Partnerships as strategic choices in public management

Les Metcalfe · Antonio Lapenta

Abstract Partnerships are not new phenomena in public administration. However, there is now a more explicit recognition that managing public policy networks involves partnerships within and across policy fields and linking interdependent levels of government nationally and internationally. The aim of this paper is to widen the scope of strategic choice in designing partnerships in public management by developing an alternative approach: the Power-Role Analysis. As the term suggests, Power-Role Analysis uses distinctions between types of power and the roles and relationships corresponding with them to clarify and define different forms of partnership. Power-role analysis provides a basis for considering systematically the problems that arise in managing partnerships of different kinds. It also gives guidance for establishing congruence between forms of partnerships and the results to be expected from selecting one form rather than another. The Power-Role analysis is afterwards performed, its focus being two empirical cases.

Keywords Partnerships · Strategic management · Power-role analysis · Strategic choice · Public management

1 Introduction: fashion and fundamentals in the partnerships debate

Strategic management involves setting new policy directions in response to changing policy needs and political circumstances. External changes may trigger new policy responses or redefined political objectives may prompt revaluation of

L. Metcalfe
Durham Business School, Durham University, Mill Hill Lane, Durham DH1 3LB, UK
e-mail: les.metcalfe1@btinternet.com

A. Lapenta (✉)
Independent Public Management Consultant, Potenza, Italy
e-mail: antonio.lapenta@yahoo.com

existing policies. Whatever the motivation, political leaders routinely employ the rhetoric of strategic management when launching new initiatives. But the success of new political strategies often requires the parallel development of administrative capacities because existing organisations are not fit for new purposes. Strategic management includes creation of appropriate organisational structures and management systems that will ensure that policies will work.

In recent years "partnerships" have become the fashionable solution in public management reform. The favoured response to the question "How will this work in practice?" has been to invoke the idea of "partnerships", especially public–private partnerships. It is a step forward that this has moved debate away from the polar opposites of state versus market. It is increasingly apparent that neither the state alone nor the market alone provides adequate solutions to many problems of managing public service provision and social development. Implementing strategic change frequently requires a combined effort with public and private actors working together in partnership.

However, while "partnership" has become a fashionable political slogan there is a danger that it is regarded as a newly-discovered panacea for problems of public management. Partnerships are not new phenomena in public administration. Governments have long used partnerships as a tool for the delivery of public services. Public procurement and contracting are established practice, even if the language of partnership has not always been used. The reason is simple: most public policies are managed through networks of organisations rather than being the exclusive responsibility of a single organisation (Klijn 2005). However, there is now a more explicit recognition that managing public policy networks involves partnerships within and across policy fields and linking interdependent levels of government nationally and internationally (Metcalfe et al. 2002). In the European Union (EU) the progress of European integration requires the development of very extensive networks of partnerships across all member states. The EU's chronic management deficit is partly due to failures to build capacities for managing partnerships across national boundaries and levels of government to match strategic initiatives for deepening and widening integration (Metcalfe 2000a, 2004). The architecture of EU policy regimes is constructed from partnerships. The ongoing crisis in the Euro zone, with its damaging implications for the stability of the banking system, the viability of national public finances and negative consequences for macroeconomic performance is by far the most serious example of the failure to build appropriate partnerships for managing an exceedingly complex multilevel governance regime.

There is a worrying lack of usable theory about the design of partnerships. An important obstacle to the systematic use of partnerships is lack of clarity about the options available and consistent criteria for choosing among them. Fashionable reform initiatives, often with a business bias, have shaped public perceptions of what partnership means and what can be expected of partnerships in practice. Most prominently, there has been a heavy emphasis on public–private partnerships as the route to better value for money and superior performance in the delivery of services. Part of the appeal of such partnerships is that they seem to represent a means of bringing in business management methods, models and expertise without going to the extreme of privatisation. Public–private partnerships are often contract based.

The assumption being that binding contracts give greater incentives and stronger sanctions for ensuring good performance by agents and provide principals with a clearer basis for evaluating outcomes. The benefits of this more commercial approach are defined variously in terms of efficiency of service provision, risk sharing and accountability for results and changing the service culture to one that ensures a "customer orientation".

A recent OECD (2008) report sets out what may be taken as a statement of the current orthodoxy about public–private partnerships (PPPs). It describes PPPs as occupying "a middle ground between traditional public procurement and privatisation".

> "In this book,…the OECD defines a public–private partnership as an agreement between the government and one or more private partners (which may include the operators and the financers) according to which the private partners deliver the service in such a manner that the service delivery objectives of the government are aligned with the profit objectives of the private partners and where the effectiveness of the alignment depends on a sufficient transfer of risk to the private partners."

Sometimes such claims may be justified—even if convincing evaluations are few and far between. But there are growing criticisms that in practice public–private partnerships have often proved difficult to manage and have not achieved the expected results. In British government the Private Finance Initiative: a policy that relies on businesses to provide finance for capital projects such as building roads, schools and hospitals and to continue to manage them once completed: has been criticised in Parliament and by the National Audit Office for being too expensive, not transferring risk and making it relatively easy for businesses escape operational responsibilities and financial penalties for poor performance. Besides, this quasi commercial approach is not always appropriate. There are many fields of policy where partnerships are essential to manage interdependence and coordinate service delivery efforts but where the frequently reiterated assumption that the public is a "customer" is erroneous. Taxpayers, hospital patients, convicted prisoners, businesses subject to regulation, and social welfare recipients are only a few illustrations of the variety of ways in which governments define their relationships with various publics. Treating all as customers seriously distorts the meaning of the term and applies mistaken performance criteria.

Outsourcing service provision through contract-based public–private partnerships is often seen as *the* alternative to direct bureaucratic administration. But further investigation reveals a more complex situation. First, Public–Private Partnerships can take many different forms. The OECD study referred to above lists fourteen different types of PPPs arrayed along a continuum from those that are close to conventional public administration to those that are similar to business. Second, partnerships take a variety of forms that cannot be placed along this continuum. Governments may involve different kinds of non-governmental organisations in policy management. In many countries the relations between levels of government or between government and "social partners"—trade associations, trade unions, employers organisations community groups NGOs—have been described in terms

of partnership. They are often seen as ways of promoting democratic rather than commercial values by encouraging participation in the policy process and enhancing social cohesion. They cannot be compressed into the straitjacket of public–private partnerships.

This highlights an important general issue. Partnerships may serve a variety of purposes but there is a danger that discrepancies emerge between the *set of values* partnerships are presumed to embody and the *management tools* through which they are implemented. Partnerships are often held to more egalitarian and voluntaristic than conventional hierarchical bureaucracies. In public–private partnerships agreements are negotiated rather than imposed. In democratic partnerships consultation and consensus rather than top-down processes are the preferred means of arriving at policy decisions. There is a pervasive tendency to de-emphasise and downplay the exercise of power in partnerships or even to treat partnership and power as antithetical. However, contract management often requires hierarchical management methods to ensure that the terms of agreements are adhered to. Furthermore, participation in policy-making does not preclude the need for executive processes involving the exercise of authority in the course of implementation. Power in one form or another, as this paper will argue, is an integral part of managing partnerships.

