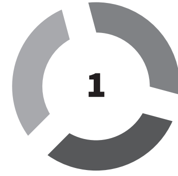

Why Intersectional Governance Matters

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The most visible challenges of this century—pandemics, climate change, privacy, security, authoritarianism, social unrest—are giving rise to unprecedented cooperation across sectors of society. Governments, international bodies such as the United Nations, private nonprofits, nongovernmental organizations (NGOs), and for-profit companies are exploring new ways to work together on complicated problems.[1] What will it take to meet these challenges? This chapter identifies factors that make intersectional governance effective and draws out implications for leaders who seek to address both domestic and global challenges.

The term "intersectional governance" is used for the management of partnerships and cooperation between organizations in different sectors of society, such as collaborations between government agencies, international organizations, private for-profit firms, and nonprofit firms. These cross-sector collaborations are increasingly common.[2] Public-private partnerships, for example, have become part of nearly every conversation about the world's most important policy issues, including climate change, immigration, military strategy, privacy, and pandemic relief.[3] Yet we know little about how cross-sector collaborations are organized, managed, and governed.

Cooperation across sectors takes a range of forms, from outsourcing, mul-

tistakeholder governance, and informal emergency aid to more complex joint ventures, alliances, and formal partnerships. In recent years, theoretical and practitioner interest has shifted from long-term PPPs governed by formal contracts to a broader set of formal and informal collaborative agreements.[4] Which forms of collaboration are best suited for addressing policy problems? How are outcomes affected by governance? What are the practices that assign rights and responsibilities, determine how performance is evaluated and incentivized, and spell out the procedures for changing the rules? While prior literature characterizes cross-sectoral collaborations according to the nature of the project goal or the types of goods and services provided,[5] our intersectional governance approach emphasizes the rules for how decisions are made and conflicts are resolved as the keys to answering these questions.[6]

Governance of any kind is difficult. We identify the unique challenges organizations face when collaborating across sectors. Making a single organization run efficiently and effectively requires extensive capabilities. Private-sector companies make money and later go bankrupt; public agencies are credited with solving problems only to fail during the next crisis. Governing partnerships between similar organizations (intrasectional governance) is even more difficult. And governing collaborations across sectors—where partners have different objectives, practices, cultures, standards, and criteria for success—seems like an insurmountable challenge. But some cross-sector collaborations appear to work well. Why?

By examining the range of strategies, structures, and outcomes involved in intersectional governance, both successful and unsuccessful, we point to the concerns that arise when organizations from different sectors pursue collaboration and suggest strategies for more successful outcomes. The analysis leads us to insights about why and how innovations in intersectional governance lead to the breakthroughs envisioned by their advocates. We focus on three dimensions for characterizing the intersectional governance challenges in collaboration: 1) goal congruence among all parties; 2) alignment of complementary resources; and 3) measurement of outcomes. We discuss implementation challenges, reflecting the deliberations partners engage in as they seek to develop and improve their work together. Our discussion is informed both by scholarly work on this topic[7] and by the experience of the organizations that have been pioneers in the effort.

Theory: Dimensionalizing Intersectional Governance

Governance is the set of formal and informal practices through which an organization sets goals, assigns responsibilities, establishes systems, and assesses outcomes of organizational action.[8] Governance is a broad concept that applies to many organizations and relationships: private for-profit firms organized as proprietorships, partnerships, or limited liability companies; private nonprofit firms; and government agencies. For example, in a proprietorship, the owner has all the decision rights, evaluates her own performance, and can hire or fire employees, contract with partners, expand or dissolve the firm, and take similar actions without consulting outside parties. In a partnership or corporation, these ownership rights are shared. In the public sector, organizations tend to delegate large amounts of decision authority to workers, external partners, and community members.[9] Earlier work on governance in each sector demonstrates that arrangements must be sufficiently flexible to respond to both external shocks (environmental, social, political, technological) and the emergence of new capabilities.[10]

Relationships among organizations can be governed as informal, ad hoc partnerships or as ongoing, formal collaborations. Rules and procedures can be stated explicitly or be implicit, coordination can be looser or tighter, and so on. A long stream of research in the field of strategic management emphasizes the importance of aligning the governance arrangement of the partnership with the governance arrangements of the participating organizations. A range of theories from economics (agency theory, transaction cost theory, property rights theory), sociology (institutional theory, network theory), and public management/administration (collaborative governance) point to the following key dimensions of partnership success: goal congruence between the parties, resource alignment, and the ability to measure outcomes.[11]

