Organisational learning through public-private partnerships: a human resource management perspective

Herlin Chien

Department of International Affairs,
Wenzao Ursuline University of Languages,
No. 900 Sec. 1 Mintzu Road,
Kaohsiung, Taiwan
Email: 98036@mail.wzu.edu.tw

Abstract: This paper aims to investigate the nature and location of organisational learning in the public sector from the perspective of human resource management (HRM). The research examines how the quality of social interaction in public-private joint programs affects knowledge flow and the dynamics of organisational learning. To explore this theoretical argument, an empirical analysis of five public-private partnerships (PPP) across different social welfare policy domains is conducted in Taipei, Taiwan. The contributions of this research are fourfold. First, it is one of the few studies to expand HRM to the non-private sector and, especially, to cross-sectoral collaboration. Second, the study views PPP as a potential expansion of government's HR structure and an opportunity to promote organisational learning. Third, this work demonstrates how organisational learning is dependent on social relations between actors. Last, a fundamental distinction between a public and a private organisation is made to suggest that different HRM strategy is required for each.

Keywords: organisational learning; public-private partnership; PPP; human resource management; HRM; human resource development; HRD; social interaction; public policy; Taiwan; non-governmental organisation; NGO; network governance.

Biographical notes: Herlin Chien is an Assistant Professor with PhD in Political Science from National Sun Yat-sen University in Taiwan. Her academic interest includes organisational change and innovation, power sharing, PPP and comparative politics. Her recent researches focus on how public, private sectors and citizen can cooperate to collectively solve social problems and coproduce public value. A sample of her related publication can be found in Chien (2015).

This paper is a revised and expanded version of a paper entitled 'Organizational learning through public-private partnerships: a human resource management perspective' presented at 20th Annual Conference of the International Research Society for Public Administration (IRSPM), Hong Kong, 13–15 April 2016.

1 Introduction

What is the key to a sustainable organisation? The answer often engages with the concept of organisational learning, which is closely related to human resource management (HRM) strategy (Gerhart and Trevor, 1996; Huselid, 1995; Snell and Dean, 1992; Lee and Kim, 2012; Tomaževiè et al., 2014) and human resource development (HRD) (Preskill, 1996; Ulrich, 1997; Schuster and Zingheim, 1992; Sheehan et al., 2013). However, the HRM and HRD logics apply mostly to the private sector, whose annual reports almost unanimously emphasise the importance of employees to the ultimate success of the business (Gilley and Maycunich, 2000). Can the same strategy also be useful for the public sector, which seeks the same goal of 'serving better'? In today's world, which is characterised by network governance (Sørensen, 2002; Bogason and Musso, 2006; Sørensen and Torfing, 2016), how can the public sector benefit from collaboration between government and non-governmental organisations (NGOs) (Kooiman, 1993, 2003; Jones et al., 1997; Rhodes, 1997), or the so-called public-private partnership (PPP) (Bovaird, 2004, 2010; Beauregard, 1998; Ekström and Dorn, 2014; Metaxas and Preza, 2015)? What is the impact of different HRM strategies on organisational learning in the public sector (Berman et al., 2015)?

In response to and inspired by the above theoretical puzzles, this research attempts to empirically investigate how the quality of social interaction between the public sector and the third sector affects knowledge flow and the dynamics of organisational learning in government. By analysing five PPPs across different social welfare policy domains in Taipei, Taiwan, this research makes four contributions. First, it is one of the few studies to expand HRM to the non-private sector (Akingbola, 2013; Denhardt et al., 2015; Berman et al., 2015; Vanhala and Stavrou, 2013) and particularly to cross-sectoral collaboration (Waring et al., 2013; Bishop, 2011). Second, the study orients our scholarly attention to view PPP as a potential expansion of the public sector's HR structure and as an opportunity to promote cross-sectoral knowledge flow and organisational learning. Third, this work demonstrates how the mode of organisational learning is dependent on HR architecture and the social relations between actors. Last, a fundamental distinction between a public and a private organisation is made before suggesting that although conventional wisdom for private firms is to have the greater percentage of human capital trained internally through a 'make' strategy as part of the branding effort, the public sector requires an integration of make and buy strategies to both maintain the status quo and generate continuous improvement.

The structure of the paper is as follows. To proceed, a literature review on human resource (HR) architecture in HRM is first delineated before linking HRD to organisational learning and comparing related extant studies. Then, the method used in this research, its methodological limitations, and five selected empirical cases of PPPs in Taiwan are introduced, along with the three types of data analysis used:

1 HR architecture analysis

2 relational component analysis and its impact on organisation learning

3 comparing fundamentals embedded in the public and private sectors.

In conclusion, the last session discusses four contributions of the paper, its general limitations and directions for future research.

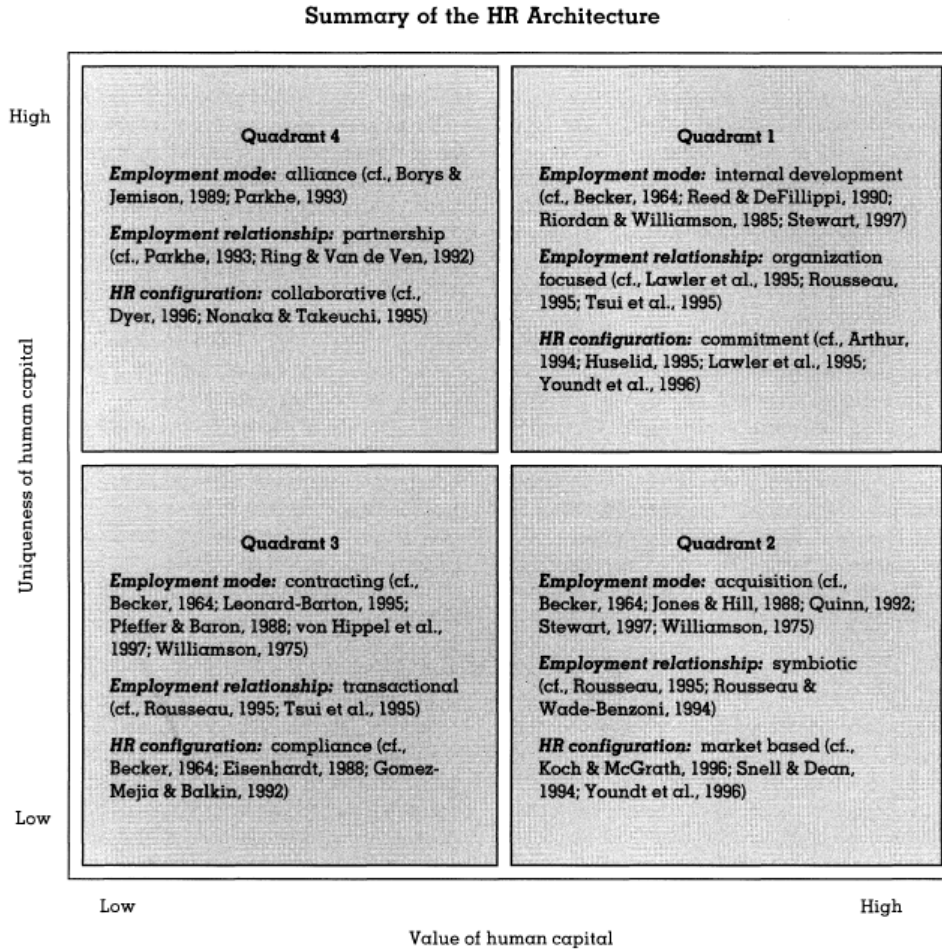## 2   HR architecture and organisational development strategy

To boost organisational effectiveness, scholars have debated between a make or a buy decision (Miles and Snow, 1984), in other words, between the internal development of skills and capabilities (Lei and Hitt, 1995; Hamel and Prahalad, 1994; Lee et al., 2015; Paiola et al., 2013) or externalisation (Davis-Blake and Uzzi, 1993; Bidwell and Keller, 2014; Cesarani, 2014). Whereas an internalisation strategy offers organisations greater stability and predictability in their stock of knowledge and skills (Pfeffer and Baron, 1988; Dobbie and MacMillan, 2010), a decision to seek external employees can cut administrative costs (Welch and Nayak, 1992; Doellgast et al., 2016) and enhance organisational flexibility (Snow et al., 1992). Additionally, an outsourcing strategy enables an organisation to focus on core capability development while having more discretionary access to vendor innovations (Quinn, 1992; Fritsch and Görg, 2015). In other words, the key to maintaining a competitive advantage for firms, as argued by many, is identifying core or peripheral assets among employees (Barney, 1991) and learning how to efficiently manage these resources to maximise profit and the value of human capital (Arthur, 1994, Snell and Dean, 1992). According to the resource-based perspective, core employee skills that are central to a firm's competitiveness should be developed internally, and those of peripheral value are candidates for externalisation (Venkatesan, 1992; Susomrith and Brown, 2013).