Though partnership has been a fashionable theme of public management reform some fundamental problems have been glossed over. Governments use partnerships in situations where it would be inappropriate to use any of the various PPP formulae but a generally agreed way of matching partnership structures to new political strategies is lacking. The task of developing partnership options to match new public management strategies has been poorly handled. Too much reliance has been placed on imitation and there has been too little innovation. What is appropriate for managing the construction of roads is not the same as for promoting economic development. Running a hospital has different requirements from integrating the work of welfare services for the elderly. Partnerships of a different kind are needed to coordinate the work of agencies such as police, hospitals, social workers and customs services dealing with drug abuse. Applying the blanket term "partnership" begs the question of what form of partnerships would be appropriate in each case.

2 Power-role analysis

There is an urgent need for a rethink to escape the confusion and provide a practical framework for designing workable partnerships that meet diverse needs. In order to define how partnerships can, in practice, deliver what they promise it is necessary to go beyond fashion and look at fundamentals by clarifying the concept of partnership and also being more specific about what types of partnerships should underpin particular strategies. Questions need to be asked about the strategic options that exist (or can be invented) and the capacities needed to manage partnerships productively.

The aim of this paper is to widen the scope of strategic choice in designing partnerships in public management by developing an approach we call Power-Role

Analysis. As the term suggests, Power-Role Analysis uses distinctions between types of power and the roles and relationships corresponding with them to clarify and define different forms of partnership. It also provides a basis for considering systematically the problems that arise in managing partnerships of different kinds. It will be argued that the repertoire of partnerships options is much wider than those on the public private partnership continuum.

Power-Role Analysis marks a departure from the most usual approaches to the study of partnerships and departs significantly from what is often called "evidence-based policy analysis". The latter more often follows practice rather than guides it. To the extent that it tracks partnership reform initiatives and attempts to document and categorise the various forms of partnership that have been adopted this is unavoidable—but limiting. While such research has produced a wealth of empirical material it runs into some recurrent methodological difficulties. Attempts to bring order to empirical diversity necessitate the construction of typologies and classifications. This is no simple task. The OECD study referred to above lists fourteen different types of PPPs. In his survey of the field, Skelcher (2005) highlighted the diversity of partnerships and the difficulties of finding a coherent basis for classification. Typically, classificatory schemes prove to be neither exhaustive nor mutually exclusive. New types of partnership are encountered that force the extension of the classificatory system. However the ad hoc proliferation of categories never proves conclusive. It is almost a matter of professional pride for researchers to show that their newly discovered cases do not fit into any existing standard category. Aside from this there is the problem of hybrids and mixed types. Empirical cases display features of more than one "type" and straddle different categories in a classificatory scheme. Hybridity seems to be more than just a minor, occasional, occurrence because important cases often do not fall into established categories.

In the light of this it is possible to make two quite different responses. One is to continue to try harder to assemble empirical data about partnerships as a basis for a bigger and better system of classification. This, however, assumes that we are dealing with a finite and limited range of partnerships and the problems identified above will gradually be resolved rather than become episodes in a never ending story.

The alternative response proposed here, Power-Role Analysis, is radically different. The aim of Power-Role Analysis is to establish general principles that can be applied to the analysis and design of partnerships. It is more deductive in style (but not anti-empirical). It asserts that there may be a virtually limitless diversity of partnerships and inductive research will not reveal their fundamental features. Power-Role Analysis builds on the assumption that the application of relatively simple rules can, in combination, generate and guide the design of partnership networks of considerable complexity and great diversity. It may be logically impossible to infer the generating rules that give rise to the observable variety of partnerships from even a very detailed knowledge of a wide range of empirical cases. A paradoxical but important implication of it is that attempts to classify empirical cases and generate empirical taxonomies of partnerships are not just difficult but misconceived. More research effort and more cases will not achieve the

desired result. This may come as a severe disappointment to a number of blind men attempting to describe an elephant and unwittingly operating on the mistaken assumption that they are all researching the same (non-evolving) animal.

Rules are not just constraints. They are design principles that act as stores of information and signposts to regulate interactions among the components of a system. Ulam (1974) showed that much more information is needed to describe the resulting systems than to define the rules for designing them. While the principles guiding the design and management of partnerships can be clearly stated the practical results of their application can take an unlimited variety of forms. To draw extravagant but useful parallel, what is needed is something equivalent to the generative grammar developed by Chomsky in linguistics. Establishing a comprehensive and watertight empirical system for classifying partnerships is impossible in the way that it is impossible to anticipate and catalogue all the possible sentences in a language. The scope for developing innovative design options is open-ended and not restricted to a finite set of partnerships. Hence, there is vast potential for creativity in the design of partnerships as strategic management options in public management.

Complex systems can have emergent properties that are difficult or impossible to predict from a knowledge of their constituent parts. Holland's (1998) elaboration of this theme can be paraphrased as follows.

- Rules that are almost absurdly simple can generate coherent emergent phenomena.
- Emergence centres on interactions that are more than a summing of independent activities.
- Persistent emergent phenomena can serve as components of more complex emergent phenomena.

"Power-Role Analysis" has both descriptive and prescriptive functions. First, it provides a systematic way of analysing and mapping the great variety of forms of partnership without the need to develop of an empirically based taxonomy. One of the barriers to innovation in public management is that many strategic options have not been considered because they do not fit with established institutional and ideological preferences about the forms partnerships may take. There is no reason to assume that partnership configurations are limited to those that have already been tried. Nor that business management has already explored all the interesting options. Indeed there are good grounds for hypothesising that the range of partnerships that have been tried in practice is a small and skewed selection of those that are potentially useful.

Second, Power-Role Analysis provides a set of ground rules or design principles for aiding strategic public management. It offers a framework for identifying the forms of partnership that match specific needs and prescribes guidelines for developing them. Power Role Analysis brings new light to bear on the tension between the logic of consequences or results and the logic of appropriateness in public management (March and Olsen; 1995). It gives a basis for establishing congruence between forms of partnership and the results to be expected from selecting one form rather than another.

2.1 Four types of power

> "We've seen repeatedly that much complexity can be generated in systems defined by a few well-chosen rules. When we observe emergent phenomena, we ought therefore to try to discover the rules that generate the phenomena." (Holland 1998—p. 188)

There are many different approaches to the analysis of power and power will always be a contested concept. But it is not the purpose here to offer a comprehensive review of the subject. The task is a more limited one of drawing some key distinctions between different types of power that underlie and structure the relationships among actors in organisational environments. The underlying concept of power in this context is a constructive rather than a destructive one. Power is considered as an emergent property of cooperative relationships rather than the reductionist concept of power as the ability to overcome resistance. It is power to do work through coordinated effort and raise productivity rather than power to coerce and impose sanctions. It is power in the sense that, for instance, superior teamwork and the ability to work together makes one organisation or organisational network more effective than another.

This section elaborates Power-Role Analysis by defining four power bases on which on which all partnerships rest. Subsequent sections outline the elementary forms of partnership corresponding with each of four types of power. In this context, partnerships are conceptualised in terms of pairs of reciprocal roles and processes through which working relationships are managed.

Distinctions between four types of power provide different bases for the development of partnerships. The four power bases are qualitatively distinct and are generally recognised in the political science and organisational theory literature. For convenience of reference they are labelled Hierarchical Authority, Exchange, Expert Authority and Influence. A brief explanation of each of them will be given here. Clarification is needed because public management reforms have tended to narrow the options by assuming that exchange is a defining feature of public–private partnerships and exchange-based partnerships are diametrically opposed to hierarchically-based structures. Moreover, there is usually an implicit, if not explicit, assumption that hierarchy is inferior to exchange as a basis for organisation.

