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**MANAGING SYNERGETIC MOMENTUM:
A GROUNDED THEORY OF THE MANAGEMENT OF
PUBLIC-PRIVATE PARTNERSHIPS.**

A thesis submitted in fulfilment of the
requirements for the award of the degree

DOCTOR OF PHILOSOPHY

from

UNIVERSITY OF WOLLONGONG

by

GARY IAN NOBLE (B.Ed., MBA., M.Com.(Hons))

SCHOOL OF MANAGEMENT, MARKETING AND EMPLOYMENT RELATIONS

2002

DECLARATION

I, Gary I. Noble, declare that this thesis, submitted in fulfilment of the requirements for the award of Doctor of Philosophy, in the School of Management, Marketing and Employment Relations, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

Gary I. Noble

24 April 2002

ABSTRACT

This study uses an orthodox grounded theory methodology to discover the main professional concerns of managers responsible for the establishment and maintenance of public-private partnerships (PPPs) involving local governments and private sector firms. In addition, this study explains the social processes that these managers use to resolve these concerns over the life of a PPP project.

Orthodox grounded theory is an inductive research methodology capable of theory building. It was selected for use for several reasons. These included its ability to provide an explanation of the variation in the patterns of behaviour of respondents as they establish and manage a PPP project. Data was collected from ten PPP projects in both Australia and the UK through interviews with forty three respondents, non-participant observation and archival records. Data was analysed using the constant comparative method and involved the use of theoretical memos and theoretical sampling procedures.

The main professional concern of respondents over the managerial life of a PPP project involves the need to maintain the forward momentum of a project whilst also having to constantly resolve managerial issues through a process of seeking the cooperation of managers from the partner organisation. Key managers continuously resolve this concern through the social process of ‘managing synergetic momentum’ (MSM). The grounded theory of MSM suggests that in circumstances where there exists strong emotional bonds, mutual trust and respect, key managers are likely to make a conscious decision to manage a PPP project through largely informal methods that often rely on

the use of psychological contracts between individuals. In contrast, when there are low levels of emotional bonding between key managers, the style of management chosen by managers is often formal and bureaucratic in nature. This management style often involves the use of committee and other formal decision making processes to resolve managerial issues. An informal management style can be an effective means to address the issues of maintaining forward momentum of a PPP and managing in a cooperative manner with other key managers.

This study contributes to the extant literature in several ways. Firstly, it provides insights into, and an explanation of, the actions of key managers in the process of managing PPP projects. It provides another dimension in the PPP literature to the micro-management of PPPs. Secondly, it provides conceptual support to many of the themes contained in the cooperative inter-organisational relationship (CIOR) literature by contextualising the dynamics of the social processes that underlie these themes.

The grounded theory of MSM is also significant in that it provides practitioners in the substantive area of inquiry with a number of recommendations designed to assist in their control over the management of a PPP project. In addition, the grounded theory of MSM identifies a number of avenues for future research that may add further to our understanding of the management of PPPs.

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Finally, I would like to acknowledge the various managers and others who participated in this study and gave so generously of their time, personal thoughts and experiences in managing PPP projects.

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CHAPTER 1

INTRODUCTION

INTRODUCTION

Increasingly all three tiers of Australian government, that is, Commonwealth, State and local, are turning towards the formation of public-private partnerships (PPPs) as a method of funding and developing both economic and social infrastructure (Carroll 2000). For example, over the past two years both the Victorian and New South Wales State governments have shown their firm commitment to the notion of PPPs through the publication of such documents as *Partnership Victoria* (2000) and *Working with Government* (2000, 2001). This trend amongst various Australian governments appears consistent with an increased emphasis on the formation of PPPs by governments in many Western countries over the past two decades. In the UK, an expansion in the formation of PPPs was begun in the 1980s with the introduction of the 'Private Finance Initiative' by the then Thatcher government. This expansion of PPPs has continued to this day in the UK under successive Conservative and Labour governments. Similarly, in the United States an expansion in the number of PPPs began in the 1980s as a result of various programs and initiatives of the Reagan administration such as the 'Private Sector Initiative Program'. Again, as in the UK, this expansion process has continued at a rapid pace under successive Presidential administrations.

However, despite increasing numbers of PPPs worldwide, little appears to be understood about their internal management. In the main, academic interest in PPPs has

focussed on providing descriptions of various types of PPPs and analysing the trend towards the formation of PPPs from a socio-political perspective. At this stage there exists no clear identification of the issues and challenges involved in the management of PPPs. Despite this lack of understanding of the managerial processes at play within PPPs there are some authors in the extant PPP literature (e.g., Lawson 1997, Grant 1996, Rabin 1992) that continue to advocate definitive PPP management approaches and styles. The issue is that these various authors do not base their recommendations on the results of any systematic or rigorous research effort. This research study begins the process of redressing this lack of systematic, empirical research and lack of understanding of the internal management of PPPs.

THE AIM AND PURPOSE OF THE RESEARCH

The aim of this research has been to discover the main managerial concerns of managers working at the interface of cooperative PPPs and to explain the social processes that these managers use to continually resolve these concerns over the life of a PPP. In this study, managers working at the cooperative interface of a PPP are labelled as 'key managers'. These are individuals charged, sometimes reluctantly, by senior management with the responsibility for establishing and maintaining a PPP relationship. Key managers are individuals who often have the most frequent contact with a PPP project and can also have the greatest direct influence on the ongoing management of a PPP project.

The purpose of the current study has been to develop a substantive theory of how key managers address the managerial issues they are confronted with over the course of a

PPP project. In this study a ‘Glaserian’ or orthodox grounded theory research methodology was adopted so as to achieve this purpose and address the aim of the study.

Orthodox grounded theory research follows the principles and procedures first advocated by Glaser and Strauss (1967) and then further elaborated upon by Glaser (e.g., 1978, 1992, 1998, 2001) in his various books and writings on the topic. The orthodox grounded theory methodology is most appropriate to this study because of its ability to support the emergence of problems that are identified by the participants in a study. Another strength of orthodox grounded theory is its capacity to not only discover the participant’s problems but to generate “a theory accounting for the processing of the problem” (Glaser 1998, p. 11). In other words, orthodox grounded theory was selected as the research methodology because it allowed the study participants to explain what their concerns in the management of a PPP project were and it explains how they act to resolve these concerns - the two aims of this study.

Orthodox grounded theory may be contrasted with other research methodologies that begin with the identification of a specific research problem followed by a search for an appropriate population within which to study the research problem. Orthodox grounded theory requires the researcher to enter the field with no specific research problem. The principle is that the researcher selects a substantive area of inquiry and then moves into that area of inquiry:

...with abstract wonderment of what is going on that is an issue and how it is handled...The grounded theorist keeps his mind open to the true problems in the area. A forcing researcher may study risk taking in steeplejack work; a grounded theorist will probably discover that the main problem is negotiating the day’s voyeurism, with the risks involved as a minor consideration. (Glaser 1992, p. 22).

In other words, orthodox grounded theory allows for the emergence of concerns and issues that are significant to the participants in a study rather than those that may be conceived of by a researcher as important. Consistent with this principle no formal and preconceived research question guided this study. Instead this study has been guided simply by, 1) the general aim of discovering the main managerial concern of key managers in PPPs and 2) the purpose of the study, that is, generating a substantive theory capable of explaining how they continuously act to resolve this concern.

It should be acknowledged from the outset that a limitation of the grounded theory that is the outcome of the current research is its substantive nature. That is, the proposed grounded theory has application only to the area of inquiry from which it has been induced. In this study the substantive area of inquiry was defined as the management of PPPs involving private sector firms and local governments in Australia and the UK at the level of key managers. Although the grounded theory that is presented in this thesis is limited by its substantive nature that is not to say that the current research and grounded theory is without significance.

SIGNIFICANCE OF THE STUDY

The research that is described in this thesis has both academic and practical significance. From an academic perspective, the research begins to fill a gap in our understanding of the internal management of PPPs. There is conjecture in the extant literature that the management of cross-sectoral partnerships, such as PPPs, is likely to be problematic (e.g., Childs & Faulkner 1998, Kanter 1994). However, there is a scarcity of studies designed to identify the managerial issues that make these

partnerships problematic and how managers go about addressing these issues in an effort to ensure the ‘success’ of a partnership. Research designed to discover how cross-sectoral partnerships such as PPPs are managed, at the level of those individuals most intimately involved in their management (i.e., key managers), would most likely help the process of addressing this gap in the extant literature.

One of four often used criteria for evaluating a grounded theory is its ‘relevancy’ to, amongst others, practitioners in the substantive area of inquiry (Guthrie 2001, Brooks 1998, Hutchinson 1986). In the context of grounded theory the term ‘relevancy’ refers to the value of the theory to practitioners and others (Glaser 1978). This study is likely to be significant to practitioners because it provides them with a conceptual explanation of the patterns of behaviour of key managers in PPPs as they constantly act to resolve their main professional concern. Understanding these patterns of behaviour may provide practitioners with the potential for control over an action scene. Control in this sense refers to practitioners appreciating the likely outcomes stemming from different managerial strategies and actions when adopted in certain contexts. Subsequently, these practitioners have the potential to improve the quality, efficiency and effectiveness of their management of PPPs. These improvements could lead to PPP outcomes that are in the interests of the broader community through savings on the public purse as a result of the more effective provision of economic and social infrastructure.

CONTEXT AND BACKGROUND TO THE RESEARCH

This study takes place at a time when governments are increasingly turning towards the use of PPPs to fund economic and social infrastructure projects. Similarly, it is a time

when the private sector appears to be quite conscious of the rewards associated with working in partnership with government organisations in the pursuit of their organisational objectives. This environment of increasing cooperation between these two sectors of the economy provides the overall context for this research study.

As elaborated upon in greater detail in Chapter 2, often the term partnership is used as a semantic term, largely by politicians, to describe what amounts to the privatisation of public assets. However, as this study attempts to point out, there are other situations where the public and private sectors can and do work in a cooperative fashion for mutually beneficial purposes. It is these specific types of relationships between the public and private sectors that this study labels as PPPs and that form the focus of the research.

It would seem, to me at least, that the public at large should be concerned at how PPPs are managed as this has the potential to impact on their ability to deliver to the public cost effective infrastructure. Should a PPP project not progress in a timely and efficient manner to some form of closure in which the goals of the partnership are realised then considerable public resources may be at risk. In most cases, these potential resource losses take the form of a financial loss to a public organisation and/or public ownership or control over some form of asset. Increasing the efficiency and effectiveness of the management of PPPs has the potential to avoid, or at least mitigate, the likelihood for such losses and be in the public interest. It is in this vein that this research was undertaken.

At a personal level, my interest in the management of PPPs stems from my work as a research assistant to Professor Peter Carroll gathering information on various types of PPPs in Australia. In the course of this research work what became apparent to me, as an under researched area of academic interest, was the management of PPPs by those responsible for their establishment and maintenance, that is, key managers. This initial interest acted as the springboard for this research study.

STRUCTURE OF THE THESIS

This thesis contains ten chapters. In this chapter the purpose has been to set the scene for the thesis that follows by describing its overall context and aim. This chapter has also attempted to justify the current research by suggesting its academic and practical significance.

Chapter Two, continues ‘setting the scene’ for the research by reviewing the extant PPP literature. This literature review first identifies what the term ‘public-private partnership’ means in the context of both the extant literature and this study. This chapter then suggests existing academic interest in PPPs has focussed primarily on:

- Understanding the rationale for the growth of PPPs
- Identifying what makes a ‘successful’ PPP
- Making an assessment of the social or economic benefits of particular examples of a PPP
- Promoting the virtues of PPPs.

This literature review concludes by suggesting the PPP literature is still in an early stage of development and generally lacks sophistication, methodological rigour and empirical research. In particular the PPP literature provides little information as to the role of management in PPPs.

In Chapter Three the principles and processes of orthodox grounded theory as they were followed in this study are outlined. This chapter includes a discussion of why a qualitative research approach and a grounded theory research methodology were selected for use. This chapter also elaborates on the principles of orthodox grounded theory that distinguish it from other research methodologies. This discussion includes an examination of such key aspects of grounded theory as theoretical sampling and the constant comparative method of data analysis. In addition to discussing these procedures this chapter provides detail on how research methods associated with an orthodox grounded theory methodology, such as coding, theoretical memoing and the use of concept cards, have been used.

The actual grounded theory is presented in Chapters Four through to Eight.

Chapter Four discusses the first of four sub-core categories or stages of the proposed grounded theory of ‘managing synergetic momentum’ (MSM). This stage, what is labelled the ‘trawling for a partner’ stage, involves key managers searching a market for a compatible partner organisation with which they may be able to form a PPP. This stage is conceptualised as involving three phases. In the first phase, labelled as ‘actualising a need’, individuals within an organisation begin the process of recognising the need for a partner to successfully achieve some organisational goal. This is most

often followed by key managers actively searching a market for a potentially compatible partner organisation and attempting to generate some interest in a PPP. This phase is labelled 'trawling a market'. When successful, these social processes often result in some level of interest in a PPP being expressed by a potential partner. This is conceptualised and discussed in the phase labelled as 'responding'.

Chapter Five, titled 'sizing up', discusses the next sequential stage in the development of a PPP. During this stage managerial concern is often focussed primarily on a closer examination of a potential partner organisation in terms of the risks and benefits of association. This stage in the evolution of a PPP has been conceptualised as involving four phases. In the first phase labelled as 'dimensions of compatibility', organisations and key managers identify the criteria that form the basis for the process of 'assessing compatibility'. Often in this stage a group of individuals begin to emerge that are instrumental in maintaining the forward motion of a PPP, these are project champions. The process by which these individuals come to the fore at this stage is captured in the process labelled as 'emerging champions'. The consequence of the social process of 'sizing up' is what is labelled as 'cautious commitment'. This is often a point in the life of a PPP where two potential partner organisations are in agreement that they appear compatible but desire some structure to the relationship before committing fully to the PPP. This is labelled as 'cautious commitment' and often marks a turning point in events and leads to the next stage in the development of a PPP.

Chapter Six conceptualises how key managers work together in an effort to determine the details of how the two partner organisations might be able to work together in a PPP project. This third stage is labelled the 'structuring the partnership' stage. This stage is

characterised by key managers beginning formal negotiations with a partner organisation. These negotiations are conceptualised as a social process that often involves managers moving from an idealised position of wants ('position idealising') to a position of what they can have ('position levelling') and then to a point of formalising through a legalistic contract that determines each organisations role in the PPP ('position formalising'). This stage can be important in the development of personal relationships between key managers. It is a stage when some key managers will develop a greater understanding of the actions and behaviours of key managers from a partner organisation. This gain in understanding can lead to a stronger personal bond as well as a deepening level of trust, personal commitment and cooperation between key managers.

Chapter Seven conceptualises the managerial concerns of key managers in the final stage of a PPP and how they work to resolve these concerns. This stage is labelled as the 'rolling' stage. In this stage managerial focus is directed to the ongoing management of a PPP project with managerial issues resolved, in the main, through one of two approaches. One approach to the resolution of issues can often involve the adoption of a formalised and bureaucratic committee system. In contrast, managers may elect to adopt a more informal approach involving often tacit and undocumented agreements between individuals. Key managers are often conscious of deciding which approach they will adopt. What determines this choice is often the level of emotional bond that exists between individual managers and is invariably the result of the style of social interaction that has occurred between individuals in each of the previous three stages of a PPP's development. Of the two managerial approaches the informal approach may be the most effective at resolving issues in a way that maintains the continued forward

progress of the PPP through to some form of ‘successful’ closure in which the PPP project achieves its planned organisational goals.

Chapter Eight brings each of the four sub-core categories together into a parsimonious grounded theory through the identification of a core category. The core category in this study is labelled ‘managing synergetic momentum’ (MSM). This core category not only links each of the four sub-core categories together it also reflects the main professional concern of key managers and how they continuously act to resolve this concern. In the theory of MSM the main professional concern of key managers involves the need to maintain the forward momentum of a PPP through the social processes of constantly gaining the cooperation of key managers from a partner organisation in an environment devoid of traditional hierarchical power based structures.

In Chapter Nine the contribution of the grounded theory of MSM is located within the extant literature. This chapter describes the process followed in delimiting the extant literature to an area that has most relevancy to the theory of MSM. This literature area is the cooperative inter-organisational relationship (CIOR) literature. Not only does the theory of MSM provide conceptual support to themes from within this extant literature it also extends this literature by providing detail on the social processes that underlie many of these themes. The greatest contribution the theory of MSM makes to this literature is in detailing how, within a substantive area, trust and commitment between individuals deepens and what the influence of this process is on the management of a PPP project.

Chapter Ten is the final chapter in this thesis. In this chapter the implications of the theory of MSM for practitioners in the substantive area and for future research are elaborated upon. This chapter and thesis closes with a brief personal reflection on both the research process followed as well as the outcomes of the research.

In Appendix A, a form of ‘audit trail’ is provided to give clarity to the methodological processes followed in this study. In this section examples of coded data, concept cards and theoretical memos are provided to demonstrate how categories and properties emerged in the current study. In other words, Appendix A is devoted to explaining how the theory of MSM is grounded in, and has been induced from, the data.

CHAPTER 2

PUBLIC – PRIVATE PARTNERSHIPS: A DEFINITION AND LITERATURE REVIEW.

INTRODUCTION

The focus of the current study is the internal management of ‘public – private partnerships’ (PPPs). The purpose of this chapter is to critically review the extant literature on PPPs in an effort to determine the current level of knowledge regarding their internal management. In addition, the chapter attempts to come to an understanding of what the term PPP means in the context of the extant literature before defining the use of this term in the current study.

Although a body of literature that makes direct reference to the term PPP has developed over the past thirty years, there still exists no widely accepted definition of the term. Despite this limitation, the term PPP has become closely associated, in both the academic and popular literature, with the study of particular types of relationships between the public and private sectors, namely those described as partnerships.

The PPP literature is largely, in an academic and scholarly sense, in an early stage of development and could be labelled as ‘immature’. The PPP literature appears immature in three senses. Firstly, it contains relatively few formal and substantial empirical studies. Secondly, the PPP literature currently exhibits little conceptual or theoretical integration. Thirdly, the studies that have been undertaken to date generally consider

PPPs at only the broad social or organisational levels, ignoring what can be called the “micro” level (Alexander 1995, p. 53). When the literature does consider PPPs at the micro-level, that is, the level of social interaction between key individuals, it relies on only personal accounts rather than systematic empirical research. Hence, its findings may be invalid and unrepresentative as to the actual management of PPPs.

This chapter begins by first examining definitions of the term PPP found within the PPP literature suggesting the limitations of these definitions and their appropriateness for use in the current study. The chapter then attempts a definition of the term PPP for the purpose of the current study before proceeding to critically review the existing PPP literature identifying its general weaknesses and lack of understanding of the micro-management of PPPs.

WHAT IS A PPP?

As Williams (1997, p. 41) notes, “precise and imprecise definitions of ‘public-private partnerships’ do not abound because authors assume that the issue is so transparent that the entity needs no definition”. The definitions that exist in the literature tend to be specific to the situation and context in which the particular writer is working. As a result these narrow definitions often have limited use beyond these single, specific situations. In addition, the majority of definitions to be found in the literature fail to provide or attach significant meaning to the use of the word partnership.

Williams (1997, p. 43), for example, notes that:

a public-private partnership is a non-profit, quasi independent organisation established under a state’s laws by a combination of authority, funding power

and responsibility of both the public and private sectors to provide economic development services described in its charter, incorporation, by-laws or funding covenants.

This definition typifies many found within the literature. It is linked directly to a particular set of circumstances or situation, in this case economic development at a state level. Yet, as shown later in this chapter, PPPs may not involve the creation of a third party nor be concerned with economic development. Moreover, Williams provides the reader with no justification for the use of the term partnership to describe the relationship in question.

Similarly, again writing in relation to economic development, Walzer and Jacobs (1998, p. 5), suggest the term PPP represents an:

ongoing, formal relationship between a city government and a local business to which each makes a defined contribution and from which each is expected to receive a specified output. The overriding purpose is to expand the number of jobs, level of income, neighbourhood improvement, or other measures of local community development (Walzer & Jacobs 1998, p. 5).

As with the definition provided by Williams, this definition is contextually linked to the focus of Walzer and Jacob's work – economic development, and explicitly restricts application of the term to the “city” and “local business” level. In addition, as in the previous examples, the use of the ‘partnership’ is not explained.

Again, Tillman (1997, p. 30) notes “public-private partnerships are arrangements to use private sector funds to advance transportation projects”. This definition is so narrow as to prove meaningless in any situation beyond “transportation projects” and suggests that PPPs act only as funding mechanisms. As with the previous two definitions, Tillman does not attempt to explain either the use or rationale for the inclusion of the word partnership.

In contrast to Williams (1997), Walzer and Jacobs (1998) and Tillman (1997) some definitions are so broad that they also prove to be of little value. Brown (1999, p. 25), for example, notes, “PPPs take various forms but in essence they are long term concession arrangements between the public and private sectors”. No guidance is provided as to the “various forms” PPPs can take, nor any explanation as to what are “long term concession arrangements”?

Yet another example of a broad ambiguous definition of the term PPP is provided by the New South Wales State government in their publication *Working with Government* (2001). In this publication, the term PPP is defined as, “a general term covering any contracted relationship between the public and private sectors to produce an asset or deliver a service” (Working with Government 2001, pp. iii). This definition is so broad as to potentially cover every relationship the State government has, or may have, with any private sector organisation.

A similarly broad definition is that provided by Savas (2000, p.4), “public-private partnership is defined as any arrangement between a government and the private sector in which partially or traditionally public activities are performed by the private sector”. This definition includes, potentially, an enormous array of different types of relationships, ranging from the day to day provision of contracted services or products, to the temporary relationships that exist during the sale of public assets. Savas, writing as a strong proponent of privatisation, is also an example of writers (e.g., Poole 1976, Donahue 1989) and some politicians (e.g., Milburn 1999, Robinson 1998) who appear to have adopted the use of the term PPP as a popular, semantic convenience rather than

as a clear and precisely defined term that unambiguously identifies a specific type of relationship.

More informative definitions do exist. The Canadian Council for Public-Private Partnerships (cited in Carr 1998, p.1), for example, defines the term PPP as:

a co-operative venture between the public and private sectors, built on expertise of each partner that best meets clearly defined public needs through the appropriate allocation of risks, rewards and responsibilities.

One of the more significant phrases in this definition is that PPPs are defined in terms of “a co-operative venture”, indicating that some degree of cooperation or collaboration¹ is evident in these relationships. Despite providing meaning to the word partnership, this definition is ambiguous in that it does not elaborate or define what constitutes the public and private sectors and what represents an “appropriate” level of risk, reward and responsibility.

In a similar effort Grant (1996, p.27) attempts to operationalise the word partnership by suggesting PPPs are:

usually long term affairs...with the following basic requirements: 1) shared authority and responsibility, 2) joint investment, 3) shared liability or risk taking, and 4) mutual benefit.

Although Grant implies the word partnership is used in the term PPP to denote a sense of sharing and joint benefit the definition is imprecise in not suggesting what might represent or characterise a public or private partner in these relationships.

¹ In this study the words collaboration and cooperation are used interchangeably. For a detailed discussion of the interchangeable use of these two words in the extant literature refer to Lilley (1985, pp. 18-20).

In summary, it appears the definitions of the term PPP that are to be found in the extant literature can be generally criticised on one or more of three grounds. First, some definitions in the literature are so bound to the context in which they are used that they have no application beyond a narrow range of circumstances. Second, many of the definitions to be found in the literature fail to consider or attach any meaning to the word partnership leaving the reader wondering what the relevance of the word is to the definition and the term itself. Third, some definitions in the literature have only semantic relevance. That is, they are used for political or ideological convenience and appear to be deliberately designed to be so general as to be incapable of distinguishing between *any* form of public-private sector relationship.

If, as the above suggests, the term PPP is such an ill-defined and possibly misleading term, why the use of the term in this study? Jacobs (1998) provides a most succinct and compelling argument. Jacobs (1998, p. 70) describes the term PPP as “ubiquitous”, a description that is supported by the increasing reference to and, presumably, acceptance of the term in both the academic and popular literature to denote public-private sector relationships of a particular type. That is, those that are positive and cooperative in nature. It has, as Jacobs (1998, p. 70) suggests become, “common currency among policy makers and is convenient shorthand for describing public/private sector collaboration”. A number of writers in the literature support Jacobs’ view, for example, Huxham (1996, p. 7) and Bearse (1982, p. 18).

In using the term PPP in this study it is important to make clear what type of public-private relationships are regarded as PPPs in the context of this study and to address the

three weaknesses of the existing definitions by clearly defining each of the three words in the definition – public, private and partnership.

Public and Private Defined.

A major challenge faced in attempting a definition of the term PPP is that of gaining an understanding of what represents a public or private organisation at a time when the traditional boundaries between these sectors is becoming increasingly blurred and indistinguishable (Savas 2000, Montanheiro 1998, Sternberg 1993). In these circumstances both Perry and Rainey (1988) and Robertson and Senevirante (1995) argue that any attempt to draw clear distinctions between public and private sectors and organisations is “problematic” (Robertson & Senevirante 1995, p. 555). Instead, these writers suggest “publicness be viewed as a continuum with any given organisation characterised as more or less public” (Robertson & Senevirante 1995, p. 555). In such a typology Perry and Rainey suggest that a public-private continuum could have a number of characteristics and include those commonly referred to in the literature such as “public interest” and “ownership/funding” (Perry & Rainey 1988, p. 184). Blau and Scott (1962) use the notion of “public interest” as the primary means to distinguish between public and private sector organisations. The test, they argue, is whether or not an organisation operates in the interest of all, i.e., in the public interest, or, who is the prime beneficiary of the organisation in question? Blau and Scott argue that the answer to this question is quite clear, that is, ‘owners’ are the prime beneficiaries of private organisations while the ‘public in general’ is considered to benefit most from public organisations. However, as Hall and Quinn (1983) argue public interest is difficult to both define and measure and all organisations exhibit some

degree of public interest and therefore the criterion of the public interest or ‘who benefits’ is an inadequate means of differentiating a public from a private organisation.

Fottler (1981), Walmsley and Zald (1973) distinguish between public and private organisations on the basis of whether an organisation is owned and/or funded by government. Implied in the notion of government ownership or funding is the assumption that control of these resources equates to full government or public control of an organisation. According to Perry and Rainer (1988, p. 184) however, many private firms can, through government regulation and contracts, be effectively under full government control while some government funded organisations can exhibit signs of considerable “managerial autonomy”. In other words, by themselves the criteria of funding and/or ownership do not adequately distinguish public from private organisations. Based on these traditional dimensions, and in an effort to overcome their limitations, Perry and Rainey (1988, p. 195) suggest an integrated typology for judging if an organisation is more or less ‘public’ according to three criteria “ownership”, “funding” *and* “mode of social control”.

In addition to the more traditional dimensions of “ownership” and “funding”, Perry and Rainey (1988, p. 195) argue that a third criteria, what they label “mode of social control”, is needed to accurately place an organisation on any public-private continuum. “Mode of social control” refers to the degree to which various elements of “the organisational domain” (including mission, goals, geographical sphere of operations, clients, operating procedures and technology) are “controlled” by either market exchanges or “polyarchies” (Perry and Rainey 1988, p. 195), that is, external political and government groups or processes. They argue that in predominantly private

organisations economic exchanges with buyers and sellers will influence most decisions regarding an organisation's domain elements. In contrast, in predominantly public organisations they argue organisational domain elements are more likely to be influenced by a "pluralistic political process" or polyarchy comprising formal government authority and political actors external to the organisation.

As Robertson and Senevirante (1995) suggest the advantage of the public-private continuum typology of Perry and Rainey (1988) over traditional dichotomous definitions is that it accommodates ambiguity arising from the blurring of traditional public and private sector boundaries. It is this definition that is adopted for the purposes of the current study. That is, an organisation is regarded as public or private on the basis of the degree of public ownership, the degree of public funding *and* the degree to which its organisational domain is controlled by market transactions as opposed to external government and political processes.

The Word Partnership?

As shown earlier most definitions of the term PPP within the literature simply ignore any attempt to explain or define the use of the word 'partnership' within the term PPP. As already been suggested, some writers such as Savas (2000) use the term PPP to perhaps, as Ingerson (2000, p. 1) suggests, mask in more favourable language what some may regard as "sinister cabals" rather than truly "co-operative ventures". Others in the literature, for example, The Canadian Council for Public-Private Partnerships (cited in Carr 1998) and Grant (1996) note explicitly that the word partnership infers in PPPs a specific type of public-private relationship. In the same manner, in the current study the

inclusion of the word partnership in the term PPP is used to denote a specific type of public-private relationship, one that is characterised by a sense of collaboration.

Huxham (1996, p. 7) describes the word collaboration as an inter-organisational relationship (IOR) characterised by “a very positive form of working in association with others for some form of mutual benefit”. However, Huxham’s description of what is meant by the term collaboration, as Jacobs (1998, p. 70) suggests, means that almost “any” public - private relationship can be labelled a collaborative relationship in some way, negating the value of collaboration as a qualifier to the meaning of the word partnership. In the current study, the word partnership is used to denote public and private sector relationships that are predominantly collaborative as characterised by a number of factors not only the achievement of mutual benefit and/or their self-labelling by individuals involved with the relationship as very positive.

Cravens, Piercy and Shipp (cited in Child & Faulkner 1998, p. 105) have proposed a classification of IORs that include what these writers label as “transactional” and “collaborative” relationships. Such a taxonomy could be applied to public-private relationships, clearly identifying what is intended in this study by the term “collaborative relationship” and subsequently the word partnership.

Transactional relationships are described as unilateral arrangements where the ‘need’ in the relationship is predominantly with one partner and some form of resource is exchanged for money, in other words they are “fully market dominated relationships” (Child & Faulkner 1998, p. 99). In these, arms-length type, market transactions there exists no further obligation between the transaction partners beyond the “spot

transaction” (Child & Faulkner 1998, p. 100). That is, such relationships are generally of a short time frame (less than three years). There is a strong legal component, generally in the form of a quite specific contract, or an implied contract, within which these transactions occur, with little flexibility in their nature and a high degree of certainty in their outcomes as the resource to be exchanged and accompanying payment are pre-defined in the legal contract, or implied contract. The level of trust and commitment between exchange partners does not need to be high as governance mechanisms are in place from the outset, clearly defining each partner’s role and responsibilities and the penalties that will be incurred if the contract, or implied contract, is breached.

In contrast, collaborative relationships, although an exchange and some payment may take place, involve a degree of organisational integration between the partners with the purpose of achieving some mutually synergetic goal. The process of co-operation and compromise that is required to achieve this goal calls upon each partner to sacrifice some of their independence (Powell 1990). This organisational integration occurs over time and so collaborative relationships are normally long-term relationships. In addition, this ‘organisational integration’ is likely to result in some form of agreement or codification, written or verbal, whereby each partner becomes to some extent, responsible for the other partner’s actions.

According to Child and Faulkner (1998, p. 109) the most distinguishing feature of a collaborative relationship is its level of “flexibility”. They argue that as organisations enter collaborative relationships they must do so with a sense of flexibility, as there is a high degree of uncertainty as to the likely outcomes in such relationships. Coupled to

the high level of uncertainty, partners must rely more on mutual trust and commitment than legal safeguards to overcome issues of conflict. Subsequently partners within a collaborative relationship are likely to experience a more ‘intimate’ relationship than partners in a transactional relationship. As a result of the increased level of flexibility and uncertainty associated with collaborative relationships it is also reasonable to expect them to pose more of a challenge in their development and maintenance (Huxham 1996, Kanter 1994).

A similar taxonomy of relationships to that of Cravens, Piercy and Shipp (cited in Child & Faulkner 1998, p. 105) is proposed by Jones and Kustin (1995) when describing supplier relationships. Instead of the terms, transactional and collaborative, Jones and Kustin (1995, p. 115) refer to “traditional” and “progressive” relationships to describe essentially the same types of respective relationships. For example, “progressive relationships” are described as “consultative...close working...joint problem-solving...long-term” relationships with a “high degree of flexibility”, notions associated with Cravens, Piercy and Shipp’s “collaborative” relationships. Likewise, “traditional” relationships are described by Jones and Kustin (1995, p. 115 as “arms-length...impersonal...legalistic” and “short-term”, a similar description to that of transactional relationships as proposed by Cravens, Piercy and Shipp.

Although the taxonomies of both Cravens, Piercy and Shipp and Jones and Kustin are helpful in distinguishing between various forms of public and private sector relationships, it needs to be accepted that it is unlikely that any one public and private sector relationship would fit neatly into either a transactional or collaborative relationship category. However, it is likely that there would be sufficient evidence

regarding a public-private relationship to categorise it as resembling *more closely* either a transactional or collaborative relationship. Table 2.1 highlights the distinct differences between these two forms of relationships.

Table 2.1 A Comparison of Transactional and Collaborative Relationships.

<i>Comparison Dimension</i>	<i>Transactional Relationships</i>	<i>Collaborative Relationships</i>
Degree of integration between partners	Low throughout duration of relationship	Low increasing to high as relationship develops
Degree of flexibility in relationship	Low	High
Likely duration of relationship	Short-term	Long-term
Certainty in the outcome of the relationship	High throughout duration of relationship	Low in initial stages, increasing as relationship develops
Level of trust between partners	Low – contract established at outset of relationship.	High – no contract in early stages of relationship
Level of commitment to the relationship	Low	High

PPP – In the context of the current study

For the purposes of the current study, and having described what is intended by the terms public, private and partnership in the context of the current study, the term PPP can be defined as:

a ‘collaborative relationship’ designed to achieve mutually beneficial and synergetic goals that involves at least one public organisation whose primary interest is the realisation of socially oriented goals and one private organisation whose primary interest is the realisation of corporate goals.

An important component of this definition are the words ‘collaborative relationship’. This term refers to an intimate form of IOR. It is a relationship characterised by its flexibility with partners increasingly relying over the course of the relationship on deepening levels of mutual trust and commitment rather than legalistic governance mechanisms in achieving mutually beneficial and synergetic goals.

In the section that follows the extant literature that makes direct reference to the term PPP is critically reviewed. The purpose of this review is to identify its general weaknesses and the extent of current understanding and knowledge of the internal management of PPPs.

A DEVELOPING BUT IMMATURE ACADEMIC LITERATURE.

It is widely accepted in the literature that, in the majority of democratic nation states, the public and private sectors have traditionally maintained various forms of relationships (Walzer & Jacobs 1998, Sternberg 1993, Krumholz 1984, Bearse 1982, Fosler & Berger 1982, McNulty 1978). In the United States for example, Clarke (1998, p. 21) claims, relationships between the public and private sectors can be traced “back to the founding of early European settlement”. However, to label specific examples of relationships between these two economic sectors as PPPs is a relatively recent

occurrence with the first use of the precise term PPP, that this study found, occurring in 1971 (Council on Foundations 1971). Since this 1971 reference, a body of literature that makes use of the term PPP has grown steadily, although in an academic sense this literature appears to be still in an early stage of development lacking in both density and integration.

A chronological review of the PPP literature suggests that it is only since the mid-1990s that significant numbers of academics and scholars have begun to adopt the use of the term PPP and show an interest in the subject of PPPs. Despite this growing interest there exists very few formal and systematic empirical studies in the area, with some exceptions being Roos (1999), Weiner and Alexander (1998), Toupal (1997), Williams (1997), Wahdan (1995) and Turner (1990). The majority of the empirical studies focus on either: the rationale for, or the social/economic benefits of, particular examples of PPPs. Williams (1997), for example, uses a comparative case study methodology to examine and determine the benefits of three PPPs in the area of regional economic development in the United States. Similarly, Turner (1990) uses a case study methodology to investigate a specific PPP in the area of social welfare in the Delaware Grants-in-Aid Program. The predominance of case study research methodologies to investigate PPPs means that they are subject to the limitations of that research methodology. Often these case studies do not allow generalisations beyond the one or two PPPs which are the basis of the research and, in the main, are descriptive studies not providing any conceptual explanation of the actions or behaviours of participants in the study. In addition, these empirical studies of PPPs have not focused on managerial issues and practices, the primary focus of this study.

Apart from these few empirical studies, the majority of articles and text identified are of a subjective nature. That is, they rely heavily on the individual author's personal experience of PPPs, and, often, the author's ideological or political predispositions for substantiation of specific arguments or points of view regarding PPPs.

As a whole the PPP literature can be categorised into three general groupings. The first group comprises articles that examine the rationale for the growth in PPPs. These articles discuss the context in which PPPs have been able to expand in numbers over the past thirty years. The second group includes articles that attempt to identify the factors that lead to a 'successful' PPP. In other words, what are the necessary requisites for a 'successful' PPP? The third group comprises articles that discuss the consequences of PPPs by, mostly, describing examples of 'successful' PPP projects. In the section that follows each of these groups are critically discussed in terms of their understanding and insight into the management of PPPs.

Reason for the Growth of PPPs Literature

This group of articles in the PPP literature focus on a discussion, often in a subjective manner, of the reasons behind the growth in PPPs during the past thirty years and the extent of their social benefits (e.g., Goldsmith 1997, Cobourn 1994, de Neufville & Barton 1987). In the main, these writers consider PPPs only at a macro level, that is, in terms of broad social and political issues rather than in terms of how managers and others function, or might function, within the framework of a PPP.

A frequently noted reason for the growth in PPPs is the state of the economy in question. Dodge (1988, p. 2), refers to this as the "fewer dollars" issue. That is, a

gradual but continuing decline in capital available for public sector services and infrastructure at all tiers of government in most Western nations (Walzer & Jacobs 1998, Rockefeller 1996, Correll 1996, Ward 1996). The second most frequently cited reason for the growth in PPPs are demands placed on the public sector for increased 'efficiency and effectiveness' by their constituencies (e.g., Woodward 1994, Shields 1990, Stainback 1990, Dodge 1988). It is also of note that it is against this latter driver of PPPs, essentially a saving in money by the public sector partner, that most writers judge the 'success' of a PPP. In other words, a PPP project is labelled a success in the literature if it appears to have saved the tax paying public money. This often ignores any other criteria including such criteria as might be regarded important from the private sector partner's perspective. A private sector partner, may for example, measure success in terms of how risk might have been allocated in a PPP project or the time taken to complete negotiations or the construction phase of a PPP project. The second reason is political, rather than economic, as it has developed out of views that the state should play a minimal role in the economy, rather than out of any economic need.

In addition to suggesting that PPPs are essentially a market response to economic factors, this body of literature also suggests recent growth in PPPs has been influenced by political ideologies and associated government initiatives and legislation. For example, Lennon (2001), Anonymous (1998), Collins (1997) and Gray (1997) describe how the 'Private Finance Initiative' program of Thatcher's Conservative government facilitated a growth in PPPs in Britain in the 1980s. Similarly, Dayton (1981), Baroody (1982), David et al (1992), Mars et al (1981) describe how various Federal and State programs and various legislatures, including the Reagan Administration's 'Private

Sector Initiative Program', have acted as promoters of PPP projects through "removing significant obstacles" and "legitimising" (David et al 1992, p. 28) PPP projects in the United States. A number of these writers describe the role of government and politicians in encouraging and facilitating the growth in PPPs and also discuss the consequences of PPPs for society in general.

De Neufville and Barton (1987, p. 181) suggest PPPs involve the propagation of what are essentially "myths" by politicians to mask politically unpalatable multi-sectoral arrangements of questionable benefit to society. They argue that the public sector is traditionally described as inefficient and lacking in expertise when compared to the private sector. This argument, they suggest is not substantiated, nor are increases in efficiency and cost savings proposed typical outcomes of PPP arrangements. Similarly, Squires (1989, p. 1), discussing the use of PPPs in the area of urban renewal in the United States, argues that PPPs favour the private sector partner and in effect are simply a mechanism used by the private sector to access public funds or assets "in pursuit of dubious goals". In more recent times Sabety and Griffin (1996, p. 2), have argued against the increased use of PPP arrangements on the basis that "the lines between public interest and private initiatives are increasingly blurred" as a direct result of PPPs and this leads to difficult issues of public accountability and governance that can damage a society's confidence in the public sector. This general, more critical theme, that is, PPPs typically have negative consequences for society and lack transparency is also one proposed by others in the PPP literature, for example; Goldenkoff (2001), Gerrard (2001), Hall (1998), Heald and Geughan (1997), Martin (1996), Parkinson (1996), and Sternberg (1993).

Although this body of literature provides a possible explanation for the growth in PPPs and a sensitivity to the issues of public accountability, it does not provide insight into the management of PPPs.

The ‘Keys to Success’ Literature

In addition to those articles that describe the reasons for the growth of PPPs, a second group discusses PPPs in terms of what are considered the ‘keys’ to developing a successful PPP. This literature could be reasonably expected to have relevance to the current study in identifying important managerial issues associated with PPPs and in also providing insights into how managers of PPPs might go about the task of resolving these issues. However, this study could not identify any article that was *not* based exclusively on personal perceptions of PPPs gained from exposure to a limited number of PPP projects as opposed to formal empirical study. Accordingly, although the perceptions and assertions contained within these lists of ‘success factors’ might be relevant to the management of PPPs, they are essentially untested propositions and may be invalid. In addition, publications containing lists of ‘success factors’ often fail to explain why the factors might be important for the success of a PPP, nor, are they accompanied by details on the strategies used by managers of PPPs to ensure these alleged success factors are achieved.

Grant (1996, p. 27) typifies the writers that offer, what he labels “critical success factors for any PPP” based, not on empirical research, but on personal observation. In the case of Grant, his list of success factors are based on his association with PPPs in the role of a management consultant with Andersen Consulting in Canada. Grant (1996, p. 29) provides a list of seven factors that he considers important in a PPP project:

- “leadership and commitment”,
- “a clear view of what constitutes success”,
- a clear indication of the “purpose” of the PPP,
- a “genuine need to partner”,
- an understanding by the private sector partner of “the government’s mandate”,
- a “financially stable and organisationally stable” private sector partner, and finally,
- “the key players must be in for the long haul”.

Although this list may be valid and of benefit in suggesting what might represent some of the desirable *characteristics* of a PPP arrangement, in the main, it refers to factors applicable at the organisational level of a PPP rather than at the level of individual managers. Grant (1996, p. 29) suggests, for example, a “financially stable and organisationally stable” private sector partner is an important factor in a successful PPP. This is a broad organisational issue rather than one specific to managers involved in the day to day operations of a particular PPP project. When Grant (1996, p. 29) does indicate a success factor that could be considered to apply at the level of managers involved in the day to day operations of a PPP, for example, “leadership and commitment”, he provides no explanation as to why this should be the case, nor how individual managers in PPPs go about the task of dealing with these specific aspects of a PPP.

Similarly, Lawson (1997, p. 59) for example, in addition to many of the factors listed by Grant adds the need to “manage relationships” and “stay accountable” as important factors. Del Bello (1987, p. 14) brings a political perspective to his list of success factors by suggesting that “success” requires the “political climate to be right”, but does

not discuss what the nature of such a political climate might be. Waddock (1988, p. 17) argues that “flexibility” and “co-operation” in the partnership are essential goals and will lead to a successful PPP, but as with Grant (1996) and others he considers these factors at only the organisational level. In other words, Waddock (1988) does not discuss what should be, or actually is, the role of the individual manager within the PPP in achieving these goals. Rabin (1992, p. 32) who argues “good communication”, “fairness” and “mutual benefit” are essential to a successful PPP and Jack and Phillips (1993 p. 387), who suggest the “process of building trust”, “commitment to the collective vision”, “governance” and “the ability to act and assume risk” are important factors but again fail to describe how managers in a PPP might, or do, build trust, ensure good communication and governance or assume risk. Only Khoury (1993, p. 26), acknowledges the role of the individual in a PPP by suggesting personal “attitudes” that might be “derived from individual beliefs and values” may lead to “interpersonal conflicts” in PPPs. However, he does not indicate how actors might resolve issues of interpersonal conflict, if they do in fact exist.

In summary the ‘key factors’, or ‘lists’ literature has limited explanatory power since it does not attempt to detail the association between ‘success factors’ and the dynamics of any social processes that might occur between key individuals within PPPs. What is often offered is a list of prescriptive factors based on impressionistic, one-off, case studies.

The Examples of Success Literature

In addition to articles that discuss the rationale for the growth in PPPs or present lists of success factors a third group of articles are concerned with discussing the consequences

of PPP projects. This group of articles, found mainly in industry journals and other similar publications, focuses on personal descriptions of single PPP projects to provide examples of successful PPPs in terms of their alleged economic benefits. Most often, these articles describe the consequence of a single PPP project in terms of its ‘success’ in addressing a public funding shortage or in achieving economic goals such as ‘efficiency gains’. This latter term being frequently used in the PPP literature as a de facto label for cost savings by the public sector partner. In describing the ‘success’ of these specific PPP projects these writers also tend towards attempts at justifying the economic and/or political rationale for PPPs in general and implicitly promote the formation of PPPs within their own industry groupings.

An example of such an article is that by Krug (1997, p. 59) who, writing in the *Civil Engineering* journal, describes the use of a PPP arrangement to fund a mass transit rehabilitation project in Chicago, a project in which he was “project manager” for the private sector partner. Krug labels this particular PPP project a “success” based on his own assessment of the project as “saving hundreds of thousands of taxpayer dollars”. Krug does not quantify these cost savings nor does he offer other empirical evidence in support of his opinion as to the success of the project. Despite this lack of substantiation, Krug goes on to suggest that this PPP could serve as a “successful model” for use by other public authorities in the area of mass urban transport who might be considering the formation of a PPP. In a similar fashion, Mays and Roy (1999) describe the use of a PPP arrangement in the provision of a wastewater treatment facility. These authors suggest PPPs are an “efficient and effective way to manage and operate a wastewater treatment facility” (Mays & Roy 1999, p. 67), a view based on the single criterion of “estimated” cost savings to public authorities. To support their

argument Mays and Roy describe the experience of a single local authority in a rural town in New Hampshire in the United States.

Other examples of articles within the PPP literature that follow a similar theme of describing what is labelled a 'successful' PPP without substantiating such a claim can be found in both PPP projects associated with physical infrastructure provision and service provision. In the area of physical infrastructure provision such writers include: Schuler (1999) - energy facilities, Tillman (1997) - road infrastructure, Hobeika (1997) - rail infrastructure, Mathews (2001), Hibbert (2001) - telecommunications, Bloomfield, Westerling and Carey (1998) - correctional facilities, Grimsey and Lewis (2002), Correll (1996) - water infrastructure. Areas of social service provision in which similar articles have been written include: the provision of health care services (e.g., Shinkman 1997, Murphy 1996, Stonehouse, Hudson & O'Keefe 1996); pension services (e.g., Howard 1996); air navigation (e.g., Sommers 2001); defence services (e.g., Bradford 2001) and economic development services (e.g., Robertson 1997, Schrinier 1996).

Perhaps a noteworthy exception to the above authors, but one that still maintains the theme of describing successful PPPs, is Geddes (1999). This work is noteworthy because it is part of a "programme of independent monitoring and evaluation of pilot programmes being undertaken by a research team based in the Local Government Centre at Warwick Business School" (Geddes 1999, p. 2). In other words, it appears in the extant PPP literature as an independent academic evaluation of PPPs in achieving "best value". The 'report', commissioned by the UK central government, describes six partnerships throughout the UK involving local government. Although the work clearly identifies the advantages for local government in the UK of moving towards PPP

relationships so as to achieve the central government's mandate for 'best value' it lacks detail on the management of PPPs. Indeed the report acknowledges a "need to identify, evaluate and disseminate good partnership practice" (Geddes 1999, p. 15). That is, the report calls for more understanding of the internal management of PPPs in the context of local government in the UK.

Although this descriptive literature does not provide insights into how managers from either the public or private sectors might manage a PPP project, this literature is useful in illustrating the diverse range of traditional government activities in which PPPs are finding a role. In other words, for the current study, this literature's main usefulness is in pointing to the growing use of PPPs in the provision of both intangible services ranging from healthcare to pensions and tangible physical infrastructure such as transport, water and energy facilities.

In summary, the PPP literature as a whole has only limited application and value for the current study. The PPP literature is still in an early stage of development, lacking in sophistication, methodological rigour, density, integration and empirical research. In particular, it provides little information as to the role of management in PPPs, other than the fact that there can be tension and conflict between the public and private sector managers, derived from their differing socialisation experiences in each sector.

THE POTENTIAL FOR CONFLICT.

A number of writers in the PPP literature (e.g., O'Looney 1992, Richter 1993, Reijniers 1994) draw attention to why PPPs might be regarded as representing a unique form of IOR. These writers point to the fact that, by definition, PPPs involve at least two

partners from what Sternberg (1993, p. 11) refers to as “the antithetical pillars of the economy”, that is, the public and private sectors. As indicated earlier in this chapter, the literature suggests that these two sectors have, at the most fundamental level, potentially competing needs and interests. The literature asserts that the fundamental role of the private sector in a market economy is the generation of profits while a basic expectation of the public sector is that it will act for the benefit of society as a whole in a responsible and ethically acceptable manner (Carter 1999, Sternberg 1993, O’Looney 1992). As a result of these competing needs and interests it is argued by writers such as Sternberg (1993) that PPPs, or as he labels them “hybrid nonclassifiable organisations”, can be distinguished from other IORs such as those between public-public or private-private sector organisations. It is suggested that in these latter forms of IORs, the basic needs and interests of both partners are likely to have a higher degree of congruency and as a result it is argued they are likely to have a lower propensity for conflict within the relationship. It should also be noted at this point that although assertions of conflict are consistent in the PPP literature, they are based on theoretical assumptions regarding PPPs and are untested by empirical study. As such it may well be that in reality, conflict is not regarded as a significant management issue by key individuals involved in the management of PPPs.

O’Looney (1992, p. 14), is one writer in the literature who argues that the traditional view of the public and private sectors is that of two “clearly delineated” and “separate bodies”. O’Looney bases his perception of these two “clearly delineated” sectors on their traditional places in a market economy. He argues there is a strong and essential need for “accountability” by the public sector, whereas “flexibility” is an essential feature of the private sector. O’Looney goes on to argue that these two concepts are not

compatible and this can lead to conflict in any joint activity or “partnership” between the two sectors, what he refers to as “turf issues”. In a similar argument, Heald and Geughan (1997, p. 12) suggest the necessary “disclosure practices” and need for “transparency” in the public sector is in direct contrast to the notion of “commercial confidentiality”, which they argue is a traditional characteristic of private sector organisations. Heald and Geughan (1997) also argue that with such fundamental differences, that is, notions of accountability versus a need for confidentiality, PPPs will be characterised by conflict between partners at all stages of their evolution.

Other writers argue in a similar vein, for example, Reijniers (1994, p. 140) who labels PPPs as “special types” of relationships because of the “conflicting interests” of both partners. MacKechnie and Litton (1998, p. 5) suggest that “divergent differences” at the “most fundamental level...creates difficulties for partnerships between public and private sector organisations”. Stangl (1996, p. 662), claims PPPs are “often tense” because each partner has “conflicting constituencies” and the “motives” of each partner must be recognised by the other for a PPP to succeed. Carter (1999, p. 13), claims the “usually competing...imperatives of the public and private sectors ensure that controversy is never far away” and that these are “always uneasy alliances”.

Although these writers clearly point to the unique character of PPPs, and its potential for conflict, they do not explain in detail how such conflict may manifest itself within a PPP in terms of specific issues, nor how managers might overcome such issues if they do in fact exist. Richter (1993, p. 18) perhaps is a partial exception when he argues the “motivation” for the public sector is traditionally “safeguarding the public’s interests” while the private sector’s primary motivation is, and always has been, the generation of

a “reasonable profit”. Richter argues that these fundamental differences in a PPP appear as a conflict in which a “we/they relationship” develops and once this occurs “the likelihood of success is greatly diminished” as conflict arises. Richter however does not suggest strategies for overcoming this issue. Similarly, Mustafa (1999, p. 65) argues that the “diversity in objectives results in conflicts of interest among participants in PPPs” and these conflicts are overcome by “building a sound relationship”. However, Mustafa does not provide details on the process by which these sound relationships might be built.

A noteworthy exception in the literature regarding the assertion that PPPs are almost always characterised by conflict as a result of each partner’s traditional role in a market economy is the work by Weiner and Alexander (1998) since it is based on an empirical study of PPPs in the health care sector in the United States. Like other writers in the literature, Weiner and Alexander (1998, p. 40) suggest that “diversity” in the basic philosophies of the public and private partners is a “challenge to sustaining collaboration” and leads to “conflict, misunderstanding and frustration among partners”. Weiner and Alexander’s comments appear to provide empirical support for the views of other writers, though it must be noted that their study was of PPPs in one substantive area and may not be generalised to all forms of PPPs. For the current study however, Weiner and Alexander’s findings are important not just because they suggest conflict is likely to be an important management issue but because their research found that managers of PPPs resolved issues of conflict through “informal structures and interpersonal relations”. However, Weiner and Alexander’s findings do not explain what these informal structures might be or how interpersonal relations and their related social processes might overcome issues of conflict.

CONCLUSION

This chapter explains why the term PPP has been adopted in this study. Although existing definitions of the term PPP suggest the term is ill-defined and often used in a loose, even misleading fashion, the term has become synonymous in both the academic and popular literature with public-private sector relationships and so its use in this study appears justified. Existing definitions can be justly criticised on one or more of three grounds, 1) they are so bound to a specific context they have little or no use beyond that single situation, 2) most definitions in the literature fail to attach meaning to the word partnership in the term PPP, and 3) some definitions are so broad that they fail to make a distinction between any form of public-private sector relationship.

To address these issues a definition of the term PPP, for use in the context of the current study, has been offered. That is, a PPP is a specific form of public and private sector relationship. It is a ‘collaborative relationship’ designed to achieve mutually beneficial and synergetic goals that involves at least one public organisation whose primary interest is the realisation of socially oriented goals and one private organisation whose primary interest is the realisation of corporate goals. In this definition, public and private partners in a PPP are distinguished from one another on a continuum based on three criteria, that is the degree of government ownership, degree of government funding and to what extent the organisation is influenced by either market or government/political forces. The definition also places emphasis on the word partnership by indicating the PPPs examined in the current study are collaborative relationships. The phrase ‘collaborative relationships’ indicating relationships distinguishable by their relative degree of flexibility, organisational integration,

uncertainty, trust, commitment and time span. Such relationships are distinct from other public-private sector relationships that are more market focussed and of a short-term, arms length, transactional nature.

Although the term PPP may be ill defined and used in a loose manner a body of literature that makes direct reference to the term has grown in recent years. However, in the main, this literature is academically immature in that it contains few formal, systematic and rigorous empirical studies and is lacking in both density and integration.

The extant PPP literature can be divided into three main groupings. One group examines the rationale for the continued growth of PPPs over the past thirty years. A second group is concerned with suggesting what ‘factors’ lead to a ‘successful’ PPP, whilst a third group of articles in the extant PPP literature describes the consequences of specific PPP projects in terms of their reported cost savings to government.

A recurrent theme throughout the extant PPP literature is that PPPs represent a unique form of IOR. This view is based on perceptions of the traditional role of each partner in a market economy, a perception that suggests these sectors have fundamental differences, and these differences are likely to increase the propensity for conflict when compared to other forms of IORs. This notion is potentially important for the current study as it suggests an area in which managerial issues may arise.

In summary, a critical review of the extant PPP literature shows that, as a body of literature, it fails to adequately explain how key individuals manage a PPP’s development and maintenance. Accordingly the extant literature provides few insights

and little understanding of the internal management of a PPP at the micro-management level.

In the chapter that follows the research design adopted in the current study is explained. This chapter discusses why an orthodox grounded theory research methodology was selected and how its principles and procedures have been followed to discover the managerial issues of concern to key managers and how they continuously act to resolve these issues throughout the life of a PPP project.

CHAPTER 3

RESEARCH DESIGN

INTRODUCTION

The selection of any research design involves a number of related steps (Crotty 1998, Sarantakos 1998, Denzin & Lincoln 1994). In general terms this process involves three steps, beginning with locating the research study within an appropriate paradigm of research inquiry. This choice of research paradigm then governs the selection of an appropriate research methodology in the second step. In turn, in the third and final step, the chosen research methodology indicates what methods to use in the collection and analysis of data.

In the current study the identification of the key issues in the internal management of a PPP and an understanding of how key managers within a PPP might use social processes to resolve or deal with these management issues were investigated via a qualitative research approach. This decision was informed by the adoption of an ‘interpretive’ paradigm of research inquiry.

The methodology selected was orthodox grounded theory, as originally described by Glaser and Strauss (1967) and elaborated upon further by Glaser (e.g., 1978, 1998, 2001). In the context of the current study, an orthodox grounded theory research strategy appeared best suited to the generation of a substantive theory capable of explaining the complex social processes involved in the establishment and on-going

management of PPPs at the level of key managers. Orthodox grounded theory is a systematic research methodology that involves adherence to a number of key principles, including the use of the constant comparative method of data analysis, theoretical memoing, theoretical sampling and data saturation.

Orthodox grounded theory is a non-linear, iterative research methodology involving subtle loops and interactions between its methods of data collection and analysis. In the current study, data was collected primarily through interview, non-participant observation and archival records and then analysed using coding methods advocated by Glaser (1978) that included open, selective and theoretical coding procedures.

This chapter begins by outlining the process followed in the selection of an appropriate research design. Following this, the rationale for the choice of a qualitative research approach is discussed, as is the research paradigm that informed this decision. The chapter then proceeds to a discussion of the use of an orthodox grounded theory research methodology. This discussion includes a description of the key principles of orthodox grounded theory before detailing how these principles have been translated into research methods for use in the current study, including the techniques used to systematically code and analyse data. The chapter concludes by discussing the potential limitations of the orthodox grounded theory that is the outcome of the current study as a result of its substantive nature, possible researcher biases and the level of expertise of the researcher.

SELECTING A RESEARCH DESIGN

Denzin and Lincoln (1994), suggest the selection of a research design involves five sequential steps. The procedure suggested by Denzin and Lincoln begins with locating the field of inquiry in terms of either the use of a qualitative, interpretative research approach or a quantitative, verificational approach. This step is followed by selecting a theoretical research paradigm that is capable of informing and guiding the research process. The third step involves linking the chosen research paradigm to the empirical world through a methodology. The fourth and fifth steps involve the process of selecting a method of data collection and selecting a method of data analysis respectively.