Drawing from transaction cost economics, human capital theory and the resource-based view of the firm, Lepak and Snell (1999, 2002) developed HR architecture. They assume that the value of human capital depends on its potential to contribute to competitive advantage. If employees can help firms to offer lower prices or provide increased benefits to customers, they are considered to be valuable (Snell et al., 1996). Uniqueness and a firm-specific skill set in employees are also sources of sustained competitive advantage [Snell et al., (1996), p.65; Barney, 1991] that are suggested to be suitable for internal development (Chiesa and Barbeschi, 1994). Based on the value and uniqueness of human capital, four quadrants are identified in the HR architecture shown in Figure 1.

The four quadrants correspond to two internal employment modes and two external modes: develop, acquire, contract and alliance. Their respective HR configurations are commitment, market-based, compliance and collaborative.

Beyond HR architecture, scholars also discuss the concept of the human capital resource (HCR) (Kraaijenbrink, 2011) as a source of sustainable competitive advantage. Ployhart and Moliterno further define HCR as a "unit-level resource that is created from the emergence of individuals' knowledge, skills, abilities, and other characteristics" (2011, p.127). In other words, HCR can be understood as a collective construct with the individual as the microfoundation (Felin and Hesterly, 2007; Teece 2007; 2011). This individual characteristic along with their unique psychological endowments make attracting, retaining and motivating employees the source of a resource-based competitive advantage (Coff and Kryscynski, 2011).

Figure 1 Human resource architecture

Summary of the HR Architecture

High

Uniqueness of human capital

Quadrant 4

Employment mode: alliance (cf., Borys & Jemison, 1989; Parkhe, 1993)

Employment relationship: partnership (cf., Parkhe, 1993; Ring & Van de Ven, 1992)

HR configuration: collaborative (cf., Dyer, 1996; Nonaka & Takeuchi, 1995)

Quadrant 1

Employment mode: internal development (cf., Becker, 1964; Reed & DeFillippi, 1990; Riordan & Williamson, 1985; Stewart, 1997)

Employment relationship: organization focused (cf., Lawler et al., 1995; Rousseau, 1995; Tsui et al., 1995)

HR configuration: commitment (cf., Arthur, 1994; Huselid, 1995; Lawler et al., 1995; Youndt et al., 1996)

Quadrant 3

Employment mode: contracting (cf., Becker, 1964; Leonard-Barton, 1995; Pfeffer & Baron, 1988; von Hippel et al., 1997; Williamson, 1975)

Employment relationship: transactional (cf., Rousseau, 1995; Tsui et al., 1995)

HR configuration: compliance (cf., Becker, 1964; Eisenhardt, 1988; Gomez-Mejia & Balkin, 1992)

Quadrant 2

Employment mode: acquisition (cf., Becker, 1964; Jones & Hill, 1988; Quinn, 1992; Stewart, 1997; Williamson, 1975)

Employment relationship: symbiotic (cf., Rousseau, 1995; Rousseau & Wade-Benzoni, 1994)

HR configuration: market based (cf., Koch & McGrath, 1996; Snell & Dean, 1994; Youndt et al., 1996)

Low

Low   High

Value of human capital

Source: Lepak and Snell (1999, p.37, Figure 2).

3 HRD and organisational learning

Under the HR architecture, the relational components in HRD are key to the success of an organisation in terms of organisational learning. According to Marquardt (1996, p.229), a learning organisation learns powerfully and collectively, continuously transforming itself to better manage and use knowledge to achieve success. In such an agile and flexible organisation, workers network in an innovative community inside and outside of the organisation, and everyone is driven by a desire for quality and continuous improvement (1996, pp.19–20). By the same token, Gilley and Maycunich (2000) emphasise the critical role of 'human resources' in the transformation from a 'traditional organisation' to a 'learning organisation'. In their model of the evolution of an organisation, a learning organisation is not satisfied with the mere 'improved performance' and 'knowledge acquisition' that a traditional organisation strives to achieve. Rather, 'continuous

learning' and 'application and reflection' allow a learning organisation to stand out because developmental activities are conducted through deuteron learning and action learning. Moreover, learning here has little to do with taking in information (Senge, 1990; 2014b) but instead addresses building the capacity to create. The learning process (learning how to learn) is far more important than the outcome (including the learning content). In sum, learning is tacit, occurring in one's intuition, expertise, common sense, core competencies and the like (Boyett and Boyett, 1995).

What exact role does HRD play in organisational learning? One way to dissect the impact of HRD on organisational learning is to follow the knowledge flow created within or across organisational boundaries (Argote and Ingram, 2000; Xie et al., 2014). Grant argues that knowledge stocks provide the foundation for an organisation's core competencies (1996). Organisational learning is facilitated by knowledge flows, which enable an organisation to expand, refine, and modify its knowledge stocks, thereby creating dynamic capabilities (Teece et al., 1997). Without active knowledge flow, researchers have found that knowledge stocks can cause organisational rigidity (Leonard-Barton, 1995; Zahra, 2012).

Specifically, Kale et al. (2000) contend that valuable knowledge flow takes place in *social interactions*[1] because informal, rather than formal and hierarchical, relations are considered to be more efficient mechanisms for sharing both tacit and explicit knowledge (Spender, 1996; Kogut and Zander, 1992; Nonaka and Takeuchi, 1995). Based on this theoretical foundation, the quality of social interactions is pivotal to knowledge flows and how an organisation learns because high quality interactions increase employees' motivation and their ability to access and mobilise one another's knowledge (Dyer and Nobeoka, 2000; Leana and van Buren, 1999; Nahapiet and Ghoshal, 1998). To systematically analyse the social relation structure and its correlational effect on organisational learning, Kang et al. (2007) summarise three dimensions of social interactions to examine two types of organisational learning: how variations in structural, affective, and cognitive elements of social relations may be associated with either exploitative or exploratory learning.

Table 1   Relational components of organisational learning*

	Exploratory	*Exploitative*
Structural	Weak/non-redundant networks	Strong/dense networks
Affective	Resilient dyadic trust	Generalised trust
Cognitive	Common component knowledge	Common architectural knowledge

Note: *This is a revised version of Figure 1 in Kang et al. (2007, p.242).

Table 1 illustrates the above-mentioned three relational components of organisational learning. Exploratory learning involves acquiring knowledge that is not used in the existing organisation. In contrast, exploitative learning refines and deepens existing knowledge (March, 1991). In terms of the structural element of social relations, Granovetter (1992) and Uzzi (1997) suggest two ways that network structures can affect employees' knowledge flows within and across organisations: strength of ties, which refers to how often actors interact, and network density, which identifies who interacts with whom. Researchers have found that strong and dense ties can facilitate fine-grained and in-depth knowledge that is useful for the exploitative type of learning. However,

employees' opportunities to explore varied knowledge may be limited if they are locked into narrow social circles (Gargiulo and Benassi, 2000).

An affective perspective would argue that two forms of trust affect knowledge exchange: generalised trust, referring to impersonal or institutional trust, and resilient dyadic trust, describing two parties with direct experience of each other (McAllister, 1995; Sheppard and Tuchinsky, 1996). While the former has the potential to facilitate continuous improvement within the same legal institutional framework for exploitative learning, it restricts relationships with those outside of the social unit. In other words, organisational learning, especially the exploratory type, across organisations of different levels or natures is difficult with a social network pattern based on generalised trust. Employees' motivation to accept new ideas is also reduced (Portes, 2000; Jones and George, 1998).

