

BUREAUCRATS VS. SHARKS: MANAGING SECTOR DIFFERENCES IN PUBLIC-PRIVATE JOINT VENTURES

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INTRODUCTION

This article delivers preliminary responses to the research questions: How do sector differences generate conflict in public-private joint ventures? And how do public-private joint venture managers deal with these conflicts? The increase in public-private cooperation in democracies worldwide (OECD 2005), the difficulty of cooperating across boundaries (Huxham & Vangen 2000), the importance of management in determining success in inter-organizational cooperation (Dyer et al. 2007), and the insufficient attention scholars have given to this subject (Provan, Fish, and Sydow 2007), all underscore the relevance of our research questions.

Neither that difficulty of cross-sector cooperation is due to diversity (Huxham and Beech 2003) nor that public and private sectors differ (Rainey and Bozeman 2000) are novel. Yet, to our knowledge, few studies have addressed in depth the precise effects of the public-private differences on cross-sector cooperation and their subsequent management. We focus precisely on how participants of joint ventures manage the challenges caused by differences between sectors.

To explore our research questions we use a rich, in-depth qualitative study because of the complex, dynamic nature of public-private cooperation (Agranoff & Radin 1991; Marshall & Rossman 1995). The research process consisted of an interview study (Rubin & Rubin 2005), using one case: an economic development private company — PTB — set up by city councils, a savings bank, and a small group of leading local entrepreneurs in Barcelona, Spain. We coded the transcribed interviews, which ultimately lead to our narrated findings.

In answering our first question, we find that the differences between sectors that cause conflict in the joint venture are: economic vs. political rationales; faster vs. slower paces and short-term vs. long-term timeframes; the uniformity of business organizations vs. the multidimensionality of public organizations; and the negative stereotyping of each other. In successfully overcoming these differences, we find that joint venture managers execute three practices: communicating with stakeholders, involving the social context, and facilitating interaction.

We discuss these findings with respect to the existing literature on public-private differences (Nutt 2006; Rainey & Bozeman 2000) and collaborative management (Agranoff 2007; Huxham 2003). And, following Bardach's (2004) extrapolation strategy, we also uncover the four social mechanisms, which drive the identified practices: building trust, shared meaning-making, attending the socio-political context, and bridging diversity. We conclude by specifying the case's context and discussing the findings' limitations and extrapolation potential.

MANAGING PUBLIC-PRIVATE JOINT VENTURES

Interorganizational cross-sector interaction has increased during the past decades all over the world (Skelcher 2005). The complexification of social life and the existing social fragmentation imply simultaneously more interaction, coordination, and cooperation (Agranoff and McGuire 2001). Cross-sector interorganizational partnerships, alliances, and networks have become extremely important. The main reason is the sheer complexity of a society full of “wicked problems” (Rittel and Webber 1973) which often means no player can reach its goals alone. This is particularly relevant in the regional development policy field, to which the case studied belongs. Neither the public nor the private sectors can undertake regional development on their own. Accordingly, inter-organisational and cross-sector co-operation is needed to attain the meta-objective of regional development.

Yet, the management of alliances, partnerships, or networks is an inherently difficult and complex task, whether it happens in public or private arenas, or across sectors (Herranz, 2008; Human and Provan 2000; Klijn & Teisman, 2003). Scholars of business alliances estimate that more than 50% of the efforts to build and sustain alliances fail (Park and Ungson 2001). Similar failure rates have been suggested in the nonprofit and public contexts (Huxham and Vangen 2000).

While cooperation is a difficult task, and incompetent management is thought to be responsible for its high failure rates (Huxham 2003), most research on interorganizational cooperation has focused on structural characteristics of the cooperative (Faulkner and De Rond 2000). Recent studies, however, have found that

management and cooperative behaviour are stronger determinants for success than structural characteristics (Dyer et al. 2007).

Scholarship on interorganizational sets has concentrated primarily on questions about the conditions that spark interorganizational cooperation; the variations in the organizational structure of such cooperation; and how these factors affect performance (Rinfret, Clarke & Brown, 2009). However, recent studies have concluded that the human dimensions of cooperative behaviour and management may be stronger determinants of performance than structural properties (Dyer et al. 2007).