GOAL CONGRUENCE

Public, nonprofit, and private organizations in various sectors have different goals.[12] For example, public-sector organizations typically pursue such aims as the creation of public infrastructure, management of public goods, expansion of governmental agencies, and even the re-election of political leaders. Nonprofits may seek to alleviate the suffering of vulnerable people, achieve political voice, promote ideas, and influence private-sector activity. In contrast, the goals of private-sector organizations may appear more prosaic (for example, growth, market share, stability, and, ultimately, profitability and financial

value) but can also be multidimensional, including commercial and social aspects. Of course, the strategies used to accomplish those goals can be complex and may vary widely. Moreover, subgroups within private organizations often disagree on proximate goals and how to balance the interests of different stakeholders.[13] Still, the more congruent the goals, the lower the likelihood of conflict and governance problems.

Achieving goal congruence to support the effective governance of organizations operating in multiple sectors is at least as complex—usually more complex—than governance among organizations within a single sector. Consider outsourcing, a common form of public-private interaction. Public agencies often engage private partners, such as when the Defense Department procures fighter jets from a private contractor or a municipality hires a private garbage collector. Such arrangements are designed to achieve a measurable, reasonable goal at a lower cost. Even in these arrangements, things can get complicated, because private and public interests typically diverge. For example, shares of a private prison corporation may be owned by a judge with the power to convict and commit prisoners into the corporation's care for private benefit. More subtly, the availability of low-cost service provision can affect what and how many services the government provides, which can generate "public bads" rather than public goods.[14, 15]

By contrast, successful goal congruence was seen in the African Comprehensive HIV/AIDS Partnerships (ACHAP), a partnership between the government of Botswana, Merck, and the Gates Foundation.[16] The parties set specific, measurable health goals over an initial five-year period. Success in achieving those goals led to its extension for an additional four years, after which control over critical resources was transferred, as planned, to the government of Botswana. Because the parties shared the same philanthropic objectives—for Merck, social responsibility improves public engagement and, ultimately, profitability—there were few conflicts over program design and execution.

Goal congruence also may shift over time as the result of circumstances external to the partnership, such as when a public emergency drives public organizations to turn toward private corporations for access to critical capabilities during the emergency. During war, for example, the strength of a nation's military may depend on the character and quality of the industrial firms with the capacity to deliver crucial vehicles, equipment, supplies, information technology, and other essential materials.[17] The commitment of corporations to public goals may not be fully achievable despite the public importance of the alignment. Anita Chandra's chapter in this volume[18] shows how disagreement

about objectives among different types of organizations and actors have hampered cross-sector collaboration in the public health response to COVID-19.

RESOURCE ALIGNMENT

Organizations in different sectors typically have access to different types of resources. Large, multinational corporations that are publicly owned and widely traded often have capabilities of global scale and relevance that may be crucial to the public good of the nations in which they are headquartered. For example, during World War II, automobile manufacturers retooled to support military action. Small, private corporations with community identity may have the resources to marshal local responses, which may be valuable to local governments, charities, schools, hospitals, and other organizations. This occurred during the COVID-19 pandemic, for example, as hotels worked with city governments to house healthcare workers and COVID-positive citizens in quarantine.

Governments at all levels operate with mandates and on platforms that may be valuable for disseminating information and for directing citizens to certain nongovernmental partners. Consider how the post–9/11 requirement to travel through airports with all liquids in a quart-sized bag affected demand for baggies, or how the COVID-19 pandemic affected demand for sanitizers, ventilators, masks, and vaccines. Collaboration between governments and the World Health Organization (WHO), an international agency, also was central to the COVID-19 response. By sharing information about disease prevalence and research initiatives with the WHO, many governments became aligned with the scientific approach advocated by the agency.

Of course, the capacity to regulate, adjudicate, and legislate are unique resources of public-sector organizations that also may affect their willingness to take on certain activities that could favor some private-sector organizations. Nongovernmental organizations may have moral legitimacy and agency that constitute valuable resources to partners in other sectors. The Gates Foundation played a crucial mediating role in ACHAP by providing expertise and capabilities in health sector development to support interaction between the Botswana government and Merck.