Finally, to understand how knowledge is used to produce new value and promote organisational change, Henderson and Clark (1990) emphasise two different forms of knowledge. Of the two, common component knowledge better allows employees to recognise, understand and absorb novel knowledge from a wide range of relational partners, such as those outside of the organisation, and thus to pursue exploratory learning. Common architectural knowledge, in contrast, helps employees to understand the bigger picture (Hill and Levenhagen, 1995; Nonaka, 1991) and to understand that tweaking existing knowledge can be acceptable even in areas where they lack expertise (Weick and Roberts, 1993; King and Ranft, 2001) in exploitative learning.

4 Method, limits and case description

To explore how HR architecture in HRM and relational components in HRD affect organisational learning in the public sector, I randomly select five PPP programs run by the Taipei City Government in Taiwan as instrumental cases from over a dozen interviews conducted during 2012–2014. Representatives from both the public and the private sectors of the PPP collaboration project were interviewed. Upon completion of the interview, three types of data analysis were performed:

1 HR architecture analysis

2 relational component analysis and its impact on organisation learning

3 comparing fundamentals embedded in the public and private sectors.

Table 2 Interviewees in the public and private sectors

C1	C2	C3	C4	C5
Public: 1 section chief	Public: 1 section chief	Public: 1 section chief	Public: 1 officer	Public: 1 section chief
Private: 1 general manager for the centre	Private: 1 president of Chiu-ju Community Association/ 1 staff	Private: 2 social workers	Private: 1 general manager/ 1 staff	Private: 1 manager

Table 3   PPP case background information

#	Public agency	3rd sector	Duration	Public problem to be solved	Proposed solution	Total case
1	Taipei City Government, Dept. of Social Welfare, Division of Welfare Services for Women and Child Care Centres	11 NGOs, ex., Chen Cheng-po Cultural Foundation	2011–present 3-year contract	Insufficient safe public space for children	Introduce Taipei City parent-child centres	13 centres as of Sept. 2014
2	Taipei City Government, Dept. of Social Welfare, Division of Civic Organizations	Community Associations, ex., Chiu-ju Community Association	2012–2014 2-year contract Failed to renew	Lack of civic awareness and ability to communicate needs to government among Taipei residents	Introduce community empowerment projects	80 out of 350 Taipei centres
3	Taipei City Government, Dept. of Social Welfare, Division of Welfare Service for Children and Youth	NGOs, ex., The Garden of Hope Foundation	1996 (first opened)–present 3-year contract	Problems with youth, especially underprivileged youth	Introduce youth service centres	6 centres as of Sept. 2014
4	Taipei City Government, Dept. of Social Welfare, Division of Welfare Services for the Disabled	1 NGO, Eden Social Welfare Foundation	Initiated in 2009 Open bid in 2012 4-year contract	Lack of comprehensive approach to rehabilitation for individuals with psychiatric disabilities	Introduce clubhouse model for psychosocial rehabilitation services	1 Eden Clubhouse
5	Taipei City Government, Dept. of Social Welfare, Division of Welfare Services for Senior Citizens	Hundreds of businesses/NGOs/public agencies/churches	2011–present No contract	Senior citizens are unwilling and find it inconvenient to go outdoors	Introduce senior-friendly stations	800 prior to Aug. 2014

This type of method, with grounded understandings of how social interaction affects HRM, nevertheless has its limits. Qualitative research such as this better serves to explore theory and indicate future direction rather than to test hypotheses. Further empirical researches are recommended to be pursued, and the generalisation of these findings must be cautious even if they convey a potential to generate theory.

A total of five public officials and eight NGO representatives who work collaboratively on five PPP cases took part in unstructured interviews (Table 2). Open questions posed during each interview included 'can you describe your collaboration with the private/public sector?', 'how often do you meet?', and 'how are your relationships?'. These questions were used to gather data on the formation of the HR structure and to understand the structural, affective and cognitive dimensions of the PPP relations.

The randomly selected PPP cases in Taiwan include collaborations between the Taipei City Government and NGOs in the sectors of woman/child welfare; civic engagement; and services for youth, individuals with disabilities and senior citizens (Table 3). Although these social welfare-related sectors are traditionally areas where government and civil society interact more, historically, the mode of interaction tended to be hierarchical and to take the form of public grants, financial subsidies or the intervention of social workers rather than of horizontal or collaborative relationships between the public and civil society.

Table 4   Organisational learning in five cases

	Signs of organisational learning
C1	Continuous learning between public officials and NGOs and among different NGOs in both routines and new concepts for offering child care
C2	Government learns from this failed case that it must change its mode of outsourcing for next open bidding
C3	Some signs of organisational learning, learning between public officials and NGOs
C4	NGO's alternative for addressing individuals with psychiatric disabilities represents a new method for the public official; however, the government did not learn the details of the operations
C5	Cost-free alliance between public and private sectors is a new experiment; It represents a new way of solving social problems through the government utilising or pooling free societal resources.

Table 4 summarises how the interviewees view each of the five cases as promoting organisational learning in the public sector. Whereas C1 exhibits continuous learning between public officials and NGOs and even among the different NGOs involved in the same successful parent-child centre PPP project, the Taipei City Government learned in one shot from the failed case of C2 that it needed to change its mode of outsourcing for the following year. C4 and C5, however, represent alternative ways of solving social problems for the Taipei City Government – conceptual learning. The former project is a new way of managing psychiatric patients proposed by the NGO. The latter is a new way of using existing societal resources to build a cost-free alliance between the public and private sectors to solve a social problem – in this case, to create a more convenient and friendly urban environment for senior citizens. Because this cost-free alliance model has worked well thus far, the Taipei City Government is planning to expand it to serve individuals with disabilities. The government is focusing on restaurants, identifying 'friendly restaurants' in Taipei for both seniors and people with disabilities who need, for

example, more convenient and spacious dining areas or wheelchair-friendly environments (interview with Division of Welfare Services for Senior Citizens, Taipei City Government on 27 August 2014).

Based on the interviews, the HR structures of the five PPP cases are described in Table 5. All PPP cases inevitably involve a public sector decision of whether to 'buy' or outsource HRs, except for C5, which cannot be considered a 'buy' decision because no public funds were injected into this collaborative project between the business community and civil society. Therefore, the 'buy' part of the HR structure is labelled a 'cost-free alliance' for C5. As for the 'make' or internal training strategy, only C1 (labelled 'internalised make') was designed to allow periodic working meetings or training sessions among staff in the 13 Parent-Child Centres, including public officials or social workers. C3 (labelled 'periodic make') has only four regular working meetings per year and few training sessions between the six youth service centres and public officials. C4 ('admin make') has no regular meetings or training between the public and private hosts of the project but maintains a relationship entailing regular reporting or telephone conversations. C2 and C5 ('no make') have no internal training program within the PPP collaboration structure.

Table 5   HR structure of five cases

	Make	*Buy*
C1	*Internalised make*	3 + 3 year outsourcing contract
	Periodic working meetings/training sessions between different parent-child centres, joined by public officials.	1 public sector versus 13 NGOs
C2	*No make*	2-year outsourcing contract
	No working meetings or training sessions between centres and public officials	1 public sector versus 1 NGO versus 80 communities
C3	*Periodic make*	3-year outsourcing contract
	Four regular working meetings per year but few training sessions between centres or public officials; regular phone conversations and site visits	1 public sector versus 6 NGOs
C4	*Admin make*	4-year outsourcing contract/ 1st trial of non-grant subsidy
	No working meetings or training sessions between public and private sectors; rely on reports or telephone contact	1 public sector versus 1 NGO
C5	*No make*	Not a buy decision/cost-free alliance
	No working meetings or training sessions between public and private sectors; rely on telephone conversations	No public funds injected/ cost-free alliance
		1 public sector versus 800 private sector and NGOs

The relational component of the five empirical cases is summarised in Table 6. Based on an analysis of the descriptions given by the interviewees, all five cases are structured under weak social relation networks between the public and private institutions with impersonal or institutional trust. The only variation lies in the cognitive dimension. Whereas public and private institutions in C1, C3 and C5 share common component knowledge in some operational routines, such as standard operations in child care, youth

counselling and general care for seniors, C2 experiences incongruent knowledge sharing between the state and the NGO. The NGO in C4 shares only common architectural knowledge with the Taipei City Government, Division of Welfare Services for the Disabled; this organisation has no previous experience with the common practices that empower people with psychiatric disorders as individuals with potential rather than as patients.