Public-private joint ventures

There are different types of public-private partnerships, and different ways to distinguish among them (Weihe, 2005; Hodge and Greve, 2007; 2009). Here, we look specifically at public-private joint ventures (Skelcher 2005): government and a private actor create together a new organization to develop a specific project. The EC greenpaper on public-private partnerships terms them “institutionalized” partnerships (Commission of the European Communities, 2004; 2008). The central idea is that the public and private partners set up a new organization to channel the cooperation. Thus, instead of governing the cooperation via a bilateral contract, here the parties together own the new organization.

The management of cooperation

Research on interorganizational cooperation can be divided into formation and structure, process, management, and performance (Gulati 1998; Faulkner and de Rond 2000; Saz-Carranza, Ospina, and Vernis 2007). Research so far has tended to concentrate on partnership formation and structures. In fact, most theories coming from

the economic discipline—such as strategic management (market power) theory, transaction cost, resource-based view, agency theory, and game theory—are best suited to explain cooperation formation and static design configurations (Faulkner and de Rond 2000). Research on public-private cooperation has suffered from the same biases.

Scholars identify several dimensions of interorganizational cooperation management. These dimensions are: leadership and administrative tasks; decision-making and common aims; membership, structure and process; trust; and power (Agranoff and McGuire 2001; Huxham 2003). In this paper we focus on the interrelation of cross-sector differences and cooperation management.

Diversity in public private cooperation

The potential for collaborative advantage depends on the ability of each partner to bring different resources. This needed diversity is, however, a function of organizational differences, which produces inherent tensions for collaboration (Huxham and Beech 2003). Resource dependence theory reinforces this idea (Rethemeyer and Hatmaker 2008). According to this theory, two organizations that depend on a more powerful one may counterbalance it only if they are capable of using in concert the resources that they bring together (Emerson 1962). In other words, diversity provides the resources and unity ensures the capacity to use them.

We may expect differences among collaboration partners to be large in public-private partnerships (Klijn & Teisman, 2003). Scholars have since long empirically identified differences among public and private sectors regarding attitudes, personal values, motivation, and organizational context. Public sector employees, in relation to their private peers, value more work that contributes to society, value less work that is

prestigious and are more concerned with intrinsic rewards¹ (Crewson 1997; Houston 2000; Lyons, Duxbury & Higgins 2006).

Additionally, public sector employees have lower levels of organizational commitment (Lyons, Duxbury & Higgins 2006), higher levels of red tape, and less autonomy over their personnel and budget (Rainey & Bozeman, 2000) than their private colleagues. Moreover, Nutt (2006) empirically argues that public managers make decisions primarily through negotiation, while business managers do so via analysis and networking. Lastly, public managers have more experiences with collective bargaining than private managers (Poole, Mansfield & Gould-Williams, 2006).

METHODS

A rich, in-depth qualitative study was the most appropriate research methodology to address the inquiry because of: the complex, dynamic nature of public-private partnership management, the scant empirical research in this particular topic, and the exploratory research questions of interest (Agranoff & Radin 1991; Ariño and de la Torre 1998; Borzel 1998; Lewis 2000; Marshall and Rossman 1995). In this article we report on a research process that consisted of an interview study (Rubin and Rubin, 2005), using one case: an economic development private company — PTB — set up by city councils, a savings bank, and a small group of leading local entrepreneurs in Barcelona, Spain. This allowed us to explore the research questions: *How do sector differences generate conflict in public-private joint ventures? How do public-private joint venture participants manage these conflicts?*

¹ In line with Public Service Motivation theories (Feeney 2007).

To explore our research questions we use a rich, in-depth qualitative study because of the complex, dynamic nature of public-private cooperation (Marshall & Rossman 1995). The research process consisted of an interview study (Rubin & Rubin 2005), using one case: an economic development private company — PTB — set up by city councils, a savings bank, and a small group of leading local entrepreneurs in Barcelona, Spain. The primary source of data were individual and group interviews, with managers and stakeholders, complemented with observation and consultations of relevant documents. We coded the transcribed interviews using a mixed top-down deductive-inductive coding strategy (Miles & Huberman 1994): we started off with several broad code categories (interviewee perceptions of sector differences and experiences of both conflict and positive interaction) but were extremely aware of emergent concepts. Thus we ended with a final set of codes which ultimately lead to our narrated findings.

