

Relational quality in public-private partnerships: understanding social relationships in contract-based exchanges.

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ABSTRACT

In order to explain the performance of public–private partnerships (PPPs), relational aspects play a promising role. Yet despite attention for this topic in closely related fields of study, such as alliance research and collaborative governance, the attention for the quality of the relationships in PPPs is still limited. To understand how relational quality in PPPs can be defined and how it might affect the performance of such partnerships, this article brings together academic research on relational aspects in PPPs. 62 articles were analysed, based on the following themes: the definition of social relationships between partners in PPP projects, the characteristics of these relationships, its antecedents, and the effects relational aspects may have on PPPs. The analysis shows significant conceptual vagueness regarding this topic, and complex and reciprocal relations between the main features of the concept. Based upon this analysis an integrative framework on relational quality in PPPs is developed, which can be used for further research.

3.1. INTRODUCTION

Public–private partnerships (PPPs) are globally popular as a means of realizing public products and services. The opportunity to share costs, benefits and risks, and its potential for innovation, collaboration, and efficient service delivery has led to extensive use of PPPs in many countries. Although these partnerships are often based on elaborated contracts, several scholars highlight the importance of relational aspects between public and private actors for the success of these projects (e.g. Huxham & Vangen, 2000; Weihe, 2009). Empirical evidence for the importance of relational aspects is provided in several studies (e.g. Edelenbos et al., 2007; Warsen et al., 2018). Contracting in these projects tends to be incomplete, as it is unable to capture the full complexity of the project or take into account all potential events and issues in the long-term of PPP projects (Brown et al., 2016). Relational aspects are then necessary to provide flexibility to deal with complexity and unexpected circumstances (Roehrich & Lewis, 2014).

The conclusion that relational aspects are important for successful PPPs seems obvious, but most scholarly attention still goes to contractual aspects of PPPs. This comes at the expense of relational and collaborative aspects of these partnerships (Van den Hurk & Verweij, 2017). Several scholars argue that the attention for these relational aspects in research is limited, both for PPPs (Weihe, 2009; Van den Hurk & Verweij, 2017) as well as for public–private collaborations in a more general sense (see for example Gerard & O’Leary, 2018). Perhaps due to the lack of research, the notion of relational quality between partners in PPP is not very well developed. Therefore, it remains unclear what exactly we mean with ‘good relationships’ between partners in PPP projects, and consequently also how to operationalize and study this concept.

This study, using a systematic review of journal articles between 1990 and 2016, aims to contribute to our knowledge of relational aspects in PPPs by clarifying what ‘good relationships’ in these projects mean. In order to properly understand the concept, this article studies the different characteristics of relational quality between partners in PPPs. Furthermore, we focus on the antecedents that improve the quality of the relationship between partners and the potential effects of relational aspects are studied. To further develop the concept of relational quality in PPPs, these three elements are combined into one comprehensive framework which can be tested and used in further research. The study offers insights and lessons from different fields of study. To better understand relational quality in PPPs, we focus on the following research question: *What do we know about the antecedents, characteristics and outcomes of relational quality in public–private partnerships?* The focus on relational aspects makes this review stand out from other literature reviews on PPPs published in recent years (see for example Osei-Kyei & Chan, 2015; Wang et al., 2018).

The remainder of this article is divided in four parts. First, the method used to select relevant publications is described. Second, the result section consists of five parts

discussing respectively characteristics of the records found, definitions used, and then turns to the characteristics, antecedents, and outcomes of relational quality in PPPs. Part three proposes a framework to study relational quality. Finally, part four offers some conclusive remarks and ideas for further research.

3.2. METHODOLOGY

This review focuses on international peer-reviewed scientific articles between 1990 and 2016 that study either specific relational aspects or incorporate topics like relational governance in their study of public–private partnerships. The selection of these articles was done systematically according to the PRISMA approach (Preferred Reporting Items for Systematic Reviews and Meta-Analysis) (see Moher et al., 2009), which will be further discussed in this section.

Search terms	Search terms
Public-private partnership*	Design build finance maintain operate
Public-private	DBFM
Private finance initiative	DBFMO
PFI	Build-Operate-Transfer
PPP	Build operate transfer
Design build finance maintain	BOT
Design-build-finance-maintain	3P
Design-build-finance-maintain-operate	P3

Table 3.1 Search terms used in the literature search

3.2.1. Literature search

To find all possible eligible studies for this review, an electronic search was done in two databases, namely Web of Science and Scopus. The electronic search was based upon a variety of search terms that all refer to public–private partnerships. Besides generally accepted terms such as PPP and public–private partnership the search terms include different types of PPPs, like design-build-finance-maintain and abbreviations like DBFM, PFI, and 3P. This broad list of search terms reduces the change of overlooking relevant publications. Moreover, the list of search terms was cross-checked by looking into previous literature reviews on PPPs (e.g. Osei-Kyei & Chan, 2015) to prevent the overlooking of any useful search terms. This resulted in a list of sixteen search terms (see Table 3.1). There were no search terms included that refer to relational quality or relational aspects, as the word [relation*] would result in all kinds of relationships (or correlations) between variables. This was dealt with manually in the process of selecting relevant studies.

3.2.2. Eligibility criteria

To decide which publications should be included in the review, some basic process criteria were applied. These included:

- Year of publication - All PPP publications from January 1990 to October 2016 were retrieved. The introduction of the Private Finance Initiative (PFI) in the early 1990s in the UK is used as a starting point. Over the years other countries adopted and adapted this form of PPP. Academic interest has followed this rising interest in PPPs (Li et al., 2005). By taking 1990 as a starting point the exclusion of early publications on public–private partnerships is prevented.
- Language – Only studies written in English were considered for this review.
- Publication Status – Only peer-review journal articles were selected.
- Field of study – Since PPP is a multidisciplinary topic, this review includes publications from different fields of study who have shown an interest in PPPs and may provide insights in the relationships between public and private actors in PPP projects. These fields of study include project management, business administration, transport and engineering, and public administration.
- Finally, with regard to the design of the studies both theoretical and empirical publications are considered. Theoretical articles may explain the nature of the relationship and help conceptualize the notion of relational quality while empirical studies may provide evidence on the antecedents and outcomes of ‘good relationships’ in PPPs. Existing literature reviews on PPPs are excluded, but their references can be used to retrieve additional relevant publications about relational aspects in PPPs.