Power-Role Analysis establishes broader foundations by encompassing four basic types of power which provide the organising principles for partnerships rather than just two. Furthermore, each of the four types of power is accorded equal status as the basis for building partnerships because partnerships are defined inclusively as cooperative working relationships among organisations and their publics. Exchange is neither necessary nor sufficient as a power base for partnerships. Indeed some important forms of partnership are based on hierarchical authority. Nor is it enough to see exchange and hierarchical authority as the only alternatives although for ideological reasons they often dominate public debate. It is important to include expert authority and influence as equally important strategic options because each of these types of power is found in public management partnerships. Expert Authority is found in the pervasive presence of professionals in governments. There are many

instances in which public services rely on the expertise of professionals. In service delivery this includes expertise in such diverse fields such as social services, health, education, the administration of justice, transport and the military. In policy formulation it includes experts in all the fields mentioned above as well as others such as economists, environmentalists and information technologists. Influence, the power of persuasion, is found in situations where there is a need for solidarity to build consensus as a basis for joint action or for representing common interests. Influence processes create solidarity and collective commitment through a voluntary process of resolving internal differences.

The logic underlying this fourfold categorisation of power rests on two fundamental distinctions (a) between unilateral and bilateral decision-making and (b) between negative and positive feedback. Cross-tabulating gives four types of power relations. Hierarchical authority is power based on unilateral decision-making and negative feedback. Exchange is based on bilateral decision-making and positive feedback. Expert authority is based on unilateral decision-making and positive feedback. To complete the picture, influence is based on bilateral decision-making and negative feedback. The two forms of authority are similar in that they both involve unilateral decision-making but while hierarchical authority has a stabilising negative feedback dynamic, expert authority has a change-promoting dynamic. Influence and exchange are similar in being based on bilateral decision-making but differ in relying respectively on negative and positive feedback processes. Thus, influence like hierarchy is a stabilising process while exchange reinforces change.

2.2 Partnerships as working relationships between organisations

The four types of power defined above are familiar enough even if this way of presenting them is not the usual one. Their importance is that they provide the design principles and generating rules that underlie partnerships as working relationships among organisations. In the simplest and most elementary cases power is embedded in bilateral working relationships organised in pairs of complementary roles. The four types of power provide distinct bases for partnerships defined by reciprocal roles played by individuals or organisations. Engaging in partnerships involves a mutually accepted division of labour between partners plus specific processes for coordination in performing tasks and managing the relationship. The complementary roles that partners play and the means of coordinating their activities vary systematically with the type of power on which partnerships are based.

The table below summarises the four pairs of roles that correspond with each type of power. *Hierarchical authority* is embedded in administrator-subject relationships. Of course the terminology may vary, depending on the particular institutional context. The equivalent relationship may between superiors and subordinates or between regulators and regulatees. *Expert authority* is embedded in professional-client relationships. The dynamics of the professional client relationship are different from those of hierarchical authority because they are geared to solving the problems of clients or developing the problem solving capacity of the

client system rather than maintaining control and ensuring compliance. In the case of *exchange*, power is embedded in customer supplier roles and relationships are governed by a self interested search for mutually beneficial agreements to serve their separate interests. Finally, *influence* processes are built around the roles of representatives and constituents and relations of solidarity and common interest. The main features of the partnerships constructed on this basis will now be discussed further (Table 1).

From a strategic management perspective what is important here is that the four different types of power are exercised through interactions between partners that are structured by these pairs of reciprocal roles. The assignment of one partner to a particular role or the claim by one partner to play a particular role presumes the ability and willingness of the other to play the complementary role. If, for example, a new strategic initiative involves a public private partnership, casting government in the role of customer purchasing services and a business acting as service provider, the presumption is that the government organisation concerned has the skills and attitudes required to play the active customer role and fully appreciates that businesses will act as self interested market participants seeking the best deal for themselves. These may not be the kinds of skills and attitudes that public officials accustomed to working in hierarchical role relationships have acquired. In the interests of clarity it will be helpful to consider the four types of partnerships in isolation. For ease of reference they will be labelled *commercial, administrative, professional* and *democratic* partnerships.

Commercial partnerships are based on exchange and involve the negotiation of performance contracts between customers and suppliers. This is the form that public –private partnerships are assumed to take. Often commercial partnerships utilise or simulate competitive market processes in order to secure best value on price, quality, risk sharing and delivery. Commercial partnerships are strongly associated with recent public management reforms. Instead of services being provided *by* government, commercial partnerships change relationships round so that services are provided *to* government by the private sector on a contractual basis. Commercial partnerships rely upon the adoption of business style management methods and utilise the pressures of competitive markets to ensure value for money in the provision of services. A major misconception about this kind of outsourcing of public services is that that it simply hands public management tasks to private organisations. But both customers and suppliers have responsibilities for managing the partnership relationship. Where commercial partnerships are established there is a significant management role for government as customer. The role of customer

Table 1 Pairs of roles forming partnerships

Types of power	Pairs of roles
Hierarchical authority	Administrator-subject
Expert authority	Professional-client
Exchange	Supplier-customer
Influence	Representative-constituent

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presumes a very active and critical attitude towards supplier performance. Government as customer should operate on the principle of *caveat emptor*.

Administrative partnerships have much in common with the hierarchical relationships between bosses and subordinates in traditional forms of machine bureaucracy. *Administrative partnerships* are based on the extension of hierarchical authority across organisational boundaries. The main issue here is ensuring compliance by subordinates with the policies prescribed by higher authority. It is the administrative superior who has the main management responsibility. The key management issues in administrative partnerships centre on familiar questions of decentralisation and central control and this is where negative feedback processes are important. For example, in regulatory regimes much of the detailed work of policy implementation is delegated to the organisations that are subject to regulation. Administrative partnerships are currently unfashionable but they are still an essential part of the public management repertoire and can work well provided the appropriate investments are made in management capacities at the periphery and the centre.

Professional partnerships are based on based on the exercise of expert authority rather than hierarchical authority or exchange relationships. Professional partnerships are less prominent in public debate about public–private partnerships than commercial partnerships. But this does not mean they are less important in practice. Specialist knowledge is essential in many areas of public policy. "Knowledge workers" are ubiquitous in government from traditional professions such as law to newer groups such as information technology specialists. Professionals and professional organisations are prominent across the whole range of public management. The professional-client relationship presupposes trust in the integrity as well as the expertise of professionals. Professionals have autonomy from both political superiors that they are expected to use to for the benefit of clients. The establishment and application of professional standards of performance depends on peer-group controls rather than either market pressures or hierarchical prescriptions.

A key question in professional partnerships is "Who is the client?" Sometimes government itself is the client particularly in policy formulation. But often, government employs the services of professionals to provide independent diagnoses of needs and prescribe remedies for the problems of individuals, families, communities, regions or industries or even another government. Development projects frequently utilise the services of consultants and establish trilateral relationships between professional, client and sponsor. Unlike hierarchical authority when professionals exercise expert authority they cannot enforce compliance but must secure the informed consent of their client.

