TRAJECTORIES OF VALUE GENERATION AND CAPTURING BY PUBLIC-PRIVATE HYBRIDS: MECHANISMS OF MULTI-LEVEL GOVERNANCE IN HEALTHCARE

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Abstract

Our paper unpacks the multi-level process through which hybrids generate value in the long term. By combining interviews, archival and survey data, we examine the longitudinal trajectories of value generation of public-private hybrids (PPHs) established in the regionalized Italian healthcare system (1992-2018). We identify three ideal-type trajectories: a) long-term value generation by stable PPHs; b) long-term value generation by transient PPHs; and c) interrupted value generation by terminated PPHs. We uncover how these trajectories are shaped by the interplay between regional governance arrangements – i.e., institutionally embedded norms regarding who is entitled to generate value for the field, the scope for organizational value capturing and the institutional monitoring system – and organizational governance mechanisms – i.e., the strategic orientation of individual PPHs and their internal monitoring functions. Our paper contributes to theory by conceptualizing the mechanism of "double filter", which we define as the set of field- and organizational-level governance compensatory mechanisms that, together, allow long-term value generation by hybrids. We also problematize the relationship between hybrids' value-generation capacities and the persistence of hybrid organizational forms, and ultimately trace it to different field governance arrangements. In so doing, we conceptualize "transient hybrids" as a distinctive organizational form for long-term value generation.

Keywords:

Institutional theory, Health care & hospitals, Comparative case study, Governance, Public sector and administration, Hybrid organizations, Public-private partnerships

Public–private hybrids (PPHs), which combine public and private actors in collaborative arrangements of various forms (Besharov & Smith, 2014; Jay, 2013; Quélin, Kivleniece, & Lazzarini, 2017), have emerged to provide solutions to complex social needs that traditional organizations have been unable to address (Kivleniece & Quélin, 2012). PPHs can generate societal value by producing innovations and services that would otherwise be lacking, as well as gains in efficiency. Concurrently, to be sustainable, hybrids must capture a certain share of the value produced (Santos, 2012). The dynamics between value generation and value capturing are, therefore, critical not only in informing the likelihood that public and private actors establish hybrids but also for how PPHs generate value over time.

Theoretically, it is of great relevance to understand how hybrids can effectively generate societal value in the long term. So far, the literature points to either organizational or field-level mechanisms. The former typically refer to organizational governance mechanisms that act upon strategic choices made by leaders (Jay, 2013; Smith & Besharov, 2019) and board members (Mair, Mayer, & Lutz, 2015), internal monitoring functions (Battilana, Sengul, Pache, & Model, 2015) and the management of relationships with stakeholders (Ramus & Vaccaro, 2017; Smith & Besharov, 2019). Enacted in everyday practices (Battilana & Dorado; Pache & Santos, 2013; Ramus, Vaccaro, & Brusoni, 2017), these mechanisms act as flexible guardrails (Smith & Besharov, 2019) to avoid mission drift (Ebrahim, Battilana, & Mair, 2014) or repair imbalances between value generation and capturing once they occur (Ramus & Vaccaro, 2017). At the institutional level, the literature emphasizes how the governance arrangements (Mair & Rathert, 2020) that characterize fields can provide support (Reay, Goodrick, & Lu, 2020) and latitude for organizational discretion (Dorado, 2020) through regulations and system incentives channelled through powerful actors. In comparison, we know little of how organizational and field governance

interact to influence the long-term capacity of PPHs to generate societal value and the implications of this relationship.

We address this theoretical puzzle by examining the trajectories of value generation of all PPHs established in the regionalized Italian healthcare sector from 1992 to 2018. We identify three trajectories: long-term value generation by stable PPHs (trajectory 1), long-term value generation by transient PPHs (trajectory 2) and interrupted value generation by terminated PPHs (trajectory 3). We uncover how these trajectories were shaped by the interplay between regional governance arrangements – i.e., institutionally embedded norms regarding who is entitled to generate value for the field, the scope for organizational value capturing and the institutional monitoring system – and organizational governance mechanisms – i.e., the strategic orientation of individual PPHs and their internal monitoring functions.

Our paper contributes to theory by conceptualizing the multi-level mechanism of "double filter", which we define as the set of field- and organizational-level governance compensatory mechanisms that, combined, allow long-term value generation by hybrids. These multi-level dynamics unfold in a temporally situated fashion, shaping both the value generation capacities of hybrids in the founding moments and the balance between value generation and capturing at later stages in hybrids' life course. Furthermore, our paper problematizes the relationship between value generation and persistence of the hybrid organizational forms and links this relationship back to different field governance arrangements. In so doing, it conceptualizes "transient hybrids" as a distinctive organizational form for long-term value generation.

Theory

Value Generation and Value Capturing by Hybrids

Hybrids represent distinctive arrangements of overlapping sectoral segments (Mahoney, McGahan, & Pitelis, 2009; Seibel, 2015) encompassing various forms of relationships between public, for-profit and non-profit private actors (Quélin et al., 2017), from joint ventures to newly created independent organizations. As a result, hybrid arrangements incorporate and strike a balance, in their goals or means (Pache & Santos, 2010), between multiple, potentially conflicting, institutional logics (Battilana, Besharov, & Mitzinneck, 2017; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011).

A reason for the emergence of hybrids is their potential to generate value for society (Besharov & Mitzinneck, 2020; Vurro, Dacin, & Perrini, 2010) thanks to the creation of shared capabilities (Alonso & Andrews, 2019). For example, public–private partnerships emerge as a result of public sector privatization processes (Dorado & Molz, 1998; Savas, 2000) and combine managerial skills with public sector assets to deliver services of public interest to citizens (Jay, 2013) while pursuing economic gains. Similarly, social enterprises combine forms of business and charity to generate financial returns while improving social outcomes of stakeholders. While scholars have typically emphasized the duality of economic and social goals (Battilana, Obloj, Pache, & Sengul, 2022; Ebrahim et al., 2014; Pache & Santos 2010, 2013), recent views call for a "holistic conception of value" (Santos, 2012, p. 337) produced by hybrids, defined as increase in the utility of society's members (Kivleniece & Quélin, 2012; Villani et al., 2017) through better social welfare outcomes, efficiency gains and innovative solutions (McDermott, Corredoira, & Kruse, 2009).

According to this perspective, while producing societal value, hybrids must retain for themselves some of the value produced to "ensure growth and sustainability" (Santos, 2012, p.

337; see also Koppenjan & Enserink, 2009). Value capturing occurs when the hybrid appropriates a portion of the value produced after accounting for the cost of resources mobilized (Santos, 2012). Yet, excessive value capturing at the organizational level might be detrimental to value generation at the societal level. Examples of excessive value capturing include social enterprises shifting to strategies of high growth rates and short-term returns (Andrews & Entwistle, 2010; Santos, 2012) or public–private partnerships in which private actors appropriate an excessive proportion of the value created (Van Tulder, Seitanidi, Crane, & Brammer, 2016), or hybrids moving from a focus on societal benefits to cater to the interests of the organization's stakeholders (Cabral, Mahoney, McGahan, & Potoski, 2019; DiVito, van Wijk, & Wakkee, 2021). Thus, a core question is how hybrids negotiate and maintain a balance between the value they generate for society and the value they capture for themselves.

Organizational and Institutional Dynamics Affecting Value Generation by Hybrids

Increasingly, scholars are turning to the question of the mechanisms and processes associated with value generation by hybrids, and, in this, of the role played by organizational and institutional dynamics.

At the organizational level, two complementary perspectives advanced by the literature on hybrids and public–private partnerships point to organizational governance as an important driver for value generation and, at the same time, for avoiding mission drift (Ebrahim et al., 2014) and imbalances in value capturing. Organizational governance relates to the strategic orientation embraced by the hybrid in its development, the controlling functions set up within the hybrid, as well as management of the relationship of the hybrid with stakeholders (Almandoz, Lee, & Marquis, 2017; Mair et al., 2015).

When hybrids are primarily intended as collaborative forms between organizations belonging to different sectors that, hence, represent different poles in the tensions within the hybrid (Quélin et al., 2017), a core focus is on how to organize relationships among the partners to ensure resource complementarities (Weber, Weidner, Kroeger, & Wallace, 2017). Here, value generation and capturing can be balanced through the choice of business model (Villani et al., 2017) or legal form (Kivleniece & Quélin, 2012). For example, equity-based forms of hybrids allowing for resource sharing amongst partners are more prone to imbalances between value generation and capturing, often due to opportunistic strategies by one of the shareholders (Ebrahim et al., 2014). In these cases, governance rules embedded in the legal form, in terms of property rights and control over strategies and resources, can be used by other partners to re-establish balance (Kivleniece & Quélin, 2012). Contract-based forms of hybrids, instead, maintain the resources of the partners quite separate and guarantee balance between value generation and capturing through explicit performance targets embedded in the contract (Alonso & Andrews, 2019). If the hybrid diverts towards excessive value capturing, the performance measurement system detects the imbalance and, by holding accountable the hybrid for its results, allows partners to re-establish balance between value generation and capturing.

Scholars studying hybrids as independent organizations (Battilana et al., 2017; Besharov & Mitzinneck, 2020) complement these explanations with a focus on intra-organizational governance mechanisms rooted in leadership, practices and identities. They show how the long-term balance of dual social and economic goals is facilitated by leaders with a cognitive understanding of both sides (Smith & Besharov, 2019), able to promote cyclical sense making about the hybrid (Jay, 2013), align the hybrids' strategic orientation to the uncertain and changing resource environment (Almandoz et al., 2017), and forge a common organizational identity through hiring and

socialization policies (Battilana & Dorado, 2010). Organizational practices of selective coupling (Pache & Santos, 2013), balancing formalization and collaboration (Ramus et al., 2017) and the creation of spaces of negotiation (Battilana et al., 2015) contribute to the balance between dual social and economic goals in day-to-day activities. Recently, studies have identified additional governance mechanisms related to management of the relationship between hybrids and local external stakeholders. By raising concerns about the social value produced by the hybrid or its economic viability, local stakeholders can prevent mission drift (Smith & Besharov, 2019) or support the hybrid in repairing it once it has occurred (Ramus & Vaccaro, 2017). Thus, managing the relationship with stakeholders is an important task for hybrids to maintain social purpose and viability (Ramus, Vaccaro, & Berrone, 2021), and, when not properly managed, it can lead to their demise (Cappellaro, Tracey, & Greenwood, 2020). Overall, studies belonging to both perspectives highlight how organizational governance mechanisms, enacted by leaders, partners and employees of hybrids alike, can facilitate over time the balanced generation of value, avoid imbalances with value capturing or correct instances of imbalance once they arise.