3.2.3. Study selection

A first search in November 2016 in both search engines with all search terms resulted in more than 130,000 hits. After the application of the above mentioned eligibility criteria and the removal of duplicates – using the Refworks citation manager – 15,079 articles remained. Given the high number of potentially useful articles, no other search strategies, such as the inclusion of academic books about public–private partnerships, were included. The articles were all screened by title and abstract in two rounds based on three substantive criteria. In the first round all articles that did not focus on public–private partnerships were removed. This included articles that used abbreviations (PPP, BOT) from our original search term, but attributed a different meaning to these abbreviations⁴. This also applied to studies that made mention of

4 This included for example articles using the term BOT (computer sciences) or PPP (Power Purchasing Parity, a term frequently used in economics).

PPPs but did not elaborate on this topic any further⁵. In the second round the remaining articles were screened based on the focus of the article. Articles studying PPPs with for example a technical or financial point of view were excluded. Only articles with an administrative, management or process-oriented approach are included in the review. Finally, the remaining publications (n= 91) were screened by full reading the text to determine whether they provide any information on relational aspects or relational quality of PPPs. In total 62 articles remained and are included in the review. These articles were analysed using a data extraction form to record both general data (e.g. author, publication year, and journal) and more specific data (e.g. research question, relational aspects studied, and outcomes of the study).

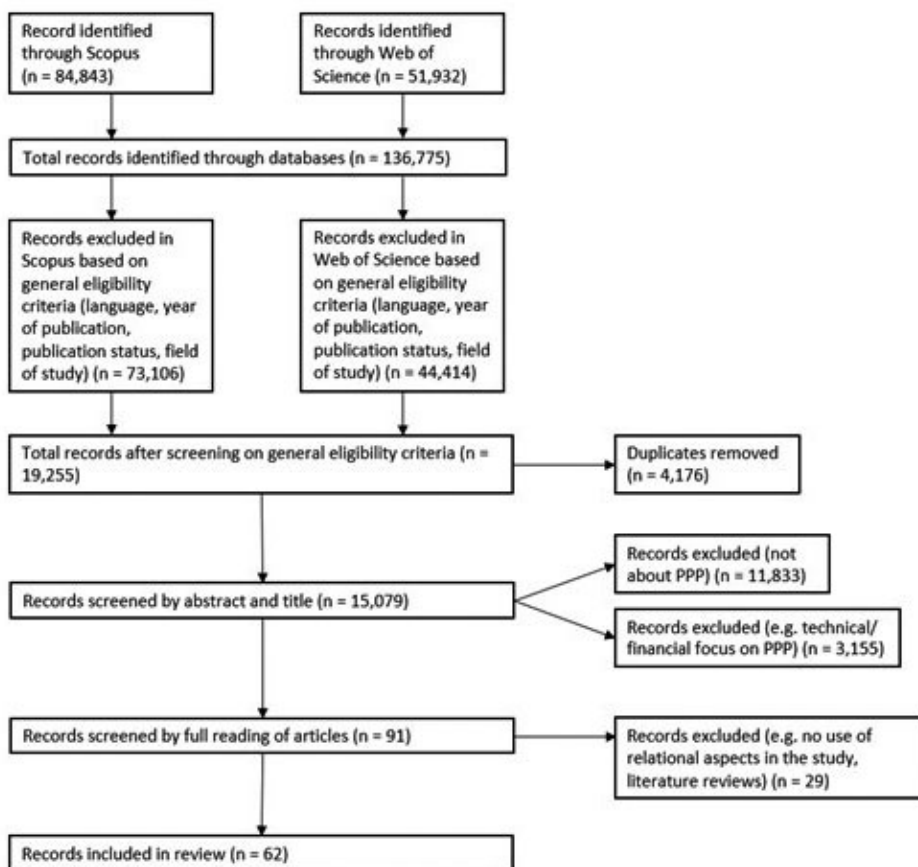


Figure 3.1 Prisma flow diagram

- 5 This for example applies to studies in health sciences, where reference to public-private partnerships was included just to point out the sort of model that was used in establishing the project. However, no further reference was made to the concept, nor was it central in the article.

3.3. RESULTS

3.3.1. Characteristics of the records found

The articles included in the review are published quite recently (see Figure 3.2). The majority of the articles is published since 2010. The limited number of publications discussing relational aspects in PPPs in earlier years is not very surprising. Guðrið Weihe (2009) noticed in her PhD thesis that up until 2009 the attention for relational aspects was relatively limited. The increase in articles in recent years might indicate that the scientific attention for the quality of the relationship between public and private actors in PPPs is growing, but the raising number of articles also fits within a general trend of a rapidly growing number of publications studying PPPs (Ke et al., 2009; de Castro e Silva Neto et al., 2016).

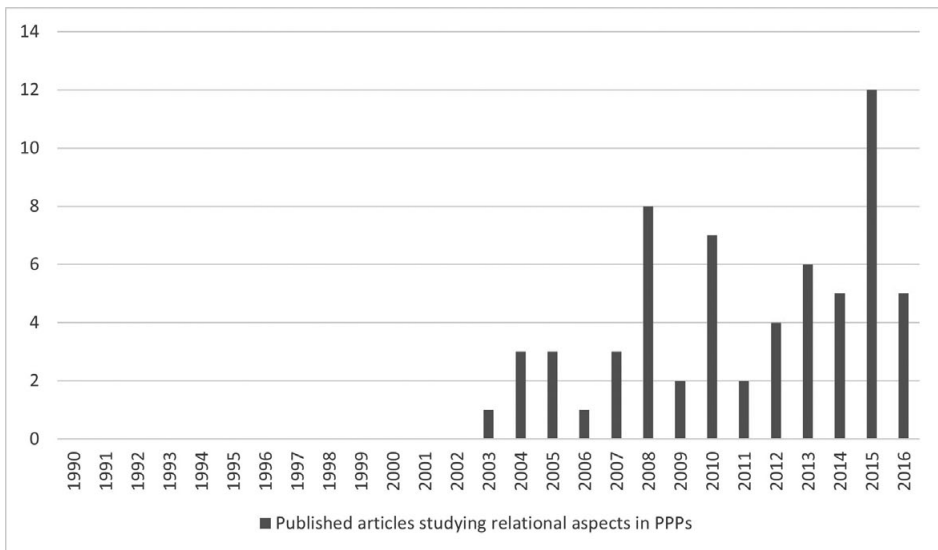


Figure 3.2 Published studies on relational aspects in PPPs over time

The publications present cases from a variety of countries, including countries that are early adopters, such as the UK, Australia, and Canada as well as developing countries that have adopted the use of PPPs in more recent years, like China, Jordan, and Malaysia (for a full overview see Appendix V). Most often studied are the UK, China, Australia, the USA, and the Netherlands (see Figure 3.3).



