CHALLENGES OF PUBLIC-PRIVATE PARTNERSHIP IN THE CULTURAL SECTOR

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Acknowledgement

I would like to take this opportunity to acknowledge all those who had played a part in assisting me complete this business research project, the final curtain of my MBA journey.

I would like to thank Dr David Stewart for his guidance throughout this business research project. When I seemed lost, the conversations we had helped to steer me in the right direction.

A big thank you to all my research participants for sharing with me your experience, without your contributions I would not have been able to complete this project.

To my managers, Katherine Baxter and Matt Archer thank you for your support, in particular understanding my needs for flexible and alternative working arrangements to fit with my studies.

My fellow academic cohorts, particularly Andrew Pervan and Rami Daoud, thanks for sharing this journey with me and helping me stay sane – finally, we will reach our destination together – next stop Graduation.

But most importantly, to the one who has shared my life for the last quarter of a century, who has been my biggest fan and always believed that there was nothing I could not achieve. To my husband, Shagen Ganason a bouquet of thanks for putting up with all my quirkiness over the last 3½ years while I pursued my MBA. Your understanding and patience know no bounds.
Abstract

The purpose of this business research project is to identify the challenges of public-private partnership in New Zealand, particularly in the cultural sector. With the baseline funding remaining static over the last few years, there is a need for the cultural sector to engage with private sectors as an alternative source of funding to enable it to safeguard New Zealand’s cultural assets which incorporates maintaining cultural site and delivering cultural activities.

Accordingly, the objective of this business research project is to gain a better insight and understanding regarding the challenges of public-private partnership in the context of New Zealand’s cultural sector, particularly through the experience and views of the research participants. This research will highlight the key challenges and the impact these challenges have in determining the success or failure of public-private partnership projects.

Analysis on the data generated from the interviews with the research participants revealed similar and dissimilar challenges of public-private partnership. However, it was evident from the interviews with the research participants and the current literature that there were benefits and opportunities in public-private partnership in the New Zealand cultural sector.

The recommendations, specifically focused on stakeholder management were provided to assist the cultural sector mitigate the challenges of public-private partnership. The recommendations were also aimed at assisting the cultural sector maintain a successful long-term partnership with their private financiers. Ultimately, a successful public-private partnership will provide the New Zealand cultural sector with an alternative strategy to source finances to bridge the gap in funding required to preserve New Zealand’s cultural assets which incorporates maintaining cultural sites and delivering cultural activities.

The structure of this business research report is as follows:

- **Section 1 to Section 5** provides the purpose and objective of this research; an introduction on the definition and value of culture to New Zealanders; background information on
public-private funding and why it is an alternative source of funding; and discusses the findings in the current literature.

- **Section 6** consists of the research design which includes the research methodology; research method; planning and resourcing for this research.

- **Section 7 to Section 9** provides the findings from this research; a discussion comparing and contrasting the finding with those in the current literature; and recommendations to mitigate the challenges of public-private partnership, particularly in the context of the New Zealand cultural sector.
Table of contents

Acknowledgement 2
Abstract 3
Table of Contents 5

Section 1  Purpose and objective of this business research project 7

Section 2  Introduction 8
2.1 Definitions of culture. What is culture in the New Zealand context? 8
2.2 Value of culture in the New Zealand context 8

Section 3  Background information 10
Public-private partnership and problem statement 10
Why public-private partnership? 10
3.1 Definitions of public-private partnership 10
3.2 Alternative funding strategy 11
3.3 Global trend 12
3.4 Benefits and opportunities for public-private partnership 12

Section 4  Challenges of public-private partnership 14
4.1 Bidding process 14
4.2 Contracts 16
4.3 Value for money 17
4.4 Managing risks 18
4.5 Managing stakeholder relationship 20

Section 5  Conclusion 21

Section 6  Research design 23
6.1 Research methodology 24
6.2 Research method 26
6.2.1 Semi-structured interviews 26
6.2.2 Interview structure 27
6.2.3 Access to participants 27
6.2.4 Analytical technique 28
6.2.5 Limitation 29
6.2.6 Creditability 29
6.3 Resources and planning 30

Section 7 Findings 32
7.1 Emerging themes 32
  7.1.1 Transparent but laborious and time-consuming process 33
  7.1.2 Straight-forward and standard agreements 34
  7.1.3 Investment and funding risks 35
  7.1.4 Beyond the value of money 36
  7.1.5 Lack of professionalism and expertise 37
  7.1.6 Maintaining good relationship 39

Section 8 Discussion 41
8.1 Alternative funding strategy and global trend 41
8.2 Bidding process 41
8.3 Contracts 42
8.4 Value for money 42
8.5 Managing risks 43
8.6 Managing stakeholder relationship 44

Section 9 Recommendations 46
9.1 Systematic and thorough planning 46
9.2 Professionalism and building capability 47
9.3 Value of exchange 47
9.4 Communication and building trust and commitments 47
9.5 Beyond the partnership 48

References 49

Appendices 56
Appendix 1
Appendix 2
Appendix 3
SECTION

1 Purpose and objective of this business research project

The purpose of this business research project is to identify the challenges of public-private partnership in New Zealand, particularly in the cultural sector. With the baseline funding remaining static over the last few years (Office of the Auditor-General, 2015), there is a need for the cultural sector to engage with private sectors as an alternative source of funding to enable it to safeguard New Zealand’s cultural assets which incorporates maintaining cultural sites and delivering cultural activities.

Therefore, the objective of this business research project is to gain a better insight and understanding regarding the challenges of public-private partnership in the New Zealand cultural sector, particularly through the experience and views of the research participants. This research will highlight the key challenges and the impact these challenges have in determining the success or failure of public-private partnership projects.

This research will aim to highlight the benefits and opportunities which public-private partnership could offer. In particular, it seeks to establish conditions that are necessary for successful partnering. This business research project will conclude with recommendations which will create win-win situations that will benefit both the public and private sectors.
SECTION

2 Introduction

2.1 Definitions of Culture

What is Culture in the New Zealand Context?

There is no single definition for culture. In his research, Spencer-Oatey (2012, p.1) revealed “American anthropologists, Kroeber and Kluckhohn, critically reviewed concepts and definitions of culture, and compiled a list of 164 different definitions”. This research will adopt the definition provided by Spencer-Oatey (2012, p.2), which defines culture as a “fuzzy set of basic assumptions and values, orientations to life, beliefs, policies, procedures and behavioural conventions that are shared by a group of people, and that influence (but do not determine) each member’s behaviour and his/her interpretations of the ‘meaning’ of other people’s behaviour”.

New Zealand has a rich, unique and dynamic culture which is influenced by Māori, Pacific Islanders, European and Asian cultures (New Zealand Tourism Guide, 2016). New Zealanders believe culture delivers real benefits, brings communities closer together and improves quality of life.

2.2 Value of Culture in the New Zealand Context

Culture provides New Zealanders with social, cultural and economic values. Allan, Grimes, and Kerr (2013, p.7) held that culture “include all goods, services and activities in the arts, sports and heritage space”. Economic value in the cultural context is therefore “an increase to wellbeing (or utility) from the consumption of cultural goods or services” (Allan et al., 2013, p.7).

The merging of New Zealand’s diverse culture has led to “fostering greater social cohesion, supporting stronger democracy, and its ability to attract talented people both artists and researchers to the region” (Allan et al., 2013, pp.7-22; Monreal & Al Hassan, 2013, p.1).
Māori culture is most unique to New Zealand. The Waitangi Treaty Grounds and Kapa Haka performances have been acknowledged for delivering intrinsic cultural value for not only the present, but also future generations (Allan et al., 2013, pp.14-18), particularly in telling the story of Māori culture.