At the institutional level, field governance is also of particular importance in explaining value-generation dynamics. Field governance "relates to the arrangements that are in place for how organizations 'ought to' address social problems" (Mair & Rathert, 2020, p. 204; see also Seibel, 2015). Governance arrangements encompass country-based social norms and regulatory settlements (Aguilera & Jackson, 2010) that – channelled through powerful field-level actors – influence the organizational discretion enjoyed by hybrids (Dorado, 2020), and hence value generation, in two main ways. First, field governance arrangements, which mirror how multiple institutional logics are prioritized and managed in the field and for whose benefit (Greenwood,

Diaz, Li, & Lorente, 2010; Raynard, 2016), provide resources and discursive support (Huybrechts & Haugh, 2018; Reay et al., 2020).

Second, regulatory authorities (Pache & Santos, 2010) and policymakers can elaborate political and normative frameworks (Anheier & Krlev, 2014; Fossestøl, Breit, Andreassen, & Klemsdal, 2015) that create favourable conditions for hybrids. The presence of specific legislation on hybrids, can provide stability (Wang, Liu, Xiong, & Song, 2019) and incentives to private actors to enter a hybrid arrangement (Rawhouser, Cummings, & Crane, 2015). Furthermore, regulations accompanied by little monitoring over hybrids' strategic choices can generate organizational slack and increase hybrids' agency, as discussed by Dorado (2020) in her study on the evolution of sheltered workshops. Field governance arrangements, therefore, create the boundaries within which hybrids emerge, produce value for society and also deviate (Aguilera & Jackson, 2010) from the balance between value generation and capturing.

Overall, scholarship on hybrids has provided cumulative evidence on the role of governance at either the organizational or field level. Yet, we know little of the interplay of organizational governance mechanisms and field governance arrangements in affecting dynamics of value generation and capturing by hybrids. Recent calls argue for the need to explore comparatively different governance arrangements at the field and organizational levels and how, and to what effect, they are associated with value generation trajectories (Battilana et al., 2022; Dorado, 2020; Mair & Rathert, 2020; Reay et al., 2020). Analysing this interplay is important for a more complete theorization of the temporal dynamics and feedback effects that shape the value trajectories followed by hybrids.

Thus, in this paper we ask: How do hybrids maintain the balance between value generation and value capturing in the long term? And how does the interplay of field governance arrangements

and organizational governance mechanisms affect such balance? We do this by adopting a longitudinal perspective to trace different trajectories of value generation by Italian PPHs.

Methodology

Empirical Context

The Italian National Health Service (NHS) is a public, tax-funded system that guarantees equal access to healthcare for all. The NHS is strongly regionalized, with the Ministry of Health providing the general policy framework and 20 independent regions and associated regional authorities responsible for the provision of care within their jurisdiction. Regional authorities autonomously define how value should be produced for their population through healthcare services, by whom and under what conditions, based on their cultural and administrative traditions (Putnam, Leonardi, & Nanetti, 1994). Since 1992, the NHS has adopted a series of managerial reforms to incentivize private sector participation, including the possibility of delivering healthcare services through public–private hybrids (PPHs; *sperimentazioni gestionali* in Italian).

PPHs, as public–private partnerships, represented a radical departure from existing providers, which were either entirely public or entirely private and accredited by the NHS. Forty-one PPHs emerged in this context, clustering around two alternative organizational models (autonomous and integrative – see Table 1), discussed by the literature (Kivleniece & Quélin, 2012). In brief, the autonomous model envisaged a contractual alliance between public and private partners, where the former retained a control function and the latter was responsible for the management and delivery of healthcare services. By contrast, the integrative model implied public and private partners jointly owning and managing a service provision company.

– Insert Table 1 here –

All PPHs are committed to delivering multi-dimensional societal value, developing services that the NHS struggled to provide due to lack of resources or competence, and introducing service and organizational innovations. While producing value, PPHs had to guarantee their economic sustainability by appropriating an adequate level of value to be invested in their subsistence.

Data Collection

We conducted a multi-level, longitudinal study (1996–2018) of the dynamics of long-term value generation by all 41 PPHs, based on a unique and extensive dataset of sources at both PPH and regional levels (see Table 2).

– Insert Table 2 here –

Survey. As no comprehensive list of PPHs was publicly available, the first author created a national survey containing 100 open and closed questions to map all the PPHs established in the country. The survey was endorsed by the Italian Ministry of Health and administered by top regional bureaucrats, guaranteeing high response rates (91%).[1] We collected information on the three PPHs who did not submit the survey through additional sources.

Archival data. For each PPH, we collected documents on (i) founding: project proposals, authorizations, statutes, shareholders' agreements (187 docs); (ii) evolution: annual reports, financial statements and monitoring documents (339 docs); (iii) news articles and reports from external stakeholders (e.g., unions, patients' associations, local municipalities; 2,078 docs). Next, we collected regional authority documents (e.g., health plans, major laws and guidelines; 68 docs, 6,967 pages), national laws and policy documents, as well as scholarly literature (18 docs).

Interviews and focus groups. We conducted 129 semi-structured interviews (totalling 2,047 pages). At the organizational level, we conducted 97 interviews with founders, board members

[1] We initially identified 50 PPHs. Nine were subsequently eliminated, as the term "sperimentazione gestionale" referred to partnerships among public actors and did not fit our definition of public–private hybrid.

and representatives of public and private partners. At the regional level, we conducted focus groups with representatives of 9 of the 11 regional authorities and subsequently 32 in-depth interviews with policymakers and top bureaucrats.

Data Analysis

Analysis of PPH value generation and capturing. We first compiled descriptive tables of PPHs and their evolution and we came to categorize the PPHs based on two alternative organizational models, "autonomous" and "integrative" (Kivleniece & Quélin, 2012; see Table 1). We then collected evidence on the value generated by PPHs, based on the dimensions identified by national laws and confirmed by the literature. Through triangulation of organizational and external stakeholder documents and interviews, we accounted as evidence of value generation: (i) the development and delivery of innovative solutions in patient care; (ii) the provision of healthcare services that public providers were incapable of producing. For value capturing, instead, we collected evidence of the economic performance of each PPH and recorded all the actions (e.g., strategic investments, expansion in the volume or type of services) that could explain positive economic returns or, vice versa, economic loss. We identified two long-term outcomes of PPH activities: interrupted value generation, i.e., the PPH terminated and services suppressed; or long-term value generation, i.e., the PPH continued producing multi-dimensional value by the end of our observation period. Next, we analysed longitudinally for each PPH moments of either substantial entrepreneurial growth, or sharp decrease in economic results. We labelled these moments instances of excessive or insufficient value capturing, respectively. We built tables displaying for each PPH the value outcome (interrupted versus long-term) and an indication of whether the trajectory was characterized by excessive or insufficient value capturing, or was, instead, "balanced".

Tracing organizational governance mechanisms. We then analysed what shaped the different trajectories. Iterating between the literature on hybrids and our data, we identified two organizational governance dimensions: the strategic orientation embraced by hybrids' leaders based on the prioritization of social public and economic goals (Almandoz et al, 2017); and the monitoring functions (Mair et al., 2015) set up both internally and with local external stakeholders. Across the 41 PPHs, we coded evidence of these dimensions that we aggregated in first-order codes and higher-order categories (e.g., "strategic orientation of balanced growth"; "ongoing incorporation of monitoring feedback from local stakeholders"). When relating these mechanisms to the value dynamics, we realized how at times they appeared effective in maintaining the balance between value generation and capturing, while in other cases they seemed to be failing or ineffectively enacted by organizational actors. Thus, organizational mechanisms could not on their own fully explain the different value trajectories followed by PPHs. We conceptualized these organizational mechanisms as a first-level "filter" shaping value trajectories.

Tracing regional authority–PPH interactions and regional governance arrangements. In analysing organization-level evidence, we noted how PPH informants reported the importance of interaction with regional authorities in shaping their value trajectories. We systematically coded for salient moments of interaction between the two levels and created first-order codes of regional actions (e.g., "integrating PPH in the network of service providers", "compensating for diminished returns", or "planning ex-post assessment tools"). In tracing these actions, we saw how regional authorities referred to specific institutional aspects that informed the way they related to the PPHs. Adapting the perspectives of Mair et al. (2020) and Seibel (2015) to our case, we defined as *regional governance arrangement* the set of distinctive principles determining the overall governance of the regional healthcare system and in particular: (i) the role of private actors in

generating value ("governance arrangement supportive of value generation by private actors" vs "prioritizing public actors as main producers of value"); (ii) the scope of value capturing allowed to private actors ("incentivized and accepted" vs "discouraged and limited"); (iii) the form of monitoring of value generation and capturing ("decentralized monitoring" vs "centralized hierarchical control"). We aggregated the first-order codes into higher-order categories that conceptually framed actions within a particular governance arrangement, and connected them with the dynamics of value generation and capturing identified, being attentive to the implications of such actions for the PPH organizational models. We conceptualized these actions as a second-level "filter" shaping value trajectories.

Modelling different ideal-type trajectories of value generation. Finally, we worked within and across cases to combine and refine the relations among the constructs identified in the previous steps. We traced longitudinally the interplay of organizational governance mechanisms (or their failing) and regional authorities' actions – as expressions of different governance arrangements, and linked this interplay back to value dynamics (that we conceptualize as the "double filter" mechanism). Doing so allowed us to disentangle different trajectories in which PPHs (i) continued to deliver value unchanged (*stable PPHs*) thanks to the effective functioning of organizational governance mechanisms; (ii) continued to deliver value but in a de-hybridized form (*transient PPHs*), due to the intervention of field governance actions in a context of weak organizational governance mechanisms; (iii) interrupted to generate value, in cases of failure of both organizational and field governance mechanisms. We labelled these as distinct idea-type trajectories of value generation.

Findings

Our findings identified three trajectories of value generation by 41 Italian PPHs: (1) long-term value generation by stable PPHs; (2) long-term value generation by transient PPHs; (3) interrupted value generation by terminated PPHs. Imbalances between societal value generation and organizational value capturing occurred in the form of either insufficient value capturing leading to threat of PPH termination (trajectory 3 and residual cases in trajectories 1) or excessive value capturing derived from a disproportionate entrepreneurial growth (trajectory 2). Organizational governance mechanisms acted as first-level filter to compensate potential imbalances between value generation and capturing. When these failed, regional authorities' actions, as expression of their correspondent governance arrangement, worked as second-level filter to either re-establish the balance and allow PPHs for continued value generation as stable hybrids (residual cases in trajectory 1) or to redirect excessive value capturing to value generation through transient PPHs (trajectory 2). Trajectory 3 shows how, in a context of both failing organizational governance mechanisms and inaction from the side of regional authorities, almost all PPHs either interrupted or downscaled the value generated.

