Performance of Public-Nonprofit Partnerships
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Resumo
Prior research on collaborative governance has focused on contractual and relational conditions to explain the performance of public-nonprofit partnerships (PNPs). However, the potential causal factors that make partnerships more capable (or not) of achieving good performance compared with traditional arrangements is an area that demands further research. In this theoretical study, we propose to adapt the resource-based view (RBV) from the management literature to public administration research to place intangible resources and performance in a causal framework analysis. Based on the assumption that a public organization may look for PNPs to obtain access to nonprofits’ resources, we construct a conceptual model suggesting that interorganizational trust, an antecedent of organizational reputation, is an outcome of collaborative know-how, thus mediating the relationship between the two intangible resources that leverage PNP performance. We believe that understanding the mechanism which relates the antecedents of performance provide evidence to help the policymakers and practitioners who manage PNPs to address social, economic, and political problems.

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**Palavras-chave:** collaboration, resources, performance, public-nonprofit partnerships, resource-based view.

**Introduction**

Public administration (PA) scholars claim that two important trends have emerged regarding the delivery of public services: the emphasis on performance assessments and the increased reliance on nonprofits as partners (Amirkhanyan, 2009; Lu, 2016; Willems, Jegers, & Faulk, 2016a). However, the potential causal factors that make partnerships more capable (or not) of achieving good performance compared with traditional arrangements is an area that demands further research (G. A. Hodge & Greve, 2017; H. Wang, Xiong, Wu, & Zhu, 2018; Warsen, Klijn, & Koppenjan, 2019). Given the different partnership rationales, public organizations may choose to partner with nonprofits to provide underserved populations with specialized services (Brinkerhoff & Brinkerhoff, 2011). Nonprofits are seen as agents of public economic activity that are contracted to deliver public services through Public-Nonprofit Partnerships (PNPs) (Coupet, Albrecht, Williams, & Farruggia, 2019). PNPs are expected to save public organizations the costs of hiring and training public bureaucracy because nonprofits may bring to the project expertise, flexibility and funding that is not currently available to the public sector. In addition, nonprofits are supposed to benefit government by improving its public image (Andrews & Entwistle, 2010; Handy, 1995, 1997; Shaw, 2003).

We use this theoretical article to propose clarifications to the central question as follows: How do partners’ know-how and reputation influence PNP performance? Specifically, we propose to adapt the resource-based view (RBV) from the management literature to PA research to place partners’ intangible resources and performance in a causal framework analysis. Hence, we focus our analysis to understand how resources may convert into performance (Ahuja & Katila, 2013; Fernandes, Mills, & Fleury, 2005; Henderson & Cockburn, 1994; Miller & Shamsie, 1996).
Addressing our research question requires the construction of measures of performance and intangible resources. Aiming to extend the RBV, we intend to contribute to the PA field by offering a conceptual framework to assess performance through partners’ resources. In this theoretical essay, we investigate the role of partner’s resources, which focus on the organization’s dyadic relationships with partners, with the intention to generate insights into public and nonprofit management in PNP.

**Critical Success Factors of Partnership Performance**

Various critical success factors may influence partnership performance. Herein we call partnership to review PA studies that have focused both on formal partnerships celebrated by the public sector between for-profit (PPP) or nonprofit organizations (PNP). Critical success factors are classified into two conditions: contractual and relational (e.g., Gazley, 2008; Poppo & Zenger, 2002; Wang et al., 2018; Warsen et al., 2019). Scholars, on the one hand, have enhanced the role of contractual conditions on performance. Literature about contractual conditions suggests that a well-written contract, the ability to impose sanctions, clear performance indicators, and the allocation of risks are critical success factors rather than just legal requirements (da Cruz, Simões, & Marques, 2013; Gazley, 2010; Hardcastle, Akintoye, Li, & Edwards, 2005; G. A. Hodge & Greve, 2017; Koppenjan & Klijn, 2004; Liu, Love, Smith, Regan, & Sutrisna, 2014). On the other hand, the role of “soft” or “relational” conditions are pivotal in ensuring good performance. In situations where there is a gap left by incomplete contracts, mutual trust and norms of flexibility, solidarity, and sharing information play a fundamental role (Granovetter, 1985; Poppo & Zenger, 2002).

Contractual success factors consider contracts that specify the agreements on performance, risk allocation, payments, and sanctions. The focus on contractual success factors stems from neoinstitutional economics and principal–agent theory to emphasize rational and possibly opportunistic behavior and the need to control this behavior (H. Wang et al., 2018). The premise is that the rational behavior of actors leads them to use any situation to their own advantage. To fight opportunistic behavior, contracts structure the exchange between principals (clients) and agents (contractors), so they can both benefit from their win-win potential (Brown, Potoski, & van Slyke, 2016). In turn, PA scholars have devoted much attention to the structure and content of contracts (H. Wang et al., 2018).

