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**NEW MODES OF MANAGING GRAND CHALLENGES:
CROSS-SECTOR COLLABORATION AND THE REFUGEE CRISIS
OF THE ASIA PACIFIC**

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ABSTRACT

Grand challenges are complex, large-scale problems requiring collaborative, multidisciplinary attention. Cross-sector collaboration can potentially play a significant role in addressing these challenges by capturing the diverse vision, experience, knowledge, and resources of different sectors. Yet we still know little of the inter-organisational dynamics of how sectors work together to address grand challenges and the consequences of doing so. Our paper contributes to the literature at the intersection of management and grand challenges by identifying how cross-sector collaborations can be used more effectively to address grand challenges. Drawing on a study of Australia's offshore processing of refugees we highlight the inter-organisational issues that emerge and develop a collaborative governance framework to overcome these problems and guide future cross-sector collaborations directed at grand challenges.

KEY WORDS: *Grand challenges, cross-sector collaboration, collaborative governance, adaptive governance, structural governance, management, refugees, accounting, accountability*

1. Introduction

“If you have offshore processing, you have to outsource”

Greg Lake, manager at the Nauru detention centre (Butler et al., 2014)

“Politics had a way of making the simplest things complicated”

Wilson Security Guard, Manus Island (Coates, 2018:281)

In July 2010 Julia Gillard, the newly appointed Prime Minister of Australia, announced her government would commence processing asylum seekers' applications outside Australia's borders on the Pacific islands of Manus and Nauru, a policy described as 'offshore processing'. The management and operation of regional processing centres would be delivered by the private sector and not-for-profit organisations working together with the governments of Australia, Nauru, and Papua New Guinea. A collaboration across the three sectors. The Australian government's policy change was in response to over 50,000 asylum seekers arriving by boat across the years 2008-2014 and an estimated 1,100 drownings at sea (Border Crossing Observatory, 2018), as large numbers of refugees across the Asia Pacific undertook the dangerous boat trip to Australia, prompting a refugee crisis. Global refugee numbers remain a significant concern with over 60 million people currently displaced due to persecution, conflict, violence, and human rights violations (UNHCR, 2017).

The refugee crisis has been described as a grand challenge, as it is complex, uncertain and evaluative (Ferraro et al., 2015). Grand challenges cut across organisational, national, and state geographical boundaries and so the scale and complexity of addressing them is beyond the remit of any individual organisation (Salignac et al., 2018). Governments have traditionally played leading roles in responding to grand challenges at the national and transnational levels to address problems such as sustainable development, climate change or refugees (Bebington and Unerman, 2018; Kumarasiri and Jubb, 2016; McPhail et al., 2016). Yet practical solutions to global problems more often involve local level interventions and changes to individual, organisation, or community behaviour (Lehman et al., 2016; Carter et al., 2013; Egan, 2014).

It is in this space we see an expanding role for private sector actors and not-for-profit organisations to work alongside governments through cross-sector collaboration.

Cross-sector collaboration is “a distinctive form of working together, characterised by intense and interdependent relationships and exchanges, higher levels of cohesion (density) and requiring new ways of behaving, working, managing and leading” (Keast and Mandell, 2014:9). These can take the form of hybrid organisations that mix state, market, and civil society characteristics (Brandsen and Karré, 2011) or as partnerships¹ where two or more sectors voluntarily collaborate to resolve intractable public policy problems (Selsky and Parker, 2005). What makes collaborations distinct from other forms of cooperation or coordination amongst organisations is that these are relationships of reciprocal interdependence, where each cannot achieve their own goals without assistance from each of the other partners (Keast and Mandell, 2014). While initial research suggests cross-sector collaboration offer potential benefits to addressing grand challenges (Doh et al., 2018; Ballesteros et al., 2017), there remains much to learn about how they work in practice and what constitutes success. Government, business, and non-profits have different objectives, motivations, and stakeholders, which can create inter-organisational tensions and goal conflict that limit their effectiveness (Googins and Rochlin, 2000).

Our purpose in this study is to gain insights into how cross-sectoral collaboration can be used as effective management tools for addressing grand challenges. We argue that cross-sector collaborations can play a central role because they harness the interdependent goals, expertise, and knowledge of each sector. However, these innate differences require new modes of governance to address the management challenges of different organisational sectors working together. We propose a collaborative governance framework incorporating structural and

¹ We avoid the use of the term partnership where possible, due to the distinct legal definition suggesting it applies to private commercial ventures. See for example the *Partnership Act (Qld)* 1891, which in s5 refers to a “business carried on with a view to profit”.

adaptive governance as two mechanisms to address the complexities arising from multiple organisations across sectors working together. Cross-sector collaboration presents significant opportunities for resolving grand challenges and our findings add to the limited empirical evidence of how they work in practice and how to improve their strategic effectiveness in these settings.

The rest of the paper is structured as follows. In the next section we describe the grand challenges facing organisations and society and review the literature on cross-sectoral collaboration. We then outline the methods and findings of our study into the management challenges arising from Australia's cross-sector collaboration to manage offshore processing of asylum seekers. We conclude by discussing suggestions for improving the governance of future cross-sector collaborations in relation to grand challenges.

2. Conceptual Overview

Grand challenges are distinctive societal problems because they affect large populations across national, organisation, and local geographical boundaries. These problems are characterised by their complexity and uncertainty. Hence developing effective responses to grand challenges requires “coordinated and collaborative efforts across societal stakeholders” (Linnenluecke et al., 2018). Cross-sector collaboration can potentially harness the views of a broader group looking for potential solutions to address global public policy problems. While only limited research has examined the use of cross-sector collaboration in relation to grand challenges, there is a rich extant literature of using collaboration, partnerships, or hybrid organisations to address social problems or environmental concerns (Doh et al., 2018; Bryson et al., 2006; Brandsen and Pestoff, 2006; Selsky and Parker, 2005). Much of this research has recognised the prevalence of governments relying on private actors to deliver public services, such as through the public-private partnership (PPP) model (Börzel and Risse, 2005). At the same

time, governments to varying degrees across the developed world have been turning to the third sector (sometimes called civil society or the not-for-profit sector) to co-produce delivery of public services (Brandsen and Pestoff, 2006).