Based on the Ministry for Culture and Heritagé’s Cultural Sector Overview (2016), gross domestic product in the cultural sector increased by 2.6 percent (in the five years to 2014). In terms of economic value, this aggregates to 1.6 percent per annum in the country’s total economy (Ministry for Culture and Heritage, 2016a).

The following section, background information, will provide definitions of public-private partnership. It will address the need for public sectors to engage with private sectors as alternative financiers to safeguard the country’s cultural assets. It will further highlight the benefits and opportunities public-private partnership could offer, which create win-win situations for both the public and private sectors.

The subsequent section, literature review, will discuss the key challenges in public-private partnership. In addition, it will highlight the impact these challenges have in determining the success or failure of public-private partnership projects. Academic and non-academic publications from researchers and studies previously conducted on the topic of public-private partnership will be used to identify key challenges and impact resulting from such partnerships.
SECTION
3 Background information

Public-private partnership and problem statement
Why public-private partnership?

New Zealand government, through the Ministry for Culture and Heritage and its funded agencies is responsible for delivering the country’s arts, culture and heritage activities (Ministry for Culture and Heritage, 2016b). The cultural sector’s priorities include maintaining culture and preserving heritage. In particular, it helps people and organisations that contribute to making New Zealand’s culture and heritage thrive.

3.1 Definitions of public-private partnership

Like culture, public-private partnership does not have a standard definition (Krzes-Dobieszewska, 2014, p.65). De Clerck, Demeulemeester, and Herroelen (2012, p.248) describe public-private partnership as the government’s mega credit card. Bovis (2010, p.2) states that public-private partnership involves temporary transfer of undertaking in the delivery of public services to the private sector. The normal duration for a public-private partnership is between 15 and 30 years (New Zealand Social Infrastructure Fund Limited, 2009a).

Other definitions of public-private partnership include the United Nations defining it as “innovative methods used by the public sector to contract with the private sector, who bring their capital and their ability to deliver projects on time and to budget, while the public sector retains the responsibility to provide these services to the public in a way that benefits the public and delivers economic development and an improvement to the quality of life” (Bovis, 2010, p.4).

In the New Zealand context public-private partnership is referred to as “a long-term contract for the delivery of services, where the provision of services requires the construction of a new asset or the enhancement of an existing asset, that is financed from the external (private) sources on a non-resource basis and where full legal
ownership of the asset is retained by the Crown” (The Treasury-New Zealand, 2015).

Due to the static baseline funding from the government, there is an increased need for New Zealand’s cultural sector to seek alternative funding sources.

3.2 Alternative funding strategy

Bovis (2010, p.1) indicates that traditionally, the government’s role and responsibilities are focused on providing and funding public services (Teicher, Van Gramberg, Neesham, & Keddie, 2008, p.67). Langley (2011, p.1) stresses that government, as well as local councils struggle each year to raise sufficient funds to provide essential services and enhance the quality of life of New Zealanders. In light of the government’s financial constraints, public-private partnership has been considered as an alternative funding strategy (Ribeiro & Dantas, 2006, p.1).

Notwithstanding that New Zealand is in favour of the traditional method of providing and funding public services, it does partner with the private sector on various infrastructure projects (New Zealand Social Infrastructure Fund Limited, 2009b), for example the Transmission Gully project. Learning from past experiences and acquiring knowledge from public-private partnership ventures used overseas, New Zealand is understanding the need to utilise private sector’s investments as a source to bridge its funding gap (Ribeiro & Dantas, 2006; pp.1-2; World Bank Group, 2016).

In view of the static baseline, alternative funding strategy is required to enable the public sector to safeguard the country’s cultural assets, maintaining cultural sites and delivering cultural activities. Such initiatives have been trending overseas.
3.3 Global trend

There have been increased demands internationally for governments to fulfil their role and responsibilities towards providing and improving public services, for instance access to museums and art galleries; both social and economic (Archer & Cameron, 2003, p.1; Kelly, 2016a). Wettenhall (2003, p.83) believes that such demands have created a different paradigm, forming a shared role played by the public and private sectors in the development of cultural and creative industries (Poussin, 2009, p.39; Krzes-Dobieszewska, 2014, pp.72-73; Millar, 2016).

Although the public sector is the protector of the country’s culture and heritage (Macdonald, 2011, pp.893-895), public-private partnership have been utilised to conserve or revitalise culture and heritage sites, and resources in Ireland (Cooke, 2006, pp.76), Hong Kong (Cheung & Chan, 2011, pp.180-181), Australia (Macdonald & Cheong, 2014, p.2), and Russia (Absalyamov, 2015, p.216). The collaboration between the public and private sector is significant in filling the declining public sector resources (Inkei, 2007) and has been globally accepted as an alternative funding source for the public sector (Follak, 2015, p.191), including the cultural sector.

3.4 Benefits and opportunities for public-private partnership

Public-private partnership provides opportunities for the public sector to raise funds to sustain the delivery of public services (Meidute, 2011, p. 257). Public-private partnership focus on the sharing of resources, responsibilities and risks (Ribeiro & Dantas, 2006, p.2; Panda, 2016, p.167; Riches Resources, 2016, p.4).

For the public sector, apart from being an alternative funding source, the benefits derived from public-private partnership include improved delivery of public goods and services, transfer of risks to the private sector (Bloomfield, 2006, pp.401-402), and sharing of expertise and experience (Lemos, Betts, Eaton, & Almeida, 2000; International Project Finance Association, n.d.).
For the private sector, in addition to financial returns, public-private partnership affords the private sector increased brand reputation, as well as opportunities to enter new markets (Riches Resources, 2016, p.6). According to Bloomfield (2006, p.400) public-private partnership encourages innovations and creates better value for money (International Project Finance Association, n.d.), particularly when projects are completed to plan and budget.

Take up on public-private partnership in the cultural sector has predominantly been in “digitisation, online access and digital preservation; conservation of immovable heritage; and managing cultural services” (Riches Resources, 2016, p.5). Monreal & Al Hassan (2013, pp.1-2) believe that as culture is seen as an asset, there are great potentials for public-private partnerships and investments in the cultural sector, creating new jobs and triggering an income growth for the country.

The following section, literature review, will focus on the key challenges in public-private partnership. In particular, it will consider the impact these challenges have in determining the success or failure of public-private partnership projects.
SECTION 4 Challenges of public-private partnership

According to Wettenhall (2003, p.85) whilst the opportunities and benefits of public-private partnerships are significant, there is a lack of understanding on how the public sector’s role has changed in the procurement and provision of public services. Wettenhall (2003, p.99) further highlights that despite the shift in role, it is important for the public sector to maintain its integrity and protect the public’s interests (Runde, 2013; Follak, 2015, p.193), by ensuring a high standard of delivery from the private financiers.

The success of a public-private partnership is determined by how well the public and private sectors manage the challenges in their partnership. Among the key challenges found in the current literature included the bidding process, contracts, value for money, managing risks, and maintaining stakeholder relationship which are discussed in more detail below.

4.1 Bidding process

A public-private partnership starts with the bidding process. Whilst the bidding process is complex, the main steps taken are illustrated in Diagram 1.

Diagram 1: Bidding Process
Source of illustration: European PPP Expertise Centre (http://www.eib.org/epec/g2g/iii-procurement/31/index.htm)
The European PPP Expertise Centre (2015) identified maintaining transparency in the bidding process as one of the key challenges in public-private partnership. De Clerck et al. (2012, p.25); Akintoye, Hardcastle, Beck, Chinyo, and Asenova (2003, p. 469) were of the view that asymmetric information makes it difficult for either party to know what their payoff would be. For public-private partnership to be accepted by all stakeholders and be successful, maintaining transparency and fairness throughout the life-cycle of the partnership is essential.

