

WHAT SORT OF INTEREST IS THERE BEHIND THE COOPERATION OF PUBLIC AND PRIVATE INSTITUTIONS?

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ABSTRACT

The research presented in this paper intends to answer the question stated in the title: What sort of interest is behind the cooperation of public and private institutions? There are multiple interests involved here. The most common and frequent interest is the individual (or private), the group and the public.

Misunderstandings that affect cooperation usually come from the opposite and latent interests of the two groups: public and private institutions. Some of the interests are latent because one sector does not know the interests of the other sector; the other sector may only present some interests. Nevertheless they are forced to find consensus in their goals, they prioritize and “exchange” one goal in sake of the other. The common strategy in cooperation is achieved through negotiation and compromising. Accentuation is given to effectiveness, efficiency and economy as the “core interests”.

KEY WORDS

Interests, Regional development, Public and private partnership, Co-operation

1. Introduction

The research question of this paper queries why the actors of regional development (public or private) cannot agree on cooperation or why they do agree on cooperation? It has been indicated that such cooperation is beneficial. Hence, such cooperation leads to better equipment and huger shifts in budget possibilities. In short, if these sectors cooperate, it promotes regional development in terms of a better quality of life for the dwellers.

2. Objective

The research presented in this paper intends to answer the question stated in the title: What sort of interest is behind the cooperation of public and private institutions? There

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Misunderstandings that affect cooperation usually come from the opposite and latent interests of the two groups: public and private institutions. Some of the interests are latent because one sector does not know the interests of the other sector; the other sector may only present some interests. Nevertheless they are forced to find consensus in their goals, they prioritize and “exchange” one goal in sake of the other. The common strategy in cooperation is achieved through negotiation and compromising. Accentuation is given to effectiveness, efficiency and economy as the “core interests”.

3. Methods

I assume that the method acceptable for this sort of research question is interpretative research. Within this research a connection between the understanding of interests and actions is perceived as indirect, because the world is complex and the possibilities for the deeds are not always clear. The complexity rests on:

- a) interest in the meanings and interpretations from which the structures are generated (while in the realistic research the variables are being used). Human sense-perceptions are examined, from the perspective of an object being influenced by perceptions itself as well as from the perspective of a subject that influence the perceptions. In positive research there are ties to variables of causal relations. In the interpretive research there are: relations, ties to interpretations and understandings expressed in a form of dialogues. The researcher maps the scope and complexity of the opinions and positions that people comment (by the interviews per se in a head) towards the research topic.
- b) applying the perspective of process. It is an attempt of generalization about how the meanings are being created by means of people's interactions.

This research is used by: Watson, Mintzberg, Fisher a Lovell, Dawson and others. Example: The bench in the park – what are your associations? What do these associations bring up in your mind? What sort of message does the bench give to the people in the park, those who sit on it? Do these messages tell us something about the culture of the community, where the bench is situated? The possible answers to the above stated questions are associations with the bench. For example: empty beverage containers and abandoned litter, mothers with children, retirees ... The messages derived from these examples might include: the ends and beginnings or an endless contradiction between the promise of a life and its awful reality. From the bench in the park we can derive broad dilemmas' of human being – well almost!

The researcher approaches his/hers research topic with an open-mind and lets the theory surface from the researched material (this is called grounded approach to research). It is also possible that the researcher sets apart the theory in order to find the framework for the explanation. This sort of research is called phenomenology (the way people perceive human activities and thus contribute towards community formation) or hermeneutic tradition (process of interpretation of human activities, statements and institutions). Hermeneutic used as a "methodological approach in modern institutional theories of regional development" [1], as stated by Sucháček (2005)¹ "in the space science it has founded the application by the research of regional disparities in reference and interpretation frameworks and in the way of communication."

