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# **“NOBODY WINS, BUT NOBODY LOSES EITHER” – UNDERSTANDING DIFFERENT INSTITUTIONAL LOGICS IN IT PUBLIC-PRIVATE PARTNERSHIPS**

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## **Abstract**

*Information and communication technologies (ICT) are becoming increasingly important for the provision of public services. Therefore, public-private partnerships (PPP) have become a valuable alternative for implementing, maintaining, and modernizing public ICT infrastructures. However, information technology (IT) partnerships between public and private parties are difficult endeavours due to different organizational values and practices. We present the results of an exploratory, interpretive case study that analyzes one of the few working IT PPPs in Germany, and explain how the different parties interacted to succeed in establishing a working partnership. In particular, using institutional logics as meta-theoretical lens, we present a model that emerged from the data and explains the difficulties of public-private cooperation influencing the successful establishment of IT partnerships. Furthermore, we analyzed which management procedures are necessary for enhancing the understanding between public and private parties to build a joint partnership and enable IT PPP success.*

*Keywords: Institutional Logics, IT Public-Private Partnerships, Case Study Research*

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# 1 Introduction

In recent years, public-private partnerships (PPP) have become a viable alternative for realizing infrastructure projects to deliver services to the general public, partially due to the scarcity of fiscal budgets (Kwak et al. 2009). Most public administration processes are information-intensive, relying on the effective use of information and communication technology (ICT). Not only maintaining current ICT infrastructures for providing public services, but also introducing innovative new online procedures for citizens to enhance the transparency and cost efficiency of governmental procedures underlines the importance of ICT as key enabler of government (Sharma 2007). However, besides the already explored complexity of realizing IT projects in general (Nelson 2007), even PPP infrastructure projects are prone for failures, as a recent study on PPP cooperations indicates (Klijn 2009). Prior research has already identified that differences in organizational cultures (van Marrewijk 2007) and consequently divergent understandings and expectations (Marschollek et al. 2010) impede establishing a working PPP. However, in spite of the already identified public-private differences and their influence on management behaviour (Nutt 2006), and in-detail examinations of PPP management (Kwak et al. 2009), prior research has not conducted an in-depth analysis specifying public- and private-side organizational cultures as well as their influence on establishing a working IT PPP. More specifically, we lack a thorough understanding on the management procedures for establishing a working IT PPP and resolving initial public-private difficulties. Building upon current information systems (IS) research underlining the importance of analyzing ICT implementation in the public sector (Cordella and Iannacci 2010), *the focus of this paper is placed on the successful implementation and maintenance of ICT infrastructures in a working PPP from a managerial perspective.*

In order to understand the difficulties of public-private cooperation in IT PPPs, which are embedded within the social interaction between public and private parties (Orlikowski and Baroudi 1991), we conducted an interpretive case study of a German IT PPP. This IT PPP was contracted between an internationally operating IT service provider and a German city from 2005 to 2014 with a contract volume of more than 80 million Euros. The goal was to operate, maintain, and renew the ICT infrastructure of the public administration and improve cost transparency of ICT services. In spite of initial difficulties between public and private parties, the IT PPP is still working and economically successful. Therefore, this case offered an interesting opportunity to answer the following research question: *Why do public and private partners struggle in joint IT partnerships and what are the management procedures to resolve this struggle?*

The remainder of this paper is structured as follows: In the following section, we provide the theoretical foundations of the study while in the subsequent section our applied research methodology is presented. After a brief introduction to the case, we provide the derived theoretical model of IT PPP success and explain in detail how it emerged from our theory-building case study. The final section of the paper presents the theoretical and practical contributions and provides direction for future research.

