THE DIFFUSION OF PUBLIC-PRIVATE PARTNERSHIPS AS A NEW FORM OF GOVERNANCE: AN INSTITUTIONAL PERSPECTIVE*

KAMU-ÖZEL ORTAKLIKLARININ BİR YÖNETİŞİM BİÇİMİ OLARAK YAYGINLAŞMASI: KURUMSALCI BİR YAKLAŞIM

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ÖZET

Bu makale, kamu-özel ortaklıklarını (KÖO) bir yönetsel/yapısal yenilik olarak nitelemekte ve bu yeniliğin ABD'de kentsel ve bölgesel gelişme alanındaki yayılıp-yaygınlaşmasını incelemektedir. Çalışmada ilk olarak, KÖO'nın yaygın kullanımı hususunda özet bazı bilgiler verilmektedir. Ardından, kurumsalcı yaklaşımlara dair literatür gözden geçirilmekte ve kurumsalcı kuramlardan türetilen bir çerçevenin KÖO'nın Amerikan şehirlerinde yayılıp-yaygınlaşmasının gerisindeki nedenleri yakalama hususunda nasıl uygun düştüğü ve işe yaradığı tartışılmaktadır. Yazı, kısa bir değerlendirme ile sona ermektedir.

Anahtar Kelimeler

Sektörlerarası işbirliği ve ortaklıklar; kamu-özel ortaklıkları; yeni yönetişim biçimleri; yönetsel yeniliklerin yayılıp-yaygınlaşması; kentsel ve bölgesel gelişme/kalkınma.

ABSTRACT

The current paper construes PPPs as an administrative/structural innovation, and analyses the diffusion of this innovation in urban and regional development in the USA. The paper first briefly informs the reader on the widespread use of public-private partnerships. It then reviews the literature on institutional perspectives, and moves on to discuss how a framework derived from institutional theory is both relevant and useful in exploring the reasons behind the diffusion of PPPs in American cities. The paper ends with a brief discussion.

Keywords

Multi-sectoral collaboration and partnerships; public-private partnerships; new forms of governance; diffusion of administrative innovations; urban and regional development.

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* Bu makale, the Regional Studies Association (RSA) tarafından organize edilen ve 12-15 Nisan 2003'de İtalya'nın Pisa kentinde gerçekleştirilen "Reinventing Regions in the Global Economy" adlı uluslararası konferansta sunulan bildiriye dayanmaktadır.

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INTRODUCTION

There are different types of public-private partnerships that have been formed involving various levels of governments to deal with a vast number of issues, ranging from environmental problems to export promotion, from R&D undertakings to legal-administrative reforms. In this paper, the main focus will be on those public-private partnerships that have been formed in American cities pertaining to local economic development and urban renewal. One major constraint has its effects in the preparation of this paper, especially throughout the following chapter: the lack of a suitable data set that can be referred to when analyzing public-private partnerships from an institutional perspective. In the lack of such a data set, a special effort is made to substantiate arguments developed throughout the paper by means of drawing upon available "stylized facts" as much as possible. Since it would be difficult, if not impossible, to cover all facets of local economic development and urban renewal efforts and the role of public-private partnerships in these efforts, only some selective aspects of the issues at hand will be highlighted. Also, to avoid the redundancy, any information about public-private partnerships is placed where deemed most relevant.

In the following chapter, some general information about public-private partnerships will be provided. Then, institutional theory will be reviewed in the second chapter. Rather than undertaking a broad descriptive approach, the discussion would be restricted to those themes that deemed most relevant to the issue at hand. In the third chapter, some primarily arguments derived from the literature providing some support for an institutional perspective would be presented. A brief discussion will be pursued as to the merit of institutional perspective vis-à-vis the diffusion of public-private partnerships in American cities as new form of governance. Some concluding remarks will also be provided.

1-PUBLIC-PRIVATE PARTNERSHIPS

A brief review of the existing literature on public-private partnerships would reveal that the concept of "public-private partnership" is used to define a variety of things. Phenomena examined under the title of public-private partnership range from simple coordination efforts between private and public sector organizations to contracting-out public services, from community involvement activities of corporations to privatization instances. In a somewhat equally confusing manner, such different titles as "community partnerships", "neighboring partnerships", and "social partnerships" were used to define very similar joint activities that have been carried out by organizations from different sectors. One of the most encompassing definitions has been provided by Gunyou (1985): "a public-private partnership is any mutually beneficial activity undertaken by government and business to solve community problems that yield benefits to both the private interest and community at large. In other words, a partnership involves a systematic process in which both parties identify a mutual problem and subsequently negotiate a joint approach to solving the problem." (p. 3). It should be added that public-private partnerships created in cities to promote economic development and urban renewal may involve parties from non-private sector alongside the partners from city governments and private-for-profit organizations. Indeed, varying numbers of partners from three sectors come together in different structural arrangements to deal with either single issues (e.g., solely to build a shopping mall), or multiple issues (e.g., as part of city-wide revitalizing efforts consist of several projects and issues).

