen, the relationship can be a value-bearing asset in itself, and the way the relationship is managed over time can significantly impact performance.

Secondly, the alliance literature directs our attention at the importance of the social structure of partnerships – as opposed to an exclusive focus on formal structures. Alliance research suggests that intangible factors such as personal relationships between key actors, trust, goodwill, norms and values significantly influence the working-relationship of partners in interfirm collaboration, and ultimately partnership performance. Much like the process perspective, this is also an issue, which has been neglected in the extant literature on public-private partnerships (for a notable exception see Klijn 2006). Up to now, public management scholars have primarily addressed how a number of formal and structural factors influence the performance of public-private partnerships. Furthermore, these factors have typically been confined to the formative stages of partnerships.

Finally, the findings here can be summarized and utilized in an analytical framework that enables theoretically informed analyses of cooperation. In the framework proposed below (see figure 3), the core proposition is that the way cooperation proceeds ex post contract-signing has consequences for partnership performance. Firstly, it influences performance continuously because the way operational processes evolve over time determines the way in which the involved actors continuously evaluate and re-evaluate the relationship. A positive evaluation of partnership efficiency and equity reinforces already conducive operational processes, and thus a positive spiral can be triggered (Ring and Van de Ven 1994).[25] Conversely, relationships can also deteriorate if evaluations are negative. For instance, if one of the partners estimates that the other partner is not

[25] According to Ring and Van de Ven, 'equity' is just as important as 'efficiency' as a criterion for assessing cooperative inter-organizational relationships. Equity is defined as "fair dealing", and refers to reciprocity and "fair rates of exchange between costs and benefits". It "implies that all parties receive benefits proportional to their investments (1994, 93-94; originally Homans 1961).

behaving in a partnering way; this can alter the attitude of the concerned partner and perhaps lead to less goodwill and less trust. This in turn can get picked up by the other partner who in a similar way changes his way of cooperating in a negative direction. The overall result can be increased levels of conflict, and also an increased inability to settle disagreements. Thus because of events taking place in the operational processes, partnerships can evolve into both vicious and virtuous cycles of cooperation. External events/environmental changes can also trigger of such deteriorating processes because they can modify the efficiency or equity conditions (Ariño and de la Torre 1998, 307). A positive spiral reduces transaction costs, facilitates the settlement of disputes, increases the level of attained collaborative synergy, and ultimately enhances performance. Thus, as Ariño and de la Torre conclude, positive feedback loops are crucial in the evolutionary process in interfirm collaboration (1998).[26]

(insert figure 3)

The alliance internal and external factors touched upon earlier are included in the model. What is important here is to note that these factors are more or less determined prior to the operational stages of the partnership. They condition the operational processes which are the focal point of the framework. They are the basis upon which the whole deal rests. The more conducive the basis is for cooperation, the greater the likelihood that the partnership will be successful. However, these initial conditions do not determine the outcome of the partnership. Whether or not collaborative advantage is achieved is something that is settled in the operative stages of cooperation. The relationship has to be nurtured throughout the whole partnership life-cycle, thus the presence of the 'capability variable', and the feed-back loop between partnership processes and the continuous estimations of partnership efficiency and equity.[27]

Since there is reason to believe that inter-organizational relationships (e.g. partnerships) "*are socially contrived mechanisms for collective action, which are continually shaped and restructured by actions and symbolic interpretations of the parties involved*" (1994, 96), the importance of analysing partnership processes, and how they are influenced by initial conditions and collaborative (especially relational) capabilities seems evident.

Thus following Doz (1996), Ariño and de la Torre (1998), and Ring and Van de Ven (1994), operational processes are considered to be crucial factors in relation to overall partnership performance. The ways in which representatives from the partnering organizations negotiate, execute and modify the conditions of a partnership is believed to have an impact upon perceived equity and efficiency, and the motivations to continue or terminate a relationship over time (Ring and Van de Ven 1994, 91). "*Interaction processes among cooperating parties may cast a positive,*

[26] Ring and Van de Ven describe the evolution process in the following way: If commitments "are executed in an efficient and equitable manner, they will continue with or expand their mutual commitments. If these commitments are not executed in an efficient and equitable manner, the parties will initiate corrective measures by either renegotiating or reducing their commitments to the cooperative IOR. Underlying these heuristics is a more complicated set of informal social-psychological dynamics that go on and that explain how and why cooperative IORs [inter-organizational relationships] evolve through repetitive sequences of formal negotiation, commitment, and execution stages or events" (1994, 99).