Democratic partnerships are based on consensus and shared interests. This is different from exchange relations and commercial partnerships where it is sufficient that there is a coincidence of interests that enables willing buyers and willing sellers to do a deal. Democratic partnerships are distinctive in being based on voluntarism, participation and consensus. The role of representative is to facilitate the process of defining and articulating the common interests of constituents. The importance of influence and the power of persuasion in democratic partnerships is that it builds a sense of solidarity and commitment to consensually agreed policies. Democratic

partnerships are important in developing a sense of identity. There is less need for extrinsic sticks and carrots to secure smooth implementation that there is with other forms of partnerships. Paradoxically the stabilising function of this kind of partnership is especially important in periods of change and transformation when the erosion of an obsolescent consensus creates a risk of fragmentation and a new basis of collective action is needed.

Representatives have functions in the maintenance of unity and the management of change. The role of representative is to act on behalf of constituents but the relationship is different from that of professional to clients. Professionals require a sphere of discretion in order to arrive at an independent diagnosis of client needs. Representatives are expected to be accessible and responsive to constituents expressed wishes and demands rather than insulated from them. However a representative is not simply a delegate who restates the views of constituents. Influence is a two-way process of mutual persuasion in which representatives coordinate the search for common ground and endeavour to ensure that the group is able to speak with one voice. Participation in arriving at collective decisions engenders deeper commitments to agreed courses of action. Conversely, neglect of consensus building leads to superficial agreements that easily unravel when they are put to the test of implementations.

These elementary forms of partnerships are the building blocks for designing partnerships. In one sense this is a restriction of choice because public managers are limited to only four types of partnerships. But in another sense it enormously widens the range of strategic options. Actual partnerships can take many forms because the four types of power generate different patterns of role relationships and these relationships can themselves be combined in many different ways. Particular organisational networks composed of interrelated partnerships can be of considerable complexity. *One network* may contain many partnerships combining different types of power and correspondingly diverse patterns of role relationships. When *different* networks are considered the combined operation of a limited set of generating rules can produce a virtually unlimited variety of partnership structures.

3 Partnerships in strategic management

The main contribution of Power-Role Analysis is to assist in designing public policy partnerships that are "fit for purpose" when governments launch new strategies. Its key features are: clearer diagnosis of needs, definition of options and formulation of solutions to strategic management problems. Sometimes strategic changes can be accommodated within the existing organisational structure and its network of partnerships and do not require organisational change or structural adjustment. More radical policy changes cannot be effectively implemented without repositioning the organisation responsible for it and redefining its relations with its counterpart organisations. Power-Role Analysis provides the building blocks for designing changes in internal power relations and redefining the configuration of partnerships externally. A shift from one power base to another restructures the roles and relationships between an organisation and its partners.

How do partnerships as strategic options fit into the process of organisational design and structural adjustment? Their contribution is best understood by considering strategic management as part of an organisational learning process. Organisational learning is often viewed as a cumulative incremental process. "Learning by doing" is a common way of describing how an organisation may seek to progressively improve performance and move step by step along a learning curve. But organisational learning is not always a continuous incremental process. Innovative reforms are marked by discontinuities and abrupt changes of direction that require structural changes of step function form. Such turning points in the evolution of organisations are both important and difficult because their implementation involves reorganising the distribution of power and associated shifts from one type of partnership to another. Resistance to change focuses on maintaining the stability of the existing power structure. As Machiavelli observed long ago:

> "It must be considered that there is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle than to initiate a new order of things. For, the reformer has enemies in all those who profit from the old order and only lukewarm defenders in those who would profit by the new order." (Machiavelli, The Prince, ch. VI, p. 22)

In the context of contemporary business strategy essentially the same phenomenon is expressed in different terms. The pathological side of organisational learning is that vigorous efforts are made to maintain the status quo and avoid radical changes that threaten the established structure of power and distribution of rewards, even though this runs the risk of long term failure. Organisations become trapped into what Sull has termed "active inertia"; a built in bias towards preserving the status quo through a combination of commitments to outmoded beliefs and obsolete systems, structures and relationships. What may once have been an innovative strategy and the cornerstone of corporate success becomes a liability. Organisations fail to adapt because they are unwilling or unable to recognise the need to unlearn and set a new course that would disrupt the configuration of roles and relationships on which power and privilege are based.

Even if most organisations are reluctant learning systems in a changing environment it is important to have a model of organisational learning that encompasses processes of structural change as well as incremental change. Strategic management is about organisational learning that goes beyond incremental change and gradual step by step adjustment. Change of strategy requires change of structure. Strategic management is part of an organisational learning process that includes more radical reorganisations. Ashby's (1960) cybernetic concept of an *ultrastable system* provides a general model applicable to organisational learning that has clear affinities to later work in organisation theory.

Although the cybernetic model of adaptation was not developed with particular reference to organisations, its basic ideas underlie some well-known theories of organisational learning. One is the single-loop/double-loop learning model of Argyris and Schon: single-loop learning being concerned with maintaining organisational performance within established policy parameters and double-loop learning with managing change and establishing new policy parameters. Another is

the distinction between exploration and exploitation in March's (1991) analysis of organisational learning. March hypothesised a trade-off between adaptive processes that refine exploitation of opportunities in a given environment and exploratory processes involve innovation and search for new opportunities in different environments. The trade-offs managers make often favour exploitation of the status quo over exploration of a wider set of strategic options.

Ultrastability can be understood as defence in depth against environmental change. A *stable system* may perform efficiently in a given environment but be vulnerable to change when there are marked environment changes. An *ultrastable system* has the capacity to recognise and respond to two types of change. One is the capacity to perform effectively by responding to minor variations and low amplitude fluctuations within a given task environment. A stable system may be well adapted to particular environmental conditions. But specialisation to particular environmental conditions makes stability precarious. It is vulnerable if it lacks the reserve capacity to undertake fundamental reorganisation to deal with structural change and establish a new equilibrium. An ultrastable system is one with the resourcefulness to undertake fundamental reorganisations to align organisational structure with new strategic imperatives. Ultrastable systems have this flexibility and development potential because they possess dual feedback systems that maintain stability in relation to a particular environment but can also make step changes and enable them to reorganise when faced with more fundamental structural changes.

> "There will be feedbacks to give stability against frequent impulsive disturbances to the main variables and there will be slower acting feedback giving changes of step-function form to give stability against the infrequent disturbances of step-function form." (Ashby 1960 p.136)

Thus, first order feedback provides stability against small incremental changes within a given environment by making quick responses and piecemeal adaptation. Changes in policies and subroutines enable the organisation to adapt to variations and fluctuations in the tasks and challenges it faces. But, should more radical structural shifts in the environment occur, an ultrastable system has the capacity to respond by changing its relationship with its environment, perhaps by redesigning its external relationships and in the process redefining its own role. Second order feedback acts more slowly and intermittently to deal with discontinuities and major environmental changes. Second order feedback processes instigate radical reorganisations of internal structure and external relationships and lead to the redefinition of relationships between organisation and environment. Managing stability implies a capacity based on negative feedback to correct departures from established policies. Organisational learning includes the capacity to manage structural change by steering major reorganisations before restoring the relationship between organisation and environment to a stable form.