Relational success factors give room to social relationships wherein partnerships are embedded. Literature about collaborative governance, network governance, and relational contracting is devoted to the role of relations and cooperative process needed to make these
partnerships work (Gazley, 2008; Poppo & Zenger, 2002; Ring & Ven, 1992; Warsen et al., 2019). These theories acknowledge the incomplete nature of contracts. Due to the usual complexity of partnerships, it becomes impossible to write down all exchange rules that sustain a partnership, because neither the client nor the contractor can anticipate and regulate all contingencies that may affect the realization of the project (Bertelli, 2018a; Brown et al., 2016). Rather than expanding the contract and increasing its details, this approach enhances how social relationships sustain the contracts. Partnerships are embedded in social relationships. Mutual trust, reciprocity, solidarity, informal communication, the balance of power, shared resources, the degree of centralization, leadership within the network and shared information are pivotal in ensuring good performance in the social relationship (Brown, Potoski, & Van Slyke, 2006; Caldwell, Roehrich, & George, 2017; Gazley, 2010; O’Toole, 1997; Poppo & Zenger, 2002; Smyth & Edkins, 2007; Warsen et al., 2019; Warsen, Nederhand, Klijn, Grotenbreg, & Koppenjan, 2018). Relational success factors are vital because partners may need to cope with exogenous shocks, unexpected events, and the complexity of projects (Bertelli, 2018a; E. H. Klijn, Edelenbos, & Steijn, 2010).

A lively debate has ensued on whether contractual and relational conditions complement each other in predicting partnership performance (see, e.g., Brown et al., 2015; Gazley, 2010). The most recent studies focus on specific combinations of conditions and how these combinations may influence partnership performance. For example, Warsen et al. (2019) explore the mix and match of contractual and relational conditions for 25 PPPs in the Netherlands and Flanders (Belgium). The authors used a fuzzy set qualitative comparative analysis to test how contractual factors, such as the use of sanctions and risk allocation, and relational conditions, such as trust and conflict management, jointly shape partnership performance. Their results show three different combinations of conditions that match with high performing PPPs. These different combinations of conditions consist of a mix of contractual and relational conditions, which confirms their initial expectation that these factors complement each other, but a combination of only relational conditions is also present. This gap is what motivated our theoretical essay.

**Contributions of RBV to Understanding PNP Performance**

The resource-based view (RBV) of the firm offers theoretical support for understanding partnership performance. Because RBV has well-established the link between a firm's resources
and its performance (Barney, 1991), we discuss that the RBV is useful to answer our research question. By adopting an intraorganizational focus, the RBV suggests that performance is a result of firm-specific resources and capabilities (Barney, 1991; Wernerfelt, 1984). Resources can include "anything that might be thought of as a strength or weakness of a given firm" and so "could be defined as those (tangible and intangible) assets which are tied semipermanently to the firm" (Wernerfelt, 1984, p. 172). Resources that hold the potential for improving performance must own four attributes: (a) they are valuable, in the sense that they enable firms to pursue opportunities or avoid threats, (b) they are rare, (c) they are hard to imitate, and (d) they do not have direct substitutes (Barney, 1991).

Empirical studies help to understand how resources and capabilities convert into performance (e.g., Ahuja & Katila, 2013; Fernandes et al., 2005; Henderson & Cockburn, 1994; Miller & Shamsie, 1996). For example, Miller & Shamsie (1996) tested the RBV of the firm in a study of the major U.S. film studios from 1936 to 1965. The authors undertook a longitudinal study of the seven major Hollywood film studios during two very different eras: the first, from 1936 to 1950, was an era of great stability and predictability, and the second, from 1951 to 1965, was one of much upheaval, change, and uncertainty. By conducting separate analyses for the two eras, they show the differential utility of property- and knowledge-based resources in stable and uncertain contexts. Performance was investigated by examining financial performance indexes to establish the range and robustness of their findings. The results show that both property- and knowledge-based resources that are hard to buy or imitate contribute to performance, i.e., to returns on sales, operating profits, and market share. Hence, the authors tested the resources–performance link while measuring resources directly. We argue that their strategy may be valuable in our case.