Value Trajectory 1: Long-Term Value Generation by Stable PPHs

Half the PPHs (20) were established in Lombardy, a northern region representing 17% of the Italian population. By 2018, 19 of these persisted unchanged and continued to generate value for the regional healthcare system. In 60% of cases, organizational governance mechanisms constituted effective devices to balance value generation and capturing in the long run. Only in a few residual cases did the regional authority intervene to re-establish the balance. Table 3 provides additional evidence for the coding of the organizational mechanisms and regional-level actions in this value trajectory.

– Insert Table 3 here –

Regional governance arrangement and initial PPH set-up. Following an economic liberal tradition (Battilana et al., 2022), the Lombardy system had historically been supportive of private and civic participation in the generation of value, with the idea that such actors could bring "efficiency, managerial competence and innovativeness" (regional top bureaucrat, interview). Regional law supported "the full equality in rights and duties between public and private service providers", and private providers could "contribute *on a par* with public providers to the overall integrated system of services" (law No. 31/1997) and to the definition of regional healthcare strategies (regional strategic plan, 2002). This resulted in the provision of almost 40% of all hospital services by private providers, the highest share in the entire country. The regional arrangement was characterized by decentralized forms of monitoring of value generation and capturing. Public and private actors were granted autonomy in strategy-making, while the relationship with the regional authority was based on long-term contractual agreements.

This governance arrangement informed how PPHs' founders interpreted their role in producing value for the regional healthcare system. First, their inclusion in regional healthcare planning gave PPHs an important indication that they were considered capable of producing value:

> The PPH was immediately considered as any other service provider in the regional system, we could go and talk to the regional authority when necessary, our activities were included in the overall planning of services. It was clear they trusted we could do a good job. (PPH6, founder, interview)

Second, the regional authority provided private actors with scope for value capturing as an incentive to participate in PPHs. It designated them as responsible for managing the PPHs, allowed them to offer extra services to self-paying patients and employ the workforce – a burdensome cost item – under own contractual conditions. Finally, the regional authority established a form of decentralized monitoring of PPHs, promoting the creation of local committees – with

representatives from the PPH, local health authorities and municipalities – which would make PPHs "accountable for working as an enterprise able to provide effective and efficient answers to healthcare needs" (regional health plan, 2002–2004). For the rest, the regional authority granted "freedom of action to the PPHs" (regional document, 2004).

Organizational governance mechanisms: Balancing value generation and capturing. In all but one case the PPHs established in Lombardy displayed the autonomous model (Table 1). In the online supplemental material we detail the value trajectory by PPH. PPHs provided healthcare services public providers could not produce for lack of either resources or competence. Often, they took up the provision of services in areas in which public hospitals were closed and strategically repositioned them in niches such as rehabilitation or long-term care. Half developed innovative services; e.g., PPH8 organized surgical services around cutting-edge technology, while PPH12 created an innovative Alzheimer's centre.

In more than 60% of cases, organizational leaders were able to maintain a balance between the value generated for the regional system and the profits retained by the organization, thus making the PPHs economically sustainable. Our analysis shows that two organizational governance mechanisms – concerned with the formulation of strategic orientation and monitoring functions – guaranteed this balance. First, organizational leaders were typically (95% of cases) local private actors already providing healthcare services in the region. Embedded in the regional culture of full equality in rights and duties between public and private providers, managers and boards pursued a strategy of balanced growth, expanding activities progressively, and catered only for a specific local territory. For example, none of them substantially changed the mix of target beneficiaries over the years, and extra services to self-paying patients, when offered, did not exceed 15% of revenues.

Second, PPHs' results were reviewed on an ongoing basis by local monitoring committees which acted as "dedicated formal structures" (Smith & Besharov, 2019) in which PPHs' managers could rely on close monitoring by local external stakeholders. On average, meetings of local committees took place biannually, and monitoring was based on five sets of indicators, namely investments, volume and nature of services provided, bed occupancy, human resources, and overall economic performance. Over time, PPHs' leaders incorporated the feedback received through the decentralized monitoring system in their strategic choices and this prevented major drifts and potential imbalances in value capturing. For example, after having sought feedback from the local monitoring committee, PPH9 leaders decided not to transform part of their services dedicated to elderly care into out-of-pocket treatment of alcohol-related pathologies. The local monitoring committee had, in fact, expressed concerns about the poor fit of such a strategic choice with respect to the needs of a local context characterized by an ageing population.

Residual failure of organizational governance mechanisms, regional-level rebalancing actions and continued value generation by stable PPHs. Only for a subset of PPHs (8 of 20) were organizational governance mechanisms insufficient to prevent situations of excessive erosion of economic sustainability. Leaders of these PPHs tended to make strategic choices aimed at expanding the value generated in manners that became too onerous. They decided either to overproduce healthcare services in order to respond better to the needs of the population (PPH6, 7, 13) or to embark in expensive capital investments (PPH5) incurring costly procedural hiccups (PPH2, 13, 20), or, more rarely, financial debt due to their rapid growth (PPH1, 15). As commented by the private partner in one of these instances, while the PPH "produced services of very good quality, it was not sustainable and too burdensome for us" (PPH5, private partner, interview), indicating an insufficient level of value capturing at the organizational level.

Local monitoring committees worked as venues in which stakeholders could examine the situation and, unable to address it, brought it to the attention of the regional authority. In response, the regional authority intervened through two sets of actions. First, it compensated for negative economic results by reimbursing services over the regional cap (PPH6, 7, 13) or by reducing the PPH's debt (PPH1, 15). Second, it relaxed rules, giving the private actor the opportunity to either reduce costs or increase profits (PPH5, 6, 13). These adjustments were explicitly indicated as ways to re-establish scope for value capturing:

> We think that the contractual agreements for public–private PPHs are too inflexible. Often new factors intervene along the way, and this makes it necessary to modify and adapt the contractual conditions so that the PPH is not only stabilized but it also survives. (guidelines for PPHs, Lombardy, 2008)

To conclude, after 15 years of activity, almost all PPHs remained active and continued generating value as stable hybrids. This outcome was due to the effective functioning of organizational governance mechanisms and to fruitful interplay between the PPHs and the regional authority, which willingly re-established in residual cases the balance between value generation and capturing.

Value Trajectory 2: Long-Term Value Generation by Transient PPHs

A third of PPHs (13 of 41) were established in five regions in northern-central Italy (Emilia-Romagna, Tuscany, Veneto, Piedmont, Marche), all sharing a similar governance arrangement. By 2018, all the PPHs but one continued to produce multi-dimensional value for their respective regional healthcare systems, although their initial public–private nature was only transient. In more than 80% of the cases (10 of 12), organizational governance mechanisms alone were not sufficient to balance over time value generation and capturing, and regional authorities intervened to redirect excessive value capturing to value generation by de-hybridizing the PPHs. Table 4 provides additional evidence of organizational mechanisms and regional-level actions.

– Insert Table 4 here –

Regional governance arrangement and initial PPHs' set-up. Expressions of a deeply embedded socialist tradition, the five regional governance arrangements had traditionally considered public-owned organizations as primarily entitled to generate societal value and private providers as "different worlds with different rules and motives" (top regional bureaucrat, Marche, interview). Private actors, therefore, were relegated to offering predefined healthcare services based on budgets and strategies set in advance and could only negotiate conditions at the margin on a one-to-one basis with regional authorities. Private providers were strongly limited also in the extent of value capturing they could obtain through the provision of healthcare services. For instance, in these regions the budget for services delivered by private actors remained capped at 10–12% of regional healthcare expenditure, in contrast with 25–30% in Lombardy. The monitoring of value generation was firmly centralized at the level of the regional authorities, who worked as the sole guarantor that healthcare providers, public or private, produced services "for the public interest" and respected principles of "quality and equal access" (regional report, Emilia-Romagna, 2008).

This regional governance arrangement strongly informed how PPHs' founders interpreted their role in producing value for the regional healthcare system. First, in setting up these hybrid organizations, founders were clearly signalled that PPHs were considered "something exceptional" in the system (policymaker, Marche, interview) and could produce value only in a marginal way with respect to public providers. As such, the establishment of PPHs was favoured only in "contexts with a limited scope of activity such as a hospital in a peripheral geographical area or a small rehabilitation facility" (top regional bureaucrat, Veneto, interview). For monitoring of the value produced and the balance with value capturing, regional authorities negotiated on a one-to-one basis with PPHs' founders the rules governing the relation between partners. In this way, PPH

statutes came to establish direct monitoring by the public partner over the partnership and spelled out rules through which the public partner could not only guarantee value generation in the long term but also avoid potential drifts of the private partner towards excessive value capturing. In this set-up, in fact, private partners were allowed only to hold minority ownership and obliged to share profits and losses with the public partner and take any strategic decision in agreement with the public partner. Once embedded these monitoring rules in the overall PPH set-up, regional authorities retained for themselves the opportunity to provide feedback to the PPHs on a three-year basis.

Organizational governance dynamics: Prioritizing value capturing. Of the 13 established PPHs, 12 displayed the integrative model (Table 1) that, through the creation of a mixed public–private stock company, guaranteed joint organization and management of services between public and private partners under robust control of the former. In the online supplemental materials, we detail the value trajectory by PPH. From the beginning, almost all PPHs succeeded in providing services that public providers were unable to maintain or develop, replacing small public hospitals which were about to be closed or whose activities were waning, as exemplified by the public partner in PPH21:

> In our context one very dedicated physician had been able to develop a small unit for very severe injuries, normally due to car accidents [...] the word had spread and we knew there was a high request for such services. Yet, without the PPH, that unit was bound to die or remain a reality of only 15 beds. (public partner, PPH21, interview)

PPHs also succeeded in developing innovative services. Neurological rehabilitation for severe brain injuries, for example, became the symbol of PPH31 "managers' belief in the need for investing in innovation and modernization" (newspaper article, 2013). The value generated by these PPHs was widely recognized. Local newspapers, for example, commented how PPH28

represented “the only point of excellence for the town […] with its outstanding rehabilitation services in neurology, cardiology and pulmonology” (newspaper article, 2013).