## 2 Theoretical Background

In the past two decades, PPPs have been globally applied for delivering public services and hence have been under scrutiny of PPP-related research (Kwak et al. 2009). In order of reducing public financial deficits, as well as striving to obtain special technical expertise, innovation, and management know-how from a private vendor (Forrer et al. 2010), a PPP is a long-term form of cooperation, where ideally partners share resources, risks, and objectives, combining the strengths of both sectors (Maskin and Tirole 2008). However, the increasing amount of research studies exposes a multitude of problems of public-private cooperation, such as cost overruns and time delays (Yuan et al. 2009). These partnership challenges have already been traced back to organizational differences, such as different goals and routines, which are embedded within their different cultures (Christensen et al. 2007).

For bridging organizational differences, such as divergent goals and norms, public and private parties need to develop a shared understanding of these differences (Jacobsen and Choi 2008, Jost et al. 2005). As a recent call for research on organizational cultures confirms, institutional theory provides an adequate lens for understanding different organizational cultures (Weber and Dacin 2011). In this context, an institution defines the supra-organizational patterns and shared norms that determine organizational and individual activities (Friedland and Alford 1991). These patterns and norms are established over time and are socially constructed through individual and organizational interests, values, and assumptions, guiding organizational behaviour (Thornton and Ocasio 2008). This concept is called 'institutional logic' and provides formal and informal values, rules, and practices for shaping social interaction within an organization (Thornton and Ocasio 1999). To examine the specifications of public-private differences in IT PPPs that derive from unique institutional values and practices and explore the management procedures to establish mutual understanding of these different organizational cultures, we adopt institutional logics theory (Thornton et al. 2008) as meta-theoretical lens for our analysis. Prior IS research already adopted this lens to assess phenomena, such as IT innovation, IS development and implementation, and IT adoption and use (for reviews see Mignerat and Rivard 2009, Weerakkody et al. 2009). Our study, however, contributes to this stream of literature by explaining how different public- and private-side institutional logics in IT PPPs lead to difficulties of establishing a working partnership and which management procedures enable partnership building and subsequently IT PPP success. Our theoretical model of IT PPP success emerged from our analysis following GTM, which is explained in more detail in the following section.

### 3 Research Methodology

Since grounded theory techniques are adequate for the study of behaviour and theory-building in under-researched areas to gain deep insights and understandings of the underlying structures and the context of social phenomena (Goulding 1998, Hughes and Jones 2003), we adopted a Glaserian stance of GTM focusing on the emergent insights within the collected data rather than working with preformulated hypotheses for theory testing (Glaser 1978, Glaser and Strauss 1967). In order to analyze IT PPP cooperation by revealing the socially constructed difficulties of public-private cooperation, we conducted an interpretive case study (Walsham 1995a, 1995b) of one of the few working and well-established IT PPP cooperations in Germany. We were granted access to this revelatory case in December 2009 by invitation of the private IT service provider responsible for taking care of, maintaining, and renewing the ICT infrastructure of a city in Germany. Due to the scarcity of research on these issues, we adopted an exploratory research approach for developing an understanding of successful IT PPP management.

Following the GTM approach (Glaser 1978, Glaser et al. 1967), our primary sources of data are 23 expert interviews, lasting from 57 minutes to 2 hours and 48 minutes each. To gain a holistic view of IT PPP management, interviewees were carefully selected according to their role in the partnership (vendor versus client), their position in the hierarchy (top-level versus operative IT service management), and affiliation to the participating parties (political versus public versus private side). This interviewee selection was oriented toward the theoretical sampling process, which according to Glaser and Houlton (2004) deals with the joint collection, coding, and analysis of data and thereby helps to decide where to sample from next. Therefore and in order to triangulate the multiple perspectives which are embedded within IT PPP cooperation, in the first round of interviews starting in January 2010, we were trying to gain access to partnership development insights from the political, public, and private perspective. Our interviews were guided by a semi-structured interview guideline, consisting of open-ended questions on the partnership history, development, and management. Furthermore, for sampling purposes, we asked our interview partners for suggestions about possible further interviewees to confirm and extend our data sample. The interviews were recorded and conducted in a team of two researchers for reducing subjectivity bias. While collecting further primary data until May 2010, the interviews were transcribed, resulting in 2,389 recorded audio minutes and 524 pages of transcriptions. In addition, both researchers took notes during the interviews for eliciting