Table 6 Relational component of five cases

	Structural dimension	*Affective dimension*	*Cognitive dimension*
C1	1:13* Weak network	Generalised trust	Common component knowledge
	Regular periodic meetings/reporting relationship between public and private sectors and between different centres as structured in the 3-year contract	Impersonal trust/more interaction or friendship might develop between NGOs that already know each other from being in the same field for decades/positive feelings toward this PPP cooperation	Overlapping knowledge on some routines of offering parent-child service yet leaves room for each centre to craft an individual program according to its expertise
C2	1:80 Very weak network	Generalised trust	Incongruent knowledge between state and NGO
	No regular meetings, only reporting relationship and grant application/no social relations between different communities	Impersonal trust	
	2-year contract/annual grant application		
C3	1:6 Weak network	Generalised trust	Common component knowledge on some routines of empowering youth yet leaves room for each centre to craft its individual programs according to its expertise
	Some telephone communication or random meetings/periodic reports as structured in contract/no meetings between different centres	Impersonal trust/decay of trust	
	3-year contract	Interviewee noted that once some NGOs mature, they begin to demand more resources that were not in previous agreement	
C4	1:1 Weak network	Generalised trust	Common architectural knowledge
	Grant application relation/periodic report evaluation/random visits	Institutional trust	Shared understanding of the interconnections in transforming the perspective on psychiatric patients to see how they can actively serve others
	4-year contract	During interview, officer from public sector appeared to disagree on some aspects of operations and methods	
C5	1:800 Weak network	Generalised trust	Common component knowledge on some routines of providing services to senior citizens
	No grant proposal/media exposure/win-win situation	Impersonal trust	

Note: *1:13 denotes number of government agencies versus civil society organisations involved in a particular PPP project.

Source: Data summarised and analysed from interviews conducted in 2014

5   Data analysis on HRM and organisational learning

To study how social interaction affects organisational learning in the public sector, three analyses are conducted in this paper. First, an HR architecture analysis of the five PPPs adapted from Lepak and Snell's model is performed. Second, a relational component of an organisational learning cross-analysis is developed based on three aspects – structural, affective and cognitive – and both the exploratory and exploitative types of organisational learning. Finally, the inherently distinct organisational fundamentals embedded in the public and private sectors are compared. This research contributes by reorienting scholarly attention to view PPP as a potential expansion of a government's HR structure and as an opportunity to acquire the new knowledge necessary for organisational change from external sources – an act of organisational learning or of cultivating a learning organisation. Modes of organisational learning are also dependent on HR architecture and the social relation between the public and private sectors.

5.1   Analysis of HR architecture

One way to make sense of how SHRM is used in organisations is to draw the HR architecture. Starting with the mapping by Lepak and Snell (1999, 2002) drawing mainly from firm behaviour, I adapt their HR architecture model by examining the empirical observations of the five PPP cases. Rather than using the value and uniqueness of human capital as strategic determinants of alternative employment modes, I propose using 'diversity' and the value of human capital as determinants (Figure 2) because governments, unlike firms, need not offer a firm-specific product or service but are expected to offer as diverse services as possible to serve a heterogeneous general public and to solve varied social problems.

However, this does not imply that more diverse human capital is more valuable to the public sector, as it has bifurcated organisational goals and means: maintaining order and seeking support or enforcing rules and innovatively solving problems. As illustrated in Figure 2, the government's internal development tends to employ less diverse human capital, especially in Taiwan, where the civil servant entrance exam is administered centrally for all governmental agencies at all levels through the Ministry of Examination. Taiwan's civil service is also the oldest system in the world, dating back to approximately the seventh century in the Sui dynasty in the era of imperial China[2]. The pay structure in this organisational system is not based on skill but rather on merit and rank. Once one enters the public sector through the civil servant examination in Taiwan, the internal development of the public sector further homogenises public employees to uniformly perform rule-abiding tasks to provide organisational stability and continuity. This process is reflected in quadrant 1, where the employment mode is internal development and the HRM decision is to 'make' through recursive internalisation training when rule-abiding skills are not available in the labour market.

Quadrant 1 of internal development, however, can only satisfy one aspect of the government's organisational goals – maintaining order. It appears to be increasingly out of the scope of the government as a single sector to solve social problems innovatively. No single actor, public or private, as argued by many network governance scholars, such as Kooiman (1993: 4), has all of the knowledge and information required to solve complex, dynamic and diverse problems (Sørensen and Torfing, 2016). This bilateral mode of governance is represented in quadrant 4 in the form of PPP – an alliance

employment mode with a partnership-oriented relationship. The HRM strategy in this mode is a mix – a make-and-buy decision where, if the alliance is optimised to produce its maximum capacity, the internal employees will learn from external human capital, and the outsourced staff will also learn how to follow the internal public rules (see the thick arrow on the right side of Figure 2 – optimisation: learning and unlearning).

Figure 2 Adapted HR architecture for the public sector (see online version for colours)
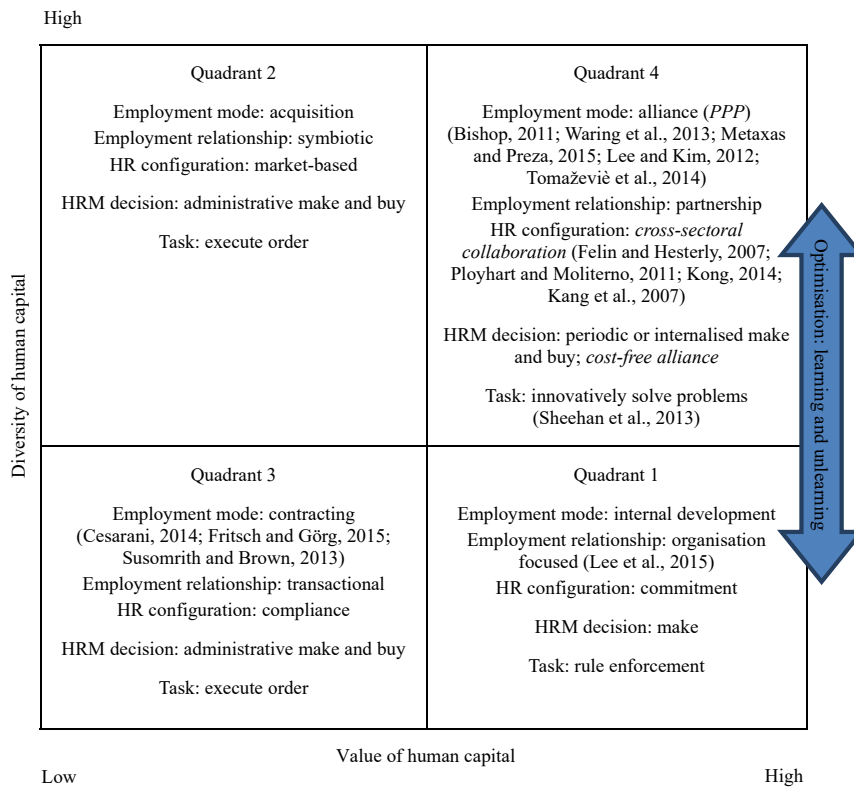
To explore in depth how organisations learn and unlearn, this study uses the five empirical cases to understand how various HRM decisions affect organisational learning in the public sector. Figure 3 summarises the analysis of organisational learning versus a make-or-buy decision.

C1, the parent-child centres, symbolises a case in which the public sector has made an effort to internalise knowledge acquired from the externalisation process, namely a collaborative project with civil society. For example, according to my interviewees, after running the Wanhwa Parent-Child Centre, situated in a community bloc with one of the highest percentages of senior citizens, the Taipei City Government's Department of Social Welfare, Division of Welfare Services for Women and Children proposed a new horizontal cooperation opportunity with the Division of Welfare Services for Seniors to install new equipment and co-develop entertaining new grandparent-child programs for the parent-child centre[3]. This internal cross-sector collaboration would not have been 'learned' if the knowledge acquired from the PPP – the buy decision – had not been

internalised and brought to the table for internal consideration. The learning capability for C1 is high because its PPP model is practiced under an internalised make-and-buy structure (internalised M&B), in which ongoing learning opportunities will be created recursively through regular training and working meetings between the public and private sectors.