This model of organisational learning can be regarded as having two components depending on whether the organisation in question is moving up a particular learning curve or making a strategic shift to a different learning curve. The standard complaint about the military (literally) and many organisations (metaphorically) is that they are much better equipped to fight the last war by moving along their existing learning

curve than revising perceptions, changing strategy and shifting to a new learning curve more attuned to emerging realities. The challenge for strategic management is to effect the reorganisation necessary to shift to a new learning curve. Often this means changing partners and restructuring partnerships. This is where Power-Role Analysis can make a critical contribution to strategic management.

To counter these pervasive tendencies and underpin strategic initiatives organisations need second order feedback processes to align internal structure and external relationships with new strategic objectives. A key element in this second order feedback process is the ability to reorganise and restructure partnerships with other organisations and the public. The transformation of partnership structure involves step changes from basis of power and one pattern of partnerships to another. As the foregoing analysis indicates, step changes in roles and partnerships re-configure the types of power and forms of partnerships between organisations and their environments. This enables organisations to follow up strategic policy changes more deliberately and effectively than if no organisational change accompanied and complemented changes of policy.

The types of power and forms of partnership discussed above provide the building blocks for structural adaptation to support and implement strategic change. The four types of partnership provide a well-defined set of options that organisation can use to design and manage relations with other organisations and with the public they serve. They do not, however, provide a fixed and limited menu for policy choice. Structural change to follow up policy initiatives is too complex and variable to be fitted into one of four relatively simple formats. Strategic management requires the vision to combine the elementary forms of partnerships and building the management capacities needed to ensure that they work in a coordinated way.

3.1 Combining partnerships in practice

While for clarity of exposition it is important to explain each type of power and each related form of partnership separately from each other and in isolation from the process of strategic management in practice they are combined. This is one of the strengths and also one of the difficulties of Power-Role Analysis. Its strength is that even with only four power bases and four types of partnerships it is possible to generate a very large variety of organisational forms. Partnership configurations can be matched to particular situations in a systematic way rather than choices being limited to a few standard forms. The difficulty, however, is that flexibility comes at the price of bigger investments in management capacities and particularly high level expertise in designing partnership structures and managing their implementation. As the following examples show, synthesising organisational designs by combining partnerships creates additional management tasks and responsibilities beyond those of managing individual partnerships.

3.2 Strategic options and management capacities

The following examples serve to illustrate some of the applications of Power-Role Analysis and the management capacities needed to manage combinations of

partnerships in organisations and organisational networks. The examples range from general issues surrounding principal-agent theory to the practical case of managing an opticians practice and from the management of purchaser-provider relations to the design of a European Agency.

3.3 Managing principal-agent relations

It is helpful to begin with a well-known and much researched example. One of the most familiar and ostensibly rigorous ways of conceptualising public management problems is to use a principal-agent model. The simple formulation of this is that an agent is hired by a principal in order to perform a task on behalf of the principal. There are various standard examples of such a relationship in employment contexts in business, in law and in politics. The principal-agent model is claimed to be a very general one. The analysis usually develops from the standpoint of the principal. The principal's problem is how to guarantee compliance and ensure that the interests of the agent do not intrude on the unwavering pursuit of the principal's interests. How can the compliance of the agent with the wishes of the principal be assured when agents may have interests and agendas of their own that are at variance with those of the principal? In ensuring compliance there are two facets to the principal's problem. The first is information asymmetry. The agent is likely to have more information and greater control of information than the principal. The second is defective incentives. The principal must find ways to constrain and motivate the agent's behaviour to align with his/her interests.

The usual response to these difficulties has been to look for ways of tightening up task specification, improving information flows about performance to the principal and matching incentives to desired performance outcomes. This can be caricatured as a "call centre style of management" with detailed specification of required behaviour and continuous intrusive monitoring of performance. (The customary euphemism is something like "Your call may be monitored for purposes of staff training."). These prescriptions and many like them reformulate the old assumptions and restate the prescriptions of organisation theories of the past such as Frederick Taylor's scientific management and so-called Theory X management. What they have in common is exclusive reliance on a hierarchical administrative partnership model of unilateral decision-making and negative feedback.

But this does not really address the role conflict that is at the heart of the principal agent relationship. As normally defined, the relationship creates a tension between a exchange and hierarchical power relationships. There is a conflict for the principal between the role administrator and customer and for the agent between the role of supplier and subordinate. Within the same relationship there are processes of unilateral and bilateral decision making and positive and negative feedback. The principal's in this perspective is not reducible to finding ways of imposing top down control but of managing each phase of the relationship and also managing the conflict between them.

3.4 Visiting the optician; client or customer?

The next example may appear less general and less obviously connected with public management issues than the principal-agent model. But in fact it raises some general

issues that have recurred in public management reform. A visit to the optician is a common experience for most readers of this paper. The usual assumption is that the relationship has an expert authority basis and creates a professional client partnership. The optician employs expertise to administer eye tests, identify visual impairment and form a diagnosis as a basis for prescribing e.g., new lenses. (Other outcomes are possible but for purposes of illustration this one will serve). New lenses are needed to correct myopia, astigmatism etc. and have to be purchased.

Here the relationship undergoes a step function change often marked by moving to a different part of the premises and being served by different staff whose main function is to sell lenses and frames. This is a commercial customer–supplier relationships based on exchange rather than expert authority. And, it is a relationships based on quite different norms and assumptions from a professional-client relationship. Whereas a professional-client relationship is governed by the values and norms of professional service centred on serving client *needs* a customer supplier relationship is guided by profitably satisfying customer *wants*. The distinction matters in practical terms because in the event of dissatisfaction the implications are quite different in the client and customer phases of the relationship. A mistake in diagnosis by a professional optician that leads to the wrong lenses is a cost to the organisation rather than the client. The client has to trust the professional judgement of the optician. Selecting frames is an exercise in consumer choice any mistake is the responsibility of the customer.

Private sector opticians have to manage the combination of these two forms of partnership by setting norms of client service and thresholds of commercial viability. Such considerations are also common in public management where public organisations have to combine disparate performance criteria. Purchaser-provider networks are important instances of this.

3.5 Managing the purchaser-provider relationship

The replacement of top down line bureaucracy with various forms of purchaser-provider relationships is one of the symbols of public management modernisation. In the polarised political rhetoric of state versus market it symbolises the process of rolling back the frontiers of the state and relying on competitive market forces. In less ideological terms it represents a strategic decision to increase scope of public procurement through a shift in the boundary between what government produces in-house and what it purchases externally. (These are often referred to as the "make-buy" decisions.) Purchaser-Provider relationships include many forms of public private partnerships of the kinds described in the OECD study referred to earlier.

Governments have always purchased on a large scale. Military hardware and infrastructure construction projects in transport and communications are obvious examples of large-scale public procurement. What is different now is the substitution of purchasing for direct provision into the area of public services such as health, welfare, education and running prisons. The appeal of purchaser-provider relationships rests on the belief that business can run services better, more efficiently and more cheaply than government. Government for its part is free to

shop around for the best buy. Once actual cases are examined the clarity and simplicity of these beliefs becomes hard to sustain.

Insufficient thought has been given to the management implications of purchaser-provider partnerships. Often they are treated as synonymous with the idea of government as customer. But on closer inspection the relationships involved are more complex. There is a three-way relationship between government, service provider and the ultimate users of services. The exchange partnership between government and service provider is only one phase of the relationship and one element in the network. In addition, as in any project or contract management relationship there is a hierarchical partnership structure as government attempts to ensure contract compliance. In addition where government purchases professional services such as health care or social welfare care for the elderly there is a profession client relationship.

