Authors
Jennifer Sdunzik, Daniel Bampoh, Lindley McDavid, Wilella D. Burgess, Joseph V. Sinfield

About LASER PULSE
LASER (Long-term Assistance and SErvices for Research) PULSE (Partners for University-Led Solutions Engine) is a five-year, $70M program funded through USAID’s Innovation, Technology, and Research Hub, that delivers research-driven solutions to field-sourced development challenges in USAID interest countries.

A consortium led by Purdue University, with core partners Catholic Relief Services, Indiana University, Makerere University, and the University of Notre Dame, implements the LASER PULSE program through a growing network of 2,300+ researchers and development practitioners in 56 countries.

LASER PULSE collaborates with USAID missions, bureaus, and independent offices, and other local stakeholders to identify research needs for critical development challenges, and funds and strengthens the capacity of researcher-practitioner teams to co-design solutions that translate into policy and practice.

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Executive Summary

This report presents the findings of a comprehensive, systematic literature review aimed at examining the factors that impact the efficacy and sustainability of private sector engagement (PSE). More than 2,000 articles within the management and social science literature were reviewed to develop an actionable understanding of inter-organizational engagement in cross-sector partnerships. The report synthesizes the evidence into Partnership Capacity Theory (PCT), a new perspective on inter-organizational partnerships that both frames and enables actionable insights. PCT offers an evidence-based understanding of partnerships that guided the research team’s strategy to address the three questions posed by USAID as part of their PSE Evidence and Learning Strategy:

- What is the effectiveness of different forms of engagement?
- What external factors drive effective engagement in the private sector?
- What PSE relationship qualities influence outcomes?

Partnership Capacity Theory will enhance PSE opportunities by:

- Identifying essential motivational, contextual, and relational partnership components and intersections
- Facilitating an understanding of best management practices and strategies
- Translating evidence-based insights to inform effective private sector engagement

PCT: A Needed Approach to Partnerships for Development

This document presents a new interdisciplinary, theoretical framework and partnership approach, Partnership Capacity Theory (PCT). Partnership Capacity is the ability to create a pool of skills, resources, and capabilities that contribute to a cohesive effort to address inter-organizational interests and create shared value in a manner appropriate for the given context.

Prior to PCT, there was no unifying framework of partnerships for development that systematically considers the concurrent influences of three essential partnership domains (Figure 1):

1) Partnership purpose (Why do organizations partner? What do they need?),
2) Partnership context (How do the partner and environment affect the partnership?)
3) Relationship quality (How do organizations establish effective relationships?)

Previous frameworks often focus on a single domain of partnerships, PCT considers the individual and collective impacts of Purpose, Context, and Relationships. This novel approach will better guide partnerships that operate in the complexities of the real world that must accommodate, address, and enhance each domain to foster effective and sustainable partnerships.
PCT Validation Findings

Purpose Domain

We identified 14 purposes that represent the unique needs of the private sector that motivate their pursuit of partnerships. These purposes fall into two groups: 1) Pragmatic Business Logic and 2) Principled Business Logic. Pragmatic Business Logic represents private sector purposes that center on existential and operational purposes. Principled Business Logic represents relational and bridging purposes. See Figure 2 for characteristics of each group and sub-group.

<table>
<thead>
<tr>
<th>Existential Purposes</th>
<th>Operational Purposes</th>
</tr>
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<tbody>
<tr>
<td>✓ Legitimacy, Necessity, Stability</td>
<td>✓ Asymmetry, Efficiency, Innovation, Profit</td>
</tr>
<tr>
<td>✓ Respond to circumstances</td>
<td>✓ Capitalize on circumstances</td>
</tr>
<tr>
<td>✓ Firm survival is central</td>
<td>✓ Business operations are central</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Relational Purposes</th>
<th>Bridging Purposes</th>
</tr>
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<tbody>
<tr>
<td>✓ Altruism, CSR, Reciprocity, Sustainability</td>
<td>✓ Capability, Capacity, Value</td>
</tr>
<tr>
<td>✓ Giving back to society</td>
<td>✓ Accommodate project and partner goals</td>
</tr>
<tr>
<td>✓ Host societies are central</td>
<td>✓ Tangible/ intangible benefits are central</td>
</tr>
</tbody>
</table>

Pragmatic Business Logic

Principled Business Logic

Key Take-Away: Purpose incongruity does not mean partnership incompatibility! In practice, partners likely have different purposes for pursuing partnerships. However, PCT helps account for these divergent purposes to curb partnership non-starts or failure by: 1) providing a framework for partners to identify and discuss their purposes, 2) finding potential alignments among divergent purposes, and 3) identifying how the partnership context and relationship enablers can help navigate purpose incongruity.