[27] The model here is in line with Saxonian's comparative study of Silicon Valley and Route 128. She argues that approaches that do not take into account social structure and local institutions fail to give adequate explanations of the performance differences of the two regions (1994). In a similar way, I argue that the social structure of partnerships in addition to the institutional settings in which the partnerships unfold over time do have a significant impact upon partnership performance.

neutral, or negative overtone to the relationship, influencing the degree to which parties settle disputes arising out of the IOR [inter-organizational relationship] (ibid, 91). Correspondingly, in the framework proposed here, it is not only the initial conditions that are important for performance (e.g. how the deal is made, prior ties, cultural difference and reputation) but how the relationship unfolds over time plays a crucial role in the striving towards collaborative advantage. As Doz argues in his study, alliances are "*not just the implementation of initial designs toward set objectives, nor were they evolving independent from initial conditions*" (Doz 1996, 81). Additionally, I argue here that they do not evolve independently from the collaborative capabilities of the involved organizations.

The findings from the alliance literature do have some immediate value for managers of public-private partnerships. First of all, it directs attention to the important finding that ex post contractual issues are very significant for overall performance, and that it is equally important to manage relationship processes as it is to manage the construction of the deal. Furthermore, the findings from the alliance literature call attention to the importance of putting in place certain mechanisms, functions or tools that ensure diffusion of knowledge, which further increases the likelihood that the partnering firms are able to communicate and coordinate with their partner in an efficient and constructive manner. Finally, and perhaps most importantly, alliance research teaches us that mastering some sort of relational capital – not only pure technical capital – is core to the achievement of collaborative advantage.[28]

It is not satisfactory exclusively to rely on neither a 'contract-centered approach' nor a 'relationship-centered approach (Madhok 1995). Both aspects of cooperation have to be taken into consideration.

"*In the relationship-centered approach, sole emphasis on the contract would not be adequate to ascertain desirable action by the partner, other than the very minimum required. This needs to be supplemented by a positive social atmosphere, revolving around trust, within which the exchange is conducted. Such an atmosphere evolves through interaction. Whereas the contract-centered approach attempts to reduce uncertainty and manage the flow of information more formally through the legal form of the transaction, the relationship-centered view attempts to do so through the social processes underlying the transaction*" (Madhok 1995, 59)

A similar approach has been emphasised by Granovetter (1985) who has argued that usual neoclassical accounts provide an 'undersocialized' explanation of economic action, and reformist economists who attempt to bring social structure "*back in do so in the 'oversocialized' way" (Granovetter 1985).* Instead, Granovetter argues for an embeddedness approach, which "*threads its way between the oversocialized approach of generalized morality and the undersocialized one of impersonal, institutional arrangements by following and analyzing concrete patterns of social relations*" (ibid, 493).

[28] In a way, the argument follows the same logic as Goleman puts forward in his book 'Emotional Intelligence'. He argues that emotional intelligence (e.g. to have a sense of occasion, and have an insight into the emotions of self and others) is central to the degree of success in a persons private life and career; however it is not sufficient to have emotional intelligence only. A sufficient amount of IQ is a necessary condition. IQ is a threshold competence but it does not make you a star. It "offers relatively little competitive advantage" (Goleman 1998:19-20). In the same way, formal and technical skills in relation to PPP are a must, however not sufficient to achieve collaborative advantage. For that relational capabilities are also required.

The model proposed here follows the logic proposed by Granovetter (1985) and Madhok (1995), stressing the importance of relational aspects.

The analytical approach plead for in this article calls for more qualitative research that can capture and elaborate on soft concepts such as processes, social dynamics, trust, goodwill and other intangible concepts. As noted by some alliance scholars, large data sets do not seem to be an appropriate method for such purposes.

