

## **INTERACTION BETWEEN PARTNERSHIP SECTORS AT CREATION THE PUBLIC PRIVATE PARTNERSHIP**

**Vyacheslav SHANDRÏK**

**Odessa Regional Institute of Public Administration of National Academy of Public  
Administration, Office of the President of Ukraine  
Odessa, Ukraine  
shansvch@gmail.com**

**Abstract:** *This research analyses evolution the determinant of conception "partnership between society sectors" as theoretical base at creation of public private partnership (PPP). For concept development PPP is offered to use the concept of inter organizational relations and multi sector collaboration between local public administrations, business and the non-commercial organisations when they unite for the decision system problems which influence to existence of a local community. It is established that cooperation addition between public and a private sector by the third, non-commercial sector, not only allows to raise a social orientation of such partnership, but also to develop algorithm of local public management that meets requirements of a local community.*

**Keywords:** *"multi sector collaboration", cross-sector partnership, public-private partnerships, regional development*

### **INTRODUCTION**

As known, the understanding of became the precondition of occurrence of projects on principles of use of concept PPP that bodies of the public power not always are effective when it is a question of management of a local infrastructure. Such partnership became one of ways of increase of efficiency of its operation and quality of the services connected with it, which local public administrations should give to a local community. However, practical experience of application of the concept of PPP testifies that not always creation of such partnership answers with expectation of a local community. In our opinion, first of all it is connected with an insufficient social orientation of such partnership. In this aspect, the theory of "social partnership" which reflects the most adequate to conditions of a post industrial society the form of social interaction can become corresponding theoretical soil for consideration of mechanisms of formation and functioning PPP. The possible decision of this problem consists in application at creation PPP of the concept of multi sector partnership (further - MSP).

### **DEFINITION OF CONCEPTS MSP**

There is a considerable variety of interpretations of MSP concept. It has the difficult, multipurpose maintenance which is defined by corresponding sphere of public life. In this aspect interpretation of MSP concept by consideration of a problem of

creation and activity PPP when the basic party of influence is the public sector, has the certain features.

In general, term MSP represents constructive mutually advantageous cooperation between three sectors of a society - the public power, commercial sector and non-commercial (which represents interests of a local community or certain social classes) for the purpose of the decision of problems existing in public life of a local community.

Throughout last year's definitions of concept MSP has undergone certain evolution (Jorgensen, M. 2006). The widespread term for its definition was "multi sector collaboration" as which understood multi sector cooperation on partnership principles between local administrations, the non-commercial and private organisations when they unite for the decision of system problems which have influence on society existence. (Brown, Cherie R. 1984), (Chrislip, David D. & Larson, Carl E. 1994).

Defining feature of multi sector collaboration is orientation to the decision of "system" problems when the question is considered in a context of the decision of others related problems, important for a society and which need the simultaneous decision on application of corresponding methodology.

Especially form of ISP is the organisation of cooperation within one sector, for example between private enterprises. Then the partnership is considered within the framework of the theory of inter organizational relations which aspires to explain partnership as the cooperation, which main objective is an achievement of mutually favourable purposes of the organisations of the same sector (for example, DiMaggio, P J., & Powell, W. W. 1983), (DiMaggio, P. J., & Powell, W. W. 1991). The example of MSP is a cooperation of business and the non-commercial organisations (Austin J.E. 2000), (Berger I., & Cunningham P., Drumwright M. 2004).

Modern result of evolution of concept MSP definition is the approach according to which it is considered as new society structure which starts to be organised on purpose to answer the shared problems and questions of a local community. The partnership is created on cooperation principles between three sectors: bodies of the public power, commercial and non-commercial organisations (Jamali D. 2011), (Kolk A., Dolen W., & Vock M. 2010), (Selsky J. & Parker B. 2005).

The important assumption which is necessary in a basis of this thesis is that any of sectors cannot and should not dominate in public life, because they have no sufficient resources and abilities to solve economic, social, environmental problems of a local community independently. Therefore the partnership should be considered first of all as means which is practically realised on principles of mutual relations formation between society sectors which they enter for the effective decision of the problems interfering sustainable local development. In its frameworks the representative of public sector provides the consent, gives out the order and defines conditions and the partnership purpose; the commercial sector provides public services; the non-commercial sector defines a social orientation of partnership activity.

The important tendency of MSP concept development is cooperation between state and a private sector, well-known as "public private" partnership (Miller, C. & Ahmad, Y. 2000), (Rowe M & Devanney C. 2003), (R. Tennyson 2006).

Application the such form MSP as PPP, is expedient when bodies of the public power which cannot independently satisfy requirement of a local community involve in cooperation commercial, and on occasion the representatives of non-commercial sector.

Thus, putting on MSP concept in a basis of formation PPP allows to consider it as process of adjustment and support of constructive interaction of public, commercial and, on occasion, non-commercial sectors on purpose by the joint efforts to solve significant problems for a local community in social, economic and ecological spheres which is favourable each of the parties separately and all together.