Final set of codes	
Meta-code (concept)	Code (statements related to...)
Economic vs. political rationale	Goal-setting and project selection at PTB
	The social dimension of economic development projects
	The dynamics of party politics and election turnover
Tempo, multi-dimensionality and stereotypes	Timeframes
	Administrative fragmentation
	Sector perceptions
Dealing with the challenges	Internal and external communication
	Generating learning spaces
	Opening up PTB to the context
	The inherent complexity of economic development projects

Challenging the status quo: the case of PTB

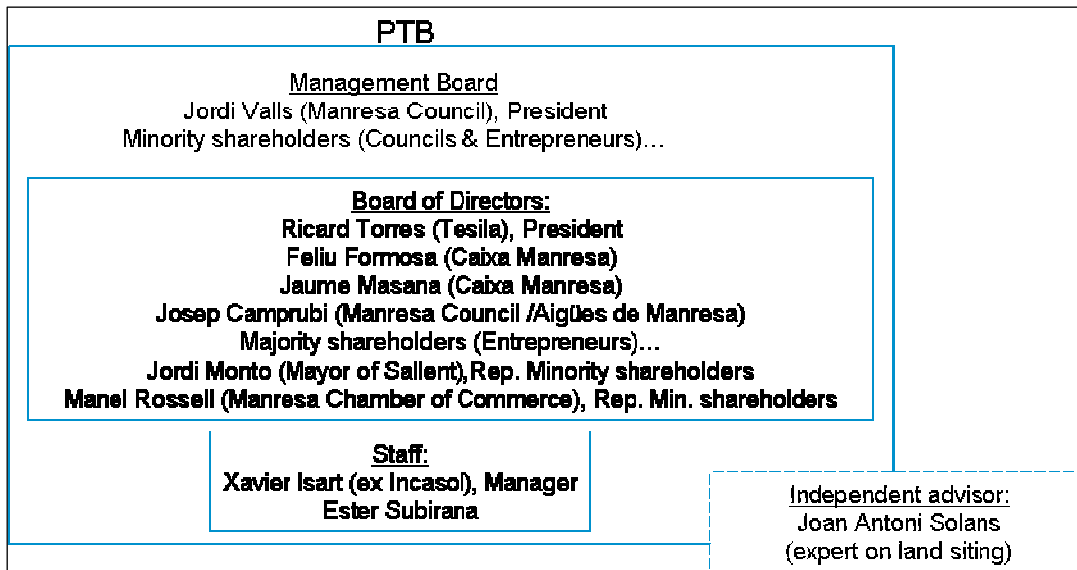
Together with other public and private actors a bank and a local government set up a public-private joint venture aimed at developing strategic projects that stimulate activity in the local area, draw up strategic projects for fostering business and development, and boost economic activity.

In 2008 PTB laid its first brick of its star project, the Technological Park of the Bages Region. PTB was set up between 1996 and 1999 in response to a study denouncing low-quality and uncoordinated economic development of the region. PTB is open to all through public share subscriptions, with a required minimum subscription of 30,000 euros. The company's main aims are to invest in projects that strengthen the economic and social development of the region, allow for environmentally friendly development, attract innovative and high-tech companies, and are economically viable.

After having successfully been set up by businesses and city councils, and having raised 15 million €, PTB bought in 2003 lands to develop a Technological Park to attract high value-adding businesses to the region. Yet, soon after PTB was in crisis: the company was being attacked on the media as being a mere speculative venture; the construction plans were blocked by city council technicians, by disputes between two bordering municipalities, and by environmentalist movements; and the mayor of one of the member cities had announced it abandoned the company.

After reacting to all these events, PTB is now marching on with the construction. The park is being built on a consortium of the two previously-quarreling municipalities, has high social support, and has attracted the first businesses to it.

PTB's first organizational members



RESULTS

Public-private differences causing tension

Through the analysis of the data collected we produce preliminary answers to our research questions. With respect to the first research question—How do sector differences generate conflict in public-private joint ventures?—we find that the following differences generate conflict:

- Economic versus political rationale
- Organizational characteristics: timeframes and fragmentation
- Stereotypes and perceptions of each other

Beyond economic rationale: politics and the political dimension

A first group of sources of tension between public and private sides of the joint venture gravitate around the differences between the economic rationale and the political rationale. In particular, three are the sources of tension: the party-politics inherent to local governments, the focus of work that the joint venture can legitimately take on, and the social dimension of economic development.