Over the years, all PPHs shifted progressively to prioritize value capturing at the expense of societal value generation. Two organizational mechanisms explain this pattern. First, given the residual role typically granted to private providers by regional governance arrangements, private founders – who were either entrepreneurs or former managers of private healthcare facilities– envisioned PPHs as an opportunity to enter a traditional monopolistic market. Hence, leaders, after having achieved the social goals agreed upon with the public partner, embraced a strategy of entrepreneurial growth, expanding services beyond a local reach or attracting higher numbers of self-paying patients. For instance, PPH21 and PPH32 started to attract patients from all over the country and beyond; PPH26 increased by 23% services for self-paying patients and by 40% payments through insurance funds. The entrepreneurial expansion of these PPHs corresponded to an increase in profits and, consequently, a higher level of value captured by these organizations.

Second, this entrepreneurial expansion did not meet the opposition of public partners as envisaged by the overall set-up of PPHs. Our systematic analysis of the board meetings’ minutes in which these strategic choices were made revealed no veto or dissent by the local public partners – typically local health authorities or municipalities – whose representatives composed, by statute, the majority of boards. On the contrary, displaying a form of benevolent private capture, public partners tended to recognize the higher effectiveness of PPHs compared to traditional public providers in satisfying their interests and stakeholders. For example, during a PPH21 board meeting, the public partner described the results obtained three years after its establishment in terms of “highly positive returns on equity”. As such, the monitoring mechanism set up internally appeared to be ineffective in avoiding and correcting the drift to value capturing of these PPHs.

Regional-level counterbalancing actions and continued value generation by de-hybridized PPHs. With the failure of organizational-level monitoring mechanisms, the centralized monitoring system of regional authorities acted as the core feedback mechanism. The regional authorities interpreted the entrepreneurial growth of PPHs as an indication of levels of value capturing inconsistent with the principles of the regional governance arrangement, as commented by a policymaker in Piedmont about PPH26:

> PPH26 has progressively expanded its activities in directions that could be challenged in court as not appropriate for an entity providing public services. PPH26 has attempted to create a parallel model to the public one, based on the unproven idea that an entrepreneurial actor could provide better services, services that are, actually, both public and universal in nature. (policymaker, Piedmont, 2010, public interview)

Regional authorities enacted a series of balancing actions to redirect excessive private value capturing to societal value generation. First, they minimized opportunities for value capturing for the private partner by de-hybridizing the PPHs. Common dynamics included the conversion of public–private limited companies to complete public ownership (PPH21, 23, 26, 31, 32), the acquisition of shares in the company (PPH22) or the negotiation of new governance rules to limit the autonomy of the company board (PPH23, 25). Second, regional authorities locked these PPHs into generating value for the respective regions by shifting them from marginal to central components of the healthcare systems. For example, Emilia-Romagna recognized PPH22 as the centre of reference for cancer care and supported its candidacy as a national centre of excellence "based on the skills, expertise and scientific production developed by the hospital over the years" (regional policymaker, interview).

To conclude, almost all PPHs established in the five regions succeeded in generating value in the long term. In most cases, however, they did so as hybrids only transiently. In response to the failure of organizational governance mechanisms, regional authorities intervened as second-level

”filter” to lock PPHs into generating value for the regional healthcare systems in a de-hybridized form.

Value Trajectory 3: Interrupted Value Generation by Terminated PPHs

The remaining eight PPHs were established in five centre-south regions (Apulia, Basilicata, Campania, Latium, Sicily), all sharing a similar regional governance arrangement. Both organizational governance mechanisms and regional actions failed to act as guardrails for the balance between value generation and capturing, and by 2018, all PPHs but two had been terminated and stopped producing value for the respective regional healthcare systems. Table 5 provides additional evidence of the organizational mechanisms and regional-level actions.

– Insert Table 5 here –

Regional governance arrangement and initial PPH set-up. Characterized by chronically weak control over their territories (Putnam et al., 1994), the five regions had struggled to develop a solid network of public healthcare providers, leaving large scope to private actors to generate value in terms of services on their behalf. More than 20,000 private providers, mostly for profit, represented over 30% of hospitals and 50% of ambulatory and residential facilities in these regions, consuming 20% of regional healthcare budgets. Given the chronic lack of resources to finance value generation and the strong outward mobility of patients, scope for value capturing remained uncertain and idiosyncratic for these actors. Most private providers invested in small facilities; several large private groups, which had attempted to enter these healthcare systems, experienced mixed fortunes. This fragmentation of providers had been hard “to govern and control”, and regional authorities had often failed “to provide a clear direction” (policymaker, Apulia, interview).

The governance arrangement characterizing these regions informed the interaction between regional authorities and PPHs' founders at their initial set-up. Working as mere certifying bodies, regional authorities delegated the negotiations of the modalities for value creation and capturing to organizational founders and did not establish formal monitoring mechanisms. PPHs were "bottom-up initiatives" in "which the public partner had, based on interpersonal relationships, proposed a locally well-known private partner to the regional authority", and this was assurance enough that "things could proceed without much intervention from our side" (regional policymaker, Sicily, interview).

Organizational governance mechanisms: Reaching insufficient value capturing. The eight PPHs established in these regions presented features of both the integrative and autonomous forms. In the online supplemental material we detail value trajectories by PPH.

All PPHs were expected to develop services lacking in a certain territory or in which inefficient public providers had generated strong patient outward mobility. For instance, PPH36 was established "to create a critical mass of services where they have been lacking and transform the region in a point of reference for children and adolescent health" (private partner, press conference). In some cases (three of eight), PPHs also provided innovative services, e.g., radiotherapy based on a new technique or new, complex transplant procedures.

Only six PPHs actually started their operations[2] and over time generated value in terms of healthcare services, with some (PPH37, 39, 40, 41) also achieving recognition for the quality of services provided. However, further along their trajectories, all six cases encountered critical situations of imbalance between value generation and capturing, in the form of reduced economic sustainability. Insufficient value capturing originated in the first place from the failure of

[2] PPH34 and PPH35 stopped their trajectory following the formal approval phase due to the withdrawal of commitment from either of the two partners.

organizational governance mechanisms to support a balanced strategy and to prevent or correct drifts towards economically unsustainable situations.

On the one hand, founders – who were typically representatives of large, powerful private healthcare providers originating outside of the region (PPH34, 35, 36, 40, 41) – saw the PPH as an opportunity to expand activities in a new geographical area, and made explicit their expectations for value capturing at the establishment of the PPH. For example, the PPH35 private partner owned similar facilities in the north of Italy and, subject to a strong demand from patients from the south, saw in the PPH the "possibility to decrease the waiting lists in its main hospital" by satisfying demand in the territory where it originated; in a similar vein, the PPH40 private partner, a highly ranked US health enterprise and insurer, indicated the PPH as "a stepping-stone to gain strategic positioning for transplants in the European market" (regional policymaker, interview). Hence, PPH private founders emphasized the strategic viability of the PPH as the main criterion for remaining. Such strategic viability, however, was frequently challenged by the everyday experience of producing healthcare services in a context characterized by high demand – which forced production of a high volume of services – but little regulated and highly uncertain in terms of resources and funding.

In this context, monitoring mechanisms enforced by their boards appeared ineffective in preventing PPHs from drifting towards insufficient value capturing and, with the exception of two cases (PPH39, 40), monitoring by local stakeholders also did not provide any timely feedback. Public partners, often small and lacking in capacity, often accepted the conditions imposed by private partners, relinquishing operations and strategic decisions to them: "We [the public partner] were small and incompetent in comparison to them. So we said, 'tell us and we will do what you want'" (PPH35, top manager, interview). As a consequence, when the PPHs drifted to situations

of insufficient value capturing, boards proved to be inadequate to act as I for discussion and solutions. Commenting on the over €150 million in debt accumulated by PPH38, for example, the court of auditors concluded that this was due to "the incapacity […] of the partners to internally monitor the maintenance of the economic sustainability of the PPH" (court of auditors, report, 2007). Overall, an insufficient scope for value capturing and the progressive loss of strategic viability of the PPHs led private actors to exit these hybrids. Faced with the incapacity of the local public partners to step in and compensate for the withdrawal of the private partner, all the PPHs were terminated.

Regional-level inaction and interrupted value generation by terminated PPHs. Besides the failure of organizational governance mechanisms, regional authorities' inaction in situations of imbalance between value generation and capturing contributed to shape the trajectories of these PPHs. Regional authorities did not compensate PPHs for the decrease in value capturing, nor did they step in to appropriate the value generated by PPHs. The lack of effective monitoring mechanisms meant that partners were regularly left to face these issues on their own.

In the end, the majority of the PPHs either completely stopped their services or dramatically downscaled them, often with a decline in professional competence. Once dismantled, the PPHs proved to have accrued "little value to the local public partner and did not contribute in the long term to the know-how of the overall system" (top manager, PPH35, interview). In the only two PPHs still active (PPH39, 40), the inaction of regional authorities was compensated by the mobilization of patients' associations, local communities and institutions.

Discussion and Conclusions

Our goal in this paper is to advance theory on the dynamics and mechanisms of long-term value generation by hybrid forms. Whereas prior work has either unpacked organizational mechanisms

or emphasized the institutional conditions able to sustain hybridity, our work highlights the interplay of organizational and field-level dynamics in driving continued and balanced value generation by hybrids. In doing so, we also problematize the relationship between the value-generation capacities of hybrids and the persistence of hybrid organizational forms, and ultimately trace it to different field governance arrangements.

The Double-Level Filter of Organizational Governance Mechanisms and Field Governance Arrangements

Our core contribution lies in conceptualizing a double-level filter mechanism able to shape the balance between value generation and capturing by public-private hybrids. By double-level filter we mean the set of field- and organizational-level compensatory mechanisms that, together, allow to maintain this balance. Much research has focused on how hybrids have organizational guardrails (Smith & Besharov, 2019) able to sustain hybridity in the form of ex-ante structures, adaptive practices, or identity dynamics (Cappellaro et al., 2020; Ebrahim et al., 2014; Mair et al., 2015; Jay, 2013; Ramus et al., 2017). The institutional context has been typically seen as providing broader regulatory conditions or exerting logic-specific pressures (Raynard, 2016) that impact the legitimacy or discretion of hybrid forms (Anheier & Krlev, 2014; Haveman & Rao, 2006; Xu et al., 2014). In contrast, responding to recent calls for multi-level studies (Besharov & Mitzinneck, 2020; Mair & Rathert, 2020; Reay et al., 2020), our research unpacks the mutually reinforcing agency exerted over time on hybrids by both organizational and field actors in shaping their value trajectories.