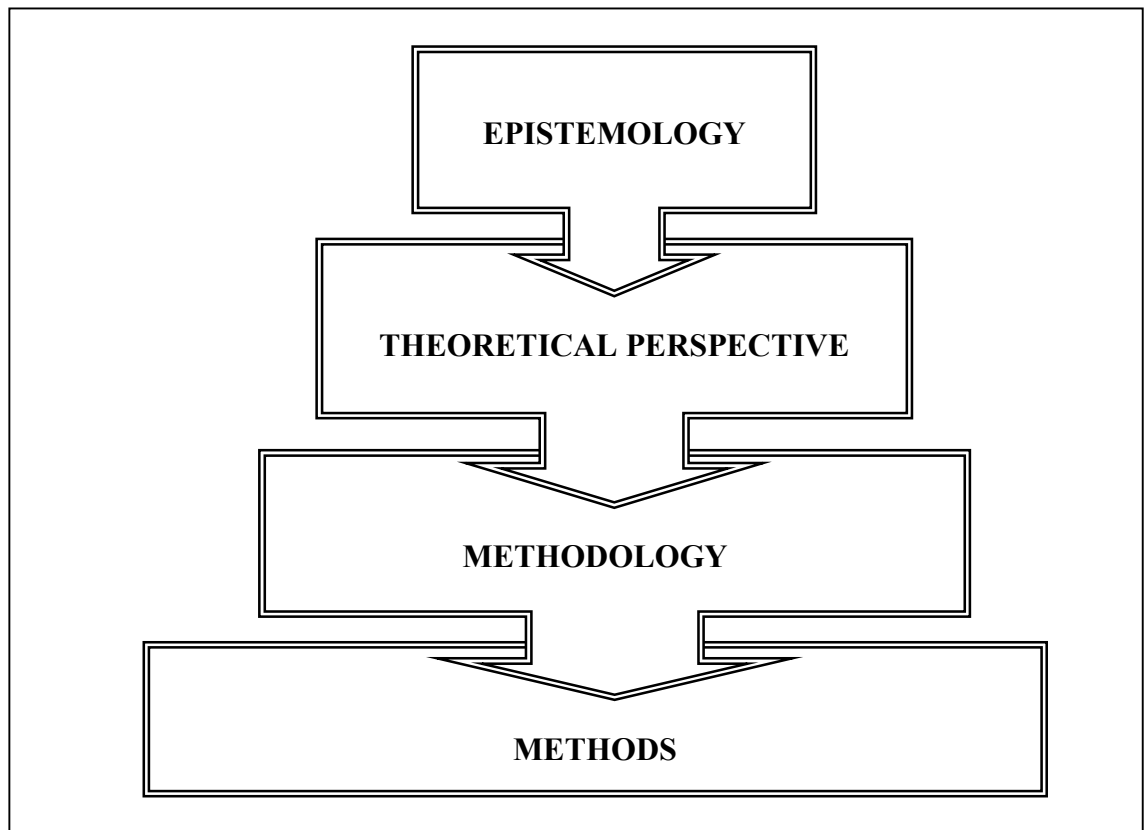
In contrast, Crotty (1998) suggests the selection of a research methodology involves four sequential steps with each of these steps relating to the solution of one of four questions, namely, (authors emphasis Crotty 1998, p. 2):

- What *methods* do we propose to use?
- What *methodology* governs our choice and use of methods?
- What *theoretical perspective* lies behind the methodology in question?
- What *epistemology* informs this theoretical perspective?

Within his proposed model Crotty suggests a researcher should begin by selecting an appropriate epistemology. A term that he defines as “ the theory of knowledge embedded in the theoretical perspective and thereby in the methodology” (Crotty 1998, p. 3). According to Crotty the choice of epistemology needs to then inform the selection of an appropriate “theoretical perspective”, or “philosophical stance informing the methodology and thus providing context for the process and grounding its logic and

criteria” (Crotty 1998, p. 3). The third step in Crotty’s model involves the selection of a methodology. That is, a “strategy, plan of action, process or design” (Crotty 1998, p. 3), that links the methods selected to the outcome of the research. The fourth, and final step, in this model involves the selection of a set of ‘methods’ to gather and analyse the data. Figure 3.1 illustrates the sequential nature and relationship of each of these steps in Crotty’s model.

Figure 3.1 Crotty’s Model of Selecting a Research Design (adapted from Crotty 1998, p. 4).



Crotty’s model is notable for its emphasis on epistemology, i.e., “what it means to know” (Crotty 1998, p. 10) and lack of direct reference to the issue of ontology, i.e., “what is” (Crotty 1998, p. 10), in the process of selecting a research design. Crotty

explains this omission by arguing that it is not possible to conceptually separate ontology from epistemology. He suggests that in the process of selecting a research design “ontological and epistemological issues tend to emerge together”, for example, “to talk of the construction of meaning is to talk of the construction of meaningful reality” (Crotty 1998, p. 10). From this perspective, Crotty argues that it is quite possible to pursue the task of selecting a research design by following his model and not having to “expressly introduce ontology” (Crotty 1998, p.12) into the schema.

Sarantakos (1998) suggests a further alternative to the process of selecting a research design that involves three steps. The method proposed by Sarantakos (1998), to a large extent, mimics that of Crotty in that the final two steps involve the selection of a ‘methodology’ and related set of ‘methods’. However, the difference between the two methods lies in the issue of selecting an epistemology and theoretical perspective. Sarantakos regards the issue of locating a study in a field of inquiry and selecting a theoretical perspective as so interwoven that it should be regarded as a single step. This process he labels the selection of an appropriate “paradigm” (Sarantakos 1998, p. 31). A paradigm Sarantakos (1998. p. 31) defines as:

...a set of propositions that explain how the world is perceived; it contains a world view, a way of breaking down the complexity of the real world, telling researchers and social scientists in general ‘what is important, what is legitimate, what is reasonable.

In other words, Sarantakos captures Crotty’s notion of selecting an epistemology *and* theoretical perspective through his concept of selecting a research paradigm.

The final two steps in the Sarantakos model involves selecting a methodology and set of methods. A methodology, according to Sarantakos (1998, p. 32) is, “a model which

entails theoretical principles as well as a framework that provides guidelines about how the research is done in the context of a particular paradigm”. That is, the methodology should be able to translate the research paradigm into a set of principles that demonstrate how the world can be approached, explained or studied. In the final step, the selection of a set of methods, Sarantakos argues the task is to identify the tools that the researcher will use to collect and analyse their data.

There is considerable overlap in all three of these models, and in the current study, a combination of these models has been used. In this study, selecting a research design begins with locating the field of inquiry as a qualitative, interpretive one. This is essentially an ontologically driven decision based on the aim of the current study and the state of existing knowledge in the field of inquiry. This is followed by identifying the research paradigm that informs this decision and leads to the selection of an appropriate methodology – orthodox grounded theory. The final step involves selecting an appropriate method of data collection and analysis. In the sections that follow each of these steps are outlined.

THE SELECTION OF A QUALITATIVE RESEARCH APPROACH

It is possible to hold different assumptions of the nature of the social world and the reality of a social phenomenon under investigation (Burrell and Morgan 1979). Social scientists need to consider the ontological issue of whether the “reality” to be investigated is:

...external to the individual – imposing itself on individual consciousness from without – the product of an ‘objective’ nature, or the product of individual cognition; whether ‘reality’ is a given ‘out there’ in the world, or the product of one’s mind (Burrell and Morgan 1979, p. 1).

The resolution of this ontological issue has given rise to two different research approaches - quantitative and qualitative (Brooks 1998, p. 8). Denzin and Lincoln (1994, p. 4) draw a distinction between these two research approaches on the basis of:

...qualitative implies an emphasis on processes and meanings that are not rigorously examined, or measured (if measured at all) in terms of quantity, amount, intensity, or frequency. Qualitative researchers stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied...They seek answers to questions that stress how social experience is created and given meaning. In contrast, quantitative studies emphasise the measurement and analysis of causal relationships between variables, not processes.

Because of these fundamental differences, qualitative researchers prefer the use of inductive, hypothesis-generating research methodologies as opposed to deductive, hypothesis-testing methodologies. Ontologically, most qualitative researchers believe that reality is created by individuals and so they see their purpose as one of understanding how people make sense of their lives, how, in particular settings, people come to understand and manage day to day situations (Miles and Huberman 1994). In the current study a qualitative research approach was selected. The rationale for this choice follows.

Why a Qualitative Research Approach?

In general, as demonstrated in the previous chapter, the extant PPP literature is restricted to providing descriptions of various types of PPPs and analysing the apparent trend towards the formation of PPPs from a socio-political perspective. At this stage there exists no clear identification of the issues involved in the internal management of PPPs, nor an explanatory theory regarding how managers faced with the establishment and ongoing maintenance of PPPs deal with these management issues.

Under circumstances where information on the research area is limited and discovery is an important aim of the research, Sarantakos (1998) and Stern (1980) suggest the use of a qualitative, or ‘interpretive research approach’ as it is also known, since these are capable of yielding significant levels of data rich in an informant’s perceptions and experiences. This form of data can be beneficial in identifying unknown variables, themes and processes that may be valuable in developing an explanatory theory of events and social processes in the area under study (Sarantakos 1998, Silverman 1993). In other words, “qualitative research pursues the process of exploration and discovery rather than measurement and confirmation of predetermined hypotheses” (Merriman 1988, p. 17). These characteristics of a qualitative research approach are consistent with the aims of this study. That is, to gain a clearer picture and accompanying explanation of the micro-management of PPPs and so support the use of a qualitative research approach in this study.

Yet another reason for the selection of a qualitative research approach for the current study is that it assumes that there can be different realities perceived by those involved in PPPs and that these realities benefit from interpretation rather than measurement by a researcher. In other words, qualitative research affords the opportunity for participants in a study to express *their* opinions, emotions and feelings. That is, it facilitates the expression of social meaning (Sapsford & Jupp 1996) and sense making (Ring 1997). Its aim is to understand how people make sense of their lives, how they manage day to day situations, how things occur - its emphasis is on process (Miles & Huberman 1994, Merriman 1988). This aim of qualitative research, understanding process, is also congruent with the aims of the current study. That is, to understand the perceptions of

key managers of PPPs regarding the dynamics of the social processes involved in managing a PPP.

A final reason for taking a qualitative approach in the current study was my own preferences. Both Creswell (1994) and Guba and Lincoln (1994) argue that personal preference is a legitimate and appropriate reason in the selection of a research approach. They suggest that the personal attributes, experiences, skills, and interests of the researcher can, and should, influence the selection of a research approach. In the context of this study, my personal interest is in understanding respondent's behaviour from their perspective, rather than measuring it with some numerical or other scale. This personal preference also influenced the decision to adopt a qualitative research approach in the current study.

THE SELECTION OF A RESEARCH PARADIGM

In the context of a research design the selection of a research paradigm represents a choice in a set of beliefs that will underlie and guide the entire research process (Guba 1990). Research paradigms are shared between like thinking members of scientific communities and determine what kinds of problems should be addressed and the types of explanations that are acceptable to them (Kuhn 1970). In other words, research paradigms are shared by others in a community of scholars and define how a researcher views the world, how they relate to the object of their study and what they see as the nature of reality (Brooks 1998).

Sarantakos (1998) makes the point that there are many views in the social sciences as to how many paradigms can exist. Lather (1992) and others argue for only two paradigms, namely, positivist and post-positivist. In contrast, Guba & Lincoln (1994, pp. 109-111) identify four major paradigms, positivism, post-positivism, constructivism and critical theory. Sarantakos (1998, p. 33) argues that there are “three major paradigms” in the social sciences, ‘positivistic’, ‘interpretive’ and ‘critical’. Each of these dominant paradigms involves a number of associated “domains” (Jacob 1988, 1987), or theoretical bases. Table 3.1 lists these dominant paradigms and related theoretical bases.

Table 3.1. Dominant Paradigms in the Social Sciences and Related Domains.

(Sarantakos 1998, p. 33)

Positivistic	Interpretive	Critical
Positivism	Symbolic Interactionism	Critical Sociology
Neopositivism	Phenomenology	Conflict School of Thought
Methodological Positivism	Hermeneutics	Marxism
Logical Positivism	Psychoanalysis	Feminism
	Ethnology	
	Ethnography	
	Sociolinguistics	

The choice of paradigm has implications for the choice of methodology and method of data collection and analysis in a research study. According to Sarantakos (1998) each paradigm influences the choice of methodology and method as a result of three main distinctions between them, these are: how they perceive reality, how they perceive human beings and what they perceive as the nature of science. These distinctions are

discussed in detail by Sarantakos (1998, pp. 35-39). In the section below, these differences are summarised.

The Positivist Paradigm

Positivists define reality as what can be perceived through the senses. They believe that the social world is real, is independent of human consciousness, is objective, is measurable, and rests on order. They believe all members of a society define reality similarly because they all share the same meanings.

Positivists see human beings as rational individuals governed by social laws learned through observation and which determine human behaviour. From this perspective, there is no free will and causes always produce effects.

For positivists, science is based on adherence to strict rules and procedures. Science is deductive and based on universal causal laws that explain concrete social events and relationships. In addition, science is value free and relies on knowledge derived only from the senses.

Positivist researchers see research as deductive in nature with research questions expressed as hypotheses, which are subjected to empirical testing. Their research aim is the verification of these pre-conceived hypotheses.

The Interpretive Paradigm

Interpretive researchers believe that reality is in the minds of people, it is internally experienced, and is constructed through social interaction and interpretation. In other

words, reality is not objective, rather it is what people see it to be - it is subjective (Hughes 1990).

For interpretivists, human beings are central as reality and social worlds are created by humans assigning meaning systems. Patterns of behaviour emerge through the allocation of meanings to objects and the adoption of social conventions established through social interaction. Interpretive social science searches for the systems of meaning that people use to make sense of their own world.

Interpretive social researchers perceive the nature of science as not knowledge derived from the senses but as the understanding of meanings and their interpretations by humans. Interpretive social researchers can also be contrasted to positivists in that they do not believe science is value free. They believe value neutrality is not possible or necessary. Rather they believe science requires an inductive approach that proceeds from the general to the more abstract. These researchers argue that the basis for explaining social life is through understanding people and how they make sense of their life.

Adoption of the interpretive paradigm influences researchers to follow an inductive research path where realities are socially based and the researcher is linked subjectively to the participants in a research study.

The Critical Paradigm

Critical theorists see reality as created not by nature but by people, in particular, the powerful people in a society who manipulate and condition others to perceive things the

way they want them to. They believe that reality is not ordered, rather it is in a constant state of conflict and tension and so is constantly changing.

In the view of critical theorists humans have the potential for creativity and adjustment. However, they are restricted by social factors and exploited by more powerful individuals in a society who convince them that their fate is correct. Critical theorists believe these beliefs prevent individuals from realising their full potential and give them a false consciousness.

For critical theorists science is about removing the false beliefs and ideas about society and the power systems that dominate and oppress people in societies. Fay (1987, p. 27), suggests critical science “explains social order so that it becomes the catalyst that leads to the transformation of the social order”.

Critical theorists recognise that within this paradigm their personal values mediate their research findings rendering them value laden and that a dialectical dialogue is called for “in order to transform ignorance and misapprehension” (Brooks 1998, p. 14).

The Post-Positivist Paradigm

In addition to the positivist, interpretive and critical paradigms Guba and Lincoln (1994) argue an equally dominant research paradigm is the post-positivist one. In the context of the current study this paradigm is worthy of attention because, as discussed below, of its relationship with orthodox grounded theory.

Post-positivism has its origins in the works of such scientists as Werner Heisenberg, Niels Bohr, Karl Popper and Thomas Kuhn who began a process of questioning the infallibility of the positivist paradigm. These and other similar minded scientists questioned the tenets of positivism in terms of its emphasis on “the objective existence of meaningful reality...reality that is value-neutral, ahistorical and cross-cultural” (Crotty 1998, p. 40). The outcome of this questioning process has been a school of thought that recognises no matter how closely scientific methods are followed, research outcomes are neither totally objective nor absolutely certain. It is this humbler version of positivism that has become known as post-positivism.

Although prediction and control remain aims of post-positivists they accept that only partially objective accounts of the social world are possible. Total objectivity is abandoned and the mutual influence of researcher and researched is recognised.

Annells (1996) argues that orthodox grounded theory fits within this post-positivist research paradigm. She argues that Glaser (1992, p. 30), an originator of orthodox grounded theory, places grounded theory in direct relation to verificational research as a means of “building up scientific facts”. The notion of orthodox grounded theory as a step in both the process of verificational research and in extending knowledge she suggests locates it in the post-positivist research paradigm. She further supports this argument with an analysis of orthodox grounded theory’s ontological and epistemological roots. For example, she quotes Glaser (1992) as alluding to a post-positivistic paradigm in his statements that “concepts of reality” (p.14) invoke the researcher to look “for what is, not what might be” (p. 67), while searching for “true meaning” (p. 55), and that the generated theory “really exists in the data” (p.53).

Although Annells, makes a strong argument for locating orthodox grounded theory in this research paradigm as Guba and Lincoln (1994) and Crotty (1998) point out it is for the individual researcher to select their own paradigm and this choice cannot be right or wrong in any true sense. However, they need to demonstrate the usefulness of this choice. The purpose of the current study is the generation of a substantive theory that explains the variation in the behaviour of key managers in PPPs and identifies their main professional concern. This desire for explanation in how these managers perceive and make sense of their own reality relies on the interpretive skills of the researcher and this, to me, locates this research study in an interpretive research paradigm.

However, having nominated an interpretive research paradigm in which to locate the current study, I am conscious of Annells' strong argument that orthodox grounded theory can be justifiably placed in a post-positivist research paradigm. Therefore, as the research process unfolds I remain sensitised to this argument.

In the section below, symbolic interactionism, a dominant domain in the interpretive research paradigm and a theoretical base for orthodox grounded theory is discussed (Sarantakos 1998).

A Symbolic Interactionist Perspective

The role of a symbolic interactionist perspective within the interpretive paradigm led, in the current study, to the adoption of an orthodox grounded theory methodology. It is regarded in the literature that orthodox grounded theory has emerged from the symbolic interaction tradition within social science (Locke 2001, Chenitz & Swanson 1986).

The symbolic interactionist perspective “posits that humans act and interact on the basis of symbols which have meaning and value for the actors” (Stern, Allen & Moxley 1982, p. 203). The concept of generating meaning and its influence on social behaviour is the central idea within symbolic interactionism. It is this focus, on the generation of meaning and its interpretation, that ties symbolic interactionism to the interpretive research paradigm.

Symbolic interactionism has its roots in the ‘American Pragmatism’ school of thought (Locke 2001). American pragmatists, such as William James, Charles Pierce, John Dewey and George H. Mead, placed emphasis on the symbolic and social nature of human behaviour and the importance of the connection between research subjects and the situation under study. Mead (1967), who is regarded as the originator of symbolic interactionism, was particularly concerned with the notion that all behaviour is social because all activity occurs in social situations and involves social processes. As Mead (1967, pp. 6-7) argues:

...the behaviour of an individual can be understood only in terms of the behaviour of the whole social group of which he is a member, since his individual acts are involved in larger, social acts which go beyond himself and which implicate the other members of that group.

Mead (1967) argues that humans develop a sense of ‘self’ through interaction with others and that we do this by a process of ascribing meaning to objects and actions that we in turn base our own actions on. Central to Mead’s argument is the notion that understanding constructed meaning systems holds the key to understanding the relationship between individuals and society.

Herbert Blumer (1969), a pupil of Mead, developed the work of Mead further by formulating a research methodology he labelled as 'symbolic interactionism'. Blumer (1969) outlined three basic premises of symbolic interactionism. Firstly, people interpret the meaning of objects and then act towards those things according to these interpretations. The term 'object' is all encompassing and includes physical objects such as uniforms and signs and social objects such as gestures and language. From this perspective, meaning is a dynamic construct inseparable from the interpretation of human behaviour.

Secondly, the source of meaning is important and this is the social interaction people have with others in their world. People do not react to stimuli, rather they react to the meaning they place on the way people act towards each other as they communicate together and create meaning. In other words, social life is formed and changed by the meaning humans attach to their interactions with others.

Thirdly, meaning is constantly changed through an ongoing interpretive process. That is, meaning is not fixed but is capable of modification through the interpretation of changing interactions, social situations and circumstances.

Blumer's three premises suggest that the generation of meaning is at the core of all human behaviour and that this behaviour is dependent on the mean-making process. From this perspective behaviour is both processual and unstable as it undergoes modification thorough the continual interpretative process of mean-making (Blumer 1969).

The association between symbolic interactionism and grounded theory is well documented in the literature (e.g., Locke 2001, Glaser 1998, Strauss 1987, Chenitz & Swanson 1986). As a research methodology, grounded theory reflects the philosophy of symbolic interactionism about the nature of the social world and how it may be studied. For example, grounded theory reflects symbolic interactionism's need to orient a research study towards behaviour at both the symbolic and interactional levels. This involves understanding behaviour from the study participant's perspective, learning about how they give meaning to social interaction and generate their own sense of self and the world around them.

THE SELECTION OF AN ORTHODOX GROUNDED THEORY METHODOLOGY.

The selection of orthodox grounded theory as the methodology for use in the current study was informed by its relationship to the adoption of an interpretive research paradigm and the purpose of the current study. The generation of a substantive theory capable of identifying the main issues facing managers of PPPs and providing an explanation and understanding of how these managers resolve these management issues is the purpose of the current study. Grounded theory is a research methodology capable of theory building within an interpretive research paradigm and is particularly applicable in circumstances where little is known of the social phenomenon under investigation (Sarantakos 1998, Hutchinson 1986, Martin & Turner 1986, Glaser & Strauss 1967). Hence, it was adopted for use in this study.

Other qualitative research strategies could have been used in the current study. For example, a case study strategy as described by Yin (1994) and others could have been selected. However, the emphasis in case study, and other similar qualitative research approaches, is on thick description rather than conceptualisation of the study participant's main concern and how they continuously act to resolve this concern (Glaser 2001). The generation of thick description was not the purpose of the current study. Rather, it was the generation of a substantive theory that conceptualises and provides strong explanatory power to the patterns of behaviour of study participants in the area of inquiry.

There are six other reasons for the selection of orthodox grounded theory over other alternative qualitative research strategies in the current study. Firstly, Morse (1994, p. 223), in a review of qualitative research strategies, labels grounded theory as the “method of choice” in circumstances where the phenomenon under investigation is a process. An aim is to understand the *process* by which key managers address various managerial issues. By the use of the term ‘process’ what is meant is an understanding of the “linking of sequences of actions/interactions as they pertain to the management of, control over, or response to, a phenomenon” (Strauss & Corbin 1990, p. 143). In a similar vein, Locke (2001, p. 95) argues grounded theory is “particularly appropriate to researching managerial...behaviour” as it captures the complexity of the managerial *process*. Secondly, orthodox grounded theory methodology is an inductive, theory generating methodology in which the theory generated is derived from, or ‘grounded’, in the empirical data collected. In other words, it is a methodology, when followed rigorously, that does not force preconceived notions of the researcher onto the data. Thirdly, orthodox grounded theory is a well established, widely recognised and rigorous

methodology (Glaser 2001, Gerson 1991). Fourthly, orthodox grounded theory has, as one of its objectives, the generation of theories that are relevant to practitioners in the area of inquiry, what Locke (2001, p. 95) labels as “linking well with practice”. In other words, a grounded theory should have practical value to practitioners, such as key managers of PPPs, in assisting them better predict and manage an action scene. Fifthly, Locke (2001) suggests grounded theory is well suited to researching new organisational forms. PPPs represent a relatively new and under researched organisational form in need of theoretical understanding and so grounded theory, in the context of this study, is a relevant research methodology. Finally, having undertaken formal case study research before (Noble 2000) the intellectual challenge of learning the details of orthodox grounded theory methodology held an intrinsic appeal to me at a personal level.

Orthodox Grounded Theory.

The concept of grounded theory was first described in Glaser and Strauss’s *The Discovery of Grounded Theory* (1967) then elaborated upon further by these and other authors in subsequent texts (e.g., Glaser 2001, 1998, 1992, 1978, Strauss 1987, Strauss & Corbin 1998, 1990). In elaborating on grounded theory both Glaser and Strauss recognised that research work is undertaken by researchers in a variety of settings with varying personal perspectives, qualities and research experience. Because of such variability the originators of grounded theory believed that it was not possible, nor desirable, to lay down a rigid set of methodological procedures for the application of grounded theory. As Strauss (1987, p. 7) states “a standardisation of methods...swallowed whole...taken seriously...would only constrain and stifle a social researcher’s best efforts”. Despite Glaser and Strauss (1967) emphasising that what they propose as constituting the process of grounded theory research should be interpreted as

only guidelines, there has developed over the years a number of prescriptive arguments on how a researcher should go about the process of generating grounded theory (e.g., Pandit 1996, Martin & Turner 1986, Hutchinson 1986). As Denscombe (1998, p. 217) has pointed out, with only the guidelines offered by Glaser and Strauss, “the term ‘grounded theory’ is often used in a rather loose way – a way that Glaser and Strauss themselves would not appreciate”. Indeed, the thinking of Glaser and Strauss on what represents grounded theory is now quite divergent leading to two distinct forms or versions of grounded theory (Stern 1994).

The intellectual and methodological difference between the two originators of grounded theory began soon after Strauss published *Qualitative Analysis for Social Scientists* (1987) and became more pronounced after his collaborative efforts with Juliet Corbin (1990, 1998). Strauss and Corbin’s views as to what constitutes grounded theory methodology received strong rebuke by Glaser (1992). He labelled their changes to the original 1967 methodology as “non scholarly” (Glaser 1992, p. 123) and provided a detailed analysis of the differences between their version and what has become widely labelled in the literature as Glaserian or orthodox grounded theory (e.g., Guthrie 2001, Andriopoulos & Gotsi 2001, Andriopoulos & Lowe 2000, Brooks 1998). This latter form of grounded theory rigorously follows the principles described in the original 1967 work of Glaser and Strauss and given further detail by Glaser (e.g., 1978, 1992, 1998, 2001).

The major differences between the two versions of grounded theory relate mainly to the coding paradigms that each adopt. In orthodox grounded theory the coding of data involves constantly asking the critical question of, ‘what is the main concern of study

participants in this substantive area of inquiry and what accounts for most variation in their behaviour as they continuously act to resolve this concern'? In contrast, Strauss and Corbin (1998, p. 77) suggest researchers ask a more exhaustive series of substantive questions of their data. Glaser argues his approach is more suited to emergence whilst that of Strauss and Corbin is more likely to lead to the forcing of preconceived notions onto the data. Strauss and Corbin (1990, p. 72) also suggest that there is a need to code words, phrases and sentences by listing all their possible meanings, whilst Glaser argues against this approach suggesting what is important is the comparison of concepts not their labelling. Yet another coding difference lies in the use of the "conditional matrix", a "device to stimulate analysts' thinking about the relationships between macro and micro conditions/consequences" (Strauss & Corbin 1998, p. 181). Glaser objects to this device on the basis that it leads to an over reliance on a narrow family of codes.

Of the two versions of grounded theory, orthodox grounded theory was chosen for use in this study. This decision was made on the basis that the fundamental aim of this study was the generation of a substantive theory grounded in the empirical data. That is, a theory that was emergent and not forced onto the data. The potential for forcing preconceived notions onto the data appear more pronounced in the Strauss and Corbin version than in orthodox grounded theory. In addition, other grounded theorists, (e.g., McCallin 1999, Brooks 1998) have reported dissatisfaction with the coding paradigm of Strauss and Corbin. For example, Brooks (1998, p. 56) states that his experience of the Strauss and Corbin coding method left him "with a sense of going nowhere...it was a difficult and unexciting process". Views such as those of Brooks added further support to the decision to follow the principles of orthodox grounded theory.

THE GUIDING PRINCIPLES OF ORTHODOX GROUNDED THEORY.

To maintain the integrity and methodological rigour of orthodox grounded theory, the *principles* that form the foundation of orthodox grounded theory have been adhered to rigorously in the current study. A focus on meticulously adopting the principles of orthodox grounded theory is important since it is the principles rather than the general procedures that differentiates orthodox grounded theory from other versions of grounded theory as well as other qualitative research strategies in general (Sarantakos 1998). As later sections of this chapter detail, where there exists a number of suggested procedures that conform equally to the basic principles of orthodox grounded theory the procedure that is most appropriate to the current study based on personal preference and experience has been used. For example, the method of data analysis follows the principles of ‘constant comparison’ as described by Glaser and Strauss (1967) and the use of open, selective and theoretical coding encouraged by Glaser (1978) whilst adopting the use of ‘concept cards’ as described by Martin and Turner (1986) rather than other, more traditional forms, of theoretical memoing.

What follows is a description of the fundamental principles that govern the use of orthodox grounded theory and that have been applied with meticulous rigour and care in the current study.

The Generation of Theory from Empirical Data.

The basic aim of grounded theory is the inductive generation of theory from empirical data as opposed to the verification of existing theory. Glaser and Strauss both emphasise the importance of generating new theory for the development of knowledge, as Strauss

(1987, p.6) states, “theory at various levels of generality is indispensable for deeper knowledge of social phenomena”. An emphasis on theory generation implies a focus not on just description or ‘storytelling’ but rather on analysis and conceptualisation and therefore how a researcher organises, codes and makes sense of their data is important. In these circumstances, the researcher is not inseparable from the data. The interpretation of the data is an iterative process linked to the researcher’s own social world. However, in recognising the intimate relationship between the researcher and the analysis of the data the overriding principle is that the theory generated is based on empirical research, so that the theory *emerges* and develops as part of the research process, and is not developed *a priori*, it is not forced onto the data, nor is it speculative.

Grounded theory is not speculative theory. That is, it does not originate in the researcher’s mind with varying or unsubstantiated links to the empirical data. As Glaser and Strauss (1967, p. 6) state, “generating a theory from data means that most hypotheses and concepts not only come from the data, but are systematically worked in relation to the data during the course of the research”. Glaser and Strauss (1967, p. 32) also point out that grounded theory is capable of generating what they label “formal” or “substantive theory”. Substantive theories are those developed to explain one specific area of empirical inquiry, whereas formal theories apply to more general areas of inquiry. In other words, these two forms of theory are distinguishable by their degree of generalisability, with, in Glaser and Strauss’s view, substantive theories being used to build formal theories. For example, in this study the aim is to generate a substantive theory of one type of IOR. That is, PPPs involving local governments and private sector firms, as opposed to a formal theory of PPPs or IORs in general.

The Need for an 'Open Mind'.

Orthodox grounded theory requires a researcher to approach an area of inquiry without any preconceived ideas or hypotheses that may restrict how they conceptualise the emerging data. It would appear this principle of grounded theory has, in some cases, been interpreted to mean a researcher enters the field with a 'blank mind' (e.g., Lamnek cited in Sarantakos 1998, Denscombe 1998). However, this is not what Glaser and Strauss intended. A researcher enters the field with an 'informed mind', that is, a mind open to discovering new concepts rather than restricted to searching for concepts only identifiable from existing theories that may or may not be correct. As Glaser and Strauss (1967, p. 33) express it:

One goes out and studies an area with a particular...perspective, and with a focus, a general question or a problem in mind. But the researcher can, and we believe should, also study an area without any preconceived theory that dictates, prior to research, 'relevancies' in concepts and hypotheses.

The importance of having an informed mind is that it enables the researcher to "be sufficiently *theoretically sensitive* (author's emphasis) so that he can conceptualise and formulate a theory as it emerges from the data" (Glaser & Strauss 1967 p. 46).

Theoretical Sensitivity

Glaser (1978, p. 1) emphasises the need for grounded researchers to develop the "necessary theoretical sensitivity...by which they can render theoretically their discovered substantive, grounded categories". In the context of orthodox grounded theory theoretical sensitivity refers to the ability of the researcher to think conceptually about the patterns of behaviour they discover in their data. It is a necessary prerequisite in the process of transcending from description to conceptual theory (Guthrie 2001).

As Glaser (1978) points out an issue for novice orthodox grounded theory researchers, such as myself, is how to develop the “necessary theoretical sensitivity”. I attempted to increase my level of theoretical sensitivity by reading and studying Glaser’s grounded theory methodology texts, by examining previous orthodox grounded theory studies and by discussion with my mentor – the lead supervisor in this study. Although this technique is effective in increasing knowledge of the procedures to follow in generating conceptual theory it is only through the experience gained by completing an orthodox grounded theory study that theoretical sensitivity truly develops. This, as discussed later in the chapter, may be seen as a limitation of the grounded theory presented in this thesis.

The Principle of Theoretical Sampling.

A fundamental principle of orthodox grounded theory is that the emerging theory itself should set the path that the researcher should follow for the collection of additional data, a metaphor used by Denscombe (1998) being that of a detective following a ‘lead’. In orthodox grounded theory, Glaser and Strauss (1967, p. 45) have labelled this process “theoretical sampling”. That is, “the process of data collection for generating theory whereby the analyst jointly collects, codes and analyses his data and decides what data to collect next and where to find them, in order to develop his theory as it develops” (Glaser & Strauss 1967, p. 45). The important principle is that the emerging theory governs the process of data collection. How the principle of theoretical sampling has been applied in the current study is detailed later in this chapter.

Glaser and Strauss (1967) also make the point that theoretical sampling benefits the researcher by allowing them to maintain control over the volume of data and its analysis

and so they are unlikely to suffer from “death by data asphyxiation” (Pettigrew cited in Eisenhardt 1989, p. 540). Similarly, the researcher maintains control of the boundaries of the substantive area under investigation and is capable of extending the substantive area if they so desire.

A researcher who adopts this principle of orthodox grounded theory cannot at the outset of the study specify either the size of the sample or the make up of that sample. Only at the point of “theoretical saturation” (Strauss 1987, p. 21), a point reached in the data analysis when new data seems to only confirm the existing analysis without adding anything significantly new, is the sample size and makeup complete.

The Constant Comparative Method of Data Analysis

Used in conjunction with theoretical sampling is the constant comparative method of data analysis. This represents the fundamental method of data analysis in orthodox grounded theory. As Glaser and Strauss (1967) acknowledge comparative analysis is common to much social science research. However, they claim in orthodox grounded theory comparative analysis differs in that it involves the use of “explicit coding and analytic procedures” to “generate theory systematically” (Glaser & Strauss 1967 p. 102). In practice this involves coding the data to identify theoretical concepts, labels or categories¹ while at the same time constantly comparing codes to codes, category to category, code to category and so on in an effort to define the basic properties of a category and to clarify the relationships between categories and so enrich and integrate the emerging theory.

¹ As Martin and Turner (1986) point out, within the literature the terms concept, label and category are used interchangeably to denote a level of theoretical abstraction above the data itself. As Glaser and Strauss (1967) prefer the use of the term ‘category’, it has also been used in the current study.

An integral component of comparative analysis in orthodox grounded theory is the use of theoretical sampling to facilitate the comparison, both within and between different data sets, of what Glaser and Strauss (1967, p. 105) label “incidents”. This process of constantly comparing incidents and categories across data sets collected from different contextual situations continues until the core category, the category that accounts for most of the variation in the patterns of behaviour, has been identified. The discovery of the core category is critical in orthodox grounded theory because it is the category around which the emergent theory will revolve.

It is of note that Lincoln and Guba (1985) strongly criticise Glaser and Strauss (1967) on their use of the label ‘incident’ for not clarifying what is meant by their use of this term. In the current study an incident was regarded as an event, action or participant’s statement that was given emphasis by a participant through a change in voice or body language, or conveyed a sense of the participant’s attitude, feeling or experience in managing a PPP. Whilst also defining the use of the term incident it is of value to also define the terms ‘category’ and ‘property’ as they have been used in the context of the current study. A category is a conceptual notion that captures and labels patterns in the data and gives the grounded theory researcher “conceptual empowerment” (Guthrie 2001, p. 33). A property is a “conceptual aspect or element of a category” (Glaser & Strauss 1967, p. 36).

A Non-Linear Research Path.

Implicit in the principles of both theoretical sampling and the constant comparative method of data analysis, is the recognition that orthodox grounded theory does not follow a linear research path (Glaser & Strauss 1967, Martin & Turner 1986). The

researcher does not enter the field, collect all the necessary data and then begin the process of data analysis as might occur in some logico-deductive research studies. In orthodox grounded theory, the processes of data collection, coding and analysis “go on simultaneously to the fullest extent possible; for this...is the underlying operation of generating theory” (Glaser and Strauss 1967, p. 71). This is an essential principle of orthodox grounded theory, it is “self-consciously and intentionally non-linear and iterative” (Martin & Turner 1986, p. 150). In orthodox grounded theory the researcher will find themselves constantly moving back and forth through various stages of the research process, that is, from data collection to analysis, from open coding to theoretical coding and back to data collection and so on.

In the sections that follow the procedures adopted to ensure these principles of orthodox grounded theory have been rigorously followed are outlined.

THEORETICAL SAMPLING PROCEDURES

As stated previously, a basic principle of orthodox grounded theory is the use of a theoretical sampling approach. Glaser and Strauss (1967) contend the basic criteria for choosing a group in theoretical sampling are those of “theoretical purpose and relevance...for furthering the development of emerging categories” (Glaser & Strauss 1967 p. 48). In other words, theoretical sampling is aimed at maximising the opportunity to compare incidents within a category “in terms of its properties and dimensions” (Strauss & Corbin 1998, p. 202). Although these statements detail the aim of theoretical sampling, in practice theoretical sampling poses at least three major

questions for the researcher. Firstly, with what group² should the researcher start the data collection process? Secondly, how does the researcher select subsequent comparison groups? Thirdly, when does the researcher stop the process of theoretical sampling? What follows is a description of how these three questions have been approached in this study.

The First Study Participant

Glaser (2001, p. 181) suggests the main criteria for the selection of early participants in an orthodox grounded theory study is that they have “some knowledge of the domain being studied”. As the domain under study is the management of PPPs involving local government and private sector organisations, information gained from the popular press was used to identify a local PPP project involving a local government and that also appeared to meet the definition of a PPP as described in the previous chapter. As the current study is aimed at discovering how key managers from both the public and private partner organisations manage PPPs, it was decided to identify, again through popular press reports and publicly available documents, who was the responsible individual in both the public and private partner organisations most intimately involved in the ‘management’ of this local PPP. To begin the process of identifying basic categories and their properties first the relevant key public sector manager and then shortly afterwards the relevant key private sector manager involved in this PPP were interviewed, starting the theoretical sampling process in the current study.

Subsequent Comparison Groups

Glaser and Strauss (1967) and Glaser (2001) suggest that in the early stages of orthodox

² For Glaser and Strauss (1967, p. 47), and for the current study, a “group” may represent “aggregates or single people”.

grounded theory, it is important to minimise differences in groups until the basic categories and their properties are established. As Martin and Turner (1986, p. 149) state this is generally accomplished after “three or four sets of data have been analysed”, that is, relatively early in the research process. Glaser and Strauss (1967) and Strauss and Corbin (1998) also suggest the basic categories are likely to emerge early in the research process. However, they also argue that once these basic categories are established, the researcher needs to turn their attention to maximising differences among the comparison groups to understand more fully the properties and dimensions of each category and so enrich the emerging theory, a process Glaser (2001, p. 179) labels as “site spreading”.

In this study theoretical sampling involved three stages. In the first stage, as outlined above, until the basic categories were established maintaining minimal differences between the PPPs and key managers was the guiding principle. In the second stage, once basic categories were identified, the guiding principle was to identify contrasting PPPs so as to identify new properties of the basic categories and/or discover new categories. This was achieved by generating theoretical questions about each emerging category and considering where and with what comparison group, within the substantive area being studied, the answers to these questions might be found. This stage included the collection of data from seven PPPs in the UK. A number of reasons led to the collection of data from these UK PPPs, and these are detailed in Appendix A. However, significant amongst these was the issue of gaining access to a range of PPPs at different stages in their evolution. The analysis of data collected at this point identified a number of new properties associated with each of the basic categories as well as the discovery of several new categories including all the sub-categories and

related properties of the category ‘closure’. In the final stage of theoretical sampling, the interviewing technique changed from unstructured to semi-structured interviews. This was designed to gather data that would allow for the saturation of categories as well as the clarification of relationships between categories. Appendix A, provides an “audit trail” (Lincoln & Guba 1985, p. 210) through the theoretical sampling process including a discussion of the basis for the selection of the UK PPPs in the second stage of the theoretical sampling process.

The Point of Theoretical Saturation.

The final question that a researcher using a grounded theory strategy faces is deciding when to end the data collection process. Glaser and Strauss (1967, p. 67) contend that data collection should end when what they refer to as “theoretical saturation” is reached. Strauss and Corbin (1998, p. 212) define this point in the research process as being the point at which:

- (a) no new or relevant data seem to emerge regarding a category, (b) the category is well developed in terms of its properties and dimensions demonstrating variation, and, (c) the relationships among categories are well established and validated.

In other words, it is the point when only small increments in additional learning are achieved because the researcher is repeatedly seeing the same categories and properties emerge in the data analysis.

In this study, theoretical saturation was reached after gathering data in the form of interviews with forty three respondents in ten PPP projects (three in Australia and seven in the UK), archival records and through non-participant observation at meetings

between key public and private sector managers in three of these PPP projects over a two year period.

It should also be noted that the protocol used in the identification of potential study participants was discussed with representatives of the Ethics Committee of the University of Wollongong and followed Ethics Committee guidelines at all times (Ethics Research Approval Number HE 02/022). It should also be noted that under this ethics approval the anonymity of participants in the current study is guaranteed, this includes not providing details that may identify the ten PPP projects and in turn may reveal the identity of participants in the current study. This degree of anonymity was a request of the participants in the current study and has most likely been influential in allowing the collection of data that includes a strong degree of personal detail regarding the nature of personal relationships between individual study participants and other PPP stakeholders.

DATA COLLECTION METHODS

In the current study data was collected in several phases. In phase one, when basic categories were not known, data was collected from comparison groups with relatively minimal differences. In the second phase, after the basic categories had emerged from the early data analysis, comparison groups were selected so as to maximise, as far as practical, contextual differences. These later comparison groups provided detail to each of the basic categories identified in the first phase of the data collection process in terms of their properties and dimensions over a range of behavioural variations and led to the emergence of new categories. In the third phase, various follow up interviews were

conducted with participants. In this phase interviews were generally shorter and more focussed. These final interviews were designed to complete the process of saturating categories and clarifying the main concern of study participants and how they act to resolve this main concern.

In selecting the 'kind' of data for use in the current study, it was recognised that:

...in theoretical sampling...no one kind of data on a category nor technique for data collection is necessarily appropriate...while he may use one technique of data collection primarily, theoretical sampling for saturation of a category allows for a multifaceted investigation, in which there are no limits to the techniques of data collection, the way they are used, or the types of data acquired" (Glaser & Strauss 1967, p. 65).

In this study, data was collected primarily from interviews with key managers of PPPs, with additional data collected from other sources. These included documents and archival records, including documents publicly available on the WWW, and through regular non-participant observation at meetings between key managers in three of the PPP projects over a two year period.

There are three basic forms of interview used in qualitative research, open-ended, semi-structured and structured (Sarantakos 1998, Tellis 1997, Yin 1994, Somers et al 1982, Whyte 1980). With the first participant I used a semi-structured interview. However, this approach appeared limiting on the participant in that it did not encourage him to speak openly about his concerns and attitudes regarding the management of the PPP project he was involved with. In subsequent interviews in stage one and stage two of the data collection process an unstructured interview format was adopted. These unstructured interviews normally commenced with the line "tell me about (the name of the particular PPP project)". From this point forward the interview generally took the

form of an “open ended conversational interview” (Glaser 2001, p.175). This interview approach proved effective in allowing participants to recount their experiences of managing a PPP and express their opinions in an “open and free manner” (Patton 1980, p. 69).

Stage one and two of the data collection process also involved “non-participant observation” (Sarantakos 1998, p. 208) at meetings between key managers of three PPP projects. In this form of observation the:

...observers are not part of the environment they study. Their position is clearly defined and different from that of the subjects. In ideal terms the observers are invisible, unnoticed and outside the group they observe (Sarantakos 1998, p. 208).

Although not “invisible” my intention at these meetings was to place myself at a distance from the key managers and record in field notes comments, events and patterns of behaviour between key managers present at these meetings. The advantage of this data collection method was that it held the possibility of revealing patterns of behaviour between key managers as they evolve in a natural setting (Mahr 1995).

In stage three of the data collection process, at which time the intention was to fully investigate the properties and dimension of categories, in particular the core and sub-core categories, the interviews became more structured. In this stage questions were designed to elicit responses relating to the respondent’s experiences regarding specific categories and their properties.

Data was collected following the principles of a well-designed data collection system as suggested by Pitman and Maxwell (1992), Marshall and Rossman (1989) and Taylor and Bogdan (1984). These included:

1. The use of detailed field notes. The interviews were audio taped and clarifying notes were also taken at the time of the interviews. Transcripts of the interviews were made and compared with the original recording for any discrepancies, that were then corrected.
2. Potential 'researcher bias' was noted at the time of interviews in the field notes for later examination against the collected data. An integral aspect of qualitative research is that the researcher becomes "an instrument of analysis" (Strauss & Corbin 1998, p. 53), and in so doing there exists the potential for bias in how the researcher collects their data including how they 'direct' the interview through the nature of the probing questions asked. To maintain a balance between being objective enough to be confident in the study's findings, as an impartial representation of the substantive area of investigation, and being immersed and sensitive to the data to enable the generation of theory, fields note of potential bias were recorded.
3. Analysis was conducted 'early and often', to ensure the interview method was kept relevant to the study. In other words, as required by grounded theory generation, the analysis of the data took place simultaneously with the collection of data.

DATA ANALYSIS METHODS – THE EMERGENT THEORY

A fundamental principle of orthodox grounded theory generation is that data is analysed using the constant comparative method. Although a number of qualitative researchers (e.g. Glaser 1978, Hutchinson 1986, Martin & Turner 1986) have argued in favour of particular techniques and procedures to follow when undertaking constant comparative analysis, they share a common aim. The basic aim of the constant comparative method of analysis in orthodox grounded theory generation is the discovery of a core category. The core category represents the main theme of the substantive area of inquiry, it captures the main concern of participants in a study and it accounts for most variation in a pattern of behaviour. In essence, it is capable of explaining, “what is going on in the data” (Glaser 1978, p. 94). In addition, the core category should occur regularly in the data and connect various aspects of the data together and as a result of these characteristics it becomes the basis for the emerging substantive theory. In this study the core category was identified through an iterative process of coding, memoing, theoretical sampling and theoretical sorting.

Coding the Data

Coding is the process of fracturing the data into units for analysis and then systematically categorising these units in an effort to both reduce the quantity of data and move the data to a higher level of abstraction (Denscombe 1998, Martin & Turner 1986). Coding is the process by which categories and their associated properties are identified.

In this study categories and their associated properties were identified using a coding procedure suggested by Glaser (1978). This procedure involves ‘open coding’.

‘selective coding’ and ‘theoretical coding’. It is a coding method that has been used to effect by previous grounded theory researchers (e.g., Guthrie 2001, Andriopoulos 2000, McCallin 1999, Parry 1997) and has proved capable of systematically generating the level of abstraction required for an integrated, parsimonious grounded theory. For this reason alone it was selected for use in the current study.

Open Coding

Open coding is the first step in breaking or fragmenting the data into smaller analytic pieces (Glaser 1978). In this study, once a transcript had been made and checked for accuracy against the original audio recording, these ‘raw’ transcripts were re-typed to represent accurately the respondent’s words but without pauses, overlapping talk and so on (Silverman 1993). These ‘verbatim’ transcripts were then analysed line-by-line and word-by-word to identify incidents. These incidents were labelled with codes, that is, labels intended to reflect the meaning of the data from which they were induced, that were then compared for similarities and differences and grouped into higher level categories. Exactly how this open coding was applied is demonstrated in Appendix A.

Glaser (1978, p 57) argues open coding is governed by constantly asking three questions of the data:

- What is this data a study of?
- What category does this incident indicate?
- What is actually happening in the data?

It is through the process of constantly asking these three questions that the identification of as many categories as possible occurs during open coding and the process of moving beyond description to conceptualisation begins. Open coding was applied to both interview transcripts, field notes from non-participant observations and archival records. It is a long and often monotonous process but one that is important in establishing objective distance between the researcher and the data they have collected (Glaser 1978). It is essential that the researcher couples the open coding process with the writing of theoretical memos - analytical devices that record emerging categories. Details regarding the nature and use of theoretical memos in the current study are discussed in detail later in this chapter.

Selective Coding

Glaser (1978, p. 61) suggests a time will come in orthodox grounded theory research when the researcher will cease open coding and begin to selectively code for a core category, this he labels “selective coding”. The identification of the core category at this stage acts to delimit coding “to only those variables that relate to the core variable [category] in sufficiently significant ways to be used in a parsimonious theory” (Glaser 1978 p. 61). In other words, during selective coding the researcher begins to code in relation to the core category. This in turn means that theoretical memos become more focussed on aspects of the core category, and theoretical sampling becomes guided by these aspects of the core category.

However, it is not uncommon for the core category to emerge late in an orthodox grounded theory study (Glaser 2001). This was the case in the current study. The core category only became apparent once each of the four sub-core categories were identified

and it became clear what was linking them together in terms of the main concern of participants in the current study and how they continuously acted to resolve this concern. Guthrie (2001) experienced the same situation in her grounded theory study, that is, the core category was discovered after each of the sub-core categories had emerged. As she argues, this does not mean selective coding has not been employed, only that it:

...was instigated in an unconventional way. Once the core variable had emerged I was sensitised to the conditions, consequences and other dimensions which had been latent in the data (Guthrie 2001, p. 37).

Similarly, in this study the various dimensions of the core category were apparent in the data and became obvious once the core category was identified.

Theoretical Coding

The process of theoretical coding gives meaning and scope to the theory that is emergent and involves conceptualising the relationship between categories. Glaser (1978, p. 116) refers to this as “weaving the fractured data back together again” and stresses that, like open and selective coding, this process is an emergent one and does not involve the use of preconceived notions.

Glaser (1978, p. 73) lists “18 coding families” to assist in the process of theoretical coding. The primary purpose of these coding families is to sensitise the researcher to the possibilities in the patterns of behaviour by which they may weave their data back together into a parsimonious grounded theory. Glaser (1978) makes the point that there is considerable overlap between these coding families. For example, “process” is labelled as a coding family in its own right whilst also being recognised as a potential element of the “Six C’s” coding family of “causes, contexts, contingencies,

consequences, co-variances and conditions” (Glaser 1978 p. 74). Whichever coding family is used in the process of theoretical coding, the important principle is that the data itself must determine which coding family best ‘fits’ the data.

In the current study, after the discovery of the core and each of the sub-core categories, and in the process of theoretical coding, it became apparent that what linked these categories together into an integrated, parsimonious theory was a ‘process’. A process “must have at least two stages” (Glaser 1978, p. 74) that sequence together over time. In this study, each of the sub-core categories link to each other and the core category of ‘managing synergetic momentum’ (MSM) as sequential ‘stages’ in the managerial life of a PPP. Therefore, Glaser’s (1978, pp. 74-75) ‘process’ coding family seemed appropriate for use in the current study. Additional support in the data for the use of the process coding family was the consistent use of the term “stages” by numerous respondents in describing their perspective on the management of a PPP. These respondents would use phrases such as “at this stage concern was with...”; “...in the early stage of the project”, and “it is a stage when...”, to describe certain actions or behaviours in relation to their management of a PPP project. Further detail on how the inductive theoretical coding process was carried out is contained in Appendix A.

Theoretical Memoing

During the process of coding the data and comparing incident to incident, code to code and category to category to discover theoretical constructs and their relationships, questions, ideas and hypotheses concerning the data were placed into ‘theoretical memos’. Glaser (1978, p. 83) refers to this as “the core stage...the bedrock of theory generation”. The memos that were developed provided an orderly means of recording

and keeping track of the emerging categories (including their properties, dimensions and characteristics), generative questions and the developing propositions and hypotheses that ultimately formed the theoretical constructs and the foundations of the theory generated in the current study. Martin and Turner (1986, pp. 147 & 151) have proposed a memoing system that makes use of what they label “concept cards” and “theoretical memoranda” to progressively move the data to higher conceptual levels. This system was used in this study.

Concept cards record open codes from different data sets that appear to share “something in common” (Martin and Turner 1986, p. 147). Martin and Turner suggest that by examining these common features and attempting to generate an explicit explanation of these common features it becomes possible to identify increasingly more abstract categories. Theoretical memos record common categories and provide an explanation of how categories might link together and so move the level of abstraction to that of theoretical constructs enabling the emergence of a core category and the generation of a substantive theory.

In this study the process of coding the data and generating both concept cards and theoretical memos was initially aided through the use of the computer software package NUD*IST Vivo. The purported advantage of using a computer program is that it aids in the retrieval of data and speeds the mechanical aspects of data analysis allowing the researcher to focus more attention on the inductive processes (Lincoln & Guba 1985, Weitzman & Miles 1995). As Tesch (1991, pp. 25-26) states:

The thinking, judging, deciding, interpreting, etc., are still done by the researcher. The computer does not make conceptual decisions, such as which words or themes are important...or which analytical step to take next. These analytical tasks are still left entirely to the researcher.

However, I discontinued the use of this computer program when it failed to give me the flexibility of viewing at any one time all my theoretical memos. My personal preference was to lay out my theoretical memos and concept cards on the floor from where it was possible to quickly scan across the memos and cards looking for similarities and differences. This proved an efficient method of grouping like incidents, codes and emerging categories together and was used extensively in the theoretical sorting stage. As basic categories were identified through theoretical sampling and data analysis each concept card and theoretical memo expanded as new data on each category's properties and dimensions in a range of different contextual circumstances were analysed. During this research period categories and theoretical constructs were theoretically sorted in an effort to identify the core category that linked the theoretical constructs together and explained most of the behavioural variation evident in the data.

Theoretical Sorting

As the research headed towards the point of theoretical saturation and a core category emerged the theoretical memos and concept cards were sorted to provide a framework of the theory, a framework that Glaser (1978, p. 120) labels a "parsimonious set of integrated concepts".

Theoretical sorting is a conceptual act designed to integrate categories together and in relation to the emergent core category. In other words, theoretical sorting is the process by which the researcher locates and orders the conceptual elements of the emergent grounded theory. Theoretical sorting has the benefit of giving the researcher "traction" (Glaser 1978, p. 117) over their theory. That is, it places the researcher in complete control over the theory generation process.

In the current study there existed no preconceived notion of the pattern by which categories would relate to one another. Theoretical memos were laid out on the floor and grouped together by asking questions relating to the notion of process. Over time conceptual connections became clear and it became possible to lay out the development of PPPs in terms of four emergent stages or sub-core categories that were linked together around a single core category. The process of theoretical sorting became the basis for the writing up stage of the study.

STUDY LIMITATIONS.

The purpose of this study is the generation of a substantive grounded theory, a theory that by definition relates to one substantive area of study, that is, the internal management of PPPs between local government and private sector firms at the level of key managers. Although as much contextual and behavioural variation within this substantive area as possible has been attempted through the process of theoretical sampling, with the purpose of densifying categories and increasing the explanatory power of the resulting theory, the theory generated is not intended as a general theory. Although this may be regarded as limiting the usefulness of this study, it should not. The theory generated in the current study, like all orthodox grounded theories, is intended to be capable of modification as future researchers uncover additional variations and so modify and amend the original theory therefore adding to its explanatory power over a wider substantive area.

The findings of this, and other qualitative studies, where data analysis relies on the theoretical sensitivity, and to some extent the creativity, of the researcher can be

susceptible to researcher bias (Pandit 1996). In order to document biases that I am conscious of, they have been recorded in the field notes that accompany this study. The purpose of recording these biases is to enable a subsequent researcher the opportunity to evaluate the effect, if any, of these influences. I have deliberately attempted to maintain objectivity at all times by not allowing past personal experiences of PPPs gained during my time as a research assistant studying PPPs to influence either the questions asked of respondents, the analysis of the data or the theory generated. However, the success of these attempts lies in the evaluation of the current study by other researchers.

In addition, this study is limited by my experience as a grounded theory researcher. Stern (1994) notes that grounded theory is half art and half science and as such it is sometimes difficult to fully describe to novice researchers, such as myself, the subtleties of the procedures involved in grounded theory research. Glaser (2001, 1998) has also recognised this difficulty as well as the difficulty a novice researcher may experience if supervised by others who themselves do not have a good understanding of the methodology. This latter issue was not the case in this study, the lead supervisor, Dr Robert Jones, is an experienced grounded theory researcher well versed in the intricacies of the methodology. However, a limitation of this study may well be my ability to grasp the finer details of the methodology, an ability that only comes from repeated experience.

CONCLUSION

In the current study a qualitative research approach was adopted because it afforded the opportunity to gather data capable of discovering the main managerial concerns of key

managers in PPPs. A qualitative approach is embedded in an interpretive research paradigm that places emphasis on understanding how individuals create meaning and make sense of their own reality. In this study, this emphasis was congruent with allowing respondents to express, in their own words, their experiences in managing PPPs.

Because the purpose of this study was the generation of a substantive theory capable of explaining how key managers of PPPs resolve managerial issues of concern to them an orthodox grounded theory research methodology was chosen. An added attraction of grounded theory is that the theory generated is systematically induced from the empirical data minimising the possibility of the theory being regarded as ‘speculative’. What distinguishes orthodox grounded theory from other versions of grounded theory, and other qualitative research methods in general, is the principles on which it is founded. In the current study the principles of orthodox grounded theory as originally described by Glaser and Strauss (1967) and elaborated upon by Glaser in subsequent texts have been meticulously followed. Amongst these principles has been an emphasis on the notion of emergence of theoretical constructs from the data as opposed to the forcing of preconceived notions onto the data. Emergence is dependent upon adopting the principles of theoretical sampling, the constant comparative method of data analysis, theoretical memoing and theoretical sorting.

In this study data was collected primarily through the use of unstructured, and later in the study, semi-structured interviews with forty three participants in ten PPPs in Australia and the UK. Additional data was collected through archival records and regular non-participant observation at meetings between key managers in three PPPs

over a two year period. Theoretical sampling provided diversity within the substantive area under investigation and enriched the theory generated by adding to its explanatory power. Data analysis followed that recommended by Glaser (1978), that is, a process of open coding, selective coding and theoretical coding. This coding procedure allows a researcher to move to progressively higher levels of abstraction that are necessary in the generation of an orthodox grounded theory that remains embedded in the empirical data. Through the use of the constant comparative method of data analysis incidents, codes, categories, properties and theoretical constructs were identified that formed the basis of the substantive theory generated. Theoretical memos, in the form of concept cards, were an integral part of the data analysis process and provided a systematic means of developing and recording the emerging categories, properties and constructs. As a core category began to emerge late in the study theoretical sorting took place. Theoretical sorting was critical in providing a means for linking the different categories and their properties together around a core category and acts as the basis for the integration of the grounded theory. How each of these procedures has been undertaken is demonstrated in Appendix A.

In summary the research design adopted for the current study had the intention, in a substantive area of inquiry of which little is known, of allowing the collection and analysis of data that might:

- Provide an identification of the major managerial issues associated with managing a PPP, including the main professional concern of participants in the study, expressed in each participant's own words.

- Generate a substantive grounded theory capable of explaining the variation in patterns of behaviour of participants in the current study as they constantly act to resolve their main professional concern over the life of a PPP project.

The following chapter begins the process of presenting the orthodox grounded theory that is the outcome of this research effort. In this chapter the first of the four sub-core categories is discussed.

CHAPTER 4

TRAWLING FOR A PARTNER

INTRODUCTION

This chapter begins to present the orthodox grounded theory that is the outcome of the current research study by discussing the first of four sub-core categories. Each of these four sub-core categories represents a discrete conceptual stage in the managerial life of a PPP project. The initial stage in a PPP's evolution is termed 'trawling for a partner'.

In the trawling for a partner stage the dominant managerial processes involve organisations and their managers, firstly, recognising a need to 'partner', and secondly, actively attempting to identify a potentially suitable partner organisation. When organisations are successful in the process of trawling for a partner then this stage of the PPP is likely to culminate in the identification of a potential partner organisation that responds to the trawling process by indicating a degree of interest in the formation a PPP. Interest can be shown in one of two main ways. Interest may be demonstrated either formally in some written and documented form or in a more casual, informal manner through a simple verbal request for further discussions that may be designed to clarify a PPP project's benefits.

Key managers are often uncertain of the course of events during this stage, this may result in them acting cautiously towards their counterparts in a potential partner organisation. Cautious behaviour may influence the nature of contact between managers

during this stage that is, in the main, of a professional nature only. In other words, contact and discussions between key managers often involve little “social chit chat”.