One specific source of tension was that the public sector felt that the private counterparts were using the joint venture to invade their exclusive domain. Thus, a source of conflict was the definition of what should the joint venture legitimately take on and what had to stay in the exclusive realm of the public sector—independent of the public sector’s participation in PTB. Concretely, public sector representatives found that the joint venture aimed at tramping on an area considered to be of sole public sector responsibility, as is the case of land reclassification for urban development. The Mayor of one of the cities involved describes this: “I felt that one shouldn’t buy non urbanizable land before the official Urban General Plan was defined.”

The nature of the type of work the joint venture takes on—urban development, closely linked to the infamous real-state development—draws high social and popular attention. The social dimension of economic development generates resistance from many social actors not directly involved in the joint venture. The leader of a nonprofit initially opposed to PTBs technological park project justifies its communicative actions to advocate in favour of a green area where the technological park was to be built: “they interpreted that we wanted to paralyze the project...the only thing we wanted was the process to recognize the environmental assets of our territory.” A Mayor of one of the member cities adds: “this [moment] was important because a political conflict, a territorial conflict, and a social discussion were getting entangled.”

A third related cause of tension was the party-politics dynamics itself. Political turnover causes disruptions on the public side. The president of the joint venture—a businessman—recalls when the newly-elected Mayor of one of the municipalities part

of the joint venture was quoted by the local newspaper stating they were leaving the joint venture: “the mayor had just been appointed, a new council, a different political party, someone had told her something untrue...” The mayor of another municipality recognizes that:

Due to political changes, the people at PTB have had to repeatedly go explain and convince the same city council, time and time again, that this was an interesting project ...they have had to do an extra effort.

We have grouped these three causes of tension together because they all are caused by the specificities of the political rationale—with which businessmen are not accustomed. Thus in brief, tensions arose because business did not recognize that, notwithstanding that the public sector partook in the joint venture, some issues are still sole public responsibility. Similarly, that the public participates in the joint-ventures does not mean that social and popular concerns and actions can be discarded immediately. Lastly, the joint venture cannot ignore political leadership turnover.

Organizational characteristics: timeframes and fragmentation

The second group of causes of tension have to do with differences in organizational tempos between sectors and with the public sector’s vertical, horizontal, and internal divides.

One source of tension is the marked differences in rhythms, velocities, temporal perspectives, and timeframes between sectors. The joint-venture manager recognizes that main conflicts arise due to tempos and velocities:

The more delicate moments are precisely those where to get to our goal certain members would want to go in a straight line, while other members may consider that half a year is needed to get there. Friction usually arises among the members, and I have to manage this friction and try to understand understand the underlying motivations of everyone.”

An interviewed mayor agrees: “The principal discussion at PTB has always been the velocity at which to develop projects.”

Businesses tend to see the different paces that business and administration have as causes of red-tape and bureaucracy. A businessman states crudely the private side’s perception: “The big –I will not dare to say the word enemy- but the big obstacle that we the businessmen have faced in promoting our businesses hasn’t been money ...it has been the public administration.”

The quotes above point towards as the causes of seem to have. However, the following quote by a businessman suggests another cause of the differences in awareness of “time”, what long-term “means” for either side: “I lay bricks... I come from a world where the daily work does not let you define long term strategies.” The public actors recognize the differences in language and timeframes: “we talked different languages and assimilated things at different velocities.”

In addition to the slower speeds and longer time-frames, the public sector recognizes it feels uncomfortable out of the legalistic framework, out of its trotted path: “we [the administration] do something that is not regulated, we have to find a way to fit it in our rules, we have to invent a way to fit it in one place or other.”

Related to the above, businessmen perceive the political-technical divide within public administration as problematic. A businessman states: “oftentimes the political and technical priorities are not aligned. In such cases you have to deal with both the political and technical teams of the council.” Thus, reaching agreement between a public and

private party is difficult, in part, because of the different roles that the public sector plays. Private sector has difficulties with the public sector's bicephality: the political leadership and the technical core of the administration.