the core themes in IT PPPs. Using these notes and coding the first eight interviews line-by-line supported the process of identifying the core themes for IT PPP success, such as different public and private cultures and their dependence of the core variable IT PPP success. Open coding is the first analysis step for generating codes and identify emergent themes within the data (Glaser et al. 2004). Highlighting and labelling passages within the data as well as assigning multiple incidents to a certain category facilitated the specification of the interview guideline for the second round of interviewing and the identification of further appropriate interviewees during the sampling process. Secondary material, such as meeting minutes, service level reports, and press articles, were also collected to increase our overall understanding of the IT PPP and its environment. During the second round of interviews, we reached a point of theoretical saturation in the sampling process and started to integrate our findings to derive a substantive theoretical contribution as defined by Glaser (1978).

Reading the interview notes and transcripts several times and discussing the different views of the interviewees within the research team guided the first analysis phase of open, line-by-line coding to identify all phenomena emergent within the data. For coding purposes, the software Atlas.ti (Muhr 2008) was used. Discussing the different interviewee views within the research team also enabled us to ensure the validity of our core category conceptualization during the analysis procedure. After reviewing the initial open codes, we started the process of selective coding, sorting and integrating the numerous quotations to the core category 'IT PPP success' and their related categories (e.g., public logic) to build substantive codes. Concentrating on this primarily emergent nature of building substantive theory, selective coding is the second part of the analysis procedure as suggested by Glaser (1978). During the theorizing process, the extant literature on institutional logics served as a guiding meta-theoretical framework and as additional data for constant comparisons. For example, the emergent core theme of different organizational cultures, which is manifested by different public- and private-side goals and behaviour, was conceptualized as public- and private-side logics since institutional logics are defined as an organizing principle guiding the norms and behaviour within a certain organization (Thornton et al. 2008). Our conceptualization and triangulation efforts (following the constant comparative method) enabled us to relate the emergent selective codes to the core theme of 'IT PPP success', which is explained by the propositions of our theoretical model (Glaser et al. 2004). This analysis step is called theoretical coding and builds the final step within the analysis procedure using a Glaserian stance of GTM (Urquhart et al. 2010). During the analysis, constantly comparing data with our meta-theoretical framework, we also identified new concepts concerning the context of PPPs (e.g., partnership management procedures), which moderate the influence of public- and private-side logics on a working IT PPP. The result of our research is a theoretical model of IT PPP success (middle range theory) which provides abstraction from the studied case but still is closely linked to our data sample, consisting of public, private, and political interviewees (Carroll and Swatman 2000). Our analysis results will be presented in the following sections.

## 4 Case Description

This case study deals with the cooperation of the internal IT department of a German city (more than 270,000 inhabitants) with an internationally operating IT service provider. The intention of the city was to ensure operations of the ICT infrastructure on a defined quality standard, their modernization on a regular base, improving cost transparency and efficiency, and yielding economic risk to the private partner. Furthermore, the vision of both parties was to establish a competence centre of IT PPPs for other local authorities and the acquisition of further municipals as clients.

After an official tendering procedure beginning in 2003, the new joint company was founded at the end of 2004 and started operating on January 1<sup>st</sup>, 2005. This IT PPP was contracted for a period of ten years from 2005 to 2014 with a volume of more than 80 million Euros while the ownership was split up into 50.1% for the private and 49.9% for the public partner. While the joint company is responsible for ICT operations, the city's duty is to control strategic ICT development. Merging the former internal IT department of the city into the new company included the transfer of more than 60

employees. Nevertheless, their employer still is the city and hence has disciplinary authority. The PPP is obliged to operate, maintain, and renew the ICT infrastructure of the city for more than 3,300 users in seven departments and 25 administrative offices in over 200 locations distributed across the whole city. This includes more than 5,000 IT (e.g., personal computer) and 5,200 telecommunication devices, 5,000 network access ports, and 200 administrative IT procedures. In spite of initial difficulties between public and private parties due to incompatible goals, expectations, and procedures, the IT PPP is still working and is now generating even positive revenues due to the established relationships between the parties. Moreover, the new joint company delivers additional services for several administrative offices, which were not part of the initial service contract and also indicate a working partnership. The following section presents the findings of our analysis and explains the establishment of a working IT PPP, subsequently leading to IT PPP success.