To avoid opportunism, the European PPP Expertise Centre (2015) emphasises the importance for all bidders being given equal treatment, and advises all contacts with bidders to be recorded. De Clerck et al. (2012, pp.249) was of the view that due to the number of bidders engaging with the public sector, there are possibilities for asymmetric information, especially during the bidding process resulting in moral hazards and contributing to adverse selection (European PPP Expertise Centre, 2015).

Non-transparent transactions and corrupt behaviours have negative impact on the partnership. Building trust in the beginning of the partnership is vital for a successful public-private partnership (Zitron, 2006, p.55; Panda, 2016, p.168). Particularly in developing countries, such negative behaviours have resulted in legal issues, delays on the project’s implementation and completion (Ismail & Haris, 2014, pp.246-247; European PPP Expertise Centre, 2015), and budget overruns (Bovis, 2010, p.3).

Apart from the challenges, financial return is a key consideration when the private sector chooses to engage in a public-private partnership (Riches Resources, 2016, p. 6). However, in determining the right private partner, the public sector’s selection criteria include price (lowest may not be the best option), the private partner’s experience (The National Council for Public-Private Partnerships, n.d.) and quality (De Clerck et al., 2012, p.249).
Successful public-private partnership will require alleviating the challenges in the bidding process by providing clear and transparent processes, and fairness to all bidders, ultimately making a strategic partner selection.

4.2 Contracts


When managing projects, public sectors and private sectors have differing expectations and objectives, thus rendering challenges in accurately drafting the contract for work or services to be undertaken and/or delivered by the private financiers (Olkkonen & Tuominen, 2008, p.209). It is vital to identify and clarify each party’s roles, responsibilities, risks allocations, and how disputes will be resolved in such long-term public-private partnership (Meidute, 2011, p.258; Sabol & Puentes, 2014, p.13; Roehrich, Lewis, & George, 2014, p.116). It is crucial to clearly indicate the reward sharing and/or incentives, and performance measures (Zhang, 2005, p. 4; Panda, 2016, p.172; World Bank Group, 2016) for monitoring and evaluating the project.

Although public-private partnership is focused on collaboration, the conflicting interests of each sector cannot be ignored (Bloomfield, 2006, pp.407). Prolonged negotiations and re-negotiating contracts have had adverse effects on planned projects and budgets (Akintoye et al., 2003, p. 468; Ismail & Haris, 2014, p.246).
Well-designed contracts provide avenues to effectively monitor all contractual performance (Meidute, 2011, p.269; Sabol & Puentes, 2014, p.23).

4.3 **Value for Money**

Although the value of exchange is set-out in the contract, another public-private partnership challenge relates to the notion of value for money. Value for money is central and a key feature of public-private partnership (Roehrich et al., 2014, pp.112).

The core reward private sector receives in a public-private partnership is a long-term source of revenue (Sabol & Puentes, 2014, p.6). Depending on the specific project, repayment by the public sector on the financial assistance provided is “by way of service or unitary charges”, a payment method based on “usage volume or demand” on the cultural good or service (Bovis, 2010, pp.8). But, this method of repayment is not without risks. While the private sector has greater ability to acquire financing for its projects, the cost of borrowing are usually higher when compared with the public sector (Sabol & Puentes, 2014, pp.11). Sabol & Puentes (2014, pp.11) stress that since the private sector is focused on profits, it is imperative to them that their projects are delivered on time and on budget (Grimsey & Lewis, 2005, pp. 371).

An incentive or drive for the private sector to get involved in a public sector project (Cooke, 2006, pp.84-85) is needed in order to balance the different levels of risks associated with public-private partnerships. According to Runde (2013) the value the private sector receives in a public-private partnership goes beyond a long-term source of revenue, since working with the government provides the private sector a strong brand partner and entry to new markets (Macdonald, 2011, p.896).

For the public sector, when deciding to enter into a public-private partnership, the incentives reach further than financial assistance from the private sectors. To warrant public-private partnership, the private sector’s ability to sustain and
improve a public good or service is crucial (Teicher et al., 2008, p.68). Incentives and values go beyond financial assistance and incorporate the sharing of expertise (Archer & Cameron, 2003), experience, technology and managing skills to enhance the public sector’s capability, creating a more effective and efficient public sector (Cooke, 2006, p.91; Brinkerhoff & Brinkerhoff, 2011, pp.4-5; Krzes-Dobieszewska, 2014, p.65). Particularly in the cultural sector, the private sector’s management of cultural goods, such as private museums is not a competition but one that is complementary to cultural sector activities (Cooke, 2006, pp.79; Absalyamova, Absalyamova, & Absalyamova, 2015, pp.220).

Based on the literature reviewed, despite various challenges, both public and private sectors consider value for money, as an important component when deciding whether it is beneficial and practical for them to enter into a public-private partnership. However, careful planning is required as engaging in public-private partnership is not without risks.

4.4 Managing Risks

Due to the complexity of arrangements in each project (Grimsey & Lewis, 2002, p.109), there is always a possibility of success or failure in public-private partnership. Managing risks and planning are critical challenges in a public-private partnership. De Clerck et al. (2012, p.251) stress that “risk is everywhere in PPP”. According to Runde (2013) “risk is present in all public-private partnership and for all partners involved”. Managing risks in public-private partnership is two-fold, one during the bidding process, and the other covering the life-cycle of the project.

To a large extent, both public and private sectors face the challenges to successfully manage legal, administrative, technical and financial capacities (Meidute, 2011, pp.265-269; Monreal & Al Hassan, 2013, p.5). Like transparency and trust in a public-private partnership (Panda, 2016, pp.172-173), monitoring and mitigating risks are crucial throughout the life-cycle of the project.
Project management risks primarily relate to the project’s costs and delivery (Grasman, 2009, p.304). According to Kelly (2016b) the impact of paying liquidated damages as a result of late delivery of a project is “scary stuff” for the private contractor. Project delays and cost overruns can be mitigated with effective project and risk management, which involves efficient risks identification, mitigation and management.

Risks should be appropriately allocated. As the responsibilities of the partners vary from one public-private partnership to another depending on the type of arrangements, project management risks are normally transferred to the private sector (Grasman, 2009, p.303). However, on some occasions the public sector is better suited to maintain the risks. Grasman (2009, pp.304) states that risks are usually managed by the party which is “best able to absorb the risks” (Zhang, 2005, p.7).

There are expectations for the public sector to monitor projects undertaken by the private sector. It is imperative that the public sector sets appropriate benchmarks/measures to safeguard the public’s interests (Demirag & Khadaroo, 2009, p.281). Ribeiro and Dantas (2006, pp.2-8) highlight the significance of identifying rewards and appropriate performance measures that could assist with project evaluation. Ribeiro and Dantas (2006, p.7) further highlight that minimising risks requires strategic planning.

Inadequate planning includes lack of transparency, unclear roles and responsibilities, and poorly allocating risks. Adversely, inadequate planning leads to conflicts, delays or derailment of projects (Ribeiro & Dantas, 2006, p.7; Grasman, 2009, p.305). Planning is necessary not only during the negotiation phase but throughout the life-cycle of the project (De Clerck et al., 2012, p.252).