Indeed, a cause of frustration for business members of the joint-venture was to realize that the joint-venture was not granted any fast-track privileges although several municipalities were on board. A business representative concretely explains how private parties expected fewer obstacles to the partnership's actions: "the most frustrating part of PTB was to assume that having the administration onboard would help us." One of the mayors recognizes these sometimes incoherent messages from the same administration, but also excuses its technical staff due to the rules and regulations they must respect:

I have had problems with my [technical] people ... But they don't raise a problem for the sake of it [They tell me] listen, here I have rules, and I can't fit this in'...If we would have had clear rules regarding technological parks, we would have won a year... Since we didn't have any, we had to invent things².

Another mayor did add however that the administration is necessarily dual and often must act in an incoherent manner, when the mayor plays as a member of the joint venture, or as the head of the administration ordering urban rehabilitation: "the fact that the council is a PTB member, does not mean that the council is not leaves aside its regulatory functions regarding PTB's urbanistic issues. And this aspect generates confusion and must be well understood by the stockholder." Thus the council is simultaneously part and judge.

² Currently, Spain has no legislation on technological parks; it only has rules on industrial manufacturing zones.

Another challenge was that private actors—both forprofit and nonprofit—suffer the lack of coordination among different administrations. Forprofit and nonprofit organizations were angered by intergovernmental contradictions, as a manager of one of the forprofit actors stated: “It was a hard part of the negotiation with the two councils; because of course no council wanted to give up the revenues coming from the taxes.” A leader of a nonprofit environmental platform adds: “Sometimes we had the the feeling that there were contradiction and disorganization between the Regional Government’s of Transit Department and Department of Territorial Policy.”

Stereotypes and perceptions

Another source of tensions is the negative stereotypes each sector has of the other. Business actors perceive that they are seen in negative ways by other social and public actors: “we should break the prejudices that go: ‘these businessmen are setting up a territorial project, but what they really want is the money.’” A public sector interviewee recognizes that administration often sees “the private sector as just only going after the money”. A Mayor agrees but also points out prejudices on the private side:

Left-wing parties sometimes are suspicious of the private sector and presume that the public sector is certainty . That the public sector is fair and the private isn’t. That the public sector is equalitarian, and the private sector isn’t. These people have to move away from these ideas, towards more risk-traking and creative mindsets.Hwoweever, the private sector has to understand that the idea of efficiency also exists in the public sector. Efficiency is not a concept uniquely relate to the the private sector. Such is a false dogma. Efficiency is a neutral concept. One can be efficient in the public sector or in the private one. One can also be highly inefficient in the private sector.

A private sector representative demonstrates such feelings: “if we look at a list of public administrations [competent in this territory], we would see that they we have all been at some point against PTB.”

Overcoming tensions

The joint venture participants eventually managed in a successful manner the conflicts generated explained above, and by so doing, was able to continue with the collaboration. We identify three practices that together readdress the situation towards a positive interaction between actors and thus provide preliminary answers to our second research question — How do public-private joint venture participants manage these conflicts? These practices are:

- Internal and external communication
- Involving the context
- Mutual learning

Communicating with stakeholders

Communication became a principal tool to overcome tensions caused by sector differences. A forprofit member recognizes the relevance of a communication strategy:

I believe that the prison issue and the president change sets a timemark. Untill then, we had left aside the communication issues...From then onwards we started to manage communication seriously and the change has been very positive.

One of the mayors involved highlights the importance of communicating the project:

“At the end of the day, it’s all about getting the maximum of people onboard...And in this aspect we have worked hard to explain the project.”

A nonprofit representative, initially against a major project of the joint-venture recognizes how rumours and communicative confusion lead to their organizing, and that their main goal was to, precisely, communicate with the citizens: “we received information that one part this “special protected zone” was going to be developed. Our strategy was very clear: try to make the public opinion value this natural space.”

Another Mayor describes how the president of the joint venture (a businessman) carried out an important communicative task with the public side, forprofits and the local civil society: “It’s very important that the person who is in front [of the joint venture]... is empathic with everyone : with the private, with the public, and with the civil society... [the leader] has to get everyone involved, has to visit everbody, including those who are critical of the project.”

One of the founding businessmen explicates how diversity was kept within manageable terms through communication: “However, I believe that we have been able to reduce to a maximum the levels of internal divergence, otherwise you can’t hold such a thing together ...I think we have managed this by continually communicating with and convincing everyone.”