Although some cities have had early examples of public-private partnerships for a long time (e.g., Allegheny Conference on Community Development, in Pittsburgh, PA has been established in 1943, and since then has served as an umbrella organization for various public-private partnerships), the most recent resurgence of public-private partnerships in an ever growing number of American cities as vehicles of economic renewal can be traced back to the late 1970s. As Colman (1989) observes "During the 1977-1987 decade, increasing emphasis was being placed by both the Carter and Reagan administrations upon the role of the private sector in public policy development and execution. This period saw the creation of new, and the expansion of existing public-private partnerships in state and local governments." (p. 174; see also Fosler & Berger 1982; Langton 1983; Levine, 1989). Despite the lack of precise data, there is a wide-spread consensus among researchers that various types of public-private partnerships pertaining to economic development and urban renewal have increasingly made their way into American cities since the late 1970s. A HUD report on the issue, cited in De Neufville & Barton (1987; p. 196) asserts that "public-private partnerships have progressed from the realm of idiosyncratic innovation to prominent status as a mainline tool of urban and social policy". Some researchers have even claimed that "nearly all cities have created public-private partnerships to promote economic growth." (Judd & Ready 1986; p.215).

This resurrection has been attributed to different factors. For instance, Petersen (1985) summarizes some developments behind the increasing number of "public-private cooperation" as follows: "Since the late 1970s, state and local governments have found themselves on the dark side of the fiscal moon. Taxpayer revolts, tax and expenditure limits, cutbacks in federal grants, a deep recession, and the pervasive pall of public opprobrium for things governmental have all contributed to a scramble to cut expenditures and find new, acceptable revenue sources and alternative delivery systems. Public-private cooperation is one response, and a celebrated one, to the crunch on public resources." (p. x). Gunyou (1985) cites two main reasons for the reemergence of public-private partnerships in 1980s: the reduced direct federal assistance to local government, and the shifting of responsibility for public problems from the federal to local government level and from public to private sectors, both of which have occurred under the New Federalism of the Reagan administration. (p. 3).

Indeed, most of the explanations derived from the existing literature on the resurgence of public-private partnerships in American cities can be put into two broad categories. In the first group of explanations, the rise of contemporary urban problems, especially fiscal crises facing state and local governments due to taxpayer revolts, (e.g., passage of Proposition 13 in California in 1978, which limits the ability of local governments to increase taxes), and cuts in federal grants and services have been emphasized as being main reasons behind the resurgence of public-private partnerships in American cities since late 1970s. (e.g., Petersen 1985; Stephenson, 1991). In the second group of explanations, on the other hand, more emphasis is placed on the changes observed in the philosophies of public officials and business people with regard to role of each sector vis-à-vis local economic development and urban renewal, along with these groups' increasing appreciation of interdependencies among different sectors (e.g., Brooks 1984; Drucker 1984; Davis 1987; Sweat & Anthony 1995). In this later set of explanations, the active role of the "New Federalism" policies of Reagan administration, as well as business leaders' growing awareness of their "enlightened self-interests' in searching for solutions to cities' problems have been underscored.

These two sets of explanations can be thought of as roughly corresponding to some underlying themes of two different theoretical perspectives as to how the diffusion of public-private partnerships as new forms of governance in American cities has been realized. While the second group of explanations would be more utilized within the institutional perspective (e.g., myth-making processes and isomorphic pressures stemming from New Federalism have heavily influenced the spread of public-private partnerships throughout the country), the first group of explanations would overlap more with the arguments of the resource dependence perspective (e.g., cities facing an increasing number of financial hardships have tried to reduce uncertainty surrounding their resource flows by means of forging public-private partnerships). Some underlying themes of the second perspective will be turned to next.

2. INSTITUTIONAL THEORY

Some earlier works within neoinstitutional framework emphasize "the processes of legitimization and social reproduction." (DiMaggio & Powell, 1991; p. 27); whereby organizations are viewed as "captives of the institutional environment within which they exist." (Tolbert & Zucker, 1983; p. 22). The diffusion of certain forms of structures and procedures is attributed to interorganizational influences, conformity, and the persuasiveness of cultural accounts. (DiMaggio & Powell, 1991). Two oft-cited examples of these earlier works belong to Meyer & Brown (1977), and DiMaggio & Powell (1983). Although some recent studies within neoinstitutional theory have begin to focus on such issues as the change, power, and efficiency, (DiMaggio & Powell, 1991), and these later studies provide us with a more elaborated version of institutional perspective, studies of Meyer & Brown (1977) and DiMaggio & Powell (1983) still remain more relevant for the analysis of the diffusion of certain organizational forms or practices among a group of organizations.