Apart from thorough planning and managing risks, maintaining good relationship is an essential element of a successful public-private partnership.
4.5 *Maintaining Stakeholder Relationship*

Having clear objectives and each party’s willingness to learn from their mistakes are challenges for maintaining good stakeholders’ relationship in a public-private partnership. Orfalea’s (2015, p.3) expresses the relationship as one of “*head and heart partnership*” and argues that “*partnership is not easy*”. An imperfect public-private relationship can be disastrous (Olkkonen & Tuominen, 2008, p.204-205; De Clerck et al., 2012, p.248; Panda, 2016, p.168).

It is difficult to find a common purpose in a new relationship. Different governance structures suggest that public and private sectors have different expectations (El-Gohary, Osman, & El-Diraby, 2006, p.595). For the most part, risks are viewed and managed differently by the public and private sectors (Archer & Cameron, 2003). According to El-Gohary et al. (2006, pp.599) strong stakeholders’ involvement and input at every stage of the project are crucial for a successful public-private partnership (Demirag & Khadaroo, 2009, p.282).

El-Gohary et al. (2006, pp.595) state that stakeholder management issues relate to what is considered reasonable and acceptable. Ideally, it should have parties collaborating and aligning their expectations, have shared goals and develop the style for working together in order to gain all stakeholders’ buy-in (Andersen, 2015). It requires both parties to find ways to address their differences and recognise that each party can have different objectives (Archer & Cameron, 2003).

Building trust in a public-private partnership relationship is not always straightforward. There is a need for maintaining open communication (Macdonald, 2011, p.901) and transparency.

There are various challenges of public-private partnership. The section below will provide a conclusion to the summary of these challenges. Accordingly, the subsequent section, research design aims to gain the insight and better understanding regarding the challenges of public-private partnership in the context of New Zealand’s cultural sector.
SECTION 5 Conclusion

In conclusion, with declining funding from the government and the need to protect, sustain, improve and revitalise cultural goods and services, public-sectors worldwide are turning to private sectors for financial assistance.

The benefits of public-private partnership are vast, at the same time they do have a range of challenges. Such challenges are mainly related to the bidding process, establishing clear roles and responsibilities, value for money; managing risks, and resolving disputes. For this trending alternative funding strategy of public-private partnership to be sustainable and successful, it is crucial to address the challenges, particularly through stakeholder management.

The findings from this literature review will be tested in the New Zealand context. Does the New Zealand government face the same challenges when engaging in public-private partnership? Particularly, what are the challenges the cultural sector have to manage when working with private financiers in public-private partnership?

The following section, research design, will describe the research method and methodology to be used for gathering the data relevant for the research analysis. The data will be used to establish if there are similarities (or dissimilarities) in the challenges in public-private partnerships, particularly in the context of the New Zealand cultural sector.

The research method used will allow the researcher to gain the insight and better understanding regarding the challenges of public-private partnership in the context of New Zealand’s cultural sector, especially from the experiences of the research participants.
Diagram 2 below illustrates the public-private partnership framework, as seen through the lens of the public-private partnership challenges. This framework will be used to denote the link between the cultural sector and the private sector.

![Diagram 2: Public-Private Partnership Framework](image-url)
SECTION 6 Research design

This business research project is important as it seeks to identify the challenges of public-private partnership, particularly in the context of the New Zealand cultural sector. Specifically, when working with private financiers in a public-private partnership, does the New Zealand cultural sector face similar (or dissimilar) challenges from those highlighted in the literature review?

As the New Zealand government continues to maintain a static baseline funding, the public sector, especially the cultural sector needs to find alternative funding sources. To enable the cultural sector an ability to safeguard the country’s assets and support cultural activities, alternative funding sources such as public-private partnership are essential.

A reflection on the literature review found that there were benefits and challenges in public-private partnership. Benefits for the public sector were focused on the sharing of resources, responsibilities and risks. The benefits for the public sector included opportunities to raise funds from the private sector to sustain the delivery of public services, transfer of risks to the private sector, improved delivery of public goods and services, and sharing of expertise and experience. For the private sector, the benefits were not limited to continued financial returns but also included increased brand reputation and opportunities to enter new markets.

Key challenges for both public and private sectors in public-private partnerships included maintaining transparency during the bidding process and life-cycle of the partnership, accurately drafting a comprehensive contract while managing differences in each party’s expectation, recognising the notion of value for money, managing risks, and maintaining stakeholder relationship.

In view of the findings from the literature review, it is the researcher’s intention to establish if there are similarities (or dissimilarities) in the challenges in public-private partnership.
partnerships, particularly in the context of the New Zealand cultural sector. Therefore, the fundamental purpose of this section, research design, is to provide an overall strategy for the investigation, data collection and analysis, which will be taken for this business research project. The intention of this research is not to prove a hypothesis. Instead it is aimed at gaining insights to the challenges of public-private partnership, particularly in the New Zealand cultural sector.

Accordingly, a cross-sectional research design is deemed suitable for this business research project, to ensure that the right methodology and method are applied to accurately capture the relevant data. Cross-sectional research involves the “collection of data on more than one case ... which are then examined to detect patterns of association” (Bryman & Bell, 2011, p.62). The objective of this research design is to allow the researcher to identify the challenges for both the public and private sectors when engaging in public-private partnerships. Subsequently, the data received from the research participants will be compared against the findings from the literature review to establish the similarities (or dissimilarities).

The following sections will discuss:
- the research methodology, which will specify the approach to be applied in supporting this business research project
- the method to be used for data collection and analysis, and
- a planned timeline for progressing and completing this business research project.

6.1 Research methodology

From an ontological perspective, this business research project identifies the challenges of public-private partnership in the New Zealand context, particularly in the cultural sector. Accordingly to Bryman and Bell (2011, p.32) “social ontology is concerned with the nature of social entities”. As the relationships between the cultural and private sectors are constantly changing, this business research project will take on a social constructive framework. Accordingly, constructionism as an ontological position in this research is targeted at “understanding and
reconstruction of the constructions that people (including the inquirer) initially hold, aiming toward consensus but still open to new interpretations as information and sophistication improve” (Guba & Lincoln cited in Denzin & Lincoln, 1994, p.113).

When considering the epistemological position, this business research project seeks to gain the insight and better understanding of the challenges of public-private partnership in the context of New Zealand’s cultural sector, especially from the experiences of the research participants. To better understand these experiences, an interpretive paradigm is considered the appropriate research position. According to Burrell and Morgan (1994, p.28) “interpretive paradigm is informed by a concern to understand the world as it is, to understand the fundamental nature of the social world at the level of subjective experience”. Bryman and Bell (2011, p.35) stress that the interpretative position “focuses on the conceptions of social actors and implies that understanding must be based on the experience of those who work in organisations”. In this research, the interpretivist approach will provide the research participants an opportunity to “voice” (Leitch, Hill & Harrison, 2010, p.77) their challenges in managing public-private partnerships.

Accordingly, this business research project methodology will focus on phenomenological study aimed at gaining the subjective experiences of the research participants. Bryman and Bell (2011, pp. 29-30) argue that phenomenology is “a philosophy concerned with how individuals make sense of the world around them, and how, in particular the philosopher should bracket out preconceptions in his or her own engagement with the world”. This approach will provide the researcher an opportunity to engage with the research participant and acquire a source for a greater understanding of the human phenomenon, which is “seeing things from that person’s point of view” (Bryman & Bell, 2011, 30).

In terms of research strategy, this business research project will be using an inductive approach. An inductive approach will provide the researcher an
opportunity to establish patterns or themes from the data collected from the research participants. Further, the researcher has the ability to link the patterns or themes gathered from the research participants and the findings from the literature review. Bryman & Bell (2011, p.25) state that the inductive process “involves drawing generalizable inferences out of observations”.