Figure 3.3 Distribution of cases over countries

The 62 articles are published in 48 different journals (see Appendix V for a full overview). More than one-third of the articles (19) is published in the field of Management and Organizational Science. The other studies are published predominantly in Public Administration journals (20), Business, Finance and Accounting (9), and Construction and Engineering (7). This broad range of journals indicates that the interest in relational aspects of PPPs is not limited to one research area. It also results in the use of different theoretical approaches. Most frequently used are economic theories, including the transaction cost theory and (relational) contracting theories to explain how the exchange relationship between public and private partners takes shape. From an organizational and public management perspective literature on inter-organizational relationships, collaborative governance, and alliance research often emphasizes the value of relational aspects in exchange relationships. Alliance literature for example researches many of the features affiliated with relationships in PPPs, such as trust and partnership processes. Other literature emphasizing relational aspects are for example relational marketing theories and social exchange theory. These different streams of literature may contribute to the development of the concept of relational quality in PPPs in this article. A fairly large share of the articles does not apply specific theories in their study but describes merely existing PPP literature.

The studies included in this review use mainly qualitative research methods, in particular case studies. Other methods include for example a survey or a mixed method approach in which a survey is combined with additional interviews or a qualitative case study (see Figure 3.4). The type of projects studied varies. Next to transport (9) and social (8) infrastructure projects, there are several area development projects (5). Many cases stem from specific policy areas (18) including water, safety, ICT, health care, and waste management.

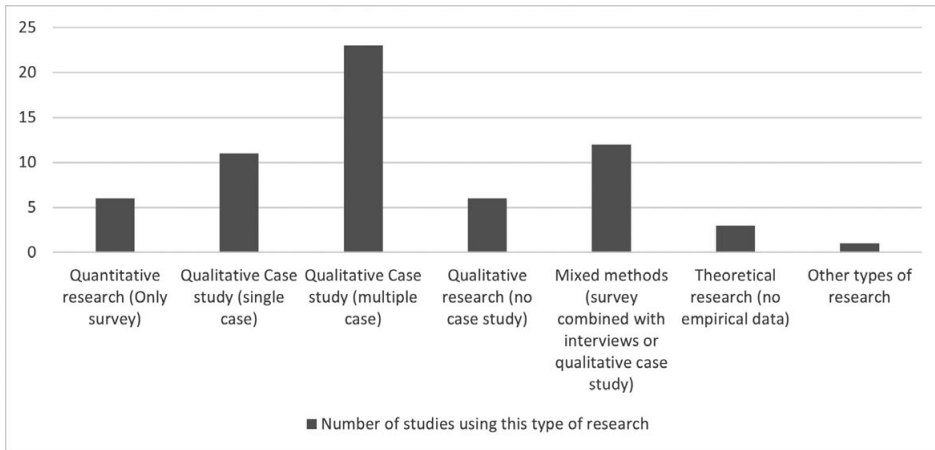


Figure 3.4 Used research methods

All in all, the records included in the analysis show an increasing attention for relational aspects in PPPs. This fits with the growing number of publications on PPPs in general. The attention for PPPs comes from different fields of study, resulting in the use of different literatures. However, in several articles no specific theory has been used. Methodically, the research on relational aspects in PPPs leaves room for further development as most articles are based on qualitative case studies.

3.3.2. Definitions: understanding relationships in PPPs

The articles included in this review are rather unanimous in their verdict that relational aspects are quite important in PPPs (e.g. Alam et al., 2014; Kumaraswamy et al., 2015). Because of the shortcomings of contracts to structure partnerships, good relationships between partners are often seen as the road to successful PPPs. Nevertheless, although authors agree on the importance of relationships between public and private partners in PPPs, defining and conceptualizing the relationship remains a challenge. Therefore, the following section will elaborate on how to understand these relationships between partners. What do we mean with ‘good relationships’?

Most of the selected publications struggle to provide a clear definition of relational quality. Only in a few studies scholars define what they mean by good relationships, often by providing some defining characteristics of these relationships. Jones and Noble (2008: 111) for example define relationships as “*strong personal and emotional bonds based on mutual trust, commitment, and respect.*” Bonds between people can take different forms. Especially formal and informal bonds are often positioned as opposites, with formal bonds referring to contractual agreements structuring the partnership and informal relationships suggesting a more social connotation, focusing on social norms and relational aspects like in the work of Jones and Noble (2008) (see also Gaz-

ley, 2008; Alam et al., 2014;). Instead of posing them as opposites, formal and informal aspects should be considered different sides of the same coin (e.g. Kumaraswamy et al., 2015). Several studies have shown that formal contracts and relational governance are complements rather than substitutes (Poppo & Zenger, 2002; Parker & Hartley, 2003). Both can be present simultaneously in PPPs. Although this article highlights the social side of these bonds, often these relational aspects take shape within a formal, contractual context.