## 5 Case Analysis

Focusing on the initial difficulties in this case, one of the core themes which emerged from our analysis were divergent public- and private-side organizational cultures, which legitimate different mindsets and behaviours. Using the notion of institutional logics, the different views and behaviours of the cooperating parties can be explained since the underlying public- and private-side institutional logics function as organizing principle for a certain organizational behaviour. Bridging the different views was only possible by explaining their embedded motivations and developing common routines, which created the basis for establishing a working partnership and consequently IT PPP success. In the following subsections, we will explain the different institutional logics and how the parties developed a working partnership, which is illustrated by the emerged model and its propositions.

### 5.1 Divergent Public and Private Logics

The initial cooperation difficulties between public and private parties in this case are anchored in the different organizational cultures, consisting of, for example, different norms and routines. Public agency work, as prior research also confirms (Schaeffer and Loveridge 2002), concentrates on the provision of services for the general public. This legitimates that the responsibility of a public agency is to fulfil their legal mandate. Nevertheless, public administration still needs to work cost-efficient according to their fiscal budget. However, constantly providing services for the public remains their primary mission, which is explained by a leading manager of one of the city's administrative offices:

*“The difference between the parties rests upon their objectives. Public administrations need to work cost-efficiently focusing on public services. Cost criteria should not play an outstanding role.”*

On the other hand, the overall norm of earning money for their shareholders shapes the goal orientation of private organizations, which is confirmed by literature on public-private differences (Schaeffer et al. 2002). They are delivering customer-oriented products or services to increase the value of their company. In contrast to public organizations, private organizations in this case are obliged to fulfil their agreed upon ICT services within a certain period of time, quality, and costs. These requirements are defined in service level agreements (SLA) and lead to monetary penalties if the SLAs are not on target. However, the public employees within the joint company were now also evaluated according to these private norms, such as SLAs, like private employees and not familiar with this performance orientation. This is illustrated by an external consultant:

*“Public employees, who were now evaluated after private rules, and private employees, who were confronted with the mentality of public administration, were experiencing a cultural shock.”*

Besides the different ways of providing services, public and private mindsets are coined by a different legal context, and, therefore, are subject to different scrutiny. While public administration work is bound to constitutional procedures embedded within legal norms, private organizations are required to document their business processes for scrutiny of auditing companies. These different requirements

for services and procedures initially led to conflicts due to their different mindsets, which are illustrated by a politician of the city council:

*“At the beginning, cooperation between the parties was difficult because the private party was trying to achieve a result, but permanently was slowed down due to constitutional requirements.”*

In addition to the motivation to deliver public services, public employees in our case are generally driven by a mindset focusing on job security, which has already been confirmed as motivating factor in prior studies (Lewis and Frank 2002). In comparison to private employees, who are influenced more heavily by a career orientation, focusing on career opportunities and monetary gratifications, public employees are mainly striving for a stable work environment, fostering their responsibility for public administration work. This was illustrated by a manager of the former IT department of the city:

*“A colleague of mine has switched to the public administration to have a stable local field of activity. He wanted to be sure to go to work and have the opportunity to spend the night with his family. This is a motivation for a lot of people to choose public administration work.”*