As the importance of this business research project is to identify the challenges of public-private partnership, especially in the context of the New Zealand cultural sector, a qualitative research with an emphasis on qualitative interviewing (Bryman & Bell, 2011, p.394) has been considered the appropriate research method. Qualitative research emphasises on words, perceptions and feelings in the collection of data and analysis (Bryman & Bell, 2011, p.38), thus suits the nature of this business research project. Qualitative research presents rich data that will be gathered from the research participants, therefore enhances the researcher’s understanding of the challenges of public-private partnership in the context of New Zealand’s cultural sector.

6.2 Research method

6.2.1 Semi-structured interviews

As part of a cross-sectional research design and the research methodology discussed in the previous sections, semi-structured interviews will be the primary method used for data collection in this business research project. Semi-structured interviews with open questions would be suitable for this business research project as it allows the research participants to respond to questions in their own terms and based on their “knowledge and understanding of the issues” (Bryman & Bell, 2011, pp. 257-258). It also allows the researcher to ask additional question, especially when there is a need to clarify or expand on certain questions.
6.2.2 Interview structure

The researcher plans to conduct face-to-face interviews to investigate and carry out data collection for this business research project. In the event, face-to-face interviews are not possible, the researcher will revert to phone interviews.

Each face-to-face interview is expected to take between 30 to 45 minutes. The research participants will be provided background information of this business research project prior to the interview. A set of questions as set-out in Appendix 1 will be used to guide the interview.

The researcher will not be looking for structured answers, but will instead choose to remain as an objective observer. Semi-structured interviews will afford the researcher the flexibility to adapt and change the line of inquiry, which will be determined by the research participants’ viewpoint and responses on the challenges of public-private partnership in the New Zealand cultural sector.

Prior permission will be sought from the research participants to allow the interview to be recorded using an audio recorder. This is to ensure that the information is accurately noted and available for review after the interview. The researcher will also be taking written notes to support the interview recordings. To ensure that this research meets the evaluation criterion, all interview recordings and written notes will be securely stored and available for assessment and audit purposes.

6.2.3 Access to participants

Research participants will be sought from senior managers working in the New Zealand cultural sector and private sector. As a primary selection criterion, these participants must be responsible for sourcing or approving funding for the cultural sector’s activities. These participants will be
sourced from the researcher’s personal networks. Between eight to ten participants within the public and private sectors have been identified. Access to these research participants will be by email and follow up telephone calls, if necessary. A sample letter requesting the research participants consent to participate in this research is attached as Appendix 2. These research participants will only be approached after the researcher has obtained approval from the Victoria University of Wellington Human Ethics Committee. The approval, among other things is to confirm that there will be confidentiality and the names of the research participants will not be published in the business research project. The researcher proposes to use pseudonyms to identify the research participants.

6.2.4 Analytical technique

Summary of the interview recordings will be transcribed and the data will be captured in a Microsoft Excel spreadsheet. The captured data will subsequently be analysed using thematic analysis. Thematic analysis is commonly used as an analytical method in qualitative data analysis (Bryman & Bell, 2011, p.599). Thematic analysis provides a systematic approach for analysing data. Through thematic analysis, the researcher aims to establish emerging themes from the interviews with the research participants. Themes can be recognised as “a category identified by the analyst through his/her data, relates to the analyst research focus, and builds on codes identified in the transcripts” (Ryan & Bernard, 2003 and Braun & Clarke, 2006 cited in Bryman & Bell, 2011, p.586).

Subsequently, themes identified through thematic analysis will be compared against those themes found in the literature review. The objective of the data analysis is to confirm the similarities (or dissimilarities) between the current literature and the experiences of those engaged in public-private partnership within the New Zealand cultural sector. Cross checking the data, an approach known as triangulation provides an avenue for the researcher to validate the study which is
currently undertaken in this business research project. Denzin (cited in Bryman & (2011, p.402) refers to triangulation as “an approach that uses ‘multiple observers, theoretical perspectives, sources of data and methodologies’ but the emphasis tended to be on methods of investigation and sources of data”. The insights and understanding on the public and private sectors’ challenges will assist the researcher in developing a framework, particularly through stakeholder management theory for sustaining successful public-private partnership as an alternative funding source.

6.2.5 Limitation

Whilst, qualitative research allows flexibility, it has been criticised as being impressionistic and subjective, difficult to replicate, findings are restricted, and lack transparency (Bryman & Bell, 2011, pp.413-414). The researcher aims to mitigate this limitation by integrating thematic analysis and triangulation of data collected from the interviews with the findings from the literature review to enhance the depth of analysis.

Further, due to time constraints the limited number of research participants may present a bias and general viewpoint of the challenges of public-private partnership, particularly in the New Zealand cultural sector. Potentially, the research will be able to gain greater insights and understanding regarding the issues with a larger sample size.

6.2.6 Creditability

Reliability, replication, and validity are important elements by which a business research can be assessed for its authenticity (Bryman & Bell, 2011, p49). However, Lincoln and Guba (cited in Bryman & Bell, 2011, p.400) propose trustworthiness as an alternative criteria to evaluate qualitative approach business research. According to Lincoln and Guba (cited in Bryman & Bell, 2011, pp.400-403) trustworthiness includes the
values of credibility, transferability, dependability, and confirmability. Lincoln and Guba (cited in Bryman & Bell, 2011, p.403) further stressed on the importance of authenticity, which include evaluation criteria such as fairness, ontological authenticity, educative authenticity, catalytic authenticity, and tactical authenticity.

In this business research project the criteria of creditability and confirmability is met through additional methods of analysing the data collected. The use of thematic analysis and triangulation will increase the validity and depth of the data collected. The recordings of the interviews and proper storage of the research material will ensure that the criteria of dependability is covered. Strategically identifying the challenges of public private partnership and capturing the data from the interviews with the research participants and subsequently categorising the emerging themes can improve the transferability criteria in a qualitative research.

Carefully planning the research design is necessary to ensure the creditability of the business research.

6.3 Resources and planning

The main resources for this business research project are the research participants, without whom the study cannot be undertaken. An audio recorder will be used to record the interviews. All interview materials will be electronically stored with password-protected access.

The researcher will be required to travel to Auckland and Christchurch to interview several research participants. The travel costs and associated expenses will be borne by the researcher. A token of appreciation in the form of a gift reflecting the New Zealand culture will be presented to the research participants.
Appendix 3 provides a timeline of planned actions from the commencement to completion of the business research project.

The following section, research findings, will provide the discoveries and data collected from interviews with the research participants. In particular, it will provide conclusions on emerging themes found in interviews with the research participants.

The subsequent section will compare the findings from the interviews with those found in the literature review, in particular the challenges faced by the New Zealand cultural sector when engaging in public-private partnership. Furthermore, in-depth understanding of the challenges of public-private partnership, particularly in New Zealand’s cultural sector, can assist in forming best practices for sustaining long-term and successful relationships between the cultural and private sectors.
In total ten research participants were interviewed, five each from the cultural and the private sectors. The research participants interviewed were senior managers within the cultural sector and private sector organisations, who were responsible either for managing, seeking, evaluating or providing funding and/or resources. It was noted that the public-private partnership engagement experienced by these research participants were a result from philanthropic giving or corporate sponsorship. Only one research participant had participated in a bidding process, for a heritage building restoration works. All research participants and their organisations were ensured confidentiality, and will be referred to in this report by pseudonyms.