As the definition of Jones and Noble (2008) already indicates, the publications in the review emphasize the social nature of the relationship, frequently using adjectives defining relationships as trusting relationships (e.g. Gazley, 2008; Reeves, 2008), 'partnership relations' (e.g. Domingues & Zlatkovic, 2015; Roberts & Siemiatycki, 2015), or 'social' or 'socially embedded' relationships (e.g. English & Baxter, 2010; Zhang & Jia, 2010). The focus on the social character of the relationship is in line with the Social Exchange Theory, which defines relationships as social bonds between actors that result from interactions between the actors. Cropanzano and Mitchell (2005), who acknowledge the theoretical vagueness of the concept, call this relationships-as-interpersonal attachments. One of the defining key factors in these relationships is the notion of reciprocity (see for example Gouldner, 1960). The notion of reciprocity implies a social norm, namely the expectation that people will respond to each other in similar ways (Gouldner, 1960; Cropanzano & Mitchell, 2005). This social norm governs the exchange between actors. Furthermore, scholars indicate that the relationships between partners are not 'a one-time only affair' (Edelenbos & Klijn, 2007) but have a long term character (e.g. Parker & Hartley, 2003; Bergmann & Bliss, 2004). These social, reciprocal, and long-term bonds may exist on different levels. First, the relationship can be considered a personal relationship between individual professionals working together on the project (e.g. Gazley, 2010; Roehrich & Lewis, 2014). Other scholars focus more on relationships on an inter-organizational level (MacDonals, 2012; Panda, 2016). Roehrich and Lewis (2014) show how both relationships might matter in inter-organizational collaborative processes. In their research, they find that inter-personal trust plays an important role in PPP success. Therefore, this article focuses on inter-personal relationships. However, inter-personal trust is very dependent on individuals and may reduce if individuals leave the project. The long term of many PPP projects advocates for a focus on inter-organizational relationships, as individuals rarely stay long enough to see it through. Inter-organizational trust is less dependent on the continuous involvement of specific individuals. So, to maintain inter-personal relationships among contracting parties, inter-personal trust should be translated into inter-organizational frameworks (Roehrich & Lewis, 2014). In PPP projects both levels are present and interact with each other. Individual professionals play an important role as they interact with each other to realize the project, but

they are simultaneously influenced by the organizations they represent, for example through the organizational culture or the organizational goals they are supposed to realize within the project. Therefore, the impact of the organization is included in the framework presented later in this article. So, when discussing relational quality in PPPs, relationships can be defined as social, long-term, and reciprocal inter-personal ties between professionals working on a project. They can, however, be affected by the organizations these professionals represent.

The review shows that this notion of relationships is closely related to concepts such as ‘collaboration’ and ‘social capital’. Collaboration seems strongly intertwined with the notion of relational quality (e.g. Jones & Noble, 2008; MacDonald, 2012; Alam et al., 2014). Bergmann and Bliss (2004) for example state that cooperation can help build trust, and simultaneously claim that trusting relationships are prerequisites for cooperation. This runs the risk of tautology, but it also points towards an iterative, and mutually reinforcing effect between these phenomena. Collaboration, defined as the process of multiple people or organizations working together to achieve something, is a form of action and interaction by and between project partners. Relational quality, in contrast, is not an act (-ion) performed by people. Instead it is a state of attachment. Admittedly, it is dynamic, may change over time, and can be influenced by actions of project partners, such as the way they collaborate. Conversely, high-quality relationships may reduce transaction costs and increase the willingness of partners to invest in the collaboration. So, although a strong correlation between collaboration and relational quality is to be expected, they are not the same. Furthermore, relational quality is also related to the notion of social capital. Social capital refers to the capacity of individuals to mobilize their social resources, such as relationships and social networks, norms and trust, to gain access the resources embedded in these networks (Putnam, 1995; Lin, 2001). Social capital provides strategic benefits (Szeretz & Woolcock, 2004). In PPPs, the access to resources in the network is already established through contracts. The relationship between partners in PPPs however may still provide strategic advantages if the project encounters issues in later phases. High-quality social relationships can be considered part of social capital, but social capital consists of more than one-on-one relationships as it focuses on the entire social network of individuals.

As stated earlier in this section, most articles focus on the importance of ‘good’ relationships (e.g. Zou et al., 2014; Kumaraswamy et al., 2015). However, this also implies that the opposite is possible. If relationships can be good, they can also be not-so-good, or downright bad. Although the attention for bad relationships is not so prominent, there are a few articles focusing on it (e.g. Edelenbos & Klijjn, 2007; House, 2016; Panda, 2016). The description of relationships in positive and negative terms indicates that the use of the concept ‘relational quality’ is justified. After all, it is not

just about the existence of relationships, but also about the quality of these relationships. The concept of relational quality is particularly well-known in the Relationship Marketing literature, where the quality of the relationship between salespersons and customers determines the likelihood of continued exchange between those actors in the future (Crosby et al., 1990; Grönroos, 1994).

3.3.3. Antecedents, characteristics, and outcomes of relational quality

In this section, the notion of relational quality in PPPs will be studied in more detail. Based upon the review the most prominent characteristics of relational quality in PPP, its main antecedents, and the potential effects of good relationships in PPP projects are determined. Analysis of all publications in the review learns that some characteristics of social relationships are closely intertwined and mutually reinforce each other. Several concepts are mentioned both as characteristic and as antecedent of social relationships in PPP projects. For example, communication leads to higher levels of trust (Edelenbos & Klijn, 2007; Cook, 2010) and commitment (Domingues & Zlatkovic, 2015; Wong et al., 2015). However, trust increases commitment (Edelenbos & Klijn, 2007) and the willingness to exchange information (Barretta et al., 2008; Abdul-Aziz & Kassim, 2011). This again has a positive effect on the communication between partners. Clearly, the relations among these characteristics are reciprocal, dynamic, and difficult to disentangle (see also Lubell, 2007). To prevent conceptual confusion and vagueness, in this article each concept is included in only one category: either as a characteristic or an antecedent of relational quality.

Characteristics of social relationships in PPP projects

The 62 articles referring to relational quality in PPPs suggest many different features of social relationships in PPP projects (for a full overview see Appendix VI). Here we only discuss the characteristics (see Table 3.2) that are either among the most frequently cited or the characteristics that are supported by established theories like relationship marketing or social exchange theory.