Thus, the basic parties of partnership are two sectors:

- Public which represents public authorities and local self-government (bodies of the public power), the organisations subordinated to them which assets are in the state or municipal property;
- Commercial, which represents the private companies, that purpose is to get profit as a subject of the activity and which assets are not in the state or municipal property.

The partnership parties can involve also in certain cases in cooperation non-commercial sector which represents the local public and charitable organisations which purpose of activity is not to get a profit and which assets also are not in the state or municipal property.

However, putting on a basis of formation PPP of MSP concept is possible under certain conditions:

- Interest of each sectors in general searching the ways to solve problems of local development and understanding that the decision of these problems one by one inefficiently or in general is impossible;
- Orientations to constructive cooperation and a consensus, instead of on confrontation at interest's divergence of co-operating sectors;
- Presence of legal base which provides balance of interests, therefore, the most favourable conditions of interaction to each participant of partnership and a society as a whole.

In order to summarize the basic aspects of MSP concept definition it is possible to draw a conclusion that its interpretation in a context of application for PPP case is reduce to:

- its representation as interaction systems between different social subjects that provides the coordination and definition of an overall aim for realisation of local community interests;
- application of MSP concept for the analysis of processes which proceed at PPP formation, such partnership can be considered as technology of interaction of social subjects within the framework of concrete sphere of a local community activity.

## **MULTI SECTOR INTERACTION AT PPP CREATION**

Putting on of MSP concept in a basis of PPP formation, is the organisation of constructive interaction of public and commercial sectors, with possible attraction for cooperation non-commercial sector for solving the problems existing in a society which provides synergetic effect from consolidation of their resources (Grat S. 2011).

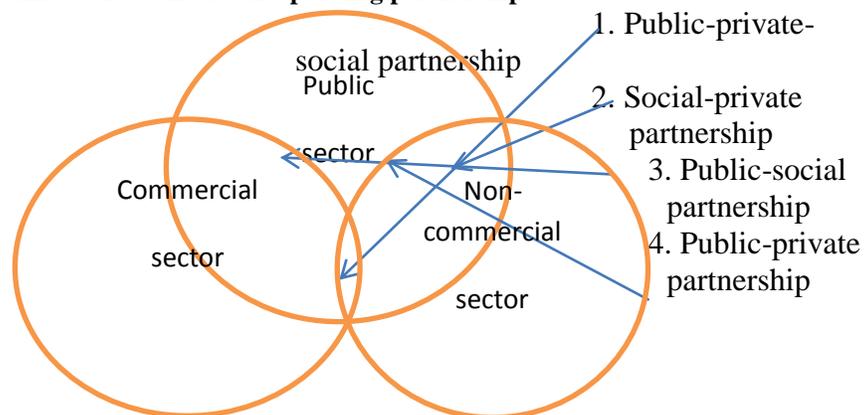
Formation of such partnership is possible only under conditions of application from public sector the mechanisms of the governance, as for example legal, economic, social and organizational. Thus, the problem of PPP formation is multi-layered and is defined by mutual relations of MSP subjects who are in difficult mutual relations who are regulated by the national legislation and are defined by traditions, practice, private interests and others. Generally these relations can be presented by the "multi sector interaction" in which framework each of sectors identifies itself in partnership according to the expectations, requirements and available resources and with a strategic view concerning directions of local development and possibilities of resource maintenance of partnership activity and requirements concerning distribution of profits and risks.

Considering an aspect of multi sector interaction at PPP creation it is necessary to notice the fact that possibility of creation of partnership is substantially defined by a level of institutes' development of a civil society. It is connected by that PPP construction is based on a mutually advantageous exchange of resources access to which can be useful and mutually advantageous for all parties only under conditions of presence of such society. Certainly, each of sectors owns the unique resources:

- the public sector has at the economic, politic, legal, administrative, information resources;
- the commercial sector has financial, expert, innovative, information, personnel and communicative resources;
- the non-commercial has expert, social, information, human, communication and innovative resources.

Within the frameworks of multi sector interaction the exchange of necessary resources is a basis of effective interaction and success of PPP functioning. Depending on the accepted form of multi sector interaction, such directions of a mutual exchange of resources between the partnership parties are possible: public-private-social partnership, social-private partnership, public-social partnership, public-private partnership, Fig.1.

**Fig.1. MSP forms at creation of corresponding partnership**



For the cases 1, 3 and 4 authority receives resources from commercial and non-commercial sectors in full though resources of public bodies (powers, material and financial assets) cannot be transferred in full to the partnership parties.

Anyway, resources transferring between the partnership parties is possible only under conditions of adjustment of mutually advantageous communications and interdependence between interaction sectors. Their regulation within the framework of multi sector interaction is defined by available legislative and institutional base which not only regulates relations between the partnership parties, but also defines norms of general use of all resources and distribution of dividends from partnership activity.