A typical project in interpretative way could be the attempt to explain various group interests within the public services, where they can perceive and evaluate the idea of Public and Private Partnership (cooperation). In this case the analysis can comprise both qualitative data from focus groups and interviews and quantitative data stemming from questionnaires. The analysis can focus on differences of the opinions in the two groups and processes of going together, to adjust their common goals. In this process the opinions of the representatives of public and private organizations are being changed and the problems of different approaches of the two sectors as well as hurdles in getting the agendas in line are being solved. As it is expressed in Fishers book [2] by Weick, K. E. (1996) in *Sense making in Organizations*, Newbury Park, CA: Sage.: „Wick and his concept of enactment to understand the processes of sense making that surround the issue of modernization. Enactment is part of the process of making sense from equivocal information by selecting and editing information through discussion and

interaction with others.“ (Weick In: FISHER, C. et al, 2004,p. 45)²

Personally, as an interviewer I would like to note that interviewing is very useful. It is useful as long as you can tackle some hurdles e.g. availability of respondents A clever idea or advice by the book is to be applied in order to get your respondent to be hooked on. The advice that helped me to overcome barrier is expressed by Majerová [3]: „It does not matter if you [respondent] know a lot or a few about, but it is important what do you think about it. Your opinion is very valuable for me.“ (Majerová, Majer, 1999, p. 82, translated)³

4. Outcomes

4.1 The interviews background

The selection was done in three steps:

First respondents were chosen on the basis of the: database of Statistical Office of Slovak Republic, (ISIC/NACE in order to select the public sector and the sectors where the Public and Private Partnership is to be applied nowadays with higher probability)

Secondly, the method of snowball was used, i.e. at the end of each interview we ask respondents to advise other respondents, who they think will be "relevant" for questioning.

Third step is to decide, which interview is going to be considered or not in sake of opting for the variability of answers. Also the selection of material presentation is obvious due to the extant of the paper.

Thus the sample for the interviews had been shaped (in line with theoretical sampling, Glaser and Strauss (1967), In: Hendl, 2005)⁴ on purpose towards the prepared questions that were to shed a light on the research objective of the project. In respect to non-systematic selection of the sample and its dimension, I note that there are limitations of quantification and generalizations.

Respondents were all university graduates and only four women. The average age of respondents was 43 years. Respondents' positions at work could be split into:

- top management – 6,
- middle management - 5
- low management – 3.

¹ SUCHÁČEK, J. (2005) Restrukturalizace tradičních průmyslových regionů v tranzitivních ekonomikách, Vysoká škola báňská – Technická univerzita Ostrava, Ekonomická fakulta, s. 221, ISBN 80-248-0865-X, s. 54

² FISHER, C. - BUGLEAR, J. – LOWRY, D. – MUTCH, A. – TANSLEY, C. (2004) *Researching and Writing a Dissertation for Business Students*. Prentice Hall, Financial Times, London ISBN 0 273 68334 9

³ MAJEROVÁ, V. – MAJER, E. (1999) *Kvalitativní výzkum v sociologii venkova a zemědělství. Část I. Česká Zemědělská univerzita v Praze. Provozně ekonomická fakulta. Praha*, ISBN 80-213-0507-X, s. 82

⁴ HENDL, J. (2005) *Kvalitativní výzkum: základní metody a aplikace*, Praha, Portál, ISBN 80-7367-040-2, p. 150

As for the duration and the scope of the interviews – interviews were conducted from July to August 2006. Respondents were asked in advance for the meeting. The appointment was agreed either by telephone (standard text was used) or in person.

The total number of conducted interviews was fourteen, out of which:

- private sector 6,
- and public sector 8.

The results were separated into two parts – opinions of private and opinions of public sector. By comparing, the similarities and differences between those opinions could be identified by help of causal conditions in dialogues and from the context. By comparing, later on there can also be a comparison with other researches. In the conclusion we point out the key elements and the consequences for future public and private partnerships. We present possible support in order to enable both sectors “to meet themselves” and their interests.

The research notes provide some extra results i.e.

- Representatives of the private sector often appoint specific time and place for the meeting. The setting of interviews was rather busy, when talking to the respondents of the public sector
- Respondents from both sectors were co-operating and talkative, they had used the gestures (hands, mimicry) appropriate. Only occasionally they were nervous.
- Several respondents expressed their curiousness as to the results due to the method of semi-structured interviews utilized. As for the reasons – some respondents would like to use this method in their institution for the sake of other research, in order to obtain qualitative data, which they were told is not possible to achieve. Some were simply interested, because it was first time they were involved in such a survey. Finally, some of the respondents would like to know if there is going to be any news concerning the cooperation between “them” (the sectors).