Figure 3   Organisational learning and the make-and-buy decision
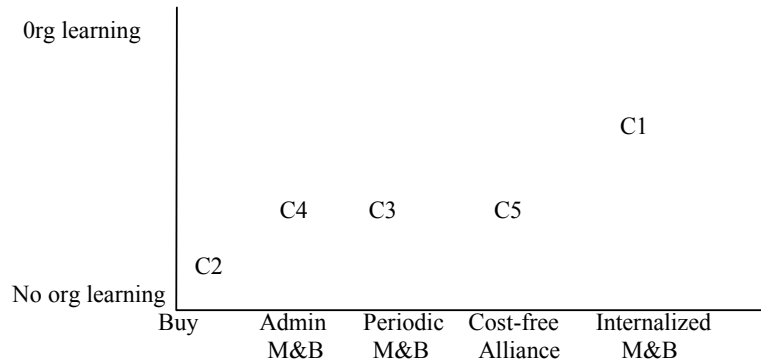
An opposing example is C2, operated by the Taipei City Government, Department of Social Welfare, Division of Civic Organizations, which is concerned with promoting civic engagement through community empowerment projects. This PPP assists more than 80 of the 350 communities in Taipei City and is outsourced to an NGO. Due to the lack of effective communication and internalised mechanisms (no 'make' decision) between the public sector and the outsourced NGO, the PPP was not renewed after a two year contract. Little organisational learning was acquired by the city government from the NGO, aside from the need to reopen the project to new bidders.

Furthermore, a deviant case in this study is C5, which is not a buy, a make or a mix decision. The senior-friendly station project initiated by the Taipei City Government is a 'cost-free alliance' between the private and public sectors to construct a senior-friendly environment with zero public budget. The local government is successfully collaborating with private companies or NGOs to provide a free public service. This cost-free alliance method of public-private collaboration represents an organisational learning experience for the government because it has begun to reorient its attention toward learning how to use cost-free or existing resources more efficiently. According to an interviewee from the Taipei City Government, this cost-free alliance experience prompted the local government to learn how to utilise free resources more efficiently, such as idle space and service time in Taipei sport centres. Seniors in Taipei can now use all sport centres for free, with one in each administrative district, during the idle times from 8-10 am and 2-4 pm. The Taipei City Government is also planning to collaborate with the private sector to provide physical examinations for seniors in those sport centres (interview on 27 August 2014).

5.2   *Relational component analysis*

Another method for understanding how organisations learn or unlearn is through exploring HRD or the context in which organisational learning occurs through social

interaction (Adler and Kwon, 2002; Dyer and Nobeoka, 2000) along the structural, affective and cognitive dimensions. I apply the relational archetype model proposed by Kang et al. (2007), which is based on March's (1991) two alternative types of organisational learning, exploratory and exploitative, to examine the five empirical PPP cases (Table 7) based on information provided by the interviewees.

I first find that there is no purely exploratory or exploitative learning case among the five empirical cases. All five cases exhibit a mix of the two types of organisational learning, perhaps with some having more traits of one type than of the other. For example, cases 1, 3 and 5 exhibit two traits of exploratory learning with weak social networks and generalised trust between the private and public sectors and one trait of exploitative learning in using common component knowledge to produce value. The organisational learning style of C4, however, is more exploitative (with two traits) than exploratory (with one trait).

Table 7   Analysis of relational components

Case	*Structural (weak or strong network)*	*Affective (resilient dyadic trust or generalised trust)*	*Cognitive (common component or common architectural knowledge)*
1 Child centre	Weak network (E)	Generalised trust (A)	Common component knowledge (E)
2 Civic org	Weak network (E)	Generalised trust (A)	Incongruent knowledge between state and NGO (no org learning)
3 Youth centre	Weak network (E)	Generalised trust (A)	Common component knowledge (E)
4 Centre for people with disabilities	Weak network (E)	Generalised trust (A)	Common architectural knowledge (A)
5 Senior station	Weak network (E)	Generalised trust (A)	Common component knowledge (E)

Note: E = exploratory learning; A = exploitative learning.

Figure 4   Relational component of organisational learning versus a make-and-buy decision
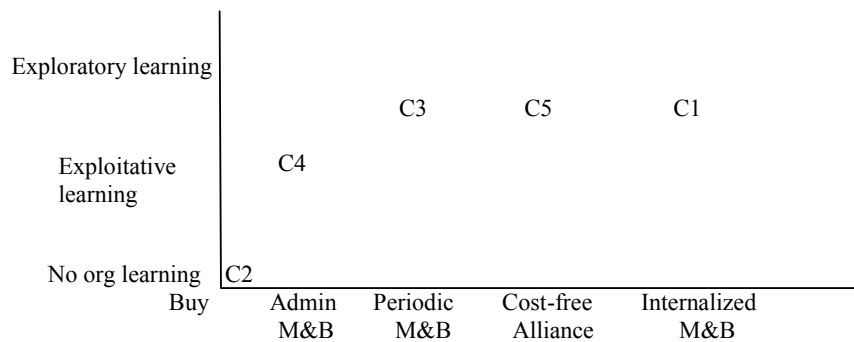
Coincidentally, all three cases with more exploratory learning traits are those involving a make-and-buy decision (Figure 4). In other words, the empirical cases show a correlation between the act of acquiring knowledge that is not used in an existing organisation and a combined make-and-buy decision. In contrast, C4, which involves more of a buy decision and less of a make decision (admin M&B), leads to more exploitative learning, which is the deepening and refining of existing knowledge.

5.3   Comparing fundamentals in the public and private sectors

Based on the above five public sector empirical cases, the assumptions and operational modes of the public and private sectors are compared in Table 8. Through juxtaposition, the table illustrates inherently different ways of functioning in a firm and in the government. While the target population of a firm is often particular consumers with homogeneous preferences, a government, once elected, must address millions of heterogeneous voters, regardless of their preferences. The nature of a product or service in any firm is usually firm specific, with an emphasis on branding; the public sector, however, is expected to offer public services that are comprehensive. In other words, the environment in which a firm is embedded is competitive and divisible, and different firms attract separate groups of customers as long as they can make a profit.

Table 8   First versus second sector comparative matrix

	2nd sector (firm)		*1st sector (government)*	
Target population	Consumer		Voter/citizen	
Nature of population	Homogeneous		Heterogeneous	
Nature of product/service	Firm specific/branding		Non-specific/comprehensive	
Environment	Competitive and divisible environment		Limited competitive environment/monopoly	
Organisational goal (end)	Maximise profit and market share		Maintain order/seek support	
Organisational method (means)	Increase competitive advantage		Rule enforcement and solutions to social problems	
Human resource	Skill-based pay		Rank- (exam, merit) based pay 14 official ranks in Taiwan	
Human resource acquisition	Make	Buy	Make	Buy
Capability for organisation's survival	Core capability	Peripheral capability	Core capability	Core capability
Attribute of capability	Innovation – learning/unlearning		Rule enforcing – provide stability	Learning/ unlearning – provide innovative solutions to social problems

Any government, in contrast, operates in a non-competitive environment and cannot divide its voters into those it wants to serve and those it wants to ignore. The organisational goal of a public institution is to maintain social order and to seek support from voters. Therefore, the means of reaching the organisational goal for a firm to survive is simpler – to increase the competitive advantage of the organisation by constantly innovating. For government, however, the means is at least twofold: rule enforcement and social problem solving. Performing these two tasks well sometimes requires different types of talent – the former needs talent that is more rigid and rule abiding to maintain institutional continuity; the latter can think outside of the box and propose creative methods to solve complex social problems.

In terms of make-or-buy HR decisions, firms believe that core capabilities must be trained internally, whereas peripheral capabilities can be outsourced. This HRM strategy may not apply to the public sector because, as informed by my empirical cases, both make and buy decisions could potentially provide the core capability that a government needs. For example, PPP is in essence a 'buy' decision in human capital management strategy. In C1 (Table 2), the Taipei City Government, Department of Social Welfare, Division of Welfare Services for Women and Child Care Centres, instead of providing parent/child services in-house, purchased the service from an external supplier – an NGO. According to our interviewee, who is in charge of this PPP project in the city government, these parent/child services are a response to problems raised in the 2009 child/adolescent development public survey; this survey is conducted every three years by the Taipei City Government. In that survey, Taipei citizens noted two major challenges in raising children in the urban Taipei environment: a need for monthly public subsidies for children and a lack of safe public space for parents and children to play. Shortly after the survey, the Taipei City mayor introduced two new policies in the Mayor's White Book, promising to provide a monthly stipend of NT $2,500 to children under 5 years old (beginning in 2011) and to build public parent-child centres for children under 6 years old (beginning in 2011).