A review of this literature suggests two potential benefits for pursuing cross-sector collaborations. First, collaboration creates increased opportunities for innovative problem-solving and cooperation as diverse participants who may traditionally have competing interests work together (Head and Alford, 2015; Huxham and Vangen, 2000). Participants are also motivated to find solutions, either through self-interest or altruism (Pasquero, 1991). For example, Doh et al. (2018) suggest cross-sectoral environmental entrepreneurship can overcome some of the constraints of individual sectors in adapting to environmental change. The second benefit is that it can facilitate the implementation of solutions as partners coordinate actions and share resources and experience as problems arise (Huxham and Vangen, 2000). Bringing sectors together captures greater knowledge, an array of skills, and different sector networks such as the case of private firms working alongside government and not-for-profits in the delivery of disaster aid (Ballesteros et al., 2017).

The literature also identifies potential problems regarding the use of cross-sector collaborations. There are significant differences between the characteristics, motivations, and time horizons of private, public, and non-profit organisations such that combining them is considered by some to be “potentially conflict-laden and risky” (Brandsen and Karré, 2011:828). Cross-sector collaborators have very different goals and approaches to addressing social problems when they have distinctly different stakeholders (Parmigiani and Rivera-Santos, 2011). For example, while corporations and for-profit firms may be beholden to shareholders and the need to report financial performance improvements on a quarterly basis, not-for-profit organisations account for their performance predominantly through delivery of

charitable objectives rather than simply financial growth. This can lead to goal conflict, namely the difference in focus, scale, and time-horizon between different sector partners (Googins and Rochlin, 2000) and a blurring of the traditional boundaries between the state, market, and civil society (Billis, 2010). Using the private sector to provide public goods also raises wider concerns for their use in grand challenges as “governments may begin abdicating their responsibility to these issues” (Doh et al., 2018:30). There are also concerns that these ‘hybrid’ organisational forms are more difficult to control and less inclined to respond to the accountability requirements from their political agent organisations (Koppell, 2000).

We argue that despite these concerns, cross-sector collaboration offers significant potential for management scholars looking for new and more effective ways of addressing complex social problems in relation to grand challenges. Yet we still know little of how they work in practice, how the issues raised above relevant to cross-sector collaborations and what (if any) are the implications for management when we move control beyond the nation state? These concerns are captured in the following research question: how can cross-sectoral collaboration be used as an effective management tool for addressing grand challenges?

3. Framework for understanding cross-sector collaboration

Analysing the effectiveness of a cross-sector collaboration in relation to a grand challenge involves observing and capturing the issues emerging across the lifetime of a project. Previous research suggests examining collaborations according to their chronological stages (Selsky and Parker, 2005; Googins and Rochlin, 2000; Bryson et al., 2006) and we find this a simple but useful framework for capturing management issues as they evolve over time. Following Bryson et al. (2006) and Selsky and Parker (2005), we frame our data collection and analysis around the stages of the collaboration process. The *initial conditions* that prompt cross-sector collaboration are many and varied but are more likely to form in turbulent environments

(Bryson et al., 2006). Using post-disaster procurement as an example, policy makers may be sceptical regarding whether individual firms are able to provide the solutions on their own and therefore favour collaboration (Doh et al., 2018; Zhang et al., 2015; Ballesteros et al., 2017). The *structure and governance* of collaborations is influenced by environmental factors such as the strategic purpose of the collaboration and is also likely to change over time due to the ambiguity of membership and complexity of operating in local environments (Bryson et al., 2006). *Implementation* issues identified in the literature indicate that building legitimacy and trust and managing conflict are key to the success of cross-sectoral collaborations. *Constraints* to effective partnerships include competing institutional logics and goal conflicts that affect communication and governance arrangements. Finally, the *outcomes and accountabilities* of cross-sector collaborations are harder to define when there is complexity of shared responsibility and reporting arrangements.

This chronological framing aims to capture the issues arising from the interplay of multi-sector organisational actors involved in delivering public policy solutions to grand challenges across the study period. It is expected that some of these actions might be aligned synergistically towards achieving the same outcomes or they may be competing against each other. Highlighting the performance issues arising from these inter-relations provides the first step to understanding how we might manage these collaborations more effectively. In the next sections we examine the formation, implementation, and outcomes of a cross-sector collaboration to manage regional processing of Australian asylum seekers during the Australian refugee crisis of 2008-2015.

4. The research setting: the refugee crisis of the Asia Pacific and Australia's response

The total number of refugees worldwide increased significantly and consistently over the last four years (UNHCR, 2017). The Asia and Pacific region is the third largest region hosting

displaced people and is currently home to 7.7 million people of concern, which includes 3.5 million refugees, 1.9 million internally displaced persons (IDPs), and 1.4 million stateless people. The majority of these refugees originate from Afghanistan and Myanmar (UNHCR, 2018).

During the period 2008-2014 Australia faced a refugee crisis as increasing numbers of asylum seekers, mostly leaving from Indonesia, undertook dangerous open sea journeys in an effort to reach Australia. The number of arrivals by boat and claiming asylum increased from 25 people per year in 2007-2008² to 25,000 arrivals in 2012-2013 (Phillips, 2017a). Australia has a history asylum seekers arriving by boat since Vietnamese refugees began undertaking boat trips in the aftermath of the Vietnamese war (Figure 1). In the intervening years numbers have remained small interspersed with occasional spikes (Phillips, 2017b) such as 1999-2001 when approximately 9500 asylum seekers arrived by boat, mostly with the assistance of people smugglers. As a deterrent to future boat arrivals, the Australian government started intercepting boats (usually by the Australian Navy) and moving asylum seekers to offshore processing centres on Nauru³ and Manus Island (PNG), which were outside Australia's migration zone. The legal effect of this change was to prevent asylum seekers from making applications for protection visas under Australian law, and instead their claims would be assessed under UN guidelines of these Islands. Those processed and given refugee status (under the UN Convention) were then settled in Australia or a third country.

² Statistics are shown in financial years. For example, 1 July 2007 - 30 June 2008.

³ 'Nauru is a small island state in the South Pacific Ocean, approximately 3,000 kilometres from Australia. With less than 10,000 residents in a 21-square-kilometre area, Nauru is the smallest state in the South Pacific and second-smallest state by population in the world, behind only the Vatican City' (Save the Children Annual Report, 2014: 33).