Trawling for a partner stage is conceptualised as involving three phases, namely:

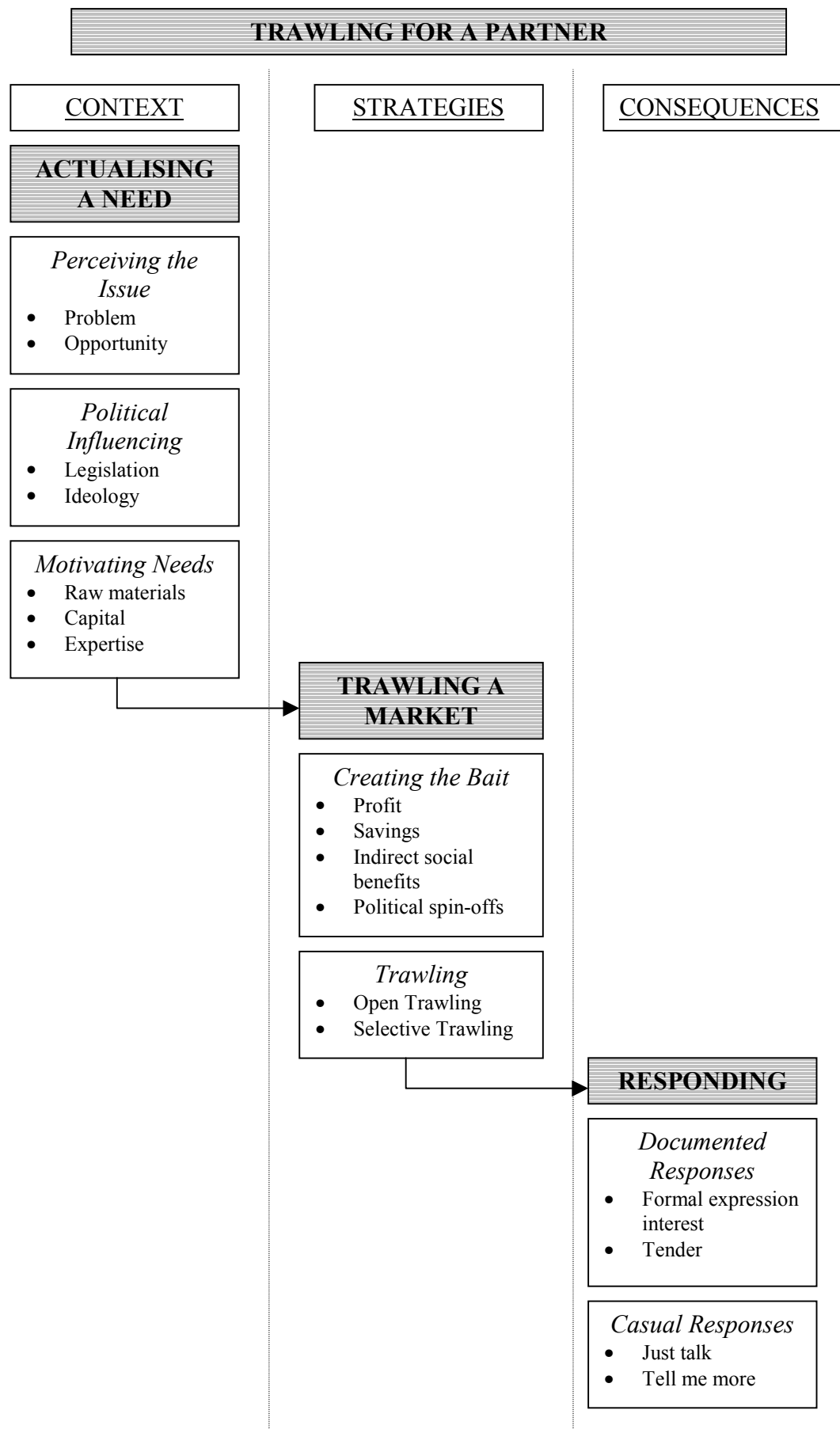
- Actualising a Need
- Trawling a Market
- Responding

This chapter begins with an overview of the trawling for a partner stage of a PPP. In this overview each of the three phases listed above are briefly discussed, as is the relationship between these phases. Following this each of the three phases are discussed separately in terms of their related categories and associated properties. This discussion includes illustrations in the form of data excerpts that are designed to add clarity to the conceptual notions contained in each of the categories.

AN OVERVIEW OF THE TRAWLING FOR A PARTNER STAGE

Figure 4.1 summarises the three phases associated with the trawling for a partner stage. This diagram also shows the categories and associated properties that characterise each of these three phases. This diagram reveals trawling for a partner is largely a social process. Organisations most often commence the process of trawling for a partner by ‘actualising a need’. This represents the contextual aspect of the trawling for a partner stage.

Figure 4.1. Trawling for a Partner Stage of a PPP



Being confronted with some “issue” often leads an organisation into the process of trawling for a partner. Cultural differences between public and private sectors may influence how they perceive an issue, that is, as a “problem” or as an “opportunity”. Frequently, it is the nature of the issue that determines the need to search for a public or private sector partner. Often an organisation identifies what may be perceived as a problem that cannot be resolved internally or an opportunity that cannot be exploited alone because some essential resource is unavailable within the organisation. This can lead an organisation to commence the search for a partner in an effort to address its resource needs.

If a need to partner is recognised by an organisation, the actual process of ‘trawling a market’ is likely to take place. During the trawling a market phase organisations, represented most often by key managers responsible for the PPP project, enter a market and actively seek out potential partner organisations.

Different demands for accountability often result in public and private sector organisations adopting different strategies that may be used to trawl a market. Due primarily to the accountability demands on the public sector, these managers often favour the adoption of openly transparent methods to attract the interest of potential private sector partners. In contrast, without such demands, managers from the private sector often adopt a broader, less public, range of strategies to trawl a market that are based predominantly on the use of personal contacts. For instance, private sector strategies can include the use of personal networks, attempting to leverage existing organisational associations, targeting individuals and organisations and, on occasion, serendipity leads to the identification of a potential public sector partner. The art of

trawling involves two key processes, firstly, a process of ‘creating the bait’ to enter a market so as to attract interest and, secondly, the process of ‘trawling’, that is, placing the bait before a potential partner organisation.

When successful the consequences to the process of ‘trawling’ are what are labelled ‘responding’. Responding involves a potential partner organisation expressing some level of interest in a PPP project. Accountability demands on the public sector often determine their need that responding takes the form of a documented and quite formal written response to a call for tender. Without such accountability demands, private sector organisations often accept more casual responses such as a verbal request for further meetings or information as a sign to progress the PPP to its next stage.

Responding can be a turning point in the life of a PPP. The arousal of an initial level of interest from a potential partner organisation is often the sign to move the PPP to the next stage in the PPP process, what is termed ‘sizing up’.

In the sections that follow each of the three key phases in the trawling for a partner stage, including their associated categories and properties, are described and discussed in detail.

ACTUALISING A NEED

Actualising a need is the first phase in the trawling for a partner stage. It begins the process of establishing and managing a PPP. This phase involves the recognition of the need to form some type of partnership with another organisation. During this phase the

reason for the need to search a market for a partner and what it is that a partner needs to contribute to any partnership is often clarified within an organisation.

When an organisation recognises it lacks some necessary resource and therefore cannot act alone in some project it begins the process of searching for a partner. Most often the specifics of a PPP project determine the nature of the missing resource. For example, it may be a lack of necessary technical expertise associated with a particular project or a lack of access to some physical resource such as publicly owned land. Public sector organisations may also be influenced in their decision to form a PPP by political and/or legislative factors. For example, in the UK, local governments can receive financial incentives from the central government to pursue PPPs; this incentive is sometimes in the form of what one manager termed as “special funds”. Conversely, if these same local governments decide not to follow a PPP path they can be financially penalised by a central government by preventing their access to these “special funds” and any other assistance programs. This is what one UK respondent labelled the “carrot and stick” strategy of central government. Once cognisant that it cannot proceed in a particular project alone organisations are likely to move to the next phase in this stage, the process of entering a market and actively seeking out a partner organisation, what is termed, ‘trawling a market’.

In Table 4.1 the categories and related properties that comprise the actualising a need phase are listed prior to their individual discussion.

Table 4.1 – Actualising a Need – Its categories and related properties.

ACTUALISING A NEED
<p>❖ <i>Perceiving the Issue</i></p> <ul style="list-style-type: none"> • Problem • Opportunity
<p>❖ <i>Political Influencing</i></p> <ul style="list-style-type: none"> • Legislation • Ideology
<p>❖ <i>Motivating Needs</i></p> <ul style="list-style-type: none"> • Access to raw materials • Access to capital • Access to expertise

Perceiving the Issue

PPPs often start their managerial life with an organisation recognising that it faces some form of “issue”. Attempting a detailed understanding of how an issue has arisen within an organisation is outside the boundaries of the current study. However, of relevance is the type of issue. The nature of an issue can influence, firstly, the desired characteristics sought in a prospective partner, secondly, the nature of their role in a PPP project, and thirdly, how key managers behave in the early stages of a PPP.

Public sector managers most often describe the issue driving them towards a PPP as some form of “problem”. In contrast, private sector managers invariably see the need to join together with a partner as a means by which they can exploit a strategic “opportunity”. It is the exploitation of the opportunity or the solution of the problem

that forms the underlying basis for what key managers commonly refer to as “the project”.

The need to engage with another organisation to resolve a problem or exploit an opportunity sometimes influences the attitudes of key managers towards their counterparts in a potential partner organisation in the early stages of a PPP. Potential partner organisations are often regarded at this stage, to quote one respondent, as “a necessary evil”. That is, there can be a degree of resentment and/or reticence at the level of key managers that they need engage with “outsiders” in the process of finding a solution to a perceived problem or opportunity.

A reticence to engage with potential partners from an opposing sector may create a social distance between individuals. For example, personal relationships at this point are often expressed as being of a “professional” nature only. Accompanying the presence of a social distance in these early stages is often low levels of trust and mutual respect.

An Opportunity

When an underlying issue is perceived of as a “business opportunity” its exploitation often requires access to publicly controlled resources. Private sector organisations and their key managers most often perceive the issue leading them towards the formation of a PPP as the exploitation of an opportunity. In PPPs where the private partner was the active organisation in searching for a partner, this organisation invariably had developed or identified some opportunity that they could not capitalise on because they required access to some resource controlled by the public sector. From this perspective, they are

in search of a public sector partner who can contribute to the PPP access to this necessary resource since they in effect act as “the gatekeeper” of that resource.

For example, as one private sector manager explained:

We had developed new, world class, technology and we needed a pilot plant to showcase this technology...the technology relies on converting municipal waste to electricity. Who controls waste in this country? Council. It was obvious, to make this work we either had to consider buying waste from some Council which would make the whole thing unprofitable as a pilot or somehow convince a Council to become a long-term partner in the project. We had no option.

Similarly, the CEO of one private sector organisation described the issue that led to them seeking a public sector partner in these terms:

We had the opportunity to take up a large contract with an overseas firm but we needed to place the operation at [name of regional town]. We needed trained people to run this and with time scales and other things we wouldn't have been able to sign on if we didn't get the local council down on board.... I know it sounds stupid but its true they [local council personnel] were the only people who had the skills necessary to do this. We couldn't afford to send our guys down there each week...it made sense to me to talk to them and see if they were interested.

A Problem

When viewed as a problem the issue underlying a need to form a partnership most often involves access to funding and/or expertise. Public sector organisations often frame the issue moving them into a PPP relationship not as a business opportunity but rather as a “problem”. Underlying the problem is frequently an issue that relates to some lack of funding and/or expertise. Notably, within the extant PPP literature the issue of funding, is often associated with attempts at explaining the growth in PPPs in recent years (e.g., Walzer & Jacobs 1998, Goldsmith 1997, Reijniers 1994).

Searching for outside assistance in the solution of a problem is often not a preferred option for some key managers. Public sector managers, in particular, often show considerable reticence to engage in the process of actively seeking a private sector partner as a solution to a problem. These managers are likely to recognise the need to look for assistance outside their own organisations but often make excuses for having to become “...associated with the private sector”. For example, as one key public sector manager stated:

I feel we could have gone alone in this [the PPP project] but that was not my decision. Some believed we couldn't do it by ourselves, it was too big and we didn't have a track record in that area.... Personally I think we did have enough expertise...forming a tight relationship with [name of private sector partner] goes against the grain. Ratepayers and others get jittery when they see their Council getting into bed with a firm like [name of private sector partner]...I still don't think it was really necessary.

When there is a reticence towards forming a relationship with another organisation it may influence how an individual manager approaches the task of trawling a market. For example, it may lead to a sluggish approach to the process of ‘responding’. The impact of this reticence on how public sector managers approach this early stage in the PPP is summed up in the following statement from a public sector manager:

We could have looked at other alternatives but the reality was we are tied by legislation in terms of our borrowing procedures....we couldn't raise the capital to get it [the PPP project] off the ground. We hadn't done this before, I mean work with a private firm in something of this size, we weren't going to run straight into this, slow, very slow was how we started this.

Political Influencing

Political factors can influence the decision to search for a partner and form a PPP relationship. Political factors can encourage organisations to pursue a PPP regardless of the benefits and risks associated with this form of solution to a problem or opportunity. Political factors can include a range of contextual forces that may either prevent a local

government from acting alone in a project and/or encourage a local government to pursue a private sector partnership. Political influences all share a common source - the political arena. These politically related factors may be in the form of government legislation and/or, in the more subtle form, of party political ideologies.

Government Legislation

Government legislation and/or policy that either encourages PPPs, or restricts the financial activities of local government, can make the formation of a PPP attractive (and/or force) a public organisation into a PPP. State and central government effectively control, in the main through legislation, the level of capital borrowing a local authority can reach. This can be an important factor in a local authority deciding to form a PPP.

As one local government manager commented:

...the biggest sort of issue to Council going into this was the fact of the borrowing limits imposed by the State. Council can't borrow really, they can, but it is minuscule to what is required in a project like this, that has been the primary hurdle for Council...really we had no alternative but to form a partnership with a private sector firm.

In this PPP project, the local government partner consciously structured their PPP as a “project management agreement” that calls on the private partner to raise all the necessary capital and carry the bulk of the financial risk in the project.

In the UK, local government managers are often conscious of central government's “carrot and stick” strategy of actively encouraging PPPs through financial incentives and/or penalties. When confronted with alternative solutions to some funding and/or other ‘problem’, local governments may be steered towards the formation of PPPs over

other alternatives due to central government actions. As one UK public sector manager stated:

Were there options for us? There are always options, but when given the fact that we had a choice in either doing this using a PPP where we receive additional funding, what they label as ‘special funding’, from London the other options simply were not as appealing.

Political Ideologies

When the political ideology of a State or central government of the day is considered as encouraging the formation of PPP’s local governments are more likely to consider them as a solution to their perceived problem. That is, if a State or central government, through political statements, either explicitly or tacitly supports, what is interpreted by a local authority, as stronger ties between the public and private sectors and/or a more “entrepreneurial” attitude by local government then this may also influence a local authority to decide to pursue a PPP relationship.

For example, in one PPP, senior managers in a local government in NSW appear to have interpreted the ideologies of the Labor State government of the 1980’s as encouraging a more “entrepreneurial” attitude. This was the period when they were first contemplating their PPP project. To quote one senior manager in this PPP:

...in the mid 80’s and through the late 80’s there was an increasing focus that Councils could in fact be more commercial, more entrepreneurial if you like.

According to this manager, this organisational view of the ideology of the then NSW government was seen as encouraging this Council in their methods of securing capital funds, “...we saw it as a sign that it was OK to expand the then avenues of capital raising, to approach the market ourselves with something like the [name of PPP] project”.

Motivating Needs

The identification of the nature of the resource needed to resolve a problem or exploit an opportunity can determine the decision to trawl a market for either a public or private sector partner. The process of actualising a need invariably involves the clear identification of the nature of the resource that an organisation needs to access and that motivates its decision to form a PPP. The *specific* type of resource required by an organisation to either solve its problem or exploit an opportunity are likely to directly relate to the individual nature of each PPP project. However, the essential resources required by an organisation and may lead it into a market in search of a partner can be categorised into one or more of three groups:

- Access to an essential raw material
- Access to capital
- Access to expertise

Access to an Essential Raw Material

A lack of control or access to some essential raw material may influence an organisation to search for a partner with this necessary resource. Organisations may be forced into trawling for either a public or private sector partner because only they have control and access to the necessary raw material. In other words, it appears that the decision to form a PPP may be heavily influenced by the nature of a missing raw material. Accessing a raw material is most often a motivating need of private sector firms.

For example, in one PPP, the project involved access to ‘spa waters’ that were effectively controlled by the local government. In this project, the private sector firm perceived a business opportunity that relied on the marketing of the “healing qualities”

of underground ‘spa water’. Access to this essential raw material, in the quantities required, was only possible through the cooperation of the local government as they, through legislation, effectively controlled this resource. As a senior executive in this private sector firm commented:

...it was clear from the start without [name of local government] working with us nothing would happen. We have similar operations in Belgium and Holland, there we work with local bodies as partners...they own the water, we must work with them. This project was really about how we work with them...at the start we had to show what they would gain from working with us.

Access to Capital

A lack of access to necessary capital funds frequently leads a public organisation to begin to trawl a market for a private sector partner. Public sector organisations often lack the potential to access capital funds for large infrastructure projects. This can encourage them to form PPPs. In other words, the need to access capital is most often a feature of PPPs initiated by public sector organisations. For major infrastructure projects that require significant levels of capital expenditure the raising of the necessary capital funds can be a significant issue for local government. One reason for this, as discussed earlier, is government legislation that places restrictions on local governments in terms of the level of capital borrowing they can undertake. If there is no funding from other government sectors for a project (i.e., State, Federal or central government) a local authority may be driven towards forming a PPP relationship in which the private sector are responsible for the injection of the necessary capital.

As an example, in one long term PPP project, the focus of which was a large scale urban development, the local government authority required a significant level of capital over an extended period. As one public sector manager explains:

...this project has another 11 years to run and will continue to require major capital inflows up to that time...in terms of a project this is a very long and expensive project.

To address this problem, and overcome State government borrowing limits, this local authority examined the possibility of forming a PPP with a private sector organisation that was in a position to access the necessary capital. As this key manager stated:

...why did we go with [name of private sector partner]? Simple, they had a reputation in the market as someone who had the capital required for the project...they provided Council with the access to the funds needed, they [the private sector partner] were in the best position to do this.

Access to Expertise

A perceived lack of necessary expertise to solve a problem or exploit an opportunity may encourage an organisation to search for a PPP partner. This factor, is often an issue of equal importance to both public and private sector organisations. Access to expertise can be regarded by key managers as a *secondary* issue to either the access of a necessary raw material or capital. When a PPP can be formed in which there is access to either capital and/or a necessary raw material *and* can also provide access to expertise it often adds weight to the formation of a PPP with a particular organisation.

As one local government manager stated:

...in the first place we needed the funds...but there is also, in essence, the need for a wealth of skills in something like this, but you can always import those, you can always employ the necessary engineers and others...with [name of partner organisation] we got both, they had the funds and they had a long track record in managing these types of projects, this made them an additionally attractive firm to work with.

In summary, 'actualising a need' is a phase in the initial stage of the establishment of a PPP. This phase explains why an organisation begins to search for either a public or private sector partner. The processes involved in this phase are largely internal to each

organisation and begin with an organisation recognising that it faces an issue that is often perceived of in terms of either a ‘problem’ or an ‘opportunity’. A reticence to resolve the issue through association with another organisation can influence the behaviour of key managers in the early stage of a PPP. For example, key managers may act sluggishly in making and/or responding to trawling efforts during this stage of a PPP.

The decision to actively search for either a public or private sector partner can be influenced by a combination of factors. The nature of political forces including legislation, policy and/or ideology can encourage local governments in particular to consider the formation of PPPs. In addition the nature of the resource that an organisation needs to either resolve its problem or exploit an opportunity may also influence the decision to seek either a public or private sector partner. For example, gaining access to a necessary raw material often leads private sector firms into forming a PPP. In contrast, access to necessary capital funds may act as a prime motivator for public sector organisations to seek out private sector partners. In addition, access to expertise relevant to the nature of the PPP project, may also influence the need to search for either a public or private sector partner.

It is most likely that the process of actualising a need will move an organisation into a market in search of a necessary partner. The consequence of having actualised the need to form a relationship with an organisation from either the public or private sector is often that key managers and others move outside the boundaries of their own organisation and enter a market in search of a potential partner. Invariably these managers begin this process of trawling a market by devising strategies designed to

arouse potential partner interest in both the project and in the formation of a PPP relationship. The process of actualising a need is summarised by the following statement by one key manager:

...we said 'OK we have this land and we want somebody to come in with the skills and access to the capital to develop it', that pretty much set the baseline for us to go and look for a partner.

TRAWLING A MARKET

'Trawling a market' is the strategy or action phase of this stage in the establishment of a PPP and includes a number of categories and associated properties. Activities during this phase are directed towards arousing the interest of potential partner organisations in forming a PPP. When effective the processes by which key managers enter a market and actively seeking out a potential public or private sector partner are likely to result in the arousal of some form of *initial* interest in a PPP project by a potential partner.

Differences in the accountability demands between the private and public sectors often determine the methods or strategies used by a trawling organisation to achieve a level of initial interest in a potential partner. If a public sector organisation is the trawling organisation then key managers are more likely to adopt formal and publicly transparent strategies to attract interest from as many potential partner organisation as possible. In contrast, if the trawling organisation is from the private sector, key managers are likely to use strategies that often depend on personal contact and direct approaches to specific organisations and their decision makers.

A trawling organisation often attracts interest by firstly converting their need for a partner into some form of opportunity that is attractive in the market to potential partner

organisations. This is labelled as ‘creating the bait’. This phase also involves, what is termed ‘trawling’. This is the process of placing the ‘bait’ before a potential partner organisation and/or its key decision makers in an effort to arouse some level of initial interest in the project and in turn, the formation of a PPP.

The phase, ‘trawling a market’ is a necessary step in securing potential partner interest in a PPP and may be considered the first outwardly visible move by an organisation towards the formation of a PPP. The process of actively entering a market and trawling signifies the first tentative sign of commitment to working in cooperation with another organisation. In addition, trawling a market constitutes a move from an internal, strategic level to a more externalised and tactical level of activity for an organisation and its managers.

Preconceptions of managers from potential partner sectors can create expectations of the trawling a market phase. For example, managers may have expectations of the time an organisation will take to respond to their trawling effort. As one private sector manager, with no previous experience of trawling commented:

I was new to this type of thing....I didn’t know what to expect, yeah, I had in mind what I thought I would encounter in dealing with council people...I thought they would um and ah about everything, take forever, you know what I mean.

Did this influence how you searched for a partner at this stage?

Oh yeah...I had expectations everything was going to take forever, I warned [name of senior manager] that I could be at this for ages.

Table 4.2 lists the categories and their properties that form the phase labelled ‘trawling a market’ prior to their detailed discussion.

Table 4.2 Trawling a Market – Its categories and associated properties.

TRAWLING A MARKET	
❖ <i>Creating the Bait</i>	<ul style="list-style-type: none"> • Profit • Savings • Indirect social benefits • Political spinoffs
❖ <i>Trawling</i>	<ul style="list-style-type: none"> • Open Trawling <ul style="list-style-type: none"> - formal requests • Selective Trawling <ul style="list-style-type: none"> - personal networks - extending prior associations - targeting - serendipity

Creating the Bait

Creating the bait is a process of translating an organisation's need to access an essential resource into an opportunity that is attractive to a potential partner organisation.

Creating the bait often determines if there will be any interest in a PPP project by potential partners as it is the bait that generates interest in a PPP project.

The process of identifying a suitable bait to trawl a market with may sometimes lead a key manager to appreciate a PPP project from the perspective of potential partner organisations. Changing perceptions can encourage managers to recognise the

synergetic benefits that a PPP project can have for both organisations. One respondent described the creating the bait process as:

...we clearly set out our vision and we then had to see what elements, what ideas, were there that would be important to them [potential partners]...to a developer it was going to be profitability and the awards or brownie points for having this size project on their books...so as to pick up other jobs like this from other Councils that are similar or bigger.

The basis of creating the bait is often the perceived benefits for a potential partner organisation, although these may take various forms, they are often expressed as either:

- An opportunity for a private sector organisation to generate profits
- An opportunity for a public sector organisation to generate cost savings
- An opportunity for a public sector organisation to gain additional indirect social benefits and/or political spinoffs.

An Opportunity for Profits

Financial profits may secure the initial interest of the private sector in a PPP. Public sector organisations and key managers, in particular, may enter a market with a PPP proposal that holds the potential for a private sector partner to generate a future profit stream. Access to a potential profit stream can require the private sector to reciprocate by providing access to capital and/or expertise so as to resolve a public sector 'problem'.

Financial baits are often accompanied by an explicit condition that the profit stream is only possible if both organisations contribute and work together. In other words, key managers from the public sector organisation are often conscious at this point of ensuring managers from a potential partner organisation are aware the project is dependent on the contributions of *both* partners.

As one public sector manager stated:

...when we looked for a partner it was clear to all of us here that we had a certain pile of goodies and they had a certain pile of goodies and together we could make this work...They could make a lot of money out of this deal. But in saying that we didn't want to give them the idea that they could cut us out, we had to make it clear, up front, they needed us as much as we needed them...they couldn't go behind our backs and try doing this by themselves.

In addition to indicating the use of financial gain as a lure for a potential private sector partner, the above data excerpt also suggests that the level of trust at this stage of a PPP can be very low.

The Opportunity for Savings

The potential for some form of financial cost savings and/or future revenue stream may arouse the interest of a public sector organisation in a PPP project. In other words, private sector organisations often attempt to arouse the interest of public sector partners by emphasising a potential in a project for them to make some form of cost savings.

For example, in one PPP, the private sector organisation actively trawled the market for a local government partner with the offer of reducing the costs associated with the operations of their municipal waste facilities. The principal savings for the local government related to the operational costs associated with existing landfill sites. For the local government this cost saving proved to be of sufficient importance to generate the necessary level of interest in the PPP. As the key private sector manager in this PPP explained:

...you come to the organisation [the potential partner] having an idea of their economics and so on, you know their cost structures so you say 'we are prepared to do an exceptional deal here, we are prepared to do something that's more favourable cost wise to what you are doing now or otherwise'.

In addition, in this particular PPP, the local government was lured by the possibility of not only making operational savings but also, in the future, generating a revenue stream if other neighbouring councils could be encouraged to make use of the planned project facility and pay for this right.

The Opportunity for Indirect Social Benefits and Political Spinoffs

Indirect social benefits and/or political spinoffs may sometimes lure a public sector organisation into a PPP project. Indirect social benefits and political spinoffs often relate to such issues as:

- Employment opportunities – both in construction and ongoing operations
- Additional physical infrastructure
- Economic development.

When benefits are put forward as having political “spinoffs” there is often increased public sector interest in a PPP due to potential electoral gains. Political spinoffs relate to the political gain an elected official can secure through public association with a PPP. This can include for example political kudos associated with new technology, job generation and so on. In the PPP discussed above, not only was the local government enticed by the potential for cost savings and a potential revenue stream they were also lured by what one public sector manager labelled as “spin offs”, that is:

...this looked good not only in our costs being reduced but also in other spin offs.

What were the “spin offs”?

Councillors are always looking for good news stories, we knew that this was good news...there was job generation during construction and operation, there were environmental gains by closing down the open landfill site...there were even tourism opportunities with visitors coming to the city to see this new world first technology.

Trawling

Trawling is a process of entering a market and putting the ‘bait’ in front of potential partner organisations. Different accountability demands often determine the use of different trawling strategies by the public and private sectors. Public sector organisations often adopt open, transparent and formal trawling strategies. In contrast the private sector is likely to make use of personal networks, prior associations, individual presentations that target specific prospects and decision makers and even serendipity in generating initial interest in a PPP project. In other words, the public sector organisations often take a more open approach to the process of trawling through a market, what is labelled ‘open trawling’. In contrast, the private sector is often less conscious of the need for accountability and often adopts less conspicuous strategies that are much more focussed on specific organisations, what is labelled as ‘selective trawling’.

Open Trawling

Community and legislative demands on the public sector often dictate their use of open trawling strategies. That is, the need for public accountability and transparency can influence key public sector managers to adopt an ‘open trawling’ approach to the issue of arousing the interest of a potential private sector partner. Open trawling is characterised by being a formalised, publicly accountable process designed to generate interest from as many potential partner organisations as possible. These strategies are often adopted in an effort to mitigate the likelihood of a public sector organisation and its managers being accused of acting with impropriety. Open trawling invariably involves the placement of ‘calls for expressions of interest’ in a particular project in the local, state or national print media.

Open trawling sometimes involves some form of “culling process”. That is, from a pool of respondents, a selected or “qualified” few may be asked to submit a more formal expression of interest in the form of a tender detailing what they can offer the relationship in comparison to other potential partners. Culling allows an organisation to gain additional information on a potential partner. Culling processes are often based on:

1. The nature of the response to the call for interest from the potential partner. That is, what did they offer to bring to the relationship and how attractive was this contribution to the trawling organisation? In other words, did they provide access to the necessary resources (e.g., capital) and any additional desirable resources such as expertise.
2. Perceptions of the potential partner’s standing in the market. In other words, were they a well-known company in the market who would add credibility or prestige to the project and the partnership?

This process of open trawling was described by one public sector manager in terms of:

...once we had a baseline of what we wanted we stepped out, very publicly, to get a developer involved...there were a number of players around who expressed an interest and from that we invited a select few to tender. We chose the selected tenderers on the basis of what they were prepared to offer us...their record in construction as well as their financial background and standing.

Selective Trawling

With no need for public accountability private sector organisations are likely to use more direct and inconspicuous methods to ‘trawl’ for a potential public sector partner. Private sector organisations are also likely to be selective in their trawling efforts in that they first qualify potential partners on the basis of what they can determine about the organisation prior to attempting any form of contact.

Qualifying potential partner organisations can save time and maintain the forward momentum of a PPP as key managers focus their efforts only on potential organisations that are likely to exhibit interest in the PPP project. The process of qualifying a potential partner was termed by one private sector manager as, “moving the project into the right organisation”. Qualifying can involve key managers examining public documentation, considering prior associations with a potential partner and/or other market information to determine, firstly, if the potential partner can fill the necessary resource gap they face, and secondly, what else they might be able to offer the relationship.

The forward momentum of a PPP may also be maintained by private sector managers using one or more trawling strategies simultaneously, with one or more public sector organisations. The range of strategies that may be used simultaneously can include:

- Personal networks.

Extensive personal networks can allow a manager to identify potential public partner organisations and assess their potential as a PPP partner. In addition, private sector managers may use personal “favours” of network members to gain direct access or an introduction to the relevant individuals in the prospective partner organisations who are key decision makers with regard to any potential partnership.

One example of this strategy was described as:

...a colleague who new the nature of the project I was working on suggested I should contact [public sector manager]...I used his [colleague] name and this seems to have worked...I was able to get straight in and see her.

- Extending prior associations.

Prior associations can be used to secure interest in a PPP project. This process is labelled as ‘extending prior associations’ and relies on the existence of some existing relationship between an organisation and potential partner. This relationship may be

small scale and in an area not directly related to the project that will form the focus of the PPP. For example, in one PPP there existed a prior association through a completely unrelated small scale project several years earlier. However, this was used by the key private sector manager to gain access to individuals within the targeted local government organisation. As this private sector manager stated:

...I think since we had completed some construction work for them before, purely contract work...Our overall corporate image and reputation had been known to the Council, it was easier to sell it [the project] based on that reputation and prior association...it also gave me a guide about who I had to talk to.

The capacity to leverage an existing, though smaller relationship, to gain access to key decision makers and/or provide credibility is often the basis of this strategy.

- Targeting

Targeting is a strategy that can sometimes maintain forward momentum. It refers to the process of consciously selecting a public sector organisation that appears “on paper” to have the required characteristics of a suitable PPP partner. Targeting focuses the trawling efforts of key private sector managers, reducing the potential for lost time spent on an organisation unlikely to have the necessary resources required in a PPP. A consequence of identifying a “target”, is that private sector managers will often attempt to identify key decision makers and arrange a formal presentation that involves laying the ‘bait’ before these key decision makers.

The strategy of targeting is described by one respondent as:

...we searched for a suitable location and earmarked three or four primary contenders...all had the earmarks, the proper economic, social and political drivers from an as published face...all these indicators from the outside made these locations attractive and worth approaching on a one to one basis.

- Serendipity

Sometimes luck can lead to the identification of a potential PPP partner. Serendipity is not a planned strategy. It is an event that occurs by chance and has an element of luck associated with it that results in the opportunity to lay the bait before a potential partner who is in a receptive position. The event that leads to this opportunity is most often a chance meeting or a chance conversation that in turn leads to the identification of a potential partner and contact person.

As one private sector manager explains:

...it was timing, Council was going through a fairly in depth review of their infrastructure around service delivery...it was timing in that Council was looking at making an investment and timing in that the technology we had to offer them had finally been worked out.

This same manager described a chance meeting that appears to have been important in identifying a potential partner:

...it was serendipity...I was at a conference at which I would have met a hundred or more people in a variety of conversations. I was talking about the attributes of this new system and it was somebody, a third party, who overheard who said ‘ gee you ought to talk to...and that lead to a series of meetings”

In summary, trawling a market is a process aimed at generating interest in a PPP and involves creating the right ‘bait’ and trawling a market with this bait. A change in perceptions is often important in creating a bait that is likely to generate the interest of a potential partner. Creating the bait is a process that requires key managers to re-configure their need to access some essential resource into an attractive opportunity for a potential partner organisation. Creating the bait prepares an organisation to trawl a market.

Community and/or legislative demands and expectations often determine how an organisation will trawl a market. The need for public accountability influences public sector organisations to fashion their trawling activities in an open and transparent manner. Without such demands, private sector organisations are likely to adopt more discrete strategies in their attempts at arousing interest in qualified partners. In addition private sector managers often adopt pro-active strategies in an effort to reduce searching time and maintain forward momentum, as explained by one respondent:

...this was my task...I was ostensibly brought in to simply market this project...there were pressures coming down...I had a limited time.

When there is an organisational focus on achieving timely results managers are likely to be under pressure. The pressure of time appears more intense on private than public sector managers at this stage. As a result of the internal pressure for results, this time can be a frustrating one for private sector managers as they wait for a response to their strategies. One private sector manager describes this time as:

...you're there waiting...the public sector has a different concept of time...I needed a result...all I needed was one of these councils to say 'right let's cut through the bullshit' and get down to business to satisfy my boss.

Waiting for a response from a public sector organisation can reinforce previous preconceptions about it and its key managers in terms of their attitude to time and keeping a project moving forward. This may act to maintain a social and professional distance between key managers setting up a series of barriers that may need to be broken down over the course of a PPP if emotional bonds are to be established and for there to be mutual trust and respect between key managers.

RESPONDING

Responding is the consequence of an organisation's trawling efforts. This phase is characterised by the expression of some form of interest in a PPP project from a potential partner organisation. A response may be expressed in different ways, for example, it can be expressed in a documented and formal manner or in a more casual manner.

Accountability demands often determine what an organisation is prepared to accept as a response. For example, the response sought by public sector organisations is most often of a documented and formal nature to conform to their ongoing need for transparency and accountability. That is, the response from a potential private sector partner invariably needs to be in a written form that responds to a specific call for an expression of interest. Without such demands for accountability private sector organisations and their key managers are often prepared to interpret a simple, though serious, request from a potential public partner for more information or further discussion on the project as a 'response'.

Cultural attitudes and norms sometimes make securing a response difficult. For example, the attitudes of public sector managers towards the issue of risk makes the process of securing a response more problematic for private sector organisations. One respondent talked at length on this point and suggested the public sector culture does not encourage or reward individual risk taking and therefore it is often difficult to arouse interest in a project, as he stated:

...why would you put your head on the block and go with a risky venture, why would someone in council put a project up to the councillors? You are not

rewarded in the public sector for taking risks, it is so different to the private sector. The culture is changing but still they are encouraged to sit and retain the status quo...it is hard to get them excited about a lot of projects.

Table 4.3 lists the properties of this phase of the category of responding.

Table 4.3 Responding – Its categories and related properties.

RESPONDING	
❖ <i>Documented Responses</i>	• Expression of Interest
	• Tender reply
❖ <i>Casual Responses</i>	• Just talk
	• Tell me more

Documented Responses

Public accountability demands mean public sector organisations often seek and acknowledge only formal responses to their trawling efforts. As described previously, the nature of the trawling strategies utilised by public sector managers are designed to result in a more formal and documented expression of initial interest in a PPP project. The nature of these responses are generally a formal reply to a call for ‘expressions of interest’. These documents provide the public trawling organisation with information on the capacity of a potential private sector partner to provide access to the necessary resources that are required, e.g., capital and expertise. In addition, documents that constitute a formal expression of interest often form the basis for the public sector organisation to “cull” respondents to only those potential partners that might best act as partners.

The process of culling is often used to further identify synergies between potential partner organisations. Following a cull a public sector organisation often returns to these potential partners and requests that they provide additional information in the form of a “formal tender”. In practice, this document simply escalates the detail regarding what the potential private sector partner can and cannot bring to the partnership. That is, it clarifies the potential synergies between the two prospective partner organisations.

For example, as one public sector manager explained:

...what they came back to us with in the tender was a good deal as far as Council was concerned as to what it had to do and what it gets out of doing...the whole thing was not only what they could bring to the table but also that they were prepared to take more of the risk than the others...[name of potential private sector partner] indicated in their tender they were prepared to carry the risk and Council stays clear of it.

Formal responses may act to maintain social distance. Formal responses involve, in the main, very little personal contact between key managers and so they do not provide any significant opportunities for personal interaction. Subsequently social distance is often maintained between key managers from both sectors.

Casual Responses

Strategies that use personal contact and approaches can result in low key casual responses to the trawling efforts of an organisation. For example, private sector managers that use personal contacts to trawl a market are often prepared to accept subtle and/or or casual responses to their efforts. A simple verbal request for discussion or more detailed information on a PPP project can be interpreted as a sufficient level of interest for a private sector organisation and its key managers to begin a more serious

analysis of the potential public sector partner. That is, move to the next stage of the PPPs evolution.

For example, in one PPP the private sector began a more serious evaluation of a potential public sector partner when as the key private sector manager explained, “...[key manager from potential public sector partner] rang and said ‘this could be something that’s pretty interesting, now, what is really in it for us, for the Council’”.

Casual responses sometimes begin the process of closing social distance. A casual response is likely to involve personal contact and interaction. This, in contrast to formal responses, may provide an impetus to key managers to begin to start the process of gaining more intimate knowledge of key managers in a partner organisation and so begin to close any social distance.

CONCLUSION

Trawling for a partner is the first stage in the managerial life of a PPP. This stage involves an organisation recognising a need to work with a partner and beginning the process of identifying a potential partner. Trawling for a partner is characterised by three phases, what are labelled, ‘actualising a need’, ‘trawling a market’ and ‘responding’. Each of these phases has a number of categories and associated properties.

What underlies the need to trawl for a partner is some issue, often perceived in the form of an organisational ‘problem’ or a business ‘opportunity’. The form of the problem or opportunity often prevents an organisation acting alone. The solution of the problem or

opportunity invariably involves access to some necessary resource, the nature of which determines the need for either a public or private sector partner.

Trawling a market is the process of attracting the attention of a public or private sector partner. Differences in accountability demands placed on each sector often determines how each approach the process of trawling a market. The need for full accountability often dictates that the public sector uses open, publicly visible and scrutinised strategies. Without such demands the private sector can use more subtle, less conspicuous, more personal strategies. When successful trawling strategies often result in the arousal of interest from a potential partner that is signalled by some response. Again, accountability demands on each sector determine the type of response that is deemed acceptable to the public (formal responses) and private (casual responses) sectors.

During this stage key managers may be reticent about the need to form a PPP and this can influence their attitude to the task of trawling in a market. In addition, they may also have a number of pre-conceived notions of the managerial style and culture of the opposing sector and its managers. Reticence and pre-conceived notions may combine to create and maintain a social distance between key managers from both organisations during this stage.

Private sector managers, in particular, are likely to be under some organisational pressure to continually move a PPP project forward during this stage and may become frustrated by the bureaucratic practices of some public sector organisation and its managers. By way of contrast, cultural norms of the public sector can mitigate organisational pressure to maintain the forward momentum of the project at this stage.

The turning point in this stage of a PPP occurs when there are grounds for “serious” discussions between potential partners. Subsequently, the attention of key managers moves towards assessing the issue of compatibility between the potential partners and with the PPP project in terms of benefits and risks. These activities form the focus of the next stage in the PPP, what is labelled as ‘sizing up’.

CHAPTER 5

SIZING UP

INTRODUCTION

The stage ‘trawling for a partner’ often culminates in the two potential partner organisations acknowledging the opportunity of working together in a PPP project.

Invariably it is the ‘aroused interest’ in the nature of the opportunity and the potential synergetic gains from working together that acts as a turning point in moving the PPP to its second evolutionary stage. This second stage is labelled ‘sizing up’.

Sizing up is a period in which the question ‘*can* we work together in a project of mutual value’ is examined by managers in each potential partner organisation. That is, it is a stage largely characterised by social processes between managers within each organisation aimed at assessing the value of a PPP project when carried out in conjunction with a specific partner organisation. Managerial activity during this stage is focussed on simultaneously assessing compatibility both with a PPP project itself, as well as with a potential partner.

Sizing up is a socially oriented process that often occurs at two distinct levels. It can take place in a formal and structured manner at the organisational or group level and it can occur in a less formal and personally oriented manner at the level of the individual manager. At both levels, compatibility is generally assessed in terms of potential risks and benefits. Public and private sector organisations, as well as individual managers,

most often place emphasis on a number of similar and contrasting dimensions of risk and benefit in the process of assessing compatibility.

The ‘sizing up’ stage can be conceptualised as involving four phases, namely:

- Dimensions of Compatibility
- Assessing Compatibility
- Emerging Champions
- Cautious Commitment

This chapter opens with an overview of the sizing up stage indicating the key characteristics and relationships between each of the four phases. The chapter then proceeds to expand and discuss each phase individually drawing on excerpts of the data to support and clarify the analysis and associated discussion. The chapter concludes by suggesting that the sizing up stage generally culminates in a level of organisational consensus, often tacit rather than explicit, that there does exist compatibility with the proposed PPP project and between the potential partners. This consensus can act as the catalyst in shifting managerial attention to the question of ‘how’ the two organisations might structure their working relationship so as to realise any perceived synergetic benefits of a PPP project, a process that becomes the subject of the next stage in the PPP.

AN OVERVIEW OF THE SIZING UP STAGE

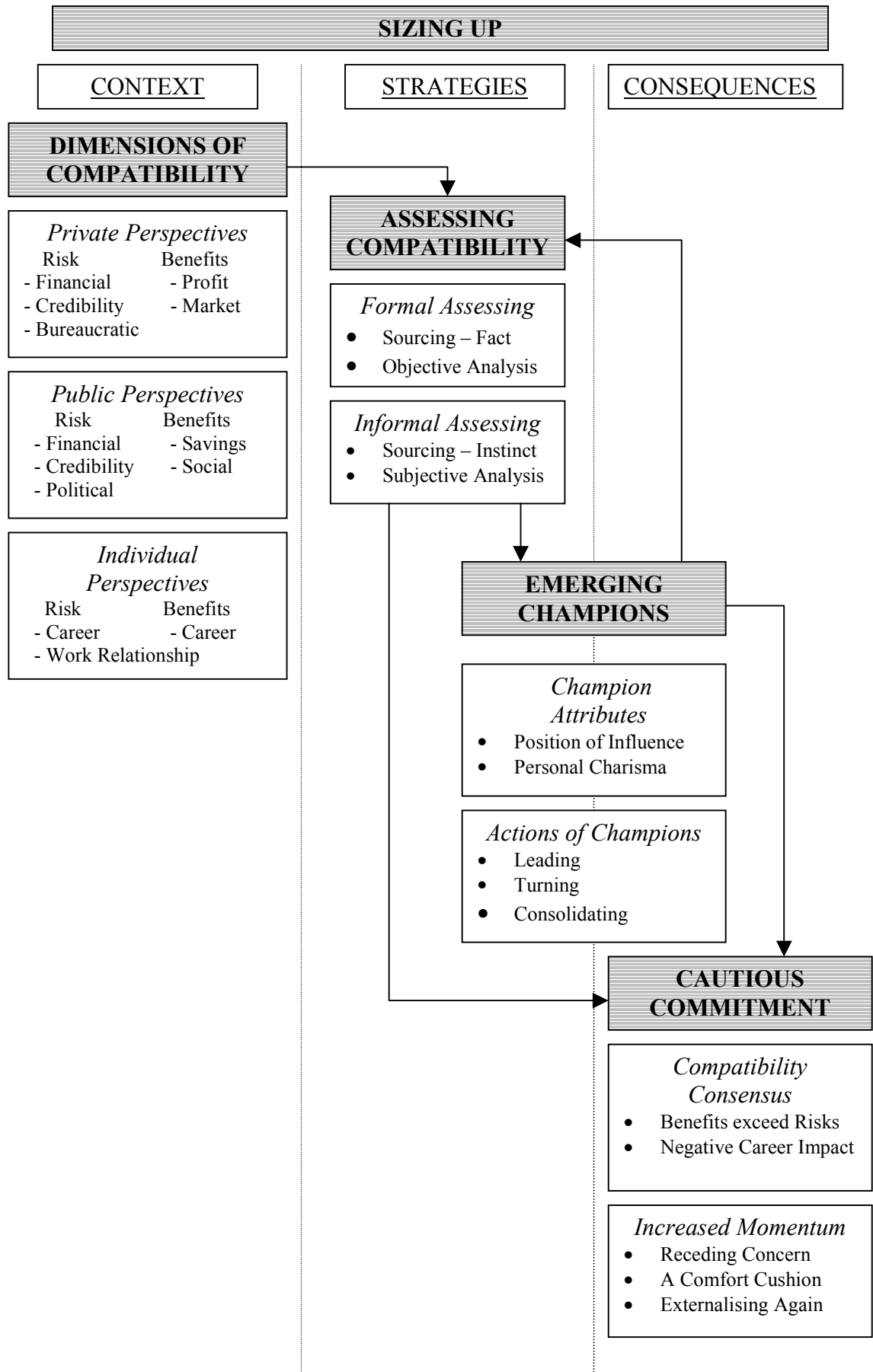
Figure 5.1 summarises the relationship between each of the four phases as well as the categories and associated properties of each phase in the sizing up stage. In the first

phase shown in the diagram, ‘dimensions of compatibility’, public and private sector organisations, as well as key managers, undertake a process of identifying what aspects of risk and benefit to place emphasis on when assessing compatibility.

In the second phase, what is labelled ‘assessing compatibility’, strategies are often enacted that allow for the gathering and assessment of information relevant to each aspect of risk and benefit considered important by the organisation and/or individual. This second phase can be a period highlighted by continued reticence, doubt, and even hostility in some circumstances, about entering into a formal relationship with an organisation from “the other side”, that is, an organisation from either the public or private sector. Doubt and hostility towards the formation of a PPP with a specific partner is often addressed through the presence and actions of “champions”.

Champions are individuals of influence in an organisation who are fully convinced of the value of the PPP project, and the compatibility between the two potential partner organisations and can emerge as a consequence of organisational attempts at assessing compatibility. In Figure 5.1, this process is represented by a third phase in the sizing up stage and is labelled ‘emerging champions’. In this phase, ‘champions’ may engage in a range of strategies designed to establish a broad support base within an organisation for a PPP project. For example, a common strategy of champions is to meet, both formally and informally, with doubters and opponents of a PPP on an individual basis in an attempt to convince them of the organisational benefits of a PPP. As shown in Figure 5.1, in the process of establishing a support base champions sometimes influence the nature and direction of the organisational debate that occurs in the assessing compatibility phase in an effort to ensure their views are supported within an organisation.

Figure 5.1 Sizing Up stage of a PPP



Often as a consequence of the combined actions of ‘emerging champions’ and the process of ‘assessing compatibility’ a fourth and final phase is reached in the sizing up stage, what is labelled ‘cautious commitment’. The term ‘cautious commitment’ is used to denote that the sizing up stage of the PPP frequently concludes with a general, though by no means unanimous or explicit, consensus within an organisation that it *may* be possible to work cooperatively with a potential partner in a PPP project. At this point the question of ‘*can* we work together’ is tentatively resolved and often recedes from the forefront of managerial concerns to allow for a shift in organisational and managerial attention to the question of ‘*how* might we work together’? This question forms the focus of the next stage in the evolution of a PPP, a stage that is labelled ‘structuring the partnership’.

In the sections that follow each phase of the sizing up stage, including their associated categories and properties, is discussed in detail.

DIMENSIONS OF COMPATIBILITY

‘Dimensions of compatibility’ is a phase involving identifying the dimensions of risk and benefit a private sector organisation, public sector organisation, and individual managers, places emphasis upon when attempting to determine the merits of a PPP project and the level of likely compatibility with a potential partner. Aspects of risk and benefit that each organisation and individual manager regard as important often form the contextual basis for the process of assessing the level of compatibility that occurs in the second phase of the sizing up stage. The decision as to which aspects of risk and benefit are important to each organisation may be rooted in the societal role the public

and private sectors have in a market economy. For example, regulatory and policy needs of the public sector that include a need for probity and “good” financial management, what public sector managers label “due diligence”, may influence which aspects of risk and benefit are deemed important to a public organisation.

There can often be both overlap and contrast in which aspects of risk the public and private sector organisations place emphasis upon in assessing compatibility. For example, both sectors place significance on ‘financial risk’ and ‘market credibility risk’. However, only the public sector considers ‘political risk’, that is, the “electoral backlash if it [the PPP and partnership] doesn’t work out”. Similarly, only the private sector considers risk associated with becoming involved with a public sector organisation that may be “overly bureaucratic”, that is, an organisation too much concerned with administrative procedure and suffering what one private sector manager labelled “paralysis by analysis”.

Against the risks associated with working in a PPP project with a potential partner, both organisations and individual managers invariably consider the potential benefits that may arise. As with risk, private and public sector organisations often place emphasis on different beneficial aspects associated with a PPP project and in collaborating with a specific partner organisation. For example, private sector organisations may be primarily concerned with the level of “profits” and increased perceptions of their status within a market. In contrast, the public sector often considers the benefits of working in a PPP project with a specific private sector organisation, predominantly, in terms of the financial “savings” and any “social returns” such as employment outcomes or additional social infrastructure that might result.

Fundamental differences in the philosophical nature of the public and private sectors may explain why each sector places emphasis on different dimensional aspects of both risk and benefit, or at least perceives of them differently. For example, the basic driving motivation of a private sector firm is frequently considered in the extant literature as the generation of profit (Carter 1999, Sternberg 1993, O’Looney 1992) and so it is not unexpected that private sector firms conceive of benefits principally in terms of potential “profits”. In contrast, as a result of lower operating budgets in recent decades a major concern of the public sector is often the achievement of budgetary savings (Walzer & Jacobs 1998, Correll 1996, Rockfeller 1996, Ward 1996, Dodge 1988). As a result it is not surprising that the public sector managers conceive of, and describe, the financial benefits that stem from working with a specific private sector partner in a PPP project most often in terms of financial “savings”.

Individual managers from both the public and private sectors often share a common view as to which aspects of risk and benefit are important. Managers frequently perceive the risk of incompatibility in terms of 1) its potential negative impact on their career paths in an organisation and 2) in terms of the nature of a working relationship they may experience with managers from the “other side”. These managers often consider the benefits of working with managers from another organisation only in terms of how it might lead to the success of a PPP and in turn how this “might further” their personal career or “standing” in an organisation.

In Table 5.1 the categories and related properties that comprise the phase, ‘dimensions of compatibility’ are listed prior to their individual discussion in the following sections.

Table 5.1 – Dimensions of Compatibility: Its categories and related properties.

DIMENSIONS OF COMPATIBILITY	
❖ <i>Private Sector Perspectives</i>	
<u>Risk</u> <ul style="list-style-type: none"> • Financial • Credibility • Bureaucratic 	<u>Benefits</u> <ul style="list-style-type: none"> • Profit • Market Exposure
❖ <i>Public Sector Perspectives</i>	
<u>Risk</u> <ul style="list-style-type: none"> • Financial • Credibility • Political 	<u>Benefits</u> <ul style="list-style-type: none"> • Savings • Social
❖ <i>Individual Manager Perspectives</i>	
<u>Risk</u> <ul style="list-style-type: none"> • Career • Working relationship 	<u>Benefits</u> <ul style="list-style-type: none"> • Career

Private Sector Perspectives

Private sector organisations often place emphasis on three aspects of risk, namely; financial, credibility and bureaucratic risk. Private sector organisations invariably contrast these risks in terms of two principal forms of benefit that they consider likely to stem from working with a specific public partner in a PPP, that is; profit and market exposure.

Risk

Financial risk refers to the possibility of financial losses a private sector firm might experience from working with a public partner in a PPP. Financial risk stems from a lack of control over the actions of the public partner in contributing to the PPP. For example, private sector managers showed concern over potential financial losses should a public sector partner fail to bring to the relationship what it “promises”, such as, access to a necessary resource, capital, expertise, planning approval etc.

As one private sector manager commented:

There is always a financial risk, we need to minimise that risk, the public sector will always want the private sector to carry as much of this risk as possible...the greatest financial risk comes when you start construction what happens if we get to the site and Council has not got all the planning instruments in place...that is part of their role in this...we are gambling that they will be there.

Credibility risk is defined as a “loss of face”, position or status by a private organisation within a market or industry when viewed from the perspective of market competitors and potential clients. The basis of credibility risk is often the possibility of adverse views towards a private sector organisation as a result of a PPP project failing or the PPP relationship with a public sector organisation breaking down prior to the PPP reaching its publicly stated goals.

Credibility risk was described by one private sector manager in terms of:

...we are going down a path as an organisation and have put a lot of effort into it...a big public sales pitch...if it falls over and is a dud...the market will not be kind...our competitors will have a field day...our shares will take a battering.

Another manager likened it to, “you have a bad meal in a restaurant everyone soon knows...word gets around and before you know it - no customers”.

Credibility risk can lead a private sector firm to make an assessment of whether the potential public partner possesses the necessary resources, capability and level of commitment to the PPP to ensure the project and relationship moves forward, at least in the market's eyes, to a point at which it may be labelled a 'success'.

In addition to these two forms of risk, the private sector partner is often concerned with a third form of risk, what is labelled in this study 'bureaucratic risk'. This form of risk relates to the possibility the organisation may discover itself in a legally binding relationship with a public sector organisation that is "overly bureaucratic" and "inflexible" in their approach to various managerial issues that might emerge over the lifetime of the PPP. Bureaucratic risk was described as the possibility that a potential public sector partner might be found to be "constantly sending everything to a committee for a decision". The concern is that such an approach to decision making would frustrate attempts to progress a PPP project at a pace acceptable to the private firm and so enable them to meet financial targets and maintain market credibility.

Benefits

Against these three aspects of risk, private sector firms often judge compatibility with a potential partner and PPP in terms of two forms of benefit. In the first instance the project is invariably considered in terms of the financial benefit, specifically what "profit" can be generated from a PPP project with a specific public sector organisation.

The second important benefit that is considered to stem from compatibility is market exposure. Market exposure is regarded as a form of benefit that can be gained from positive market perceptions of a private firm as a direct result of being involved in a

unique, large scale and/or prestigious PPP with a well-recognised and regarded public organisation. As one private sector manager expressed it, forming a PPP with a well recognised public organisation was a “...means of increasing our profile with this sector” and was a method for “getting those extra brownie points with other councils...that might lead to future opportunities”.

These various aspects of risk and benefit may be inter-related. For example, credibility risk can flow from the financial losses associated with a failed PPP. Similarly, market exposure can be heightened if there are significant financial benefits in a PPP. However, private sector organisations, specifically their senior management, often assess these dimensions of compatibility on an individual basis. Similarly, the public sector assesses the various components of compatibility separately.

Public Sector Perspectives

When assessing the issue of compatibility public sector organisations are likely to also do so in terms of risks and benefits. However, only financial risk is perceived of in the same terms as organisations from the private sector.

Risk

As with the private sector, financial and credibility risk is often the prime means by which compatibility is assessed. Financial risk is often perceived of in the same terms by organisations from both sectors. That is, in terms of any negative financial exposure that may result from a potential private sector partner failing to fulfil their commitment or role in a PPP. However, in contrast to how credibility risk is perceived by private sector organisations, public sector organisations often perceive credibility risk in terms of how the public, specifically the “ratepayers”, might view the public organisation if a

PPP project and partnership might fail. That is, concern is not with how the “market” might consider a failed PPP but with how “ratepayers” might treat a failed partnership.

Public sector managers may come under considerable pressure from elected officials should a PPP fail. For example, they can often come under direct pressure from local councillors concerned at how a failed PPP might impact on their political careers. This pressure translates into what is termed ‘political risk’. That is, the re-election risk to sitting councillors who may be regarded by the public as being closely associated with or ‘championing’ a PPP that fails.

One public sector manager described political risk as:

...risk for those people in the political scene who have gone with this project, if it doesn't work out then it will not be too good for them next election...they are not adverse to letting us know that...if it looks like failing we can expect to get a kick in the arse from them...a bloody big kick...it is better not to be involved than to get to that situation.

Often the higher the media profile of the PPP the more intense is the pressure applied to public sector managers from sitting councillors to consider the impact of a failed PPP on their “re-election prospects”. In other words, political risk is often escalated in importance by public sector managers under these circumstances.

Benefits

Financial “savings” and indirect social benefits are likely to be the main criteria on which the benefits of a PPP are judged by public sector organisations. In contrast to private sector managers who conceive and label financial benefits wholly in terms of “profits” public sector managers view financial benefits primarily in terms of what are commonly referred to as “savings”. In other words, what existing budgetary outlays can

be reduced as a result of a PPP or what financial savings are there from forming a relationship with a specific private sector partner? For example, one public sector manager explaining why they selected a private sector partner over three other potential partners commented:

...the project needed a major capital injection...they [the eventual private sector partner] could access those funds at a much better rate than the other three or us.... in the end it saved us thousands.

Once a project and partnership is seen as satisfying the need to generate budgetary savings, public sector organisations often move to a consideration of the PPP in terms of whether it is capable of, in the longer term, acting as an “income stream”. In other words, in the first instance financial benefits are perceived of in terms of “savings” and only then are financial benefits considered in terms of income generation. When a PPP is judged to hold the long term potential of generating income it is often regarded as “more attractive” by a public sector organisation.

For example, in one PPP, in the first instance it was considered in terms of the “savings” to the Council from reducing operating costs associated with technology services. However, once these savings were, according to one manager:

...sold to council...another carrot was that they [Council] could after a reasonable time turn the savings into a continuing revenue stream especially if they worked with [name of private sector partner] in encouraging other organisations in the region to use the technology housed here.

Indirect social benefits are another from of benefit against which risk is often assessed. Indirect social benefits are what one public sector manager described as “...the other outcomes from the project for the city and the ratepayers”. Social benefits can include an array of benefits related to a specific PPP project. Common examples of social

benefits include; environmental improvements, long term social infrastructure such as recreation facilities and open parkland and potential job creation outcomes.

As one public sector manager explained:

...this project was seen by the members and senior management as attractive because it had a good social rate of return...there are jobs during both construction and operation and there are environmental gains.

Individual Manager Perspectives

In addition to public and private sector organisations processing risk and benefit in terms of its various dimensions in an effort to provide them with a framework by which they can assess compatibility, individual managers may also undertake a similar dimensioning process. At the level of the individual manager, the aspects of risk and benefit that are often considered important are, in the main, personally-oriented and relate to the individual's career prospects in an organisation and the nature of any working relationship they may expect to experience with key managers from the partner organisation.

Risk

A potential negative impact on a manager's career and the potential for a "difficult" working relationship with key managers from the partner organisation are often the two most important aspects of risk for an individual. Career risk is conceived of in terms of potentially negative impacts on the individual's career within an organisation should they be involved with a PPP that comes to be judged by senior management as a "failure". As one private sector manager expressed it:

If this fails who loses most? There is still doubt in the company 'is this the right partner to be with'? Right now, I have more to lose than the company, if [public sector partner] don't deliver I'm out the door".

Making an early assessment of the nature of any working relationships a manager is likely to encounter with key managers from the partnering organisation can also be important to individual managers. This aspect of individual risk is often considered important in determining the “ease” with which future management issues might be resolved over the course of the PPP as well as how issues of “control” might be dealt with. That is, it is often seen as an indicator of the difficulty a PPP will experience in maintaining its forward momentum and managing the issue of ensuring the PPP generates synergetic benefits to both partner organisations.