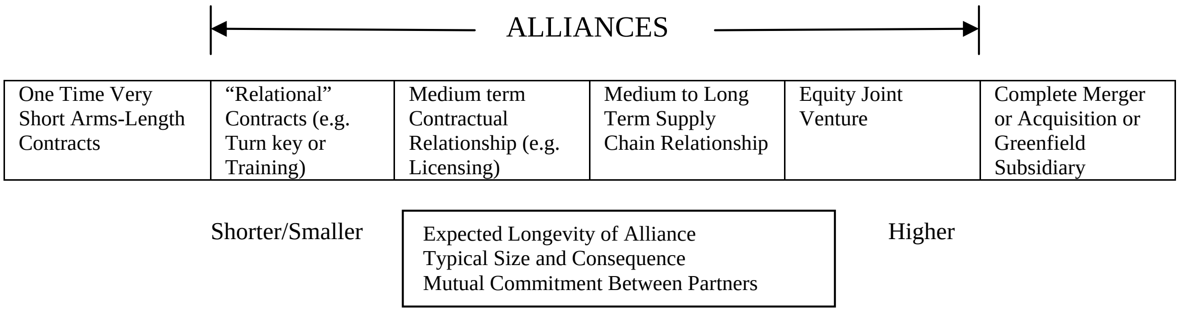
Conclusion

Just like Spekman, et al., more than half a decade ago, pointed out that "*the days of the old Ford River Rouge plant in Michigan are gone*" (2000, vii), correspondingly it can be argued that the days of exclusive public or exclusive private service delivery are gone. Today, increasingly public services are being delivered in some sort of partnership between public and private organizations. This stresses the importance of bringing about of more comprehensive understandings of cooperation between public and private organizations. Drawing upon alliance literature, I have argued that today's excessive emphasis on contractual issues, and issues related to the formation of PPPs fails to recognize the key importance of *the operational processes* and *the social structure* of cooperation. These aspects of cooperation have proved to be vital drivers of collaborative advantage in relation to private-private partnerships. Thus neglecting to address these issues in relation to PPP seems to be erroneous.

In brief, the conclusion is that the current gap in partnership research can be remedied by drawing upon extant alliance research. The analytical framework developed here can be used in order to enable a more coherent picture of public-private partnerships, and ultimately it can provide us with more adequate depictions of the drivers of collaborative advantage.

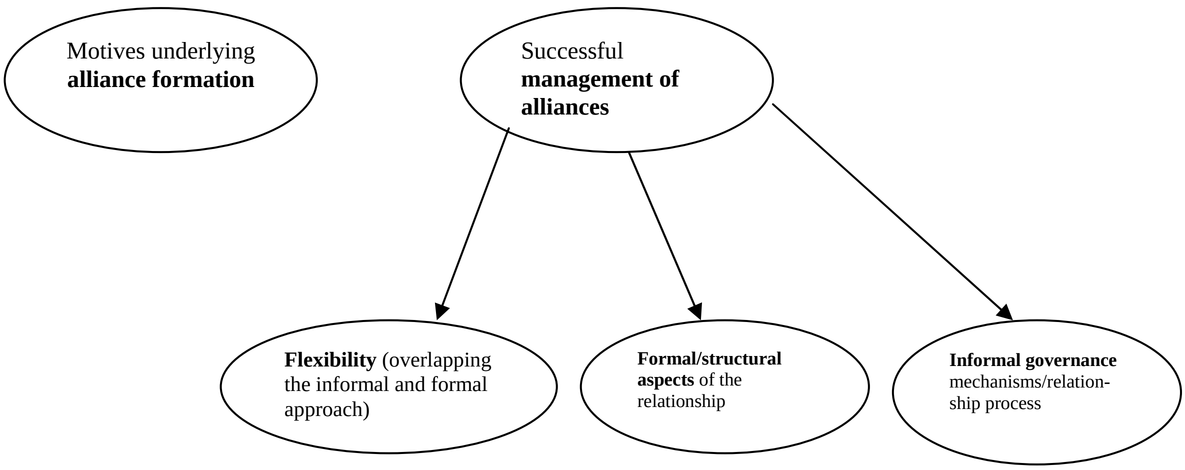
Finally, I would like to stress that there are many common denominators between alliance research and public-private partnership research. These two fields struggle with similar research questions, and thus there seems to be a great learning potential by cross-fertilizing these two disciplines. Not only in relation to the subject explored here, but also in relation to other aspects of cooperation. Regrettably, at the moment, there is little to no cross-disciplinary communication between public management and strategic management scholars.

Figure 1 The spectrum of cooperative arrangements that can be labelled alliances



(Source: Contractor and Lorange 2002, 5)