Initial partnership difficulties were not only driven by different mindsets of public and private parties, but also through not being familiar with the other side's area of knowledge expertise, which led to misunderstandings between the partners. The users on the public side were used to free of charge ICT services from the internal IT department. Accordingly, public employees in our case also expected unlimited ICT services from the new joint company. However, they were not experienced concerning scope and cost calculations of, e.g., desktop services, which comprise more than acquisition costs of a personal computer. On the other hand, the private party was initially not knowledgeable about the diversity of administrative processes and their requirements. Different expectations led to a continuous struggle of clarifying the different areas of knowledge expertise, which was explained by a private account manager of the joint company:

*“If I buy a personal computer without paying for support services, there will be no support for problems with the computer, no substitution of a damaged device, or insurance for thievery. The public side was not used to this standard industry scope and the costs of ICT services. Therefore, we needed to explain this in detail.”*

Public and private logics not only diverged concerning the knowledge base of their different service types, but also according to the use of IT procedures. While the private IT service provider was used to act according to documented and structured procedures from the IT infrastructure library (ITIL), the former public IT department had historically grown and legitimated implicit procedures. Due to their different organizational cultures, both parties had originally adopted adequate IT procedures for solving IT problems and developing appropriate workarounds. This was explained by a manager for network infrastructure of the former city IT department:

*“Our city culture concerning IT procedures was not adjusted to ITIL. When we had a problem, all relevant people met immediately and developed a solution in an unbureaucratic way, considering the individual requirements of all stakeholders.”*

Furthermore, public-private differences were also inherent within the organizational structure. In a public administration, it is necessary to align the understanding of all the different stakeholders and convince them that the envisioned way is the right way for the general public. The necessity of this kind of agreement is based on the fact that there are plenty of stakeholder groups with different interests such as political parties, departments, and administrative offices. This is legitimated by, e.g., the autonomous, financial status of different departments and administrative offices. Moreover, public employees, according to their status of job security, feel responsible for the needs of citizens and permanently challenge the adequacy of procedures within public administration work. This consensus-oriented structure is revealed by a leading manager of the former city IT department:

*“The organizational structure in a city is different from a private organization. Due to the job security status, you need to have a cooperative leadership style. Otherwise, the employee could refuse to conduct the ordered activities. Hence, in a public agency, acting as king is impossible.”*

Private industry on the contrary in our case has an embedded organizational structure that relies on top-down delegation and responsibility. The single entities in this kind of organization need to align their activities with the overall goal of satisfying shareholder needs. The intensity of top-down decisions, the need for alignment, and the degree of coordination on the private side was not expected by the public partner, which is expressed by a leading manager of one of the city departments:

*“I was surprised that the private employees needed to align so many activities with their headquarters and were hardly independent in their decisions.”*

Finally, both organizational structures differ from each other through their temporal affiliation. Due to the job security status of public employees and their feeling of being responsible for public services, public agencies ensure a continuity of employment and working relationships. Creating a working partnership, in particular, also necessitates an engagement of continuity to establish and nurture the necessary relationships. However, private organizations, focusing on profit maximization for their shareholders, and private employees, concentrating on their careers, foster a stronger project orientation which was not viable for establishing a working, continuous partnership. This was commented by a leading private manager for ICT operations of the joint new company:

*“I can understand that it was not easy for public employees to build up a trustworthy relationship with us because on our side there were so many staff changes which made it necessary to become acquainted with the new staff over and over again.”*

Divergent institutional public- and private-side logics (depicted in Table 1), consisting of divergent mindsets, knowledge bases, and organizational structures, led to an initial misunderstanding between the parties and enforced distrust from the public employees toward the private side because they were not familiar with private-side goals. This impeded the initial establishment of a working partnership. Institutional logics are historically grown and embedded within the norms and routines of the different parties. Therefore, changing an institutional logic seemed to be a challenging task. Establishing a working partnership can only be achieved by explaining the different motivations and procedures since mutual understanding cannot be expected as in partnerships with the same organizational culture. This facilitated to resolve the initial conflicts and misunderstandings and supported establishing a working partnership, which will be explained in the next subsection.