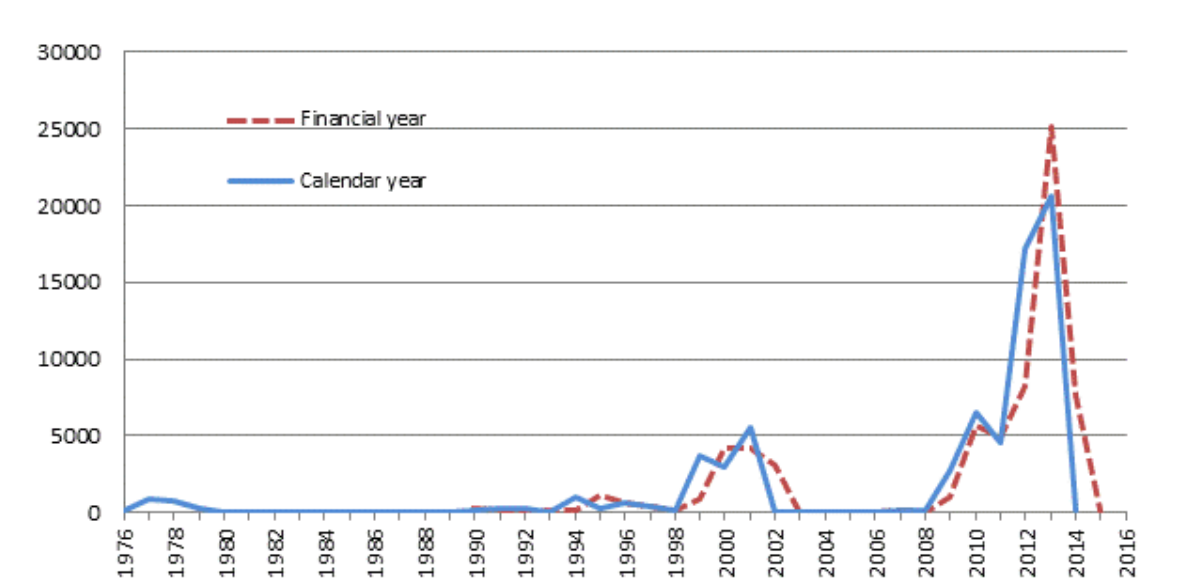


Figure 1: Irregular boat arrivals to Australia 1976-2016 (Phillips 2017a)

Management and operation of the offshore processing centres on Nauru and Manus Island was contracted during this time to the International Organization for Migration (IOM), an inter-governmental organisation that works closely with the UNHCR. While the policy of processing asylum seekers offshore was controversial, there was little criticism of IOM's management of the centres. The policy of offshore processing was abandoned by the incoming Rudd government after the Federal election in December 2007. Soon after, the number of arrivals started increasing significantly (Figure 1) with more than 50,000 asylum seekers arriving by boat between 2008 and 2014 and an estimated 1,100 asylum seekers drowning while trying to reach Australia (Border Crossing Observatory, 2018). Due to the significant number of arrivals over such a short time frame, onshore detention facilities quickly reached capacity⁴ and independent expert panel was established to find solutions. The expert panel's report, released on 13 August 2012, included a range of disincentives aimed at reducing boat arrivals, including the re-establishment of offshore processing centres in the Republic of Nauru

⁴ 27,000 asylum seekers were released into the community on bridging visas while their claims were being processed SMH (2016) Asylum seekers on bridging visas conditions. *Sydney Morning Herald*. Sydney: Fairfax..

(Nauru) and Papua New Guinea (PNG) (Houston et al., 2012). Three days later, the Gillard government passed legislation reverting to offshore processing of asylum seekers on the islands of Nauru and Manus (PNG)⁵. After Kevin Rudd returned to the Prime Ministership the following year, he announced that no refugee processed on Nauru or Manus Island would ever be resettled in Australia and instead would be resettled in third countries. Intergovernmental agreements (MOUs) were signed with the Nauruan and PNG governments stating Australia would bear all the costs associated with construction and operation of the regional processing centres.

The Australian government then entered into urgent negotiations with a number of private and not-for-profit service providers to operate the offshore centres⁶. The initial contracts for running the offshore facilities on Nauru were signed between the Australian government with the private provider, G4S Australia and NZ, and not-for-profit organisations Save the Children and The Salvation Army. The contracts were for the delivery of *garrison support*, to run the centres (such as security, cleaning, and catering), and *welfare services* relating to recreational and educational activities. A summary of the garrison support and welfare services contracts over this period is shown in Figure 2. In total, these contracts cost the Australian government over \$3 billion as at the end of March 2016 (Australian National Audit Office, 2016).

⁵ As a signatory to the United Nations' *1951 Convention Relating to the Status of Refugees* and the subsequent *1967 Protocol*, Australia has obligations to refugees who arrive on Australian soil as well as to those in camps offshore. Under the UN convention, a country's obligations begin after an asylum seeker has entered a signatory country. The core obligation is to not send someone back into a situation of possible persecution. Another important obligation is not to penalise asylum seekers for entering a country without authorisation. (DIBP, 2018).

⁶ IOM declined due to the lack of time for due consideration.

Organisation	Time period	Services provided	Total AusTender value (\$ millions) ^a
Transfield Services (Australia) Pty Ltd	September 2012–March 2014	Nauru—Garrison support	\$351
	March 2014–February 2017 ^b	Nauru and Manus Island— Garrison support and welfare services	\$2190
G4S Australia and New Zealand	October 2012–March 2014	Manus Island—Garrison support	\$245
Save the Children	October 2012–June 2013	Care and support services	\$8
	August 2013–August 2014	Provision of services to minors	\$37
	September 2014–October 2015	Welfare and education services	\$100
	May 2014–January 2015	Refugee settlement services	\$15
The Salvation Army	September 2012–January 2014	Welfare support for single men	\$99
TOTAL			\$3045

Figure 2: Garrison Support and welfare services contracts since 2012, Nauru and Manus Is (ANAO report No. 16, 2016-17)

The government engaged a separate private provider on Manus Island, Transfield Services (later re-named Broadspectrum), supported by Save the Children Australia and The Salvation Army. 17 months later, the Australian government consolidated the private contracts on both islands and Transfield Services took over the Manus Island contract from G4S and became the head contractor for the Manus Island regional processing centre. Transfield then subcontracted a number of external providers for additional services, including Wilson Security to provide security services across both islands. After the PNG high court deemed the offshore processing arrangement unconstitutional, the Australian government and PNG announced the Manus Island regional processing centre would close in October 2017. Transfield's contract was extended to this date although it did not wish to continue with the contract on Nauru after this time. Since then, a small number of private firms have been responsible for operating the Nauru and Manus Island centres. Primary and mental health services were contracted out to International Health and Medical Services (IHMS), a private health provider with existing contracts to manage health services across Australia's onshore detention centres. While other private businesses were contracted at various times in the construction of the centres, the seven

organisations examined here were the main actors involved in the management of offshore processing from the beginning.

In sum, Australia's move to offshore processing of asylum seekers in 2012 provides an interesting and important opportunity to examine the myriad management and governance issues that arise from cross-sector collaboration in relation to grand challenges and refugees.