The RBV is often extended to understand the performance of strategic alliances. Strategic alliances are defined as "voluntary cooperative interfirm agreements aimed at achieving competitive advantage for the partners" (Das & Teng, 2000, p. 33) and "the result of resource integration among firms" (Das & Teng, 2000, p. 34). Following these definitions, we assume that strategic alliances share similarities to PNPs. Hence, we approach the strategic alliance concept to PNPs with the purpose to adapt the RBV to estimate the partnership performance. Some studies have measured alliance performance in terms of meeting the objectives of individual partner firms (e.g., Thomas & Trevino, 1993). However, this approach allows each partner firm to evaluate the performance of an alliance differently (Das & Teng, 2000). To avoid this issue, researchers have used the alliance per se as the unit of analysis for alliance...
performance. Detailed surveys or careful fieldwork on alliances are tools to detect the multiple facets of alliance performance and to account for the perspectives of all the partners in the alliance. Gulati (1998) states that such approaches enable the compilation of a host of measures, subjective and objective, with which performance can be assessed, as well as an examination of dyadic asymmetries in perceptions. Other studies have measured alliance goal achievement in terms of new product development (Deeds & Hill, 1996) and alliance profitability (Cullen, Johnson, & Sakano, 1995). In this article, we adopt the latter approach and view PNP performance as the degree to which the agreed-upon objectives of the partnership were achieved. By looking directly at the goal achievement, we examine objective outcomes to test the resources–performance link.

The main advantage of using the RBV to explore the PNP performance is the recognition that a public organization may look for a nonprofit to complement or supplement its resources. The rationale for entering into strategic alliances from a resource-based relationship is quite the same in PNPs. When forming strategic alliances, organizations seek partner resource alignment, i.e., the pattern whereby the resources of partners match in an alliance. This resource-based relationship is often restricted to a supplementary or complementary resource alignment (Das & Teng, 2000). Likewise, a public organization may look for partnerships to be complemented or supplemented by other nonprofits’ resources. In this regard, there are mainly two theoretical perspectives to explain the occurrence of PNPs: the interdependence theory and the government failure theory. The interdependence theory states a complementary relationship in which the resource exchange and contractual relationships may compensate for the partner’s strengths and weaknesses (Salamon & Anheier, 1998). Hence, partners are essentially complementary and mutually dependent. The government failure theory argues the supplementary role of nonprofits. In this view, nonprofits function as a substitute for government service provision (Cheng, 2018a; Lu & Xu, 2018). Thus, the resource-based relationship is well regarded in the PA literature, and the RBV provides a consistent basis for studying partnership performance. We follow this line of thought to introduce our conceptual framework.

**Conceptual Framework: Intangible Resources and PNP Performance**

The prior section addressed why the RBV approach is important for the study of PNP performance. However, it should be noted that not every resource holds the potential for improving performance. Barney (1991) refers to the familiar VRIO set of necessary and sufficient characteristics (i.e., reputation is valuable, rare, free from imitation, and accompanied
by organizational resources sufficient to utilize the resource effectively). Resources must be difficult to create, buy, substitute, or imitate (Miller & Shamsie, 1996). The assumption is that successful organizations find their future competitiveness through the development of distinctive and unique capabilities, which may often be intangible in nature (Wernerfelt, 1984). Thus, the scope of this study will be strictly limited to intangible resources. Hence, this study builds on the RBV by defining two intangible resources, collaborative know-how and organizational reputational, to present a conceptual framework that tests the resources–performance link.

**Collaborative know-how**

Collaborative know-how has long been considered a valuable resource (Bruce Kogut, 1988; Simonin, 1997) because it is not easily imitable owing to knowledge barriers (Hall, 1992). Knowledge-based resources often take the form of collaborative know-how including the capabilities that help organizations work and learn together effectively (Miller & Shamsie, 1996). Aligned with the RBV, organizations develop a progressive accumulation of know-how which bundle together with alliance capabilities to achieve VRIN/O (valuable, rare, inimitable, non-substitutable, and organized) resources, thus resulting in superior performance (Barney, 1991; Grant, 1991; Gulati, 1999; Heimeriks & Duysters, 2007; Kale & Singh, 2007; Bruce Kogut, 2000; Simonin, 1997; Teece, Pisano, & Shuen, 1997; Y. Wang & Rajagopalan, 2015).

Through the RBV lens, previous research inspired by developments in the alliance literature shows empirical evidence of which factors can facilitate the development of alliance capabilities and act as collaborative know-how enablers (Kale, Dyer, & Singh, 2002; Kale & Singh, 2007; Niesten & Jolink, 2015; Schilke & Goerzen, 2010). These factors include skilled and experienced managers, supporting organizational structures (e.g., dedicated alliance function, alliance team, and committees), processes (e.g., alliance training, forums, and networks), and codifying tools for accumulation of alliance experience (e.g., alliance guidelines, manuals, and evaluation procedures) (Al-Tabbaa, Leach, & Khan, 2019; Alonso & Andrews, 2019; Kohtamäki, Rabetino, & Möller, 2018).