	<b>Public Logic</b>	<b>Private Logic</b>
<b>Mindset</b>	<ul style="list-style-type: none"> <li>• Services for the public</li> <li>• Constitutional procedures</li> <li>• Job security orientation</li> </ul>	<ul style="list-style-type: none"> <li>• Performance orientation</li> <li>• Audit-proof procedures</li> <li>• Career orientation</li> </ul>
<b>Knowledge Base</b>	<ul style="list-style-type: none"> <li>• Administrative services</li> <li>• Implicit IT procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Industry services</li> <li>• Explicit IT procedures</li> </ul>
<b>Organizational Structure</b>	<ul style="list-style-type: none"> <li>• Consensus structure</li> <li>• Continuity orientation</li> </ul>	<ul style="list-style-type: none"> <li>• Top-down structure</li> <li>• Project orientation</li> </ul>

Table 1. *Specific differences of public and private logics*

## **5.2 Partnership Management Procedures**

In order to reduce the negative influence of divergent logics on partnership cooperation, the different parties needed to build mutual understanding and appreciation of the mindset, knowledge base, and organizational structure of each other. For example, it was necessary for the private party to explain and communicate in detail their expectations and goals. This was revealed by a private account manager of the joint company:



*“The client and our partners cannot understand in detail how we are motivated. Therefore, it is necessary for us to explain and communicate a lot. We need to create transparency not only on what is important to us, but also, for example, why it is important to have a specific governance structure for ICT within the city. If we do not clarify our expectations and motivations, the public partner is not able to understand our behaviour, which immediately leads to misunderstandings.”*

Besides transferring knowledge about the different mindsets of the parties, it was also important to clarify the different organizational structures and to support each other in understanding the requirements of such things as administrative and industry IT procedures. A leading manager of the city IT staff unit, responsible for controlling strategic ICT development and achievement of operational ICT provision of the joint company, underlined this necessity by illustrating that the public IT management is not familiar with measuring SLAs or controlling an IT service provider:

*“The public employees are not used to control an IT service provider. Therefore, in my opinion, it is important to explain this task in detail to them and give them the opportunity to join advanced trainings about ITIL.”*

Explaining in detail and creating transparency on the underlying institutional logics is only the necessary precondition for establishing a working partnership. To achieve the sufficient partnership condition of identification and finally enable mutual trust, both parties needed to create and legitimate common routines independent from their historically grown procedures. Therefore, new information services about, e.g., innovative new procedures of public administration work (e.g., the possibility of working at home), and meetings on a regular base were adopted. Involving all participating parties to these partnership routines supported a feeling of responsibility similar to the original work setting of the public side, which was commented by a leading private manager of the new joint company:

*“We have taken our time to develop a new ICT infrastructure and cost transparency together. Making people responsible for these kinds of processes supported developing partnership identification.”*

Furthermore, establishing and legitimating common routines also supported the process of trust development. In order to align all public stakeholders, the public side recommended a supervisory board in which every stakeholder party (public and private) participates. The establishment of the board and its frequent and routine meetings supported trust development on both sides since it facilitated successful governing of the new joint company. This was revealed by a leading manager for public-private project acquisitions of the private vendor:

*“The public side told us that we should trust them with establishing a supervisory board for the company because they manage every company of the city in this way. Although a supervisory board with more than 20 participants for a company of around 60 employees was uncommon for us, we needed to learn that this kind of governance was adequate for our situation.”*

Therefore, nurturing the relationship between public and private parties by transferring knowledge through constant explanations and establishing legitimated common routines facilitated a working IT PPP, which will be explained in the following subsection.