Interviews with the research participants were carried over a period of three weeks in September 2016. The researcher travelled within Wellington, and to Christchurch, as well as Auckland to conduct face-to-face interviews with the research participants. Due to their busy schedules, two research participants were interviewed over the telephone. A set of questions were used to guide the semi-structured interviews.

All interviews with the research participants were recorded and a summary of the findings from the interviews was transcribed. It was clear that the analysis on the data generated from the interviews highlighted various emerging themes relating to the challenges, as well as benefits and opportunities of public-private partnership, particularly within the context of the New Zealand cultural sector.

7.1 Emerging themes

The emerging themes included transparent but laborious and time-consuming negotiations process; straight-forward and standard agreements; investments and funding risks; beyond value of money; lack of professionalism and expertise; and maintaining good relationship which are described in more detail below.
7.1.1 **Transparent but laborious and time-consuming process**

There was transparency and fairness throughout the negotiations process and the life-cycle of the partnerships. This fact was agreed by all research participants. According to PF3 who is a philanthropist and managing director of a construction company, “… the dealings were always very transparent, with all parties tendering, receiving the same documents and information”.

All research participants considered the negotiations process involved in achieving a funding stream as being laborious and time-consuming. Based on the experiences of the research participants, the time taken could range between two weeks for smaller funding requests and six to eight months for larger funding investments.

According to PF4 who is a senior executive for a charitable foundation, “it takes between six to eight weeks for grants under $20,000, and six to eight months from the time an application is made to when the grant is approved/provided for larger requests”. From PF4’s perspective “only for very large grants, there will be a set of negotiations around what the outputs and outcomes will be”.

PF3 believed that one of the reason for the laborious and time-consuming process was due to the fact that “the public sector including the cultural sector is very risks adverse, and this tends to delay everything”. PF3 was of the view that negotiations with the public/cultural sector was a very difficult process, “the tender specification was really oriented towards new buildings. Therefore, it was quite hard to meet the specifications when what is to be refurbished is an old building”. PF3 stressed that negotiations were also difficult as a result of the public sector’s purchasing power. According to PF3 “there was a three to four months detailed negotiations”.

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Whilst the negotiations process was laborious and time-consuming, formalising the funding stream was viewed by all research participants as a straight-forward agreement.

### 7.1.2 Straight-forward and standard agreements

The researcher noted that there was ease in putting together an agreement to formalise the funding stream between both parties. PF2 who is a senior banker found, “reaching and signing an agreement to seal the funding stream is rather straight-forward”. PF1, a senior executive from a telecommunications company believed that “the time taken to draw up a comprehensive contract is influenced by the relationship between the different parties”.

CS5 who is a senior executive from a museum had similar views, “it is usually very easy to formalise an agreement when expectations have been clearly discussed and agreed”. From CS5’s point of view, “depending on the form of sponsorship, the museum usually signs standard agreements with their partners/sponsors”.

However, there were exceptions where legal advice were deemed necessary by both parties. CS4 who is a senior executive from a performing arts organisation commented that “... big contracts are negotiated with legal advice setting out the responsibilities on both sides...”. This is to ensure that appropriate benchmarks and measures were outlined to protect both parties’ interests.

Despite the long negotiation process, CS4 informed the researcher that “there is no guarantee in sponsorship business”. Therefore, significant importance is placed on the signing of an agreement to formalise the funding stream. CS2 who is a director with an established art gallery found
that “as there are standing agreements, CS2 feels secured and does not foresee any risks in the funding stopping at this stage”.

7.1.3 Investment and funding risks

It was clear from the analysis of data generated from the interviews that all research participants believed that there were risks when engaging in public-private partnership. Risks were viewed differently by the cultural and private sectors.

From the cultural sector’s perspective investments in fund raising project was viewed as a risk. Risks from investment in fund raising projects take into account costs, time and resources. According to CS5 “high costs are involved in managing a sponsorship marketing team and there are no guarantee of what is achievable in terms of raising funds”. In addition, CS4 highlighted that “... lots of times a cultivation process can take months or years and things could get a long way down negotiations with a potential sponsor and discover that one is not comfortable that it can fulfil the sponsor’s expectations”.

From the private sector’s viewpoint, there were risks in providing funding. According to PF2 there were risks in providing sponsorships, “for example, the sponsored project may not run its full course or it could be a complete failure”. However, PF4 believed that such risks were low as “PF4 has experienced only one case of fraud in the past”.

The researcher noted that there were also financial risks. Particularly, PF3 emphasised that “monies could be lost over miscalculation on cost of construction or conversion and the cost on capitalisation rates”.
Notwithstanding the presence of risks, the research participants interviewed acknowledged that there were benefits and opportunities from public-private partnership.

7.1.4 **Beyond value of money**

The analysis of the data generated by the interviews showed that there were benefits and opportunities for public-private partnership to go beyond value of money. It was clear that public-private partnership provided an alternative source of funding for the cultural sector to sustain the delivery of cultural activities and maintenance of heritage buildings.

CS3 who is a senior manager from a museum highlighted that “funding from the government was limited. Therefore, CS3 had to fund raise for capital projects”. As explained by CS1 who is a senior executive with a performing arts organisation, “… funding is approximately 40% from the government, 30% from the box office and 30% from private funding”.

However, funding goes beyond value of money as there were also contributions in the form of products and services. CS1 also explained that “smaller sponsors does not provide money but they provide other means of sponsorship, such as products and services, for example skincare, make up, storage space and pro bono legal work”.

There were costs involved in sponsorships. CS4 explained that, “as a general rule, every $1 the sponsor spends on sponsorship fee, it will be spending up to $3 in its own business to make the most of the sponsorship”. Therefore, there has to be an incentive or value of exchange to encourage the private sector to fund the cultural sector.

The private sector provides funding for one of two reasons. One reason is from a philanthropic view where the private sector sees its role as giving
back to the community. The second reason is purely marketing with the intentions of lifting the profile of their brand and extending their products to a wider market. PF5 helps the cultural sector to gain national exposure and build partnership with the sponsors. PF5 believed that the private sector provides funding because “it thinks it is part of its duty, and it wants to be seen as socially connected. It is an opportunity to build its brand”.

For the private sector, the returns from the provision of funding include a continuous stream of revenue. In particular, PF3 highlighted that “there was a continuous stream of revenue from the tenancy. This provided financial security which made it easy for PF3 to raise monies from banks to fund the project. The possibility of selling the property is better when there is a long lease”.

Apart from a continuous stream of revenue and branding, other forms of exchange and/or values the private sector receives included naming rights, free venue hire, and access to the cultural sector’s audience through free advertisements on the cultural organisation’s websites and programmes.

### 7.1.5 Lack of professionalism and expertise

The researcher’s observation was that the cultural sector found it incredibly challenging to raise funds from the private sector. While CS1 believes that “everyone in the sector is chasing the same pot of money”, CS2 was of the view that “peoples’ priorities was not always focused on the cultural sector”.

Whilst networks were seen as pivotal in securing sponsorships or funding, both the cultural and private sectors found that the cultural sector lacks professionalism and expertise when it came to approaching the private financiers for funds. PF5 found that “the cultural sector may not necessarily be sufficiently skilled to undertake such task. There is a lack
of capable development managers to raise funds in the cultural organisations”. Similarly, PF1 was of the view that “the cultural sector needs to understand the private sector’s reasons for going into a partnership – what are their vision, strategies and insights…”.

From the private sector’s perspective, the cultural sector needs to present a strong business case when it is requesting funding. PF2 informed the researcher that “there have been occasions when PF2 would have to retrofit to make the funding request work”. The researcher noted that the private sector was not keen on providing funding for cultural projects which were not seen as valuable to New Zealanders. PF2 discussed the importance of “the cultural organisation understanding the power of the project it wishes to undertake before approaching the private sector”.