5. Methodology

The research question is addressed using a longitudinal, documentary study of cross-sector collaboration in response to the Australian refugee crisis over the period 2012-2017. This period encompasses the entire time frame of contractual arrangements between participants from each sector for provision of services. This follows a similar methodology to that used by McPhail et al. (2016), who examined the instruments and activities that constituted Australia's asylum seeker policy in practice and how legitimacy and accountability is mediated through this policy. In contrast, this study aims to develop a deeper understanding of the operational issues that emerge from cross-sector collaboration and implications for the management and governance of these relationships. The documentary analysis generates the evidence needed to address the complexity of solving grand challenges through an inductive approach focused on "intertwined and evolving technical and social interactions" (Eisenhardt et al., 2016:1115). Hence, our methodology focuses on capturing the issues and problems that emerge from this complexity, triangulated from various organisational perspectives and exploring the key themes across each stage.

5.1 Data Collection

The first stage of data collection involved systematically reviewing all publicly available data on the management practices of the providers to capture these interactions. The

period 2012–2017 covers the time offshore processing was reinstated as government policy (2012) and initial contracts signed with providers of offshore management⁷, until the closure of the Manus Island detention centre on the 31st October 2017⁸. A summary of the data source material is outlined in Appendix 1 and presented as panels according to the three sectors surveyed: government, private, and not-for-profit. The sectoral analysis is the first stage of triangulation in order to gather evidence of the perceptions of the various actors' participation in the offshore processing of refugees. The second stage of triangulation comprises primary source documents and second stage documents. Primary source documents included government policy announcements, senate reports and two major Australian National Audit Office (ANAO) Performance Reports into the procurement and management of offshore processing contracts. Primary source data for the private sector comprises company annual reports and related Australian Securities Exchange (ASX) announcements collected from the Connect4 database for Transfield/Broadspectrum, G4S Aust/NZ, and Wilson Security⁹. Primary source reports from the not-for-profit sector are available from the Connect4 database or directly from the organisations' websites: Save the Children and The Salvation Army. The bulk of the secondary source data comprises media/newspaper articles over the period 2012-2017. We developed a list of management terms derived from the management and organisation literature and analytical framework (e.g. risk management, costs, training, quality of staff), and applied these terms to each of the private and not-for-profit partners. The search resulted in 2,351 media/newspaper articles; the vast majority were not relevant or were repeated in multiple searches (where this occurred only one copy was retained). We saved

⁷ The first contract was signed on 11/9/12 between the Department of Immigration and Border Protection (DIBP) and Transfield Services to provide facilities management and operational services to the regional processing centre on Nauru.

⁸ The regional processing centre on Nauru is still in operation at the time of writing.

⁹ Wilson Security became a subcontractor to Transfield/Broadspectrum after they took over the G4S contract. G4S had employed their own security personnel up to this point.

those articles that discussed the management themes identified, resulting in 152 relevant newspaper articles and a total of 196 documents.

As an additional source of background (not tabulated) we referred to the book published by a former Wilson Security guard working on Manus Island about his lived experience (Coates, 2018). This provided additional insights into managerial issues from the private sector perspective, and a first-hand view of what it was like to live and work on the Manus Island regional processing centre during this period.

5.2 Data Analysis

The first stage of data analysis involved detailed reading of the material collected from each of the organisational actors, as detailed in Appendix 1. Through this process we developed a timeline of major events occurring across the two offshore processing sites and major political announcements of key policy changes. The second stage involved a process of open coding the media/newspaper articles, government reports, and documents collected in line with Corbin and Strauss (2008). The aim was to understand the inter-organisational issues and problems that were occurring or recurring through the different phases of the collaboration as outlined in the theoretical framework (Bryson et al., 2006). Two of the authors separately coded the data, resulting in 47 initial codes that captured the day-to-day operational issues emerging across the collaboration (e.g. experience, cost, cultural issues, resources, competing objectives, and defining success).

In the third stage, higher-order themes were generated from the initial codes, involving examination of the management challenges emerging from these operational issues (Keast and Mandell, 2014). We traced these subjective viewpoints through the different levels and stages of the collaboration (Mandell and Keast, 2008; Bryson et al., 2006). Following Gioia et al. (2013) we continually asked ourselves throughout this analysis whether these emerging themes

helped to describe and explain the key management issues we could see from the data around the refugee crisis. Appendix 2 outlines indicative quotes from the data that support the themes developed from this analysis.

The fourth stage involved bringing the analysis to the level of theory development to understand the implications for the management of future cross-sectoral collaborations related to grand challenges. We reviewed the management themes in light of the extant collaboration and governance literature, again looking for overarching concepts that might explain and address the challenges emerging. From this we highlight a collaborative governance model and propositions attached to three inter-related dimensions: Design Configuration, Ambidextrous Management, and Accountability for Public Value - that pertain to formation and implementation of cross-sector collaboration. Table 1 shows the iterations of data analysis through this process.

RQ: How can cross-sector collaboration be used as an effective management tool for addressing grand challenges?

	Collaborative Governance	
Structural Governance		Adaptive Governance

WHAT ARE THE GOVERNANCE ISSUES? /APPLICATION TO DATA

Design configuration	Ambidextrous management	Accountability for public value
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WHAT ARE THE MANAGEMENT CHALLENGES? / PATTERN VARIABLES

1A. Temporal challenges	2A. Managing uncertainty	3A. Competing institutional logics
1B. Contractual processes	2B. Contextual ambiguity	3B. Performance

WHAT ARE THE INTER-ORGANISATIONAL ISSUES? /SURFACE CONTENT ANALYSIS

1A. Experience	2A. Management experience	3A. Activist stakeholders
1A. Cost	2A. Quality of staff	3A. Media pressure
1A. Short time frame	2A. Staff turnover	3A. Conflicting values
1A. Political pressure	2A. Resources	3A. Leadership
1A. Expertise		3A. Power
1A. Scale		3A. Competing objectives
		3A. Resources
1B. Monitoring	2B. Facilities	3B. Cost management
1B. Control	2B. Environmental conditions	3B. Quality
1B. Performance measures	2B. Planning	3B. KPI's
1B. Responsibility	2B. Political changes	3B. Defining success
1B. Reporting	2B. Cultural issues	3B. Changing partners
1B. Risk management		3B. Changing expectations

Data	Data	Data
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Table 1: Code Mapping: Three Iterations of Data Analysis (to be read from the bottom up)

6. Findings

6.1 Initial conditions of formation

Our finding indicated the Australian government’s decision to contract out the management of the regional processing centres using a public/private/not-for-profit collaboration came about predominantly because of the *temporal challenges* associated with the crisis. The processing centres were approved and established with little by way of formal hierarchical governance structures or clear responsibility lines. Political pressure for an immediate solution to the crisis led to the Department of Immigration and Border Protection (DIBP) entering into contracts with a number of private and not-for-profit organisations without following the government mandated procurement rules (ANAO, 2016). There seems to have been little effort to learn from previous experiences of offshore processing to minimise contractual risks due to the short time frame. The DIBP was responsible for overseeing the set-up of the centres ready for asylum seeker arrivals. In their formal response to the Australian National Audit Office (ANAO) report into the procurement of contractors, the department reiterated the exceptionally short time frames expected by government for such a complex issue.