### **5.3 Working IT Public-Private Partnership**

Through understanding the underlying mindsets and specific behaviours of the different parties, public and private partners were able to encourage an environment of intense cooperation. This development process was observed by a leading manager of the new joint company from the private side who confirmed the realization of mutual understanding:

*“After one year in which both needed to understand how the others are motivated and how public and private organizations work, we finally established a working relationship and mutual understanding.”*

This mutual understanding fostered loyalty and responsibility for the joint partnership. Establishing and legitimating new common routines and integrating the different parties to this process supported

the development of a partnership, which was characterized by common interests. This was revealed by a leading manager for public-private project acquisitions of the private vendor:

*“Listening to each other and illustrating partnership processes by, for example, key performance indicators we were able to give the people a feeling of joint success. That is how we were able to declare what our common goals are, which supported a continuous establishment of identification.”*

Understanding each other not only supported the development of common routines and partnership identification, but also enabled having confidence in recommendations of the other party for certain organizational and process structures. Furthermore, acting as a reliable partner by, e.g., keeping promises provided the basis for establishing mutual trust. In cooperations where heterogeneous organizational cultures collide, mutual trust is of tremendous importance, which was illustrated by a leading manager of the former public IT department:

*“If a foreigner comes into your house with whom you are unavoidably confronted then you need to understand his motivation and to establish mutual trust. This means that you need to trust this party and you need to prove that you are trustworthy.”*

Establishing mutual understanding and trust as well as fostering identification was important for succeeding with this IT PPP. Developing joint compromises was a symbol for the working partnership and consequently IT PPP success. This was revealed by an IT project manager from the public side:

*“Compromises are essential for cooperations because nobody wins and nobody loses, but you are still approaching a common goal.”*

#### **5.4 Emerged Model of IT Public-Private Partnership Success**

As a result of the analysis, we present the emerged model of IT PPP success in Figure 1. Establishing a working IT PPP was initially impeded by divergent institutional logics of public and private parties. These public and private logics are characterized by different mindsets, knowledge bases, and organizational structures. Prior research has already evaluated the effect of differences in public- and private-side cultures (van Marrewijk 2007) and divergent understandings and expectations (Marschollek et al. 2010) on successful IT PPP management. Without knowing the differences between the partners and acknowledging them, establishing a working IT PPP was impossible in the beginning of partnership establishment in our case. As shown in our case analysis, divergent institutional logics caused misunderstandings between the parties and led to continuous conflicts, which initially made public-private cooperation difficult. Hence, we propose:

*Proposition 1: Divergent public and private logics, consisting of different mindsets, knowledge bases, and organizational structures, impede establishing a working IT public-private partnership.*

Next, we explained that partnership management procedures of transferring knowledge about the different mindsets, knowledge bases, and organizational structures, as well as the establishment and legitimization of common routines have a moderating effect on the influence of divergent public and private logics on a working IT PPP. This paved the way for building a joint partnership. Prior research on institutional theory has addressed organizational responses to conflicting institutional logics and the ways in which they trigger institutional change (Lounsbury 2007, Seo and Creed 2002, Townley 2002). In our case study, we identified partnership management procedures for diminishing conflicts between public and private parties due to conflicting institutional logics by explaining organizational differences and establishing as well as legitimating common routines. Therefore, we propose:

*Proposition 2: Partnership management procedures, including knowledge transfer and common routines, diminish conflicts arising through divergent public and private logics.*

In addition, our analysis illustrates that permanently nurturing the relationship between public and private parties by deploying partnership management procedures enabled the establishment of a working IT PPP. Prior PPP research has already confirmed that bridging public-private differences,

such as divergent goals and norms, and succeeding with public-private cooperation necessarily depends on the establishment of mutual understanding and trust (Jacobsen et al. 2008, Jost et al. 2005). However, we were able to show that besides these necessary organizational preconditions, successful PPP establishment is dependent on creating identification with the joint partnership. Therefore, slowly developing mutual understanding, identification, and mutual trust supported the creation of a cooperative environment and consequently IT PPP success. Hence, we propose:

*Proposition 3: A working IT public-private partnership, characterized by mutual understanding, identification, and mutual trust, consequently leads to IT public-private partnership success.*