The cultural sector needs to understand what motivates the private sector to partner with the cultural sector and tailor its approach accordingly. When approaching potential sponsors, CS5 stressed that “it is important to look at brand compatibility”. CS3 was of the view that “there is not much expertise around the fund raising campaign. How the ‘story’ is pitched is important…”.

Despite the above challenges, there were split views from the cultural sector research participants with regard to approaching alcohol brands for funding. Most would not approach alcohol brands as they did not think of such sponsors as being conducive, particularly in a family environment. CS4 does work with alcohol brands, however, “we take care to do so responsibly. We would never associate an alcohol brand with our education programme or events geared to children or families”.

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Notwithstanding the lack of professionalism and expertise in fund raising initiatives, both the cultural and private sectors identified maintaining good relationship as key in sustaining the public-private partnership.

7.1.6 *Maintaining good relationship*

Research participants from both sectors agreed that relationship building is important for maintaining successful public-private partnership. In particular, the researcher noted that private sector sponsors like to be acknowledged and did not like being neglected. PF5 highlighted the fact that “there is a risk of losing a sponsor when an organisation does not treat its sponsor well”. CS5 pointed out that “… investing in the relationship and making time to understand the partner’s expectations are critical success factors when partnering with the private sector”.

All research participants also agreed that an ideal partnership meant both parties were able to work collaboratively and leverage on each other’s strength. PF1 found that “when there is alignment in objectives, neither party has a reason to exit the partnership”. Accordingly, CS2 stressed the importance of “parties keeping up to each other’s side of the bargain and make sure they deliver on what they said they would do”.

Research participants identified planning, building trust and regular communication as key elements for maintain good relationship. PF1 is of the view that “sustaining a long-term partnership requires strong planning and communication. The relationship should not be affected by people leaving either organisation”. CS3 argued that public-private partnership “is about courage, requires hard work, and maintaining good stakeholder relationship”.

Based on the methodology used and the data generated from the recording from the interviews with the research participants, the researcher did not
deem it was necessary to cross check the data with the approach known as triangulation to increase the validity and depth of the data collected.

Accordingly, based on the emerging themes which surfaced from the interviews with the research participant, the following section will focus on comparing and contrasting these findings to those discussed in the literature review.
SECTION 8 Discussion

This section will focus on comparing and contrasting the findings highlighted in the literature review with the emerging themes identified from the interviews with the research participants. The aim of this discussion is to identify the similarities (or dissimilarities) between the current literature and the experiences of those engaged in public-private partnership within the New Zealand cultural sector. In particular it will focus on the challenges faced by the New Zealand cultural sector when engaging in public-private partnership.

The similarities and dissimilarities on the challenges faced by the New Zealand cultural sector when engaging in public-private partnership are discussed in more detail below.

8.1 Alternative funding strategy and global trend

Current literature (Ribeiro & Dantas, 2006, p.1) highlighted that in light of the government’s financial constraints, public-private partnership has been considered as an alternative funding strategy. It was evident from the analysis of the data generated from the interviews, all research participants agreed that public-private partnership is an alternative funding strategy used to bridge the funding gap. In particular, CS3 acknowledged that “funding from the government was limited. Therefore, CS3 had to fund raise for capital projects”.

For reasons discussed above, the finding from this research fitted with the current literature.

8.2 Bidding process

The European PPP Expertise Centre (2015) identified maintaining transparency in the bidding process as one of the key challenges in public-private partnership. The researcher note that the public-private partnership experienced by the research participants were either philanthropic giving or corporate sponsorship. Only one
research participant had participated in a bidding process to acquire a cultural sector project. Nonetheless, all research participants believed that there was transparency in the negotiation process and throughout the life-cycle of the partnership. PF3 informed the researcher that “… the dealings were always very transparent, with all parties tendering receiving the same documents and information”. Therefore, the finding from this research seems contrary to the current literature.

However, the bidding process was identified as being complex in the literature review. Similarly, all research participants considered the negotiations process involved in achieving a funding stream as being laborious and time-consuming. As such there are similarities, in particular the laborious and time-consuming in the bidding process in the current literature and the negotiations process found in data generated from the interviews with research participants.

8.3 Contracts

Olkkonen and Tuominen, (2008, p.209) argued that when managing projects, public sectors and private sectors have differing expectations and objectives, thus rendering challenges in accurately drafting the contract for work or services to be undertaken and/or delivered by the private financiers. This finding from the data generated from the interviews with the research participants is in contrast with the finding in the current literature.

The research participants found formalising the agreement to confirm the stream of funding to be easy and straight-forward. However, the research participants pointed out that it was easy to formalise an agreement when expectations have been clearly discussed and agreed. According to PF2, “reaching and signing an agreement to seal the funding stream is rather straight-forward”.

8.4 Value for money

According to the current literature, one of the benefit the private sector receives in a public-private partnership is a long-term source of revenue (Sabol & Puentes,
The current literature also found that the value the private sector receives in a public-private partnership goes beyond a long-term source of revenue (Runde, 2013), since working with the government provides the private sector with a strong brand partner and entry to new markets (Macdonald, 2011, p.896). The current literature further identified that when the public sector enter into a public-private partnership, the incentives reach further than financial assistance from the private sectors (Archer & Cameron, 2003).

It is clear from the analysis of the data generated from the interviews with the research participants that the value of exchange goes beyond financial assistance both for the cultural and private sectors. PF3 confirmed that partnership with the cultural sector provided “…a continuous stream of revenue from the tenancy”. The research participants further informed the researcher that other value of exchange the private sector receives included naming rights, free venue hire, and access to the cultural sector’s audience. For the cultural sector the value of exchange included cash and in kind. CS1 explained that “smaller sponsors does not provide money but they provide other means of sponsorship, such as products and services...”. Accordingly, the finding from this business research concur with the current literature.

8.5 Managing risks

The current literature found that managing risks in public-private partnership is two-fold, one during the bidding process, and the other covering the life-cycle of the project. Both public and private sectors face the challenges to successfully manage legal, administrative, technical and financial capacities (Meidute, 2011, pp.265-269; Monreal & Al Hassan, 2013, p.5). The current literature also discussed how risks should be appropriately allocated. According to Grasman (2009, p.303) risks are usually managed by the party which is “best able to absorb the risks”.

There were similar and dissimilar levels and types of risks experienced by the research participants. Managing risks during the bidding/negotiations process and
covering the life-cycle of the partnership coincide with the finding in the current literature.

Due to the nature of public-private partnership in the context of the New Zealand cultural sector, risks were not transferred to the private sector. Such risks predominantly relate to investments in funding raising projects for the cultural sector. CS5 highlighted that “high costs are involved in managing a sponsorship marketing team and there are no guarantee of what is achievable in terms of raising funds”.

For the private sector, managing risks include ensuring that the value of exchange in the provision of funds is aligned with the corporate organisation’s business strategies. PF2 stressed that there were risks in providing sponsorships, “for example, the sponsored project may not run its full course or it could be a complete failure”.

Regardless of types and levels of risks, it is evident from the current literature and data generate from the interviews with the research participants that managing risks is a challenge in public-private partnership.