Unsurprisingly the relationships among the organisations involved become tangled. Power-Role Analysis can at least provide a clearer diagnosis. In the first place what is involved is not simply a substitution; a change from provision by a public organisation to provision by a private organisation. Purchaser-provider arrangements create the illusion of relieving government of management responsibilities and financial risks by substituting exchange and customer supplier relationships for hierarchical authority and superior subordinate relations. Contracts are negotiated on the basis that businesses are paid to do and agreed job and accept at least some of the financial risks inherent in doing so.

But this oversimplifies. Government never escapes management responsibility. Indeed some of the public management responsibilities inherent in purchaser-provider relationships require very sophisticated management expertise and continuous government involvement. Broadly, government as purchaser has distinct management roles to play in three overlapping stages of the process; (1) contract design, (2) contract negotiation and (3) contract management. Each stage generates a substantial workload that amounts to much more than "shopping around". In fact there is generally a need for continuous involvement and monitoring of service provision. The adequacy of government's contributions in these areas is easily compromised if different arms of government are responsible for different stages.

From earlier discussion it will be apparent that, like principal-agent relationships, the purchaser-provider relationship involves both exchange and hierarchical authority. Hence, it interlocks administrative and commercial partnerships and requires government to play the role of customer as well as administrative superior. Especially in large-scale projects running for years these are onerous responsibilities in conditions where project management disciplines are weak and the assumption that businesses run the risk of financial loss in the event of poor performance is ill-founded. For example the contract for rail and track maintenance on the London metro system was awarded to a consortium created by five companies. But when the project began to run into serious delays and cost overruns the companies concerned minimised their financial losses by allowing the consortium to go into bankruptcy. Government was left with unplanned costs in excess of £400 million and responsibility for completing the work. A more recent British example of risk-takers avoiding taking risks is a railway company returning a franchise for running

services on part of the national rail network because it had overestimated the revenue it would receive and was making losses. A segmented company structure allowed it to retain two other franchises that had remained profitable. (This is now in the litigation process.) In both of these instances government had failed to appreciate the ways in which businesses could limit their exposure to risk at the contract design and negotiation stages.

More difficult management problems arise when government is in the position of purchasing services but is not the user of the services purchased. A triangular relationship between government, service providers and recipients comes into existence and has to be managed. The management of networks like this is further complicated when government purchases professional services from a commercial provider. For example, a strategic policy change in the UK shifted responsibility for many services to the elderly out of the jurisdiction of the National Health Service and into that of local government. At the same time local government budgets were constrained and pressure exerted for them to outsource service provision for the elderly to private care companies (Pollock 2005). In this context the delivery of services that used to be guided by professional criteria are increasingly dominated by a combination of commercially motivated cost controls and administratively defined targets and checklists. With overlapping partnerships and contradictory norms and thresholds there is ample scope for confusion about organisational roles and policy priorities and disputes about responsibilities. Not surprisingly there are also major problems of coordination because of the number of different organisations involved and the absence of a shared model of how the system should work.

4 EMEA, managing a European Agency

The 1990s saw a flurry of agency creation in the European Union. A series of European Agencies were created for a variety of different purposes. The motivations for their creation were a mixture of disillusionment with European integration in general and dissatisfaction with management by the European Commission in particular. There was a feeling that some specialised functions that had been centralised and drifted up to the European level should be under closer national control and that executive functions in the Commission should be "unbundled". Symbolically European agencies have been distributed in various locations across the member states rather than housed in the main centres of European institutions Brussels, Luxembourg or even Strasbourg. The move to create agencies was also seen by the Commission as a criticism of its methods and management.

The main lines of criticism were over centralisation and confusion of responsibilities. Agencies seemed to provide a means of decentralising and clarifying the locus of responsibility. It must be said at once that the creation of European agencies owed little or nothing to anything resembling Principal-Agent theory. Indeed as more agencies were established or planned the Commission recognised that there was not a general "Agency Model" acknowledged that agencies could take were taking a number of different forms.

It is instructive to consider a rather successful case of European Agency development because it illustrates some general issues about the design of partnerships as well as the role of European agencies. The organisation in question is EMEA the European Medicines Agency. EMEA is a decentralised body of the European Union with headquarters in London. Its main responsibility is the protection and promotion of public and animal health, through the evaluation and supervision of medicines for human and veterinary use. The EMEA is responsible for the scientific evaluation of applications for European marketing authorisation for medicinal products (centralised procedure). Under the centralised procedure, companies submit a single marketing authorisation application to the EMEA. Once granted by the European Commission, a centralised (or 'Community') marketing authorisation is valid in all European Union (EU) and EEA-EFTA states (Iceland, Liechtenstein and Norway).

European authorisation is valuable to pharmaceutical companies that may have spent upwards of €200 million and more than 10 years on R & D producing a new drug and are then able to sell it throughout the EU. They do not need to go through the laborious process of securing separate authorisations in each country. An authorisation establishes that a new drug is effective and safe in use and production. EMEA's primary task is conducting the evaluation of new pharmaceuticals against the criteria of effectiveness and safety. It performs theses evaluations in a specific way. Companies apply for an evaluation and dates are set on a timescale of 130 working days from the agreed date of submission. The company pays a fee for the work done but EMEA itself is funded from EU resources. EMEA assembles a team of relevant experts, not from its own staff but from a network of professional based in national authorities, universities and research institutes and manages the completion of the evaluation. On this basis it advises the Commission and decision-making authority remains with the Commission. It is possible but difficult for the Commission to disregard EMEA's advice (Metcalfe 2000b).

In terms of Power-Role Analysis the key feature of EMEA is expert authority. EMEA assembles and applies teams with expertise directly relevant to the evaluation of particular pharmaceuticals. It would not be possible to do this from in-house resources given the small size of the organisation but EMEA draws in relevant expertise from and extensive and continually up-dated professional network. Its partnership structure is professional-client. EMEA does not have decision-making authority. Is this a weakness? In considering the effectiveness of European agencies Majone, drawing heavily on US comparison suggested that the touchstone of effective agencies is independent decision-making power. "To qualify as fully-fledged regulatory networks, however, the European agencies and their national counterparts still need autonomous decision-maker powers, and a firmer legal basis for their independence." (Majone 2002, p 321). Clearly EMEA would fail this test. But the test is not an appropriate one for a professional organisation with two distinctly different types of relationships with different clients. In relation to pharmaceutical companies it has an arms-length professional relationship that assures it independence in making evaluations. Vis à vis the Commission, its professional autonomy is maintained because its role is advisory. It does not have decision making power and therefore does not have to take into account the

non-professional considerations that are relevant in the more politicised context of the Commission. Thus EMEA is insulated from both commercial and political pressures and able to exercise professional judgement within a well-defined domain. Furthermore its professional autonomy is safeguarded by the support and participation of a well established professional peer group. EMEA's effectiveness needs to be seen in the context of the network as a whole rather than as an independent decision-making body.