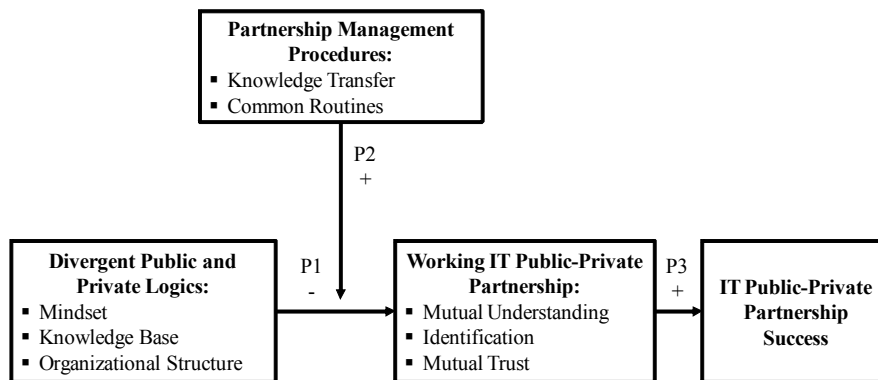


Figure 1. Establishing IT public-private partnership success

## 6 Discussion and Conclusions

Although public-private differences have already been identified as potential source of inherent PPP difficulties (Christensen et al. 2007, Jost et al. 2005), the fundamental differences between public- and private-side organizational cultures have not been specified in detail. Prior research on public-private differences discovered that environmental, relational, and (internal) process factors have an influence on management approaches (e.g., Boyne et al. 1999, Boyne 2002, Budhwar and Boyne 2004), and motivational aspects of public and private sector organizations (e.g., Bourantas and Papalexandris 1999, Kim 2005, Lewis et al. 2002). Through our case study, we were able to specify the differences of embedded norms and routines of public- and private-side institutional logics and explored the influence of these logics on establishing a working IT PPP. Prior research on institutional logics has examined how conflicting institutional logics initiate institutional change (Lounsbury 2007, Seo et al. 2002, Townley 2002). Furthermore, PPP research concentrated on the identification of success factors for realizing these kinds of partnerships (Jacobsen et al. 2008, Jost et al. 2005) while prior IS research delineated the inhibitors for IT PPPs (Marschollek et al. 2010). In contrast, we were able to show which partnership management procedures are necessary to build up a common understanding and common routines between the partners in IT PPPs, co-existing with their underlying public- and private-side institutional logics and enabling to succeed with IT PPP establishment. Due to the importance of ICT for public services and the call for more research in this area to analyze the complexity of ICT developments and implementations in public sector organizations (Cordella et al. 2010), and the call for research on organizational cultures analyzed by the use of institutional theory (Weber et al. 2011), we were able to provide a theoretical contribution. While GTM allows only for analytical generalizability, the explanatory power of our findings is limited to the IT PPP domain. However, we believe our results are not limited to the specific case of IT PPPs between municipalities and IT service providers, but may also be valid for IT PPPs on state or country level (for an overview on PPPs see Kwak et al. 2009).

The results of this study suggest that managers in an IT PPP context need to be aware of the differences between public and private organizations and understand their motivations and procedures. In addition, it is necessary to include all the different stakeholder groups to the process of partnership

building and permanently nurture the relationship through explaining private-side goals and requirements as well as listening mindfully to explanations and suggestions from the public side. Especially in partnerships with different organizational cultures, it is essential not to build up misaligned expectations in advance or take for granted routines or process standards that are familiar in one's regular working environment (public or private). Finally, for achieving a working IT PPP, it is required to establish and legitimate common routines and organizational structures to increase partnership identification and mutual trust. Future research may investigate which capabilities IT PPP managers should have to bridge the different organizational cultures and establish a continuous working partnership. Furthermore, it would be desirable to conduct a cross-case analysis of different IT PPPs to validate the findings from prior research.

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