Cross-sector collaborations are most likely to succeed when partners bring to the table resources that are complementary, but not so idiosyncratic to prevent effective governance. The resource-based view of the firm[19] shows how organizations create value by assembling complementary resources into unique bundles, and the same reasoning applies to collaborations between or-

ganizations.[20] At the same time, resources and resource bundles that are high in “asset specificity”—that is, resources that create mutual dependence—can lead to bargaining and contracting problems.[21] After one party makes idiosyncratic, relationship-specific investments, the other party may try to renegotiate the terms to capture more of the shared value for itself. Oliver Williamson’s study[22] of cable TV in Oakland, California, provides a classic example. The city awarded a cable franchise to the lowest bidder. Construction proceeded more slowly than expected, fewer customers signed up than anticipated, and costs escalated. The franchisee attempted to renegotiate the contract ex post, knowing that the city was unlikely to abandon the half-finished project. The same phenomenon is common in military procurement and in other settings.

This suggests that resource asymmetry has an inverse U-shaped effect on the performance of cross-sector collaborations. Resources must be sufficiently complementary to solve the problem at hand, while not being so different as to give rise to contracting problems. One example of a successful collaboration involving moderate levels of asymmetry was the reliance by the Commonwealth of Massachusetts on an airplane provided by the New England Patriots, a privately-owned sports franchise, to transport essential medical equipment from China during the COVID-19 pandemic through a partnership that also involved the government of Alaska and other private-sector actors. To make the trip, the plane had to be fitted with specialized equipment to support intercontinental travel—an expense born by the private owners of the plane out of commitment to the jurisdiction as a community, through the team, and through family interdependencies at Massachusetts hospitals. Enough commonalities between the parties arose to overcome the contracting problems. The heroic effort required to accomplish this was celebrated by the government in the media.

When partners depend on each other’s idiosyncratic resources, challenges arise in the absence of formal contracts or informal trust. Poor communication can lead partners to withhold crucial resources when they are most relevant to the partner. Questions about ownership and control often impede the consummate commitment of partners to joint effort. One of the most common examples of this kind of failure occurs when actors in one sector—either public or private—mire the partnership in administrative procedures that block those from other sectors from accessing critical resources. For instance, the Magdalena River Project in Colombia failed before construction even began from planning problems that could not be overcome.

PERFORMANCE MEASUREMENT

For-profit firms typically have measurable goals: accounting profit, sales growth, stock price, and so on. This allows for performance comparison across firms and over time and permits a substantial amount of delegation, as divisions, departments, and employees can be evaluated on their contribution to the financial bottom line.[23] Nonprofit and public organizations are in a more difficult position, as their goals—poverty alleviation, public safety, environmental protection, ideological change, and the like—are not always measurable. Time horizons also can differ, both in private settings and public settings, as the timeframe relevant to the achievement of specific operational outcomes may reflect different organizational and individual goals. Government officials may have impact only for the period prior to a forthcoming election, for example. By contrast, companies may be incentivized to meet short-term financial performance targets. Hospitals may seek to save lives within hours. Schools may seek to educate children over periods of years. Successful collaboration among organizations across these sectors requires agreement on how success or failure of performance will be measured on timeframes relevant to each partner.

Moreover, successful collaboration typically requires intermediate milestones that can serve as benchmarks for assessing progress and encourage buy-in among participants. One of the most common challenges is the need for adjustments to reflect unplanned contingencies, such as changes in the environment or problems of internal productivity. Measurement systems must be flexible enough to accommodate both the needs of partners and the shocks that arise. Successful measurement requires thoughtful leadership that is renewed regularly over the course of the partnership. Where uncertainties are large and adjustments difficult, the governance costs of cross-sectoral collaboration may exceed the benefits of pooling resources and capabilities, and single-sector approaches may be more effective.[24]

Lessons for Policy and Practice

Our framework for dimensionalizing cross-sector collaborations suggests that intersectional governance is difficult, and that the right governance structure can help. Applying the framework rests on several principles. First, the challenges of achieving goal congruence, resource alignment, and effective measurement across organizations tend to unfold successively and iteratively over time. Anticipating future challenges and preparing for them in advance

is an essential component of effective intersectional governance. Critical to this process is a comprehensive stakeholder assessment in which collaborators learn about the specific challenges that constrain peers across the table during negotiations over agreements. By building flexibility in areas that may be important to partners but is not costly to your organization, you invest in the partnership in ways that may not be fully revealed until after implementation occurs. Moreover, the collaborators must have the flexibility to renegotiate and adapt governance arrangements in response to unforeseeable shocks that arise over time. Healthy collaborations have the capacity to admit new members, allow old members to rotate out, and reconsider distributional arrangements that may emerge as untenable, unfair, or unsustainable.