Drawing on insights from an established body of knowledge regarding the ability to manage, integrate and learn from partnerships (Anand & Khanna, 2000; Dyer & Singh, 1998; Gilson & Goldberg, 2015; Kale et al., 2002; Kale & Singh, 2007; Bruce Kogut, 2000; Bruce Kogut & Zander, 1992; Nickerson & Zenger, 2004), we operationalize collaborative know-how by measuring the accumulated experience and the resources allocated for administering the partnership.
The accumulated experience may be an important predictor for leveraging partnership performance (Anand & Khanna, 2000; Dyer & Singh, 1998; Gulati, 1999; Kale et al., 2002; Simonin, 1997). The implicit assumption behind the relationship between accumulated experience and performance is that there are learning effects that enable partners to develop a relational capability (Dyer & Singh, 1998). In line with previous research, we define ‘accumulated experience’ as the know-how generated through the partners’ former alliances (Gulati, 1995; Kale et al., 2002; Kale & Singh, 1999; Maurizio Zollo, Reuer, & Singh, 2002). This know-how is likely to become embedded in the minds of the individuals involved in the partnerships (Heimeriks & Duysters, 2007), providing a basis for an organizational routine with respect to performing a certain task or activity (Nelson & Winter, 1982). Accumulated experience in managing partnerships leads to the repeated interactions in those hybrid organizational forms (Schilke & Goerzen, 2010). Accumulated experience during recurrent partnerships with the same organizations also contributes to the capacity of partners to resolve arising conflicts (Kale & Singh, 2007; Simonin, 1997), reduces uncertainty, and enhances the predictability of partnership outcomes (Gulati, Lavie, & Singh, 2009). Hence, partners build a “broad repertoire of experiences” (Anand & Khanna, 2000, p. 298), allowing them to assess effective routines for exchanging information as well as for engaging individuals within the organizations in stable and repetitive activity patterns (Kogut & Zander, 2003; Winter, 2003). Finally, accumulated experience may also trigger relational mechanisms such as knowledge sharing, complementary partner resources, and informal safeguards (Gulati et al., 2009).

Furthermore, the value of resources allocated specifically for administering the partnership is highlighted to improve performance (Kale et al., 2002; Kale & Singh, 2007). Strategy scholars observed significant fixed firm effects in explaining performance which they interpreted them as a measure of alliance capability (Anand & Khanna, 2000), and emphasized the need for future research to explore the organizational determinants of such a capability. Then, Kale et al.( 2002) investigated this aspect and found that having a dedicated alliance function was positively related to greater alliance performance. According to the authors, we refer to the ‘dedicated alliance function’ to explain how partners can capture, integrate, and disseminate collaborative know-how through the creation of a separate, dedicated organizational unit charged with the responsibility to capture prior experience. This dedicated alliance function manages all partnership-related activity within the organization. Moreover, a dedicated alliance function may act as a focal point for learning and leveraging lessons from prior and ongoing partnerships. By increasing the partner’s tacit knowledge with regard to partnership management, individuals who are assigned to work in this function are in a position
to develop significant firsthand experience with regard to every facet of a partnership, from formation to termination. Beyond that, a dedicated alliance function may ease the sharing of tacit knowledge through training programs and internal networks of managers. Yet, a dedicated alliance function may enable a more systematic and routine implementation of processes to codify, learn, and leverage collaborative know-how (Maurizio Zollo et al., 2002).

Essentially, we view collaborative know-how as a multi-layered phenomenon: learning mechanisms are the building blocks of routines (Dosi, Nelson, & Winter, 2000; Gittelman & Kogut, 2003; Zollo & Winter, 2002). When it comes to partnership management, learning mechanisms can be represented by accumulated experience and functions (e.g., a dedicated alliance function). We expect that collaborative know-how positively influence alliance performance for a number of reasons. Following the above arguments, we propose:

*Proposition 1: Collaborative know-how has a positive effect on the PNP performance.*

**Organizational Reputation**

Organizational reputation is a key intangible strategic resource whose role for public and private organizations has been largely acknowledged. For public administration research, reputation is a multifaceted concept that comprises a set of beliefs about an organization’s capacities, intentions, history, and mission that is embedded in a network of multiple audiences (Carpenter, Krause, Deutsch, & Ross, 2012; Lee & Van Ryzin, 2019). In management, reputation is commonly defined as how the organization is perceived by its stakeholders and credited or not as trustworthy (Fombrun & Shanley, 1990). Thus, reputation can be thought of as the global perception or evaluation of constituents regarding organizations’ performance and attributes (Feldman, Bahamonde, & Velasquez Bellido, 2014).