“The procurement of garrison and welfare services for clients at the RPCs [regional processing centres] in Nauru and PNG has been undertaken in a highly complex and rapidly evolving environment. When legislation was passed on 17 August 2012 enabling regional processing—four days after the release of the expert panel’s report—the Department needed to establish the necessary operational requirements immediately. Consistent with expectations, the first asylum seekers arrived in Nauru three weeks later on 14 September 2012. The Department met these requirements in an environment that was high-tempo, at the peak of national interest and complicated through logistics and uncertainties involved with processing in foreign countries. Delegates were required to make decisions on complex and high risk matters within very short timeframes. The environment remains extremely complex.” (Australian National Audit Office, 2016:16).

The partners each contributed experience in delivering services in environments of high risk that did not exist in the DIBP. As the chair of Transfield points out: "Transfield has a 60-year legacy of doing this sort of work in remote locations and difficult conditions," she says. "We are used to dealing with people who are under stress...Do we see the risk and do we go in with our eyes open? Of course we do, but we have got the view we have experience in this sort of work" (Sprague, 2014).

6.2 Structure and Governance

Our findings also indicate problems due to urgent time frames had a flow-on effect leading to a failure to put adequate *contractual processes* in place to oversee and monitor the operations of the collaboration.

“The 2013 contracts specified a governance framework with two layers: senior management meetings (comprising individual service provider and joint service provider meetings) to address strategic matters; and a suite of meetings on location to deal with day-to-day operations...In practice, senior management meetings between the parties were held less frequently than required under the 2013 contracts. For Transfield, there were no DIBP records of individual service provider meetings in 2013. In addition, the department held one senior management meeting with Save the Children during 2014. This approach made it difficult for issues arising under the contract to be escalated and resolved.” (ANAO, 2017: 10).

The data show a lack of formal and informal controls that were either not in place or were not appropriately followed, as well as ad-hoc monitoring of performance, in particular during

the first year of the contracts: “No systematic monitoring of performance occurred prior to implementation of the framework [in July 2013]” (ANAO, 2017: 12). Although an ‘appropriate framework of controls’ was in place that included authorisation of payments, the Australian Audit Office found documentary failures in adhering to this requirement:

“This control was intended to provide additional assurance over payments under the contracts but did not always operate as intended. In respect to \$2.3 billion in payments made between September 2012 and April 2016, delegate authorisations were not always secured or recorded: an appropriate delegate provided an authorisation for payments totalling \$80 million; \$1.1 billion was approved by DIBP officers who did not have the required authorisation; and for the remaining \$1.1 billion there was no departmental record of who authorised the payments”. (Australian National Audit Office, 2017:9).

There were also persistent questions around who was ultimately responsible for decisions in the regional processing centres. The Australian government paid for everything, but there was uncertainty amongst the collaborative organisations regarding where the boundaries of responsibility lie, both legally and contractually, particularly when controversy arose.

“The Immigration Department said the Manus Island Centre was “PNG-owned and operated”. Security company G4S said it was the government calling the shots. ... While Bowles [Secretary of the Department of Immigration and Border Protection] had firmly told the inquiry three times that PNG was “running the Centre”, the evidence told another story. “We had a contractual arrangement with the department, so the first port of call was with the department,” G4S regional general manager Kevin Pye said (Whyte, 2014).

Yet the Australian government clearly stated “the regional processing centre in Nauru is not run by the Australian Government. The RPC is run by the government of Nauru under its laws” (Australian Senate Select Committee, 2015). Managing risks are key aspects of governance frameworks and the Department had some prior experience in this area with onshore detention centres and Christmas Island. Yet significant failures to manage the risk were highlighted:

“DIBP did not develop a transition plan to manage the changeover between the 2013 and 2014 contracts, nor did it conduct a risk assessment to identify and mitigate risk. Significant risks materialised in the transition period, such as major riots which occurred on 16–18 February 2014.” (ANAO, 2017: 12).

Contractual processes are used to ensure a framework of controls are in place for managing payments and variations. Yet the DIBP’s finance team also failed to obtain confirmation that

invoiced services were genuinely obtained and correct, in accordance with the contract, prior to payment (ANAO, 2017:14).

6.2 Implementation Issues

Our findings indicate two distinct issues for management related to implementing this cross-sector collaboration: the ability of organisational partners to *manage uncertainty* while operating in environments of constant *contextual ambiguity*. Overwhelmingly the data pointed to a highly uncertain environment that organisations were operating in on a day-to-day basis, but also across the wider political context in which they were contracting. Managers required leadership skills that prepared them for the unexpected as they responded to unanticipated issues on a day-to-day basis. The context was also constantly changing and required immediate responses that could have significant consequences to the health and safety of individual workers and those within their care and responsibility. These issues were also highlighted in the Cornall review into the riots at Manus Island in February 2014.

“The number of transferees at the Centre grew very quickly from around 350 to 400 men accommodated in one compound to 1,340 single adult male transferees in four compounds... There was a very significant change in the nature of, and risk associated with, the Centre.” (Cornall, 2014:3-4).

Cross-sector partners also operated in an environment of contextual ambiguity due to continual uncertainty and last-minute changes to contracts, organisations, political leaders, government policies, planned operations, and the physical environment in which they conducted their service delivery activities. In these multi-national, multi-organisational situations this requires honesty in communication and high levels of trust among the partners (Salignac et al., 2019). Managers also needed to deal with multiple changes to the scope of the contracts and the places they would be operating. As Transfield stated in their formal response in the ANAO audit into procurement:

“The procurement by the Commonwealth of services with respect to the Offshore Processing Centres (OPC’s) involved multiple phases between 2012 and 2015 that evolved and changed over time. It included multiple changes in scope (including resettlement services), introduction of new service requirements and supply chains, transitioning in/out of other service providers and multiple new locations for service delivery.” (ANAO 2016:16).