Characteristics	Number of articles mentioning it
(Mutual) trust	52
Commitment	31
Communication	26
Respect	9
Openness	9
Fairness	6

Table 3.2 Characteristics of social relationships in PPP projects

The core element of social relationships between partners in PPP projects is trust. This is the most frequently cited characteristic in the articles. Trust, which is formed in social interaction, is seen as essential for high-quality social relationships (Appuhami et al., 2011). Some scholars use it as a proxy for the relationships between partners (Smyth & Edkins, 2007; Zheng et al., 2008; Roehrich & Lewis, 2014). Others consider trust – in line with the transaction cost economics theory – to be an informal control mechanism to mitigate opportunistic behaviour (Argento & Peda, 2015). Either way, trust is considered crucial in building and maintaining good social relationships (e.g. Alam et al., 2014). Although important, trust is not an unambiguous concept as it may refer to different types of trust, like process-based trust (Edelenbos & Klijn, 2007), competence-based trust, and goodwill trust (Barretta et al., 2008). Several theories acknowledge the important role of trust when it comes to relational quality. Although trust was originally not included in transaction cost economics, trust is capable of reducing transaction costs (Bromiley & Cummings, 1995). Socio-legal theorists have illuminated how informal mechanisms, such as trust, can be used to supplement formal contracting resulting in the emerging of relational contracting (e.g. Vincent-Jones & Harries, 1995; see also: Reeves, 2008). Social exchange theory emphasizes the reciprocal character of trust. First, trust is developed as a result of the reciprocal exchanges central in social exchange theory (Cropanzano & Mitchell, 2005). Secondly, trust relationships have the potential to become ever stronger, and that potential is fostered in reciprocal exchanges (Cropanzano & Mitchell, 2005: 890).

Along with the notion of trust, commitment is another frequently cited characteristic of social relationships in PPPs. Commitment, defined as the state of being dedicated to a certain cause, is considered one of the fundamental principles in a partnership (Jacobson & Ok, 2008). The social relationship between partners grows stronger if both partners are committed to that relationship, which implies a willingness to invest in the relationship. Extra investments, that might not be necessary from a formal, contractual point of view, can be made to uphold a good relationship between partners. Commitment is also key in relationship marketing theory (see for example Crosby et al., 1990). Payne et al. (1995) state that trust and commitment are fundamental principles determining the relational quality in business-customer relationships (Payne et al. 1995). Morgan and Hunt (1994) attach an even greater importance to the notion of commitment by suggesting that commitment reflects the attachment of a person to the relationship, project, or organization, and implies a desire to maintain this relationship (Morgan & Hunt, 1994). Considering Cropanzano and Mitchells' notion of relationships-as-interpersonal attachments (2015), commitment clearly is an important characteristic of social relationships.

Thirdly, inter-personal social relationships in PPPs are characterized by respect and openness. Respect can be defined as due regard for the feelings, wishes, and rights of

others. Respect for each other's opinions and feelings make people feel appreciated. A lack of respect might hurt people's feelings and damage the bond between partners. Ghauri and Rios (2016) describe respect as a non-economic, psychological aspect of any relationship (2016: 137). Empirical evidence indicating the importance of respect show that this aspect of relationships fosters the collaborative process in partnerships (Alam et al., 2014). Openness, which can be considered a lack of secrecy, is another important characteristic of social relationships as it may help the building of trust and confidence in the partnership (Kumaraswamy et al., 2015). Openness helps partners to get to know each other better. Moreover, openness is key in communication.

This leads us to the last important characteristic. Communication can be defined as providing or exchanging information, for example by speaking or writing. To speak of social relationships between individuals some form of communication is required. It is used to share ideas, gain insight into the partners' interests and motives, and to convey norms and values. This is in line with the social capital theory, which presumes that the more individuals connect with other people, the more we trust them, and vice versa (Putnam, 1995). The form of communication also matters. Cook (2010: 232) states that "*face-to-face interaction can offer a more personal and sometimes more convenient form of communication. [...] this facilitates rapid responses and can lead to a greater degree of trust and reciprocity.*" Besides the form of communication, I would argue that also the tone of the communication (conflictual or harmonious) and the frequency of the communication play a role in the communication between professionals. The latter is widely used to operationalize strong ties or bonds between individuals or organizations in public administration and management studies (e.g. Varda, 2010; De Boer & Eshuis, 2018).

Antecedents of social relationships in PPPs

The quality of the social relationships between partners in PPP projects may vary. Based on an analysis of all publications included in this review, this section discusses the main antecedents that may have an effect on the quality of these relationships.

The strength of the relationship may depend on a variety of potential antecedents, ranging from individual characteristics, such as professional's personality or expertise, to antecedents on project- or organizational level, like organizational norms or the control mechanisms used (Panda, 2016). Some of these antecedents stand out, either because they are among the most frequently cited or because they are supported by different theories on exchange relationships (see Table 3.3; for a full overview see Appendix VI).

Antecedent	Number of articles mentioning it
Shared norms, values, and beliefs	22
Shared goals and interests	8
Expertise and experience	15
Personnel turnover	5
Leadership and (process) management	9
Geographic proximity	3
Prior ties	10
Reputation	6

Table 3.3 Antecedents of social relationships in PPP projects

The most frequently cited antecedent is that of shared norms and values (e.g. Zhang et al., 2009; Appuhami et al., 2011; Argento & Peda, 2015). As some of the articles show, this antecedent has theoretical underpinnings in amongst others the social exchange theory. *“According to social exchange theory, the more values partners share (e.g. similar blueprints for the future or similar operational modes), the more solid their foundation for exchange will be, making it easier to communicate with each other. They will exhibit a higher quality of reciprocal behaviour towards each other, leading to better collaborative outcomes.”* (Zhang et al., 2009: 357). Norms, values, and beliefs can be personal, but they also exist on an organizational level as professionals tend to comply with the norms and values of their organizations. The network governance literature suggests that shared institutional norms and rules support trust (Klijn & Koppenjan, 2016^a: 202). Furthermore, when partners share similar norms and values, and have a similar mind set, partners tend to understand each other better resulting in stronger commitment (Wong et al. 2015) and better communication (Lataifa & Rabeau, 2013; Wong et al., 2015). Relationships between partners also benefit from shared goals and interests (Bergmann & Bliss, 2004; Jacobson & Ok, 2008; MacDonalds, 2012). Project partners often have different interests and a variety of goals are present (see also Klijn & Koppenjan, 2016^a: 244-245 on goal variety in networks). Professionals representing their organizations will take into account the goals of their organization. Conflicting goals and interests might form a barrier for strong social relationships, while compatible goals and interests, resulting in expected benefits for both partners, will make it easier to build strong relationships. Bergmann and Bliss (2004) summarize it as follows: *“If sharing goals and interests, and a sense of ownership in a problem are important steps toward developing cooperative relationships (Wondolleck & Yaffee, 2000), then divergent ideologies make it difficult to find common ground.”* (Bergmann & Bliss, 2004: 388).