Figure 2 Different Strands of Alliance Research



Tabel 1 An Overview of the Dimensions of the 'Collaborative Capability' Concept

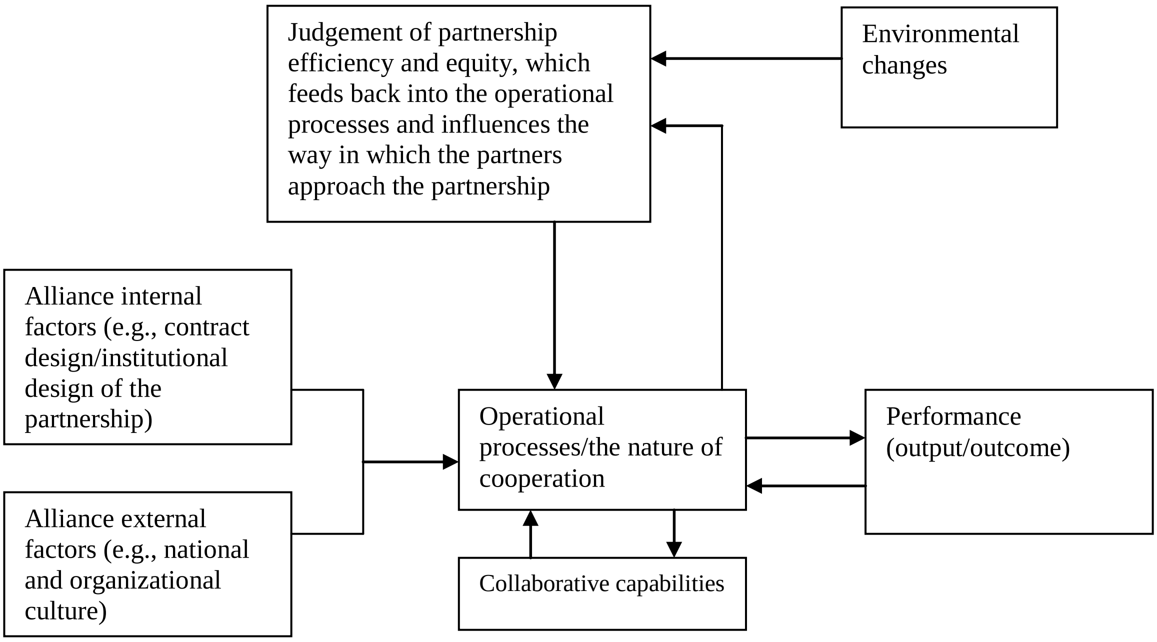
	Structural Factors	Behavioural Factors
Heimeriks (2004), Duysters and Heimeriks (2002)	Functions, tools, control and management processes and external parties	-
Simonin (2002)	Managing and monitoring skills,[29] negotiating,[30] search and selection,[31] knowledge and skills transfer,[32] exiting[33]	Building trust with the partner and cross-cultural training (as components of an organizations managing and monitoring skills)
Schreiner et al. (2005)	Communicative and coordination capabilities	Bonding capabilities (i.e. to develop and nurture meaningful social exchange)
Kanter (2002)	-	Ability to manage alliances in 'human terms'
Spekman et al (2000)	know how, supportive processes and structure, bench-depth (having sufficient managerial talent) and learning (i.e. institutional mechanisms by which alliance skills are recognized, taught)	Having the right mindset (trust-building, fostering commitment, and other key aspects of relationship development)
Kale, Dyer and Singh (2002)	Experience/a dedicated alliance	-

[29] Including conflict resolution skills, managing alliance-parent company relations, logistics and resource transfer, renegotiating initial agreements with partner, staffing, and technological assessment (Simonin 2002, 241).
[30] Tax aspects, estimating asset values and future cash flows, legal aspects, closing the deal, negotiations (Simonin 2002, 241).
[31] This category includes partner selection, partner identification, and understanding strategic implications of collaboration (i.e. knowing when or when not to consider an alliance as opposed to other strategies) (Simonin 2002, 241).
[32] Knowledge/skills acquisition and knowledge/skills safeguarding (Simonin 2002, 241).
[33] Exiting from the alliance, profit of capital repatriation, eigenvalues, percentage of variance explained, and cumulative percentage of variance explained (Simonin 2002, 241).

	Structural Factors	**Behavioural Factors**
	function	
Doz and Hamel (1998)	Open communications, experience of effective teamwork and commitment to shared purpose (p. 252).	Appropriate personal attitudes and organizational habits (p. 252), and a culture that balances competition and cooperation. Mindset characteristics of alliance-ready firms: creative, innovative, focused on core competencies, functionally oriented, focused on nonlinear goals, beyond customers, faster learning, define failure as money foregone (p. 254)
Anand & Khanna (2000)	Experience[34], firm-specific differences in the ability to create value	-
Dunning (2002)	-	Relational assets (i.e. a bundle of values such as trust, reciprocity, loyalty and empathy)
Dyer and Singh 1998	Investment in relation-specific assets, the degree of knowledge exchange, combining complementary resources, and effective governance mechanisms	Informal effective governance mechanisms (trust-based governance as a source of inter-organizational rents)
Lorenzoni and Lipparini (1999)	-	Relational capability (i.e. a capability to interact with other companies)
Ariño, Torre and Ring (2001)	Initial conditions and external events	Negotiation processes and partner interactions

[34] Note that they find that experience with joint venturing leads firms learning to create more value, while the same is not the case for licensing agreements. Here they find no evidence that firms learn to create value because of experience with licensing agreements (Anand and Khanna 2000, 295).