In the RBV perspective, organizational reputation is conceptualized as a valuable intangible resource. A strong reputation is a powerful tool for achieving sustainable competitive advantage (Barney, 1991; Deephouse, 2000; Dierickx & Cool, 1989; Hall, 1992; Wernerfelt, 1984), as shown by studies linking reputation to performance. Among the studies in management linking organizational reputation to performance, Rindova, Williamson, Petkova, & Sever (2005; from now on RWPS) propose that the construct of reputation has two dimensions: ‘perceived quality’ and ‘market prominence’, each of which has unique antecedents and performance implications. Reputation as perceived quality is based on an economic orientation and is driven by the quality of organizational resources. Reputation as market prominence is rooted in a sociological tradition wherein antecedents include the media, expert intermediaries, and affiliation with high-status actors. By positing organizational
reputation as a two-dimensional construct, RWPS assess the contributions that each dimension makes to the performance of an organization. However, RWPS do not consider whether the theoretical framework for linking resources and performance offered by the RBV perspective may represent an alternative explanation to their integrative model, even though they recognize that reputation can also represent a valuable resource that has performance implications.

In an attempt to test an RBV framework of organizational reputation, Boyd, Bergh, & Ketchen (2010; from now on BBK) extend the explanation contributed by RWPS. The authors tested a central theoretical premise that distinguishes between the RWPS model signaling and institutional framework and an RBV model: whether reputation is better construed as multiple constructs or as a single construct. The core argument that BBK advance is that reputation is an intangible resource revealed via a confluence of internal factors and external perceptions. Based on this argument, BBK model views reputation as a single latent construct composed by a heterogeneous set of internal and external objective attributes. BBK found support that an RBV framework provides an enhanced platform for building knowledge about reputation and its performance effects.

The multiple definitions, conceptualizations, and operationalizations of organizational reputation that have emerged across studies are surprisingly complex when employed and investigated in management research (Lange, Lee, & Dai, 2011). Empirical research usually measures reputation through media data (Deephouse, 2000; Greenwood, Li, Prakash, & Deephouse, 2005), industry dominance (Shamsie, 2003), archival third-party ratings (Rhee & Haunschild, 2006), accounting measure as measure of financial reputation (Deephouse & Carter, 2005), coefficient of media favorableness (Deephouse, 2000), composite of past investment activity and media visibility (Dimov, Shepherd, & Sutcliffe, 2007), rankings such as the Fortune’s America’s Most Admired Corporations survey (Ang & Wight, 2009; Roberts & Dowling, 2002), and even the RepTrak® System, evolved from studies conducted by Reputation Institute since 2000 to provide a systematic tool for tracking and analyzing stakeholder perceptions that help companies better manage their reputation and its effects on stakeholder behaviors (Fombrun, Ponzi, & Newburry, 2015).

A review of PA research on reputation subscribed to the RBV perspective acknowledges the prevalence of bureaucratic reputation for public organizations. A strong bureaucratic reputation gives the public organization power, autonomy, and access to critical resources (Wæraas & Maor, 2014). Reputation here is considered a strategic organizational resource that guarantees policy-making autonomy to bureaucracy (Carpenter, 2001, 2014; Verhoest, Rommel, & Boon, 2014), fosters performance (Lee & Whitford, 2012) and influences other
variables of bureaucratic interest such as bureaucratic enforcement, professional prestige, trust building, propensity for collaboration, and power (Busuioc & Lodge, 2016; Busuioc & Lodge, 2017; Moynihan, 2012; Wæraas & Maor, 2014).

Likewise, recent research specifically on nonprofits’ reputation has claimed to be one of the most important intangible resources and vital for organizational survival (Peng, Kim, & Deat, 2019a; Schloderer, Sarstedt, & Ringle, 2014). A positive organizational reputation can help a nonprofit attract funding and other externally allocated resources (Roger Bennett & Gabriel, 2003; Willems et al., 2016a), gain access to government contracts and other collaboration opportunities (Van Slyke, 2007), and enhance public trust (Sarstedt & Schloderer, 2010).