Furthermore, individual level antecedents may influence the relationship between professionals in PPPs. For example, the expertise and experience of professionals have a positive effect on trust. It is closely related to the idea of competence-based trust (e.g.

Edelenbos & Klijn, 2007; English & Baxter, 2010; Appuhami et al., 2011). Professionals should have the technical skill and managerial expertise to build and operate the agreed on product. A lack of experience, for example with public–private partnerships as a procurement method, limit the building of trust (Zheng et al., 2008). The importance of individual level antecedents is reflected in another antecedent, namely personnel turnover. High personnel turnover on either side has shown to be one of the factors straining relationships in PPP projects (Kumaraswamy et al., 2007; Bergmann & Bliss, 2004). It makes it difficult to maintain social relationships as interpersonal trust has to be built again. Alexander (2012) states that because of personnel turnover *“the resulting network ties were subsequently less about trust and reciprocity than about directing project partners and negotiating with financial gatekeepers for resource allocations addressing last-minute needs.”* (2012: 763). Clearly, selecting the right people is important for building good relationships. As personnel turnover is difficult to avoid in long-term projects, it is important that the negative consequences of turnover are dealt with as best as possible, for example through leadership and management. In particular active process management might foster trust and communication (Edelenbos & Klijn, 2007; Robert & Siemiatycki, 2015). The role of process management is also highlighted in network governance theories. Network management strategies are used to facilitate and promote the interactive process between project partners (Klijn & Koppenjan, 2016^a). It should thus have a positive effect on communication, and consequently on the social relationships between project partners.

Another antecedent might be the geographic proximity between project partners. The expectation is that close geographic proximity increases the opportunities for direct communication and the build of trusting relationships (Cook, 2010; Roehrich & Lewis, 2014). However, not all studies confirm these positive expectations. The study of Letaifa and Rabeau (2013) indicates that geographical proximity may even be a barrier for social relationships between project partners.

Finally, prior ties are often mentioned as an important antecedent which may provide a kick start to building good relationships in PPP projects. As individuals have collaborated before, they already know each other and are, depending on the results of the prior collaboration, more inclined to trust each other. However, prior ties are also relationships, and that might pose a problem. The social interpersonal relationships we study are the dependent variable, yet this relationship is – in the form of prior ties – also the independent variable. The relationship at moment T is affected by the same relationship at moment T -1. Earlier experiences in the relationship affect the current state of the relationship. We also see this in, for example, the work Ansell and Gash (2008) on collaborative governance in which intermediate outcomes, like small wins and joint victories, help in further phases of the collaboration. To avoid conceptual confusion, prior ties are not included in the framework presented later

in this article. Instead, we do include the reciprocal character of these relationships in our framework. In the absence of prior ties, reputation plays a role in building a relationship. If an organization has a good reputation, professionals will be more inclined to trust employees of that company than if the company has a bad reputation (Parker & Hartley, 2003; Gazley, 2008). From a transaction cost economics perspective, a good organizational reputation reduces the uncertainty present at the start of such complex long-term projects (e.g. Parker & Hartley, 2003; Zhang et al., 2012). Several articles in the review find positive relations between a partner’s reputation and relational concepts such as trust and cooperation (Parker & Hartley, 2003; Gazley, 2008; Zhang et al., 2012).

All these antecedents are potentially important in building strong social relationships between professionals in PPP projects. Their impact may however vary over time. Some antecedents, such as prior ties and reputation, are particularly relevant at the start of a relationship between partners. Other conditions, such as personnel turnover and the role of management could be especially important in maintaining relationships. Both categories are however pivotal in creating and maintaining the inter-personal social relationships central in this paper.

Outcomes of social relationships in PPP projects

Relational quality is generally considered important for public–private partnerships, because of its effect on the process and outcomes of the project. Table 3.4 identifies the main outcomes of high-quality relationships in PPPs. Note that, due to the reciprocal effect, good social relationships can also further strengthen aspects of this relationship. This effect has been addressed previously. Therefore, it will not be discussed in depth in this section.

Outcome	Number of articles mentioning it
Success and performance of PPP project	25
Efficiency, effectiveness	9
Better collaborative process	9
Decreased transaction costs	6
More innovation	5
Increased flexibility	5
Enhanced problem solving capacity	2

Table 3.4 Outcomes of social relationships in PPP projects

As the most cited outcome, scholars indicate that there is a correlation between high-quality social relationships in PPP projects and the projects’ performance (Kumaraswamy et al., 2007; Roehrich & Lewis, 2014). Several articles provide empirical

evidence suggesting that relational quality might directly impact the success of PPP projects: “...*Personal relationships, mutual trust, and informal agreements are critical to the resolution of issues and can impact on the progress and forward momentum of the project.*” (Jones & Noble, 2008: 113). Consequently, bad relationships characterized by a lack of trust “*are obstacles that partnerships face in their implementation in achieving effective partnership working*” (Mistarihi et al., 2013). Several studies also show how relational quality impacts elements of performance, such as efficiency and effectiveness. Smyth and Edkins (2007: 233) for example show that “*trust improves effectiveness of project management directly and efficiencies indirectly.*” An indirect effect on PPP performance is also expected. Research shows that high-quality relationships between project partners enlarge problem solving capacity (Edelenbos & Klijn, 2007), increase flexibility (Reeves, 2008; Zheng et al., 2008; Alam et al., 2014) and reduce transaction costs (e.g. Parker & Hartley, 2003; Reeves, 2008; House, 2016). Both enhanced problem solving capacity and flexibility may, in turn, result in better performance, which means relational quality is also indirectly related to PPP performance.

Moreover, high-quality relationships between professionals might lead to better collaborative processes, which ultimately effects the performance of the PPP project (Bergman & Bliss, 2004; Reeves, 2008). It is well established that trusting relationships are prerequisites for cooperation (see for example Gambetta, 2000; Emerson et al., 2012). Good relationships promote interaction and understanding between partners, increasing the willingness to collaborate. Ansell and Gash show in their model of collaborative governance a number of elements that are central in the collaborative process. It should come as no surprise that many relational aspects, such as trust and communication, are included in this process (Ansell & Gash, 2008).