Meyer & Brown (1977) argue that formal, rationalized organizational structures emerge mainly from two sources. First, based on efficiency concerns in a competitive environment, some sorts of structures are created to coordinate and control ongoing production and exchange relations. Second, such different sources as leadership efforts of some local organizations, the elaboration of some complex relational networks, and myths pertaining to efficiency of some practices and forms, give rise to some institutional structures. They argue that today's organizations carry some aspects from both sources of structures. This can be thought of as a continuum. "At one end of it are production organizations under strong output controls whose success depends on the management of relational networks. At the other are institutionalized organizations whose success depends on the confidence and stability achieved by isomorphism with institutional rules" (p.354). The mix of both elements has varying consequences for different organizations: "the survival of some organizations depends more on managing the demands of internal and boundary-spanning relations, while the survival of others depends more on the ceremonial demands of highly institutionalized environments." (p. 353).

They submit that in modern societies "many elements of formal structure are highly institutionalized and functions as myths" (p. 344), where "institutionalization involves the processes by which social processes, obligations, or actualities come to take on a rulelike status in social thought and action." (p. 341). Such arising institutionalized structures, in turn, "make formal organizations both easier to create and more necessary." (p. 345). In addition, when institutionalized myths come to the existence, those organizations that were already in that "domains of activity", become isomorphic with these myths by incorporating elements of them into their formal structure. As a result, many of today's organizations have formal structures that reflect to a considerable degree the myths of their institutional environments rather than their task requirements.

Meyer & Rowan (1977) elaborate on three consequences that isomorphism with institutions in their environment render for organizations. One is the changing of formal structures; organizations gain legitimacy by establishing a formal structure that is in consistent with prevalent institutionalized myths. Through these processes organizations show that they value the common expectations of their environments. In return, they use their such gained legitimacy to secure and strengthen their survival. On the other hand, "Failure to incorporate the proper elements of structure is negligent and irrational; the continued flow of support is threatened and internal dissidents are strengthened. At the same time, these myths present organizations with great opportunities for expansion. Affixing the right labels to activities can change them into valuable services and mobilize the commitments of internal participants and external constituents." (p. 350).

Second, organizations become more sensitive to external assessment processes; prizes, endorsements, and praises from external groups and organizations create ceremonial value for organizations. Third, organizations surrounded by elaborate institutional environments gain stability in their external as well as internal organizational relationships; institutionalized environments protect organizations against turbulence. In addition, an organization's technical weaknesses can be overlooked after it becomes an accepted member of a society. Finally, organizational success and survival comes into picture. Meyer & Rowan (1977) argue that, "organizational success depends on factors other than efficient coordination and control of productive activities. Independent of their productive efficiency, organizations which exist in highly elaborated institutional environments and succeed in becoming isomorphic with these environments gain the legitimacy and resources needed to survive." (p. 352).

DiMaggio & Powell (1983), in a somewhat similar vein, start with a question: "Why there is such startling homogeneity of organizational forms and practices?" (p. 148), and provide a set of explanations. According to the authors, causes of bureaucratization and rationalization have changed since Weber; processes leading to homogeneity are less and less driven by competition or by need for efficiency. Rather, these processes emerge more as result of the structuration of organizational fields, which is in turn, "effected largely by the state and the professions, which have become the great rationalizers of the second half of the twentieth century." (p. 147). Their definition of *organizational field* involves "those organizations that, in the aggregate, constitute a recognized area of institutional life; key suppliers, resource and product consumers, regularity agencies, and other organizations that produce similar services of products." (p. 148). Drawing upon works of different researchers, they point out that while some innovations or organizational forms can serve very well for efficiency concerns of those innovators or early adopters, as an organizational field becomes more structured, most of the adoptive behaviors displayed by individual organizations can be explained by concerns other than efficiency, such as legitimacy, and the desire to reduce uncertainty.

DiMaggio & Powell (1983) explain the homogenization of organizational structures within a given organizational field with the existence of isomorphic mechanisms. Drawing upon Hawley (1968), they define *isomorphism* as "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions." (p.149). Between *competitive and institutional isomorphism*, they find the former as more relevant to modern world of organizations, since "organizations compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as economic fitness."(p. 150). They, then, examine three mechanisms of institutional isomorphism. *Coercive isomorphism* "results from both formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function." (ibid.). The existence of government mandates, a common legal environment, standard operating procedures, as well as legitimated rules and structures, push organizations within a given domain toward more homogeneity. *Mimetic processes*, on the other hand, do not stem from coercive authority. Here, organizations model themselves on other organizations, intentionally or unintentionally, mainly as a response to uncertainty surrounding their goals, technology, or environment. The third source of institutional isomorphism, *normative isomorphism*, primarily stems from professionalism. Universities and personnel training centers, as well as professional and trade associations spread norms and rules for the development of professional behavior in a given organizational field, which, in turn, make those organizations look alike. Other processes, such as filtering of personnel, anticipatory socialization, government recognition of some organizations through grants and contracts, and the modeling of some central organizations by others, might also create normative pressures toward institutional isomorphism.