Benefit

When considering the benefit of being involved in a PPP project with a particular partner organisation key managers often only consider one aspect, that is, the benefit for the individual’s career. When involved with a PPP that is likely to be regarded as a success by senior management in an organisation then an individual manager’s career may receive a “boost”. As one manager stated:

...should the project realise the forecasts and I’m the project manager – what do you think [name of CEO] will think when I ask for a transfer back to head office?

In summary, ‘dimensions of compatibility’ is a phase that often involves formal organisational processes as well as individual processes that lead to identifying what aspects of risk and benefit are considered important in the process of making an assessment as to the value of a PPP project and the likely level of compatibility between the potential partner organisations and individual managers. In other words, it can form the context in which attempts to assess compatibility takes place.

ASSESSING COMPATIBILITY

The second phase in the sizing up stage is termed ‘assessing compatibility’. In this phase a number of strategies may be enacted in an effort to determine, at the organisational and at the individual key manager level, whether the level of benefits associated with forming a PPP with a particular partner organisation outweigh the potential risks.

Often formal and informal strategies can be adopted in the process of assessing compatibility during this phase. Formal strategies are those actions that occur at the organisational level and are characterised by their pre-determined structure, objectivity and rationality. Informal strategies are often more evident at the individual manager level, are less structured and involve the subjective analysis of those aspects of risk and benefit that are considered important by the individual. Personal “feelings”, that is, individual intuition rather than objective fact often form the basis of informal assessments.

Assessing compatibility is a phase in which many of the barriers to the establishment of the PPP can be at the forefront of organisational and individual concerns. It is a phase in which there is often both organisational and individual uncertainty about forming a relationship with an organisation from the “other side”, that is, either the public or private sector. In some PPPs this reluctance and doubt can exist alongside an environment of open hostility to the notion of forming a PPP.

For example, one CEO interviewed described a meeting in which there was strong and vocal opposition to forming a partnership with a council, as he stated:

...my guys were all, ‘how the hell can you work with a shire council?’ ...there were raised voices, table thumping the lot...they were all totally against the idea.

Table 5.2 shows the categories and related properties that constitute the assessing compatibility phase.

Table 5.2 – Assessing Compatibility: Its categories and related properties.

ASSESSING COMPATIBILITY	
❖ <i>Formal Assessing</i>	<ul style="list-style-type: none"> • Sourcing - Fact • Objective Analysis – Structured, Rational Debate
❖ <i>Informal Assessing</i>	<ul style="list-style-type: none"> • Sourcing – Instinct • Subjective Analysis - Chemistry

Formal Assessing

The aspects of risk and benefit that are considered important for both the public and private sector are most often assessed through a formal social process involving all managers directly involved in the PPP. Information for this assessment process is often gathered from a range of sources and discussed within the organisation at structured meetings. The structured discussion of this information can be instrumental in facilitating an objective and rational analysis of the various aspects of risk and benefit that are considered important by an organisation. This phase may extend over a

significant time frame until a level of consensus is reached within the management team and/or the political arena as to whether the benefits that stem from a PPP project, and being associated with a particular partner organisation, overshadow the risks. Actions associated with the process of reaching consensus can involve both an element of open discussion and airing of opinions in formal meetings as well as a degree of more discrete discussion between individuals, that is, “lobbying”. This latter form of discussion often involves ‘emerging champions’ whose function at this stage of the PPP is to “turn” those considered cynics and obstructionists into supporters, or at least passive acceptors. The concept of ‘emerging champions’ is discussed as a separate phase in the sizing up stage later in this chapter.

Sourcing - Fact

Factual and/or anecdotal market based information rather than personal impression often forms the basis of “information” used in the formal assessment process. This information is often sourced from four areas;

- 1) Publicly available records of the financial standing of a potential partner, e.g., annual company reports. For a public sector organisation this type of information forms part of their statutory requirement to generate a ‘due diligence’ report. This report, often commissioned from a leading accounting firm, is often designed to report on the financial position and capability of a potential private sector partner.

For example, as one public sector manager described such a report:

...it was a thorough analysis of their background, who was who in the company and the strength of their financial position.

- 2) Information from the market place. In the main, market place information consists of information concerning previous performances of an organisation in similar circumstances. That is, has the potential partner organisation had experience in PPP projects and partnership type relationships, and if so, were they successful? Market information can also refer to perceptions as to the market status of a potential partner based primarily on the reputation of senior individuals within that organisation.

For example, in one PPP examined, the private sector partner and in particular the CEO of this organisation were generally perceived of by managers within the local government partner organisation as:

a real doer...someone that the industry respected...he had a reputation as being tough but also for getting on with the job.

- 3) Information gained as a result of any prior commercial association. In some PPPs, in those cases where there was evidence of prior contact, regardless of the extent of this contact, knowledge gained in terms of whether the company fulfilled its commitments and acted in a compatible manner can often be seen as an important indicator of future behaviour in similar circumstances.

For example, in describing a previous association with a potential partner one public sector manager stated:

...we knew [name of potential partner] prior to the [name of PPP project] through some other work they did with us...there wasn't anything brilliant about it, there wasn't anything risky about it from our viewpoint...but it was a positive association and this gave them some sort of credit for when we again got involved with them in 1997 for [name of PPP project].

- 4) Knowledge gained from contact between the organisations in the first stage of the PPP. The nature of the contact during the first stage of the PPP can be an important source of information upon which the question of organisational compatibility may be judged. For example, the speed at which a potential public partner responds to questions in the trawling for a partner stage may form the basis for an assessment as to the degree of bureaucracy in the public sector organisation.

As one private sector manager stated:

...from the beginning they [potential public sector partner] looked a good bet...we liked the way they were open and to the point...they also didn't dally...as soon as we met them there was none of this 'we have to go back to the councillors stuff'.

Objective Analysis – Structured, Rational Debate

During the formal assessment process information gathered from various sources may be discussed in a structured manner at formal meetings. Often depending on the culture of the organisation less senior managers, notably key managers, may be reluctant to voice their opposition to the PPP and/or potential partner organisation at these meetings. In these circumstances, this group of managers may use more covert means to express their concerns, often in private meetings with other managers whom they suspect share similar concerns. As one manager stated:

...you can't just tell the boss his idea sucks, firstly you check out who also thinks the idea won't run...you talk to the others in the pub after work about it.

Through their own personal information networks in an organisation senior management often identify "non-supporters". At this point, senior managers who are committed to the project and potential partner may begin a process of individual meetings with those they perceive as cynical, obstructionist or simple non-supporters.

These meetings are often an effort to, in the first instance, “turn” these individuals into supporters of the project or in lieu of this objective at least “quell their anxiety”.

Informal Assessing

Whilst compatibility is being assessed at the organisational level, individual managers responsible for the PPP, i.e., key managers, may also undertake their own informal assessment of the PPP project and their compatibility with managers from a potential partner organisation. As stated earlier, at this level compatibility is often assessed in terms of the risks and benefits to the individual’s career path as well as the potential “difficulty” of a working relationship with key managers from a potential partner organisation. This is invariably a much more informal and subjective assessment process based upon the personal impression, feelings and intuition of the individual manager.

Sourcing – Instinct

Information regarding perceived risks and benefits is, at the level of the individual manager, often based on intuition, or what is referred to as “gut feeling”, rather than objective fact. What drives “gut feeling” is unclear, however from an analysis of the data it may relate to the individual’s assessment of a number of factors. Firstly, individual managers often place importance on how the structured organisational meetings are progressing, that is, whether there appears to be emerging organisational consensus that the PPP will be positive for the organisation. Secondly, less senior managers may take note of the views of senior managers they respect and if they are supporting the PPP. These first two elements of intuition seem to resemble aspects of what Janis (1989, 1982, 1972) first labelled in the literature as ‘groupthink’. That is, “a

mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members' striving for unanimity override their motivation to realistically appraise alternative courses of action" (Janis 1982, p. 9).

In addition, to these elements, intuition may also be based upon the initial impressions that managers form from early meetings with managers from the potential partner organisation. What is often referred to by respondents as "chemistry", more specifically, chemistry is described as whether potential partner managers share similar views on the PPP itself, methods of management, and the world in general. As a private sector manager stated:

...soon after our first meeting I had a sixth sense that there was a structural or administrative philosophy that could be worked with in Council...as individuals we enjoyed a shared vision for the project from the outset, or at least we could all accept the vision...but whether my relationship with these people was going to blossom I couldn't be absolutely certain at this stage, but I was confident.

Subjective Analysis - Chemistry

Initial impressions may frame an individual manager's perception as to how a PPP project might unfold over time. This is often despite the recognition by most managers that personal relationships and associated elements such as trust grow and mature over time. What most managers seem to be looking for at this point is "chemistry", that is, as individuals do we share common views and ways of doing things? Managers can often have a strong belief in their own intuition in assessing individuals, or as a manager indicated:

...when you deal with people you get a feeling about them, you get a feeling for what they are like...whether they are competent and creditable in themselves...rarely have I been wrong in these matters.

In one PPP, early concerns over an individual transpired into a poor working relationship that in subsequent stages of the PPP became a major impediment to negotiation, as the manager involved labelled it “we just had a personality clash...we didn’t get along...it made it hard to resolve problems”. In another PPP studied, a senior manager in the public organisation described how he had “removed” a key manager because:

...for whatever reason he was always antagonistic at joint meetings to the [private sector partner] team...he confided in me that he simply didn’t like them.

In summary, this phase involves attempts both within formal organisational structures and processes and individually to assess compatibility with a PPP project, between potential partner organisations and between individual managers from each organisation through an examination of relative risks and benefits. It is, in part, at the organisational level, a formal structured and rational process based on objective, sometimes quantifiable information. Also it often involves a series of more intuitive judgements by individual managers, focussed on the implications of the proposed PPP for their careers and management relationships. In addition, it is sometimes a period in which some managers may have negative views regarding the PPP and/or potential partner organisation. Finally, it is a phase in which champions emerge, most often acting to encourage positive views and to reduce negative views regarding the proposed PPP and potential partner organisation.

EMERGING CHAMPIONS

In the course of ‘assessing compatibility’ an important group of individuals sometimes emerges in each organisation and in the political arena, individuals who will ‘champion’

the PPP over its lifetime. Often the first signs of the presence of these individuals in a PPP occurs in the sizing up stage and is a phase labelled as 'emerging champions'. The dynamics of the process by which these champions emerge is not a focus of this study. Rather, it is the attributes of a champion and the actions of these individuals on the progress of a PPP, that are the main concerns of the discussion which follows .

Champions are often characterised by being established leaders within an organisation, or political arena, who are convinced of the merits of a PPP project and in forming a partnership with a specific partner organisation. As a result of their positions they often have a pivotal role in addressing and overcoming the concerns of managers who are seen as not yet supportive of the PPP. That is, champions act as generators of commitment, gatherers of support and movers of the PPP through the sizing up stage. They are in effect, maintainers of momentum.

To achieve support for a PPP and/or a particular partner organisation project champions often use their personal charisma and positions of influence within an organisation. Although they may not be capable of achieving unanimous support champions can often lift organisational consensus to a level that allows the PPP to progress to a new stage.

The emerging champion phase cannot be isolated from the assessing compatibility phase as it both emerges from this process and at the same time is often an important factor in progressing this phase. Without champions the sizing up stage can stall and a PPP may be permanently derailed at this point. For example, senior managers from one public organisation when describing earlier attempts at forming a PPP commented:

...as a company they really weren't sure if they wanted it [the PPP project]...there was no single person in their company standing there pushing it...it was always on the backburner...eventually everything just fell over.

In Table 5.3 are listed the categories and related properties that comprise this phase in the sizing up stage.

Table 5.3 – Emerging Champions: Its categories and related properties.

EMERGING CHAMPIONS	
❖ <i>Champion Attributes</i>	<ul style="list-style-type: none"> • Position of Influence • Personal Charisma
❖ <i>Actions of Champions</i>	<ul style="list-style-type: none"> • Leading • Turning • Consolidating

Champion Attributes

The ability of a champion to progress a PPP through this stage is often reliant on two principal qualities. Firstly, the individual often needs to be established in a position of influence within an organisation or political arena, and secondly, the individual often needs to possess a degree of “personal charisma”. It is of note that the relationship between social position and personal charisma is much debated in the extant literature on leadership (see; Hogan 1994).

Position of Influence

Champions are most likely to appear at the level of senior management and at the level of a senior political figure. In the main, they are CEOs, general managers, founders of a company, mayors, committee chairs or the like. They often possess, because of these positions, a perceived and/or real degree of power and influence over less senior managers in an organisation or over other councillors. Those champions who are most effective in the process of generating and gathering support for a PPP often couple their perceived positions of influence with respect from their peers and subordinates. Respect may be the result of the manner in which champions conduct themselves in meetings over a PPP. In particular respect is often the result of their perceived capacity to listen to opposing arguments and involve all organisational members in the process of assessing compatibility.

A junior manager in one private sector company described the actions of a champion at organisational meetings during this stage as:

[name of managing director] would start by asking for arguments and then we, as a team, satisfied the arguments if you like. It was not like, he said 'we are going to do this, 'I say we are going to do this so bloody well do it', that is not his style, that doesn't happen here. He knew he had to get us all on board this project. He knew this was all about change...we had never worked with a bureaucracy before and no one likes change. He always encourages you to have your say he doesn't expect us to be sycophants.

Personal Charisma

Being in a position of influence and respect alone may not be sufficient to allow a project champion to fulfil their role in this stage of the PPP. Champions are often individuals who can leverage their position through the use of personal charisma.

Although personal charisma is a phenomenon that respondents had difficulty in defining it is often associated with a champion's capacity to relate to an individual in such a way

as to instil both confidence and trust in their judgement as to the outcome of a PPP. In other words, personal charisma most often relates to a champion's role as a leader worthy of "following". One manager describing the role of a project champion stated:

...he was very important at this stage, he was the key in our organisation going ahead with this...he was always involved...he has great energy and influence...he is the type of guy that you just follow, I've never questioned his ability to make the right decision for the organisation and it was the same in this case.

Actions of Champions

When champions do emerge they often have three important functions in a PPP at this point. In the first instance, they often lead the process of assessing compatibility, secondly they may work with individuals who have concerns over a PPP or potential partner organisation with the primary aim of turning them into supporters and thirdly they may act to consolidate support for moving a PPP forward.

Leading

Although champions may not be at the most senior levels in an organisation or in the political arena they are always, by definition, in a position that allows them to lead the process of assessing compatibility. They are most often the "chair" of either the committee, task group, planning unit or whatever term is used to denote the grouping of individuals that are given responsibility for deciding to proceed further with a PPP with a specific partner. From this position these individuals can influence the structured meeting process in an organisation by managing and controlling formal debate. That is, they can influence when such meetings are convened, how often these meetings occur, meeting agendas, the length and direction of the discussion and so on. In essence, champions can have considerable control over the flow of information concerning the PPP at this stage of its development. As a result of this degree of control these

champions are in positions that can dictate, at least to some extent, the terms on which compatibility is assessed during this stage of a PPP. Most often project champions direct the assessment process in such a manner as to suit their personal belief that the PPP project should proceed with a particular choice of partner organisation.

A senior manager in one council described how a project champion in the political arena used her position to advantage:

...she really wanted this [name of PPP project] and she was in the ideal position to get the other members on board. The Council is split into three political groups and without any one you will always get voted down no matter the real merits of the proposal...as Committee Chair she made sure we briefed her and all the other members individually but she essentially told us what and what not to say to other members prior to the Committee meetings...she dictated what they all knew and didn't know.

Turning

Apart from leading the process of assessing compatibility champions may also perform the function of turning waverers, cynics and obstructionists into supporters, or at least neutral participants in the process. Strategies used by champions to achieve this objective often involve informal or casual conversations with the individual outside the environment of a structured meeting. In these conversations through the use of rational debate, the use of power, trust, or compromising of positions a champion often aims to lessen the individual's concerns to a point that enables their, at least tepid, acceptance of a PPP. On occasions in these conversations champions may argue that moving the PPP forward does not mean full and total commitment to a PPP at this point as no binding legal arrangements are yet in place. In other words, champions aim at turning non-supporters into supporters of the PPP even if all they achieve is the cautious commitment of the individual that allows "discussion" to progress to the next stage in the PPP.

One project champion described how he would deliberately arrange to travel to and from work with the main “protagonist” to a PPP in the organisation in an effort to:

...try to understand his objections and discuss them...the car was good there was only the two of us, I had a captive audience...in the end I don't know if he saw my point of view or he simply got tired of me always asking for a lift but he agreed with my proposal.

Consolidating

Consolidating existing support for a PPP within an organisation, or in a political arena, is sometimes a third function of champions at this point in a PPP. That is, champions act to maintain and bond individuals into a single voice of consensus that permits the organisation to move to the next stage. Acting in this capacity champions can act to bring individuals into a cohesive group that accepts the merits of a PPP with a potential partner and appear to any external scrutiny to be a united body supporting the PPP.

This role of a project champion was described by one such champion in terms of:

...there comes a time when you need to return to the table with the other team...you can't sit there across the table knowing your team is not behind you, we need to have one voice on this or at least give the impression to them that we have one voice...my job was to go around and make sure that one voice was there.

In brief, the emerging champions phase is often a period in the PPP in which key individuals emerge, usually occupying positions of influence, sometimes with allegedly charismatic qualities, and with commitment to a PPP project with a specific partner organisation. These individuals often use their qualities to lead the process of assessing compatibility, turning non-supporters into at least cautious supporters and to generate at least a minimum level of consensus in favour of the PPP proceeding.

CAUTIOUS COMMITMENT

The consequences of the combined processes of assessing compatibility and the actions of champions in this stage of a PPP is often a consensus of ‘cautious commitment’ within an organisation to move the PPP forward to the next stage. This phase is labelled ‘cautious commitment’ since not all issues of concern are likely to have been addressed at this time, nor is support for a PPP with a specific partner likely to be unanimous within an organisation. As a result, organisations at this point may not yet be prepared to enter into a binding legal PPP arrangement that places in jeopardy and/or requires the commitment of significant organisational resources. In other words, there is likely to be just general agreement that the benefits of participating in a PPP project *appear* to exceed the risks and there appears to be compatibility between the two potential partners.

Table 5.4 – Cautious Commitment – Its categories and related properties

CAUTIOUS COMMITMENT
<i>❖ Compatibility Consensus</i> <ul style="list-style-type: none">• Benefits Exceed Risk• Negative Career Impact
<i>❖ Increased Momentum</i> <ul style="list-style-type: none">• Receding Concern• A Comfort Cushion• Externalising Again

Cautious commitment is a phase characterised by the categories and associated properties that are listed in Table 5.4. For example, in this phase there is often

‘compatibility consensus’. That is, a majority of managers may agree that the benefits of a PPP project with a specific partner appear to exceed any potential risks. Table 5.4 also shows a second category that is labelled as ‘increased momentum’. That is, at this point concern over the establishment of a PPP with a specific partner is often receding and in its place can be a build up of momentum towards intensifying discussions with a potential partner over how they might work together. That is, in establishing the details of their relationship.

Compatibility Consensus

At the organisational level, as a consequence of the actions of champions and the process of assessing compatibility, there often develops a consensus amongst managers that the benefits associated with a PPP project with a specific partner organisation are greater than the potential risks to the organisation. At an individual level, managers may also at this point arrive at a determination as to whether their ongoing involvement with a PPP project and with managers from a potential partner organisation is likely to negatively impact on their careers. In other words, at this point there is often consensus, at all levels, regarding compatibility with a PPP project and with a potential partner organisation.

Benefits Exceed Risk

For a PPP to progress further than this point there needs to exist a consensus amongst managers that the benefits of a PPP exceed the potential risks. Consensus does not infer that there is total agreement within an organisation and/or in the political arena on this issue only that there is, as one manager stated “...sufficient agreement...that working with [name of potential partner] was possible”.

The level of objection not the level of support for a PPP is often the manner in which consensus is gauged in an organisation. A subsidence of opposition at structured meetings and in personal communications between managers at all levels in an organisation can be interpreted by senior management as a signal that there is tacit support to move the PPP forward. When asked how he knew there was agreement to go further with a PPP one senior manager stated:

I knew the majority were happy when I wasn't getting twenty or more e-mails a day about the thing...it is impossible in this business to get total agreement on something like this, but when it wasn't the topic of conversation all the time in the corridors, and at lunch and people weren't always dropping into my office to discuss it I knew we were there...we were ready to talk to [potential partner] about contracts.

Negative Career Impact

If key managers make a personal determination as to the likely impact of a PPP on their careers at this point in a PPP then their concerns over the PPP often recede. If senior management is seen to be actively supporting the PPP and, at an organisational level, there is consensus as to the benefits and likely success of the PPP, the concerns of individuals managers over being associated with a potential failure are likely to subside. A point is often reached where the issue of compatibility is no longer of paramount concern to key managers and their attention can turn to other aspects of the PPP. For example, they may focus their attention on identifying what their personal role in the PPP structure might be.

This point in the evolution of the PPP was described by one manager given responsibility for managing a PPP as:

...it was real clear, this was going to go down no matter...all you can do is think about what your position will be in the project...you simply need to get on and do the job...there are other things to start thinking about.

Increased Momentum

There is sometimes increased momentum towards proceeding with a PPP project at this point because of both a ‘receding concern’ over compatibility and a heightened desire to move back into more detailed or intense discussions with a potential partner to determine how the two organisations might work together. This latter action represents an organisation moving away from a position of internal analysis over the PPP to resuming, with more intensity and focus, external activity with a potential partner.

Receding Concern

A reduction in concern over the merits of a PPP project when carried out in conjunction with a specific partner organisation can lead to a building of momentum at this point in a PPP. Organisational and individual concerns over the issue of compatibility may not disappear completely as there can often remain with some individuals lingering doubts over compatibility for the duration of a PPP project. However, concern over compatibility often recedes sufficiently, and widely enough, within an organisation to allow other issues to ascend to a place of prominence in terms of organisational and managerial attention. Specifically, concern over compatibility is often replaced by concern and managerial attention over the specific details of how a working relationship might be structured so as to limit the level of risk while maximising the benefits to an organisation.

A Comfort Cushion

A perception amongst individuals that an organisation has not yet reached a point of “no turning back” may also contribute to an increase in forward momentum at this point.

That is, there may be a perception in an organisation that there is no binding commitment at this point that places the organisation at risk or requires the allocation of

substantial organisational resources. What one manager referred to as “the existence of a comfort cushion”. This perception is often important in maintaining the silence of previously vocal critics and assists in accelerating the rate at which organisational concern over compatibility recedes and momentum towards addressing the issue of how the organisations might work together increases.

The notion of a comfort cushion is what one champion referred to as:

...you have at this point a whole stack of ‘get out of jail free’ cards...people need to know that...we are not in any contractual position yet...we are simply going to talk some more with [potential partner], there are still lots of questions...once people realise that we are not risking anything right now they don’t seem to have a problem...they can be keen to find out how we might do this thing.

Externalising Again

As momentum increases and managerial attention shifts towards concerns of how the two organisations might work together activity invariably moves from assessment processes within the organisation back towards activities between the two organisations. In other words, at this point there is often a transition from introspective activity back to activity between the potential partner organisations. Subsequently, it becomes a time when key managers from the partner organisations may engage in frequent social interactions.

In summary, the cautious commitment phase is a transitional period where there is sufficient consensus regarding the compatibility of the organisations and with the PPP project itself. This consensus can act as a catalyst in increasing momentum towards the formation of the PPP and moving the focus of managerial activity away from internal

assessments and back towards discussions with a potential partner regarding how they might structure the PPP relationship.

CONCLUSION

Sizing up is the second stage in the evolution of a PPP. It is often a stage in the PPP when many of the barriers to the formation of a PPP surface. These barriers can occur at two distinct levels, firstly at the organisational level and secondly at the level of the individual manager and represent the major managerial issues at this point. At both levels the dominant issue is often an assessment of the value of a PPP project when carried out in with a specific partner organisation. That is, managerial attention is directed towards assessing potential compatibility.

Compatibility is invariably assessed in terms of the risks and benefits associated with a PPP project involving a specific partner. At the organisational level importance is often placed upon different aspects of risk and benefit. For example, emphasis may be placed on financial, credibility, bureaucratic and political risk, whilst benefits may be considered in terms of financial, market and social “spinoffs”. At the individual manager level, regardless of the sector or organisation, concern is often directed primarily towards the risks and benefits of the PPP on the individual manager’s career. There can be substantial contrast in the strategies and activities used to assess compatibility by organisations and by individual managers. For organisations risks and benefits are most likely to be considered rationally in a structured, systematic process based on the gathering of objective information. However, for the individual manager

risks and benefits are likely to be assessed on the basis of intuition, personal perceptions and “gut feelings”.

If consensus over compatibility cannot be reached at this point then the prospects for a successful PPP may be very limited. Important in ensuring continual forward momentum of the PPP through this stage is often the emergence of project champions. These influential, and sometimes charismatic individuals, committed to the PPP, actively work on gathering support for the PPP and moving the PPP forward.

This stage in a PPP often culminates with a general, though largely tacit, consensus that the two potential partner organisations are capable of working together. That is, they appear compatible. This stage can also result in the majority of key managers charged with responsibility for establishing and managing the PPP reaching a determination that there is likely to be minimal negative impact on their career aspirations. With the issue of compatibility, at least temporarily resolved, the focus of managerial activity and concern often moves away from the question of ‘if the organisations can work together’ and towards the issue of ‘how the organisations might work together’.

In brief, the main points of this stage in the PPP were succinctly summarised by one public sector manager as:

They come along with an opportunity and there appears a mechanism for achieving the right result...at this stage you don't say no. What you have to do is weigh up the risks that you take in getting involved and you assess the viability and credibility of the company you are getting involved in...in the process you are looking at how well we might all get along together and what all the benefits are.

CHAPTER 6

STRUCTURING THE PARTNERSHIP

INTRODUCTION

During the second evolutionary stage of PPPs the focus of managerial attention is firmly placed on addressing the question of ‘can we work together’. This ‘sizing up’ stage of a PPP’s development concludes with a general consensus by managers within each organisation that the two potential partner organisations possess synergies, *appear* compatible and have the *potential* to work together in a cooperative fashion. This general consensus of managers within each organisation often acts as a turning point in moving managerial attention towards resolving a new question, that is, ‘how the two organisations might work together’.

Both public and private sector managers begin this third evolutionary stage in a PPP focussed on the development of some form of legal agreement that best minimises the ‘risks’ whilst maximising the ‘benefits’ of the partnership to their own organisation. In other words, managerial attention at this point is directed towards ‘structuring the partnership’, the label used to describe the third stage in the managerial evolution of a PPP.

In contrast to the social processes associated with the sizing up stage and that occur between managers within each organisation, (that is, are predominantly internal processes), the social processes associated with ‘structuring the relationship’ are mainly

external. In other words, the social processes in this third stage involve, and occur mainly between, key managers from each of the two partner organisations. The early discussions that occur between key managers in this stage take place in the context of managers from each partner organisation taking an active role in representing and protecting the interests of their own organisation. However, as this stage of the PPP progresses key managers often reach a point where they find themselves both representing their organisation in external discussions whilst also representing the PPP and partner organisation to other managers in their own organisation. This can, in some circumstances, place these managers in positions of conflict and at odds with senior management in their own organisations.

This stage of the PPP presents a number of challenges to managers, especially those new to PPPs, as they are confronted with the realisation that some traditional managerial tools are ineffectual in a PPP environment. In particular, managerial methods and techniques that rely on hierarchical power or resource control for their effectiveness are often less than effective. For managers new to PPPs there invariably develops a realisation that organisational based and bound titles and positions of authority do not automatically confer on them any authority in external discussions with managers from the partner organisation. In addition, these managers also invariably learn that they have no greater power in formal discussions as a result of what they are offering the PPP in terms of organisational resources as the managers from the partner organisation also hold similarly needed resources. In such circumstances, when there appears a power vacuum, managers move to the adoption of alternative managerial strategies to avoid discussions stalling and to achieve their aims. Often these alternative

strategies can involve an increased emphasis on the building and use of personal relationships between key managers from each organisation.

What emerges, as a tangible outcome of this stage of the PPP is some form of legal agreement that infers on both organisations, real or otherwise, a sense of security and protection. This document is a symbolic sign that the PPP is progressing, is moving forward, and that each organisation, publicly at least, is committed to the PPP. A second, intangible but equally significant consequence of the structuring the partnership stage occurs between key managers from each organisation. As a result of sharing in the experience of developing the contents of the legal agreement, sometimes over long and intense periods of time, there often develops between these managers a narrowing of the social distance and a further strengthening of personal bonds. The significance of these bonds is that they often occur between managers who will be responsible for managing the PPP during the final stage of its life. As a result these bonds often become important in the process of resolving future managerial issues and the continued forward momentum of the PPP into and thorough its final stage of evolution. They can also significantly affect the establishment of mutual trust, respect and commitment between key managers and subsequently how the individual manager will generally approach the issue of managing the PPP in its final stage.

At a conceptual level, 'structuring the partnership' is conceived of as involving three phases that relate to changes in the 'position' of each organisation and key manager, namely:

- Position Idealising
- Position Levelling

- Position Formalising

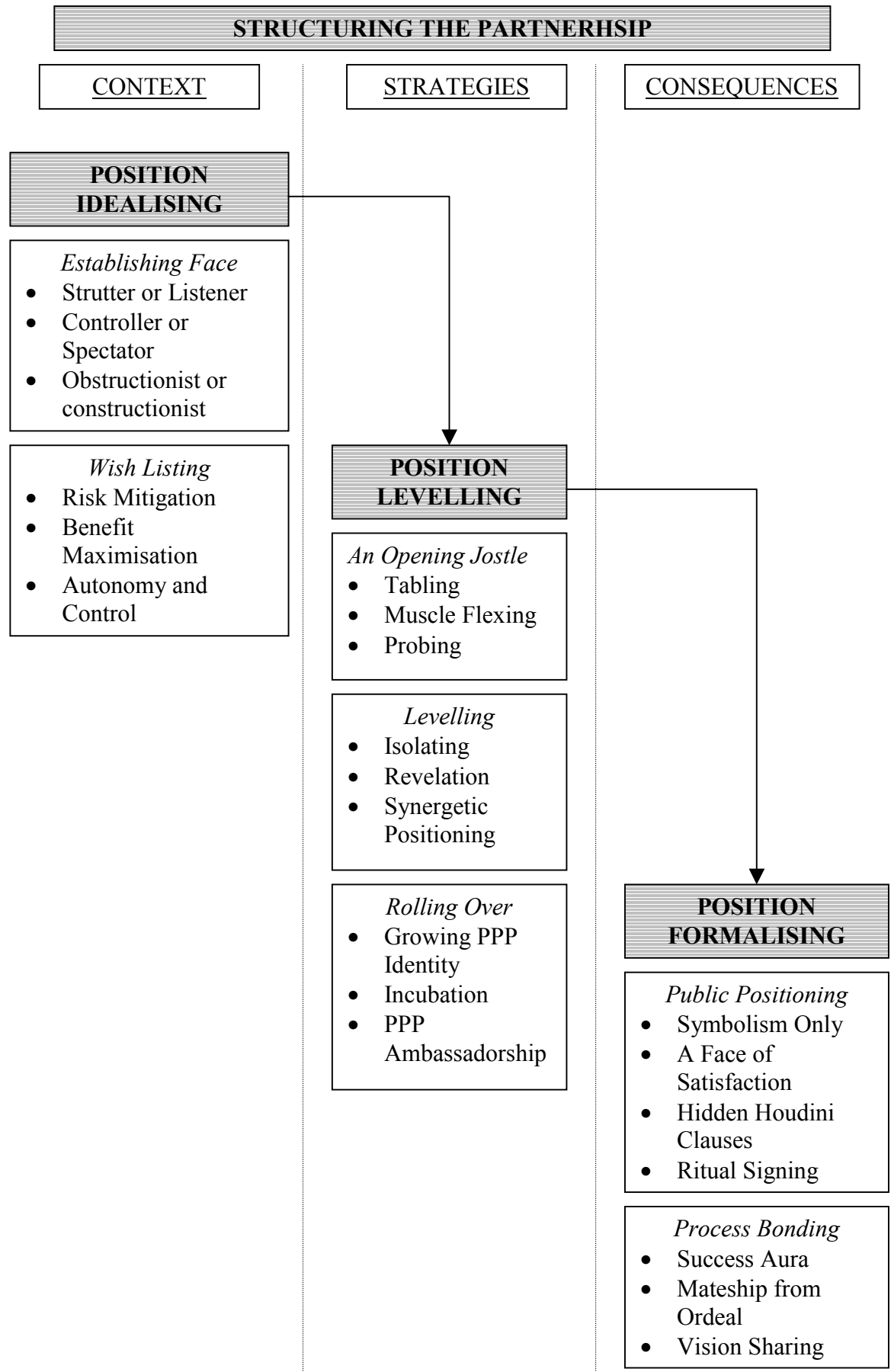
This chapter begins with an overview of the structuring the partnership stage of the PPP. This overview discusses the major characteristics of, and relationships between, each of the three phases in the structuring the partnership stage. Following this discussion each phase, including its categories and related properties is discussed in detail.

AN OVERVIEW OF THE STRUCTURING THE PARTNERSHIP STAGE.

The relationship between each of the three phases in the structuring the partnership stage as well as the categories and associated properties of each category are shown in Figure 6.1. In this diagram, the first phase shown is labelled ‘position idealising’. This initial phase involves key managers within each partner organisation identifying what stance or “position” they wish to adopt in the early structured discussions with key managers from the partner organisation. This is an idealised position that represents both the desired style or tone these managers intend adopting in formal discussions as well as an assortment of wants, demands and/or concessions these manager’s organisation most desire in the final legal agreement.

In the second phase, labelled ‘position levelling’, structured and unstructured discussions between managers from the partner organisations begin in earnest. It is a phase dominated by social processes that act to move key managers from their idealised position of “wants” to a more realistic or ‘synergetic position’ of “can haves”. This social process is characterised by key managers from both organisations recognising that in these forms of IORs there exists a power vacuum. That is, neither organisation or

Figure 6.1 Structuring the Partnership stage of a PPP



any individual manager, has more power or authority than any other and so it is not possible for one individual or single organisation to “take over” the PPP or to achieve all aspects of their ‘idealised position’. What occurs during this phase is a ‘levelling’ of positions from an ‘idealised position’ to one where both organisations can gain and maximise the synergies associated with a partnership arrangement. At the level of individual managers ‘levelling’ involves key managers and/or project champions changing roles from that of just representing their organisation to managers from the “other side” to also representing the PPP as an entity to others within their own organisation. When, or if, key managers make this role transition, that is, they develop a commitment to *both* the PPP and to their organisation, discussions often progress more rapidly to a new third phase, what is labelled ‘position formalising’.

Position formalising is a label given to the third phase of this stage in the PPP and describes the two main outcomes that result at this point in a PPP. In the first instance it is a time when the tangible outcome of the position levelling phase is widely exhibited to various stakeholders in the form of a signed legal agreement. The signing of this legal agreement formalises each partner organisation's position within the PPP and in both a real and symbolic manner binds the two organisations together. For each partner organisation the document provides a sense of legal protection against the risks associated with forming the PPP. A second and more intangible outcome can emerge at this time is a sense of stronger personal relationships between key managers from both organisations. These strengthened personal bonds are invariably pivotal as a basis from which future disagreements over the ongoing management of the PPP can be resolved in the next stage of the PPP.

The signing of a formal agreement between the two partner organisations that outlines the roles and responsibilities of each partner in the PPP and protects the interests of each partner organisation removes any impediments to the PPP progressing to the final stage of the PPP where managerial attention is directed towards to the issues of ‘doing it’. This final stage in the evolution of a PPP is discussed in the next chapter.

Below each phase of the structuring the partnership stage, including associated categories and properties are discussed in detail.

POSITION IDEALISING

Position idealising is a phase that is internal to each partner organisation and occurs prior to the commencement of any formal, structured discussion between the two partner organisations. It is a phase that involves managers within each organisation identifying two aspects of the formal discussion process. Firstly, it involves the identification of what “strategy” or “approach” to adopt in early discussions. Secondly, this phase involves the identification of what the organisation would ideally have included in any final legal agreement between the two organisations. In other words, this phase involves key managers identifying an approach to formal discussions that will enable them to secure a “wish list” of concessions and agreements from the partner organisation.

Position idealising represents the overall context in which formal discussions between managers occur during this stage of the PPP. The strategy that is selected can, at one extreme be strong and uncompromising or at the other extreme pliable and acquiescent.

Whatever combination of strategies from this continuum are selected they can have significant impact on the tone and direction of early formal discussions between key managers from each partner organisation. In terms of context, the wish list of wants represents the clear goal that key managers aim for during early formal discussions.

In Table 6.1 the categories and related properties that comprise the phase ‘position idealising’ are listed prior to their detailed discussion.

Table 6.1 – Position Idealising: Its categories and related properties.

POSITION IDEALISING
<p>❖ <i>Establishing Face</i></p> <ul style="list-style-type: none"> • Strutter or Listener • Controller or Spectator • Obstructionist or Constructionist
<p>❖ <i>Wish Listing</i></p> <ul style="list-style-type: none"> • Risk Mitigation • Benefit Maximisation • Autonomy and Control

Establishing Face

Establishing face is a label applied to the decision by key managers regarding what strategic style or approach they will adopt in the early formal discussions between partner organisations. In other words, what “face” they want to project to managers from the partner organisation as they sit across a table at the beginning of their formal discussions.

Public and private sector managers can select from a variety of possible ‘faces’ ranging through a continuum from hard and unbending to weak and compliant. The type of face adopted by managers, and/or negotiating teams of managers, is often related to the range of previous experiences of managers from both sectors which tend to have certain kinds of prior socialising effects on the public and private sectors.

For instance, managers who have mainly been socialised within a context dominated by the pressure of time tend to adopt a face associated with the ‘tougher’ end of this continuum. Time-conscious socialisation tends to be more prevalent amongst private sector managers, who are more likely than their public sector counterparts to believe that this stage of the PPP needs to be concluded in a minimum of time. As one private sector manager explained:

They [referring to senior management] don’t ever come right out and say like ‘time is money’ or anything, but it is pretty clear that there is an expectation they want this thing wrapped up. You need to remember as a company we had already invested a lot of money just getting to the discussion table if this wasn’t going anywhere we needed to know so we could look elsewhere.

In addition, managers who have mainly been socialised within a context of transactional relationships in which one party always dominates the other tend also to adopt a face associated with the ‘tougher’ end of the continuum. Power-based socialisation tends to be more prevalent amongst private sector managers who are more likely to bring this form of power-based approach to early formal discussions. For example, one private sector manager commented:

...this was my first experience at working with a local council in a partnership thing...we had done business with councils before that stuff was them employing us for our engineering knowledge. The difference? We weren’t selling and they weren’t buying...no one seemed in charge...it was really strange.

This tougher opening face adopted by private sector managers was described as “assumed superiority” by one public sector manager who had considerable experience in these formal PPP discussions:

...from my experience...at the beginning they [private sector managers] give the impression that their the experts...hold all the cards...and are coming to the public sector’s rescue.

In other words, what they project is an attitude that they are indispensable to the public sector organisation and the PPP and are therefore in a position of some power to dominate the partnership and dictate both the course of events and pace at which the PPP moves forward.

By way of contrast, managers who have mainly been socialised within a less time-conscious organisation and/or an environment in which there exists no one organisation with more power or legitimacy, tend to adopt a face associated with the less aggressive and confrontational end of the continuum. These conditions tend to be more prevalent amongst public sector managers who, accordingly, are likely to be more willing to begin discussions with an open attitude, do not attempt to dominate proceedings from the beginning, and are more prepared to listen.

In the sections below the properties of the category establishing a face are discussed in detail.

Strut or Listen

Private sector managers are more likely to adopt a demanding style in which they ‘strut’ and act superior. In contrast public sector managers are more likely to adopt a listening approach in early discussions. In other words, in ‘establishing face’ managers can

decide to open formal discussions by attempting to project a sense of superiority over managers from the partner organisation by immediately making demands on them. The manner in which this is done often appears to managers from the partnering organisation to resemble what one respondent labelled as “strutting”. As one public sector manager explained:

...there is always posturing at early meetings and all that, you know it is coming sometimes you say to yourself ‘shit I would love to walk in half an hour, three quarters of an hour into the meeting’. You know you can act out what is going to happen on the other side. They go strutting their stuff. You know what is going to happen before you can get down to real issues and talks...they invariably will treat us as simple public servants with no idea of the world of business...they want to take over, they want it ‘their way’...they act like jerks.

In contrast to strutting some managers take a low key opening approach to discussions letting the opposing managers lay all their demands “on the table”. In other words, in contrast to those managers who strut are managers who listen. A strategy one public sector manager described as:

You can go into those meetings thumping the table and shouting but where does it get you? Nah, I prefer to just sit back and listen...you know those first few meetings are all about everybody checking everyone out, getting the lay of the land stuff. You have two ears and one mouth better to just sit back and listen for awhile.

A ‘listening face’ is not necessarily associated with timidity and compliance. Key managers may adopt a ‘listening face’ as a deliberate tactic designed to induce the other managers into a strutting posture, the strategy being to simply let them “exhaust themselves” as they “get everything out...all their demands”. As this respondent went on to describe events:

...they made all these demands at the first meeting, we left came back to the second meeting and simply rejected them...they had no where to go, they knew nothing of what we wanted...while we knew everything they wanted...they had nothing to bargain with.

In PPPs strutters may both antagonise partner managers with their sense of superiority and also be ineffectual in achieving their goals. Despite this it is an aspect of face that tends to be adopted by many private sector managers resulting from their prior socialisation.

Controller or Spectator

In initial discussions some key managers attempt to take control of proceedings. That is, managers may decide to begin formal discussions by attempting to take the role of a 'controller'. Controllers, often also strutters, attempt to quickly dominate the formal discussion process and take charge of its direction. This may be done by one of several methods, either attempting to elect a 'chair' if formal discussions involve groups of managers from both organisations or by attempting to dominate discussions by constant interjections and/or speaking over key managers from the partner organisation.

Describing one such event in an opening meeting between a regional council and a private sector firm, one public sector manager stated:

They were downright rude...they ignored some members of our team and when [name of public sector manager] wanted to lay down some ground rules for the meeting they shouted him down...It was not a good opening...thank goodness things improved from those early meetings

At the other extreme of this control continuum is the spectator face. For these managers the strategy for early formal discussions involves being passive observers of the partner managers. These key managers do not attempt to control discussion proceedings, place themselves in positions that can direct discussions, or make demands on the discussion process itself. Rather, these managers appear content to let early events simply unfold.

A spectator face may be frustrating and unnerving for those managers who adopt a strutter/controller face as it is considered as being suggestive of slowness. As one private sector manager described his feelings at this point:

It wasn't going anywhere...government is always slow but this was awful. We couldn't get them to agree to anything, everything we wanted a decision on they needed to take back to some committee or other, we needed decisions they would just sit there, nod their heads...It was frustrating.

Obstructionist or constructionist

Managers can consciously decide as to whether they elect to act in an obstructionist or a constructionist manner in early discussions. The obstructionist face applies to those key managers who constantly argue against each and every suggestion or request from managers of the partner organisation despite the merits of the suggestion or request. Managers who adopt an obstructionist face tend to act in the belief that acceptance of anything from the partner managers at this point might be construed as a sign of weakness in their position. As one private sector manager explained:

...don't get me wrong I'm not a bastard but there are certain things we needed in that contract and we were going to get them...I felt it was a case of he who blinks first loses and I wasn't going to give them an inch.

In contrast, managers can decide to enter initial discussions and present a positive face that involves acting in a more constructive manner. These managers tend to be more open to each demand and assess it on its merits rather than its source. Constructionists are often more successful in the early stages in moving the process of discussion forward. This approach is summed up by one public sector manager who stated:

...what you need in these things is a commitment to working together, you can go in there and argue back and forth and get nowhere...only when you get a few people starting to agree and see the benefits do things move on.

In summary, establishing face involves key managers and/or teams of managers making conscious decisions as to how they wish to portray themselves to key managers from the partner organisation in their initial formal discussions. Most often managers who wish to exhibit a face characterised by strength and a fixed unyielding position take on the attributes of a strutter, controller and/or obstructionist. In the main, this face appears to be of little ultimate value as it simply acts to impede forward progress of discussions and the PPP. As discussed in later sections of this chapter, some managers who adopt this face soon realise the need to change faces and adopt some of the attributes of a listener, spectator and/or constructionist.

If there is no change in the approach adopted by managers towards the strutter, controller and obstructionist end of this continuum of approaches the structuring the partnership stage can be quite extensive and may lead to the complete stalling of the PPP. Describing how this might occur one manager explained:

...my thoughts are that if I had somebody who was tough, well not tough, you can be a tough negotiator but you can be realistic, if I had somebody that was dogmatic, couldn't change and wanted to make sure that in a negotiating sense they always have a win – lose situation we could have taken twice as long to come to an agreement. Because we were able to have a good working relationship we had the agreement locked in about nine months.

Wish Listing

Wish listing is a label that is applied to the process whereby managers determine what it is they would want and desire to have included in the formal legal agreement that represents the tangible outcome of this stage in the PPP. It is a wish list in that it contains demands and concessions that key managers sometimes privately concede are not likely to be agreed to. It is an idealised rather than realistic position composed of ambit claims on the PPP partner.

Despite its idealised contents the wish list acts as an opening position from which future positions will be derived and judged. In the main, the wish list contains elements that relate to three aspects. Firstly, it involves demands and concessions regarding the perceived risks involved in the PPP and which each organisation has already identified in the sizing up stage. Secondly, it involves demands and concessions aimed at maximising the organisational benefits that are likely to stem from the PPP arrangement and were also identified in the sizing up stage. Thirdly, the wish list contains demands and concessions that if agreed to would place the organisation in a position of control or ascendancy over the other organisation in the PPP. Accompanying an organisation's desire for control of the PPP is also a desire for the organisation to retain a sense of autonomy from the partner organisation. In other words, the organisation wishes to dominate the PPP whilst also maintaining its right to do as it desires in matters relating to its own organisational destiny.

Wish listing provides the tangible context within which formal and informal discussions take place in this stage of the PPP. The wish list acts as the benchmark against which both public and private sector managers tend to judge their early rate of success in formal discussions. That is, they judge success in these early discussions against how many demands and concessions related to the wish list are achieved.

In the section that follows each property of the wish list is discussed in turn.

Risk Mitigation

Minimising risk can be a major issue for organisations and individual managers involved in PPPs. Managers from both the public and private sector organisations

invariably attempt to transfer as much of the perceived risk as possible to the partner organisation during formal discussions. Of the various forms of risk identified in the sizing up stage, the major form of risk that organisations attempt to “re-allocate” is financial risk. As one public sector manager stated:

Council must be protected all the time. We are not really in any position to borrow large sums of money we couldn't afford to find ourselves in a position of needing to borrow to get ourselves out of some mess...the great thing about this [the PPP] is that they [private sector partner] are carrying all the financial risk. If this thing goes belly up Council is still protected...we still own the land and are not responsible for any of the outgoings or debt in the project. If [PPP partner] does not pay a contractor we are not responsible, none of Council's assets are in jeopardy. Council would not have agreed if it had been any other way.

In their idealised position public sector partners often see themselves as carrying no financial risk in relation to the PPP and prioritise the transfer of any risk in their ‘wish lists’, subsequently they are often the “most risk adverse” partner in a PPP. In contrast, the private sector managers appear to recognise that there is financial risk and they will be partly responsible for it. The issue for these managers is not about attempting to totally eliminate the financial risk but rather limiting the level allocated to them.

Acknowledging they would carry some risk, one private sector manager explained:

As a business we're used to risk, the larger the risk the greater the rewards so we knew we would be carrying some risk I believe that is why they went with us as a partner because we said at the outset we accept that we will be carrying the financial risk here...that doesn't mean we don't sit down and try to share that risk around a bit though.

Public sector managers appear to have a general belief that the private sector is better placed than them to absorb and carry the financial risks involved in a PPP partnership.

As one senior council manager stated:

In all public authorities there is a reluctance to enter into anything that exposes it to risk. Traditionally Council's have a very strong view on security. We are simply not happy or used to being exposed to risk. The private sector though grows on the basis of risk, they are better placed to carry it...having them carry the financial side of this project I didn't see as a problem.

Benefit Maximisation

As key managers idealise about placing their organisations in a position in which they are not responsible for the risks involved in a PPP they also tend to add to their wish list demands and concessions aimed at maximising their share of the perceived benefits of the PPP. As one private sector manager stated:

...you always try to start discussions with the aim of getting the most into the contract that in the end will deliver the bigger share of the profits...after all that is what we are in this for – to make a profit.

Concessions asked for by private sector managers that are aimed at achieving ‘benefit maximisation’ include those aimed at reducing the level and type of resources needed to be contributed from their organisation. Examples include; the level of financial contribution, the direct managerial time involved in the ongoing management of the PPP, responsibilities for various activities in the PPP project. For instance, in a large urban development PPP minutes of formal meetings suggest that from the outset the private sector organisation sought to limit its roles in certain aspects of the project.

Commenting on this issue one public sector manager described events as:

...they did not see it as their role to get the approvals from DUAP [Department of Urban Affairs and Planning]...I suppose they thought it was going to take up too much of their time...cost them time and money...nor did they want to build the golf course...for them the money is in the sale of the land not in golf courses or marinas.

Similarly, the wish lists of public sector managers can include demands and concessions aimed at maximising the perceived economic and social benefits of the PPP to their organisations. For example, describing what they wanted from a PPP that involved the construction of a series of new schools one senior public sector manager discussed how:

...we wanted the most from [private sector partner]...we wanted design of the school buildings to include the latest technology...to be designed and built so that we would have minimal maintenance costs when we eventually accept responsibility at the end of the project period.

Autonomy and Control

Organisations are often desirous of dominating and controlling the PPP whilst maintaining a sense of distance from it. Often included on wish lists are issues related to both the control of and autonomy from the PPP. Each organisation tends to enter into formal discussions wanting to be both the dominant partner in the PPP whilst also desirous of retaining a high degree of autonomy from the PPP that ensures they retain control over their own organisation. The desire for simultaneous organisational autonomy from the PPP whilst having control of the PPP has important implications in dictating that the nature of the IOR be structured towards that of a PPP. Within a PPP managers can see the potential for retaining and protecting the autonomy of their own organisation in terms of controlling its future whilst also having the capacity to control the future direction of the PPP and the accompanying PPP project.

In expressing a desire to maintain control over their own organisation's destiny and direction public and private sector managers stand in agreement. In other words, on this point key managers from both organisations share common ground and so the decision to structure the relationship as a 'partnership' rather than other forms of IOR such as a joint venture or alliance is easily agreed to. As one private sector CEO who had no previous experience of PPPs explained:

...there was no way I was going to form a joint venture...I've been there before you lose control, I started this company and I was not going to lose control of it...joint ventures can do that...they develop their own structures and you just can't control them...[public sector partner] was already involved in a number of what they called 'partnerships' with firms like ours so we decided on a partnership arrangement...we saw an advantage in that we can say what we want and can walk away at any time whilst the partnership in no way threatens our operations here...the deal with [PPP partner] is separate from what we do here and want to do here, it can't threaten us.

Overall, wish listing involves key managers identifying what it is they would most desire in a PPP. The wish list comprises concessions and demands from the partner organisation that are aimed at:

- minimising their own organisation's exposure to the financial risks associated with the PPP
- maximising the perceived economic and social benefits of the PPP
- positioning the organisation as the dominant partner whilst maintaining its autonomy from the partner organisation.

POSITION LEVELLING

Having identified the context in which formal discussions are to take place in terms of what 'face' to project and what 'wish list' of demands and concessions to strive towards key managers from both partner organisations are now in a position to begin formal discussions in a phase that is labelled 'position levelling'. This phase is labelled position levelling since key managers from both organisations come to recognise that they are not likely to achieve or maintain their idealised position since they have no basis of power within the PPP on which to secure such a position. Accordingly, the 'idealised positions' of both organisations move to a newer more equalised position through a process of 'position levelling'.

Position levelling is a social process that is often described by managers as the most difficult phase within a PPP's evolution. As one respondent stated:

Looking back it is hard to remember any one issue that was hard to get over but at the time they are huger than life...it took nearly seven months to negotiate that contract working full time on it...I even remember taking calls about it when I was on holidays in Guam of all places, they are hard things to get

through you sometimes feel you are making headway and then out of the blue something falls apart.

It appears difficult because key managers, especially those new to PPPs, find themselves in new and often foreign managerial environments. In particular, it is an environment void of traditional forms of authority and power, it is a synergetic environment where both partner organisations wield a degree of power based on their mutual holding of needed resources and no single manager is charged with overall authority for the PPP. As one private sector manager new to this environment commented on the differences between PPPs and other joint ventures he had been involved in:

...it has been kind of unusual, because in these projects normally, the project manager, what I mean is there is normally two partners and in previous joint ventures between two private sector firms there is normally appointed a single person who has full scope and control to the project, whereas in this project there is no single individual in charge. Council wants to be part of the whole process a whole lot more than you would normally consider normal for a joint venture arrangement.

In these circumstances managers are likely to resort to the use of personal relationships and a striving not for demands and concessions but rather a position in which both organisations are in what is most commonly labelled by managers as a “win-win” position.

In Table 6.2 are listed the categories and related properties that comprise this phase in the structuring the partnership stage.

Table 6.2 – Position Levelling: Its categories and related properties

POSITION LEVELLING
<p>❖ <i>An Opening Jostle</i></p> <ul style="list-style-type: none"> • Tabling • Muscle Flexing • Probing
<p>❖ <i>Levelling</i></p> <ul style="list-style-type: none"> • Isolating • Revelation • Synergetic Positioning
<p>❖ <i>Rolling Over</i></p> <ul style="list-style-type: none"> • Growing PPP Identity • Incubation • PPP Ambassadorship

An Opening Jostle

Early formal discussions between key managers from both organisations may be characterised by a period of what resembles jostling. That is, key managers adopt stances and tactics aimed at achieving early superiority so as to direct and control the formal discussion process. This behaviour appears to stem from a belief that from a position of superiority managers will have a better chance of achieving their goals, that is, the achievement of their idealised position.

This jostling period may go on for some time with thrust and counter thrust dominating discussion proceedings. In circumstances where this period is prolonged then project

champions who are often not intimately involved in these discussions are likely to engage in the discussion process in an effort to create forward progress. As one senior manager described:

I wasn't there in the early meetings but I had them give me a briefing after each meeting. I felt things could be going better so I'd decided I better start turning up, when I saw what was going on I made a few changes in the team and met with [name of project champion in partner organisation] to discuss some specific issues, after that things speeded up.

Three inter-related properties are evident in the opening jostle category. That is, firstly, the 'tabling' of each organisation's idealised position or at least key elements of it, secondly, attempts at the 'flexing of muscle' in these early discussions, and thirdly, the 'probing' of key managers in an attempt to identify early signs of concession or movement from their idealised position.

Tabling

In an effort to achieve dominance in the opening formal discussions demands and concessions sought by an organisation in the legal agreement are often outlined in early meetings. In other words, managers place on the table their idealised position. Often it is not what is presented in the tabling process that is of interest to opposing managers but rather the manner in which it is done. This is especially true if it is done with a deliberate sense of authority that what is 'tabled' is an uncompromising, final position. As one manager argued "...it is not what you say but how you say it at those things".

In contrast to taking an authoritative approach to the issue of tabling, some managers take a constructive approach. These managers place their demands and concessions forward in a conciliatory manner, often going to great lengths to explain and justify

their proposals. Describing how the partner organisation managers went about the early discussion process one manager explained:

...they were good, right from the start [name of opposing manager] said they were here to get this partnership up and running that they were going to do everything they could to make sure it was of mutual success and benefit. I had a feeling that he was genuine in what he was saying it wasn't bullshit.

Flexing Muscle

Regardless of the manner in which managers put forward their demands and concessions during this jostling period all managers appear to attempt some degree of muscle flexing. Muscle flexing involves attempts by managers to make it clear that they are contributors to the PPP and the PPP is at a stage where it is possible "to walk away from the table". As one public sector manager explained:

I think they had a certain pile of goodies and we had a certain pile of goodies and we could make this work, neither of us though could do it alone but once they started to claim otherwise we let them know that we could easily tell them at this point to 'piss off'...we were not at a point when we couldn't walk away...it was still early days

The purpose of 'flexing muscle' is to show opposing managers that they will not control and dictate the course of events nor will they achieve all the items on their wish list.

Perhaps more importantly the process of flexing muscle plays a role in demonstrating to all managers that discussions will, by the nature of the PPP, occur in an atmosphere of equality. That is, neither organisation nor individual manager possesses more legitimacy or is contributing more to the partnership than the other. Flexing muscle appears an important pre-requisite to the creation of an atmosphere in which position levelling may occur.

Probing

Muscle flexing is often accompanied by key managers probing for signs in opposing managers that they might concede on certain discussion points. In other words, that the opposing managers are showing what might be construed as signs of weakness or a waning of resolve to achieve or maintain their idealised position.

To some managers this is seen as a game, as one manager described it:

...it's like a game of cards...you have a hand and you need a poker face you try and read in their face what their next move might be and if you can cover it...at the same time you don't want to lower your guard, you don't want to give away your next move.

If this period of jostling is prolonged then project champions who are often not directly involved in these formal discussions or may take a minor role in them are more likely to intervene and re-assess the face and strategy being adopted. In some instances this may lead to individuals being replaced as was in the case in one of the PPPs examined.

Project champions might also intervene by contacting their opposing project champion and informally discuss strategies for moving forward. This is one of the first signs of the importance of informal discussions and personal relationships in progressing the PPP during this stage of its management. When influential project champions adopt a strategy of informal discussions, and it is witnessed by key managers, then they are also more likely to begin to recognise the value of personal relationships in these formal discussions.

Levelling

Once, or if, key managers have progressed through the jostling process and recognise the futility of constant bargaining back and forth an alternative strategy often begins to

emerge that leads to a 'levelling' of positions from idealised positions to a common shared position. This levelling process contains three elements. Firstly it involves a recognition that success in negotiating an agreement will depend on a small group of one or two individuals from both organisations working together, largely in isolation from others, communicating through informal discussions. Secondly, it involves this small group of key managers realising that success will depend largely not on the needs of individual partners but rather on the needs of the PPP itself and a sense of flexibility in the partnership. Lastly, levelling involves moving to a new position that is not one of simple compromise, that is the giving of ground on their idealised position but rather moving to a newer and what often is regarded as a "better" position. This position is characterised by its capacity to maximise the benefits of the two organisations working cooperatively together in what is essentially a 'synergetic position'. This synergetic position is often one key managers did not conceive of prior to discussion.

Isolating

Isolating involves reducing the number of key managers involved in discussions to allow informal discussions to occur amongst only key managers. In other words, it involves isolating discussions down to a small core of individuals who will have considerable influence over the contents of the final legal agreement.

One private sector manager describes the notion of isolating as:

In a sense you represent your organisation sure but in the final analysis, and I've had a lot of experience at this, it is two people who do a deal. Individuals make decisions, not amorphous blobs, not Councils, not corporations...it usually takes two people to make a deal happen...what you need to do is get down to just those two individuals, we were lucky we got there pretty quickly...you can have all the other players lined up but remember it is orchestrated by individuals

Revelation

Isolation allows for a recognition that forward progress is dependent on mutual cooperation. Once isolated from large formal group discussions, and relying principally on informal discussion, key managers are more likely to recognise the benefits of the two partner organisations working together in a flexible manner. That is, they may experience a sense of revelation that both organisations can only achieve their individual goals regarding the PPP if the partnership arrangements are based on flexibility and cooperation as opposed to notions of parochialism and antagonism, these latter notions being characteristics of the jostling period.

It is during this revelation process that personal relationships appear to quickly grow as greater understanding of each manager's position regarding the goals for the PPP are expressed in informal discussions and there is increased understanding regarding the personalities of key managers. In other words, there may be a growing sense of the importance of the individual rather than the organisation that they represent at this point. What emerges from these informal discussions is often a stronger sense of trust, respect and mutual understanding at the individual manager level. As one manager commented; "I don't trust (the partner organisation) but I do trust certain individuals in (the partner organisation)."