Figure 3 Conceptual Framework



*the model draws upon the work of Doz 1996, Ring and van de Ven 1994, and Ariño and de la Torre 1998

References

Anand, B. N., T. Khanna. 2000. Do firms learn to create value? The case of alliances. Strategic Management Journal 21(3), 295-315.

Ariño, Africa and José de la Torre (1998) Learning from Failure: Towards an Evolutionary Model of Collaborative Ventures, in *Organization Science*, Vol. 9, No. 3, pp. 306-325.

Ariño, Africa, José de la Torre and Ring, Peter Smith (2001) 'Relational Quality: Managing Trust in Corporate Alliances'. In California Management Review, Vol. 44, No. 1, pp. 109-131.

Aulakh, Preet S., Masaaki Kotabe, and Arvind Sahay (1997) Trust and Performance in Cross-Border Marketing Partnerships. A Behavioral Approach. In Paul W. Beamish, J. Peter Killing (Eds) *Cooperative Strategies. North American Perspectives*. San Francisco: The New Lexington Press.

Aulakh, Preet S. and Anoop Madhok (2002) 'Cooperation and Performance in International Alliances: The Critical Role of Flexibility', in Farok J. Contractor and Peter Lorange (Ed) *Cooperative Strategies and Alliances.* Oxford: Elsevier Science Ltd.

Bamford, James D. and Ernst, David (2003) Growth of Alliance Capabilities. In Bamford, James D., Gomes-Casseres, Benjamin and Robinson, Michael (eds) Mastering Alliance Strategy: a comprehensive guide to design, management, and organization. Chichester: John Wiley and Sons Ltd.

Barney, J.B. (1991) Firm resources and sustained competitive advantage. *Journal of Management* 17:99-120.

Büchel, Bettina and Peter Killing (2002) 'Interfirm Cooperation Throughout the Joint Venture Life Cycle: Impact on Joint Venture Performance, in Farok J. Contractor and Peter Lorange (Ed) *Cooperative Strategies and Alliances.* Oxford: Elsevier Science Ltd.

Burns, T. (1997) [1971] Mechanistic and Organismic Structures. In Pugh, Derek S. *Organization Theory. Selected Readings.* London:Penguin Books. (from 'Industry in a new age', *New Society*, 31 January 1963, pp.17-2)

Casson, Mark and Mol, J. Michael (2006) Strategic Alliances. A Survey of Issues From an Entrepreneurial Perspective. In Shenkar, Oded and Jeffrey Reuer (Eds) Handbook of Strategic Alliances. Thousand Oaks, California: Sage Publications.

Contractor, Farok and Peter Lorange (eds) (2002) Cooperative Strategies and Alliances. Oxford: Elsevier Science.

Doz, Yves L (1996) The Evolution of Cooperation in Strategic Alliances: Initial Conditions or Learning Processes? In *Strategic Management Journal,* vol 17, 55-83.

Doz, Yves L. and Gary Hamel (1998) Alliance Advantage. The Art of Creating Value through Partnering. Boston, Massachusetts: Harvard Business School Press.

Dunning, John H (2002) 'Relational Assets, Networks and International Business Activity', in Farok J. Contractor and Peter Lorange (Ed) *Cooperative Strategies and Alliances.* Oxford: Elsevier Science Ltd.

Duysters, G. and K. Heimeriks (2002) 'The influence of alliance capabilities on alliance performance: an empirical investigation'. *Working Paper*. Eindhoven Centre for Innovation Studies, Department of Technology Management. Technische Universiteit Eindhoven. The Netherlands.

Dyer, Jeffrey H. and Wujin Chu (2002) The Role of Trustworthiness in Reducing Transaction Costs and Improving Performance: Empirical Evidence from the United States, Japan, and Korea. Organization Science, Vol. 14, No. 1, pp. 57-68.

Dyer, J.H., and Singh H. (1998) The relational view: cooperative strategy and sources of inter-organizational competitive advantage. *Academy of Management Review* 23(4): 660-679.

Dyer, J. H. & Singh, H. (2004) The Relational View: Cooperative Strategy and Sources of Interorganizational Competitive Advantage, in Jeffrey J. Reuer (Ed) *Strategic Alliances. Theory and Evidence*. Oxford: Oxford University Press.

Ghobadian, Gallear, Viney and O'Regan (2004): "Future of the public-private partnership". In Ghobadian, Abby, David Gallear, Nicholas O'Regan and Howard Viney, *Public-private partnerships. Policy and Experience*. London: Palgrave Macmillan.

Goleman, Daniel (1998) *Working with Emotional Intelligence*. London: Bloomsbury.