3. SOME PRIMARILY SUPPORT FOR INSTITUTIONAL PERSPECTIVE DERIVED FROM THE LITERATURE ON PUBLIC-PRIVATE PARTNERSHIPS

A- Myth-making Processes Surrounding the Resurgence of PPPs

Ritti & Silver (1986) pointedly argue that "if the process of institutionalization means that the formal structures of legitimate organizations must reflect the myths about such structures prevailing in their environments (Meyer and Rowan, 1977), then myth making must be a first step in the process of institutionalization" (p. 27). Although "myth carries the connotation of falsity", they continue, "this is not necessarily the case for organizational myths."(ibid.). According to the authors, in the processes of institutionalization, "a myth is an account, first, of the origin of the innovation, second, of its function and purpose, and, third, of its efficacy." (p.27). The institutionalization of a new organizational form, or structure, then, depends to a considerable extent on the ability and success of such myths to gain legitimacy for the new form or structure on these dimensions.

The resurgence of public-private partnerships in American cities in last two decades or so, can be analyzed by using above framework; there were some myth-making processes at work, and these processes have considerable influence on the diffusion of public-private partnerships as new forms of governance. Indeed, some researchers have already employed the concept of "myth-making" in analyzing the current reemergence of public-private partnerships. For instance, De Neufville & Barton (1987) argue that "*public officials and analysts engaged in an explicit myth-making process* to garner support for public-private partnerships as a central tool in urban redevelopment." (p. 181, italics added). In a somewhat parallel manner, Langton (1983) observes that "while there has been little formal criticism of the idea of partnerships, there is growing uneasiness about its intent. Is the idea of partnerships constructive, or is it meant to cover up government's retreat from assisting those in need? Both of these views probably contain elements of truth. Clearly, cooperation through partnerships cannot be all bad. Yet, *there has been a good deal of mythology and masquerading on the subject*." (p. 256, italics added).

Some concurrent themes in the processes of institutionalization of public-private partnerships as new forms of governance can be analyzed through identifying three interrelated accounts of myth-making employed by Ritti and Silver (1986). **First**, in terms of origin of the innovation, we witness the frequent invoking of historical and cultural roots of public-private partnerships in American tradition in many of the writings analyzing the current resurgence of public-private partnerships. For example, Davis (1987) claims that "public-private partnerships are not new. Over 150 years ago, Alexis de Tocqueville cited extragovernmental associations as America's legacy to democracy..." (p. 32). Langton (1983) offers that "the idea of public-private partnerships is nothing new in America. In fact, the very founding of the American colonies...(and) the expansions to the West involved a variety of partnerships models...Every war that has been fought by the United States has involved strong partnerships between all sectors of our society." (p. 257). Stanfield (1982) submits that "public-private partnerships may be a new concept in Washington, but collaboration between government and business built the nation's cities in the first place." (p. 1172). Committee for Economic Development (CED), (1982) maintains that "Public-private partnerships are a source of energy and vitality for America's urban communities. Successful experience with such partnerships spans the decades and the country" (p. 1). Petersen,

(1985) takes on the "do-it-yourself" tradition, which he claims "has deep roots in America", and explains how early entrepreneurs "established a pattern of cooperation and mutual benefit between the search for profit and the community's well-being" by way of "at once pursuing their public undertakings and their private businesses." (p. xii). He argues that the concept of "commonwealth" has expressed those early efforts very well. His explanation about current reemergence of public-private partnerships very well exemplifies its genre: "reacting to the pressures of taxpayer revolts, loss of federal aid, state government deficits, highly competitive bond markets, and volatile interest rates, local community leaders have called upon their own wit and wisdom to revive the tradition of public/private partnerships and do-it-yourselfism... following hard on the heels of an era of abundant federal dollars and state aid, the resurgence of can-do attitudes in the cities and villages across the country signals a renaissance of the local initiative." (p. xiv).

Second, purposes and functions of public-private partnerships are described by focusing on the need for cooperation between sectors to find common solutions to urban ills. Some contemporary assumptions about different sectors as well as rationales behind the main thrust of public-private partnerships are emphasized: public-private partnerships would bring in the best of both worlds without necessarily carrying each sector's liabilities. At once, definitions of policy problems as well as possible solutions are offered by reinterpreting the roles of different sectors in urban renewal. For instance, CED (1982) offers that, "over the years, the public sector in the United States has taken increasing responsibility for addressing the needs of the nation's urban areas. Within public sector, the driving force has been the federal government. But these conditions are changing. Greater responsibility is confronting the private sector and local communities. The issue addressed by this statement is how the public and private sectors in those communities can work together in practical ways to meet this challenge." (p. 1) Stephenson (1991), states similarly that "...the late 1970s saw officials at all levels of government adopt another shared maxim: that the profound problems confronting many of the nations' cities could not be addressed adequately by government acting alone. Rather, whenever possible, the energies of all sectors of the community--economic, political, and social—had to be harnessed to confront the multifaceted challenges besetting many cities." (p. 112). Brandl & Brooks (1982) have concluded that, "No single financial, organizational, or managerial device or formula explains the success of public-private cooperation in the Twin Cities. Rather, the story is one of a *habit of cooperation*, a pattern of institutionalized civic-mindness. Much may be unique to the area, because of its peculiar history and economy. Nevertheless, there also is much that is replicable, that can be applied wherever there is a commonality of purpose and a willingness to commit the human and financial resources to get a task accomplished." (p. 198-199, italics in original). De Neufville & Barton (1987) have observed that "the myths of private efficiency and public waste were readily at hand, along with the myths of the achievements of volunteerism and community cooperation" (p. 195) to promote the idea of necessity for public-private partnerships.