In fewer than three years, by utilising public-private collaboration, 13 new parent-child centres were built and in active operation, which translates to at least one centre per administrative district, all with easy access via public transportation[4]. Each centre also offers unique and attractive programs crafted by the specific NGO in charge according to its particular emphasis and expertise, such as children' rights, children's theatrical productions, or early intervention programs for children with developmental delays. These diverse children's services are popular, not only garnering high satisfaction among parents and children in Taipei but also attracting foreign visitors travelling with small children. Obviously these public services could not have been provided within such a short period of time and with such a diverse array of programs if the government had not opted for the PPP 'buy' decision to expand human capital to provide a creative solution to a social problem. Additionally, the 'buy' decision also provides the public sector with an opportunity to learn or unlearn from external knowledge. Using this parent-child centre example, this paper argues that the public sector does not function like the private sector, which prefers to develop its core capabilities internally to increase its firm-specific competitive advantages. The public sector must solve an array of social problems and operate in a non-competitive environment. Citizens expect the 'monopolistic' public giant to offer comprehensive services instead of a firm-specific service. In this setting, a 'buy' decision for the public sector does more than add

peripheral capabilities; it develops the government's core capabilities to attract wider support from the public. PPPs provide the public sector with non-resident knowledge.

To more graphically depict a simulation to optimise organisational performance for the public sector in terms of make-or-buy decisions, Figure 5 compares the private and public sectors. In the private sector, where firms seek to achieve successful branding, conventional wisdom suggests that the greater the percentage of human capital trained internally and customised through the 'make' decision, rather than buying non-firm-specific talent, the better (Bettis et al., 1992). The pure acquisition of employment through a 'buy' decision for the entire firm may drive it from the market. In the case of the public sector, a pure 'make' decision might maintain the organisational status quo; however, any progressive move in the form of a vote share increase might need to combine the 'make' and 'buy' decisions in SHRM to take full advantage of knowledge acquired through the internalisation of externalised employment. This combination can take two forms: to engage in organisational learning via periodic make-and-buy decisions (periodic M&B) or to cultivate learning organisation via an integrated make-and-buy decision (M&B).

Figure 5   Make-and/or-buy decisions
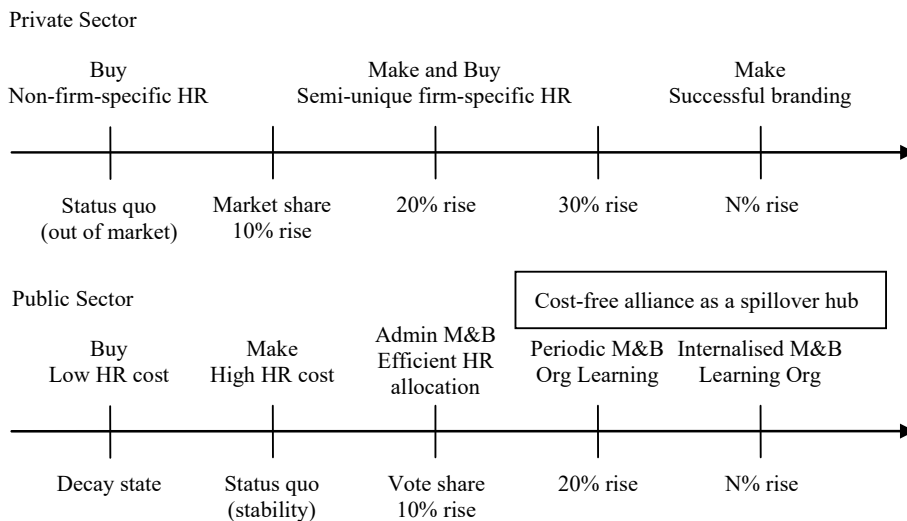
The above-simulated comparison of public-private employment informs us that there may not be a 'best practice' for HRM or strategy as some theorists have suggested [Becker and Gerhart, 1996; Delery and Doty, (1996), p.803]. At the very least, the best practices for a particular entity depend on the nature and the goals of the organisation. Questions such as 'best for whom?' or 'best for what?' should also be considered. Moreover, the analysis reveals that HRM is not static but is rather full of dynamics. HR systems are not monolithic. By strategically managing the HR structure, an organisation can avoid its decay and may even be able to equip itself with a greater capability to learn and adapt to the changing environment.

6 Concluding discussion

This paper begins with a puzzle – what is the key to a sustainable organisation? Whereas most scholars agree that the answer of this puzzle is organisational learning, organisational learning takes various forms. In this research, a HRM perspective (Argote and Ingram, 2000; Gilley and Maycunich, 2000; Xie et al., 2014; Zahra, 2012) is used to study how cross-sectoral partnership between the public and the third sector fosters organisational learning in government. Theoretically, the research challenges the so called 'best practice' for HRM [Becker and Gerhart, 1996; Delery and Doty, (1996), p.803] and encourages scholars to look deeper by performing 'best for whom' or 'best for what' analyses.

Grounded on five empirical PPP cases in Taiwan, the research makes four contributions. First, it is one of the few studies to expand HRM to the non-private sector and especially to cross-sectoral collaboration. Second, the study orients our scholarly attention to view PPP as a potential expansion of the public sector's HR structure and as an opportunity to promote cross-sectoral knowledge flow and organisation learning. Third, it demonstrates how the mode of organisational learning is dependent on HR architecture and the social relation between actors. Last, a fundamental distinction between a public and a private organisation is made before suggesting that although conventional wisdom for a private firm is to have the greater percentage of human capital trained internally through a 'make' strategy as part of the branding effort, the public sector requires an integration of the make and buy strategies to both maintain the status quo and continuously improve.

Having noted the above contributions, this research is only an exploratory study and one of the few attempts to evaluate the potential impact of HRM in PPP on organisational learning in the public sector. These findings should be cautiously generalised before more empirical research, both qualitative and quantitative, is performed in the future to scrutinise their relationship. Another limitation is that these research findings are only based on a single Asian country and a few case studies. More case studies from different countries worldwide or comparative studies across borders are encouraged to see if culture or other unidentified variables play a role in the correlation between cross-sectoral collaboration and knowledge flows in the government. Furthermore, this study also shows the potential for future research to construct a typology on how uniqueness versus diversity in human capital promotes competitiveness in different sectors of organisations depending on various organisational goals and the organisations' fundamental nature.

References

Adler, P.S. and Kwon, S.W. (2002) 'Social capital: prospects for a new concept', *Academy of Management Review*, Vol. 27, No. 1, pp.17–40.

Akingbola, K. (2013) 'A model of strategic nonprofit human resource management', *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, Vol. 24, No. 1, pp.214–240.

Argote, L. and Ingram, P. (2000) 'Knowledge transfer: a basis for competitive advantage in firms', *Organizational Behavior and Human Decision Processes*, Vol. 82, No. 1, pp.150–169.

Arthur, J.B. (1994) 'Effects of human resource systems on manufacturing performance and turnover', *Academy of Management Journal*, Vol. 37, No. 3, pp.670–687.

Barney, J. (1991) 'Firm resources and sustained competitive advantage', *Journal of Management*, Vol. 17, No. 1, pp.99–129.

Beauregard, R.A. (1998) 'Public-private partnerships as historical chameleons: the case of the United States', in Pierre, J. (Ed.): *Partnerships in Urban Governance: European and American Experience*, pp.52–70, St. Martin, New York.

Becker, B. and Gerhart, B. (1996) 'The impact of human resource management on organizational performance: progress and prospects', *Academy of Management Journal*, Vol. 39, No. 4, pp.779–801.

Berman, E.M. et al. (2015) *Human Resource Management in Public Service: Paradoxes, Processes, and Problems*, Sage Publications, London.

Bettis, R.A., Bradley, S.P. and Hamel, G. (1992) 'Outsourcing and industrial decline', *Academy of Management Executive*, Vol. 6, No. 1, pp.7–22.

Bidwell, M. and Keller, J.R. (2014) 'Within or without? How firms combine internal and external labor markets to fill jobs', *Academy of Management Journal*, Vol. 57, No. 4, pp.1035–1055.