Organizational governance acts as a first-level filter, preventing or compensating for imbalances between value generation and capturing. In line with extant research, our study confirms the role of a strategic orientation of incremental growth enacted by leaders (Smith &

Besharov, 2019) and the presence of participatory monitoring mechanisms (Battilana et al., 2015). The case of trajectory 1 in Lombardy provides empirical evidence of the effectiveness of these mechanisms and, in this, of the importance of stakeholder engagement through the creation of local arenas for interaction and feedback (Battilana et al., 2015; Ramus et al., 2021; Smith & Besharov, 2019).

However, our study also shows how, when organizational governance mechanisms fail to perform their role, field governance arrangements act as second-level filter to restore the balance between value generation and capturing through the actions of powerful field actors. Previous research has shown how hybrids can experience moments of destabilization, mission drift (Ebrahim et al., 2014; Ramus & Vaccaro, 2014) or even failure (Tracey, Phillips, & Jarvis, 2011; Villani, Greco, & Phillips, 2017). Different organizational dynamics can lead to such outcomes. Trajectory 2 exemplifies the case in which organizational leaders progressively prioritize value capturing over value generation and board members do not work to monitor and correct such imbalance. These findings indicate that, once reaching a satisfying level of mutual gain, public actors might gradually align their interests with those of private actors and shift to respond to interests that are particular (i.e., of the individual partner or the hybrid) and not societal. This kind of distortion has been documented by the public–private literature (Andrews & Entwistle, 2010; Cappellaro et al., 2020), and it is more likely to happen in regulated markets – such as healthcare – where dynamics of growth in operations and services face potential trade-offs in the choice between public and private forms of delivery. When this happens, our study shows that field-level actors can intervene to correct the excessive value capturing and redirect the hybrid towards societal value generation. Trajectory 1, instead, exemplifies how organizational leaders might also drift to opposite situations of insufficient value capturing that threaten the hybrid's long-term

sustainability. If organizational governance mechanisms, such as monitoring functions, prove inadequate to prevent or correct such imbalance, field-level actors might intervene and re-establish an adequate scope for value capturing. The compensatory role of the hybrid–field interplay as double-level filter is further demonstrated by trajectory 3. In the context of weak organizational governance mechanisms and inaction by field-level actors, hybrids stop generating value over time and ultimately unravel.

By identifying this double-level compensatory mechanism, we contribute to theory by elucidating two ways in which field governance arrangements and organizational governance mechanisms interact in influencing hybrids' long-term value generation. First, they interact in the set-up of the hybrid to shape its value-generation capacities. On the one hand, because they embody broader cultural assumptions of how organizations in the field should address social problems (Mair & Rathert, 2020), field governance arrangements provide an indication to founders of what might be the role (i.e., substitutive, residual or complementary) of the hybrid in value generation through the provision of public services (Rawhouser et al., 2015) and the scope for value capturing that the resource environment affords (Almandoz et al., 2017). On the other hand, founders leverage these indications to negotiate those governance features and mechanisms that influence how and to what extent the hybrid can later generate value, i.e., the relationship between partners (Mair et al., 2015), the boundaries of organizational activities and direction and control over strategic orientation (Almandoz et al., 2017). In our case, in regions where the field governance arrangement prioritized value generation by public actors, founders favoured hybrid organizational models in which private actors shared ownership with public actors and in which representatives of both sides managed everyday activities together, although under formal control by public actors. By contrast, in regional governance arrangements that were more supportive of

private participation and historically trusted private providers as equally legitimate actors in the field, founders privileged governance structures which delegated strategic and operational activities to private actors within a framework of shared, local community monitoring.

Second, field governance arrangements and organizational governance mechanisms interact throughout the life of the hybrid to oversee the balance between value generation and capturing. Much research has depicted public monitoring, as in regulatory control and enforcement mechanisms (Cabral et al., 2010; Quelin et al., 2017), as an ex-ante, fixed condition affecting organizational discretion (Aguilera, Judge, & Terjesen, 2018) and providing initial incentives to participate in hybrids (Rawhouser et al., 2015). In contrast, extending recent research on the dynamic interplay of hybrids' agency and regulatory conditions (Dorado, 2020; Wry & Zhao, 2018), we show that organizational and regulatory monitoring mechanisms can be mutually reinforcing. Regulations that provide hybrids with both access to support and participatory means of control, as in trajectory 1, generate a locally embedded culture of control and feedback that works at arm's length to balance value generation and capturing. In contrast, regulations that provide hybrids with access to support but little monitoring and control, as in trajectory 2, generate organizational slack that increases agency (Dorado, 2020) and the likelihood – if organizational monitoring mechanisms fail – of value capturing, thus triggering the need for ex-post field intervention to limit such agency. Hence, our work calls for more research on the interplay of monitoring systems at different levels and their effect on hybrids' agency.

Overall, our study shows that the valence of the relationship between field and organizational governance can be both positive and negative, depending on the nature of the imbalance between value generation and capturing. Building upon the distinction between constraining and enabling guardrails (Smith & Besharov, 2019), our study offers an empirically grounded explanation of how

field governance arrangements can perform both functions: when imbalances are in the form of insufficient value capturing, field governance performs an enabling function, relaxing rules or providing support towards hybrid's sustainability. In contrast, when imbalances take the form of excessive value capturing, field governance serves as a constraining guard, reducing the scope for such activities. By conceptualizing both the process and the mechanisms of the interplay between organizational and field governance, our work encourages scholars to be attentive to the peculiarities of the interaction between organizational agency and institutional forces in the case of organizations, such as PPHs, social enterprises and alike, that have in their mission that of generating value for the field. Accounting for this specificity is bound to help our overall theorizing about what distinguishes hybrids from other organizational forms.

Relationship between Value Generation, Hybrids' Persistence and Field Governance Arrangements

Our study advances a more complex understanding of the relationship between societal value generation and the persistence of hybrid forms and traces this relationship back to the nature of the field governance arrangements in which these hybrids happen to emerge. Typically, research has equated long-term value generation with the sustainability and persistence of hybrid forms. A core focus of analysis, indeed, has been on how hybrids emerge and institutionalize as novel organizational forms (Huybrechts & Haugh, 2018) and under which conditions such hybridity is sustained (Besharov & Smith, 2014; Ramus et al., 2014 (Raynard, 2016)).

In contrast, our study disentangles the persistence of value generation from that of the organizational form. By comparing different scenarios, we show how long-term value can be generated by either stable hybrids (trajectory 1) or transient hybrids (trajectory 2). The former constitute the means of value generation typically portrayed by the literature, where hybrids

emerge as a novel actors in the field, acquire legitimation and become institutionalized by being embedded in both higher-order and lower-order modes of reproduction (Colyvas & Jonsson, 2011). In our case, the former are exemplified by the existence of scripted and rehearsed practices of authorization and of formalized templates, and the latter by the inclusion of the hybrids in local delivery and monitoring networks.

Transient hybrids, instead, represent a novel and comparatively understudied organizational form able of long-term value generation. Trajectory 2 exemplifies how an initial PPH might be temporary and ultimately de-hybridized to a public one, exactly to continue generating the societal value that the original hybrid could produce and to deter excessive "private" value capturing. Our study shows how the ability of these de-hybridized forms to continue producing value derives from the fact that public actors, while transiently involved in the hybrid, can acquire from the private actor knowledge and competences as well as the legitimacy to perform certain tasks. As such, de-hybridization is more a matter of legal form and structure, while a certain "hybrid residue" at the level of practices may remain in these transient hybrids post de-hybridization[3].

Expanding on prior studies that propose hybridity as a transient vehicle for innovation and legitimacy transfer (Haveman & Rao, 2006; Xu, Lu, & Gu, 2014), our insights call for greater study of the conditions and processes leading to such temporary forms of hybridity. Our work suggests one such condition – the nature of the field governance arrangement in which hybrids emerge. Theory has primarily depicted pluralistic (Greenwood et al., 2011) and economic liberal (Battilana et al., 2022) fields as more likely to incentivize multi-dimensional value generation through hybrid forms. This is because liberal economies rely more on competition and formal contracting mechanisms and on a stronger influence of private actors over the public realm

[3] We thank one of the reviewers for elaborating this insight.

(Battilana et al., 2022), a set of features confirmed by the regional governance arrangement of Lombardy (trajectory 1). However, our study provides an important contribution to this debate, showing how hybrids can equally generate value in fields where theorization would predict the opposite outcome. In particular, more socialist systems or transition economies (Kyratsis, Atun, Phillips, & Tracey, 2017; Stache & Sydow, 2023), where governance arrangements tend to privilege public actors to produce value for society (and thus limit the degree of pluralism) and where accruing "private" value is perceived as antithetical to producing "public" value - as for the regional governance arrangements in trajectory 2, still rely on novel hybrid forms to produce value that traditional organizational forms are not able to generate (Xu et al., 2014). Nevertheless, they interpret these forms as transient vehicles to instil innovation and change in public bureaucratic and centralized fields. Hence, our study calls for more comparative research on the role and nature of hybrid forms in different state and market structures. Future work could also adopt a longer timeframe to study the perdurance of the effects we have uncovered and investigate whether de-hybridized hybrids could at some point be re-hybridized if value generation dwindles.

Boundary Conditions and Future Research

Our empirical context presents features that render the interplay of regional governance arrangements and organizational governance mechanisms particularly salient for dynamics of value generation and capturing by hybrids. First, we posit that the double-level filter mechanism is more likely to operate in public–private partnerships as a distinctive type of hybrid in which public actors play a two-fold role. At the organizational level, they are a counterpart to private actors while, at the institutional level, they represent the regulatory authority shaping the context in which hybrids operate (Kivleniece & Quélin, 2012). While in our case this dual role is never

performed by the same individual agents, this feature renders the actions of public authorities more relevant and, given their high stakes in PPHs, more likely to occur.

Second, healthcare is a highly regulated sector (Reay, Goodrick, & D'Aunno, 2021) and in most countries a large part of healthcare services is paid for by public authorities. This feature differentiates hybrids delivering healthcare services from others operating in less regulated or monopolistic markets, such as social enterprises (Ramus et al., 2017; Vallaster, Maon, Lindgreen, & Vanhamme, 2021), for which monitoring by public authorities of value generation might be less relevant. Finally, our empirical setting is strongly regionalized making not only regions distinctive fields with heterogeneous cultural and institutional traditions (Putnam et al., 1994) but also regional authorities the most legitimate and powerful actor in interaction with hybrids. This aspect makes our findings more likely transferable to similarly regionalized systems such as that of Spain (Greenwood et al., 2010) and Canada (Reay & Hinings, 2005) or any other sector, such as education or culture, characterized by multi-level governance arrangements and field-level actor pluralism. In these cases, we expect that the mechanisms we have identified, through which field-level and hybrid organizational actors combine their agency, might be particularly salient in shaping long-term value generation by hybrids.