In a somewhat parallel manner, the ideal of politics-free partnerships is maintained through pursuing the "everybody benefits from partnerships" message, as well as through establishment of quasi-public corporations. For instance, Moore et al. (1985) offer that a public-private partnership "does not depoliticize decisions about local economic development. *It is another myth* that somehow enterprise agencies involving the private sector remove the politics out of such decisions." (p. 32, italics added). Judd and Ready (1986), criticize the idea that "economic development policies are so beneficial to everyone that they are consensual, and responsibility for development policy is granted to groups and entities outside the mainstream of politics". They argue that "This is a curious logic, indeed. It is at least as logical to suppose that independent authorities have been established to take development policies out of city politics precisely because of their divisive character. In fact, the literature on economic development strategies documents that this is often the motive for establishing independent authorities." (p. 243).

Third, the efficacy of public-private partnerships is claimed to be great by their proponents without much substantiating it; success stories were oversold, while potential, or real shortcomings of practices have usually been overlooked by these proponents. According to De Neufville & Barton (1987), the promotion of the myth of the public-private partnerships was functional to many actors, and their efficacy has been promoted, or at least accepted by those actors without much questioning. They offer that, "The reality that there has been little systematic design or evaluation of partnerships suggests that the primary object of most discussions thus far has been to legitimize a new concept and to rationalize changes taking place." (p. 197). Langton (1983) also asserts that "if there is any singular problem with the idea of public-private partnerships, it is that it has been *oversold* and *underexamined.*" (p. 256, italics added). On the other hand, Fosler & Berger (1982), as editors of an oft-cited book that has featured seven case studies of public-private partnerships in big cities, state that their choice of case studies "was consciously biased toward purportedly successful experiences. The subcommittee was concerned over the preoccupation with 'urban problems' and was determined to highlight opportunities. 'let's find what works' was the way the task was defined" (p.6).

B- Isomorphic Pressures and Processes

The diffusion of public-private partnerships in American cities can also be analyzed by using the framework provided by DiMaggio & Powell (1983). A perusal reading of the existing literature suggests that some processes of institutional isomorphism in the spread of public-private partnerships to American cities might be at work.

aa. Coercive Processes

Tolbert & Zucker (1983) have found that civil service reforms were adopted much more rapidly by cities if there is a state mandate requiring to do so. When there was no such a requirement, adoption process was a more gradual one. The same logic may apply to case at hand; where there is a legal mandate for cities to form public-private partnerships, we can expect a more rapid adoption of public-private partnerships by cities. Not only legal mandates, but also creation of rules, or specific policies by individual states can affect the diffusion of public-private partnerships within their jurisdiction.

Some other sources of "coercive isomorphism" can be identified as well. One group of pressures reflect the effects of activities stemming from New Federalism after 1980, including some of President Reagan's own efforts. For instance, Fox (1985), reports that "President Reagan ...established the Task Force on Private Sector Initiatives in December 1981 and directed it, as one of its principal functions, to foster 'an increased level of public/private partnerships in order to decrease dependence on government' (President's Task Force, 1982:2). Accordingly, the Task Force packed its final report with recommendations for cooperation and entitled it *Building Partnerships*.... Another partnership effort was initiated by the Joint Economic Committee of Congress in 1981 when it commissioned a series of *Case Studies in Private/Public Cooperation to Revitalize America.*" (p. 27; italics in original).

Perre S. du Pont IV, then Governor of Delaware, in a similar manner, observes that "In order to stimulate the formation of community partnerships such as Jóbs for Delaware Graduates, *the President's Task Force*, through a committee of Governors which I chair, *is encouraging each state to establish a mechanism through which the partnership approach may be pursued.* In some states, a new state-level Task Force on Private Sector Initiatives has been formed. In other states, a Cabinet Committee or an existing advisory group on volunteerism and human services has assumed the role of encouraging partnerships. In all, some 42 states have either already established a mechanism for partnership formation or are in the process of doing so." (du Pont IV 1982;p. 15, emphasis added).

W. C. Norris (1984), who is the owner of a private company that plays "a new role for corporations", is one of a few dozens members of the President's Task Force on Private Initiatives, and summarizes the Task Force's objective as follows, "(to)facilitate the replacement of government paternalism with public-private sector partnerships in every community for assisting needy persons and depressed areas" (p. 256). He explains the reasons behind his optimism about implementation of President Reagan's program as follows: "One is that it is responsive to the wishes of the president. In speeches, he has said, 'We want an American partnership that can and should be replicated in every community.'.... A second is the momentum building for Enterprise Zone legislation....Most important is *the president's continuing promotion* of his concept of less government welfare and more private sector voluntary actions, which *is increasing awareness of the need for and advantages of cooperation.* This will be further magnified by the private sector initiative task forces being established." (p. 261, emphasis added)

Davis (1987), in a similar vein, observes that "formal partnership organizations are being formed in an increasing number of cities. *The impetus for partnerships is coming from the White House and state houses* throughout the country, and major cities without partnerships are now the exception rather than the rule." (p. 33, italics added).