4.2 Interpreting the results

There were fourteen interviews carried out altogether. Here we provide you with the continuous results of seven already transcribed and partly analyzed interviews. The sample of respondents was based on the selection from representatives of either the public or private organizations, in which we expected cooperation to be valid. Further the snowball effect was used and it worked out very well.

Concerning the ethical issue involved, we respected the anonymity of the respondents. The prompts for semi-

structured interviews, the notes and release claims were carefully prepared and the recorder was used after the signed approval of the requested respondent. The majority of them were happy to share their opinion, which we are grateful for.

First outcomes in the qualitative analysis are bringing the nodes such as: understanding of the Public Private Partnership (PPP), Public Private Partnership concept, efficiency and promotion.

How do the respondents understand the notion of PPP? For some, this was the first time they had ever heard of it. Yet, even though the notion was new, they proved to intuitively understand the basics of PPP correctly during the interview. In other instances the respondents claimed to know the notion but their perception was sometimes a bit mistaken. Furthermore, the third group understood the notion of PPP and the purpose of the PPP concept. We can conclude that there are differences in perception of PPP concept as we understand it from legal point of view⁵. All this is in line with our assumptions and confirms our hypothesis about the knowledge of the PPP concept.

The most interesting node was the efficiency.

Our respondents have a perception of efficiency in partnership described as:

- real one, that usually is based on combination of sources and saving of time,
- professional efficiency, where they confessed that sometimes they cannot review what is a more efficient way of manufacturing a product or providing a service, because there is a lack of professional knowledge in too specific “fields”. These fields vary depending on numerous elements that the service consists of (the services are too complicated).

The perception mentioned above was expected to occur. Further perceptions (an open coding) were:

- efficiency is about creative ideas, inventions,
- efficiency is about contentment, consumers satisfaction,
- efficiency must be careful with the protection of human rights (not at the expense of them),
- efficiency is embodied in responsibility
- last, the financial efficiency, ratio price versus output.

⁵ „The term public-private partnership (“PPP”) is not defined at Community level. In general, the term refers to forms of cooperation between public authorities and the world of business which aim to ensure the funding, construction, renovation, management or maintenance of an infrastructure or the provision of a service.” [4] Green book on PPP. (2004) Commission of the European Communities. Brussels.

At this point we can implement the theoretical framework of efficiency. Efficiency is often expressed by the equation $E = \text{output} / \text{input}$. It can be understood as productivity⁶ that Svatoš [5] describes: „expresses the rate (the level of the exploitation of the productions factors when manufacturing the production“ (SVATOŠ et al., 2002: 100, translated) or as profitability, which is “ratio of profit and (often) capital” (SVATOŠ et al., 2002: 102, translated)⁷. Generally we can use the equation (1.1)

$$E = \frac{\text{effect(output)}}{\text{source(input)}} \quad (1.1)$$

under the assumption that the effect > source.

Effect⁸ i.e. utility, can be profit, cash flow (used in PSC – Public Sector Comparator), value added (quality of the provided service), value for money (that is for most of the outputs such as public goods difficult to be measured⁹), production, price of the products and several others not excluding the indirect measurable externalities so-called above price supplementary products. This means, from a macroeconomic point of view, that the effect can also be gross domestic product, but also the unemployment rate, inflation rate etc., which is in line with growth theory. Nevertheless efficiency is influenced by the interests that are determining the expected outputs and inputs, as well. Therefore we examine those incentives.

⁶ There exists various initiatives for the control of efficiency of the use of public expenses (e.g.: NYPIRG – New York Public Interest Research Group)

There is also Slovak Centre for Productivity (SLCP – Slovenské centrum produktivity) since 1998, it is a member of European Association of National Productivity Centers (EANPC). SLCP is established as national, open association that is closely tied with research institution at University of Žilina. SLCP acts as institution that is fully accepted by many organizations in Europe and in the world. SLCP is involved in the co-operation with organizations in Europe as well as in other parts of the world, while it is associate member of the European Association of National Productivity Centers (EANPC) seated in Brussels and the world association for productivity - World Confederation of Productivity Sciences (WCPS) seated in Canada.