As well as planned changes, there were numerous unplanned changes. For example, in February 2013 after a group of transferees burnt down one of the processing centres on Nauru, emergency accommodation and interim facilities needed to be organised for 400 asylum seekers while a new centre was built. Organisations and managers needed to be able to respond to immediate changes and manage uncertainty as the following response by Transfield to the ANAO (2017) report again highlights the contextual difficulties of the partners:

“The Draft Report (at least the extract provided to us) does not appear to address the complexity of the operations, the dynamic and changing conditions at the OPCs [off-shore processing centres] nor the flexibility and responsiveness required of both DIBP and Service Providers to respond to the requirements of two very different sovereign governments with ultimate control over the legal and operating environment at the OPCs.” (ANAO 2017: 17).

6.3 Constraints emerging from collaboration process

Competing institutional logics were found to have impacted the collaboration process and actively limited the ability of members to operate effectively as a group. Multi-stakeholder tensions arose from intra-organisational and inter-organisational conflicts as sector partners faced pressures from activist stakeholders and media questioning their role in this issue:

“Current and former Salvation Army staff who have worked offshore say they believe the agency had no idea what it was getting itself into when it signed its contract with the Commonwealth. ‘They are naive at best and at worst, they are doing damage,’ says a very senior and experienced aid administrator. ‘It’s a long way from soup vans and caring for the homeless’ (Davies, 2013).

“Two of Australia’s biggest superannuation funds have dumped shares in Transfield Services citing concerns about human rights inside the offshore asylum seeker camps the company runs for the Australian government. Another half a dozen other industry funds are conducting a review.” (Rose, 2015).

There were also tensions between sector participants as different motivations, goals, and objectives created on-going conflict regarding the use of resources, operational decisions and power sharing. "Each agency wanted to be the lead agency, the head honcho of the island...The disorganisation of the Salvation Army meant it was a long way down the pecking order, and the staff suffered because of this" (Snow, 2014: quoting Salvation Army employee, Mark Isaacs). These competing institutional logics can be seen in how differently each sector presented themselves:

“Transfield said the increased cost of the contract was due to higher security costs, more complex travel needs and tax rates in PNG being higher than in Nauru... ‘We believe our success on this bid was due to our ability to rapidly mobilise for Nauru and our ability to manage that facility to the department's satisfaction.’” (Towell and Gordon, 2014).

“They [The Salvation Army staff] see the work that they’re doing as more of a mission than an actual job. So they feel that they have a mission to be able to serve people, so first and foremost, that’s what we look for in our staff, and they’re the people that come to us. You know, we see that the asylum seekers over there are a very vulnerable group of people and they need a lot of love, they need a lot of support, and we’re the right kind of organisation to be providing that care and support for them.” (Waters, 2012).

The Salvation Army did not have its contract renewed after January 2014, as it appears the organisation could not reconcile being paid to deliver a government refugee policy it disagreed with. Reasons given by the government for ending the contract included contract failures, information security breaches and ignoring legal requirements that employees not discuss their work to media (ANAO 2017: 13).

6.4 *Outcomes and Accountabilities*

Establishing clearly defined outcomes and processes of accountability for the cross-sector collaboration was problematic. The Australian Audit Office referred to achieving “value for money”, and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) “requires entities to promote the proper use and management of public resources [which]... means efficient, effective, economical and ethical use” (ANAO, 2017:24). Evidence from the data suggested the government as main contractor failed to manage the performance of the

collaboration or judge its outcomes against a set of clear strategic goals, including value for money:

“The garrison support and welfare contracts were established in circumstances of great haste to give effect to government policy decisions and the department did not have a detailed view of what it wanted to purchase or the standards to apply. These are key considerations in achieving value for money.” (ANAO, 2017: para 8).

The lack of accountability and clearly definable outcomes is most obvious in the failure to manage or even anticipate the numbers or costs of offshore processing. This was most pronounced in the first two years of operation when the numbers of arrivals or departures of asylum seekers were completely unknown.

“The offshore processing centres are rapidly being expanded. The Minister says the detainee numbers of 1,194 on Manus Island and 765 on Nauru will be more than double by the end of the month. This comes as the government claims a further cost blow-out for offshore processing. Scott Morrison says the Immigration and Finance departments have found that the funding for the coming year is \$370 million short, leading to shortfall of 1.2 billion over the next four years.” (Barlow, 2013).

The findings suggest processes of accountability were limited or confusing, resulting in overall performance and partner expectations being very difficult to define for the collaborative partners.

7. Collaborative Governance to overcome design and process issues

We have argued that cross-sector collaboration has the potential to address grand challenges. Yet the findings highlight numerous design and implementation/process issues that limit their effectiveness. Literature suggests that collaborative governance can mitigate such issues (Le Ber and Branzei, 2010). Taking a collaborative governance¹⁰ approach focuses on “the design and use of a structure and processes that enables actors to direct, coordinate and allocate resources for the collaboration as a whole and to account for its activities” (Vangen et

¹⁰ While Vangen et al. (2015) argue that collaborative governance or governance for collaboration are analytically distinct, we find our example overlaps with both these definitional constructs and have simply chosen one for simplicity.

al., 2015:1244). Collaborative governance ensures that participants bringing their (often opposing) sectoral frames achieve the goals of the collaboration (Vangen et al., 2015; Keast and Mandell, 2014) and bridge the gap between the management issues that emerged over the course of the collaboration and the governance challenges they present for effective cross-sector collaborations: 1) Design configuration; 2) Ambidextrous management; and 3) Accountability for public value. We suggest two specific collaborative governance mechanisms and propositions to address these challenges: structural governance and adaptive governance.

7.1 Structural governance to resolve design configuration challenges

At the outset, a cross-sector collaboration involves complex design considerations that configure a structure informal enough to meet the flexibility required when faced with temporal challenges. Yet at the same time, formal contractual obligations are required to create opportunities and incentives to meet the innovation needed to generate solutions to grand challenges (Colquitt and George, 2011). Contextual factors will influence the structure of the collaboration (Bryson et al., 2006), and as we observed here temporal challenges led to a lack of clearly defined contractual obligations from the outset (ANAO, 2016 2017). Given the urgency of the situation, the diversity of partners and the fact they had not worked together before, it was important that contracts set out clear and effective monitoring and reporting processes. Contract partners to the collaboration were also changing during this period and so flexibility in the agreements to react to constant change was needed. Structural governance mechanisms that are dynamic enough to respond to the ambiguity and complexity of collaborations are therefore essential (Bryson et al., 2006). Organisation theory points to the importance of structure in influencing organisational effectiveness (Milward et al., 2009). As Vangen et al. (2015) suggest: “the structure determines not only who (organisations and individuals) are able to influence the collaboration’s agenda but also who may take important

decisions and have resources, power and legitimacy to act and be accountable for its undertakings” (p.1246). The success of inter-organisational collaborations also depends on cooperation between partners, but different structures can impact cooperation (Williams, 2005). In light of these considerations, we propose that:

Proposition 1:

The structural design of the cross-sector collaboration creates incentives and constraints that will influence a collaboration’s overall effectiveness.