Judd & Ready (1986) maintains that "throughout his political career, Ronald Reagan has evidenced a preoccupation with the ideal of self-reliance. He returns to the themes of self-reliance, autonomy, and individual responsibility over and over again in his speeches... In applying the themes of individual responsibility and self-reliance, however, the president makes few distinctions between individuals, institutions, political systems, and cultures....The federal mandate is clear: cities must make themselves more attractive to private firms and must provide fertile ground for local entrepreneurship. To accomplish these objectives, HUD suggests that localities form public-private partnerships. The Committee for Economic Development has elaborated on the advantages it sees in these arrangements." (p. 214-215).

Peer pressures that exerted on corporations and cities to join in or otherwise contribute to the cooperation between public and private sectors can be seen as another example of coercive isomorphic pressures (cf. Galaskiewicz 1991; Sweat & Anthony 1995).

bb. Mimetic Processes

Although it is difficult to measure the effects of mimetic process in the case of diffusion of certain organizational structures, or practices, there are some accounts in the literature that cities have sent their staff to other cities to learn from their experiences of public-private partnerships. In a similar main, some authors report that some mimetic processes were at work between U. S. and British public policies pertaining to public-private partnerships. (e.g., Lewis 1992; Bendick & Rasmussen 1986)

cc. Normative Processes

DiMaggio & Powell (1983), point to professionalism as one of the most important sources of normative isomorphic processes. Galaskiewicz (1991) reports that they found evidence that contributions professionals have shaped one another's priorities and those of their respective firms; "corporate-giving officers who were central in their discussion network tended to recognize and have similar evaluations of nonprofit organizations in the twin Cities" (p. 306).

Three groups of people can be detected from the existing literature on public-private partnerships as likely sources of normative pressures exercised on cities to form public-private partnerships, namely, development experts/professionals working for cities and states, consultants, and developers. Although, broadly speaking, being consultant, or developer does not necessarily constitute professionalism, it would be proposed here that these three groups of people both through their individual members, and through their associations might play an important role in the diffusion of public-private partnerships among cities as a vehicle for economic development. According to Friedman (1994) the National Association of State Development Agencies (NASDA) "plays a clearinghouse role and serves as an institutional memory for the states, as well as developing new training programs, conducting surveys, providing non-profit consulting and serving as a vital link between its members and Washington policy makers." (p. 93). He further describes how NASDA constitutes an ongoing forum for the representatives of state development agencies to come together, to discuss pressing needs and policy issues including public-private partnerships, and to learn from each other. It seems plausible to argue that the tracing of activities and publications of these three groups might inform us how public-private partnerships have gained legitimacy and significance among American cities. Given the level of the information exchange has been achieved between people living far away from each other, these kinds of groups might help to spread new ideas and practices all over the country. On the other hand, still some comparisons can be made among different states as to whether above mentioned groups make difference, if any, for the diffusion of public-private partnerships. (e.g., an examination of the relation between number of state development officers and consulting firms working in a state, along with their dispositions toward public-private partnerships, and the number and types of public-private partnerships established by cities in that state, other thongs being equal).

On the other hand, Galaskiewicz (1991) details how institutional-building efforts made their way into business community in the Twin Cities. He cites, among others, the public recognition of companies that reported contributing a certain percent of their pretax profits to charity (i.e., Two or Five Percent Club), the establishment the Minnesota project on Corporate Responsibility, and its role in providing seminars to their members on such topics as corporate responsibility, corporate culture, and public-private partnerships, as examples of efforts taken in the direction of "institutionalizing an ethic of enlightened self-interest". It seems that, in addition to likely effects of professionalism in the diffusion of public-private partnerships as new forms of governance in American cities, there were some accounts of ceremonial, and myth-supporting normative pressures have been taken place. For example, in HUD (1984), then Secretary of Housing and Urban Development Samuel R. Pierce, Jr. writes that "In keeping with this *Administration's efforts to encourage greater local self-reliance,* in 1982 I announced HUD's first National Recognition Program for Community Development Partnerships. *Our goal was to identify successful projects that would inspire other communities to create public/private partnerships....*In first year, I appointed a panel of nationally recognized experts in economic and urban development to evaluate the projects which cities submitted to us. This public/private sector group rated each project on criteria such as transferability, innovation, and benefits to the community. The panel recommended 11 projects for National Excellence Awards and another 89 for National Merit Certificates. In December 1982, *President Reagan honored the selected projects at a White House awards ceremony*." (p.i, italics added).

In a similar vein, it has been reported in an editorial of American City & County (1994) that "The National Council for Public-Private Partnerships has been recognizing these efforts for the past six years by conferring awards on the individuals and programs that best exemplify outstanding public-private partnerships...The winners were honored at a lunch sponsored by American City & County" (p. 24).