Granovetter, Mark (1985) 'Economic Action and Social Structure: The Problem of Embeddedness'. *The American Journal of Sociology*, Vol. 91, No. 3, pp. 281-510.

Gulati, R. (1995) 'Does familiarity breed trust? The implications of repeated ties for contractual choice in alliance'. In Academy of Management Journal, 38, pp. 85-112.

Gulati, R (1998) Alliances and Networks. In Strategic Management Journal, Special Issue 19(4): 293-318.

Gulati, Ranjay (2004) Alliances and Networks. In Reuer (ed) *Strategic Alliances. Theory and Evidence*. Oxford: Oxford University Press.

Heimeriks, Koen H. (2004) 'Developing Alliance Capabilities', *PhD dissertation* from, Technische Universiteit Eindhoven. Eindhoven Univsesity Press.

Heimeriks, Koen H. and Geert Duysters (2003) Alliance capability as mediator between experience and alliance performance: an empirical investigation into the alliance capability development process. *White paper*, Eindhoven University of Technology. The Netherlands.

Heimeriks, Koen H., Geert Duysters, Wim Vanhaverbeke (2004) 'The Evolution of Alliance Capabilities'. *Working Paper 04.20*.' Eindhoven Centre for Innovation Studies, The Netherlands. Department of Technology Management. Technische Universiteit Eindhoven.

Heimeriks, Koen H., Geert Duysters, Wim Vanhaverbeke (2005) ‘Developing Alliance Capabilities: An Empirical Study’. *SMG Working Paper No. 13. Center for Strategic Management and Globalization*. Copenhagen Business School, Denmark.

Hodge, G. and Carsten Greve (eds). 2005. *The Challenge of Public-Private Partnerships*: Learning from International Experience. UK: Edward Elgar.

Hodge, Graeme and Carsten Greve (2006) Public-Private Partnerships: An International Performance Review. Paper presented at the research colloquium on *Public-Private Partnerships – Policymaking and Regulation in a Comparative Perspective* in Copenhagen, Denmark 12 – 13 October 2006.

Homans, G. (1961) *Social Behavior: Its Elementary Forms.* New York: Harcourt.
Huxham, Chris and Vangen, Siv (2003?) What makes partnerships work? In Osborne, Stephen (ed) Public-Private Partnerships. Theory and practice in international perspective. London: Routledge.

Hosmer, Larue Tone (1995) Trust: The Connecting Link Between Organizational Theory and Philosophical Ethics. *Academy of Management Review* 20(2): 379-403.

International Review of Administrative Sciences (2006) ‘Executive summary’. Vol. 72, Issue 3, pp. 309-312.

Ireland, R. Duane, Michael A. Hitt and Deepa Vaidyanath (2002) ‘Alliance Management as a Source of Competitive Advantage’. *Journal of Management*, 28(3) 413-446.

Inkpen, Andrew C. (2002) Learning, Knowledge Management, and Strategic Aliances: So Many Studies, So Many Unanswered Questions. In Contractor, Farok and Peter Lorange (eds) Cooperative Strategies and Alliances. Oxford: Elsevier Science.

Inkpen, Andrew C. (2002) ‘ Learning, Knowledge Management, and Strategic Alliances: So Many Studies, So Many Unanswered Questions’, in Farok J. Contractor and Peter Lorange (Ed) *Cooperative Strategies and Alliances.* Oxford: Elsevier Science Ltd.

Johanson, Jean L., John B. Cullen, Tomoaki Sakano, and Hideyuki Takenouchi (1997) Setting the Stage for Trust and Strategic Integration in Japanese-U.S. Cooperative Alliances. In Paul W. Beamish, J. Peter Killing (Eds) *Cooperative Strategies. North American Perspectives*. San Francisco: The New Lexington Press.

Kale, Prashant, Singh, Harbir and Perlmutter, Howard (2000) Learning and Protection of Proprietary Assets in Strategic Alliances: Building Relational Capital. In Strategic Management Journal 21: 217-237.

Kale, Prashant, Jeffrey H. Dyer and Harbir Singh (2002) Alliance Capability, Stock Market Response, and Long-Term Alliance Success: The Role of the Alliance Function. Strategic Management Journal 23(8), 747-767.

Kale, Prashant and Zollo, Maurizio (2006) Understanding Partnering Processes and Outcomes: The Contribution of Evolutionary Theory. In Shenkar, Oded and Jeffrey Reuer (Eds) Handbook of Strategic Alliances. Thousand Oaks, California: Sage Publications.

Kanter, Rosabeth Moss (2002) Collaborative Advantage: The Art of Alliances. In *Harvard Business Review on Strategic Alliances*. Boston: Harvard Business School Press.