7.2 Adaptive governance to encourage ambidextrous management

Radical forms of uncertainty underpin grand challenges as actors struggle to decide future paths of action (Ferraro et al., 2015). We find managers operate in environments of persistent ambiguity that requires constant decision-making under uncertainty as each sector organisation contributed their distinct expertise and operational experience, yet each day presented new, unforeseen challenges. We suggest that overcoming the problems of uncertainty and ambiguity requires *ambidextrous management*. That is, a management mindset to use and refine existing capabilities, networks, and relationships (exploitation) while at the same time creating new knowledge, opportunities, and solutions that overcome existing knowledge deficiencies (exploration) (March, 1991; O'Reilly and Tushman, 2013). The literature indicates managers can influence exploitations and exploration at multiple levels through a balance of formal and informal processes and supporting structures that encourage ‘best practice’ while simultaneously allowing local managerial discretion and judgement (Turner et al., 2013).

The context revealed that managers who responded quickly to problems, such as improving the quality of training or removing underperforming staff, increased the likelihood of meeting the goals of the collaboration. These organisations demonstrated the ability to learn from their experiences and improve their management processes over time, resulting in their

contract being extended and expanded. For example: “Transfield Services says it has made sweeping changes to security and behaviour management at the Manus Island and Nauru processing centres since it won \$1.2 billion in contracts to run the detention camps in the past two years” (Carter, 2014). Whereas G4S did not have its contract renewed.

We propose adaptive governance as a key mechanism to encourage ambidextrous management. Adaptive governance refers to ‘the ways in which institutional arrangements evolve to satisfy the needs and desires of the community given changes in understanding, objectives, and the social, economic and environmental context’ (Chaffin et al., 2014:56). It emerged as an approach to managing uncertainty and complexity in social-ecological systems (SES) and govern common pool resources (Dietz et al., 2003). Adaptive governance incorporates a flexible feedback information system that adapts its rules in response to the latest changes in the operating environment. The information system includes resources, values, multi-level staff involvement, and latest uncertainty predictions (Chaffin et al., 2014). The essential component of adaptive governance then is to be prepared to change the rules as “institutions must be designed to allow for adaptation because some current understanding is likely to be wrong, the required scale of organization can shift, and biophysical and social systems change” (Dietz et al., 2003: 1909). A crucial element of cross-sector collaboration is their adaptive capacity. Adaptive governance offers an oversight approach that encourages the innovative solutions needed for grand challenges, but allows managers to learn from their mistakes due to decision-making under uncertainty (Keast and Mandell, 2014).

Proposition 2:

Adaptive governance enables managers of cross-sector collaborations to exploit opportunities and explore new and innovative solutions to managing grand challenges.

7.3 Adaptive governance to ensure accountability for public value

The context and study of Australia's regional processing centres emphasised competing institutional logics and a lack of clearly defined performance objectives were critical constraints for managing cross-sector collaboration. The potential for collaborations to address grand challenges stems from the different resources, knowledge, capabilities, and experience each sector organisation brings. Conversely, these same differences create multi-stakeholder tensions that can impede the success of the collaboration (Huxham and Vangen, 2000; Saz-Carranza and Longo, 2012), which is to deliver public value (Page et al., 2015; Bryson et al., 2006). Public value creation is defined as “the extent to which a cross-sector collaboration achieves its overarching and subsidiary purposes, meets applicable mandates, and achieves lasting and widespread benefits at reasonable cost that no single organization could have achieved alone in a democratically accountable way” (Page et al., 2015: 716). Governance systems are needed to manage these competing institutional logics, as well as oversee accountability for results. Accountability is made more complex for collaborations given the breadth of horizontal and vertical relationships and the fact most decision-making is conducted away from the public gaze (Page et al., 2015). “Accountability is a particularly complex issue for collaborations because it is not often clear whom the collaborative is accountable to and for what” (Bryson et al., 2006: 51). Ensuring cross-sector collaboration achieves accountability for public value requires a governance system that accounts for the contributions of each partner and the collaboration as a whole. We propose that this involves accountability via a ‘managing for results system’ that connects specific performance outcomes to specific partners to overcome competing stakeholder tensions, and uses the information strategically to improve performance (Bryson et al., 2006; Page, 2004).

Proposition 3:

Cross-sector collaborations are more likely to create public value when governance accountability systems incorporate strategic performance management information to improve operations.

8 Discussion and Conclusions

This study argues that cross-sector collaborations can be effective management tools for addressing the complex problems surrounding grand challenges. However, these multi-sector, multi-organisational collaborations also present their own inherent challenges. Our study highlights that numerous management issues emerge as different organisations and sectors work together on a complex grand challenge, and we argue improved governance mechanisms can overcome these issues. Problems during the formation phase demonstrate that timing and contractual processes limit the longer-term ability of managers to coordinate effectively. These limitations could be overcome by planning the structural design configuration at the outset. This confirms previous findings that suggest structural processes are an essential part of collaborative governance as they set out who is able to influence its direction, priorities, and outcomes (Vangen et al., 2015). We contribute to understanding cross-sector collaboration for grand challenges by highlighting the important roles of ambidextrous managers when operating in highly uncertain, complex environments. Management of cross-sector collaborations require an expanded set of management skills and the capability to learn-as-you-go to exploit existing knowledge and processes and explore innovative new ways of operating. Our findings suggest successful collaborations capitalise on different and competing institutional logics to deliver the superior performance ascribed to ambidextrous organisations (Dahmann and Grosvold, 2018). Our findings also highlight the difficulties of managing competing institutional logics when multi-sector stakeholders work together. This confirms previous research showing a lack

of formal and informal governance processes weakens the ability to hold collaborative partners accountable for outcomes (Bryson et al., 2006; Vangen et al., 2015).