Bishop, S. (2011) *HRM in Public Private Partnerships: Working in a Health Production System*, Unpublished PhD thesis, University of Nottingham, Nottingham, UK.

Bogason, P. and Musso, J.A. (2006) 'The democratic prospects of network governance', *The American Review of Public Administration*, Vol. 36, No. 1, pp.3–18.

Bovaird, T. (2004) 'Public-private partnerships: from contested concepts to prevalent practice', *International Review of Administrative Sciences*, Vol. 70, No. 2, pp.199–215.

Bovaird, T. (2010) 'A brief intellectual history of the public-private partnership movement', in Hodge, G. et al. (Eds.): *International Handbook on Public-Private Partnerships*, pp.43–67, Edward Elgar, Northampton.

Boyett, J.H. and Boyett, J.T. (1995) *Beyond Workplace 2000: Essential Strategies for the New American Corporation*, Dutton, New York.

Cesarani, M. (2014) 'Competitive dimension of outsourcing relations in global networks', *Journal of Management*, Vol. 2, No. 4, pp.97–112.

Chien, H. (2015) 'Beyond the dichotomous evaluation of the public value-PPP relation: from PPP to PPX', *Lex Localis – Journal of Local Self-Government*, Vol. 13, No. 3, pp.375–396.

Chiesa, V. and Barbeschi, M. (1994) 'Technology strategy in competence-based competition', in Hamel, G. and Heene, A. (Eds.): *Competence-Based Competition*, pp.293–314, Wiley, Chichester, England.

Coff, R. and Kryscynski, D. (2011) 'Drilling for micro-foundations of human capital-based competitive advantages', *Journal of Management*, Vol. 37, No. 5, pp.1429–1443.

Davis-Blake, A. and Uzzi, B. (1993) 'Determinants of employment externalization: a study of temporary workers and independent contractors', *Administrative Science Quarterly*, Vol. 38, No. 2, pp.195–223.

Delery, J.E. and Doty, D.H. (1996) 'Modes of theorizing in strategic human resource management: tests of universalistic, contingency, and configurational performance predictions', *Academy of Management Journal*, Vol. 39, No. 4, pp.802–835.

Denhardt, R.B. et al. (2015) *Managing Human Behavior in Public and Nonprofit Organizations*, Sage Publications, London.

Dobbie, M. and MacMillan, C. (2010) 'Internal labour markets in Australia: evidence from the survey of education and training experience', *Australian Journal of Labour Economics*, Vol. 13, No. 2, pp.137–154.

Doellgast, V. et al. (2016) 'Contesting firm boundaries institutions, cost structures, and the politics of externalization', *ILR Review*, Vol. 69, No. 3, pp.551–578, 0019793915624088.

Dyer, J.H. and Nobeoka, K. (2000) 'Creating and managing a high-performance knowledge-sharing network: the Toyota case', *Strategic Management Journal*, Vol. 21, No. 3, pp.345–367.

Ekström, T. and Dorn, M. (2014) 'Public private partnerships in defence acquisition', in Eßig, M. and Glas, A. (Eds): *Performance Based Logistics*, Springer Fachmedien Wiesbaden, Wiesbaden, pp.303–324.

Felin, T. and Hesterly, W.S. (2007) 'The knowledge-based view, nested heterogeneity, and new value creation: philosophical considerations on the locus of knowledge', *Academy of Management Review*, Vol. 32, No. 1, pp.195–218.

Fritsch, U. and Görg, H. (2015) 'Outsourcing, importing and innovation: evidence from firm-level data for emerging economies', *Review of International Economics*, Vol. 23, No. 4, pp.687–714.

Gargiulo, M. and Benassi, M. (2000) 'Trapped in your own net? Network cohesion, structural holes, and the adaptation of social capital', *Organization Science*, Vol. 11, No. 2, pp.183–196.

Gerhart, B. and Trevor, C. (1996) 'Employment variability under different managerial compensation systems', *Academy of Management Journal*, Vol. 39, No. 6, pp.1692–1712.

Gilley, J.W. and Maycunich, A. (2000) *Beyond the Learning Organization: Creating a Culture of Continuous Growth and Development through State-of-the-art Human Resource Practices*, Basic Books, New York.

Granovetter, M.S. (1985) 'Economic action and social structure: the problem of embeddedness', *American Journal of Sociology*, Vol. 91, No. 3, pp.481–510.

Granovetter, M.S. (1992) 'Problems of explanation in economic sociology', in Nohria, N. and Eccles, R.G. (Eds.): *Network and Organizations: Structure, Form and Action*, pp.25–26, Harvard Business School Press, Boston.

Grant, R.M. (1996) 'Toward a knowledge-based theory of the firm', *Strategic Management Journal*, Vol. 17, No. S2, pp.109–122.

Hamel, G. and Prahalad, C.K. (1994) *Competing for the Future*, Harvard Business School Press, Boston.

Henderson, R.M. and Clark, K.B. (1990) 'Architectural innovation: the reconfiguration of existing product technologies and the failure of established firms', *Administrative Science Quarterly*, Vol. 35, No. 1, pp.9–30.

Hill, R.C. and Levenhagen, M. (1995) 'Metaphors and mental models: sensemaking and sensegiving in innovative and entrepreneurial activities', *Journal of Management*, Vol. 21, No. 6, pp.1057–1074.

Huselid, M.A. (1995) 'The impact of human resource management practices on turnover, productivity, and corporate financial performance', *Academy of Management Journal*, Vol. 38, No. 3, pp.635–672.

Jones, C. et al. (1997) 'A general theory of network governance: exchange conditions and social mechanisms', *Academy of Management Journal*, Vol. 22, No. 9, pp.11–45.

Jones, G.R. and George, J.M. (1998) 'The experience and evolution of trust: implications for cooperation and teamwork', *Academy of Management Review*, Vol. 23, No. 3, pp.531–546.

Kale, P. et al. (2000) 'Learning and protection of proprietary assets in strategic alliances: building relational capital', *Strategic Management Journal*, Vol. 21, No. 3, pp.217–238.

Kang, S.C. et al. (2007) 'Relational archetypes, organizational learning, and value creation: extending the human resource architecture', *The Academy of Management Review*, Vol. 32, No. 1, pp.236–256.

King, A.W. and Ranft, A.L. (2001) 'Capturing knowledge and knowing through improvisation: what managers can learn from the thoracic surgery board certification process', *Journal of Management*, Vol. 27, No. 3, pp.255–277.

Kogut, B. and Zander, U. (1992) 'Knowledge of the firm, combinative capabilities and the replication of technology', *Organization Science*, Vol. 3, No. 3, pp.387–397.

Kong, E. (2014) 'Human capital and external knowledge acquisition in nonprofit organizations: facilitating strategic advantage', in Ordóñez de Pablos, P. et al. (Eds): *Knowledge Management for Competitive Advantage During Economic Crisis*, pp.82–99, Business Science Reference, Hershey, PA, USA.

Kooiman, J. (2003) *Governing as Governance*, Sage, London.

Kooiman, J. (Ed.) (1993) *Modern Governance: New Government-Society Interactions*, Sage, London.

Kraaijenbrink, J. (2011) 'Human capital in the resource-based view', in Spender, J.C. and Burton-Jones, A. (Eds.): *The Oxford Handbook of Human Capital*, pp.218–237, Oxford University Press, Oxford.

Leana, C.R. and van Buren, H.J. (1999) 'Organizational social capital and employment practices', *Academy of Management Review*, Vol. 24, No. 3, pp.538–555.

Lee, J.Y. et al. (2015) 'Internal labor markets, firm-specific human capital, and heterogeneity antecedents of employee idiosyncratic deal requests', *Organization Science*, Vol. 26, No. 3, pp.794–810.

Lee, K.H. and Kim, P.S. (2012) 'Factors affecting job satisfaction among public servants: a South Korean case', *International Journal of Public Policy*, Vol. 8, Nos. 1–3, pp.180–193.

Lei, D. and Hitt, M.A. (1995) 'Strategic restructuring and out-sourcing: the effect of mergers and acquisitions and LBOs on building firm skills and capabilities', *Journal of Management*, Vol. 21, No. 5, pp.835–859.