Once some degree of personal or emotional bond is achieved between these key managers these same managers are more likely to stop pursuing many of their organisational demands and concessions. The sense of purpose may move to an appreciation of what is necessary for the success of the PPP rather than the single organisation. This moves these key managers to strive towards a 'synergetic position'.

Synergetic Position

Position levelling involves achieving a 'synergetic position'; a position not arrived at by compromise but through melding the resources available in both organisations in a manner that maximises the leverage potential of each organisation's resources. A synergetic position maximises benefits for both organisations rather than for just one organisation in a way that is perceived as a "win – win situation". In contrast to the process of melding the two organisations into a synergetic position, the process of compromise is regarded as one of "giving ground". That is, it results in a win-lose situation as one organisation always "leaves behind something".

The notion of a synergetic position is best summed up by one respondent who described it as:

...I think of it like this, compromise is a point between two dots, somehow both parties give up something what you strive for is something different, a different point. Yes it is still in between the two points but actually it is, in three dimensions, it is higher, it's above, it's superior. It's a superior solution than either original solution. There is something new about it such that both parties get a little more of what they want, they actually get more than they expected.

Another respondent commenting on the issues of compromise and synergetic positioning explained:

I never approach an issue looking for compromise. Compromise sounds like as though you have lost out. To me what I am always looking for is the win-win in a situation. That way everyone is happy. Don't get me wrong though, you don't always get that, sometimes there are compromise solutions, you do occasionally lose out, but on the really big issues you really need to get that win-win otherwise someone will always harbour some resentment and that will come back at you later.

Rolling Over

The term rolling over conceptualises how as a result of the levelling process and the possibilities associated with a synergetic position commitment and loyalty expands beyond organisational boundaries. In the beginning of the structuring the partnership stage, loyalties of each individual manager are invariably to the organisation they represent. However, if key managers are able to move towards a synergetic position that captures the strength of the two partner organisations working together, then individual loyalty is more likely to expand to include the PPP as an entity in its own right. In other words, key managers reach a point where their loyalty ‘rolls over’ to the PPP, and to a lesser extent the partner organisation, and they find themselves representing the PPP as an entity within their own organisation, they in effect become ‘ambassadors’ for the PPP.

An important element in the process of rolling over is the continued growth in personal relationships between key managers from each organisation. Increasing loyalty to a PPP often results in strengthening personal bonds between managers as they begin to share a common vision for the PPP in terms of what it can achieve for both organisations.

For some key managers the process of representing the PPP within their own organisation and their displays of loyalty to the PPP may place them in a position of conflict with senior managers in their own organisations. This conflict can arise as these managers consider what is ‘best’ for the PPP in terms of what can realistically be achieved in the legal agreement and their need to convey this reality to senior managers

who may still be in phase one mode, that is, pursuing the notion of an ‘idealised position’.

Growing PPP Identity

For key managers from both organisations constantly working together on the development of a legal agreement, the PPP can develop its own identity. In essence the PPP takes on some of the attributes of an organisation in its own right. It is this separate identity that managers often attach their loyalty and commitment to.

For example, when seen as a separate entity a PPP possesses its own goals that are likely to be different from those of either of the two partner organisations. The PPP also has its own core of personnel that work on the PPP project. Since these managers are responsible for the creation of this entity which dominates their working lives during this phase commitment to the PPP can grow very strong.

As one manager stated:

...you’ve been at this thing for months and towards the end of negotiations you find yourself talking about ‘it’ and you realise this thing that has dominated your working life has a life of its own. It’s like a baby, it’s your baby you are in effect creating it and you’re ready to protect it from whoever.

Incubation

Personal relationships ‘incubate’, that is, understanding, knowledge of and respect between key managers increases over time. As a PPP grows its own identity the small core of key managers most involved in this phase can find themselves having more shared experiences than with other managers in their own organisations. This is clearly evident in large organisations where these small groups of isolated PPP managers may

have been working for extended periods in this stage of a PPP and are in daily contact with partner organisation managers. In other words, these managers may grow apart from their own organisation to a certain degree and in this process personal bonds, personal trust and other aspects of social relationships can be increased between them and key managers from the partner organisation.

As one manager described the notion of incubation:

...I get on with everybody in here but there are times particularly when you are working long and hard with guys from [partner organisation] you start to get to know them real well and others in here see us joking and laughing and stuff and you're suddenly seen as an outsider, a spy or traitor or something...they want to know 'what are you up to'? It can make life difficult.

PPP Ambassadorships

At this point key managers may begin to represent the PPP itself and the interests of the partner organisation to senior managers within their own organisations. That is, as loyalty to the growing PPP entity increases and the final barriers to a formal contract are slowly removed key managers may find themselves having to represent the PPP and/or the partner organisation to those who are not prepared to move away from their 'idealised position'. At this stage the most delicate of issues are often in the process of resolution and senior managers may want to squeeze the last drops of concession out of the partner organisation. In these circumstance key managers often find themselves having to strongly defend the synergetic position they have achieved to their own senior managers therefore, potentially, placing themselves in conflict with these senior managers.

As one private sector manager explained:

...it's a slow process, you know it just changes and it helps if there are just two individuals doing it, you get to a point where you're actually representing the other guy's side, you can see both sides. When the parties have finished going hammer and tongs with each other they need someone to go back and actually represent the other party you know. So if [name of partner manager] goes back and says 'I have probably pushed them as far as I can get so more than that I will have to say 'no we are not going to get' and likewise I would be saying 'nice try, no we are not going to move [partner organisation] there, I might get here but not there'. Sometimes you find yourself fighting others in your own company.

POSITION FORMALISING

Position formalising is a term used to describe the outcomes of the position levelling processes. In this phase the synergetic position that clarifies such matters as the roles and responsibilities of both organisations within the PPP, the resources to be devoted to the PPP by both organisations and other matters that have been agreed to through the process of position levelling are legally formalised. This formalisation process occurs in both a real and symbolic manner through the very public process of signing of a legally binding agreement.

In addition, there is another aspect of the position formalising phase that is observable at the level of the individual managers who have worked closely together in the development of the legal agreement. For these key managers there may be a sense of combined relief that together they have successfully emerged from the position levelling process. When managers have gone through this process together and emerged with a tangible outcome, that is, a legal agreement, there may be further strengthening of personal bonds between this often small group of key managers. These personal bonds not only involve elements normally associated with personal relationships such as trust, respect, loyalty and so on. Importantly, they also involve a mutual understanding of the future for the PPP itself. In this latter respect these managers from both the public and

private sector organisations often emerge from the position levelling process with a common vision for the PPP in terms of its goals, the manner in which it will now progress and what it can achieve and return to each organisation. This capacity may separate these key managers from other managers in each partner organisation.

The process of position formalising appears important in signifying the conclusion of this stage of the PPP. It facilitates a change in managerial attention to the issues of achieving the goals of the PPP, that is, towards managerial issues associated with the ‘doing it’ stage, a stage in the PPP’s managerial evolution that is discussed in the next chapter.

In Table 6.3 are listed the categories and related properties that represent the position formalising phase.

Public Positioning

There is often a need for partner organisations to very publicly demonstrate that they have agreed to the conditions under which they will work together in a PPP project. This public demonstration is largely a symbolic gesture involving the signing of legal documents and which is accompanied with as much news media attention as both organisations can generate. One of the purposes of this public process is to show to all external stakeholders that negotiations between the partner organisations are finalised, all parties are satisfied with the outcomes of the negotiations and the PPP is now a legal reality.

Table 6.3 – Position Formalising: Its categories and related properties.

POSITION FORMALISING
<p>❖ <i>Public Positioning</i></p> <ul style="list-style-type: none"> • Symbolism Only • A Face of Satisfaction • Hidden Houdini Clauses • Ritual Signing
<p>❖ <i>Process Bonding</i></p> <ul style="list-style-type: none"> • Success Aura • Mateship from Ordeal • Vision Sharing

Public positioning provides an opportunity for elected officials and senior managers to take to the stage in an effort to gain public attention for themselves and their organisations. Most often the key managers who have progressed the PPP through the process levelling phase are relegated to the background of public attention as elected officials use this opportunity to gain electoral advantage by emphasising the value of the PPP for their electorate. In other words, the public positioning process often appears as a symbolic gesture used for the political advantage of elected officials.

Public positioning can involve an element of contradiction. The outer or public face of the public positioning process is most often captured in media photographs of senior executives, public officials and others smiling, shaking hands and projecting a sense of mutual trust and commitment to the partnership. However, this public face is often not

supported by the reality that the legal documents they are photographed signing contain what one key manager referred to as “Harry Houdini clauses”. That is, legal clauses and mechanisms that can allow each organisation to exit from the PPP prior to the PPP project’s conclusion should they wish to with minimal exposure to legal action from the other partner organisation. The inclusion of these clauses and mechanisms suggests there still appears, at least at senior levels within each organisation, some degree of distrust or what one public official preferred to label as “prudence”.

The managerial importance placed on the legal agreement is often different amongst managers at different levels in the partner organisations. For senior managers the legal agreement that is signed by both partners is likely to be of paramount importance. For these managers it is seen mainly as a document that protects the organisation’s interests and limits its exposure to risk. These managers see the legal agreement as the first port of call in the resolution of any future dispute within the PPP. As one senior public sector manager described it:

...you couldn’t do this type of thing without some legal contract, it needs to be there to protect Council. You can’t go into these things without a clear path to resolve problems between us. That’s what I see as the main purpose of the contract, to protect Council and give us a clear conflict resolution path.

However, for managers intimately involved in the phases leading up to this point, and who will most likely continue in the management of the PPP project, i.e., key managers, the legal agreement is regarded as having little real relevancy to their management of the PPP beyond clarifying various roles and responsibilities with the PPP. As a dispute resolution tool this group of managers are more likely to regard the legal agreement as “the last resort”. For these key managers, referral to the legal document to resolve a dispute is only likely to occur when the PPP has reached a point of “total failure”. For

these managers their preferred dispute resolution method is more often through the use of the personal relationships established and often cemented in the position levelling phase.

Symbolism

The ritualistic signing of the tangible outcome of the position levelling phase, that is, a legal agreement, may be an essentially symbolic exercise. The label given to the final legal agreement varies between PPPs, for example, the legal agreement can be labelled variously as, a contract, a management agreement or as a memorandum of partnership. Despite the label given to the legal agreement an important purpose of the document is its use in signalling to stakeholders that formal discussions as to the structure of the partnership have concluded successfully. That is, both partner organisations have reached agreement on a position that has been formalised through the signing of the legal agreement in a very public manner.

The legal agreement that represents the physical outcome of the previous phase often signals or symbolises senior management's approval of the PPP to internal stakeholders who may still harbour concerns over the organisation entering the PPP. It can represent a point of no turning back, where the continued voicing of criticism of the PPP within an organisation is no longer relevant. As one public sector manager stated:

...once that memorandum of management was signed it was pointless for [name of manager strongly opposed to PPP] to continue white anting it...Council was legally committed from that point on.

For both partner organisations the signed legal agreement is often used as a symbol of early success in the PPP. A signed legal agreement symbolises to the market and the electorate that the PPP is moving forward, is on track and is likely to become reality. As

such it may be used in a variety of ways to leverage resources into the PPP. For example, with agreement reached between partner organisations one local council was able to secure State Government approval for changes in a planning instrument. For the private sector partner the signing of a legal agreement that ensures access to needed resources can be used to secure financial funding or open other opportunities. For example, in one PPP it was used by the private sector firm to demonstrate to other potential public partners their capacity to be innovative and work with government in general.

A Face of Satisfaction

An organisation's 'public face' at this point is often one of satisfaction with the agreed legal arrangements and with the partner organisation. In media releases and in public statements announcing the signing of any legal agreement emphasis at this point is often placed on highlighting the synergetic value of the two organisations working together in a PPP arrangement. In addition, these public statements most often draw attention to the benefits of the PPP to various stakeholders, the level of commitment of each organisation to the PPP project as well as the level of confidence that each organisation has that they can work effectively and efficiently together.

For example, the signing ceremony of one PPP made front page news in a local paper under the banner headline of "It's a deal!". The half page story that accompanied this headline informed readers of the benefits for the local community of the PPP and included the statement:

...the partners are committed to the success of the project and at the ceremony expressed confidence in their capacity to work together. As [name of local mayor] said: "We have reached a deal that represents value for money for the

[name of county] taxpayer with a partner that has international experience in constructing state of the art schools.”

Hidden Houdini Clauses

Trust between partner organisations is often not as strong as the public face might suggest. Although the public face may be one of satisfaction and suggestive of strong trust between each partner organisation the legal agreement and the private comments of senior managers can sometimes suggest an alternative position. One of the primary concerns for senior managers remains at this time the protection of their respective organisation from a partner organisation defaulting in any way during the remaining life of the PPP. As a result, they invariably insist that the legal agreement contain what, as previously referred to are labelled “Harry Houdini clauses” or as another public sector manager labelled them, “get out of jail free cards”. That is, legal clauses or mechanisms that will allow the organisation to withdraw from the PPP with minimal penalty for whatever reason.

The inclusion of these clauses in the legal agreement is sometimes regarded by senior managers as a triumph over the partner organisation. As one manager stated:

...as much as I like and trust [name of partner manager] the reality is he may not be with the project in ten years time so you have to have some get out of jail free cards. We didn't start discussing those clauses until a few weeks from the end, it was real white knuckles on the table stuff I didn't know how they would react. In the end they understood and let them through. I don't think our legal people would have been that easy...I regard it as a win for us.

When such clauses are inserted into an agreement this often suggests that trust between organisations, at least at senior management level, is not as complete as might be indicated in some of the public statements and actions at this time.

Ritual Signing

The process of position formalising invariably involves a ritualistic signing of the legal agreement between the PPP partners. It is ritualistic in terms that it is often a “stage managed” process involving elected officials, board chairs and other senior managers or individuals that are often far removed from the PPP itself. In one case, as one manager stated:

...it was the only time the Mayor was involved...the same as our Chairman...they are trotted out on these occasions...they don't know the pain involved in getting to this point...we won't involve them again until the cutting of the ribbon ceremony.

The involvement of these organisational figureheads can be important in the process of publicly suggesting the importance of the PPP to each organisation. The greater the importance of the PPP in terms of either risk or benefit then the more ‘pomp and ceremony’ associated with the signing of the legal agreement. For example, in the PPP studied that involved the greatest amount of capital the signing of legal contracts was an event involving State Cabinet Ministers as guests. In contrast, the least financially significant PPP studied involved a signing ceremony that was relatively low key and which although involving the press received only marginal media coverage and did not involve the Mayor of the local government involved or the CEO of the private sector partner. In this case neither organisation regarded the PPP as overly significant to their organisation.

In summary, public positioning is largely a symbolic and ritualistic act designed to indicate publicly to all relevant stakeholders, both internal and external, an organisation's commitment to the PPP. However, this display of commitment between organisations often belies the fact that the legal agreement contains clauses and

mechanisms that suggest a less than total level of trust and commitment at senior management level. Public positioning also symbolises that the process of structuring the partnership has concluded and agreement has been reached and this in turn allows each organisation to leverage this public showing to gain access to necessary resources that they may then bring into the PPP, for example access to market capital.

Process Bonding

Process bonding may occur between individual managers from both the public and private sector organisations that have worked closely together during the ‘position levelling’ phase. The term ‘process bonding’ refers to a form of emotional bonding between key managers that is the outcome of their shared experiences in the process of negotiating the legal agreement.

The consequences of process bonding are most evident at the conclusion of the signing of the legal agreement. At this point these key managers often express, with apparent sincerity, admiration and thanks towards the key managers of the partner organisation with which they have worked most closely. These key managers may share in a sense of relief that what are often arduous and difficult negotiations have concluded to the satisfaction of senior management.

Process bonding is characterised by individuals from both the public and private sector organisations being able to clearly articulate a shared vision for the PPP that managers who have not been involved in the arduous process of negotiating do not seem capable of expressing. This vision often involves these managers being capable of understanding what the synergetic benefits of the PPP will be for *both* partners. That is,

they share an appreciation of both the public and private sector organisation's perception of the PPP project. Once such a shared vision is established it often acts as a point of commonality for the resolution of managerial disputes, a key element in the next stage of the PPP.

Success Aura

Process bonding is most evident between key managers from both organisations following the signing of the legal agreement. In other words, it is the outcome of successful negotiations. A sense of mutual admiration often develops between managers that they have successfully, on a one to one manager level, been able to create some form of tangible agreement that is acceptable to both themselves and to senior management in their respective organisations. This can create an aura of success as these managers reflect on what was originally viewed as a very difficult task with both parties starting from an adversary position. At this point, these managers may no longer view their relationship with opposing managers in an adversarial manner or with reticence and there is often little social distance between them at this point.

As one key manager intimately involved in the discussion process stated:

...you start these things as essentially strangers, yeah you might have met them before but you really are still strangers, you're there to do a job to represent your firm and get the best deal...somehow in the end you emerge as friends...it's like osmosis I think...working together like that you get to know about their kids, holidays and stuff...it gets to a more personal level than before.

Mateship from Ordeal

The more difficult the negotiations between the partner organisations in developing the legal agreement often the stronger the personal bonds that develop between key managers. These key managers who have taken on the roles of 'ambassadorship' and

support the PPP as an entity in its own right often experience very strong opposition both in their own organisations and around the formal discussion table. These experiences are unique amongst only a few key managers and when shared between them it often draws these managers closer together.

As one manager stated:

...from the work relationship develops a personal relationship, only [name of partner manager] knows what we have been through together in getting through that period [negotiation stage] having to go back to our bosses and say 'enough is enough you can't push any further'. At times I thought 'what am I doing here', I know for a fact [name of partner manager] also had those moments...I think what we have is empathy with one another.

Vision Sharing

Not only do these key managers have common experiences they also share a common vision for the future of the PPP. Managers who have worked closely with partner organisation managers in the position levelling phase are more capable of articulating the same vision for the PPP project in terms of its benefits for *both* organisations and other stakeholders. The main difference between these and other managers is that this former group often do not articulate this vision in terms of the benefits for just their own organisation, they are likely to take a more worldly view of the PPP. Other managers who do not experience process bonding are more likely to articulate a vision for the PPP only in terms of their own organisation. For example, one respondent reflecting on the position levelling phase commented:

...you get to a point at the end after slogging it out for months when you know these aren't bad guys and you can look at it [the PPP project] and you no longer have tunnel vision, you no longer look at it in terms of your side...you can't have one view, you know what this thing [PPP project] is going to do, what its potential is...you need to be able to see all sides. The problem is others in here don't see all sides...they see [the PPP project] in terms of what we can get from it.

Process bonding is often more confined to those key managers who have successfully worked together in isolation through the ‘position levelling’ phase. It is the result of these key managers sharing what are often unique experiences in the negotiating process including the need to represent the PPP and partner organisation within their own organisation and the resulting conflict this can bring. These shared experiences often bring this small group of managers closer together and cements their personal relationship allowing them to share and express a common vision for the PPP that considers the position of both partner organisations.

CONCLUSION

Structuring the partnership is the label given to the third stage in the evolution of a PPP. It is a stage in which managerial attention is firmly focussed on resolving the question of ‘how the two organisations might work together?’ For many managers closely involved in the formal and informal discussions that dominate this stage in the PPP there a number of personal changes and learning experiences that are likely to occur.

A PPP may stall at any point in this stage and not progress further if managers cannot adapt to the new and often foreign managerial environment of a PPP that is evident at this stage in its evolution. Indeed, one PPP examined in this study did permanently stall at this stage as private sector managers with no experience in PPPs failed to adapt their management style from one of attempting to dominate and control the public sector PPP partner.

Managers often enter formal discussions focussed on gaining the “upper hand” in an effort to maximise the position of their organisation within the PPP arrangement.

However, managers quickly learn that within a PPP there is no basis on which they can gain leverage to achieve this aim. These managers find that their organisational titles and position offer them no greater power than opposing managers in a partnership. Key managers must learn that both organisations are dependent on each other for necessary resources. In other words, for all extents and purposes a power vacuum exists.

In response to the fact that in a PPP there exists no basis to any one individual or organisation’s power, managers employ a number of strategies including ‘isolating’ individuals to allow for informal discussions. When isolation occurs key managers often revert to personal relationships to progress discussions and attempt to achieve an agreement based not on the principles of compromise but on maximising the strength of each organisation. This process has been labelled here as ‘synergetic positioning’ and represents what is seen as a “win-win” situation in which both partner organisations gain benefits. As informal discussions progress and synergetic positions emerge these key managers are more likely to ‘roll over’ from principally representing their organisation to the partner organisation to representing the partner organisation and the PPP as an entity in its own right within their own organisations.

If these key managers are successful in the process of ‘position levelling’ one of the consequences is a legal agreement that represents the ‘public position’ of both organisations within the PPP. This legal agreement is symbolic in showing all stakeholders that the two organisations, publicly at least, are committed to each other and to the PPP project. On another level a consequence of position levelling is a

stronger emotional bond between key managers from each organisation. This bond is as a result of learning between key managers and the shared experiences these managers undergo as a result of the position levelling process. These cemented personal bonds are often important in resolving managerial issues in the PPP's final stage.

The signing of a legal agreement between both organisations acts as a turning point in moving managerial attention to issues associated with the day to day operations of the PPP. This final stage of the PPP is examined in the next chapter.

CHAPTER 7

ROLLING

INTRODUCTION

With the nature of a PPP relationship structured and defined in the form of a legal agreement between the partner organisations managerial attention can now turn towards the ongoing management of a PPP project. This is the final stage in the life of a PPP and is labelled, 'rolling'. In this stage the PPP becomes operational, that is, the social or economic infrastructure that is often the focus of PPP projects is put into place or as one respondent labelled it, "...the project begins rolling". This is often the longest stage in a PPP project and for key managers it is can be viewed as an "endless" period of dealing with a variety of managerial issues that lead to the closure of the PPP project.

Often the main challenge for managers in this stage of a PPP is resolving managerial issues in an environment in which there is no single authority figure responsible for the management of the PPP project itself. For managers inexperienced in PPPs this may be a foreign concept. By the very nature of a partnership all major decisions that can affect the progress of the PPP during this stage are often expected, and need to be, "joint decisions". The need for all major decisions to have the involvement and agreement of key managers from both partner organisations can have the potential to constantly stall and slow down the progress of a PPP project during its final stage. To address this potentiality, and to overcome the possibility of the PPP becoming overtly bureaucratic during this stage, informal agreements between key managers are the preferred

mechanism used to resolve managerial issues. Informal type agreements are arrangements between individual managers that are deliberately not referred to senior management, elected officials and/or committees nor are they documented or codified in any legal or formal manner. When key managers enjoy a personal relationship in which there is a strong degree of mutual trust, respect and confidence this form of issue resolution mechanism often becomes possible.

Managers responsible for the day to day operations of a PPP project during this stage are often aware that there is “no easy divorce”, neither they nor the organisations they represent can simply “walk away” from the PPP at this point as too much in the form of organisational resources and credibility is involved. It is in this context, managers from both organisations can find themselves dealing with a variety of managerial issues. Key managers may find themselves simultaneously dealing with issues specific to the individual PPP project, what this study labels as ‘parochial issues’, whilst also dealing with a number of issues that are common to many PPPs. If managers from both partner organisations can successfully work in a cooperative manner in the resolution of these various issues a PPP is likely to reach a form of closure in which the benefits for both organisations that were conceived of in the trawling for a partner and sizing up stages are realised.

In this study the final stage of a PPP, that is, ‘rolling’, is conceptualised as involving three phases, namely:

- Delivering on the Promises
- Confronting the Issues
- Closure

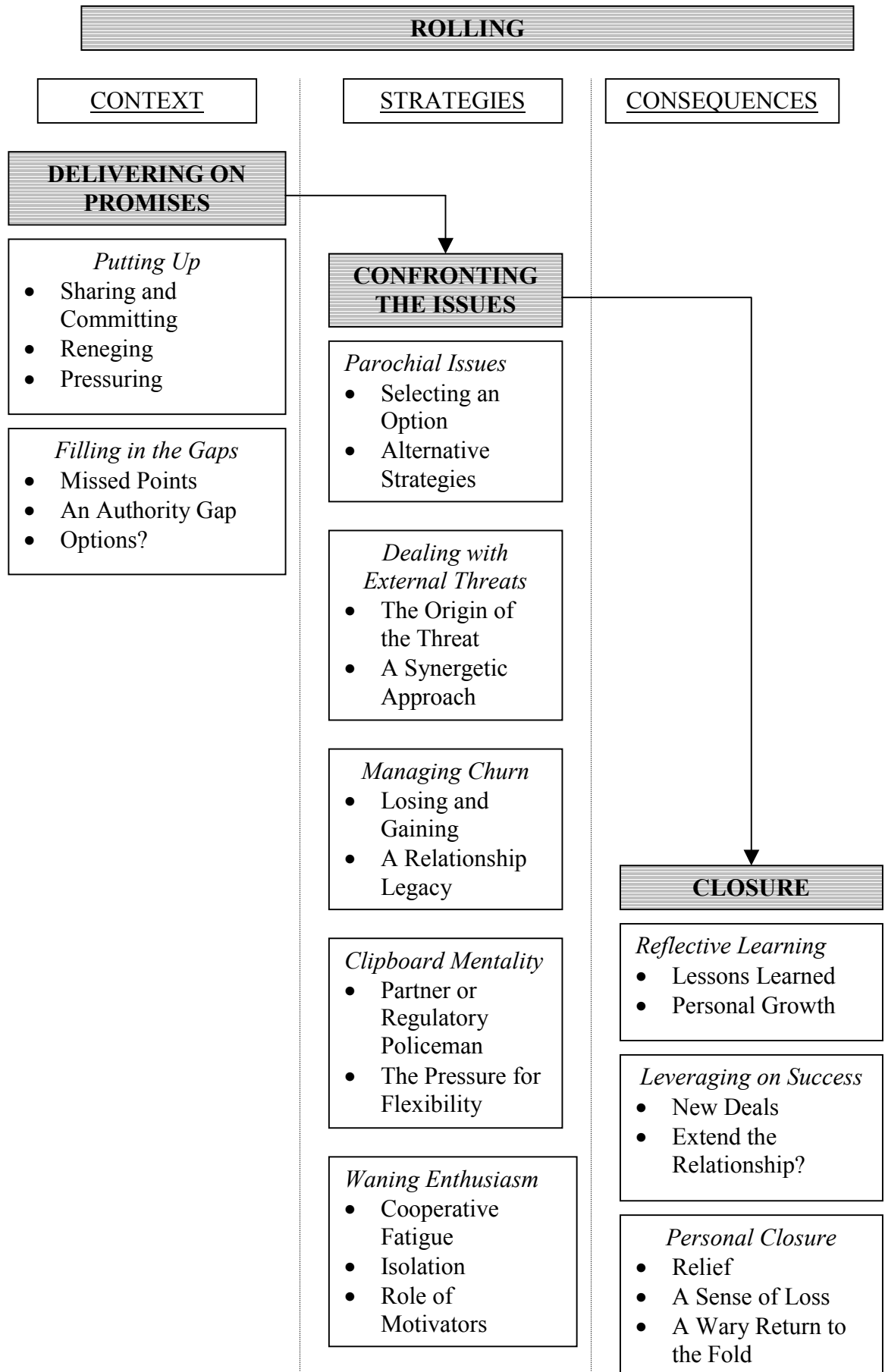
This chapter begins with an overview of the rolling stage. In this overview major aspects of, and the relationships between each of the three phases listed above are discussed. Following this overview each phase including its related categories and associated properties are examined in detail with supporting illustrations from the data.

AN OVERVIEW OF THE ROLLING STAGE.

Figure 7.1 demonstrates the relationship between each of the three phases as well as the categories and associated properties of each phase in the rolling stage. ‘Delivering on Promises’ is the first phase shown in the diagram. This first phase follows on from the signing of the legal agreement between the partner organisations in the structuring the partnership stage. It is often a phase in which the context that forces managers to find solutions to managerial issues during this final stage in the PPP is established. It can be a phase in which both partner organisations make available to the PPP the necessary resources that they have agreed to contribute. The process of passing these resources into the control of the PPP can represent a point when the commitment of each partner to the PPP is complete. That is, there is no “turning back” after the sharing of necessary resources and the failure of a PPP during its final stage can mean a substantial loss of these resources for each organisation. A potential loss of resources invariably places key managers under pressure from senior management to “make this work”.

Key managers often discover the shortcomings of the legal agreement signed in the structuring the partnership stage early in the final stage. Despite key managers claiming that they do not look towards the legal agreement as the main mechanism for the resolution of managerial issues they may look at this agreement for what managers

Figure 7.1 Rolling stage of a PPP



referred to as “guidance”. What is often apparent early in this final stage is that the legal agreement does not anticipate many of the smaller ‘parochial issues’ surrounding a PPP. As stated previously, ‘parochial issues’ are issues specific to the individual PPP project such as differences of opinion between partners and/or key managers relating to design, staffing, accounting and so on. With a legal agreement that does not deliver on its promise of providing guidance managers are often in need of a method that, as one manager labelled it, “fills the gaps” in the legal agreement. With PPPs characterised by having no single authority figure in overall charge of their management, managers often resort to a continuum of options with which to resolve managerial issues and make strategic or tactical decisions. Formal and bureaucratic paths involving committees, formal voting and the full documentation of decisions often form one extreme of this continuum. At the other extreme are mainly informal processes involving one or two individual managers. If there is a strong personal relationship between key managers they are likely, with the majority of decisions, to opt for informal type methods of resolving issues and making decisions as this can maintain a project’s forward momentum.

The commitment of real and tangible resources into the PPP to enable a project’s launch together with a need to jointly resolve managerial problems not explicitly detailed in the legal agreement often provides the context for managerial action in the final stage of a PPP. With the context of their actions established managerial activity revolves around ‘confronting the issues’. This term is the label given to the second phase of this stage of a PPP. In this phase managers may attempt to resolve, often simultaneously, a combination of ‘parochial issues’ as well as a number of issues common to many PPPs.

Issues common to many PPPs may be placed into one or more of four categories, namely:

- Dealing with External Threats
- Managing Churn
- Clipboard Mentality
- Waning Enthusiasm

Often there is no single strategy adopted by key managers in this second phase to deal with either the myriad of parochial issues or with the four categories of common issues listed above. What does tie all these issues together in this phase is that they are rarely resolved by a single manager operating in isolation. Rather their successful resolution often requires engagement in a number of social processes that occur principally at the level of key managers in a PPP. What underlies the success or failure of each of these social processes is often the prior establishment of some form of personal relationship between key managers. When dyadic relationships characterised by mutual trust, respect and confidence are present in which each manager believes the other will not deliberately act in a manner that threatens them personally then informal management approaches are often successful. In other words, trust and confidence between individuals rather than between partner organisations may be critical in carrying a PPP through this phase of its life where managers are constantly ‘confronting the issues’.

The consequence of managers being successful at working together to resolve the various managerial issues during this stage of a PPP project is that it will often reach a point of “successful” closure. This final phase, labelled ‘closure’, can involve a period of reflective learning on the PPP experience, organisations contemplating leveraging the

PPP experience into other PPP type arrangements and/or individuals experiencing a variety of emotional feelings following the end of a PPP project.

In the sections that follow each phase of the rolling stage including associated categories and properties are discussed in detail.

DELIVERING ON PROMISES

The phase ‘delivering on promises’ often involves each partner organisation reaching a point of ultimate commitment to the PPP project. It is frequently a period in which organisations must deliver on the promises they made in earlier stages regarding the provision of necessary resources to the PPP. Also during this phase key managers may realise that the legal agreement will not deliver on its promise of providing the “guidance” they are after in resolving the many managerial issues they will need to confront in this stage of the PPP project. In other words, this phase often provides the context in which key managers function during the final stage of a PPP project.

In this phase two major points are likely to be brought into focus for key managers. Firstly, key managers may become aware that failure of the PPP beyond this point will mean a substantial loss of organisational resources and credibility and such failure may be routed home to them personally by senior managers. This sense of personal responsibility for the success or failure of a PPP and its adjoining career risk often leads key managers to, as one manager stated; “find the answer to *every* question” [respondent’s emphasis]. Secondly, key managers may realise that the legal agreement has severe limitations. When the legal agreement does not provide them with all the

“answers” they need, as it is not an “operations manual”, managers will invariably need to find ways and means to address “gaps” in the legal agreement. In attempting to find such ways and means key managers not experienced in PPPs may also become aware of the effects of working in an environment in which no single individual has ultimate operational authority. That is, there exists no arbitrator who can rule on any disagreements between either the partner organisations or between key managers from the partner organisations.

In Table 7.1 the categories and related properties that comprise the phase ‘Delivering on Promises’ are listed prior to their detailed discussion.

Table 7.1 – Delivering on Promises: Its categories and related properties.

DELIVERING ON PROMISES
<p>❖ <i>Putting Up</i></p> <ul style="list-style-type: none"> • Sharing and Committing • Reneging • Pressuring
<p>❖ <i>Filling in the Gaps</i></p> <ul style="list-style-type: none"> • Missed Points • An Authority Gap • Options?

Putting Up

Putting up is a process that involves each partner organisation gathering and then releasing into the PPP its share of those resources necessary to start the PPP project in a

tangible form. It is often a crucial period for the success or failure of the PPP. It may be the first point in the PPP when the reliability of each partner organisation to deliver on its promise of providing necessary resources to the PPP is tested. When a partner organisation does not deliver on its promises then the PPP may either dissolve permanently or it may stall whilst the other partner re-examines or ‘sizes up’ their involvement in the PPP in view of the actions of a defaulting partner.

If a partner organisation does not deliver on its promise of providing necessary resources both on time and in full then it can be a difficult time for key managers, particularly if they were involved in each of the previous stages in a PPP, as their personal credibility is often at stake. This loss of personal credibility can extend to key managers from the defaulting, or as one manager labelled it, “reneging” organisation, *and* to the partner organisation. Key managers in the partner organisation often regard organisational reneging as if the key managers themselves have reneged and so they experience a loss of trust and confidence.

Any reneging or shortcomings in the provision of necessary resources can also have consequences for key managers in the partner organisation. Senior managers will often consider these managers should have “picked up” on the possibility that the other organisation might not commit resources at the appropriate time and so their credibility within their own organisations may suffer.

If issues of resource sharing are addressed then the entry of resources into the PPP, and the potential for the loss of these resources should the PPP fail, can bring key managers under organisational pressure. This pressure may take the form of senior management,

often tacitly, suggesting any failure of the PPP will be regarded as a failure of a key manager. Such pressure can lead key managers to work at finding solutions to managerial issues in a more committed manner.

In the sections that follow the properties of ‘putting up’ are discussed.

Sharing and Committing

In a PPP organisational resources that are necessary for the success of a PPP invariably need to be shared between partners. Sharing involves the process of moving control of an organisational resource to a position where it is controlled and accessed by both organisations for the benefit of the PPP. Organisations are often reluctant to do this as it involves them giving up control of what is the basis of their perceived power within the PPP.

Between individual managers the process of sharing can be seen as evidence that the other, as an individual, can deliver on their personal promises. This may boost the level of trust and confidence in their personal relationship and may assist the resolution of future issues as they often become regarded as an individual that “delivers”. As one private sector manager stated:

I admit I was concerned for a while, it was a time when the whole thing could have just fallen over. [name of partner organisation manager] assured me, personally, that [name of partner organisation] could handle the problem of providing us with a suitable workforce but until the lads had names we weren’t sure...Once [name of partner organisation manager] came through on that one I was confident everything else would also be there when we needed it.

The sharing of resources often results in the ultimate commitment to the PPP by both organisations. Once an organisation gives up control of a resource to the PPP it has

often reached a point in the life of the PPP from which it cannot move back. To gain benefit from the loss of control of the resource each organisation must invariably act to ensure the PPP progresses through to a form of closure in which the stated goals of the PPP are achieved. This can make each partner organisation vulnerable to the on-going needs of a PPP project. For example, in one PPP, unexpected delays during the final stage in securing promised central government funding resulted in both partner organisations having to contribute significant amounts of additional financial funds to maintain the progress of the PPP. According to managers involved, and public records of the time, the decision not to contribute these additional funds was not countered as, according to one public sector manager:

...we were too far gone...even if the [name of partner organisation] did not contribute their share of these new funds we would have had to cover them...we had no choice.

Reneging

When resources that were considered available when the PPP was in the trawling or sizing up stage are not available when a PPP project is ready to roll then an organisation may begin “reneging”. That is, they fail to contribute their share of necessary resources at the appropriate time. This situation can adversely impact both the PPP project and the nature of any relationship between key managers. Reneging is perceived as a major breach of trust both between organisations and key managers.

Most often reneging is a temporary situation, as organisations will seek more time from the partner organisation to access the resource they cannot contribute at that point in time. The granting of this additional time often depends on two main factors. Firstly, the overall importance of the PPP to the credibility of each organisation. The greater the importance the more likely additional time will be granted. Secondly, the strength of

personal bonds between project champions and between key managers. If these personal bonds are strong and resilient then champions and managers may go back to their respective organisations and argue the case for granting an extension of time. As one public sector manager explained when the private partner organisation reneged on the contribution of finance at the commencement of a PPP:

...[name of PPP partner] claimed a misunderstanding...I had spent a lot of time with these people leading up to this, perhaps they did misunderstand the timing...I was confident they could find the finance but needed time...I didn't think they were the sort of people that would deliberately attempt to get out of the project...I was prepared to go to the committee chair and other members and argue that we should give them more time.

Reneging may threaten personal relationships. In contrast to when resources are shared, reneging often means individual managers are seen as not being able to deliver on their personal promises. If the nature of any trust between managers resembles what Ring (1997, p. 120) has labelled as "fragile trust", that is, is not sufficiently strong to withstand occasional breaches, then personal relationships may not fully recover from the effect of reneging. That is, confidence in a key manager not acting opportunistically in favour of their organisation rather than in the mutual interests of both organisations and the PPP itself can be eroded. This loss of confidence is illustrated in the following statement by one public sector manager in describing his personal feelings when a partner organisation failed to deliver on its promise:

I was surprised, hurt, angry even...it was totally unexpected. [name of key manager in reneging organisation] gave me no indication there was a problem...I felt he could have let me know in person rather than a faxed letter, it placed me in a difficult position here...I didn't accept anything from him at face value from then on.

As indicated in the above statement, reneging can bring individual managers under pressure within their own organisations. If a manager is forced back into their organisation to request an extension of time and explain that a partner organisation has

reneged on contributing a necessary resource then key managers may take the brunt of their organisation's anger. They can be accused of having failed to predict this possibility, this can both isolate them in their own organisation and may place them in conflict with their senior management. As one manager described:

...we were in a difficult position if [name of partner organisation] did not contribute the money we were in real trouble...it was never said outright but it was made pretty clear that as I had had most contact with them I should have seen this coming...I felt like a leper for a while.

The securing of a legal agreement may not prevent organisations from reneging. At this point, that is, shortly after the symbolic and public signing of a legal agreement organisations may believe that a point is reached at which any stalling of time will be tolerated by the partner organisation as they have too much to lose in the form of credibility. In other words, the threat of invoking the legal agreement at this point may not be taken with any great concern by organisations and so reneging may occur.

Reneging may be interpreted as a final attempt at strutting. In some cases, reneging can be an attempt by one organisation to secure last minute concessions from the partner organisation. Although this may be successful it often results in a loss of trust and confidence at both organisational and key manager level and can have detrimental effects on the management of the remainder of the life of the PPP.

Pressuring

The passing of necessary resources into a PPP is often accompanied by key managers coming under organisational pressure to ensure the success of the PPP. The passing of organisational resources into a PPP is invariably the ultimate commitment point for an organisation in a PPP. This commitment is often regarded as superior to the signing of

any legal agreement as it is seen to represent the *tangible* loss of ownership and control over important organisational resources. The significance of this ultimate commitment is often made clear to key managers in the form of comments from senior management that the failure of a PPP will have ramifications for the organisation, and should a PPP fail their role in the failure will be closely examined. In other words, it may impact on their personal career within an organisation.

An example of how senior managers can pressure key managers at this point is described by one manager in the statement:

...sometimes you just know what is meant, it was pretty clear to me if it bombs it was my neck on the line...it was my job I was risking, of course if you asked them if that was what they meant they would deny it but I knew.

Filling in the Gaps

Filling in the gaps is a label applied to the awareness of managers of the deficiencies of the legal agreement to deliver its promise of providing them with “guidance” and “direction” in addressing many managerial issues during a PPP’s final stage.

Accompanying this awareness is often an awakening that there is no single authority figure responsible for this stage of a PPP’s life that can fill any gaps in managerial guidance and direction. This in turn often leads key managers to consider the need for management strategies that involve joint decision making processes.

In PPPs there is often a continuum of options by which managers can jointly manage a PPP in its final stage. At one extreme of this continuum managers can take a very formal approach to the joint management of a PPP. Formal approaches generally involve increasing the bureaucratic machinery related to all decisions, both major and minor. Subsequently all managerial decisions can involve many processes as well as

individuals and/or committee structures and are fully documented and codified. At the opposite end of this continuum is, as a manager stated, a “sensible approach”. In this approach major decisions are sent down a formal path and many of the “minor” decisions are addressed through the use of informal agreements between one or two individual managers. Often these agreements are not documented in any legal or formal manner. In the main, key managers function at one or other end of this continuum of formal and informal decision making approaches.

Managers inexperienced in PPPs are often the most concerned at the realisation of the deficiencies in the legal agreement and that there is no single authority figure “in charge” of a PPP. Experienced PPP managers often understand no legal agreement can cover all the intricacies of a PPP and that success of the PPP will depend on the equal involvement of key managers from both partner organisations in the ongoing operations of the PPP project during this stage. Experienced managers are often aware of the importance of having established by this stage some level of personal bond between themselves and key managers from the partnering organisation. If such a bond is not established then it is unlikely that minor decisions will be resolved using informal means.

Missed Points

Rarely does a legal agreement anticipate every eventuality in a PPP project nor does it give clear and precise directions for the resolution of every possible management issue. PPPs are major projects involving many stakeholders and few legal agreements can provide managers with solutions, or as managers prefer to label them “guidance” and

“direction” in how they should resolve these many issues. In other words, all legal agreements are likely to contain many “missed points”.

Many ‘missed points’ often mean key managers will invariably look to alternate strategies to resolve issues. Experienced PPP managers often realise all legal agreements will contain many “missed points”. This knowledge means these managers are often prepared for this situation from the outset and can understand that many managerial issues will need to be resolved with an alternative mechanism to the legal agreement. The decision to be made is how these issues will be resolved. In contrast, those managers inexperienced in PPPs, or those not involved in the structuring the partnership stage, are often surprised that the legal agreement does not give sufficient direction on many managerial issues. These managers may experience a period of blaming in which they express anger at what they perceive as shortcomings in the legal agreement. Periods of blaming place these managers in conflict with other managers in their organisations and with key managers from the partner organisation. For this reason organisations experienced in PPPs often attempt to maintain continuity in key managers between the stages. As one senior manager in a private sector firm with considerable experience in PPPs explained:

...the best advice I can give anyone like myself about PPPs is that you need to keep the same people involved all the way through, there are times when you need specialists but there needs to be a common thread...you need a team that starts it and can end it.

An Authority Gap

There is often no single authority figure responsible for this stage of a PPP capable of ‘filling the gaps’ in a legal agreement. In other words, there is no single individual to provide guidance and direction to the resolution of managerial issues. This may lead

key managers from both partner organisations to the understanding that they must work together in the overall management of the PPP. As explained by one manager:

...it is not like managing our normal stuff like a building project where there is just us involved...in other projects like that if I have a problem I can always go and see my boss, what I call 'delegating upstairs', can't do that with this job, my boss doesn't have sway...nobody, I mean no single person, is the boss.

Options?

Although key managers can use a number of options from a continuum of formal to informal approaches to the resolution of managerial issues in the final stage of a PPP they are likely to use options towards one or other end of this continuum. At one extreme of this continuum is the approach to formalise all decisions no matter how major or minor the issue. This option is often adopted in PPPs where there are poor personal relationships between key managers and/or for a period following a change in key managers (see 'managing churn' below). Where relationships between key managers involve a sense of mutual trust, confidence and respect, a "sensible approach" is often adopted. This represents the alternative end of this continuum of approaches. A sensible approach often involves key managers adopting a bureaucratic approach to major managerial issues but preferring, when possible, to resolve other managerial issues using more informal and personal methods.

Informal methods of resolving issues often involve key managers searching for 'win-win' positions and/or straight compromise positions. What determines this choice can be the time required for the issue to be resolved. Explaining how time dictates how a manager might approach an issue one manager explained:

...sometimes you need to use simple horse trading - 'you give me this I'll give you that'. It is not the way I like to work but there are occasions when you haven't got the time or the energy to go twenty rounds in finding the ideal solution.

Adopting a “sensible approach” can avoid creating a bureaucracy within the PPP project that in turn may slow the progress of the PPP to unacceptable levels. In other words, what often forces key managers to adopt the use of informal methods to resolve managerial issues is a concern for not stalling the progress of a PPP project during this stage. This is especially important if the nature of the PPP project involves some form of construction or strict time frame in which delays can result in significant financial losses.

In summary, the phase ‘delivering on the promises’ provides the overall context in which key managers of a PPP go about its management during the final stage of its life. They often manage in an environment characterised by organisational pressure in which they must personally ensure the PPP is a ‘success’ and remains on schedule whilst devoid of any single manager capable of making key decisions.

CONFRONTING THE ISSUES

Often to ensure a PPP continues to progress at an acceptable rate during the ‘rolling’ stage key managers of PPPs must be constantly, and simultaneously, resolving a variety of managerial issues during this stage. This process is labelled ‘confronting the issues’.

Managerial issues can often be divided into two forms. They can be issues specific to the particular PPP project, what are labelled ‘parochial issues’. In addition, key managers may also find themselves in a position of having to confront one or more managerial issues that appear common amongst PPPs. Four such categories of managerial issues are discussed in detail below. Different strategies are often used to

deal with each of these five categories with many of these strategies dependent on the existence of an established personal relationship between key managers.

When there are strong personal relationships and high quality communication between key managers informal management approaches are likely to be adopted in a PPP. High quality communication involves key managers recognising, firstly, what it is that needs to be communicated between key managers and secondly the need to ensure communication is timely. A lack of quality communication during this stage can be detrimental to a PPP. Commenting on such an occasion one manager explained:

...if [name of key manager that had left PPP] was still here this problem would not have occurred, I know he would have kept me up to date...the new guy is an engineer there to build the thing, he doesn't understand the need to let us know what is going on at the site.

Managers must often resolve many managerial issues simultaneously. For example, at any one point in time a private sector manager may find themselves needing to resolve a range of parochial issues, whilst also needing to address the concerns of a group of external stakeholders opposed to the PPP and dealing with a public sector manager that wishes to adopt a 'clipboard mentality' to their role in a PPP. Having to constantly manage such a range of issues in a synergetic manner can frustrate many managers and lead to a waning of enthusiasm for their job and the PPP itself.

In Table 7.2 are listed the categories and related properties that comprise the 'confronting the issues' phase prior to a detailed discussion of each.

Table 7.2 – *Confronting the Issues: Its categories and related properties*

CONFRONTING THE ISSUES
<p>❖ <i>Parochial Issues</i></p> <ul style="list-style-type: none"> • Selecting an Option • Alternative Strategies
<p>❖ <i>Dealing with External Threats</i></p> <ul style="list-style-type: none"> • The Origin of the Threat • A Synergistic Approach
<p>❖ <i>Managing Churn</i></p> <ul style="list-style-type: none"> • Losing and Gaining • A Relationship Legacy
<p>❖ <i>Clipboard Mentality</i></p> <ul style="list-style-type: none"> • Partner or Regulatory Policeman? • The Pressure for Flexibility
<p>❖ <i>Waning Enthusiasm</i></p> <ul style="list-style-type: none"> • Collaborative Fatigue • Isolation • Role of Motivators

Parochial Issues

The major activity of key managers in this stage is often the resolution of ‘parochial issues’. As stated previously, parochial issues are those managerial issues that relate to the day to day operations of a PPP and are unique to each PPP project. Parochial issues can range in nature and magnitude from minor decisions regarding the purchase of

office supplies for a PPP project to major decisions such as the manner in which an unexpected financial benefit from a PPP should be divided between partner organisations.

Parochial issues can often place partner organisations and respective managers in adversarial positions with one another. In other words, parochial issues often mean a difference of opinion and/or require one partner organisation to “lose out somehow”, as one manager stated. Senior managers invariably expect key managers to defend the interests of their respective organisations in such circumstances. When personal bonds are strong and the quality of communication is high key managers from both partner organisations are likely to attempt to secure win-win positions that, in the first instance, protect the interests of the PPP project itself. When these conditions do not prevail, or there is pressure of time to resolve the issue, key managers may seek a simple compromise position that promotes the interests of their respective organisations.

Selecting an Option

The nature and magnitude of a parochial issue can determine whether predominantly bureaucratic or informal methods of resolution will be attempted. If a parochial issue is such that it involves some form of loss for an organisation of a magnitude that is regarded by key managers as significant then they are likely to decide to adopt a largely bureaucratic style approach to its resolution. That is, a method that will involve referral of the issue to senior management, company boards and/or politicians and result in either an amendment to the legal agreement or the creation of some additional legal or similar document. Most often key managers do not favour this style of issue resolution

as it can slow down and stall the forward progress of a PPP project. As one private sector manager explained:

...you always try to avoid getting bogged down in red tape in these things...only the really big problems I really want to see go to the monthly committee meetings...if something ends up there you know it won't be worked out for two or three meetings - that's three months down the path.

The choice of informal type approaches to the resolution of issues of relatively low risk is often favoured by key managers as it can provide them with flexibility in the management of a PPP. Informal methods can require the existence of mutual trust, confidence and respect between key managers to be successful. As one manager explained in the following statement:

Trust? You can't ring someone up and say '[name of key manager in partner organisation] you go ahead and do this, that and the other' with nothing in writing if you don't trust that he is not going to take advantage of you. Something goes wrong I'm in the shit, I need to know he will stand by me...that's what I mean by trust...you can't run something this big without working like that.

Alternative Strategies

On occasions, parochial issues may require the adoption of alternative resolution strategies to those outlined above. If a parochial issue cannot be resolved through either bureaucratic or informal type approaches then two further options are often considered.

Firstly, managers as they did in earlier stages in a PPP, may decide to adopt a 'back burner' strategy to the resolution of a parochial issue. That is, if time permits, managers may deliberately stall on discussing an issue until some future time when they feel they have a better chance of securing the solution they consider is in the best interests of the PPP.

Secondly, if a bureaucratic path is likely to stall a PPP and an informal strategy is not possible or favoured by key managers they may engage project champions to attempt a resolution of the issue. As with the back burner strategy this method for resolving issues is often evident in other stages of a PPP. In this strategy project champions may either adopt an informal method at their organisational level or they may attempt to hasten the bureaucratic path by accelerating the rate and frequency of formal meetings through their presence at such meetings.

Dealing with External Threats

The progress of a PPP during its final stage can be threatened by various individuals and groups external to the PPP management team. Managers often adopt a strategy to deal with these threats that aims to synergise the expertise and strengths of both organisations. When dealing with external threats in a synergetic manner key managers often unify into a single voice as both partner organisations face some form of organisational loss should an external threat stall or derail a PPP.

The process of dealing with external threats may strengthen a relationship between key managers. In the need to deal with an external threat key managers from both partner organisations are often placed in a position of being allies rather than adversaries. For managers new to the PPP at this stage this may be the first opportunity for them to be in such a position. For managers involved in a PPP through previous stages this situation provides an additional opportunity for them to direct their attention towards dealing with an issue in which there is immediate common ground and so enhance their relationships with other key managers. However, should key managers fail to act

cooperatively in meeting the challenge of an external threat it may adversely impact on the quality of the relationship between them. For example, one manager commented:

...[name of partner organisation] said they couldn't give us what we needed...they argued it was 'commercially sensitive'...without those details we couldn't answer the chair's questions at the committee meeting, we looked like idiots...I don't know if it was sensitive information, I don't believe so, you can't call it a partnership if you're not going to help out when needed.

The Origin of the Threat

External threats can often involve a diverse range of individuals and groups both internal and external to each partner organisation. When threats emanate from outside of the partner organisations they are often considered by key managers as easier to deal with as these individuals or groups are considered as having no influence over a manager's career. In other words, there is no likelihood of these individuals being in a position at some stage in the distant future to act in authority over the manager. In these cases managers often act in what appears as a less caring manner in dealing with an individual behind any 'threat'.

When threats emanate from within a partner organisation they are often regarded more seriously by key managers. Threats to the progress of a PPP that originate from other managers in a partner organisation may be more difficult to address. Key managers are often conscious that when the PPP is closed they, as one manager explained, "might be working with, or even worse, for them".

Coalitions of individuals are often the most difficult form of external threat to a PPP, as it can be hard to identify a single point of contact or target to attempt to neutralise. For example, in one PPP local residents opposed to the nature of the PPP project and its potential environmental impacts formed loose coalitions with a number of

environmental groups within the local government area in an effort to amplify their influence. In turn this drew the attention of the local media and State government authorities further amplifying the potentially negative impact on the PPP project by threatening to stall the construction stage as State government authorities demanded more environmental impact data from the PPP partners. Key PPP managers experienced difficulty in developing a strategy for dealing with this threat as there was no particular individual at which they could focus their attention.

A Synergetic Approach

When threats are external, that is, originate outside the management team, a synergetic approach to their resolution is likely to be adopted. By this stage of a PPP both organisations, as one manager argued are “joined at the hip”, any issue that threatens a PPP is a managerial issue for key managers from both partner organisations.

Accordingly, managers often work together in a cooperative fashion to devise a strategy to deal with threats from outside the PPP. The particular strategy used often depends on the specific nature of the threat. However, in the main they involve managers, jointly, attempting to identify the reason for the threat, developing an argument to nullify the potency of the threat and then selecting one partner organisation to carry this argument forward in the public domain.

The decision as to which key manager and/or partner organisation is to carry the neutralising argument forward is often dependent on who is seen to carry most credibility in the public domain. For example, if the issue revolves around a parochial issue the partner with the most expertise in that area may carry the argument forward. As one manager explained:

...the council, we thought at the time, understood the residents opposed to the project...it stood to reason that they should be the ones to deal with the residents...we were considered outsiders, we were concerned that we would be seen as this big conglomeration not listening to the locals. We didn't feel council would have that problem.

Threats from within the partner organisations are sometimes dealt with in the same manner. That is, when dealing with internal resistance against a joint strategy is often devised, except that the managers of the partner organisation where the threat originates are likely to carry the argument.

Managing Churn

The progress of a PPP during this stage can be impacted upon by a constant change or “churn” of key managers. Since PPPs are characterised by their long time spans it is inevitable that key managers will come and go over the lifetime of a PPP. When management churn occurs it can be most significant in this stage of a PPP, as it is a time when personal relationships between key managers, that have often grown incrementally in the previous stages, can be broken. When this occurs there is no longer the necessary basis on which to use informal management methods.

As discussed previously, most key managers prefer to resolve managerial issues during this stage through the use of informal agreements which have as their basis a sense of mutual trust, confidence and respect and are grounded in an existing personal relationship. When a key manager leaves a PPP project during this stage and is replaced by a new manager personal relationships must be re-established for the benefit of the PPP. During this period of relationship re-establishment the progress of a PPP may be slowed as key managers move towards resolving an increasing number of issues in a formal and bureaucratic manner. Should key managers fail to re-establish personal

relationships, to a point that echoes those held by previous managers, a PPP may be extended quite considerably as issues continue to be resolved in a formal manner only.

Losing and Gaining

A change in key managers can be seen as both a loss and/or a gain for the PPP. The success of a PPP is often dependent on the quality of the personal relationships between key managers. When a key manager moves on from a PPP, if they have enjoyed a high quality personal relationship with other key managers, there may be a period of stalling in the progress of the PPP. The length of this stalling period is often dependent on how quickly new managers can establish the same quality of personal relationships with other key managers as their predecessors experienced.

Conversely, to a stalling in a PPP, a change in key managers may enhance both the rate of progress of a PPP and the likely success of a PPP in achieving its goals. This often occurs if key managers have not experienced a quality personal relationship. A new manager may bring with them an increased ability to forge strong personal relationships with other key managers and so more decisions are made through informal means leading to a faster and smoother rate of PPP progress. An example of the impact of losing and gaining was given by one private sector manager as:

...things did become better when [name of new key manager] arrived, his predecessor was not the easiest of people to get along with...bit of a stickler for the rules type of thing. [name of new key manager] is a lot more relaxed about things...we both play golf and enjoy a drink together...it gives us a chance to talk about things in a relaxed environment...we seem to get more done on the golf course than on site sometimes.

A Relationship Legacy

It can often be important to the progress of a PPP that personal relationships are re-established as quickly as possible following a change in key managers. To prevent a PPP from going into a lengthy period of stall often both the new manager and existing managers must actively attempt to establish a suitable level of personal relationship.

Sometimes both old and new managers recognise the need to condense the ‘getting to know you’ period of a personal relationship. Often this reduction in time can be achieved if the previous manager enjoyed strong personal relationships as this leads to the existence of a form of ‘relationship legacy’ that can allow new managers to “pick up” from where the previous manager left the relationship. In other words, prior relationships of a strong nature between key managers can facilitate the rapid re-establishment of relationships following a change of manager. However, the extent to which this ‘relationship legacy’ can condense the time in establishing new relationships often depends on the new manager’s ability to “fit in”. This may present difficulties for some managers as indicated in the following illustration from one private sector manager new to PPPs:

I’ve only recently taken up this position so I’m still having trouble getting my head around a lot of things...I don’t think I’m yet seen as ‘one of the boys’. [name of key former manager] was well liked and got on well with the guys at council...I’m finding it hard to live up to his reputation in some ways.

Clipboard Mentality

PPPs where a public partner organisation also acts as the regulatory agent for the PPP project are often prone to the issue of ‘clipboard mentality’. The term ‘clipboard mentality’ refers to the often schizophrenic role a public sector organisation, and their key managers, experience when they take on the roles of both partner in a PPP and the

public authority responsible for overseeing that the project meets statutory requirements. In such situations conflict between partner organisations and key managers often ensues as public sector managers adopt an attitude in which the checking for breaches of standards and regulations takes priority over other managerial roles within the PPP.

If key managers from the public sector adopt a clipboard mentality then all managerial issues are likely to be resolved, regardless of their importance, through formal and bureaucratic methods. If other units within the public sector organisation are responsible for the regulatory control of the PPP project then key managers from the public partner organisations may also come under pressure from the private sector managers to use their “influence” in ensuring a “smooth passage” through any regulatory framework.

When there is a shared vision between partner organisations and key managers regarding the quality of the PPP project itself then the issue of clipboard mentality is not likely to escalate to a point that can threaten the progress of a PPP. When there is agreement that the PPP project should be of the “highest standard” then neither partner organisations nor key managers are often concerned at meeting the necessary regulatory requirements. As one manager explained:

From the outset we knew this was to be a premier facility...we really had no problem with meeting the necessary standards, we wanted this to be a flagship development for us...I can't remember a time when there was a problem between us and Council's planning division, we all wanted the same thing.

Partner or Regulatory Policeman?

Often public sector managers must choose how to deal with the conflicting roles of partner and regulatory policeman in a PPP project. Taking on the role of regulatory

policeman may undermine personal relationships between key managers that may have been established in previous stages. When a public sector manager assumes the role of policeman within a PPP information that may have been exchanged between public and private sector managers may be reduced. Often information relating to matters which the private sector partner considers relate or may initiate some regulatory concern are unlikely to be exchanged in such circumstances.