Finally, high-quality relationships between professionals are positively related to innovations in PPP projects (Alam et al., 2014; Argento & Peda, 2015; Badi & Pryke, 2015). Because partners trust each other, professionals are more willing to share information and more open to (although potentially risky) new innovations that might result in better quality of the product or service. One of the articles included in the review explains that “*innovation should be understood as a multidisciplinary activity spanning multiple organizations and circumstances and largely dependent on the collective, dynamic and interactive relationships among multiple project participants*” (Badi & Pryke, 2015: 412).

3.3.4. A framework on relational quality in public–private partnerships

This review has provided some insights on the social relationships between partners in PPP projects. These insights are used to develop a framework on relational quality in PPPs (see Figure 3.5). The framework is a great simplification of the complex, non-linear, and reciprocal relationships that comprise and affect the social ties between

individuals in PPPs. Yet, it may serve as a starting point for more elaborated study of the concept and its potential outcomes.

The framework shows antecedents that might have an effect on the quality of the relationships between professionals in PPP projects. There are antecedents on an individual level, like experience and expertise, and antecedents on project level, such as personnel turnover or management. Furthermore, the organizations these professionals represent play an important role. They form the institutional framework within which the professionals work. Both the organizational culture as well as the organizational goals may influence the relationships between the professionals collaborating in the project. These professionals represent the organizations - and their goals - and carry with them the organizational values of the company they work for. Moreover, the reputation of an organization might affect the initial level of trust professionals have if they have to collaborate with employees from that organization. Besides directly effecting the quality of the relationship between professionals, the organizational framework might also have an effect on some antecedents, like management, shared goals and interests, or personnel turnover. For example, the HR policy of the organization might have an effect on personnel turnover in the project. As said, these antecedents may influence the quality of the interpersonal relationships between professionals. As there are several of these relationships within the project, Figure 3.5 includes the multitude of relationships. It furthermore emphasizes the reciprocal character of social relationships and the close intertwinement between the different characteristics of these relationships. High-quality social relationships between professionals are said to have a positive effect on the success of the project. Several articles in the review suggest a direct effect, claiming that good relationships enhance project performance. However, good relationships do not directly result in time or cost savings. Instead the effect of high-quality relationships is mainly indirect. A number of authors have shown that high-quality relationships have a positive effect on flexibility, reducing transaction costs, and collaboration, which in turn lead to better performance. The effect of high-quality relationships on performance is therefore mainly indirect, although the review shows that this indirect effect is not included in all studies. Finally, I would like to stress the role of time- and feedback loops. Successful performance can be considered a joint victory. This positive experience can give a boost to the relationship, resulting in even stronger partnerships.

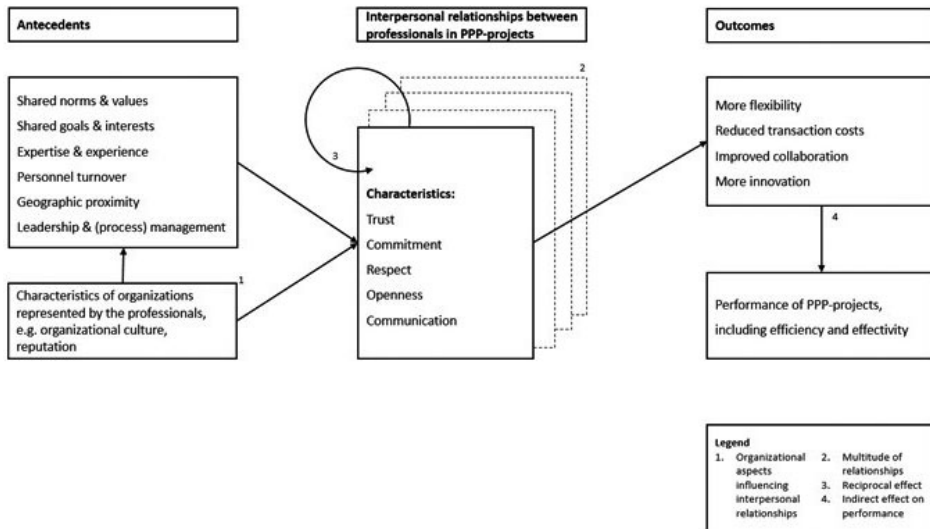


Figure 3.5 Model of relational quality in public-private partnerships

3.4. CONCLUSIONS

The goal of this article was to take stock of the scientific knowledge on relational quality in public-private partnerships. To do so, a systematic analysis of academic journal articles into this topic was conducted. In this section, I discuss the implication of the findings of this review and outline possible empirical, theoretical, and methodological avenues.

First, the review highlights the conceptual confusion regarding the notion of ‘relational quality’. In this review, relationships are defined as social, long-term, and reciprocal inter-personal ties between professionals working on a project. The majority of the publications discussing social relationships in PPPs focus mainly on separate relational aspects or use trust as a proxy for the relationship. However, this review has taught us that the social relationships between project partners consist of more than just trust. Besides trust, social relationships are also characterized by respect, openness, commitment, and communication. These characteristics are closely intertwined. So, based upon the results of the review I would argue for a more inclusive view of social relationships in future research. The framework presented in this article can be considered a starting point for more inclusive research into relational quality in public-private partnerships. However, the reciprocal character of social relationships and the mutual reinforcing effect of several characteristics of these relationships make social relationships a complex concept to study. The different characteristics mentioned in this study embody very different sides of relational quality and are not

always closely related. It therefore seems difficult to combine all these properties into an appropriate holistic construct. The characteristics are rather different dimensions of the concept of relational quality, which we should therefore consider more or less as an umbrella concept, making the measurement of relational quality a challenging undertaking.

Although the concept remains somewhat vague in many articles, it is striking that social relationships between professionals in PPP projects are almost always considered as a positive thing. The review shows only limited attention for ‘bad’ relationships (e.g. distrusting relationships) and poorly developed social relationships (for a few exceptions see Panda, 2016; House, 2016). Further research into relational quality should also focus on less successful and poorly developed relationships. What hinders the development of poorly developed relationships? What causes ‘bad’ relationships in partnerships, and how can the quality of these relationships be improved?