The overall aim of cross-sector collaboration for grand challenges is to address complex social problems through multiple sectors and organisations working together. Our study finds that this requires new structural and adaptive governance mechanisms to ensure they deliver the goals of accountability for public value and symbiotic value creation across the different partners. Insights from our study of Australia's offshore regional processing centres extends our collective understanding of existing models of cross-sector collaboration (Emerson et al., 2012; Bryson et al., 2006) by focusing on how they can be used as effective management tools for addressing grand challenges. Given the complexities and uncertainties associated with grand challenges (such as refugees or climate change) there is unlikely to be a one-size-fits all governance model (Keast and Mandell 2014). Centralised governance systems that are top-down or state controlled cannot provide effective solutions for large-scale complex societal problems (Chaffin et al., 2014). While not entirely novel, we suggest that our findings identify common elements that apply to other models of collaboration for grand challenges.

Our project has limitations. The analysis was limited by the data available and relied on secondary data and newspaper reports which were not without bias. Taking a longitudinal approach to data collection highlighted biased viewpoints from certain media and organisations, which we tried to overcome by seeking out viewpoints not as vocal, such as from the private and not-for-profit organisations. Interviews would have overcome some of these limitations, but due to the controversial nature of the refugee policy, and confidentiality agreements of employees it was not a valid option. Despite these limitations, a surprisingly rich data set was available. While the amount of data from within each organisation was limited, there remains a wealth of information on the public record in addition to newspaper

reports. This has enabled us to offer some useful preliminary insights into the management issues that emerge from cross-sector collaboration in relation to one grand challenge.

The refugee crisis is a complex and controversial subject, and we do not expect a consensus of viewpoints to emerge among readers on the morality or otherwise of the political response. Our goal is to understand what strategic insights emerged from this cross-sector collaboration and how they might apply to other grand challenges. There is a large literature examining inter-organisational collaboration that we can draw on, yet few studies to date examine its application to grand challenges. This research offers some new ideas on managing the design and implementation of cross-sector collaborations. We identify three propositions for success that may be of interest to those in government, business, non-profits, the media, and community looking to understand its potential. Collaborative governance can overcome many of the management issues that emerged, but no two grand challenges are the same. Hence a commitment to continually adapt the governance and management systems is required if we are to find solutions to the long-term intractable problems that underlie grand challenges.

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Appendix 1. Data Source Material

Organization	Documents	Number
Government		<i>n</i>
Australian Government	Australian National Audit Office Reports	2
	Independent reports commissioned by government: Hamburger (2013), Houston (2013), Cornall (2014), Moss (2015)	3
	Senate Committee Reports	3
	Parliamentary Library reports	2
	Prime Minister speeches	3
	Immigration Minister speeches	3
PNG Government	MOU between Australia & PNG	3
Government of Nauru	MOU between Australia & Nauru	1
Private sector		<i>n</i>
Transfield/Broadspectrum	Annual Reports, 2012-2017	6
	ASX statements/media releases	4
	Media reports/newspaper articles* 2012-2017	25
G4S Aust/NZ	Annual Reports, 2012-2014	3
	ASX statements/media releases	1
	Submission to Senate enquiry	2
	Media reports/newspaper articles* 2012-2014	11
Wilson Security International Health and Medical Services (IHMS)	Media reports/newspaper reports* 2012-2014	22
	Media reports / newspaper articles* 2012-2016	2
	Opening statement to the Senate Legal and Constitutional Affairs References Committee	1
Not-for-profit sector		<i>n</i>
Save the Children Australia	Annual Reports, 2012-2015; Newspaper reports* 2012-2014	4
		3
Salvation Army Australia Eastern Territory	Annual Reports, 2012-2013, 2014	2
	Media reports / newspaper articles* 2012-2016	89
	Heads of Agreement between DIAC & Salvation Army, 2012	1
*many of the newspaper articles included some/all of the organisations operating on Manus and Nauru but were counted once in the search they first appeared.	Total documents	196

Appendix 2: Supporting Quotes

	Second Order	Supporting Quote	Organisation & Sector
Design configuration	Temporal challenges	“The Department of Immigration and Border Protection’s (DIBP) management of procurement activity for garrison support and welfare services at the offshore processing centres in Nauru and Papua New Guinea (Manus Island) has fallen well short of effective procurement practice. This audit has identified serious and persistent deficiencies in the three phases of procurement activity undertaken since 2012 to: establish the centres; consolidate contracts; and achieve savings through an open tender process.” (ANAO, 2016:8).	Govt
	Contractual obligations	“The department did not put in place effective mechanisms to manage the contracts. Other than the contracts, there was no documentation of the means by which the contract objectives would be achieved. In the absence of a plan, assurance processes such as the inspection and audit of services delivered, has not occurred in a systematic way and risks were not effectively managed. In addition, the department has not maintained appropriate records of decisions and actions taken in the course of its contract management. As a consequence, the department has not been well placed to assess whether its service strategies were adequate or fully met government objectives.” (ANAO, 2017:8).	Govt
Managerial ambidexterity	Managing uncertainty	“The Salvation Army was a poor cultural fit and ill-equipped to manage the difficult situation at the Manus Island detention centre, a former worker has alleged. The worker, who has spoken on condition of anonymity, has described a "systematic failure" of the Salvation Army's work at the offshore processing centre in Papua New Guinea, including the way it handled allegations of rape among detainees and incompetent psychological care provided to asylum seekers. ‘There was no accountability, no structure, no case management system,’ said the worker, who was on the island last year. "There was no management plan. We had to make them up on the run." (Whyte, 2014).	Not-for-Profit Salvation Army
	Contextual ambiguity	“The procurement by the Commonwealth of services with respect to the Offshore Processing Centres (OPC’s) involved multiple phases between 2012 and 2015 that evolved and changed over time. It included multiple changes in scope (including resettlement services), introduction of new service requirements and supply chains, transitioning in/out of other service providers and multiple new locations for service delivery. All of these factors are considered relevant to a balanced assessment of the quality of the offering with respect to services provided at the OPCs.” (ANAO, 2016:16).	Govt
Accountability for public value	Competing institutional logics	A spokesman for the Salvation Army says its position on detention had not changed. "We are opposed to offshore processing and are on public record as saying so. Our preference would be that people are processed in the Australian community, without the need for offshore processing. But, we work where there are people in need and where there is the suffering and the vulnerable." (Davies, 2013).	Salvation Army

	Managing performance	<p>“The department developed a comprehensive and risk based performance framework for the contracts to help it assess provider performance. However, development of the framework was delayed and in applying the framework the department was not consistent in its treatment of different providers. Performance measurement under the framework relied heavily on self-assessments by providers and the department performed limited independent checks. Delays in the department’s review of self-assessments and the provision of feedback on contractor performance eroded the link between actual performance and contract payments.” (ANAO, 2017: para 11).</p>	ANAO, Govt
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