8.6 Managing stakeholder relationship

Having clear objectives and each party’s willingness to learn from their mistakes have been identified as challenges for maintaining good stakeholder relationship in a public-private partnership. Orfalea’s (2015, p.3) believed the relationship as one of “head and heart partnership” and argues that “partnership is not easy”. The current literature also discussed the importance of the stakeholders’ involvement and inputs at every stage of the project for a successful public-private partnership. According to Anderson (2015) it should have parties collaborating and aligning their expectations, have shared goals and develop the style for working together in order to gain the stakeholders’ buy-in. Similarly, it requires both parties to find ways to address their differences and recognise that each party can have different
objectives (Archer & Cameron, 2003). In the current literature, building trust, maintaining open communication (Macdonald, 2011, p.901) and transparency are seen as essential elements for sustaining good relationship in public-private partnership.

It was clear from the interviews with the research participants that both sectors agreed that relationship building is important for maintaining successful public-private partnership. According to CS5 “… investing in the relationship and making time to understand what the partner’s expectations are critical success factors when partnering with the private sector”. The research participants also agreed that parties need work collaboratively and leverage on each other’s strength. PF1 found that “when there is alignment in objectives, neither party has a reason to exit the partnership”. The research participants further identified planning, building trust and regular communication as key elements for maintain good relationship. PF1 believed that “sustaining a long-term partnership requires strong planning and communication. Accordingly, CS3 stressed that public-private partnership “is about courage, requires hard work, and maintain good stakeholder relationship”.

It is clear from the discussion above that there are various challenges of public-private partnership, particularly in the context of New Zealand’s cultural sector. The above discussion also provided an in-depth understanding of the challenges, as well as benefits and opportunities of public-private partnership. The discussion also facilitates the recommendations for sustaining long-term and successful relationships between the cultural and private sectors.

The following section, recommendations will focus on stakeholder management and key elements which are essential for maintaining successful public-private partnership.
SECTION 9  Recommendations

It is clear from the data generated from the interviews with the research participants that there are benefits and opportunities for both the cultural and private sectors to engage in public-private partnership. It is evident that these benefits and opportunities go beyond the value of money. For the cultural sectors, the public-private partnership provides an alternative source of finance to bridge the funding gap. The cultural sector also received non-financial assistance in the form of products and services. For the private sector, apart from receiving a continuous revenue stream, public-private partnership provides the corporate sector opportunities to lift their brand profiles and access to the cultural organisations’ audiences.

However, it is evident from the current literature and data generated from the interviews with the research participants that the cultural sector faces challenges in public-private partnership. In order for the New Zealand cultural sector to continue to utilise the private sector as an alternative source of funding to enable it to safeguard New Zealand’s cultural assets which incorporates maintaining cultural site and delivering cultural activities, it needs to mitigate the challenges it faces when engaging in public-private partnership.

The aim of the following recommendations based on stakeholder management are to assist the cultural sector mitigate the challenges of public-private partnership. These recommendations are also key elements which are vital for sustaining long-term partnership.

9.1  Systematic and thorough planning

Prior to approaching the private sector for funding, it is recommended that the cultural sector consider a systematic and thorough plan on how it would engage with the private sector. Planning how to engage with the private sector should not only be for the negotiations process for a funding stream, but it should cover the
life-cycle of the partnership. Such planning should include building capability and resources for fund raising projects.

9.2 **Professionalism and building capability**

As highlighted in the research findings, the cultural sector lacks the professionalism and expertise in fund raising projects. Therefore, it is important for the cultural sector to invest in building capability and resources required to ensure that it can be successful in achieving a funding stream from the private sector. Those involved in raising funds projects, should be trained to understand the private sector’s interests, and how they could influence the private sector into funding the cultural organisation.

9.3 **Value of exchange**

In order for the cultural sector to be successful in achieving a funding stream and maintaining long-term partnership with the private sector, it needs to understand what motivates the private sector. In particular, the cultural sector needs to be aware of the corporate organisation’s business strategies. It also needs to be aware if the corporate organisation’s provision of funding is based on philanthropic giving or purely based on branding.

Accordingly, the cultural sector needs to tailor its approach to meet the private financier’s expectations. The cultural sector should work collaboratively with private sector, and leverage on each other’s strength.

9.4 **Communication and building trust and commitments**

Having good communication and strong rapport during the beginning of the partnership is important for building trust. Good communication should not be limited to the beginning of the partnership but should cover the duration of the partnership. There should be mutual respect, respecting each other and learning from their mistakes.
Further, the cultural organisation should stay loyal and committed to the corporate organisation. The cultural organisation should acknowledge the private financier’s contribution and ensure that it keeps up to the agreed value of exchange.

9.5 Beyond the partnership

There would be a time when the funding stream would have run its course or the private sector chooses to exit and fund a different organisation. In such circumstance, the cultural sector should leave the partnership cordially. This is aimed at a possibility of the corporate organisation returning as a sponsor in the future.

In conclusion, public-private partnership can be viewed as a marriage, where no two partnership are identical, and success depends on the commitment of each partner to make it work. It requires good communication, flexibility and a successful partnership can only be determined over time. It is about sharing the journey and arriving at the destination together.
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Challenges of Public-Private Partnership
in the Cultural Sector


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Challenges of Public-Private Partnership in the Cultural Sector


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Challenges of Public-Private Partnership in the Cultural Sector

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Challenges of Public-Private Partnership in the Cultural Sector


Name: Vera Ganason
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Interview questions

a) Reason/s for working with the private (or cultural) sector
   1. How long has [name of organisation] been working with [name of public (or private) organisation]?
   2. What was the reason for approaching [name of organisation]?

b) Challenges when working with the private (or cultural) sector
   3. Cultural sector: How was [name of organisation] selected – tender, expression of interest, direct approach, etc?
      Private sector: How was [name of organisation] selected – funding grant application, direct approach, etc?
   4. What were the criteria in the selection process?
   5. Were there any issues in the above process?
   6. How were the terms of the partnership (sponsorship) being recorded/formalised – agreement, contract, memorandum of understanding?
   7. Did [name of organisation] have any difficulties in the negotiations or formalising/finalising the documentation?
   8. How was value being measured in such partnership? What were the tangible or intangible value?
   9. Were there risks in the arrangements? If so, how were they identified, who bears the risks, and how were they mitigated?
  10. Were there any stakeholders’ relationship issues?

c) What an ideal public-private partnership will look like
   11. In your opinion, what would an ideal public-private partnership look like?
   12. What do you think are the important elements for a successful and sustainable partnership?
APPENDIX 2

Letter Request for a Personal Interview

12 August 2016

{Name}
{Title}
{Company Name}
{Address}

Dear xxx

I would like the opportunity to interview you as part of my MBA Business Research Project. The research is concerned with the challenges of public-private partnership in the context of New Zealand cultural sector. The interview is designed to take between 30 to 45 minutes.

The success of this research is reliant upon your honest opinion so maintaining confidentiality is of the utmost importance. Under no circumstances will the information presented during the interview be attributed to any one individual. With your permission the organisation may be identified but your name and title will remain anonymous. The recording of your Interview and transcripts will be kept in a password protected file, and will be destroyed a year after the conclusion of the research. The research findings will be published in the Victoria University library and excerpts may be included in academic publications and/or academic conferences.

Victoria University of Wellington has granted ethical approval as a teaching activity and this project has been reviewed by the Course Coordinator.

With your permission the interview will be recorded and a summary of the report will be provided before the project is submitted for examination. If you for any reason would like to make contact regarding this research please contact one of the following:

Vera Ganason 021 1514 968 ganasovera@myvuw.ac.nz
Dr David Stewart 04 463 5150 david.stewart@vuw.ac.nz

Yours sincerely

Vera Ganason
### BUSINESS RESEARCH PROJECT TIMELINE

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
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### APPENDIX 3

**Name:** Vera Ganason  
**Student ID:** 300287500