With respect to the political turnover problem, communicating directly and promptly with the newly-elected official helps keep that insitution committed to the project. The president of the joint venture recalls:

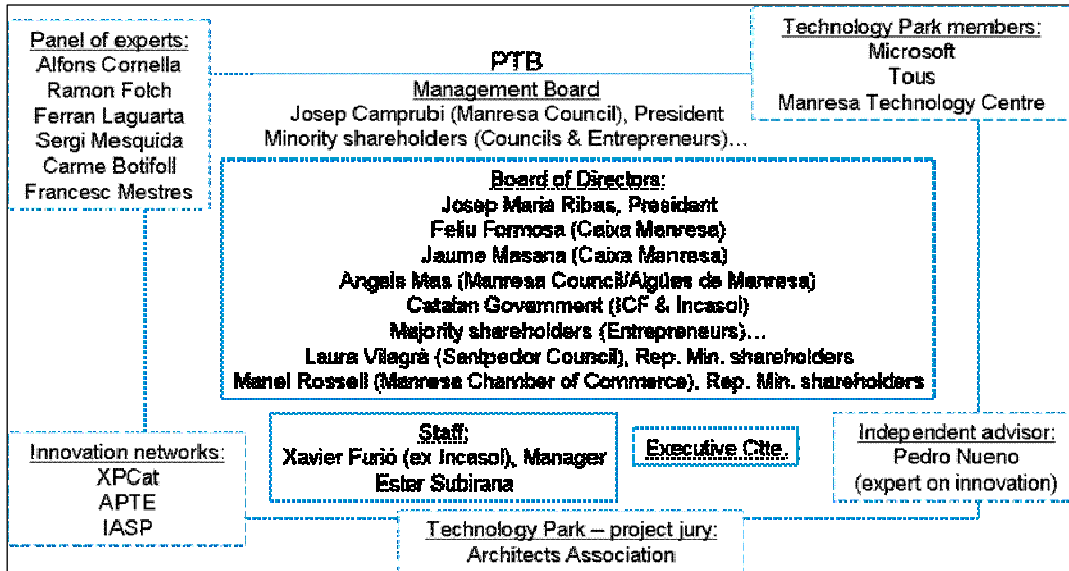
She had just been named Mayor...So the first thing we did was go to see her and tell her: Look, we want to do this. We neither want to speculate, nor have any non-urbanizable land reclassified. ... We are in no hurry and we are not going to split the cake among a few of us. We will share the benefits among all.

Involving the context

Communication implicitly assumes that the joint venture must include the social context into its analytic frame. In addition to going out and talking, explaining, and meeting with different stakeholders, the joint venture’s management team invited different nonprofit and public actors on a trip to different economic development projects around Spain. Additionally, as the evolution of PTB’s stakeholder map shows (figure below),

the joint venture incorporated into its structure several social and public figures:
describe.

PTB's organizational members after revamp in 2005



A businessman describes how opening up the analytic focus of PTB by incorporating the social context and by being receptive, open and communicating proactively aided the project:

We understood that we would strengthen the park if we were able to tie many other things to it... We had to include more than just the lands . We need to adopt a global consciousness ...If someone has something to say, he can come and tell us, because the worst thing is to find out through the press. When this would happen, we would tell ourselves “We have to go see this person; we haven’t explained our project well enough.”

Another example of such openness is the active advocating of the Joint venture in favor of an inter-municipal consortium to overcome territorial disputes between neighbouring city councils. Another businessman states:

Then, we forced a consortium between the council of Manresa and that of Sant Fruitos-- you shouldn’t forget that in Manresa a three-party left-wing coalition was governing, and in Sant Fruitos a right-wing party was governing... Thus, through the coalition all fiscal revenues were reinvested in the consortium.

Thus, through communication and incorporating the context, the Joint ventures balances its economic and political rationales.

Generating learning spaces

Providing spaces for mutual learning and facilitating positive interaction helps bridge the differences and the sources of tension between public and private partners because it allows learning. Learning, in turn, helps understand the other and alters one's behaviour accordingly. A Major of a participating city explains:

The public and private sectors understand eachother when they a common space for debating and interacting. ...Personally, as a politician, interacting with them has made me grow, because I have seen how the private sector to suffers when trying to develop projects. Projects that, in this case, are interesting for the region.

The manager of the joint venture agrees: "I believe that one of the keys of the success is try to understand what the other [part] is seeing, what is the other perceiving or what is the other looking for...what is important for the other side and how can we reach the two sides' goals."