Simultaneously, the focus on good relationships also expresses the relevance of studying these social relationships in public–private partnerships. High-quality relationships have positive effects on flexibility, innovation, and collaboration, which in turn help improve performance. Several characteristics of PPPs enforce this importance. First, the long term of PPP projects provides sufficient time for building strong social relationships, which is much more difficult in short-term projects. At the same time, these social relationships can be used for a long time to promote cooperation and help the realization of public service delivery throughout the duration of the project. Second, the contractual context of PPPs seems to limit the need for social relationships, but when partners manage to establish such a relationship anyway, it can actually offer added value. After all, high-quality relationships help project partners’ to be flexible, when the contract is incomplete, does not fit changing contexts, or when the complexity of the project requires it. High-quality relationships offer an alternative problem-solving approach besides strictly following the contract, and thus may prevent standstills or inefficient solutions. Finally, PPPs can be considered networks (e.g. Alexander, 2012; Edelenbos & Klijn, 2007; Zou et al., 2014). Several organizations collaborate, and due to the many actors with their own needs, perceptions, and interests the transaction costs in the process may increase. It can be difficult to find alignment, especially when partners interpret rules, agreements, and requirements. High-quality relationships then allow partners to understand each other better, find mutual common ground, or compromise to resolve the situation and find a best-for-project solution.

The presence of both organizations and professionals in these PPP networks do raise questions about the relation between individuals and organizations. Earlier on, this article emphasized that organizations have an effect on inter-personal relationships and vice versa. It would therefore be useful to study how the organizations

represented by the professionals in the project precisely impact the inter-personal relationships between these professionals. When form these organizations a barrier? And when an enabler? The network-like character of PPPs adds the questions how important the network is for the social, inter-personal relationships central in this study. More research into the interplay between these relationships on different levels (inter-personal, inter-organizational, and in a network) will help us to better understand the functioning and the role of relational quality in PPPs.

The final conclusion is not so much empirical, but more theoretical and methodological in nature. Research into relational quality, and relational aspects, in PPPs leaves room for both theoretical and methodological developments. Methodologically, there is little variation with especially a lot of qualitative case study research. Further research might benefit from the use of newer, and more advanced, research methods such as Qualitative Comparative Analysis and experiments. This might help to unravel causal complexity and the mutually reinforcing effect of some relational aspects. To study the development of interpersonal relationships in collaborations over time, longitudinal research could prove useful. Furthermore, in studying relational quality in PPPs, much more use should be made different brands of literature from other fields of study. Current studies into relational quality often limit their theoretical section to summarizing general PPP literature, describing the nature and development of PPPs (see for example the many references to the work of Hodge & Greve, 2007). For example, social exchange theory, relationship management, and alliance literature may provide insights into the notion of relational quality and the mechanisms behind this. This is therefore also a call for more interdisciplinarity. PPP is already studied in a broad range different academic fields, but when it comes to studying social relationships in PPPs integrating elements and insights from different fields of study may prove useful. A suggestion would be to make use of the relatively new research field of behavioural public administration, in which insights from public administration are combined with insights from psychology on the behaviour of individuals and groups.

Limitations

As with any study, this study also has its limitations. One of these limitations has to do with the selection criteria of the publications. This paper for example only uses English journal articles, excluding for example academic books and publications in different languages. Furthermore, the decision to not use search terms referring to relational quality and relational aspects and deal with this manually might have an effect on the final list of publications included in the review. By judging the articles manually, we might have missed out on articles that would have been included using specific search terms. On the other hand, it allowed for the inclusion of articles discussing relational quality without key words like trust, conflict, and relationship.

Furthermore, this review included only articles studying PPPs, whereas social relationships are also studied in different types of partnerships and public–private exchanges, such as alliances and networks. As the review has indicated, these fields of study (e.g. alliance literature) may prove very useful in understanding relational quality in PPPs. However, given the size of the literature on PPPs and related disciplines it would not be doable to include all these articles. Instead, several articles in our selection did refer to theoretical insights from this study. In this article, I have reflected on a number of these theoretical insights and explored some of them further, yet not in a systematic way. This way I have attempted to link literature from other disciplines to this review and include the lessons they offer. Finally, the inter-personal, social relationships are not static, but highly dynamic. This review has pointed out some of these dynamics, such as the mutually reinforcing effect of different elements of social relationships and its reciprocal character. However, also time- and feedback loops play an important role in the dynamics of social relationships. Earlier achievements, such as joint victories and small successes during the course of the project are positive experiences that may give a boost to the relationship. In contrast, struggles, setbacks and not being able to resolve differences of opinion may have a negative effect on the relationship between partners. All in all, to fully understand relational quality in public–private partnerships, the dynamics of social relationships deserve more attention.

INTERMEZZO 3.

The systematic literature review in the previous chapter shows only very little research into relational quality in public–private partnerships, let alone much systematic research into this topic. The concept of relational quality has, so far, been ill defined. In most cases, trust is used as a proxy for the relationship. Nevertheless, Chapter 3 provided a first conceptualization of relational quality. It suggests that relational quality is not merely dependent on trust. Communication, openness, respect, and commitment are also important aspects of social relationships between project partners in PPPs. In doing so, the study in Chapter 3 has improved our understanding of the concept of ‘relational quality’. A question that remains is: how can we build these high-quality relationships? Which determinants have the biggest influence on relational quality in PPPs? Chapter three already provides some hints regarding the determinants that might affect social relationships in PPPs. The next chapter will test a number of these determinants to provide an answer on the question: how can we build high-quality relationships in PPPs? It tests a few of the determinants suggested in Chapter 3. Therefore, the study in Chapter 4 uses data on 25 PPP projects in the Netherlands and Flanders in a Fuzzy-set Qualitative Comparative Analysis (fsQCA). The use of this method helps to go beyond the knowledge we have already gained in the small- N case studies on relational quality in PPPs that have been the most common method up to this point (see Chapter 3). Moreover, the method is suitable to test multiple determinants both separately as well as in combination with each other. It also allows for equifinality (see Schneider & Wagemann, 2012). This means that there might be multiple, mutually non-exclusive ways to build high-quality relationships. Allowing for variation in the way project partners may build high-quality relationships in PPPs, this method takes into account the complexities of relationship building and the fact that not all PPPs nor the relationships within PPPs develop in a similar fashion.