Leonard-Barton, D. (1995) *Wellsprings of Knowledge*, Harvard Business School Press, Boston.

Lepak, D. and Snell, S. (1999) 'The human resource architecture: toward a theory of human capital allocation and development', *Academy of Management Review*, Vol. 24, No. 1, pp.31–48.

Lepak, D. and Snell, S. (2002) 'Examining the human resource architecture: the relationships among human capital, employment, and human resource configuration', *Journal of Management*, Vol. 28, No. 4, pp.517–543.

March, J.G. (1991) 'Exploration and exploitation in organizational learning', *Organization Science*, Vol. 2, No. 1, pp.71–87.

Marquardt, M.J. (1996) *Building the Learning Organization*, McGraw-Hill, New York.

McAllister, D. (1995) 'Affect- and cognition-based trust as a foundation for interpersonal trust in organizations', *Academy of Management Journal*, Vol. 38, No. 1, pp.24–59.

Metaxas, T. and Preza, E. (2015) 'Public-private partnerships in Southeastern Europe' Croatia', *International Journal of Public Policy*, Vol. 11, Nos. 1–3, pp.86–109.

Miles, R. and Snow, C.C. (1984) 'Designing strategic human resource systems', *Organizational Dynamics*, Vol. 13, No. 1, pp.36–52.

Nahapiet, J. and Ghoshal, S. (1998) 'Social capital, intellectual capital, and the organizational advantage', *Academy of Management Review*, Vol. 23, No. 2, pp.242–266.

Nonaka, I. (1991) 'The knowledge-creating company', *Harvard Business Review*, Vol. 69, No. 6, pp.96–104.

Nonaka, I. and Takeuchi, H. (1995) *The Knowledge Creating Company: How Japanese Companies Create the Dynamics of Innovation*, Oxford University Press, New York.

Paiola, M. et al. (2013) 'Moving from products to solutions: strategic approaches for developing capabilities', *European Management Journal*, Vol. 31, No. 4, pp.390–409.

Pfeffer, J. and Baron, J. (1988) 'Taking the workers back out: recent trends in the structuring of employment', in Cummings, L.L. and Staw, B.M. (Eds.): *Research in Organizational Behavior*, Vol. 10, pp.257–303, JAI Press, Greenwich.

Ployhart, R.E. and Moliterno, T.P. (2011) 'Emergence of the human capital resource: a multilevel model', *Academy of Management Review*, Vol. 36, No. 1, pp.127–150.

Portes, A. (2000) 'Social capital: Its origins and applications in modern sociology', in Lesser, E. L. (Ed): *Knowledge and Social Capital*, pp.43–67, Butterworth-Heinemann, Boston.

Preskill, H. (1996) 'The use of critical incidents to foster reflection and learning in HRD', *Human Resource Development Quarterly*, Vol. 7, No. 4, pp.335–347.

Quinn, J.B. (1992) *Intelligent Enterprise*, Free Press, New York.

Rhodes, R.A.W. (1997) *Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability*, Open University Press, Buckingham.

Schuster, J.R. and Zingheim, P.K. (1992) *The New Pay: Linking Employee and Organizational Performance*, Lexington Books, New York.

Senge, P.M. (1990) *The Fifth Discipline: The Art and Practice of the Learning Organization*, Doubleday, New York.

Senge, P.M. (2014a) *The Dance of Change: The Challenges to Sustaining Momentum in a Learning Organization*, Random House LLC, New York.

Senge, P.M. (2014b) *The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization*, Crown Business, New York.

Sheehan, M. et al. (2013) 'Innovation and human resource development (HRD)', *European Journal of Training and Development*, Vol. 38, Nos. 1–2, pp.2–14.

Sheppard, B. and Tuchinsky, M. (1996) 'Micro-OB and network organizations', in Kramer, R. and Tyler, T. (Eds.): *Trust in Organizations: Foundations of Theory and Research*, Sage, Thousand Oaks, pp.140–165.

Snell, S.A. and Dean Jr., J.W. (1992) 'Integrated manufacturing and human resources management: a human capital perspective', *Academy of Management Journal*, Vol. 35, No. 3, pp.467–504.

Snell, S.A. et al. (1996) 'Establishing a framework for research in strategic human resource management: merging resource theory and organizational learning', in Ferris, G.R. (Ed.): *Research in Personnel and Human Resources Management*, pp.61–90, JAI Press, Greenwich.

Snow, C.C. et al. (1992) 'Managing 21st century network organizations', *Organizational Dynamics*, Vol. 20, No. 3, pp.5–20.

Sørensen, E. (2002) 'Democratic theory and network governance', *Administrative Theory & Praxis*, Vol. 24, No. 4, pp.693–720.

Sørensen, E. and Torfing, J. (Eds.) (2016) *Theories of Democratic Network Governance*, Palgrave Macmillan, London.

Spender, J-C. (1996) 'Making knowledge: the basis of a dynamic theory of the firm', *Strategic Management Journal*, Vol. 17, No. S2, pp.45–62.

Susomrith, P. and Brown, A. (2013) 'Motivations for HR outsourcing in Australia', *The International Journal of Human Resource Management*, Vol. 24, No. 4, pp.704–720.

Teece, D.J. (2007) 'Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance', *Strategic Management Journal*, Vol. 28, No. 13, pp.1319–1350.

Teece, D.J. (2011) 'Human capital, capabilities and the firm: literati, numerati, and entrepreneurs in the 21st century enterprise', in Burton, A. and Spender, J.C. (Eds.): *The Oxford Handbook of Human Capital*, Oxford University Press, Oxford.

Teece, D.J. et al. (1997) 'Dynamic capabilities and strategic management', *Strategic Management Journal*, Vol. 18, No. 7, pp.509–533.

Tomaževiè, N. et al. (2014) 'Factors influencing employee satisfaction in the police service: the case of Slovenia', *Personnel Review,* Vol. 43, No. 2, pp.209–227.

Ulrich, D. (1997) *Human Resource Champions*, Harvard Business School Press, Boston.

Uzzi, B. (1997) 'Social structure and competition in inter firm networks: the paradox of embeddedness', *Administrative Science Quarterly*, Vol. 42, No. 1, pp.35–67.

Vanhala, S. and Stavrou, E. (2013) 'Human resource management practices and the HRM-performance link in public and private sector organizations in three Western societal clusters', *Baltic Journal of Management*, Vol. 8, No. 4, pp.416–437.

Venkatesan, R. (1992) 'Strategic sourcing: to make or not to make', *Harvard Business Review*, Vol. 70, No. 6, pp.98–107.

Waring, J. et al. (2013) 'A contingent approach to the organization and management of public-private partnerships: an empirical study of English health care', *Public Administration Review*, Vol. 73, No. 2, pp.313–326.

Weick, K.E. and Roberts, K.H.(1993) 'Collective mind in organizations: heedful interrelating on flight decks', *Administrative Science Quarterly*, Vol. 38, No. 3, pp.357–381.

Welch, J.A. and Nayak, P.R. (1992) 'Strategic sourcing: a progressive approach to the make-or-buy decision', *Academy of Management Executive*, Vol. 6, No. 1, pp.23–31.

Xie, Y. et al. (2014) 'Learning from errors and learning from failures: a study on the model of organizational learning from errors', in Li et al. (Eds.): *Frontier and Future Development of Information Technology in Medicine and Education*, pp.1833–1840, Springer Netherlands, Houten.

Zahra, S.A. (2012) 'Organizational learning and entrepreneurship in family firms: exploring the moderating effect of ownership and cohesion', *Small Business Economics*, Vol. 38, No. 1, pp.51–65.

Notes

1   The term 'social interactions' is used here interchangeably with other terminology, such as social capital, social networks, and relational embeddedness (Adler and Kwon, 2002; Granovetter, 1985; Nahapiet and Ghoshal, 1998).

2   http://www.theworldofchinese.com/2013/06/sit-for-the-exam-fight-for-the-rank/

3   Data from interviews conducted during 2013–2014 with the Taipei City Government and the Wanhua Parent-Child Centre website [online] https://taipei.parent-child.org.tw/index.php?md=index&cl=info&at=aboutinfo&pfid=15.

4   Parent-Child Centre information and locations [online] https://taipei.parent-child.org.tw/index.php?md=index&cl=info&at=familytrafficinfo&pfid=1 (info in Chinese only).