5 Power-role analysis in development co-operation in Bolivia: the Potosí Social and Healthcare Programme

A more exotic and intriguing case of designing and implementing a development co-operation programmes illustrates the way in which Power-Role Analysis can help untangle the complexities of network management and partnership structure. The case is the Development of the Social and Healthcare System of Potosí –Bolivia (hereafter Programme). The Italian Ministry of Foreign Affairs has had a pivotal role in the process. In the following pages a short description of the Programme, its objectives and history is provided along with few details on the case study context. The power-role analysis is afterwards performed, its focus being the Programme (i.e., our focal organisation) and the network of partners and key stakeholders engaged by its Steering Committee.

The Programme design was finalised in 1997 with the general aim of improving health standards in one of the most difficult regions of the poorest country of Latin America, Bolivia. The specific objective is the enhancement of effectiveness and equity of the social and healthcare system in the Region of Potosí. The Programme has developed along three different phases of 3 years each, with an overall expenditure of €10 millions. Currently, the Programme, pursues these objectives through specific coordinated actions on five different but interdependent components (see Fig. 1) that include supporting the main hospital of the region, enhancing and integrating the supply of social and healthcare services, the articulation of medical systems (traditional and modern medicine), the Medical School –addressing both infrastructural issues and the revision of curricula—enhancing child protection policies.

In October 2008 the Italian Ministry of Foreign Affairs commissioned an extensive external evaluation of the Programme (Missoni et al. 2008). In April 2009 it re-considered its priorities decided to investigate options to re-design the Programme, giving particular attention to the design and management of networks as a key element in its effective development. For this reason, the Local Technical Unit (UTL) in La Paz, jointly with a group of external experts, is elaborating a new phase of the Programme. The managerial issues that emerge are then choosing the appropriate type of partnership, defining the capacities required to play the roles prescribed and developing the capacities to manage the relationship.

A key characteristic of the management and governance of the Programme is a participatory style channelled through representative structures. Strategic management is the responsibility of a Steering Committee, including the Programme leader
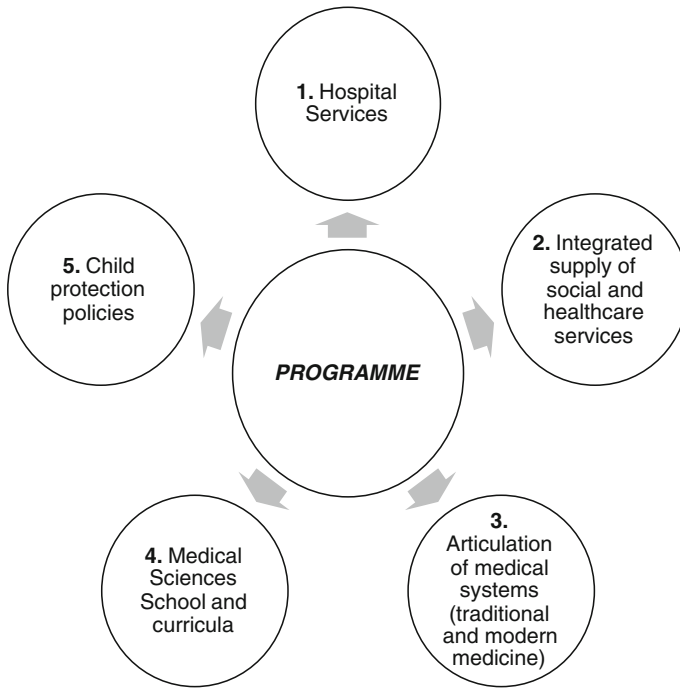
Fig. 1 Main components of the Programme

and representatives of the main partners which re-defines the objectives and re-directs the operational management activities. The various elements of operational management are carried out by the Programme's partners in cooperation with external experts. A Control Committee is responsible for the supervision and oversight of implementation. The strategic governance of the Programme is the responsibility of the Italian Ministry of Foreign Affairs.

The Programme is managed through a particularly complex network of organisations and to give a clear perspective the focal organisation for our analysis is the Programme Steering Committee. The analysis takes as a starting point the analysis of the mission, followed by identifying in it the main features of its operating environment by mapping of the different actors and identifying the type of power and specific role exercised by each of them. (See Table 2) We will then position the focal organisation in relation to the network of partnerships.

The Programme was introduced in a conflictive and fragmented network, characterised by extensive organisational interdependence inadequate coordination among leading actors. The steering committee of the Programme plays an integrative role based on consensus building to align particular interests with the general aim of the Programme.

A stakeholder mapping exercise identified 14 main organisational actors. The configuration of partnerships among them is set out in Fig. 2.

**Table 2** The management and governance of the Programme

		Task environment (management)	Political environment (governance)
Operational	Composition	EXTERNAL EXPERTS Partners and key stakeholders	CONTROL COMMITTEE [Italian Embassy in Bolivia, Min. of Foreign Affairs (IT+BO), Technical Local Unit – UTL, Min. of Health (BO), , Min. of Treasury (BO)]
	Mechanisms	*Collaborative partnerships*	*Technical and administrative evaluation*
Strategic	Composition	STEERING COMMITTEE (Programme leader and partner institutions representatives)	ITALIAN MINISTRY OF FOREIGN AFFAIRS – General Direction for Development Cooperation
	Mechanisms	*Stakeholder mapping and engagement* *Environmental analysis* *Definition of partnerships as strategic choices* *Relationship Management*	*Rules and policy guidance*

One of the main actors is the *regional government of Potosí*, responsible for the definition of the health policies and for the management of the healthcare services. It represents one of the beneficiaries of the Programme as well, especially with reference to two of its components, namely the integrated supply of social and healthcare services and the articulation of the traditional and modern medical systems. As a partner in the Programme it has representative, professional and administrative roles. It is directly involved in the Steering Committee and participates in deciding what is to be done as well as contributing to the implementation of agreed policies.

Another major actor is the *local government of Potosí*, responsible for infrastructure investments and maintenance. Also in this case, the relationship with the Programme is based both on authority and influence over the focal organisation. Differences arise when considering the different role covered by the local government and the Programme components on which this relationship insists (the Hospital, the Medicine School and the child protection policies).

The religious system –both authorities and actors– is a key partner of the Programme strongly related to two of the components: the supply of social and healthcare services and the child protection policies. It manages the Solidarity Fund and provides hospitality to low-income families of patients but, most of all, it contributes to the Programme through its knowledge on the population needs (professional partnership) and through the enhancement of the legitimacy (demo-cratic partnership), as it represents a stable independent and informant actor, exercising a relevant influence on the population's health decisions.