Another major explains how the learning occurs:

The empathy element must be there from the very beginnning. When I talk about empathy, [I mean] putting oneself in the place and understand the other. When I understand the other, I am able to see why he is pushing me one way or another. Empathy is achieved by the other, by having a deep knowledge of the project, and by knowing the different elements the project integrates.

A businessman explains how from frustration they went on to interact and communicate with the public sector, and eventually learning and mutual understanding occurred:

If you are talking of an small company... everything is more direct, everything is from today to tomorrow... decision-making is quicker... you search for information to be able to act. Here, obviously, if there is something all of us have learnt: the importance of reaching a consensus starting off from a broad range of possibilities.

DISCUSSION

Public-private joint ventures are complex because of their internal diversity but are also complex because of the projects they take on. In the words of a businessman part of PTB interviewed: “We always take on projects that are complex in themselves, otherwise any city council or company can do it on their own.”

Thus, that these organizations are complicated, due to their complexity, should be no surprise. The main objective here was to look in detail the causes of difficulties and uncover the mechanisms that overcome these difficulties.

Different institutional logics

Klijn and Teisman (2003) point out some of the difficulties that the collaboration between the two sectors entails due to their differences. Similarly, the difficulties caused by sector differences have been recently described in network management (Herranz, 2008). We concur and find that public-private sector differences are a source of difficulties in public-private joint ventures management.

We build on the recent stream of research on institutional logics (Reay & Hinings 2009) to delve into the public-private sector differences and their effects. Institutional logics are “*the basis of taken-for-granted rules guiding behaviour of field-level actors*” (Reay & Hinings, 2009: 629). The public and private sectors are distinct “fields” in the above sense. We find that the differences between the public and private institutional logics regard: decision-making criteria, temporal perspective and velocity, and organizational fragmentation.

Differences in logics—economic vs. political—have been highlighted since long in the literature. Nutt (2006) finds empirically differences between decision-making modes of public and private managers. Public managers tend to make decisions based on negotiation rather than pure cost-benefit analysis. Moreover, and unsurprisingly, public organizations are more open to their environments (Ring and Perry 1985) and have higher commitments to public at large (Poole, Mansfield & Gould-Williams, 2006). This explains why conflicts arise due to the different value public and private partners give to social concerns: business wants to march on, while public administration wants to increase social support before giving a green light.

The political vs. economic rationale also seem to motivate the different organizational time-frames—speeds and perspectives. Competitive pressure combined with an economic logic imposes a high-speed short-term cadence on private organizations. Political pressure and a negotiating culture produce the opposite effects in public organizations. The higher formalization and red-tape of public organizations, which Rainey and Bozeman (2000) empirically contrast, are a factor behind the slower tempos on the public side. As we saw, conflict often arose around the speed at which projects should develop.

The fact that public organizations are overprotective of their mandates and responsibilities again finds support in the literature. Nutt (1993) tells us on one hand that public organizations have higher constraints than private ones because of mandates and obligations but simultaneously need to buffer themselves to deal with potential political influence attempts. This explains why public-private joint ventures must be extremely careful of tramping public organization mandates—independently of the fact

that the joint venture may incorporate that same public organization as a member or shareholder.

The need to buffer organizations from political influence, combined with the fact that public leaders have lower control over their personnel (Rainey and Bozeman 2000) also explains the political-technical divide which so greatly upsets private organizations. This divide is forcefully visible in practice in that an agreement in the joint-venture's board among all parties (both public and private shareholders) does not reduce the need to gather support for the actions nor does it reduce red-tape when dealing with the administration. The horizontal and vertical administrative divides (for example between city councils or between local, regional, and federal levels) are another cause of conflict and have been well documented (Agranoff and McGuire 1999).

Lastly, the stereotypes that managers from one sector have of managers of the other sector have not been studied in depth to our knowledge. Feeney (2007) does however find that private sector managers view the public sector positions as more constrained.

Thus, our findings propose that public-private joint ventures are organizations in which different institutional logics coexist—rather than one logic imposing itself or both logics combining into an average (Purdy and Gray 2009). The case hints at the fact that private businesses involving public shareholders and operating in a market with high publicness — i.e. economic development — are subject to both public and private logics.

The mechanisms behind the smart practices

In the case studied, the joint venture managed to overcome the conflicts caused by the clash of institutional logics. This they did with three practices: communicating with stakeholders, involving the social context, and facilitating interaction.