⁷ SVATOŠ, M. et al. (2002) *Ekonomika agrárneho sektoru*. Česká zemědělská univerzita v Praze. Provozně ekonomická fakulta. Praha. ISBN 80-213-0803-6

⁸ Each partner has its task and delivers its portion of the value to the common work therefore the inputs of the partners must be summed up. On the other hand the output is one – common!

⁹ Because the public goods are rarely sold and bought on the market, it is difficult to recognize their price and thus express their „quality“ or more precisely their utility value. For instance the service of physicians an operations seen as outputs in hospital that has inputs all equipments, energy and wages of the personnel.

This leads us to the next issue analyzed i.e. incentives. Why do partners agree on cooperation? What sort of interest is behind the cooperation of public and private institutions? Based on the interviews we can summarize the results in the incentives for public institutions to create a partnership as:

- in the scale from 1 to 10 we are motivated to create partnerships at the level of 8,
- it is rather our own (personal) liking (propensity) and will-power,
- our incentive is to give an incentive to the potential partner to become a member of a partnership,
- to achieve set goals in better quality or sooner.

The incentives of the private institutions interviewed are as follows:

- social responsibility of the employers,
- the corporate culture is tied with charity in spite of the opportunity costs,
- there is a preference of regional development (awareness of it),
- speculation,
- exclusively and wholly personal incentives,
- social status, prestige,
- already existing clients, customers,
- there is a demand for the services of public sector,
- existing legislation for public sector is a challenge,
- it is interesting field,
- the European Union supporting the public sector,
- the private sector has much to offer the public sector,
- it is a new opportunity,
- the private sector works efficiently, has better management.

We can compare these results as valid for Slovak republic with similar ones carried out in Germany by researchers such as Steffenhagen¹⁰ (see the chart [6, p. 20]), where there is huge difference in the opinion of both sectors. First of all the public sector provides less incentives for the creation of partnerships than the private one. Second the private sector seems to be more interested in cooperation and shows more interest in cooperation. At the same time there are also dubious incentives (speculation etc.) that all of the respondents expressed with apprehension to anticipate or are suspicious of and

¹⁰ STEFFENHAGEN, H. (1997). Endbericht. Gestaltung der Zusammenarbeit von kleinen und mittleren Unternehmen und öffentlichen Körperschaften (Kommunen, Länder) bei der Übernahme von öffentlichen Aufgaben.“, Aachen, Endbericht zum AiF-Forschungsvorhaben Nr. 10593N/2, s. 20

afraid of being a victim. Some respondents admitted that they try to speculate in a way. What is positive and should be praised is that the results provide evidence that the sectors tend towards cooperation. In the words of one respondent: "The public sector is condemned to nuzzle towards private sector."

Promotion is the answer to question of how to get these two together. In this regard, all of the respondents agreed it would be useful to have promotions for at least two main reasons: (1) to get to know or to repeat the advantages of fair partnership, (2) to have an opportunity to meet potential partners, to get acquainted, as to have an impulse to think about it more seriously.

In conclusion, the data of the interviews are going to be further analysed by the axial and selective coding. Therefore the actual results provided here are intermediate and offered for scientific discussion.

5. Discussion

Knowledge about the public and private partnerships is rather low let us say they are often being replaced for other forms of co-operation. Therefore it is advisable to present this form of cooperation to public and private sector alike. Clearly stated conclusions are necessary to familiarize the concept of public and private partnership; for instance, this could be achieved in short lectures or promotional meetings that would also foster and initiate new partnerships. Eventually other planned meetings, educational sessions or supporting activities, releasing of information brochures. The last allows a bigger audience of regional actors to use this tool and benefit the whole region or, in short, to raise awareness and draw the attention for the educational, and other activities that provide some space for check-ups (quality assurance), and the trustworthiness of the partners (a demonstration of good faith procedures/policies).

6. Conclusion

As stated before and in line with Sucháček [1] "The features of the individuals [such as representatives of private and public institutions] are reflected in various collective ways of behaviour." It is useful to be aware of incentives of the institutions that surround us. It is also interesting to compare such incentives with the ones in neighbouring countries with different history, culture, policy and economy. In procession, it would be even more interesting to consider what the utility functions of both sectors consist of.

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