In general, PA studies assess organizational reputation by constructing a database of citizens’ opinions regarding some public organization or nonprofit (AbouAssi, Faulk, Tran, Shaffer, & Kim, 2019; Maor, Gilad, & Bloom, 2012), making systematic analysis of qualitative data from relevant public reports (Christensen & Lodge, 2018; Moynihan, 2012), interviewing partners to check the organizational reputation (Ingold & Leifeld, 2016), checking public presence in the media (Peng, Kim, & Deat, 2019b), in terms of financial efficiency, media visibility, and accreditation status (Peng et al., 2019b), and developing scales through surveys (Bennett & Gabriel, 2003; Sarstedt & Schloderer, 2010; Willems, Jegers, & Faulk, 2016b).

As noted above, reputation has been considered as an important intangible resource because it enhances support, advocacy and loyalty from stakeholders (Deephouse, 1997; C. J. Fombrun, Gardberg, & Barnett, 2000; C. Fombrun & Shanley, 1990; Hall, 1992). Reputation owns its characteristic of belongingness because it cannot be said to have the property rights of a trademark, which can be bought and sold, making reputation one of the organization’s most important resources (Hall, 1992). Although reputation is not tradable, it can be transferred through strategic alliances (Das & Teng, 2000). Following Das & Teng (2000)’s rationale, a public organization may initiate and maintain a partnership with a nonprofit willing to have reputational gains. Furthermore, a public organization may seek to build their partnerships with a respected nonprofit not only to enhance its own reputation and gain greater legitimacy but also to develop a foundation for future collaboration (Chen & Graddy, 2010). Rao(1994) proposes that reputation can only be acquired through socially complex interactions. On this logic, reputation can be built through partnerships that help signal the quality of the organization (Ang & Wight, 2009). This endeavor translates how the public organization evaluates the nonprofit through its reputation – “a set of beliefs held by audience networks regarding an agency’s roles, capabilities, and performance” (Maor, Gilad, & Bloom, 2012, p.
Given the well-established studies linking reputation to performance, we propose the following:

**Proposition 2:** A strong organizational reputation has a positive effect on the PNP performance.

**Proposition 2a:** A strong nonprofit’s reputation has a positive effect on the PNP performance.

**Proposition 2b:** A strong public organization’s reputation has a positive effect on the PNP performance.

*Interorganizational Trust as a mediator between Collaborative know-how and Organizational Reputation*

Interorganizational trust is a mechanism of organizational control that plays a significant role in the development of PNPs. In accordance with prior research, we define *interorganizational trust* as the expectation that one partner relies on another organization to perform its obligations, to behave in a predictable manner, and to act and negotiate fairly even when the possibility of opportunism is present (Gulati, 1995; Zaheer & Zaheer, 2006). Previous literature on the role of trust in collaborative governance (Ansell & Gash, 2008) enhances the importance of trust in partnerships. Higher levels of interorganizational trust are related to reduced negotiation costs, lower levels of conflict, superior information sharing, and higher levels of cooperation and organizational performance (Dyer & Chu, 2000; Uzzi, 1997; Zaheer & Zaheer, 2006). Likewise, interorganizational trust can be a powerful tool in facilitating such interorganizational relations because it turns the interactions more productive and it reduces governance costs (Dyer & Chu, 2000; Kale et al., 2002; Zaheer & Zaheer, 2006). On the contrary, lower levels of interorganizational trust can lead to costly sanctions such as the loss of repeat partnerships and loss of reputation (Granovetter, 1985; Gulati, 1995; Gulati & Sytch, 2008).

The determinants of interorganizational trust has explained why some organization may trust its partners. One stream of research suggests that interorganizational trust is likely to be produced through social relationships and embedded ties, or relationship-based trust (Granovetter, 1985; Uzzi, 1997). The relationship-based trust is a sociological perspective that claims that, through social interactions between partners, interorganizational trust emerges (Granovetter, 1985; Uzzi, 1997). As the duration and intensity of interactions between partners increases, bonds of attraction are developed and social sanctions are more efficacious (Dyer & Chu, 2000).
Collaborative know-how provides opportunities for the development of interorganizational trust. We argue that the accumulated experience between partners, one dimension of collaborative know-how, is activated by the length of prior partnership. Following the relationship-based trust approach, the length of prior partnership is one of the most important predictors of interorganizational trust (Gulati & Sytch, 2008; Poppo, Zhou, & Ryu, 2008). The general premise is that prior partnerships create ‘familiarity’ between partners and collaborate to develop confidence in each other’s trustworthiness (Dyer & Chu, 2000; Gulati, 1995; Poppo et al., 2008). Moreover, the length of prior partnership enables the emergence of social knowledge. Social knowledge is defined by the knowledge gained through long term interactions and it allows partners to understand and predict others’ patterns of behavior (Sohn, 1994). When social knowledge between partners is high, information asymmetries are low, thereby reducing behavioral uncertainty and leveraging levels of interorganizational trust (Dyer & Chu, 2000). Thus, we would expect higher levels of trust to emerge in relationships where the partners have developed collaborative know-how.