Some public sector managers often remove themselves from a direct regulatory role and cede this role to others in the public sector organisation in an effort to avoid conflict with other key managers. An added benefit of this particular strategy is that it can be considered as ensuring the management of a PPP by the public partner is seen to be “transparent” as it attempts to “keep the project at arm’s length from the regulatory function” of the public sector organisation. However, although this strategy may remove the public sector manager from direct conflict over issues of regulatory conformance it can place them under pressure from private sector managers to exert influence.

The Pressure for Flexibility

Despite whether acting as partner or regulatory policeman a public sector manager may be pressured to be “flexible”. Being flexible can sometimes range from “turning a blind eye” to breaches of a regulation through to being asked to exert influence over the relevant regulatory unit in the public sector organisation. The exact degree to which being flexible is requested often depends on the specifics of the issue and the financial implications.

Private sector managers will most often argue that acting flexibly is in the “best interests” of the PPP project as it will avoid stalling the project for any period of time. Many public sector managers although conscious of the need for probity and transparency will accept this argument from the private sector when under pressure to maintain forward movement of a PPP during this stage. However, most public sector managers limit the degree to which they act flexibly.

To maintain momentum in a PPP public sector managers are often prepared to make an individual assessment of the specific regulatory issue. If the regulatory issue is not considered as likely to threaten the manager’s career or individual credibility they will often act flexibly. However, if they judge the regulatory issue as significant, public sector managers will often adopt a strategy of informing their senior management rather than directly acting on the breach themselves. As one manager stated:

...if there was something that was a real concern I would discuss it with [other key manager] if I still wasn’t happy I would leave it there and speak to [name of senior manager] about it, tell him what I think should be done and let him deal with it.

Waning Enthusiasm

The extended time frame of PPP projects coupled with the constant process of resolving managerial issues in a synergetic manner may sap a key manager’s enthusiasm during the final stage of a PPP project. A waning of enthusiasm may adversely impact on a PPP project achieving its goals as managers lacking enthusiasm and interest often delay making decisions and/or communicating with other key managers. These managers may also lead a partner organisation to “lose out” as their lack of enthusiasm leads them to accept more positions of compromise within the PPP rather than attempting ‘win-win’ solutions as these often require more managerial effort.

Cooperative Fatigue

When the final stage of a PPP extends over long periods then the more likely will key managers experience a waning of enthusiasm. Not only is the length of the PPP a factor so may be the effect of constantly having to resolve managerial issues through cooperative processes. The process of needing to consult with other key managers over *all* managerial issues can be seen as increasing a key manager's workload. The need to constantly consult and seek the cooperation of other key managers can also be foreign to the experiences of many managers. As one private sector manager who requested a move from a PPP during its final stage explained:

...those projects are different...normally I would make a decision and just do it, not with [name of PPP project]. If it is not some committee or other you had to attend it was me speaking with [name of partner organisation], so different...I felt as if everything took twice the effort and took twice the time. I had to get back to some normality...[name of PPP project] took so much out of me.

Isolation

Often a waning of enthusiasm can be more pronounced in PPPs managed by small teams of key managers. In these types of PPPs there may not be the support network of other managers with which to share feelings related to a waning of enthusiasm. Even within their own organisations some managers may feel isolated and so, apart from friends and family, some key managers often have few opportunities in which to express feelings related to any waning of enthusiasm. The impact of feeling isolated is indicated in the following statement by a key manager:

...there is only the three of us responsible for the project; we're not really seen as part of [name of public sector organisation] you feel cut off sometimes. If you have a problem then only the three of us can appreciate what it is about...I speak to my husband about things but it's not the same as talking with people who know what you mean.

Role of Motivators

Critical to maintaining enthusiasm amongst key managers is often the role of project champions and/or senior management in an organisation. Project champions are sometimes sensitive to how waning enthusiasm can adversely affect a PPP project. Accordingly they may see it as part of their role during this stage of a PPP to act as a constant source of enthusiasm for key managers. As one senior manager, and project champion, stated:

I have a meeting at least once a week with the [name of PPP project] team, it's not that I want to know all the details or question anything as I know it is a good team with good staff...the main reason I want these meetings is to keep them going, this still has at least ten more years to run you can see when they are getting frustrated and tired...I see it as my job to spur them on, that's my main job in all this really...I'm like a rugby coach.

Without project champions standing on the side lines encouraging and acknowledging the efforts of key managers the sense of isolation and the weariness of constantly having to cooperate in the resolution of managerial issues may lead, in extreme cases, to managers seeking to opt out of a PPP.

In summary, often what is the longest single phase in a PPP is marked by key managers constantly working in a synergetic management style to resolve managerial issues that are specific to each PPP. The resolution of many of these managerial issues is often based on the creation of informal agreements between key managers. It may be that informal agreements only take place, and are an effective method for resolving managerial issues, in circumstances where personal relationships are marked by mutual trust, confidence and respect. If these qualities are lacking in a personal relationship between key managers, or a particular issue is considered as beyond the 'comfort zone' of key managers, they are likely to adopt a mainly formal and bureaucratic approach to

its resolution. This most often involves subjecting the issue to a long and lengthy process of committee discussion and formal codification.

In addition to dealing with managerial issues specific to each PPP key managers may be confronted with issues common to many PPPs. These can include dealing with external threats to the progress of a PPP, managing the entry and departure of key managers, the potential conflict caused by public partner organisations also fulfilling the roles of partner and regulatory policeman in a PPP and at a very personal level, a loss of interest and enthusiasm for managing a PPP. Although strategies to cope with these issues vary, they all involve social processes that are often aimed at achieving synergies between organisations and individuals and which ensure a PPP project moves forward to closure.

CLOSURE

All PPPs ultimately arrive at some form of closure. Closure may not mean a PPP project has been a success in achieving its goals and in returning anticipated benefits to both partner organisations. Closure may come prematurely if any of the managerial issues examined in previous stages and phases are not resolved in a manner that satisfies the demands of partner organisations and/or key managers. When key managers do successfully negotiate their way through the maze of managerial issues then closure is often an individual and organisational process that involves reflection on the management of the PPP in an effort to learn from the experiences as well as attempting to leverage the experience to establish new PPP type relationships or extend the existing relationship.

The perceived success of a PPP can often be judged by the nature in which closure occurs. If senior management, politicians and company boards consider a PPP a success it will often have a well publicised closure ceremony. As with the formal signing ceremony of the legal agreement in the previous stage this is often a largely symbolic act to indicate to the markets and all other parties including the council electorate and populous at large that the partnership has delivered the benefits of synergy that it promised in the trawling and sizing up stages. However, if a PPP closes prematurely or the PPP project does not deliver its promises then the process of closure may be both swift and quiet. Organisations can move quickly in these circumstances to “cut their losses”, as one manager explained, and “as quietly as possible act as if the whole thing never existed”. For individual managers involved in a failed PPP their major concern is often with the impact of the failed PPP on their careers, as the same manager explained, “when the dust all settles you want one thing – that you still have a job”.

In Table 7.3 are listed the categories and related properties that represent the ‘closure’ phase.

Reflective Learning

Often a consequence of a PPP, whether successful or not, is that both key managers and partner organisations reflect and learn from the experience. Managerial lessons learned in the management of a PPP by individual managers and organisations may be applied to the management of any subsequent PPP.

The learning curve for both individual managers and organisations is often very steep in the initial PPP and then may increase only incrementally in subsequent PPPs. Prior

Table 7.3 – Closure: Its categories and related properties

CLOSURE
<p>❖ <i>Reflective Learning</i></p> <ul style="list-style-type: none"> • Lesson Learned • Personal Growth
<p>❖ <i>Leveraging on Success</i></p> <ul style="list-style-type: none"> • New Deals • Extend the Relationship?
<p>❖ <i>Personal Closure</i></p> <ul style="list-style-type: none"> • Relief • A Sense of Loss • A Wary Return to the Fold

experience allows key managers to accurately predict many of the managerial issues to be confronted at various stages in the life of a PPP. Subsequently, these PPPs often have a greater likelihood of achieving their goals of returning benefits to both partner organisations with minimal risk. The benefit of prior experience can be apparent in the different approaches to the management of PPPs by experienced and inexperienced key managers. Key managers with extensive prior experience of the management of PPPs, can often indicate a knowledge of what to expect as a PPP progresses. In contrast inexperienced key managers, lacking a track record of exposure to PPP management, often fail to predict many managerial issues common to all PPPs and may express difficulty in adapting to the demands of managing synergetically.

Lessons Learned

The managerial lessons gained through ‘reflective learning’ most often involve gaining new insights into structural aspects of a PPP rather than in regard the management of personal relationships. This is indicated in the comments of both senior managers and key managers concerning how they would manage future PPPs. Examples of what structural changes managers would make in future PPPs often include changes that would ensure the legal agreement provides more “guidance” to managers, what they would look for in a partner during the trawling and sizing up stages and how they might act to limit the effects of ‘reneging’, that is, to reduce risk. These changes often relate directly to the structure of the PPP, characteristics of partners and the protection of an organisation's interests.

Although key managers may gain new insights into the management of personal relationships over the course of a PPP often they do not consciously acknowledge this.

One manager provides an explanation for this:

...personal relationships are all different, I don't think you can apply a formula...how I relate to you is going to be different to how I relate to [name of key manager] and to [name of key manager]...you can't plan these things...they just happen.

As this manager indicates, a common view of key managers in PPPs is that personal relationships cannot be planned and managed and so acknowledgment of *most* lessons learned often relate to the structural aspects of a PPP.

Personal Growth

Key managers often leave PPPs with a sense of personal achievement as both managers and as individuals. The degree to which this feeling exists can depend on the perceived

success of the PPP. The more a PPP is labelled a success by senior management often the greater is the sense of accomplishment by a manager. The sense of personal achievement as a manager is explained in the following statement from a public sector manager:

I think I have grown as a manager while here...it is going well, everyone on the top floor is happy, I'm happy. I can go to the site and see the buildings going up, and I know it's corny but feel I've created that...looking back I know because of this I can manage almost anything.

Leveraging on Success

Successful PPPs often lead organisations to want to leverage their experience and either extend the current PPP in some form and/or form new PPP type arrangements with other partners. If a PPP is not seen or judged as successful then senior management are unlikely to pursue the notion of forming new PPPs unless there are other factors influencing such decisions. For example, in the UK even organisations that have had “poor experiences” with PPPs, notably the public partners, may continue forming PPPs due to the influence of central government in providing financial incentives for such relationships.

New Deals

When a PPP closes and is perceived by an organisation as a success then the experience may be used to gain market credibility and to gain recognition as an organisation capable of working synergetically with other organisations. This enhanced market credibility may be used to leverage an organisation into “new deals”. In other words, broadcasting an organisation’s success in a PPP can be used by organisations as a form of a marketing tool to gain advantage in the trawling phase of any new commercial arrangement that involves two organisations working in some form of partnership. As

one senior public sector manager commented reflecting on his council's experience in a PPP that achieved its goals:

Would I do it all again? Yes. If done properly partnerships between the public and private sectors have advantages for all concerned. In fact we're looking at another partnership right now...the difference between them is that this time we've approached [name of new potential partner]...essentially we said 'hey we've had this arrangement with [name of current PPP partner] it's worked well, would you like to try doing something similar in the area of community services'.

New deals may or may not be in the form of a PPP. Not all commercial arrangements stemming from an organisation's experience in a PPP will be in the form of PPPs. In some cases organisations may use the experience to secure new deals with organisations in their own sectors. For example, as the following private sector manager explains:

...we've turned around to some of the big overseas companies that we are looking at becoming the local agent for and said 'look at this, we've been able to do this type of deal, that's fairly innovative in our industry, you guys haven't tried it'. It makes us look fresh and innovative I think they like that, it has certainly helped us secure some of those local agencies.

Extending the Relationship

When a PPP is regarded by both partner organisations as having been highly successful sometimes the partners may attempt to extend the relationship. In other words, if a particular PPP project is judged by senior management in both organisations as having been successful and is seen to have progressed smoothly, and to schedule, then there is often a desire for management to investigate the possibility of extending this relationship in some manner. For example, one council had a successful PPP in the management of one of its leisure centres. This was judged successful by all involved including key managers, senior management, politicians and the local media as the project delivered all the stated goals without any of the risks being realised. This

relationship was extended to the management of additional leisure centres under the control of this council. As one public sector manager explained:

It worked...[name of private sector partner] did everything we expected, it proved to a lot of people in this building and elsewhere that this type of agreement can be done...we were keen to have them continue working with us and we now have them working with us in a number of our leisure centres.

Personal Closure

For key managers in a PPP closure often brings mixed personal feelings. Sometimes these feelings may be modified by the nature of the PPP closure. Successful closures can moderate these feelings as the dominant feeling is one of personal achievement from a job seen to be “well done” and so concerns as to the individual’s future are not prevalent. However, in contrast, if a PPP closes prematurely and is generally seen as having been a failure then the individuals concern for their future in an organisation may intensify as they can fear adverse repercussions from the failure.

Three feelings that individual managers seem to share in common and which represent the properties of this category are discussed below.

Relief

The closure of a PPP, whether a success or failure can provide key managers with a sense of personal relief. Successful PPPs can result in key managers experiencing a sense of relief that the project is both over and that the often tacit career threats by senior management should the PPP not be a success are no longer an issue. In other words, there is a sense of relief brought about by the exuberance of the successful closure of the PPP. Failed PPPs, that is, those that close prematurely before reaching their planned goals, can also bring with them a sense of relief for key managers. In these

cases, key managers are often waiting for the final decision from senior management that the PPP will be “axed” and with this decision the anxiety of waiting is often removed. That is, a form of relief that often emanates from the cessation of a period of foreboding. This latter form of relief is indicated in the following description from a private sector manager:

...you could see it coming for months, they were strangling us...we didn't have the support staff we needed...I was glad when it was finally announced they were dropping it...we could all get on with other things.

A Sense of Loss

PPPs characterised by long time frames and/or strong personal relationships between key managers may result in a significant feeling of personal loss for key managers.

Long PPPs can dominate the working life of some key managers and when these projects reach closure there may be a sense of personal loss that their role in its creation is now complete.

There can also be a sense of loss from the fracturing of personal relationships as a result of a PPP reaching closure. Although personal relationships which are regarded by key managers as a “friendship” as opposed to a “working relationship” may continue on into the future some managers can experience disappointment that often the “tight knit” grouping that is responsible for a PPP will be fractured with personnel returning to their respective organisations. The degree of loss experienced can depend on how “tight knit” the grouping was. As one manager explained:

I was sorry to see it end...we worked well together...I call the people in this office friends not colleagues...I know we will still be working for the same company but I think [name of colleague] is heading off to Hong Kong on a construction project there...I will miss his humour and friendship.

A Wary Return to the Fold

Following closure of a PPP project managers often return to the mainstream of their respective organisations. The anticipation of having to return sometimes brings a feeling of concern regarding the nature of the reception they may receive from colleagues and senior managers in their organisations. When a PPP experiences strong internal resistance or there has been conflict between key managers in the PPP and other managers in an organisation returning may be a traumatic period for some managers. Some PPPs are seen as receiving the patronage and protection of senior management and with the closure of a PPP key managers may no longer feel protected by this patronage. Explaining the basis for this concern one public sector manager stated:

...at the moment we are seen as the 'golden haired' group, [name of PPP project] is regarded as the brainchild of [name of general manager of council]...some people around here feel we get preferential treatment in our budget because of that...I'm always conscious that when this is over I might be working for one of those that aren't too happy about things right now...I might be better leaving altogether than working for some of those bastards when this is over, I'm sure they won't forget some of the budget arguments.

To summarise the phase 'closure', it often represents the consequence of key managers confronting the issues during the final stage of a PPP. Closure often includes key managers and organisations reflecting on their PPP experience as a form of learning exercise with lessons often relating to the management of the partnership rather than the management of relationships between individuals in the partnership. A successful PPP closure can act as an incentive for organisations to reproduce their success in other IORs or to extend the current PPP relationship in some form. Closure can also bring with it a variety of personal feelings for key managers, the nature and intensity of which can depend on whether the closure relates to a successful or failed PPP.

CONCLUSION

Rolling is the final stage in the life of a PPP. It is a stage dominated by key managers actively working together to resolve a variety of managerial issues in an effort to keep a PPP moving forward in a manner that will not threaten the potential of the PPP to deliver the synergetic benefits foreshadowed in earlier stages. Managerial attention is often focussed not only on addressing issues unique to the specific PPP project, what have been labelled as 'parochial issues', but also on addressing a number of issues that are common to the management of PPPs.

The task of managing a PPP during this stage is often complicated by two factors. Firstly, this is a stage in the PPP in which the partner organisations have often reached ultimate commitment. They have given up sole control of organisational resources to the PPP and any failure of a PPP is likely to result in real losses for each organisation. With these organisational resources at risk key managers are often under no illusions that it is expected that they ensure a PPP is a success with the penalty of failure often being the security of their position in an organisation. The second factor is that key managers must often function in an environment where the legal agreement developed in the previous stage does not provide direction and guidance on many managerial issues. This is invariably coupled with the fact that there is no single authority figure within the PPP environment capable of arbitrating on differences between partners and key managers. In such a situation key managers will often address managerial issues in a synergetic management fashion.

Sometimes key managers will not abide by the need for synergetic management and address managerial issues in a very formal and bureaucratic fashion by referring most issues to committees, senior management and a process of long and lengthy documentation. This often occurs in situations where key managers do not share a strong level of mutual trust, confidence and respect for each other. This type of approach is not generally favoured by most key managers as it can slow and stall the forward progress of a PPP. In contrast, the most often preferred method of issue resolution is an informal management approach in which one or two key managers discuss a managerial issue and arrive at a solution that is regarded as being in the best interests of the PPP and that ensures the continued smooth and forward progress of the project. Informal management methods are often only possible in situations where key managers share a strong personal relationship and emotional bond.

If managers and organisations can steer a PPP project through this phase they are likely to deliver the anticipated benefits to both partner organisations without realising many of the associated risks identified in the sizing up stage. In these situations, PPPs are judged to be a “success” and often close out in a manner that broadcasts to various stakeholders the triumph of the partnership. Organisations that experience success in a PPP often attempt to reproduce the experience in new PPPs or to extend the current PPP in some direction utilising various lessons learned about how they should structure the partnership. In contrast, PPPs that do not achieve their goals and which may end prematurely, perhaps in earlier stages of their managerial evolution, still have a form of closure. In these cases, closure is often a quiet process that may leave key managers fearful of their positions within an organisation as the failure of a PPP is often seen as the responsibility of key managers rather than senior management or others.

In the chapter that follows the main conceptual elements, including the core category of the orthodox grounded theory of ‘managing synergetic momentum’ is presented and discussed in detail.

CHAPTER 8

THE GROUNDED THEORY OF MANAGING SYNERGETIC MOMENTUM.

INTRODUCTION

In the previous chapters each of four conceptual stages in the managerial life of a PPP have been described in detail. These four stages have been discussed in terms of their conceptual capacity to account for variation in the behavioural patterns of participants at various points in the life of a PPP. What links each of these stages together into a parsimonious orthodox grounded theory is the emergence of a core category (Glaser & Strauss 1967, Glaser 1978, 1992, 2001). In any orthodox grounded theory the core category is the central concept around which all other concepts revolve. In essence it represents “the key to the theory” (Alvesson & Skoldberg 2000, p. 28).

‘Managing synergetic momentum’ (MSM) is the label given to the core category in the proposed orthodox grounded theory. Not only does MSM meet the criteria of a core category it also meets the criteria for what Glaser and Strauss (1967) have labelled a ‘basic social process’ (BSP). A core category can also be a BSP if it accounts for change over time and has two or more discernible stages to it. In this study the core category of MSM has four conceptual stages to it. As both a BSP and as a core category MSM not only links each of the four conceptual stages together it also explains the social processes adopted by key managers in response to their main professional concern during the life of a PPP.

Often key managers in PPPs function within an environment in which they consider their primary goal to be the delivery of a PPP project that their senior management considers a 'success'. Aspects related to the achievement of this goal, including amongst others, negative and positive career implications, responsibility for protecting organisational resources, the very nature of a partnership arrangement and so on lead to the generation of the main professional concern for these managers during the life of a PPP project. The main concern of key managers is often the issue of constantly maintaining the forward momentum of a PPP in circumstances that require each decision they make to be made in unison and with the cooperation of key managers from the partnering organisation. By adopting the BSP of MSM key managers can continuously address their main professional concern and achieve their goal of delivering a 'successful' PPP project.

This chapter opens with a discussion of the core category and BSP of MSM. This discussion aims to show how MSM reflects the main professional concern of participants in the current study, provides an explanation for the variations in the patterns of behaviour of study participants and links each of the sub-core categories together. This discussion includes a summary of each of the main conceptual elements of the grounded theory of MSM.

This chapter concludes with a detailed discussion of how well the proposed theory of MSM meets each of four criteria that are most often used in the evaluation of an orthodox grounded theory study. These four criteria relate to how well a proposed grounded theory exhibits the qualities of 'fit', 'workability', 'relevancy' and

‘modifiability’. As the concluding discussion in this chapter demonstrates the proposed theory of MSM possesses each of these qualities.

A SUBSTANTIVE GROUNDED THEORY OF THE MANAGEMENT OF PPPs.

The outcome of this research has been the generation of a substantive grounded theory (Glaser & Strauss 1967). It is a substantive rather than formal theory in that the proposed theory does not have generalisability beyond the area of inquiry. In the current study the substantive area investigated was the management of PPPs involving local governments and private sector firms at the level of key managers. As stated previously in this thesis key managers are defined as those individuals given responsibility for the establishment and maintenance of a PPP project and which have the most direct involvement in its ongoing management. In other words key managers are those individuals most often responsible for the micro-management of PPPs.

As identified in Chapter Two there has been to date little empirical research into the micro-management of PPPs. This study set about the task of ‘filling this gap’ in the extant PPP literature by identifying and examining the practices and social processes associated with the micro-management of PPPs through a grounded theory research methodology. It emerges from a grounded theory analysis of the data collected in this study that PPPs can be conceptualised as having four distinct stages in their life with each stage generating its own set of managerial issues. These managerial issues are addressed by key managers through processes of social interaction with other key managers and other PPP stakeholders. In the preceding chapters each of the four stages

has been discussed in detail. These four stages represent the sub-core categories in the proposed grounded theory.

By themselves each of the four sub-core categories do not adequately explain the behaviour of key managers over the *lifetime* of a PPP project. What links sub-core categories together in an orthodox grounded theory is the core category (Glaser & Strauss 1967, Glaser 1978). The core category lies at the heart of an orthodox grounded theory and is *the* category that labels the “continual resolving of a main concern” (Glaser 2001, p. 199) for the participants in a study. In addition to reflecting the continual resolving of the main concern of study participants a core category also has, according to Hutchinson (1986), two other characteristics, namely:

- It links the sub-core categories together in a meaningful manner. That is, it is “central” (Glaser 1978, p. 95, Strauss 1987, p. 36) to the grounded theory relating to as many other categories and their properties in the theory as possible.
- It recurs frequently throughout the data. In other words, it can be seen as a “stable pattern” (Glaser 1978, p. 95) throughout the data.

A core category may also be what Glaser and Strauss (1967) have labelled a ‘basic social process’ or BSP. Although all BSPs are core categories not all core categories are BSPs. In other words, whereas a core category is always present in a grounded theory a BSP may not be. In addition to the three criteria for a core category Glaser (1978) suggests a BSP must also:

- Involve human beings acting in relation to one another.
- It must be stable over time.
- It must, as Glaser (1978, p. 96) states, be “processural” [sic] or “process out”.

It is this latter quality that Glaser (1978) considers *the* defining characteristic of a BSP. That is, all BSPs must have at least two or more distinct stages with each stage representing a discernible conceptual unit possessing its own set of conditions, actions, consequences and properties.

In the sections below it is argued why and how MSM meets the required criteria for being labelled *both* the core category and BSP in this study.

Managing Synergetic Momentum (MSM) – A Core Category and BSP.

As stated above, at the heart of any orthodox grounded theory is the core category, a category that must be able to theoretically code the continuous resolving of the main concern of participants in a study. Accordingly, in arguing that MSM meets the criteria as the core category and BSP in the proposed grounded theory it is essential to first identify what the main problematic issue is for the participants in this study.

The Main Professional Concern.

The main concern for participants in this study is often the consequence of a number of environmental factors. The first of these factors is the primary task of key managers in a PPP. Key managers are tasked, often reluctantly, with transforming the strategic goals that senior management may have for a PPP into ‘successful’ reality. Responsibility for and association with a PPP that is perceived by senior management as a ‘success’ can result in career benefits for a key manager ranging from promotion to simply making their position within an organisation more secure. Similarly, association with a failed PPP may have adverse implications for a key manager’s career including the loss of their position in an organisation. In other words, the need to achieve ‘success’ in a PPP

can be a potentially strong environmental factor in framing the main concern for key managers in a PPP. The association between an individual's career interest and the nature of their behaviour within an IOR has been suggested previously by Ring and Van de Ven (1994) who argue career self-interest is a factor in determining how individuals will interact with others in an IOR situation.

A second environmental factor that often frames the main concern of key managers is the very nature of the PPP environment in which they are attempting to achieve 'success'. By definition PPPs involve two organisations working cooperatively with one another as they attempt to leverage the strengths of each organisation for the common good. For key managers the reality of this situation is invariably an absence of any single authority figure or organisationally derived hierarchical power structure. In these circumstances key managers are unlikely to be able to act alone and in isolation from each other as they might in management situations within their respective organisations. The resolution of managerial issues and the making of all decisions invariably involve key managers having to act with the agreement, knowledge and cooperation of key managers from the partner organisation. Not only do key managers need to constantly seek the cooperation of other key managers they need to do so in a manner that is in the best interests of the PPP and which maximises the combined strengths of each partner organisation. In other words, achieving success in a PPP environment can require key managers to constantly secure the cooperation of other key managers through social processes that do not involve the execution of traditional forms of managerial power and control.

A third environmental factor that can influence key managers is a preoccupation with maintaining time frames. At the level of key managers, time, as the cliché goes, is money. When a PPP fails to maintain pre-determined time schedules the consequences are often some form of financial or other loss to an organisation. The maintenance of time schedules during the course of a PPP is a criterion often used by senior managers to judge the success of a PPP and subsequently the performance of key managers. Maintaining time schedules can also be regarded as a sign that a PPP is heading in the “right” direction and is “on track” to achieve its strategic goals. In other words, both senior managers and key managers often see maintaining a time schedule as a primary feedback mechanism for judging managerial performance during the course of a PPP.

The main professional concern of key managers often arises as a direct result of the combined effect of these three environmental factors. That is, it can be the result of key managers concern with achieving ‘success’ through cooperation with other key managers and the maintenance of time schedules.

In this study the main professional concern of participants has two elements. Firstly, key managers are often concerned with constantly maintaining the forward momentum of a PPP throughout its life. Secondly, key managers are often concerned with maintaining this momentum through the exclusive use of social processes of cooperation in which they must be constantly attempting to leverage the combined strengths of each partner organisation to achieve ‘win-win’ solutions to managerial issues. That is, solutions that are in the best interests of the PPP project itself rather than just the partner organisations or key managers themselves. It is concern with constantly maintaining forward

momentum only through recourse to processes of cooperation that motivates and explains the behaviour of key managers over the life of a PPP.

Resolving the Main Professional Concern

MSM is how key managers constantly address their main professional concern over the life of a PPP. MSM is a BSP in which key managers adopt, and adapt to, a range of cooperative management strategies that are capable of establishing and maintaining the forward momentum of a PPP.

MSM is a social process as it involves interaction between key managers from both partner organisations. An outcome of this interaction can be the establishment of emotional bonds between individual managers that involve the presence of mutual trust, commitment and respect. Where this form of bond exists there is often increased cooperation between individual managers as well as a decrease in opportunistic behaviour by individuals. In an environment of cooperation key managers often act together in an effort to de-bureaucratise the process of managing a PPP project as this can be seen as a means of ensuring the continual forward momentum of the PPP.

Resolving issues through the use of informal agreements between individuals rather than through more formal or bureaucratic committee-like structures is a major aspect of the BSP of MSM.

MSM is a form of management that best fits the contextual needs of a PPP environment. MSM can provide a means of continuously addressing the issues of maintaining time schedules, managing within a power vacuum and facilitating the translation of strategic PPP goals into operational reality.

MSM - Meeting the Criteria for a Core Category and BSP.

To qualify as a core category MSM must not only represent the main professional concern of study participants and how they behave to constantly resolve this concern, it must also link together each of the four stages or sub-core categories in the proposed theory. MSM links together all other categories within the proposed theory by virtue of its central location. Each sub-core category and their related categories and associated properties contribute directly to the BSP of MSM.

Core categories must also account for variations in patterns of behaviour by participants in an orthodox grounded theory study. In this study how well individual managers adopt and adapt to the process of MSM can influence both the rate at which a PPP will progress and the degree of difficulty a PPP project will experience in meeting its objectives. In other words, MSM can account for much of the variation in the pattern of behaviour by studying participants and by providing an explanation of the various strategies and actions adopted by key managers during the course of a PPP's life.

Another criterion of a core category is that characteristics of the core category must be seen to occur frequently throughout the data. Elements of the process of MSM are evident both within each sub-core category and also arching across the four sub-core categories to show the relationship between them. Although the specific managerial focus or concern of key managers during each sub-core category may be different the basic professional concern remains evident in the data of each sub-core category as does the social processes associated with MSM. For example, in the sub-core category of 'trawling for a partner' specific managerial concern is with recognising the need to 'partner' and identifying a potential partner organisation. However, whilst these are the

specific managerial concerns in this stage key managers address these concerns through social processes that seek the cooperation of potential partner managers whilst also considering the potential synergies of a partnership, both key characteristics of the core category. Some key managers, even during this initial stage, are also conscious of the need to ensure forward momentum of the PPP and often are in simultaneous discussion with different potential partner organisations as a safeguard to maintaining the forward momentum of a PPP. In other words, characteristics of the core category are evident in the patterns of behaviour of study participants in this stage of the PPP. Similarly, in each of the other three sub-core categories although key managers are often concerned with specific managerial issues there can be seen underlying these concerns characteristics of the core category of MSM.

In addition to meeting the criteria of a core category MSM also meets the criteria of a BSP. MSM involves social interaction between key managers that is stable and consistent over the life of a PPP and occurs in two or more discrete stages. MSM has four stages to it, each discernible stage represented by its own set of conditions, actions and consequences.

In summary, MSM emerges as both a core category and BSP in the proposed grounded theory. It meets the required criteria of a core category and BSP in an orthodox grounded theory by amongst other factors being processual, reflecting the main professional concern of participants in the study and how they continuously act to resolve this concern. In addition MSM provides an explanation for the variation in the patterns of behaviour of the study participants. In brief MSM possesses the necessary

conceptual power to provide an explanation of the managerial practices and processes adopted by key managers in this study.

The Main Conceptual Elements of the Proposed Grounded Theory

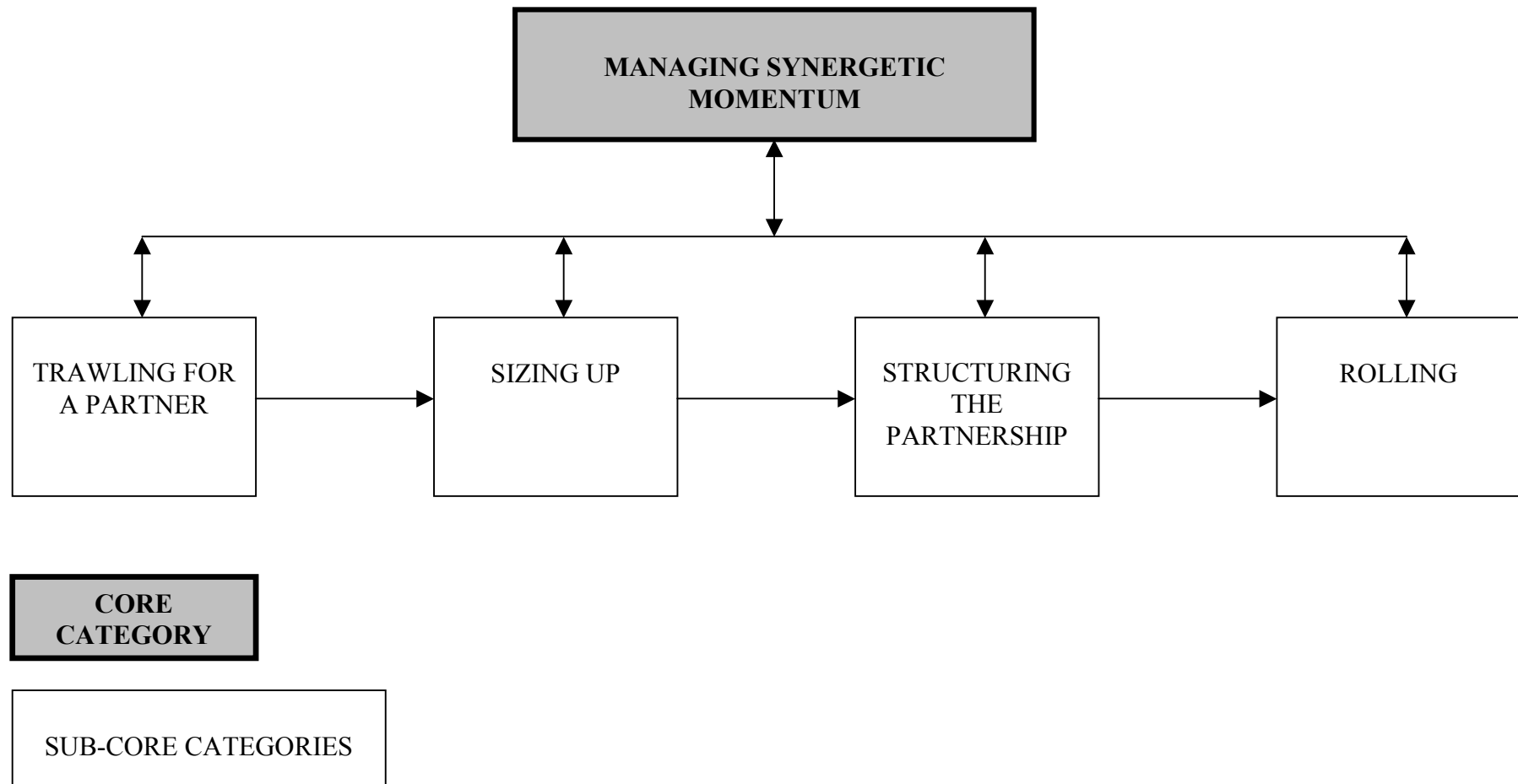
There are five main conceptual elements to the grounded theory that is proposed in this study. These conceptual elements are the core category of MSM and the four sub-core categories of:

- Trawling for a partner
- Sizing up
- Structuring the partnership and
- Rolling

The relationship between the core category and each of the sub-core categories is shown in Figure 8.1. As suggested by this diagram, and discussed previously in this chapter, the four sub-core categories occur as discrete processual stages each following on as a consequence of the managerial actions of the previous stage.

It should be noted that each of the sub-core categories possesses its own lower level categories and associated properties. In the preceding chapters each sub-core category, its lower level categories and associated properties have been discussed in detail and for the purpose of clarity have been omitted from Figure 8.1. However, these lower level categories and related properties are important to the overall grounded theory that is proposed as they provide density to the theory and demonstrate the saturation of each category in the theory.

Figure 8.1 The Main Conceptual Elements of the Grounded Theory 'Managing Synergetic Momentum' (MSM).



In the process of MSM there are four distinct conceptual stages that account for variations in the problematic behaviour of key managers at distinct points in the life of a PPP. These are the four sub-core categories of:

Trawling for a Partner

Trawling for a Partner can be conceptualised as a social process in which key managers seek out a potential partner organisation that they consider may possess the necessary synergies to ensure a PPP will move forward. Social processes associated with ‘trawling’ are used by key managers to attract a potential partner organisation closer so they may assess the cooperative nature of the partner organisation in the next stage of a PPP’s evolution.

Sizing Up

Once a potential partner has shown interest in a PPP key managers have the opportunity to more completely assess the synergetic qualities of the potential partner. Key managers are often concerned in this stage with compatibility issues such as those associated with the risks and benefits of working in close cooperation with a particular organisation in a PPP project. Social processes directed at assessing the degree of latent cooperation within a potential partner organisation and with individual managers from the potential partner can characterise this stage. The formal and informal assessments conducted by key managers in this stage are often considered important indicators of the rate at which a PPP might progress in subsequent stages as well as the type of personal relationship key managers might experience. Both of these factors are associated with the core category of MSM.

Structuring the Partnership

Once partner organisations have ‘sized up’ each other and consider each as acceptable

partners key managers may move to formalise the relationship between the partner organisations and as a result of this process personal bonds often strengthen.

Conceptually this is a stage where both the partner organisations and key managers may move closer together until a point is reached where there is total commitment to the PPP as well as shared understanding. It is the level of shared understanding between partner organisations and individuals that develops during this stage that can be important in the development of trust and mutual respect. The legal agreement that is the tangible outcome of this stage not only symbolises the level of understanding and commitment it can also bind key managers to managing in a synergetic manner so as to maintain the momentum of the PPP through its final stage. In other words, it often commits key managers to the task of “having to make it work”.

Rolling

The final conceptual stage in the proposed grounded theory has been labelled in this study the ‘rolling’ stage. Frequently the quality of the personal relationships that are established in previous stages can determine if key managers will be able to maintain momentum and how they will use social processes to constantly resolve managerial issues. When personal bonds are not well established a PPP may progress slowly as managers often tend towards adopting formal and bureaucratic type strategies in the resolution of managerial issues. However, where there are strong levels of mutual trust, confidence and respect between key managers from each partner organisation there is often a greater likelihood key managers will adopt a synergetic management style that allows for a more rapid progress of the PPP to a point of closure. Synergetic management can maintain the forward momentum of a PPP during this stage by minimising the possibility that managers will adopt slow bureaucratic practices and

processes. Synergetic management often involves the constant use of informal agreements between key individuals that are often codified and governed only through “psychological contracts” (Fulop & Linstead 1999, p. 283).

Often the rate of progress of a PPP is related directly to the ability of key managers to adapt to the process of MSM. The failure of key managers to adapt to the process of MSM at any stage of a PPP may provide an explanation of why some PPPs in this study stalled at certain times while another became irreversibly derailed. It may also provide an explanation of why some key managers find themselves incapable of working in a PPP environment and return to projects where more traditional power based and hierarchical management structures exist. In other words, the capacity of the individual manager to adapt to the process of MSM can vary considerably and may impact on the ability of a PPP to reach a form of successful closure.

AN EVALUATION OF THE GROUNDED THEORY OF MSM

It is problematic to apply ‘traditional’ notions of what makes good scientific research such as validity and reliability to qualitative research (Sarantakos 1998, Guba & Lincoln 1994). Attempts to apply notions of validity and reliability to qualitative research projects can be traced to their historical links to quantitative, verificational studies. The purpose of quantitative studies stands in stark contrast to orthodox grounded theory where the purpose is not to measure or verify but rather to generate theory grounded in the data. Accordingly qualitative research needs to be evaluated by means appropriate to the research paradigm, methodology and methods of the specific qualitative research

study not by means more appropriate to the purposes of quantitative, verificational type studies (Sarantakos 1998).

The originators of grounded theory, Glaser and Strauss (1967), addressed the need for an appropriate means for evaluating the quality of a grounded theory study by suggesting it must meet three criteria, namely; fit, relevance and work. In later works Glaser (1978, 1998, 2001) added a fourth criteria – modifiability. It is these four criteria of: fit, relevance, work and modifiability, that are most often used in the evaluation of a grounded theory (Guthrie 2001, Brooks 1998, Hutchinson 1986).

Fit

The term ‘fit’ refers to how well the categories of a grounded theory relate to the data that they attempt to conceptualise. In other words, is the grounded theory “faithful to the everyday realities of a substantive area” (Glaser & Strauss 1967, p. 239)? The concept of fit relates to the practice of forcing pre-conceived theoretical constructs and categories onto the data rather than allowing them to emerge from the data. When categories are allowed to emerge and fit the data the grounded theory will be a plausible explanation of what is happening in the substantive area of inquiry and be recognisable by study participants, practitioners and other researchers in the area of inquiry. Stern, Allen and Moxley (1984, p. 376) suggest fit is evident in a grounded theory when study participants’:

...mouths drop open, eyes light up, and the audience, grasping the ideas, fairly shouts its acceptance. ‘That’s it’ they say, ‘that’s just the way it is!’ Or they may say ‘Oh, of course’ as in ‘Of course, who doesn’t know that’.

In grounded theory fit is “automatically met” (Glaser 1978, p. 4) when categories are generated directly from the data through systematically following the principles of constant comparison and memo writing. As Brooks (1998) suggests fit should therefore

be judged in terms of establishing whether a grounded theory has been generated following the principles of constant comparison and memo writing. To this end Brooks (1998, p. 62) suggests a series of questions that need to be asked of a grounded theory to establish its degree of fit. These include:

- *Have the appropriate grounded theory procedures been followed?*
- *Has the researcher kept close to the data?*

The theory of MSM has ‘kept close to the data’ by rigorously applying the procedures of generating grounded theory as advocated by Glaser and Strauss (1967) and elaborated upon further by Glaser (e.g., 1992, 1998, 2001). These procedures include, amongst others, the use of the constant comparison method of data analysis, the use of theoretical memos and theoretical sampling. These procedures have been described in detail in Chapter 3 of this thesis whilst in Appendix A excerpts from the data have been used to demonstrate how the principles of open coding, theoretical coding, theoretical memoing in the form of concept cards and constant comparison have been applied. Appendix A allows a reader to make their own judgement as to how well, and closely, the principles of orthodox grounded theory have been followed in this study.

In addition to the audit trail provided in Appendix A, as each category and related property has been discussed throughout this thesis excerpts from the data have been included both as an indicator of where the category or property emerged and as an illustration of the meaning and context of the category or property. These excerpts demonstrate the closeness of each category and property to the raw data from which they were induced.

- *Do the findings seem a plausible explanation of what is going on to people in the substantive area?*
- *Were the findings considered to be accurate by the original informants?*

As theoretical constructs and conceptual categories emerged from the data and were linked into a parsimonious grounded theory they were discussed with participants in the study and with practitioners in the substantive area. The purpose of this process of continuous feedback was designed to ensure that the theory of MSM, 1) accurately reflects the experiences of participants in the study, 2) is “faithful to the everyday realities” (Glaser & Strauss 1967, p. 239) of the substantive area, and 3) provides both a believable and plausible explanation of the management of PPPs to practitioners in the substantive area.

On occasions the presentation of emergent theoretical constructs and conceptual categories was greeted with expressions such as, “...gee, yeah, I hadn’t thought of it that way but yeah that’s it”. However, on other occasions the presentation of a new or modified conceptual category would be greeted with statements from a number of participants in the study such as “what are you on about?” or “I don’t believe that’s accurate at all”. On these occasions, where a number of study participants indicated a lack of association with the category the pattern followed was to return to the existing data and/or to employ the principles of theoretical sampling. These research strategies were designed to further clarify the emergent category. Quite often the lack of association with a particular category could be attributed to the conceptual title given to the category in which case returning to the data often allowed for a title with more “grab” (Glaser 1978, p. 4). That is, it was more relevant and could be more easily associated with by both study participants and practitioners in the substantive area.

Workability

Workability refers to the capacity of a grounded theory to “explain what happened, predict what will happen and interpret what is happening” (Glaser 1978, p. 4) in a substantive area. In other words, a quality grounded theory should be capable of explaining the variations in the patterns of behaviour in the substantive area of inquiry and account for how the main concern of participants in a study is continually resolved.

Glaser (1978, p. 4) argues that workability is achieved by “getting the ‘facts’ (what is going on) by systematic social research”. In other words, it is not possible to have workability in a theory unless there is also fit, which in turn is only possible by systematically following the principles of orthodox grounded theory (Glaser 1978, 1998, 2001, Hutchinson 1986). As described in the previous section, the grounded theory of MSM has rigorously and systematically followed the principles of orthodox grounded theory to ensure ‘fit’ with the data. In addition to ensuring there is fit an outcome of following the principles of orthodox grounded theory is that the theory of MSM provides an explanation of what is going on in the substantive area and how study participants continually act to resolve their main professional concern.

The theory of MSM provides a detailed explanation of the variation in the patterns of behaviour by key managers at various stages in the life of a PPP. This explanation not only provides a conceptual interpretation of what happens in the substantive area but it also is capable of suggesting what will happen under certain conditions or given certain variables. For example, the theory of MSM suggests that under conditions that are not favourable for the development of mutual trust and commitment (for example, such as those involving ‘manager churn’) it is likely that managers will resort to formal and

bureaucratic means for resolving managerial issues and that this is likely to impede the forward momentum of a PPP. Similarly, the theory of MSM suggests that under circumstances where a public partner organisation during the sizing up stage perceives the ‘credibility risk’ of forming a partnership with a specific private sector organisation outweighs the potential ‘benefits’ then there is the possibility of a stalling of the forward momentum or even the possibility that the PPP may not progress beyond this stage. These and other examples that a reader may wish to consider themselves illustrate the scope of the theory of MSM to explain, predict and interpret what is going on in the area of inquiry in a manner that is relevant to study participants, practitioners and researchers and so demonstrates the workability of the proposed theory.

Relevance

If a grounded theory has both fit and workability it also has relevance (Glaser 1992). Relevance means of what interest or importance is the theory to study participants, practitioners in the substantive area and other researchers? In other words, a grounded theory that is relevant should be of value and interest to others. Glaser (1978) suggests a grounded theory achieves relevancy through the power of the core category and/or BSP to explain the main concern and ongoing social processes in the substantive area. Study participants and practitioners in the substantive area can judge the relevancy of a grounded theory if they are immediately captured by the conceptual grab of the core category and/or BSP (Hutchinson 1986).

As stated earlier I have been conscious in this research study to continuously gain feedback from study participants and practitioners in the substantive area. From their comments the core category and BSP of MSM has immediate grab. For example, one

UK manager when presented with the core category emailed me that "...this really explains what I do". Similarly, a senior manager involved in PPPs, and not a participant in this study, when told of the core category commented "...that's it in a nutshell...that's what my [key] managers do". Additional support for the belief that the theory of MSM has relevancy comes from the positive feedback received from academics and researchers working in the area of inquiry following the presentation of the initial findings of this study at academic conferences in Bristol in the UK and at Calgary in Canada (Noble & Jones 2002, 2001). Together these positive comments from study participants, practitioners in the substantive area and academic researchers in the area of inquiry give me confidence that the grounded theory of MSM can be described as meeting the criteria of relevancy.

Modifiability

Glaser (1998, p. 18) argues that modifiability is a "very significant" criteria for judging a grounded theory. The term 'modifiability' relates to the flexibility of a grounded theory to accommodate changing situational realities and new data. In other words, how capable is the grounded theory to integrate new categories or to modify existing categories if confronted with data from a new setting?

Modifiability is considered important as it reflects the need for a grounded theory to maintain its relevancy in a social world that is itself dynamic and constantly changing. Modifiability also conveys the principle that grounded theories are never "right or wrong" (Glaser 1998, p. 18) but rather are modified with the emergence of new data thereby maintaining their relevance to practitioners and others. The quality of a grounded theory to maintain its relevancy through modifiability can be contrasted with

verificational studies that often take long periods of time to change and in the process lose their relevancy as “the world passes them by” (Glaser 1978, p.5).

It is difficult to make a definitive assessment as to the modifiability of the theory of MSM until new data from different contextual settings emerge. The core and sub-core categories of the theory of MSM have emerged from data collected in a number of different settings from within the substantive area and have been modified over the course of this research as new properties have been identified through the combined processes of constant comparison and theoretical sampling. Since these categories have been capable of modification in the past then it is reasonable to assume that they, and the theory of MSM, will continue to accommodate changes and indeed the introduction of new categories and properties in the future when confronted with new data.

In summary, the research procedures adopted in this study have rigorously followed those of the orthodox grounded theory method. The result of following those procedures is the theory of MSM. The theory of MSM is faithful to the data from which it has been induced, is capable of explaining, predicting and interpreting the patterns of behaviour within the substantive area, is of importance to practitioners and others interested in the substantive area and is a theory capable of maintaining its relevancy by accommodating data from new and changing settings. In brief, the theory of MSM meets all the required criteria of a quality grounded theory.

CONCLUSION

‘Managing synergetic momentum’ is the core category and BSP that lies at the heart of the proposed grounded theory. MSM accounts for the variations in the patterns of behaviour by key managers over the life of a PPP, links each of the four conceptual stages together and provides an explanation of the social processes adopted by key managers in response to their main professional concern.

The influence of various environmental and contextual conditions that frame the working life of key managers in PPPs gives rise to their main professional concern. Key managers are constantly concerned over the life of a PPP with maintaining its forward momentum in circumstances that require them to be continuously seeking the cooperation and agreement of key managers from the partner organisation. MSM provides an explanation of the social processes adopted by key managers to constantly resolve this concern.

The core category and BSP of MSM draws together each of the sub-core categories or stages and their categories and related properties into a parsimonious grounded theory. This grounded theory has five main conceptual elements (Figure 8.1), the core category of MSM and the four stages of:

- Trawling for a Partner
- Sizing Up
- Structuring the Partnership
- Rolling

Each of these stages is a consequence of the former and involves key managers focussing on a specific managerial issue such as assessing compatibility in the sizing up stage. The theory of MSM provides an explanation of the social processes that key managers often adopt in the resolution of these and other ancillary managerial issues throughout the life of a PPP. The theory of MSM suggests that key managers adopt either a formal and bureaucratic style of resolving managerial issues or if there is mutual trust, respect and commitment between key managers then they are more likely to adopt a more informal and personal method of resolving managerial issues. The power of the theory of MSM lies in its capacity to provide an understanding and explanation of the social processes that underlie each of these two management approaches.

Although a grounded theory such as MSM may exhibit strong explanatory power it needs to be evaluated in terms of its fit, workability, relevancy and modifiability. In this chapter considerable supportive detail has been given to demonstrate that the theory of MSM meets each of these four criteria. Appendix A and the inclusion of excerpts of the raw data throughout the previous four chapters demonstrates how rigorously and systematically the principles of orthodox grounded theory have been followed in this study and how close each category and property is to the data from which it was induced. These demonstrate the theory of MSM is both faithful to, and is close to, the data and so has 'fit'. The saturation of categories and the use of theoretical sampling, constant comparison and memo writing provide the theory of MSM with the capability of explaining, predicting and interpreting what is going on in the substantive area of inquiry. In other words, the theory of MSM has 'workability'. When a grounded theory exhibits both 'fit' and 'workability' it is also likely to have 'relevancy'. Since study participants, practitioners and researchers in the area of inquiry can all associate with

the theory of MSM, and in particular its core category, it can be confidently stated that the theory of MSM has ‘relevancy’. As categories have emerged from the data and new data from new settings has been gathered and compared these categories have needed to be modified and new categories created. Since this has occurred in the past then it is likely that the theory of MSM will continue to be able to accommodate new data from new settings to remain relevant. In other words, it has the quality of ‘modifiability’.

In the chapter that follows the grounded theory of MSM is compared to the major themes from the relevant extant literature. The purpose of this comparison is to locate the academic contribution the theory of MSM makes to this extant literature.

CHAPTER 9

LITERATURE COMPARISON

INTRODUCTION

A guiding principle of orthodox grounded theory is that a researcher should avoid immersing themselves in the extant literature of a field of inquiry before they have developed the core elements of their own grounded theory (Glaser 2001, 1998, 1978, Glaser & Strauss 1967). It is argued that from reading the extant literature a researcher might ‘force’ the data to fit with preconceived notions gained as a result of studying the extant literature. This principle of orthodox grounded theory was followed in the current study with immersion in the extant literature only beginning once the theory of MSM had been fully developed.

An additional advantage of commencing a review of the extant literature once a grounded theory is fully developed is that it allows the researcher to identify which literature areas are relevant. This requires the use of a ‘delimiting’ process that narrows the scope of the literature review and permits a more informed comparison. In the current study the delimiting process led to an examination of the literature relating to cooperative inter-organisational relationships (CIORs) and to specific aspects of the CIOR literature including the influence of different forms of trust on CIORs, partner selection in CIORs, inter-organisational negotiation in CIORs and the role of the individual manager in CIORs.

The purpose of a literature comparison in a grounded theory study is not to verify the findings of a study. The purpose is to locate the contribution of the grounded theory within the extant literature. The grounded theory of MSM provides conceptual support for many notions and themes within the CIOR literature. However, the theory of MSM extends and adds to this extant literature by providing an understanding and explanation of the social processes within the substantive area that underlie many of the themes and notions in the extant literature. It is in this manner that the theory of MSM makes its most significant academic contribution to the extant literature.

This chapter begins by outlining how and why the extant literature examined was delimited to the CIOR literature and subsequently to specific areas within this general literature area. Following this an overview of the CIOR literature is undertaken that outlines broad weaknesses of the CIOR literature and the limitations associated with attempting to compare a grounded theory such as MSM with much of the CIOR literature. Following this the theory of MSM is located in the broad sweep of CIOR theories. In the remainder of the chapter the theory of MSM is compared to those specific areas of the CIOR literature that have most relevancy to each of the key conceptual elements of the theory of MSM. That is, the core and sub-core categories are compared to those sections of the CIOR literature that deal with the development and influence of trust (core category), partner selection (trawling for a partner and sizing up), negotiation (structuring the partnership) and the role of the individual manager in CIORs (rolling).

DELIMITATION OF THE EXTANT LITERATURE AREA

In orthodox grounded theory methodology the emergent theory itself leads the researcher to the extant literature that should be examined during the final stage of the research process. This facilitates a delimitation of the scope of the literature to that which is most likely to have the closest relationship to the proposed grounded theory and so allows for a more informed and relevant literature comparison.

In a general sense the grounded theory of MSM is an explanation of the managerial issues and processes that occur when two or more public and private organisations cooperate together in a long-term relationship with the purpose of achieving some form of mutually beneficial or synergetic goal. A literature area that has a similar theoretical focus is the CIOR literature. This extant literature area is distinguished by a “focus on the process by which individuals, groups, and organisations come together, interact and form relationships for mutual gain or benefit” (Smith, Carroll & Ashford 1995, p. 7). It therefore follows that the extant literature that has most relevancy to the theory of MSM, apart from the PPP literature itself, is the CIOR literature.

The extant CIOR literature has its academic roots in a number of disciplines including economics, sociology, psychology, marketing and management and is both immense and continuing to expand at a rapid pace (Seifert 1999, Smith, Carroll & Ashford 1995). In addition, there are numerous areas of academic literature within this general literature area that are themselves immense, for example, the literature on trust. Therefore it is simply not possible to attempt to provide complete coverage of the CIOR literature in general or even a complete coverage of each aspect of each theme within the CIOR

literature. To address this problematic issue it needs to be borne in mind that the purpose of the literature comparison in an orthodox grounded theory study is not to verify the findings of a study but rather to locate the contribution of the grounded theory to the extant literature. Therefore the literature comparison that follows includes a comparison of the theory of MSM with the broad array of CIOR theories in the extant literature, what Alexander (1995, p. 56) has labelled as “meta-level” theories. These include theories that consider the rationale behind the formation of CIORs, through to theories of the sequential stages of a CIOR’s development. The primary purpose of this section is to locate within this broad ocean of theories the area of contribution of the theory of MSM and to demonstrate its similarities and differences to these various meta-level theories.

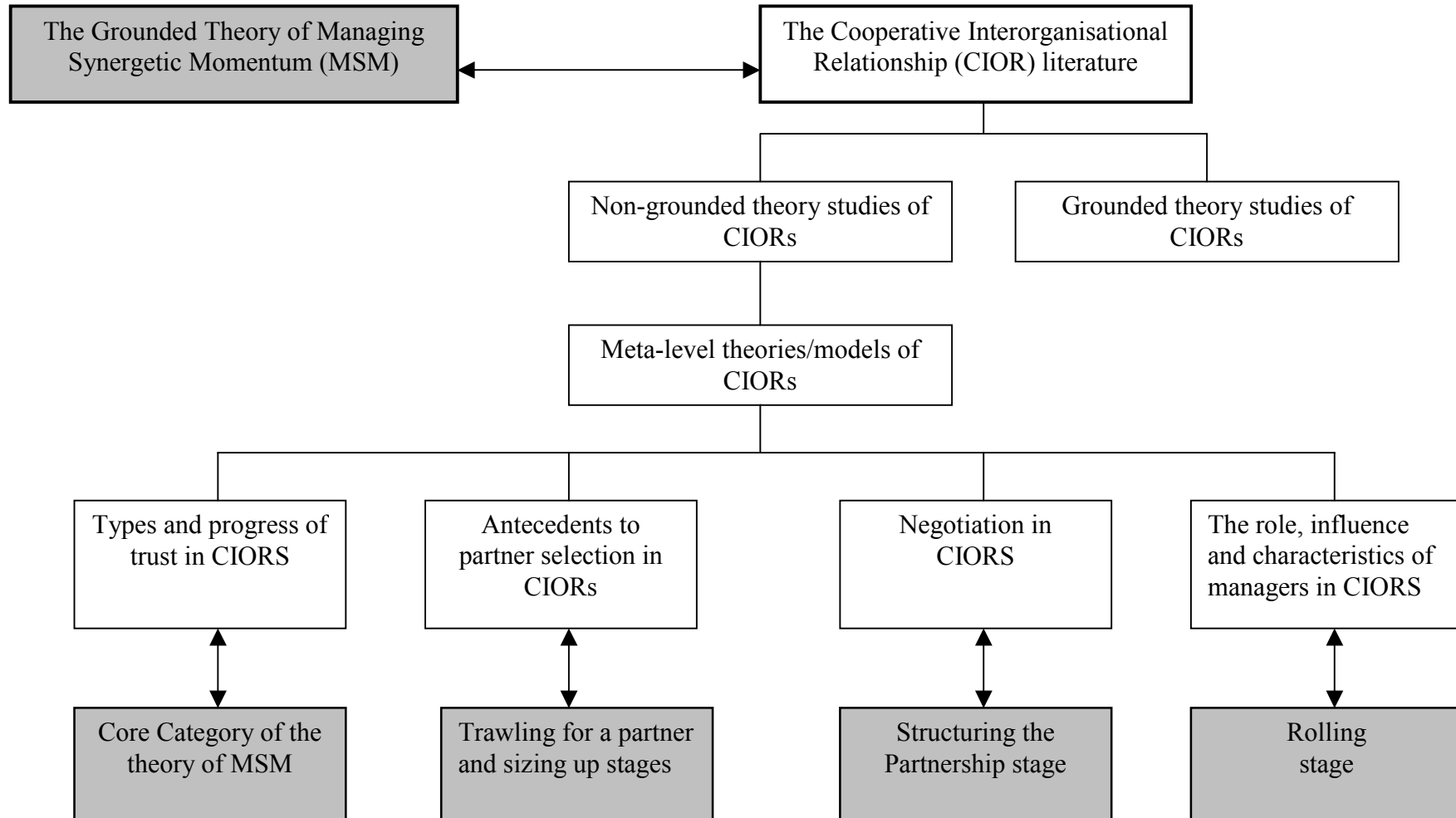
The problematic issue of coverage is also addressed in this study by delimiting the CIOR literature itself to allow for a closer examination of each of the main conceptual elements of the theory of MSM with the most relevant corresponding theme from the CIOR literature. Criteria for the further delimitation of the CIOR literature is based on the main theoretical construct and managerial issue of the core category and each of the sub-core categories of the theory of MSM. Table 9.1 lists each key conceptual unit of the theory of MSM (i.e., the core and each sub-core category), its theoretical and managerial theme and the corresponding theme from within the CIOR literature with which it has most relationship and to which it is most appropriately compared.

Table 9.1 Each Conceptual unit of the Theory of MSM and Corresponding Theme from the CIOR Literature.