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Table 1. PPH Organizational Models

Dimensions of organizational models	**Autonomous**	**Integrative**
Legal form and control functions	Public-private contractual alliances Monitoring of results by public actor	Joint stock companies with shared ownership between public and private actors; majority share by public actor Strong control of public actor over strategies of the company
Operational model & workforce	Operational tasks delegated to private actor Majority of the workforce is employed by the private actor	Public and private actors operate jointly Workforce is both employed by the company and seconded by the public actor
Revenue model	Public actor is not responsible for financial losses Public actor receives a pre-defined compensation defined by contract Private actor can independently decide to diversify revenue sources	Both actors are responsible for profits and costs associated with the company Decision to diversify revenue sources is taken jointly
Nature of actors	Public: local health authority, public hospital trust Private: for profit and not for profit providers	Public: local health authority, public hospital trust Private: for profit and not for profit providers, bank foundations

Table 2. Data Sources: Triangulation of Data Sources by PPH and Region

A. PPH LEVEL						
PPH	**Archival Data**				**Survey**	**Interviews**
	Founding and Governance: A. Project &authorization; B. Statute, partnership agreements	Evolution: D. Annual Reports and financial statements; E. Other monitoring documents; F. Final evaluations	Media g. News articles h. Reports from other actors (e.g., patient associations, unions)	TOT Archival Docs	100 open and closed ended questions	
PPH 1	A (2), B (1)	D (2), E (1)	G (35)	**41**	X	X
PPH 2	A (2), B (1)	D (11), F (1)	G (21), H (1)	**37**	X	
PPH 3	A (2)	F (1)	G (1), H (1)	**4**	X	
PPH 4	A (2), B (3)	D (1), F (1)	G (18)	**25**	X	
PPH 5	A (2), B (3)	D (12), E (1)	G (245)	**263**	X	X
PPH 6	A (2)	D (11), E (1)	G (35)	**49**	X	X
PPH 7	A (2), B (2)	D (11), E (1)	G (42), H (1)	**59**	X	X
PPH 8	A (3), B (1)	/	/	**4**	X	
PPH 9	A (2), B (1)	D (11), E (2)	G (5)	**21**	X	X
PPH 10	A (1), B (3)	E (1)	G (5), H (1)	**11**	X	
PPH 11	A (2), B (1)	E (1)	G (13)	**17**	X	X
PPH 12	A (1), B (2)	E (1), F (1)	G (24)	**29**	X	
PPH 13	A (2), B (1)	D (10), E (1)	G (4)	**18**	X	X
PPH 14	A (3), B (1)	D (1), E (1)	G (6)	**12**	X	
PPH 15	A (1), B (2)	D (14), E (6)	G (21)	**44**	X	X
PPH 16	A (2), B (1)	D (2)	G (15)	**20**	X	
PPH 17	A (2)	D (9), E (1)	G (6)	**18**	X	X
PPH 18	A (1), b (2)	D (10)	G (2)	**13**	X	X
PPH 19	A (2), b (9)	D (3)	/	**14**	X	X
PPH 20	A (4), b (3)	D (6)	/	**14**	X	
PPH21	A (2), b (3)	D (14), F (2)	G (5), H (3)	**29**	X	X
PPH22	A (2), B (1)	D (8), F (1)	G (120)	**132**	X	X
PPH23	A (3), b (4)	D (11), F (2)	G (3)	**23**	X	X
PPH24	A (2), B (1)	D (13), F (2)	G (2), H (1)	**21**	X	
PPH25	A (6), b (4),	D (11), E (1), F (1)	G (193)	**216**	X	X

PPH26	A (2), B (2)	D (10), F (2)	G (380)	**396**	X	X
PPH27	A (3), B (2)	D (8), E (1)	G (33), H (1)	**48**	X	X
PPH28	A (1), B (1)	D (14), E (1)	G (101)	**118**		
PPH29	B (2)	D (12)	G (51)	**65**	X	X
PPH30	A (3)	D (2) E (2) F (1)	G (3), H (1)	**12**	X	X
PPH31	A (3), B (5)	D (14), E (6), F (2)	G (165), H (1)	**196**	X	X
PPH32	A (5), B (7)	D (20), E (7), F (2)	G (263), H (1)	**305**	X	X
PPH33	A (7), B (7)	D (13), E (7)	G (39), H (1)	**74**	X	X
PPH34	A (2), B (1)	F (1)	G (19), H (2)	**25**	X	
PPH35	A (2), B (5)	/	G (5)	**12**	X	X
PPH36	B (2)	F (1)	G (3)	**6**	X	X
PPH37	A (3), B (2)	D (6), F (2)	G (19)	**32**	X	
PPH38	A (1)	F (2)	G (4)	**7**	X	X
PPH39	A (1), B (5)	D (10)	G (7)	**23**	X	X
PPH40	A (1), B (4)	D (12), F (2)	G (92)	**111**	X	X
PPH41	A (1), B (4)	D (4), F (2)	G (56)	**67**	X	
TOT	**187**	**339**	**2,078**	**2,604**		

B. REGIONAL LEVEL

Region	**Archival**: A. Strategic plans& laws; B. policy documents& guidelines on PPHs	**Focus Group**	**Interview Data**
Apulia	A (2)	X	X
Basilicata	A (3), B (2)	X	X
Campania	A (2), B (2)	X	/
Emilia Romagna	A (3), B (11)	X	X
Latium	A (1), B (1)	X	X
Lombardy	A (8); B (3)	/	X
Marche	A (2); B (1)	X	X
Piedmont	A (6); B (2)	X	X
Sicily	A (5)	/	X
Tuscany	A (5); B (1)	X	/
Veneto	A (4); B (4)	X	X

Table 3. Trajectory of Long-term value generation by stable PPHs: Field and Organizational-Level Actions and Additional Quotes

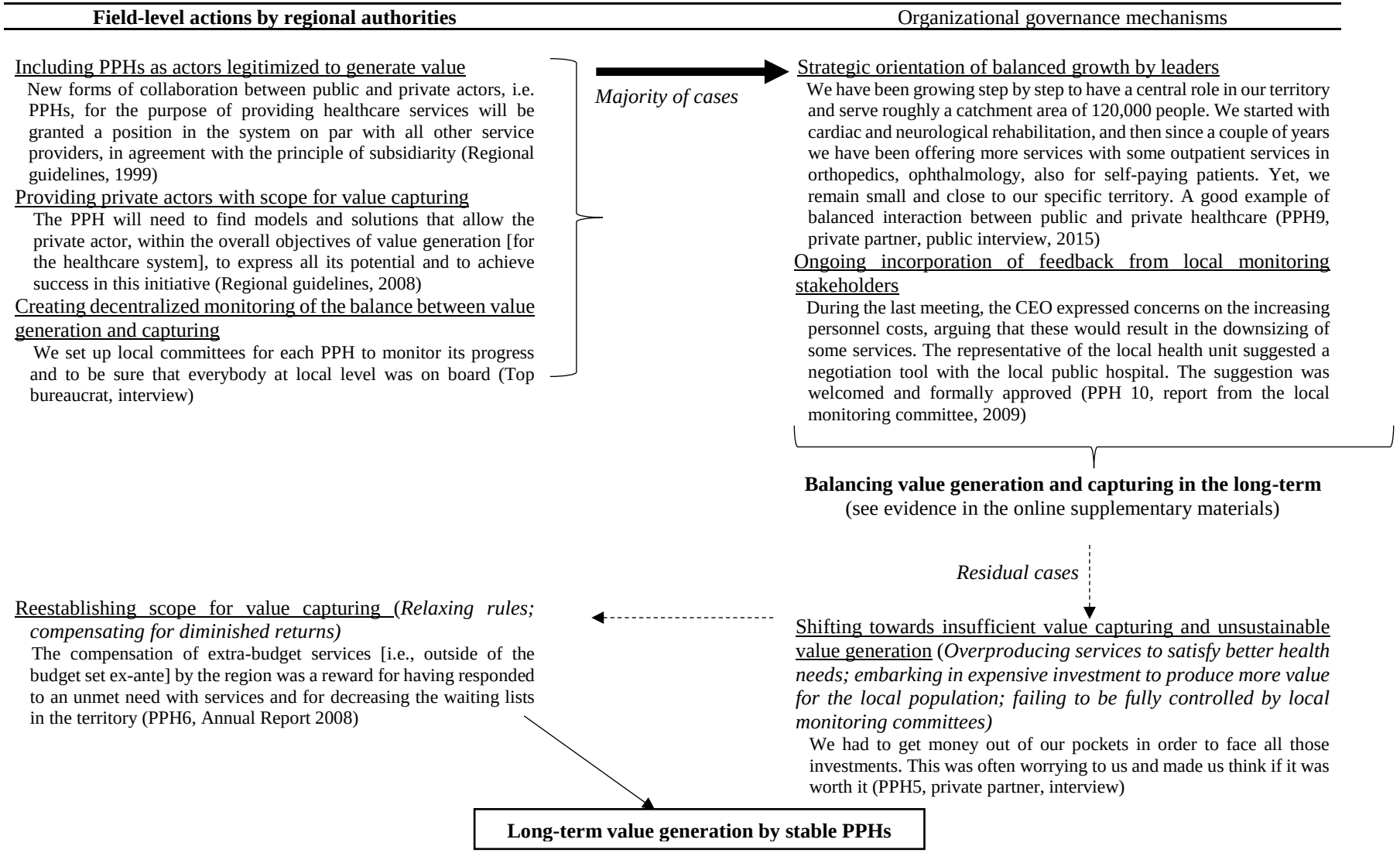


Table 4. Trajectory of Long-term value generation by transient PPHs: Field and Organizational-Level Actions and Additional Quotes