Multi sector interaction of PPP parties has certain features, which are connected with the leading role in partnership of public body, which is supplemented with attraction possibility to cooperation of non-commercial sector and application to partnership the concept of "corporate social responsibility" partnership (Moon, J. and Vogel, D. 2008). As a result of such approach will allow providing its social orientation.

Based on stated, concerning definition of the form of multi sector interaction which can be applied at PPP formation, it is necessary to put the following:

- Partnership creation is possible under conditions that will meet simultaneously as to requirements of public and commercial sectors, and to consider requirements of a local community at which decision its activity will be focused. Under certain conditions in partnership the non-commercial sector can represent interests of local community;
- Crossing of influence spheres of partnership sectors allows to apply the approach when keeping peculiar features of the activity, the structure of one sector starts to supplement procedures and methods which connect it with other part;
- Definition of specific mechanisms of multi sector interaction is possible only under conditions when they except reflexion of interests of partnership sectors also consider and meet the requirements of sphere in which PPP is created.

The list of main principles which is the base of multi sector interaction at PPP formation:

1. Universal principles of partnership formation:
  - presence and definition of a shared problem and purpose;
  - the system approach when the decision of a certain problem concerns other problems existing in public life of a local community;
  - the coordination of private interests of partnership sectors;
  - consolidation of resources and acceptance on itself of mutual responsibility for partnership activity;
  - possibility of mutual influence of partnership sectors.
2. Organizational principles:
  - structuredness at resources consolidation;
  - adaptability of partnership mechanisms functioning;
  - institutional preconditions of partnership formation which define possibility of choice the optimum form of its creation;
  - legitimacy of multi sector interaction mechanisms.
3. Management principles:
  - differentiation of functions between the parties of multi sector interaction;
  - monitoring of efficiency of partnership activity and estimation of achievement of goal of its creation;

- estimation of quality of partnership activity final product (public services) from consumers (a local community).

4. Communication principles:

- an information openness and access to the public information which is connected with formation and current partnership activity;
- using the feedback at an estimation of quality of partnership activity final product.

Practical application of multi sector interaction principles is possible on base of use of corresponding mechanisms, management by which is a priority for the initiator of PPP formation (certainly, it is public sector).

Representatives of each sector usually have on hand different possibilities for a solution of a problem which is provided to solve together by PPP formation. Nevertheless despite of available differences and the contradictions predetermined by these differences, cooperation of sectors is obviously necessary, because public, commercial and non-commercial sectors are not in condition to overcome a certain problem independently. Therefore, representing PPP as object of management from local public administration, it is necessary to allocate a number of its basic properties:

- Purpose presence at PPP initiation. It means that it is necessary to consider, what the purposes are at partnership formation as they correspond with real possibilities of the parties of public-administrative relations, and also degree of coincidence of the purposes of the subject managements (partnership) with the purposes of object management (public administration);
- Adaptability as PPP ability to adapt to conditions and factors of environment influence and to react by a feedback principle to provide not only performance of the tasks of partnership, but also provide its further development. Adaptability is possible only at abilities to self-organising and self-management (conscious self-regulation) by its activity and its development. Self-management in PPP activity is carried out as a result of comprehension of vital needs and is direct reaction to calls of environment and develops in the course of interaction of interests, will of a local community, public and commercial sectors. The internal self-organising of self-management is not always officially institutionalized. Degree of PPP structuredness is closely connected with PPP characteristic and is object of management.
- dependence on objective conditions and factors of public life which are recreated at PPP functioning.

The important factor at PPP creation is the system of representation of partnership interests in local public bodies at partnership formation.

## **CONCLUSIONS**

Generalising the above mentioned, it is possible to draw following conclusions:

- Acceptance for a basis of PPP formation the principles of multi sector interaction allows to organize optimisation of corresponding mechanisms, to provide at local level

the general existence and development of public, commercial and non-commercial sectors.

- Each sector has the specific interests, priorities, the purposes which are a potential source of conflict situations, destructive forms of multi sector interaction and can lead as a result to refusal of partnership. It is must be considered.

- Complexity of the social phenomenon, inadequacy of partnership model to specificity of a problem which dares, causes at application of many, often mutual inconsistent approaches. Increase of efficiency of administrative decisions and minimisation of negative consequences is possible only on principles of the competent coordination of the different points of view.

- Functions optimisation of the partnership parties at definition of conditions of multi sector interaction consists in the maximum formalisation of instructions which is necessary following that output data will transform into result which is expected. But not all processes give in to a rigid regulation and algorithmization and in managerial process always present elements of creativity, even intuitions. The possible approach consists in possibility of duplicating of receptions and methods, their repeated repetition, and also application in similar circumstances with predicted result.

Thus, technologism of administrative activity is one of the basic resources of increase the efficiency of the government. At the same time it is necessary to recognise that if in the Western Europe considerable experience in branch of introduction of social technologies and multi sector interaction is already stored at the same time in Ukraine their application only starts to be extended.

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