The first practice, communicating with stakeholders involves meeting with minority shareholders and giving press conferences. The second practice identified, involving the context, is implemented in such ways as setting up a council of experts, involving environmentalist movements in the jury selecting specific aspects of the project and setting up business trips with external stakeholders to visit successful experiences elsewhere. The third practice, generating learning spaces is implemented via facilitating interaction and setting up internal meetings with the appropriate constructive discussions.

We follow the extrapolation strategy suggested by Bardach (2004) and try to uncover the social mechanisms to analyze the causality of practices that have worked in given cases. A mechanism, he states, is a metaphor for the driving element of a practice. In other words, how and why does the practice work.

A first social mechanism at work behind these practices is trust-building, an important condition in cooperation (Rousseau et al. 1999) and a determinant of joint-venture success (Ren, Gray, and Kim 2009). Indeed, communication is key for trust-building (Hardy, Phillips, Lawrence 1998).³ Also, involving the context allows to generate

³ In part because communication reduces the non-decision-making space (Bacharach and Baratz 1962).

process-based trust (Zucker 1986) through positive interactions between the company and its context.

A second mechanism that causally explains the effectiveness of these practices is sense-making (Weick, Sutcliffe, and Obstfeld 2005). Effective cooperation requires the appropriate “social architecture” (Schein 1992), “deep structure” (Bryson and Crosby 1992), or “cultural embeddedness” (Dimaggio and Zukin 1990). This common meaning-making is achieved via both communication and joint learning.

Another mechanism attends the socio-political context. Since the rise of open-systems approach (Katz and Kahn 1966), attending to the context has been on the fore front of organizations studies. Thus strategy scholars have since long taken into account context (Bryson 2004), political management scholars obviously do so as well (Pearce, De Castro, and Guillen 2008), and it has been in the fore front of the public management scholars’ agenda, who have specifically targeted the subject of legitimacy-building (Moore 1995). The practice of involving the context does just that, builds legitimacy for the project and pays due tribute to the publicness of territorial development. Similarly, the externally focused component of the communication practice successfully reduces conflict by reducing uncertainty around the joint venture’s projects, thus increasing external support for the project.

Lastly, the practice of generating joint learning builds on the idea of bridging heterogeneity (Ospina and Saz-Carranza 2005). The literature has reported on how interaction between diverse entities needs to be synthesized (Agranoff and McGuire 2001), facilitated (Kickert, Klijn, and Koppenjan 1997), brokered (Lorenzoni and

Baden-Fuller 1995) and so on. Such activities serve as a bridge or adaptor between different actors and thus buffer clashes due to different institutional logics.

CONCLUSIONS

Public-private joint venture managers face conflict due to different institutional logics. These conflicts they overcome by communicating, generating joint learning, and involving the context, which essentially build trust, generate common meaning-making, mobilize legitimacy, and bridges diversity. In a nut-shell, narratively explaining the logic and relation between these concepts is this paper's main contribution. Separately, all these concepts are well-known, that they are relevant and how they work in public-private joint ventures was not.

While we have tried to portray the rigorousness of our design and analysis, such qualitative partly-inductive work must be confirmed by future research. The main weakness of a single case study is its possible low internal validity. In studies using few sites, the historical accounts may serve as comparative matter (Bardach 2004). Thus, in this case we were able temporally split the case in two, between the initial set-up stage all the way to the blockage of the Technology Park project and the second stage when the projects is reactivated again and there is a turnover in PTB's leadership.

Moreover, we must highlight the specificities of the case studied to aid transferability to other sites. We believe that both the characteristics of the public partners as well as the fact the joint venture's aims is territorial development are relevant. With respect to local governments, the public counterparts of the venture, Spain has small and weak local authorities and a very fragmented municipal map (Saz-Carranza and Serra 2009).

Additionally, urban reclassification—which plays an important role in the territorial

development projects as the ones championed by the analysed partnership—is of sole responsibility of local governments and a main source of income (OECD, 2005).

Furthermore, urban reclassification is an extremely sensitive issue given the infamous reputation of the construction and real estate business sector due to well known cases of corruption and favouritism. It is reasonable to think then that in countries with stronger and larger municipalities and or in joint ventures dealing with other projects (say biochemical research) these results may vary. Further research will have to show us.

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