The partnership with the *child protection authorities* (either legal or social ones) exercise power along three different dimensions: authority, expertise exchange and
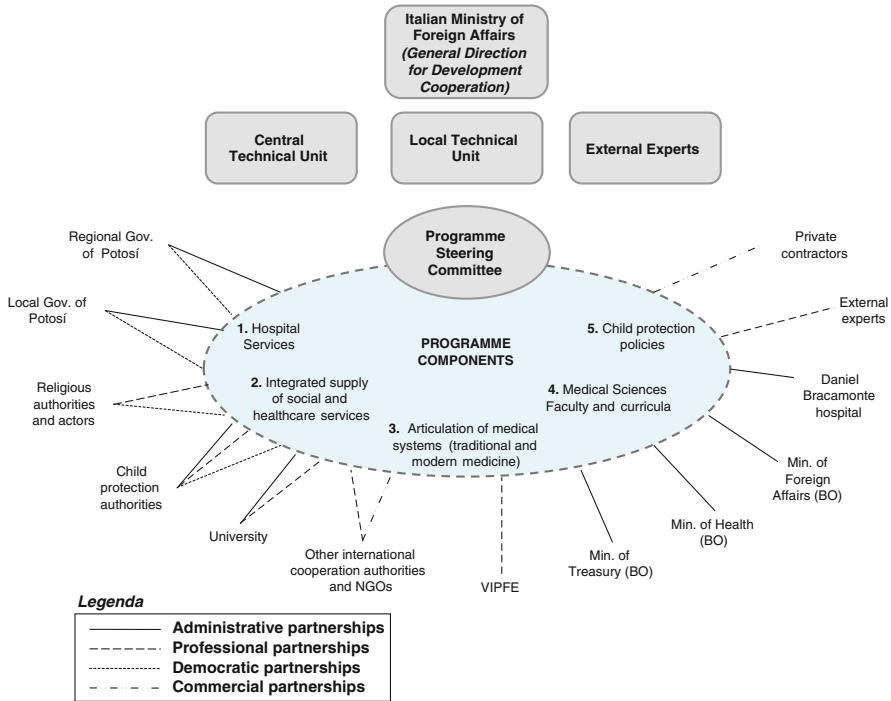
Fig. 2 The partnership structure of the Programme

influence. The main object of the partnership is the development of better and more integrated policies, through the design and the implementation of an evidence-based policy making model that can be transferred also at the national level.

The Programme also builds on a partnership with the *State University of Tomas Frias* which has professional and executive roles in defining the *curricula* in conjunction with the medical professions.

Other International Cooperation Authorities and Programmes also operate on areas close to those interested by the Programme. The Programme acts and interacts with international development agencies of other countries through influence and exchange mechanisms. The partnership with NGOs also involves supplier-customer relationships (commercial partnership).

The *Vice Ministry of Public Investment and External Financing* (VIPFE) has the responsibility of coordinating the several international financial contributions and investments. It influences the Programme through its information and knowledge base, especially during the design phase.

The *Bolivian Ministry of Treasury* plays mainly a hierarchical role, including into the State Budget funds previously being out-of-budget and directly managed by the Programme. The *Bolivian Ministry of Health* is for obvious reasons a key stakeholder that interests all the Programme components and that could contribute in a determinant way to expanding some of the activities scope to the national level. The administrative relationship is being enforced by including the Ministry in the

Programme control committee. The relationship with the *Bolivian Ministry of Foreign Affairs* is also based on its administrative authority. The Ministry contributes to the highest-level bi-lateral cooperation agreements.

The *Daniel Bracamonte hospital* is a key stakeholder because rebuilding the Hospital was the main activity of the first part of the Programme and the starting point of the Italian cooperation in the Potosí Region. In a way, compared to the Ministry of Health, which is the strategic key stakeholder, the Bracamonte is the operative key stakeholder of the Programme.

Finally, it is worth mentioning two other actors. The *external experts* involved by the Programme in the design and implementation phases through a professional kind of partnership and the *private contractors* with whom a commercial buyer–supplier partnership is established, mainly in the implementation phase.

This still research in progress and the implementation game will stretch the partnership structure and challenge the network management.

Nevertheless we can highlight some remarks on how performing the Power-Role Analysis helped managers and policy makers:

- It has made it possible and easier to provide an overall picture of the whole network and the specification partnership management weaknesses and coordination needs in particular areas rather than just broad statements about the desirability of better coordination in general;
- While in each case the partners have reciprocal roles in a division of labour, the basis of cooperation is quite different from one to another. Moreover, quite distinct capacities are needed to play these roles and to manage the partnership. Power-role analysis seems to offer a fruitful way formulating the issues of designing organisations and frameworks of management and accountability in a way they can address key issues such as diversity and interdependences.
- When more systematic attention is given to the relationship between the various components of management and governance clearer links will develop between the dual interests of public managers in performance management and responsible governance. Using the power-role analysis provides managers a guidance in conceptualising—also among partners—the relationship between accountability and effectiveness in a more positive and productive way.

6 Conclusions

Partnerships have become an important feature of contemporary public management and a major theme of reform. This paper has sought to look beyond some of the fashionable types of public private partnerships to more fundamental questions about the range of partnership options that are available and the design principles that underlie them. The means of doing so is Power-Role Analysis, a compact set of guiding principles that provide a framework for designing partnerships to match a wide variety of different needs and circumstances.

The purpose of this paper is to provoke discussion and set a new agenda for partnership research that can guide practice rather than follow it. To that end, we

summarise some key points on how Power-Role analysis can contribute to strategic management and highlight issues that are worthy of further consideration.

First it widens the range of strategic choice in the design of partnerships by systematising ways in which the roles of partners can be defined and combined. Four types of power embedded in clearly defined pairs of reciprocal roles and working relationships can be combined to generate a considerable variety of partnership configurations. Diversity of outcomes is generated by the application of simple rules.

Second, Power-Role Analysis highlights the distinctive management requirements of different types of partnerships. Well managed partnerships come at a price in terms of management responsibilities. Public private partnerships are sometimes mistakenly seen as means by which governments can divest themselves of management responsibilities. In reality, partnerships change the character and distribution of public management responsibilities but do not allow governments to abdicate. Rather the opposite. The development of appropriate management capacities and systems is a strategic management task.

Third, Power-Role Analysis can help to provide a coherent overview of the linkages among the organisations in a network and the location of points of stress and coordination failure. Combinations of partnerships create demands on management for coordination and strategic management on a continuing basis and not just at the inception of a new strategy. Since partnerships often interlock the activities of many organisations in public policy networks shortcomings and failures at the network level are liable to lead to confusion, buck passing and the breakdown of working relationships as mutual trust evaporates. In reform processes the redistribution of power among various organisational actors requires new forms of partnership management arrangements and rebuilding of trust in the ability and willingness of partners to fulfil their assigned roles and work together reliably.

Considerably more work will need to be done to test Power-Role analysis on a more solid empirical basis in order to fine-tune the model. If the debate is to be moved forward, developing a better understanding of how such a method for performance enhancement impact on trust can be one of the important issue to be analysed.

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Author Biographies

Les Metcalfe is currently Visiting Professor of Public Management at Durham University UK and works as a consultant on public management reform. His fields of professional interest include public management at the national level and in international organisations with a special focus on policy networks and multilevel governance. Prior to returning to the UK Dr. Metcalfe was Professor of Public Management at Bocconi University, Milan and before that held a similar position at the European Institute of Public Administration (EIPA), Maastricht, in The Netherlands. At EIPA his main interest was management and governance capacities in the European Union. He previously served on the staff of Prime Minister's Office in London, in a unit focussed on public management reform, having previously worked at London Business School, where he took his doctorate. As well as researching and publishing extensively on public management he has engaged in consulting assignments including work for the European Commission and most recently the Council of Europe.

Antonio Lapenta is an economist and public management specialist. He holds a PhD in Health Care Management and Economics (2008) from Magna Græcia University of Catanzaro, Italy. He has conducted training and research for the Policy Analysis and Public Management Department of Bocconi University, Italy from 2004 to 2008. His research interests include stakeholder management, public interest networks and international development cooperation. He served as strategic advisor to the Bolivian Health Minister for the creation of a National Health System (June 2010–January 2012). He is currently an international consultant and advisor for government institutions.