Interorganizational trust is regarded to be an antecedent of organizational reputation. Previous research has suggested trust in the future actions of the organization as a key antecedent of corporate reputation (Roberts & Dowling, 2002; Rose & Thomsen, 2004; Walsh, Mitchell, Jackson, & Beatty, 2009). Following these previous studies, we assume that trust represents a belief, a sentiment or expectation about the partner that results from the partner’s expertise, reliability and intentionality. By trusting a partner, both public organization and nonprofit are likely to think the partner is acting fairly, being reliable, and showing concern for its partners over a period of time. If both public and nonprofit managers trust a partner this will positively affect their feelings and evaluations of the partner and its reputation will improve. We therefore propose that

*Proposition 3: The relationship between Collaborative know-how and Organizational Reputation is mediated by Interorganizational Trust.*

In summary, we present the proposed conceptual framework in Figure 1:
Discussion

Scholars (e.g., Andrews, Beynon, & McDermott, 2016; Matthews & Shulman, 2005) acknowledge that the RBV offers much potential for understanding the management and performance of public services. Despite the richness of this literature, only recently the RBV has been adopted in PA research (e.g., Andrews et al., 2016; Bryson, Ackermann, & Eden, 2007; Piening, 2013). There is still a call for understanding what partnerships more capable (or not) of achieving good performance (G. A. Hodge & Greve, 2017; H. Wang et al., 2018; Warsen et al., 2019) and which resources organizations demand when stretching their relationships beyond the boundaries of their sector (Al-Tabbaa et al., 2019; Alonso & Andrews, 2019). Yet, there is increasing convergence between strategic management and PA studies about the suitability of the RBV for understanding the management and performance of public services (see Bryson et al., 2007; Hansen & Ferlie, 2014; Piening, 2013).

Under new public management, performance assessment often concentrates on outcomes (Brinkerhoff, 2002a). Outcomes are the state of affairs achieved as a result of the exchange (Brown et al., 2016) and include the further impact of a relationship and deliverables (Misener & Doherty, 2013). Previous research on outcomes suggests that partnerships can contribute to capacity building, risk sharing (resource pooling), and innovation. Additionally, there is evidence that the outcomes of partnerships lead to improvements in effectiveness and service quality (Suárez & Esparza, 2017). Service quality can be classified using the distinction between “hard” services, with tangible and easily quantifiable outcomes, and “soft” services that are harder to measure because they produce multiple, complex, and long-term outcomes.
(Amirkhanyan, 2009). Hence, long time frames for detecting outcomes may affect the ease of creating performance data (Amirkhanyan, 2010).

Public services have multiple outcomes (Berman, 2015; Boyne, 2003). This multiplicity of outcomes poses a complex challenge for scholars interested in assessing partnership performance (Alexander, Brudney, & Yang, 2010; G. A. Hodge & Greve, 2017). Klijn et al. (2010) explain that measuring outcomes is difficult for several reasons. First, using an ex ante formulated goal is difficult because specific goals are commonly not formulated (especially in cases of complex decision-making processes) or are only vaguely formulated. Second, many of the actors involved have their own goals, making it difficult in a network context to decide whose goals should be taken as a yardstick. Third, because these projects take a long time, actors’ goals often change over the project’s duration. Finally, measuring objective outcomes is difficult, especially in surveys, where researchers can only use the judgment of the respondent as a proxy of these objective outcomes.

The literature on partnership performance is based mainly on the relationship between the government and for-profit organizations (e.g., Bertelli, 2018b; G. Hodge & Greve, 2010; Jeffares, Sullivan, & Bovaird, 2013; Liu, Love, Davis, Smith, & Regan, 2014; Liu, Love, Smith, Matthews, & Sing, 2016), with an increasing number of nonprofit studies (e.g., Alexander & Nank, 2009; Brinkerhoff & Brinkerhoff, 2011; Cheng, 2018b; Gazley, 2010; Kapucu, 2006; Krasnopolskaya, Skokova, & Pape, 2015). However, Gazley (2008) warns about the focus on studies of contracting effectiveness in narrow policy arenas in which contracts predominate. She claims that there is emphasis on “hard services,” such as refuse collection, and selected "soft services," such as Medicaid. Joint efforts between the public organizations and nonprofits that are less dependent on formal agreements or financial exchanges have received much less attention, and this narrow focus has hampered our understanding of the outcomes of PNP s.