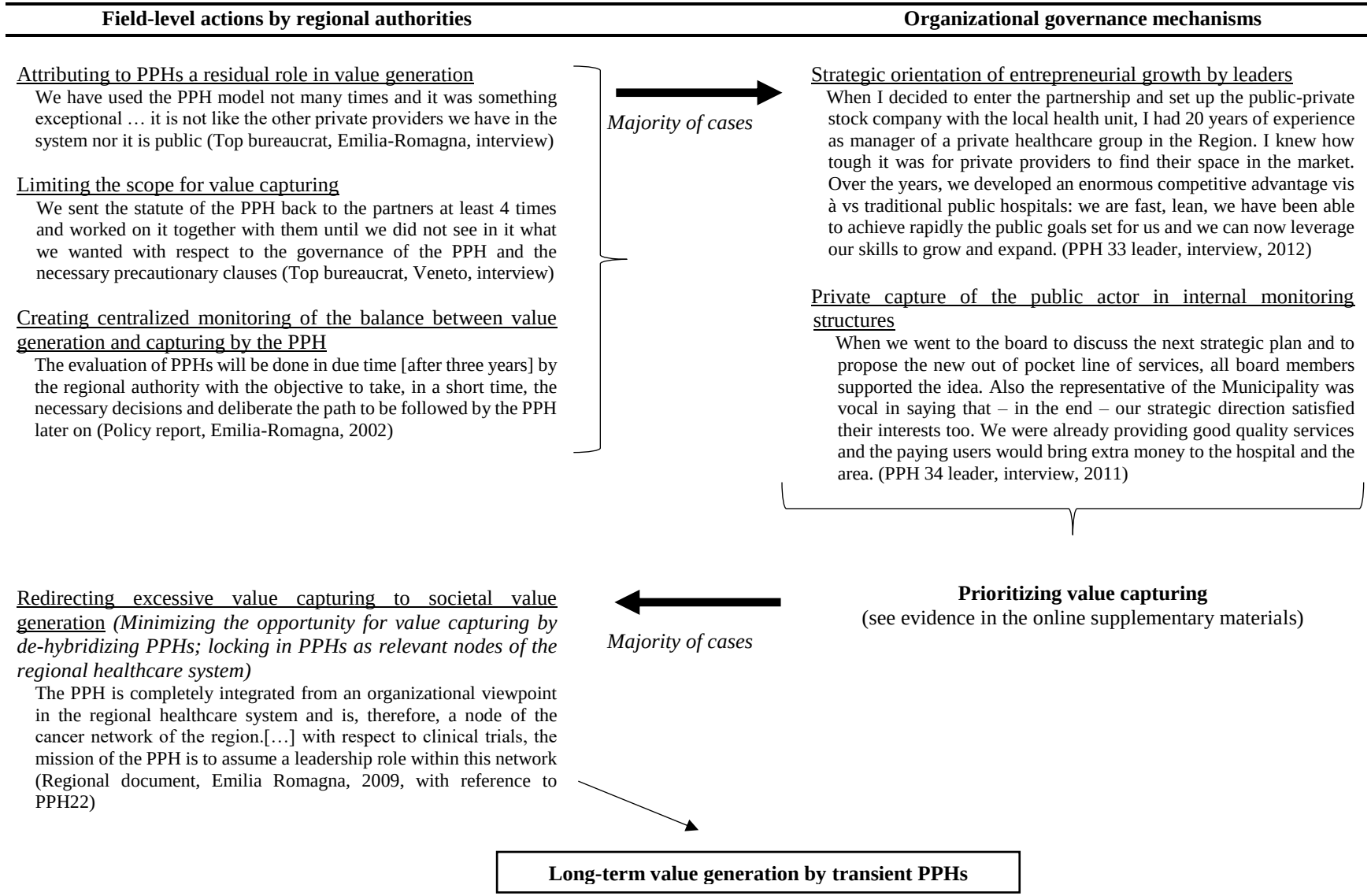
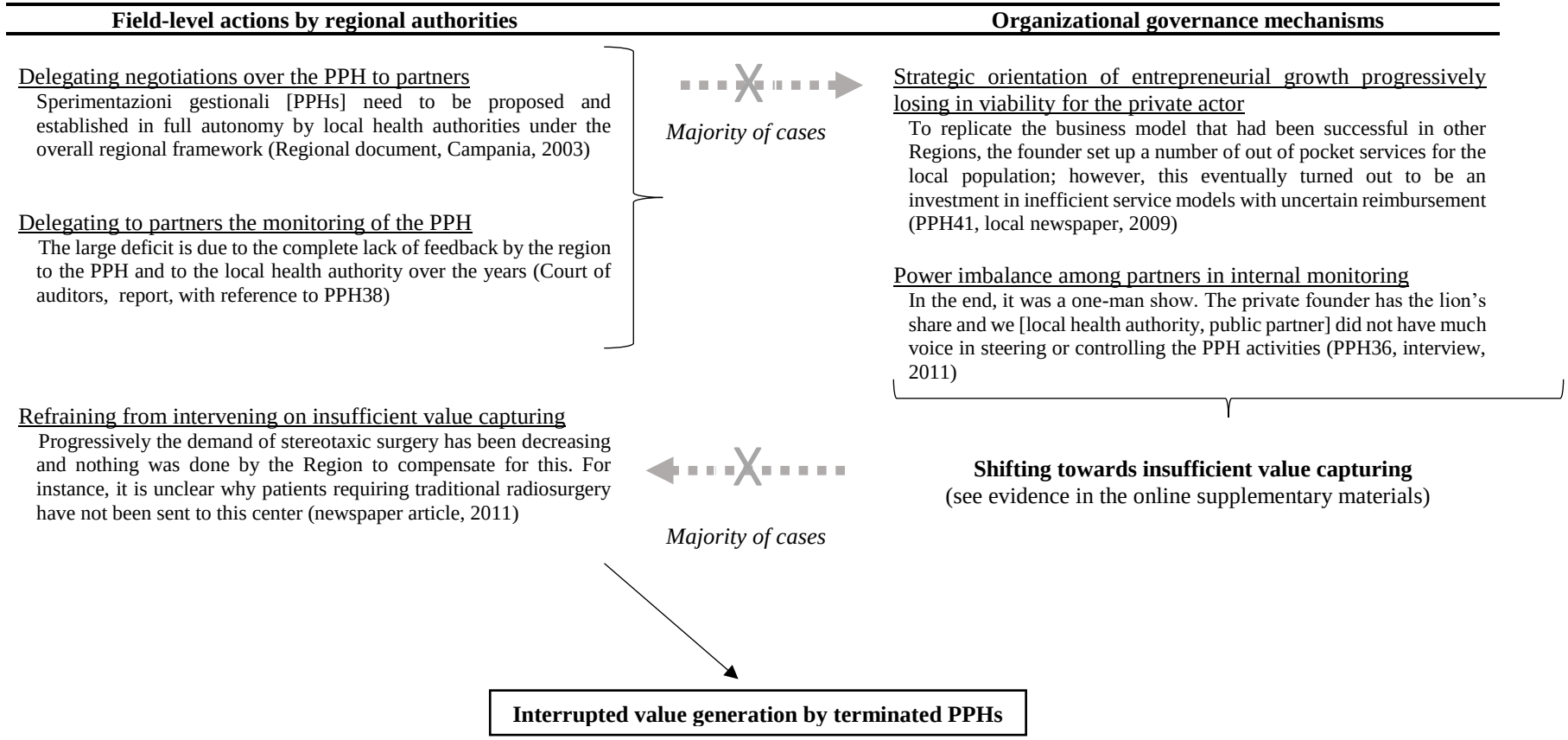


Table 5. Trajectory of Interrupted value generation by terminated PPHs: Field and Organizational-Level Actions and Additional Quotes



Online Supplemental Material

Table A. Trajectory of Long-Term Value Generation by Stable PPHs: Multi-Dimensional Value, Organizational and Field-level Dynamics in PPHs' Evolution

Region and PPH (year of establishment)	**PPH model** autonomous (A) vs integrative (I)	**Multi-dimensional value**			**Organizational-level dynamics** Actions leading to im(balance) between value generation and capturing	**Field-level dynamics** Actions by regional authorities (year)	**Long-term value generation** (revenues/services) **vs termination** (year)
		Development of innovative healthcare services	Provision of healthcare services public providers are incapable of producing	Economic sustainability Y/N			
Lombardy							
PPH 1 (2000)	A	alcohol abuse services	refurbishment and reorganization of closing public hospital; long-term care services	Y*	insufficient value capturing: 2.1 mln € loss and 25 mln € cumulative loss due to investments in facility and rapid growth (2012)	offsetting debt; commissioning of additional healthcare services (2013) profit/loss (2015): + 253,178€	X (7.1 mln € - 2018)
PPH 2 (2000)	A	multi-area rehabilitation services	refurbishment and reorganization of closing public hospital; long-term care services	Y*	insufficient value capturing: 1.8 mln € loss due to investment in facility and new equipment; procedural delays (2008)	relaxing rules allowing new private partner to absorb debt; renegotiation of contract with higher share of profit for private actor (2008) profit/loss (2010): + 250,547€	X (11.4 mln €- 2015)
PPH 3 (2000)	I		dentistry clinic and ambulatory	N	insufficient value capturing: unsustainable debt of 3.9mln €; low volume of services and cost-ineffective		terminated (2005)
PPH 4 (2002)	A	Parkinson's center	transformation of closing general hospital in rehabilitation center	Y	balanced growth		X (35.000 visits/year, 1.500 admissions/year, 200

							healthcare professionals employed -2018; 7.8 mln € - 2011)
PPH 5 (2003)	A		refurbishment and reorganization of closing public hospital	Y*	insufficient value capturing: 1.2 ml€ loss due to investment in facility and new equipment (2008)	relaxing rules on payment of personnel seconded to PPH; renegotiation and extension of contract (2010) profit/loss (2012): + 268,312 €	X (30 mln € - 2018)
PPH 6 (2003)	A		transformation of closing general hospital in rehabilitation center	Y*	insufficient value capturing: potential loss due to overproduction of services (2015)	reimbursing services above regional cap profit/loss (2016): + 9,760€	X (15.4 mln €- 2018)
PPH 7 (2003)	A		refurbishment and reorganization of closing public hospital	Y*	insufficient value capturing: potential loss due to overproduction of services (2014)	reimbursing services above regional cap profit/loss (2015): + 4,460€	X (32.6 mln €- 2018)
PPH 8 (2003)	A	cancer surgery supported by innovative technology	development of competence in advanced cancer surgery within public hospital; acquisition of costly equipment	Y	balanced growth		X (consolidated and well reputed unit of radiosurgery)
PPH 9 (2004)	A		building of a new rehabilitation facility; rehabilitation services in an underserved territory	Y	balanced growth		X (15.5 mln € -2015)
PPH 10 (2004)	A		development of competence in nephrology within a public hospital; advanced dialysis unit	Y	balanced growth		X (8 mln€- 2015)
PPH 11 (2004)	A		refurbishment and reorganization of unused public psychiatric facility	Y	balanced growth		X (29 residents- 2018; 4.8 mln € -2010)
PPH 12 (2004)	A	Alzheimer's center	transformation of closing general hospital in center for dementia	Y	balanced growth		X (3.000 visits/year, 400 admissions/year, 84 healthcare