Klijn, Erik-Hans, Edelenbos, Jurian, Bram, Steijn (2006) 'Does Trust Matter? The Role of Trust in Public-Private Partnerships'. *Paper presented at the Tenth International Research Symposium on Public Management (IRSPM X)*. Glasgow Caledonian University, Scotland (10-12 April 2006) Panel: Relational Capital and Relational Governance.

Klijn, Erik-Hans, Teisman, Geert R. (2005) Public-private partnerships as the management of co-production: strategic and institutional obstacles in a difficult marriage. In Graeme Hodge and Carsten Greve (eds) *The Challenge of Public-Private Partnerships. Learning from International Experience*. Cheltenham: Edward Elgar Publishing.

Lambe, C. Jay, Spekman, Robert E. and Hunt, Shelby D. (2002) 'Alliance Competence, Resources, and Alliance Success: Conceptualization, Measurement, and Initial Test'. In *Journal of the Academy of Marketing Science*, 30(2):141-158.

Langford, John (2002): Managing Public-Private Partnerships in Canada, in Edwards, Meredith and Jon Langford: New Players, Partners and Processes: A Public Sector Without Boundaries? Canberra: National Institute for Governance.

Linder, Stephen. 1999. Coming to terms with Public-Private Partnerships. *The American Behavioral Scientist* 43(1): 35-52.
Luo, Yadong (2002) 'Building Trust in Cross-Cultural Collaborations: Toward a Contingency Perspective'. In *Journal of Management*, 28(5): 669-694.

Madhok, Annop (1995) 'Opportunism and Trust in Joint Venture Relationships: An Exploratory Study and a Model'. *Scandinavian Journal of Management*, Vol. 11, No. 1, pp. 57-74.

Madhok, Anoop and Stephen B. Tallman (1998) 'Resources, Transactions and Rents: Managing Value Through Interfirm Collaborative Relationships'. In *Organization Science*, vol. 9, No. 3, May-June, pp.326-339.

Mendenhall, M., Beaty, D., & Oddou, G. R. (1993) 'Where have all the theorists gone? An archival review of the international management literature'. *International Journal of Management*, 10(2):146-153.

Mohr, Jakki and Spekman, Robert (1994) 'Characteristics of Partnership Success: Partnership Attributes, Communication Behavior, and Conflict Resolution Techniques'. In S*trategic Management Journal*, Vol. 15, 135-152.

Nelson, R. and Winter S. (1982) An Evolutionary Theory of Economic Change. Harvard University Press: Cambridge, MA.

Nielsen, Bo Bernhard (2001) Trust and Learning in International Strategic Alliances. Working Paper 8. Copenhagen: Department of International Economics and Management, Copenhagen Business School.

OECD. 2006. Executive Summary. *International Review of Administrative Sciences* 72(3):309-312. Originally published by the OECD in 2005 in the book Modernising Government: The Way Forward (Executive Summary). OECD Publishing.

Overby, Mikkel Lucas (2006) 'Strategic Alliances in Emerging High-Tech Markets: What's the Difference and does it Matter? Copenhagen Business School. PhD School in Informatics. *PhD Series 10.2006.*

Parkhe, Arvind (1993) "Messy" Research, Methodological Predispositions, and Theory Development in International Joint Ventures. Academy of Management Review, Vol. 18, No. 2.

Parkhe, Arvind (2006) Research Methods in Alliances, in Oded Shenkar and Jeffrey J. Reuer (Eds) *Handbook of Strategic Alliances*. Thousand Oaks: Sage Pulications.

Partnerships UK (2006) Report on Operational PFI Projects. The report was undertaken on behalf of HM Treasury in 2005.

Reeves, Eoin (2006): 'The Practice of Contacting in Public Private Partnerships: Transaction Costs and Relational Contracting in the Irish School Sector'. *Paper presented at the Tenth International Research Symposium on Public Management* in Glasgow at Glasgow Caledonian University.

Reeve, Stephen and Hatter, Warren, New Local Government Network (NLGN), (2004): *Beyond Contract: what makes a PPP successful?* Published by NLGN.

Reuer, Jeffrey J. (2004) 'Introduction: Strategic Alliance Research: Progress and Prospects', in Jeffrey J. Reuer (Ed) *Strategic Alliances. Theory and Evidence*. Oxford: Oxford University Press.

Ring, Peter S. (2002) The Role of 'Contract in Strategic Alliances'. In Farok J. Contractor and Peter Lorange (Ed) *Cooperative Strategies and Alliances.* Oxford: Elsevier Science Ltd.

Ring, Peter Smith and Andrew H. van de Ven (1994) 'Developmental Processes of Cooperative Interorganizational Relationships', *in Academy of Management Review*, Vol. 19, No. 1, 90-118.