Conceptual Unit (core and sub-core categories)	Main theme of each conceptual unit	Corresponding theme from CIOR literature
<i>MSM</i> (core category)	Influence of deepening levels of trust on managing PPP projects.	Sequential development of trust through various stages in relationship to the development of a CIOR.
<i>Trawling for a Partner</i> <i>Sizing Up</i>	The process of identifying and selecting a compatible partner organisation.	The antecedents of successful partner selection.
<i>Structuring the Partnership</i>	The social processes surrounding the negotiation of a binding legal contact.	Methods and processes of inter-organisational negotiation.
<i>Rolling</i>	Managing the forward momentum of the PPP project through cooperation with other key managers.	The role, influence and characteristics of the individual manager in CIORs.

In summary, as Figure 9.1 illustrates, the process of delimiting the extant literature to that which is most relevant to the theory of MSM has been accomplished by first identifying a general literature area that most closely matches the theoretical focus of the current study. The CIOR literature appeared to have the closest match to the overall

Figure 9.1. The Process of Delimiting the CIOR Literature.



focus of the current study. Then, in an effort to further focus the literature comparison the CIOR literature has been delimited to previous grounded theory studies of CIORs and non-grounded theory studies of CIORS. Then in a final delimitation step the non-grounded theory literature of CIORS has been divided into theoretical themes that match the theoretical focus of each stage in the theory of MSM. This delimitation process not only makes the literature comparison manageable it also allows for the contribution of the theory of MSM to be more accurately located in relation to the extant literature.

AN OVERVIEW OF THE EXTANT LITERATURE

As highlighted in Chapter 2 the PPP literature, which may be considered as a sub-set of the broad CIOR literature, is characterised by an absence of focus on the micro-management of PPPs. For example, only one model of the development of PPPs can be found within the PPP literature (Osborne & Murray 2000), a model that, as discussed later in this chapter, is not based on any rigorous, systematic research process. This lack of comparative PPP literature has not allowed for a direct comparison of the grounded theory of MSM with literature from the substantive area. This lack of comparative literature includes other grounded theory studies of the micro-management of PPPs. There does however exist a small number of grounded theory studies in the general area of CIORs and these open the literature comparison section below. However, as the discussion below highlights, it is also problematic to attempt any form of direct comparison of these grounded theory studies with the theory of MSM because of differences in the substantive area, the theoretical focus of the various grounded theories and differences in the grounded theory research methodologies followed. The result of

this general lack of relevant literature in the substantive area is that the literature comparison that follows has had to look further afield than was preferred.

Similar to the literature on PPPs, that was reviewed in Chapter 2, much of the literature on CIORs is not based on the findings of any systematic research effort and so lacks strong empirical foundation. For example, the often cited work of Ring and Van de Ven (1994, p. 110) is not based on the findings of a rigorous research project but rather on the “inductive observations of a small number of inter-organisational relationships over time”. This general lack of empirical foundation is noted by Halinen (1997 p. 14) who comments that within the CIOR literature “empirical studies of the process of relationship development have been particularly rare”. A major contribution of the theory of MSM is that it provides conceptual support for many of the themes within the extant CIOR literature that are not the result of systematic research and represents a systematic, empirical study of the social processes by which relationships in CIORS, specifically PPPs, develop.

In addition to the conceptual support the theory of MSM provides, it also effectively integrates and synthesises many of the disparate themes in the extant CIOR literature. As an illustration, economic based theories of CIORs such as agency theory are rarely integrated in the literature with relational based theories of CIORs such as social exchange theory. The theory of MSM, as the discussion that follows later in this chapter demonstrates, provides a means for understanding how both of these theories can be relevant to understanding the rationale underlying the actions of individuals at *specific stages* in the life of a CIOR.

Generic sequential models that aim to depict the development of cooperative relationships between organisations over time dominate much of the CIOR literature. Often what distinguishes the various models is simply the number of stages in the model and the terminology used. The common weakness in these generic models is that they are often put forward in the literature in a rather simplistic ‘one model fits all’ manner. In other words, they are universalistic models that lack contingency formulation by not taking into account the influence of different contextual conditions. Often these models simply describe events that are likely to occur at various stages and lack detail as to how the various stages might link together. In addition, these models provide little information on the dynamics of the social processes underlying each stage. The theory of MSM moves beyond these universalistic models by providing details of the social processes that occur within each developmental stage in the context of the substantive area of inquiry. In addition, and most notably, the theory of MSM provides a means for understanding the relationship between each stage through identifying a core category/BSP that provides explanatory power to the whole developmental process rather than just individual stages.

In comparing the theory of MSM to the extant CIOR literature it is necessary to emphasise that much of the extant literature is focussed on relationships between organisations from the same sector of the economy. That is, researcher attention is concerned with examining joint ventures or strategic alliances between two or more firms from only the private sector. This makes the process of comparing much of the CIOR literature with the theory of MSM problematic. Private sector firms often share a congruent aim – the generation of profits - from the outset. In addition, a joint venture often involves the creation of a separate corporate entity with its own organisational

structure and traditional managerial power bases. These two characteristics of joint ventures and strategic alliances do not generally exist in PPPs. Organisational aims and cultural differences between partners are likely to be much greater in PPPs and are likely to have a greater impact on their management (Child & Faulkner 1998). These contextual differences need to be considered in any attempt to compare the theory of MSM with literature outside the substantive area of inquiry.

A COMPARISON WITH PREVIOUS GROUNDED THEORY STUDIES OF CIORs

The theory of MSM is different from other grounded theory studies in two main respects. Firstly the focus of the current study is on managerial issues and practices in PPPs at the level of key managers. In other words, the substantive area of inquiry differs markedly from previous grounded theory studies in the CIOR area. For example, Bartha-Johnson (1995, p. v) adopts a grounded theory research methodology to investigate “the social construction of cooperative strategies” from the perspective of “eighteen top managers”. Secondly, the current study adopts an orthodox grounded theory methodology that includes the identification of a core category/BSP and a deference of any literature comparison until the concluding stages of the research. These principles of orthodox grounded theory are not followed by all researchers. For example, Seifert (1999) claims she followed a grounded theory methodology in her study of collaboration processes between individuals in the context of an international joint venture. However, a close examination of her methodology reveals many departures from orthodox grounded theory. Seifert describes how she initiated the research study with a literature review of the extant CIOR literature from which she

formulated a series of hypotheses. She has then used grounded theory data analysis techniques (such as open coding) to search for “support” for her preconceived hypotheses, in a manner that resembles what Glaser (1998, p. 81) labels as “forcing”. The effect of these differences in methodology and theoretical focus between MSM and other grounded theory studies is that it is not possible to attempt a *direct* comparison between the overall theory of MSM with other grounded theories.

However, bearing in mind the limitations imposed by the above differences, there are similarities between the theory of MSM and the findings from other grounded theory studies in the CIOR area. The importance of, and the role of trust and commitment in securing cooperation between individuals is a recurrent theme in many of these grounded theory studies. The establishment of a level of trust that allows individuals to have confidence in the actions of other managers and/or senior executives from a partner organisation is identified in many of these grounded theory studies as an important factor in a CIOR’s ‘success’ (e.g., Herzog 2001, Seifert 1999, Bartha-Johnson 1995). Similarly, individual commitment both to the cooperative project and to other key individuals is seen as an important influence on the actions of individuals (e.g., Liley 1985).

The presence of project champions is also a common element in grounded theory studies of CIORs although these individuals may not be labelled as such. For example, Liley (1985, p. 94) identifies in his study a conceptual category that he labels “influence network” which he describes as “a group of people who used personal and professional contacts to affect organisational decision making in ways that facilitated the formation

of the collaborative”. The similarities in the role of these members of Liley’s influence network matches that of project champions in the theory of MSM.

In addition to these areas of similarity, Seifert (1999) provides conceptual support for the importance of maintaining forward momentum in CIORs as an aspect of a core category. Seifert (1999, p. 77) suggests an important motivating factor in the actions of individuals in her study at the “dyadic level” (i.e., at the level of relationships between individual managers) is their concern at performing “their collaboration tasks expeditiously”. Although Seifert does not follow an orthodox grounded theory methodology and does not identify the major professional concern of participants in her study it is implied in the above statement that, as in the theory of MSM, maintaining forward momentum is an important concern for participants in her study.

Although there are similarities between the theory of MSM and other grounded theory studies in the area of CIORs, the theory of MSM extends the findings of previous grounded theory studies. Previous grounded theory studies in this area (e.g., Seifert 1999, Bartha-Johnson 1995, Liley 1985) have identified categories similar to those within the theory of MSM but they have not provided detail on the dynamics of the social processes that underlie the presence of these categories. For example, as suggested above, the presence of project champions is a recurrent category in previous studies but detail as to how these individuals influence the decision making process or other individuals is not made explicit in previous grounded theory studies. In contrast the theory of MSM suggests project champions influence the direction of a PPP by personal contact with other project champions, the use of personal charisma and the use of individual contact with key managers. In other words, the theory of MSM extends

previous grounded theory studies by providing rich detail of the dynamics of the social processes associated with recurrent conceptual categories in the extant grounded theory literature.

THE RELATIONSHIP OF THE THEORY OF MSM TO META-LEVEL THEORIES OF CIORs

As stated previously the past twenty years has seen a rapid expansion in the number of academics from various disciplinary areas proposing meta-level theories to explain the phenomenon of CIORs. From my review of the CIOR literature it is possible to categorise these meta-level theories into one of three conceptual groupings. As Table 9.2 shows the basis for this typology is the theoretical unit of analysis and the purpose of each theory.

Table 9.2 Conceptual Groupings of Meta-level Theories of CIOR Based on Unit of Analysis and Purpose.

Conceptual grouping	<i>Market/Economic based theories</i>	<i>Social-Behavioural based theories</i>	<i>Developmental based theories</i>
Unit of analysis of theories	Market and/or market driven forces	Organisation	Nature of individual relationships
Purpose of theories	Explanation of the rationale for establishment of CIORs	Identify critical organisational issues in CIOR 'success'	Identify sequential stages in development of CIORs

‘Economic or market based theories’ view CIORs in terms of being a rational response to market forces, as being transaction based entities and governed by principles of market efficiency. Examples of theories within the extant literature which fall within this grouping include the theory of transaction cost economics (TCE), market-power theory (MPT) and agency theory. Theories within the grouping labelled as the ‘social-behavioural based theories’ move the focus of theoretical attention away from market forces and towards the role of social interaction in the governance and ‘success’ of CIORs. Social-behavioural theories of CIORs often argue that market factors are moderated by the nature of the social interaction between individuals within each partner organisation. These theories recognise the importance of both market forces and such social factors as trust and commitment in CIORs. Resource dependency theory and social exchange theory are examples of theories in the extant CIOR literature that fall within this conceptual grouping. Although acknowledging the potential importance of such social factors as trust and commitment these theories do not provide detail as to their development within a CIOR. The third conceptual group of theories, labelled ‘developmental theories of CIORS’, move beyond just acknowledging the importance of social factors and suggest CIORs often develop through discrete stages characterised by increasing levels of trust and commitment. However, even within this third conceptual grouping there is a general lack of detail as to how trust and commitment increases. In other words, this literature lacks detail as to the social processes underlying any increase in trust and commitment (Herzog 2001). The theory of MSM moves beyond this third conceptual grouping to examine the social processes themselves that often lead to increasing levels of trust and commitment in a CIOR.

Table 9.3 summarises the differences in these three conceptual groupings and shows a shifting theoretical focus from the influence of market based forces to influences stemming from the process of social interaction. In other words, they represent a move in focus within the CIOR literature along a continuum from a macro-management perspective to a micro-management perspective. Table 9.3 also shows the location of the theory of MSM in relation to these three conceptual groupings. Although limited by the substantive nature of the theory, MSM can provide insight into the why and how relationships between organisations and individuals develop and what the key social processes that underlie a developing sense of trust and commitment in an CIOR might be.


In the section that follows, examples of specific theories from each of the three conceptual groupings listed above are discussed in an effort to highlight both their weaknesses and their relationship to the theory of MSM.

A Comparison of the Theory of MSM with Market/Economic Based Theories of CIORs

Market or economic based theories of CIORs often focus on either explaining the rationale behind the formation of CIORs and/or the governance of CIORs through the use of market related forces. There exists three market/economic based theories of CIORs that are frequently referred to in the extant CIOR literature and have relevancy to the theory of MSM. These are:

- Transaction-cost economics (TCE)
- Market-power theory (MPT)
- Agency theory.

Table 9.3 The Theory of MSM in Relation to the Main Theoretical Themes of the CIOR Literature.

Level of Analysis	Macro-management of CIORs  Micro-management of CIORs						
Theory Grouping	Economic or market based theories of CIORs			Social-Behavioural Theories of CIORs		Developmental Theories of CIORs	Grounded Theory
Theory	Transaction cost economics (TCE)	Market power theory (MPT)	Agency Theory	Resource Dependency	Social Exchange	Various stage models	Theory of Managing Synergetic Momentum (MSM)
Main unit of analysis	Market	Market	Market	Organisation	Organisation	Nature of individual relationships	Processes associated with individual relationships
Main theoretical theme(s) and/or purpose of the theory.	Explains rationale for CIORs in terms of governing and controlling costs of market based transactions	Views CIORs as means of increasing market power or position through lowering of transaction costs	Focuses on issue of governance as a risk reducing mechanism between a 'principal' and their 'agent' based on market forces.	Suggests control over vital resources in CIORs give an organisation dominance in CIOR that can lead to power-conflict situations.	Argues that governance in CIOR is dependent on reciprocation and cooperation. In turn these are based on trust.	Focus is on explaining how CIORs develop through sequential stages that are dependent on a deepening level of trust between individuals.	Examines the managerial practices and social processes that lead to deepening levels of trust and cooperation based on personal bonding

The theory of TCE argues that organisations have a choice in how they organise and govern their economic transactions with a CIOR in an effort to reduce costs associated with transactions between organisations. In other words the theory of TCE is principally a means of explaining the rationale for the formation of CIORs.

Williamson (1975) suggests organisations can choose between effecting exchanges externally through market based and governed transactions or by internalising exchanges which allow governance through hierarchical relationships and organisational structures or by a hybrid method of these two forms. According to Williamson (1985) what determines this choice is a combination of economic factors (asset specificity, uncertainty, market size) and behavioural factors (bounded rationality and opportunism).

TCE theory can help to explain the use of contracts and other governance structures in CIORs such as a PPP in terms of a partner attempting to protect an asset against risks arising from opportunism and uncertainty. However, although TCE may assist in providing an explanation for the use of legal contracts as a means of governance in PPPs it does not provide insight into the relational aspects of CIORs. Parkhe (1993), a TCE proponent, acknowledges that relational aspects of transactions will affect the rationality of a transaction, an assumption on which TCE is founded. In other words, the main limitation of TCE is that it does not provide insight into how transactions can be governed through informal mechanisms and ignores the influence of personal relationships. The theory of MSM contributes to TCE theory by providing rich detail on how PPPs may be governed through informal means at the level of key managers.

Although also a market oriented theory concerned with the rationale for the formation of CIORs, in contrast to TCE theory, MPT shifts its focus of attention slightly and examines CIORs in terms of their potential to allow an organisation to increase their market power or position through a lowering of their transaction costs (Hymer 1972). MPT suggests organisations often form alliances and partnerships in an effort to pool resources that allow them to build on their respective strengths and so increase their dominance in a market (Lorange & Roos 1992, Porter & Fuller 1986).

MPT has the potential to provide conceptual support to aspects of the theory of MSM. For example, it assists in providing an explanation of why PPP partner organisations, particularly the private sector partner, might regard PPPs as a means of increasing their exposure and position in the market. This view of the private sector partner emerges particularly strongly in the sizing up stage of the theory of MSM. However, like TCE theory, MPT does not provide detail on the social processes associated with CIORs. For example, it does not consider how organisations manage the process of pooling their resources. The theory of MSM contributes to MPT by providing detail on the process by which public and private organisations ‘pool’ their resources for mutual or synergetic benefit.

Unlike the previous two market based theories, agency theory moves along the continuum slightly to at least acknowledge social forces in the governance of CIORs. Agency theory views CIORs from the perspective of “principals” and “agents” (Eisenhardt 1989, p. 59) where principals put in place market based governance mechanisms to ensure agents fulfil their objectives. In other words, although

acknowledging the presence of individuals (i.e., ‘principals’ and ‘agents’) it is still focussed primarily on the principles of market based governance.

In agency theory governance mechanisms are regarded as risk reducing mechanisms designed to limit the opportunistic behaviour of agents through market control and/or incentive based actions (Barney & Ouchi 1986, Arrow 1985, Jensen & Meckling 1976). Agency theory assumes individuals are self-interested, risk averse and act according to bounded rationality. From this set of assumptions agency theory focuses on determining the most efficient mechanism for governing the principal-agent relationship.

Aspects of agency theory show similarity to notions within the theory of MSM. For example, agency theory acknowledges that individuals are, in the main, influenced by a sense of self-interest and risk aversion in environments of uncertainty. There are indications in the current study that key managers in PPPs can be influenced by a sense of self-interest (positive or negative career impacts) and risk aversion (referring difficult managerial issues to others). However, as with the previous two market/economic based theories, agency theory does not provide detail on how self-interest and risk aversion might influence the management of a CIOR. The theory of MSM can provide this detail.

Overall, economic based theories of CIORs show similarity with elements of the theory of MSM in terms of understanding the broad market related factors that might shape PPPs. However these theories do not fully consider the influence of organisational or social processes on the management of CIORs including PPPs (Olk & Earley 1996).

Social-behavioural based theories of CIORs begin to consider forces other than market forces and the potential implication of individuals not acting in a rational manner.

A Comparison of the Theory of MSM with Social-behavioural Based Theories of CIORs

Social-behavioural based theories of CIORs move along the continuum from macro to micro-management by shifting the unit of analysis from the market to the organisation. Examples of theories within the extant CIOR literature that may be classified as part of the social-behavioural category, as they utilise the organisation as their unit of theoretical analysis, are:

- Resource dependency theory
- Social exchange theory.

Resource dependency theory provides a political perspective to CIORs and can provide an explanation for the behaviour of organisations in a CIOR. Resource dependency theory suggests that organisations often enter into cooperative relationships to gain access to necessary resources and that control over a resource can drive power-conflict processes within the relationship (Pfeffer & Salanick 1978).

Resource dependency theory provides theoretical insights into the dynamics of power within a CIOR. However, some authors (e.g., Lecraw 1984, Fagre & Wells 1982) argue the central tenet of resource dependency theory – that is, that the partner with control over important resources automatically dominates the relationship - may be misleading. They argue that control in CIORs can be mediated through negotiation between individuals. From research in the area of joint ventures Blodgett (1991, p. 64) argues

“equity ownership is an outcome of negotiation”. The theory of MSM provides some conceptual support for this argument. Individuals, notably private sector managers, may enter the ‘structuring the partnership’ stage of the theory of MSM convinced of their power in the PPP as a result of their control over a resource they intend contributing to the PPP. However, in the early stages of negotiation often the fallacy of this belief or ‘position’ is exposed through the actions of key managers from the partner organisation and so ‘equity’, or as labelled in the current study ‘position levelling’, occurs. In other words, the theory of MSM can contribute to resource dependency theory by providing an illustration of how the dynamics of social processes associated with negotiation may effectively negate potential dominance in a CIOR based on an individual’s perception of their control over a valuable resource.

Like resource dependency theory, social exchange theory also uses the organisation as its principal unit of analysis and focuses on the nature of the relationship between partner organisations rather than the nature of any transaction between them (Husted 1994, Bradach & Eccles 1989, Dore 1983, Cook & Emerson 1978). Social exchange theory owes much to the early work of Blau (1964) who argues that self-interest is best achieved through cooperation in a relationship. From this basis, social exchange theory argues that governance of a CIOR is often the outcome of inter-dependency and reciprocation between partners.

Social exchange theory begins the process of shifting trust and commitment to centre stage in an explanation of how CIORs are governed. However, although social exchange theory acknowledges the importance of trust and commitment it does not provide insight into the social processes by which trust and commitment may develop

over time in a CIOR. The theory of MSM provides this detail suggesting trust between individuals may develop as a result of repeated social interactions that allows individuals to gain a greater knowledge and understanding of the behaviour patterns of partner managers.

Resource dependency and social exchange theories acknowledge aspects of social interaction (i.e., power, conflict, trust and commitment) within CIORs. However, they do not provide detail on the dynamics of the social processes that accompany the presence of these social forces. The theory of MSM not only acknowledges the presence and importance of these social forces, it provides detail on how they can develop and influence a CIOR such as a PPP.

A Comparison of the Theory of MSM with Developmental Based Theories of CIORs

Developmental based theories of CIORs move further along the continuum from macro to micro-management by focussing attention on the question of ‘how CIORs develop over time?’ There are two characteristics that group developmental based theories of CIORs together. Firstly, their principal unit of analysis is the changing *nature* of social forces such as trust, commitment, and respect between organisations and individuals. Secondly, developmental based theories often view the growth of a CIOR as a process that involves a series of sequential stages.

There are numerous developmental based theories or models of CIORs, particularly in the extant management and marketing literature (e.g., Lorange & Roos 1992, Dwyer, Schurr & Oh 1987). Halinen (1997) identified thirteen such models in the relationship

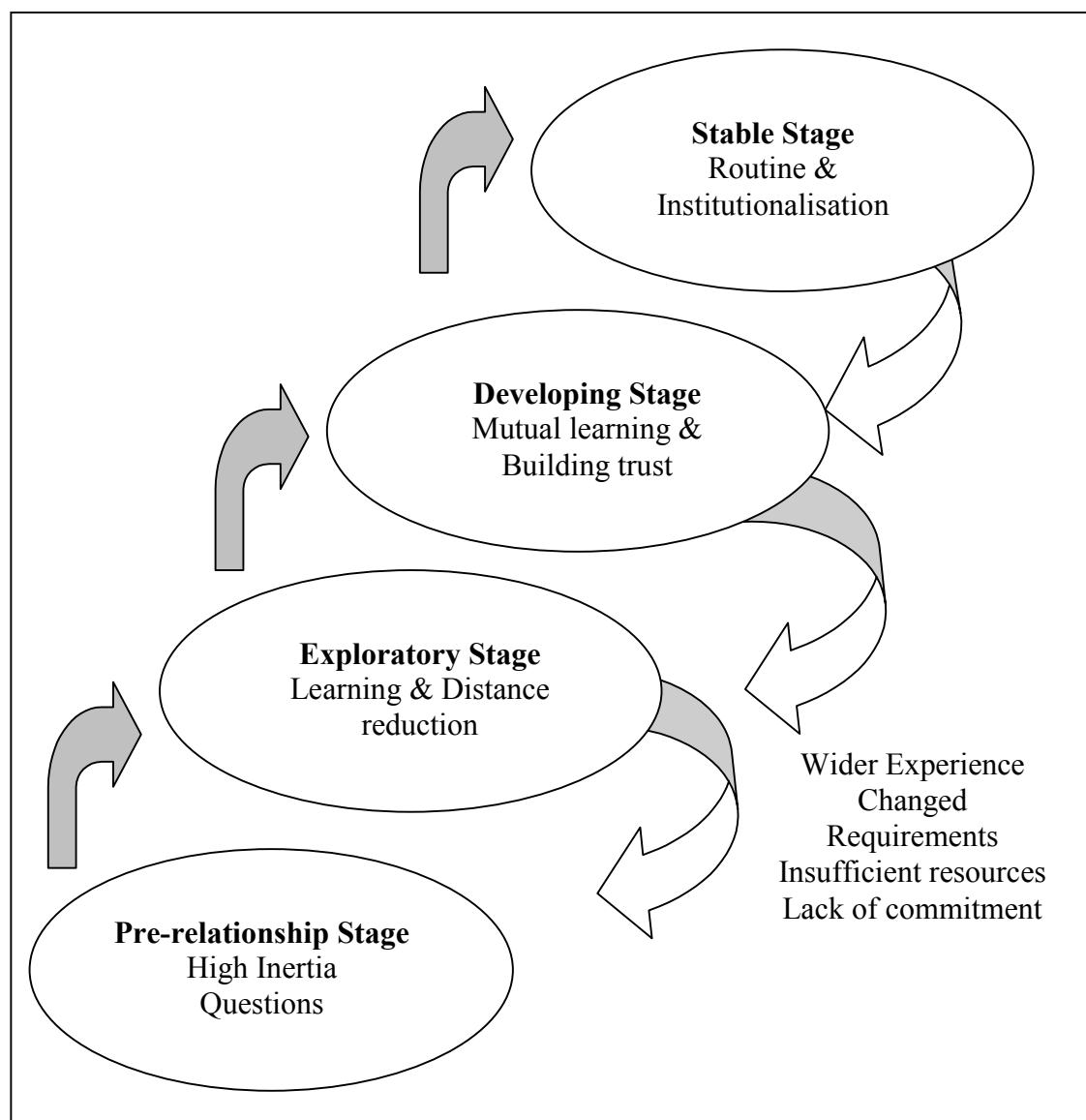
marketing literature alone. There exists remarkable conceptual similarity between the different models with the only significant difference in many cases being the number of stages proposed and/or the terminology employed in each model. In many of the models the movement between different stages represents a deepening level of involvement and commitment between the partner organisations. In this respect these models show strong similarity with the theory of MSM.

A typical example, or what Donaldson and O'Toole (2002, p. 107) have labelled as a "classic model" of relationship development between organisations is that proposed by Ford, Gadde, Hakansson, Lundgren, Snehota, Turnbull and Wilson (1998) and depicted in Figure 9.2.

Similar to many developmental based models in the extant literature Ford et al's is a four stage sequential model. This model views organisational relationships starting in the 'pre-relationship stage' where there exists a state of 'high inertia' and little commitment and where organisations are pre-occupied with asking questions of the potential relationship. Ford et al suggest the answers to these questions are difficult as there exists 'distance' between the partner organisations that prevents understanding. In the second stage, the 'exploratory stage', the organisations begin serious discussion and the distance, notably that between individuals begins to close. However, the relationship is still shrouded in uncertainty and there remains a lack of trust and commitment. This stage gives way to the third stage in the model, the 'developing stage' where interactions between organisations increase and as a result there is learning and a reduction in uncertainty. Ford et al argue that learning and interaction alone are not

sufficient for an increase in trust and commitment. They argue that organisations must also demonstrate a willingness to “adapt”. This is defined by Ford et al (1998, p. 36) as “the way in which a company shows that it can be trusted to respond to a counterpart’s requirements”. The final stage in this model is the ‘stable stage’. This stage is reached when the two organisations reach stability in their investment and commitment to the relationship. At this point uncertainty is low as stable routines and norms of trust exist.

Figure 9.2 Adaptation of Ford et al (1998, p. 29) Model of Relationship Development in a Business Market.



As stated earlier, Ford et al's model typifies many in the extant literature including, amongst others, models by Yorke (1990), Edvinsson (1985) and Gummesson (1979). These models depict a process of organisations drawing closer together over time. They suggest as organisations draw closer together there is an increasing level of trust and commitment at both organisational and individual levels. The theory of MSM suggests the same phenomena, that is, organisations often move closer together over time as individuals who are at the interface of the relationship building process develop increasingly deeper levels of mutual trust and commitment. However, the theory of MSM extends these models by providing detail and insight into the dynamics of the social processes and interactions between key individuals that may lead to a deepening level of trust and commitment or, conversely, may impede the development of trust and commitment.

Before concluding this discussion of developmental based theories of CIORs it is relevant to consider two other specific models from the extant literature. One model, that by Osborne and Murray (2000) is relevant as it is the only model in the extant literature specific to the development of PPPs. The second model discussed below is that of Ring and Van de Ven (1994). This model is worthy of attention because it is perhaps one of the most often cited developmental models in the extant literature (Halinen 1997). This model is also worthy of specific attention because it moves closest to examining the social *processes* within CIORs, the theoretical focus of the theory of MSM, than any other model in the extant literature.

A Comparison of the Theory of MSM with the Osborne and Murray (2000) Model of PPPs.

The model by Osborne and Murray (2000) of the development of PPPs perceives them as progressing through five stages, namely:

- Pre-contact stage – the authors provide little information on this stage apart from suggesting some degree of previous contact can be beneficial in developing early levels of trust.
- Preliminary contact stage – is seen as important in allowing the establishment of an “initial level of trust” (Osborne & Murray 2000, p. 77).
- Negotiating stage – partners explore “the extent to which they could actually trust each other inside the specific context of the collaboration being considered” (Osborne & Murray 2000, p. 78).
- Implementation stage – “attention is paid to the issues of defining the boundaries of the collaboration” (Osborne & Murray 2000, p. 78).
- Evaluation and continuity stage – outcomes of the collaboration are evaluated with a view to continuing the partnership.

Like other developmental models in the CIOR literature this model focuses on the progressive development and role of trust in the PPP relationship and in that respect is similar to the theory of MSM. Also, like other developmental models in the extant literature the model lacks detail on providing an explanation or understanding as to how trust develops within a PPP environment. The theory of MSM provides conceptual support to the Osborne and Murray (2000) model with strong similarity between stages and extends their model by illustrating the processes through which trust can develop over the life of a PPP.

It is perhaps relevant to note that the Osborne and Murray (2000) model, although relating directly to PPPs, should not be given undue significance in this literature comparison. Osborne and Murray (2000) themselves concede that the model has severe limitations most significantly the fact that it is based on anecdotal evidence of the development of a single PPP in Canada.

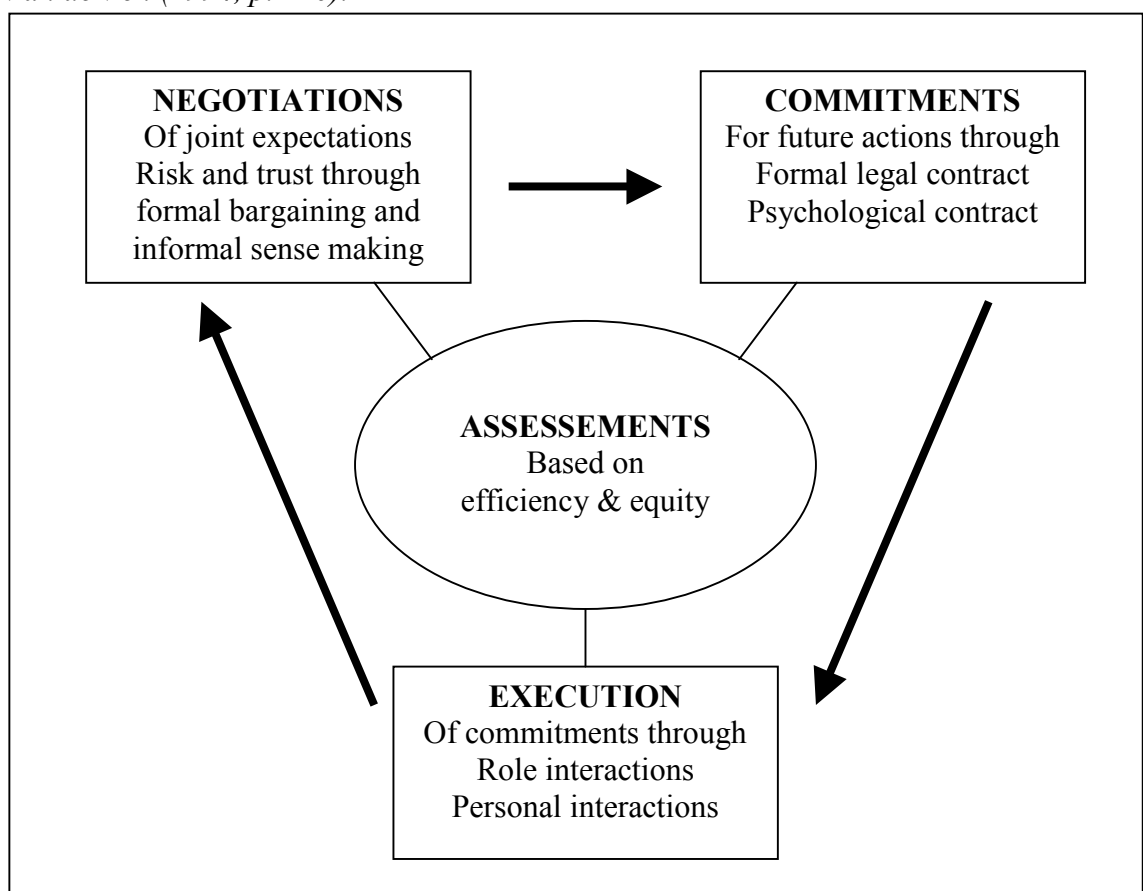
A Comparison of the Theory of MSM with the Ring and Van de Ven (1994) Model of CIORs.

The model by Ring and Van de Ven (1994) departs from the sequential linearity of other developmental models in the extant literature and is particularly noteworthy for its attention to the micro-management processes within CIORs. The focus of this model is the social interactions between individuals and how the nature of these interactions can impact on the progress of a CIOR.

Ring and Van de Ven (1994, p. 97) conceive the ongoing development of a CIOR as the outcome of a “repetitive sequence of negotiation, commitment and execution stages, each of which is assessed in terms of efficiency and equity”. In other words, as Figure 9.3 depicts, CIORs are conceptualised by Ring and Van de Ven (1994) as developing through social processes that involve individuals addressing *each* issue within the relationship by first negotiating – a process that involves a formal bargaining element and which addresses the issue of uncertainty between partners. This stage is then followed by the ‘commitments stage’ where there is agreement on the obligations and rules for further action which are codified in *both* formal contracts and informal psychological contracts between individuals. This is then followed by a third stage labelled the ‘execution stage’ in which the obligations of the parties are translated into

action. Ring and Van de Ven (1994) argue that it is through the constant repetition of this series of events over the life of a CIOR that individual managers become more familiar with one another as individuals, so begin to rely more heavily on personal relationships to govern a CIOR.

Figure 9.3. Process Framework of the Development of CIORs (Adapted from Ring and Van de Ven (1994, p. 110).



The Ring and Van de Ven (1994) model is similar to the theory of MSM in several aspects. For example, the notion of repetitive sequences and an increasing reliance on personal relationships that are features of Ring and Van de Ven's (1994) model are also aspects of the theory MSM. Within each stage of the grounded theory of MSM key managers are concerned with resolving specific managerial issues and this is often

achieved through processes of negotiation, commitment and execution that are underscored by social interaction. However, the theory of MSM departs from the model of Ring and Van de Ven (1994) by suggesting that PPPs evolve through *both* a sequential and cyclical process. What the theory of MSM suggests is that PPPs move through a series of sequential stages (sub-core categories) and it is within the phases of each stage (categories) that the constant cyclical actions to which Ring and Van de Ven (1994) refer can be often seen occurring.

In addition, whereas Ring and Van de Ven (1994) imply that the nature of the negotiation, (persuading, arguing and haggling), commitment (legal contract) and execution stage remain stable over the life of a CIOR the theory of MSM suggests they can in fact change. In the theory of MSM the nature in which managerial issues are resolved is often markedly different in the final ‘rolling’ stage to earlier stages. The data suggests if by this latter stage key managers have developed a strong personal relationship and share a common vision for the PPP managerial issues will most likely not be resolved through ‘haggling’ and ‘argument’ as Ring and Van de Ven (1994) imply. Rather, managerial issues and differences are resolved, in the main, through searching for ‘win-win solutions’, a higher level of negotiation than haggling or arguing (Lewicki & Litterer 1985). The theory of MSM also suggests that not all issues are codified through *both* formal means and informal social psychological contracts as Ring and Van de Ven (1994) suggest. Managers often make a conscious decision which issues need codification through legalistic means with the theory of MSM identifying the basis on which this decision is based, most often, on the basis of self-interest such as the potential consequences for one’s career or relationship with senior management.

Overall a comparison of the theory of MSM with the range of meta-level theories within the extant CIOR literature, particularly those theories that attempt to explain the development of CIOR relationships, shows considerable similarity. The theory of MSM provides conceptual support to various notions and aspects of these various theories. In addition the theory of MSM acts to integrate and synthesise aspects of the various CIOR theories together by drawing attention to where and how they fit in the process of explaining the patterns of behaviour exhibited by key managers and others in CIORs. The theory of MSM, as Table 9.2 suggests, is located at the micro-management end of any continuum of management focus and contribution. It is in the micro-management area that the theory of MSM contributes most to the CIOR literature by providing rich detail and insight into the dynamics of the social *processes* that can underlie and influence the *nature* of relationships between organisations and individuals in CIORs.

A COMPARISON OF THE MAIN CONCEPTUAL ELEMENTS OF THE THEORY OF MSM WITH CORRESPONDING ASPECTS OF THE CIOR LITERATURE

In the previous section the overall contribution of the theory of MSM was identified and located in relation to general or meta-level theories of CIORs. In this section the theory of MSM is compared for similarities and differences with specific aspects of the CIOR literature. As described earlier in this chapter, and shown in Table 9.1 and Figure 9.1, this comparison proceeds by way of delimiting the CIOR literature itself on the basis of themes from the CIOR literature that match the main theoretical construct and managerial issue of the core category and each of the sub-core categories of the theory of MSM. This delimitation process has identified four themes from the CIOR literature

that relate most closely with the theoretical focus of the core and sub-core categories in the theory of MSM, these are:

- The development of different forms of trust in unison with the sequential development of CIORs.
- Factors influencing ‘successful’ partner selection.
- Methods and processes of negotiation in CIORs.
- The role, influence and characteristics of the individual manager in CIORs.

Developing Forms of Trust in CIORs.

The process for establishing trust between individuals is central to the core category and overall theory of MSM and to much of the extant literature on CIORs (e.g., Jeffries & Reed 2000, Zaheer, McEvily & Perrone 1998, Inkpen 1995, Alter & Hage 1993). Most often in the extant CIOR literature trust is seen as essential in reducing opportunistic behaviour and increasing managerial flexibility by facilitating the establishment of psychological contracts between individuals (Friedman 1991). Psychological contracts become possible as the nature of trust between individuals changes form during the development of a CIOR (Child & Faulkner 1998). Psychological contracts it should be noted are defined as “unwritten and often a largely unverbilised set of expectations and assumptions about the obligations people ascribe to organisations and others” (Fulop & Linstead 1999, p. 283)

The notion that there can exist different forms of trust is proposed by numerous authors in the literature including McAllister (1995), Giddens (1990), Zucker (1986) and Axelrod (1984). Lane (2000) suggests that there are three general forms of trust which are based on levels of calculation, understanding and personal identification. Similarly,

Lewicki and Bunker (1996, p. 120) suggest that trust exists in three forms, what they label as “calculative-based”, “knowledge-based” and “identification-based” trust. These authors suggest that as knowledge gained through contact with an individual increases trust moves between these three forms. Lewicki and Bunker (1996), like Lane (2000, p. 5) describe calculative-based trust as the lowest form of trust and as involving expectations of the behaviour of others based on a ‘calculation’ of the “possible costs and benefits of certain courses of action to either the trustor or the trustee”. It is based on the view that individuals will act rationally in the light of institutional or other safeguards that limit opportunistic behaviour. At this level of trust individuals will act cautiously and be guarded in their actions. Lewicki and Bunker (1996) suggest repeated interactions between individuals can provide a ‘getting to know one another’ opportunity that in turn can allow individuals to generate mutual understanding and knowledge of one another. These authors suggest that this can lead to a second and higher form of trust that they label ‘knowledge-based trust’. This form of trust, that is based on knowledge and evidence of another’s trustworthiness, corresponds to what Lane (2000, p. 10) and McAllister (1995, p. 26) label as “cognition-based” trust. In Lewicki and Bunker’s (1996) final stage, ‘identification-based trust’ emerges. They argue as repeated interactions between individuals continue and increased knowledge and understanding continue this can lead to mutual liking that is based on a set of shared common values and view of moral obligation. They link identification-based trust to a growing personal bond between individuals and suggest it is what permits parties in a relationship to “effectively act for one another”. This same form of trust Lane (2000, p. 8) labels as “value- or norm-based trust” and McAllister (1995, p. 26) labels as “affect-based trust”. Despite differences in terminology what is consistent in the literature on

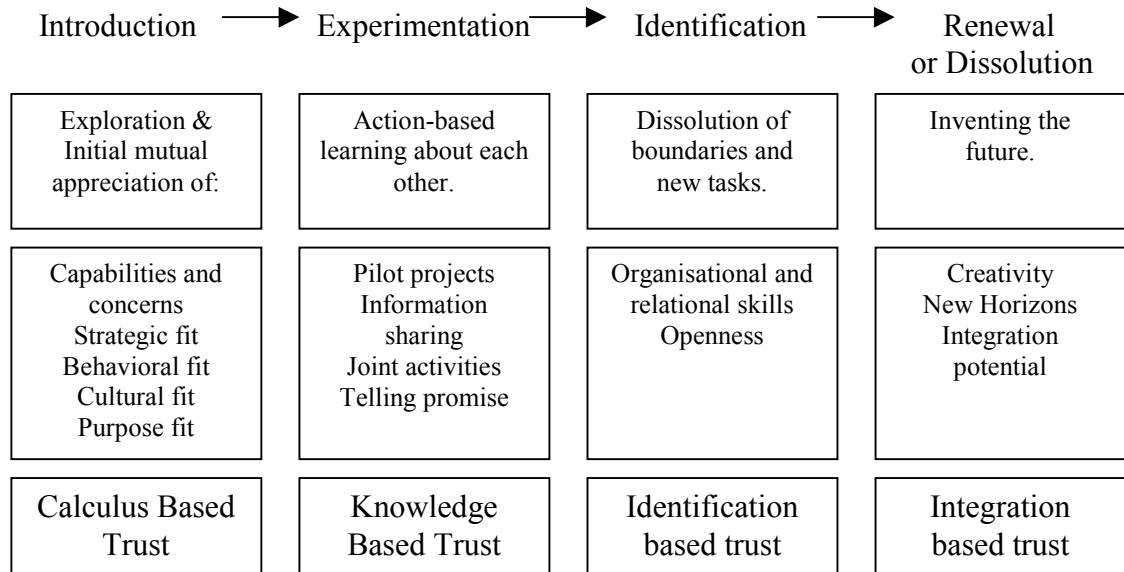
trust is that there are different forms or levels of trust and repeated social interaction provides the means for trust to deepen and progress through to these different levels.

The theory of MSM provides strong conceptual support to the notion that trust can change form during the course of CIORs. Characteristics of calculative-based trust are evident between individuals in the ‘trawling for a partner’ and ‘sizing up’ stages of MSM when key managers, unsure of each other, often act in guarded and cautious ways. For example, only limited information is exchanged during these early stages. In the current study knowledge-based trust often emerges during the ‘structuring the partnership’ stage once key managers have had an opportunity for repeated interaction and have gained an understanding of other key managers in terms of their behaviour patterns. It is during this stage that the use of informal trust based agreements, that is, psychological contracts, may become evident. The theory of MSM also provides support for the notion that identification-based trust only emerges once personal bonding occurs and is evident in the final stages of *some* PPPs, notably those where key managers referred to the existence of a ‘chemistry’ between them.

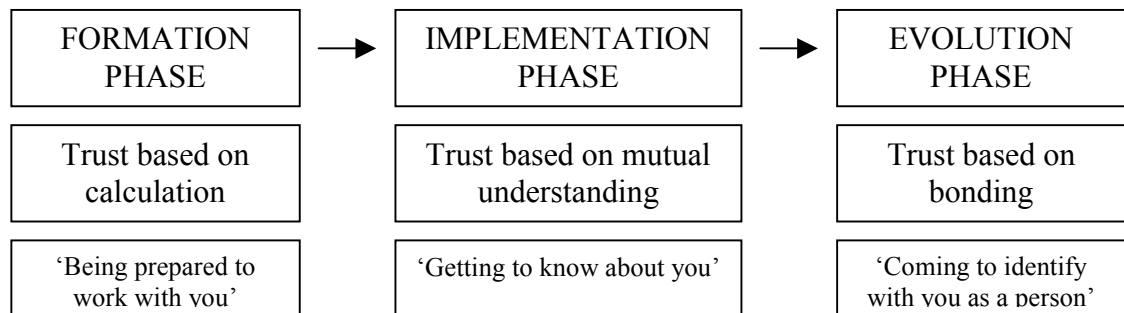
Several authors (Tzokas & Saren 2000, Childs & Faulkner 1998) have attempted to link the development of different forms of trust as argued by Lewicki and Bunker (1996) and others to the sequential development of CIORs. This is achieved by overlaying the Lewicki and Bunker (1996), or other similar models of trust, on their own developmental models of CIORs. As the above discussion on the similarity of the Lewicki and Bunker (1996) model and the theory of MSM suggests this is also possible with the theory of MSM. Figure 9.4 provides a composite of two overlay models in the extant literature with a similar model incorporating the theory of MSM.

Figure 9.4. The Integration of Trust and the Sequential Development of CIORs.

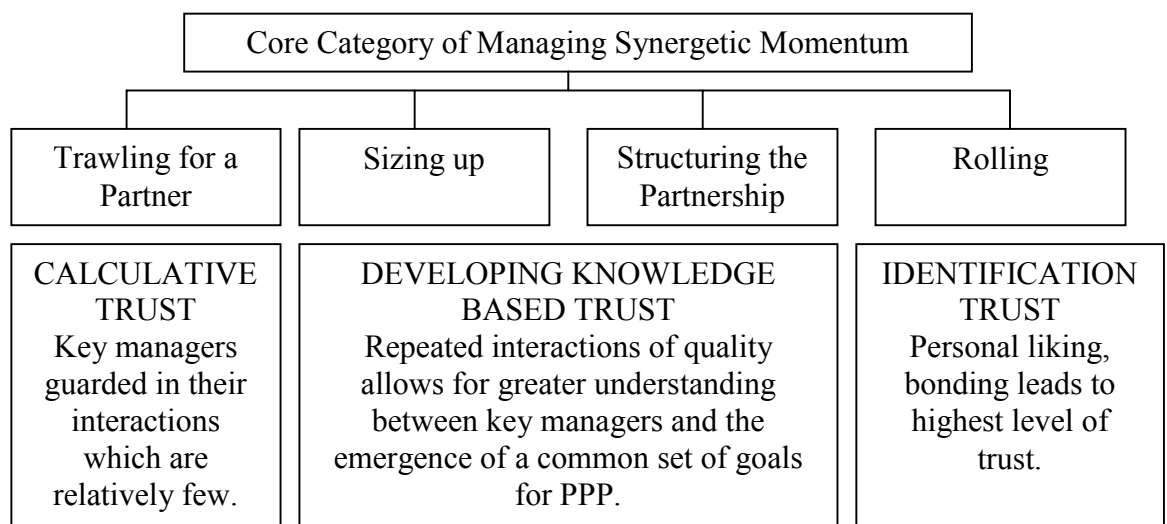
Model 1 – Adapted from Tzokas and Saren (2000) Model



Model 2 – Adapted from Child & Faulkner (1998) Model



Grounded Theory of MSM



As suggested by Figure 9.4, the forward development of a PPP may be conceptually linked to increasing levels and forms of trust between key managers. What this diagram implies is that if trust does not progressively move to higher forms then the PPP is likely to falter and stall. This assertion of Child and Faulkner (1998) is not apparent in the theory of MSM that suggests some PPPs may still be able to progress through to a successful closure with only lower forms of trust such as calculative-based trust evident. This may be possible if individuals adopt a formal, bureaucratic method of managing ensuring legalistic safeguards are in place throughout the life of a PPP removing the need for informal trust based governance mechanisms. As the theory of MSM implies this may not be a desired course of managerial action as it can often slow the progress of the PPP and may not address the main concern of key managers over the life of the PPP.

The concept of trust as a sequential process developing over the life of a PPP brings into focus two other aspects of the theory of MSM, the issue of ‘manager churn’ and the role of senior managers in removing key managers from PPP projects. As trust is a phenomenon that occurs, arguably, between individuals only and not organisations¹ a constant ‘churn’ of key managers is likely to impede the process of constant social interaction and mutual understanding that Lewicki and Bunker (1996) suggest is critical to the establishment of higher forms of trust. Subsequently this is likely to stall the progress and momentum of the PPP, a point suggested by the theory of MSM. Perhaps the notion that trust and a CIOR need to develop simultaneously helps explain why experienced senior managers of PPPs go to great lengths to ensure the continuity of key managers over the life of a PPP project.

¹ For a complete account of trust as a phenomenon of only individuals as opposed to organisations refer to Lane and Bachman (2000), Zaheer, McElvily and Perrone (1998).

The notion that developing forms of trust and PPP progress might be linked also helps explain the role and actions of senior managers in removing managers from PPP projects when there is evidence to suggest they are not developing personal relationships with other key managers. As suggested earlier, simply allowing managers to have repeated social interactions alone is not sufficient to generate the higher forms of trust on which informal agreements are often based. Rather, it is the constant style of these interactions that is likely to lead to personal bonding and higher forms of trust.

The theory of MSM contributes to existing theories of the development of trust by suggesting that frequency, content *and* the style of repeated social interactions are important factors in developing higher forms of trust in the context of a CIOR. The theory of MSM would suggest the ‘style’, that is, the nature, tone and quality of the communication and degree of social distance that occurs during each interaction may affect the degree of mutual understanding and level of trust that develops. The theory of MSM would also suggest that it is the form of trust that develops between managers that directly dictates how they act to manage a CIOR, such as a PPP, that is through mainly formal or informal means.

The Issue of Partner Selection in CIORs

Both the trawling for a partner and the sizing up stages in the theory of MSM identify the importance placed on identifying and selecting an appropriate partner organisation. Similarly within the extant CIOR literature the identification and selection of a partner is considered to have great significance as an antecedent of partnership success (e.g., Kanter 1994, Lorange & Roos 1992, Geringer 1991).

A general theme within the extant literature on partner selection within CIORs is that partner organisations need to be able to complement each other in terms of the economic based assets or resources they can contribute to a relationship. However, not only must organisations be in a position to contribute resources but also they must ‘need’ the other partner otherwise an imbalance or asymmetrical power situation is likely to occur that will disrupt the potential for synergy in the relationship (Bertodo 1990). That is, an organisation must not be able to gain access to the required resource through any other means apart from a partnership arrangement for there to be a balance of power in the CIOR. This leads Bronder and Pritzl (1992, p. 417) to argue that, in the process of searching for a partner, organisations need to be looking for “a win-win situation from which both partners benefit”.

Kanter (1994) adds to the argument that organisations need to complement each other in terms of economic assets by suggesting there also needs to be a form of emotional linkage. Kanter (1994) relates the process of selecting a partner to that of a courtship between couples – an analogy many participants in the current study also used. She argues that in the courtship, apart from asset synergies, there needs to be “chemistry” between “chief executives” and “compatibility” between the organisations in terms of the organisational cultures, philosophies and ways of operating. Kanter’s (1994) argument is supported by others in the literature (e.g., Lendrum 2000, Bergquist, Bertwee & Meuel, 1995) who suggest that there needs to be a “strategic” and “cultural fit” between potential partner organisations (Child & Faulkner 1998, p. 92).

There are similarities in the process of partner selection in the theory of MSM and with aspects of the extant literature on partner selection. For example, the theory of MSM

suggests, as Kanter (1994) does, that the process of partner selection needs to include a search for some form of emotional linkage between individuals. However, the theory of MSM suggests this linkage needs to extend beyond “chief executive officers” as Kanter (1994) argues to the level of key managers and others. Another similarity between the literature and the process of partner selection in both the ‘trawling for a partner’ and the ‘sizing up’ stages is that public and private organisations do assess strategic fit in terms of the resources each may bring to the partnership. However, it is not evident in the theory of MSM that other aspects of assessing compatibility are given the same priority by key managers in PPPs as they are by various authors in the extant literature.

A common assertion in the literature (e.g., Lorange & Roos 1992, Bleeke & Ernest 1991, Speakman & Sawhney 1991, Porter & Fuller 1986) is that an important antecedent to successful partner selection is that organisations be of “similar sizes and/or strengths” and have “congruent...objectives” (Childs & Faulkner 1998, p. 95). Neither of these two criteria were met in any of the PPPs in the current study, did not emerge as a managerial issue by participants in the current study nor did it adversely affect the ‘success’ of the PPPs studied. Similarly, the theory of MSM does not suggest that partner organisations need to exhibit strong compatibility in terms of culture, philosophy and ways of operating as suggested by the likes of Kanter (1994), Bronder and Pritzl (1992) and Buono and Bowditch (1989). Within the PPP literature is the largely tacit assumption that private and public sectors are essentially incompatible on the basis of their roles in society. On this basis it may be argued, according to the views of Kanter and others in the literature, that many PPPs are doomed to failure. What the theory of MSM indicates is that potential partners in PPPs recognise in the early stages of the partnership that there will, by virtue of their roles in society, be areas of

incompatibility. The theory of MSM adds to the extant literature on partner selection by providing an explanation of how key managers work to overcome these inevitable incompatibilities. Perhaps in understanding the antecedents to selecting a CIOR partner emphasis should not be placed on a need for a perfect mesh of cultures, philosophies and operating methods as suggested by the extant literature but rather on the selection of key managers and the micro-management processes associated with CIORs that may overcome, or alternatively exacerbate existing issues of incompatibility.

Negotiation Processes Within CIORs

Throughout the four stages of the theory of MSM, though in particular in the structuring the partnership and the rolling stages, key managers find themselves constantly seeking the cooperation of other key managers through social processes associated with negotiation. It is evident in the theory of MSM that key managers can attempt to achieve various forms of outcomes from these negotiations such as simple compromise or win-win arrangements. A comparison of the processes of negotiation in the current study with the extant literature on negotiation situations, approaches and strategies in CIORs shows many similarities.

There appears to be consensus in the extant literature on negotiation that there are two general types of “bargaining situations” (Lewicki, Saunders & Minton 1999, p. 79). In circumstances where two parties may have incompatible, though interdependent goals, the condition is variously referred to in the literature as a ‘fixed sum’, ‘variable-share pay off structure’ or a ‘win-lose situation’. This type of bargaining situation leads to what is most often labelled as ‘distributive bargaining’ where often the purpose of negotiation is the mutually acceptable division of limited resources (Lewicki and

Litterer 1985). In contrast, what is labelled as ‘integrative bargaining’, occurs in situations where two parties are working towards a common or compatible goal as for example in the resolution of some problem or issue (Walton & McKersie 1965). This latter bargaining situation is often labelled in the literature as a ‘non-zero sum game’. In this situation the purpose of negotiations is not the division of limited resource but rather the expansion of resources through the joint development of some imaginative solution to the problem or issue that is the focus of negotiations (Child and Faulkner 1998). Integrative bargaining is most often associated in the literature with the generation of win-win solutions (Lewicki and Litterer 1985). Integrative bargaining is often the most common bargaining situation in PPPs at the level of key managers where the issue is the joint resolution of a managerial problem through a win-win solution rather than the distribution of limited resources.

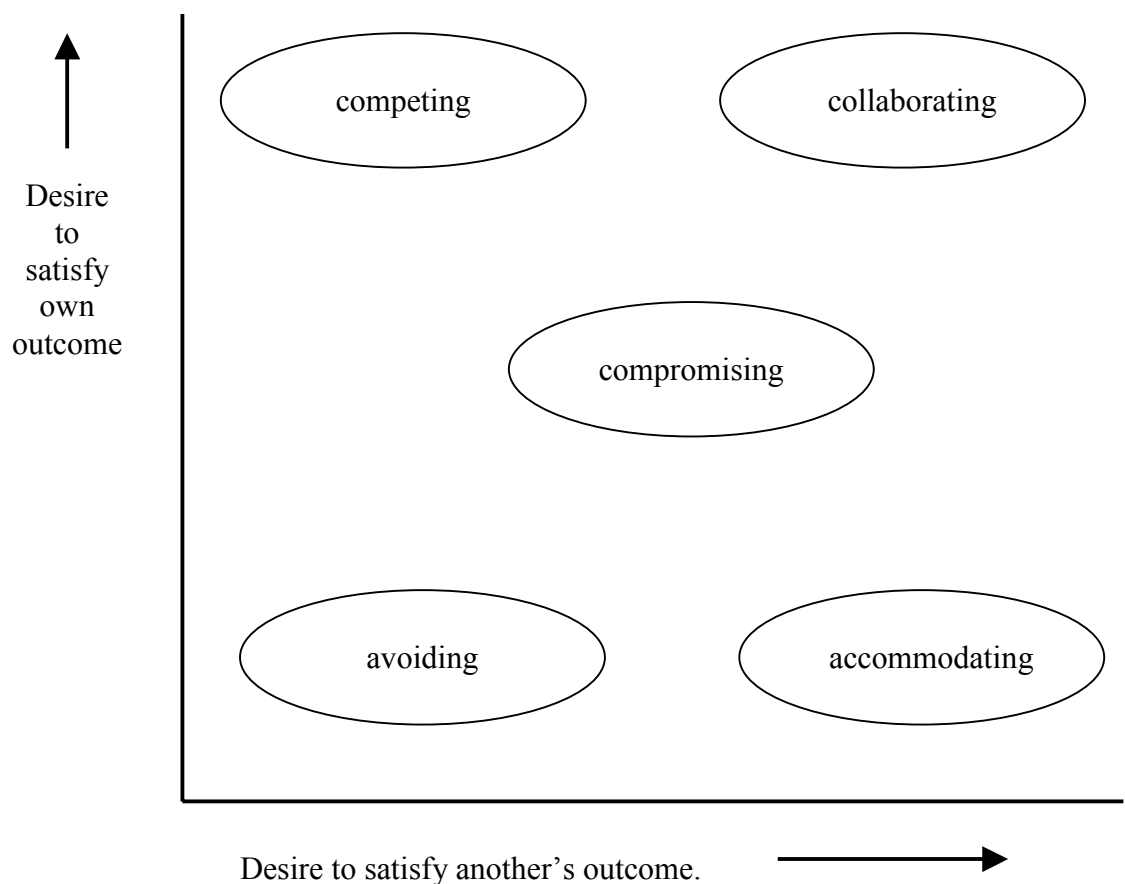
Thomas (1979) has proposed five possible approaches that a negotiator may elect to adopt in any negotiating situation, they are:

- Compete and attempt to force the other party to back down with little or no concern for the other party’s interests.
- Take avoidance action and withdraw or do nothing, refusing to address the issue.
- Accommodate and attempt to appease the other party by placing their interests above one’s own.
- Compromise and agree to give up something of value in a situation where neither party is truly satisfied.
- Collaborate by searching for a mutually beneficial outcome to the issue.

Figure 9.5 shows these five approaches to negotiating in relation to one another in terms of their cooperativeness (i.e., degree of concern for the other party's outcome) and assertiveness (i.e., degree of concern for own outcome). Figure 9.5 clearly shows that a collaborative approach - top right hand - is likely to lead to a win-win solution as both parties show strong concern for their own and the other party's outcomes. However, as Lewicki and Litterer (1985) suggest collaborative approaches that aim for win-win solutions to issues often require the development of imaginative solutions which in turn require a flow of quality information so that each party is aware, and accepts, the strengths, weaknesses and needs of the other party. These authors also suggest a precondition for success in collaborative integrative bargaining requires that negotiators

Figure 9.5 Possible Negotiating Approaches.

(Adapted from Thomas 1979)



share a sense of mutual respect and trust as well as strong motivation and commitment to the task as the process of finding imaginative solutions takes considerable time and energy.

There are similarities between each of Thomas's five bargaining approaches and the actions and strategies of key managers at various stages of the theory of MSM. For example, competing is a strategy evident in the early stages of the 'structuring the partnership' stage where key managers, particularly those from the private sector organisation, often attempt to force their will over other key managers to secure outcomes that favour their own interests. Avoiding is a negotiating strategy akin to the 'back burner' actions of key managers when they elect to "take an issue off the table".

Accommodating is not a frequently used strategy. However, there are isolated instances of accommodating in the data from the current study. For example, one private sector manager described how she agreed, notably in the early stage of a PPP, to demands from the potential public sector organisation for access to information that was not in the best interests of herself or her own organisation. She justifies this decision on the basis that it was designed to mitigate the potential for conflict at that point and maintain the forward momentum of the PPP. Key managers in the current study acknowledge that when time frames are short they are often forced to adopt a compromise approach to negotiations to maintain the forward momentum of the PPP.