Finally, the possible effects of the existence of specific journals and publications in creating normative isomorphic processes among cities might be analyzed. Even a quick review of the literature on public-private partnerships would reveal that writings on issues pertaining to public-private partnerships can be broadly categorized into two main categories. The first group of people, generally writing in urban planning, and urban development journals take a critical stand toward the recent reemerge of public-private partnerships; they usually critically evaluate the outcomes of those partnerships. The second group of people, on the other hand, usually consist of politicians, businessmen, developers, and economic development practitioner as well as some academicians, and take more positive stance toward public-private partnerships. (cf. Levine 1989; De Neufville & Barton 1987). Such journals as *National Civic Review*, *Economic Development Review*, *Journal of Community Action*, and *Public/Private* (Fox, 1985), feature articles that praise the success of public-private partnerships and/or provide "how-to" pieces for practitioners. It seems that these kinds of journals and other publications with positive outlooks toward public-private partnerships have contributed to the diffusion of public-private partnerships among American cities since late 1970s.

Stanfield (1982) captures well the different facets of isomorphic mechanisms that have described so far. He first gives some examples of these collaborations, including Baltimore's experience, and then states that "now Cleveland, along with similar cities across the Frostbelt, is trying to follow in Baltimore's footsteps. They won't lack for advice. Now that these partnerships are the urban answer of the moment, the urban scholars and consultants are churning out plenty of information about them. The President's Task Force on Private Sector Initiatives has a branch devoted to community partnerships and is building a library of case studies in a computer so that cities can call up the information. The business-based Committee for Economic Development published a report with six ingredients to a good partnership. Conferences on the subject abound. The U.S. Conference of Mayors and Atlantic Richfield Co. are sponsoring a series of meetings for business executives and mayors to talk out their problems." (p.1173)

DISCUSSION

It should become clear so far that existing literature on public-private partnerships might provide us with some sort of primarily support for an institutional perspective when analyzing the diffusion of public-partnerships in American cities as new forms of governance. In the absent of a reliable data set, however, only data available to us, namely, case studies mixed with journalistic stylized facts can be used to produce more articulated and testable propositions originating from institutional and resource dependence perspectives. Even to do this some theoretical and methodological issues should be confronted first. A couple of them will be addressed below.

First, before doing empirical research on the diffusion of public-private partnerships among American cities, researchers should become more aware of theoretical and methodological advances in such diverse areas as organizational analysis, innovation-diffusion research, urban development, and new organizational forms. Such awareness is not apparent from the literature; there is a lack of empirical research and theoretical guidance with regard to public-private partnerships. Research on the issue, in its best, is confined to case studies. Most case studies, however, are presented as if the phenomenon under examination is unique. As a first step, then, some efforts to integrate available case studies on public-private partnerships might prove very useful to expand our understanding of public-private partnerships.

Second, an integrative stance may also prove useful when it comes to analyzing relative use of different theoretical perspectives concerning the diffusion of public-private partnerships in American cities as new forms of governance. Some converging points between institutional and resource dependence perspectives, such as open-system view of organizations and recognition of the importance of the environment for organizational survival, and emphasis on effectiveness rather than efficiency, have been elaborated before (e.g., Oliver 1991), and some integrative stands have been taken both within and across the perspectives since works of Meyer & Rowan (1977), DiMaggio & Powell (1983), and Pfeffer & Salancik (1978). For instance, Pfeffer (1987) is more appreciative about the existence of some institutional constraints on managerial decisions than Pfeffer & Salancik (1978). Neo-institutional theorists are doing their part, too; the role of individual and organizational interests and actions in responding to institutional pressures are now more appreciated. (e.g., DiMaggio & Powell 1991; Jepperson 1991; Scott 1987). For example, Jepperson (1991) emphasizes the institutionalization as a relative property (e.g., whether an object is an institution is relative to its centrality, or the context), and underlies that "institutions are not just constraints; all institutions simultaneously empower and control. *Institutions* present a constraint/freedom duality: they *are vehicles for activity within constraints*." (p. 146, emphasis added). Jepperson also touches upon the degrees of institutionalization, and suggests two somewhat related dimensions: the relative vulnerability, and taken-for-grantness. A given institution is less likely to be vulnerable to intervention if it is more embedded in a framework of institutions, and the more members of a society take for granted it (p.151-152). He further argues that "institutional arguments need not be directly contrasted with actor and interest accounts; rather, they represent, in part, a distinctive line of argument about actors and interests" (p. 158).

Scott (1987) also discusses the interactions between interests and institutions. He argues that institutional theory in its most part does not deny "the reality of purposive, interest-driven behavior either on the part of organizations or their participants. Rather institutional theory reminds us that interests are institutionally defined and shaped. Institutional frameworks define the ends and shape the means by which interests are determined." (p. 508). The determinants of institutional frameworks, or structures, in his analysis, are determined largely by nation-state, and professions through political contests among different groups.