Rumelt, R. P., Schendel, D, and Teece, D. (1991) Strategic management and economics. *Strategic Management Journal*, 12: 5-29.

Rousseau, Denise M., Sim B. Sitkin, Ronald S. Burt and Colin Camerer (1998) 'Introduction to Special Topic Forum: Not so Different after all: A Cross-Discipline View of Trust'. In The Academy of Management Review, Vol. 23, No. 3, pp. 393-404.

Salk, Jane and Vora, Davina (2006) Research Outside the "Core": Opportunities in Alternative Approaches and Methods for Studying Cooperative Alliances. In Shenkar, Oded and Jeffrey Reuer (Eds) Handbook of Strategic Alliances. Thousand Oaks, California: Sage Publications.

Sanchez, Ron, Aime Heene, and Howard Thomas (1996) *Dynamics of Competence-Based Competition*. New York: Elsevier.

Sarkar, Mitrabarun, S, Tamer Cavusgil, and Cuneyt Evirgen (1997) A Commitment-Trust Mediated Framework of International Collaborative Venture Performance. In Paul W. Beamish, J. Peter Killing (Eds) *Cooperative Strategies. North American Perspectives*. San Francisco: The New Lexington Press.

Sarkar, MB, Raj Echambadi, S. Tamer Cavusgil and Preet S. Aulakh (2001) 'The Influence of Complementarity, Compatibility, and Relationship Capital on Alliance Performance'. In Journal of Academy of Marketing Science, 29, 4: 358-373.

Saxton, Todd (1997) 'The Effects of Partner and Relationship Characteristics on Alliance Outcomes'. In *Academy of Management Journal*, vol. 40, No. 2, 443-461.

Schwenk, C. R., & Dalton, D. R. (1991) 'The changing shape of strategic management research'. *Advances in Strategic Management*, 7:277-300.

Schreiner, Melanie, Daniel Corsten, Prashant Kale (2005) Collaborative Capability of the Firm and Its Impact on Interfirm-relationship Outcomes. *Working paper* presented at International Center for Strategic Management and Globalization, Copenhagen Business School, Denmark.

Shenkar, Oded and Jeffrey Reuer (Eds) (2006) Handbook of Strategic Alliances. Thousand Oaks, California: Sage Publications.

Simonin, Bernhard L. (2000) 'Collaborative Know-How and Collaborative Advantage'. In Global Focus, Vol. 12, No. 4, pp. 19-34.

Simonin, Bernhard L. (2002) 'The Nature of Collaborative Know-How'. In Farok J. Contractor and Peter Lorange (Ed) *Cooperative Strategies and Alliances.* Oxford: Elsevier Science Ltd.

Spekman, Robert E., Isabella, Lynn A. & MacAvoy, Thomas C. (2000) Alliance Competence: Maximizing the Value of Your Partnerships. New York, USA: John Wiley & Sons, Inc.

Van Ham, Hans & Joop Koppenjan. 2001. Building Public-Private Partnerships: Assessing and Managing Risk in Port Development. *Public Management Review* 3(4): 593-616.

Vera, D. and M. Crossan (2003) Organizational Learning and Knowledge Management: Towards an Integrative Framework. In Easterby-Smith, M. & M.A. Lyles (eds). Handbook of Organizational Learning and Knowledge Management. Oxford: Blackwell.

Weihe, Guðrið (2006) Public-Private Partnerships: Addressing a Nebulous Concept'. *Paper* presented at the Tenth International Research Symposium on Public Management (IRSPM X), Glasgow Caledonian University, Glasgow, Scotland.

Wettenhall, Roger (2005) 'The public-private interface: surveying the history'. In Hodge, Graeme and Greve, Carsten (eds) *The Challenge of Public-Private Partnerships. Learning form International Experience*. Cheltenham: Edward Elgar.

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

Wilkof, Marcia V., Deborah Wright Brown and John W. Selsky (1995) ‘When the Stories Are Different: The Influence of Corporate Culture Mismatches on Interorganizational Relations’. In *The Journal of Applied Behavioral Science*. Vol. 31, No. 3, pp. 373-388.

Zaheer, Akbar and Harris, Jared (2006) Interorganizational Trust. In Shenkar, Oded and Jeffrey Reuer (Eds) Handbook of Strategic Alliances. Thousand Oaks, California: Sage Publications.

Zaheer, Akbar, Bill McEvily and Vincenzo Perrone (1998) ‘Does Trust Matter? Exploring the Effects of Interorganizational and Interpersonal Trust on Performance’. In *Organization Science*, V