The fifth approach to negotiation, the collaborative approach, is often the most favoured approach to negotiation by key managers in PPPs. This choice would appear to be

logical, as the collaborative approach is most likely to result in win-win solutions that maximise the synergetic benefits of the partnership.

In addition to similarities between the strategies adopted by key managers in the current study with those proposed by Thomas (1979) there is also conceptual support for the notion in the extant literature that the development of trust and personal bonding between individuals is likely to lead to higher forms of negotiation outcomes such as ‘win-win solutions’ (Pruitt 1981). In other words, collaborative integrative bargaining may be expected to, and often does in the current study, occur late in the life of PPPs once trust between individuals is well established and there is concern that the negotiated outcome is in the best interests of all parties including the PPP itself. The contribution the theory of MSM makes to the extant literature on negotiation situations, approaches and strategies in CIORs is that it identifies and illustrates, within a substantive area, the social processes that can lead to higher level negotiation outcomes. It also suggests the possibility of a third factor in determining the approach selected by negotiators, that is, concern at reaching an outcome that is in the best interests of oneself, the other party *and*, most notably, the PPP itself.

The Role and Influence of the Individual Manager in CIORs

The final stage of the theory of MSM, the rolling stage, clearly emphasises the importance of the individual manager in ensuring that a PPP project reaches its goals. The theory of MSM implies that key managers can consciously decide how they intend resolving their main professional concern. That is, how they will ‘manage’ the PPP project so as to constantly maintain forward momentum and gain the cooperation of key managers from the partner organisation. The theory of MSM suggests these managers

can decide to do this through formal bureaucratic methods, through informal methods embedded in strong personal relationships or through a combination of both methods. What the theory of MSM also suggests is that some individuals are capable of adapting to this management situation, that is, a synergetic management mode, whilst others are not.

As in the theory of MSM, the importance of the individual manager and ‘managing’ in achieving the success of a CIOR is a feature of the extant literature (e.g., Dyer & Singh 1998, Inkpen & Crossnan 1995, Harrigan 1986). Niederkofler (1991, p. 238) is quite blunt in his statement that “a major cause of cooperative failure is managerial behaviour”. The theory of MSM extends the extant literature on the role of the individual manager in CIORs by highlighting the various means by which their actions can influence the direction and outcomes of a PPP. For example, in the context of a PPP, it is apparent that key managers by adopting a substantially formal means of managing their relationship with other key managers can often frustrate the progress of a PPP project.

As stated above, the theory of MSM implies that key managers can choose a management approach that is predominantly formal, informal or some hybrid form of the two. The notion that the management of a CIOR can involve both formal and informal managerial approaches and processes is reflected in the work of Ring (1996). Ring (1996) argues that cooperation in a CIOR is often managed by a combination of formal and informal processes. Ring (1996) suggests managers always adopt formal processes in relation to three aspects of their function in a CIOR, namely the, ‘negotiation’, ‘transactional’ and ‘administrative’ aspects and that informal social

processes of sense-making, understanding and committing underscore these formal processes. Ring (1996) refers to sense-making as involving individuals increasing in their understanding of a vision for the goals for a CIOR. Understanding is defined by Ring (1996) as partners appreciating each other's position in terms of the context in which the CIOR operates while committing involves the generation of psychological contracts between individuals. In other words, Ring (1996) argues that the level of sense-making, understanding and committing that develops as a result of personal interaction between managers determines the nature of the 'formal' processes that occur within the CIOR. In this respect the theory of MSM and that proposed by Ring (1996) are similar. That is, the nature of any personal relationship can determine how a manager will approach the task of negotiating, transacting and so on with other key managers. However, the theory of MSM goes beyond the work of Ring (1996) by identifying how the social processes of sense-making, understanding and committing may occur in a PPP. For example, the theory of MSM implies that understanding often occurs as key managers have continuous social interactions that include the opportunity for them to share, in an open manner, their organisation, and notably, individual views on various managerial issues. It is through this style of constant social interaction that key managers can build up a 'picture' of the partner organisation and other key managers in terms of their values, needs and objectives.

The theory of MSM suggests that not all individuals can adapt to managing through either formal or informal means in an environment lacking in traditional hierarchical power structures. This is evident in the data of the current study that shows some managers request transfers out of PPPs because they are "not comfortable" with the ambiguity and uncertainty of managing in a synergetic manner. In other words, the

theory of MSM implies that a certain kind of manager is more likely to be suited to PPPs. Limerick and Cunnington (1993) argue along similar lines in their book *Managing the New Organisation: A Blueprint for Networks and Strategic Alliances*. The main thesis of Limerick and Cunnington's (1993, p. 17) book is that managers of organisational forms such as PPPs need to adapt to a different "managerial mindset" to that which has dominated most of the twentieth century. Limerick and Cunnington (1993, p. 121) propose as a central tenet of this changed mindset the notion of "collaborative individualism", a term they use to describe managers who do not rely on traditional concepts of structure and role for their identity. Their identity is tied, not to their organisation but rather to whatever collaborative endeavour they may be currently engaged in. Limerick and Cunnington (1993) suggest that by basing their identity on commitment to the current endeavour these managers can tolerate the uncertainties of working in situations devoid of traditional managerial tools of power such as those associated with PPPs. In other words, these managers are individuals capable of placing the interests of the collaborative project above organisational interests in an effort to achieve a common goal.

The theory of MSM provides conceptual support to the notion of Limerick and Cunnington (1993) that collaborative projects require key managers that can work in a cooperative fashion, are empowered and have a strength of identity that may allow them to place the interests of the PPP above those of the individual or partner organisations. From the data in the current study managers who exhibit these characteristics are often more suited to the ambiguous demands of managing in a synergetic manner.

CONCLUSION

The purpose of this chapter has been to locate the contribution of the theory of MSM to the extant literature. Its purpose has not been to verify the findings of the current study through a literature search. In orthodox grounded theory methodology the emergent theory itself leads the researcher to the literature area in which the contribution of the emergent theory can be most readily identified. In the current study, apart from the PPP literature, the literature on CIORs was identified as having most relevancy to the theory of MSM.

The CIOR literature is of such a size that a process of delimitation was followed to narrow the scope of the literature comparison process. This delimitation process led to a comparison of the theory of MSM with other grounded theories in the CIOR literature, with meta-level theories of CIORs and with aspects of the CIOR literature that most closely match the theoretical focus of the core and sub-core categories of the theory of MSM.

Attempts at making direct comparisons between the theory of MSM and other grounded theories in the CIOR literature are problematic due to differences in methodological principles, areas of inquiry and theoretical focus of the various studies. However, despite these limitations there are similarities between aspects of previous grounded theories and the theory of MSM. Most notable, is the importance of developing levels of trust in managing and achieving cooperation between managers.

In a continuum of the management focus of the various meta-level theories of CIORs the contribution of the theory of MSM can be located within the micro-management area. In contrast to many meta-level theories in the CIOR literature the theory of MSM focuses on the social *processes* associated with individual relationships rather than market forces, organisational forces or the nature of individual relationships. The theory of MSM integrates many aspects from the various meta-level theories of CIORs and extends the understanding of CIORs that they provide by illustrating and detailing the dynamics of the social processes that underlie many of their themes.

The theory of MSM also shows similarities with various themes in the CIOR literature that relate to trust, partner selection, negotiation and the individual manager's role, influence and characteristics. However, as with the various meta-level theories, the theory of MSM extends the literature in each of these areas by providing context and detail of the social processes that surround the generation of trust, the process of partner selection, approaches to negotiation and the role of the individual manager in a CIOR.

The theory of MSM also provides a new dimension to the extant CIOR literature by suggesting a core category/BSP that remains constant over the life of a PPP and which explains and provides a rationale for many of the patterns of behaviour of managers in PPPs. The identification of a core category/BSP provides a more thorough explanation of the actions of managers in CIORs such as a PPP than previous theories.

In addition to extending the CIOR literature the theory of MSM adds significantly to the PPP literature by appearing to be the first grounded theory study of the micro-management practices and processes associated with PPPs. The implications for the

management of PPPs and for their future research resulting from the theory of MSM is the focus of the closing chapter in this thesis.

CHAPTER 10

IMPLICATIONS AND CONCLUSIONS

INTRODUCTION

Locating the contribution of the grounded theory of MSM within the extant literature was the focus of the previous chapter. In this, the final chapter, the focus is on discussing and making explicit implications of the theory of MSM for both practitioners in the substantive area and for future researchers.

This study included an initial review of the PPP literature that indicated little was understood of the micro-management of PPPs. In particular there were few academic studies of how individuals working at the interface of these specific types of IORs deal with managerial issues that require resolution through the cooperative efforts of managers from all partner organisations. The aim of this study has been to discover what the main managerial issues are that face managers tasked with establishing and maintaining partnerships between local governments and private sector firms - what have been termed 'key managers'. In addition to identifying managerial issues given significance by key managers, the current study also set about discovering how these key managers act to resolve these issues over the life of a PPP project. This chapter opens with a brief discussion as to whether these research aims were met.

In addition to discussing whether the research aims were met this chapter also follows the advice of Glaser (1998, 1978) on ending an orthodox grounded theory study. That

is, in the second part of the chapter I reflect on the implications and value of the theory of MSM to those responsible for the micro-management of PPPs, that is, practitioners in the substantive area of inquiry. The chapter then discusses possible avenues of future research that flow from both the findings of this study and the limitations of the theory of MSM as a result of its substantive nature. That is, I provide details on “where to go next for research along the lines of the substantive theory” (Glaser 1998, p. 199). This discussion includes a consideration of the possibilities for elevating the substantive theory of MSM to that of a formal theory. The chapter closes with a brief personal reflection on the research process undertaken.

ACHIEVEMENT OF THE RESEARCH AIMS

From the outset the aim of this study was an identification of the management issues that confront individuals given responsibility for establishing and maintaining partnerships between public and private sector organisations. An associated aim was to generate an explanation as to how these same individuals went about the task of resolving these management issues.

A review of the extant PPP literature indicated that little was understood of the managerial practices and processes of PPPs at the level of key managers. A major contributing factor for this lack of understanding of the micro-management of PPPs is the relatively few empirical research studies of PPPs. To date most of the academic research into PPPs has focussed on understanding the rationale for these forms of IORs and/or assessing the impact of PPP arrangements on the delivery of traditional government services. This study has attempted to, 1) start the process of filling a gap in

the PPP literature regarding the micro-management of PPPs, and 2) to continue increasing academic understanding of PPPs in general.

One of the guiding assumptions of this research has been that the management of PPPs is likely to be problematic because of the different cultural and socialising aspects of public and private sector organisations. This assumption is given conceptual support by the current study. This study suggests that key managers from the public and private sectors can often experience periods of conflict. These periods may have their roots in preconceived notions by individuals as to how managers from either the public or private sectors are likely to behave under certain circumstances. However, the grounded theory of MSM suggests that key managers from both of these sectors can, and do, work effectively together in the joint management of a PPP project and can act to overcome these preconceptions. These managers often achieve this through the process of MSM.

The theory of MSM was induced from the data by following an orthodox grounded theory research methodology. This research methodology was chosen as it allows a researcher to enter a substantive area of inquiry and identify the main concern of study participants. In other words, orthodox grounded theory was most suited to allowing me to study PPPs involving local government and private sector firms in both Australia and the UK so as to discover what the managerial concerns of key managers were and how they used social processes to resolve them. The result of rigorously following the principles and methods of orthodox grounded theory is the substantive theory of MSM.

The main conceptual elements of the theory of MSM are the core category/BSP of ‘‘managing synergetic momentum’ and its four sub-core categories or stages of:

- Trawling for a Partner
- Sizing Up
- Structuring the Partnership
- Rolling.

In essence the theory of MSM suggests PPPs, in the substantive area of inquiry, often progress through each of four stages on their way to a form of closure that includes the achievement of predetermined goals. However, it should be emphasised that not all PPPs reach this form of 'successful' closure. What is often a major factor in determining if a PPP project reaches successful closure, or is derailed along the way, are the actions of key managers. Key managers, working at the interface of the PPP, can be influential in generating and maintaining cooperation between partner organisations. How these individuals decide to approach and manage the task of securing this cooperation may be a key factor in determining the outcome of a PPP project. Key managers are often capable of consciously deciding to take a mainly formal, predominantly bureaucratic approach, to managing a PPP that can involve the legalistic and/or organisational codification of most joint decisions. Alternatively, they may elect, based mainly on the level of emotional ties between key managers, to adopt a mainly informal approach to the issue of joint management. Informal approaches often include a strong reliance on the use of psychological contracts as the primary form of governance and codification in a PPP project. This approach can act to de-bureaucratise the process of managing a PPP and can allow the project to maintain its forward momentum in a cooperative manner that often maximises synergetic benefits to both partner organisations.

Sequential models and theories of the development of CIORs, such as PPPs, are not new to the extant literature. However, the theory of MSM differs significantly from others in the extant literature in that it includes a core category/BSP. The core category/BSP links all the sequential stages of the theory of MSM together and reflects the main professional concern of participants in this study.

It would be repetitive, and is therefore unnecessary, to reiterate details of the conceptual elements of the grounded theory of MSM at this point as these have been elaborated on in the previous five chapters of this thesis. It is however relevant to briefly discuss how the grounded theory of MSM achieves the original aim of this research study. The grounded theory of MSM identifies issues that occupy the attention of key managers at various points in the life of a PPP. In the initial stage of a PPP's life, what is labelled the 'trawling for a partner' stage, managerial attention is often directed at identifying a potential partner that seems compatible in terms of strategic and cultural 'fit'. In the second or 'sizing up' stage, managerial attention is often focused on a closer examination of a potential partner's 'fit' in terms of the risks and benefits that surround forming a partnership with a particular public or private sector organisation. In the third stage, the 'structuring the partnership' stage, managerial attention is firmly fixed on addressing the issue of how to structure the relationship so as to maximise the synergetic benefits of the partnership. In the final stage, the 'rolling' stage the key managerial issue is achieving the synergetic benefits foreshadowed in earlier stages, that is making the partnership work. For key managers, arching over these four key managerial issues is the constant issue of maintaining the forward momentum of the PPP and learning to adapt and adopt to the social processes associated with managing in

a synergetic manner. These are the key managerial issues that can occupy the attention of key managers over the life of a PPP project.

The secondary aim of this research was to discover the managerial practices and processes by which key managers resolved these various issues. The grounded theory of MSM provides detail on the dynamics of the social processes that often occurs between key managers in the resolution of each of the managerial issues identified above.

Central to the resolution of these managerial issues can be the establishment of mutual trust and commitment between individual managers. The nature of trust and commitment between individuals can be pivotal to the decision as to how a key manager addresses various management issues. In those circumstances where trust does not progress beyond what is most often labelled in the extant literature as ‘calculative-based trust’ then managerial issues are likely to be resolved through mainly formal and bureaucratic methods such as those commonly associated in the extant literature with ‘competing’, ‘accommodating’ and/or ‘avoiding’ (Thomas 1979). As stated earlier, this form of management may not be conducive to either the PPP achieving its goals or to resolving the main concern of key managers, that is, maintaining forward momentum and achieving the cooperation of other key managers. However, often when there is repeated social interaction between key managers that is of a style that allows individuals to increase their understanding of each other and develop emotional bonds, and in turn ‘identification-based trust’, key managers are more inclined to adopt a largely informal method of managing a PPP. Informal management methods can involve the constant use of psychological contracts, integrative bargaining and the search for collaborative win-win solutions to managerial issues. The theory of MSM suggests that this informal management approach is more likely to achieve synergetic

benefits for all parties to the PPP and progress a PPP project at a much faster rate than may be otherwise possible by formal management approaches. The theory of MSM also suggests that key managers may *consciously* decide which management approach, formal or informal or some combination of the two, they will adopt during the course of a PPP project.

In summary, the grounded theory of MSM accomplishes the original aims for this study. It successfully identifies the major managerial issues and provides an explanation of the social processes that managers can and do adopt to successfully, or alternatively unsuccessfully, address these managerial issues including the main professional concern of maintaining the forward momentum of a PPP through gaining the cooperation of other key managers.

In the sections that follow the implications of the grounded theory of MSM are discussed for both practitioners and for future researchers.

IMPLICATIONS OF THE RESEARCH FOR PRACTITIONERS

By its very nature a grounded theory has relevancy to the professional life and work of those in the substantive area of inquiry as it emerges from the experiences and understanding of practitioners. Glaser (1978) suggests the conclusion of an orthodox grounded theory study should include details of how the theory is relevant to these practitioners. However to have practical application a grounded theory must:

...enable the person who uses it to have enough control in everyday situations to make its application worth trying. The control we have in mind has several aspects. The person who applies the theory must be enabled to understand and analyse ongoing situational realities, to produce and predict change in them, and

to predict and control consequences both for the object of change and for other parts of the total situation that will be affected (Glaser & Strauss 1967, p. 245).

In other words, a grounded theory should allow a practitioner in the substantive area to predict and control the consequences of a situation, it must have what Glaser and Strauss (1967, p. 245) refer to as “controllable” and “access variables”. The core category/ BSP of MSM is the controllable variable in this study. Understanding the core category/BSP of MSM can allow practitioners to have control over the consequences of each stage in the life of a PPP. It can provide a guide for practitioner’s patterns of behaviour under various contextual conditions that they may encounter during the course of their work. That is, it can give key managers of PPPs various behavioural options. With this type of information key managers have the possibility of being more effective and efficient in how they approach the task of managing a PPP project.

Apart from drawing the attention of key managers to a range of behavioural options in different contextual conditions, the theory of MSM also has a number of specific implications for key managers. First and foremost, the theory of MSM suggests that key managers in PPPs have the capacity to consciously choose how they approach the management of a PPP project within contextual boundaries. That is, they may elect to attempt to create an overall climate within a PPP that facilitates either an informal approach to managing or a more bureaucratic and formal type management. For example, key managers may consciously attempt to foster personal trust throughout the four stages of a PPP project, by adopting certain communication styles. The outcome of such actions is can often be the joint adoption by these key managers of informal management strategies including the use of psychological rather than formal contracts.

Secondly, the substantive findings of this study suggest that of the two general forms of management approach discussed informal approaches are often the most effective in maintaining the forward momentum of a PPP project. That is, when key managers seek and achieve the cooperation and collaboration of key managers from the partner organisation then a PPP is more likely to achieve its organisational goals and adhere to pre-determined time schedules. For example, formal management approaches often involve the referral of issues and/or decisions to joint partner committees for resolution and codification. Invariably, these committees meet at regular intervals meaning issues are left in 'limbo' between these meetings generally slowing down the forward progress of a PPP project.

Thirdly, the theory of MSM identifies the underlying basis of any informal management approach as the presence of personal trust, respect and commitment between key managers. Invariably when these traits are evident in the relationship between key managers there is often an increased reliance on informal psychological rather than legalistic contracts. This study provides key managers with details on the dynamics by which trust can develop over the course of a PPP. For example, the frequency, content and style of communication between key managers is often a critical component in the development of personal trust, respect and commitment.

Fourthly, the theory of MSM highlights to key managers the processual nature of a PPP project. PPPs in the substantive area studied progressed through discrete stages, each stage being characterised by its own set of managerial issues. The resolution of these issues requires key managers to be equipped with different sets of managerial skills and abilities. For example, key managers in the trawling for a partner stage need to possess

skills conducive with seeking out prospective partners. In the second stage, the sizing up stage, the skill emphasis is on critically assessing the potential compatibility of a prospective partner. The skills required in these first two stages contrast to those needed in the third stage, structuring the partnership, where the skill of negotiation is often of paramount importance. Such skills must be added to in the fourth stage, rolling, to include those associated with constantly gaining the cooperation of individuals. In other words, key managers who are associated with a PPP project from its inception to closure need to possess a wide array of managerial skills and abilities and be aware of what stage in the PPP to apply these various skills and abilities.

Apart from key managers the theory of MSM also has implications for managers new to the management of PPP projects, senior managers and for project champions.

For inexperienced managers new to the PPP environment, the grounded theory of MSM provides an indication of the managerial issues likely to be confronted during the course of a PPP project. The insights contained in this study should assist in preparing managers new to managing in environments devoid of hierarchical power by highlighting the difficulties they can expect to experience. The conditions associated with PPP projects can require inexperienced managers to adopt a change in managerial mindset. That is, these new managers often need to recognise the ambiguous nature of cooperative management and how ethnocentric tendencies can negatively impact on the management of a PPP. That is, this study may assist in lessening the effect of preconceived notions often held by new PPP managers as to the attitudes of managers from opposing sectors as a result of the cultural socialisation they may have each received from their own public or private sector organisation.

At the level of senior managers the grounded theory of MSM also has practical implications. This study suggests how important the attitude and actions of key managers are in achieving successful PPP outcomes. The need for senior managers to monitor the attitude of key managers towards their peers from partner organisations is suggested in the theory of MSM. Signs of an ongoing negative attitude should be taken seriously, as these attitudes are likely to widen rather than close any social distance between key managers. Without a narrowing of social distance PPPs are likely to track down a formal and bureaucratic rather than informal and synergetic pathway. In addition this study suggests senior managers would benefit from an understanding of the impact of management churn on the development of trust and commitment.

Project champions, politicians and other stakeholders connected to PPP projects would also benefit from an understanding of the grounded theory of MSM. MSM provides this group with insights into the grass roots issues and perspectives of key managers working at the cooperative interface of a PPP. As the theory of MSM implies, project champions and other such influential stakeholders have a bearing on the actions of key managers and so gaining an appreciation of the managerial issues and concerns at the level of key managers may aid in this group's ongoing interactions with key managers.

IMPLICATIONS FOR FURTHER RESEARCH

This grounded theory study of the micro-management of PPPs opens up a number of avenues for further research. In addition to specific avenues this study provides the opportunity for further research designed to elevate the substantive theory of MSM to the status of a 'formal' theory. That is, a theory with application beyond the substantive

area of inquiry. This study has also discovered a number of what Glaser (1998, p. 200) has labelled as “comebacks”, that is, “categories...that are sub-core or less in relevance for the theory but provide an interest area on their own. So the appeal is to comeback to this area for future research”. The implications of this study in each of these three areas are dealt with in turn.

Appeal to Future Research

As discussed in greater detail later in this chapter, the theory of MSM is a substantive one, that is, it is limited to one specific area of inquiry and to the PPP projects examined in the current study. As Glaser (1998) suggests, resource limitations often dictate the boundaries of the substantive area and how far theoretical sampling could be extended. In other words, it determines how far “one finite researcher” (Glaser 1998, p. 199) could ‘go’ with a research study. This was the case in the current study. For example, extending theoretical sampling to include PPPs in other countries was well beyond my financial and other resources. Accordingly, the basis for my suggestions for future research relates to the various theoretical sampling areas that I could not pursue because of resource limits. This approach to identifying future avenues of research is one advocated by Glaser (1998, p.199) as what is suggested are “natural leads”, that is, they are emergent and grounded suggestions likely to provide a future researcher with a fruitful research area.

A theoretical construct of the grounded theory of MSM is that the deepening of trust between individual managers leads to different forms of trust that are based on changing levels of understanding and emotional bonds. This may lead to an increasing tendency by managers to decide to manage PPP projects through informal psychological

contracts. This study has suggested the mechanisms by which trust deepens and moves through different forms. That is, through repeated social interactions of a style that facilitates increased understanding of the behaviour patterns and moral values of other key managers and so leads to increased liking and stronger emotional based personal bonds. However, this linkage may be in need of additional research. It may be a rewarding area for future researchers to consider what other factors might influence the development of trust and psychological contracts in different contexts to those in this study by extending theoretical sampling to these new areas. For example, is the development of trust and psychological contracts more problematic in cross-cultural PPPs, and if so why? Examples of these cross-cultural PPPs would include those involving public and private sector organisations from different countries.

Managing CIORs, which lack traditional hierarchical management structures, may also be an area in need of further research. Much of the research on organisational cooperation has taken place in research situations such as joint ventures where role and other power based authority mechanisms exist due to an organisational structure that mimics that of a traditional single firm. Developing cooperation in circumstances where neither party has power over the other and must work to gain the cooperation of each other is under researched in terms of understanding the social processes that underlie the gaining of cooperation between individuals in different circumstances and contexts. An example of such a situation would include those between public organisations and community groups. Recent research in this area (e.g., Jones 2002, 2002a) would suggest managers of these types of cooperative inter-sectoral relationships need to learn new methods of managing as they often have difficulty in adapting to these management

situations. There could be practical and academic benefit in further qualitative research in this area.

There is also justification for more research into aspects of the core category and BSP of MSM. Individual concern for their career both in the current study and in the grounded theory study by Seifert (1999) is suggested as a strong motivating force in the actions of managers. In the theory of MSM it can be a major contextual factor in driving key managers to maintain the forward momentum of a PPP as they attempt to retain or gain favour with senior management. The relative importance of one's career on the actions of individuals may be an area of fruitful research and provide explanatory power to the actions of managers in other settings beyond PPPs.

Elevation to Formal Theory Status

As suggested previously, it is necessary to acknowledge the limitations of the current study that are imposed by its substantive nature. The theory of MSM is applicable only to the substantive area from which it has been induced, that is, the participants in this study and the PPPs with which they are involved. Despite the theory of MSM showing similarities with other grounded theory studies of CIORs and with themes from the extant CIOR literature it is not possible to apply the theory of MSM to other PPPs or CIORs beyond those examined in the current study. In other words, it is not possible to generalise the theory of MSM beyond the current area of inquiry.

A substantive theory such as the theory of MSM can be contrasted with formal theory that has a much broader application well beyond the boundaries of a single area of inquiry. In other words, the distinguishing characteristic between these two forms of

theory is the “levels of generality” (Glaser 1978, p. 144) in which formal theory is the grander of the two encompassing a much broader scope of application than a substantive theory.

Substantive theories can act as the building blocks for a formal theory. Formal theories can be built by comparing substantive theories within a formal area of inquiry. For example, the theory of MSM may be a suitable substantive theory for comparison in an attempt to build a formal theory of managing CIORs.

There may be scope for elevating the theory of MSM to the status of a formal theory in a number of other conceptual areas of inquiry apart from CIORs. The most obvious formal area of inquiry is that of the management of a broader range of PPPs. It would not be difficult to imagine the transferability of the core category/BSP of MSM to PPPs involving State and Federal governments in countries other than Australia and the UK. It could easily be assumed that these PPPs would be also likely to progress through a similar set of conceptual stages and the main concern of key managers would also relate to maintaining the forward momentum of the project through managing in a cooperative manner.

The social process of establishing and managing cooperation in other situations apart from those involving commercial organisations could also provide rich data for the development of a formal theory of MSM. Two such areas in which grounded theory studies have been completed include studies on cooperation in teams (e.g., Herzog 2001, Hutchinson 1979) or those involving community groups and local governments (Jones 2002, 2002a, Grimshaw & Stewart 2001, Kimberlee 2001). In each of these

situations the motives, context, actions, strategies and consequences will differ making for a formal theory of MSM that is much broader in its scope and application than the current substantive theory of MSM.

The process of elevating any substantive theory to that of a formal theory is problematic (Glaser 1978). New categories are bound to appear and existing categories of the theory of MSM would need modification as more and more substantive theories from the broader area of inquiry, together with other data, were compared and theoretical sampling moved forward. Achieving saturation of categories would be most difficult and the current theory of MSM would lose much of its “intensiveness” in exchange for “extensive” (Glaser 1978, p. 153) coverage of a broader area of inquiry. A potential downside to gaining extensive coverage is that practitioners in specific areas, such as key managers in PPPs involving local governments, may find difficulty in associating with aspects of the formal theory and in deciding to make practical use of the formal theory. However, despite such drawbacks the potential for elevating the theory of MSM to that of a formal theory does exist and would represent a sizeable challenge for any future researcher.

The Pursuit of Comebacks

Comebacks are categories that in their own right are worthy of further research. In the current study, each of the four sub-core categories could be labelled as comebacks. For example, the sub-core category of sizing up could be pursued further by researching if, or how, key managers might influence organisational choices on the selection of a partner organisation. Similarly, the sub-core category of structuring the partnership could be, in its own right, a subject of an orthodox grounded theory study. Such a study

may elect to investigate the intricacies and subtleties of the interactions between key managers, senior managers and other stakeholders during this often tense period of time rather than just on the interactions between key managers as the current study focuses on.

In addition to comebacks, Glaser (1998, p. 199) argues “left outs” can provide avenues for future research. Glaser defines ‘left outs’ as different dimensions or aspects of a grounded theory study that colleagues and others point to following the publication of the grounded theory. It may well be that readers of this thesis can identify various ‘left outs’. If such is the case then these may also prove interesting and academically worthwhile avenues of future research.

FINAL THOUGHTS

It is often normal for a researcher to conclude a thesis such as this with some level of personal reflection on the research process that has been pursued, often for many years, as well as the outcomes of that process. In this section I maintain that tradition.

From this research I have learned a great deal about the intricacies of undertaking an orthodox grounded theory study as well as the management of PPPs. Although a grounded theory thesis often describes the methodology and the path followed by the individual researcher it does not adequately capture the intricacies and emotions of the process. For a beginning grounded theory researcher, such as myself, it is easy to become side tracked, pursue false leads and, particularly in the early stages, fail to be

fully cognisant of the overall research process. It is a methodology that can only be learned, as Glaser (1978) advocates, by “doing it”.

One of the greatest challenges in this thesis has been determining the level of conceptualisation required. Glaser (2001) is clear on the fact that orthodox grounded theory is about conceptualisation rather than description. However, an issue, I believe that is yet to receive the attention it deserves, is the depth of conceptualisation expected in an orthodox grounded theory study. A review of recent orthodox grounded theory PhD theses (e.g., Andriopoulos 2000, Guthrie 2000, McCallin 1999, Brooks 1998) shows considerable variation in the level of conceptualisation they contain. This issue has been the source of many discussions between my lead supervisor and myself over the latter stages of this study.

Should I have any advice for other students of grounded theory it is to do it under the supervision of a sympathetic mentor. Sympathetic mentors point out the intricacies of the methodology, encourage your learning in it and do not let you wander too far off a fruitful research path. I was fortunate to have such a mentor in the instance of the lead supervisor in this study - Dr Robert Jones.

In addition to learning about and becoming an orthodox grounded theory advocate I have also learned much about the micro-management of PPPs. I have great admiration for the key managers in this study. They often perform their job as managers of a PPP project in difficult circumstances. They are often managing, simultaneously, many of the managerial issues that this thesis has discussed in detail, this in itself is a considerable feat. The management of a PPP in a synergetic manner requires personal

skill and dedication, qualities many of the participants in this current study exhibited in spades.

In summary, I have personally learnt a tremendous amount from this study about what it is to be a grounded theory researcher and what it is to be a manager of a PPP project. I am sure that the lessons learned will stand me in good stead in any future grounded theory studies I may attempt.

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APPENDIX A

DATA TO THEORY: APPLYING THE PRINCIPLES OF ORTHODOX GROUNDED THEORY

INTRODUCTION

The purpose of this chapter is to provide the reader with an explanation of how the theory of MSM was induced from the empirical data. This chapter is not designed to provide long and lengthy illustration in the form of excerpts from the data to verify the theory of MSM. Its aim is to demonstrate how the procedures of data analysis, theoretical memoing and theoretical sampling were applied in the current study so as to progressively achieve the degree of abstraction necessary for the generation of an orthodox grounded theory.

Glaser (1978) argues that providing a detailed audit trail through the data is not necessary in orthodox grounded theory. Rather, he suggests:

...stating the method in the beginning or appendix is sufficient, perhaps with an example of how one went about grounding *a* code and *an* (my emphasis) hypothesis (Glaser (1978, p. 134).

In an attempt to pre-empt any criticism of the grounded theory of MSM on the grounds that it is not embedded in the empirical data I have followed Glaser's recommendation. In the pages that follow I attempt to demonstrate how a single category and related hypothesis were induced from the data. The category selected for this illustration is 'managing churn'. There was no specific reason for the selection of this particular

category as the generation of all categories followed exactly the same systematic process.

It should be emphasised that it is problematic for any grounded theory researcher to reveal *fully* the complex process of inducing a grounded theory from empirical data in its entirety. To do so would require detailed explanation of every minute step through the data and the inclusion of each and every coded transcript, field note, theoretical memo and concept card. Such a volume of data and information is simply not possible, therefore it is inevitable there will be gaps in any attempt to fully reveal the process that has been followed in the current study. What the reader sees, is in effect, isolated snapshots of the inductive process. In addition to not capturing every single aspect and detail of the process, snapshots also fail to convey the iterative, non-linear nature of the inductive process. It is a process characterised by constantly moving back and forth through the data as new categories emerge, others are collapsed, properties of categories are revealed, further data is gathered so as to saturate categories and conceptualisation of the main concern of participants in the study develops. The inability to convey all details of the inductive process does not invalidate the method or procedures followed. It merely demonstrates that much of the inductive process is implicit on the individual researcher's ability to interpret and conceptualise the data by systematically working their way through it by rigorously following the *principles* of orthodox grounded theory.

This chapter begins by attempting to demonstrate how data was analysed using Glaser's coding paradigm of open, selective and theoretical codes. Following this is a discussion of how theoretical memoing and the use of concept cards have been used in conjunction with coding to facilitate the discovery of each category, including the category of

managing churn. This discussion includes details of how this category has been conceptually linked, through the process of theoretical coding, to the progressively higher order categories of ‘confronting the issues’ and ‘rolling’. The chapter concludes by discussing how the principle of theoretical sampling was operationalised in the current study.

DATA ANALYSIS

As described in Chapter Three, data analysis in orthodox grounded theory begins with fracturing the data into smaller analytical pieces through the process of open coding. In practice open coding requires the researcher to go through the transcript, archival document or field note line by line searching in the first instance for ‘incidents’. In the current study an incident was an event, action or participant’s statement that was given emphasis by the participant through a change in voice or body language or conveyed a sense of the participant’s attitude, feeling or experience in managing a PPP. As discussed later in this chapter, these incidents became the basis for numerous concept cards.

It is by comparing each incident to incident and code to code that similar incidents and codes are grouped into a category. Categories include incidents and codes that share some common element and are labelled with conceptual labels that name the “pattern” of behaviour they capture (Glaser 2001, p. 10).

Below is a series of short excerpts from early interviews where basic categories were still being discovered through the constant comparison method. They are used here to

identify *some* of the raw data from which was induced the category of managing churn. Names have been replaced with pseudonyms to maintain the anonymity of the participants in the current study, which is a requirement of the ethics approval under which this research was conducted.

Interview with Phil – October 2000.

This PPP has been in existence for several years and Phil, a public sector manager, is describing a recent fire at the PPP site.

You know they didn't even report the fire to us. We heard about it on the news like everyone else. You can imagine what upstairs thought. I had phone calls from everyone, the mayor, the general manager and of course all the bloody residents over there.

GN - Can you think of any reason why they didn't tell you about the fire immediately?

Its just different people, their personalities. The people who have now taken over the project are more focussed on building things. They don't quite see or understand the importance of keeping the communication lines open. Whereas the original people I dealt with were much more in tune with the importance of being communicative and keeping me up to date and vice versa. I really think it was the change in people. It can be a real hassle, what we have now are builders of things, wanting to get things done on time and forgetting to tell people what they are doing. Losing Roy was a real loss for the project.

This small excerpt gave rise to a number of open codes (open codes specific to the discovery of the category of managing churn have been underlined), including: staying informed; in trouble with others; “different people”; change in focus; “communication lines open”; importance of communication; “change in people”; change in people can be problem; different roles in project; “on time”; keeping information to themselves; sense of loss over changed personnel.

Some of these open codes include “in vivo codes” (Hutchinson 1986, p. 120), that is, the exact words that the respondents have used.

Interview with Glenn – December 2000

In this excerpt Glenn, a public sector manager in a PPP that has been in existence for seven years, is describing the nature of his relationship with key managers from the private sector partner.

You develop understandings over time. I mean you get to know things about their personal lives. In some ways we have gone through divorces, babies and things like that, so you get a sort of closer feeling. I mean John, is our new project manager, it has been almost two years now. It took a while for us to connect, the guy before him I had known since the beginning, we were good friends. But John! Anyway, he had a baby last year and his wife had a difficult time you seem to work through those things together. It somehow brings you closer. My wife had breast cancer a couple of years ago and you get empathy with the people and all that. You are never sure when a new guy arrives, it is always a bit fearful that you will get some person that is an animal or is just a

dropkick, that just does not go with it, you can't work with. You know these new people have to live up to the last guy.

Amongst the open codes generated from this excerpt are (again, open codes specific to the discovery of the category of managing churn have been underlined):

gaining personal knowledge; “took a while for us to connect”; “good friends”; getting closer; shared experiences; cautious of new arrivals; “can’t work with them”; expectations of new people; comparing new people to old people.

Interview with Larry – April 2001

Larry is a private sector manager, in this excerpt he is referring to a change of key manager in the public sector partner.

About eighteen months ago there was a restructure down the road [referring to the local government partner organisation] and they promoted Wayne Smith to somewhere else in Council so we had to start dealing with a new guy, Alex McCord. I think it was a situation where - you stuff up? What do they do? They promote you, type of public service thing. They were getting a bit edgy down there it looked like the budget was ballooning out and we were not too happy either. Anyway, things did become better when Alex arrived, his predecessor was not the easiest of people to get along with. He was a real stickler for the rules type of thing. Alex is a lot more relaxed about things, we enjoy each other's company, we play golf together and enjoy a drink together on Friday afternoons. I find it gives us a chance to talk about things in a relaxed environment rather than across a table at a meeting. As I keep telling my boss we seem to get more done on the golf course than on site sometimes.

Amongst the open codes generated from this excerpt are (again, open codes specific to the discovery of the category of managing churn have been underlined):

“start dealing with a new guy”; cost overruns; improvement in relationship/project; “not the easiest of people to get along with”; sticks rigidly to the rules; different personality; sharing each other’s company; change of environment; “across a table at a meeting”.

The open codes listed above are generally descriptive in nature but they are the first step in the process of raising conceptualisation to a higher level. This is achieved by the process of constantly comparing code to code, incident to incident searching for similarities and differences. For example, from just the three brief excerpts above, if all the underlined open codes are listed and compared by asking Glaser’s (1978, p. 57) key questions of:

- What is this data a study of?
- What category does this incident (or code) indicate?
- What is actually happening in the data?

then it becomes apparent from the data itself that change in personnel has some impact on the behaviour of key managers and potentially on the progress of a PPP project.

Lifting this to a higher conceptual level the managerial issue that links these open codes together is one of managing changes in key managers, a process that can be labelled as ‘managing churn’. The systematic achievement of this inductive process was accomplished in the current study through a combination of concept cards and theoretical memos and is demonstrated more fully later in this chapter.

By continuing to examine the open codes and related incidents through constant comparison it would appear that the category of managing churn has a number of properties or “subpatterns” (Glaser 2001, p. 10). Again, simply from these three brief excerpts, it would appear that a change in key manager could be a benefit or a loss for the management of a PPP. This is indicated by the open codes of:

- change in people can be problem
- sense of loss over changed personnel
- improvement in relationship/project.

Similarly, there would appear to be a subpattern in terms of new managers being judged against the performance and type of relationship experienced between their predecessor and other key managers. Amongst the open codes that give rise to this hypothesis are:

- cautious of new arrivals
- expectations of new people
- comparing new people to old people
- different personality.

Selective Coding

In the current study, once the basic category of ‘managing churn’ was discovered, *not* just from these three excerpts, but by constantly comparing *all* the data for similar incidents, it was saturated in the later stages of the research project by asking specific questions of participants. For example, as the excerpt below indicates, some managers were asked specifically what impact did the presence of new managers have on a PPP. This was part of the final stage of the theoretical sampling procedure applied in the current study.

Repeat Interview with Robert – December 2001.

Robert is an experienced senior public sector manager in a PPP who has had involvement in a number of PPP projects both as a key manager and as a supervisor of key managers. This interview took place late in the data collection process when the focus was on saturating individual categories, in this case discovering how managing churn might impact on a PPP and relate to the notion of maintaining forward progress or momentum.

GN - Does a change in managers responsible for a PPP project affect its progress?

Absolutely. Any change is going to have some effect. But what do you mean by progress?

GN - I mean its ability to keep to time frames, stay on budget, things like that.

If there is a change in staff at any point in a project it will have an impact. It takes time for everybody to get to know them. There is a settling in time. You don't know how they are going to act in different situations, are they going to work with you or against you. That type of thing. From my experience people are cautious around new people, yeah they appear friendly and all that but they are still not sure. The worst thing you can have is a project where everybody is changing all the time. I had one of those when I was working for another council. We as a council were in upheaval, people weren't happy there and kept coming and going, we had to keep revolving people around different departments in the council. We had, what you would call a partnership to develop the town centre. It was a disaster. We got through the planning stage no

worries but with no stability in the staff the construction stage took twice as long, new people had to come up to speed, re-establish relationships and sort things out. I learnt from that. What you need in projects like this is a team to start the project and are capable of finishing the project. That's why I make sure there is a team not a single person working on things like this. Early in a project there can be change but as the project goes on people build up in their own heads a package of information about the project and the people in it. You can't afford to lose that package.

To some extent this and other interviews during this final stage of data collection involved a degree of selective coding. At this stage the notion of maintaining progress was slowly emerging as an aspect of a possible core category of 'maintaining momentum' – later changed to MSM. Subsequently, questions asked of participants in the study at this stage began to focus on how basic categories might relate to the issue of maintaining the progress of a PPP project. However, I need to emphasise, that this was an implicit process as the core category had not been agreed upon and the primary purpose of these questions were to gain further insight into the category of managing churn.

The interview with Robert revealed the following codes in relation to the basic category of managing churn;

churn slows PPPs; "settling in time"; lack of understanding of new manager's behaviour; cooperate or obstruct; uncertain; constant change is negative; teams versus individuals; maintaining stability of staff; churn more important later in PPPs; project knowledge – package.

When this, and other similar interviews, from late in the data collection process, failed to reveal any new aspects of the category of managing churn it was regarded as being saturated.

The foregoing, is to some extent, a simplification of the process of coding for the emergence and saturation of the category of managing churn. In reality, the process requires constant comparison of *each* interview, field note and archival record. It is the process of constant comparison across the full array of collected data that leads to the discovery of each category, its properties and its relationship to other categories. Central to the process of emergence and saturation of each category, and to the discovery of the relationships between each category, are concept cards and theoretical memos.

CONCEPT CARDS AND THEORETICAL MEMOS

The discovery of each category in an orthodox grounded theory study is “a movement across levels of abstraction” (Martin & Turner 1986, p. 147). In other words, as a hierarchy of categories begins to emerge in a grounded theory study they reflect the researcher’s attempt at progressively moving from primarily the description of incidents to the conceptualisation of the main concern of participants with the discovery of the core category. A key principle of orthodox grounded theory is that this transition be performed systematically. In the current study, theoretical memos and concept cards proved essential in ensuring all categories were induced in a systematic manner and remain embedded in the empirical data.

The use of concept cards in the process of discovering categories in a grounded theory study has been described in detail by Turner (1981) and Martin and Turner (1986). Concept cards group together incidents from different interviews, archival records, field notes and so on that appear to share some form of common element. In the current study, as each interview, archival record or field note was analysed immediately after its collection it was broken down into numerous concept cards with each card recording a single incident. In the early stages of the current study these concept cards were often labelled with simple, descriptive titles. For example, the early interview with Phil (October 2000) gave rise to over fifty concept cards, amongst them one was titled, 'Different People'. This concept card is shown in Figure A.1 below. In this particular example, the concept card records the paragraph on new managers, including the relevant open coding shown earlier in this chapter. The process of deciding what represents an incident worthy of a concept card is an intuitive one. In the current study it was based on the definition of an incident that was given earlier in this chapter and the guiding question of "what categories do we need in order to describe or to account for the phenomenon discussed in this paragraph" (Turner 1981, p. 232).

Following the same general procedure outlined above numerous concept cards were generated for *each* interview in the early stages of this study. These included, in the case of interviews with Glenn, a concept card labelled as 'New Arrivals' and with Larry a concept card labelled as 'A New Guy'. These two concept cards included the paragraphs shown earlier in this chapter from interviews with each of these respondents. In the process of constant comparison these and other concept cards that shared some form of commonality were brought together through the process of writing theoretical memos.

Figure A.1 – Concept card titled ‘Different People’.

Card 22

Interview Details – Phil October 2000

Different People

Its just different people, [different people] their personalities. The people who have now taken over the project are more focussed on building things [change in focus]. They don't quite see or understand the importance of keeping the communication lines open [communication lines open]. Whereas the original people I dealt with were much more in tune with the importance of being communicative [importance of communication] and keeping me up to date and vice versa. I really think it was the change in people. [change in people] It can be a real hassle [change in people is a problem], what we have now are builders of things [change in roles], wanting to get things done on time and forgetting to tell people what they are doing [keeping information to themselves]. Losing Roy was a real loss for the project [sense of loss of changed personnel].

Theoretical Memos

Glaser (1978, p. 83) describes theoretical memos as the “bedrock of theory generation”. They are “the theorising write-up of ideas about codes and their relationships”. In the current study the generation of theoretical memos was instrumental in the process of grouping together various incidents and related open codes recorded on different concept cards into basic categories. In addition, memos were the tools used to continuously increase the level of abstraction by grouping basic categories together into higher order categories, for the discovery of new categories and for the discovery of the core category of MSM.

For example, concept cards labelled ‘Different People’, ‘New Arrivals’, ‘A New Guy’ together with concept cards from other interviews appeared to have something in common. Martin and Turner (1986, p. 151) recommend that to identify this common conceptual theme, questions similar to those below need to be asked:

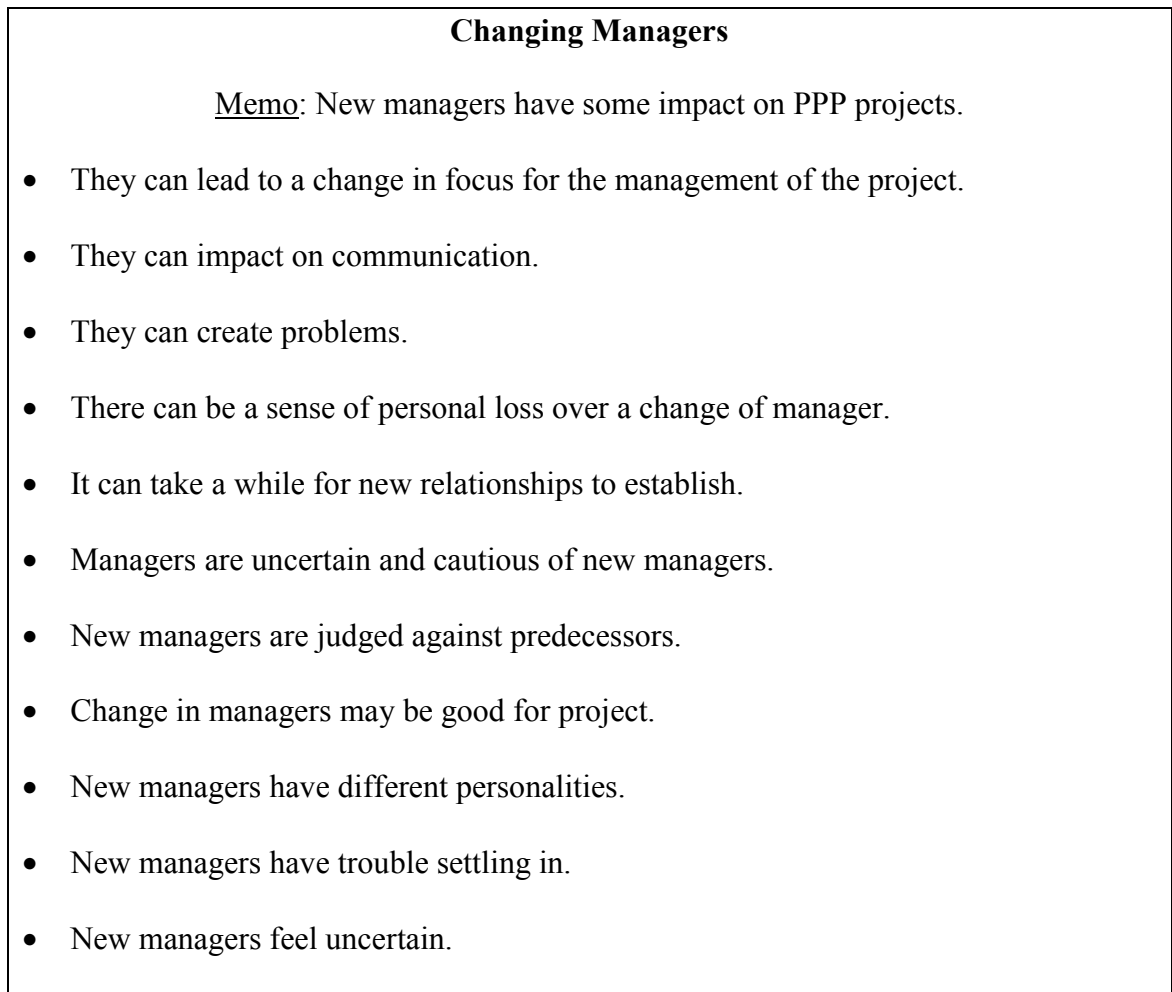
- Do any common themes connect these incidents and codes together?
- If so, what is the theme they reflect?

From my analysis the theme that connects these and other similar concept cards together was the notion of ‘changing managers’, this was the label given to a new theoretical memo.

Once given a title a theoretical memo is used to record the researcher’s conceptualisation about what it is that these various concept cards share in common. Often in the early stages these memos are more descriptive than conceptual. For example, Figure A.2 shows the memo titled ‘Changing Managers’. Much of this memo appears descriptive rather than conceptual. However as more data is collected and analysed, the conceptualisation skill of the grounded theory researcher increases, and as the concept of changing managers is refined and clarified the memo itself changes and becomes more conceptual in nature. Figure A.3 summarises the final memo relating to this category, by this stage labelled as ‘managing churn’, and which became a theoretical element of the final theory of MSM.

Final memos such as shown in Figure A.3 become the basis for the process of theoretical sorting. These final memos were sorted in relationship to each other, to higher order categories (e.g., confronting the issues and rolling) and to the

Figure A.2. Early Memo titled 'Changing Managers'.



core category. This process facilitates the ‘location’ of each theoretical element within the emergent theory and forms the basis for the writing up of the grounded theory.

In the current study theoretical sorting was carried out in conjunction with theoretical coding. Theoretical coding weaves the fractured data back together. The use of Glaser’s (1978, p. 74) family of codes was given prominence in this process, of particular relevance was his “process” family. This family of codes can be applied to the grouping of categories together based on their sequencing in how some phenomenon occurs over time. As the notion of process seemed central to the current study (participants continually referred to and made use of the word “stages” in interviews) relationships

Figure A.3. Final Memo labelled ‘Managing Churn’.

Managing Churn

Memo

A constant churn or change in key managers can impact on the forward progress of PPPs; it is a managerial issue, particularly late in a PPP project’s development.

Theoretical construction/hypothesis:

When change occurs late in the life of a PPP, in circumstances where key managers have established personal relationships, new managers fracture established relationships. Mutual respect and trust must be re-established. This takes time, there is a reversal to formal governance. This can slow, or in worst cases, halt forward momentum of PPP.

However, in some cases new relationships can progress a PPP. If there is improved personal bonding due to different personalities, an increase in informal governance is possible. This often speeds along the PPP, increasing forward momentum and levels of cooperation between key managers.

Properties/Dimensions:

Churn can result in a loss or gain for the PPP.

That is, there can be an improved personal bond between the new and old key managers leading to increased momentum. Conversely, it can lead to stalling of PPP.

New managers suffer from ‘manager legacy’.

There is often an expectation of new managers when judged against old managers. If old relationships were ‘strong’ a new manager can ‘leverage’ this to their advantage in re-establishing trust and respect.

between categories were conceptualised in terms of their sequence in a process of managing a PPP. For example, from the theoretical memo managing churn, it was evident this was often a managerial issue prominent late in the development of a PPP project, in the 'rolling' stage. The category of 'managing churn' also appeared to be an action sequence that in the 'rolling' stage related to the sub-sub core category of 'confronting the issues'. It was through this type of inductive reasoning, and the use of theoretical memos to record this reasoning, that theoretical codes and theoretical sorting proceeded in this study.

THEORETICAL SAMPLING.

Theoretical sampling is a fundamental principle of orthodox grounded theory. It states that the emergent theory itself should determine the data collection path. How theoretical sampling has been operationalised in the current study is explained below.

In the current study, theoretical sampling effectively involved three stages. In the first stage, as recommended by Glaser and Strauss (1967) minimal differences between PPPs were maintained until basic categories were established. In the second stage, key managers in a number of contrasting PPPs were interviewed in an effort to discover new categories and/or new properties of existing categories. In the third stage, categories and their relationships were saturated and clarified by re-interviewing study participants using more focussed semi-structured interviews and through non-participant observation at meetings between key managers in three PPPs¹.

¹ Note: one of the three PPPs ceased during the course of this study (in late 2001) and so non-participant observation continued from this point in only two PPPs.

In Chapter Three how and why the first comparison group was identified is clearly explained as is why, until basic categories had been discovered, subsequent comparison groups were selected so as to minimise contextual differences. As Martin and Turner (1986, p. 149) argue basic categories generally emerge after only “three or four sets of data have been analysed”. In the current study, data was initially collected from interviews with both the key public and private sector managers in a single PPP project. This PPP project involved a regional council in NSW and an international private sector firm working as partners in the planning, construction and operation of a multi-million dollar physical infrastructure project. At the time of the first interviews this project was just entering the construction stage. From this starting point a second PPP project was selected for study. This second project showed similarity in that it involved a similarly sized regional council in NSW, a similarly sized international private sector firm, it involved the planning and provision of physical infrastructure and was in the construction stage of the project. There also appeared minimal differences in the characteristics of the key managers in this second PPP project to that of the first. In both PPPs, the key public sector managers had limited prior experience of managing PPPs, were of similar ages and educational backgrounds and occupied approximately the same position in the organisational structure of their respective councils. Similarly, the private sector managers shared certain characteristics, similar ages, educational backgrounds, had limited prior experience of different PPP projects and were in the middle management of their respective private sector firms. Similar conceptual themes and patterns of behaviour were evident in the data collected from these early interviews. This gave rise to the identification of a number of basic categories, including ‘emerging champions’, ‘assessing compatibility’, ‘establishing face’ and so on. It seemed appropriate at this point, once basic categories had emerged, to begin to identify

contextually different sites that would yield new “incidents that upon comparison would give new properties of a category” (Glaser 2001, p. 169), or indeed, whole new categories.

From an analysis of the basic categories that had emerged at this point, it appeared that the identification of a PPP involving a local government partner in either metropolitan or rural NSW working with a small to medium sized private sector firm in the provision of some form of social infrastructure project would be contextually different enough to yield new properties and/or new categories. Data collected from key public and private sector managers in such a PPP did add new properties to several existing categories and led to the identification of several new categories e.g., ‘accessing resources’.

At this stage in the research it appeared from the data that a number of important characteristics might potentially impact on the managerial issues and processes of managing a PPP. In other words, characteristics that might influence the patterns of behaviour of key managers in PPPs, as well as the main professional concern of key managers. Significant amongst these contextual conditions were:

- The level of experience of different key managers in managing in PPP projects.
- The larger political framework surrounding the formation of different PPPs - did this put pressure on managers?
- The location of the local government partner - metropolitan, regional or rural.
- The nature of the PPP project itself - physical or social infrastructure oriented.
- The size of the PPP - in terms of financial risk associated with the project.
- The stage of the PPP – neither of the three Australian PPPs had yet reached closure.

By serendipity an opportunity arose at this time for me to travel to the UK. PPPs have a much longer tradition in the UK, stretching back to the successive Thatcher governments of the 1980s. Therefore it was possible to select contrasting PPPs from a broader range of existing, as well as completed, PPP projects. In other words, the main criteria for site spreading to the UK was access to a range of contextually different PPPs that I did not have available to me locally. For example, I experienced difficulty in locating a PPP in Australia that had reached closure, whereas in the UK, due primarily to the length of local government experience with PPPs, it was possible to identify numerous examples of completed PPPs. It was, through personal contact, public information and the use of networks possible to identify seven contrasting PPPs in the UK for data collection. The collection of data from these seven PPPs in the UK represented the second stage of the theoretical sampling procedure adopted in the current study. An indication of the characteristics of these seven PPPs in the UK is shown in Table A.1 – details are deliberately brief so as to retain the anonymity of participants in this study.

Data collected during this second stage of the theoretical sampling process identified new categories and properties of existing ones as well as links between categories. For example, the category of ‘waning enthusiasm’ was discovered from the UK data sets as were all the sub- categories and related properties of the category ‘closure’.

The final stage in the theoretical sampling procedure was designed to saturate out categories and to clarify relationships between categories, including their relationship to the core category. This final stage involved continuing with non-participant observation of meetings between key managers in the three Australian PPPs as well as conducting

Table A.1. Summary of Key Characteristics of UK PPP projects.

<i>PPP</i>	<i>Location</i>	<i>Project Aim</i>	<i>Project size (UK £)</i>	<i>Stage reached</i>	<i>Previous experience of managers</i>
1	Regional	Construction new tourism facilities	£ 200 million	Final Stage	Private and public - none
2	Metropolitan	Construction new education facilities	£50 million	Closure completed	Both private and public - extensive
3	Metropolitan	Provision of new IT services to community	< half a million £	Sizing up partners	Public – little experience Private - ?
4	Metropolitan	IT services	£1-2 million	Final Stage	Both private and public - extensive
5	Rural	Provision leisure services	Not known	Final Stage	Public – little Private - extensive
6	Regional	Construction new transport links	£ over 2 million	Contracts being negotiated	Public – little Private - extensive
7	Regional	Aged care services	Not known	Closure completed	Public – extensive Private - none

semi-structured interviews with senior managers, politicians and other stakeholders that might contribute to my understanding of specific categories. In addition to semi-structured interviews with these individuals I also undertook repeat interviews with different participants in an effort to saturate out categories. This included phone interviews with several UK study participants. These participants were selected for re-interviewing because it was judged that they could yield data relevant to specific categories. For example, in saturating out the category of managing churn during this final stage, key managers that had newly arrived at PPP projects were interviewed specifically on the issue of how they felt being 'new' to a PPP impacted on its progress.

In summary, theoretical sampling in the current study involved the process of asking where I could discover new categories and/or properties of existing categories. This process was led by an examination of those contextual conditions that might influence the patterns of behaviour of key managers. By chance an opportunity took me to a rich source of contextually different PPPs – the UK. The final stage in the theoretical sampling procedure required that I saturate out existing categories by altering my interview method so as to focus on gaining additional information on specific categories and their relationship to the core category of MSM.

CONCLUSION

The purpose of this chapter has been to demonstrate how the theory of MSM has been induced from the empirical data. This is a problematic exercise as the generation of an orthodox grounded theory is a non-linear, iterative, inductive process relying on the

ability and actions of the individual researcher over an often long and lengthy period of time. The process cannot be adequately captured in a series of snapshots. Bearing in mind these limitations what I have attempted is my best effort at illustrating how one category, 'managing churn' was induced from the data through systematically following the inter-woven procedures of coding, constant comparison and the generation of concept cards and theoretical memos. This same procedure has been followed in generating *all* the categories in the current study, the aim being to progressively increase the level of abstraction with the discovery of successively more abstract higher order categories.

In addition to demonstrating how I have attempted to induce each category of the theory of MSM, this chapter also explains how theoretical sampling was operationalised in the current study. In this study, theoretical sampling involved three stages. Firstly, basic categories were discovered by minimising contextual differences between two PPPs. Secondly, following the generation of theoretical questions over how changed contextual conditions might lead to the discovery of new categories and/or properties of existing ones site spreading occurred. This included the collection of data from seven PPPs in the UK. In the third stage additional data required to saturate out categories or to clarify conceptual links between categories was gathered by changing the primary method of data collection from un-structured to semi-structured interviews. This allowed for the collection of data that was more focused on specific categories or links between categories.