Goodrick & Salancik (1996), would concur with and extend Scott's (1987) arguments. They emphasize the underlying assumption in neoinstitutional theory; "individuals have a preference for reducing uncertainty and that institutional processes resolve uncertainty." (p. 25). Then, based on their study of cesarean deliveries in California hospitals, they have concluded that institutional standards might be far from complete; they might not be able to reduce uncertainty to zero. Under such circumstances, focal organization may develop its own frameworks and standards based on the interests of the actors involved. In other words, organizational actors define and try to attain their interests within some institutional framework.

Notwithstanding differences that still remain between two theoretical perspectives, a somewhat middle-ground approach would be taken here. Given the fact that institutional and resource dependence perspectives utilize different units of analysis, each perspective can help us to understand different dimensions of the diffusion of public-private partnerships in American cities in the last two decades or so. For instance, while institutional perspective may provide us with a good analysis of the nationwide and/or statewide spreading of public-private partnerships in this period through explaining myth-making, and isomorphic processes that were at work, resource dependence perspective may predict better as to how specific cities would tend to form public-private partnerships either to effectively respond to those "outside demands", / "external pressures", or to take advantage of federal and state funds. Still, a network perspective will enable us to better understand through which actors and information channels a diffusion has happened.

For instance, Tolbert & Zucker (1983) have maintained that the analysis of internal and external sources of organizational forms and structures can be integrated. They have examined the diffusion of civil service reform among American cities covering a period between 1880-1935, and found that "internal organizational factors predicted adoption of civil service procedures at the beginning of the diffusion process, but did not predict adoption once the process was well underway. As an increasing number of organizations adopt a program or policy, it becomes progressively institutionalized, or widely understood to be a necessary component of rationalized structure. The legitimacy of the procedures themselves serves as the impetus for the later adopters." (p. 35). Thus, both theoretical perspectives may inform us, albeit with varying success and sometimes divergent emphasis, about the diffusion of public-private partnerships in American cities given that there are carefully crafted research designs.

At the end of this paper, a cautionary point should be raised. While a large data set can be useful to test relative strengths and weaknesses of institutional and resource dependence perspectives in understanding the diffusion of public-private partnerships in American cities, special considerations should be given to peculiarities and intricacies of phenomena examined; explanations derived from a theoretical perspective can be refuted (or extended) by equally-well developed explanations derived from another perspective. Two examples are given below to illustrate the point just made.

First, institutional perspective would have it such that the more a city's neighboring cities have formed public-private partnerships, the more likely that the city is going to follow the course. So it can be such that both communication and imitative forces affect the diffusion of public-private partnerships through "neighboring city effect". For instance, Knoke (1982) has examined the adoption of municipal reform structures among the 267 largest American cities pertaining to the years between 1900 and 1942. He has tested some assumptions drawn from different approaches about diffusion of innovation, and found strong support for "neighborhood effect": the higher the percentage of regional cities that have already adopted new structures, the more likely a city within that region is going to adopt that innovation. Thus, there is some sort of imitation or contagion effect going on among neighboring cities when it comes to adopt new organizational forms.

Alternatively, public-private partnerships can be approached by a resource dependence perspective through means of analyzing how the city, as a focal organization competes with other cities for scarce resources, not only public ones but also private ones. Some scholars have analyzed, and criticized approaches taken by cities to lure business resources. For instance, Guskind, (1990), reports some strategies used by city officials in "bidding wars" to attract private investments to their cities; especially neighboring localities compete with each other to get same private (investment) resources, where, as reported by Cummings et al. (1988), "asymmetries of information, risk, capital, and power are important sources of inequality between private and public partners" (p. 26). A city mayor, for instance, may point to a widespread use of public-private partnerships by other cities, especially neighboring cities as evidence of their usefulness to convince members of the city council and/or voters, and to form one of their own in the city. He/she can do this just out of imitative pressures , or alternatively, there might be good reasons, such as the need for establishing a public-private partnership to effectively compete with neighboring cities. Therefore, it may prove wrong to reach fast conclusions about the relative use of one theory without getting informed by other possible theoretical explanations.

Second example is about the wide-spread use of quasi-public organizations as vehicles to public-private partnerships in most cities. This practice can be interpreted in two different ways. On one hand, it can be argued from an institutional perspective that through establishing quasi-public organizations the idea (or, myth) of "politics-free public-private partnerships" has been promoted simply because it gives additional leverage to main thrust of those partnerships: common good is pursued in a cooperative manner without inviting "divisive effects" of politics. One the other hand, resource dependence perspective would approach to the issue a little bit differently. The theory would suggest that to understand the issue, we should look at the most important dilemma facing organizations; maintaining autonomy while trying to reduce uncertainty. Cities and their private counterparts in partnership arrangements would try to manage their mutual interdependence in such a way that they both want to reduce uncertainty while preserving their respective autonomy. Here, politics, be a city council's intervention of, or some interest or advocacy groups' pressure to the partnership, would be seen as yet another disincentive to form partnerships since such "outside" interventions would increase the number of contingencies that partners should take into consideration when dealing with one another. Hence, an increase in uncertainty and lose of autonomy.

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