Applying our conceptual framework to test the relationships described in the above propositions will require scholars to consider the role of timing when measuring the independent variables. In this regard, one may take into account lag values for the ‘collaborative know-how’, and ‘organizational reputation’ to infer that they have an effect on ‘performance’. This strategy is often used in social sciences to confront challenges of causal identification using observational data. However, it should be noted that just the mere use of lagged independent variables to solve endogeneity issues is an illusion. Bellemare, Masaki, & Pepinsky (2017) warn that lagging of independent variables just moves the channel through which endogeneity biases causal estimates, replacing a “selection on observables” assumption with an equally untestable
“no dynamics among unobservables” assumption. Thus, specifying the conditions under which lagged independent variables are appropriate for identifying causal effects is mandatory. Following the authors’ guidelines when employing lagged independent variables in the context of endogeneity, it will help researchers to make explicit the data generating process that underlies their identification strategy. Doing so, in turn, will ensure that research designs with lagged independent variables are credible enough to lead to correct inferences.

The performance of PNPs is always likely to be contested because of its political context (Jeffares et al., 2013). Nonprofits may also be in a unique position to serve as a link between individuals and communities, on the one hand, and the broader political process on the other (Salamon & Toepler, 2015). More recent literature argues that nonprofits also have a high degree of control over partnerships with the public sector and seek strategic alliances that have the potential to provide critical resources, know-how, and legitimacy (Carroll & Calabrese, 2017; Cheng, 2018b; Suárez & Esparza, 2017). The benefits of the PNP can enhance the performance of both partners in similar or unique ways (Coupé et al., 2019). For example, Gazley & Brudney (2007) note that when nonprofits pursue partnerships, they frequently examine the government payments for service that would otherwise be provided by the public sector as a source of value, and these transfer payments can be crucial for nonprofit funding. Additionally, public authorities may seek nonprofits that privilege the voice of politicians, through safeguards such as the need for committee authorization and scrutiny panels that ensure decisions cannot be rushed or ‘difficult’ partners bypassed. On the other hand, the operation of these safeguards can annoy other stakeholders or even be perceived as a challenge to the ‘partnership’ relationship (Jeffares et al., 2013).

The assumption underlying partnerships is that added value can be created for the benefit of society by combining the strengths of both the public and private sectors (Cabral, Mahoney, McGahan, & Potoski, 2019; E. Klijn & Teisman, 2010; Quélin, Kivleniece, & Lazzarini, 2017). In this regard, Hodge & Greve (2017) claim that there is a need to better understand the potential causal factors making partnerships capable of producing better performance compared with traditional arrangements. Yet, before this is possible, there is need to more clearly articulate what is meant by “better performance” and, more important, “better performance for whom?”.

**Conclusion**

This article contributes to better understand the potential causal factors making collaborative governance capable of achieving good performance. Grounded on the RBV, we
show how intangible resources may influence PNP performance. The main advantage of using
a resource-based perspective is the recognition that a public organization, willing to improve
performance, may intend to obtain access to nonprofits' resources. We propose to test the
resources–performance link while measuring partners’ resources. The conceptual model
developed as the result of this study suggests that interorganizational trust, an antecedent of
organizational reputation, is an outcome of collaborative know-how, thus mediating the
relationship between the two intangible resources that leverage PNP performance.

Due to the theoretical emphasis of this work, a methodological limitation is that the model
has not yet been empirically tested. While the nature of and the relationship between the key
constructs included in our proposed model have been explained on a conceptual level,
researchers studying the impact of intangible resources on PNP performance must approach the
effort with creativity that takes into account the particular aspects of each partner. The essential
task of trying to validate the intangible, invisible, heavily guarded qualities of collaborative
know-how and organizational reputation demands proving the existence of these ‘causes’ by
isolating their ‘effects’. In doing so, Smith (2008) reminds us that researchers have not simply
provided a mathematical interpretation of these intangible resources; they have provided a
framework for individuals by dealing with strategic concepts other than statistical analyses that
are based on the evidence left behind by these intangibles. Future research should focus on
addressing the statistical measurement and modelling of the constructs in the proposed model.

In summary, several research directions can be pursued in the future to further enhance our
knowledge of the potential causal factors behind PNP performance. We believe that
understanding the mechanism which relates the antecedents of performance allows a manager
to be sensitive about the critical success factors and to try to improve partnership performance.
These efforts may provide evidence to help the policymakers and practitioners who manage
PNPs to address social, economic, and political problems.
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