							professionals employed; 5.5 mln € 2010)
PPH 13 (2005)	A		transformation of closing general hospital in rehabilitation center; rehabilitation services in an underserved territory	Y*	insufficient value capturing: potential loss due to overproduction of services; loss to overburdening costs for seconded personnel (2015)	reimbursing services above regional cap; extension of contract and reduction of payment for seconded personnel (2017); profit/loss (2015): -6,624 €	X (4.8 mln € -2018)
PPH 14 (2005)	A		development of competence in rehabilitation within a public hospital; rehabilitation services in an underserved territory	Y	balanced growth		X (800 admissions/year, 102 healthcare professionals employed- 2018; 6.9 mln €- 2011)
PPH 15 (2005)	A	integration of healthcare services with funding of research in neonatology	building of new neonatal and pediatric intensive units; neonatal screening service	Y*	insufficient value capturing: debt of 2.4 mln due to major investments in units and equipment and rapid growth (2013)	reducing debt; allowing services for self-paying patients (2016) profit/loss (2018): - 666,745€	X (33 mln €- 2018)
PPH 16 (2005)	A		development of competence in rehabilitation within a public hospital; rehabilitation services in underserved territory	Y	balanced growth	.	X (30 beds- 2018; 1.6 mln € - 2011)
PPH 17 (2006)	A	rehabilitation services for severe brain damage	transformation of closing general hospital in rehabilitation center	Y	balanced growth		X (130 beds- 2018; 15.3 mln €- 2010)
PPH 18 (2007)	A	innovative high-specialty MAC services	development of competence in neuromuscular diseases	Y	balanced growth		X (1,800 visits/year; 340 admissions/year- 2018; 6.5 mln €- 2015)
PPH 19 (2009)	A	innovative services for eating disorders	refurbishment and reorganization of public psychiatric facility	Y	balanced growth		X (6.4 mln €- 2012)

PPH 20 (2012)	A	post-acute rehabilitation services	building of new comprehensive healthcare center in site of old public hospital	Y*	insufficient value capturing: 2.7 mln € loss in 2014 due to investments in new facility and procedural delays	relaxing rules allowing new private partner to absorb debt (2016) profit/loss (2018): +32,403€	X (6.6 mln €- 2018)

* Economic sustainability has been at risk and has been reached thanks to the intervention of the regional authority

Table B. Trajectory of Long-Term Value Generation by Transient PPHs: Multi-Dimensional Value, Organizational and Field-level Dynamics in PPHs' Evolution

Region and PPH (year of establishment)	**PPH model** autonomous (A) vs integrative (I)	**Multi-dimensional value**			**Organizational-level dynamics** Actions leading to im(balance) between value generation and capturing	**Field-level dynamics** Actions by regional authorities (year)	**Long-term value generation** (revenues/services) vs **termination** (year)
		Development of innovative healthcare services	Provision of healthcare services public providers are incapable of producing	Economic sustainability (Y/N)			
Emilia Romagna							
PPH21 (1996)	I	high-specialty rehabilitation services for severe brain and spinal cord injuries	development of competence in rehabilitation of major injuries within public hospital	Y	excessive value capturing: expansion of services beyond the regional geographic area; plan for development of services for self-paying patients profit/loss: -488,000€ (2003); 391,000€ (2004), 414,000 € (2007), 1.8 mln € (2015)	supporting public partner in the acquisition of private ownership share; recognizing PPH as center of reference (2010)	X (27.8mln € - 2018)
PPH22 (2000)	I	innovative treatment plans	comprehensive cancer center in underserved area; development of research activities in cancer epidemiology and biomedical statistics	Y	excessive value capturing: increasing profits; increasing volume of services to the disadvantage of other regional centers profit/loss: -372,000€ (2007), 145,000€ (2010); 42,000€ (2013), 3 mln € (2015)	acquiring a share of PPH ownership; promoting changes in PPH statute with prohibition to redistribute profits; recognizing PPH as hub of cancer care network (2010)	X (83mln €- 2018)

PPH23 (2002)	I		building of a new hospital; providing hospital services in area with strong patient outward mobility	Y	excessive value capturing: focus on self-paying patients (surgical and outpatient activities, occupational health); increasing volume of services to the disadvantage of other regional centers profit/loss: 50,000€ (2006), 220,000€ (2010), 64,000€ (2014)	promoting changes to statute to increase public partner's control (2010); supporting public partner in acquisition of private ownership share (2018); integrating PPH in hospital network	X (67.9 mln€- 2018)
Marche							
PPH24 (2003)	I		reorganization of closing public hospital in area with strong patient outward mobility; development of services of elective surgery	Y	excessive value capturing: focus on self-paying patients; expansion of services by private partner providing services in other centers; high tariffs profit/loss: 13,000 € (2003), 54,000€ (2014)	supporting public partner in the acquisition of private ownership share (2015)	X (3 mln€- 2015)
Piedmont							
PPH25 (2001)	I	integrated treatment paths	orthopedic services in area with strong patient outward mobility	Y	excessive value capturing: increasing volume of services; increasing profits profit/loss: 853,000€ (2004), 1.7mln€ (2011), 800,000€ (2014)	promoting changes to statute to increase public partner's control and limits to PPH growth; designated center of excellence for orthopedics (2012)	X (24.7 mln€)
PPH26 (2003)	I	innovative ancillary (global service, drugs) and diagnostic services	reduction in waiting lists thanks to more efficient and cost-effective logistics and operations	Y	excessive value capturing: expansion of services beyond the initial scope; increasing profits profit/loss: 2,000€ (2005), 1.5mln€ (2008), 0€ (2015)	supporting public partner in the acquisition of private ownership share (2008)	X (55.9mln€- 2018)

PPH27 (2009)	I		development of post-acute, rehabilitation and long-term care services in unserved area	Y	balanced growth		X (13.6mln€- 2018)
Tuscany							
PPH28	I	unit on severe brain damage; research lab in bio-robotics	refurbishment of unused public hospital and conversion to high-specialty rehabilitation center in peripheral area	Y	balanced growth		X (10.1mln€ - 2018)
PPH29	I	awakening unit	high-intensity neuro-rehabilitation	Y	excessive value capturing: expansion of services beyond geographical area; opening of additional sites; expansion of services for self-paying patients profit/loss: - 480,000€ (2006), 9,000€ (2012), 284,374€ (2018)	promoting entry of additional public partner and further reduction of private ownership share (19%); recognized as regional center of reference (2018)	X (12mln €- 2018)
Veneto							
PPH30	A		refurbishment and reorganization of closing public hospital and conversion to rehabilitation	N	unsustainable due to overestimation of volume of services to be provided; cost-ineffective services		terminated (2007)
PPH31	I	unit on severe brain damage	transformation of closing general hospital in rehabilitation center	Y	excessive value capturing: increasing volume of services; expansion of services beyond initial geographical area; focus on services for self-paying patients; increasing profits profit/loss: 865,000€ (2006), 987,994€ (2009), 646,000€ (2015)	supporting public partner in the acquisition of private ownership share (2013)	X (36.1 mln€- 2018)

PPH32	I		transformation of closing general hospital in rehabilitation center; high-specialty post-traumatic orthopedic rehabilitation	Y	excessive value capturing: accusations of inflating reimbursement tariffs to make profit; focus on self-paying patients profit/loss: 24,000€ (2006), -13,000€ (2011), -16,000€ (2015)	supporting public partner in the acquisition of private ownership share (2017)	X (14.6 mln€-2018)
PPH34	I	innovative community-based social care services	refurbishment and reorganization of closing public hospital and conversion to multi-functional healthcare center	Y	excessive value capturing: increasing volume of services; expansion of services beyond the initial geographical area; focus on self-paying patients profit/loss: 11,000€ (2006), 9,000€ (2009), 83,000€ (2015)	promoting changes to the statute to increase public partner's control (2014)	X (4.1mln€-2018)

Table C. Trajectory of Interrupted Value Generation by Terminated PPHs: Multi-Dimensional Value, Organizational and Field-level Dynamics in PPHs' Evolution

Region and PPH (year of establishment)	**PPH model** autonomous (A) vs integrative (I)	**Multi-dimensional value**			**Organizational-level dynamics** Actions leading to im(balance) between value generation and capturing	**Field-level dynamics** Actions by regional authorities (year)	**Long-term value generation** (revenues/services) **vs termination** (year)
		Development of innovative healthcare services	Provision of healthcare services public providers are incapable of producing	Economic sustainability Y/N			
Apulia							
PPH34 (2010)	A/I		potential for acute hospital services in an underserved area	-	sudden withdrawal of private partner (lack of resources)	inaction	not operative
Basilicata							
PPH35 (2009)	A/I		initial attempts by private partner to deliver children neuropsychiatric services in area with strong patient outward mobility	-	lack of economic commitment by public partner (lack of resources)	inaction	not operative
PPH36 (2011)	A/I		network of pediatric services in area with strong patient outward mobility	Y	insufficient value capturing: sudden withdrawal of private partner (loss of strategic viability of PPH); loss of professional competence	inaction	terminated (2016)
Campania							
PPH37 (2005)	A/I	radiosurgery based on innovative technique and technology	cancer services in area with strong patient outward mobility	N	insufficient value capturing: progressive decrease in volume of services provided; withdrawal of private partner	inaction	terminated (2016)
Latium							
PPH38 (2002)	A/I	individual care plans integrated between social and healthcare services	multi-disciplinary primary care services	N	insufficient value capturing: 150mln€ cumulative debt; incapacity to pay for	inaction	terminated (2011)

					healthcare professionals (2007)		
PPH39 (2005)	A/I		refurbishment and reorganization of closing public hospital	Y	balanced growth with episodic support by external stakeholders		X (12.6 mln €- 2018)
Sicily							
PPH40 (1997)	A/I	complex transplant procedures; innovative precision medicine	center of reference for transplants in unserved area	Y	balanced growth with episodic support by external stakeholders		X (59.5 mln€- 2014)
PPH41 (2003)	A/I		cancer services in area with strong patient outward mobility	N	insufficient value capturing: 40mln € cumulative debt due excessive spending and mismanagement; withdrawal of private partner	inaction	terminated (2017)