Second, customary processes for communicating and coordinating differ across sectors, which may make implementation of an intersectional governance agreement differ from others in which an organization has engaged. Even language may differ. Successful collaborations across sectoral boundaries are built on enough slack to deal with these differences. Each party must accept the legitimacy of the other's methods, processes, and culture. Investing and reinvesting in the core skills of effective teamwork across organizational boundaries is essential to maintain flexibility for responding to organizational demands that may be unfamiliar or seem nonsensical to some team members.

Third, cross-sector collaborations, successful or not, can change the collaborators, which means that old governance arrangements may no longer be effective. Government officials, working with private partners, may be inspired to make their agencies operate "more like a business." Corporate managers may decide that public funds are more reliable than fickle customers as a source of revenue, leading to increased lobbying or rent-seeking. Conversely, organizations may decide they want to be less like their partners. In either case, governance arrangements may need to adapt to reflect changed partner characteristics.

A related issue is that, as collaborators co-create new capabilities, the original goals may change—the familiar problem of mission drift. If collaboration makes service delivery more efficient, the result may be increased slack. Care must be taken to ensure that, if the slack results in new or expanded goals, these goals are consistent with the public interest.[25]

Conclusion

Successful cross-sector collaboration requires effective governance, and intersectional governance is not easy. Goal congruence, resource alignment, and effective measurement are critical, but even they do not guarantee success. The challenges just discussed raise the bar for every participant on whether entry into an intersectional governance arrangement creates enough value to make overcoming the implementation challenges worthwhile. The nature of the collaboration necessary to achieve progress on grand challenges, such as climate change, for example, must be deconstructed into phases in which goals can be articulated, relevant resources identified, and measurement benchmarks established, but this is not enough. Collaborators also must be able to implement the collaboration on terms that are robust for each participating organization over time. Anticipating roadblocks is just half the challenge; the other half is in anticipating that some developments may occur that no stakeholders anticipated in advance. Building the capabilities and commitment to weather these storms is integral to successful partnership.

Moreover, as parties work together, they often develop new capabilities and resources that are valuable to all, but which can also lead to conflict over goals, strategies, and how benefits are shared.[26] Joint capabilities often create lock-in, which may engender trust[27] and encourage investment in relationship-specific assets[28] but can pose additional governance challenges. For example, in the health sector, hospitals that welcomed the construction of specialized clinics by donors (often incorporated as NGOs) may subsequently confront the prospect of the closure of those clinics on which communities rely after the donor's funding expires. Addressing the governance over emergent resources and capabilities is a crucial facet of sustainability that distinguishes successful from unsuccessful intersectoral partnerships.

Notes

1. See Rob van Tulder, this volume.

2. John M. Bryson, Barbara C. Crosby, and Melissa Middleton Stone, "The Design and Implementation of Cross-Sector Collaborations: Propositions from the Literature," *Public Administration Review* 66 (December 2006), pp. 44–55.

3. Joel A. C. Baum and Anita M. McGahan, "The Reorganization of Legitimate Violence: The Contested Terrain of the Private Military and Security Industry during the Post-Cold War Era," *Research in Organizational Behavior* 33 (November 2013), pp. 3–37; Axel Marx, "Public-Private Partnerships for Sustainable Development:

Exploring Their Design and Its Impact on Effectiveness," *Sustainability* 11, 4 (January 2019), p. 1087; World Bank, "SDGs and PPPs: What is the Connection?" *Getting Infrastructure Finance Right,* April 18, 2018, https://blogs.worldbank.org/ppps/sdgs-and-ppps-whats-connection; Elisa Van Waeyenberge and Kate Bayliss, "Unpacking the Public Private Partnership Revival," *Journal of Development Studies* 54, 4 (March 2017), pp. 577–93; Baum and McGahan, "The Reorganization of Legitimate Violence"; Aldo Musacchio and others, "COVID-19 Underscores the Need for Mechanisms to Coordinate: Global and Collective Agendas Rather than Nationalist Concerns Must Dominate," *Policy Options,* July 6, 2020, https://policyoptions.irpp.org/magazines/july-2020/global-health-coodination-necessary-in-a-pandemic/.

4. See Mary Margaret Frank and Kathryn Babineau, this volume.

5. Derrick W. Brinkerhoff and Jennifer M. Brinkerhoff, "Public-Private Partnerships: Perspectives on Purposes, Publicness, and Good Governance," *Public Admin. Dev.* 31 (January 2011), pp. 2–14.