Context Domain

We identified seven contextual associations that connect different levels of the partnership environment to partnership dynamics, activities, and outcomes. Figure 3 illustrates an impact horizon of contextual factors across scale that accounts for both time and space. Dashed lines indicate porous boundaries that permit interactions between the contextual dimensions. Higher scales contain contextual factors that are less variable across time and space. Although different in scale, all contextual dimensions included in this figure are independent but connected and should be considered together.

Key Take-Away: Unfavorable does not mean unpartnerable! PCT teaches partners how to conceptualize and consider complex contextual elements. With this information in hand, partners can work to optimize the given state and potential sustainability of partnerships within the
constraints and levers of different contextual scenarios. Using PCT, partners can focus their efforts on the identified, interrelated contextual elements and work to implement ameliorative strategies for less favorable context states and leverage inter-organizational capabilities to switch to more favorable context states, improving outcomes for all partnership stakeholders. Further, this structure helps provide a guide for partnership reporting and strategies as they pertain to these specific contextual elements to enable best practice implementation within and across similar partnership contexts.

**Relationship Domain**

We identified 13 relationship enablers in three groups: 1) structural mechanisms, 2) behavioral attributes, and 3) cognitive states (Table 1). Structural mechanisms are systemic modes of relationship dynamics that influence partnership activities and operations. Behavioral attributes are action modes of partner engagement that drive exchange and interaction. Cognitive states are mental modes of relationship status in partnerships that are complicated to measure and evaluate but crucial for partnership success. Table 1 lists the groups with respective relationship enablers and key characteristics. We divided three of the enablers – roles and responsibility, shared authority and decision making, and flexibility and compromise – to account for the more structural, behavioral, and cognitive qualities within them.

**Table 1: Characteristics of Relationship Enabler Groups**

<table>
<thead>
<tr>
<th>Structural Mechanisms</th>
<th>Behavioral Attributes</th>
<th>Cognitive States</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Managerial efforts, mutuality, positionality, roles, shared authority</td>
<td>✓ Communication, compromise, decision making, PES, responsibilities, risk allocation</td>
<td>✓ Accountability, commitment, flexibility, transparency, trust</td>
</tr>
<tr>
<td>✓ Organizational mechanisms</td>
<td>✓ Operational mechanisms</td>
<td>✓ Conceptual mechanisms</td>
</tr>
<tr>
<td>✓ Feature prominently in partnership formation phases</td>
<td>✓ Feature prominently in partnership execution phases</td>
<td>✓ Feature prominently in partnership evaluation phases</td>
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**Key Take-Away: Partner relationships need nurturing like personal relationships!**

Partnerships require proactive relationship management and the three groups of relationship enablers identify actionable targets. PCT recommends strategic relationship enabler implementation given purpose and context factors, and partnership development phase. PCT provides the framework for partners to simultaneously navigate and accommodate purpose and context factors while also identifying how to enhance partnership sustainability and effectiveness using relationship enablers.
Discussion and Recommendations

PCT is strongly supported by the literature and presents a holistic approach that creates opportunities for action within the purpose, context, and relationship domains. When implemented strategically, PCT will help foster partnership health, effectiveness, and sustainability.

Table 2 below provides five fundamental recommendations to organizations and partnership managers for strategic partner selection and proactive partnership management and outcomes.

**Table 2 PCT-based recommendations for partner and partnership management**

<table>
<thead>
<tr>
<th>PCT-Based Partnership Strategy</th>
<th>Outcomes</th>
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| 1) Determine partner and partnership purposes | • Address points of stress or misalignment  
• Leverage points of alignment  
• Accommodate diverse interests |
| 2) Characterize partner and partnership context | • Know stakeholder and local context  
• Curate and share knowledge |
| 3) Identify relevant partner and partnership purpose-context interaction domains | • Map purposes to influential contexts  
• Co-plan purpose-context management priorities |
| 4) Develop relationship-enabling strategies for optimal purpose-context management | • Create robust relationship enabling tools  
• Deploy appropriate tools for purpose-context |
| 5) Use the PCT framework to document learnings and insights from partnership processes and outcomes | • Collect PCT process and outcome information  
• Identify opportunities to integrate new insights  
• Translate learnings to future partnerships |