6. Other models of cross-sector partnerships identify a few ideal types, such as joint-venture, partnership, follower-leader, and buyer-seller (Peter V. Schaeffer and Scott Loveridge, "Toward an Understanding of Types of Public-Private Cooperation," *Public Performance & Management Review* 26, 2 (2002), pp. 169–89), with organization and governance characterized by two dimensions, the degree of decisionmaking coordination and the open-endedness of the problem to be solved (that is, one governance dimension and one measurement dimension). Our emphasis on resources and dynamics is distinct from other leading frameworks for describing intersectional collaboration (for example, those reviewed in Bryson, Crosby, and Stone, "The Design and Implementation of Cross-Sector Collaborations: Propositions from the Literature"). While useful, these models focus on just a few dimensions of intersectional organization and governance and do not build on the full range of theories and mechanisms proposed in the management and economics literatures.

7. Oliver E. Williamson, *The Economic Institutions of Capitalism* (New York: Free Press, 1985); Oliver E. Williamson, *The Mechanisms of Governance* (Oxford University Press, 1996); Paul Milgrom and John Roberts, *Economics, Organization, and Management* (New York: Pearson, 1992); David Levi-Faur, editor, *Oxford Handbook of Governance* (Oxford University Press, 2012).

8. Anna Grandori, editor, *Handbook of Economic Organization* (Aldershot, U.K.: Edward Elgar, 2014); Williamson, *The Mechanisms of Governance*.

9. Peter Klein and others, "Capabilities and Strategic Entrepreneurship in Public Organizations," *Strategic Entrepreneurship Journal* 7 (March 2013), pp. 70–91; Baum and McGahan, "The Reorganization of Legitimate Violence."

10. Klein and others, "Capabilities and Strategic Entrepreneurship."

11. A constitutional republic with a federal system also can be understood as a system of governance (see Lisa Blomgren Amsler, this volume).

12. Kathy Babiak and Lucie Thibault, "Challenges in Multiple Cross-Sector Partnerships," *Nonprofit and Voluntary Sector Quarterly* 38, 1, pp. 117–43.

13. Henry Hansmann, *The Ownership of Enterprise* (Harvard University Press, 2000); Peter Klein and others, "Who Is In Charge? A Property Rights Perspective on Stakeholder Governance," *Strategic Organization* 10, 3 (August 2012), pp. 304–15; Peter Klein and others, "Organizational Governance Adaptation: Who Is In, Who Is

Out, and Who Gets What," *Academy of Management Review* 44, 1 (January 2019), pp. 6–27.

14. Klein and others, "Capabilities and Strategic Entrepreneurship."

15. Eric Boyer's example of the El Paso Children's Museum (this volume) describes another case where goal divergence at the later stages of the project required coordinated adaptation.

16. Ilavenil Ramiah and Michael R. Reich, "Building Effective Public-Private Partnerships: Experiences and Lessons from the African Comprehensive HIV/AIDS Partnerships (ACHAP)," *Social Science & Medicine* 63, 2 (July 2006), pp. 397–408.

17. Baum and McGahan, "The Reorganization of Legitimate Violence."

18. See Chandra, this volume.

19. Jay B. Barney, "Firm Resources and Sustained Competitive Advantage," *Journal of Management* 17, 1 (March 1991), pp. 99–120; E. T. Penrose, *The Theory of the Growth of the Firm* (New York: John Wiley, 1959); Birger Wernerfelt, "A Resource-Based View of the Firm," *Strategic Management Journal* 5, 2 (April-June 1984), pp. 171–80; Barney, "Firm Resources and Sustained Competitive Advantage."

20. Jeffrey S. Harrison, "Resource Complementarity in Business Combinations: Extending the Logic to Organizational Alliances," *Journal of Management* 27, 6 (December 2001), pp. 679–90.

21. Williamson, *The Economic Institutions of Capitalism.*

22. Oliver E. Williamson, "Franchise Bidding for Natural Monopolies—In General and With Respect to CATV," *Bell Journal of Economics* 7, 1 (March 1976), pp. 73–104.

23. Ludwig von Mises, *Bureaucracy* (Yale University Press, 1944).

24. Kirk Emerson and Min Woo Ahn (this volume) emphasize uncertainty, along with interdependence and different incentives, as environmental challenges that give rise to cross-sector collaboration. Our framework shows that these considerations also determine its success.

25. Klein and others, "Capabilities and Strategic Entrepreneurship."

26. Klein and others, "Organizational Governance Adaptation."

27. See Ruth N. López Turley and Brian Holzman, this volume.

28. Williamson, *The Economic Institutions of Capitalism.*